

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**Union Finance Minister Shri Pranab Mukherjee's Address
On the Conclusion of 150 Years Celebrations of the C&AG of India
November 16, 2011**

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Following is the text of the speech of Union Finance Minister Shri Pranab Mukherjee's address delivered, here today on the occasion of conclusion of 150 years Celebrations of the C&AG of India:

“I am happy to be here today as the Indian Audit & Accounts Department concludes its year-long celebrations to commemorate 150 years of valuable service by the institution of Comptroller and Auditor General of India to our nation.

Financial accountability is at the core of modern democracies. A fearless, competent and independent auditor is the cornerstone of financial accountability. Your role in providing assurance to multiple stakeholders – the legislature, the executive and the public at large – that taxpayers' funds are well spent is a critical element of the processes laid down by the Constitution for public accountability. The makers of our Constitution entrusted the Auditor General of the Union with the auditing functions of the States as well, thereby giving our financial administration a unitary character. The expansion of your role to the third tier of government is a step in that direction.

During my address in the opening ceremony of the celebrations on November 16, 2010, I had underscored the close partnership between the institution of the C&AG and the Finance Ministry in promoting good governance. Both of us are concerned with probity and transparency in public spending and the need for institutionalizing adequate and effective internal controls and risk management frameworks within government.

The Government is committed to ensuring better internal audit practices, which would complement the C&AG's work. The Government is also working on proposals for amendments to C&AG (DPC) Act, 1971 that will make the institution of the C&AG more effective in dealing with the new mechanisms of administration. We have to ensure compliance with relevant rules and regulations, while ensuring better delivery of public services to our citizens and securing inclusive growth.

In a world of growing complexities and uncertainties, not every decision by the government is likely to be the most optimal. The possibility of institutional failures, oversight and ignorance impacting the decision making process cannot be ruled out. Institutions and individuals, who have the benefit of hindsight, while reviewing the work of others, can provide invaluable guidance in improvement of processes to improve decision making and attain greater efficiency. We should all be cautious in determining malafide intent as distinct from bonafide errors of judgment or divergent opinions on policy options.

Having said that let me categorically state that we are fully committed to eradicating the virus of corruption from our system. Corruption is a many headed hydra. Many of its causes were rooted in the colonial legacy of administration and the excessive government controls over economic activity that was integral to the centralized planning model adopted by India for its development. The progressive liberalization of the economy since late 1980s has helped in reducing the scope for corrupt practices. The Right to Information Act has completely transformed the way government business is conducted. In some of our recent programmes, innovative accountability mechanisms have been integrated. Through legislation we also propose to address some other issue such as discretionary powers and public procurement policy that would help in addressing corruption in public domain. Recently we have launched e-payment program is also a step in that direction.

None of us should hesitate in exposing misdemeanour and corrupt practices. But then we should not shy away from reporting the good news as well. There are positive developments in governance practices across the country. We need to also recognize them. We need to lift ourselves from despondence and cynicism. Other nations will accept our leadership only if we display confidence in our abilities.

People of India have high aspirations and expect better delivery of public services. We have launched e-governance initiatives across the country so that we can make full use of technology in transforming the way services are delivered to the citizens. These initiatives have not been uniformly successful. The primary reason for limited success of some of the initiatives has been the failure to use this as an opportunity to re-engineer archaic government processes.

The C&AG's role in the audit of social sector spending is particularly crucial. While the Government is committed to allocate the required resources for socio-economic development programmes for creating improved employment opportunities, better health and education capacities, improved water supply and sanitation, agriculture self-sufficiency and food security, we have to ensure that every rupee that is spent on these initiatives gets the best returns. The reports of the C&AG on the extent to which the benefits of these programmes are reaching the common man are of considerable help to the government in taking necessary corrective steps to root-out the deficiencies in programme implementation.

The Government has been devolving significant funds directly to various implementing agencies and to the Panchayati Raj institutions to ensure that public works are implemented at the grass-root level in a timely and effective manner. The Government is committed to ensuring transparency in public spending and service delivery at the local level and has been involving the local community in monitoring the implementation of schemes and maintenance activities. We need to make our processes more citizen centric and user friendly as has been successfully done in some commercial applications of internet like banking and travel. With the Unique Identification programme we hope to completely change the paradigm of delivering services to the common people.

Given C&AG's audit mandate, extending across all agencies at the Centre, State and local levels I urge you to become catalysts of process re-engineering. Identify processes that need to be extinguished and guide the departments in adopting best practices from India and abroad.

As we set out to formulate the Twelfth Five Year Plan, to meet the objectives of the plan, tax and non-tax receipts need to keep pace with our growing requirements for outlays on social and infrastructure development. We appreciate the C&AG's audit efforts in highlighting instances of leakage of revenue and systemic deficiencies in revenue assessment and collection. We are committed to a nation-wide Goods and Services Tax, which, in the long-run, will prove to be a "win-win" situation for all stakeholders. Sensitization of stakeholders about GST as well as the proposed Direct Taxes Code by your Department is a welcome step.

As we seek to maintain our high growth momentum, sustainability in terms of conservation of natural resources is becoming a matter of high concern. With growth and improvement in living standards the pressures to protect our environment and natural habitat are expected to intensify. We need to pay greater attention to the management of water, forests and land. In particular we need to find mechanisms for regulation

of water to ensure its optimal and equitable use, strike a balance between meeting the energy needs of our people and protecting forests and institute a system of acquisition of land and changes in land use that is transparent and protects the interests of the displaced people.

I believe that the world wide fraternity of public auditors has taken up sustainable development as an integral objective of their audit examination. I am pleased to know that the CAG of India has emerged as an ideas leader in this endeavour. The initiative taken by Shri Vinod Rai in establishing an International Centre for Environment Audit and Sustainable Development at Jaipur is a welcome contribution for building capacity of public auditors and promoting research for sustainable development. I recall that your IT auditing initiative had been recognised for its excellence a few years ago. I am sure that this new initiative for sustainable development will be equally successful.

In addition to its auditing responsibilities, the CAG also has a key role with regard to the form and structure in which accounts are maintained and presented. The Government Accounting Standards Advisory Board (GASAB), under the aegis of the CAG, has been playing an important role in the development of accounting standards and guidelines for governmental accounts.

On this historic occasion of completion of 150 years of the institution of the Comptroller and Auditor General of India the Government of India has decided to issue commemorative coins. I am pleased to release the coins of denomination of Rs 150 and Rs.5.

Before concluding, I would like to take this opportunity to reach out to all the officials and staff of the Indian Audit & Accounts Department and say that we value the professionalism and integrity that you have shown in discharging your constitutional mandate. I hope that you will continue to work with the same passion and zeal in the future. I wish you all the very best in your endeavours.”

DSM/GN