A study on financial management in public sector

J. Jency¹ and J. Pavithra ²

Abstract
In respect of the area and nature of job contained in Financial Management, there is primarily no significant difference in a private sector or a public sector organization. However, since the public sector deals with and substantially relies on taxpayer's money, the rules, procedures and checks for accountability of this money are comparatively more rigid than that in the private sector. This project report on 'Financial Management' In Public Sector Undertakings with details of Budgets in Public Sector, Revised Budget, Sources of Funds in Public Sector, Role of Financial Advisor, Capital Budgeting, Working Capital Management, Financial Delegation, Financial Reporting, Profitability of Central Public Sector Undertakings, Role of financial management in the reforming of PSU's, Performance Evaluation in PSU's, Valuation of Public Sector Undertaking, Valuation Techniques, Pricing in Acquisitions, Disinvestment.

Keywords

1,2 Department of Management Studies, Bharath Institute of Higher Education and Research, Selaiyur, Chennai-600073, Tamil Nadu, India.

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1. Introduction
This project report discusses the "Financial Management in Public Sector". A public sector undertaking may be defined as a business undertaking, which is owned managed and controlled by the State, on behalf of public at large. These undertakings have come to enjoy a unique position in the Indian economy in the post independence era. They have been responsible for forming a strong industrial base and providing the basic infrastructure for development in the country. From an investment in 5 enterprises of Rs. 29 crores in 1950-51. Investment in 242 Central PSUs has gone up to a staggering Rs. 2.04.054 crores, the net profit they made was just Rs. 13.725 crores - a return of 6.7 per cent only. The implicit assumption in the growth of PSU at the early stages was that public sector would perform the role of a pathfinder and create necessary infrastructural facilities and not be over-concerned about profits or surpluses. This however, subsequently, gave way to the view that even as externalities are important in the same way, profitability was also a useful guide and self-disciplinary measure.

2. Review of Literature
1. Ferlie and Pollitt (2005) agree that the disclosure of information is the main means to provide a wider and better accountability to the public. At the same time, according to 2. Marcuccio and Steccolini (2005), many public bodies are also trying to improve their accountability by practising wider public disclosures. This practice, in turn, may exert greater pressures on the managers and the public bodies as a whole, to improve their performance in various areas.
3. Abu Bakar & Ismail, 2011. Through this increased public documentation, public confidence on government’s accountability can be further enhanced
4. Abu Bakar, Saleh, & Mohamad, 2011 thereby, creating a positive political and social atmosphere

3. Objectives
2. To understand how financial management works in public sector
3. To know the advantages of financial management.
4. Research Methodology

The study focuses on wide study of secondary data collected from various books, National & international Journals, published government reports, publications from various websites which focused on various aspects and important of Goods and Service tax.

5. Findings

- High-quality and timely accrual-based financial reporting;
- Audited financial statements released within six months of year end; Budgeting, appropriations, and reporting on the same accrual basis;
- Full transparency in fiscal positions ahead of general elections, ensuring that voting is fully informed; and
- Limitations on deficit spending, or at least full transparency around the reasons for deficit spending and explanations of how, over an economic cycle, fiscal balance will be restored.

6. Conclusion

The sovereign debt crisis has caused instability in the global financial system and is a significant threat to global financial stability. The failure of fiscal management in the public sector is unfortunately still widespread and has an economic impact that far exceeds the impact of losses incurred by corporate failures in the first decade of the 21st century. This global financial crisis (and ensuing sovereign debt crisis) demonstrates that the policies chosen to address the global financial crisis may have moved the problem from a corporate to a government sector problem. The problems highlighted by the sovereign debt crisis include the lack of transparency and accountability of governments, as well as poor public finance management and public sector financial reporting, but they cannot be limited to these matters. Tax management structures are clearly not efficient in many countries, and do not create constraints or incentives for managing public finances in a manner that protects both the public interest and investors in government debt.

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