

A Study on Government Accounting in India

- Some Recent Developments



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Introduction

The financial management of any organization must have a prudent financial system backed by sound and effective accounting procedures and internal controls. A well-designed and well managed accounting system helps ensure proper control over funds.

Accounting policies and procedures are designed to compile accounts fulfilling legal/procedural requirements that govern financial control. Accounts are an integral part of financial management of activities. On the basis of accounts, the Government determines the shape of its monetary and fiscal policies.

Private vs Public Sector Accounting

Difference between private sector system of accounting and governmental accounting arises mainly because of the environment of the accounting system. In the government environment, public sector entities have differing goals, as opposed to the private sector entities' one main goal of gaining profit.

In a government accounting environment, the entity has the responsibility of fiscal accountability which is demonstration of compliance in the use of resources in a budgetary context. In the private sector, the budget is a tool in financial planning and it isn't mandatory to comply with it.

A field of accounting that specifically finds application in the public sector or government can be categorized as Government Accounting. A special field of accounting exists because of the objectives to which accounting reports to differ significantly from that for which generally accepted accounting practice has been developed for in the private (business) sector and also the usage of the results of accounting processes of government differs significantly from the use thereof in the private sector.

ORGANIZATIONAL STRUCTURE OF GOVERNMENT OF INDIA

The Government of India Act, 1935 brought several changes in the system of governance in the country. It provided for the

- Establishment of an All-Indian Federation and a new system of government wherein the provinces were given more autonomy.
- The Central Legislature was to comprise two Houses - the Upper House or the Council of States and the Lower House or the Central Legislative Assembly.
- The 'Diarachy' which was earlier established in the Provinces was abolished but was introduced in the Centre.
- The executive authority of the Centre was vested in the Governor General (on behalf of the Crown) who had absolute power over defence, external affairs (Reserved Subjects).
- On other matters the Governor General was to act on the advice of a 'Council of Ministers'.

The Act stipulated that no Finance Bill could be placed in the Central Legislature without the consent of the Governor General. The Act further provided for three Lists Federal, Provincial and Concurrent - for division of legislative functions between the Centre and the Provinces.

The Constitutional Provisions

The Constitution has provided an elaborate framework for the governance system in India.

Part V

Chapter 1 deals with the Union Executive,
Chapter II deals with the Parliament and
Chapter IV deals with the Union Judiciary.

The Executive Power of the Union vests in the President and is exercised by him either directly or through officers subordinate to him in accordance with the Constitution (Article 53).

Article 74 provides that there shall be a Council of Ministers with the Prime Minister as the Head to aid and advise the President who shall, in the exercise of these functions, act in accordance with such advice.

Article 75 provides that the Prime Minister shall be appointed by the President and the other Ministers shall be appointed by the President on the advice of the Prime Minister.

Article 77 provides for the Conduct of Government Business:

“77. (1) All executive actions of the Government of India shall be expressed to be taken in the name of the President.

(2) Orders and other instruments made and executed in the name of the President shall be authenticated in such manner as may be specified in rules to be made by the President, and the validity of an order or instrument which is so authenticated shall not be called in question on the ground that it is not an order or instrument made or executed by the President.

(3) The President shall make rules for the more convenient transaction of the business of the Government of India, and for allocation among Ministers of the said business.”

Article 73 lays down the executive powers of the Union.

“73. (1) Subject to the provisions of this Constitution, the executive power of the Union shall extend –

(a) to the matters with respect to which Parliament has power to make laws; and

(b) to the exercise of such rights, authority and jurisdiction as are exercisable by the Government of India by virtue of any treaty or agreement:

Provided that the executive power referred to in sub-clause

(a) shall not, save as expressly provided in this Constitution or in any law made by Parliament, extend in any State to matters with respect to which the Legislature of the State has also power to make laws.

(2) Until otherwise provided by Parliament, a State and any officer or authority of a State may, notwithstanding anything in this article, continue to exercise in matters with respect to which Parliament has power to make laws for that State such executive power or functions as the State or officer or authority thereof could exercise immediately before the commencement of this Constitution.

Exercising powers vested by virtue of Article 77, the President has made the **“The Government of India (Allocation of Business) Rules”**.

First Schedule to the Rules - The Rules stipulate that the business of the Government of India shall be transacted in the Ministries, Departments, Secretariats and Offices specified in the First Schedule to these rules (all of which are hereinafter referred to as “departments”).

Second Schedule to the Rules - The distribution of subjects among the departments shall be as specified in the Second Schedule to these Rules.

What does the “**The Government of India (Allocation of Business) Rules**” provide for?

- The manner in which the officers are required to help the Minister in discharge of his/her executive functions is governed by the Government of India (Transaction of Business) Rules.
- The Rules provide that all business allotted to a Department shall be disposed of by, or under general or special directions of, the Minister-in-charge, subject to certain limitations where consultation is required with other departments or where cases have to be submitted to the Prime Minister, the Cabinet and its Committees or the President.
- These Rules also provide for the constitution of the following Standing Committees of the Cabinet and each Standing Committee shall consist of such Ministers as the Prime Minister may, from time to time, specify. As of now, these Committees are:

1. Appointments Committee of the Cabinet
2. Cabinet Committee on Accommodation
3. Cabinet Committee on Economic Affairs
4. Cabinet Committee on Management of Natural Calamities
5. Cabinet Committee on Parliamentary Affairs
6. Cabinet Committee on Political Affairs
7. Cabinet Committee on Prices
8. Cabinet Committee on Security

9. Cabinet Committee on World Trade Organisation Matters

The Rules also provide for appointment of ad hoc Committees of Ministers for investigating and reporting to the Cabinet, and, if so authorized, for taking decisions on such matters.

The Rules also stipulate that it shall be the responsibility of the Departmental Secretary, who shall be the administrative head thereof, to ensure observance of these Rules in the Department.

The Structure of a Department

The work of Government of India is distributed into different Ministries/ Departments.

A Department has also been defined in the General Financial Rules as follows:

“5. Department –

(1) A department is responsible for formulation of policies of the government in relation to business allocated to it and also for the execution and review of those policies.

(2) For the efficient disposal of business allotted to it, a department is divided into wings, divisions, branches and sections.

(3) A department is normally headed by a secretary to the Government of India who acts as the administrative head of the department and principal adviser of the Minister on all matters of policy and administration within the department.

(4) The work in a department is normally divided into wings with a Special Secretary/Additional Secretary/Joint Secretary in charge of each wing. Such a functionary is normally vested with the maximum measure of independent functioning

and responsibility in respect of the business falling within his wing subject, to the overall responsibility of the Secretary for the administration of the department as a whole.

(5) A wing normally comprises a number of divisions each functioning under the charge of an officer of the level of Director/Joint Director/Deputy Secretary.

A division may have several branches each under the charge of an Under Secretary or equivalent officer.

(6) A section is generally the lowest organisational unit in a department with a well-defined area of work. It normally consists of assistants and clerks supervised by a Section Officer.

Initial handling of cases (including noting and drafting) is generally done by, assistants and clerks who are also known as the dealing hands.

(7) While the above represents the commonly adopted pattern of organization of a department, there are certain variations, the most notable among them being the desk officer system. In this system the work of a department at the lowest level is organised into distinct functional desks each manned by two desk functionaries of appropriate ranks e.g. Under Secretary or Section Officer

Each desk functionary handles the cases himself and is provided adequate stenographic and clerical assistance.” (Central Secretariat Manual of Office Procedures. Retrieved from <http://darpg.nic.in/> on 20-2-09)

The Administrative Heads

The Secretary is the administrative head of a Department and in a Department, the structure may comprise Special Secretaries, Additional Secretaries, Joint Secretaries, Directors, Deputy Secretaries, Under Secretaries and Section Officers.

The functions of each of these are spelt out in the Central Secretariat Manual of Office Procedure as follows:

“(9) Functions of various levels of functionaries :

(a) Secretary – A Secretary to the Government of India is the administrative head of the Ministry or Department. He is the principal adviser of the Minister on all matters of policy and administration within his Ministry/ Department, and his responsibility is complete and undivided.

(b) Special Secretary/Additional Secretary/Joint Secretary – When the volume of work in a Ministry exceeds the manageable charge of a Secretary, one or more wings may be established with Special Secretary/Additional Secretary/Joint Secretary, incharge of each wing. Such a functionary is entrusted with the maximum measure of independent functioning and responsibility in respect of all business falling within his wing subject, to the general responsibility of the Secretary for the administration of the wing as a whole.

(c) Director/Deputy Secretary – Director /Deputy Secretary is an officer who acts on behalf of the Secretary. He holds charge of a Secretariat Division and is responsible for the disposal of Government business dealt within the Division under his charge. He should, ordinarily be able to dispose of the majority of cases coming up to him on his own. He should use his discretion in taking orders of the Joint Secretary/Secretary on more important cases, either orally or by submission of papers.

(d) Under Secretary – An Under Secretary is in charge of the Branch in a Ministry consisting of two or more Sections and in respect thereto exercises control both in regard to the despatch of business and maintenance of discipline. Work comes to him from the sections under his charge. As Branch Officer he disposes of as many cases as possible at his own level but he takes the orders of Deputy Secretary or higher officers on important cases.”

Each Department may have one or more attached or subordinate offices. The role of these offices are: (Central Secretariat Manual of Office Procedures. Retrieved from <http://darpg.nic.in/> on 20-2-09)

“6.2 Attached and Subordinate offices -

(1) Where the execution of the policies of the government requires decentralisation of executive action and/or direction, a department may have under it executive agencies called ‘Attached’ and ‘Subordinate’ offices.

(2) Attached offices are generally responsible for providing executive direction required in the implementation of the policies laid down by the department to which they are attached. They also serve as repository of technical information and advise the department on technical aspects of question dealt with by them.

(3) Subordinate offices generally function as field establishments or as agencies responsible for the detailed execution of the policies of government. They function under the direction of an attached office, or where the volume of executive direction involved is not considerable, directly under a department. In the latter case, they assist the departments concerned in handling technical matters in their respective fields of specialisation.”

Besides, the attached and subordinate offices there are a large number of organizations which carry out different functions assigned to them. These may be categorized as follows: (Extracted from the Central Secretariat Manual of Office Procedure)

*“1. **Constitutional Bodies** : Such bodies which are constituted under the provisions of the Constitution of India.*

2. **Statutory Bodies** : Such bodies which are established under the statute or an Act of Parliament.

3. **Autonomous Bodies** : Such bodies which are established by the Government to discharge the activities which are related to governmental functions. Although such bodies are given autonomy to discharge their functions in accordance with the Memorandum of Associations etc., but the Government's control exists since these are funded by the Government of India.

4. **Public Sector Undertakings**: Public Sector Undertaking is that part of the industry which is controlled fully or partly by the Government. These undertakings have been set up in the form of companies or corporations in which the shares are held by the President or his nominees and which are managed by Board of Directors which includes officials and non-officials.”

Strengths and Weaknesses of the Existing Structure

The existing structure of the Government of India has evolved over a long period. It has certain inherent strengths which have helped it stand the test of time. However, there are weaknesses also which render the system slow, cumbersome and unresponsive.

Strengths

a. *Time Tested System – adherence to rules and established norms*: The Government of India has evolved an elaborate structure, rules and procedures for carrying out its functions which have contributed to nation building and the creation of an inclusive state. These have ensured stability both during crises as well as normal times. At the same time, where considered essential, innovative structures have been created in form of empowered commissions, statutory boards, autonomous societies and institutions especially in the fields related to research, science and technology

b. *Stability*: The structure of Government staffed by the permanent civil servants has provided continuity and stability during the transfer of power from one elected government to the other. This has contributed to the maturing of our democracy.

c. *Commitment to the Constitution – political neutrality*: The well laid down rules and procedures of government have upheld the neutrality of the civil services and prevented politicisation of government programmes and services. This has helped in the evolution of institutions based on the principles enshrined in the Constitution.

d. *Link between policy making and its implementation*: The framework of the Government of India has facilitated a staffing pattern which promotes a link between policy making and implementation. This has also helped the structure of both the Government of India and the States and promoted the concept of cooperative federalism.

e. *A national outlook amongst the public functionaries*: Public servants working in Government of India as well as its attached and subordinate offices have developed a national outlook transcending parochial boundaries. This has contributed to strengthening national integration.

Weaknesses

a. *Undue emphasis on routine functions*: The Ministries of Government of India are often unable to focus on their policy analysis and policy making functions due to the large volume of routine work that they are saddled with. This leads to national priorities not receiving due attention. Often, functions which are best carried out by the State or Local Governments or could easily be outsourced continue to be retained with the Union Government.

b. *Proliferation of Ministries/Departments - weak integration and coordination*: The creation of a large number of Ministries and Departments sometimes due to the compulsion of coalition politics has led to illogical division of work and lack of an

integrated approach even on closely related subjects. It has been observed that the Ministries/Departments often carve out exclusive turfs and tend to work in isolated silos. This, at times, detracts from examination of issues from a wide national perspective and in an integrated manner.

c. An extended hierarchy with too many levels: Government of India has an extended vertical structure which leads to examination of issues at many levels frequently causing delays in decision making on the one hand and lack of accountability on the other. Another noteworthy feature of the structure is that several levels are redundant as they do not contribute to the decision making process.

d. Risk avoidance: A fall-out of a multi-layered structure has been the tendency towards reverse delegation and avoidance of risk in decision making. Another aspect of the existing structure is an increasing emphasis on consultations through movement of files as a substitute for taking decisions. This leads to multiplication of work, delays and inefficiency.

e. Absence of team work: The present rigid hierarchal structure effectively rules out team work so necessary in the present context where an inter-disciplinary approach often is the need of the hour to respond effectively to emerging challenges.

f. Fragmentation of functions: At the operational level also, there has been a general trend to divide and subdivide functions making delivery of services inefficient and time-consuming. Several decades ago, this was captured in a telling manner in a Shankar Cartoon, of an official being appointed as “Deputy Assistant Director General, Envelopes (Glue)”!

g. Except in the case of a few committees and boards, there has been considerable weakening of the autonomy conceived at the time of their formation.

ROLE OF UNION GOVERNMENT

The Union Government should primarily focus on the following core areas:

- i. Defence, International Relations, National Security, Justice and rule of law
- ii. Human development through access to good quality education and healthcare to every citizen
- iii. Infrastructure and sustainable natural resource development
- iv. S social security and social justice
- v. Macro-economic management and national economic planning
- vi. National policies in respect of other sectors

ROLE OF STATE

The 'non-negotiable' role of the State lies in four broad areas:

1. Public order, justice and rule of law.
2. Human development through access to good quality education and healthcare to every citizen.
3. Infrastructure and sustained natural resource development.
4. Social security, especially for the unorganized sector workers.

LIST OF MINISTRIES IN THE UNITED KINGDOM

SLNo	Minister	Responsibilities
1	Prime Minister, First Lord of the Treasury and Minister for the Civil Service	The Prime Minister is the head of the UK Government and is ultimately responsible for the policy and decisions of Government. As head of the UK Government the Prime Minister also oversees the operation of the civil service and Government agencies, appoints members of the Government, and is the principal Government figure in the House of Commons.
2	Secretary of State for Business, Enterprise and Regulatory Reform	The Secretary of State holds overall responsibility for the business of the Department and its policies.

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

Sl.No	Minister	Responsibilities
3	Secretary of State for Children, Schools and Families	<p>The purpose of the Department for Children, Schools and Families is to make England the best place in the world for children and young people to grow up.</p> <p>The Secretary of State holds overall responsibility for the business of the Department and its policies.</p>
4	Secretary of State for Communities and Local Government	<p>The Department of Communities and Local Government sets policy on local government, housing, urban regeneration, planning and fire and rescue.</p> <p>The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overall responsibility for the Department and its policies including: public service agreement (PSA) targets; Departmental strategic objectives (DSOs); and expenditure issues • Empowering communities and citizens • Thames Gateway • Olympic Legacy
5	Secretary of State for Culture, Media and Sport	<p>The Department for Culture, Media and Sport aims to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence and champion the tourism, creative and leisure industries.</p> <p>The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overall responsibility for all Departmental Policy • Comprehensive Spending Review
6	Secretary of State for Defence	<p>Has overall responsibility for the business of the Department but specifically leads on:</p> <ul style="list-style-type: none"> • Defence Policy and Planning and Budget Issues • Operations in Iraq and Afghanistan • Nuclear issues including Ballistic Missile Defence • Bilateral Defence Relations with North America, Western Europe and the Middle East • NATO and EU issues • Media and Communications <p>The Secretary of State has overall responsibility for the business of the Department but specifically leads on:</p> <ul style="list-style-type: none"> • Defence Policy and Planning and Budget Issues

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

Sl.No	Minister	Responsibilities
		<ul style="list-style-type: none"> • Operations in Iraq and Afghanistan • Nuclear issues including Ballistic Missile Defence • Bilateral Defence Relations with North America, Western Europe and the Middle East • NATO and EU issues • Media and Communications
7	Secretary of State for Energy and Climate Change	<p>The Department brings together much of the Climate Change Group, previously housed within the Department for Environment, Food and Rural Affairs (Defra), with the Energy Group from the Department for Business, Enterprise and Regulatory Reform (BERR).</p> <p>The Secretary of State has responsibility for the overall strategy of the department and leads the UK in key international and EU negotiations and overseas engagements.</p>
8	Secretary of State for Environment, Food and Rural Affairs	<p>The Department for Environment, Food and Rural Affairs (DEFRA) central purpose is to help build a low carbon, resource efficient economy, and help people to adapt to changes. DEFRA defends them from environmental risks and makes the most of the opportunity we now have to secure a sustainable society and a healthy environment. DEFRA's main tasks are to secure a healthy environment for us all and defend against environmental risks; promote an economy that produces less carbon, and uses resources more efficiently; and ensure a thriving farming sector and a sustainable, healthy and secure food supply.</p> <p>The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overall responsibility for all Departmental issues • Represents the UK at the EU Agriculture and Fisheries Council at the EU Environmental Council • Leads for the UK in other international negotiations on sustainable development
9	Secretary of State for Foreign and Commonwealth Affairs	<p>The Foreign and Commonwealth Office works to promote the interests of the United Kingdom and to contribute to a strong world community. The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overall responsibility for the work of the Foreign and Commonwealth Office • Policy Planning and Research Analysis

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

S.No	Minister	Responsibility
		<ul style="list-style-type: none"> • Communications • Honours
10	Leader of the House of Commons, Lord Privy Seal and Minister for Women and Equality	<p>The Government Equalities Office (GEO) is responsible for the Government's overall strategy and priorities on equality issues. Its work includes: leading the development of a more integrated approach on equality across Government to increase opportunities for all; taking forward the Minister for Women's priorities; taking forward work on the Equality Bill; sponsoring the Equality and Human Rights Commission and the Women's National Commission; and supporting the work of the National Equality Panel.</p> <p>The Office of the Leader of the House of Commons is responsible for the arrangement of government business in the House of Commons and for planning and supervising the Government's legislative programme. The Leader upholds the rights and privileges of the House and acts as a spokesperson for the Government as a whole.</p> <p>The Minister for Women and Equality has overall responsibility for the women and equality Agenda.</p>
11	Secretary of State for Health	<p>The aim of the Department of Health (DoH) is to improve the health and well-being of people in England.</p> <p>The Secretary of State leads on:</p> <p>Overall responsibility for the work of the Department including:</p> <ul style="list-style-type: none"> • NHS and social care delivery and systems reform • Finance and Resources • Strategic Communications
12	Secretary of State for the Home Department	<p>The Home Office leads a national effort to protect the public from terror, crime and anti-social behaviour.</p> <p>The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overall responsibility for the business of the Department and its policies • Security • Counter-terrorism • Civil emergencies • Expenditure issues

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

Sl.No	Minister	Responsibilities
13	Secretary of State for Innovation, Universities and Skills	Overall responsibility for developing, implementing and communicating policies to promote talent, research and innovation.
14	Secretary of State for International Development	The Department for International Development (DFID) is the UK Government Department responsible for promoting sustainable development and reducing poverty.
15	Secretary of State for Justice and Lord Chancellor	The Secretary leads on : <ul style="list-style-type: none"> • Overall strategy • Resourcing • Judicial appointments • Judicial diversity • Constitutional renewal • Lords reform • Party funding
16	Secretary of State for Northern Ireland	The role of the Northern Ireland Office (NIO) is to maintain and support the devolution settlement flowing from the Good Friday and St Andrews Agreements and to enable the devolution of justice and policing to occur as soon as the Northern Ireland Assembly requests it. The Secretary of State leads on: The role of the Northern Ireland Office (NIO) is to maintain and support the devolution settlement flowing from the Good Friday and St Andrews Agreements and to enable the devolution of justice and policing to occur as soon as the Northern Ireland Assembly requests it.
17	Leader of the House of Lords and Lord President of the Council	The responsibilities include: <ul style="list-style-type: none"> • Leading the Government front Bench in the House of Lords • Conduct of Government business in the Lords (jointly responsible with the Lords Chief Whip) • Repeating the Prime Minister's statements in the Lords and speaking in the House on particular important debates • Giving guidance to the House on matters of order and procedure • Taking part in formal ceremonies in the House, such as the State Opening of Parliament

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

Sl.No	Minister	Responsibilities
		<ul style="list-style-type: none"> • Chair, Board of Trustees for Chequers and Dorneywood • As Lord President of the Council, responsible for the work of the Privy Council office. Presides over meetings of The Privy Council, signs draft Orders of Council, exercises on behalf of Her Majesty The Queen the jurisdiction of Visitor in respect of 17 Universities, is ex-officio Trustee for the National Portrait Gallery, and is Government spokesperson in the Lords on Privy Council, equalities and human rights issues. • As Lord President of the Council, one of six State Officer-holders who are ex-officio Commissioners of the Church of England.
18	Secretary of State for Scotland	<p>The Scotland Office, headed up by the Secretary of State for Scotland, is part of the Ministry of Justice, based in Whitehall, London. The Office's key roles are to: represent Scotland's interests at Westminster; and act as guardian to the Devolution Settlement.</p>
19	Secretary of State for Transport	<p>The Department for Transport (DfT) has four Departmental strategic objectives which focus on the core areas of its business. These are to:</p> <ul style="list-style-type: none"> • Sustain economic growth and improved productivity through reliable and efficient transport networks. • Improve the environmental performance of transport. • Strengthen the safety and security of transport. • Enhance access to jobs, services and social networks, including the most disadvantaged. <p>The Secretary of State leads on:</p> <ul style="list-style-type: none"> • Overview of all policies • Strategy • Corporate issues
20	Chancellor of the Exchequer	<p>HM Treasury is the department responsible for formulating and putting into effect the UK Government's financial and economic policy. The Treasury's overall aim is to raise the rate of sustainable growth, and achieve rising prosperity, through creating economic and employment opportunities for all.</p> <p>The Chancellor of the Exchequer has overall responsibility for the work of the Treasury.</p>

Table No. 5.1 : List of Ministerial Responsibilities in the United Kingdom (Contd.)

Sl.No	Minister	Responsibilities
21	The Chief Secretary to the Treasury	<p>Leads on:</p> <ul style="list-style-type: none"> • Responsibility for public expenditure including Spending Reviews and strategic planning; in-year control; public sector pay and pensions; efficiency and value for money in public services; capital investment; public service delivery and performance • Treasury interest in devolution • Child poverty, welfare reform and oversight of the integration of the tax and benefit system • Assist the Chancellor where necessary on a wide range of economic, international and European issues
23	Secretary of State for Wales	<p>The role of the Secretary of State for Wales and the Wales Office is to promote the devolution settlement for Wales, to promote the interests of Wales in policy formulation by the Government, to promote government policies in Wales, to steer through Parliament legislation giving specific powers to the National Assembly for Wales, to operate the constitutional settlement under the Government of Wales Act, 2006, to undertake Parliamentary business, and to deal with Royal matters.</p>
23	Secretary of State for Work and Pensions	<p>The Department for Work and Pensions (DWP) is responsible for delivering support and advice through a modern network of services to people of working age, employers, pensioners, families and children and disabled people. Its key aims are to help its customers become financially independent and to help reduce child poverty.</p> <p>The Secretary of State has overall responsibility for all work and pension matters as well as public expenditure matters.</p>

LIST OF DEPARTMENTS OF IN THE US

Table No. 5.2 : List of Departments in the US and Their Responsibilities		
Sl.No	Minister	Responsibilities
1	Department of State	The Department of State plays the lead role in developing and implementing the President's foreign policy. Major responsibilities include United States representation abroad, foreign assistance, foreign military training programs, countering international crime, and a wide assortment of services to US citizens and foreign nationals seeking entrance to the US.
2	Department of the Treasury	The Department of the Treasury is responsible for promoting economic prosperity and ensuring the soundness and security of the US and international financial systems.
3	Department of Defense	The mission of the Department of Defense (DOD) is to provide the military forces needed to deter war and to protect the security of our country.
4	Department of Justice	The mission of the Department of Justice (DOJ) is to enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans.
5	Department of the Interior	The Department of the Interior (DOI) is the nation's principal conservation agency. Its mission is to protect America's natural resources, offer recreation opportunities, conduct scientific research, conserve and protect fish and wildlife, and honor our trust responsibilities to American Indians, Alaskan Natives, and our responsibilities to island communities.
6	Department of Agriculture	The US Department of Agriculture (USDA) develops and executes policy on farming, agriculture, and food. Its aims include meeting the needs of farmers and ranchers, promoting agricultural trade and production, assuring food safety, protecting natural resources, fostering rural communities, and ending hunger in America and abroad.
7	Department of Commerce	The Department of Commerce is the government agency tasked with improving living standards for all Americans by promoting economic development and technological innovation. The department supports US business and industry through a number of services, including gathering economic and demographic

Table No. 5.2 : List of Departments in the US and Their Responsibilities

Contd.

Sl.No	Minister	Responsibilities
		data, issuing patents and trademarks, improving understanding of the environment and oceanic life, and ensuring the effective use of scientific and technical resources. The agency also formulates telecommunications and technology policy, and promotes U.S. exports by assisting and enforcing international trade agreements.
8	Department of Labor	The Department of Labor oversees federal programs for ensuring a strong American workforce. These programs address job training, safe working conditions, minimum hourly wage and overtime pay, employment discrimination, and unemployment insurance.
9	Department of Health and Human Services	The mission of the Department of Energy (DOE) is to advance the national, economic, and energy security of the United States. The DOE promotes America's energy security by encouraging the development of reliable, clean, and affordable energy. It administers federal funding for scientific research to further the goal of discovery and innovation — ensuring American economic competitiveness and improving the quality of life for Americans.
10	Department of Housing and Urban Development	The Department of Housing and Urban Development (HUD) is the federal agency responsible for national policies and programs that address America's housing needs, that improve and develop the nation's communities, and that enforce fair housing laws. The Department plays a major role in supporting home-ownership for lower- and moderate-income families through its mortgage insurance and rent subsidy programs.
11	Department of Transportation	The mission of the Department of Transportation (DOT) is to ensure a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people.
12	Department of Energy	The mission of the Department of Energy (DOE) is to advance the national, economic, and energy security of the United States. The DOE promotes America's energy security by encouraging the development of reliable, clean, and affordable energy. It administers federal funding for scientific research to further the goal of discovery and innovation – ensuring American economic competitiveness and improving the quality of life for Americans.
13	Department of Education	The mission of the Department of Education is to promote student achievement and preparation for competition in a global economy by fostering educational excellence and ensuring equal access to educational opportunity.

Table No. 5.2 : List of Departments in the US and Their Responsibilities (Contd.)

Sl.No	Minister	Responsibilities
		The Department administers federal financial aid for education, collects data on America's schools to guide improvements in education quality, and works to complement the efforts of state and local governments, parents, and students.
14	Department of Veterans Affairs	The Department of Veterans Affairs is responsible for administering benefit programs for veterans, their families, and their survivors. These benefits include pension, education, disability compensation, home loans, life insurance, vocational rehabilitation, survivor support, medical care, and burial benefits. Veterans Affairs became a cabinet-level department in 1989.
15	Department of Homeland Security	The missions of the Department of Homeland Security (DHS) are to prevent and disrupt terrorist attacks; protect the American people, our critical infrastructure, and key resources; and respond to and recover from incidents that do occur. The third largest Cabinet department, DHS was established by the Homeland Security Act of 2002, largely in response to the terrorist attacks on September 11, 2001.

LIST OF EXISTING MINISTRIES/DEPARTMENTS, GOVERNMENT OF INDIA

The distribution of subjects among the departments shall be as specified in the First Schedule to the Allocation of Business Rules and shall include all attached and subordinate offices or other organizations including Public Sector Undertakings concerned with its subjects. At present, the number of Ministries listed in the First Schedule is 50.

**Table No. 5.3 : List of Existing Ministries / Departments
[Based on Government of India (Allocation of Business) Rules]**

Sl. No.	Existing Ministries	Existing Departments
1	Ministry of Agriculture	i. Department of Agriculture and Cooperation ii. Department of Agricultural Research and Education iii. Department of Animal Husbandry, Dairying and Fisheries
2	Ministry of Chemicals & Fertilizers	i. Department of Chemicals and Petro-Chemicals ii. Department of Fertilizers iii. Department of Pharmaceuticals
3	Ministry of Civil Aviation	
4	Ministry of Coal	
5	Ministry of Commerce and Industry	i. Department of Commerce ii. Department of Industrial Policy and Promotion
6	Ministry of Communications and Information Technology	i. Department of Telecommunications ii. Department of Posts iii. Department of Information Technology
7	Ministry of Consumer Affairs, Food and Public Distribution	i. Department of Consumer Affairs ii. Department of Food and Public Distribution
8	Ministry of Corporate Affairs	
9	Ministry of Culture	
10	Ministry of Defence	i. Department of Defence ii. Department of Defence Production iii. Department of Defence Research and Development iv. Department of Ex-Servicemen Welfare
11	Ministry of Development of North Eastern Region	

Table No. 5.3 : List of Existing Ministries / Departments
[Based on Government of India (Allocation of Business) Rules]

(Contd.)

Sl. No.	Existing Ministries	Existing Departments
12	Ministry of Earth Sciences	
13	Ministry of Environment and Forests	
14	Ministry of External Affairs	
15	Ministry of Finance	i. Department of Economic Affairs ii. Department of Expenditure iii. Department of Revenue iv. Department of Disinvestment v. Department of Financial Services
16	Ministry of Food Processing Industries	
17	Ministry of Health and Family Welfare	i. Department of Health and Family Welfare ii. Departments of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy iii. Department of Health Research
18	Ministry of Heavy Industries and Public Enterprises	i. Department of Heavy Industries ii. Department of Public Enterprises
19	Ministry of Home Affairs	i. Department of Internal Security ii. Department of States iii. Department of Official Language iv. Department of Home v. Department of Jammu and Kashmir vi. Department of Border Management
20	Ministry of Human Resource Development	i. Department of School Education and Literacy ii. Department of Higher Education
21	Ministry of Information and Broadcasting	

**Table No. 5.3 : List of Existing Ministries / Departments
[Based on Government of India (Allocation of Business) Rules]**

(Contd.)

Sl. No.	Existing Ministries	Existing Departments
22	Ministry of Labour and Employment	
23	Ministry of Law and Justice	i. Department of Legal Affairs ii. Legislative Department iii. Department of Justice
24	Ministry of Micro, Small and Medium Enterprises	
25	Ministry of Mines	
26	Ministry of Minority Affairs	
27	Ministry of New and Renewable Energy	
28	Ministry of Overseas Indian Affairs	
29	Ministry of Panchayati Raj	
30	Ministry of Parliamentary Affairs	
31	Ministry of Personnel, Public Grievances and Pensions	i. Department of Personnel and Training ii. Department of Administrative Reforms and Public Grievances iii. Department of Pensions and Pensioners Welfare
32	Ministry of Petroleum and Natural Gas	
33	Ministry of Planning	
34	Ministry of Power	
35	Ministry of Railways	
36	Ministry of Rural Development	i. Department of Rural Development ii. Department of Land Resources iii. Department of Drinking Water Supply

Table No. 5.3 : List of Existing Ministries / Departments
[Based on Government of India (Allocation of Business) Rules]

(Contd.)

Sl. No.	Existing Ministries	Existing Departments
37	Ministry of Science and Technology	i. Department of Science and Technology ii. Department of Scientific and Industrial Research iii. Department of Bio-Technology
38	Ministry of Shipping, Road Transport and Highways	i. Department of Shipping ii. Department of Road Transport and Highways
39	Ministry of Social Justice and Empowerment	
40	Ministry of Statistics and Programme Implementation	
41	Ministry of Steel	
42	Ministry of Textiles	
43	Ministry of Tourism	
44	Ministry of Tribal Affairs	
45	Ministry of Urban Development	
46	Ministry of Housing and Urban Poverty Alleviation	
47	Ministry of Water Resources	
48	Ministry of Women and Child Development	
49	Ministry of Youth Affairs and Sports	i. Department of Youth Affairs ii. Department of Sports
50	Independent Departments	i. Department of Atomic Energy ii. Department of Space iii. Cabinet Secretariat iv. President's Secretariat v. Prime Minister's Office vi. Planning Commission

In India, the Departmentally Related Standing Committees of Parliament is a good example of integration of inter-connected subject matters as indicated in Table No.5.4

Table No. 5.4 : Departmentally Related Standing Committees of Parliament		
Sl. No.	Name of Departmentally Related Standing Committee	Demands for Grants Considered by the Committee
1.	Agriculture	i. Department of Agriculture and Cooperation ii. Department of Agricultural Research and Education iii. Department of Animal Husbandry, Dairying and Fisheries iv. Ministry of Food Processing Industries
2.	Chemicals & Fertilizers	i. Department of Chemicals and Petro-Chemicals ii. Department of Fertilizers
3.	Coal & Steel	i. Ministry of Coal ii. Ministry of Mines iii. Ministry of Steel
4.	Defence	i. Ministry of Defence
5.	Energy	i. Ministry of Power ii. Ministry of New and Renewable Energy
6.	External Affairs	i. Ministry of External Affairs ii. Ministry of Overseas Indian Affairs
7.	Finance	i. Department of Economic Affairs ii. Department of Expenditure iii. Department of Revenue iv. Department of Disinvestment v. Department of Financial Services vi. Ministry of Planning vii. Ministry of Statistics and Programme Implementation viii. Ministry of Corporate Affairs
8.	Food, Consumer Affairs & Public Distribution	i. Department of Consumer Affairs ii. Department of Food and Public Distribution
9.	Information Technology	i. Ministry of Information and Broadcasting ii. Department of Telecommunications iii. Department of Posts iv. Department of Information Technology
10.	Labour	i. Ministry of Labour and Employment ii. Ministry of Textiles
11.	Petroleum & Natural Gas	i. Ministry of Petroleum and Natural Gas
12.	Railways	i. Ministry of Railways
13.	Rural Development	i. Department of Rural Development ii. Department of Land Resources iii. Department of Drinking Water Supply iv. Ministry of Panchayati Raj

Table No. 5.4 : Departmentally Related Standing Committees of Parliament (Contd.)

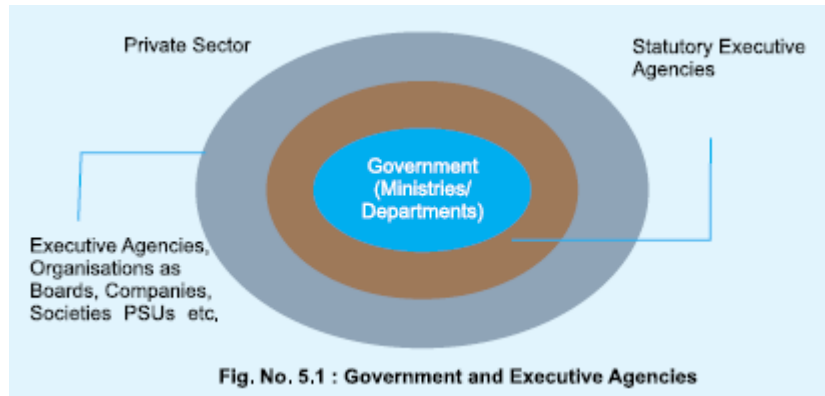
Sl. No.	Name of Departmentally Related Standing Committee	Demands for Grants Considered by the Committee
14.	Social Justice & Empowerment	i. Ministry of Social Justice and Empowerment ii. Ministry of Tribal Affairs iii. Ministry of Minority Affairs
15.	Urban Development	i. Ministry of Urban Development ii. Ministry of Housing and Urban Poverty Alleviation
16.	Water Resources	i. Ministry of Water Resources

POLICY MAKING IN INDIA

The Union Government at present has about 50 plus ministries, each headed by a Minister, usually of Cabinet rank. There are Ministers of State in some ministries, some of whom hold independent charge of a Department. Each ministry consists of one or more departments, and many have attached to them one or more special purpose entities (commissions, boards, councils, departmental undertakings, government-owned enterprises, agencies, etc.). A vast bureaucracy, numbering about 4 million, assists the Ministers of the Union Government. The bulk of the bureaucracy consists of clerical and support personnel

Members of the civil services occupy almost all of the key administrative positions.

GOVERNMENT AND EXECUTIVE AGENCIES



THE STRUCTURE OF MINISTRIES AND DEPARTMENTS

The structure in the Ministries and Departments emanates from the **Transaction of Business Rules as well as from the Manual of Office Procedure**. The Manual defines the following terms:

Department -

(1) A department is responsible for formulation of policies of the government in relation to business allocated to it and also for the execution and review of those policies.

(2) For the efficient disposal of business allotted to it, a department is divided into wings, divisions, branches and sections.

(3) A department is normally headed by a secretary to the Government of India who acts as the administrative head of the department and principal adviser of the Minister on all matters of policy and administration within the department.

(4) The work in a department is normally divided into wings with a Special Secretary/Additional Secretary/Joint Secretary in charge of each wing. Such a functionary is normally vested with the maximum measure of independent functioning and responsibility in respect of the business falling within his wing subject, to the overall responsibility of the Secretary for the administration of the department as a whole.

(5) A wing normally comprises a number of divisions each functioning under the charge of an officer of the level of Director/Joint Director/Deputy Secretary. A division may have several branches each under the charge of an Under Secretary or equivalent officer.

(6) A section is generally the lowest organisational unit in a department with a well-defined area of work. It normally consists of assistants and clerks supervised by a Section Officer. Initial handling of cases (including noting and drafting) is generally done by assistants and clerks who are also known as the dealing hands.

(7) While the above represents the commonly adopted pattern of organisation of a department, there are certain variations, the most notable among them being the desk officer system. In this system the work of a department at the lowest level is organised into distinct functional desks each manned by two desk functionaries of appropriate ranks e.g. Under Secretary or Section Officer. Each desk functionary handles the cases himself and is provided adequate stenographic and clerical assistance.

(8) The other notable variation is the Integrated Headquarters of Ministry of Defence where, the Vice Chiefs of Staff, the Principal Staff Officers of the concerned branches and other appropriate authorities, exercise the powers delegated by the Raksha Mantri through the various Branches and the Directorates of the Integrated Headquarters of the Ministry of Defence.

(9) Functions of various levels of functionaries

:

(a) Secretary – A Secretary to the Government of India is the administrative head of the Ministry or Department. He/she is the principal adviser of the Minister on all matters of policy and administration within the Ministry/Department, and his/her responsibility is complete and undivided.

(b) Special Secretary/Additional Secretary/Joint Secretary – When the volume of work in a Ministry exceeds the manageable charge of a Secretary, one or more wings may be established with Special Secretary/ Additional Secretary/Joint Secretary, incharge of each wing. Such a functionary is entrusted with the maximum measure of independent functioning and responsibility in respect of all business falling within his/her wing subject to the general responsibility of the Secretary for the administration of the wing as a whole.

(c) Director/Deputy Secretary – Director/Deputy Secretary is an officer who acts on behalf of the Secretary. He/she holds charge of a Secretariat Division and is responsible for the disposal of Government business dealt within the Division under his/her charge. He/she should, ordinarily be able to dispose of the majority of cases coming up to him/her on his/her own. He/she should use his discretion in taking orders of the Joint Secretary/Secretary on more important cases, either orally or by submission of papers.

(d) Under Secretary – An Under Secretary is in charge of the Branch in a Ministry consisting of two or more Sections and in respect thereto exercises control both in regard to the despatch of business and maintenance of discipline. Work comes to him from the sections under his charge. As Branch Officer he disposes of as many cases as possible at his own level but he takes the orders of Deputy Secretary or higher officers on important cases.

(e) Section Officer -

A. General duties

B. Responsibilities relating to Dak

C. Responsibilities relating to issue of draft

D. Responsibility of efficient and expeditious disposal of work and checks on delays

E. Independent disposal of cases

F. Duties in respect of recording and indexing

(f) Assistant/Upper Division Clerk – He works under the orders and supervision of the Section Officer and is responsible for the work entrusted to him. Where the line of action on a case is clear or clear instructions have been given by the Branch Officer or higher officers, he should put up a draft without much noting. In other cases, he will put up a note keeping in view the following points :-

(i) to see whether all facts open to check have been correctly stated;

(ii) to point out any mistakes or incorrect statement of the facts;

(iii) to draw attention, where necessary, to precedents or Rules and Regulations on the subject;

*(iv) to put up the Guard file, if necessary, and supply other relevant facts and figures;
and*

(v) to bring out clearly the question under consideration and suggest a course of action wherever possible.

(g) Lower Division Clerk – Lower Division Clerks are ordinarily entrusted with work of a routine nature, for example – registration of Dak, maintenance of Section Diary and File Registers, indexing and recording, typing, despatch, preparation of arrears and other statements, supervision of correction of reference books and submission of routine and simple drafts etc.

As is evident from the Manual of Office Procedure, a department in the Government of India has a vertical hierarchical structure with the Secretary as the administrative head and several levels comprising Special Secretary/Additional Secretary, Joint Secretary, Director/Deputy Secretary, Under Secretary and Section Officer/Desk Officer.

1. Ministry

Minister/MOS

2. Department	Secretary
3. Wing	Special Secretary/Additional Secretary/Joint Secretary
4. Division	Director/Deputy Secretary
5. Branch	Under Secretary
6. Section	Section Officer

(In several Ministries, in place of Section Officers attached to a section, a Desk Officer System is in place)

Thus there are six levels in most Ministries and if one were to include the dealing hand (usually an Assistant/UDC/LDC), the number of levels actually comprises seven.

Source: Government of India, Second Administrative Reforms Commission, Thirteenth Report, Organizational Structure of Government of India, April 2009

India's Ranking on Key Parameters

- **UN Human Development Report, 2008** - From 127 in 2004, India has slipped to 132 in the Human Development index, scoring below Equatorial Guinea and the Solomon Islands.
- **Ifc/Wb Doing Business Report, 2009** - India is the most difficult country to enforce contracts in a court or otherwise. At 122, it trails Nepal and Bangladesh.
- **Wef Global Competitiveness Report, 2008** - With its inadequate infrastructure, inefficient bureaucracy and tight labour laws, India at 50th position, is no match for China.

- **Global Corruption Perception Index, 2008** - India's rank has fallen from 72 in 2004 to 85 even as China, with which it was on par till last year, maintained its position at 72.
- **Unido Report, 2009** - India, at 54 (down from 51 in 2000), trails China by 28 positions on the Competitive Industrial Performance Index.
- **Index of Economic Freedom, 2009** - With a shackled judicial system, excessive regulation and a "mostly unfree" reputation, India, at 123, trails Gabon.

Source: India Today, April 6, 2009

STRUCTURE OF GOVERNMENT ACCOUNTS AND FLOW OF FUNDS

The accounts of Government are kept in three parts: -

1. **Consolidated Funds of India**
2. **Contingency Funds of India**
3. **Public Account**

CONSOLIDATED FUND OF INDIA

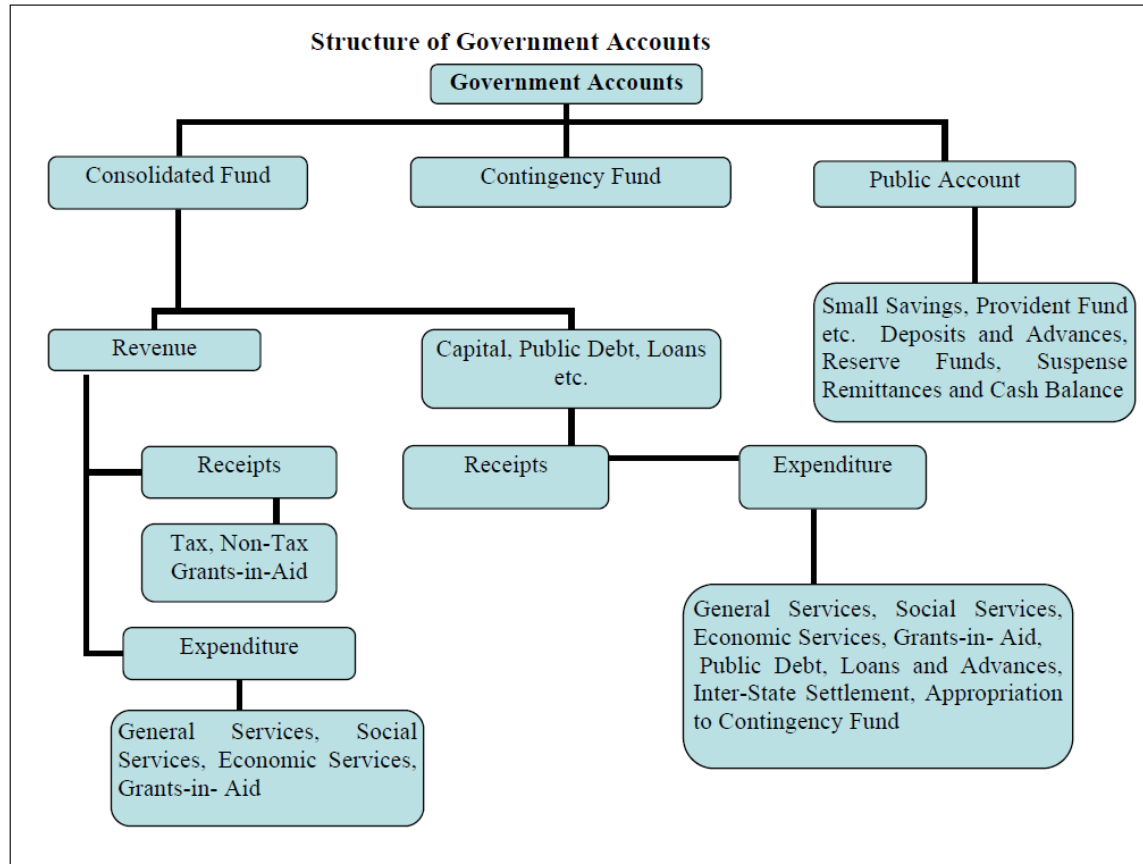
All revenues received by the Government by way of taxes like Income Tax, Central Excise, Customs and other receipts flowing to the Government in connection with the conduct of Government business i.e. Non-Tax Revenues are credited into the Consolidated Fund constituted under Article 266 (1) of the Constitution of India. Similarly, all loans raised by the Government by issue of Public notifications, treasury bills (internal debt) and loans obtained from foreign governments and international institutions (external debt) are credited into this fund. All expenditure of the government is incurred from this fund and no amount can be withdrawn from the Fund without authorization from the Parliament.

CONTINGENCY FUND OF INDIA

The Contingency Fund of India records the transactions connected with Contingency Fund set by the Government of India under Article 267 of the Constitution of India. The corpus of this fund is Rs. 50 crores. Advances from the fund are made for the purposes of meeting unforeseen expenditure which are resumed to the Fund to the full extent as soon as Parliament authorizes additional expenditure. Thus, this fund acts more or less like an imprest account of Government of India and is held on behalf of President by the Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs.

PUBLIC ACCOUNT

In the Public Account constituted under Article 266 (2) of the Constitution, the transactions relate to debt other than those included in the Consolidated Fund of India. The transactions under Debt, Deposits and Advances in this part are those in respect of which Government incurs a liability to repay the money received or has a claim to recover the amounts paid. The transactions relating to 'Remittance' and 'Suspense' shall embrace all adjusting heads. The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments. The receipts under Public Account do not constitute normal receipts of Government. Parliamentary authorization for payments from the Public Account is therefore not required.



THE ACCOUNTING PERSONNEL

- **The Secretary** of each department is the Chief Accounting Authority for that Department.
- He is assisted in discharging his payment, accounting and inspection functions through the **Financial Adviser** and the **Chief Controller of Accounts**.
- The accounting organization is common for all the departments and comprises a **Principal Accounts Office, Pay & Accounts Offices** and an Internal Audit Wing.
- **The Chief Controller of Accounts** is assisted by
 - **one Controller of Accounts,**
 - **one Deputy Controller of Accounts,**

- **one Assistant Controller of Accounts** and
- **Certain number of Pay & Accounts Officers**

THE BASIC UNIT OF ACCOUNTING

The **PAY & ACCOUNTS OFFICE** is the basic unit of departmentalized accounts organization. Its main functions include :

1. Pre-audit and payment of all bills, including those of loans and grants-in-aid submitted by Non-Cheque Drawing DDOs.
2. Issue of quarterly Letters of Credit to Cheque Drawing DDOs and Post-audit of their vouchers.
3. Compilation of monthly accounts of receipts and payments.
4. Maintenance of GPF accounts and authorization of retirement benefits.

HOW ARE THE PAYMENTS MADE

All Payments pertaining to the Ministry are made through the Pay and Accounts Offices. There are 135 Drawing and Disbursing Officers (DDOs) under a Ministry presenting their claims/bills to the accredited Pay & Accounts Officer who issues cheques after exercising the necessary scrutiny. For operational convenience 56 DDOs have been authorized cheque drawing powers. The Cheque Drawing DDOs are authorized to issue cheques basically for salary and contingencies.

THE ACCOUNTING PROCESS

- The PAOs are the field units where the accounting process first starts
- The vouchers and the Bank scrolls form the basis for compilation of Accounts.
- The Cheque Drawing DDOs send weekly list of payments along with relevant vouchers to the PAO, which are also included by him in his accounts.
- Monthly accounts are prepared and submitted to the Principal Accounts Office.
- The Principal Accounts Office consolidates the monthly accounts received from all the PAOs and renders a consolidated Monthly Account for the entire Ministry to the Controller General of Accounts.
- The Principal Accounts Office also prepares through the CONTACT package, the monthly accounts to be rendered timely to the office of Controller General of Accounts by the prescribed date of 15th of the following month.
- Principal Accounts Office further prepares the APPROPRIATION ACCOUNTS and the STATEMENT OF CENTRAL TRANSACTIONS and the material for the FINANCE ACCOUNT OF THE UNION GOVERNMENT (CIVIL) for the Department relating to Industry, and makes payments of loans and grants to State Governments through the Reserve Bank of India and renders advice on accounting matters to the Ministry.

Annual Finance Accounts and Appropriation Accounts are also prepared by the Principal Accounts Office. Finance Accounts present classified and consolidated accounts of transactions of the Ministry under the Consolidated Fund, Contingency Fund and the Public Account. Appropriation Accounts give grant-wise expenditure against the corresponding provision approved by Parliament with explanations for variation. Both Finance Accounts and Appropriation Accounts are submitted to the Controller General of Accounts. They finally find a place in the Union Government's account prepared by the

Controller General of Accounts and laid before the Parliament along with the Audit Report of the Comptroller and Auditor General of India.

The Principal Accounts Office consolidates monthly accounts compiled by its various Pay & Accounts Offices. It also performs all administrative and co-ordination functions for the Accounting Organization including training function and systems support.

CONSOLIDATION OF THEIR ACCOUNTS INTO THE ACCOUNTS OF THE STATE –

Controller General of Accounts (<http://cga.nic.in>) is the principal Accounts Adviser to the Government of India and is responsible for establishing and maintaining a technically sound management accounting system. He prepares a critical analysis of expenditures, revenues, borrowings and the deficit for the Finance Minister every month. He also prepares annual Appropriation Accounts and Union Finance Accounts for presentation to the Parliament.

Accounting information namely monthly accounts, finance accounts, appropriate accounts and accounts at a glance year wise is available in this website

Similar to the Controller General of Accounts, The Principle Accountant General of every state (as referred to in pt 2 above) is responsible for consolidation of the accounts of the State and in the preparation of the Finance and Appropriation accounts of the State. Referring to the website of the Office of the Principle Accountant General of every State will offer the respective details of the state.

The website offers detailed report on the State Accounts. It is generally published in two volumes.

AUDIT REPORT OF CAG

The CAG provides an audit report of the State Finances annually based on the statements prepared by the Principle Accountant General of every State. Analysis and careful reading of this report that is prepared every year is required to understand the possible drawbacks and limitations of the report prepared and helps in analyzing the requirements from an audit point of view.

This report is available with the <http://saiindia.gov.in>

SPECIAL REPORTS OF CAG

In addition to its regular audit report on state finances, CAG also prepares special reports based on certain requirements state wise.

Details of these reports are available with Office of the Accountants General of the state website and also at <http://saiindia.gov.in>

BANKING ARRANGEMENTS

State Bank of India is the accredited Bank for the five Departments relating to Industry. The Cheques issued by the P.A.O. are presented to the nominated branch of the accredited bank for payment. The receipts are also remitted to the Bank by the DDOs/concerned parties/PAOs. After payment the bank sends a daily scroll of payments as well as receipts through the Focal Point Bank to the PAO. The banking arrangements were reviewed and streamlined a few years earlier under which one PAO deals with only one Focal Point Bank of the accredited Bank.

INTERNAL AUDIT

The INTERNAL AUDIT WING carries out audit of accounts of various units of the Ministry to ensure that rules, regulations and procedures prescribed by the Government are adhered to by these units in their day-to-day functioning. It provides valuable

information to rectify the procedural omissions and deficiencies and, thus, acts as an aid to the management. The periodicity of audit of a unit is regulated by its nature and volume of work.

TRANSITION TO ACCRUAL SYSTEM OF ACCOUNTING

The Government accepted the 12th Finance Commission's recommendation to move to accrual accounting for the Union and the State Governments, and the roadmap and operational framework for transition to accrual accounting prepared by GASAB. The Fiscal Responsibility and Budget Management Act at the Centre and State levels now prescribe maintenance of asset registers (systems have yet to be put in place for detailing and tracking these assets).

In 2001, the Supreme Court opined that accounts of the local bodies should be in the accrual format. Based on that, several municipal corporations have adopted the accrual system. Various Central Government organisations, like the Railways, the Department of Posts, etc., are conducting pilot studies to move to accrual accounting. Pilot studies have also been conducted under the aegis of GASAB, in various States like Madhya Pradesh, Andhra Pradesh, Haryana, Gujarat and Rajasthan.

As of 2011, 48 urban local bodies in 17 states have switched over to accrual-based accounting. Four states — Gujarat, Karnataka, Kerala and WB (West Bengal) — have adopted accrual accounting for Panchayati Raj institution.

Indian Civil Accounts Services

The Indian Civil Accounts Service or Bharatiya Civil Lekha Seva is one of the Civil Services of India ("Group A"). ICAS functions under the Department of Expenditure in the Union Ministry of Finance. The service was created consequent to the Departmentalisation in 1976 with the purpose of separating Auditing and Accounting functions of the Union Government.

The initial intake into the ICAS was by deputing and transferring the personnel from Indian Audit and Accounts Department. Since 1977, Direct recruits to ICAS are selected from the Indian Civil Services Examination conducted by Union Public Service Commission, through which recruitment to all other Central Civil Services is made

Indian Civil Accounts Organisation performs a key role in delivery of financial management services for the Government of India. The organisation provides payment services, supports the tax collection system, performs government wide accounting, financial reporting functions, preparation of budget estimates and carries out Internal Audit in civil ministries of the Union Government. Controller General of Accounts (CGA) in Ministry of Finance heads the organisation and is responsible for administering this system.

The vast expertise available with the ICAS is utilised by the government at various levels of decision making as well as by International Monetary Fund (IMF) in a number of countries for advising on financial management and accounting functions.

This service has sanctioned cadre strength of 226 officers who are supported by around 9000 employees professionally qualified in government accounting system. Officers of ICAS are trained in three stages. For the first 10 months they are trained at National Institute of Financial Management (NIFM), Faridabad along with officers of Indian Defence Accounts Services, Indian Postal-Telecom Accounts And Finance Services. NIFM provides ICAS officers Post Graduate Diploma in Public Financial Management. During NIFM training they are also taken abroad for a foreign country exposure. In 2011 it was Manchester and in 2012 Malaysia and Singapore. After NIFM training office of CGA attaches ICAS officers to the Institute of Government Accounts and Finance[[INGAF](#)]. In their third stage of training ICAS officers are sent for On-The-Job-Training (OJT) from INGAF. Founded in 1992 INGAF is defined by its excellence in the field of public policy, finance, audit and management. Its programs attract professionals from not only the Central Government, but the state governments and union territories, public sector undertakings and autonomous bodies and banks. Its main campus is located

in the heart of the national capital - Delhi, adjacent to the premier Jawaharlal Nehru University. INGAF has three regional training centres at Mumbai, Kolkata and Chennai, equipped with multi-media lecture theatres and computing and information technology services. Its faculty is drawn from a committed team of experienced professionals, blending leading edge practices with rigorous academic analysis. It has also fostered partnerships with institutes of eminence for joint initiatives at curriculum development, academic research and training.

Professional Training Programs

INGAF conducts more than 300 intensive professional programs every year aimed at senior and middle level of management in the Civil Accounts organization and other interested central organizations, autonomous bodies, banking institutions, state governments and union territories. INGAF conducts training at the induction and entry level, together with professional skill upgradation at the middle and senior management levels covering about 5000 participants every year. International Programs

INGAF conducts regular customized programs on different aspects of Information Technology, Internal Audit, and Public Financial Management for countries in the SAARC region. It has been proactive in addressing the training needs of the AGAOA countries through exchange of ideas, and conducting of study programs blending best practices with a strategic understanding of the issues involved in managing change. INGAF also conducts programs for member-countries of the Indian Technical & Economic Cooperation [ITEC] and Special Commonwealth Assistance for Africa [SCAAP] consortiums. Its current global footprint extends to well over a 100 countries in the East European, African, Middle Eastern, Latin American, and Asian regions.

Secretariat of AGAOA

Association of Government Accounts Organisations of Asia (AGAOA) was formed in February 2004 to promote professional understanding and technical cooperation among its members in the areas of government accounts and finance to ensure transparency, accountability and good governance. Financial Comptroller General, Nepal is the current chairperson and Sri Lanka the treasurer of AGAOA. INGAF is the secretariat of AGAOA since November 2007. INGAF was accorded the status of a premier training institute of

the region and designated as the Regional Resource & Training Centre for AGAOA countries.

Organizational Structure of ICAO

Indian Civil Accounts Organisation (ICAO) is headed by Controller General of Accounts (CGA) in the Department of Expenditure, Ministry of Finance. CGA as the central accounting and reporting agency for Government of India is assisted by officers of Indian Civil Accounts Service. As per the Departmentalised accounting arrangements in government, operational responsibility for accounting, reporting and internal audit function in civil ministries is with the ICAS officers. These units are headed by the Principal Chief Controller of Accounts (Pr. CCA), Chief Controller of Accounts (CCA) or a Controller of Accounts (CA) in the respective ministries. Under the overall supervision of CGA, they assist the Secretary of the Ministry who is the chief accounting authority in the ministry. The Pr.CCAs / CCAs / CAs discharge their duties and responsibilities through the Principal Accounts Office (Pr. AO) at Ministry's headquarters and Pay and Accounts Offices (PAOs) at the field formation level. There are currently 358 PAOs located at 87 stations across the country.

The cadre management of Group 'A' officers of the Indian Civil Accounts Service (ICAS) vests with the Controller General of Accounts. It covers the entire gamut of personnel management of ICAS officers including their recruitment, transfers, promotions, training, both within the country as well as abroad, and periodical reviews of cadre strength and distribution.

The respective Chief Controller/ Controller of Accounts controls the Group 'C' & 'D' staff of various Civil Accounts Units. However, a combined seniority list of all the employees within these grades is maintained by the Controller General of Accounts for effecting promotions.

E-GOVERNANCE INITIATIVES BY ICAS

The organisation has designed and implemented IT based solutions for accounting and reporting requirements of Union Government. It has also developed customized applications as per the specific functional requirements of the line ministries.

The notable ones are:

- **COMPACT:** transaction processing application that covers the entire business process for pay and accounting units.
- **E-Lekha:** comprehensive government-wide financial information system for real time reporting
- **CPSMS:** integrated financial information system for central plan schemes
- **IMAS (Integrated Mission Accounting Software)** for embassies and missions under Ministry of External Affairs
- **Revenue Accounting Management Software (RAMS)** for accounting and reporting of direct tax collections.
- **Electronic Accounting System in Central Excise and Service Tax (EASIEST)** and **Electronic Accounting Solution for e-Receipts (EASeR)** for accounting and reporting of indirect taxes.
- **Pension Authorization Retrieval Accounting System (PARAS)** for central processing of post-retirement social security payments for government employees
- **Internal Debt Monitoring Software (IDMS)** and an application for monitoring of Loans, Grants and Investments (LGI) for Ministry of Finance.

SOME OF THE FUTURE INITIATIVES

- **Electronic payment system:** pilot has been successfully completed in the Ministry of Agriculture, roll out is planned in other ministries after necessary functional and security certification has been obtained.
- **MPLS VPN:** intra-CGA network currently underway for over 400 PAO, 50 Principal Accounts Offices of Civil Ministries and National Data Centre at Hyderabad.

- E-Samarth: extension of the web-based utility for management of General Provident Fund Account of government employees running successfully in Ministry of Home Affairs

CONTROLLER GENERAL OF ACCOUNTS (CGA)

Controller General of Accounts is the principal Accounts Adviser to the Government of India and is responsible for establishing and maintaining a technically sound management accounting system. He prepares a critical analysis of expenditures, revenues, borrowings and the deficit for the Finance Minister every month. He also prepares annual Appropriation Accounts and Union Finance Accounts for presentation to the parliament.

Shri Jawahar Thakur, ICAS (Indian Civil Accounts Service)



Jawahar Thakur has taken over as Controller General of Accounts on 1st July, 2012. He belongs to the Indian Civil Account Service of 1979 batch. He is first officer of the Indian Civil Accounts Service to hold this coveted post.

Mr. Thakur is a Post Graduate from Delhi University and also a Law Graduate from Delhi University. He has a Degree of M.Sc. in Public Economic Management from University of Birmingham, UK and also holds Diploma in Public Financial Management from the University of Strathclyde, UK. He has acquired professional certifications in Policy Planning and Public Financial Management from various institutes of international repute including University of Georgia and Harvard University, USA.

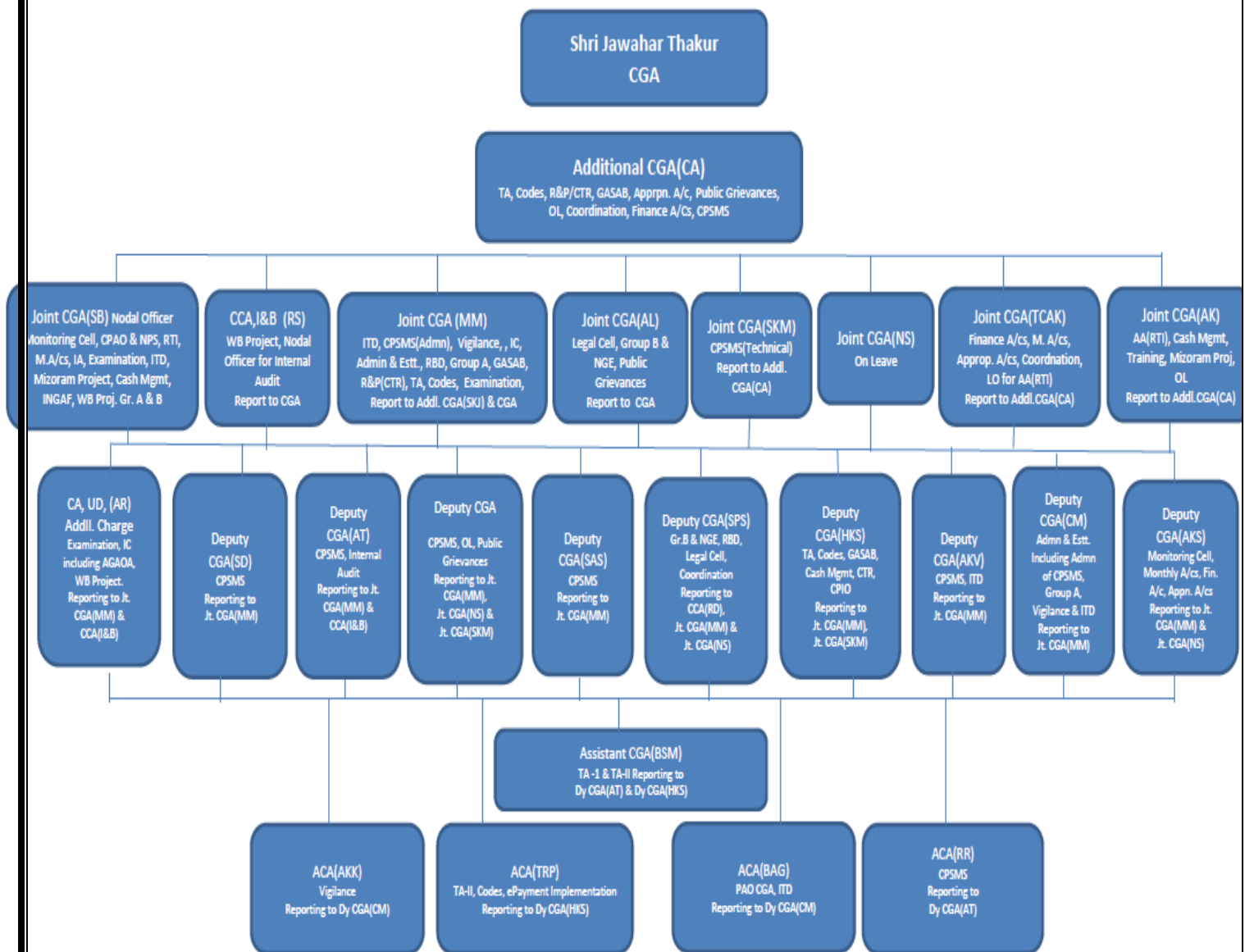
He is known for his initiatives in developing an effective financial management information system. His latest initiative was computerization of revenue accounting in Central Board of Direct Taxes that made seamless consolidation and reconciliation of Direct Taxes.

His major initiative will be to create innovative models with Central Plan Scheme Monitoring System for public expenditure tracking, linking it to the last point of transactions in a phased manner and thus ensuring a robust mechanism of internal controls.

He is also drawing a roadmap to make Public Expenditure Management System free from manual interventions.

Organizational Chart

Controller General of Accounts – Organizational Chart



FIELD ACCOUNTING UNITS UNDER CGA

1. Agriculture
2. Atomic Energy

3. Department of Fertilizers
4. Department of Chemicals & Petri-Chemicals
5. Civil Aviation & Tourism
6. Coal
7. Consumer Affairs, Food & Public Distribution
8. Commerce & Textiles
9. Environment & Forests
10. Earth Sciences
11. Ex.Affairs & Overseas Indian Affairs:
12. Finance
13. Central Board of Excise& Customs (CBEC)
14. Central Board of Direct Taxes (CBDT)
15. Controller of Aid Accounts & Audit
16. Central Pension Accounting Office (CPAO)
17. Tribal Affairs
18. Food Processing Industries
19. Health & Family Welfare
20. Home Affairs and Development of North Eastern Region
21. Human Resource Development
22. Industry
23. Information & Broadcasting
24. Labour & Employment
25. Law & Justice and Corporate Affairs
26. Personnel, Public Grievance & Pensions, Parliamentary Affairs, Cabinet Affairs
and Vice President Secretariat
27. Petroleum& Natural Gas
28. Planning, Statistics and Programme Implementation
29. Power
30. New and Renewable Energy
31. Rural Development and panchayati Raj
32. Science and Technology

33. Steel
34. Mines
35. Social Justice & Empowerment, Tribal Affairs and Minority Affairs
36. D/o Commerce(Supply Division)
37. Shipping and Road Transport & Highways
38. Urban Development, Housing and Urban Poverty Alleviation
39. Water Resources
40. President's Secretariat
41. Lok Sabha Secretariat
42. Rajya Sabha Secretariat
43. Election Commission
44. Ministry Of Defence(Controller of Defence Account)
45. Ministry of Railways
46. Department of Post
47. Department of Telecommunications
48. Andaman & Nicobar Islands Administration
49. Chandigarh Administration
50. Dadar & Nagar Haveli
51. Delhi Administration
52. Goa,Daman & Diu
53. Lakshadweep
54. Puducherry Administration
55. Pay & Accounts offices(Audit)

Source: The organizational Chart of CGA as on 11/01/2013

Glossary for the above chart

- CA Shri Chandy Andrews AL Shri Anthony Lianzuala
- SB Shri Sudhir Bhandari RS Shri Raju Sharan
- GPG Shri G.P. Gupta
- MM Shri Madan Mohan

- SKM Shri Subodh Kumar mathur
- NS Ms. N. Sumati
- TCAK Mrs. T.C.A.Kalyani
- AK Mrs. Aastha Khatwani
- AR Shri Abhijit Roy
- SD Shri Sandeep Dash
- AT Shri Amitabh Tripathi
- SAS Shri Avtar Singh Sandhu
- SPS Shri Sakesh Prasad Singh
- HKS Shri Harish Kumar Srivastava
- CM Shri C. Maheshwaran
- AKS Shri Ashish Kumar Singh
- AKV Shri Alok Kumar Verma
- BSM Shri B.S. Munderia
- RR Shri Rishi Ram
- AKK Shri A.K. Kalsi
- TRP Smt. T.R. Padmawathy
- BAG Shri Bhole Amit Gunwant
- AGAOA Association of Government Accounts Organisations of Asia
- IC International Cooperation
- GASAB Govt. Accounting Standards Advisory Board
- CPIO Central Public Information Officer
- PAO Pay & Accounts Office
- RD Rural Development
- I&B Information & Broadcasting
- INGAF Institute of Government Accounts & Finance

- CCA Chief Controller of Accounts
- TA Technical Accounts
- CTR Central Treasury Rules
- GASAB Government Accounting Standards Advisory Board
- AA(RTI) Appellate Authority (Right to Information)
- CPSMS Central Plan Scheme Monitoring System
- ITD Information Technology Division
- RBD Reserve Bank Deposit

Functions of Controller General of Accounts

1 Controller General of Accounts is the Principal Accounts Adviser to the Government of India.

2. Office of Controller General of Accounts is responsible for establishing and maintaining a technically sound management accounting system.

3 Preparation of Critical Analysis of expenditures, revenues, borrowings and the deficit for the Finance Minister every month.

4 Preparation of Annual Appropriation Accounts of Government of India for presentation to the Parliament

5 Preparation of Union Finance Accounts of Government of India for presentation to the Parliament.

6 Laying down the principles and procedures of Internal Audit and supervising the Internal Audit mechanism in the various Civil Ministries

Overview of Accounts

The Constitution of India provides for the manner in which the accounts of the Government have to be kept. Article of the Constitution provides for creation of a Consolidated Fund of India, Contingency Fund and Public Account.

All revenues received, loans raised and all moneys received by the Government in repayment of loans are credited to the Consolidated Fund of India and all expenditures of the Government are incurred from this fund. Money can be spent through this fund only if appropriated by the Parliament. The consolidated Fund has further been divided into 'Revenue' and 'Capital' divisions.

All other moneys received by or on behalf of Government are credited to the Public Account.

Contingency Fund enables the Government to meet unforeseen expenditure, which cannot wait approval of the Parliament. For meeting such exigencies, advances are made to the executive from the Contingency Fund which are subsequently reported to the Parliament for recoument from the Consolidated Fund of India.

One of the most distinctive features of the Government accounts in India is the minute detail with which the financial transactions are recorded in the account books. All transactions are classified on a six tier functional classification with Major Heads representing a broad function of the Government at the top and an object head representing the activity at the bottom. The intermediate levels represent sub-functions, programmes, schemes and sub-schemes. The functional classification is applicable to receipts as well as payments.

Since the Country follows a Plan based model of economy, the expenditure of Government is divided into Plan and Non-Plan. As the name suggests, the Plan expenditure is directly related to expenditure on schemes and programmes envisaged in the plans. The Non-Plan expenditure is the expenditure incurred on establishment and maintenance activities.

Further distinction is made between the expenditure, which under the provisions of the Constitution, is subject to the vote of the legislature and the rest which is charged upon the Consolidated Fund of India.

Since the budget is on an annual basis, the accounts have to conform to it. The accounts are maintained on cash basis. Only the actual receipts realised and the payments made during the year are recorded.

Description of Monthly Accounts

The accounts compiled by the Pay and Accounts Offices are consolidated on a monthly basis in the Principal Accounts Offices at the Ministry's headquarters. The consolidated accounts of the Ministry are rendered to the Controller General of Accounts. The accounts received from various Ministries are consolidated in the office of the Controller General of Accounts to generate the accounts of the Government of India as a whole.

These monthly accounts are reviewed and a critical analysis of expenditure, revenue collection, borrowings and deficit is prepared for Finance Minister.

Technical Advice

Ministries /Departments approach the Controller General of Accounts for advice on accounting procedures for new schemes, programmes or activities undertaken by them. The advice rendered by the CGA generally covers aspects related to maintenance of accounts, collection of receipts and it's crediting into Government account, release of payment and it's accounting, creation and operation of funds within Government accounts. The instructions of the Controller General of Accounts on Accounting matter is binding on the Ministries / Department. This Section is also responsible for administration and maintenance of Civil Accounts Manual.

RBD Section

Functions of RBD Section

- Reconciliation of Cash Balance of Central Government as reported by RBI, CAS, Nagpur and differences under Major Head '8675' Deposits with Reserve Bank.

- Reconciliation of differences under Major Head-8675 ‘Deposits with Reserve Bank’, balances under Major Head-8658 ‘Public Sector Bank Suspense’ and Other Nominated Banks (ONB) suspense of all Civil Ministries and UTs.
- Analyzing of the difference between Accounts and RBI figures.
- Maintenance of “Reserve Bank Deposits” Broadsheet
- Examination, finalization and settlement of all cases of penal interest on delayed remittance and excess/double reimbursement.
- Authorization/de-authorisation of Banks for Government business.
- Change of Accredited banks.
- Forwarding of DMA-2 and CAS-122 statements to all the Ministries/Departments (received from RBI, CAS, Nagpur).
- Liaison with the Government Link Cell, Nagpur.
- Monitoring the position of Cash balance at RBI and keep a watch on the progress in the submission of Monthly Closing Balance Statements.
- Information relating to Parliament Questions and draft paras pertaining to RBD section
- Providing secretarial assistance to hold Standing Committee meeting, Apex Committee meeting, Core Group of Standing Committee Meeting, review the performance of Private Sector Banks and other various meetings.
- Providing secretarial assistance for smooth implementation and proper management of e-payment system.

Capital Restructuring

The Controller General of Accounts is responsible for evaluating and processing the proposals relating to the capital restructuring of various public sector undertakings (PSUs) of the Union Government and its submission to the Ministry of Finance for obtaining approval of government of India. Generally the proposals involve appraisal of the strategy proposed for reviewing the unit. Each proposal is evaluated on the basis of company specific options available. In evaluating these proposals a clear distinction is

made between the Government's role as a regulator and its commercial interests as owner of an industry participant.

The appraisal of these proposals is a comprehensive one involving the following:

- Detailed analysis of the financials of the PSU, especially its operating costs.
- Audit of the financial model prepared by the PSU.
- Preparation of a detailed financial model containing projections and sensitivities.
- Bench marking the performance of the company vis-à-vis its peers from the private sector and public sector.
- Appraisal of the Rehabilitation scheme prepared by the Operating Agency appointed by the Board of Industrial and Financial Restructuring.
- Analysis of the stock returns – PE ratios, PB ratios and PCF ratios for the PSUs vis-à-vis private sector competitors, where the proposal is for conversion of equity into debt in order to improve returns to private stockholders.

How is the adoption of IPSAS beneficial?

The adoption of IPSASs by governments will improve both the quality and comparability of financial information reported by public sector entities around the world. The IPSASB recognizes the right of governments and national standard setters to establish accounting standards and guidelines for financial reporting in their jurisdictions. The IPSASB encourages the adoption of IPSASs and the harmonization of national requirements with IPSASs. Financial statements should be described as complying with IPSASs only if they comply with all the requirements of each applicable IPSAS.

Countries that have adopted IPSASs

National governments, bodies and organizations that have adopted or have plans to adopt IPSASs are:

- Austria
- Brazil
- Cambodia
- Costa Rica

- Kenya
- Peru
- South Africa
- Spain
- Switzerland
- Vietnam
- The European Commission—for their own financial statements
- The North Atlantic Treaty Organization (NATO)
- The Organisation for Economic Co-operation and Development (OECD)
- The United Nations system
- Nominating Committee Members

REGULATIONS GOVERNING GOVERNMENT ACCOUNTING IN INDIA – UNION ACCOUNTING

- Departmentalisation Of Union Accounts Act, 1976
- The Delegation of Financial Powers Rules, 1978,
- The Central Government Account (Receipts and Payments) Rules, 1983,
- Central Public Works Department Code,
- Govt. Accounting Rules,1990,
- The General Financial Rules, 2005,
- List of Major and Minor Heads of Account of Union and States and in respect of Union Territories having the treasury system of payments,
- The Treasury Rules of Union Government

Departmentalisation Of Union Accounts Act, 1976

It was on 1st March 1976 that the Departmentalisation of Union Accounts Act came into force. This momentous legislation led to the creation of Indian Civil Accounts Service which mans the Departmentalised accounting of the Civil Ministries in Government of India. The move ensured decentralisation of Government accounting, better transparency,

more user friendly system and smooth functioning in this core activity of the Government.

Departmentalisation Of Union Accounts (Transfer Of Personnel) Act, 1976 - No.59 OF 1976 - [8th April 1976.]

An Act to provide for the transfer of officers serving in the Indian Audit and Accounts Department to any Ministry, Department or office of the Central Government for facilitating the efficient discharge by such Ministry, Department or office of the responsibility in connection with compiling the accounts thereof.

BE it enacted by Parliament in the Twenty-seventh Year of the Republic of India as follows:-

1.Short title and Commencement

.-(1) This Act may be called the Departmentalisation of Union Accounts (Transfer of Personnel) Act, 1976.

(2) It shall be deemed to have come into force on the 1st day of March, 1976.

2.Transfer of officers and employees of the Indian Audit and Accounts Department

.-(1) Where the President has, by order under the first proviso to sub-section (1) of section 10 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971(56 of 1971), provided for relieving, with effect from any date (hereinafter referred to as the prescribed date), the Comptroller and Auditor-General from the responsibility for compiling any accounts of the Union

or of any services or departments of the Union as may be specified in such order, then, subject to the provisions of this Act, it shall be lawful for the Central Government, on the advice of the Committee established under sub-section (2), to transfer, by order and with effect from such date or dates (which may be either retrospective to any date not earlier than the prescribed date or prospective) as may be specified in the order, to any Ministry or Department of the Central Government or any of its attached or subordinate offices, any of the officers or employees serving in the Indian Audit and Accounts Department, for the purpose of facilitating the efficient discharge by such Ministry, Department or office of the responsibility of compiling such accounts:

Provided that no order under this sub-section shall be made in relation to any such officer or employee serving in the Indian Audit and Accounts Department who has, in respect of the proposal made on the advice of the Committee to transfer such officer or employee under this sub-section, intimated, within such time as may be specified in this behalf his unwillingness to be so transferred, unless the Central Government is of opinion that it is necessary in the public interest to transfer such officer or employee as aforesaid:

Provided further that nothing in this sub-section shall affect the right of any such officer or employee to resign or retire from service in accordance with the rules applicable to him in the Indian Audit and Accounts Department.

(2)The Central Government may, by order, establish one or more Advisory Committees consisting of such number of members as it thinks fit for the purpose of assisting it in regard to the transfer of officers and employees under sub-section (1).

(3)An officer or other employee transferred to any Ministry, Department or office of the Central Government by an order made under sub-section (1) shall, on and from the date of transfer, cease to be an officer or employee in the Indian Audit

and Accounts Department and shall, subject to the provisions of sub-section (4) and of any law or rules made under Chapter I of Part XIV of the Constitution, hold office in such Ministry, Department or office with such designation as the Central Government may specify.

(4) Every officer or employee transferred under sub-section (1) shall be entitled to be appointed to a post carrying a scale of pay not less favourable than that of the post which he held immediately before the date of such transfer and in the same capacity (whether substantive or officiating) in which he held the post last mentioned:

Provided that if immediately before the date of such transfer any such officer or employee is officiating in a higher post in the Indian Audit and Accounts Department either in a leave vacancy or in any other vacancy of a specified duration, his pay, on transfer, shall be protected for the unexpired period of such vacancy.

3.Repeal and saving

.-(1) The Departmentalisation of Union Accounts (Transfer of Personnel) Ordinance, 1976(2 of 1976), is hereby repealed.

Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act.

CABINET SECRETARIAT

The Cabinet Secretariat is responsible for the administration of the Government of India (Transaction of Business) Rules, 1961 and the Government of India (Allocation of Business) Rules 1961, facilitating smooth transaction of business in Ministries/

Departments of the Government by ensuring adherence to these rules. The Secretariat assists in decision-making in Government by ensuring Inter-Ministerial coordination, ironing out differences amongst Ministries/ Departments and evolving consensus through the instrumentality of the standing/ adhoc Committees of Secretaries. Through this mechanism new policy initiatives are also promoted.



Shri Ajit Kumar Seth
CABINET SECRETARY

Before the adoption of the portfolio system in the Government of India, all governmental business was disposed of by the Governor-General-in Council, the Council functioning as a joint consultative board. As the amount and complexity of business of the Government increased, the work of the various departments was distributed amongst the members of the Council only the more important cases being dealt with by the Governor-General or the Council collectively.

This procedure was legalised by the Councils Act of 1861 during the time of Lord Canning, leading to the introduction of the portfolio system and the inception of the Executive Council of the Governor-General. The Secretariat of the Executive Council was headed by the Private Secretary to the Viceroy, but he did not attend the Council meetings. Lord Willingdon first started the practice of having his Private Secretary by his side at these meetings. Later, this practice continued and in November, 1935, the Viceroy's Private Secretary was given the additional designation of Secretary to the Executive Council.

The constitution of the Interim Government in September 1946 brought a change in the name, though little in functions, of this Office. The Executive Council's Secretariat was then designated as Cabinet Secretariat. It seems, however, at least in retrospect, that Independence brought a sort of change in the functions of the Cabinet Secretariat. It no longer remained concerned with only the passive work of circulating papers to Ministers and Ministries but developed into an organisation for effecting coordination between the Ministries.

After independence, in 1949 an Economic Committee of the Cabinet was set up with its Secretariat at Ministry of Finance. In 1950 this was transferred to Cabinet Secretariat and designated as Economic Wing and ultimately merged with the Secretariat in 1955. In 1954, the Organisation and Methods Division was established under the Cabinet Secretariat which was later transferred to Ministry of Home Affairs during 1964.

In 1957, the Defence Committee of the Cabinet was constituted under Cabinet Secretariat for which officers were drawn from the Defence services. This wing was transferred during 1991 to the Ministry of Defence. Department of Statistics was created in 1961 under Cabinet Secretariat which was transferred to Ministry of Planning in Feb. 1973. Department of Special Economic Coordination was set up under Cabinet Secretariat in 1962 and later transferred to Ministry of Economic Defence Coordination and at present the Department does not exist. The Intelligence Wing was set up to provide secretarial assistance to the Joint Intelligence Committee in 1965.

The Bureau of Public Enterprises was brought under the Cabinet Secretariat for short duration from Jan. 1966 to June, 1966 and later transferred to Deptt. of Economic Affairs under Ministry of Finance and later during 1985 to the Deptt. of Public Enterprises under Ministry of Industry.

In June, 1970 three departments namely:

- 1. Department of Electronics**
- 2. Department of Scientific and Industrial Research and**
- 3. Department of Personnel**

were created under Cabinet Secretariat and in July, 1970 Directorate General of Revenue Intelligence-cum-Directorate of Enforcement was set up under Deptt. of Cabinet Affairs under Cabinet Secretariat and later this directorate was shifted to Department of Personnel in August, 1970.

Department of Scientific and Industrial Research became independent department in May, 1971.

The Department of Electronics became independent department in 1971 and the Department of Personnel became independent. Department of Personnel and Administrative Reforms were transferred to the Ministry of Home Affairs from the Cabinet Secretariat. At present it is a part of Ministry of Personnel, Public Grievances and Pension with a bifurcation as Department of Personnel and training and Department of Administrative Reforms and Public Grievances.

Department of Ocean Development was created in July 1981 under Cabinet Secretariat and became independent department in Feb. 1982. The Directorate of Public Grievances was set up in the Cabinet Secretariat in March, 1988. This Directorate entertains grievances from the public.

National Authority, Chemical Weapons Convention (NA, CWC)

National Authority, Chemical Weapons Convention (CWC) was set up by a resolution of Cabinet Secretariat dated 5th May 1997 to fulfill the obligations enunciated in the Chemical Weapons Convention initially signed by 130 countries in a conference which concluded on 14th January 1993 for the purpose prohibiting of the development, production, execution, transfer, use and stockpiling of all chemical weapons by Member-States is a non-discriminatory process. To fulfill its obligations, each State Party has to designate or establish a National Authority to serve as the national focal point for effective liaison with Organization for Prohibition of the Chemical Weapons and other State Parties and hence the NA, CWC under the administrative control of the Cabinet Secretariat was set up.

The National Authority is headed by the Chairperson who is in the rank of Additional Secretary to the Government of India and is supported by a suitable Technical Secretariat to look after the various functions. A High Level Steering Committee under the Chairmanship of the Cabinet Secretary with Secretary (Chemical and Petrochemicals), Foreign Secretary, Secretary, Defence Research & Development, Defence Secretary and Chairman, National Authority as its other members would oversee the functions of the National Authority. The National Authority, CWC is responsible for implementation of CWC Act, liaison with CWC and other State parties, Collection of data fulfilling of declaration obligations, negotiating facility agreements, coordinating OPCW inspections, providing appropriate facilities for training national inspectors and industry personnel, ensuring protection of confidential business information, checking declarations for consistency, accuracy and completeness, registration of entities engaged in activities related to CWC etc.

Functions

The Cabinet Secretariat is under the direct charge of the Prime Minister. The administrative head of the Secretariat is the Cabinet Secretary who is also the ex-officio Chairman of the Civil Services Board. In the Government of India (Allocation of Business) Rules, 1961 "Cabinet Secretariat" finds a place in the First Schedule to the Rules. The subjects allotted to this Secretariat are:-

- 1. Secretarial assistance to Cabinet and Cabinet Committees.**
- 2. Rules of Business.**

The Cabinet Secretariat ensures that the President, the Vice President and Ministers are kept informed of the major activities of all Ministries/Departments by means of monthly summary of their activities. Management of major crisis situations in the country and coordinating activities of various Ministries in such a situation is also one of the functions of the Cabinet Secretariat.

Support to Cabinet Committees

The secretarial assistance provided by Cabinet Secretariat to the Cabinet and Cabinet committees, includes

- 1. Convening of the meetings of the Cabinet on the orders of the Prime Minister.**
- 2. Preparation and circulation of the agenda.**
- 3. Circulating papers related to the cases on the agenda.**
- 4. Preparing a record of discussions taken.**
- 5. Circulation of the record after obtaining the approval of the Prime Minister.**
- 6. Watching implementation of the decisions taken by the Cabinet.**

The Cabinet Secretariat is the custodian of the papers of the Cabinet meetings.

Promotion of Inter-Ministerial Coordination

Among the inter-Ministerial matters, the coordination is required for:

- 1. Removing difficulties.**
- 2. Removing differences.**
- 3. Overcoming delays.**
- 4. Coordination in administrative action.**
- 5. Coordination of policies.**

While each Ministry is responsible for acting on its own for expeditious implementation of Government policies, plans and programmes, where inter-Ministerial cooperation is involved, they often seek the assistance of the Cabinet Secretariat. The inter-Ministerial problems are dealt with in the meetings of the Committees of Secretaries (COS). Committees are constituted for discussing specific matters and proposals emanating from various Secretaries to the Government and meetings are held under the chairmanship of

the Cabinet Secretary. These committees have been able to break bottlenecks or secure mutually supporting inter-Ministerial action.

The discussions of the COS takes place on the basis of a paper formulated by the principal Department concerned and the Department with a different point of view, if any, providing a supplementary note. The decisions or recommendations of the COS are unanimous. These proceedings are also circulated to and are followed up by the departments. There are other important functions which it discharges, viz.

- 1. Monitoring.**
- 2. Coordination.**
- 3. Promoting new policy initiatives.**

The Cabinet Secretariat is seen as a useful mechanism by the departments for promoting inter-Ministerial coordination since the Cabinet Secretary is also the head of the civil services. The Secretaries felt it necessary to keep the Cabinet Secretary informed of developments from time to time. The Transaction of Business Rules also requires them to keep the Cabinet Secretary informed of developments from time to time, especially if there are any departures from these rules.

THE GOVERNMENT OF INDIA (ALLOCATION OF BUSINESS) RULES

In exercise of the powers conferred by clause (3) of article 77 of the Constitution and in super session of all previous rules and orders on the subject the President hereby makes the following rules for the allocation of the business of the Government of India.

1. Short Title - These rules may be called the Government of India (Allocation of Business) Rules, 1961.
2. Allocation of Business - The business of the Government of India shall be transacted in the Ministries, Departments, Secretariats and Offices specified in the First Schedule to these rules (all which are hereinafter referred to as "departments").

3. Distribution of Subjects -

1. The distribution of subjects among the departments shall be as specified in the Second Schedule to these rules and shall include all attached and subordinate offices or other organisations including Public Sector Undertakings concerned with its subjects and sub-rules(2), (3) and (4) of this rule.
2. The compiling of the accounts of each Department shall stand allocated to that Department with effect from the date from which the President relieves, by order made under the first proviso to sub-section (1) of Section 10 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971; the Comptroller and Auditor General from the responsibility for compiling the accounts of that Department.
3. Where sanction for the prosecution of any person for any offence is required to be accorded-
 1. If he is a Government servant, by the Department which is the Cadre Controlling authority for the service of which he is a member, and in any other case, by the Department in which he was working at the time of commission of the alleged offence.
 2. If he is a public servant other than a Government servant, appointed by the Central Government, by the Department administratively concerned with the organisation in which he was working at the time of commission of the alleged offence and
 3. In any other case, by the Department which administers the Act under which the alleged offence is committed; Provided that where, for offences alleged to have been committed, sanction is required under more than one Act, it shall be competent for the Department which administers any of such Acts to accord sanction under all such Acts.
4. Notwithstanding anything contained in sub-rule (3), the President may, by general or special order, direct that in any case or class of cases the sanction shall be by the Department of Personnel and Training.

4. Allocation of Departments among Ministers -

1. The business of the Government of India allocated to Cabinet Secretariat is and, shall always be deemed to have been, allotted to the Prime Minister. (\$)
2. Subject to the provisions of sub-rule (1), the President may, on the advice of the Prime Minister, allocate the business of the Government of India among Ministers by assigning one or more departments to the charge of a Minister.
3. Notwithstanding anything contained in sub-rule(1) or sub-rule(2), the President may, on the advice of the Prime Minister -
 1. Associate in relation to the business allotted to a Minister under either of the said sub-rules, another Minister or Deputy Minister to perform such functions as may be assigned to him or
 2. Entrust the responsibility for specified items of business affecting any one or more than one Department to a Minister who is in charge of any other Department or to a Minister without Portfolio who is not in charge of any Department.

The Government of India (Transaction of Business) Rules, 1961

Subject to the provisions of these Rules in regard to consultation with other departments and submission of cases to the Prime Minister, the Cabinet and its Committees and the President, all business allotted to a department under the Government of India (Allocation of Business) Rules, 1961, shall be disposed of by, or under the general or special directions of, the Minister-in-charge.

ACCRUAL BASIS OF ACCOUNTING AMONG COUNTRIES IN THE WORLD

According to **South Asian Federation Of Accountants (SAFA) A Study On Accrual-Based Accounting For Governments & Public Sector Entities In SAARC Countries September 2006**, Governments and Public Sector Entities (PSEs) of the developed part of the world which were once using Cash-Basis of Accounting are now rapidly moving towards Accrual-Based Accounting System. Some of these countries have not only implemented the full Accrual-Based Accounting but have also adopted International Public Sector Accounting Standards (IPSASs) for compilation of government accounts and financial reporting. Status of implementation of Accrual-Based Accounting and adoption of IPSASs by the Governments is as under:

1. Australia (State, Federal and Local Governments)
2. Canada (State, Federal and Local Governments)
3. Finland (Government agencies and whole of Government)
4. France (Local Governments)
5. Germany (Some Government Organizations)
6. Ireland (Pilot Project For Selected Government Departments)
7. Italy (Local Governments)
8. Malaysia (Local Governments)
9. Netherlands (Government agencies and Local Governments)
10. New Zealand (National and Local Governments)
11. Sweden (Central Government agencies and Local Governments)
12. Switzerland (Local Governments)
13. Tanzania (Local Governments)
14. United Kingdom (Local Governments)
15. USA (Federal Government)

GOVERNMENT ACCOUNTING RULES, 1990

In exercise of the powers conferred by Article 150 of the Constitution, the President on the advice of the Comptroller and Auditor General, hereby makes the following basic rules relating to the form of accounts of the Union and States. This compilation incorporates also the general principles of Government accounting laid down by the Comptroller and Auditor General for the guidance of Government Departments, namely:-

"GOVERNMENT ACCOUNTING RULES 1990" come into force with effect from 1st April, 1990.

CHIEF ACCOUNTING AUTHORITY

'Chief Accounting Authority', means

- the Secretary of a Ministry or Department of the Government of India in which the **Departmentalised System of Accounting** has been introduced and
- in the case of a Union Territory with separated accounts, its Chief Secretary/ Chief Commissioner.

CIVIL ACCOUNTS OFFICE

'Civil Accounts Officer', means an Accounts Officer subordinate to the Comptroller and Auditor General, or a Principal Accounts Officer and or Pay and Accounts Officer functioning under the Scheme of Departmentalisation of Central Government (Civil) Accounts or under separated accounts set up of a Union Territories, Government or Administration as the context may imply. The expression 'Civil Accounts Office' should also be construed accordingly

CONTROLLER GENERAL OF ACCOUNTS

'Controller General of Accounts' means the Controller General of Accounts in the Ministry of Finance (Department of Expenditure), who inter alia, is responsible for prescribing the form of accounts of the Union and States, and to frame, or revise, rules and Manuals relating thereto on behalf of the President of India in terms of article 150 of the Constitution of India, on the advice of the Comptroller and Auditor General of India.

CONSOLIDATED FUND

'Consolidated Fund' means the Consolidated Fund of India or of a State, referred to in clause (1) of article 266 of the Constitution, or of a Union Territory Government, referred to in Section 47 of the Union Territories Act, 1963, or all the three, as the context may imply (Appendix -1).

ACCOUNTING STANDARDS ON GOVERNMENT ACCOUNTING

The Comptroller and Auditor General of India (CAG) constituted the Government Accounting Standards Advisory Board (GASAB) with help and support of the Government of India through a notification dated 12th August, 2002. to formulate and recommend Indian Government Accounting Standards with a view to improving the standards of government accounting and financial reporting, which will enhance the quality of decision-making and public accountability.

GASAB is developing two types of Accounting Standards for the Government to address the issues related with the existing cash system of accounting and its migration to the accrual system of accounting in future. The standards being developed to make existing cash system of accounting more transparent are called **Indian Government Accounting Standards (IGAS)**. The standards being developed for accrual system of accounting in the Government are called **Indian Government Financial Reporting Standards (IGFRS)**.

GASAB is a representative body and is represented by main stakeholders connected with accounting reforms of Union Government of India and States. The board consists of the following members:

1. Deputy Comptroller and Auditor General (Accounts) as **Chairperson**
2. Controller General of Accounts
3. Financial Commissioner, Railways
4. Controller General of Defence Accounts
5. Member (Finance) Telecom Commission, Department of Telecom
6. Additional / Joint Secretary (Budget), Ministry of finance, Govt. of India
7. Secretary , Department of Post
8. Deputy Governor, Reserve Bank of India or his nominee
9. Director General, National Council of Applied Economic Research(NCAER),
New Delhi
10. President, Institute of Chartered Accountants of India (ICAI) or his nominee
11. President, Institute of Cost and Works Accountants of India or his nominee
- 12-15. Principal Secretary (Finance) of four States by rotation
16. Principal Director in GASAB as **Member secretary**.

The President of the ICAI is a member of the Board on the GASAB. The GASAB focuses on reforms in government accounting. Presently, the task of the GASAB is two-fold: improvements in the existing cash basis accounting system and facilitating eventual migration to accrual basis accounting.

The World Bank has been conducting gap analysis of government accounting with cash-basis IPSAS. In the South Asian region, it has conducted studies in Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.

The GASAB has conducted a similar gap analysis study comparing cash-basis IPSAS with government accounting in India. The report is available on the GASAB website (www.gasab.gov.in). While no attempt to completely adopt cash-basis IPSAS has been taken by the Government in India, the attempts at the government accounting reforms have been to incorporate the best practices of cash basis IPSAS. Further, the IGFRS issued by the GASAB for use in pilot studies on migration to accrual-basis accounting are largely harmonised with the accrual IPSAS. The developments in government accounting in India indicate the possibility of harmonisation with the IPSAS in future.

List of Government Accounting Standards issued by GASAB

IGAS Notified by Government of India

- Guarantees given by Governments: Disclosure Requirements (IGAS1)
[Notified by the Govt. of India]
- Accounting and Classification of Grants-in-aid (IGAS2)
[Notified by the Govt. of India]
- Loans and Advances made by Governments (IGAS 3)
[Notified by the Govt. of India]

IGAS under Consideration

- Foreign Currency transactions and loss or gain by Exchange Rate variations (IGAS 7) [Under consideration of the Govt. of India for notification]
- Public Debt and Other Liabilities of Governments: Disclosure Requirements (IGAS 10) [Under consideration of the Govt. of India for notification]

Indian Government Financial Reporting Standards

Under Consideration of Ministry of Finance, Government of India

IGFRS 2: Property, Plant & Equipment

IGFRS 3: Revenue From Government Exchange Transactions

IGFRS 4: Inventories

IGFRS 5: Contingent Liabilities (other than guarantees) and Contingent Assets:
Disclosure Requirements

Exposure Drafts

Accrual Exposure Draft (AED) 1 (Presentation of Financial Statements)

Accrual Exposure Draft (AED) 6 (Accounting Policies, Changes in Accounting
Estimates and Errors)

Exposure Draft (ED) 4 (General Purpose Financial Statements of Government)

GASAB issues Exposure Draft-9: Government Investments in Equity

IPSASB – International Public Sector Accounting Standards Board

The IPSASB an independent standard-setting board develops high-quality International Public Sector Accounting Standards (IPSASs), guidance, and resources for use by public sector entities around the world for general purpose financial reporting. The IPSASB is one of four independent standard-setting boards that are supported by the International Federation of Accountants (IFAC), the worldwide organization for the accountancy profession.

IPSASB focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance and facilitating the exchange of information among accountants and those who work in the public sector or rely on its work. A key part of the IPSASB's strategy is to converge the IPSASs with the International Financial Reporting Standards (IFRSs) issued by the IASB.

IPSAS are considered the *de facto* international benchmarks for evaluating government accounting practices worldwide.

IPSAS is a government model of the International Financial Reporting Standards (IFRS). IFRS are prescribed by the International Accounting Standards Board (IASB).

The IPSASB (formerly Public Sector Committee (PSC)) is a Board of IFAC formed to develop and issue under its own authority International Public Sector Accounting Standards (IPSASs) with objective to serve the public interest by developing high quality public sector financial reporting standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial reporting throughout the world. Apart from developing IPSASs, the IPSASB issues other non-authoritative publications including studies, research reports and occasional papers that deal with particular public sector financial reporting issues.

The members of the IPSASB are appointed by the IFAC Board to serve on the IPSASB. The IPSASB comprises 18 members, 15 of whom are nominated by member bodies of IFAC and three of whom are public members. Public members may be nominated by any individual or organization. In addition, a limited number of observers from bodies that have an interest in public sector financial reporting are appointed to the IPSASB. These observers have the privilege of the floor but are not entitled to vote.

Scope

- The IPSASB develops IPSASs which apply to the accrual basis of accounting and IPSASs which apply to the cash basis of accounting.
- It applies to general purpose financial statements of all public sector entities.
- Public sector entities include national governments, regional governments (for example, state, provincial, territorial), local governments (for example, city, town) and their component entities (for example, departments, agencies, boards, commissions), unless otherwise stated. However, the Standards do not apply to Government Business Entities (GBEs).

- It sets recognition, measurement, presentation and disclosure requirements dealing with transactions and events.
- All paragraphs in IPSASs shall have equal authority, and that the authority of a particular provision shall be determined by the language used.
- IPSAS are not to be applied to immaterial items.
- IPSASB issues IPSASs dealing with financial reporting under the cash basis of accounting and the accrual basis of accounting. The accrual basis IPSASs are based on the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) where the requirements of those Standards are applicable to the public sector. They also deal with public sector specific financial reporting issues that are not dealt with in IFRSs. Besides, the IPSASB has also issued a comprehensive Cash Basis IPSAS that includes mandatory and encouraged disclosures sections. However, the Cash Basis IPSAS encourages an entity to voluntarily disclose accrual based information, although its core financial statements will nonetheless be prepared under the cash basis of accounting

Objective of IPSAS

IPSAS aims to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability.

Preface to IPSAS

The preface to the International Public Sector Accounting Standards (IPSASs) sets out the objectives and operating procedures of the International Public Sector Accounting Standards Board (IPSASB) and explains the scope and authority of the IPSASs

Standards issued under IPSAS

Till date IPSASB has issued 32 accrual standards. These standards can be read under following groups:

Presentation Standards

- IPSAS 1 – Presentation of Financial Statements
- IPSAS 2 – Cash Flow Statements
- IPSAS 10 – Financial Reporting in Hyperinflationary Economies
- IPSAS 24—Presentation of Budget Information in Financial Statements

Disclosure Standards

- IPSAS 3—Accounting Policies, Changes in Accounting Estimates and Errors
- IPSAS 14 – Events After the Reporting Date
- IPSAS 18 – Segment Reporting
- IPSAS 20 – Related Party Disclosures
- IPSAS 22—Disclosure of Information about the General Government Sector

Standards Dealing with Assets

- IPSAS 12- Inventories
- IPSAS 13- Leases
- IPSAS 16 - Investment Property
- IPSAS 17 - Property, Plant and Equipment
- IPSAS 21—Impairment of Non-Cash-Generating Assets
- IPSAS 26—Impairment of Cash-Generating Assets
- IPSAS 27—Agriculture
- IPSAS 31—Intangible Assets

Standards Dealing with Liabilities

- IPSAS 19—Provisions, Contingent Liabilities and Contingent Assets

Standards dealing with Financial Instruments

- IPSAS 15—Financial Instruments: Disclosure and Presentation
- IPSAS 28—Financial Instruments: Presentation

- IPSAS 29—Financial Instruments: Recognition and Measurement
- IPSAS 30—Financial Instruments: Disclosures

Standards Dealing with Revenue and Expenses

- IPSAS 4—The Effects of Changes in Foreign Exchange Rates
- IPSAS 5—Borrowing Costs
- IPSAS 9 – Revenue from exchange transactions
- IPSAS 23 - Revenue from non-exchange transactions
- IPSAS 11 – Construction Contracts
- IPSAS 25—Employee Benefits
- IPSAS 32 – Service Concession Arrangements: Grantor

Standards Dealing with Group Accounting

- IPSAS 6 – Consolidated Financial Statements
- IPSAS 7 Accounting for Interests in Associates
- IPSAS 8 Accounting for Interests in Joint Ventures

Standards are specific to Public Sector

- **IPSAS 21 on Impairment of Non-Cash Generating Assets:**

These are fixed assets that do not produce commercial benefits. The standard requires the recognition of loss due to impairment, which is the decline in fair value beyond depreciation.

- **IPSAS 22 on General Government Sector:**

This standard clarifies the differences in the reporting entities in financial reporting and statistical reporting. The General Government Sector (GGS) used in statistical reporting includes financial and non-financial public corporations. The standard calls for additional disclosures about GGS.

- **IPSAS 23 on Revenues from Non-Exchange Transactions:**

This standard covers taxes and transfers, which refer to fines, donations and debt forgiveness. Revenues are increases in assets or decreases in liabilities. Revenue recognition depends on the taxable events that trigger potential resource inflows.

- **IPSAS 24 on Budget Information Disclosure:**

Disclosures are made outside of financial statements. This standard calls for the following disclosures: original and final budget with projected revenues and appropriations; actual amounts on the budgetary basis; an explanation of variances; as well as a reconciliation of accrual and budgetary bases.

IPSAS 32, Service Concession Arrangements: Grantor. IPSAS 32 is effective for annual financial statements covering periods beginning on or after January 1, 2014.

In developing its pronouncements, the IPSASB seeks input from its consultative group and considers and makes use of pronouncements issued by:

- (a) The International Accounting Standards Board (IASB) to the extent they are applicable to the public sector;
- (b) National standard setters, regulatory authorities and other authoritative bodies;
- (c) Professional accounting bodies; and
- (d) Other organizations interested in financial reporting in the public sector.

Aspects unique to Public Sector (Government Accounting)

The following aspects are unique to Government /Public Sector Accounting.

- The Government's unique role to levy tax
- Transactions that involve no exchange or simply put the Non Exchange Transactions

Government Accounting – Educational Institutions/Offices

Institute of Government Accounts and Finance (INGAF) - <http://www.ingaf.in/>

Institute of Government Accounts & Finance (INGAF) is the training arm of the Controller General of Accounts, Government of India. To organise and conduct Induction training courses for Indian Civil Accounts Service officers and for Accountants.

The Institute of Government Accounts and Finance (INGAF) was set up in February, 1992 with a view to imparting intensive induction and in-service training in accounting budgeting, financial management, expenditure control, internal audit, administrative-cum-establishment matters and initial and advanced level training in development and use of Computer applications to officials working in various Central government Ministries, etc. The Institute has established its regional Centres in Calcutta, Chennai and Mumbai. The Institute has the credit of imparting training to more than 6643 officers and members of the staff belonging to various Accounting Organisation, Drawing and Disbursement officers and other Central government Undertakings. The institute has also been approved by the Ministry of External Affairs for imparting training to the Officers of developing countries under the ITEC programmes. Courses have been conducted for officers of the Governments of Sri Lanka during 15.11.98 to 4.12.98. Officers of the Indian Civil Accounts Service are being imparted a high level of professional training at this institute after their initial training at the National Institute of Financial Management.

Contact Details

Institute of Government Accounts and Finance, Block IV, JNU Campus (Old), New Mehrauli Road, New Delhi - 110 067, India.

Ph: 011-26160282, 011-26104072

Email: director@ingaf.org & dir_ingaf@nic.in

Official Website

ingaf.nic.in

National Institute of Financial Management (NIFM) - <http://www.nifm.ac.in/>

An Autonomous Institution of Ministry of Finance, GOI

The National Institute of Financial Management (NIFM) was set up in 1993 on the basis of a proposal made by Ministry of Finance, which was approved by the Union Cabinet.

The Union Cabinet envisaged that NIFM would begin as a training institution for officers recruited by the Union Public Service Commission (UPSC) through the annual Civil Service Examinations and allocated to the various services responsible for manning senior and top management posts dealing with accounts and finance in the Government of India.

Location of NIFM

The campus of NIFM is located in Faridabad (Haryana) near the picturesque Badkhal Lake. Spread over an area of 42 acres, the campus is beautifully landscaped and is frequently visited by native and migratory birds. The large and sprawling stone building of NIFM houses spacious classrooms, faculty rooms, management and administrative wings of NIFM. Residential accommodation for participants of various courses, faculty and staff is also provided in the campus. Three generator systems of 650 K.V.A. have been installed on stand by mode to ensure round the clock power and water supply in the campus.

ADDRESS	TELEPHONE	FAX
National Institute of Financial Management Sector 48, Pali Road, Faridabad 121 001 Haryana India	+91-129-2465444 +91-129-2465258 (Dial 95129 from Delhi and 0129 from other places inIndia)	+91-0129-2418867 +91-0129-2423593

Offices

Central Pension Accounting Office (CPAO) - <http://cpao.nic.in>

The Central (Civil) pensions are authorized through Central Pension Accounting Office (CPAO) functioning under the Controller General of Accounts. CPAO is administering the 'Scheme for Payment of Pensions to Central Government Civil Pensioners by Authorized Banks (both Public Sector and some Private sector Banks)'. Its functions include:

- * Issue of Special Seal Authorisations (SSAs) for pension payments to Authorised Banks.
- * Preparation of budget for the Pension Grant and accounting thereof.
- * Reconciliation with and performance review of banks with respect to pension payments and disbursements.

The coverage of the Scheme extends to all pensioners of the Central Government employed in Civil Ministries/Departments (other than Railways, Posts, and Defence), National Capital Territory of Delhi, Union Territory Administrations without legislatures, retired Judges of the High Courts and the Supreme Court and All India Service Officers. This Scheme also covers payment of pension to former Members of Parliament and the payment of pension and other amenities to the former Presidents/Vice Presidents of India. The working of CPAO is fully computerized.

CPAO was created with the primary objective of simplifying procedure and reducing the number of agencies for pension payment and to expedite the process of authorization, revision and transfer of pension through Authorized Banks.

The working of CPAO is fully computerized and it maintains a databank of Central (Civil) pensioners. **Over 1050204 pensioners are provided pension related services by the CPAO through more than 67258 paying bank branches all over the country.**

Contact Details

Central Pension Accounting Office

Ministry of Finance:Department of Expenditure

Trikoot-2, Bhikaji Cama Place, New Delhi - 110 066 .

Telephone:EPABX 011-26174438, 26174456, 26174596, 26715109, 26715110, 26715112

Toll Free Telephone Number :**1800-11-77-88**

Fax :011-26167326, 26715108

E-mail : **cccپao@nic.in**

WEB SITE- **www.cپao.nic.in**

The Association of Government Accounts Organizations of Asia -
<http://thirddimension.in/agaoa/>

The Association of Government Accounts Organisations of Asia (AGAOA) was formed in February 2004. India is a founder member of AGAOA along with Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan, Myanmar and Maldives. The Chairmanship of the association is held by the head of the Government Accounts Organization of one of the member countries, on rotation. Controller General of Accounts (CGA), Bangladesh is the current Chairperson and Sri Lanka the Treasurer of AGAOA.

The purpose of AGAOA is to promote ‘professional understanding and technical cooperation among member institutions through exchange of ideas and experiences in the fields covered by Government Accounts Organisations to ensure transparency, accountability and good governance’.

FUNCTIONS

The functions of AGAOA shall include the following:

1. To promote and encourage in the implementation of internationally accepted best practices and standards in accounting and related fields through interaction with other professional accounting institutions.
2. To develop and promote accounting standards in Government, adapted to the requirements of member countries.
3. To enable the exchange of ideas and experiences in the field of Government Accounts through conferences, seminars and workshops.
4. To encourage and promote, research and training in Public Financial Management.
5. To undertake publication and dissemination of research papers and professional articles in government accounting and related fields, and
6. To promote professionalism among government accountants.

OBJECTIVES

The objectives of the AGAOA shall include the following:

1. To promote professional understanding and technical cooperation among member-institutions through exchange of ideas and experiences in the fields covered by Government Accounts Organizations to ensure transparency accountability and good governance.
2. To facilitate research, training and continuing education and human resource development with a view to improving the quality of performance.
3. To promote closer collaboration among government accountants in the region.
4. To serve as a centre of information and foster links with other Organizations and institutions in other parts of the world in the field of Public Accounts, and
5. To harmonize accounting practices using international standards.

Secretariat

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Chairperson

Md Shahad Chowdhury
Controller General of Accounts (CGA)
Bangladesh
CGA Building (1st Floor)
Segunbagicha, Dhaka-1000
Phone: 88-02-8312413
Fax: 88-02-9330107
E-mail: cga@finance.gov.bd

International Consortium on Government Financial Management (ICGFM) -
<http://www.icgfm.org/>

The Consortium, as the only worldwide grouping of organizations and people involved in governmental financial management, encourages its members to work together to promote a better understanding of professional financial management among public officials at all levels of government through

- exchanging information and ideas -- providing an international clearinghouse of information relevant to governmental financial management;
- researching, training, and publicizing results;
- liaisons between the individual organization to better promote mutual objectives;
- maintenance of high professional standards among governmental financial managers;
- stimulating governments to recognize the critical importance of improved professional management of public resources; and
- collaborating in development programs which channel technical assistance to developing countries.

The Consortium's activities are limited to the following areas which constitute the disciplines of governmental financial management: accounting, auditing, budgeting, data processing, debt administration, retirement administration, and treasury management. These areas provide the general frame of reference for the programs, activities, and operations of the Consortium.

The Consortium does not duplicate the goals or functions of other financial organizations. Its purpose is to provide a worldwide framework for bringing together financial managers and auditors at the municipal, state, federal, and international levels, as well as others who are interested in their work. It operates through a network of existing organizations and institutions and constitutes a worldwide channel of communications for them.

"Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management, so governments may better serve their citizens, by providing opportunities for professional development and information exchange." We do this principally through our biannual conferences, monthly forums and the ICGFM Journal.

The International Consortium on Government Financial Management

PO Box 1077

St. Michaels, MD, 21663

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Fax: 410-745-8569

Email: ICGFM@icgfm.org

About ICGFM Programs

Our **programs** provide activities and products to *advance governmental financial management* principles and standards and promote their implementation and application.

Internationally, the Consortium,

(1) sponsors meetings and conferences that bring together government financial managers from around the world to share information and experiences in governmental financial management in order to educate members and others about innovations, best practices, and emerging issues, and

(2) fosters research concerning governmental financial management and disseminates information and results to our members and the public.

PROFESSIONAL OPPORTUNITIES FOR CHARTERED ACCOUNTANTS IN GOVERNMENT ACCOUNTING

1. **IPSAS International Advisors** – Chartered Accountants given their specialization and understanding of Governmental System of Accounting and thereby IPSAS Standards, can play the role of IPSAS advisors to the Indian Government and even globally

2. **Accrual Accounting Project Assistance** –

a. **Pension Accounting – Central Pension Accounting Office (CPAO)**

Find attached Scheme for Payment of Pensions to Central Government Civil Pensioners through Authorised Banks

b. Training programmes with NIFM

c. Training programmes with Institute of Government Accounts and Finance (INGAF)

d. Developing Accrual System of Accounting based Accounting Software

e. Offering domain expert knowledge in the implementation of Accrual System of Accounting

ABOUT THE AUTHOR



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Mr. Rajkumar S Adukia is an eminent business consultant, academician, writer, and speaker. A senior partner of Adukia & Associates he has authored more than 34 books on a wide range of subjects. His books on IFRS namely, “Encyclopedia on IFRS (3000 pages) and The Handbook on IFRS (1000 pages) has served number of professionals who are on the lookout for a practical guidance on IFRS. The book on “Professional Opportunities for Chartered Accountants” is a handy tool and ready referencer to all Chartered Accountants.

In addition to being a Chartered Accountant, Company Secretary, Cost Accountant, MBA, Dip IFR (UK), Mr. Adukia also holds a Degree in Law and Diploma in Labor Laws. He has been involved in the activities of the Institute of Chartered Accountants of India (ICAI) since 1984 as a convenor of Kalbadevi CPE study circle. He was the

Chairman of the Western Region of Institute of Chartered Accountants of India in 1997 and has been actively involved in various committees of ICAI. He became a member of the Central Council in 1998 and ever since he has worked tirelessly towards knowledge sharing, professional development and enhancing professional opportunities for members. He is a regular contributor to the various committees of the ICAI. He is currently the Chairman of Committee for Members in Industry and Internal Audit Standard Board of ICAI.

Mr. Adukia is a rank holder from Bombay University. He did his graduation from Sydenham College of Commerce & Economics. He received a Gold Medal for highest marks in Accountancy & Auditing in the Examination. He passed the Chartered Accountancy with 1st Rank in Inter CA & 6th Rank in Final CA, and 3rd Rank in Final Cost Accountancy Course in 1983. He started his practice as a Chartered Accountant on 1st July 1983, in the three decades following which he left no stone unturned, be it academic expertise or professional development. His level of knowledge, source of information, professional expertise spread across a wide range of subjects has made him a strong and sought after professional in every form of professional assignment.

He has been coordinating with various professional institutions, associations' universities, University Grants Commission and other educational institutions. Besides he has actively participated with accountability and standards-setting organizations in India and at the international level. He was a member of J.J. Irani committee which drafted Companies Bill 2008. He is also member of Secretarial Standards Board of ICSI. He represented ASSOCHAM as member of Cost Accounting Standards Board of ICWAI. He was a member of working group of Competition Commission of India, National Housing Bank, NABARD, RBI, CBI etc.

He has served on the Board of Directors in the capacity of independent director at BOI Asset management Co. Ltd, Bharat Sanchar Nigam Limited and SBI Mutual Funds Management Pvt Ltd. He was also a member of the London Fraud Investigation Team.

Mr. Rajkumar Adukia specializes in IFRS, Enterprise Risk Management, Internal Audit, Business Advisory and Planning, Commercial Law Compliance, XBRL, Labor Laws, Real Estate, Foreign Exchange Management, Insurance, Project Work, Carbon Credit, Taxation and Trusts. His clientele include large corporations, owner-managed companies, small manufacturers, service businesses, property management and construction, exporters and importers, and professionals. He has undertaken specific assignments on fraud investigation and reporting in the corporate sector and has developed background material on the same.

Based on his rich experience, he has written numerous articles on critical aspects of finance-accounting, auditing, taxation, valuation, public finance. His authoritative articles appear regularly in financial papers like Business India, Financial Express, Economic Times and other professional / business magazines. He has authored several accounting and auditing manuals. He has authored books on vast range of topics including IFRS, Internal Audit, Bank Audit, Green Audit, SEZ, CARO, PMLA, Antidumping, Income Tax Search, Survey and Seizure, Real Estate etc. His books are known for their practicality and for their proactive approaches to meeting practice needs.

Mr. Rajkumar is a frequent speaker on trade and finance at seminars and conferences organized by the Institute of Chartered Accountants of India, various Chambers of Commerce, Income Tax Offices and other Professional Associations. He has also lectured at the S.P. Jain Institute of Management, Intensive Coaching Classes for Inter & Final CA students and Direct Taxes Regional Training Institute of CBDT. He also develops and delivers short courses, seminars and workshops on changes and opportunities in trade and finance. He has extensive experience as a speaker, moderator and panelist at workshops and conferences held for both students and professionals both nationally and internationally. Mr. Adukia has delivered lectures abroad at forums of International Federation of Accountants and has travelled across countries for professional work.

Professional Association: Mr. Rajkumar S Adukia with his well chartered approach towards professional assignments has explored every possible opportunity in the fields of business and profession. Interested professionals are welcome to share their thoughts in this regard.