



PAC to Review Regulatory Bodies Performance

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Why in News?

Recently, the [Public Accounts Committee \(PAC\)](#) has taken suo-moto initiative to **review the performance** of regulatory bodies such as [Securities and Exchange Board of India \(SEBI\)](#) and [Telecom Regulatory Authority of India \(TRAI\)](#).

Why has the PAC Initiated the Review of Regulatory Bodies?

- The review aims to enhance the effective use of **public funds and improve governmental oversight**.
- The decision was made amid a **political controversy over allegations of conflict of interest** against the SEBI chief.
- The panel has chosen **5 subjects for suo-motu investigations**, including "performance review of regulatory bodies established by Act of Parliament" and "levy and regulation of fees, tariffs, user charges etc. on public infrastructure and other public utilities".

What is the Public Accounts Committee (PAC)?

- **About:**
 - The **PAC** is a committee of selected **members of Parliament**, constituted by the **Parliament** of India, for the purpose of **auditing the revenue and the expenditure** of the Government of India.
 - **Parliamentary committees** draw their authority from **Article 105** and **Article 118 of the Constitution**. PAC is one of the three Financial Parliamentary committees, the other two are the **Estimates Committee** and the **Committee on Public Undertakings**.
 - **None of the members of the CAG** committee can hold positions as government **ministers**.
- **Background:**
 - The PAC was introduced in **1921** after its first mention in the **Government of India Act, 1919** also called **Montford Reforms**.
 - It is **constituted every year** under **Rule 308** of the **Rules of Procedure and Conduct of Business in Lok Sabha**.
- **Composition:** It presently comprises **22 members (15 members elected by the Lok Sabha Speaker, and 7 members elected by the Rajya Sabha Chairman)** with a **term of 1 year only**.
 - The Chairman of the Committee is appointed by the **Speaker of Lok Sabha**.
- **Powers and Functions:**
 - **Examine accounts** showing the appropriation of funds granted by the House for expenditure and the annual Finance Accounts of the government.
 - **Review other accounts presented to the House** that the Committee deems appropriate, except those related to Public Undertakings assigned to the **Committee on Public Undertakings**.
 - Committee **reviews various CAG Audit Reports on revenue receipts, government expenditure by different Ministries/Departments**, and accounts of autonomous

bodies.

- The **CAG assists the committee** during the investigation.

▪ **Recommendations:**

- The PAC's recommendations are **advisory and not binding on the government**, as it is an executive body that **cannot issue orders**, and only Parliament can take a final decision on the committee's findings.

What are Regulatory Bodies in India?

▪ **About:**

- Regulatory bodies are **independent government entities** established to **set and enforce standards in specific fields** of activity or operations.
 - These agencies **may operate with or without direct executive supervision**.

▪ **Functions:**

- Creating regulations and guidelines
- Reviewing and assessing activities
- Issuing licences
- Conducting inspections
- Implementing corrective actions
- Enforcing standards

▪ **Examples:**

- **Securities and Exchange Board of India (SEBI)**
 - **Established:** 1992
 - **Headquarters:** Mumbai
 - **Role:** Regulates securities markets, protects investors, and ensures market integrity.
 - **Structure:** Board with Chairman, whole-time, and part-time members. Appeals handled by Securities Appellate Tribunal (SAT), with further appeals to the Supreme Court.
 - **Functions:** Drafts regulations, conducts inquiries, imposes penalties. Overseas venture capital funds, mutual funds, and addresses fraudulent practices.
- **Telecom Regulatory Authority of India (TRAI)**
 - **Established:** 1997
 - **Headquarters:** New Delhi
 - **Role:** Regulates telecom services, revises tariffs, ensures service quality, and advises the government on telecom policy.
 - **Structure:** Chairperson, up to two whole-time and two part-time members.
 - **Appellate Authority:** Telecommunications Dispute Settlement and Appellate Tribunal (TDSAT), established in 2000, handles disputes and appeals from TRAI's decisions.
- **Other Regulatory Bodies:** [Reserve Bank of India \(RBI\)](#), [National Bank for Agriculture and Rural Development \(NABARD\)](#), [Small Industries Development Bank of India \(SIDBI\)](#), [Food Safety and Standards Authority of India \(FSSAI\)](#), [Central Drugs Standard Control Organisation \(CDSCO\)](#), and [Competition Commission of India \(CCI\)](#).

Read More: [Securities and Exchange Board of India, Telecom Regulatory Authority of India Repealing Regulations, 2023](#)

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Which of the following is/are the aims/aims of the “Digital India” Plan of the Government of India? (2018)

1. Formation of India's own Internet companies like China did.
2. Establish a policy framework to encourage overseas multinational corporations that collect Big Data to build their large data centres within our national geographical boundaries.
3. Connect many of our villages to the Internet and bring Wi-Fi to many of our schools, public places and major tourist centres.

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Q. Which of the following is issued by registered foreign portfolio investors to overseas investors who want to be part of the Indian stock market without registering themselves directly? (2019)

- (a) Certificate of Deposit
- (b) Commercial Paper
- (c) Promissory Note
- (d) Participatory Note

Ans: (d)

PDF Reference URL: <https://www.drishtiias.com/printpdf/pac-to-review-regulatory-bodies-performance>

