Joint Parliamentary Committees (JPC) on Financial Allegations

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What's in today's article?

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- What is a Joint Parliamentary Committees (JPC)
- JPCs to Investigate Alleged Financial Crimes

Why in News?

The Opposition has demanded a Joint Parliamentary Committee (JPC) to investigate the Hindenburg Research allegations against SEBI's chairperson Madhabi Puri Buch.

What is a Joint Parliamentary Committees (JPC)?

- **Background:** In India, a structured committee system was introduced in **1993** to provide for greater scrutiny of government functioning by Parliament.
- **About a JPC:**

- **These are set up by a motion** passed in one house of Parliament and agreed to by the other.
  - Its members include MPs from both the Lok Sabha and Rajya Sabha (in proportion to party strengths there, and therefore **representation of LS is double that of RS**).
  - Therefore, a JPC is **an ad-hoc body**,which acts as a **mini-Parliament** to carry out detailed scrutiny of a specific matter within a specific time frame.
- **How many JPCs have there been so far?**
  - Although a number of joint committees have been formed since Independence, **4 major JPCs** have been formed to investigate significant issues that have caused controversy.
  - **These are:**
    - Joint Committee on Bofors Contracts;
    - Joint Committee to enquire into irregularities in securities and banking transactions;
    - Joint Committee on stock-market scam; and
    - Joint Committee on pesticide residues in and safety standards for soft drinks.
- **The details regarding membership and subjects:** These are also decided by Parliament. *For example,*
  - The motion on the stock market scam constituted a JPC of 30 members (20 were from the LS and 10 from the RS).
  - The motion to constitute the JPC on pesticides included 10 members from the LS and 5 from the RS.
  - **The terms of reference** for the JPC on the stock market scam asked the committee
    - To look into financial irregularities,
    - To fix responsibility on persons and institutions for the scam,
    - To identify regulatory loopholes and
    - To make suitable recommendations.
- **How effective have JPCs been?**
  - JPC recommendations **have persuasive value** and the committee cannot force the government to take any action on the basis of its report.
  - The government may decide to launch fresh investigations on the basis of a JPC report.
  - **The government is required to report on the follow-up action** taken on the basis of the recommendations of the JPC.
  - The committee then submits '**Action Taken Reports**' in Parliament on the basis of the government's reply.
  - **These reports can be discussed in Parliament** and the government can be questioned on the basis of the same.

JPCs to Investigate Alleged Financial Crimes:

- **2G Spectrum (2013):** The JPC report cleared the then PM (Manmohan Singh) of any wrongdoing, claiming he had been misinformed about the process the Department of Telecommunications will use to grant licenses for Unified Access Services.
- **Share Market Scam (2001):** A JPC was formed, when Atal Bihari Vajpayee was PM, and its report recommended sweeping changes in stock market regulations. However, its recommendations were not fully implemented.
- **Securities and Banking Transactions (1992):**

  - Allegations that “Big Bull” Harshad Mehta had diverted funds from the public sector Maruti Udyog Limited to his own accounts, leading to a 570-point fall in the Sensex.
  - This led to the formation of JPC during the tenure of PM P V Narasimha Rao.

Q.1. What is the Public Accounts Committee (PAC)?

The PAC is constituted by the Parliament of India for the purpose of auditing the revenue and the expenditure of the Government of India. This committee along with the Estimates committee and Committee on Public Undertakings are the 3 financial standing committees of the Parliament of India.

Q.2. Why are parliamentary committees important?

The Parliamentary Committees scrutinises and reports to the House whether the powers to make regulations, rules, sub-rules, by-laws, etc., conferred by the Constitution or delegated by Parliament are being properly exercised by the Executive within the scope of such delegation.

Source: Hindenburg allegations: Cong threatens stir if JPC probe not initiated; BJP calls demand a ‘sham’ | IE
