

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

The Union Finance Minister, Shri Arun Jaitley launches the mandatory use of Public Finance Management System (PFMS) for all Central Sector Schemes; States that PFMS would ensure that the benefits of the various Government Schemes reach to the last mile; Hopes that soon PFMS will progress towards a Government wide Integrated Financial Management System (GIFMIS) - as a comprehensive Payment, Receipt and Accounting System.

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The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley said that the mandatory use of Public Finance Management System (PFMS) for all the Central Sector Schemes of the Government of India would help in tracking and monitoring the flow of funds to the implementing agencies. Shri Jaitley further said that due to the monitoring of funds through PFMS, one can know the actual status of utilization of funds by the multiple implementing agencies of the Central and the State Governments. He said that the ultimate purpose of implementing any Scheme is to ensure that the benefits much reach to the last mile. The Finance Minister specifically mentioned about the implementation of various Schemes through Direct Benefit Transfer (DBT) mechanism in this regard. The Union Finance Minister Shri Arun Jaitley was addressing the senior Officers of the Finance and other Ministries after launching the mandatory use of the Public Finance Management System (PFMS) for all Central Sector Schemes in the national capital today. These Central Sector Schemes with a budgetary outlay of Rs.6, 66,644 crore covers over 31 percent of the total Central Government expenditure during the current financial year 2017-18.

The Union Finance Minister Shri Arun Jaitley further said that PFMS, with the capability of providing real time information on resource availability, flows and actual utilization has tremendous potential to improve programme/financial management, reduce the float in the financial systems by enabling 'just in time' releases and also the Government borrowings with direct impact on interest costs to the Government. The Finance Minister said that with the use of PFMS, there will not be much paper work and it would go a long way in monitoring and tracking of any unnecessary parking of funds by the implementing agencies and thereby minimizing the cases of delay and pending payments to a large extent. The Finance Minister hoped that soon PFMS will progress towards a Government wide Integrated Financial Management System (GIFMIS) - as a comprehensive Payment, Receipt and Accounting System.

The launch was done by the Union Minister of Finance and Corporate Affairs, Shri Arun Jaitley in the presence of the senior Finance Ministry Officers and the Financial Advisers (FAs) of different Central Government Ministries/Departments. The Finance Minister Shri Jaitley congratulated the officers and staff of

the Department of Expenditure and Controller General of Accounts (CGA) in particular for executing this initiative in a time bound manner.

Earlier in his Welcome Address, the Finance Secretary, Shri Ashok Lavasa said PFMS would not only help in complete tracking of funds but would also ensure just in time transfer of funds. He informed that 13 Central Sector Schemes are now under PFMS. Shri Lavasa said that PFMS picked-up great momentum in last two years and all the States are now on board with the Central Government as far as acceptance of PFMS is concerned. He said that implementation of Schemes through PFMS has brought transparency in system and helped in easy transfer and tracking of funds. Shri Lavasa said that more than 300 Central and State Government Schemes are now riding on PFMS and payment of more than Rs. 2.91 lakh crore relating to various Schemes under DBT has been made through PFMS since 2013. He said that PFMS has enabled the Government in taking forward the ground breaking initiative of Direct Benefit Transfers (DBT) with collateral benefits of plugging leakages and eliminating ghost beneficiaries.

The Finance Secretary Shri Ashok Lavasa also mentioned that PFMS is poised to develop as one of the biggest Financial Management Systems of the world, which is critical for bringing about a transformational accountability and transparency in the Government Financial Management Systems and promoting overall Good Governance. He said that as on date, payments to 34.19 crore beneficiaries have been made through PFMS and there are 21.72 lakh Programme Implementing Agencies registered on PFMS. This has been achieved on the strength of PFMS having an interface with 170 Banks including the Reserve Bank of India (RBI).

The Finance Secretary, Shri Ashok Lavasa also told that for the first time, Annual Accounts of the Central Government for the Financial Year 2016-17 have been signed before 31st October, 2017. He said that there is an integration of all State Government Treasuries except that of the State of West Bengal, which is also under process.

Considering the massive preparatory work required for achieving full PFMS implementation including software/hardware up-gradation, fulfilling training needs at every level of the Government and enabling smooth on-boarding by the State and UT Governments, the Central Government decided in favour of a phased and calibrated roll-out for smooth implementation. In that direction, the Central Sector Schemes of the Government of India, numbering 613 across all civil Ministries/Departments were decided to be covered on priority with simultaneous thrust kept on the other important category of Centrally Sponsored Schemes. The targets for complete PFMS on-boarding of 613 Central Sector Schemes were also prioritized with 14 high spending Ministries taken on priority with the initial target date of completion by 31st August, 2017. The preparatory work in other Ministries/Departments have also been completed.

The PFMS Scheme has been rolled-out by the Controller General of Accounts (CGA) at the behest of Finance Ministry, Department of Expenditure as a cherished Public Finance Management (PFM) reform in the country. The Scheme aims at promoting transparency and bringing about tangible improvements in the overall Central Government

Financial Management as well as implementation of various Central Government Schemes across the country. The ambit of PFMS coverage includes Central Sector and Centrally Sponsored Schemes as well as other expenditures including the Finance Commission Grants.

Considering the diversity and multiplicity of channels through which money is spent/transferred (including through Direct Benefit Transfer), the PFMS is designed to serve the pertinent need of establishing a common electronic platform for complete tracking of fund flows from the Central Government to large number of programme implementing agencies, both under Central Government and the State Governments till it reaches the final intended beneficiaries. PFMS thereby enables real time monitoring of disbursements and utilization of funds which in turn provides a sound Decision Support System across Ministries and Departments of Government of India as well as all the State and UT Governments.

Funds under the Centrally Sponsored Schemes flow almost entirely to the State Government treasuries and a substantial part of the funds under the Central Sector Schemes are also spent in the States through various Central Government agencies. The improvements brought-out in the Management of Public Funds through PFMS, it was stated, will have a cascading beneficial impact on the management of State Government Public Finances as well as efficient delivery of Public Services by the States. PFMS, therefore, reflects the true spirit of Co-Operative Federalism with the Centre and the State Governments combining their efforts to improve Public Finance Management for ultimate public good.

The mandatory PFMS on-boarding for the remaining Schemes and Programmes including the Centrally Sponsored Schemes is also targeted to be achieved in a phased manner.
