

**Hon'ble President of India, Hon'ble Finance Minister, Hon'ble Comptroller and Auditor General of India, Controller General of Accounts, Ladies and Gentlemen**

I consider it an honor to be addressing this function in the presence of the distinguished dignitaries on the dais. I have been associated with the Controller General of Accounts and the Indian Civil Accounts Service since I joined the Finance Ministry over two years ago. I extend my warm felicitations to the CGA, Shri Joseph and members of the Service, including the staff on their fortieth anniversary.

We have just heard from the Controller General of Accounts of the achievements of the Service during the last four decades. These achievements are indeed commendable and creditable for a young Service that was constituted by the Government with lofty expectations of contributing to improvements in public financial administration. On this special day, we are privileged to have with us the Hon'ble President of India, who was a key architect of the 1976 reform that resulted in the creation of a separate Service from the womb of its parent, the IA&AS. We look forward to your address Sir.

Forty years may not be a long time in the evolution of a Service in the Indian administrative context. But what is important is to reflect on whether the Service has achieved the objectives for which it was created. Undoubtedly it has. The management accounting function is now well entrenched in the Executive. Line Ministries and Departments today take complete responsibility for their spending decisions, and the resultant outputs and outcomes of budget allocations voted by Parliament. Prescribed timelines for closure of monthly and annual accounts are complied with. Financial reporting of in-year expenditures and revenue receipts are practically on real time. As the CGA has just mentioned, investments made over the years in automation of the payment and accounting processes have resulted in significant gains to management, thereby facilitating informed decision making.

In this connection, I must specifically mention the role played by the Public Financial Management System (PFMS) in facilitating timely payments to the poor and needy people of our country in respect of social sector schemes administered through the DBT mode. PFMS has become a game changer and has led to

significant efficiency gains for the Government. It is for this reason that Government intends to further strengthen the capacities and capabilities of PFMS and transform it to an Integrated Financial Management Information System. The IFMIS will integrate various PFM components, including budgeting, sanction generation, payments, revenue receipts, accounting and financial reporting.

There have been other systemic improvements to the PFM architecture. Due to time constraints, I will only highlight a recent achievement of the CGA in the faster submission of the Union Accounts to Parliament. For the second time only since Independence, the Annual Financial Statements of 2014-15 of the Union Government, duly audited by the C&AG, were laid in Parliament within eight months of the close of the financial year. This is a good practice that helps strengthen financial accountability of the Executive to Parliament.

I am glad that the CGA has in his address identified various challenges the Service will face in the future. Improvements to accounting cuts across all elements of the Public Financial Management. Inadequacies in the existing cash based accounting system will need to be addressed, so as to meet the demands of economic and financial management. Further rationalization of expenditures is a top priority in the fiscal reform stance of the government, be it in the realm of pruning and better targeting subsidies, as well as in implementing the recommendations of the Expenditure Management Commission. The CGA can play a useful role in these efforts, as well as in other areas of fiscal reform. One such area is in improving the oversight function in the implementation of programs and schemes through a more effective internal audit mechanism. The CGA has taken the initiative recently and has introduced the Risk based internal audit approach to assist line ministries to better evaluate and mitigate risks in the implementation of major national priority programs. This approach must be extended to all ministries at an early date.

I am sure the Service will successfully rise to address challenges of the future. They have done so in the past forty years, and are capable of doing so in the future, given commitment and effective leadership. Government financial management is perhaps at a cross roads, where the ICAS can and should play an important role.

I will conclude by wishing the Service once again a bright future!