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The  
Andhra Pradesh  
**Accounts Code**  
Volume I

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# THE ANDHRA PRADESH ACCOUNTS CODE

## VOLUME I

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# The Andhra Pradesh Accounts Code

## Volume I

### GENERAL PRINCIPLES AND METHODS OF ACCOUNTS

**Definitions** :—In this Volume, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say,—

“*Accountant-General*” means the Head of an Office of Accounts Subordinate to the Comptroller and Auditor-General of India;

“*State Accountant-General*” means the Accountant-General who keeps the Accounts of the State;

“*Civil Accounts Officer*” means an Accounts Officer subordinate to the Comptroller and Auditor-General of India. The expression “Civil Accounts Officer” should also be constructed accordingly;

“*Comptroller and Auditor-General*” means the Comptroller and Auditor-General of India appointed under Article 148 of the Constitution of India;

“*The Constitution*” means the Constitution of India;

“*Consolidated Fund*” means the Consolidated Fund of India or of a State. referred to in clause (1) of Article 266 of the Constitution, or both, as the context may imply (See also Article 7);

“*Contingency Fund*” means the Contingency Fund of India established in pursuance of clause (1) of Article 267 of the Constitution or the Contingency Fund of a State established in pursuance of clause (2) of Article 267 of the Constitution, or both, as the context may imply (see also Art. 7-A);

“*Government*” means either the Central (Union) Government or a State Government, or both, as the context may imply;

“*Non-Civil Accounts Officer*” means an Accounts Officer of the Defence, Railways or Post and Telegraphs Department;

“*Public Account*” means the Public Account of India or the Public Account of a State referred to in clause (2) of Article 266 of the Constitution, or both, as the context may imply;

“*State*” except where it appears otherwise from the context, refers to a State included in the First Schedule to the Constitution;

“*Bank*” means the Reserve Bank of India or any of its offices or branches and includes any branch of the State Bank of India or Hyderabad acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act (Act No. 2 of 1934);

“*Treasury*” includes a Sub-treasury;

“*Chief Accounting Authority*” means the Secretary of a Ministry or Department of the Government of India in which the Departmentalized system of Accounting has been introduced and in the case of a Union Territory with separated accounts, its Chief Secretary/Chief Commissioner;

“*Controller General of Accounts*” means the Controller General of Accounts in the Ministry of Finance (Department of Expenditure), who inter alia, is responsible for prescribing the form of accounts of the Union and States, and to frame, or revise, Rules and Manuals relating thereto on behalf of the President of India in terms of Article 150 of the Constitution of India, on the advice of the Comptroller and Auditor-General of India;

“*Defence Department*” means the Department of the Central Government, whose expenditure is met from the Demands for Grants relating to Defence Services.

(Chapter containing definitions is substituted by G.O.Ms.No.187, F&PI, Dt. 25-7-1987)

## CHAPTER 1

### FUNCTIONS OF THE COMPTROLLER AND AUDITOR-GENERAL IN RELATION TO ACCOUNTS

#### **Comptroller and Auditor-General’s Duties and Powers under the Constitution of India and the Comptroller and Auditor-General’s (Duties, Powers and Conditions of Service) Act, 1971**

**Article 1.** The functions of the Comptroller and Auditor-General are derived mainly from the provisions of Articles 149 to 151 of the Constitution. Article 149 envisages an Act of Parliament to regulate the duties and powers of the Comptroller and Auditor-General. Parliament has enacted the Comptroller and Auditor-General’s (Duties, Powers and Conditions of Service) Act, 1971 (hereinafter called the Act) which came into force from 15th December, 1971.

The Act prescribes *inter alia* the duties and powers of the Comptroller and Auditor-General in relation to the accounts of the Union, the States, Union Territories and other authorities and bodies.

Till the Act came into force, Comptroller and Auditor-General, under the transitional provisions in Article 149 of the Constitution, continued to perform the duties and exercise powers in relation to the accounts of the Union and of the States as provided in the Audit and Accounts Order, 1939 as adapted. The Act has superseded the provisions of the said Order.

The relevant provisions of the Comptroller and Auditor-General’s (Duties, Powers and Conditions of Service) Act, 1971 (duly incorporating the amendment made in 1976), defining the duties and powers of the Comptroller and Auditor-General in relation to accounts are reproduced below. References therein to the ‘Act’ should be construed as references to the Comptroller and Auditor-General’s (Duties, Powers and Conditions of Service) Act. 1971

**Section 10.** (1) The Comptroller and Auditor-General shall be responsible:

(a) for compiling the accounts of the Union and of each State from the initial and subsidiary accounts rendered to the audit and accounts offices under his control the treasuries, offices or departments responsible for the keeping of such accounts; and

(b) for keeping such accounts in relation to any of the matters specified in clause (a) as may be necessary:

Provided that the President may, after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for compiling :—

(i) the said accounts of the Union (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the union:

Provided further that the Governor of a State with the previous approval of the President and after consultation with the Comptroller and Auditor-General, by order relieve him from the responsibility for compiling —

(i) the said Accounts of the State (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the State:

Provided also that the President may, after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for keeping the accounts of any particular class or character.

(2) Where under any arrangement, a person other than the Comptroller and Auditor-General has, before the commencement of this Act, been responsible —

(i) for compiling the accounts of any particular service or department of the Union or of State, or

(ii) for keeping the accounts any particular class or character, such arrangement shall notwithstanding anything contained in sub-section (1), continue to be in force unless after consultation with the Comptroller and Auditor-General, it is revoked in the case referred to in clause (i), by an order of the President or the Governor of the State, as the case may be, and in the case referred to in clause (ii) by an. order of the President.

**Section 11.** The Comptroller and Auditor-General shall, from the accounts compiled by him or by the Government or any other person responsible in that behalf prepare in each year accounts (including, in the case of accounts compiled by him, appropriation accounts) showing under the respective heads the annual receipts and disbursements for the purpose of the Union, of each State and of each Union Territory having a Legislative Assembly, and shall submit those accounts to the President or the Governor of a State or Administrator of the Union territory having a Legislative Assembly, and shall submit those accounts to the President or the Governor of a State or Administrator of the Union territory having a Legislative Assembly, as the case may be, on or before such dates as he may, with the concurrence of the Government concerned, determine:

Provided that the President may, after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for the preparation and

submission of the accounts relating to annual receipts and disbursement for the purpose of the Union or of a Union territory having a Legislative Assembly:

Provided further that the Governor of a State may, with the previous approval of the President and after consultation with the Comptroller and Auditor-General, by Order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the State.

**Section 12.** The Comptroller and Auditor-General shall, in so far as the accounts, for the compilation or keeping of which he is responsible, enable him so to do, give to the Union Government, to the State Governments or to the Governments of Union Territories having Legislative Assemblies, as the case may be, such information as they may, from time to time, require, and render such assistance in the preparation of their annual financial statements as they may reasonably ask for.

**Section 18.** (1) The Comptroller and Auditor-General shall connection with the performance of his duties under this Act have authority—

(a) to inspect any office of accounts under the control of the Union or of a State, including treasuries and such offices responsible for the keeping of initial or subsidiary accounts and submit accounts to him;

(b) to require that any accounts, books, papers and other documents which deal with or form the basis of or are otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may appoint for his inspection;

(c) to put such questions or make such observations as he may consider necessary, to the person in charge of the office and to call for such information as he may require for the preparation of any account or report which it is his duty to prepare.

(2) The person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor-General, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with reasonable expedition.

**Section 21.** Any power exercisable by the Comptroller and Auditor-General under the provisions of this Act, or any other law may be exercised by such officer of his department as may be authorized by him in this behalf by general or special order:

Provided that except during the absence of the Comptroller and Auditor-General on leave or otherwise no officer shall be authorized to submit on behalf of the Comptroller and Auditor-General any report which the Comptroller and Auditor-General is required by the Constitution or the Government of Union Territories Act, 1963 (20 of 1963) to submit to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be.

**Section 22.** (1) The Central Govt. may, after consulting with the Comptroller and Auditor-General, by notification in the Official Gazette, make rules for carrying out the provisions of this Act in so far as they relate to the maintenance of accounts.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely

(a) the matter in which initial and subsidiary accounts shall be kept by the treasuries, offices and departments rendering accounts to audit and accounts offices;

(b) the manner in which the accounts of the Union or of a State or of any particular service of department or of any particular class or character, in respect of which the Comptroller and Auditor-General has been relieved from the responsibility of compiling or keeping the accounts, shall be compiled or kept.

(c) the manner in which the accounts of stores and stock shall be kept in any office or department of the union or of a state, as the case may be;

(d) any other matter which is required to be, or may be, prescribed by rules.

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the successive sessions aforesaid both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to validity of anything previously done under that rule.

**Article 2.** Deleted.

#### **Articles of the Constitution to be kept in view in devising the form of Accounts**

**Article 3.** According to Article 50 of the Constitution, the form in which the accounts of the Union and of the States shall be kept is to be prescribed by the President on the advice of the Comptroller and Auditor-General of India. This function is exercised by the Comptroller and Auditor-General of Accounts, Ministry of Finance (Department of Expenditure) on behalf of the President of India.

*Note* :—Every year, from the accounts compiled by the authorities authorized to maintain the accounts of Central Government, State Governments and Union Territory Governments, accounts showing under respective heads the annual receipt and disbursements for the purpose of Union, of each State, and of each Union Territory having a Legislative Assembly- (including Appropriation Accounts) are to be prepared and got certified by the Comptroller and Auditor- General of India. The report of the Comptroller and Auditor-General relating to these accounts shall be submitted to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, who shall cause them to be laid before the Houses of Parliament, Legislatures of the States and of Union Territories respectively.

#### **Special Provision relating to Railways, Posts and Telegraphs and Defence Departments**

**Article 4.** For the sake of Convenience, the form of accounts (including appropriation accounts) relating to Railways, Posts and Telegraphs Dept. and Defence Dept. may be determined by the Departmental Accounting Authorities within such range and covering such aspects as may be prescribed by the Central Govt. in the ministry of Finance (Dept. of Expenditure) Controller General of Accounts, on the advice of the Comptroller and Auditor-General of India. The provisions of Article 150 of the Constitution will be deemed to have been satisfied in the forms so determined are not questioned by the Controller General of Accounts and the Comptroller and Auditor-General of India.

### **Appropriation Accounts**

**Article 5.** The forms of Appropriation Accounts which the Comptroller and Auditor-General is required to prepare under Section- 11 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service), Act, 1971 is not dealt with in this Code. The instructions relating to the preparation of such Accounts by the Accountants-General are included in the Manual of Standing Orders (Technical) issued by the authority of the Comptroller and Auditor-General. The object of these accounts is to relate expenditure brought into account during a financial year to the several items specified in the Schedules to the Appropriation Acts, passed under Articles 114 to 116 or Articles 204-206 of the Constitution. As no special process of accounting is involved in the preparation of Appropriation accounts they should be regarded as Complementary to the accounts of annual receipts and disbursements referred to in Section 11 of Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971.

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## **CHAPTER 2**

### **GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS**

#### **Consolidated Funds, Contingency Funds & Public Accounts of India and of the States**

**Article 7.** The Central Government and the State Governments have separate Consolidated Funds of their own, entitled the Consolidated Fund of India' and 'the Consolidated Fund of the State', respectively, into which the revenues received by the Central (including union territories) State Governments, loans raised by that Government by the issue of treasury bills, loans or ways and means advances, and moneys received by that Government in repayment of loans are credited, and from which the expenditure of that Government when so authorized by the appropriate Legislature is met. The Central Government and the State Governments have also separate Public Account entitled 'the Public Account of India' and 'the Public Account of the State', respectively, into which all other public moneys received by or on behalf of the Central (including union territories)/State Governments are credited and from which disbursements are made in accordance with the prescribed rules. The procedure to be followed for the payment into and the withdrawal, transfer or disbursement of moneys from, the Consolidated Fund and the Public Account and for the custody of moneys standing in that Fund and account is regulated by law made by the appropriate Legislature and pending such registration, by the rules made by the President or the Governor of the State, as the case may be, under Article 283 of the Constitution. The President and the Governors of the States have authorized under this Article the continuance of the rules in force before the commencement of the relevant provisions of the Constitution. These rules include provisions to secure that all public moneys received on account of the Central Government or of the State shall, with such exceptions as may be specified in them, be paid into the Consolidated Fund or the Public Account of India of the State concerned, as the case may be.

**Article 7-A.** The Central Government and each State Government have or may

have a separate Contingency Fund, entitled 'the Contingency Fund of India' and 'the Contingency Fund of the State', respectively. The Fund will be at the disposal of the President or the Governor of the State to enable advances to be made by him for meeting unforeseen expenditure, pending authorization of such expenditure by Parliament or the State Legislature under appropriations made by law. The procedure to be followed for the custody of, payment of moneys into and the withdrawal of moneys from such Fund is regulated by law made by the appropriate Legislature and pending such legislation by the rules made by the President or the Governor of the State.

*Note* :—Though the transactions of the Railway Department form part of the Consolidated Fund, the Contingency Fund and the Public Account of India, they are nevertheless taken against the Railway Fund which has been created proforma in the books of the Reserve Bank of India.

**Article 8.** Save as may be specifically provided in any case, cash balances in the separate 'Consolidated Funds or Contingency Funds and Public Accounts of India and States' are either held in a Government treasury or kept with the Bank.

#### **Account of the Central and State Governments with the Bank**

**Article 9.** The Central Government and each of the State Government have made separate agreement with the Reserve Bank of India by virtue of which the general banking business of these Governments in which business is (included the receipt, collection, payment and remittance of moneys on behalf of Government) is carried on and transacted by the Bank in accordance with and subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934, and in accordance with and subject to which orders as may from time to time be given to the Bank by the Central Government or the State Government, as the case may be. Central or State Government business is transacted at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed. The Central Government as a general rule, operates on every office and branch of the Reserve Bank of India and on every branch of the State Bank of India throughout India acting as the agent of the Reserve Bank. The operations of each State are confined to the offices and branches of the two Banks which have been designated as falling within the area of that particular State. The receipt and payment of moneys on behalf of a State outside its jurisdiction are ordinarily arranged through the Accountant-General of the State in which the transactions take place.

*Note* :—The Government of Jammu and Kashmir State have not so far entered into agreement with the Reserve Bank of India for the conduct of their general banking business by the Bank.

[The agreement between the Governor of the State of Andhra Pradesh and the Reserve Bank of India is printed as Appendix I to the Andhra Pradesh Treasury Code, Volume II].

[In the State of Andhra Pradesh there are Treasury Pay Offices of the State Bank of India, Hyderabad at certain district headquarters. A Treasury Pay Office transacts the cash business of the District Treasury at the place — see Instruction I under Treasury Rule 3 in Part I, Volume I of the Andhra Pradesh Treasury Code].

**Article 10.** Each office or Branch of the Reserve Bank keeps two separate account of cash transactions undertaken by it on behalf of Government one for the transactions of the Central Government and the other for the transactions of the State Government within whose area it is situated. All transactions which cannot be debited or credited directly to the account of the Central Government with the Bank are taken to

the account of the Government of the State in which they occur so that this account will include as well the transactions relating to other States. Separate statements of transactions in their Central and State Government account.> together with all supporting vouchers, etc., are transmitted by each office and branch of the Bank daily to the Treasury Officer or to the Accountant-General, as the case may be. At the close of each month the balances of the two accounts are transferred to the Central Accounts Section of the Reserve Bank at Nagpur.

*Note* :—The transactions of Railways at offices and branches of the Reserve Bank are distinguished from other Central transactions in the initial accounts and are classified by each Railway separately. These transactions are taken against the Railway Fund in the books of the Reserve Bank direct and do not therefore pass through the Treasury Accounts or consequently through the accounts of the Civil Accountant-General. Each office and branch of the Bank furnishes the Accounts Officer of each Railway separately every day with a copy of the daily reroll relating to the transactions of that Railway together with the requisite vouchers.

**Article 11.** Each branch of the State Bank of India transacting Government business as agent of the Reserve Bank classifies the daily receipts and disbursements on behalf of Government in two groups, Central and State, the latter embracing transactions not only on behalf of the State in which the Bank is situated but also on behalf of other States. Separate statements of transactions of the Central Government and of those taken against the provincial account are forwarded by each branch daily with supporting vouchers to the local Treasury Officer or the Accountant-General, as the case may be. The totals of such transactions are also reported by the Bank at the close of each day to the Central Accounts Section of the Reserve Bank through the Central Accounts Office of the State Bank.

*Note* :—The procedure prescribed in the note under Article 10 is followed in respect of Railway transactions taking place at the branches of the State Bank of India.

[In the State of Andhra Pradesh there are Treasury Pay Offices of the State Bank of India at certain district headquarters. A Treasury Pay Office transacts the cash business of the District Treasury at the place see instruction I under Treasury Rule 3 in Part I, Volume I of the Andhra Pradesh Treasury Code.]

**Article 12.** Complete accounts of the Central Government and of each of the State Governments with the Bank are maintained by the Central Accounts Section of the Reserve Bank which also acts as General Clearing House for the adjustment of transaction between different Governments. All adjustments to be made between the account of the Central Government and that of States or between the accounts of different States as well as all payments which one of these Governments had to make to another are advised by the Accounts Officer authorized in this behalf to the Central Accounts Section of the Reserve Bank, which will pass the necessary entries in the accounts of the Government concerned maintained in the books of the Bank. Details of transfer effected in its books against the balance of the State Government or of the Central Government, as the case may be, on account of adjustments advised by different Account Offices are communicated by the Central Accounts Section of the Reserve Bank to the Accountants-General concerned at the close of each day. At the close of the accounts of each month a statement of closing balance of each Government on the book of the Bank after taking into account all cash transactions in all the offices, branches and agencies of the Bank

and the adjusting transactions on its own books is forwarded by the Central Accounts Section to the Accountant-General concerned.

### **Transactions of other Governments in State Treasuries**

**Article 13.** Cash balances held in a State Treasury form part of the Consolidated Fund, the Contingency Fund (if one has been established) and the Public Account of the State to which the Treasury belongs. The Treasury Rules of each State Government issued under Article 283 of the Constitution, provide that moneys may be received and payments may be made on behalf of the Central Government and other State Governments by a State Treasury situated at a place where the treasury business is not conducted by the Bank, such receipts and payments being taken in the first instance the cash balance of the State concerned. On receipt of intimation of such transactions through the monthly Treasury Account or otherwise the Accountant-General makes the requisite adjustments through the Central Accounts Section of the Reserve Bank against the balances of the Central Government or other State Governments held by the Bank. Moneys paid or received in the office of the Accountant-General on behalf of another State and book entries made in the offices of the Accountant-General affecting the accounts of another State or the Central Government will likewise be adjusted by the Accountant-General through the Central Accounts Section of the Reserve Bank against the balances of the Central or State Govt., as the case may be. But see the Note below and Article 16 (2).

*Note* :—As the general banking business of the State of Jammu and Kashmir is not at present conducted for them by the Reserve Bank of India (See note under Article 9) the settlement of transactions between the State and other States/the Centre is effected in cash or by Bank drafts in accordance with the instructions contained in separate orders.

### **State Transactions in Central Treasuries**

**Article 14.** Cash balances held in the Treasuries of the Central Government form part of the Consolidated Fund, Contingency Fund and the Public Account of India. Transactions on behalf of State Governments arising in these treasuries are taken against Central balances in the first instance and are subsequently adjusted by the Accountant-General against the balances of the State concerned through the Central Accounts Section of the Reserve Bank. But see the Note under Article 13.

### **General Outlines of the System of Accounts**

**Article 15.** The general outlines of the system of accounts of the Central and State Governments, briefly stated, are as follows :—

(a) All receipts in India on behalf of the Central and State Governments are paid into a Treasury or the Bank. Except as provided in clause (b) below, the initial accounts of such receipts are maintained at the Treasury;

(b) Receipts realized in the Railway, Defence, Posts and Telegraphs, Public Works, Forest and any other departments which may be authorized in this behalf are paid into a Treasury or the Bank in lump and are accounted for at the Treasury merely as receipts on behalf of such departments. The detailed accounts of such receipts are kept by the departmental officers concerned.

(c) Payments in India on behalf of the Central and State Governments are ordinarily made either at a Treasury or the Bank; some department's officers are, however, authorized to withdraw sums in lump from a Treasury or the Bank for making payments. In the former case, the initial accounts of payments are kept at the Treasury. In the latter case, such accounts are maintained by the departmental officer concerned;

The accounts referred to in this clause do not relate to the accounts maintained by Government Servant in respect of expenditure incurred from permanent advances.

(d) At the beginning of each month each Accountant-General receives from the Treasuries under his jurisdiction monthly accounts supported by the requisite schedules, vouchers, etc., in respect of the transactions which took place in the Treasury during the previous month. All State and those Central Treasuries, which render accounts to State Accountants-General, submit a double set of accounts, one for transactions of the State Governments and the other for transactions of the Central Government. Central Treasuries, which render accounts to the Accountant-General, Central Revenues, furnish however only a single account, in which any transactions on behalf of State Governments are accounted for under the appropriate Remittance head pending adjustment against the balances of the State concerned.

[In the State of Andhra Pradesh the monthly accounts sent by Treasuries to the Accountant- General classified accounts]

(e) Officers of the Civil Departments who pay their receipts into the Consolidated Fund or the Public Account or withdraw moneys for expenditure there from or from the Contingency Fund in lump, submit detailed any accounts of their transactions to the respective Account Officers. Some Departmental Officers are required to render to the Account officer compiled accounts with suitable abstracts of their transactions classified under prescribed heads of accounts;

(f) From the accounts furnished by Treasuries and Civil Departmental Officers, departmental classified abstracts are compiled by the Civil Account Officers showing the monthly receipts and payments pertaining to each department for the whole account circle classified under the relevant major, minor and detailed heads. Separate classified abstracts are maintained for each department, each group of small departments or each major head or group of major heads of account not relating to any particular department or departments according to local convenience. This transaction is adjustable against a department or against a major head not relating to any particular department which are intimated to the Civil Account Officer by another Account Officer as well as all book adjustments against a departmental or other major head which are initiated in the Account Office itself are also incorporated in the relevant Departmental Classified Abstracts so that the latter may include monthly all transactions of whatever nature connected with the receipts and payments pertaining to each department or major head of account. From these classified abstracts, separate Departmental Consolidated Abstracts showing the progressive totals month by month under major/minor and detailed heads of revenue receipts and service payments are compiled. Separate Consolidated Abstracts are maintained for each department or major head of account or for a group of departments or major heads of account as may be found convenient.

The Departmental Classified Abstracts and the Departmental Consolidated Abstracts for the Central Departments are compiled separately from those for Departments of the State Government.

(g) The transactions relating to Debt and Remittances heads appearing in the Treasury Cash Accounts and lists of payments, and in the Departmental and other Abstracts are collected for the whole circle of account under each head of account from month to month in a Detail Book. From the figures in the Detail Book, the Consolidated Abstract of Debt and Remittance transactions is prepared showing the progressive totals month by month under each such major and detailed heads as may be found necessary.

Separate Detail Book and Consolidated Abstracts are compiled for Central and State transactions.

(h) The final stage of compilation is the preparation of the Abstract of Major head totals showing the receipts and disbursements by major heads during and to end of the Departmental Consolidated Abstracts and the Consolidated Abstracts of Debt and Remittance transactions. From these Consolidated Abstracts are also compiled the monthly and the annual accounts of the Central and State Governments.

The cash balance of each Government in the books of the Accountants-General at the close of the month will then be reconciled with the balances shown in the Cash Accounts recorded by Treasury Officers and with the statements of closing balance received from the Central Accounts Section of the Reserve Bank.

(i) Departmental officers of the Posts and Telegraphs and Railway Departments submit accounts of their transaction to the respective Posts and Telegraphs and Railway Account Officers. The Posts and Telegraphs and Railway Account Officers render their monthly accounts to the Accountant-General, Posts and Telegraphs and the Railway Board, respectively and the latter two consolidate the accounts of the entire transactions of these two departments. The accounts of Defence Services as a whole are compiled by the Controller-General of Defence Accounts on the basis of particulars of receipts and disbursements furnished by the various Defence Account Officers.

(j) A copy of the monthly accounts of each State Government is submitted to it by Accountant-General concerned. The Accountant-General, Central Revenues, received from each Civil Account Office an abstract of the account of the transactions of the Central Government compiled by it for each month and these accounts together with the accounts for the month prepared in his office are consolidated into a single monthly account for submission to the Central Government. The Accountant-General, Posts and Telegraphs and the Railway Board submit the consolidated monthly accounts of their respective departments separately to the Central Government.

(k) Each Civil Account Officer works out the progressive figures during the year of the Central and State accounts of his circle. On closing the accounts for March (Final), the Central and State accounts of each circle for transactions of the whole year are submitted by each Civil Account Officer to the Comptroller and Auditor-General.

(l) The consolidated annual accounts of the Posts and Telegraphs, Railways and Defence Services are submitted to the Comptroller and Auditor-General by the Accountant-General, Posts and Telegraphs, the Railway Board and the Comptroller General of Defence Accounts respectively.

### Accounts between Different Account Circles

**Article 16.** (1) Subject to any general or special orders issued by Governments after consultation with the Comptroller and Auditor-General transactions in one account circle which are adjustable in the accounts of another circle are passed on month by month to the latter for adjustment through one or the other of the following accounts :—

- (i) Exchange Accounts,
- (ii) The Central Adjusting Accounts,
- (iii) Settlement Accounts.

(2) All transactions arising in the accounts of a Defence or Posts and Telegraphs Account Officer which are adjustable in the books of a Civil or a Non-Civil Account Officer (other than a Railway Account Officer) are passed on through the Exchange Accounts. If any such transaction has to be adjusted against the balance of a State Government, the money settlement in respect of it is effected by the Accountant-General of the State to whom the transaction is passed, Civil Account Officers utilized the media of Exchange Accounts for passing on transactions of the Central Government which are adjustable on the books of other Account Officers excepting Railway Account Officers. Book transactions arising in the Central Section of the accounts of a Civil Account Officer which are adjustable in the Accounts of a Province kept by another Account Officer are also passed on through Exchange Accounts so that the latter Account Officer may adjust the transaction against the balance of the State.

[The general procedure relating to Exchange Accounts is described in Chapters 7 and 10 of Volume IV of the Comptroller and Auditor-General's Account Code].

(3) The Central Adjusting Account is operated upon by a *Defence / Posts and Telegraphs* Account Officer who has not been authorized to exchange account direct with a *Posts and Telegraphs / Defence* Account Officer.

[The procedure to be followed in operating on this account is set out in Chapter 15 of Volume IV of the Comptroller and Auditor-General's Account Code].

(4) Transactions initially taken against the balance of a State which are eventually adjustable against the balance of another State are passed on to the Accountant-General of the latter State through the Settlement Accounts and the money Settlement between the two States in respect of such transactions is effected by the Accountant-General of the former State through the Central Accounts Section of the Reserve Bank. Transactions appearing in the books of Civil Account Officers which are adjustable against Railways as well as transactions arising in the accounts of Railways which are adjustable in the Books of Civil Defence and Posts and Telegraphs Account Officers are also settled through the machinery of the Central Accounts Sections of the Reserve Bank and the accounts through which such transactions are passed on to or by Railway Account Officers fall under the category of the Settlement Account.

[The procedure connected with the adjustment of transactions passed through the Settlement Accounts is described in Chapter 8 of the Volume IV of the Comptroller and Auditor-General's Account Code].

(5) In respect of transactions originating in their accounts which are adjustable against the balances of a State Government, the Accountant-General, Central Revenues,

the Deputy Director of Audit, Commerce, Steel and Mines and Deputy Directors of Audit, Food Rehabilitation Supply, Commerce, Steel and Mines effect the necessary money settlement through the Central Accounts Section of Reserve Bank, the transactions being passed by them through the head "Adjusting Account between Central Government". Transactions pertaining to State Governments are also settled direct with the Bank through the head "Adjusting Account between Central and State Governments". An account of the transactions passed through this head is furnished by these Account Officers to the State Accountant-General or Comptroller concerned for final adjustment. This account falls under the category of Settlements Accounts mentioned in clause (4) above.

(6) Transactions of the Central and State Governments in the United Kingdom except those representing genuine sterling assets and liabilities of the Central Government are passed on to India monthly through the Account Current between England and India for adjustment under appropriate heads of accounts in the books of the various Account Offices in India.

[The detailed procedure which is followed in Account Offices in regard to the adjustment of these transactions is described in Chapter 16 of Volume IV of the Comptroller and Auditor-General's Account Code].

(7) The monthly Central and State accounts of each account circle thus include not only the receipts and disbursement of the circle but also in the receipts and expenditure in the United Kingdom and all credits and debits passed on to it for adjustment by other account circle in India.

*Note* —The term "Account Current" may be used in a general sense to include the different classes or accounts mentioned in this Article as well as the Accounts with Governments of other countries. An account Current purports to be an extract from the books of the officer who dispatches it, and to show the amounts he has passed to debit or credit of the other party of the account with any necessary explanations of the credits, and with documents supporting the debits.

#### **Authorities Responsible for the Preparation of Annual Accounts of the Central Government and State Government**

**Article 17.** (i) The annual accounts (including Appropriation Accounts) of the Central Government and of each State Government shall be prepared in the form prescribed by the President on the advice of the Comptroller and Auditor-General of India under Article 150 of the Constitution of India. These accounts shall be submitted to the Parliament and to the respective State Legislature on or before such dates as may be determined with the concurrence of the Government concerned.

(ii) The Annual Accounts (including Appropriation Accounts) in respect of State Governments are prepared by the concerned Accountant-General and submitted to the Comptroller and Auditor-General of India for approval and transmission to the Governor of the State concerned along with his report thereon in terms of Article 151 (2) of the Constitution and Section 11 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the Legislature.

(iii) Appropriation Accounts of Central Ministries (other than Ministry of Railways) and or Central Civil Departments shall be prepared by the respective Ministries and

Departments under the guidance and supervision of the Controller General of Accounts, and signed by their Chief Accounting Authority. Union Government Appropriation Accounts by condensing and consolidating the aforesaid (Civil) required to be submitted to Parliament shall be prepared by the Controller General of Accounts Appropriation Accounts. Appropriation Accounts pertaining to Department of Posts and Telegraphs, Railways and Defence shall be prepared and signed by the Secretaries to the Government of India in the Ministries of Communications, Railways and Financial Adviser, Ministry of Finance (Defence) respectively,

(iv) Annual Accounts of the Government of India as a whole (including transactions of Departments of Posts and Telegraphs, Defence and Railways and Transactions under Public Accounts of India and Union Territory Governments) showing under the respective heads the annual receipts and disbursement for the purpose of the Union, shall be prepared by the Controller General of Accounts.

(v) The Accounts mentioned in (iii) and (iv) above, shall be prepared by the respective authorities on dates mutually agreed upon with the Comptroller and Auditor-General of India in the form prescribed by the President on the advice of the Comptroller and Auditor-General and sent to the latter for recording his certificates. The Certified Annual Accounts and the Reports relating to the accounts shall be submitted by the Comptroller and Auditor-General to the President in accordance with provisions of Section 11 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 and clause (1) of Article 151 of the Constitution of India.

(Substituted by G.O. Ms. NO. 187, Fin. & Plg., Dt. 25-7-87)

### **The Combined Finance and Revenue Accounts of the Central and State Governments in India**

**Article 18.** The Comptroller and Auditor-General of India also submits to the President a Financial Statement incorporating a summary of the accounts of the Central Government and of all the States for the last preceding financial year. This General Financial Statement which is called the Combined Finance and Revenue Accounts of the Central and State Governments in India presents the transactions of all the Governments side by side classified under the several major and minor heads of accounts classification, thus incidentally enabling a comparison to be made for statistical or their purpose of the receipts and expenditure of the several Governments pertaining to each branch of administration or to activities of a similar nature.

[Substituted by G.O. Ms. No. 187, Fin. & Plg., Dt. 25-7-1987]

[See also Chapter 21 of Volume IV of the Comptroller & Auditor-General's Account Code].

### **Proforma Accounts**

**Article 19.** The operations of some departments of Government some times include undertakings of a commercial or a quasi-commercial character, e.g., an industrial factory or a store. Even though these may be maintained almost entirely for the benefit of the departments, it is still necessary that the financial results of the undertaking should be expressed in the normal commercial form so that the cost of the service or undertaking may be accurately known. This implies the maintenance of suitable Capital, Manufac-

turing, Trading and Profit and Loss accounts and as the Government system of accounts, being on a purely cash basis, is unsuitable for such commercial accounts, these are usually kept on a proforma basis outside the general accounts of Government. The actual transactions entering these proforma accounts except those adjusted on a liability basis find a place primarily in the regular accounts and the commercial accounts are additional as well as separate. These proforma accounts are maintained by the departmental authorities themselves in such form as may be agreed upon between the Comptroller and Auditor-General and the Government concerned.

Certain proforma accounts relating to Irrigation, Navigation, Embankments and Drainage Projects and Government Residential Buildings are required to be prepared by Civil Account Officers. Proforma accounts are also sometimes required to be prepared for transactions which do not relate to commercial or quasi-commercial undertakings of Government, e.g., transactions of the Famine Relief Fund. The form in which any proforma accounts are prepared in account offices is determined by the Comptroller and Auditor-General in consultation with the Government concerned.

### **Local Ruling under Article 19**

In the State of Andhra Pradesh Proforma accounts (i.e., manufacturing, trading, profit and loss, etc.), accounts are maintained outside the regular Government accounts for the following concerns :—

1. Industrial Trust Fund.
3. Electricity Schemes.
4. Fish-curing yards.
5. Public Works Workshops.
6. Transactions relating to Government steamers plying in Godavari and Krishna canals.
7. Fruit preservation Factory, Anantarajapeta, Cuddapah District.

### **Journal and Ledger**

**Article 20.** The accounts of Government are based in the main on the single entry system and the double entry system is applied only in regard to the maintenance of a set of technical accounts called the Journal and Ledger. The main purpose of the Journal and Ledger is to bring out by a scientific method the balances of accounts in regard to which Government acts as a banker or remitter or borrower or lender. Though such balances are worked out in the regular Government accounts, their accuracy can be guaranteed only by a periodical verification with the balance brought out in the double entry accounts. State Accountants-General maintain separate Journals and Ledgers for transactions of the Central Government and of the State Government. The Comptroller and Auditor-General also maintains a Journal and Ledger for Central Transactions which is posted from the final accounts of each year received from all Account Officers in India.

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## CHAPTER 3

### GENERAL PRINCIPLES AND METHODS OF ACCOUNTS

#### *GENERAL*

##### **Period of Accounts**

**Article 21.** The annual accounts of the Central, State and Union Territory Governments which the Comptroller and Auditor-General is required to render shall record transactions which take place during a financial year running from the 1st April to 31st March. Similarly the annual General Financial Statement (the Combined Finance and Revenue Accounts of the Central Asia State Governments in India) which the Comptroller and Auditor-General prepares shall record the transactions of the Central, State and Union Territory Governments for the same period.

*Note* :—The Government accounts of a year may be kept open for a certain period in the following year for completion of the various accounting processes inter alia in respect of the transactions of March, for the carrying out of certain interdepartmental adjustments, and for the closing of the accounts of several Provident Funds and Suspense heads. Adjustments may also be made after the close of the year owing to mispostings and misclassifications coming to notice after the 31st March. An actual transaction taking place after 31st March should not however be treated as pertaining to the previous financial year even though the accounts for that year may be open for the purposes mentioned above.

##### **Cash basis of Accounts**

**Article 22.** With the exception of such book adjustments as may be authorized by any rules included in this Code or by any general or special order issued by Government after consultation with the Comptroller and Auditor-General, the transactions in Govt. accounts shall represent the actual cash receipts and disbursements during a financial year as distinguished from amounts due to or by Government during the same period.

##### **Currency in which Accounts are kept**

**Article 23.** The accounts of Government kept in India shall be maintained in Indian currency. With the exception of transactions representing certain genuine sterling assets and liabilities of the Central Government, all transactions of the Central and State Governments taking place in the United Kingdom shall be passed on monthly to India through the Account Cm-rent between England and India and brought to account finally in the Indian books after they have been converted into Indian Currency according to the procedure prescribed in Chapters 16 and 17 Volume IV of Central Account Code. Transactions of a genuine sterling character, e.g., those of the Central Government under certain Debt, Deposits, Advances, Suspense and Remittance heads the balances of which are kept in sterling shall be accounted for finally in the books of the High Commissioner for India in London. In the Annual Finance Accounts of the Central Government these transactions shall be combined with the connected Indian transactions and exhibited in rupees, whereas in the Combined Finance and Revenue Accounts of the Central and State Governments they shall be shown both in rupees and in sterling.

## ***FORM OF ACCOUNTS***

### **Main Divisions of Accounts**

**Article 24.** The Govt. Accounts shall be kept in the following three parts :—

Part I Consolidated Fund of India or of the State/Union Territory concerned.

Part II Contingency Fund of India or of the State/Union Territory concerned.

Part III Public Account of India or of the State/Union Territory concerned.

(G.O. Ms. No. 187, Fin. & Plg. (Accts. II) Dept., Dt. 25-7-1987)

In Part I of the Account, there shall be two main divisions, namely:-

- |                                       |   |
|---------------------------------------|---|
| (1) Revenue                           | [Consisting of Sections for ‘Receipts Heads (Revenue Account)’ and ‘Expenditure Heads (Revenue Account)’].                                      |
| (2) Capital, Public Debt, Loans etc., | [Consisting of Sections for ‘Receipt Heads (Capital – Account)’ Expenditure Heads (Capital Account)’ and Public Debt, Loans and Advances etc.,] |

The first division shall deal with the proceeds of taxation and other receipts classed as revenue, and the expenditure met there from. The section ‘Receipts Heads. (Capital Account)’ in the second division shall deal with receipts of a capital nature which cannot be applied as a set-off to Capital Expenditure.

The section ‘Expenditure Heads (Capital Account)’ in the second division shall deal with expenditure met usually from borrowed funds with the object either of increasing concrete assets of a material and permanent character or of reducing recurring liabilities. It also includes receipts of a Capital nature intended to be applied as set-off to Capital Expenditure.

The section “Public Debt” and “Loans and Advances” etc., of the Second division shall comprise, loans raised and their repayments by Government such as Internal Debt, External Debt to the Central Government and Loans and Advances made (and their recoveries) by Governments. The section also includes certain special types of heads for transactions relating to ‘Transfers from the Consolidated Fund to the Contingency Fund’ and ‘Inter State Settlement’.

In Part II of the Account, shall be recorded the transactions connected with the Contingency Fund set up by the Government of India or of a State or Union Territory Governments under Article 267 of the Constitution/Section 48 of the Government of Union Territories Act, 1963.

In Part III of the Account, the transactions relating to Debt (other than those included in Part I). ‘Deposits’, ‘Advances’, ‘Remittances’ and ‘Suspenses’ shall be recorded. The transactions under ‘Debt, Deposit and Advances’ in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to ‘Remittances’ and ‘Suspense’ in this part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests, accounts between different accounting circles, etc., The initial debits or

credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

**Article 25.** (a) Within each of the divisions/sections mentioned in the preceding Articles the transactions shall be grouped into sectors such as “General Services”, “Social and Community Services”, “Economic Services” etc., under which specific functions and services are grouped. The Sectors are sub-divided into Major Heads of Account. In some cases the Sectors are, in addition, sub-divided into sub-sectors before division into Major Heads of Account. The Sectors shall be distinguished by a series of letters of the Alphabet separately for the ‘Revenue Receipts Section’, the ‘Revenue Expenditure Section’ and for the Sectors included in the remaining Sections/Divisions.

(b) Each Major Head is allotted a code number which consists of a three digit Arabic number code. The first digit indicates whether a particular Major Head pertains to the Revenue Receipts Section/Revenue Expenditure Section/Capital Receipts Sections! Capital Expenditure Section Public Debt and Loans and Advances etc., Section, or to the Public Account. The next two digits indicate the Major Heads. The digits indicating the Major Heads would remain the same for the Major Head denoting the same function occurring in the several sections included in the Consolidated Fund.

(c) Under this scheme of codification the ‘Receipt Major Heads’ are assigned the block of consecutive serial numbers 020 to 199, and ‘Expenditure major heads on Revenue Account’ from 211 to 399. The only Capital receipt major head has been assigned the Code No. 400. ‘Expenditure major heads on Capital Account’ are assigned the Code Numbers from 411 to 599, while major heads under ‘Public Debt’ are assigned the Code numbers from 601 to 610. The Major Heads under “Loans or Advances”, “Inter-State Settlement” and ‘Transfers to the Contingency Fund’ are assigned the Code numbers from 611 to 799. The only major head ‘Contingency Fund’ in Part II - Contingency Fund is assigned the Code Number 800. The major heads in the Public Account are assigned the Code numbers from 801 to 899. The significance and the mode of operation of this scheme of codification would be clear from the following examples, taking the major heads for the functions ‘Medical’ in the Section ‘Social and Community Services’ and “Agriculture” in the sector “Economic Services” These major heads will have the Code number as indicated below :-

<i>Receipts</i>	<i>Major Head (Rev.Account)</i>	<i>Expenditure</i>	<i>Major Head (Rev.Account)</i>	<i>Capital Head</i>	<i>Major Head</i>	<i>Loan</i>	<i>Major</i>
080	Medical	280	Medical	480	Capital Outlay on Medical	680	Loans for Medical
105	Agriculture	305	Agriculture	505	Capital Outlay on Agriculture	705	Loans for Agriculture

From these examples it will be clear that the Code numbers relating to a Major Head in respect of the same function falling under the four sections mentioned above, which are arranged consecutively, differ from one another by 200 in the ascending order. This is to ensure easy correlations of the receipts/expenditure relating to the same function occurring in these four sections.

(d) As exceptions to this general principle assigning Code numbers there are a few cases of Major Heads for the same function which are not existing in all the four sections. In other words Major Heads of the same description would appear only in the relevant Sections.

The various Sections/Sectors/Sub-Sectors, classified under the different divisions shall be as given in Annexure A to this chapter.

**Article 26.** (a) The main unit of classification in accounts shall be the major head which shall be divided into minor heads, each of which shall have a number of subordinate heads, generally known as sub-heads. The sub-heads are further divided into 'detailed' heads. Some times major heads are also divided into 'sub-major heads' before their further division into minor heads.

The Sectors, Major Heads, Minor Heads, Sub-heads and Detailed Heads together constitute a five-tier arrangement of the classification structure of Government Accounts.

The detailed classification of account heads in Government Accounts upto the stage of the minor heads (the third tier) shall be such as given in the 'List of Major and Minor Heads of Account of Central and States' 'Receipts and Disbursements' - Appendix 2 to Account Code Vol. I. In all accounts records the Major and Minor Heads shall be arranged in the exact order shown in the list of Major and Minor Heads of account. The classification prescribed (including the Code Number assigned upto the Major Heads) should strictly be followed. Complete uniformity including nomenclature is essential in classification upto the stage of the minor head.

(b) The major heads of account falling within the sectors and sections "Revenue receipts" "Expenditure met from Revenue" "Capital expenditure" and "Public Debt". "Loans and advances" etc., in the "Consolidated Fund" generally correspond to "functions" of Governments, such as the different services like "agriculture", "Defence" etc., provided by Government, while the minor heads subordinate to them identify the "Programmes" undertaken to achieve the objectives of the function represented by the major head. A programme may consist of a number of schemes or activities and these generally, correspond to "Sub-heads" (the fourth tier of classification) below the minor and represented by the programmes. In certain cases, especially in regard to non-developmental expenditure of an administrative nature, the sub-heads denote the components of a programme, such as "organizations" or the different "wings of administration". A schemes, activities or organizations under various programmes differ from State to State and Centre, a uniform classification by "Sub-heads" for all the Governments has not been prescribed. The Central and State Governments, and the Accountants-General may determine the sub-heads below the minor head, to meet the local or special requirements of each Government. In determining the sub-heads, the following guiding principles should be observed:

(i) Homogeneous Scheme under a programme, especially those involving small outlays should be grouped into suitable sub-heads.

(ii) The Sub-heads should not be multiplied unnecessarily. New ones are to be opened only when necessary.

(iii) In certain cases the grounds for opening specific sub-heads below the minor heads have been indicated in the "General Directions" to the "List of Major and

Minor Heads of Accounts” and in the various “Notes” below the major heads in the list. These directions should be followed wherever necessary.

(c) A “detailed head”, which constitutes the fifth and the last tier of classification in Government accounts, is termed as an object classification. On the expenditure side of the accounts, particularly in respect of the heads of account within the Consolidated Fund the detailed heads, are primarily meant for itemized control over expenditure and indicate the nature of expenditure on a scheme or activity or organization in terms of inputs such as ‘salaries’, ‘office expenses’, ‘grant in-aid’, ‘Loans’, ‘investments’ etc. They also constitute the primary units of appropriation for the purpose of the Demands for Grants of Governments. A list of “Standard detailed heads’ comprising the common items of expenditure in the activities of Government which can be uniformly adopted by all the Government - Central, State or Union Territories - is given in Annexure ‘B’ to this Chapter. The detailed heads shown in this list may be adopted by all the Governments, and such additional detailed heads as may be found necessary to cover the specific types of expenditure in certain departments, may also be opened. Care should however be taken to ensure that detailed heads are not proliferated unnecessarily.

### **Major, Minor and Detailed heads**

**Article 27.** The introduction of any new major head or minor head, as well as the abolition or change of nomenclature of any of the existing heads, shall require the approval of the Comptroller and Auditor-General who will obtain the approval of the President where necessary. The Accountants-General shall have discretion to open all the prescribed detailed heads and to open any new detailed head where absolutely necessary, bearing in mind the principles enunciated in Article 26(c) above. In addition, the following principles should be observed.

(a) A sub-head or a detailed head which is placed under a particular minor head by the Comptroller and Auditor-General either through directions in the List of Major and Minor Heads or elsewhere should not be placed under another minor head.

(b) The sub-heads subordinate to a minor head of expenditure should be so arranged in accounts as to exhibit separately the expenditure under each unit of appropriation as prescribed from time to time by Government.

### **Classification of Expenditure as “Charged” or as “Voted”**

**Article 28.** Expenditure which under the provisions of the Constitution is subject to the vote of the Legislature shall be shown in the accounts separately from expenditure which is “Charged” on the Consolidated Fund of India or of a State, Union Territory. The expression “charged” or “voted” shall be appended to the heads concerned to distinguish the two categories of expenditure.

## **CLASSIFICATION OF TRANSACTIONS IN A CCOUNTS**

### **General Limitations**

**Article 29.** Under Article 150 of the Constitution the accounts of the Union and of the States shall be kept in such form as the Comptroller and Auditor-General may with the approval of the President prescribe. The word “Form” used in Article 150 has a comprehensive meaning so as to include the prescription not only for the broad form in which the accounts are to be kept but also the appropriate heads under which certain transactions or classes of transactions have to be entered. Accordingly the Comptroller

and Auditor-General with the approval of the President, is the authority to determine the classification of any transaction or class of transactions in Government accounts.

Provision made in the estimates of receipts and expenditure framed by Government or in any other appropriation should ordinarily conform to the rules of classification prescribed in this Code. Where there is divergence the corresponding receipt or expenditure shall be brought to account under the appropriate Major or Minor Head or other unit of classification as determined by the Comptroller and Auditor-General with the approval of the President.

### **General Principles of Classification**

**Article 30.** As a general rule, the classification of transactions in Government accounts, shall have closer reference 'to the function, programme and activity of the Government and the object to the revenue or expenditure, rather than the department in which the revenue or expenditure occurs. For example, expenditure incurred by the Public Works Department on the construction of a Hospital shall be debited as expenditure under the major head "280 Medical" or "480. Capital Outlay on Medical" as the case may be, and not to the major head for "Public Works". This principle is however, subject to such exceptions as may be authorized specially in any individual case or a class of cases e.g., receipts representing 'Interest' are shown under "049. Interest Receipts" and expenditure on other maintenance and Repairs of Non-residential Buildings under the administrative control of the P.W.D. are shown under the Major head "259. Public Works" irrespective of the functions to which they relate.

### **General Principles of Expenditure Between Capital and Revenue**

**Article 30-A.** The guiding principles of allocation of expenditure between Capital and Revenue are as under :—

(1) Expenditure of a capital nature shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of extinguishing or reducing recurring liabilities.

(2) It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring the expenditure. Expenditure by Govt. on Grants-in-aid to local bodies or institutions cannot legitimately be considered as capital expenditure.

(3) Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

(4) Expenditure of a capital nature shall be distinguished from Revenue expenditure both in the Budget Estimates and in Government accounts, subject to the principles laid down in Article 43.

(5) Capital should bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It should also bear charges for such further additions and improvements as it may be sanctioned under rules made by competent authority.

(6) Subject to (7) below, revenue should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvement of extensions as under rules made by Government are debitable to the revenue account.

(7) In the case of works of renewal and replacement which partake both of a capital and revenue nature, the allocation of expenditure should be regulated by the broad principle that Revenue should pay or provide a fund for the adequate replacement of all wastage or depreciation of property originally provided out of capital grants and that only the cost of genuine improvements, whether determined by prescribed rules or formula or under special orders of Government may debited to Capital.

### **IMPORTANT GENERAL ORDERS GOVERNING CLASSIFICATION**

#### **Pay and Allowances (Other than Travelling Allowances) of Government Servants**

**Article 31.** (1) Following the principles in Article 30, the Pay and Allowances of Government servants shall be classified in accounts as part of the scheme, activity or organizations (sub-head) under a programme (Minor Head) below a function (major/submajor head) to which the service of the Government servant closely relate. Where however, it is not possible to classify *ab initio* the pay and allowances of Government servant or servants under a single sub-head, because of the overlapping nature of the duties of such Government servants which extend to several activities, programmes, functions etc., the charges may be classified initially as part of the scheme or activity or organization which the major portion of the work of the Government servants relate. A suitable *pro-rata* allocation of such expenditure should however be made in all such cases as far as possible.

(2) The transit pay and allowances of a Government Servant proceeding to join an office whether on first appointment or on transfer, either permanently or as temporary measure, or on reversion from one department to another, should, in the absence of special orders to contrary be debited to the office to which he is proceeding.

**Note 1.** The transit pay and allowances both ways, of officers of the Defence or Railway Department lent to Civil Departments or vice versa, are debitable to the borrowing Department. This principle shall apply even in cases where the Government servant takes leave either before joining the borrowing Department or before rejoining the lending Department and shall hold good in respect of joining time admissible under the Service Rules applicable to him. Cases of permanent transfers between the Civil and the Defence or Railway Departments shall, however, be governed by the substantive rule in clause (2) above.

For purposes of this note, officers of the Indian Medical Service in civil employment should be regarded in all cases as lent to the Civil Department.

**Note 2.** The transit pay and allowances, both ways, of a Government servant transferred from one Government, to another or to foreign service will be adjusted in such manner as may be mutually agreed upon by the Government concerned or as may be laid down in the appropriate Service Rules. See also Section 1 in Appendix 3.

**Note 3.** The transit pay and allowances both in respect of the forward and the return journeys of Government servants transferred to or from Mission and offices abroad will be borne by the Ministry which plans the transfer of the official. However, the transit pay and allowances of the officers belonging to Indian Foreign Service (A) and Indian Foreign Service (B) in respect of their return journey from abroad shall be debited to the budget grant of the Ministry of External Affairs or the Ministry of Commerce and Industry, where the official reports for duty.

### Travelling Expenses

**Article 32.** Travelling allowances of Government Servants shall be debited in accounts, as part of the scheme/activity or organization, under a programme or function of Government in connection with which the expenditure on the travel on duty of the Government servant is closely connected. The principle is however, subject to such exceptions as may be specially authorized in this behalf by the Government in consultation with the Comptroller and Auditor-General.

### Expenditure on Public Works

**Article 33.** Expenditure on Public Works where the works are under the administrative control of the P.W.D. shall be classified in accounts, according to the following principles —

(i) Expenditure on the construction of Government non-residential buildings, for administrative and office purposes “and other buildings which exclusively relate to functions under General Services” as distinct from that of the construction of buildings for functional purposes like Schools, Colleges, Hospitals, etc., will be accounted for under the major head “259. Public Works” or “459. Capital Outlay on Public Works” as the case may be;

(ii) Expenditure on the construction of buildings for purely functional purposes, such as those for Schools, Colleges, Hospitals, etc., will be accounted for under the relevant major heads closely connected with the functions, such as “277. Education/477. Capital Outlay on Education, Art and Culture” “280. Medical/480. Capital Outlay on Medical” etc., as the case may be;

(iii) Expenditure on maintenance and repairs of all Government non-residential buildings whether for administrative office or functional purposes - will however, be accounted for under the major head “259. Public Works”;

(iv) Expenditure on Government residential buildings will be accounted for under the major head “283. Housing/483. Capital Outlay on Housing” in the revenue or capital section as the case may be, in the sector “Social and Community Services”;

(v) Expenditure on roads and bridges, being in the nature of communication services, will be accounted for under the major head “337. Roads and Bridges/537. Capital Outlay on Roads and Bridges” in the revenue or capital sections as the case may be in the sub-section “Transport and Communications” of the sector “Economic Services”.

**Note 1:** — Where the buildings etc., are not under the administrative control of the P.W.D. it is open to Govt. to prescribe that expenditure on construction and repairs upto certain monetary limits, may be incurred by the Civil departments (i.e., departments other than the Public Works Department) concerned. In such cases, where the expenditure can be identified with the programme (Minor Head) relating to the function (Major Head) it should be accounted for under the detailed head “Works” below the minor head. Where the minor head is not identifiable, it should be classified under the residuary minor head “Other expenditure” of the relevant major head.

**Note 2:** — Expenditure on the staff-quarters (construction as well as maintenance) forming part of a scheme or project such as those of Doctors or Nurses in a Hospital, will normally be accounted for as expenditure of the programme under the relevant functional Major head (‘Medical’ in the example cited above) and not under the Major head ‘Housing’. If however Government

finds it difficult for administrative reasons, to follow this principle, in the case of maintenance expenditure, the expenditure on maintenance may be debited to “259. Public Works”. As a corollary, the rent receipts will go to “083 Housing” in such cases.

### **Contributions made by or to Government**

**Article 34.** (a) Contributions made by the Central or the State Governments to Zilla Parishads, Municipalities, etc., or vice versa shall be debited as expenditure or shown as receipts (as the case may be) under the head of account most closely connected with the object for which the contributions are made. Thus, a grant for the construction of a school shall be debited to “277. Education” grant for construction of a drainage system to “282. Public Health. Sanitation and Water Supply” and a grant for the constructions of a road to “337. Roads and Bridges” and a grant given for general purposes. such as a grant to make good a deficit or as compensation for revenue resumed, shall be classified under “284. Urban Development” and “363. Compensation and assignments to Local Bodies and Panchayati Raj Institutions” respectively.

*Note 1:* —If the financial assistance given by the Central or State Government to a local body does not take the form of a grant of cash, but of expenditure in the Public Works Department equivalent to the whole or a part of the cost of a work constructed by that department on behalf of the local body concerned, the contribution thus made should be debited as expenditure under the detailed head ‘Contribution’ below the relevant minor/major head corresponding to the programme/function closely connected with the object of the assistance.

*Note 2 :*—Contribution paid by a local body or private party with the express object of meeting the whole or a part of the cost of construction by the Public Works Department of a specific work which is eventually to be the property of Government should be credited as revenue receipts of the Government relevant to the function/programme closely connected with the object for which the contribution is made.

(b) Article 282 of the Constitution provides that the Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws. The word ‘grant’ used here should be taken to mean not merely ‘grant-in-aid’ but also other direct expenditure.

### **Refunds of Revenue**

**Article 35.** Refunds of revenue, shall as a general rule be taken in reduction of the revenue receipts. In so far as the sector “A. Tax Revenue” is concerned the refunds shall be accounted for under a distinct sub-head below the relevant minor heads under the major/sub-major heads in that sector, so that the net collection of each tax/duty (accounted for under the minor heads) can be readily ascertained from the accounts.

The refunds of revenue relating to the sectors “B. Non-tax Revenue” and “C. Grants-in-aid and contributions” may be accounted for under a separate minor head “Deduct-Refunds” under the major/sub-major heads falling in these sectors, in case it is not practicable to exhibit such refunds as sub-heads below the programme minor heads themselves.

### **Classification of Transactions under “Civil Advances”**

**Article 36.** (a) Moneys advanced for miscellaneous purposes under special authority and recoverable in cash and sums overpaid on vouchers other than those for

service payments shall be adjusted under the head '850. Civil Advances'. Payments made on account of Government expenditure should not be held under "Civil Advances" on the ground that further proceedings in audit are necessary for their final admission. This head shall cover items which are from their inception debts due to Government recoverable either in cash or by deduction from Pay and Allowances. Pay and Allowances of any kind in respect of an assignable period paid before they are due shall be debited to the same head as and when paid after they are due.

(b) (i) Advances of Pay and Travelling Allowance on transfer should be debited to the final head of account and not to "Civil Advances" subject to (ii) below. The debit should be borne by department which makes the advances. The recovery of Pay and Travelling Allowance advances on transfer, will, irrespective of the year of recovery, be treated as minus expenditure. The recoveries will be accounted for under the head of account to which the expenditure of the department to which the Government servant is transferred is debited.

(ii) However, in the case of transfer of a Government servant from one Government to another or within the Central Government to or from the Railways/Posts and Telegraphs/Defence Departments, the debit representing the advance of Pay/Travelling Allowance on transfer will be dealt with as per the principles indicated below:—

(a) In the case of a transfer from a lending Government/Department to a borrowing Government/Department the debit will be passed on to the borrowing Government/Department for adjustment to the appropriate final head of account in the books of the borrowing Government/Department, and recoveries of such advances affected in that Government/Department will be adjusted as minus expenditure.

(b) In the case of re-transfer of the Government servant to the lending Government/Department, the debit on account of "Advance of Pay" may be passed on by the borrowing Government/Department to the lending Government/Department while the debit on account of "Advance of Travelling Allowance" should be finally adjusted in the books of the borrowing Government/Department itself, since final Travelling Allowance in which the advance is to be adjusted is to be borne by the borrowing Government/Department in accordance with the principles of incidence of such changes laid down in Appendix 3-B- 1 (ii) of Central Account Code.

(c) Advances for law suits shall be debited to the functional expenditure head concerned. Refunds of amounts remaining unspent out of these advances shall be dealt with as cash recoveries; and adjusted in accounts, in accordance with the provisions in Article 22 of Vol. IV of Central Account Code.

#### **Article 22 of the Comptroller and Auditor-General's account Code, Volume IV:**

**22.** The recoveries of overpayments shall be posted direct under the receipt or service head concerned in the Compilation Book in the following manner:

(a) Recoveries relating to overpayments of the current year—

The recoveries whether made in cash or from payment vouchers shall be taken as a reduction of expenditure by posting these as minus expenditure in the Compilation Book itself under the head previously overcharged, and

## (b) Recoveries relating to overpayments of a previous year—

There shall be credited to the departmental receipt head concerned as receipt of the department or in the case of Departments not having corresponding receipt head to the major head “65 - other Administrative Services” direct if made in cash or through part (3) of the Abstract (like deductions on account of General Provident Fund etc.) if made from payment vouchers.

(G.O. Ms. No. 187, Fin. & Plg. Dt. 25-7-1987)

In cases where full particulars are not available to determine the correct classification, for the purpose of direct postings, the items shall, in the first instance, be classified under a suitable detailed head e.g., ‘Objection Book Suspense-Receipt’ under the minor head “Suspense Account” Civil below the major head “Suspense Accounts” in the Deposit Section of the Accounts. This suspense head shall be cleared on receipt of the necessary particulars.

**Note** :—If a recovery representing an over payment of the current year is made by short payment of an item debitible to the same detailed head, no separate adjustment is necessary.

### Classification of Transactions under “Suspense”

**Article 37.** Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reason may be held temporarily under the head “858. Suspense Account” in the sector “Deposit section” of the accounts. A service receipt of which full particulars are not given must not be taken to the head “Suspense Account” but should be credited to the minor head “Other Receipts” under the revenue head to which it appears to belong pending eventual transfer to the credit of a proper head on receipt of detailed particulars. The charges under the head “Suspense Account” will consist not only of items for which full particulars have not been given which will enable the Audit Office properly classify them, but also charges written back on disallowance from Exchange Accounts or charges disallowed from the Inward Settlement Account, which are not susceptible of final adjustment against some other head. If, however, the only point of doubt in respect of any charge is whether it should be treated as Central Charge or as pertaining to a State, it should not be debited to “Suspense” but should be taken to a proper service head of account, and shown as appertaining to the Government which actually incurred the expenditure pending final decision of the question of which Government should bear the charge.

(G.O. Ms. No. 187, Fin. & Plg., Dt. 25-7-1987)

**Note** :—No sums shall ordinarily be credited to Government by debit to suspense head; credit must follow and not precede actual realization.

### Exchange in Respect of Transactions in England and the Mission Abroad

**Article 37-A.** Net gain or loss by exchange in respect of Government transactions taking place in U.K. and in the Embassies and Missions abroad shall be uniformly adjusted in the books of the Central Government under the head “068/268 Miscellaneous General Services - Gain/Loss by exchange.”

**IMPORTANT SPECIAL ORDERS GOVERNING CLASSIFICATION OF  
CERTAIN INDIVIDUAL TRANSACTIONS**

**Cost of acquisition of land**

**Article 38.** Cost of land acquired for any specific work or a project shall be recorded as part of the cost of the works or of the project under the relevant functional major/minor head. The expenditure on acquisition of land by the Public Works Department for general purposes shall be recorded under the head “259. Public Works Other Expenditure” 459. Capital Outlay on Public Works - Acquisition of Lands” as the case may be.

**Sale-proceeds of Government Land and Buildings**

**Article 39.** The classification of the sale-proceeds of Government land and buildings shall be regulated in accordance with schedules given below

**SCHEDULE I  
Sale-proceeds of land, etc.**

	(1)	<i>Heads to which creditable</i> (2)
(i)	When the cost of the land was originally debited to, or remains at the debit of, the Capital account of any project or undertaking for which regular Capital and Revenue accounts are kept or was originally met from the revenue account of such PROJECTS or undertaking.	The Capital or Revenue account of the project, as the case may be, according to the allocation rules applicable to the Dept. concerned.
In the case of land acquired by Government on payment of companies Railway, or of Government land made over to such Railways by other Government Departments or Railways, where the cost was originally debited to “350-Subsidised Companies-Land” the sale proceeds are creditable to “150-Subsidised Companies” on the receipts side.		
(ii)	When the cost was originally debited to a Capital expenditure head outside the Revenue Accounts, even though no regular Capital and Revenue accounts are kept for the work covered by the Capital expenditure.	The Capital expenditure head, originally debited.
(iii)	When the cost was originally debited, within the Revenue Section of accounts, to any service or revenue department for which no Capital and Revenue accounts are kept.	The receipt head relating to the Department concerned, or in the case of department not having corresponding receipt head “068 Miscellaneous General Services - Sale of land and Property”.
(iv)	When the cost was not so debited :—	
	(a) the rights of the Government in agricultural land not covered by clause (b);	“105. Agriculture - Other receipts”.

	(1)	(2)
(b)	Nazul lands in the Uttar Pradesh, the Punjab and the Madhya Pradesh or elsewhere the lands in the Punjab equipped at the cost of State revenues for resale for building purposes:	“068. Miscellaneous General Service - Sale of Land and Property”.
(c)	In all other cases :—	
	(i) If sold in the Public Works Department:	The functional receipt major head concerned or the head “059-Public Works”.
	(ii) If sold in the Defence Department:	The major heads “069-Defence Services Army” 070-Defence Services - Navy or “071 - Defence Service - Air Force” as the case may be.
	(iii) If sold by the Civil agency:	The functional receipt major head concerned or “068 - Miscellaneous General Services”.

## SCHEDULE II

### Sale-proceeds of buildings (including the actual area occupied by or auxiliary to a building)

	(1)	<i>Heads to which creditable</i> (2)
(i)	When the cost of the building was originally debited to, or remains at the debit of, the Capital Account of a project or undertaking for which regular Capital and Revenue Accounts are kept or was originally met from the Revenue account of such project or undertaking.	The Capital or Revenue account of the project, as the case may be, according to the allocation rules applicable to the Department concerned.
(ii)	When the cost of the building was originally debited to a Capital expenditure head outside the Revenue account, even though no regular Capital & Revenue Accounts are kept for the work covered by the Capital expenditure.	The Capital expenditure head originally debited.
(iii)	When the sale affects Irrigation, Navigation, Embankment and Drainage works for which Capital Accounts are not kept.	“1 33. Irrigation, Navigation, Drainage and Flood control Projects - B. Irrigation Projects (Non-Commercial) or D. Navigation Projects (Non-Commercial) or F. Drainage Projects (Non-Commercial) or G. Flood Control and Anti-sea Erosion Projects”, as the case may be.

	(1)	<i>Heads to which creditable</i> (2)
(iv)	When the sale is of building the cost of which was originally debited, within the revenue section of the accounts, to any service or revenue department for which no capital and revenue accounts are kept.	“The receipt head relating to the function to which the cost of the building was initially debited or in cases where there is no corresponding receipt head, to the head “068 - Miscellaneous General Services - Sale of land and property”.
(v)	In all other cases:	
	(i) If sold in the Public Works Department.	The functional receipt major head concerned or the head 059-Public Works”.
	(ii) If sold in the Defence Dept.	The major heads “069-Defence Services - Army” - “070-Defence Services - Navy” or “071-Defence Services - Air Force” as the case may be.
	(iii) If sold by civil agency.	The functional receipt major head concerned or “068-Miscellaneous General Services”.

### Municipal rates and taxes

**Article 40.** Municipal rates and taxes on Government buildings shall be adjusted as follows:-

(a) As a general rule, municipal rates and taxes on a non-residential building utilized for functional purposes, such as for Schools, Colleges or Hospitals, if paid by the relevant departments dealing with those functions, would be adjusted in accounts as part of the sub-heads/minor heads concerned relating to the function, under the detailed head “Rent, Rates and Taxes”. Where however, the whole or a part of the tax is paid by the Public Works Department in administrative control of the building, the payments may be debited to the maintenance estimates of the building concerned viz., “259. Public Works-Maintenance and Repairs in terms of Article 33 (iii).

(b) Taxes on non-residential buildings occupied by Department other than the Defence Department, if paid by a department nominated by Government in this behalf and not passed on to the occupying departments shall be debited to “265. Other Administrative Services - Other expenditure”.

(c) Taxes on residential buildings, if payable Government shall be debited to the maintenance estimates of the buildings under the head “283. Housing - C - Government Residential Buildings - Maintenance and Repairs or “259. Public Works”, in case the Government has decided to debit maintenance expenditure to this head’.

**Note** :—In cases where the whole or any portion of the taxes which by local rule or custom are ordinarily leviable from the tenant, is paid by a department of the Government such payments are treated as part of the Contingent expenditure of the department.

(d) Taxes both on residential or non-residential buildings owned/or occupied by the defence department shall be debited to the Defence Services Estimates.

### Cost of Survey of India and other Scientific Parties accompanying a military expedition

**Article 41.** The cost of Survey of India and other scientific parties which may accompany a military expedition shall be adjusted as follows:—

(i) All extra expenditure connected with Survey of India unit which would not have been incurred but for field operations shall be borne by the Defence Estimates, provided the Survey of India unit accompanied the expedition at the request of the Defence Department.

(ii) The cost of the pay, allowances, and contingencies of other scientific parties shall be borne by the respective Civil Departments concerned, while the expenditure incurred on special transport arrangements made by the Defence Services shall be debited to the Defence Estimates.

These rules shall not, however, apply to the classification of the cost of units of the Survey of India or of other scientific parties mobilized for service with the Army on general mobilization. The whole cost of these units except (in the case of the Survey of India) that of the initial supply of all technical equipment material and stores; shall be debited to the Defence Estimates under Special Rules.

### ***LOCAL RULING***

#### **Cost of Management of Andhra Pradesh Government Life Insurance Fund**

The cost on account of the pay and allowances of the officers and the staff and Class IV employees of the Andhra Pradesh Government Life Insurance Department and other charges representing management expenses, which are initially debited to the Government account under "M.H. 288-Social Security and Welfare - E. Other Social Security and Welfare Programmes - 05-Insurance Schemes - S.H. (01) Andhra Pradesh Government Life Insurance Department" shall finally be transferred at the end of each financial year to the Fund Accounts under M.H. 811 - Insurance and Pension Funds - 05. State Government Insurance Fund - S.H. (01) Andhra Pradesh State Life Insurance Fund".

(Memo No. 92383/ Fin. (Accts) Dept. 66-3, Dt. 5-1-1968)

### ***GENERAL METHODS OF ACCOUNTING***

#### **Accounting for transactions Pertaining to more than one major head of account**

**Article 42.** For the sake of convenience or for other special reasons, receipts or charges pertaining to more than one head of account may be booked in the first instance under one of the head concerned, but the portion creditable to the other head or heads involved should be transferred from the former head to the latter before the accounts of the year are closed. A few cases in which this procedure is authorized are cited below :—

(1) Where the charges for the supply of water from Irrigation canals are consolidated with the Land Revenue demand the consolidated rates are in the first instance credited to the head "029. Land Revenue" and an approximate amount calculated as the share due to Irrigation is transferred to Irrigation Revenue head.

(2) Charges for collection of corporation tax are accounted for under the head "220 - Collection of Taxes on Income and Expenditure - Collection Charges - Income Tax" in the first instance, the amount debitible to the head "Collection Charges - Corporation Tax" being transferred latter from the former head to the latter.

(3) Interest paid by Government on loans is taken initially under the head "249 - Interest Payments" and necessary transfers from this head are made subsequently in

respect of amounts debitible to Commercial Departments, by credit to “049 Interest Receipts”.

(4) The Establishment and Tools and Plant charges of Public Works Division are in the first place booked under a single major head subject to final apportionment among the several major heads concerned.

(5) The charges relating to the audit of the transactions of the Posts and Telegraphs, Railways and the Salt Organization of the Ministry of Commerce and Industry, are recorded initially under the head “216 - Audit” and are transferred subsequently to the accounts of the respective departments.

### **Record of Capital Expenditure in accounts**

**Article 43.** The following principles shall govern the record of capital expenditure in accounts:

(i) The Central Government and the State Governments should prescribe definite criteria for classifying an item of expenditure as pertaining to ‘Revenue’ or ‘Capital’ taking into account the nature and the magnitude of the expenditure involved. The source of financing (whether revenue budget or capital budget) should follow this classification.

ii) All items of expenditure to be met from revenue according to the criteria indicated in (i) above should be initially and finally debited to ‘Revenue’ and it is not permissible to debit such expenditure temporarily to a capital head, pending its write back to revenue over a period of years.

(iii) The detailed rules by which allocation of expenditure between Capital and Revenue in commercial departments and undertakings should be determined, shall be such as may be made by Government, after consultation with the Comptroller and Auditor-General.

### **Accounting for transactions relating to Scheduled Areas**

**Article 44.** Receipts and expenditure pertaining to Scheduled Areas in a State, vide Article 244 (1) of the Constitution, shall be accounted for under the same major and minor heads under which corresponding receipts and expenditure pertaining to other areas of the State are accounted for, but the receipts and expenditure of the former kind may be shown in the accounts separately from the latter if Government so desires.

**Article 45.** *[Deleted]*

### **Accounting for losses**

**Article 46.** Losses of Public money, stores or other property of Government shall be accounted for in accordance with the rules in Chapter 6.

### **Exhibition of recoveries in Government Accounts**

**Article 47.** The rules to regulate the exhibition of recoveries in Government Accounts are contained in Chapter 5.

### **Accounts for recoveries of overpayments**

**Article 48.** Recoveries of overpayments shall be adjusted in the accounts in accordance with the procedure set Out in Article 22 of Volume IV of Central Account Code.

### **Accounts of Commercial Undertakings**

**Article 49.** Where any undertakings of Government are conducted on commercial lines, the essential formalities of commercial accounts should, if Government so desires, be strictly observed. In such cases separate commercial accounts of the undertakings shall be kept outside the regular Government accounts. Gross receipts and expenditure of commercial undertakings shall be accounted for under the appropriate major and minor heads in the same way as ordinary receipts and expenditure of Government. The heads of accounts, should, as far as possible, be common to the Government accounts, and the General Ledger maintained at the undertaking and should be selected with due regard to the principles of Governmental and commercial accounting so that the monthly classified account of income and expenditure of the undertaking may be prepared readily from the General Ledger maintained at the undertaking.

### **Working expenses of commercial departments**

**Article 50.** As a general rule all expenditure pertaining to any department, including commercial department, should be recorded on the expenditure side of the account only.

### **Transactions with other Governments and Account Circles**

**Article 51:** Subject to any general or special orders issued by Government after consultation with the Comptroller and Auditor-General, the methods by which transactions between different account circles as well as between different Governments including Government of other countries are settled, shall be as described in relevant Chapters of Volume IV of Central Account Code.

### **Rectification of misclassification**

**Article 52.** The procedure to be followed in rectifying misclassifications in accounts shall be as prescribed in Chapter 19 of Volume IV of Central Account Code.

### *Chapter 19*

#### **Transfer Entries of the Comptroller and Audit-General's Account Code, Volume IV Object of Transfer Entries**

**247.** Transfer entries, which are entries intended to transfer an item from one head of account to another, are necessary :—

- (a) in order to correct an error of classification in the original accounts;
- (b) in order to adjust, by debit or credit to its proper head, an item outstanding under a debt, deposit or remittance head;
- (c) in order to adjust inter-departmental and other transactions which do not involve the receipt or payment of cash.

1. Another type of case in which transfer entries are necessary occurs when it is found more convenient to classify items pertaining to more than one head of account under a single head of account in the first instance than to classify them under each head of account from the beginning, for example when a definite proportion of any receipt or charge is taken to a separate head, it is often convenient to make the distribution upon the totals of the Departmental Abstract or the Detail Book.

### General Rules

**248.** Transfer entries should be prepared in Form 50. On one side of every transfer entry, there should be only one major head to which there may be a debit or credit to sundry heads or vice versa; debit should not be taken against sundry head by credit to sundry heads. A .fortiori, the same entry should to contain independent corrections of two major heads: it may not debit A by credit to B, and again C by credit to D.

In a transfer entry all particulars explaining both the nature of the adjustment and (if it is a correcting transfer) the grounds of the correction must be clearly stated.

**249.** A list of adjustments which have to be made periodically should be maintained in order to ensure that they are regularly made. These adjustments should, as a rule, be made monthly. If this is found inconvenient and if the Accountant-General considers that there are sufficient grounds for postponing any adjustments, they may be made quarterly. Unforeseen adjustments should, however, be made as soon as the necessity for them arises.

**250.** Save as may be authorized by the Comptroller and Auditor-General or by Government consultation with Comptroller and Auditor-General, annual and half-yearly transfers should, as a rule be avoided. Cases in which such transfers are authorized will be found in the manuals of the Account Officers concerned.

### Correction of Accounts

**251.** (a) If an item which properly belong to a Revenue or Expenditure head is wrongly classified under another Revenue or Expenditure head in the accounts of the same Government, the error may be corrected at any time before the accounts of the year are closed, in the manner directed in Article 246; but after the accounts are closed, no correction is admissible it being sufficient to make a suitable note of the error against the original entry. If however, the error affects the receipts and disbursements of another Government, or the transactions of a Commercial Department it should be corrected by transfer in all cases as soon as the error is discovered. The procedure to be observed for the correction of errors in the accounts of works in the Public Works Department shall be laid down in Articles 149 and 200(a) of Volume III of Central Account Code.

(b) An error which affects a debt, deposit or remittance head must be corrected by transfer, however old and small it may be. If the accounts of the year in which the error took place are not closed the correction should be made by the removal of the item from the head under which it was wrongly taken to that to which it properly belongs. If the accounts of the year in which the error took place are closed, then the following procedure should be followed in the cases referred to:

(1) an item taken to one debt, deposit or remittance head instead of another—the correction should be made by transfer from the one to the other.

(2) an item credited to a debt, deposit or remittance head instead of to a revenue head, or debited to a debt, deposit or remittance head instead of to an expenditure head - the correction should be made by transfer to the head under which it should originally have appeared:

(3) an item credited to a revenue head instead of to a debt, deposit or remittance head, -the corrections should be made by debiting refunds and crediting the proper head.

(4) an item debited to an expenditure head instead of to a debt, deposit or remittance head, - correction should be made debiting the proper head and crediting the relevant receipt head (vide Article 22).

**Note 1** —After the accounts of the year are closed, corrections of transfers affecting capital major heads, unless they affect the account of different Governments, should usually be affected without financial adjustment by alteration of progressive figures without passing the debit and credit entries through the accounts of the year's financial transactions. This would prevent unnecessary inflation of the current year's accounts and the voting of grants of doubtful propriety which the inclusion of the correcting entries in the current accounts would otherwise involve.

**Note 2** :—Errors in the accounts of Divisional Officers of the Public Works Departments shall be governed by the rule in Article 200 of Volume III of Central Account Code.

### Outline of Procedure

**252.** A correction by a transfer entry may be proposed by any section of an Account Office; it should be accepted by the other section concerned if the entry has been drawn up according to rule and necessary particulars are furnished. Original vouchers and other documents in support of the entry should be recorded in the section which originally dealt with them and not sent to the other section concerned along with the transfer entry.

**253.** A transfer entry Number Book in Form 51 should be maintained in each audit or accounts section in which should be entered in brief but clear detail the particulars of each transfer originating in that section, it being sufficient to fill in columns 1 and 2 only in respect of transfer entries received from other sections. The transfer entry Number Book for Central transactions should be kept separate from that for State transactions. The entries proposed by the several sections should be numbered serially by each, a distinctive letter being used by each section and these numbers entered in their respective Number Books. The number to be given to an entry received from another section should be expressed as a fraction, the numerator of which will denote the number as given by the originating section and the denominator will show the number assigned to the entry in the Number Book of the receiving section.

**Note:-** The provisions of this Article may be relaxed, at the discretion of the Head of an Accounts Office, when, in view of the large number of transfer entries received from other sections, it is considered more economical, only with reference to the entries so received and not those originating in the receiving section itself, to maintain a simple 'Index of Transfer Entries' showing the General Number as allotted by the receiving section and the sectional number of the originating section, in the following form which can be drawn up in manuscript.

Index of transfer Entries for the month of 199

General No.	Sectional Number and distinctive letter	General No.	Sectional Number and distinctive letter

**254.** (a) The addition or deduction which should be posted in Departmental Abstracts or the Detail Books on account of the transfer entries should be worked out from

the separate transfer entries of all sections in accordance with the procedure described in the succeeding Articles. This procedure shall consist mainly of the preparation of an abstract known as the Combined Transfer Ledger and Abstract (Form 52) showing the debits and credits to be made under each detailed head affected by the entries of the month, the totals of the debits and credits of the month necessarily being equal. The Combined Transfer Ledger and Abstract for Central transactions should be kept separate from that for State transactions;

(b) In the case of revenue and expenditure heads, it is the net outcome of the transfer entries against each, i.e., the balance of the head, in the Combined Transfer Ledger and Abstract (Form 52), which should appear as a debit or credit in the Abstract but in the case of debt, deposit or remittance heads, the gross credit and the gross debit should both appear in the Abstract, - the former in the receipt part and the latter in the disbursement part, as these heads have corresponding accounts of both sides.

1. When large transfers are made from one debt, deposit or remittance head to another in order to correct the original classification in accounts the correction should, wherever possible be made by a deduct entry against the original debit or credit, so as to prevent exaggeration of the transactions in the accounts. The same principle shall apply also to transfer of balances from one account circle to another within the accounts of the Central Government.

When, however, such a transfer affects a debt, deposit or remittance head for which grants are obtained, it should be adjusted, irrespective of the amount involved, on the following principles

(a) When the correction is in rectification of a misclassification of the same year,— by deduct entry against the original debit or credit, as the case may be;

(b) When the correction is in rectification of a misclassification of the previous year,— by plus credit or minus credit under the concerned, without affecting the debits for the year; provided that in either case, if the correction involves the transfer of balances from one account circle to another within the accounts of the Central Government, the adjustment in both circles must be made without any reservation within the same official year.

**255.** The transfer entries, after being noted in the Number Book, should be posted individually into the left hand columns of the Combined Transfer Ledger and Abstract, against the respective heads affected. The column for “Number” of the entry and that for the “District or Department” which provides for the name of the District or Department in whose accounts the original error appeared should be filled in at the same time.

**256.** From the right hand money columns of the Combined Transfers Ledger and Abstract, the figures should be posted under appropriate heads in the Departmental Abstract or the Detail Book, immediately under the total of cash transactions. The debits to a revenue head, and the credits to an expenditure head should appear in the “Deduct” line, but all other entries (with the exception of the kind mentioned in Rule I to Article 254) are entries of addition and should appear in the “add” line.

**257.** A note of a correction effecting district figures relating to revenue and expenditure heads should be made against the original entry in the Departmental Abstract

of the month in which the error occurred. Where the Compilation Book of revenue and service transactions takes the place of the Departmental Abstract, a note should be made similarly in that Book. Transfers affecting a debt, deposit or remittance head should be made by . , ' entries in the month of correction and need not be noted against the original entry. in the case of important transfers, however, a note should be made in red ink, across the original entry in the Detail Book, of the month of its reversal and across the correcting entry of the month of the original one.

**Note :-** When detailed statement of revenue is communicated, month by month, to the revenue controlling authority, particulars of correcting transfers made in the month's accounts should be given at the foot.

### **Closing of the Combined Transfer Ledger and Abstract**

**258.** The Combined Transfer Ledger and Abstract should be closed by totaling, under each head the figures in the columns on the left, and carrying into the columns on the right the balance in the case of revenue and expenditure heads, and the totals (except as stated in Rule 1 to Article 254) in the case of debt, deposit and remittance heads. The total of the two money columns on the left need not be carried forward, but the amounts in the two money columns on the right hand side should be totaled and agreed. After the Combined Transfer Ledger and Abstract is thus proved by the agreement between the totals of these two columns, an abstract should be drawn up as indicated in the Article 55. The Departmental Abstracts or the Detail Book should then be posted from the Columns on the right, the poster ticking off each entry, as he posts it, At the end of the year, the monthly volumes of the Combined Transfer Ledger and Abstract should be arranged in order of the months and bound into convenient volumes.

### **Writes-off from Balanced heads to 'Government'**

**Article 53.** Ordinarily all amounts due to Government which are found to be irrecoverable shall be written-off from the Debt head of account concerned to an Expenditure head as a loss to Government. Similarly, any amount due by Government remaining unclaimed for such time as may be prescribed by Government may be credited as revenue of the Government concerned by debit to the Debt or Deposit head concerned. Amounts outstanding due to book-keeping errors under heads which close to balance may be written-off to "880 - Miscellaneous Government Account - Write-off from heads of account closing to balance", with the specific approval of the Comptroller and Auditor General.

**Note 1:** (a) The powers of the Comptroller and Auditor-General of India referred to above may be exercised by the Accountant General in cases where the amounts to be written-off do not exceed Rs. 1,000 provided that-

(i) The amounts written-off have been thoroughly examined by the Internal Audit Sections;

ii) the Accountant-General is personally satisfied that the items have been outstanding for over 5 years, that a dead end has been reached in all cases, and that a write-off is unavoidable; and

(iii) The Accountant-General has also satisfied himself that the outstanding is the result of a book-keeping error only;

(b) The amounts written-off by the Accountant-General should be reported to the Comptroller and Auditor-General of India annually by 10th November, along with certificates regarding the fulfillment of the conditions (i) to (iii) in (a) above;

(c) In the case of P.F. Suspense, the limit 5 years mentioned at item (ii) of Note I - (a) will not be applicable. Group Officer holding charge of Provident Group may also write-off the outstanding amount under this head upto Rs. 500 in each case subject to his having satisfied himself about the conditions (i) to (iii) in (a) above. A quarterly report on items written-off by Senior Deputy Accountant-General under the powers delegated to him should be submitted to Accountant-General for review. The Accountant-General should report to Comptroller and Auditor-General of India on the write-off of Suspense half-yearly on 10th May and 10th November. (As amended in C.S. No. 1/81 vide G.O. Ms. No. 79, Fin. & P1., Dt. 7-4-81)

**Note 2** :—Where it is not possible to establish that unreconciled balances/differences under heads of account which close to balance are either due to book-keeping errors or involve loss/receipts the balances/differences may be written-off to “Government Account” with the approval of the Comptroller and Auditor-General after obtaining concurrence of the Government concerned.

### **Accounts to work from balance to balance**

**Article 54.** The accounts of each Government shall work from balance to balance. The closing balance shown in the accounts of each month shall work up to the general cash balance of each Government held in its treasuries (including remittances in transit) and by the Reserve Bank of India at the end of that month.

### **ANNEXURE A**

(See Article 25)

#### ***List of Sections/Sectors/Sub-sectors under the main Divisions of Accounts***

#### **Part I - Consolidated Fund.**

##### **(1) REVENUE:**

##### ***I. Receipt Heads (Revenue Account)***

##### **A. Tax Revenue :**

- (a) Taxes on Income and Expenditure
- (b) Taxes on Property and Capital transactions
- (c) Taxes on Commodities and Services

##### **B. Non-Tax Revenue :**

- (a) Fiscal Services
- (b) Interest Receipts, Dividends and Profits
- (c) Other Non-tax Revenue

##### **C. Grants-in-Aid and Contributions.**

##### ***II. Expenditure Heads (Revenue Account)***

##### **A. General Services :**

- (a) Organs of State
- (b) Fiscal Services

- (c) Interest Payment and Servicing of Debt.
  - (d) Administrative Services
  - (e) Pensions and Miscellaneous General Services
  - (f) Defence Services.
- B. Social and Community Services
- C. Economic Services:
- (a) General Economic Services
  - (b) Agriculture and Allied Services
  - (c) Industry and Minerals
  - (d) Water and Power Development
  - (e) Transport and Communications
  - (f) Railways
  - (g) Posts and Telegraphs
- D. Grants-in-Aid and Contributions.

**(2) CAPITAL, PUBLIC DEBT, LOANS, ETC.,:**

***I. - Receipts Heads (Capita! Account)***

***II. Expenditure Heads (Capital Account)***

- A. Capital Account of General Services
- B. Capital Account of Social and Community Services
- C. Capital Account of Economic Services:
  - (a) Capital Account of General Economic Services
  - (b) Capital Account of Agriculture and Allied Services
  - (c) Capital Account of Water and Power Development
  - (d)
  - (e) Capital Account of Transport and Communications
  - (f) Capital Account of Railways
  - (g) Capital Account of Posts and Telegraphs
- D. Grants-in-Aid and Contributions

***III. Public Debt - Loans and Advances, etc.***

- E. Public Debt.,
- F. Loans and Advances
- G. Inter-State Settlement
- H. Transfer to Contingency Fund

**Part II - Contingency Fund**

**Part III - Public Account**

- I. Small Savings, Provident Funds, etc.:

- (a) Small Savings
- (b) Provident Funds
- (c) Other Accounts
- J. Reserve Funds
  - (a) Reserve Funds bearing interest
  - (b) Reserve Funds not bearing interest
- K. Deposits bearing Advances:
  - (a) Deposits bearing interest
  - (b) Deposits not bearing interest
  - (c) Advances
- L. Suspense and miscellaneous:
  - (a) Coinage Account
  - (b) Suspense
  - (c) Other Accounts
  - (d) Accounts with Governments of Foreign Countries
  - (e) Miscellaneous
- M. Remittances:
  - (a) Money Orders, Remittances and adjustments between officers rendering accounts to the same Accountant-General and other Remittances
  - (b) Inter-Government Adjustment Accounts
  - (c) Exchange Accounts
- N. Cash Balance

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**ANNEXURE B**

*[Referred to in Article 26 (c)]*

***List of Standard Detailed Heads***

1. Salaries
2. Wages
3. Travel Expenses
4. Office Expenses
5. Payments for professional and special services
6. Rents, Rates and Taxes/Royalty
7. Publications
8. Advertising, Sales and Publicity Expenses
9. Grants-in-aid/Contributions/Subsidies
10. Scholarships and Stipends
11. Hospitality Expenses/Sumptuary Allowances, etc.

12. Secret Service Expenditure
13. Major works
14. Minor works
15. Machinery and Equipment/Tools and Plant
16. Motor Vehicles
17. Maintenance
18. Investments/Loans
19. Materials and Supplies
20. Interest/Dividend
21. Pensions/Gratuities
22. Depreciation
23. Inter Account Transfers
24. Writes-off/Losses
25. Suspense
26. Other Charges
27. Diet Charges
28. Purchase of Antiquities, ancient relics and contemporary arts.

**Note** :—Briefly explaining the scope of standard Detailed heads—

**1. Salaries** :—Will include, pay, allowances in all forms to officers and staff, and the expenses on Leave Travel Concession. This object classification will also be utilized for recording expenditure on emoluments and allowances of Heads of States and other High Dignitaries. In cases, where it is decided by some State Governments to indicate in accounts, the details of “salaries” such as “Pay of Officers”, “Pay of Establishments” “Allowances and Honoraria” etc., for statistical information; detailed heads may be opened accordingly in lieu of ‘Salaries’.

**2. Wages** :—Will include wages of labourers and to staff at present paid out of contingencies.

**3. Travel Expenses** :—Will cover all expenses on account of travel on duty including conveyance and fixed traveling allowances but excluding leave travel concession which falls under ‘Salaries’.

**4. Office Expenses** :—Will include all contingent expenditure for running an office, such as furniture, postage, purchase and maintenance of office machines and equipment, liveries hot and cold weather charges (excluding wages of staff paid from contingencies) telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for office use, as distinct from vehicles for functional purposes like Ambulance Vans etc., (vide-16).

**5. Payments for Professional and Special Services** :—Will include charges for legal services, consultancy fees, remuneration to examiners, invigilators etc., for conducting examinations, remuneration to casual artists by the Ail India Radio and all other types of remuneration for professional services. It will also include payment for

services rendered, supplies made by other departments such as Railway, Police etc. a distinction being made in respect of supplies made, service rendered for the running on an-office in which case the expenditure will be recorded under "office expenses".

**6. Rents, Rates and Taxes/Royalty** :—Will include payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.

**7. Publications** :—Will include expenditure on printing of office Codes and Manuals and other documents, whether priced or non-priced but will exclude expenditure on printing of publicity material. This will also include discount to agents on sales. This head is to be operated only where the cost of printing is borne by respective departments

**8. Advertising, Sales and Publicity Expenses**: —Will include Commission to Agents and Printing of Publicity material.

**11. Hospitality Expenses/Sumptuary Allowances, etc.**:—Hospitality expenses will include entertainment allowance of high dignitaries etc., Expenditure on refreshments served in Inter-departmental meetings, Conference etc., will however, be recorded under 'Office Expenses'.

**13 & 14. Major Works/Minor Works** :—Will be classified with reference to the classification of Major/Minor Works in C.P.W.A. Code. This will also include cost of acquisition of land and structures.

**15. Machinery and Equipment/Tools and Plant**: —Will include machinery, equipment, apparatus etc., other than those required for the running of an office (vide 4) and special tools and plant acquired for specific works.

**16. Motor Vehicles** :—Will include purchase and maintenance of transport vehicles such as Ambulance vans which are used for functional activities, as distinct from those used for running an office.

**17. Maintenance** :—Will record expenditure on maintenance of works, machinery and equipment (covered under items 13, 14 and 15). It will also include repairs incidental to maintenance.

**20. Interest/Dividend** :—Will include interest on capital, discount on loans.

**21. Pension/Gratuities** :—Will include donations to Service Funds and Contributions to Contributory Provident Funds.

**23. Inter Account Transfers** :—Will include transfer to and from Reserve Funds etc.

**24. Writes-off/Losses** :—Will include writes-off irrecoverable loans. Losses will include trading losses.

**26. Other charges** —A residuary head. This will also include rewards and prizes.

(G.O.Ms.No. 1.98, F. & P. (Finance Wing A L), dated 17-5-1976)

## CHAPTER 4

### DIRECTIONS REGULATING INTER-DEPARTMENTAL TRANSFERS

#### Introductory

**Article 55.** The directions in this Chapter shall regulate the conditions under which a department of a Government may make charges for services rendered or articles supplied by it and the procedure to be observed in recording such charges in the accounts of the Government concerned.

#### Adjustments between Governments

**Article 56.** In the case of transactions between two Governments, adjustment shall always be made if required by or under the provisions of the Constitution and otherwise, in such manner and to such extent as may be mutually agreed upon by the Governments concerned.

**Article 57.** [Deleted].

#### Adjustments with outside bodies

**Article 58.** Payment shall be required in all cases where a department of a Government renders service or makes supplies to non-Government body or institution or to a separate fund constituted as such inside or outside the public account, unless Government by general or special order gives directions to the contrary. Relief in respect of payment for services or supplies given to any body or fund, should ordinarily be given through a grant-in-aid rather than by remission of dues.

#### LOCAL RULING UNDER ARTICLE 58

As regards the incidence of charges incurred in connection with remittances from treasuries having a currency chest to branches of the State Bank, Instruction 28 (g) under Treasury Rule 30 should be followed. Charges on account of all telegrams relating to currency matters should be debited to the Reserve Bank. Such charges should therefore be incurred in cash and service postage stamps should not be used for the purpose. Service postage stamps should, however, be used on communications regarding currency matters sent by ordinary post, as the expenditure is met by the Government and not debited to the Reserve Bank.

#### Inter-Departmental Adjustments

**Article 59.** For purposes of inter-departmental payments the departments of a Government shall be divided into service departments and commercial departments according to the following principles :—

*A. Service Departments* :—These are constituted for the discharge of those functions which either (a) are inseparable from and form part of the idea of Government, or (b) are necessary to, and form part of, the general conduct of the business of Government—

Examples of the first class are — the department of Administration of Justice, Jails and Convict Settlements, Police, Education, Medical, Public Health, Forest and

Defence. Examples of the second class are — the departments of Survey Government Printing and Stationery, Public Works, (Building and Roads Branch). Purchase Organization of the Ministry of Works, Housing and Supply (Central Government).

*B. Commercial Departments or Undertakings* :—These are maintained mainly for the purposes of rendering services or providing supplies, of certain special kinds, on payment for the services rendered or for the articles supplied. They perform functions which are not necessarily Governmental functions. They are required to work to a financial result determined through accounts maintained on commercial principles.

*Note* :—Government has the power in respect of these Directions to decide whether a particular department or particular activities of a department shall be regarded as a Commercial department or undertaking. A list of departments and undertakings at present recognized by the Central Government as commercial is given in the Annexure to this Chapter. Lists of commercial concerns of the State Governments will be found in the Manuals, etc., of the Govts. concerned.

### LOCAL RULING UNDER ARTICLE 59

A list of departments and undertakings at present recognized by the Government of Andhra Pradesh as Commercial is also given in the Annexure to this Chapter.

**Article 60.** Save as expressly provided in this chapter, a Service department shall not make charges against another department for services or supplies which fall within the class of duties for which the former department is constituted.

The following exceptions to the rule in this Article have been authorized :—

(a) The Forest department may charge any other department for vegetable, animal or mineral products extracted from a forest area.

(b) Payment must ordinarily be made for convict labour as in the case of that supplied to the Public Works and other Departments of Government but, no charge shall be made for convict labour in the case of works undertaken by the Public Works Department which are treated as Jail Works.

(c) The cost of additional Police Guards supplied to an irrigation or other project while under construction, may be debited to the project concerned.

### LOCAL RULING UNDER ARTICLE 60

1. Prison labour supplied to the Public Works Department should be charged for. The adjustments should be based on the value of the prison labour at the rates prescribed for the purpose.

2. When any land or building is transferred from one Service dept. to another under the Andhra Pradesh Government, the transfer should be made free of charge.

As an exception to the above rule, transfers of land or buildings of the Governor's official residences should be charged for. The expenditure should be debited against the grant for the maintenance and improvement of official residences of the Governor.

3. The Services rendered by the Training and Production centres under the control of the Directorate of Industries to other Government Department shall be charged for at the costs fixed by the Officers-in-charge of such training and production centres.

(Memo. No. 7331 6/Accts/59-2, dated 29-12-1959)

The Officers whose expenditure is charged to the project estimates are not entitled to free supplies of goods or services from Government Departments. The cost of all such supplies and services made by Government Department shall be charged to the project estimates. (Govt. Memo. No. 65028/157OIAccts./68, dated 12-5-1969)

4. The supplies made or services rendered by the Institutions of the Animal Husbandry Department mentioned below, either to other Government Departments or to the other institutions of the same department shall be paid for at the prescribed rates:

(1) All Government Livestock farms including Breeding and Dairy Farms.

(2) All Sheep and Goat Breeding Farms including Wool Technological Laboratory. Sheep and Wool Extension Centres, Sheep and Demonstration Units and Pluggery Units.

(3) All Government Poultry Farms, Research Stations including Poultry and Duck Extension centres and Poultry Units.

(4) Key Village Centres and Units.

(5) Andhra Veterinary College. Tirupathi and Schools of Veterinary Science and Animal Husbandry, Visakhapatnam and Rajendranagar.

(6) Veterinary, Biological and Research Institute including Biological and Ranikhet Disease Vaccine Centres.

(7) Diseases Investigation Schemes.

(8) Live Stock, Sheep. Goats. Plgs, Poultry and Ducks Distribution Schemes.

**Article 61.** A Commercial department or undertaking shall ordinarily charge and be charged for any supplies and services made or rendered to, or by, other departments of Government.

This direction may be applied to particular units or particular activities of any department even though the department as a whole may not be a Commercial department. Such a unit or activity shall ordinarily charge for its services or its supplies to, and may likewise be charged by, either the department of which it forms a part or any other department.

**Note 1** :- Save as otherwise provided in this chapter, service rendered by a Service Dept. falling under clause A (a) if Article 59 in the normal discharge of its functions shall be not regarded as service rendered for the purposes of this Article.

**Note 2** :—The supply of residential accommodation by one department to the employees of another shall not for the purposes of the Directions in this chapter be held to constitute a service rendered. In all such cases, the rent charged for residential accommodation will be the rent recoverable under the rules for the time being in force from the persons actually using such accommodation.

#### LOCAL RULING UNDER ARTICLE 61

1. Expenditure by the Public Works Department on buildings of a commercial department should be charged to the grant of the latter department.

2. Except when the Government order otherwise in any particular case rents should be charged for office accommodation supplied by the Public Works Department

to commercial departments, Government Commercial Undertakings and Departments of the Central Government.

3. When any land or building is transferred from or to a commercial department, the full market value should be charged.

4. When a Government of a Commercial Department of the Andhra Pradesh Government is lent to another State Government or the Central Government for short periods or vice versa, the procedure to be followed in the matter of recovering from the borrowing Government, the pay, allowances, etc., of the Government servant should be the same as that indicated in Miscellaneous Local Ruling 3 in Appendix No. 3.

**Article 62.** Where one department makes payment or renders service as an agent of another department of the same Government the principal department may, subject to such monetary limits as may be fixed by Government in this behalf, be debited with the expenditure incurred on its behalf by the agent department.

*Note 1* :—The cost of land acquired by a Civil Department on behalf of the Public Works Department is debitable in the accounts of the latter as part of the cost of the works for which the land is taken up, but when land is taken up for two or more Service departments conjointly, the cost is wholly debitable to the department for which the major portion of expenditure was incurred, unless there are special reasons to the contrary.

*Note 2* :—When special official is employed for acquisition of land for any department, the expenditure on pay, allowances, etc., of the special officer and his establishment and any expenditure on contingencies is debitable to that department as part of the cost of land. When the land is taken up by a Civil officer not specially employed for the work, only special charges incurred in connection with acquisition of the land on establishment, contingencies, etc., shall be borne by the department for which the land is acquired.

#### LOCAL RULING UNDER ARTICLE 62

1. The monetary limit fixed by both the Central Government and the Andhra Pradesh Government for the purpose of this Article is Rs. 50/-.

2. The law charges incurred on civil suits in connection of Government works fall under three categories, namely:-

(1) the amount of the claim which a decree is given;

(2) the amount of the incidental law charges incurred by the executing department in connection with a work financed from its own departmental heads of expenditure e.g., when the Public Works department carries out a work chargeable to the Public Works heads of expenditure; and

(3) the amount of incidental law charges incurred by the executing department when acting as an agent in connection with a work finance from a different head of expenditure, for instance, when the Public Works Department executes a work the cost of which is debitable to a head other than the Public Works heads of expenditure, e.g., General Administration, Medical, etc.,

Charges falling under category (1) above viz., Decretal amounts should in all cases be debited to the work concerned and booked as expenditure charged on the consolidated fund of the State. The charges referred to in category (2) should be debited to the sub-head "Establishment - Contingencies" of the executing department. As regard

charges mentioned in category (3), the amount should generally be borne by the department on whose behalf the work is undertaken. In exceptional cases, however, where it is established that the law suit has been caused by a deliberate act of an employee of the agent department for his personal gain the charges should be adjusted by recovery from the individual concerned or by debit against the standing charges of that department according to the merits of each case.

**Article 63.** Without prejudice to the general principle contained in Article 60, the Defence Services shall, in respect of inter-departmental transactions, charge and be charged for services rendered and supplies made to or by other departments, unless in particular cases or classes of cases, Government in consultation with the Comptroller and Auditor-General have decided that inter-departmental adjustment would be unsuitable and undesirable.

**Note 1** :—The Defence services shall not be required to pay rent for non-residential accommodation supplied by the Central Civil Departments nor shall rent be charged for buildings of the Defence Services occupied for non-residential purposes by the Civil Departments of the Central Government other than those falling under Clause B of Article 59.

**Note 2** :—The Defence Services also shall not be required to pay for the use of the Government Civil Aerodromes and for other incidental services rendered by the Civil Aviation Department to Indian Air Force planes, nor shall the Civil Aviation Department be charged as, a reciprocal arrangements, for the use of the aerodromes of the Indian Air Force by the Civil Aircrafts.

**Article 64.** A branch of a service department performing duties supplementary to the main function of the department and intended to render particular services on payment, may levy charges in respect of the work for which it has been constituted.

#### **Example**

Jail manufacture, survey map-publishing, printing (Publishing department), Mint (miscellaneous services other than coinage), the State Broadcasting Department (servicing etc., done for radio sets installed in other Government institutions) Government House Department. (Memo. No. 1 92071AcctsI6O-1, dated 3-3-1960)

Animal Husbandry Department (for supplies made or services rendered either to other Departments, Government or to institution of the same Department).  
(Govt. Memo. 582291Accts16I- 1, dated 19-9-1961)

**Article 65.** A branch of a department constituted for the subsidiary service of that department, but employed to render similar service to another department, may charge that other department, e.g., Workshops of Department, Dockyards.

**Article 66.** A regularly organized store branch of a department should ordinarily charge any other department for supplies made, but petty and casual supplies of store may, if the supplying department consents, be made without payment.

#### **LOCAL RULING UNDER ARTICLE 66**

The procedure for the adjustment of the cost of stores issued from 'Stock' or 'Materials' Account in the Public Works Department is prescribed in Article 18 in Volume III.

**Article 67.** Notwithstanding anything contained in the Directions in this Chapter. Government may for special reasons which shall be recorded and communicated to the Accountant-General, permit inter-departmental adjustment in any case where such adjustment may be considered necessary in the interests of economy or of Departmental control of expenditure.

#### **LOCAL RULING UNDER ARTICLE 67**

1. Fees and duties leviable by law should be paid by Government departments in the same way as by private individuals, e.g.,

(1) Customs duty on imported stores.

(2) Translation charges levied by the High Court under Translation & Printing Rules.

(3) Fees due to the Registration Department for the registration of documents for search fees in registration offices.

(4) Charges for copies of judgments and depositions levied under Copyists' Rules. Charges will be levied only when the records are lengthy and the work has to be done by the Copyist staff of the Courts.

(5) Fees for the inspection of Government boilers.

(6) Fees for testing and inspection of electric installations owned by the Government.

(7) Lessees on lands in Reserved Forests leased to hillmen free of assessment for the purpose of securing labour.

(8) Subject to the exceptions noted below, the Department of Government should add to the price of all articles sold by them a sum equal to the sales-tax and enter it separately in their accounts and credit the amount into the treasury every month under the head "040. Sales Tax — 10. Receipts under the State Sales Tax Act" as an advance payment against the assessment.

**Exceptions :-** (i) Sales of cinchona products and quinine substitutes sold by the Government and their agents.

(ii) Transactions by or on behalf of the Department of Civil Supplies, Andhra Pradesh.

2. An amount equal to the loss under "Examination Fees (Secondary School Leaving Certificate)" on account of the concession granted to children and departments of ex-Army men in each year should be credited in the final accounts of that year to the head "077. Education-B. Secondary Education (a) Tuition and other fees by debit to the head." 277 Education-B. Secondary (a) Directions and Administration (1) Commissioner of Govt. Examinations.

3. Book adjustments may be made for services rendered or supplies made between Sections of the Agriculture Department affecting the accounts of schemes financed wholly or partly by outside Bodies or Governments.

#### **General**

**Article 68.** Where under the directions in this Chapter, payment is required to be made by one department of a Government to another, such payment may, if

the case so requires or of otherwise deemed necessary, include adequate charge for supervision on other indirect expenditure connected with service or supply for which payment is made.

**Article 69.** Payments of amounts due by one department of Governments to another shall ordinarily be made by book transfer except when such transfers do not suit the methods of accounts or of business adopted by the receiving department.

#### LOCAL RULING UNDER ARTICLE 69

1. Fees due by Government departments to the Registration Department for the registration of documents or for searches in registration offices and fees due to the Boiler Inspection Department for the Inspection of Government boilers should be adjusted by means of contingent bills drawn by the departmental officers concerned duly endorsed for payment by transfer credit to the Registration or Boiler Inspection Department, as the case may be.

The Forest Department and the Public Works Department (in regard to fees chargeable to specific works) should draw a cheque for the fees due and endorse it for transfer credit to the Registration or Boiler Inspection Dept., as the case may be.

2. Credit notes should be used in payment of freight charges on articles transmitted by railway by the Secretariat, the Jail, Public Works, Animal Husbandry and Stationery Departments, the Industries and Commerce Department, the Governor's Bodyguard, the Government Press, the units of the National Cadet Corps State Port Officer. Kakinada and the Public Health Department. The Forest Department may pay freight charges on article transmitted by railway by issuing credit notes when transactions are so heavy that it is necessary to adopt this method of payment.

(Memo. No. 1476612651Accts170-6, dated 22-9-1970)

**Note** :—The Departments mentioned above should pay the Railway freight charges of less than Rs. 200/- in cash, in each case. The Departments may issue credit notes on all Railways if the charges, in each case, exceed Rs. 200/-.

**Note 1** :—In the case of the Animal Husbandry Department, credit notes may be issued without any monetary limit on all Railways.

**Note 2** :—In the case of Police Department and Fire Service Department credit notes should be issued for the payment of the freight charges to be paid in each case are Rs. 200/- and above, with the exception that credit notes may be issued for the payment of freight charges in all cases of dangerous goods which are obtained by Police Department for Ordinance Depots.

(Govt. Memo. No. 876631Accts158-32, dated 30-9-1961)

**Note 3** :—In the case of the Government ceramic service centre, Rajahmundry, credit notes, may be issued on the Southern Railway for the payment of freight charges on the incoming and out-going consignments at Rajahmundry railway station.

(Govt. Memo. No. 28868/Accts./61-1, dated 30-5-1961)

3. Petty supplies costing not more than Rs.50 made to Government commercial undertakings should be paid for in cash as opposed to transfer in the accounts. This does not mean that such payments should always be made in coin or currency or Bank notes. When, with the special sanction of the Government, a Government department or a Government commercial concern is permitted to settle accounts with other Government or departments by actual payment instead of by-book-transfers, the payment

should, as far as possible, be made by cheques or Government drafts, which should be crossed and marked "Not Negotiable" as to ensure credit of the amounts to a Government head of account at the treasury. If, however, the payment to be made is below the minimum money limit for which a cheque or a Government draft can be issued, the amount may be paid in cash or remitted by money order when necessary.

4. Claims on account of rents and maintenance of telegraph wires leased to the Public Works Department and of the telegraph instruments, etc., supplied to that department should not be adjusted by book transfer. Half-yearly bills for the periods ending on 30th June and 31st December, supported by details such as the total amount of the previous bill and particulars of the fresh charges working up to the total of the new bill, and particulars of the fresh charges working up to the total of the new bill, should be presented to the Accountant-General, Andhra Pradesh, by the Deputy Accountant-General, Posts and Telegraphs, Hyderabad. The amount of these bills should be accepted in full subject to re-adjustment later, if necessary, on verification of the details in correspondence with the officers of the Public Works Department concerned, and should be paid, by means of crossed cheque on the Reserve Bank of India in favour of the Deputy Accountant-General, Posts and Telegraphs, Hyderabad.

The debits appearing in the Bank account should be treated as Public Works remittances and adjusted in the manner prescribed by the Comptroller and Auditor-General.

5. Any receipts including cash recoveries from employees, contractors etc., realized by a division of the Public Works Department on behalf of any other division, Department or Government should be passed on by book transfer unless payment in cash is prescribed by any rule.

6. Payment of taxes on Government buildings should be made by the adjustment in the case of Zilla Parishads and Municipal Council as these have banking accounts at the treasury. Taxes to Panchayats which have no banking account at the treasury may however be paid in cash.

(See Instruction 3, Chapter IV. Part III, Volume I of the Andhra Pradesh Treasury Code.)

7. Payment due by Government departments under the Motor Vehicles Act and Rules and the A.P. Motor Vehicles Taxation Act should be made by presenting separate contingent bills at the Pay and Accounts Office or at the Treasury or Sub-treasury concerned, as the case may be where the bill will be passed for 'nil' payment and necessary adjustments made in the concerned head of account.

The Forest and Public Works Departments (in regard to taxes and fees chargeable to specific works) should follow the procedure indicated in the second sub-paragraph in Local Ruling 1.

8. The special rules applicable to the Public Works Workshops are contained in the Local Ruling under Article 182 of the A.P.A.C., Volume III.

**Article 70. [Deleted].**

**Article 71.** Any question of the doubt or dispute arising in connection with the interpretation of the Directions in this Chapter will be decided by the Comptroller and Auditor-General with the approval of the President.

**ANNEXURE****List of Departments and Undertakings recognized by Govt. as Commercial**  
(Vide Note under Article 59)

This list does not purport to be exhaustive and may be modified by Government where necessary in consultation with the Accountant-General.

***Central Government***

1. Posts and Telegraphs.
2. Railways.
3. Irrigation, Navigation, Embankment and Drainage Works for which Capital and Revenue account are kept.
4. The Security Printing, India, including the Central Stamp Store, Nasik Road.
5. The Currency Note Press, Nasik Road,
7. Anand Creamery (in liquidation).
8. The Biological Products Section of the India Veterinary Institute, Izatnagar.
9. The All-India Radio.
10. The Radio Publications.
11. Indian Lighthouse Administration (Headquarters and Lighthouse Districts).
12. Government Dairy Farm, Port Blair.
13. Marine Department, Andamans-
  - (i) Duckyard Accounts
  - (ii) Schedule Services including ferries of afloated section (iii) State Transport (Bus) Service
14. Shipping Office, Andamans.
15. Forest Department, Andamans,
16. (Deleted)
17. Salt Organization of the Ministry of Commerce and Industries, New Delhi.
18. Pritchard Salt Works and Main Salt Stores, Kharagoda.
19. The Overseas Communications Service.
20. Land Reclamation Scheme.
21. Himachal Pradesh Transport Department.
22. Sirmur Roin and Turpentine Factory.
23. (Deleted)
24. (Deleted)
25. Dairy Section of the National Dairy Research Institute, Karnal and its Regional Stations.
26. Kandla Port Organization.

***Government of Andhra Pradesh***

\*I Commercial Departments :—

\*(Sub. by G.O.Ms.No. 187, Fin. Dt. 25-7-1987)

***Revenue Department***

1. Government Distilleries, Narayanguda, Hyderabad.
2. Government Distilleries, Kamareddy.
3. Government Distilleries, Chagallu

***Finance Department***

4. A.P. Government Life Insurance Department.

***Education Department***

5. A.P. Government Text Books Press and Regi. Sales Depots.

***Home Department***

6. Government Central Press, 1-Hyderabad and Branch Presses at Hyderabad.
7. Government Printing Press, Kurnool.

***Forest and Rural Development Department***

8. Fish Farm, Kadium
9. Cold Storage Plant, Nizamsagar
10. Ice-cum-Cold Storage Plant, T.B. Dam.
11. Fish Net making Plant, T.B. Dam.

***Food and Agriculture Department***

12. State Trading Schemes of the Director of Agriculture in Chemical Fertilizers (Andhra and Telangana Regions).

***Industries and Commerce Department***

13. Government Power Alcohol Factory, Shankara nagar.
14. Tool Room-cum-Servicing Workshop, Sanathnagar, Hyderabad

**II. Quasi Commercial Departments :—**

1. Village Industries Trading Centre.
2. The Industrial Trust Fund.

## CHAPTER 5

### DIRECTIONS REGULATING THE EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS

#### Introductory

**Article 72.** The Directions in this Chapter shall regulate the exhibition of expenditure in Government accounts.

In these directions—

The term ‘*recovery*’ means repayment by another Government department or an outside body or person of expenditure initially borne by Government department and recorded as such in its accounts.

#### Recoveries from private persons or bodies and Government outside India

**Article 73.** Recoveries from private persons or bodies (including local funds, and Governments outside India) should, as a general rule be treated as revenue and not as deduction from expenditure.

**Exceptions :—**(i) When a Government undertakes a service merely as an agent of a private body, so that the entire cost of the service is recovered from that body, the net cost to Government being nil, the recoveries may be taken in reduction of expenditure.

(ii) Recoveries of expenditure on works in progress and transactions of stock and other suspense accounts

The technical estimates takes cognisance of all anticipated receipts from sale proceeds of materials, plant, etc., received from the old structure while the receipts under “Stock and Suspense” are by the very nature inseparable from the expenditure recorded under the main head. The recoveries falling under these two categories should therefore be treated as reduction of gross expenditure.

#### Recoveries by one Government from another

**Article 74.** As between two or more Governments the following directions shall regulate the classification of recoveries :—

(a) If the recoveries represent debits to another Government of expenditure which was so debitable from the moment it was sanctioned, they should not be treated as revenue of the Government effecting the recoveries but as deduction from expenditure.

(b) In the case of Joint establishments, where the expenditure is not shared by two or more Governments ab initio but is incurred by one of the Government and partially repaid by the others, the repayment, if made while the accounts of the year are still open should be treated as deduction from expenditure.

(c) Recoveries of the classes falling under (a) and (b), if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue.

**Exception :**—In cases where the recovery is made on the basis of the calendar year instead of the Financial year, the whole amount of the recovery may be treated as reduction of expenditure though a portion of it relates to expenditure incurred during the previous Financial year.

(d) Recoveries on account of commuted value of pensions effected from other Governments should be treated as deductions from expenditure.

(e) All other recoveries should be credited as revenue of the recovering Government, whenever they are received.

#### **Recoveries by one Department from other Department of the same Government**

**Article 75.** As between different departments of the same Government, the recoveries should be treated as deduction from the gross expenditure, except such recoveries as are made by a Commercial department, which would be treated as receipts of that department.

**Note 1 :**—The term “recoveries by a Commercial department” for the purpose of this Direction shall apply to recoveries in respect of services rendered to other departments in pursuance of the proper functions for which the department is constituted, that is to say, in the case of the Posts and Telegraphs Department, recoveries shall be treated as receipts only when they are made in respect of Postal, Telegraph or Telephone services rendered to the other departments. Where however, a Commercial department acts as an agent of another department for the discharge of functions not germane to the essential purpose of the department, the recoveries shall be taken in reduction of expenditure.

**Note 2 :**—Recoveries made from another department if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue and not as deduction from expenditure, unless the latter course is authorized by provision in the budget estimates.

#### **Receipts and Recoveries on Capital Account**

**Article 76.** Notwithstanding anything to the contrary that may be provided by or under the Directions in this Chapter, receipts and recoveries on Capital Account in so far as they represent recoveries of expenditure previously debited to a Capital major head shall be taken in reduction of expenditure under the major head concerned, except where under the rules of allocation applicable to a particular department, such receipts have to be taken to revenue.

#### **Settlement of Doubts & Disputes**

**Article 77.** In case of doubt or dispute, the question whether any particular recovery is classifiable as revenue or as deduction from expenditure under the Directions in this Chapter will be decided by the Comptroller and Auditor-General, with the approval of the President.

**Article 78.** *[Deleted]*.

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## CHAPTER 6

### DIRECTIONS REGULATING THE EXHIBITION OF LOSSES IN GOVERNMENT ACCOUNTS

#### Introductory

**Article 79.** The Directions in this Chapter shall regulate the exhibition and adjustment of losses in Government Accounts.

#### Receipts

**Article 80.** (1) If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side as a specific loss.

(2) If money due to Government has actually reached a Government servant and is then embezzled, stolen or lost, even though it may not have reached the treasury and thus have passed into the Consolidated Fund or the Public Account, it should be brought as a receipt into the Consolidated Fund or the Public Account, as the case may be, and then shown on the expenditure side by record under a separate head as a loss.

*Note 1* :—The term “*Government Servant*” used in clause (2) of this Article includes persons who, though not technically borne on a Regular Government establishment, are duly authorized to receive money on behalf of Government. [For a fuller definition of the term “*Government Servant*”, See T.R 2(b) of the Andhra Pradesh Treasury Rules in Part I, Volume I of the Andhra Pradesh Treasury Code].

*Note 2* :—Where losses of public money are wholly or partially met by non-issue of pay or pension and the Account Department authorizedly applies the unissued amount to meet the public claim, the resultant balance of the claim alone should be treated as a loss the emoluments due being debited to the pertinent head of account as if they had been drawn and used by the Government servant concerned in paying the public claim.

#### Buildings, Lands, Stores and Equipment

**Article 81.** Losses or deficiencies need not be recorded under a separate head in the accounts, though they should be written off any value or commercial account that may be maintained. If any transactions under these categories are recorded under a Suspense head in the Government accounts, losses or deficiencies relating thereto must be written off the Suspense heads also.

#### Cash in Hand, whether in Treasuries or in Departmental Charge

**Article 82.** All losses or deficiencies should be recorded under separate heads in the accounts.

*Note 1* :—The acceptance of counterfeit coins or notes shall be regarded as a loss of cash.

*Note 2* :-Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be shown as an item of receipt.

#### *LOCAL RULING UNDER ARTICLE 82*

A loss of cash which is written off under the orders of a competent authority should be debited as a contingent charge of the department concerned. No distinction

should be made between a loss affecting a service head and loss affecting a debtor remittance head, except as regards losses on remittances of coin, which should be debited to "Account with the Reserve Bank of India" and irrecoverable loans and advances granted under Chapter X of the Andhra Pradesh Financial Code, which, when written off under proper authority, should be debited to "M.H. 268 - Miscellaneous General Services - other Expenditure - other items".

A loss of cash due to acceptance of counterfeit coins or notes and any amount transferred from the treasury balance in order to make good any deficiency found in the currency chest should be debited under the head "Advances - Repayable" pending recovery or orders to write it off. Any amount which the Government finally order to be written off as irrecoverable on account of any such loss should be adjusted as a Provincial charge under the head "M.H. '268. Miscellaneous General Services - other Expenditure - Irrecoverable temporary advances - written off".

### **Irregular or unusual payments**

**Article 83.** Irregular or unusual payments should be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example, an over payment of pay shall be debited to the head "Pay". Similarly, an excess payment for bricks manufactured shall be debited to the work for which bricks are used. It is only when special heads exist in the accounts for recording such charges, as compensations for damages, irrecoverable temporary loans written off and the like, that unusual or extraordinary payments shall be separately recorded.

### **Inevitable Losses**

**Article 84.** Where losses are an inevitable feature of the working of a particular department, the major head of account under which the expenditure of that department is recorded shall contain separate descriptive heads under which such loss may be recorded.

### **Exhibition of Losses in Appropriation Accounts**

**Article 85.** The rules relating to the exhibition of losses in the Appropriation Accounts are contained in the instructions issued by the Comptroller and Auditor-General for the preparation of those accounts.

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## **APPENDIX 1**

[See Article 2]

(Appendix I is deleted as per G.O. Ms. No. 187, Fin. & Pln., Dt. 25-7-1987)

## **APPENDIX 2**

[See Article 26]

(Substituted as per G.O. Ms. No. 187, Fin. & Ping., dated 25-7-1987)

### **List of Major and Minor Heads of Account of Central and State Receipts and Disbursements**

(The List of major and minor heads issued by the Comptroller and Auditor General has been brought out separately as Appendix 2 to Account Code, Volume I. The

portions of this Appendix which relate to State Transactions have been reproduced in Appendix (1) to the Andhra Pradesh Budget Manual).

### APPENDIX 3

[See Article 29]

#### **Principles, and Rules Regulating the Distribution of certain charges and Receipts between Governments**

(Approved by Government in G.O. Ms. No. 53, Finance (Accounts) Dept., dated 13-2-1962 in respect of Central and other State Govt., Memo. no. 6847 6-A/Accts/62-1, dated:15-9-62)

#### **A. —. INTRODUCTORY**

The rules regulating the incidence of pay, leave, passage and pension, etc., charges of Government servants as well as of certain other charges and receipts between Governments which are set out in this Appendix are based on arrangements agreed between the different Governments and are therefore binding on all of them.

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#### **B. — PAY, ALLOWANCES, PENSIONS, ETC.**

##### **I. Incidence of Pay and Allowances, other than Leave Salaries**

1. Subject to any other arrangements which may be settled mutually between the Government concerned, the incidence, of transit pay and allowances including traveling allowances of a Government servant transferred from one Government to another, will be regulated in accordance with the following principles :—

(i) When a Government servant is transferred permanently from one Government to another, his transit pay and allowances including traveling allowances shall be borne by the Government to which he is transferred;

(ii) When the services of a Government servant are lent by one Government to another, the transit pay and allowances including traveling allowances while he is joining and leaving the new service shall be debited to the borrowing Government. This principle applies even in cases where the Government servant lent takes leave either before joining the borrowing Government or before rejoining the lending Government and holds good even in respect of joining time admissible to a Government servant returning from leave out of India of more than four months duration, the term 'four months' being interpreted to mean 120 days in the case of Government servants subject to the Revised Leave Rules For this purpose officers of the Indian Medical Service employed under State Governments should in all cases be regarded as lent to those Governments by the Central Government (Defence Department).

(iii) In the case of an officer in joint cadre serving two Governments his transit pay and allowances including traveling allowances on transfer from one office to another shall be debited to the office to which he is preceding;

(iv) When a Government servant while on foreign service is transferred to another foreign service without reverting to the Government service, the transit pay and allow-

ances and transfer Travelling Allowances shall be borne by the foreign employer to whom the employee proceeds on transfer.

(Govt. Memo. No. 49948/11 13/ActsI68, Dt. 15-5-1969)

**Note** :—In the case of Government servants returning from duty abroad whose services are lent to another Government the liability of the borrowing Government for the transit pay and allowances including traveling allowances while joining the new service shall be restricted to the period commencing from the date of arrival of the Government servant in India.

(Govt. Memo. No. 8879512581/Accts/63-3, dated 25-2-1964)

2. When a Military or Medical Officer holding a civil post on consolidated pay which is less than his military pay is allowed to draw the difference between them, he draws it from the department - Central or State - from which he receives his consolidated pay.

3. The following rules govern the incidence of the cost of troops lent to Civil Departments of the Central Government and to State Governments. The words 'Military' and 'Troops' are used include Indian Navy and Air Forces as well as the Army.

(1) When troops are required on duties of a (military) nature [e.g., ceremonial purposes and provision of escorts or guards of honour in circumstances not covered by Instructions 771, 772 and 775 of the Regulations for the Army in India (1937 Edition) and flag marches when they fall into the category of cases involving duties of a military nature and when they are not connected with the maintenance of law and order] the extra cost, if any of supplying the services required (e.g., in the way of transport, equipment etc.,) will be met by a contribution from State revenues or the revenues of the Civil Department concerned of the Central Government to the Defence Service Estimates.

**Note** :—The cases in which flag marches come within the scope of this rule will be decided by the Central Government.

(2) When troops are employed by Civil Department on duties of a 'non-military' nature (e.g., on occasions of Public calamities or emergencies such as fires, earthquakes, floods, famines and strikes), the State Government or the Civil Departments concerned will be liable to bear the following charges unless they are waived by the Central Government for any exceptional reasons :—

(a) *In strikes, etc., for carrying on essential public services* :—The complete cost of force including ordinary pay and allowances, extra cost of transport, equipment (including loss and repair expenses, etc.), and extraordinary charges in the shape of special pay or transport of stores to the personnel engaged at the rates laid down in paragraphs 397 to 399, Pay and Allowance Regulations, Part I and Rule 491, Regulations for the Army in India.

(b) *In fires, floods, famines, earthquakes and other calamities of nature* :— All extra cost involved in the way of transport, equipment, etc., and all extra-ordinary expenses in the shape of special pay or the supply of stores to the personnel engaged at the rates laid down in paragraphs 397 to 399, Pay and Allowance Regulations, Part I and Rule 491, Regulations for the Army in India.

**Note** :—In addition, when troops are employed on duties falling under either clause (a) or (b) above the State Government or the Civil Department concerned of the Central Government will be liable for all loss or damage to property (including military)

and also for all pensionary awards made in respect of ausalties arising directly out of the employment.

(3) The full cost of employing troops in aid of the Civil power for the prevention or suppression of disorder will be met by the Central Government from Defence Services Estimates; but it will be open to the Civil Department of the Central Government or the State Government concerned to contribute towards the cost, if they wish to do. The State Government or the Civil Departments concerned will nevertheless be liable for the payment of any compensation that may become payable in respect of any damage done when troops are employed in aid of the Civil Power.

4. Rewards for proficiency in oriental languages paid to a Military Officer from the Defence Service Estimates during the three years preceding his transfer to other Departments of Central Government or to State Governments will be recovered by the Controller of Defence Accounts (Pensions), Allahabad, from the department or Government concerned on confirmation of the officer in his Civil appointment.

Rewards to Military Officers in temporary Civil employ under the Central or State Governments for proficiency in oriental language are paid by the Controller of Defence Accounts (Pensions), Allahabad from the Defence Services Estimates in the first instance. On confirmation of an officer in the Civil Department, the Controller of Defence Accounts (Pensions), Allahabad, will recover from the department or State Government concerned, the Amount of any language rewards paid to the officer from the Defence Services Estimates.

The amount recoverable from the Civil Department of the Central Government or from the State Government in these cases is the civil rate of language reward as published by the Department of Education, Health and Lands; but in the case of officers of the category referred to in sub-clause(1) above the difference between the Military and the Civil rates of awards is recoverable from the officers themselves in installments of Rs. 50 per mensem.

*Note* :—Rewards for passing the Lower and Higher Standard examinations in Urdu by officers in temporary Civil employ are not refundable to the Defence Services Estimates.

**4-A.** Indian Commissioned Officers of the Armed Forces in Civil employ count their Civil Service as qualifying for the Outfit Allowance under item (d) of

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(a) their pay and allowances are governed by the new pay Code; and

(b) they are required to wear uniform while in civil employ.

The entire cost of the outfit allowance is debitable to the estimates of that Ministry (Central Civil) State Government under whom the Officer is employed and the allowance becomes due for payment.

**5.** When soldiers, either British or Indian, are sent under Military escort from one station to another to stand trial on a criminal charge, they will travel like any other party

of soldiers on duty, under a warrant furnished by the Military authorities, the charge being met from the Defence Service Estimates. When a soldier is conducted by a Police escort, the charge will be Civil; the warrant issued in such cases should include the accused as he is a soldier proceeding to a certain place under the orders of his Military superior and therefore on duty.

6. Civilian Government servants, who belong to the Army in India Reserve of Officers, when called up for training, receive the following emoluments :—

(i) When proceeding to carry out their training direct from their civil appointments, the pay and allowance which they would have drawn in their civil appointments but for the training, for the whole period of absence on such training inclusive of the time spent in transit to and fro;

(ii) when proceeding to carry out their training which on leave in India, Burma, Ceylon, Great Britain or Northern Ireland, the civil leave pay and allowances which they would have drawn but for the training;

(iii) when proceeding to carry out their training on the expiry of leave out of India taken from their civil appointments but before rejoining their civil appointments for duty joining time civil pay from the date of disembarkation in India to the date preceding that on which their training commenced, and full civil pay for the period of actual training and the period spent in journeying to the place of their civil appointments: and

(iv) military pay and allowances for the period of actual training.

The emoluments drawn under (1) to (iii) are debitable to the Civil - Central or State Estimates and that under (iv) to the Defence Service Estimates.

If it is necessary to provide a substitute in the place of such an officer undergoing training the additional cost will be a charge on Civil Estimates.

*Note* —This rule is also applicable in regard to the allocation of the civil pay of a Government servant, who is a member of the India Naval Volunteers Reserve or the Indian Naval Reserve, when called up for training.

7. Reservists of the Indian Army employed under the Central or State Governments will, when called up for periodical military training receive military pay and allowances. They will also receive the excess, if any, of their civil pay over their military pay, provided that this concession is specifically sanctioned by the Department of the Government of India or the head of the attached or subordinate office concerned, or by the State Government in whose employ the reservists are serving in their civil capacity. Except where the civil pay of the reservists is met from the Defence Services Estimates the extra expenditure involved will not constitute a charge against the Defence Services Estimates.

**7-A.** Civilian, Central or State Government servants who are members of the various Army, Navy and Air Force Reserves (excluding the reserve of the officers) will, when called up for periodical training, receive pay and allowances as under

(a) During the transit period they will be entitled to their civil rates of pay and allowances to be met from the Budget to which such expenditure' is debitable;

(b) for the period of training (excluding periods of transit) if the pay and allowances (excluding concessions in kind, e.g., free ration, etc., admissible as reservist are less than pay and allowance admissible in the civil post, the difference will be paid and debited to the Budget head to which the individual's civil pay is normally debitable.

8. The pay and allowances of a British Service Officer, whose unit is not represented on the Indian establishment and who is supernumerary on vacating an appointment on the personal staff of a Governor of a State or any other staff or extra-regimental appointment under a State Government, should be debited to the revenues of the State Government concerned up to the officer's date of disembarkation in the United Kingdom. This decision will be applied in the case of officers whose services are lent to a State Government on or after the 1st January, 1934.

9. The military pay and allowances drawn under paragraph 250 of the Regulations for the Auxiliary Force, India, by a Civilian Government servant who is a member of the Auxiliary Force, India, on his being called out or embodied under Section 18 of the Auxiliary Force Act, are borne by the Defence Service Estimates. In cases in which the Government servant draws, in such circumstances, civil rate of pay, the amount, if any, by which those rates of pay exceed military pay and allowances is debitable to the ordinary head of expenditure to which the civil pay of the individual concerned is debitable.

10. Travelling allowance of Telegraph signallers accompanying State Governors and other high officials on tour is debited to the department concerned, although their pay for the period is debited to the Telegraph Department.

11. A European non-commissioned officer or soldier on obtaining Civil employment is ordinarily required to buy his discharge from the Army; but, if such a person dies in Civil employ while under Military contract of service, the Civil Department of the Central or the State Government in which he was serving will bear the charge of any passage money which, under Military Pay Regulations, may be admissible to his family.

12. Subject to any separate agreements that have been or may be arrived at between the various Governments, the pay and allowances including traveling allowance of a Government servant summoned to give evidence in his official capacity in a Criminal Court or in a Civil Court in a case in which Government is a party are, during the period of his absence, debited to the Government under which he is employed. Actual expenses under the rules of the Court, if admissible, are, however, payable by the Court, and debited to Court contingencies.

#### ***LOCAL RULING UNDER RULE 12***

The rules regulating the payment of traveling allowance to officers of certain other Governments including certain Foreign Governments appearing as witnesses on summons before the Criminal Courts in the State of Andhra Pradesh and to officers of the Andhra Pradesh Government appearing as witnesses on summons before the Criminal Courts of other Governments and the incidence of these charges are contained in the publication "Criminal Rules of Practice and Orders" issued by the High Court of Judicature at Hyderabad.

#### **II. Incidence of Leave Salaries**

The following rules govern the incident of leave salaries of Government servants who have served under two or more Governments:

For the purpose of these rules:

(1) Service under the Government of Coorg, the Defence, Department “Local Fund” administered by Government and Commercial Departments within the same Government should be regarded as service under a separate Government;

(2) a lending Government is ordinarily a Government under which a Government servant first obtains permanent employment;

(3) leave salary does not include a house-rent allowance or other compensatory allowance drawn during leave.

1. Save as otherwise provided in these rules, when a Government servant is transferred to service under a Government other than that under which he was first employed, the leave salary drawn by him during any leave taken after the date of transfer should be debited to the borrowing Government until the entire leave earned under that Government has been exhausted, irrespective of whether the leave is taken while the Government servant is actually served under the borrowing Government or not.

*Note 1* :—In case in which the Government while in permanent service under one Government is transferred to equally permanent service under another Government, e.g., officers of the Indian Medical Service and Indian Engineers transferred to permanent Civil employment in Central Department such as the Indian Customs Service or the Indian Audit Department, the Government to which such a Government servant is permanently transferred should not be regarded as a borrowing Government but should be regarded as occupying the same position as the original lending Government. In other words, for the purposes of these rules, it is to be regarded in respect of that Government servant in future as a lending Government. This principle shall not, however, apply to cases in which a Government servant is transferred from one Government to another fill a permanent post for a limited period e.g., a Secretaryship in the Central Government’s Secretariat.

An important corollary of this principle is that when an officer of the Indian Army, Indian Medical Service or Royal Engineers in permanent civil employ is re-transferred temporarily to the Defence Department for war work, the Defence Department should be regarded as a borrowing Government.

*Note 2* :- In the case of Government servants borne on joint cadres, service under a Government, other than the parent Government, will be treated as service under a borrowing Government; but see Rules 9 and 10.

*Note 3* :- No share of the leave salary of a Civilian Government servant belonging to the Army in India Reserve of Officers or the Indian Territorial Force for the period he is called out for Military training will be debitable to the Defence Service Estimates.

*Note 4* :- Leave earned by service under the Government of Burma prior to separation will for purposes of allocation, be treated as earned under the Government under which the officer concerned was permanently employed on the 1st April, 1937.

### **LOCAL RULINGS**

1. When a Government servant is transferred for service under a Government other than that under which he was first employed, a separate leave account should be opened for showing the leave earned under that Government and the leave the cost of which will be debited to that Government. This leave account will be in addition to the main leave account, which must be a complete record of all leave earned and taken under the Fundamental Rules throughout his service. The object of the maintenance of the

subsidiary leave account is to ensure that the leave salary down by him during any leave taken after the (date of transfer is charged to the borrowing Government until the entire leave earned under that Government has been exhausted.

2. Temporary or officiating service rendered under a Government followed by confirmation for the first time under the same Government without interruption of duty should be treated as service under a "Lending Government".

3. The Government to which a Military Commissioned Officer in Civil employ transferred should not be regarded as occupying the position of a lending Government until and until the officer obtain permanent employment under that Government.

4. Leave earned by deputation interruption of leave should not be deemed to be consumed immediately following the deputation and debited to the Government on whose behalf the deputation was performed, as there is no fresh grant of leave on the completion of deputation but only the enjoyment of leave already granted. The debit should be raised on the Govt. concerned only on the next occasion on which the officer proceeds on leave.

5. In determining the classifications of leave salary of a Government servant in permanent civil employ under a State Government but employed temporarily on an Agency subject, i.e., a subject in respect of which a State Government acts as an agent of the Central Government, the Central Government should be regarded as the borrowing Government.

6. It under the rules of the Government under which a Government servant who has no lien on a permanent post, is temporarily employed for the time being temporary service previously rendered by him under the other Governments counts for leave the Government employing him for the time being should bear the leave salary until the leave earned by service under that Government is exhausted; thereafter the leave salary should be charged to other Governments according to the reverse order to the Government under which he was employed.

In the case of Gazetted Government servants the subsidiary leave account will be kept by the Accountant-General and the allocation of leave salaries to different Governments done by him.

When, however, the leave salary is drawn by head of offices for non-gazetted Government servants, the subsidiary leave account should be referred to and the debit of leave salary allocated strictly in accordance with the instructions above. The same procedure should be observed in respect of non-gazetted Government servants who have served under district boards and other foreign employers and for whom no contributions for leave salaries were recovered. In the case of those Government servants who, however, are exempted altogether from payment of leave and pension contribution, the entire leave salary is payable by Government.

Whenever, appointment of leave salary of non-gazetted officers becomes necessary the head of the office should forward to the Accountant-General for check a memorandum showing particulars of charge to be borne by each Government or local body together with the service book and the leave account of the Government servant concerned and details of the debit should be recorded in column 13 of the service book as soon as the leave is sanctioned and on receipt from the Accountant-General of the Memorandum mentioned above duly checked.

2. Except as provided in the two succeeding sub-paragraphs the liability of a borrowing Government should be taken in all cases (including those of Government servants whose leave is regulated by the leave rules in the Civil Service Regulations or any other leave rules) in terms of leave on average pay, at 5/22nd of duty in the case of Government servants subject to the Special Leave Rules of the Fundamental Rules or the European Service Leave Rules of the Civil Service Regulations or any other corresponding Leave Rules and at 2/11ths of duty in the case of others, without regard to the maximum limit of leave that can be earned or granted to the Government servant under the leave rules to which he is subject. This principle applies also in the case of Military Commissioned Officers, Departmental Officers and Warrant and Non-Commissioned Officers whose leave is regulated under paragraphs 913 (b) and (c) of the Regulations for the Army in India and Fundamental Rule 100. For the purpose of determining the liability for leave salaries, these officers should be considered to have earned leave as follows:

(a) Military Commissioned Officers - 5/22nds of duty performed.

(b) Others - 2/11ths of duty performed.

In the case of officers serving in vacation departments the leave earned is subject to reduction by one month or a fraction of a month as the case may be, for each year of duty in which the vacation was wholly or partly enjoyed. For the purpose of subsidiary leave accounts it may, however, be assumed that vacation was enjoyed in all cases prior to 1st January, 1922 the true facts recorded in the leave accounts being taken into account in all subsequent calculations.

In the case of High Court Judges, the calculations for the purpose of subsidiary leave accounts should be made in accordance with the leave rules to which they are subject wider the Government of India (High Court Judges) Order, 1937.

### ***LOCAL RULINGS***

1. Furlough taken by Military Officers should be treated as leave on half average pay and the furlough pay admissible to them under Military Rules while on such furlough in or ex-India should be viewed as half-average pay for purposes of raising debits, the privilege leave taken by such officers being viewed as equivalent of leave on average pay for this purpose.

2. In passing on debit for leave salary to lending Governments in the case of officers who had elected to remain under the simplified leave rules, the leave salary drawn at the time should be entirely passed on as in the case of officers on leave under the Fundamental Rules.

3. When the leave-salary of a Government servant has to be allocated under these rules between an original lending Government and a second lending Government (vide Note under Rule 1), it should, save as provided in Rule 4, be debited first to the second lending Government to the full extent of the leave earned under it and a debit to the first lending Government will be made only when all leave earned under the second lending Government has been exhausted. Similarly, if the leave-salary has to be allocated among three lending Governments, the leave earned under the third or the last lending Government will first be exhausted, then leave earned under the second and finally the leave earned under the first or original lending Government. This principle of debit of

leave salary according to the reverse order of that to employment shall also apply, subject to the provisions of Rules 1 and 4, when leave-salary has to be allocated among two or more borrowing Governments and in respect of different periods of service rendered by a Government under a particular Government. In the latter case, the leave salary in respect of the leave earned in each period of service under the particular Government will be dealt with separately;

The example given below illustrates how the principle laid down in this rule read with Rule 1 should be applied in practice :—

Suppose a Government servant has rendered service under different Governments as follows :—

Permanently employed under Government A. Lent to Government P	On the 1st April, 1930 From the 1st April, 1931 to 21st July, 1931.
Reverts to Government A Transferred permanently to Government B (second lending Government). Lent to Government Q	On the 1st August, 1931. On the 1st April, 1932.  From the 1st June, 1932 to the 31st August, 1932.
Lent to Government P.	From the 1st September, 1932 to 30 <sup>th</sup> September, 1932.
Reverts to Government B Transferred permanently to Government C. (third lending Government). Proceeds on leave for 28 months from Govt. C.	On the 1st October, 1932. On the 1st December, 1932.  On the 1st April, 1933.

The leave salary of the Government servant will be debited to the different Governments in the following order:—

Firstly, Government P in respect of leave earned under it for the period 1st September, 1932 to 30th September, 1932.

Secondly, Government in respect of leave earned under it for the period 1st June, 1932 to 31st August, 1932.

Thirdly, Government P in respect of leave earned under it for the period 1st April, 1931 to 31st July, 1931.

Fourthly, Government C in respect of leave earned under it for the period 1st December, 1932 to 31st March, 1933.

Fifthly, Government B in respect of leave earned under it for the period 1st October, 1932 to 30th November, 1932 and 1st April, 1932 to 31st May, 1932.

Sixthly, Government A in respect of leave earned under it for the period 1st August, 1931 to 31st March, 1932. 1st April, 1930 to 31st March, 1931 and in respect of leave earned under it by service prior to 1st April, 1930.

### **LOCAL RULINGS**

1. *Incidence of leave salary of a Government servant who has been transferred permanently to Local Fund* :—The debit to State funds of the proportionate leave salary

of a Government servant who has been transferred permanently to Local Fund service in accordance with the provisions of Article 805 of Civil Service Regulations, is not permissible. Such a permanent transfer from Government to Local Fund service will give an officer only a continuity of service for pension but not for leave.

2. *Incidence of leave salaries of employees of Local Funds administered by Government who are transferred to Service under Government or vice versa* :- The Rules regarding allocation of leave salaries between different Governments as laid down in this section may be applied to the case of employees of Local Funds administered by Government who are transferred to Service under Government and vice versa.

3. *Classification of leave salary of a State Government servant holding a post under the Central Government in addition to his own post under the State Government* :—When a State Government servant is appointed to hold a post under the Central Government in addition to his own post under the former, the Government of India have decided (vide No. F. 78 Civil Service Regulation 26, dated 3rd March, 1926, of the Government of India, Finance Department) that the whole of the increase in the leave salary due to his holding a Central Government post is debitable to that Government. This principle is equally applicable to the increase in the joining time pay under Fundamental Rule 107 (b) (ii) which is practically leave salary in another name.

#### 4. (Deleted)

5. *Incidence of Leave Salary of Research Staff employed in connection with the Research Scheme financed by the Indian Council of Agricultural Research* :—The Research Staff employed of Schemes of the Indian Council of Agricultural Research falls under two categories—

(1) those with a lien on substantive posts under Government; and

(2) those without such lien, directly recruited for temporary employment on such schemes. These may further be sub-divided into—

(a) officiating men, who, though deputed to work on a Council's scheme, would continue in service under Government but for their deputation;

(b) officiating men, who would have been discharged for want of vacancy, but for their deputation to work on a Council's scheme.

*Staff falling under category (1)* :—The entire leave salary is debitable to State revenues whether they are employed on old or new schemes, i.e.. schemes sanctioned after 31st March, 1938.

*Staff falling under category (2) (a) and (b)* :—The leave salary in respect of personnel employed on old schemes is debitable to State revenues where substitutes are employed in the leave vacancy. In cases where no substitutes are entertained, the leave salary is debited to the grant of the scheme concerned. The leave salary of staff employed on new schemes and renewal of old schemes and falling under category 2 (a) is debitable to State revenues, but that of those falling under category 2 (b) to the funds of the Council and only to the extent of leave admissible under the Revised Leave Rules, 1933. of the Central Government, in respect of the period of employments under the Council's scheme.

6. *Incidence of leave salary and pension of Government servants transferred between Burma and India after 31st March, 1937* :—It has been decided by the Central Government in consultation with the Government of Burma that the liability of the State Government for the payment of pension and leave salary of officers (including High Court) Judges transferred between Burma and India after 31st March, 1937, should be limited to that earned by service in State concerned.

Paragraph 27(2) of the Government of India (High Court) Judges Order, 1937, which is intended to protect the service rights of the Judges does not preclude an arrangement of this nature.

7. *Allocation of leave salaries among the different offices and systems of the Electricity Department* :—With effect from 31st August, 1942, the leave salary of Gazetted and non-Gazetted officers of the Electricity Department should be debited wholly to the office or Electric System from which the officer proceeds on leave.

8. *Incidence of the leave salaries of Government servants under the control of the Government of Andhra Pradesh lent by one department to another or by one office to another under the same department* :—(1) If the borrowing department wishes to grant leave to a Government Servant lent by another department during the tenure of the post in the borrowing department the latter department is entitled to sanction the leave, provided it is prepared so pay for it and after having verified from the lending department the Government servant's title to leave.

(2) If the leave admissible is availed of by the Government servant on the termination of his service in the borrowing department, the leave salary should be borne by the lending department. The Government servant should then be considered as having been reverted to the lending department from the date of commencement of the leave which should be governed in all respects as if it were being granted for duty in the lending department. In these cases, the lending department should be consulted by the borrowing department regarding the grant of leave so that the former may decide whether it would be administratively convenient to sanction the leave, because when it possesses a leave reserve but no deputation reserve, the substitute employed in the deputation vacancy will have to be discharged from the date of commencement of leave.

(3) The above procedure does not apply to cases where the lending and borrowing departments are commercial departments. In these cases and in the case of transfers from a non-commercial to a commercial department the leave earned by the Government servant in the commercial department should be debited in full to that department. The procedure for the grant of leave will, however, be the same as in the case of noncommercial departments.

(4) The procedure prescribed in paragraph 1 above will apply *mutatis mutandis* in the case of grant of leave and adjustment of leave salary of Government servants lent by one office to another under the same department.

**3-A.** When a Government servant is granted an extension of service and the whole of the leave at his credit on the date of compulsory retirement lapses, under Fundamental Rule 86 (i) or any other corresponding leave rule and no leave is carried forward on extension of service, the Government for whose benefit the extension is sanctioned will bear the entire charge for leave-salary in respect of the leave earned by

him during the period of extension, any liability of any Government on that date as shown in his subsidiary leave account being automatically cancelled. When, however, such a Government servant carries forward any leave on extension of service, such liability continues, but only in respect of the leave actually carried forward.

4. When a Military Commissioned Officer claims under Note 2 to Fundamental Rule 90 the privilege of drawing the minimum leave-salary fixed by military rules in respect of any period of leave earned under those rules before coming under Civil Leave Rules, such portion of the leave as was actually earned by military service should be debited to the Defence Department.

5. The Government which sanctions "leave not due" will bear the charge on account of such leave in the first instance in all cases, but in cases where the Government servant on return from such leave is transferred to another Government before the "leave not due" taken by him is completely earned by duty, such readjustment of the charge may be made as may be agreed upon by the two Governments concerned.

#### ***LOCAL RULING UNDER RULE 5***

The following arrangements have been agreed upon between the Andhra Pradesh Government and the Central Government and the Governments of West Bengal, Assam, Bihar, Orissa, Punjab and Uttar Pradesh :—

When an officer who has been granted and has availed himself of leave not due transferred to another Government before the leave not due taken by him is completely wiped out by service under the Government which sanctioned the leave, the portion of the leave-salary which cannot under the rules be adjusted against the Government sanctioning the leave will be debited to the other Government. When for any reason the officer so transferred fails to earn sufficient leave to wipe out the leave not due granted to him before transfer, the Government which sanctioned the leave to him will be redebited with the leave-salary for leave not due which is not wiped out by subsequent service in the province to which he has been transferred.

In the case of transfers between the Andhra Pradesh Government and the Government of Maharashtra, each case will be dealt with on its merits.

6. Leave salary in respect of Special Disability Leave granted to a Government servant will be borne by the Government which sanctioned the leave, provided that here a Government servant has served under more than one Government and is granted Special Disability Leave, on average pay under Fundamental Rule 83(7)(b), half of which is debitable to his leave account under Fundamental Rule 78(b) the debit for such leave should be made both in the main and subsidiary leave accounts and the actual amount of leave salary drawn by him for the whole period of such leave will be apportioned among the Governments concerned in the proportion in which that leave is debited to his leave accounts with those Governments.

7. The allowances paid to a Government servant during study leave will be borne by the Government under which he was employed when the study leave was granted.

8. The Government which received or remitted the contribution for leave salary of a Government servant in Foreign service should bear the charges for his leave salary in respect of the leave earned by him during such service.

**LOCAL RULINGS**

Where the leave salary is chargeable to another Government, the amount will be debited through account current to the Government concerned and where it relates to a District Board, or Foreign employer, the charge should be classified under the same head as pay and the recovery should be effected direct from the District Board or Foreign employer and when recovered intimated to Accountant-General, Andhra Pradesh.

9. In respect of Government servants subject to the Central Government's Revised Leave Rules, 1933, or similar rules issued by other Governments which make the calculation of leave in relation to the period of duty impossible, contribution for leave salary is recovered from borrowing Governments. The liability of a borrowing Government to pay contributions to the lending Government ceases when a Government servant is permanently transferred to the former, but the lending Government remains responsible for the leave salary of the Government servant in respect of 'earned leave' at credit on the date of his permanent transfer to the borrowing Government. This amount of "earned leave" should be exhausted first by the Government servant before any leave in respect of service after permanent transfer to the borrowing Government is taken by him. The leave-salary in respect of any other kind of leave which may be taken by the Government servant after his permanent transfer to the borrowing Government under the leave rules of that Government will be borne by that Government.

**Note 1 :**—In the case of officers borne or joint cadres, allocation of leave salary will be made in accordance with the arrangements mutually agreed upon by the Governments concerned.

**Note 2 :**—In the case of temporary Government servant governed by the Andhra Pradesh Leave Rules, 1933, who are deputed to other State Governments or Central (Civil) Government, the procedure laid down in the rule for the recovery of leave salary contribution will apply.

**LOCAL RULINGS**

1. Method of allocation of leave salaries of Government servants subject to the revised leave rules when they are permanently transferred to other Governments :—When a Government servant subject to the revised leave rules is transferred permanently to another Government, the Audit officer of the Lending Government should draw up a subsidiary leave account indicating the amount "earned leave" at credit, leave salary for which will be borne by the Government from which the Government servant is transferred and send it to the Audit Officer of Government to which the Government servant is transferred.

When a non-Gazetted Government servant subject to the revised leave rules is transferred permanently to another Government, the head of the office from which he is transferred should prepare a leave account showing the amount of earned leave at credit on the date of permanent transfer and send it to the head of the office to which the Government servant is transferred. A copy of the leave account should also be sent at the same time to the Audit Office of the office from which the Government servant is transferred, so as to enable him to accept the debit on account of leave salary for earned leave upto the extent indicated in the leave account as and when the Government servant takes leave.

The procedure indicated above will be observed in the case of Government servants under the control of both the Andhra Pradesh Government and the Government of India.

2. The above rule does not apply to temporary Government servants subject the Revised Leave Rules, 1933. In the case of such a temporary Government servant, who, before his confirmation, is transferred from Civil to the Defence Department or vice versa, the leave salary should be borne by the second or subsequent departments in the reverse order of employment up to the limit earned under each department and the excess, if any, charged to the department under which he obtained his first temporary employment.

When such a Government servant is confirmed, without interruption of duty and takes leave thereafter, the additional leave that may become due to him under the rules in respect of his duty in the departments other than that in which he is confirmed should be exhausted first and leave salary allocated in the reverse order as in paragraph I above treating the department, Civil or Defence, as the case may be, in which he is confirmed as the lending department.

It had also been decided that in so far as the allocation of leave salary in respect of earned leave is concerned the borrowing Government should bear the leave salary to the extent of the leave which can be earned by service under that department irrespective of the fact that the Government servant concerned has, at the time of his transfer to the borrowing department or any time during his service under the department, ceased to earn further leave by virtue of his having the maximum permissible limit of leave to his credit.

The procedure relating to allocation of leave salary is also applicable in the case of leave on medical certificate admissible to temporary Government servants under Rule 14 of the Revised Leave Rules, 1933, the liability of the borrowing for such leave in respect of an incomplete year of service under it being a proportion of 15 days equal to the proportion which the incomplete year bears to the whole year.

**10.** Notwithstanding anything contained in these rules, the Government of Orissa will liquidate their liability for the leave salary of officers of the joint cadre services serving under it by payment of leave salary contribution in respect of such service to the Government of Bihar and the same procedure will apply till the 30th June, 1943 in respect of officers of the Madras Government lent to the Government of Orissa.

**11.** *[Deleted]*.

### ***III. Incidence of the Cost of Passages***

The following rules govern in the incidence of the cost of passages taken by Government servants who have served under two or more Governments, under the Regulations contained in Schedule IV to the Superior Civil Services Rules or under the Central Services (Non-Superior Officers) Passage Rules, 1939, or under the Railway Services (Non-Superior Officers) Passage Rules, 1939, or under identical term in rules or order of a State Government, or under the rules of the Defence Department.

For the purposes of these rules, Commercial Departments are treated as separate Government and the Defence Department of the Central Government is also treated as a separate Government.

1. (i) When the services of a Government servant who is entitled to passage concessions under the terms of the service rules applicable to him are lent by one Government to another the borrowing Government will pay contributions in respect of his passages to the lending Government at the rates specified below for the period of service,

including leave, rendered by the Government servant under the borrowing Government. The cost of all passages taken by him, (including those taken while serving under the borrowing Government) will then be borne by the lending Government. The calculation of the total amount payment by the borrowing Government may be made at the end of the Government servants service under the latter or at the end of the financial Year, whichever is earlier and the adjustment may then be made in one lump sum.

The rates of contributions applicable to the several classes of officers will be as follows :—

Civil officers entitled to first class passages	Rs. 50 per mensem.
Civil officers entitled to second class passages	Rs. 30 per mensem.
Army and Air Force Officers.	At the rate prescribed in Appendix X Defence Service Force Officers Regulations, India, Financial Regulation, Part I (Army and Air Forces).
Naval Officers	At the rate prescribed in Appendix XIII Financial Regulations for the Royal Indian Navy.

These rates are subject to any ad hoc increase of a temporary nature as notified from time to time.

**Note** :—In respect of officers of joint cadre serving two or more Governments the provisions of this clause may be varied by mutual agreement between the Governments concerned.

(ii) When such a Government servant is transferred permanently from one Government to another, the allocation of the liability for his passages will be made between the two Governments as follows :—

(a) The Government under which the Government servant was originally employed will be debited with an amount equivalent to the contributions calculated at the rate mentioned in clause (i) above for the period of service including leave, rendered by him under that Government. The expression “period of service” in this clause includes any period of service under another Government in respect of which contribution for passages has been received, but excludes any period of service in respect of which the Government servant was not eligible for passage concessions under the rules applicable to the service to which he belonged;

(b) That Government will be credited with an amount representing the cost of passage already taken by the Government servant while serving under it.

If (a) exceeds (b), the difference will be paid by the original Government to the Second Government, and conversely, if (b) exceeds (a), the difference will be recovered by the original Government from the second Government.

The cost of all passages taken by the Government servant after the date of transfer will be debited to the second Government.

**Note** :—A Government servant will not be considered to have been transferred permanently from one Government to another until he is confirmed in a permanent post, other than a tenure post, under the latter Government.

#### *IV. Incidence of Pensions*

1. Except in regard to the apportionment of liabilities in respect of pensions of the serving and retired Government servant of the undivided India between India and Pakistan the following rules regulate the adjustment of pensionary charges of Government servants who have served under one or more than one Government. These rules also constitute the agreements relating to the distribution of pensionary charges contemplated by Article 290 of the Constitution of India.

2. The Government of Coorg should be regarded as a separate Government for the purposes of these rules, prior to 1st November, 1956.

2-A. A Local Fund administered by Government should be regarded as a separate Government for the purpose of these rules.

3. For the purpose of these rules—

(1) “*Length of service*” means “length of qualifying service”.

(2) Service under a Government includes period for which a Government servant drew pay or leave salary from that Government.

(3) Service rendered in a department the expenditure on which was debited to a divided head before 1st April, 1931 should be treated as service under the Central or State Government according as the head in question became Central or State after 31st March, 1921.

(4) Service rendered under the late Crown Representative should be treated as service under the Central Government (Civil).

(5) Foreign service should be treated as service under the Government which received or remitted, as the case may be, the contributions for the pension in respect of such service.

(6) Compassionate allowances are treated as pensions.

4. When pensionary charges are apportioned under these rules between different Governments on the basis of length of service, the following, except as provided in Rule 5, should be excluded from the calculation of such service

Periods of probation of training during which the Government servant did not hold a sanctioned charge, periods of such leave as commuted, furlough, leave on average pay other than the first four months of each period of such leave and leave or less than average or full pay and in that case of Government servants governed by the Central Government’s Revised Leave Rules, 1933, any period of leave during which leave salary was drawn other than earned leave not exceeding 90 days (120 days under the rules as liberalized in 1949) in any one spell, and special additions (excluding additions in respect of periods of war service - vide Rule 14 of these rules) to qualifying service of periods during which no qualifying service has been rendered to Government, which are allowed by special rules or orders made by Government for example, Article 404-A of the Civil Service Regulations, or the corresponding rules of a Provincial Government. The effects of omitting these periods will be that the pensionary liability in respect thereof will be distributed among the employing Governments in the same proportion as the liability for the rest of the Government servant’s service.

**Explanation** :—‘the periods of leave counting as qualifying service for pension under Article 407, Civil Service Regulations, earned under the paid for by a particular Government as shown in the subsidiary leave Account are part and parcel of the qualifying service rendered under that Government. While calculating the length of qualifying service, such periods should not be separated from the spells of actual qualifying duty immediately preceding or following such leave.

5. In the case of pensions which are earned by total service including leave, the pensionary liability should, to these rules, be distributed among the employing Governments in proportion to the periods for which the Government servant concerned has drawn pay or leave salary from each Government.

6. When a deficiency in qualifying service is condoned, the period condoned should be reckoned as service under the Government which condones it.

7. Pensions, including wound or injury pensions and pensions to the dependants of Mutiny Veterans, sanctioned before the 1st April, 1921 will be debited to the Central Government, if paid outside India and Pakistan and to the Government by which the payment is made, if the payment is made in India.

**Note** :—Pensions which were in payment, in an erstwhile Indian State on the date of its merger with a Part ‘A’ State will continue to be debited to the Central Government.

8. Except as provided otherwise in these rules, pensions sanctioned on or after 1st April, 1921, will be adjusted as follows -

(a) Payments outside India and Pakistan—

(i) If a Government servant has served under one Government only that Government will bear the charge.

(ii) If he has served under more than one Government, the pensions will be divided among the several Governments in proportion to the length of service under each.

(b) Payments made in India—

(I) *Pensions sanctioned before 1st January, 1942—*

(i) If a Government servant has served under one Government only, that Government will bear the pensions drawn by him on retirement even though it may be disbursed by another Government.

(ii) If a Government servant has served under more than one Government (other than Central Government) before retiring, his pension will be borne by the Government under which he was serving at the date of retirement.

(iii) If a Government servant has served both under the Central Government and one or more other Governments before retiring, the Central Government will be debited with a proportionate share of the pension determined by mere length of service. The balance will be borne by the Government wider which he was serving at the date of retirement, or, if that be the Central Government, by the Government under which he was serving prior to his transfer to the Central Government.

**Note 1** :—The initial allocation of a pension made under this rule, shall not be altered subsequently merely by reason of its transfer from a place outside India and Pakistan to India or vice-versa; but see Rule 34.

**Note 2** :—In the case of pensions of Government servants transferred from Burma to India before the 1st April, 1937 and retiring on or after that date service rendered under the Government of Burma before that date should be ignored for the purposes of this rule. The effect of ignoring such service will be that the pensionary liability for that service will be distributed among the other employing Governments in the same proportion as the liability for the rest of the Government servant's service. The entire pensionary liability in case of such transfers from India to Burma is borne by the Government of Burma. In the case of transfers on or after the 1st April, 1937, liability of the Government or Governments in India as the case may be and of the Government of Burma will be limited, unless settled otherwise by mutual agreement to the pension earned by service under each.

**Note 3** :—In respect of pensions sanctioned on or after the 1st April, 1937, for Government servants who have rendered a part of their service in Aden prior to its separation - including in their case any service after separation also - the liability of the Government or Governments in India, as the case may be, and the Colonial Government should be fixed on the basis of length of service, any period of service in Aden for which India recovered pension contribution from the Colonial Government in any individual case being allocated as service in India.

*(II) Pensions sanctioned on or after 1st January, 1942—*

If a Government servant has served under more than one Government (including the Central Government) before retiring, his pension will be divided amongst the several Governments in proportion to the length of service rendered under each. Where the pension rules of the Government concerned differ, the charges may by mutual agreement be distributed in accordance with the principles laid down in Rule 24.

**9.** Special additional pensions sanctioned on or after 1st April, 1921, whether paid in India or outside India and Pakistan will be treated as separate items and distributed according to the length of service between the different Governments under which the service by which the additional pension was earned was rendered. The allocation should be based on the total period of service in the lower and upper grade combined, without regard to the period of service by which the additional pension can be earned in any one grade alone. See also Rule 11.

**Note 1** :—The Railway, Posts and Telegraphs and Defence Departments shall be regarded as separate Governments for the purpose of this rule.

**Note 2** :—Note 2 under Rule 8 applies mutatis mutandis to special additional pensions.

**10.** Wound and injury pension sanctioned on or after 1st April, 1921 will be debited to the Government under which the recipient of the pension was serving when the wound or injury was received.

**Note** :—The Railway, Posts and Telegraphs and Defence Departments shall be regarded as separate Governments for the purpose of this rule.

**11. (Deleted).**

**12.** Pensions sanctioned on or after 1st April, 1921 for Military Officers and other ranks including those of the Indian Medical Service or Department who have been employed partly under the Defence Department and partly under the Civil Department of the Central Government or State Governments, will be distributed in accordance with the principles laid down in Rules 8 (a)(ii) and 8 (b)(iii) of these rules between the State Government or Governments concerned, the Central Government (Civil Estimate) and the

Defence Services Estimates in proportion to the length of service rendered in the Civil Departments of each Government and in the Defence Department. Special additional pensions awarded to Military Officers holding high civil posts will, as laid down in Rule 9, be distributed according to the length of service by which it was earned under the different Governments. These principles will also be applied mutatis mutandis to pensions sanctioned on or after 1st April, 1921 for Civilian Government servants who have been employed partly under the Defence Department, but not share of the pensionary charges of a Civilian Government servant belonging to the Army in India Reserve of Officers for the period he is called-out for Military training will be debitable to the Defence Services Estimates, the share being debited to the Government from which the officer drew pay or leave salary for the period in question.

**13.** Civil servants who were placed on military duty during the Great War shall be deemed to have served under the Central Government for the period of that duty; the pensionary charges in respect of that duty being debited to the Defence Department in the case of pensions sanctioned on or after the 1st April, 1921.

**13-A.** In the case of Civil Government servants who held higher temporary or officiating posts in the Defence Services during the Second World War (1939) to whom Article 487-A of the Civil Service Regulations applies and for whom pension contributions were originally recovered on the basis of the substantive appointments held by them, the extra pensionary liability should be charged against the Defence Estimates.

Similarly in the cases of Civil Government servant, holding higher temporary or officiating post in the Defence Services to whom Article 487-B of the Civil Services Regulations applies the extra pensionary liability should be debited against the Defence Estimates. (Memo No. 2753-A1Accts/57-2, Finance, Dt. 1-5-1957)

**14.** The pensionary liability in respect of periods of War Service rendered by a Government prior to civil employment and added to civil qualifying service under the relevant Service Rules is distributed as follows:

(a) In the case officers and men, who rendered temporary military service in the World War I and are allowed to count such service towards civil pension, subject to a maximum of four years, no portion of the pensionary charge in respect of such added service should be debited to Defence Estimates. The entire charge in respect of the added service is debitable to the Civil Department, the distribution between employing Governments being made in the same proportion as the liability for the rest of the Government servant's qualifying service.

*Note* :—The procedure laid down in this rule will apply mutatis mutandis in respect of war service rendered as members of his Majesty's Forces in World War II by persons who have been appointed permanently to war-reserved and other vacancies which arose before 1st January, 1948 and are allowed, subject to the general principles laid down in Articles 357-A and 357-B of the Civil Service Regulations, to count completed years of satisfactory whole time military service rendered between 3rd September, 1939 (or the date of their attaining the minimum age of entry into the service or post to which they are appointed on a permanent basis, whichever is later) and 1st April, 1946 towards civil pension upto a maximum of five years.

(b) In the case of surplus officers of the Indian Army, who retired under the Royal Warrant of the 25th April, 1922 and subsequently obtained civil employment, the

pensionary charges in respect of any special addition to civil qualifying service are debitable to the Defence Department.

**15.** Pensions sanctioned on or after 1st April, 1921 to the dependants of Mutiny Veterans are debitable to the Central Government (Civil),

**16.** For the purpose of determining the share of pensionary charges between the Central Government and a State Government, a Government servant, who during the last three years of his service, served under one Government but was concurrently remunerated by both the Governments, or who served under and was remunerated by both the Governments simultaneously, should be considered to have served during this period under each of these Governments, for a period proportionate to the cost which each Government incurred.

**16-A.** The allocation of Pensionary charges of the employment and training organizations between the Central and State Governments will be as follow :—

(a) For the period of service rendered by a person for which pay was borne wholly either by the State or the Central Government, the liability for pension for the said period shall be of the Government concerned.

(b) For the period of service rendered by a person for which pay was borne by the Central and the State Governments in propoilion of 60:40, the liability for pension for each period will be shared by the Governments concerned on the same proportion.

[Memo No. 599461AcctsJ57-4, Fin., Dt. 25-)-1957]

**17.** Pensions of Government servants employed in Coorg will be adjusted as follows:—

I. Pensions sanctioned before 1st April, 1921 will be adjusted in accordance with Rule 7.

II. Pensions sanctioned between 1st April, 1921 and 31st March, 1924 (both dates inclusive) will be adjusted as follows:—

(a) If the whole of the pensionary service of the Government servant has been rendered under the Central Government (including Coorg)—

(i) if the pension for 31st March, 1924 was paid in Coorg, the charge is debitable to Coorg irrespective of the place of payment (including England);

(ii) if the pension for the 31st March, 1924 was paid elsewhere, the charge is debitable to the Central Government irrespective of the place of payment.

(b) If the pensioner has served both under Central Government (including Coorg) and under one or more other Governments.—

(i) a proportionate share debitable to a State Government in accordance with Ride 8(b)(iii) will be debited to the State Government concerned;

(ii) a proportionate share debitable to the Central Government under Rule 8(b)(iii) will be adjusted in accordance with clause (a) above.

III. Pensions sanctioned on or after 1St April, 1924 will, be adjusted *mutatis mutandis* in accordance with the principles laid down in Rules 8-10 and 12-14, any

service under the Coorg Administration in departments which have been provincialized being considered as service under the Coorg Government.

**18. [Deleted].**

**19.** The pensionary charges of Government servants who have rendered service in the Railway Department will be adjusted as follows:—

(i) All pensions which were being debited to the Railway Department on 3rd September, 1929 will continue to be so debited.

(ii) Pensions sanctioned on or after 3rd September, 1929 should be distributed between the Railway Department and other departments or Governments under which the Government servants served in accordance with the principles laid down in Rules 8(a)(ii) and 8(b)(iii).

**20.** The incidence of pensionary charges of Government servants employed in the Posts and Telegraphs Department is determined as follows :—

*I. Pension sanctioned before 1st April, 1921—*

(a) if paid in a treasury situated in a Part 'A' State, the charge is debitable to that State.

*Note* :—Pensions which were in payment in an erstwhile Indian State on the date of its merger with a Part 'A' State will continue to be debited to the Central Government.

(b) if paid in treasury situated in a Part 'B' or a Part 'C' State or in the territories specified in Part 'D' of the first Schedule to the Constitution or if paid outside India and Pakistan - the charge is debitable to the Central Government (Civil).

*II. Pensions sanctioned between 1st April, 1921 and 31st March, 1935 both dates (inclusive)—*

(a) When the whole of the pensionary service of a Government servant, other than an officer of the Indian Civil Service or Indian Audit and Accounts Service has been rendered under the Central Government (including the Posts and Telegraphs Department), the charge, other than that debitable to Railways or Defence, will be debited irrespective of the place of payment i.e., whether it is made in or outside India -

(i) to the Posts and Telegraphs Department, provided the pensioner was at the date of retirement serving in that Department;

(ii) to the Central Government (Civil), provided the pensioner was at the date of retirement serving in a Department of the Central Government other than the Posts and Telegraphs Department.

(b) If the pensioner, other than an officer of the Indian Civil Service or Indian Audit and Accounts Service, has served both under the Central Government (including the Posts and Telegraphs Department) and under one or more other Governments—

(i) the proportionate share debitable to the State Government or the Government of Coorg, as the case may be, in accordance with Rules 8(b)(iii), 17 and 18 will be debited to the Government concerned;

(ii) the proportionate share debitab1 to the Central Government under the Rule 8 (b) (iii) will be regulated in accordance with 11(a) above.

(c) In the case of an officer of the Indian Civil Service or Indian Audit and Accounts Service, the amount debitab1 to the Posts and Telegraphs Department will be determined on the length of service rendered in that Department.

*III. Pensions sanctioned on or after 1st April, 1935—*

The pensionary charges will be distributed between the Posts and Telegraphs Department and other Governments and Departments inutatis mutandis in accordance with the principle laid down in Rules 8-10, 12-14 and 17-19.

**21. (Deleted).**

**22. Notwithstanding anything in these rules—**

(1) any pension or portion of a pension which under these rules would be debitab1 to the old State of Bihar and Orissa, if Orissa had not been separated from Bihar, will be adjusted in accordance with the provisions of paragraph 11 of Part I of the third Schedule to the Government of India (Constitution of Orissa) Order, 1936, provided that any pension or share of a pension attributable to service under the old Government of Bihar and Orissa which is sanctioned by any Government other than the Governments of Bihar and Orissa will be debitab1 to the Governments of Bihar and Orissa in the ratio 81:19;

(2) the Pensionary charges of officers of the Andhra Pradesh Government lent to the Government of Orissa shall be apportioned with effect from the 1st July, 1943, between the two Governments in proportion to the length of service under each Government. In respect of officers of the Bihar and Orissa joint cadre and other officers available for service in both the States of Bihar and Orissa, the Pensionary charges will be distributed in accordance with the principles mutually agreed upon by the Governments concerned;

(3) the liability in respect of pensions sanctioned by Madras before 1st April, 1936 which under these rules will be debitab1 to Madras will be distributed between Orissa and Madras as provided in clauses (a) and (b) of paragraph 9 of Part II of the third Schedule to the Government of India (Constitution of Orissa) Order, 1936, and the liability for pensions sanctioned by Madras or Orissa on or after 1st April, 1956 in respect of service in Madras prior td 1st April, 1936 will be adjusted as provided in clause (c) of that paragraph.

**23. Notwithstanding anything in these rules—**

(1) any pension or portion of a pension which would under these rules have been debitab1 to the old State of Maharashtra cum Sind, if Sind had not been separated from Bombay, shall be adjusted as provided in paragraph 14 of the Second Schedule to the Government of India (Constitution of Sind) Order, 1936;

(2) in respect of officers of the joint cadre serving under it, Sind shall liquidate its liability for the pensionary charge in respect of such service by the payment of pension contribution to Bombay.

**24.** In the case of pension divisible between the Central Government and one or more State Governments, the foregoing rules, in so far as they are applicable, are subject to the observance of the following convention which has been established between the Central Government and the State Governments—

(1) When a pension granted by a Government under its own rules is more generous than that admissible under the rules of another Government, the later Government will bear only the proportionate share which would be admissible under its own less favourable rules. This principle will come into operation when there is a divergence in the pension codes of two Governments, and a pension calculated under the normal working of one set of rules is more liberal than under the other set of rules. It does not take into account any concessions which may be allowed under the discretionary powers contained in the two sets of rules.

(2) When a pensionary concession other than tie grant of a compassionate allowance or the condonation of a deficiency in qualifying service is granted by one Government under its own rules (irrespective of whether or not they are more liberal than the rules of another Government) that Govt. will bear the resulting increase in pension, unless any portion of the increased liability has been accepted by the other Government or Governments affected. In the event another Government agreeing to the grant of a concession, the share of the total pension debitable to each Government will be determined on the basis of the length of service under each.

These principles will not apply to military service in respect of any matter in regard to which special orders already exist.

In respect of pensions divisible between themselves, State Governments may by mutual agreement adopt these principles.

**Note 1:** —In the case of a Government servant who has served partly under the Central Government and who retires on or after 2nd March, 1938 under the pension rules of the Government of the Madhya Pradesh before completing qualifying service of 30 years and is entitled under these rules to a retiring pension the Central Government's share of his pension will be calculated according to the following formula :—

$$\text{Central Government's share} = A/B \times Y/X \times C$$

when

C = the total pension admissible

A = the number of years of qualifying service under the Central Government.

B = the number of years service which the Government servant would have rendered on attaining the age of 55 years; or 30 years service whichever is less.

X = the commutation value at the actual age (next birthday) of retirement, of the pension admissible (C) expressed as number of years, purchase, and

Y = the commutation value of the pension admissible (C), expressed as number of years purchases, at the age (next birthday) of the Government servant (i) at the date on which he would have completed 30 years' qualifying service or (ii) at the date on which he attains the age of 56, i.e., age next birthday after the age of superannuation (assumed as 55 years for this purpose for all classes of Government servants) whether would have come first.

For the purpose of calculating X and Y reference shall be had to the tables prescribed from time to time under Rule 7 of the Central Government's Civil pension (Commutation Rules).

This formula will apply only to retiring pensions of Government servants other than those to whom Article 465-A, Civil Service Regulations, would have applied if the Central Government pension rules were applicable.

**Note 2** :—In the case of a Government servant in Superior Service who has served partly under the Central Government and who retires on a retiring pension on or after the 1st April, 1940 under the pension rules of the Government of Sind before completing qualifying service of 30 years, the Central Government's share of his pension will be calculated in accordance with the formula under Note 1 above.

In the case of such of a Government servant who retire on a retiring pension after completing qualifying service of 30 years or more the Central Governments share of pension will be determined according to Rule 279-A of the Bombay Civil Services Rules.

**Note 3** :—In the case of Government servants governed by the pension rules in the Bombay Civil Service Rules, the share of pensionary charges of the Central Government for the period of service rendered under that Government will be calculated under those rules.

**Note 4** :—The exception made in Rule 24 (2) above in regard to condonation of deficiency in qualifying service is applicable only in cases where the concession is limited to that admissible under the pension rules in force. In cases where the concession is granted in relaxation of the normal rules the liability should be allocated on the basis of the general principles in Rule 24(2).

**25.** For the purpose of determining the share of pensionary charges payable by two or more Governments, the service of the pensioner under the several Governments should be expressed in items of months, 15 days or more being regarded as a month. When the share of pension debitable to a particular-Government comes to less than a rupee, it should be neglected.

**26.** When an adjustment has to be made under these rules between two or more Governments, it may, except as provided in Rule 31, be made either by the payment in lump or in installments of the commuted value of a pension, or in accordance with any special arrangement which may be concerned between the Governments concerned. The system of lumpsum adjustment of pensionary charges by payment of commuted value between the Central Government and State Governments is not however to be applied to pensions which are subject to revision after retirement. In such cases, the adjustments with the Governments concerned should be made as pensions or paid with reference to the actual amount paid.

**27.** In adjusting pensionary charges between two more Governments by payment of commuted values prescribed respectively by the President of India for Commonwealth Relations by the President under Rule 7 of the Civil Pensions (Commutation) Rules should, be employed, unless the Governments concerned mutually agree to employ any other table.

(a) The table prescribed by the President of India for Commonwealth Relations should be used in the case of—

(1) Civil Officers whose domicile at the time of their first appointment to Government service was non-Asiatic, and

(2) Officers of the Indian Army, Indian Medical Service, and Indian Navy and Departmental and Warrant Officers, whose domicile at the time of their first appointment to Government service was non-Asiatic.

(b) The table prescribed by the Governor-General in Council should be used in the case of—

(1) Civil Officers whose domicile at the time of their first appointment to Government service was Asiatic, and

(2) Officers of the Indian Army, Indian Medical Service, and Indian Navy, Departmental and Warrant Officers (including Military Sub-Assistant Surgeons), nonCommissioned officers and men of the Indian Army, whose domicile at the time of their first appointment to Government service was Asiatic.

(c) In respect of the portions of their pensions earned by periods of service under State Governments or Civil departments of the Central Government, such other officers of the Defence departments whose pensions are governed by the Civil Service Regulations should be treated as civil officers for the purposes of clauses (a) (1) and (1.) (1) of this rule.

**28.** The Defence Department's share of a divisible pension should in all cases, excepting those falling under Rule 31, be extinguished by credit of the commuted value of that share to Central (Civil) by debit of Defence, the adjustment being made as and when each case arises. This procedure will have the effect of converting the Defence Department's share of the divisible pension into one relating to Central (Civil) for all purposes and will not in any way affect the arrangement that may be agreed upon for the adjustment of pensions between the Central and State Governments.

**29.** The Provisions contained in the preceding rule will be applied conversely for the settlement of the civil shares of military pensions which are not subject to revision after retirement. That is to say the civil share of a divisible pension debit to a province or to the Central Government (Civil) will be extinguished by the commuted value of that share to Defence by debit to Central (Civil), the adjustment being made as and when each case arises. The Defence Account Officer will report periodically to the State Accountant-General the amount of pensions paid in respect of cases where they arrange between the Central and the State Governments concerned for the adjustment of pensions is with reference to actual payments. This report should also cover cases where a pension which has been adjusted as provided in this rule is subsequently transferred for payment in the United Kingdom.

**30.** Pensionary charges of Government servants who have served under in Posts and Telegraphs Department and another Department of the Central Government (with the exception of the Railway Department) will except in cases falling under Rule 31, be adjusted in the following manner. In the case of such a pension sanctioned on or after 1st April, 1938, if the actual monthly pension payments are not made at the Post Office and the Government servant concerned was not borne on the cadre of the Posts and Telegraphs Department at the time of retirement, the Posts and Telegraphs Departments will be debited with the capitalized value of the share of pension debit to it according to the length of service rendered in that Department, and the entire pension will then become a charge against Central Government (Civil). In cases in which the actual monthly pension payments are made by the Posts and Telegraphs Department, that Department will be credited with the capitalized value of the share of pension which is debit to the other Departments according to length of service principle, and the entire pension will then become a charge on the Posts and Telegraphs Department.

In case where the pensions are divisible between the Posts and Telegraphs Departments and the Railway Department, the adjustment will be made on the basis of actual pensions paid.

**31.** The system of adjustment between Governments or Departments by payment of commuted value does not apply to pensions payable in England.

**32.** When a portion of a pension which is debitable to more than one Government is commuted by payment of the capitalized value of a portion of his pension to the pensioner, the amount commuted may be taken as being in absorption or reduction of the shares debitable to the different Governments in the order in which those shares rise from the least to the largest amount, except in the case of pensions paid by the India Office, where the amount commuted is taken first in absorption or reduction of the share debitable to Defence estimates.

Thus, if Out of, a pension of Rs. 400/- per month which is apportioned as follows:

Government A 80

Government B 100

Government C 220

Rs. 100/- is commuted, the commutation will have the effect of extinguishing the share of Rs. 80/- debitable to Government A and reducing from Rs. 100/- to Rs. 80/- the share debitable to Government B.

The capitalized value of the amount commuted should, in such a case, be debited to Government A and B in proportion to the amounts by which their monthly shares of the pension have been reduced.

In respect of pensions which are divisible between the Central Government and a State Government, the Central Government may authorize the debit of Central revenues of the whole commuted value of a portion of the pension not exceeding the commuted value of the share of the pension debitable to it, if the State Government concerned cannot find funds to meet the payment of its share of commuted value.

*Note* :—This rule does not apply to the pensions divisible between the Central Government and the Govt. of Madras or persons who retire from the service of the Central Government and who are governed in the matter of commutation by Rule 4 of the Civil Pensions (Commutation) Rules. In such cases the incidence of the pensions and the portions commuted is regulated by the orders contained in the Government of India Finance Department, letter No. F-2(3)-R 11/39. dated 22nd October, 1940.

**33.** Commutations in respect of pensions adjustable between Sind and Bombay and Bihar and Orissa, which are paid in India or by the High Commissioner in England will be divided into two portions, according to the length of pre-separation and post-separation service of the Government servant, and the portion relating to the pre-separation service will be shared between Bombay and Sind in the ratio of 85 : 15 and between Bihar and Orissa in the ratio of 81: 19.

**34.** When the payment of a pension which was sanctioned after 31st March, 1921 and paid outside India is transferred to India, and the transfer involves the payment by one Government of a charge for which another Government is responsible under Rule 8(b)(i), the adjustment of the charge will be effected in accordance with Rule 26. In the

reverse case of transfer outside India of such a person paid in India, the classification of the payments made out of India will be the same as it was at the time of the transfer.

**35. [ Deleted. ]**

***V. Incidence of charges for Bonus in respect of Govt. servants who are employed on Bonus Terms and who serve under more than one Government***

1. The Government to which a subscriber to a special provident fund originally belongs to primarily responsible for payment of bonus and interest on his subscriptions to the Fund. When the services of a subscriber to such a fund are lent to another Government, the borrowing Government may be required to pay the bonus contribution to the lending Government under such arrangement as may be settled the two Governments concerned.

The recoveries from the borrowing Government shall be classified as reduction of charges under the major head "266. Pensions and other relevant benefits Contribution to Provident Funds".

In the case commercial Departments or Undertakings in which the payment of bonus to Special Provident Funds is debited to working expenses, the recoveries should be adjusted as reduction of charge under the appropriate head of account concerned.

2. When a person who is permanently transferred from Railways is admitted under proper sanction to the contributory (transferred Railway Personnel) Provident Fund Rules, the special Contribution or Gratuity admissible will be paid by the Department which last employed him and apportioned between Railways and the other Department according to the formula contained in para 1248 of the Indian Government Railway General Code, Volume I, read with paragraph 1249 *ibid.* The Non-Railway portion of the charge is accounted for under the appropriate head relating to the Department concerned.

In case of temporary transfers the question of apportionment of Special Contribution or gratuity does not arise. *vide* provision (iii) under para 1311 of Indian Railway Establishment Code, Volume-I, and paras 1252 and 1252-A of the Indian Government Railway General Code, Volume-I. (Memo. No. 481-A/Accts/59-1, Fin, Dt. 23-1-1959)

***VI. Incidence of Govt. Contribution to Indian Civil Services Family Pensions***

1. With effect from the 1st April, 1937, the contribution payable by Government in respect of Indian Civil Service Family Pensions should be allocated in accordance with the following principles :—

(1) Where the family pensions were sanctioned before the 1st April, 1921, the liability for the Government share of the pension should be wholly central.

(2) Where the family pensions were sanctioned on or after the 1st April, 1921, the allocation of the Government contribution should follow the allocation of the annuity of the officer in respect of whom the family pension is paid, and no fresh allocation should be made in cases where the officers drew pension in India but the family pensions were paid in England, or vice versa.

(3) In the case of an officer drawing after 1st April, 1921, without drawing pension, the contribution should be allocated on the same basis as would be followed had the officer retired from service on the date on which he died.

**Note 1** :—The principles of clauses (2) and (3) also apply in the case of allocation of the donation of dollars 250 payable to a female orphan on marriage which is provided by Government under Rule 19(2) of the Indian Civil Service Family Pension Fund Rules.

**Note 2** :—In respect of I.C.S. Officers who have served in Burma retiring after 1st April, 1937, the allocation of Government contribution to family pension should follow the principles of clauses (2) and (3) above.

**2.** The following basis of allocation should be followed in the case of Bombay Sind and Bihar-Orissa joint cadres :—

(a) In the case of family pensions sanctioned prior to 1st April, 1936, the allocation should be made on the same basis as the annuity of the officer.

(b) In the case of family pensions sanctioned on or after 1st April, 1936, the allocation should be made in proportion to the length of service under each Government, the term “length of service” being interpreted to mean completed service.

**3.** The allocation of the Government contributions to the Family Pension Fund will be made by the authority who disbursed the annuity in cases where both the annuity and the family pensions are paid outside India. Where, however, the allocation of the contributions has to be determined afresh with reference to the record of service of the officer, the disbursing authority should allocate the contributions on the basis of data which may be obtained from the Audit Officer concerned in India.

The agency for allocating the contributions, where the family pension is paid in India, should be the Audit Officer who issued the authority for payment of the annuity of the officer in India or would have issued the authority had the annuity been paid.

#### ***VII. Incidence of Government Contributions to Indian Civil Service (Non-European Members) Provident Fund***

The contributions payable in each case under Rule 11 of the Indian Civil Service (Non-European Members) Provident Fund Rules should be apportioned among Govts. concerned in accordance with the principle laid down in Rule 8(a)(ii) of the rules regulating the incidence of pensions. This rule applies also to officers borne on the joint cadres.

#### ***VII-A. Incidence of Family Pensions in respect of Armed Forces Officers and of Civil Officers serving with the Armed Forces***

Family Pensions in respect of Armed Forces Officers granted under Defence Services Regulations or instructions - whether at the ordinary or other rates are debited to the Defence Services Estimates, even, though the officers concerned may have served under Civil Departments of the Central or State Governments. Family Pensions in respect of Armed Forces Officers in Civil employ granted under the provisions of Section III of Chapter XXXVIII of the Civil Service Regulations or the Superior Civil Services (Extraordinary Pensions) Rules, 1936, or the Superior Civil Services (Extraordinary Pensions) Rules or under similar rules framed by the State Government are debited wholly to the Civil Department-Central or State as the case may be.

Family Pensions in respect of Civil Officers serving with the Armed Forces either in Civil capacity or otherwise, are debitable to the Defence Service Estimates.

### C. — OTHER CHARGES

#### ***VIII. Incidence of Expenditure involved in Audit and keeping Accounts***

The following rules govern the incidence of expenditure on Audit and Accounts:—

(i) Under Article 149 of the Constitution and the provisions of paragraph 13(1) of Provisions of Comptroller and Auditor-General's (D.P.C.) Act, 1971, the Comptroller and Auditor-General is responsible for the Audit of all expenditure from the revenues of the Union and of the States and of certain accounts specified therein. In conducting such audit the Comptroller and Auditor-General performs a statutory function entrusted to him and the cost of this function is a charge of the Central Government.

(ii) Besides the audit of expenditure from the revenues of the Union and of the States and of certain Accounts, as mentioned in Rule(i), the Comptroller and Auditor - General may be entrusted with the audit of the accounts of any other authority or body by or under any law made by Parliament under the provisions of Article 149 of the Constitution. The cost of such audit is recoverable from the authority or body whose accounts are audited.

**Note 1** :—The expression “any other authority or body” does not include private commercial and quasi-commercial undertakings ( other than Government companies as defined in Section 617 of the Companies Act, 1956) in which Governments in India may be participating.

**Note 2** :—In the case of Government Companies the recovery of the cost of supplementary audit conducted under Section 619 (3)(b) of the Companies Act, 1956 shall be waived in those cases where audit is done by the Comptroller and Auditor-General through his own departmental staff but shall be enforced in cases where the Comptroller and Auditor-General employs professional auditors for the second audit.

(iii) If any State Government request the Comptroller and Auditor-General to arrange for a more detailed or a local audit of expenditure, transactions or accounts etc., which relate to or form part of the accounts of the State, the criterion for deciding the incidence of the expenditure involved in such audit is whether or not the Comptroller and Auditor-General agrees to do the work as part of his legitimate statutory functions. If he does, the cost of the audit should be treated as a charge of the Central Government since what is involved in an extension of audit for which the Comptroller and Auditor-General is statutorily responsible. The fact that such audit is undertaken in a single State is not a decisive consideration in the apportionment of cost as the extent of audit to be conducted in any case is determined by the Comptroller and Auditor-General.

(iv) The Comptroller and Auditor-General is not responsible *ab initio* for the audit of any accounts mentioned in paragraph 13(2) of the Order, but when he undertakes the audit of any such accounts he becomes statutorily responsible for the work. In this case also, the cost of audit is a charge of the Central Government.

(v) The Comptroller and Auditor-General is not statutorily responsible for the audit of the accounts of local or quasi-public bodies whose accounts do not constitute part of the accounts of the Union or of any State and of the accounts of private commercial and quasi-commercial undertakings (other than Government Companies as defined in Section 617 of the Companies Act, 1956) in which Governments in India may be participating. Such audit can be undertaken by the Auditor-General only on a “consent” basis

and on such terms and conditions as regards cost etc., as may be settled between him and the Government concerned.

**Note :—**The recovery of cost of audit of the accounts of local bodies/institutions that are wholly or largely financed from grants in aid or loans by Government shall be regulated as follows :—

(i) When the Comptroller and Auditor-General is the sole Auditor for a local body/ institution, whether under any law made by Parliament under Article 149 of the Constitution or on consent basis under Article 9 of the Audit Code, charges will be payable in full unless specifically waived by Government.

(ii) Where the local body/institution has its own auditors and audit by Comptroller and Auditor-General is conducted in addition with a view to safeguard Government interests and ensuring that the grants or loans by Government have been utilized for the purpose for which they are given the Comptroller and Auditor-General will be acting in discharge of his statutory functions and the audit will be at Government cost.

(vi) Expenditure involved in keeping the accounts of State, in so far as the responsibility for keeping such accounts remains with the Comptroller and Auditor-General under paragraph 11 of the Order is a charge of the Central Government. The cost of keeping such accounts of a State as are covered by the Initial and Subsidiary Accounts Rules issued by the President under paragraph 11(3) of the Order is a charge of the State concerned. Similarly, if in any State the Comptroller and Auditor-General is relieved of the responsibility for the keeping of the account of any particular service or department of a State Government in pursuance of paragraph 11(2) of the Order, the cost of keeping such accounts will be a liability of the Government of the State.

(vii) The maintenance of the internal accounts of a department of a State Government is part of the ordinary duties of a State Government and is therefore a State Government's responsibility. Thus, if the Comptroller and Auditor-General is asked to scrutinize or advice on the modification of an existing system of internal accounts kept in a department of a State, such work can be undertaken by him on a 'consent' basis and on specified terms and conditions as in rule (v) above.

### ***IX. Incidence of Grants of Land and Alienations***

State Governments receive compensation from the revenues of the Central Govt. for all grants of land and assignment or remissions of land revenue sanctioned on or after the 1st April, 1921 in favour of officials and non-officials in recognition of exceptional services rendered by them to the Central Government.

1. The value of compensation for grants of land, etc., by the Defence Department should be debited against the Defence Service Estimates.

2. All special pensions and jagirs in the form of assignments of land revenue sanctioned for Military Officers on a date previous to the 1st April, 1921 under the Government of India, Special War Rewards Scheme should also debited to the Defence Services Estimates.

### ***X. Incidence of the Cost of Police Functions on Railways including the Cost of protecting Railways Bridges***

1. Police functions on Railway are divided into three categories—

(a) Crime — for which Civil Governments are entirely responsible and the expense of which these Governments have to pay,

(b) Order —. for which Civil Governments are responsible but the expenses of which Railway have to pay, and

(c) Watch and Ward — for which Railways bear both responsibility and cost.

Special requisitions on the Police by Railways for (c) must be paid for by the later; special requisitions for (a) beyond what a Civil Government considers necessary should also be debited to Railways. But Railways cannot be called upon to pay for special measures under (a) which a Civil Government considers necessary.

2. The following rules regulate the incidence of the costs of protecting railway bridges

(1) Railway bridges in common with railway goods and premises, will ordinarily be protected by watchmen in the employ of the Railway concerned.

(2) In the event of the replacement of these watchmen by military or police guards—

(a) When the service of the military for police guards' are placed at the disposal of the Railway at the request of the Railway Administration, the cost of the guards will fall upon the Railway.

(b) If the substitution is made on general grounds of State policy and the service is taken over by the Police, Defence Services or other public service department as part of their regular duties, the charges will fall upon the Government and will be debited to Police, Defence Services or the public department concerned, as the case may be.

***XI. Incidence of the Cost of (1) Forest Surveys carried out by the Survey of India and (2) Forest maps prepared by that department***

The rules governing the incidence of the cost of (1) Forest Surveys carried out by the Survey of India and (2) Forest maps prepared by that department are given in Chapter LX of the Survey of India Handbook of Topography.

***XII. Incidence of the charges relating to the maintenance and demarcation of and disputes over, boundaries***

The incidence of these charges between a Foreign Country and India is regulated by the following principles :—

1. (a) Maintenance — Half of the maintenance charges will be borne by the State concerned; or for Union territories by the Centre, the other half being recovered, as far as particable, from the Foreign Country, failing which, the Foreign Country's share will be borne by the Central Government;

(b) Demarcation and Disputes — Charges relating to demarcation of boundaries and boundary disputes will be borne by the Central Government under Entry of the Union List, subject to such recoveries as may be made from the Foreign Country.

**Note 1 :—**The arrangement in (a) above in its application to Nepal will be subject to special arrangements worked out in consultation with the Nepal Government.

*Note 2* :—The share of the Bhutan Government for maintenance and demarcation of, and dispute over, boundaries will be borne by the Central Government for the present.

2. Where streams or other water courses form the boundary and where the ordinary principle of median line applies, the Government concerned (i.e., Foreign Country or India) will bear the cost of maintenance of the boundary line on its side. Where a separate set of Survey Marks is maintained by each of the two Governments on its side, the cost of maintenance of the survey marks should be borne by the Government concerned.

### ***LOCAL RULING UNDER SECTION C-XII***

The following arrangements have been agreed upon between the Andhra Pradesh Government and the Governments of Madras and Karnataka in regard to the incidence of the expenditure incurred in the joint investigation and settlement of discrepancies in frontier boundaries:-

The common boundary line is indicated by the survey and demarcation adopted by each of the two Governments on its own side of the common line. Each Government should meet its own expenditure on the joint investigation and settlement of discrepancies between the two surveys, since it is to the interest of each Government that both surveys should indicate an identical line. No claim should be made by one Government against the other for the renewal or repair of old stones or fixing additional stones in order to rectify or complete the former Government's survey and vice-versa, except where it is found necessary to repair or renew a stone or plant an additional stone in order to indicate a point common to the surveys of both Governments when the cost of such operation should be shared by the two Governments and the share which each Government should be asked to pay should be settled in advance before operations are undertaken.

### ***MISCELLANEOUS LOCAL RULINGS***

1. The following are some of the mutual adjustments agreed upon between the Central Government and the Madras Government

(i) The Medical Store Department of the Central Government will be charged for any confiscated cocaine hydro chlorate, B.P., supplied to it; the amount paid should be credited to "0.39 State Excise" or "0.65 other Administrative Services" according as the sale-proceeds are realized by the Excise Department direct or in connection with a Judicial proceeding;

(ii) The cost of maintenance and repatriation of non-criminal pauper lunatics belonging to other nationalities than the Indian who are repatriated to the United Kingdom and other countries in Europe will be borne as indicated below

Maintenance charges in India will be borne by State revenues when the reception order was made in the State while the incidence of the cost of repatriation, i.e., the cost of a free voyage to the destination and the maintenance charges on the voyages will be regulated as follows :—

(a) *Repatriation to the United Kingdom* :—The cost of repatriation will be borne by the Central Government.

(b) *Repatriation to countries in Europe other than the United Kingdom*:-  
In cases where arrangements are made for repatriation direct to the country concerned

through the Consul or other representative of the Foreign Government in India, the cost of repatriation should be met by the Foreign Government. In cases where such assistance through an official representative of the Foreign Government is not available, the procedure in regard to repatriation to the United Kingdom should be adopted. (see (a) above)

*Note* :—The cost of maintenance includes the cost of removing a lunatic to and from a hospital.

(iii) Except where otherwise specially ordered all printing, binding etc., work done in the Government Press, Hyderabad, for officers of the Central Government will be paid for by the Central Government. The Director, Government Press, should forward to the Accountant-General annually as soon as possible after the close of the financial year a statement showing the adjustment to be made against the Central revenues on the above account.

(iv) The provisions of Article 63 will apply also to transactions between the Andhra Pradesh Government and the Defence Department.

(v) It will be a part of the normal duty of the Police to assist the Military authorities in saving Military buildings which are in danger from fire, and no bonus should be claimed for the Defence Department for such services. The Defence Department has agreed that it will similarly be a part of the normal duty of the Military, if within call, to assist in extinguishing fires in Civil buildings and that they will claim no compensation or bonus from the civil authorities for such services.

(vi) The per capita cost of the guarding and maintenance of Andhra Pradesh terrorist prisoners in the Andamans will be met by the Andhra Pradesh Government.

(vii) As between the Andhra Pradesh Government and the Civil and Military Station at Bangalore, no claim should be preferred or admitted on account of the cost of maintenance of mental patients.

(viii) The procedure laid down in item (vi) under Local Ruling 2 below regarding claims on account of the maintenance of prisoners will also apply in relation to claims against Centrally Administered Areas.

(ix) European civilian officers in civil employment may be admitted to British military hospitals if the patient's authorized Medical attendant certifies in writing that admission to hospital is necessary and that other adequate arrangements cannot be made for treatment by European doctors, paid by the Government and if the Officer Commanding, Hospital, certifies in writing that accommodation can be spared with due regard to the requirements of the Army. When so admitted the patients are treated by one of the medical officers of that hospital and receive gratuitous medical attendance, free supply of such medical comforts as are authorized and considered necessary by the medical attendant and free surgical operations. Special nursing provided in any case is charged for separately from the patient. Hospital stoppages shall be paid at the rate of Rs. 6 and Rs. 3 per diem by gazetted and non-gazetted officers respectively.

Similarly, European civilians in military employment may be admitted to Civil Government Hospitals if the patient's authorized medical attendant certifies in writing that admission to a hospital is necessary and that the patient cannot be admitted to a Military hospital owing either to accommodation or the treatment considered necessary

being not available at the local Military hospital or there being no Military hospital at the station. When so admitted the patient will be treated by one of the medical officers of the hospital and will receive gratuitous medical attendance including nursing (except special nursing), such medicines, etc., as can be supplied by the hospital and such laboratory examinations as can be carried out at the hospital, and free services of a surgeon where necessary. Hospital stoppages will be recovered at the rates of Rs. 6 and Rs. 3 per diem for gazetted and non-gazetted officers, respectively. The difference between the normal daily charges of the hospital stoppages actually realized should be borne by the hospital authorities instead of being recovered from the Defence Service Estimates.

2. The following arrangements have been agreed upon between the Madras Government and other State Governments, Indian States, etc.---

(a) *Charges relating to prisoners and inmates of Borstal Schools—*

(i) Conveyance and other incidental charges of under-trial prisoners sent from the Andhra Pradesh State to other State or Union Territory and vice versa should be borne by the State sending such prisoners.

(ii) Maintenance charges of prisoners transferred on mutual agreement from the Andhra Pradesh State to the Uttar Pradesh and vice versa should be borne by the State to which the prisoners are transferred.

(iii) Conveyance and dietary charges incurred by the West Bengal Government on account of prisoners belonging to the Andhra Pradesh State sent from the Andamans through the Presidency Jail, Calcutta, should be paid to the West Bengal Government. Similar charges incurred by the Madras Government account of prisoners belonging to Andhra Pradesh State repatriated from the Andamans through the Penitentiary, Madras should be paid to the Government of Madras.

(iv) No charges will be claimed for the maintenance of prisoners received by transfer from the Andhra Pradesh State to any of the other States, namely West Bengal, Assam, Bihar, Orissa, Punjab or to Burma, Madhya Pradesh and Uttar Pradesh and vice versa under the Police Register Transfer System.

No charges will be claimed by one State Government against another for the maintenance of prisoners transferred under Section 40 of the Prisoners Act, 1900 (India Act 111 of 1900). either to give evidence or go answer charges.

No charges will be claimed for the maintenance of prisoners convicted for smuggling opium or cocaine and transferred to the Andhra Pradesh State from Assam and vice versa.

**Note** :—As a matter of contravention, no claims are made against other State Governments for the charges incurred on account of the escort of prisoners undertaken by the police of this State on behalf of other State Governments. Such claims should, however, be preferred against any State Government who raise a similar claim against the Andhra Pradesh Government.

(v) When prisoners, whether ex-military or otherwise, convicted by Civil Courts of Criminal Jurisdiction to undergo imprisonment for three months and above are transferred to the State of their origin, the transferring State should bear the cost of transfer and the State of origin should bear the cost of maintenance. This reciprocal arrange-

ment of has been accepted by the State of Andhra Pradesh, Madras, Maharashtra, West Bengal, Punjab, Bihar, Assam and Orissa.

(vi) Maintenance charges of adolescents transferred from the State of Maharashtra to the State of Andhra Pradesh and vice versa for detention in Borstal schools should be borne by the State to which the adolescents are transferred.

(vii) All claims against other States and against Indian States on account of the maintenance of prisoners should be made by the 15th February of the year following the calendar year to which the claim relates.

A separate statement should be prepared of the claim against each State or, Indian State allowing the appropriated rebate on account of the cash earning of prisoners. The rates of maintenance charge and cash earnings per prisoner should be worked out once in three years on the average of the figures for the three preceding consecutive years and the rates so calculated should be adopted for each of the next three years following the period to which the calculation relates.

(viii) in case where, person is detained at the instance of a State Government, in another State, the liability for expenditure on his maintenance, etc., during the period of his detention in that State, should rest with the State Government, under whose instructions his detention has been effected.

(b) *Charges relating to mental patients—*

**Note :** —The cost of maintenance of mental patients referred to in the undermentioned rulings should be taken to include the cost of their transfer from one place to another.

(i) The cost of maintaining patients domiciled in the Madhya Pradesh, Uttar Pradesh and the Punjab, who are admitted into mental hospitals in the Andhra Pradesh, State and vice versa, should be borne by the State into a hospital of which the patient is admitted.

(ii) The cost of maintaining the patient should be recovered from or paid etc., Maharashtra, Bengal and Bihar, except the European Mental Hospital/Ranchi, when a patient domiciled in one of them is admitted into a mental hospital of the State of Andhra Pradesh or vice versa subject to the exception indicated below:

In the case of a patient domiciled in the State of Andhra Pradesh and admitted into a mental hospital in Bengal or Bihar or vice versa, action should be taken at once for his removal to a mental hospital in the State of his domicile; the cost of maintaining him for a short period between his reception and removal should be borne by the State into a hospital of which he is received pending removal.

(iii) **[Deleted]**

(iv) As between the Andhra Pradesh Government and the Government of Karnataka, the following procedure will apply; When a British subject from the Andhra Pradesh State has to be admitted to a mental hospital in Karnataka State, the Karnataka Government will at once communicate this information to the Andhra Pradesh Government and ascertain whether he may be so admitted and whether the Andhra Pradesh Government will bear the cost of his maintenance or whether he may be sent back at the cost of the Andhra Pradesh Government. A similar procedure will be adopted by the

Andhra Pradesh Government when a subject of Karnataka State has to be admitted to a mental hospital in the State.

The above procedure should also be adopted in regard to the maintenance of mental patients belonging to the Andhra Pradesh State in the Mental Hospital Bangalore, and the maintenance of patients belonging to the Civil and Military Station, Bangalore, in the mental hospitals of the Andhra Pradesh State.

(v) Fees for the X-Ray treatment, X-Ray examination and radium treatment of mental patients should be claimed from the other State, Indian States, or Foreign Government concerned when no reciprocal arrangement is in force between the Andhra Pradesh Government and the other Government for the treatment of mental patients domiciled in the other Governments jurisdiction without preferring any claim.

(c) *Other Charges*—

(i) Lepers belonging to the Andhra Pradesh State and admitted into a leper asylum in Karnataka State or vice versa should be maintained in the asylum in which they have been admitted at the cost of the Government in whose territory they are domiciled unless they are sent back to the State or State of domicile with the consent and at the cost of the Government in whose territory they are domiciled.

(ii) When members of the Sansia tribe (a criminal tribe known also as 'Kanjar Bhats', 'Kanjars' or 'Sansias') are escorted by the authorities of the State of Andhra Pradesh on repatriation to the State of Maharashtra or vice versa, the cost of repatriation within each State should be borne by the Government of that State.

(iii) The cost post-mortem examinations conducted in the border areas of the States of Andhra Pradesh and Orissa should be borne by the Government at whose instance the examination is conducted and the fee charged should be in accordance with the scale obtaining in the State in which the examination is conducted.

(iv) The rules relating to the incidence of charge on account of anti-rabic treatment accorded to indigent patients belonging to other States and Indian States are laid down in Appendix 18 to the Andhra Pradesh Financial Code;

(v) The medical examination for the following purposes in the case of Government servant serving under the Governments of Maharashtra, Assam, Punjab, Orissa, Bihar, Uttar Pradesh and Madhya Pradesh will be carried out free of charge by the Medical Board and Medical Officers of the Govt. of Andhra Pradesh and vice versa.

- (1) leave including extension of leave;
- (2) physical fitness to resume duty after the expiry of leave on account of illness;
- (3) invalidating from further Government Service; and
- (4) pension commutation only when second medical opinion is required.

(vi) The special procedure prescribed in G.Os. No. 1092, Revenue, dated 18th January, 1943 and No. 347, Revenue, dated 24th May, 1943, should be followed for payment of duty on Indian made 'foreign' spirituous preparations and Indian-made rectified spirits imported from or exported to other States and Administrations;

(vii) The Government of Andhra Pradesh have entered into reciprocal arrangement with the Governments of Madhya Pradesh and Punjab for the waiver of the following charges connected with extradition cases—

- (i) subsistence and transit charges, and
- (ii) charges connected with the surrender of property.

(The reciprocity in respect of the item will hold good between the Andhra Pradesh Government and Madhya Pradesh Government only).

3. The following arrangements have been agreed upon between the Andhra Pradesh Government and the Central Government and other State Governments in the matter of claims for recoveries on account of pay, allowance, etc., of Government servants to the duties of the borrowing Government (except in the case of officers lent to or whose services are lent by the Government to another for short periods—

Where the Government servant is required to devote his whole-time and attention borrowed from the Government of the Punjab) and the period of deputation is short, not exceeding two weeks and the deputation entails to extra expenditure to the lending Government, no claim should normally be raised against the borrowing Government except in respect of traveling allowance and of such remuneration to the Government servant as may be agreed upon between the two Governments. Where, however, the lending Government is put to extra expenditure in making arrangements for carrying on the work of the Government servant deputed, it may recover from the borrowing Government, a lump-sum contribution equal to 1- 1/4 times the pay of the Government servant.

In the case of Government servants lent to or borrowed from the Government of Punjab, the lending Government may, at its discretion, recover from the borrowing Government a sum equal to the pay of the Government servant, if the period of deputation does not exceed 7 days and a sum equal to 1-1/4 times, the pay if the period of deputation exceeds 7 days but does not exceed 14 days.

Where the Government servant performs the duties of another Government in addition to his duties under the parent Government, no claim should be made on account of pay, leave and pension, but if the additional duties are sufficiently onerous, the lending Government may ask for a payment to the Government servant of a suitable remuneration which may be retained by him in full.

The arrangements were agreed upon by the composite Madras Government and adopted by the former Andhra Government. They will also apply to the Andhra Pradesh Government as a Successor Government.

#### **D. — RECEIPTS**

##### ***XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government Servants lent on Foreign Service***

1. Contribution towards leave-salary and pension recovered on behalf of a Government servant in foreign service are creditable to the Government (Central or State) under which he was permanently employed at the time of his transfer to foreign service.

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2. Contribution towards the leave-salary and pensions of Military Officers and others in permanent Military employ, including those in temporary Civil employ, should be adjusted in the Defence Services accounts while the contributions in respect of such officers in permanent Civil employ should be credited to civil estimates. When a Government servant, on whose behalf the contributions are received, belongs to the Posts and Telegraphs Department or Railways, the credits should be passed on the Department concerned.

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