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**shouldknow 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.

Howthe 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 bythe 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 oneamong such an officeis 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

