



Lack of Economic Oversight in the Parliament

What is the issue?

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- Indian Parliament has only limited options to oversee Macroeconomic issues.
- So the Parliament requires a specialised committee concentrating on the broader economic issues.

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How parliament controls finance?

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- **Union Budget** - Annual financial statement, presented by means of the Finance bill and the Appropriation bill has to be passed by both the Houses before it can come into effect from the financial year (Article 112).
- **Imposition of tax** - Any imposition of tax or collection of revenue should be done only by the authority of law (Article 265).
- Revenue collected without the authority of law will be seen as forcible exaction.
- **Consolidated Fund of India (CFI)** - All revenues received or loans raised by the government are deposited in the CFI.
- Parliamentary sanction is necessary for any expenditure made from the CFI (Article 66).
- **Financial Emergency** - President can declare financial emergency only under the approval by the Parliament (Article 360).

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What are the issues with parliamentary mechanisms?

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- Parliament uses two mechanisms for monitoring the national economy.
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- **Debate in the House** - This is the most common way of highlighting issues.
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- But there is hardly ever a focussed debate on macroeconomic and monetary policy issues.
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- The last time a discussion reviewed the economic situation was in 2008.
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- Over the years the duration of budget discussions has been steadily decreasing.
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- During Parliament's first decade, the debate on the budget lasted for an average of 123 hours.
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- Now this number has come down to 40 hours.
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- The other occasion when economic issues come up for discussion is when MPs debating rising prices in the country.
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- Usually such debates remain inconclusive and follow a pattern of blame games and political rhetoric.
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- **Parliamentary committees** -Parliament has three finance committees namely Public Accounts, Estimates, and Public Undertakings committee.
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- These committees focus on holding specific government ministries accountable.
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- They scrutinise the finances, legislation, and working of ministries.
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- But their mandate does not extend to scrutinising cross-cutting macroeconomic issues.
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- The committee mostly examines policy issues and legislation being dealt with by the finance ministry.
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- So India needs a Nodal Standing Committee on National Economy.
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What will be its role?

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- The committee would help both government and parliament in orchestrating opinion on important policy issues for building a national consensus.

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- It could invite the RBI Governor and other government functionaries like the chief economic adviser to testify and enrich its proceedings.

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Source: The Indian Express

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