

“Mahamahim Rashtrapati Ji, respected Prime Minister, Hon'ble Speaker of Lok Sabha, Ministers and Members of Parliament and invitees!

Development that all nations aspire is all about mobilization and availability of precious resources and their effective utilization. What differentiates the developed and developing economies is this capital base and also its best use.

Highlighting the importance of resources, the renowned Kautilya said more than 2000 years ago, in his book 'Artha Shastra', that "Koshapoorvah sarvarambhah" or "All State activities depend first on the treasury". Hence, he argued, "utmost care should be bestowed on matters relating to treasury" and included a chapter on budget, accounts and audit.

About 35 years back, the then Prime Minister late Shri Rajiv Gandhi noted that of every rupee spent, only 16 paise goes to the people. It was taken as a telling commentary on the management of public finances and since then no such fresh quantification has been made in public.

This brings us to the subject of the Public Accounts Committee of Parliament which is now in its 100th year in the service of the cause of the nation. PAC along with the Public Estimates Committee and the Public Undertakings Committee constitute the triad of 'permanent vigilance' over a wide range of governmental activities and the attendant expenditure.

PAC is the oldest and the mother of all Committees of Parliament. Its role and importance could be gauged from the fact that it is the dream of almost every Member of Parliament to be on this Committee. Several leading parliamentarians like Shri Atal Bihari Vajpayee, Shri P.V. Narasimha Rao, Shri T.A. Pai, Shri R. Venkatraman, Shri N.D. Tiwari, Dr. Murli Manohar Joshi, Shri Jaswant Singh and Shri Mallikarjun Kharge have chaired the PAC in the past.

Since independence, the complexity of governance has gone up manifold with extension of welfare and developmental commitments on the part of the Government. Correspondingly, the budgetary expenditure by the Central Government has increased from Rs. 197 crore in the first Budget to Rs. 35 lakh crores now, which marks an increase of a phenomenal 17,766 times. This huge order of resources either come from the people as taxes of various kind or through borrowings which have to be repaid again from such collections at the required time and period. People would like to know where and how such huge monies are spent. That is where PAC comes into picture.

Parliament embodies the will of the people who have an abiding interest till the efficient utilization of the valuable resources and also be assured of the same. Ensuring the value for money is a core aspect of the 'oversight' functioning of the Parliament which seeks to ensure the administrative and financial accountability of the Executive to the Parliament in the discharge of its duty and commitment to the people.

Public Accounts Committee is the apex Committee mandated with the significant responsibility of ensuring every rupee that is due to the Government is collected and is further spent for the purpose for which it was sanctioned by the Parliament. In nutshell, PAC seeks to know how wisely, faithfully and economically the amounts sanctioned by the Parliament were spent so as to ensure efficient use of scarce resources.

Since the PAC became a Parliamentary Committee after the adoption of the Constitution of India, there has been a significant change in the nature, scope and functions over the years. Its scope now goes much beyond the reports of the Comptroller and Auditor General (CAG) and looks into any irregularity that has been brought into public domain.

In developing economies, management of public finances has been a major issue of concern with allegations of corruption and mis-utilisation resulting in wasteful expenditure. PAC seeks to check this by seeking to ensure accountability, transparency and good governance. Effective functioning of PAC ensures trust of the people in the management of precious resources which in turn promotes investor's confidence based on integrity of public finances through efficient account keeping and its audit.

One criticism that is held against PAC is that it lives in the past and mostly does a post mortem job. But that is the nature of the functioning of this Committee as it is mandated to examine the appropriation and finance accounts and reports of CAG to find out loopholes, irregularities, wasteful expenditure, excess expenditure, expenditure of little value (nugatory expenditure) etc. so as to prevent their recurrence. This has a huge deterrent value as the recommendations of PAC acquired the nature of the force of law for respective ministries and departments. The reports of PAC and the messages that flow from there are further amplified by extensive references to the same by think tanks and media. Members of Parliament raise questions and debates based on the same. As a result, the functioning of PAC results in the "fear of scrutiny" on the part of all concerned. The reports of PAC and its constant monitoring of Action Taken Reports results in continuous improvement in the systems.

Sydney Webb, British economist and reformer who founded the London School of Economics and dealt with this post mortem nature of the functioning of PAC said and I quote "The fact that post mortem examination does nothing to keep the patient alive is no proof that the existence of a system of post mortem examination does not prevent murders." He implied that PAC can prevent murders.

Besides critical examination of the functioning of the Government with regard to spending and management of public finances, PAC is essentially also a partner in improving the systems and financial discipline. Late Shri Atal Bihari Vajpayee, as Chairman of the PAC, said in 1993 and I quote "Though it is in the nature of working of the PAC to be critical in its approach, we have struck a balance and functioned as partners with Government in the common endeavour of bringing out improvements in the existing system."

All these years, PAC has detected many financial irregularities, procedural lapses, executive delays and even cases of lack of coordination between different government departments. It has also earned a reputation of impartiality, firmness and grasp for details. By doing so, PAC has enhanced the respect of the people for the 'oversight' function of the Parliament.

To give a brief account of the contributions of PAC over the years: based on its recommendations, the ministries/departments are now furnishing Action Taken Reports on the audit paras not selected by the Committee for examination since 1982 which was not case before; ATRs on audit paras are now required to be submitted within four months, Audit Para Monitoring System (APMS) Portal for real time monitoring has been introduced as the Committee is keen to achieve zero pendency; about 14 lakh Anganwadi Centres were made operational during the 16th Lok Sabha; wage ceiling has been increased so as to bring more workers under ESI Scheme etc.

Acceptance of over 70% of the recommendations of PAC by the Government over the years reflect positively on the robustness of its recommendations and subsequent systemic improvements undertaken.

Based on the experience of the last 100 years, PAC may reinvent itself as required to more effectively handle the complexity of scrutinizing the accounts and audit of expenditure through capacity building, accessing the inputs of experts and information exchanges for setting higher benchmarks and adoption of best practices elsewhere. Since the audit review is also a core function of PAC, I suggest that it may be re-designated as Public Accounts and Audit Committee (PA&AC).

We are all alive to the present scenario of the Governments indulging in doling out freebees for obvious reasons. While ensuring the welfare and social security of the needy people is an important obligation of the Governments, it is time that there is a wider debate on harmonizing the welfare and development objectives. Expenditures must be carefully balanced so that both the short-term and the long-term development objectives get equal attention. Since PAC has to examine the effectiveness of resource use in terms of socio-economic outcomes, it may be in order for the Committee to examine the issue of balancing these two objectives for wider consideration.

It may not be out of place to note on this occasion that the Government led by Prime Minister Shri Narendra Modi has over the last seven years undertaken a wide range of initiatives to ensure effective utilization of limited resources. One illustration is the Direct Benefits Transfer (DBT) which has resulted in substantial savings. Corruption has been substantially eradicated and spirited efforts were launched to improve governance at various levels.

To conclude, I compliment the Chairpersons and members of PAC and the Lok Sabha Secretariat for fostering the evolution of this Committee as a dynamic institution over the last century. On this occasion, all concerned may introspect and do the needful to enable the PAC reinvent itself so as to more effectively discharge its mandate in the ultimate service of the people of our country.

Thank you all!"