



सत्यमेव जयते

Global Trends in Public Financial Management (PFM)

Civil Accounts Day
1st March 2016

Controller General of Accounts, Ministry of Finance,
Government of India

OUTLINE

- Objectives and Attributes of PFM
- Characteristics of PFM in Union Government
- Ongoing reforms
- Medium term reforms
- Benefits to stakeholders

OBJECTIVES AND ATTRIBUTES OF PFM

Objectives

- Supports Aggregate Control
- Instills efficiency
 - Management of Public Resources (resource prioritization)
 - Delivery of services
- Enables Accountability

PFM is a Driver of Governance & Development

Attributes

- Comprehensive Macro-fiscal planning
- Credible and Policy-Based Budgeting
- Predictability and Control in Budget Execution
- Transparent and Effective Procurement System
- Robust Accounting and Financial Reporting
- Oversight systems (IA, SAI, Legislative, Social)

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CHARACTERISTICS OF PFM IN UNION GOVERNMENT

- Robust Macro-Fiscal Planning – MOF, Niti Aayog, RBI
- Consultative Public & Policy based budgeting – Move to MTBF?
- Co-operative Federalism – Higher devolution to States
- Harmonized Budgeting and Accounting Classification - under review
- Efficient payment and accounting system – success of PFMS
- Cash Basis of Accounting
- Treasury Single Account – Some issues
- Financial Reporting – Compliant with IMF's SDDS
- Vibrant Statutory Audit

ONGOING REFORMS

1. Removal of Plan / Non-Plan Distinction
2. Restructuring of Central Schemes - under review
3. New Public Procurement Law – presently at draft stage
4. Moving towards GIFMIS
5. Progressing towards Standards' Based Accounting
6. Enhancing quality of Annual Financial Statements presented to Parliament
7. Strengthening Oversight – Introduction of Risk-based approach to Internal Audit

MEDIUM TERM REFORMS

1. Move Towards MTBF - Review of Annual Budget Cycle
2. Improved management and rationalisation of expenditures
3. Tax reforms - Implementing GST, Simplified Tax regime
4. Implementing GIFMIS – Challenges and Benefits
5. Process Re-engineering of Govt.–Bank Interface
6. Revised common Budget Classification System & C.O.A
7. Implementing EMC's recommendations

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EXPECTED BENEFITS TO STAKEHOLDERS

- **Parliament**: Greater oversight of Govt's fiscal operations – Assurance of compliance to Annual Budget
- **Public / Citizen**: Greater Transparency in Procurements
Ease of Convenience – E-Payments & E- Receipt, Direct Benefit Transfers to the poor
- **Government**: Process Efficiency through ART; Better Cash and Fiscal Management
Risk Assurance Services through improved Internal Audit
- **Employees**: Greater employee satisfaction through prompt settlement of Personnel claims / dues / Pensions
- **External stakeholders**:
Comprehensive fiscal reports; Greater confidence in PFM framework



THANK YOU