

Hon'ble President of India, Hon'ble Finance Minister, Hon'ble Comptroller and Auditor General of India, Respected Finance Secretary, distinguished guests, my service colleagues, Ladies and Gentlemen

It is my proud privilege to welcome the distinguished dignitaries on the dais, as well as each one of you, to the 'Civil Accounts Day', 2016 to mark the 40th Anniversary of the inception of the Indian Civil Accounts Service.

We are extremely grateful to the Hon'ble President of India for acceding to our request to be the Chief Guest at this Inaugural Session. Sir, as Union Minister of State for Finance between 1975 to 1977, you were one of the key architects of the reform in public financial administration that separated the accounting function from audit in the Union Government. It was a historical necessity. At that time very few developing countries had attempted this land mark administrative reform.

I must specifically thank the Hon'ble Finance Minister for his guidance since the present Government assumed office. The emphasis and encouragement given to us by the Finance Ministry to further automate our payment processes under the Digital India program, has helped us to improve our systems and better serve stakeholders, including the poorest of the poor of our country through the Direct Benefit Transfer (DBT) mode.

I must also thank the Hon'ble Comptroller & Auditor General of India, for the continuous support extended to further strengthen the accounting function in the Government.

We look upon the Finance Secretary as our friend, guide and well wisher. Without your support, we would not have been able to hasten the pace of digitization in all its components.

Ladies and Gentlemen, the decision to separate the accounting function in the Union Government from audit, by creating a new management accounting function in Ministries and Department led to the creation of the Indian Civil Accounts Service in 1976. The objective was to internalize the payment and accounting functions within each Ministry, so that accounting data and financial reports are not only available timely, but serve as an aid to management. In his Budget Speech of 1976, the then Finance Minister, the late Shri C. Subramaniam termed the proposed changes as “of a magnitude unprecedented in the annals of Indian administration.... Accounts and Finance should form an integral part of overall management and should play a more meaningful and effective role in selection of projects, allocation of funds, monitoring of expenditures in relation to physical progress, and evaluation of results”. The new departmentalized accounting system entered into force from March 1, 1976. It is for this reason that March 1 of each year is celebrated as “Civil Accounts Day”.

Reforms in public financial management are a continuous process. Structural changes take place in the economy, and in the functioning of government which demand accounting data on public finances to be available to decision makers, often on real time basis. This demand for faster information can only be met through adoption of technology. Recognizing this need, the Service has since its inception, been a pioneer in the use of Information Technology in payments, Accounting and Financial Reporting.

Introduction of E-payments through the banking system has facilitated prompt collections and payments. Presently, over 95% of total tax

revenues and 90% of total payments of the Government flow through the e-payment mode. Recently, the Hon'ble Finance Minister inaugurated the online Non Tax Revenue Portal (NTRP) that enables a citizen or a corporate entity to make online payment for availing specific services provided by Departments.

The Public Financial Management System (PFMS) has also helped the Government to effectively monitor utilization of funds transferred to States and implementing agencies, especially in respect of national priority schemes, through DBT. Beneficiaries of these schemes now receive funds directly into their bank accounts at the local level. Consequently, there has been significant reductions in leakages and increase in savings to the Govt.

Benefits of automation in the payment processes have led to further improvements in financial reporting and accounting. Fiscal data of governments operations are available, practically on a real-time basis. The Annual Financial Statements of the Union Government, duly audited, are now presented to Parliament within the same financial year.

While we take great pride in our achievements, we are conscious that we can ill afford to rest on our laurels. A lot more needs to be accomplished and challenges to overcome. In the short term, there is scope to further improve the quality of fiscal data depicted in the Union Financial Statements presented to Parliament. They can be made more reader-friendly and easy to understand. Reform in this area should be seen as a low-hanging fruit waiting to be plucked.

Migrating from the well entrenched cash basis of government accounting to an accrual based system is another major challenge. Certain weaknesses in the existing cash based system can be improved upon by developing specific modules that capture government assets and accrued liabilities, and better depicting the cost of schemes and programs.

Improved oversight of national priority programs and schemes through internal audit is another area which requires further strengthening. We have already commissioned Risk based internal audit studies to assist line Ministries in identifying and addressing risks in the implementation of national priority schemes.

On this special day, I remember an old saying in the accounting profession – “What gets measured, gets done.” Our endeavor, therefore, should be to use the most appropriate methodology to ‘measure’ performance, in order to ensure that we know what we are leaving for future generations – in terms of assets and liabilities, and making a beginning in inter-generational accounting.

I will conclude by placing on record my sincere thanks to my predecessors, colleagues and our staff for their contributions towards the growth of the Indian Civil Accounts Service, as we celebrate our 40th anniversary.

THANK YOU