



E-ISSN: 2664-603X
P-ISSN: 2664-6021
IJPSG 2023; 5(1): 01-05
www.journalofpoliticalscience.com
Received: 01-10-2022
Accepted: 05-11-2022

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An overview of Nepal's parliamentary finance committee

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DOI: <https://doi.org/10.33545/26646021.2023.v5.i1a.193>

Abstract

This paper presents an overview of the parliamentary Finance committee (PFCN) of Nepal. Typically, a democratic country's regime includes three types of systems. Parliamentary system, presidential system, and semi-presidential model. Nepal has adopted a parliamentary system and the West Ministry model of government. The position of head of state, the president, in Nepal's parliamentary form of government is ceremonial and has no real powers. In this form of government, the head of the government is the Prime Minister, who has all the real powers. The executive branch of government is exercised by a group of legislators who hold a majority in the House of Representatives (HoRs) under Nepal's parliamentary system, which unites the legislative and executive branches of government. It is assumed that all the perspectives and shades of the opinion of the parliament are reflected through the parliamentary committees because they are representative organs of the legislature in terms of both composition and membership. The finance committee has a vital role in HoRs. In this paper characteristics and working outcomes of PFCN during the Parliamentary period of 2017 to 2022 have been shown.

Keywords: Parliamentary system, parliamentary finance committee (PFC) parliamentary finance committee of Nepal (PFCN), characteristics of the PFCN

Introduction

A strong committee structure is necessary for a strong legislature (Khan, 2006). To maximize people's interest, it applies to specialist knowledge and professional judgment. Among others, one of the most important intended functions of the committee system is to ensure that the executive does not exercise too much influence over the parliament. The major role of the Finance Committee of Britain is the development of financial plans for future years. Committee has eleven members including the Chairman of Ways and Means. It meets approximately once a month when the House is sitting. The US Finance Committee has continued to take the lead on trade, health, and tax issues. The history of parliamentary committees in India goes back to the British India period. Committee on Public Account, Committee on Estimate, and Committee on Undertaking are considered financial committees of India (Kashyap, 1994) ^[13].

Parliamentary committees in Nepal date back to the House of Representatives elected in 1960. Some committees were practically implemented while some were limited only to conceptualization. The arrangement of the Finance Committee was made in 1988 during the panchayat period. After the people's movement restored multi-party democracy, Nepal adopted the British and Indian models of parliamentary democracy (Hachhethu, 2015) ^[11].

The Finance Committee of the Nepalese parliament has been mandated to examine and give advice on matters relating to revenue and expenditure of the ministries, departments, and bodies under the government. The committee's purview includes the Ministry of Finance, National Natural Resources and Finance Commission, Investment Board, and National Planning Commission. The meeting of the committee will be called by the Chairperson as per the need. A majority of the current members, or 51%, constitute a quorum. The Secretary is an Ex-officio Secretary of each committee and can request necessary information from the relevant ministry, department, or agency.

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Parliamentary Finance Committee

PFC is generally known as a subject or thematic committee of parliament to look after different financial issues on behalf of the parliament. Due to the large size of the full house of the parliament, it is unable to examine and evaluate numerous and complex legislative proposals and subordinate legislation in a timely and straightforward manner. As a result, there is a global trend to set up thematic committees in parliaments to handle the majority of legislative tasks. The parliamentary finance committee is one of the important committees which monitors and evaluates the actions taken by the government and gives necessary directives or advice related to financial affairs.

Characteristics and Working Outcomes of Finance Committee in International Context.

The committee system in the British House of Commons is almost akin to that of the Indian parliament. The system of Departmental Select Committees dates back to 1979 beginning with 14 Departmental select committees, there are at present 17 committees covering all the principal government departments. Legislation, however, does not come within their purview since all public bills, except those concerned with the supply of taxation, continue to be examined by one ten of the Standing Committees (Goswami, 2002) ^[10].

The Finance Committee of Britain has eleven members including the Chairperson of Ways and Means. It is chaired by a member of the House of Commons Commission. It meets approximately once a month when the House is sitting. Meetings are regularly held in private and the committee is assisted by the Director of Finance and other House staff as appropriate (U.K. Parliament, n.d.).

The US committee system is fundamentally different from the U.K., India, and other parliamentary democratic countries. For instance, all the bills introduced in the American House of Representatives have referred automatically to their standing committee on legislation before these are considered by the House. By and large, in the USA, not only the committees related to government departments but the other committees of the House as well enjoy extensive powers, and it is generally believed that the US Parliament is an offshoot of its committee system, which is not the case either in the UK or in other countries (Goswami, 2002) ^[10].

The Finance Committee of the US parliament has a total of 28 members including the majority party and the minority party. The regular meeting day of the committee shall be the second and fourth Tuesday of each month, except that if there be no business before the committee the regular meeting shall be omitted (U.S. Senate Committee on Finance, n.d.).

India has adopted the parliamentary system from Britain. In April 1950, the Indian Lok Sabha also set up an Account Committee following the British practice. Indian Lok Sabha witnessed a breakthrough from its earlier functioning when, based on the third report of its rules, the committee accepted by the House on 29th march 1993, 14 new rules were superscribed in the rules of procedure and conduct of business in the Lok Sabha and were, first of all, incorporated in the eighth edition of the rules published in January, 1995. These 14 new rules have been termed, the creation of a full-fledged system of departmentally related standing committees of parliament are 17 in number and

created a new and unforeseen infrastructure of parliament designed to cover, along with certain other matters, pre-voting scrutiny of budget and legislation (Goswami, 2002) ^[10].

The committee on a public account, the committee on an estimate, and the committee on undertaking are considered the Financial Committees of India. The house elects each of the three financial committees for a yearly term. There are 22 members in the Committee on the public account and undertaking consisting of fifteen members from the Lok Sabha and seven members from the Rajya Sabha elected from among the members of the respective houses. The committee on estimate consists of 30 members from Lok Sabha. There is a total of 22 members consisting of the committee on public account and committee on the undertaking, 15 from Lok Sabha and 7 From Rajya Sabha, and the Committee on Estimate consisting of 30 members from Lok Sabha. The Speaker shall appoint one of the Members of the Committee, as Chairperson of the Committee. Subjects allocated to the Sub-Committees for the examination can be formed as per the requirements of the Committees (PFC Lok Sabha, 2021-22).

The departmental select committees of the British House of Commons deal with executive oversight but not with legislation. This has two important knock-on effects. First, although these committees are permanent, expert, and largely well-regarded in Britain, they are often overlooked by comparative scholars. Second, and connectedly, their impact on policy is very difficult to assess. Even in the UK, there is considerable skepticism about whether the committees matter to policy outcomes. It concludes that numerous committee recommendations are implemented by the government, including many for major policy changes. But counting successful recommendations is a poor proxy for committee influence overall, and this also takes many other, perhaps more important, forms (Benton & Russell, 2012) ^[3].

In the USA the legislators delegate responsibilities, trade and bargain over legislation, vote on proposals, and seek or use the information to accomplish their goals in several ways. In face-to-face committees, where voting is required to arrive at decision, trading and bargaining seem inevitable. The author mentioned that in a serious bargaining situation like this, members of committees, for strategic reasons, often find it rational not to vote for their true preference (Francis, 2022) ^[14]. It is believed that legislative committees provide an environment that is less conducive to partisan confrontations and can help in building the policy expertise of parliamentarians (Taylor & Francis, 2022) ^[14].

Characteristics and Working Outcomes of Parliamentary Finance Committee of Nepal (PFCN).

The Constitution of Nepal 2015 (Article 97) provisioned that the House of Representatives and the National Assembly can form committees according to federal laws. Currently, there are ten committees in the HORs of Nepal, among them Finance Committee has a vital role in parliamentary processes. The purview of jurisdiction of the Finance Committee according to rule 170 of HORs 2018 is the Ministry of Finance, National Natural Resources and Finance Commission, Investment Board, and National Planning Commission. The Finance Committee of the Nepalese parliament has also been mandated to examine and give advice on matters relating to the revenue and

expenditure of the ministries, departments, and bodies under the government.

Functions, duties, and powers of the Parliamentary Finance Committee of Nepal (PFCN) as per Rule 175 of HORs 2018 are to examine the estimates relating to revenue and expenditure of the ministries, departments, and bodies there under, and to present an annual report together with its opinion to the sitting. Necessary opinions, suggestions, and directives have been given to the concerned body after monitoring the execution of the reports submitted by investigation commissions/committees. Monitor and evaluate the works discharged by the ministries, departments, and other bodies.

There are a maximum of 27 members of the Parliamentary Finance Committee of Nepal (PFCN), who are chosen by the Speaker with the approval of the House. The chair of the committee is chosen by the committee members from among themselves. The Prime Minister and Finance Minister are ex-officio members of the committee. Members are nominated in consideration of the representation of women, Dalits, Janajatis, Khas-Arya, Madhesi, Tharu, Muslims, and backward groups. There is a provision that no member except the minister can be a member of more than one thematic committee at the same time.

It is arranged that the meeting of the committee will be called by the Chairperson as per the need. However, if the meeting of the committee is adjourned, if one-fourth of the members of the committee make a written request to the Chairperson that it is appropriate to convene a meeting with the topics to be discussed, the Chairperson must set the date and time of the meeting within five days. A majority of the committee's current members, or 51%, constitute a quorum. The decision of the majority of the members of the committee present in the meeting of the committee shall be considered as the decision of the committee, if the votes are equal, the Chairperson shall vote, and the decision of the meeting shall be certified by the Chairperson and the Secretary. The Secretary is an Ex-officio Secretary of each

committee and the Secretary can request necessary information from the relevant ministry, department, or agency to assist the performance of the committee's work.

In Nepal, the PFCN examines the estimates relating to revenue and expenditure of the ministries, departments, and bodies there, and presents an annual report together with its opinion to the sitting. The committee gives necessary directives after studying, monitoring, and evaluating whether or not the public property of a government body related to the subject is embezzled and presents a report to the sitting. Necessary opinions, suggestions, and directives to the concerned body have been given after monitoring the execution of the reports submitted by investigation commissions/ committees. Monitoring and evaluating the works discharged by the ministries, departments, and other bodies are the regular responsibility of the committee. There is a scope of work conflict when the committee's mandate is solely determined by the ministry since it must enter the purview of other committees when it comes to problems of the economy (PFCN 2021/2022).

The PFCN annual report for 2018–19 makes it apparent that the Committee's work has the following issues: The committee may be able to properly analyse the topic, leading to a meaningful contribution from the committee and on-time report submission, provided the members take their work seriously and frequently attend committee sessions. The chairperson and members of committees are occasionally commended for their effectiveness and efficiency. There may be greater chances for the committee to function properly in terms of timely work and committee mission if the chairperson is enthusiastic and motivated. The committee's performance can be enhanced by increasing the number of individuals required and making the most use of modern technologies. The report also states that a few members of the committee should be knowledgeable about finances and require professional training in order for the committee's choices and recommendations to be of high quality.

Table 1: Meetings, Discussions, and Decisions of the PFCN 2017 to 2022

Date	Number of meetings	Number of other Discussion PFCN members	Number of discussions with stake holder and jurisdiction bodies	Number of Discussion	Number of directives	Number of Bill passes with report to parliament	number of meetings cancelled due to quorum
2018/2019	46	5	16	16	29	4	2
2019/2020	61	7	27	5	-	3	7
2020/2021	31	-	20	6	1	-	-
2021/2022	18	13	13	9	1	-	-

Sources: Annual report of PFCN 2018-2022

Table number 1 shows the number of meetings of every fiscal year, 61 meetings were held during 2019/2020, 46 meetings were conducted in 2018/2019, 31 meetings in 2020/2021 and only 18 meetings were conducted in the last year of the parliament 2021/2022. The total number of meetings conducted was 146 in that full period of parliament 2017-2022. Out of 146 meetings, 7 meetings were canceled insufficient quorum of the members of the PFCN. During the period, 25 meetings were focused on discussions of agenda and bill only among members of PFCN, and 76 meetings were focused on discussion with an expert, stakeholders, and the responsible persons under the

jurisdiction of PFCN. 36 decisions were made on different relating issues, 31 directives were made to the government and other bodies of government, and 7 bills were passed with reports to the parliament.

The data reveals that although the Finance Committee has given the government instructions and addressed their legal work areas with a variety of experts, concerned associations, and office accountable officers, there was less discussion in the meeting with just the PFCN members. The committee appears to have prioritized its discussions with stakeholders and its directives to the administration. It has been observed that the development of laws required for the reform of the

economic sector has received less attention since just seven measures have been passed in the past five years. There is the minimal conversation on the issues required for the strengthening of budgets because the majority of topics of debate are primarily concerned with budget creation.

Achievements of the PFCN

Based on the discussions in the committee meeting, it seems that significant achievements have been achieved from the activities of policy and implementation, suggestions, progress details and information requests, quarterly discussions on the bill, collection of on-site suggestions, and monitoring observations. Seven bills, which were discussed in the committee and submitted to the House of Representatives, have been enacted into law. Bill 2018 made to make arrangements about pension fund, Bill 2018 made to make arrangements concerning payment and distribution, Bill made in 2018 to make arrangements to audit, Bill made in 2018 to make arrangements about public-private partnership and investment, Bill made to make arrangements concerning revenue leakage investigation and control 2019, Bill 2019 to make provisions regarding financial procedures and past liabilities, Bill 2019 to amend Citizens Investment Fund Act, 1991. Due to the effect of the committee's directives regarding tax and non-tax revenue arrears, past dues are being cleared. The National Natural Resources and Finance Commission was formed between 2017 and 2022. It seems that information about the state of the economy as well as the agency under the jurisdiction was obtained from the discussions held in the committee on the activities of the agencies under the scope, the participation in the interactive programs organized by various organizations, and the studies received (PFCN 2018/2019, PFCN 2021/2022).

Problems of the PFCN

It is clear from studying the PFCN annual report for 2018–19 that the following problems exist with the Committee's work: If the committee members take their work seriously and regularly attend committee meetings, the committee may be able to thoroughly consider the topic, resulting in a significant contribution from the committee and timely report submission. Sometimes praise for the committees' efficacy and efficiency is offered to the chairperson and members. If the chairperson is engaged and dynamic, there may be more prospects for the committee to function well in terms of timely work and committee mission. By increasing the number of people needed and making the most use of contemporary technologies, the committee's performance can be improved. The report also indicates that for the quality of decisions and directives made by the committee, select members should know financial matters and need to give training from experts (PFCN 2018/2019).

Suggestions for the PFCN

The government must obediently adopt the committee's recommendations, and plans must be developed for what will be done concerning the agencies that do not. Expert guidance should be provided to members of parliament in addition to international experience exchange and study observation trips. A trained, seasoned, and professional staff should also be in charge of running the parliament and its committees. Lawmakers, the executive branch, workers, citizens, and the media need to work together, coordinate

their actions, and raise awareness.

Conclusions

A strong committee structure is necessary for a strong legislature. The committee functions as a specialized window and extended working arms of the legislature. The first parliamentary committee was formally formed in Britain in 1571. The major role of the Finance Committee of Britain is the development of financial plans for future years. Parliamentary committees in Nepal date back to the House of Representatives elected in 1960. The arrangement of the Finance Committee was made in 1988 during the panchayat period. After the people's movement restored multi-party democracy, Nepal adopted the British and Indian models of parliamentary democracy. The Finance Committee of the Nepalese parliament has been mandated to examine and give advice on matters relating to revenue and expenditure of the ministries, departments, and bodies under the government. The committee's purview includes the Ministry of Finance, National Natural Resources and Finance Commission, Investment Board, and National Planning Commission. The Finance Committee of the Nepalese parliament has been mandated to examine and give advice on matters relating to revenue and expenditure of the ministries, departments, and bodies under the government. The committee's purview includes the Ministry of Finance, National Natural Resources and Finance Commission, Investment Board, and National Planning Commission.

The PFCN examines the estimates relating to revenue and expenditure of the ministries, departments, and bodies there, and presents an annual report together with its opinion to the sitting. The committee gives necessary directives after studying, monitoring, and evaluating whether or not the public property of a government body related to the subject is embezzled. Only 18 meetings were held in the last year of the parliament 2021/2022. Out of 146 meetings, 7 meetings were canceled due to insufficient quorum. The Finance Committee appears to have prioritized its discussions with stakeholders and its directives to the administration. There is the minimal conversation on the issues required for the strengthening of budgets.

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