

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3008  
ANSWERED ON:12.08.2010  
REVIEW OF ACCOUNTING SYSTEM  
Chavan Shri Harischandra Deoram

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether the Government proposes to review the existing accounting system of the Government to bring transparency;
- (b) if so, the details thereof;
- (c) whether the Government has decided to replace the present method of cash-based system of accounting with the double-entry accrual system of accounting; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (d) As per the information received from the Department of Expenditure, Ministry of Finance, in accordance with the Article 150 of the Constitution, the form of accounts of the Union and the States are prescribed by the President on the advice of the Comptroller and Auditor General of India. The review of the form of accounts to meet specific requirements, including enhancement of transparency, is a continuous process. As per the recommendation of the 12th Finance Commission, changeover to the accrual based system of accounting was accepted in Government. Pilot projects in Government of India have been undertaken by Controller General of Accounts and in the states by Comptroller and Auditor General of India.