Parliament Budget Office (PBO) - A fiscal watchdog

What is the issue?

- There is a need for a Parliamentary body to provide good quality analysis on economic, fiscal or financial matters for the Parliamentarians.
- This body exists in many countries around the world, going by many names but most commonly as Parliamentary Budget Offices (PBOs).

What is the need for such a body?

- **The voters** should know the conversations, long-held opinions, hard facts and evidence.
- **The representatives**, who we vote for, should have an independent, non-partisan source for these hard facts and evidence.
- This is particularly important for our Parliament, which controls the money flows of our government and our country.
- This body should be appointed based on its expertise in budgetary, fiscal and economic matters (Not based on political allegiance/expediency).
- This body serves parliamentarians equally and without prejudice.
- They help shape the debate and discourse around the state of the nation’s finances and the fiscal implications of significant proposals.

How the evidence-based discussions around policies are in danger?

- These discussions around important policies that affect the trajectory of our Republic are gravely in danger, discussions which can quickly blur the line between fact and fiction.
- For example, the Rafale deal with Dassault Aviation.
- Part of the controversy resulted from uncertainty regarding the true lifecycle costs of the aircraft bought.
- The cost estimate of the jets released by the Canadian PBO, exceeded the one presented by the Department of National Defence.
- Defence costing (purview of the Defence Ministry) was a completely new area of analysis, information and research that parliamentarians could now access to hold the government to account.

How can PBOs ensure reliability?

- It provides the sole source of information on fiscal and economic projections.
The role of this office does not always mean challenging the government. It is often the case that economic and fiscal projections of a PBO and the Ministry of Finance are similar. This is because the data sources and economic methodologies for such projections are well established and uniform. But, without the existence of another data point generated by a non-partisan office, it is difficult for parliamentarians to ensure the reliability of the projections and estimates make decisions on.

Why to establish PBO, when we already have AG?

A question that often arises is the necessity of such an office when we already have an Auditor General (AG).

**AG** - Provides retrospective audits and analysis of the financial accounts and performance of government operations.

These audits are often focused on the day-to-day goings on of government, and often hone in on the performance of the civil service.

**PBO** - Provides prospective, forward-looking economic and fiscal projections, and policy costings.

This distinguishes it from an auditor general, which provides useful information, but only after the fact.

What are some examples internationally?

The most prominent one among such an office is the Congressional Budget Office (US) which provides impartial advice to the legislature.

Offices in the Netherlands, Korea, Australia and the United Kingdom have also been established for varying lengths of time.

PBOs are also making an appearance in emerging economies in Sub-Saharan Africa and Southeast Asia.

In some countries like Australia, the Netherlands and Canada, PBOs have been playing the unique role of costing electoral platforms during an election campaign.

What problems would PBO solve?

As the process toward the Union Budget 2020 has kicked off, PBOs would be prudent for parliamentarians to examine the case for a PBO more deeply.

It would also assist parliamentarians in the process of scrutiny of the information (Now, exponentially increased) in Budget documents.

Legislatures across the world have witnessed an increasingly stronger executive try to wrest away its rightful power of the purse.

PBOs provide independent cost estimates of electoral platform measures to
political parties.
- It would help resuscitate these powers that have fallen into disuse.
- This is why India’s Parliament and government need to work quickly to establish such an office; it is in everyone’s interests to do so.

Source: The Hindu