2. Fiscal Governance - Governance

A Parliamentary Standing Committee on Finance report has criticized the Ministry of Planning and NITI Aayog for underutilisation of funds and poor financial management, with spending falling below 36% in FY24 and FY25

1.Introduction

1. Parliamentary Standing Committees are institutional mechanisms designed to strengthen legislative oversight over the executive by enabling detailed scrutiny of policies, finances, and administration.
2. They bridge the gap between legislative intent and executive action, ensuring accountability, transparency, and informed decision-making in governance.

2.Parliamentary Standing Committees- Meaning and Features

1. PSCs are permanent committees of Parliament that function continuously throughout the year, unlike ad hoc committees which are temporary.
2. They consist of Members of Parliament drawn from both Lok Sabha and Rajya Sabha, ensuring representation across political parties.
3. Their deliberations are generally closed-door, allowing for free and non-partisan discussion.
4. They act as "mini-parliaments" by enabling detailed and technical examination of complex issues.

3.Types of Parliamentary Standing Committees

Department-Related Standing Committees (DRSCs)

1. DRSCs examine Demands for Grants of ministries, bills referred to them, and broader policy issues.
2. They provide sector-specific oversight and facilitate informed legislative debates.
3. Example includes the Standing Committee on Finance.

Financial Committees

1. Public Accounts Committee examines audit reports of the Comptroller and Auditor General and ensures accountability of public expenditure.
2. Estimates Committee analyses budget estimates and suggests improvements in efficiency and economy.
3. Committee on Public Undertakings evaluates the performance of public sector enterprises.

Other Standing Committees

1. Business Advisory Committee regulates parliamentary time and agenda.
2. Committee on Privileges safeguards the privileges of members and Parliament.
3. Rules Committee reviews and recommends changes to parliamentary procedures.

4.Role and Significance of PSCs

Detailed Financial Scrutiny

1. PSCs examine budgetary allocations in detail, which is not feasible during limited parliamentary debates.
2. They analyse expenditure patterns, fund utilisation, and efficiency of public spending.
3. Their scrutiny strengthens fiscal discipline and reduces wasteful expenditure.

Evidence-Based and Non-Partisan Oversight

1. Committees rely on expert consultations, stakeholder inputs, and data-driven analysis.
2. Their functioning is relatively insulated from political pressures, enhancing objectivity.
3. Reports provide credible and well-reasoned recommendations for policy improvement.

Continuous Monitoring of Executive

1. PSCs function throughout the year, ensuring sustained oversight over ministries and departments.
2. They track policy implementation, administrative performance, and compliance with parliamentary mandates.
3. This enhances transparency and strengthens democratic accountability.

Legislative Support and Policy Refinement

1. Bills referred to committees undergo detailed clause-by-clause examination.
2. Committees suggest amendments that improve legislative quality and reduce ambiguities.
3. This process enhances the effectiveness and practicality of laws.

5.Challenges in India's Budgetary Forecasting and Utilisation (as highlighted by PSCs)

Unrealistic Budget Estimates

1. Ministries often overestimate financial requirements without assessing execution capacity.
2. This leads to inflated allocations that do not translate into actual spending.

Underutilisation of Funds

1. A persistent gap exists between Budget Estimates and Actual Expenditure.
2. Underutilisation delays development projects and reduces the effectiveness of public spending.

Incremental and Input-Based Budgeting

1. Budgeting practices focus on increasing allocations annually rather than evaluating outcomes.
2. Lack of performance-based budgeting weakens accountability and efficiency.

Fiscal Indiscipline

1. Ministries engage in last-quarter expenditure to utilise allocated funds.
2. This violates Quarterly Expenditure Plan norms and results in inefficient spending.

6.Limitations of Parliamentary Standing Committees

1. Recommendations of PSCs are advisory in nature and not binding on the government.
2. Limited time and resources constrain the depth of scrutiny in certain sectors.
3. Declining number of bills being referred to committees reduces their legislative role.
4. Lack of follow-up mechanisms weakens implementation of committee recommendations.

7.Way Forward

Strengthening Outcome-Based Budgeting

1. Linking allocations with measurable outcomes can improve efficiency and accountability.
2. Performance audits should be integrated with financial scrutiny.

Enhancing Institutional Capacity

1. Providing research support and technical expertise can improve the quality of committee analysis.
2. Capacity-building of Members of Parliament is essential for effective oversight.

Ensuring Greater Accountability

1. Mechanisms should be developed to ensure government response and action on committee recommendations.
2. Periodic review of implementation status can strengthen impact.

Improving Fiscal Discipline

1. Strict adherence to Quarterly Expenditure Plan norms should be enforced.
2. Realistic budgeting based on implementation capacity must be prioritised.

Conclusion

1. Parliamentary Standing Committees are vital instruments of democratic accountability and fiscal prudence in India.
2. By enabling detailed scrutiny and informed policymaking, they enhance the quality of governance.
3. Strengthening their role through institutional reforms and better compliance can significantly improve India’s legislative and financial oversight framework.

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