

Parliamentary Budget Office

What is the issue?

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Establishing a Parliamentary Budget Office (PBO) would help MPs provide effective oversight of budgeting.

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What is Parliamentary Budget Office?

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- A PBO is an independent and impartial body linked directly to Parliament.

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- It provides technical and objective analysis of Budgets and public finance to the House and its committees.

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- It can generate quality public debate on Budget policy and public finance, enabling parliamentarians to engage meaningfully in the Budget process.

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- Traditionally, independent budgetary units are more common in developed countries.

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What is the need for such office?

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- Multiple indicators suggest that executive-led budgetary governance has not been successful in India.

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- The Indian Parliament is a Budget-approving body contributing to budgetary matters in the following notable ways:

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1. Presentation of the Budget.
 2. Scrutiny of the demands for grants of various ministries.
 3. Debate.
 4. Consideration and approval of the Budget.

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- To carry out these functions effectively, Parliament requires institutional, analytical and technical competence.
- There is a growing trend among legislatures, particularly within the OECD countries to establish specialised Budget research units.

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What are the functioning roles of PBO?

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- The majority of PBOs have four core functions:

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1. **Independent and objective economic forecast.**

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- Budgets generally start with an economic forecast.
- A PBO can present either its own independent forecast or it can validate the government's, providing an objective analysis on the official forecast.

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2. **Baseline estimate survey.**

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- It will provide options for spending cuts, outlining a budgetary framework that reflects priorities of the nation, bespoke policy briefs.

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3. **Analysing the executive's Budget proposal.**

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- A PBO is comprised of independent and specialised staff, such as Budget analysts, economists, and public finance experts.
- These may include general economic analysis, tax analysis, long-term analysis.

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4. **Providing medium- to long-term analysis.**

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- Its output, and the methods by which those outputs are prepared, must be transparent, accessible and understandable.

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Source: The Hindu

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