

**Press Information Bureau
Government of India
Ministry of Finance**

09-August-2015 19:02 IST

Finance Minister Calls for Prudent Expenditure Management; Asks Officers of Indian Cost Accounts Service to Upgrade Their Professional Skills and Expertise in Order to Play a Proactive Role in Assisting the Government in Achieving the Highest Level of Cost Efficiency in Its Projects, Schemes and Operations; Inaugurates the First Indian Cost Accounts Service Day

The Union Finance Minister Shri Arun Jaitley said that in post liberalized era, competitiveness, cost and efficiency management have become the key words of survival and growth. He said that it is all the more important for the Government of a country to have an efficient expenditure management failing which it may face situation like Greece. He said that for a good governance, the Government has not only to augment its resources through better revenue collections but also to manage its expenditure well or even both. The Finance Minister Shri Jaitley was speaking after inaugurating the First Indian Cost Accounts Service Day here today. He asked the officers of the Cost Accounts Service to upgrade their professional skills and expertise in order to play a proactive role in assisting the Government in achieving the highest level of cost efficiency in its projects, Schemes and operations.

Later, the Finance Minister also released a book on this occasion laying the future roadmap for Indian Cost Accounts Service. He also presented mementos to the former Chief Advisers Cost on this occasion.

Earlier speaking on the occasion, Shri Ratan P. Watal, Secretary (Expenditure), Government of India said that the Indian Cost Accounts Service (ICoAS) officers deal in quite varied and wide subject matters of contemporary significance, namely, pricing of industrial products and services, determination of various subsidies, petroleum under recoveries, and systems studies. He said that recently, Chief Adviser Cost has rendered important advice in new areas like assessment of Foreign Allowance payable to the Indian staff posted at various missions abroad, evaluation of the consortium credit funding in Khadi Industries, and review of Fees and User Charges charged by various public authorities. In their reports, Shri Watal said that the Chief Adviser Cost has, quite often, recommended significant suggestions for operational improvements including areas for cost reduction. It goes without saying that these recommendations have helped Government of India to effect substantive savings in the Government expenditure on many occasions. As members of many important committees, their analysis and findings are of immense help in decision making, Shri Watal added.

Shri Watal, Secretary (Expenditure) further said that the Government has managed to control expenditure through rationalization. The ongoing fiscal consolidation process has been successful in taming the fiscal deficit, he added. However, the public finance on revenue side requires attention particularly in view of the target set for the revenue deficit under the new Fiscal Responsibility and Budget Management regime. This necessitates structural changes in the Plan spending and definitive measures to contain Non-Plan spending within sustainable limits. Shri Watal said that in order to achieve the fiscal targets of fiscal consolidation, it is equally essential to follow the policy of progressively reducing expenditure on subsidies through improved targeting of beneficiaries. Major subsidies are extremely critical from the viewpoint of fiscal consolidation and are the most important factor in meeting its fiscal targets. The efforts of Government would be to address this issue with a two pronged strategy. Government is committed to progressively pursue subsidy reforms in a manner that will ensure efficient targeting of subsidies to the poor and needy, while also saving scarce financial resources for investment in infrastructure and pursuit of new development programmes announced by the

Government from time to time. Keeping in view of the present and emerging scenario, he said that the ICoAS Officers, by virtue of possessing financial expertise, can play a significant role in expenditure management ensuring highest level of efficiency, rendering advice on rationalisation of subsidies and in enhancement of tax and non-tax revenues; thereby facilitating the overall fiscal consolidation process.

Earlier in his welcome address, Shri A.K. Singhal, Additional Chief Adviser Cost said that office of the Chief Adviser Cost has emerged as a prime professional agency in dealing with matters relating to costing and pricing, studies on cost reduction, cost efficiency, industry level studies for determining fair prices, studies on user charges, Central Excise Abatement matters, Cost Benefit Analysis of Projects, Commercial Financial Management Analysis, appraisal of Capital Intensive Projects, Profitability Analysis and application of Modern Management Tools involving Cost and Commercial Financial Accounting etc. for the Government Ministries and Departments in respect of the matters referred to us. He said that ICoAS Officers are assisting different Central Government Ministries/Departments/Organizations in solving complex Price/Cost related issues, in fixing fair prices for various services/products and rendering advice to various Ministries/Departments in cost and financial matters. Examination and Verification of claims between Government Departments / Public Sector undertakings and suppliers arising out of purchase contracts, determining prices of products and services supplied to Government is also undertaken by this office.

Shri J.K.Puri, former Chief Adviser Cost, Ms Aruna Sethi, Principal Adviser Cost, Senior officers of the Ministry of Finance and retired and serving Officers of the ICoAS were also present on the occasion.

DSM

GOVTS MUST STICK TO FISCAL DISCIPLINE, SAYS JAITLEY

Press Trust of India

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NEW DELHI: Finance minister Arun Jaitley on Sunday underlined the need for fiscal consolidation, saying the failure in efficient expenditure management on part of governments could lead to Greece-like situations.

Speaking on the occasion of the First Indian Cost Accounts Service Day function, Jaitley said that in post-liberalised era, competitiveness, cost and efficiency management have become the key words of survival and growth.

It is all the more important for the government of a country to have an efficient expenditure management, failing which it may face situation-like Greece. "What happened in Greece recently was a direct consequence of the fact that governments there decided not to live within their means," he said.

For a good governance, Jaitley said, the government needs to augment its resources through better revenue collections and manage expenditure well.

The only way to stick to fiscal discipline and follow the road of fiscal consolidation is either "you earn more or spend less," he said. And the ideal route is to do both. And that is what governments are now endeavouring to do," the finance minister added.

Govts must stick to fiscal discipline: FM

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 9

THE GOVERNMENT may have chosen to spend more this year to boost growth, but finance minister Arun Jaitley on Sunday stressed on the need for fiscal consolidation and said that governments spending more than their means could lead to capital flight and loss in value of currency.

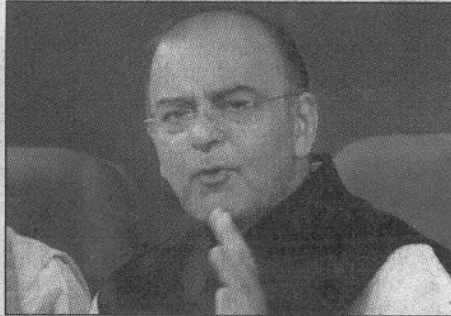
Referring to the Greek crisis, he said that for good governance, the government has not only to augment its resources through better revenue collections but also to manage its expenditure well or even both.

"The public exchequer, government money is people's money after all and this money is something which is sacrosanct. Sacrosanct for the reason that governments have to learn the discipline of living within their means," he said at the first Indian Cost Accounts Service Day.

The finance minister noted that in the inter-connected world, if governments do not live within their means, it can have a lot of adverse consequences. "It can lead to outflow of capital...it can have an adverse impact on your currency rates...It can knock off fiscal discipline," he said. For 2015-16, the Centre has pegged its fiscal deficit at 3.9 per cent of the GDP and proposed to lower it to 3 per cent by 2017-18.

Stressing that the only way to stick to fiscal discipline is to earn more or spend less, Jaitley said, "The ideal route is to do both. And that is what governments are now endeavouring to do." Governments also need professional advice to ensure they do not overspend, he noted. "And obviously, people with varied experience who run the government, the permanent establishment of the government is civil service. How above the professional the civil service is, its ability at analysing cost could always be limited. And therefore, the creation of a catalyst service which analyses the cost and comes to a realistic assessment of cost is necessarily required," he said.

"We have adhered till now to the glide path, but now the challenge or rather the challenges are in the area of capital expenditures, like roads, railways and irrigation.



Suraksha Bandhan to push social security plans

New Delhi: Ahead of Raksha Bandhan festival later this month, the finance ministry is launching a special enrollment drive called "Suraksha Bandhan" to push its flagship social security plans through innovative schemes like gift cheques and special deposits.

"A special enrolment drive is being launched by participating Banks and Insurance Companies in the months of August-September, in the backdrop of the forthcoming festival of Raksha Bandhan," said an official release on Sunday. **ENS**

These areas of public investment will require cost control and effective management of expenditure," he said.

He however noted that while the fiscal consolidation process has been successful in taming the fiscal deficit, public finance on revenue side requires attention particularly due to the target set for the revenue deficit under the new Fiscal Responsibility and Budget Management regime. "This necessitates structural changes in the Plan spending and definitive measures to contain Non-Plan spending within sustainable limits," he stressed, adding that the government also needs to control its spending on subsidies. He also said that from this year the government wants to move to a real-time system of budgetary allocation and expenditure.

Jaitley calls for efficient expenditure management

TCA Sharad Raghavan

NEW DELHI: Finance Minister Arun Jaitley on Sunday said that it is important for a country to have an efficient expenditure management system. Otherwise, it could risk going the way of Greece, he said referring to that country's ongoing debt crisis.

"In post liberalised era, competitiveness, cost and efficiency management have become the key words of survival and growth. For good governance, the government has not only to augment its resources through better revenue collections but also to manage its expenditure well," he said after inaugurating the First Indian Cost Accounts Service Day here.

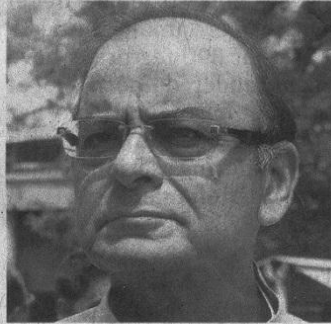
The Minister asked the officers of the Cost Accounts Service to "upgrade their professional skills and expertise in order to play a proactive role in assisting the government in achieving the highest level of cost efficiency in its projects, schemes and operations."

Key suggestions

Earlier, Ratan P Watal, Secretary (Expenditure), said that the Indian Cost Accounts Service officers dealt with topics of contemporary significance such as pricing of industrial products and services, determination of various subsidies, petroleum under recoveries, and systems studies.

The Chief Adviser, Cost, he said, had made several key suggestions for operational improvements, including areas for cost reduction. "These recommendations have helped the government to effect substantive savings in the government expenditure on many occasions," Mr. Watal said.

He said the government



We should make sure India does not go the Greece's way, says Jaitley

managed to control expenditure through rationalisation. "The ongoing fiscal consolidation process has been successful in taming the fiscal deficit... However, the public finance on revenue side requires attention, particularly in view of the target set for the revenue deficit under the new Fiscal Responsibility and Budget Management regime. This necessitates structural changes in the Plan spending and definitive measures to contain Non-Plan spending within sustainable limits."

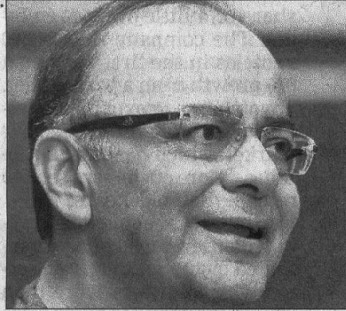
Subsidies

Mr. Watal said that in order to achieve the targets of fiscal consolidation, it was essential to reduce spending on subsidies by improving their targeting mechanism. "The efforts of the government would be to address this issue with a two-pronged strategy. The government is committed to progressively pursuing subsidy reforms in a manner that will ensure efficient targeting of subsidies to the poor and needy, while also saving scarce financial resources for investment in infrastructure and pursuit of new development programmes announced by the government from time to time," he said.

ALL ABOUT DISCIPLINE

Jaitley Speaks Out for Fiscal Consolidation

'Govts must not spend
beyond their means'



Press Trust of India

New Delhi: Stressing the need for fiscal consolidation, finance minister Arun Jaitley on Sunday said governments spending more than their means could lead to capital flight and loss in value of currency.

At the first Indian Cost Accounts Service Day celebrations, Jaitley said what happened in Greece recently was a direct consequence of the fact that governments there decided "not to live" within their means.

"The public exchequer, government money is people's money after all and this money is something which is sacrosanct. Sacrosanct for the reason that governments have to learn the discipline of living within their means," he said.

In the inter-connected world, if governments do not live within their means, it can have a lot of adverse consequences, Jaitley added.

"It can lead to outflow of capital...it can have an adverse impact on your currency rates...It can knock off fiscal discipline," Jaitley said.

The government has pegged the fiscal deficit at 3.9% of the GDP for FY 2015-16 and proposed to lower it to 3% by FY 2017-18.

Jaitley further said the only way to stick to fiscal discipline and follow the road of fiscal consolidation is either "you earn more or spend less".

"And the ideal route is to do both. And that is what governments are now endeavouring to do," he said.

He added that governments need professional advice so as to ensure that they do not overspend. "Obviously, people with varied experience who run the government, permanent establishment of the government is civil service. How above the professional the civil service is, its ability at analysing cost could always be limited."