

# BHARAT SCHOOL OF BANKING

## Finance Ministry

### Ministry of Finance (MoF)

Finance Ministry is one of the most **important** ministries of **Government of India**. It **governs** the following -

- **Taxation** (direct and indirect - **CBDT** and **CBEC** comes under this ministry)
- **Financial Institutions** (Banks, NBFCs, etc.)
- **Capital Markets** (SEBI, etc)
- **Financial Legislation** (Money Bills, etc.)
- **Center and State finances**
- **General Budget** (presented by Finance Minister)

### Departments of MoF

Ministry of Finance of India comprises **5 departments** -

#### 1. Economic Affairs

Department of Economic Affairs (**DEA**) formulates and monitors the **economic policies** and **programmes** of the **government**. It performs the following functions -

- **General Budget** (excluding **Railway Budget**) preparation
- Formulation of **macroeconomic policies** - **fiscal policy, inflation, public debt** management, **capital market** regulation, **stock exchange**, etc.
- Deals with **external resources** through **Bilateral** and **Multilateral** cooperation with foreign countries, **foreign investments, forex, balance of payments (BOP)**, etc.
- Indian **currency** production (**bank notes and coins**), **postal stamps, cadre** management, etc.

**Economic Affairs Secretary** - **Shri Rajiv Mehrishi**

#### 2. Expenditure

Department of Expenditure governs the **public financial management** system in the **Central government**. It performs the following functions -

- **Appraises** major **schemes** or **projects** before **sanction** (both **Plan** and **non-Plan expenditure**)
- **Center to State** financial resources transfer

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- Implementation of **Central Pay Commission** (currently **7th Pay Commission** chaired by **Justice Ashok Kumar Mathur**) and **Finance Commission** (currently **14th Finance Commission** chaired by **Dr. Y.V.Reddy**) recommendations.
- **Expenditure** management of **Central Ministries** or **Departments**, etc.

**Expenditure Secretary – Ashok Lavasa**

### 3. **Revenue**

Department of Revenue controls all the **Direct** and **Indirect Taxes** by **Central Board of Direct Taxes (CBDT)** and **Central Board of Excise and Customs (CBEC)** respectively.

Note that **Income Tax, Customs Duty, Excise Duty**, etc. - all type of taxes are governed by Revenue Department.

**Revenue Secretary - HasmukhAdhia**

### 4. **Financial Services**

Department of Financial Services (**DFS**) governs all **banks, insurance, pension** and **financial services** (including **MSMEs**) provided by **government agencies** or **private corporations**.

**Financial Services Secretary – Anjali Duggal**

### 5. **Disinvestment**

Department of Disinvestment is responsible for making policy regarding **disinvestment** and **privatization** of **Public Sector Units (PSU)** of government of India.

**Disinvestment Secretary - Smt. AradhanaJohri**

### **Cadres of MoF**

The following cadres of **Indian Civil Services** work under **Ministry of Finance** -

- Indian Economic Service (IES)
- Indian Revenue Service (IRS)
- Indian Cost Accounts Service
- Indian Civil Accounts Service

### **Finance Minister**

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First Finance Minister of independent India is **Shri R.K.ShanmukhamChetty** and current Finance Minister is **ShriArunJaitley**.

### **Minister of State for Finance**

Current Minister of State for Finance is **ShriJayantSinha**

### **Finance Secretary**

Finance Secretary plays the **leadership role** among the **5 departmental secretaries** (chosen among them). Generally **Finance Secretary** tends to be the **senior most** of the 5 (**seniority** based on **entry into civil services**, not based on actual age).

Current **Finance Secretary** is **Economic Affairs Secretary** - **Shri Rajiv Mehrishi**

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