Introduction

(This background material for the program is just a brief reference material for the participants to read late. During the program, we shall discuss, share and explain with the participants, practical experiences faced and learnt during our professional engagements at different situations with various organizations.)

A very obvious question will surely come to mind about what Opportunities can Government Accounting open up? After all, some sort of accounting is done everywhere - even at home or in any other organization or set up. The question is what extra Opportunities can come from Government Accounting?

Even at home we have a Karta who is the Chief Decision Maker. In the family we even have a Financer, a Finance Manager, a Home Administrator and also a Production Manager in the Home Kitchen among whom work is distributed.

The biggest problem arises when the family’s Financial requirements fall short and needs are not fulfilled. Disputes and unrest starts when members of the family fail to distinguish between Needs and Wants and set wrong priorities and hence suffer in the long run. The Prime Reason is that - Cash Basis of accounting is followed.

• Government Accounting too, suffers from this disadvantage because The existing Government Accounting System is maintained on Cash Basis and such a system suffers from many lacunhas as explained below:}
1. **Revenue is recognized** as and when it is actually received
2. **Expenditure is recognized** only when there is actual cash outflow
3. It **focuses on Cash Management**

**The Cash Accounting System has limitations**
1. It does not record every transaction
2. It does not differentiate between **Capital and Revenue** Income and/or Expenditure
3. It does not provide information on Assets and Liabilities
4. It gives no information about Work-in-progress
5. It does not reflect Receivables & Liabilities and Payables
6. It does not reflect Contingent Assets and Contingent Liabilities
7. It does not account for Transactions completed but payments not made
8. The accounting **principles followed are not uniform** and so the Financial Statements are not comparable

After knowing the above limitations of the Cash Accounting System, we must know what Benefits Accrual Basis of Accounting can offer.

**Accrual Accounting System** enjoys the following benefits:
1. All transactions are recorded in the books of account as and when they are incurred
2. All Incomes receivable and obligations to pay are recognized immediately
3. All expenses in cash or otherwise and all Incomes are booked whenever they are earned. All **Financial and/or quantitative transactions are accounted for immediately.**
4. Financial Statements become comparable
5. Uniform Accounting Policies can be applied
6. Short Term and Long Term Liabilities can be foreseen
7. Provides a basis for Comparable Study and Policy Making
8. Assets and Liabilities of the government shall be known

So, now that we know the benefits of Accrual Accounting System and the Limitations of the Cash Accounting System, we must immediately learn how to Bridge the Gap Left over under the Cash System of Accounting and know the following Main Advantages that can be derived after converting to Accrual System of Government Accounting, which are:

• Transacting business with outside parties becomes easier
• Servicing the Loans and Debts can be done systematically
• It becomes possible to know the Financial position regularly
• Accounting for Assets and Liabilities can be done
• Regular Review of the Financial Health through interpretation of the Balance Sheet becomes possible
• It is possible to have sufficient Back-up support data to enable Decision Making
• Accounts become very transparent
• Decision Making is made easy and justifiable
• It is possible to have Strong Management Information System
• Uniform policies and Comparable Financial Statements are possible
• Strong Internal Control Systems can be introduced
• Strong Capital Budgeting is possible
• Financial Budgets can be easily prepared
• Quantitative Budgets can be prepared
• Budgetary allocations can be justified
• Frauds and diversion of Funds can be identified and controlled
• All Liabilities – Current, Non-Current and Contingent can be assessed

So, now, we must spell out the **Vast Opportunities that can be availed by the Government Departments, once they change over to Accrual System of Accounting.**

As a Major Partner in Nation Building The Institute of Chartered Accountants of India has offered its services to the Government by making available the Professional Services of Chartered Accountants who enjoy the advantage of having knowledge and experience in multifarious functions and procedures which they would like to share and exchange with the Government Functionaries at all levels and ensure smooth Transition from Cash Basis of Accounting to Accrual Basis of Accounting.

**There are many challenges envisaged and therefore the Suggested Roadmap shall be:**

• To start Pilot Study in phases in the Departments of the Government of West Bengal, for implementation of Accrual Accounting

• To start Process Mapping Study of the present activities and accounting practices followed

• To start collecting information in order to Bridge the gap between the current system and the proposed switch over to Double Entry System

• Start Identification of Assets, both –
• Fixed and Current Assets

• **Start Identification of Liabilities**, both –

• Long Term and Current liabilities

• **To lay down Different Formats to Capture Information** including Annual Financial Statements

• To **Study existing Formats** and suggest Restructuring, if considered necessary

• To Design and Introduce certain –

  New Documents
  New Registers
  New General Ledgers
  New Subsidiary Books

• The objective shall **be to capture transactions at their very Point of Origin**.

• **Issue guidelines for Preparing the Opening Balance Sheet** and then migrate to the Double Entry System of Accounting

In order to effectively tread on the suggested Road towards conversion, **Training Programmes must be started at the earliest.**

**The focus has to be on:**

❖ Economic Growth

❖ Manage Interest on Borrowed Funds

❖ Ensure steady supply of goods and services

❖ Ensure that Business Cycles are not disrupted

❖ Non-financial persons must be trained to handle finance

❖ People’s involvement in the Developmental Process
The following Points need to keep in mind –

- 1. Policies must be Simple to understand
- 2. Internal Accounting Controls must be effective
- 3. The Data collected must be Consolidated and analyzed

Now, let us discuss and realize a little bit about the Ocean Of Opportunities that will emerge in each Government Department after the Government Accounting System is converted to Accrual System of Accounting.

Let us take the opportunity to share the reason why we have chosen this Topic today based on our experiences in Other Government Departments that have converted to Accrual Basis of Accounting, where The Institute of Chartered Accountants of India was invited to engage and participate during the transition stage and guide the officials to smoothly change over.

- In 2013 the Committee on Government Accounting of The ICAI entered into an agreement with:

  - The Department of Post, Ministry of Communications & Information Technology, Government of India,

for conducting Training Programmes on Accrual Accounting System and to prepare the officials to change over from the Cash Basis of Accounting and adapt to new Accrual Accounting System. Over a period of 12 month, 38 Nos., 4 Day Programmes were conducted all over India

What Emerged

- Since the Government Departments were maintaining accounts under Cash Basis of Accounting even those who had Accounting qualifications had conveniently forgotten Accrual Accounting Basics.

It was here that the need for The Institute of Chartered Accountants of India (ICAI) to come forth and get involved was realized.
• As the Chief Coordinator of the Programmes held in Kolkata, I immediately highlighted this fact in my Report to the Committee on Government Accounting and made many suggestions.

• The Director of Postal Accounts and the General Manager—Postal Accounts too gave me a patient hearing and appreciated that Workshops must be initiated to refresh the Senior Officials initially about Basics of Accrual Accounting System.

• I take pride in the fact that I was accredited as a Senior Faculty by the Department of Posts, West Bengal and invited to conduct small ONE DAY WORKSHOPS

At the One Day Workshops, all officials concerned who attended realized that there was indeed An Ocean of Opportunities open for them in their respective departments.

• I kept emphasizing that ICAI is sincerely engaged in Nation Building and for that we must have transparency in accounts.

• I gave the example of transactions through CREDIT CARDS and emphasized on how our Cash Flows get affected when the bills start arriving within 45 days and how due to lack of proper accounting, the Total Accounts Payables and the Outstanding Liabilities are never available at a glance.

Unique thing about Accounts

• We all know that The Companies Act lays down the Format of the Balance Sheet and the Profit & Loss Account, yet Prizes are given every year for the BEST PRESENTED ACCOUNTS

• It is all about disclosures and the transparency displayed in the Accounts
EXAMPLE OF A HOTEL

• Every account is unique but the basic accounting rules are the same. It is about how you look at the accounts.

• When you enter a Hotel what do you check:

  1. The Tariff
  2. The ventilation in the Room
  3. The toilet and then the Cleanliness etc.

Hotel Accounting

• Takes into account the following:

  • Income from Room Tariff
  • Income from Room Catering Service
  • Income from Laundry Service
  • Income from Telephone Facility—Local Calls, STD, ISD Calls and FAX Service

Now let us see the Opportunities thrown open for the Hotel Management to perform better and earn more revenue just by making a small modification in the System of maintaining Accounts.
The following suggestions were made to the Hotel’s Accounts Controller:

- Apart from Accounting for Income from Room Tariff in the General Ledger, A Subsidiary Ledger showing Room-wise collection was suggested. 
  **Immediately thereafter the following facts emerged:**

  • The Room-wise Occupancy and contribution to the Revenue came to light
  • Reasons for those Rooms contributing least revenue were examined and it was realized that guests did not prefer those due to factors viz. Poor Ventilation, Stuffy Toilet, lack of natural light in the room during the day, room was without a verandah etc.

**The following Recommendation was given:**

- Depending on Room Occupancy Pattern –and the Customer Preferences noticed, special Concessions were suggested in the form of:
  - a) Special Cash Discounts for those rooms
  - b) Extra Seasonal Discounts for those rooms

**The following Observations noticed in the Restaurant were highlighted and discussed with the Appropriate Authority:**

- It was observed that there were about 25 items in the Menu Card which were prepared daily.
- The Food Billing system was proper, but the accountant was not computing item-wise contribution.
- It was realized that only about 8 items were on high demand and at the day-end lot of items were left-over, wasted and consumed by the Restaurant Staff.
• That was a reason for the items to be over-priced in order to compensate for high Cost of Production.

• Comparative Rates were studied for the same items in nearby restaurants and it was realized that those were 60% cheaper there.

The Recommendation given were :

1. Stop making the items in very low demand and giving low contribution

2. Get feedback from customers and start offering only items in high demand and the other items ordered could be cooked on demand

3. The savings through reduced Variable Costs could be passed on to the customers by lowering rates of the popular items.

What we learnt was

• A small modification in the manner of preparing accounts helped in :
  • Cost Analysis
  • Cost Reduction
  • Better planning
  • Earning Incremental Revenue
  • Better Decision Making

Now, after opening up to a wider horizon, we can foresee the accounting opportunities emerging in the following Government Departments

1. Forest
2. Hospital & Health
3. Education
4. Tourism
5. Municipal Affairs
6. Public Works and Roads
7. Transport
8. Housing
9. Fisheries
10. Horticulture
11. Food
12. Power
13. Disaster Management
14. Environment
15. Youth Services
16. Fire & Emergency Services
17. Industrial Reconstruction
18. Irrigation
19. Panchayat
20. Statistics & Programme Implementation
21. Self Help Group and Self Employment
22. Sports
23. Planning
24. Sunderban Development
25. Women Development & Social Welfare etc.

Accrual Basis of Accounting lays emphasis on the following:

**Equity & Liabilities**

  a) Share Capital  
  b) Reserves & Surplus  

**Non-Current Liabilities**

  a) Long-term Borrowings  
  b) Long Term Provisions  

**Current Liabilities**

  a) Short-Term Borrowings  
  b) Trade Payables  
  c) Current Maturities of Long Term Borrowings  
  d) Other Current Liabilities  
  e) Short-Term Provisions
Assets

Non-Current Assets

a) Fixed Assets
   Tangible Assets
   Intangible Assets
   Capital Work-in-Progress
b) Non-Current Investments
c) Long-Term Loans and Advances

Current Assets

a) Inventories
b) Trade Receivables
c) Cash and Bank Balances
d) Short-Term Loans and Advances
e) Other Current Assets

OPPORTUNITIES -

Today we will touch upon only a few Areas and we will all realize and appreciate what great Opportunities lies ahead after the conversion to Accrual System of Government Accounting is fully completed.

Let us discuss about a few Government Departments:

The Forest Department:

It must be kept in mind that The Forest has many Types of Assets.

As long as the Forest Trees are standing, they are “Assets”

As soon as the trees are felled, they become “Inventories”

Under Accrual System of Accounting, the Fair Value of Timber Assets can be done. Moreover, the Unrealized Gains and losses from Timber Assets arising
from changes in Fair Value and the harvest of Non-Timber Forest/Agricultural Produce can be reported in the Income Statements and Notes to Account. The Forest Wealth can be assessed and Investment in Forestry can be possible.

Opportunities shall emerge in the following Areas for Evaluating Forest Wealth:

**When** we all think about Forest, we think about Trees in the forest.

Forests can be:

1. Temperate Needle leaf type – Coniferous forests
2. Temperate Broad leaf – Deciduous forests
3. Tropical – Moist forests
4. Tropical – Dry forests in regions where there is seasonal drought and trees are found leafless for several months.

Timber is a source of revenue indeed but apart from timber there are so many Non-Timber Products that can be commercially assessed to know the available Wealth lying untapped. So, let us concentrate on a few areas viz.

1. Assessment of **Non-Timber Forest Products** need to be done, duly grouped into two categories and duly valued and disclosed in the Notes to the Financial Statements:

   a) Products of Animal Origin
   b) Products of Vegetable Origin

**Products of Animal Origin are** –

*Lac* which is secreted from the minute Female Lac Insects which are found in trees like –
(Lac is a resinous substance secreted by certain glands present in the abdomen of the female lac insects. The secretion gets hardened after coming in contact with Air.)
Palash
Babul
Peepal
Sissoo
Khirish etc.

Lac is used for

a) Medicines
b) Plastics
c) Electrical Insulation materials
d) Dyeing Silk
e) Bangle Making
f) Paints
g) Sealing Wax
h) Gramophone Records
i) Leather and Wood finishing

Other Products of Animal Origin are —

a) Honey
b) Wax
c) Silk Moths
d) Horns
e) Hides of Dead Animals
f) Ivory etc.

Products of Vegetable Origin are to be assessed and Commercially Valued as Assets and disclosed as Notes to the Financial Statements:

a) Grass, Bamboos and Canes
b) Tans and Dyes
c) Oils
d) Gums and Resins
e) Fibres and Flosses
f) Leaves
g) Drugs, Spices and Poisons
h) Edible Products
a) Grass, Bamboos and Canes

**Grasses** – Sabai and Elephant grass is used for Matting and for making Paper

**Roots of Khas Grass** – is used for making cooling Screens (Khus Khus)

Various **types of Bamboo** – provides material for –

- Roofing
- Walling
- Flooring
- Matting
- Basket making
- Cordage
- Hood of Carts etc.

**Cane** – is used for making Strings, Ropes, Mats, Bags, Baskets, furniture, sports goods, walking sticks, umbrella handles etc.

**Tans and Dyes**

The opportunity here is to **Identify, locate and map the Plants in the forest from which Tans and Dyes has to be extracted and to assess their commercial value.**

**Tanning materials are derived from the following –**

- Mangroves
- Amla plants
- Oak trees
- Babul trees etc.

**Dye material is obtained from –**

- Palash trees
- Bark of Wattle plant etc.

b) Oils
The types of trees yielding oil are to be located in the forests and mapped in order to assess their commercial value:

- Sandal trees- giving Sandalwood Oil
- Lemon grass oil from the lemon grasses
- Khus trees giving Khus Oil
- Eucalyptus trees giving Eucalyptus Oil
- Tea tree giving Tea Tree Oil
- Tarpentine Trees giving Turpentine Oil, etc.

c) Gums and Resins

The Pine trees from which Gum is derived are to be identified and mapped in order to assess the commercial value.

Gums and Resins are extracted from stems or derived by injuring the Bark of the trees.

Resin is derived from Chire Pine Trees yielding –
  Turpentine Resins ; and
  Solid Resin

Turpentine Resin is used for:
1. Paints
2. Varnish
3. Pine Oil
4. Disinfectants – Citragine Oil
5. Camphor
6. Pharmaceutical preparations
7. Wax
8. Boot Polish
9. Industrial Perfumes etc.

Other Resin is used in Industries like:
1. Paper  
2. Paints  
3. Varnish  
4. Soap  
5. Rubber  
6. Water Proofing  
7. Linoleum  
8. Oils  
9. Greases  
10. Adhesive Tapes  
11. Phenyl  
12. Plastic, etc.

d) Fibres and Flosses  

Fibres are obtained from tissues of certain trees. These trees are to be located and mapped – Forest-wise in order to know their Commercial viability.

Fibres are used for –

A) Rope making;

B) Fish Net making

Flosses are obtained certain fruits.

Flosses are used for –

A) Stuffing Pillows
B) Mattresses, etc.

e) Leaves

Certain tree leaves are very useful. Such trees are to be identified and mapped location-wise to assess their commercial value.

Tendu Leaves – are used for Bidi making

Broadleaf is used for –
Making Plates
Making Leaf Cups
Making wrappers used by sweet vendors

g) Drugs, Spices and Poisons
Drugs are obtained from –
Fruits
Flowers
Roots
Stems; and
Leaves of certain trees and Herbs

Quinine is the most important Drug obtained.

Spices are used for adding AROMA to certain foods

Certain Spices are –

Dalchini (Cinnamon)

Choti Elaichi (Green Cardamom)

Bardi Elaichi (Big Brown Cardamom)

Poisonous substance – are

Datura fruit

Ganja etc.

H) Edible Products

Various Fruits, Flowers, Leaves or Roots provide Edible products. The Opportunity set open now is to identify and Map the Location and assess the commercial viability of the following trees/plants –

a) Mango
b ) Bel

c ) Ber

d ) Jamun

e ) Phalsa

f ) Sitaphal,

g ) Cashew Nuts ( Kaju )
h ) Walnut ( Akhrot) etc.

Other Edible Products are –

(Used for Pickles and Ayurvedic medicines)

a ) Amla

b ) Anar

c ) Imli ( Tamarind)

d ) Mushrooms for cooking

e ) Mahua – for making local liquor

f ) Tejpatta – used for flavoring curries.

Challenges in the FOREST DEPARTMENT for Commercial exploration, in order to earn revenue are –

1. Providing Budgetary Allocation for Preparation of proper Afforestation Plans

2. Allocating Funds for developing Deer Parks, Bird Sanctuary and starting Eco-sports – by digging Ponds and Artificial Lakes
3. Allocating Funds for **building Wooden Cottages in order to Promote Forest Tourism** while earning Revenue by renting the cottages
4. Save the Forests from the hands of encroachers and thereby save Forest Assets which are lost due to illegal felling.

Accrual System of Accounting will enable the Government to know the Total Quantum of Forest Assets, to classify them into different categories and explore all possible avenues to earn extra revenue from the hitherto un-assessed Forest Resources.

**Opportunities in The Inland Water Transport Department** are seen. (Some initial Investment may be required but that will pay-back by bringing Extra Revenue):

Under Cash Basis of Accounting, Fund Released for Capital or Revenue purpose were not accounted for until they were actually spent.

Fund Allocations were not reflected in the accounts by way of Notes to Accounts.

Under the Accrual Basis of Government Accounting, Information and Data about all Projects – Conceived, Under-progress and or Completed pending commissioning shall be reflected and monitored. Better Project Management shall be possible.

All Plans, Programmes and Projections announced by the Government can be highlighted in the Accounts or in the Notes forming part of Accounts and therefore it will be possible for the Ministries to:

1. Allocate Funds for Making Good Jetties
2. Allocate Funds for Replacing Motorized Country Boats with fast moving boats which can carry 40 to 60 passengers
3. Prepare Budgets reflecting Extra Revenue Income from Sale of Ferry Tickets by carrying extra passenger traffic
The systematically planned projects could be effectively monitored and the additional Revenue Income foreseen can be projected with accuracy, while announcing with confidence the following **Benefits from the proposed projects which the Additional Investments shall yield** –

1. Shall take the **load off the Roads**
2. Shall help to **reduce Pollution**
3. Shall provide extra **Employment opportunities to several persons** who can get self-employed by starting their own business viz.
   a) **Eateries and Motels**
   b) **Operate E-Rickshaws and Vans** to carry the Ferry passengers embarking and disembarking from the Water Vessels
4. Shall **help** more Daily Migratory Workers and Domestic Helpers **to reach their work places faster and comfortably.**
5. Shall **provide livelihood opportunities to many.**

**Opportunities IN THE ROAD TRANSPORT DEPARTMENT after Conversion to Accrual System of Accounting:**

Presently actual collection from Sale of Passenger Tickets is accounted for but after conversion to Accrual Basis of Accounting, **a small modification in the method of recording of Ticket Sale Data will open up many opportunities** to earn more because the Accrual System of Accounting will be able to bring out the following:

1. Route-wise Data,
2. Depot-wise Data,
3. Cost-Centre wise Data and

Analysis of such data shall throw open **information about**:

1. **Non-viable routes**,  
2. High operational costs etc.

Such Data Analysis shall help to:

1. **Monitor the route-wise performance,**  
2. **Depot-wise Maintenance Costs,**
3. Statistics on Deployment of Men and materials and therefore
4. Provide the inputs for rationalizing fare-structure, reduce costs,
5. Re-organizing Route Operations and help in taking various remedial measures.

All the above Additional Inputs shall:

- Help to Assess Revenue Generation and
- Help in Preparation of Budgets and Effective Budgetary Control.

Apart from the above, Accrual Basis of Accounting shall help in ensuring Effective Inventory Management — of Tyres and Tubes, Spare and Accessories, and Rolling Stock.

Vehicle-wise Profit / Cost Centre Analysis shall highlight all obsolescence of Vehicles and identify Vehicles whose Operating Costs are higher than average, those vehicles that are no longer giving good returns and shall help to trace factors for such non-performance and extra maintenance costs.

Opportunities in The Health Department are seen. Some initial Investment may be required but that will pay-back by Earning Extra Revenue:

1. A Software may be developed in order to enable issue of Computerized Prescriptions for:
   - Medicines
   - Pathological Tests
   - CT Scans
   - MRI
   - X-Ray
   - Food to In-house Patients, etc.

   The Data generated by the Proposed Software, shall help in easy Data Analysis and enable effective Financial Control.

   The above Data Analysis shall help in

   Identifying the Quantum of Generic Medicines prescribed and supplied by Hospital Stores;
Knowing the Quantum of Medicines prescribed by the Hospital for Patients to Procure themselves from outside pharmacies;
The Quantum of In-house Diagnostic Services;
The Quantum of Diagnostic Services Outsourced
Monitor the medicines supplied to indoor Patients
Monitor the food supplied to indoor Patients – who could consume food orally or through Nasal Ryles Tube

The fresh information shall help in Decision Making - whether to enhance In-house facilities in the hospital or look for viable Public-Private Partnership to provide faster, smoother and low cost medical care facilities to the sick persons.

The Computerized Government Accounting shall also help to identify the Doctor-Patient Ratio, Nurse-Patient Ratio, Department-wise, Ward-wise – Patient-wise Non-medical staff Deployment Ratio etc.

The Data Analysis will help in easier Human Resource Deployment for effective Manpower Utilization and help in Economic Re-allocation of Personnel.

The Cost Reduction through effective Expenditure management can help to provide the much needed Funds for allocating and extend other facilities to the Sick.

Opportunities in The Public Works Department are seen. Some initial Investment may be required but will pay-back by bringing Extra Revenue:


It shall help to plug Leakage of Funds through proper Expenditure Analysis.

It shall help to crackdown on Corruption

It has help to Augment Revenue from Non-Tax Sources
It shall help to deal with each Project Case by Case and **Identify Projects that have got Stuck-up and ensure that those are completed.**

It shall help to **Highlight malpractices in Tendering Procedures**

Past experience reveals that Works Contracts are heavily inflated.

It is noticed that Contractors Bid for Contracts at even 27 percent below the Tender Price Estimated by the PWD, and yet make huge profits from such Contracts.

A Data Analysis of such Tenders over a period of 2 years shall help the Finance Department to **Modify and lower the Budget Estimates in future**

**It will be realized that there could be Extra Funds available in the hands of the PWD for more Projects by just lowering the Budget Estimate at a level which the Contractors prove, they can execute and still earn profits.**

**Such Extra Funds, made available from Financial Analysis and Cost Reduction Drives can be Used for Greener Projects such as :**

1. Development of Main Roads
2. Landscaping
3. Green Space Development
4. Development of Parks
5. Installation of LED lights
6. Solid Waste Management
7. Beautification of Existing Parks and Gardens
8. Conservation of Water Bodies
9. Installation of CCTVs
10. Roadside Plantations etc.

**Opportunities in The Power Sector are seen. Some initial Investment may be required but will pay-back by bringing Extra Revenue :**

Under the Accrual System of Accounting, the figures of **Total Cost of Maintenance vis-à-vis Distribution Cost and Revenue Earnings can easily emerge.**
The data available, shall help the authorities to decide on how to recover costs through offering of incentives to customers on one side and open up ways and means of Earning Extra Revenue.

The changed accounting system will give scope to large number of Project Managers with accounting background to emerge and perform. Huge Job Opportunities will be thrown open.

There will also be huge opportunity in the field of Technical Project Management, Business Management and Strategic Management.

Better Data Analysis will give Philip to the youths to pursue further education.

More and more youths will come forward for undertaking Research Work and more women shall be encouraged to come forward and hold reins and spread their activities in Rural Areas to make themselves more skillful and competitive.

In the Power Sector, more and more electric connections could be given in the Rural Areas as Energy loss can be calculated and avoided. Such saved energy can be sold to the rural consumers.

India’s Total Installed Capacity in the Power Sector is 329 GW but its demand is only 155 GW.

The Power Plants are therefore, forced to run at 65% Capacity.

**SUMMARY OF OPPORTUNITIES**

In the State of West Bengal, some of the Opportunities emerging in the Government Departments after conversion to Accrual System of Accounting, resulting in proper accounting for every transaction and total transparency in maintenance of Government Accounts are listed below:

1. Drive for Research
2. Creation of more Job opportunities for the young students aspiring for jobs
3. Scope for engagement of experienced Industry based professionals to be entrusted as Advisors, to help in Developmental Research and for providing guidance and direction to the Project Members

4. **Develop experienced Faculties** with Practical as well as Theoretical Experience, to impart proper training to Employees

5. Throw light on Projects at the –
   a) Conceptual Stage
   b) Under Progress Stage
   c) Final Stage

6. Highlight Project-wise availability of Funds

7. Make all activities Public so as to invite Public-Private Partnership

8. Make all Innovations public

9. Enable Cost Reduction and make Timely Completion of Projects possible.

10. Explore the possibility of Cultivating Medicinal Herbs in the Hills of Darjeeling, in North Bengal Forest Belts, and in the Districts of Bankura, Birbhum and Midnapore.

11. Explore the possibility of starting Bamboo Processing Units in North Bengal

12. Initiate Projects to Develop Inland Water Transport, by dredging the rivers and making them navigable for Passenger Traffic and carriage of goods and thereby boost Trade and Commerce – Inter-State and also with Bangladesh.

13. To explore Regular Inland Water Transport in order to encourage Pilgrimage to Holy Temples in West Bengal and other placed in India, viz. Kamakhya, Puri, Brindawan, Mathura, Vishno Devi, Dargah Sharif, Hardwar, etc.

**THE CHALLENGES ENVISAGED ARE AS FOLLOWS:**

It will be soon realized that Accrual System of Accounting shall help to Revive the Economy by enabling systematic maintenance of Financial Data and proper Data Analysis, but for that the following Challenging Barriers must be broken:

The biggest Challenge shall be the presence of –

1. A strong will and determination to achieve

2. A clear vision

3. A Fast Track Decision Making Set up

4. Total transparency

5. Zero tolerance about corruption

6. Ability to take courageous decisions
7. Clarity of Policies over a fixed time-frame,
8. Predictability in planning
9. Consistency in thoughts and actions
10. Acceptance to Change through technology

The Challenges to be faced shall have to focus primarily on the following Areas :-

1. Growth of the Economy
2. Creation of Job Opportunities and Employment Generation
3. Linking concerned Departments so as to ensure Ease of Decision Making at a fast pace
4. Ensuring a Sound and effective Financial Framework
5. Have a good Budgetary Control system
6. Ensure effective Control over Public Finance
7. Ensure good control and monitoring by the Regulators
8. Distinguish between Wants and Needs and decide priorities accordingly
9. Constantly monitor Production and Consumption
10. Allocate Fresh Revenue Earning for Social Sectors

All the above can be possible only if there is reliable data available to justify the additional attention and focus on the above important areas through proper maintenance of Accounts under Accrual System of Accounting and analysis of the data compiled.

A ) The Data Analysts must provide authentic data to make quick Decision Making faster

B ) The Decision Makers must demonstrate Determination and Negotiating Skills plus proper tact while keeping Nation Building in mind

C ) Executives must hold regular meetings and decide strategies fast on sensitive issues such as :
   i. Whether to Shut down business or sell it
   ii. Sell Assets to keep business going
iii. Re-negotiate with lenders for extensions
iv. Bring down Operations and become Smaller Players
v. Have data ready to deal with Mergers and Acquisitions

D ) There must be Complete Participation by all concerned cutting across all affiliations

E ) A Phased programme of conversion shall be required and for that Training and Motivation Camps has to be set up

F ) The Trainees must be allowed to Interact with Other Trainees across Multiple-locations, in order to ensure Motivational and Behavioral changes at all levels by explaining the Importance of the Change.

G ) Facilitation Centres may be opened and Set-up Jointly with The Institute of Chartered Accountants of India, to start showing how to:

i. **Prepare Monthly / Quarterly / Annual Budgets**
ii. **Differentiate between NEEDS and WANTS**
iii. How to Save money through **Curtailment of Avoidable Expenses**
iv. **Create Emergency Fund** for Unforeseen Expenses
v. Take **Adequate Insurance coverage** based on genuine fair value to protect all types of Assets
vi. **Prepare a Comprehensive list of Goals** to meet needs in a Phased Manner, for each future goal
vii. Enable maintenance of Transparent Account which shall help to **create enthusiasm and the urge to learn, unlearn and innovate**

viii. Demonstrate how to **develop the Confidence to Communicate** Effectively with adequate Back-up support and **acquire Skills to build multi-generational teams**
ix. Prepare the System of getting authentic Feedback regularly in order to ensure **Effective Monitoring and Capacity Building**
x. Allow Peers and Mentors to help and guide in exploring more and more **Avenues for Development and Revenue Generation**

xi. Invite open suggestions for finding **Long-Term Choices and Priorities**
xii. Initiate an atmosphere to allow **Performance based Talent to emerge** and to have good Data Analytics Processing System which can help in Talent Management.

xiii. Allow self-criticism and **throw light on Operational Indicators** and enable Rectification of Lapses and Mistakes, if any.

xiv. **Introduce Cost Centre-wise Data Keeping** in order to help in minute and closer analysis and enable faster consolidation at one location. This shall help in saving Operating Costs and Identify Profit Centres.

xv. Allow each Service Centre to get freedom to perform and deliver.

xvi. There will also be huge opportunity in the field of:

- ✓ Financial Management,
- ✓ Fund Management,
- ✓ Inventory Management,
- ✓ Technical Project Management,
- ✓ Business Management, Marketing Management; and
- ✓ Strategic Management.

xvii. Better Data Analysis will give Philip and opening to the youths to learn and perform and to pursue further education.

xviii. More and more youths will come forward for undertaking Research Work and more women shall be encouraged to come forward and hold reins and spread their activities in Rural Areas to make themselves more skillful and competitive.

xix. Opportunities will automatically emerge and emphasis shall be laid on Healthcare, Finance, Agriculture, Irrigation, Alternate Energy - Wind and Solar.

xx. Sectors like Metals, Mining, infrastructure and which are struggling with Capacity Utilization at 60% will be able to effectively monitor Expenditure and increased Capacity Utilization which is a precursor to Recovery of Capital Expenditure, in order to ensure growth of the Industry concerned.

xxi. After the conversion to Accrual System of Accounting, it will soon be realized how important it is to record our Assets including Human Asset and the urgency to put our combined assets to optimum use to build our Nation.
xxii. Through sheer Data Analysis and effective decision making, we will realize the need to Learn from our experience and share our knowledge with our Peers.

xxiii. Regular accounting updates and submission of latest data backed-up with factual figures shall allow the Decision Makers to proceed on the basis of concrete figures without resorting to decisions and announcements based on Thumb Rules and imaginary figures.

xxiv. All data generated will be easy to Collate, Consolidate and Compile before being presented in a relatable manner.

xxv. The need to Learn and Think Differently and Innovate shall be felt constantly – everyday. However, people must be given the freedom to think and do what they want without barriers.

xxvi. The Barriers of the Boundaries of Departments must be broken and all associated departments must be allowed to link themselves and share and exchange their thoughts in order to successfully achieve a Mission.

xxvii. Given a free hand, all the team members shall be able to develop the self-confidence and gain the courage to take Risks and march ahead.

CONCLUSION

All the above thoughts could be spelled out only because we have been given the opportunity to stand here and opening speak out based on our first hand experiences and lessons learnt over the years.

Let us all join hands and work towards Nation Building through Systematic Planning and Implementation of Schemes after introduction of Internationally Accepted Accounting Systems and exploit the benefits of Good Accounting as discussed so far.

I thank all delegates present today and request them to carry our Movement of Nation Building ahead at a fast pace hand in hand with The Institute of Chartered Accountants of India and convert to Accrual System of Accounting at the earliest. We at The Institute of Chartered Accountants of India
will be always available to lend support and guidance whenever required – after all INDIA is ours and we are Second to none on this Professional Arena.

Thank you all once again.