

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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RECENT PUBLIC FINANCE MANAGEMENT INITIATIVES OF THE CAG

Opening Remarks by Shri Jayant Sinha, Deputy CAG (Government Accounts) & Chairperson (GASAB)

Strengthening Public Financial Management especially in States is a key component of CAG's Strategic Plan and is intrinsic to CAG's mission to promote accountability, transparency and good governance through high quality auditing and accounting and for providing independent assurance to all stakeholders, viz. the Legislature, the Executive and the Public.

Harmonisation of Object Heads of Expenditure:

As part of recent initiatives to strengthen Public Financial Management in the country, the CAG on 11 November 2025 has notified to the Union Government and all the State Governments a common list of heads of expenditure at the disaggregate level commonly referred to as 'Object Heads' of expenditure. The wide variation among States in the operation of expenditure heads at the disaggregate level had been engaging the attention of multiple stakeholders and was impacting inter-temporal and inter-state comparison as well as those with Union Government. CAG's notification harmonising the Object Heads of expenditure, which are to be adopted by all States latest by Financial Year 2027-28, will address a decades long issue affecting the budgeting and accounting framework of the States and constitutes a significant reform in the national public expenditure space.

Advancing of Monthly Civil Accounts:

Timeliness in preparation of financial outturns of an entity strengthens accountability, transparency and enables informed decision making. In this regard, an important initiative taken by the CAG has been advancing the dates of finalisation of Monthly Civil Accounts of the State Governments. Through engagements with the State Governments and the Reserve Bank of India, the Monthly Civil Accounts, which were being rendered by the Accountants General (A&E) to State Governments by 25th of the following month, have now been advanced in about ten States by the 10th and in another eight States by the 15th of the succeeding month. The advancement of dates of finalisation of the Monthly Civil Accounts will provide to the State Governments, RBI, MoSPI as well as other stakeholders dealing with public finances,

timely fiscal outturns with respect to the States at an early date and further bolster fiscal discipline.

Publication on State Finances:

Another key recent initiative taken by the CAG has been the unveiling, of a first of its kind, Publication on State Finances for FY 2022-23. The Publication of State Finances contains a decade long inter-temporal and inter-State fiscal analysis and data. The Publication provides a wealth of fiscal data with respect to numerous parameters relating to revenue, expenditure, public debt and liabilities, deficit indicators and guarantees. A comparative position, both at the macro level and granular level, brings out the picture of State Finances through varied lenses. This Publication of State Finances will be released on an annual basis. The Publication will serve as a valuable resource for policy makers and other stakeholders dealing with public finance in the country. To make this information more accessible, an interactive data dashboard have also been developed and made available on the website of the CAG.

Rationalising the classification & accounting of receipts from minerals

Correct classification and accounting of transactions with respect to receipts and expenditure in the financial statements of the Governments is central for robust policy making. CAG, recently with Ministry of Mines and Department of Expenditure, GoI has facilitated the roll out of a revised classification regime for mineral related receipts. This exercise has led to the revision in the classification of receipts of minerals with a view to uniquely classifying the receipts relating to Royalties on each type of major minerals, viz., Coal & Lignite, Iron Ore and Non-Ferrous Minerals. The reforms in accounting and classification of mineral receipts will bring clarity, transparency, and uniformity in State Finance Accounts. With distinct heads for royalties, National Mineral Exploration Trust (NMET), and State Mineral Exploration Trust (SMET), stakeholders will now have reliable and accessible data for policy, review and oversight purposes. These measures will not only strengthen States' fiscal bases but also enhance accountability in resource governance. By institutionalising transparency and ring-fencing accounting of funds for sustainable exploration, these reforms will ensure that mineral wealth contributes equitably to long-term economic development of the States and the country.

Similar process of engagement with other Ministries of Union Government is also being progressed by the CAG.