

**Union Finance Minister's Speech**  
At the  
**Inauguration of e-payment System**  
October 31, 2011, Vigyan Bhavan

Shri Namu Narain Meena, Minister of State for Expenditure and Financial Services,  
Shri Sumit Bose, Secretary Expenditure,  
Dr. Gairola, Director General, NIC,  
Shri Sundaramurti, Controller General of Accounts,  
Distinguished guests,  
Ladies and Gentlemen,

It gives me great pleasure to be here this morning to inaugurate the e-payment system for the government. The Commissioning of the e-payment system is a major achievement and indicates Government's strong commitment towards improving efficiency in our financial system, strengthening transparency in operations and introducing reforms for better governance. This development is particularly significant as e-payment is at the centre of the e-commerce value chain.

2. There has been considerable progress in the use of electronic payment systems in the financial sector. It has taken the form of internet banking, online payment of taxes and use of debit and credit cards. Introduction of electronic payment products by the Reserve Bank of India such as Electronic Clearing Service (ECS), National Electronic Fund Transfer (NEFT) and Real Time Gross Settlements (RTGS) have ushered in new ways of payment processing and settlement. However, cheques are still the dominant payment instrument in the country and more so in the government sector. I am happy that, using the technological advances in the IT and Banking Sector, the government payment and settlement systems are being modernized for a secure and efficient means of payment to beneficiaries and agencies.

3. The transition from legacy systems to modern IT driven systems is not going to be easy. A considerable effort and time will be required to develop a fully compliant and certified IT system. Staff capacity also poses a challenge. These challenges will have to be managed by training, capacity building, education and communication with stakeholders.

4. In the public domain, the increased requirement of information from users and from the public at large, especially since the RTI Act come into

force, make it necessary for us to change and modernize our systems. There is a growing expectation among the public for greater efficiencies in service delivery, while ushering in transparency and accountability. To address these concerns it is an imperative for the government departments to modernize the systems and make them client-centric, secure, efficient and transparent. I am indeed happy that the reform which the organization under the Controller General of Accounts in the Ministry of Finance has introduced is in keeping with this requirement.

5. Availability of timely and relevant financial and accounting data is a critical requirement of the government for better planning and management of our finances and budget. I am told that the 'COMPACT' systems operational in field offices and 'e-lekha' system for consolidating all field level transactions are geared towards meeting this requirement. They demonstrate the power of IT and how success can be achieved with careful strategic planning and capacity building of our people. The fact that these software are being utilized by other departments like Posts and Telecom, some State governments and Union territories and have also been acknowledged internationally, speaks well for the work that has already been undertaken. With this solid foundation, the CGA's organization must continue to move ahead and imbibe cutting edge technology in its

operations and enable the government to leapfrog to the level of advanced countries.

6. Cashless transactions for efficient financial systems are desirable objectives which we must aspire to achieve. Paperless transactions usher in greater transparency and ease in management of operations, and provide clear audit trails in the system. This e-payment initiative by the CGA is a concrete step towards better governance aimed at ensuring prompt payments to vendors, employees and final beneficiaries. This is also an important step to usher in green banking. The electronic payment systems are designed for automated processing and bank reconciliation, thereby reducing the costs of transactions and associated manual work in the involved public agencies, beneficiaries and banks. The initiative also demonstrates our capability to successfully innovate and implement modern technology in our functioning and our resolve to provide value added services to our clients and public.

7. Direct transfer of subsidies to the ultimate beneficiaries, users and consumers of fertilizer, kerosene and cooking gas is already a declared objective of the government. A task force under Shri Nandan Nilekani is working on this scheme. I am told that the e-payment system and The Government Electronic Payment Gateway (GePG) would facilitate the payment leg of the proposed system.

8. This e-payment system will reduce the citizen interface by eliminating the beneficiary dependency on government office and officials to hand over the cheque since the payments would be effected directly into their accounts. A transparent payment trail would ensure that the entire payment process is trackable and delays can be monitored online. This would be a major initiative for good governance and will be an important tool in reducing corruption.

9. I am told that this initiative is one of the first, security compliant, digital signature based payment system in government which is in keeping with the provisions of the Information Technology Act. **This system covering all central government departments and ministries is expected to eliminate almost two crore cheques. When it becomes fully operational in Civil Ministries, Defence and Railways, it is expected to cover a total payment of over Rupees Six Lakh Crore. This is likely to impact the working of a large number of government and bank employees involved in the government payments. Several lakh individual and entities, would get credit into their bank accounts rather than having to collect physical cheques from the departments to be presented in their banks and getting the final credit after the clearing process. In the entire process, it will spare valuable human**

**resources, which could be re-deployed to perform other important functions of the organizations.**

10. The Government Electronic Payment Gateway (GePG), for interacting with the banks for enabling the payments and payment scroll receipt, is a novel system. It has been developed keeping in mind the need for creation of a dedicated and scalable system, capable of handling all government payments. With plans of utilizing the GePG for all inter-government advices for transfer to states, the gateway would serve as a single window for all transfers and payments from the government thereby bringing in greater efficiencies and economies of scale in payment operations.

11. As the CGA mentioned, this system has been developed in close partnership with the National Informatics Centre (NIC) and banks. I am pleased to see NIC's involvement in this remarkable project. There is an urgent need for diffusing the benefits of such initiatives to the lowest tiers of beneficiaries residing in village panchayats. We must think of ways and means of leveraging ICT to ensure this so that there is an inclusive financial growth and development across the country.

12. Human resources are the most critical component of all change management efforts and more so when it comes to IT based efforts. I am very happy to note that the CGA' organization truly values its human resources and is genuinely working towards engaging its employees in all such reforms. Staff motivation and involvement are critical to ensure success and sustainability of projects. I am happy to learn that the CGA's Information Technology strategy involves a focus on a client-centric approach and on development of human resources as its foundation. Implementation of e-payment systems in the government necessitates sufficient capacity building and skill up-gradation of the staff. This has to be done for all the concerned people – the administrative departments, payment staff and the banking staff on a priority basis if we are to meet the ambitious target of rolling this platform out in all Pay and Accounts Offices of Civil Ministries by end March 2012.

13. Before I conclude, I would like to congratulate the organization of the Controller General of Accounts and NIC for implementing a major initiative having a significant impact on the financial sector in the country. I would also like to complement all the concerned officers and staff, the banks involved in the process and hope that the clients and vendors will work together to benefit from this initiative. I wish all success to this project and

hope that such innovative reforms will continue to support further development in the area of payment system.

Thank you.