Chapter III
Treasury Computerization in India:
A Case Study

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ABSTRACT

This case study examines the growth of e-governance in financial treasuries in India and examines the growth of computerization among treasuries using various models and tries to identify points of convergence among them. The Faridabad District Treasury in Haryana State of India, was studied to identify these stages. The two models that were considered were the Nolan model that relates to growth of Information Technology and the Laynee & Lee model that relates to growth of e-governance. The study brings out the fact that these models of growth converge at various points. The study brings into light, technology life cycle as an important factor in predicting growth. The study also throws up issues for research on what factors other than technology could be factors of growth.

INTRODUCTION

Treasuries were the agencies for managing this financial resource which differed from one country to another. To begin with the currencies were also maintained in the Government Treasuries at the district headquarter in India. The currencies were disbursed to various banks by these treasuries. The currency operations finally got separated from the treasuries. State Bank of India being the treasury bank now handles the currency operations and the treasuries continue to handle security docu-
ments and stamp papers. Treasuries are still the basic unit of financial management of the government. All the funds of the government are either received or disbursed through these treasuries. E-Governance among these treasuries has been a challenging task because of the fact that these treasuries have been using a paper based process since inception and to convert these processes into computer based process was an extremely challenging task.

THE TREASURY OPERATION

The receipts and payments of funds in India are maintained in two separate classes of accounts. One of the accounts relates to the funds of Government of India and the other relates to the individual State Governments. The funds of the Government of India are maintained in the Consolidated Funds of the Union and those of the State Government are maintained in the Consolidated Funds of the State. All the receipts and payments into the Consolidated Funds of the Union and the State are made by the treasury. The treasury operations of the State Government are carried out through different steps. These steps define how the revenue collected by the state is to be spent in the various programmes of the government. A block diagram of the process is as shown in Figure 1.

These respective consolidated funds consists of taxes and duties collected by the respective government, contribution of taxes and duties collected by the other governments, interest, unspent balances of the previous years and any loan raised by the government by issue of treasury bills or money received as a repayment of loans.

The funds available with the government in the consolidated fund of the State or the Union can only be spent if they have been approved as part of the Budget. The sanction orders are issued

Figure 1. Financial management system of the government
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