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**EDITORIAL ANALYSIS**

# Funds Beyond Scrutiny — PM CARES, PMNRF, and India's Parliamentary Accountability Deficit

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The Hindu

MAINS RELEVANCE:

GS Paper 2



## INTERVIEW ANGLE

*"Should relief funds like PM CARES and PMNRF be subject to full parliamentary scrutiny and CAG audit? How does exemption from oversight affect democratic accountability?"*

## WHY IN NEWS

The PMO cited Lok Sabha procedural rules — specifically Rules 41(2)(viii) and 41(2)(xvii) — to declare parliamentary questions on PM CARES Fund, PMNRF, and the National Defence Fund inadmissible, reigniting debate on the accountability of these major national funds.

## THE ARCHITECTURE OF OPACITY

India maintains three major funds for national emergencies and welfare that receive substantial public and private contributions, yet operate outside the standard parliamentary audit framework:

**PM CARES Fund** (Prime Minister's Citizen Assistance and Relief in Emergency Situations): Established March 28, 2020, as a public charitable trust during the COVID-19 pandemic. As of 2024, it had received over Rs 10,700 crore in voluntary contributions. Unlike a government fund, it is structured as a private charitable trust — with the Prime Minister as trustee ex-officio, along with the Defence, Home, and Finance Ministers.

**PMNRF (Prime Minister's National Relief Fund)**: Established in 1948 by Jawaharlal Nehru — originally to assist Partition refugees. Today it provides relief to victims of natural calamities, major accidents, and violent incidents. Also a public charitable trust; administered by the Prime Minister.

**National Defence Fund**: For welfare of Armed Forces personnel and their families. Administered by an Executive Committee chaired by the PM. Receives government grants and public donations.

## WHAT THE PARLIAMENTARY EXCLUSION MEANS

Rule 41(2)(viii) of Lok Sabha's Rules of Procedure allows the Speaker to declare questions inadmissible if they "relate to matters which are not the responsibility of the Ministry." Rule 41(2)(xvii) bars questions that are "prima facie frivolous or vexatious."

The PMO's invocation of these rules to block questions on PM CARES specifically is significant: it effectively establishes that **PM CARES — though chaired by the Prime Minister himself — is not a governmental accountability responsibility**. This is constitutionally awkward. The PM is a constitutional authority; funds chaired by the PM and named after the office of PM carry implicit governmental authority even if formally structured as trusts.

### What parliamentary scrutiny would normally achieve:

**CAG (Comptroller and Auditor General) audit** — India's primary public financial accountability institution (Article 148–151); its mandate extends to government-linked funds and bodies receiving substantial government resources

**Public Accounts Committee (PAC) review** — scrutinises CAG audit reports; constituted after each Lok Sabha election

**Estimates Committee / Departmental Standing Committees** — examine budget allocations and expenditure

Without these mechanisms operating on PM CARES, there is no public institutional audit of fund inflows, outflows, beneficiary identification, or procurement decisions (particularly relevant given PM CARES' procurement of ventilators and PPE kits during COVID-19).

## RTI APPLICABILITY — A CONTESTED LEGAL QUESTION

The **Right to Information Act, 2005** exempts private bodies from disclosure obligations but makes "public authority" (Section 2(h)) disclosures mandatory. The threshold: Is PM CARES a "public authority"?

**Government's position:** PM CARES is a private charitable trust, not a public authority under RTI Act — even though: (a) the Prime Minister is its ex-officio chair, (b) contributions were solicited through government channels and official government social media, © the website was hosted on .gov.in domain.

**Supreme Court proceedings:** Multiple RTI petitions and PILs seeking CAG audit and transparency in PM CARES expenditure are sub judice. The Court has not yet definitively ruled on whether it constitutes a public authority.

**Contrast — NDF:** The National Defence Fund is covered under RTI Act — its administrative structure as a government-managed fund provides a clear constitutional hook for disclosure.

### International comparison:

**UK:** Government emergency funds are subject to National Audit Office (NAO) scrutiny, Parliamentary Public Accounts Committee review, and Freedom of Information Act disclosures

**USA:** The Federal Emergency Management Agency (FEMA) manages disaster funds subject to Congressional appropriations and GAO (Government Accountability Office) oversight

**Australia:** Treasury-managed Emergency Response Fund is subject to ANAO (Australian National Audit Office) audit

In all these democracies, the structural principle is the same: funds raised in the name of a head of government and solicited through government channels are treated as public funds with full accountability obligations.

## THE DEMOCRATIC DEFICIT — LARGER PATTERNS

The PM CARES controversy is part of a broader accountability deficit in India's public finance architecture:

**Electoral Bond Scheme (2018–2024):** Anonymous political funding mechanism — struck down by Supreme Court in February 2024 as unconstitutional for violating voters' right to information. The Court specifically cited the opacity of the scheme.

**Centrally Sponsored Schemes (CSS):** While formally subject to parliamentary approval, the proliferation of CSS with tied funding conditions has reduced state governments' fiscal accountability to their own legislatures — as states are bound to central program designs.

**Discretionary funds:** Chief Ministers' Relief Funds at the state level replicate the structural opacity issue — some are subject to CAG, some are not, with no uniform national standard.

## WHAT CONSTITUTIONAL ACCOUNTABILITY REQUIRES

A robust parliamentary accountability framework for emergency funds would require:

**Mandatory CAG audit** for all funds where: (a) the chairperson holds constitutional office, (b) contributions are solicited through government channels, or © government grants supplement voluntary contributions

**Annual Report to Parliament:** A tabled report (like the annual report of SEBI, RBI, or any statutory body) detailing inflows, outflows, procurement decisions, and beneficiary lists

**RTI designation:** Legislative clarification (amendment to RTI Act) that funds chaired by constitutional officeholders with government-linked solicitation mechanisms are public authorities

**PAC referral:** Automatic referral of such funds' accounts to the Public Accounts Committee for scrutiny, analogous to PSU accounting

The principle should be simple: **if the fund uses the credibility and platform of constitutional office to raise resources, it must submit to the accountability mechanisms that accompany constitutional office.**

## UPSC RELEVANCE

*PM CARES Fund (March 28, 2020, public charitable trust), PMNRF (1948, Jawaharlal Nehru, Partition refugees), National Defence Fund (NDF), RTI Act 2005 (Section 2(h) – public authority), CAG (Articles 148–151), Public Accounts Committee (PAC), Lok Sabha Rules 41(2)(viii) and 41(2)(xvii), Electoral Bond Scheme (struck down Feb 2024).*

*Parliamentary accountability; transparency in governance; RTI Act and its limitations; CAG's role; Public Accounts Committee; accountability of welfare funds; comparison with UK/USA/Australia frameworks.*

**★ FACTS CORNER — KNOWLEDGEPEDIA**
**PM CARES FUND:**

Type: **Public charitable trust** (NOT a government fund)

Established: **March 28, 2020** (COVID-19)

Ex-officio trustees: PM (Chair), Defence Minister, Home Minister, Finance Minister

Contributions received: >Rs **10,700 crore** (as of 2024)

CAG status: Not subject to CAG audit

RTI status: **Contested; sub judice** (multiple PILs pending)

**PMNRF (PRIME MINISTER'S NATIONAL RELIEF FUND):**

Established: **1948** by Jawaharlal Nehru

Original purpose: **Partition refugees**

Current use: Natural calamities, major accidents, violent incidents

Type: Public charitable trust; administered by PM

RTI: Contested; sub judice

**NATIONAL DEFENCE FUND (NDF):**

Purpose: Welfare of Armed Forces personnel and families

Executive Committee: PM as Chairperson

RTI: **Covered** under RTI Act 2005

**PARLIAMENTARY RULES INVOKED:**

**Rule 41(2)(viii):** Question inadmissible if not within Ministry's responsibility

**Rule 41(2)(xvii):** Question inadmissible if prima facie frivolous or vexatious

**CAG (COMPTROLLER AND AUDITOR GENERAL):**

Constitutional Articles: **148–151**

Mandate: Audits accounts of Union, States, and government-linked bodies

Reports to: Lok Sabha (Union reports) and State legislatures (State reports)

PAC (Public Accounts Committee): Reviews CAG audit reports; constituted after each LS election

**OTHER RELEVANT FACTS:**

Electoral Bond Scheme (2018): Anonymous political funding; struck down by SC in **February 2024** as unconstitutional

Section 2(h) RTI Act 2005: Defines "public authority" as any authority/body/institution established by Constitution, law, government notification, or owned/controlled by government

UK: National Audit Office (NAO) + Parliamentary Public Accounts Committee — full emergency fund scrutiny

USA: FEMA funds subject to Congressional appropriations and GAO oversight

Sources: The Hindu, Drishti IAS

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