

Hon'ble President of India, Comptroller and Auditor General of India Shri Shashi Kant Sharma, Finance Secretary Shri Ratan Watal, Controller General of Accounts Shri M J Joseph, other distinguished guests, ladies and gentlemen.

Let me at the outset felicitate the Indian Civil Accounts Service, its officers and Staff, as they celebrate their Fortieth Anniversary today. Such occasions provide an opportunity to reflect on past achievements, and ponder over emerging challenges and opportunities.

I am thankful to the Hon'ble President of India for graciously consenting to be the Chief Guest at today's Inaugural Session. Your contributions over the decades to both economic and financial sector reforms, including public financial administration, are well known. In the mid 1970's, as Union Minister of State for Finance, you had played a key role in the decision taken to separate the accounting function in the Union Government from Audit. You have been Union Finance Minister also for long and have very closely observed and participated in the evolution of the Public Financial Management architecture.

Forty years after the accounting function was internalized in the Executive, line Ministries and Departments of the Union Government have greatly benefitted from the arrangements put in place in 1976. With the changed ownership of the payment function, from the external audit agency to the Executive, significant improvements have taken place in the payment obligations of the Government, financial reporting of both expenditures and receipts and evaluation of utilization of funds voted by Parliament.

With Prompt and reliable financial reporting, the quality of expenditures has greatly improved and helped in better fiscal management. But a number of challenges lie before us.

One of the key areas in this digital and ICT era is to reduce the lags in receipt of government revenues and providing at the same time a citizen-friendly interface for revenue collecting agencies. We have made significant progress in this regard in respect of direct and indirect taxes in the recent past. On the Non-Tax Revenue side, I recently launched the Non Tax Revenue Portal developed by the Office of Controller General of Accounts, which facilitates faster on- line realization of Non-Tax receipts into the Consolidated Fund of India. I must compliment the CGA and his team for this. Using the e-payment mode for discharging Government's payment obligations and realization of tax revenues, we have strengthened service delivery to citizens and corporates alike. Every month I receive an analysis from the Controller General of Accounts regarding the status of public finances, and an analysis of key fiscal parameters.

The Public Financial Management System (PFMS) has evolved into a useful MIS tool for the Central government. It has also become a successful payment platform for disbursement of funds for the schemes covered under Direct Benefit Transfer (DBT). Using DBT and PFMS, the Government has now demonstrated that it can accurately target beneficiaries, reduce leakages by eliminating duplication, and increase efficiency of the delivery process. We are now in a better position to target actual beneficiaries and control expenditures in a transparent manner. As the scope and size of the programme gets expanded in future, the long term success of DBT is dependent on an efficient online fund disbursement and expenditure tracking system that links PFMS to State Treasury systems. Through this linkage,

both the Central and State Governments will benefit in monitoring the actual utilization of funds transferred to sub-state implementing agencies, and prevent accumulation of idle balances residing in bank accounts. The State governments will have to come on board on this and will need to be convinced on the efficacy and usefulness of the combined platform. I am sure the CGA will make all efforts to meet this challenge in the near term.

The Hon'ble President, in his address to the joint session of Parliament a few days ago recalled Pandit Deen Dayal Upadhyaya's vision of Antyodya that the benefits of empowerment must reach the last person. Government would strive to reach the benefits of welfare programmes to the poorest section of our society through Jandhan- Adadhar- Mobile (JAM) trinity. I would urge the CGA to use PFMS as the vital link to connect the dots of the JAM triad for providing DBT benefits to the intended sections of our society.

Another important area which needs more focused attention is to make our Annual Financial Statements more informative, and easy to comprehend by all stakeholders, including ordinary citizens and Parliamentarians. In addition, the CGA must endeavor to remove areas of opaqueness in the present classification system in a manner that better captures the attributes of both expenditures and receipts. In doing so, you will be helping policy planners with high quality and meaningful data of governments fiscal operations. This exercise will require consultation with State Governments and the Comptroller and Auditor General, who I am sure will support such reform efforts.

Ladies and Gentlemen, the prevailing economic scenario across the world is challenging to say the least. This year's budget was prepared and presented at a time of unusual volatility in the international economic environment. Markets are fearful that the global recovery may be faltering. Against this grim background, India stands out as a haven of stability and opportunity. Its macro-economy is stable, founded on the government's commitment to fiscal consolidation and low inflation. Its economic growth is amongst the highest in the world. These achievements are remarkable because they have been accomplished in the face of weak export demand and a second successive season of poor rainfall.

The task now is to sustain them in an even more difficult global environment. This will require sound economic management. Fiscal policy will continue to be vital in an uncertain global environment, while sustaining growth. On the government's "reform-to-transform" agenda, a series of measures have been enacted which should increase the supply potential of the economy. We want to create wealth and spread that wealth across the economy especially to farmers, the vulnerable and disadvantaged groups. *Sabka Saath Sabka Vikas* is our guiding philosophy which we will strive to meet every day.

Enhanced social sector spending aimed at promoting equitable growth and increasing demands for better services from the government, has raised the need for a new and improved accountability paradigm. It is therefore imperative to strengthen our expenditure management strategies, and further improve on the quality of expenditures for achieving higher social outcomes. We have recently received the Report of the Expenditure Management Commission constituted to

recommend ways to improve the efficiency of public expenditures. The Department of Expenditure will be examining the key recommendations and the steps that are required to be taken. The Controller General of Accounts would also need to play an important role in the implementation process of the recommendations.

Similarly, the CGA can play an important role towards improving public expenditure management by commissioning specific studies that evaluates and measures performance in implementation of national priority programs. Outputs and outcomes can be measured. What is measurable can be made accountable. Our objective is to learn from past experiences in the implementation of major projects and schemes, and rectify weaknesses through suitable modifications in the design of future projects. We may have to go beyond the government system to draw upon the domain expertise and associated skills available with professional bodies. In partnership with professional bodies, we could start building capacity in our system over a period of time.

Finally, I am aware that the mandate of your Service is that of the Union Government. I do however hope that through your interaction and dialogue with State Governments, you will be able to reach out, share insights and knowledge with them and establish synergies for mutual benefits. Ultimately, both governance and development impact the States, and even below at the Panchayati Raj Institutions level. Governmental interventions must reach out and touch people's lives in a positive manner. Only then will governance become citizen-centric.

With these thoughts, let me once again wish the officers and staff of the Service a bright future.

Thank you.