

Welcome Address

*by Smt. Aruna Makhan
Controller General of Accounts*

Hon'ble Chairman of the XIIth Finance Commission, *Dr. C. Rangarajan*, Comptroller & Auditor General of India, *Shri V.N. Kaul*, Secretary (Expenditure), *Shri D.C. Gupta*, Country Director of the World Bank, *Mr. Michael Carter*, distinguished representatives of the Accounting Organisations of the participating South Asian nations, international experts from various countries, Ladies and Gentlemen.

It gives me great pleasure to welcome you to the International Seminar on "Accounting for Results", which is also the first ever regional meet of the Accounting Organisations of the South Asian Region. We have with us today an eminent personality from the field of public finance, a man of towering intellect, *Dr. Rangarajan* who has been intimately associated with most of the financial reform measures that India has seen in the last decade. For many of these, he has been the prime mover. Sir, we are indeed fortunate to have you with us here today. Hon'ble Finance Minister could not join us as an urgent matter needs his presence elsewhere. Sir, I am extremely grateful to you for having consented to inaugurate this Seminar at such short notice. We deeply appreciate your kind gesture.

Distinguished representatives of the participating nations, your ready acceptance of my invitation and your decision to travel in this oppressive weather is a strong signal of your commitment both to the theme of this Seminar and to the spirit of regional cooperation. However, this is not what I had in mind when I was planning a warm welcome for you!

This Seminar was conceived with the idea that countries in the South Asian region face many similar issues and challenges in the realm of government accounts & finance and hence, we can learn from each other's experiences.

To mention a few common issues facing us:

- ❖ Goals and performance requirements within Government departments are often vague;
- ❖ Accountability is diffused;
- ❖ Incentives often encourage dysfunctional behaviour;
- ❖ Global competitive forces that demand efficiency for survival are often missing in governmental systems; and
- ❖ Responsiveness to changing circumstances is slow.

The theme for this Seminar "Accounting for Results" highlights the important issues of performance and accountability in the government sector. These have been in the forefront of public discussion and debate in recent years.

Developments over the past decade have strongly reinforced the logic of designing and implementing programmes with a clear focus on results and due process. The citizens and parliamentarians are no longer satisfied with financial information about what was spent and how but are increasingly concerned with the question – *What Was Achieved?*

Scarcity of resources at the command of public sector managers, the pressures of development and an ever increasing awareness among the masses has created an environment that demands better accountability and exploration of alternate and most cost effective ways of doing business by governments.

To measure performance in government is a little more complex than it is in the private sector. Bottom lines do not tell the complete story here. We need performance indicators that are relevant, credible and quantifiable. These indicators themselves may need to be modified over time, and, this requires a sustained dialogue with the various stakeholders.

We all are well aware of the recent global developments in the field of public financial management. The reform agenda invariably includes two main objectives:

- ❖ Encouraging a culture of performance in government departments and
- ❖ Making the public sector more responsive to the needs of the masses.

There is also a growing realization that government, besides being the owner of a department is also the biggest purchaser of its own services. Therefore, inefficiencies in service delivery affect it both ways. As a result, governments are increasing the use of market-based tools such as tendering & subcontracting, benchmarking, process re-engineering etc. The delivery of services by governments has been under review and governments all over are wrestling with ‘make or buy’ decisions.

In brief, these reforms are expected to put the Governments on a more business-like footing, foster a more competitive environment and shift the traditional focus from complying with rules to managing for results.

The decision makers, therefore, need more useful information to assist them in deciding between competing courses of action and to discharge their accountability in a meaningful way.

As Financial Managers or Accountants, we must be in a position to accurately assess the costs and benefits associated with various government programmes and services. Our present systems may not permit a comprehensive evaluation. If that is so, we will need to move ahead. Any such transition will naturally throw up new issues and challenges and it is here that we can benefit by sharing our experiences.

Further, irrespective of the basis of reporting, cash or accrual, general purpose financial statements and reports will not complete the picture. Integration of financial and non-financial performance information is therefore necessary.

Once again, we can benefit from mutual exchange of ideas and experiences. I am sure that participating nations from the South Asian region would have necessarily achieved varying degrees of progress in different spheres of public financial management and this Seminar affords us an opportunity to learn from each other.

In India, in the recent past, we have developed a Management Information System which provides financial information that form a critical input in the decision making process. We are doing this in the form of a “Monthly Accounts” booklet, which is both timely and accurate and therefore serves the need. We are also publishing the provisional accounts for the Union Government within two months of completion of the fiscal year. What is heartening is that this document has consistently enjoyed a 99% accuracy over the last few years. We have also made significant progress in the area of pension distribution and are today serving over 600,000 pensioners spread throughout the country. My office has also been closely involved with government decisions on restructuring of Public Sector Enterprises aimed at increasing their efficiency.

We are now in the process of re-examining the classification system for government expenditure and the chart of accounts, with a view to improving the content and form of accounts. The Fiscal Responsibility Bill under consideration of the Parliament will be a significant milestone in government’s reform measures and require us to present financial information to the Parliament more frequently. We are gearing up for our future responsibilities.

Other countries too, would have initiated measures that have had a positive impact on the Public Financial Management Systems. These shall be of great interest to the participants.

In the next three days we intend to discuss many issues of common interest. We shall discuss accounting systems and the role of government accounts in an increasingly integrated world order. We shall also discuss the role of finance in the development process and we shall deliberate upon reforms needed at various levels of government.

Each of these sessions would be chaired by the representative from one of the participating countries, and that will bring to fore the key issues in that country.

It will be supported by international experts, who will share their experiences from around the world – the best practices, solutions that have worked, as well as efforts that have faltered. We also have speakers from India, distinguished persons who are acknowledged experts in their respective fields. I thank them all for having so readily accepted our invitation to contribute to the deliberations during the seminar.

We have three days ahead to ask ourselves the tough questions that need answers. The task before us is formidable but I believe that if we work together we can and will find practical workable solutions to many seemingly difficult problems.

This seminar here in New Delhi can herald the advent of such a cooperative approach. Today we have a unique and promising opportunity to begin something that will be mutually advantageous. We meet with a sense of purpose and clear understanding of the goal before us.

I must at this juncture also thank the World Bank for having been a wonderful partner in this unique endeavour. The World Bank has sponsored the travel and accommodation of various international experts and delegates and I appreciate their commitment to our vision and objectives.

Ladies and gentlemen, distinguished speakers many of who have travelled great distances to be with us here today, my colleagues from various countries in the region, I welcome you once again and thank you for your participation. We can look forward to three days of stimulating discussions and dialogue. Thank you.