GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2909
ANSWERED ON:13.03.2015
PUBLIC FINANCE MANAGEMENT SYSTEM
Mahajan Smt. Poonam

Will the Minister of FINANCE be pleased to state:

(a) the salient features and objectives of Public Finance Management System and the total budgetary outlay for the same during the last three years, year-wise;

(b) the benefits of the system accrued to the State Governments;

(c) whether the Public Finance Management System has been effective in enhancing public accountability in implementation of various schemes and improving governance;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the further steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) Public Finance Management System (PFMS) was approved for Pan-India implementation in December 2013. GoI is implementing PFMS at the national level as a Central Plan Scheme to establish as a comprehensive and real time financial management information and decision support system covering all schemes. PFMS is envisaged to inter-alia provide for a financial management platform for all plan schemes, a database of all recipient agencies, integration with core banking solution of banks handling plan funds, efficient and effective tracking of fund flow to the lowest level of implementation for Plan schemes of the Government, reduction of float in the system, direct payment to beneficiaries through banking channel, greater transparency and accountability in the use of public funds and improving governance, etc.

The objective of PFMS is to establish an on-line financial management information and decision support system for tracking of funds released under all plan schemes of Government of India and real time reporting of expenditure at all levels of programme implementation through treasury and bank interface.

The total budgetary outlays for PFMS during last three years are given below:

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     (Rs. in Crore)
Financial Year Original Budget Outlay Revised Budget
2011-12  10.51   22.72
2012-13  180.00  54.96
2013-14  253.99  74.00
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(b) The State Governments where PFMS was piloted are able to access reports on the flow to the identified schemes and monitor the same. Integration of PFMS with RBI for fund transfers from pilot Ministries to State Governments has improved transparency and Governance. PFMS has information on funds transferred from Central Government under various Central Government plan schemes to the recipient agencies in the State. PFMS is also processing Direct Benefit Transfers (DBT) payments and provides MIS to the stakeholders. State Government of Uttar Pradesh is making DBT payment of their State pension scheme through the PFMS.

(c) & (d) PFMS has been effective in enhancing public accountability in implementation of various schemes as all releases of plan schemes of Central Government in Civil Ministries (expect for Ministries for External Affairs, Space and Atomic Energy) are routed through PFMS to provide real time information on releases to various State Government and agencies. User at different level can view bank balance as well as transaction details of recipient agency on real time basis which has increased transparency and accountability. Till 9th March 2015, total number of 1,06,71,046 DBT transactions amounting Rs. 3078.38 cr. were paid through the system.

(e) It has been decided to expand the scope of PFMS to cover, inter-alia, all the receipts of Payment of GoI (Plan and Non-Plan), integration of various stand alone system on receipt and disbursement side, tracking of receipt and disbursement of public funds in real time to ensure transparency in government process, development of common format for data exchange with the non civil ministries (like Railways, Defence, P&T etc.) integration with State treasuries, AG offices & RBI, launch of a citizen friendly non tax

revenue portal, ensuring 100% e-payments, development of modern evidence based cash flow system etc. enabling MIS on fund release and utilization for decision making.