



# PROLETARIAN POWER

PEACE, PROSPERITY AND JUSTICE ... FOR ALL

26th October, 2020

To

The Prime Minister,  
Government of India,  
South Block, Raisina Hills,  
New Delhi 110011.

**Honourable Prime Minister Shri Narendra Modiji,**

Sub: Should India appoint a Chief Financial Officer (CFO)?

I am a Qualified Accountant by education and worked both in the corporate sector and in the government (in a de facto state government entity).

Having seen both, I strongly feel that the Government of India (GOI) should have a Chief Finance Officer (CFO) . He would largely function like a CFO in the private sector but with a different orientation. After all, a business enterprise and a nation state are two entirely different animals. I think not having a CFO is one of the reasons for the mess the government finances are always in. Gone were the days when governments could think that they do not need a Finance Chief since they can 'create' finance how much ever they want.

One may ask 'How is it going to benefit the country?' 'What difference does a CFO make when the government already has so many 'Financial Wizards' working in different government departments/institutions'. I would say, at the risk of sounding arrogant, 'If I were the CFO of the Government of India then the Government would not have become insolvent on the Forex front in the year 1991'. That is what a right CFO can and should do. For the sake of brevity I will not get into lengthy explanations.

Now, who can be a right candidate for this post? Let us see:

1. An economist is UNFIT to hold this post however intelligent he/she may be. That means, Nobel Laureate, Mr.Amartya Sen can not be a CFO. Period.
2. Pure Chartered Accountants are UNFIT too. But Chartered Accountants with exposure to certain domains can be considered.

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3. Academics/research scholars can not make a right-cut. The right candidate must have soiled his/her hands (and clothes) sufficiently by working in different segments of Financial Markets.
4. Should not be a government employee. Bureaucrats/Babus, serving or retired, are UNFIT too. This should not be a government post.
5. An ideal candidate must be one with experience and expertise (or at least sufficient knowledge) in the fields of Finance, Accountancy, Economics, Banking, Capital Markets, Forex Markets etc., In other words, the CFO should be able to see and understand the big picture, should be able to see and understand who is doing what, and should be able to visualise the emerging scenarios. These skills do not come easily. The individual should have depth of knowledge and grip over the subject.
6. A small dose of patriotism in his/her DNA would go a long way. After all, the ultimate goal of CFO of the Government is not 'profit maximization' but economic wellbeing of the nation.
7. The candidate should be a mature and evolved one. Let me explain. Unlike in the private sector a CFO in the Government may have to deal with conflicting interests at multiple levels. Often Political leaders' interests may not be aligned with that of the Nation. The CFO should be able to pursue Nation's interest without upsetting political leadership. At the same time he/she should not get upset either, nor get frustrated, nor think of QUITTING abruptly.

Now, what can be expected from this:

1. First and foremost this should lead to understanding the financial status of India accurately. I am not sure whether anyone, including the rulers, know the current status of India precisely since India still follows outdated British era accounting policies and systems. These outdated systems help the government in 'window dressing' is a different matter. Knowing where we stand is a prerequisite if we want to go somewhere. Otherwise we will be loitering around aimlessly.
2. Second, CFOs are known for developing powerful/useful Management Information System (MIS) reports. These reports provide the right information to the right people at the right time and help the management (rulers in this case) in taking right decisions.
3. Third, a capable CFO would identify 'black holes' in the economy in the formative stage itself. Right now we wake up to financial disasters only after large enough destruction has taken place. CFOs are trained to identify unusual/suspicious trends by tracking developments at macro level.
4. Fourth, the CFO will ensure that no one will take undue advantage of the system. Many times government policies are flawed and provide opportunity, intentionally or unintentionally, to different players to make profit at the cost of the country.
5. Fifth, a CFO will bring in some sense of balance and professionalism in government's dealings with industry/corporate. Right now the private sector deploys highly trained professionals with sharp intellect to handle their affairs with the government. They may be employees or may be outside consultants. The bureaucrats/'babus' are no match to

them. Worse, they don't know that. A capable CFO can correct this imbalance to a great extent.

6. A CFO can/will manage the country's resources far better than what it is today. They are known for such skills (Why else does the Corporate Sector pay CFOs six/seven figure salaries?)
7. I understand that, at present, multiple departments deal with the government's finances. I am not sure how well coordinated their functioning is. An efficient CFO can not only bring in such coordination but also make their functioning smooth and seamless and can provide direction to everyone.

Above are a few benefits that the country can derive by having a CFO. Depending on the calibre and commitment of the individual, a CFO can deliver much more. ] ✓

The government may think about it.

Yours truly

Sd/-

Chandra Sekhar Gupta Boggarapu  
Founder, Proletarian Power.  
(proletarianpower.org)

Copy to:

1. Finance Minister, 134/North Block, New Delhi 110001.
2. Governor, Reserve Bank of India, Shahid Bhagat Singh Road, Fort, Mumbai 400001.
3. Comptroller & Auditor General of India, Pocket 9, Pandit Deen Dayal Upadhyaya Marg, Near Mata Sundari Railway College, New Delhi 110002.
4. Controller General of Accounts, Mahalekha Niyantrak Bhawan, Ministry of Finance, GPO Complex, Block E, Aviation Colony, New Delhi 110023.
5. Chief Economic Advisor, Department of Economic Affairs, Ministry of Finance, Room No.129 B, New Delhi 110001.
6. FICCI, 1 Federation House, Tansen Marg, Todarmal Road Area, Mandi House, New Delhi 110001.
7. ASSOCHAM, 5, Sardar Patel Marg, Diplomatic Enclave, Chanakyapuri, New Delhi 110021.

**Proletarian Power is a 'not-for-profit' entity primarily engaged in analyzing macroeconomic environment in India from 'public interest' angle.**