Contribution of Financial Administration in the Development work of Government of Indian

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Abstract

tive of financial administration is to collect and distribute money in a fair manner among all the enterprises of the government. Every organism is affected by the influence of its natural environment. Similarly, financial administration, which is a system of public administration, is influenced by the political, social, economic and national and international environment. In other words, finance is an important part of the social system, which is heavily influenced by and influences the social systems. As there will be social system, so will be the economic system. In feudalism and colonialism, finance administration has been an instrument of exploitation by man. In modern democracy, financial administration is being used for the welfare of the people and upliftment of Garib Narayan.

Financial administration is that important part of public administration, which collects financial resources for various schemes made by the government by using the principles and practice of administration and guides them to use them properly. While collecting financial resources, it takes into account several aspects of the current economic policy of the government, public welfare, national and international competition, etc. In this way, he manages the money collected prudently, scientifically and methodically. For this management finance administration provides necessary funds for nation building plans and day to day expenses by using principles and practices of public administration policy-making, implementation, coordination, control etc. Financial administration is that part of public administration which aims at securing, controlling, distributing and guiding the money collected, in order to mobilize the necessary funds for the day-to-day working of the government and for the implementation of various schemes. The present research paper highlights the area, importance, development and how it contributes to the development work of the Government of India.

Key Words:- Financial Administration, Development, Privatisation, Globalization, Liberalisation, Budget, Expenditure, Economic, Management

Introduction:-

The term financial administration is used in a broad sense. It includes all the processes that are involved in performing the following tasks:

in the collection, budget, appropriation and expenditure of Government money, the accounting of the assets and liabilities and financial transactions of the Government, in the accounting of income and expenditure, and in the audit of receipts and disbursements, and in the reporting in respect of income and expenditure , receipts and disbursements and position of funds and appropriations.

Without finance the government cannot be fully successful in its objective. Due to the importance of finance for administration, the study of administration of finance has also become very important. A government creating a satisfactory system of financial administration goes a long way towards managing its affairs efficiently. Thus financial administration, which creates a uniform system and the manner in which money is received, spent and accounted for in the conduct of public services, is considered the heart of modern government.

Financial administration is such a dynamic process that it constitutes a continuous chain of functions:

(1) Estimating income and expenditure needs - i.e. 'budgeting'

(2) Obtaining the permission of the legislature for these grants- ie 'Legislative permission of the budget'

(3) Carrying out income and expenditure activities - or 'applying the budget'

(4) Treasury management of finance.

(5) Legislative accountability of these functions i.e. keeping proper accounts and checking those accounts.

Financial administration includes the processes described above. These financial activities are carried out by the following agencies-

(a) Legislature or Legislature

(b) executive branch of the government

(c) Treasury and Finance Department

(d) Audit Department

Objectives:-

The success of financial administration lies in carrying out the revenue policy of the government in its true spirit and within the stipulated period and means. He has to stay within these limits, avoid any kind of loss, fix responsibilities and achieve the goals.

The first and fundamental function of financial administration is to implement the revenue policy. Like other policies, revenue policy is also determined by the political executive, but At the same time it is the responsibility of the executive to help in policy making because of its position and the specificity of the executive. As far as implementation is concerned, it is the fundamental duty of administration, however, according to some authors, the scope of revenue policy is outside the scope of financial administration and there are questions related to the profession of economists. Another fundamental function of financial administration is related to financial control. In this case, the financial administration performs the function of a financial custodian. It ensures that the financial instruments earmarked for all administrative agencies are properly utilized.

Accountability is very important in financial administration because firstly it is dominated by the one who controls the finance and secondly democracy requires that its officials not only act honestly but also appear to be working honestly. has fulfilled its responsibility. The famous statesman of ancient India, Kautilya said, "As honey lying at the tip of a district, it is impossible for him not to taste it, similarly it is impossible for government servants to see the money that would have passed in their hands. They will not enjoy them." Democracy has to use all kinds of mechanical and human means to protect the public property (money) of its employees from this vulnerability.

Financial responsibility must be consistent not only with statute and other executive and departmental rules and procedures, but also in accordance with other general principles of "prudence, loyalty and economy". Therefore, responsibility in public administration cannot be brought about only through mutual means like bonding, book keeping, accounting method, accounting and reporting. This goes beyond "protection and management" and is to be aided by the proactive policy making qualities of the system. Therefore, its effectiveness lies not in the development of some external and internal controls, but in inventing an integrated system, which, with the help of a common system, plans the work in such a way that finances can be controlled in such a way. That the goals of the plan can be achieved within the stipulated time frame without spending less money and power.

Thus a sound financial system works at the core of financial administration. In a welfare state, it not only serves as a means of control of administration but also as a control in the flow of money to powerful centers of economic and social activity. It also serves as a tool in coordinating the activities of executive agencies and setting priorities in public activities. A well-organized financial system is needed not only to keep the state in balance, but also to determine the pace, direction and structure of the country's economic and social development.

Literature Review:-

According to MS Kendrick - Finance administration is concerned with the financial management of the government. It includes preparation of budget, manner of administration of various sources of revenue, protection of public money, procedure for spending money, maintenance of financial records etc. These functions are very important to manage public money effectively.

Pro. K.L. Handa - There are two main components of financial administration in government: 1. budget and financial control; 2. Revenue and money policies.

Pro. M.J.K. Thavraj compared the finance administration with the communication system of the body. Just as the circulatory system carries blood to each part of the body through various veins and the heart operates and controls this flow. Similarly, finance administration by providing vitality through money keeps every part of the body alive and increases its efficiency.

Prof. S.L. Goyal has said about the increasing importance of finance administration in the modern era, "Rationally dynamic finance administration is very necessary for all the countries of the world, especially the developing countries, because the standard of living of the people is much longer than this. Financial performance of the government Financial administration has evolved tremendously in both size and complexity. It influences and influences economic policy, monetary policy, fiscal policy and the financial context of the world.

Development of Financial Administration :-

Indian financial administration has its own unique form. Various administrative systems have contributed and left their mark on it. The development of financial administration in India can be divided into five parts for convenience.

Finance Administration in Ancient India:-

Kotilya propounded the principles of public finance four centuries before Christ. Kautilya classified income and expenditure. Income was classified into tax and non-tax revenue. Production theory There was no deficit budgeting system in pre-British India, only Mohammed bin Tughlaq adopted deficit budgeting. The finance system was based on the will of the king. There was no system of accountability due to non-availability of regular public services.

Finance Administration after Independence:-

The first problem in the financial sector after independence was the financial integration of the princely states. The central government took over the administration of various departments as well as the entire central revenue and services. The financial administration entrusted to us by the British rulers was not capable of bringing about the desired socio-economic changes. In this way many changes were brought in it. In 1968–69, the government of India and several other states adopted a performance budget, in place of a conservative budget. Despite many changes and reforms, the Indian financial administration has not stood the test of time. The country could not make the desired economic progress. Therefore, after 1991 AD, new reforms started. This era of globalisation, privatization, liberalization and fierce competition required many reforms in financial administration. After the 73rd and 74th Amendments of the Constitution, the provision of State Finance Commissions was made. The main function of the State Finance Commission is to divide the sources of finance between the states and the local bodies.

The Government of India passed the Fiscal Responsibility and Budget Management Act 2003, its main objective is to eliminate the budget deficit. The budget deficit is a huge burden on the economic resources of the country. Eliminate losses and then collect substantial additional funds.

Importance of Financial Administration:-

Every organization needs money at every step from its existence to fulfill its objectives, whether it is private or government. But the government is a huge organization, which has to perform many functions simultaneously, it requires huge amount of money not only to maintain the huge bureaucratic system but also for various economic-social activities.

His every move demands money. And that's why Lloyd George called the government finance. The importance of finance was understood even in ancient times. Kautilya has written in Arthashastra that every enterprise Depends on finance, so the treasury needs more attention.

1. Provision of funds for the existence of the government.
2. To maintain peace, arrange funds for carrying out necessary tasks for internal and external security.
3. To analyze the economic aspects of the ever-increasing responsibilities of the government due to the concept of modern public welfare state and ensuring their proper supply.
4. To determine the nature of the taxation system to meet the socio-economic objectives of the government, so as to equitable distribution of income by taxing more income groups.
5. Role in realizing the vision of an efficient financial government by establishing a proper balance between receipt and expenditure of public money.
6. Financial administration through its agencies plays a special role in taking measures to prevent and control the misuse of public money.

It is clear that in modern societies the government can be successful in proper and proper management of public money only through its financial administration. Just as the importance of finance in administration is increasing day by day, similarly the importance of financial administration has also increased a lot for the proper administration of this finance.

In the context of the above analysis, financial administration can be said to be the power house of the government on which its entire structure depends. In today's era, financial administration has emerged as a broad and very important concept.

Under which constant efforts are being made to make the "financial" obligations of the entire government more efficient and useful, such as reforming the budget system, making control over public finances more and more effective.

Conclusion:-

Thus a sound financial system works at the core of financial administration. In a welfare state, it not only serves as a means of control of administration but also as a control in the flow of money to powerful centers of economic and social activity. It also serves as a tool in coordinating the activities of executive agencies and setting priorities in public activities. A well-organized financial system is needed not only to keep the state in balance, but also to determine the pace, direction and structure of the country's economic and social development.

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4. "In government, the two main components of financial administration are (i) Budgeting and Financial Control & (ii) Fiscal and Monetary policies." Handa, K.L. (Ed.), Financial Administration, Indian Institute of Public Administration, New Delhi, 1986. p. (ix).

5. Lall, G. S. Financial Administration in India, H.P.J. Kapoor, Delhi, 1969, p.78

6. "Fiscal management includes as its principal subdivisions, budget-making followed by the formal act of appropriation- tion, executive supervision of expenditure (budget ex- ecution), the control of the accounting and reporting sys- tem, treasury management and revenue collection and audit." LD White, Introduction to the Study of Public Administration, Memillan, NY, 1930, p-202

7. "Every administrative act has its financial implications, either creating a charge on the treasury or making a con- tribution to it. Nothing can be done without the expense- ture of money... Available financial resources set a maxi- mum limit on administrative activity as a whole and on each of its separate parts. The management of finance is, therefore, one of the first and one of the inescapable responsibilities of administrators." L.D. White, Ibid, p. 107

8. Financial administration is of great importance today because of the tremendous increase in the amounts of money expanded for government services. Everything govenment does require money and it now does so much that it is utterly essential that sound principles and techniques of financial administration be employed- Nigro, Felix A. Public Administration, Readings & Documents (1951) p. 312

9. "Financial administration is of special importance today, for the simple reason that while there seems to be no limit to what we may ask of government, there is always a limit to the funds available. Determining the spending priori ties and finding the money is difficult enough in peace time, particularly when domestic wars, such as one against poverty, are being waged. There are backlogs of urgently needed projects, with the rising expectation of people pressures for massive programs and quick results. "Flix A. Nigro , Modern Public Administration , New York , Harper and Row , 1970 , p. 345

10. "Dynamic Financial Administration based upon rationality is of crucial significance for all the countries of the world, especially for the developing countries, As the stan dard of living of the people depends to a substantial ex tent upon the financial performance of the government, Financial Administration has grown both in magnitude and complexity. It influences and is influenced by economic policy, monetary policy, fiscal policy and world financial environment.

    “S.L. Goel , Public Financial Administration , New Delhi . Deep and Deep Publications Pvt. Ltd. , 2002 . preface xv .