

FINANCIAL REFORM IN ADMINISTRATION

Cabinet To Consider A.-G.'s Report

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THE Central Cabinet will shortly consider the reports on financial reform in administration submitted to the Prime Minister by Mr. A. K. Chanda, Auditor-General-designate, in the light of the stand taken by the Finance Minister, Mr. C. D. Deshmukh, in respect of his responsibility to the Government and Parliament.

Considerable interest is evinced, in this connection, in official circles in the views recently expressed by Sir Frank Tribe, the Comptroller and Auditor-General in the United Kingdom, and his counterpart in India, Mr. Narahari Rao, who is due to retire shortly.

Both these officers, possessing wide experience of financial administration, have underlined the urgent need for reform in financial control in consonance with the requirements of a welfare State.

In an address to the Institute of Municipal Treasurers and Accountants on June 18, Sir Frank Tribe said that "there appeared to be a growing feeling that the back-bencher (in Parliament) was free to press for additional expenditure in any way that appealed to him and that the Government's duty was to obstruct, or at least to point to the financial consequences. The financial conscience of the nation, which in Gladstone's day, was shared broadly by the whole House of Commons, was now largely the prerogative of the Crown and the executive, though some back-benchers and organs of the press urged the cause of economy spasmodically."

FINANCIAL CONTROL

The second point which Sir Frank Tribe raised is more relevant to the present controversy raised by Mr. Chanda's report which led to the Finance Minister's resignation and his subsequent decision to remain in the Cabinet after the discussions he had with the Prime Minister.

Sir Frank Tribe said that "experience in Government departments seemed to show that the stronger the control vested in the finance branch, the weaker the sense of financial responsibility among the administrative branches."

In his view, the ideal was that every administrative officer should develop full sense of financial responsibility, but that had proved to be difficult when the chief finance officer had the predominant say on all matters of expenditure.

The British Auditor-General hastened to explain he did not mean that the finance branch

should be a mere accounting organisation.

Sir Frank's impression was that income and expenditure were more closely related to each other in the minds of local than of national representatives.

The views of Mr. Narahari Rao, who after a long period of service, rose to be the Secretary to the Finance Ministry in undivided India before becoming Auditor-General, will be read with no less respect and attention.

The Auditor-General expressed his views in the course of a speech at Bhuvaneshwar on June 23.

Mr. Rao said that "although it should be the wish of every intelligent tax-payer that national finances should be utilised to the best advantage, it is necessary, at the same time, that the methods adopted for the purpose should no be unnecessarily cumbrous or result in divorcing authority from responsibility and knowledgeability." According to him, it is an integral part of the functions of an executive officer to ensure that his actions result in the tax-payer getting full value of his money and to render due accounts in proof thereof. Any system which undermines this responsibility is defective.

Mr. Rao suggested the following remedies for achieving the twin objectives of enforcing effective financial control over administration and, at the same time, expediting business of all kinds.

(A) A very early separation of accounts from audit and the enforcement of responsibility for the maintenance of accounts on the administrative departments. This will also secure an intelligent interpretation of the accounts and better administration and inculcation of a sense of financial responsibility.

(B) The introduction of the system of exchequer control with its automatic prevention of withdrawal of money in excess of the appropriations. This will bring about an extraordinary improvement and sense of responsibility in the planning of schemes and the preparation of budget estimates as well as on the spending of allotments.

Mr. Rao also emphasised the same points made by Sir Frank Tribe in regard to parliamentary control over public expenditure.