

Public Accounts Committee: “How to be more Effective”

Digvijai Nath Pandey

Associate Professor in Pol. Science, H.R. Post Graduate College, Khalilabad, Sant Kabir Nagar Utter Pradesh

Abstract

Public Accounts Committee (PAC) is the watch dog of parliament which is assigned the task of detecting excesses or irregularities in expenditure incurred over or of amounts sanctioned in the budget. Each year the parliament approves grants worth billions of rupees for expenditure by various departments and ministries of the Government, and makes specific appreciations of public funds by the ministries to see whether the restraints placed by parliament have been kept in view or any transgressions have been made whether the money has been expended for the specific purposes for which it was granted, and whether that has been done prudently, frugally and intelligently,

In order to make PAC more effective, it is desirable that the implementations of its recommendations should be made mandatory for the government. The current practice of furnishing interim replies in the Action Taken Reports on the recommendations of the PAC should be abandoned. Besides, the officials responsible for negligence, irregularity and building of funds should be booked under the law. These measures will go a long way in fulfilling the objectives for which the PAC has been brought into being. Besides, the financial institutions especially the banking institutions should also be brought under the perview of scrutiny of the PAC.

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Public Accounts Committee (PAC) is the watch dog of parliament which is assigned the task of detecting excesses or irregularities in expenditure incurred over or of amounts sanctioned in the budget. Each year the parliament approves grants worth billions of rupees for expenditure by various departments and ministries of the Government, and makes specific appreciations of public funds by the ministries to see whether the restraints placed by parliament have been kept in view or any transgressions have been made whether the money has been expended for the specific purposes for which it was granted, and whether that has been done prudently, frugally and intelligently,

Since its inception in 1921, the institution of the PAC has come a long way during these past eight decades to pursue its recommendations to their logical end. With the passage of time it has shown its dynamism in breaking new grounds. It has contributed a lot in streamlining the functioning of the various ministries by pinpointing financial lags.

Keeping in view the fact that the work load of the committee has increased unprecedently in recent years, there has been no lack of enthusiasm on the part of the committee in dealing with the mounting work load. With the quantitative increase, there has been a qualitative outcome – a rare blend of two, made feasible by the committee. Whether in terms of performance discernible from the number of reports produced or on

the basis of the contents of reports, the committee has given an excellent account of itself as an instrument of effective financial control.

Prior to 1951-52 the PAC used to produce a single report exceeding 100 pages, which also included proceedings as well. In the subsequent years, the reports submitted by the committee not only entailed wide coverage but variety of subjects as well. During the first decade of 1950, the committee did not scrutinize the Finance and Revenue Accounts of the Government for certain reasons. And the number of reports submitted by the committee each year were also less than ten. However, by bringing these within its ambit of scrutiny after a lapse of a decade.

An analysis of the committee's working during the past two decades, as evident from its reports, make it discernible that the committee had an open mind and was unhesitant to cope with the changing situation even by modifying its procedures and methods in order to obtain optimum results. While dealing with problems that cropped up in the course of its working, the committee showed an open mindedness. In the course of performing its primary function of scrutinizing the fields that legitimately belonged to it, the committee also made efforts to encompass those fields within its fold on which it could exercise no scrutiny. Until the middle of 1970s, the committee's reports every year used to be less than 30. However, the subsequent period has been marked a considerable increase in its quantum of work as well as widening of its area of scrutiny, as can be evidenced from the number of reports submitted by the PAC each year which is generally above one hundred.

Through the committee has given an excellent account of itself during the past four decades, but still there is enough room for envisaging improvement to make it more effective. At one stage, it was suggested that committee's reports must be discussed threadbare by the parliament, and if any recommendation, the parliament disagrees, it must be given an opportunity to do so. As a matter of normal practice, the Parliament does not disagree with the recommendations in the committee. Though Parliament give added support to committee's recommendations, still by open discussion in Parliament, the members and Public get an opportunity to know the irregularities in expenditure by the Government.

Under the Five years plan, the Union Government has developed the practice of vast sums running into hundreds of crores, per State per annum in the case of principal states for adding so many projects undertaken by the state governments. Besides, crores of rupees are being allotted for helping states to cope with the challenges of floods, cyclones, droughts and other sudden vicissitudes of seasons and other natural calamities. Corruption, inefficiency and indifferent management of funds whether from the centre or the states, have become endemic features, that results in heavy wastage of public funds. As a matter of practice, the Accountant General and the State PAC's do go into these matters and submit their reports. It is necessary that relevant extracts from these reports, pertaining to those grants in aid and projects financed wholly or jointly by the centre should be placed every year before the PAC and considered specially by it and submitted with comments before Parliament. It has to be made an annual feature and the Central PAC should offer its own suggestions for action by Central Government.

According to R.R. Moramka, the comptroller and Auditor General (C&AG) should make available to all the members of the PAC, the complete set of the draft audit paragraphs initially floated, that is, all the audit paras including those which were subsequently dropped by the C & AG's office. Besides, the C&AG should also make available to the members of the PAC, all facts and figures concerning the audit paras well in advance. The prevalent system of briefing the members prior to the meeting is helpful as far as it goes, but such briefing should be as thorough as possible so that the working group of the committee or its chairman is able to assess if the witnesses are frankly stating the details of case.

It is generally observed that year after year the same type of mistakes or irregularities are committed by the same ministries. Here the C & AG can help the PAC by compiling information showing whether similar mistake and irregularity was previously committed in a particular ministry, as also the full particulars of the circumstances under which it was being repeated. The committee should take a more serious view of the repetition of mistakes and irregularities and must definitely ask for the fixation of responsibilities.

There is also a dire need of reducing the time lag between the commission of an irregularity, its detection by audit and its exposure by the PAC. Otherwise, the criticism by the PAC gets reduced to a mere parliamentary ritual. By the time the PAC is seized of the case, the officers concerned have either resigned, retired from service or left the world. Only in few cases were the irregularities detected and exposed during the tenure in office of the concerned officer. Thus, there is a need to minimize this time lag, if necessary by the C & AG undertaking an early special audit, by quick reporting to Parliament and through it to the PAC. The comptroller and Auditor general should be empowered to submit a report to Parliament through the President as soon as a serious irregularity entailing large financial amount or violation of a basic principle of policy comes to his notice. Thus it is essential to reduce this time lag to barest minimum in order to protect the public finance and introducing real reform for making the PAC more effective.

M.R. Masani, former chairman, PAC (1967-69) has suggested two ways to reduce the time lag. "One is for the C&AG to consider devising ways and means to reduce the time lag and delay in the feedback of information. The other is for the committee to consider calling for dealing with the cases in question, whenever they are available along with their successors would now be in office.

A three-day national conference of chairmen of Public Accounts Committees comprising PAC of the Parliament and PACs of State Legislatures was inaugurated at New Delhi on 9th September 1986 by the then Prime Minister, Rajiv Gandhi, to focus attention on the positive and constructive role played by the PAC and its future potential. In his inaugural address, Prime Minister Rajiv Gandhi urged the PAC's chairman to see where the system had gone wrong and why it was different for them to "Catch the crooks". He further said, "The PAC's are by and large operating in a manner of trying to Catch the Crooks. But you do not seem to Catch the Crook. The system is harder to find out where it is wrong. The then speaker of Lok Sabha, Balram Jakhar, in his welcome address to the conference had said that the effectiveness of the PAC's on exercising financial control

depend on the expeditious implementation of their recommendations by the government and not on their formal acceptance.

On an average the Public Accounts Committee has been scrutinizing 50 cases of institutional inefficiency, mismanagement and misuse of Public funds and making its recommendations. But hardly a case of punitive action has come to notice. Though PAC's recommendation on streamlining of procedures and rectification of errors have accepted to the extent of 80-90 percent. But on single official of sections of officials has been brought to books. According to E. Ayyappa Reddy, former Chairman of PAC for 1986-87, PAC's efforts usually end up in calls for pulling up the "Unknown concerned official" and finally no body is pulled up. "This results in nothing but chasing a crooked shadow in a never ending circle.

The several hundred cases, the PAC has situated, constitute, possibly only a minor fraction of what merits scrutiny. For, the study relates, only to few selected paragraphs of a small number of reports of the C & AG which are themselves based on a random sample testing.

Thus, there is a dire and urgent need to have a fresh stock of the role, objective and ultimate purpose of the PAC and the perishing situation calls for certain reforms. In view of the mounting quantum of work before the PAC, its tenure should be enhanced from present year to that of the tenure of the Lok Sabha. Practically the work tenure of the PAC is only 10 months. The committee chosen every year takes two months to be constituted. Then it embarks on examining audit reports and select paragraphs and ask for departmental explanations before making recommendations. Thus to me, its scope for extensive and exhaustive scrutiny is very limited. According to E. Ayyappa Reddy, former PAC Chairman (1986-87, 1987-88) term of the PAC must be two and a half years. Almost similar view has been reiterated by Jaipal Teddy, M.P. Dr. Chandra Shekhar Tripathi, former M.P. was also in favour of increasing the tenure of the PAC. However, he did not specify the period.

In order to make PAC more effective, it is desirable that the implementations of its recommendations should be made mandatory for the government. The current practice of furnishing interim replies in the Action Taken Reports on the recommendations of the PAC should be abandoned. Besides, the officials responsible for negligence, irregularity and building of funds should be booked under the law. These measures will go a long way in fulfilling the objectives for which the PAC has been brought into being. Besides, the financial institutions especially the banking institutions should also be brought under the purview of scrutiny of the PAC.

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