



GOVERNMENT OF KERALA

THE KERALA ACCOUNT CODE

VOLUME I

General Principles and Methods of Accounts

THIRD EDITION (REVISED)

Issued by the Authority of the Government of Kerala

FINANCE DEPARTMENT

Price: ₹

Official Website: www.finance.kerala.gov.in

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GOVERNMENT OF KERALA
2013

PREFACE TO THE FIRST EDITION

After the formation of Kerala the rules contained in the Travancore Financial and Account Code and the Travancore Treasury Code and those contained in the Madras Financial Code, the Madras Account Code and the Madras Treasury Code have been in force in the respective areas of this State in which they were in force immediately prior to the formation of the State. For the sake of bringing in uniformity in the procedure relating to financial and accounts matters, these rules required unification. Accordingly the revised rules are issued in three Codes, namely: the Kerala Treasury Code, the Kerala Financial Code and the Kerala Account Code. The unified rules have been framed in conformity with Constitutional requirements.

2. The Kerala Account Code is issued in three volumes, namely:—

- I. General Principles and Methods of Accounts
- II. Treasury Accounts
- III. Departmental Accounts

These correspond to the first three volumes of the Auditor-General's Account Code. The Kerala Account Code contains the Comptroller and Auditor-General's rules issued in his Account Code. The rules and order issued by the State Government on matters on which the Auditor-General's rules vest powers in the State Government to frame or issue rules and certain rules of local interest based on the rules now in force in the State which are not in consistent with the basic principles laid down by the Auditor-General have been incorporated as 'Local Rulings', Illustrations, etc., under the relevant Articles. Provisions in the Central Account Code which are not applicable to this State have been omitted.

3. Volume I of the Code describes the functions of the Comptroller and Auditor-General of India in relation to Government accounts and general outlines of the system of accounts and also sets out the main directions issued by the Comptroller and Auditor-General of India with the approval of the President by virtue of the Provision in Article 150 of the Constitution of India. In the Comptroller and Auditor-General's Account Code the list of Major and Minor Heads of Account of Central

and State Receipts and Disbursements, which forms an Appendix to Volume I of that Code, has been issued separately for convenience of reference. Extracts from this list relating to State transactions have, however, been included as an Appendix to the State Budget Manual.

4. Certain rules in the Account Code, Volume I, of Comptroller and Auditor-General vest power in the State Governments to frame rules or issue orders in regard to particular matters, e.g., Article 43 and Note to Article 59. The rules and orders issued by the Kerala Government on such matters and those of local interest which are not inconsistent with the basic principles laid down by the Comptroller and Auditor-General are incorporated as 'Local Rulings' under the relevant Articles.

5. The directions and rules contained in this code supersede in respect of the matters with which they deal, the corresponding rules and instructions contained in the Codes which are in force immediately prior to the date on which the rules in the Kerala Account Code are brought into force.

6. Amendments to the Comptroller and Auditor-General's rules included in the Kerala Account Code can be made only by the Comptroller and Auditor-General of India with the approval, if necessary, of the President of India. The Kerala Government have power to modify the 'Local Rulings' relating to matters in respect of which the Comptroller and Auditor-General's rules vest power in the State Government to frame rules. Any officer who notices an error or omission in this Code should report it to the head of his department; if the Head of Department considers that there is a real error or omission requiring amendment, he should submit suitable proposals to the Government in the Administrative Department. Such proposals should be submitted through the Accountant-General who will forward them with the comments to the Government in the Administrative Department. The Administrative Department will consult the Finance Department before the Auditor-General is addressed for approval to an amendment to any of his rules and before any order is issued amending any 'Local Ruling'.

Trivandrum,
26th May, 1962.

P. S. PADMANABHAN,
Special Secretary (Finance).

PREFACE TO THE SECOND EDITION

A second edition of this Code has been brought out incorporating the amendments issued to the Central Account Code, Volume I, pertaining to the State Accounts, and to the local rulings issued by the State Government from time to time.

Trivandrum,
16th December, 1970.

P. VELAYUDHAN NAIR,
Finance Secretary.

PREFACE TO THE THIRD EDITION

The third edition of this Code incorporates all amendments issued to the Central Account Code, Volume I pertaining to the State Accounts and to the local rulings issued by the State Government up to 1-1-1987. If any Head of Department finds any error/omission he may bring the matter to the notice of the Finance Department.

Trivandrum,
17th September, 1987.

R. NARAYANAN,
Commissioner & Secretary
(Finance).

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THE KERALA ACCOUNT 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 Accountant subordinate to the Comptroller and Auditor-General of India whether known as Accountant-General, Comptroller or by any other designation. “State Accountant-General” means and Accountant-General who keeps the accounts of a State.

“Civil Account Officer” means an Account Officer subordinate to the Comptroller and Auditor-General other than the Accountant General, Posts and Telegraphs, and officers subordinate to him; the expression “Civil Account Office” should also be construed accordingly.

“Comptroller and Auditor-General” means the Comptroller and Auditor-General of India.

“Consolidated Fund” means either the Consolidated Fund of India or the Consolidated Fund of the State or both as the context may imply (*see* also Article 7)

“Contingency Fund” means either the Contingency Fund of India or the Contingency Fund of the State or both as the context may imply (*see* also Article 7-A).

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

“Non-Civil Account Officer” means an Account Officer of the Defence, Railway or Posts and Telegraphs Department.

“Public Account” means either the Public Account of India or the Public Account of a state or both, as the context may imply (*see* also Article 7)

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

“The Audit and Accounts Order, 1936”, means the Government of India (Audit and Accounts) Order, 1936, as adapted by the India (Provisional Constitution) Order, 1947.

“The Bank” means any office or branch of the Banking Department of the Reserve Bank of India, any branch of the State Bank of India, acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (Act II of 1934), and any branch of a subsidiary Bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (Act 38 of 1959), which is authorised to transact Government business as agent of the State Bank of India, or any other agency appointed by the Reserve Bank of India.

“The Constitution” means the Constitution of India.

“Treasury” includes a sub treasury.

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

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COMPTROLLER AND AUDITOR-GENERAL'S POWERS UNDER THE
CONSTITUTION OF INDIA AND THE AUDIT
AND ACCOUNTS ORDER, 1936

1. The Comptroller and Auditor-General of India derives his powers and duties in relation to accounts of the Union and of the States from Articles 149 and 150 of the constitution of India. Article 149 of the Constitution envisages an Act of Parliament to regulate the duties and powers of the Comptroller and Auditor-General and until such a provision is made, it lays down that the Comptroller and Auditor-General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were conferred on or exercisable by the Auditor-General of India immediately before the commencement of the Constitution in relation to the accounts of the Dominion of India and of Provinces, respectively. The duties and powers of the Auditor-General of India in relation to the accounts of the Dominion of India and of the Provinces immediately before the commencement of the Constitution have been prescribed in the Audit and Accounts Order, 1936, as adapted by the India Provisional have been prescribed in the Audit and Accounts Subsidiary Accounts Rules made by the Governor-General under subparagraph (3) of paragraph 11 of the former order. By virtue of the provisions of

Article 149 of the Constitution, the relevant provisions of the former order, and the initial and Subsidiary Accounts Rules, continue to remain in force and regulate the duties and powers of the Comptroller and Auditor-General in relation to the accounts of the Union and of the States until an Act is passed by Parliament under that Article.

The relevant provisions of the Audit and Accounts Order, as adapted defining the powers and duties of the Comptroller and Auditor-General in relation to accounts are reproduced below. References therein to the Auditor-General, Dominion, Province, Governor-General, Governor and 'the Act' should be construed as references to the Comptroller and Auditor-General, Union (Central Government), State President, Governor and 'the Constitution' respectively:—

“11. (1) Subject to the provisions of this paragraph, the Auditor-General shall be responsible for the keeping of the accounts of the Dominion and of each province, other than accounts of the Dominion relating to Defence or Railways and accounts relating to transactions in the United Kingdom.

(2) As respects accounts of the Dominion, the Governor-General exercising his individual judgment, and as respects accounts of a province, the Governor, exercising his individual judgment may, after consultation with the Auditor-General, make provision by the rules for relieving the Auditor-General from responsibility for the keeping of the accounts of any particular service or department.

(3) The Governor-General exercising his individual judgment, may, after consultation with the Auditor-General make provision by rules relieving the Auditor-General from responsibility for keeping accounts of any particular class or character.

(4) The Auditor-General shall, from the accounts kept by him and by the other persons responsible for keeping public accounts prepare in each year accounts (including, in the case of accounts kept by him, appropriation accounts) showing the annual receipt and disbursement for the purposes of the Dominion and each Province, distinguished under the respective heads thereof, and shall submit those accounts to the Dominion Government or, as the case may be, to the Government of the province on such dates as he may, with the concurrence of the Government concerned, determine.

(5) Notwithstanding anything in this paragraph, the Auditor-General shall comply with any general or special orders of the Governor-General or, as the case may be, a Governor as to the head of account under which any specified transaction or transactions of any specified class is, or are, to be included.

In issuing any such order as aforesaid, the Governor-General or Governor shall consult the Auditor-General.

12. It shall be the duty of the Auditor-General to prepare annually, in such form as he, with the concurrence of the Governor-General, may determine and to submit to the Governor-General a General Financial Statement in incorporating a summary of the accounts of the Dominion and of all the provinces for the last preceding year and particulars of their balances and outstanding liabilities, and containing such other information as to their financial position as the Governor-General may direct to be included in the statement.

** ** ** **

15. It shall be the duty of the Auditor-General, so far as the accounts for the keeping of which he is responsible enable him so to do, to give to the Dominion Government and to the Government of every Province such information as they may from time to time require, and such assistance in the preparation of their annual financial statements as they may reasonably ask for.

16. The Dominion and every province shall—

** ** ** **

(ii) give to him such information as he may require for the preparation of any account or report which it is his duty to prepare.

17. The Auditor-General shall have authority to inspect any office of accounts in India which is under the control of the Dominion or of a Province, including treasuries and such offices responsible for the keeping of initial or subsidiary accounts as submit accounts to him.

** ** ** **

19. Anything which under this order is directed to be done by the Auditor-General may be done by an officer of his department authorised by him, either generally or specially:

Provided that except during the absence of the Auditor-General on leave or otherwise, an officer shall not be authorised to submit on his behalf any report which the Auditor-General is required by the Act* to submit to the Governor-General or the Governor of a Province.”

* ‘The Act’ means the Government of India Act, 1935, as adapted by the India (Provisional Constitution) Order, 1947.

**COMPTROLLER AND AUDITOR-GENERAL'S POWERS
UNDER THE INITIAL AND SUBSIDIARY
ACCOUNT RULES**

2. The Initial and Subsidiary Accounts Rules (vide Appendix 1) relieve the Comptroller and Auditor-General from the responsibility of keeping accounts of a specified class or character without derogating from his power to prescribe the form in which such accounts shall be rendered to him and in which the Initial account from which the accounts to rendered are compiled or on which they are based shall be kept. The relevant provisions of these rules are reproduced below. References therein to the Auditor-General of India, Federation, Province, Governor-General and Governor should be construed as references to the Comptroller and Auditor-General of India, Union (Central Government), State, President and Governor respectively:—

“3. The Auditor-General of Indiashall be relieved from the responsibility for keeping accounts of the under mentioned class or character:—

(a) Initial accounts required to be kept in treasuries;

(b) Initial and subsidiary accounts that may be required to be kept in any office or department of the Federation or as the case may be, of any Province;

(c) Accounts of stores and stock that may be required to be kept in any office or department of the Federation or of a Province by order of the Governor-General or of the Governor of the Province; and

(d) Trading, manufacturing and profit and loss accounts and balance sheets and any other subsidiary accounts that may be required to be kept by order of the Governor-General or of the Governor of a Province in any department of the Federation or of the Province.

4. Nothing contained in rule 3 shall be construed as derogating from the authority of the Auditor-General of India—

(a) to require any treasury, office or department keeping initial or subsidiary accounts to render accounts of such transactions as are included in them to the Audit and Accounts Offices under his control on such dates as he may determine; or

(b) to prescribe the form in which such accounts shall be rendered and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based, shall be kept.”

3. By virtue of provisions of Article 150 of the constitution the Comptroller and Auditor-General is empowered, with the approval of the President to prescribe the form of initial accounts from which the accounts rendered to the Indian Audit and Accounts Department are compiled or on which those accounts are based. Any changes or modifications in the form of initial accounts would, under Article 150 of the constitution, normally require the approval of the President. In order to avoid the inconvenience of having to refer any and every modification in the form of initial accounts to the President for approval, general provision has been made in rule 4 (b) of the Initial and Subsidiary Accounts Rules cited in the preceding Article, enabling the Comptroller and Auditor-General to prescribe the form of initial accounts. In practice, however, the Comptroller and Auditor-General will exercise his power under the Initial and Subsidiary Accounts Rules only to make modifications or amendments in the form of initial accounts which follow directly from the changes made in the form of the general accounts or which are not inconsistent with the form of those accounts as approved by the President.

4. For the sake of practical convenience, the forms of accounts including appropriation accounts, relating to Defence, Railways and any other Department or Service whose accounts are not kept by the Comptroller and Auditor-General under paragraph 11(2) of the Audit and Accounts Order, 1936 may be determined by the departmental accounting authorities. The provisions of Article 150 of the Constitution and of paragraph 4 (b) of the Initial and Subsidiary Accounts Rules will be deemed to have been satisfied if the forms so determined are not questioned by the Comptroller and Auditor-General-cum-President.

APPROPRIATION ACCOUNTS

5. The form of Appropriation Accounts which the Comptroller and Auditor-General is required to prepare under paragraph 11 (4) of the Audit and Accounts Order, 1936, is not dealt with in this Code. The instructions relating to the preparation and submission of such accounts by Accountants-General are included in the Audit Manual issued by 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 114-116 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 disbursement referred to in paragraph 11 (4) of the Audit and Accounts Order, 1936.

6. [Deleted]

CHAPTER II	
GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS	
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**CONSOLIDATED FUNDS, CONTINGENCY FUNDS AND PUBLIC ACCOUNTS
OF INDIA AND OF THE STATES**

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 Government, 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 expenditure of that Government when so authorised 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 legislation, by the rules made by the President or Governor of the State, as the case may be, under Article 283 of the constitution. The President and the Governor of the States have authorised 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 specified in them, be paid into the Consolidated Fund or the Public Account of India or of the State concerned, as the case may be.

7A. 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, the payment of moneys into and the withdrawal of moneys from such Fund is regulated by law made by the appropriate Legislature and pending such legislations by the rules made by the President of the Governor of the State.

Note:—The transactions of the Railways, Posts and Telegraphs and Defence Department form part of the Consolidated Fund, the Contingency Fund and the Public Account of India, and taken against the 'Railway Fund', Posts and Telegraphs Account and Defence Account which have been created pro forma (in the books of the Reserve Bank of India) within the Consolidated Fund, etc.

8. Save as may be specifically provided in any case, cash balances in the separate 'Consolidated Fund 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**

9. The Central Government and State Governments have made separate agreements* 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 the subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934, and in accordance with and subject to such 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 the 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 have not so far entered into agreement with the Reserve Bank of India for the conduct of their general banking business by the Bank.

10. Each office or branch of the Reserve Bank keeps to separate accounts 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 accounts 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 of Nagpur.

*The agreement between the Rajpramukh of Travancore-Cochin and Reserve Bank of India is printed as Appendix IV of this Code.

Note:—The transactions of Railways, Posts and Telegraphs and Defence Services at offices and branches of the Reserve Bank are distinguished from other Central transactions in the initial accounts and are classified separately by each Railway, each Deputy Accountant-General, Posts and Telegraphs and each Controller of Defence Accounts respectively. These transactions are taken against the Railway Fund, Posts and Telegraphs Account and Defence Accounts respectively 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 with the exception of payments of pensions to Defence Pensioners. Each office and branch of the Bank furnishes to the Railway, Posts and Telegraphs and Defence Accounts Officer concerned every day a copy of the daily scroll relating to the transactions pertaining to him together with the requisite vouchers.

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 State account are forwarded by each branch daily with supporting vouchers to the local Treasury Officer or to 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 of India at Calcutta.

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

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 at Nagpur which also acts as a general clearing house for the adjustment of transactions between different Governments. All adjustments to be made between the accounts of the Central Government and that of States or between

accounts of different States as well as all payments which one of these Governments has to make to another are advised by the Accounts Officers authorized in this behalf to the Central Accounts Section of the Reserve Bank, which will pass the necessary entries in the accounts of the Governments concerned maintained in the books of the Bank. Details of transfers 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 Accounts Officers are communicated by the Central Accounts Section of the Bank to the Accountant-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 books of the Bank after taking into account all cash transactions in all the offices, branches and agencies of the Bank and the adjusting transactions in its own books is forwarded by the Central Accounts Section to the Accountant-General concerned.

TRANSACTIONS OF OTHER GOVERNMENTS IN STATE TREASURIES

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, however provided that moneys may be received and payments may be made on behalf of the Central Government and other State Government 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 against the cash balance of the State concerned. On receipt of intimation of such transaction 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 office of the Accountant-General affecting the accounts of another State or 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 Government, as the case may be. But *see* Article 16(2).

STATE TRANSACTIONS IN CENTRAL TREASURIES

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 balance of the State concerned through the Central Accounts Section of the Reserve Bank.

GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS

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 Railways, Defence, Posts and Telegraphs, Public Works, Forest and any other departments which may be authorised in this behalf are paid into a treasury or the bank in lump and are accounted for at the treasury merely as receipt on behalf of such departments. The detailed accounts of such receipt 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 departmental officers are, however, authorised 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 servants 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 Accountant-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 Revenue 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.

(e) Officers of the Civil Departments who pay their receipts into the Consolidated Fund or the Public Account or withdraw moneys for expenditure therefrom or from the Contingency Fund in lump, submit detailed accounts of their transactions to their 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, *sub 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. The transactions 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, *sub 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.

*Addition [G.O. (P) No.37/85/Fin.dated 29-1-1985]

*(g) The transactions relating to Debt, Deposit Advance etc., 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, Deposit Advance, Remittance, Suspense etc., transactions in prepared showing the progressive total month by month under each major head in Public Debt and loans and Advances, etc., Section and in the Public Account. This Abstract also shows the details under such minor, sub and detailed heads as may be found necessary.

(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 month from 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 rendered by Treasury Officers and with the statements of closing balances 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 transactions to the respective posts and Telegraphs and Railway Account Officers. The Posts and Telegraphs and Railway Account Officers under 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 Comptroller-General of Defence Accounts on the basis of particulars of receipts and disbursements furnished by the various Defence Accounts 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, receives 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

*Substitution G.O. (P)No.37/85/Fin.dated 29-1-1985

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 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 adjustments for March Supplementary, a progressive account of State transactions is furnished by him to the State Government and that of the Central transactions is submitted to the Accountant-General, Central Revenues. A copy of the Account of Central transactions is furnished to the Comptroller and Auditor-General also.

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

ACCOUNTS BETWEEN DIFFERENT ACCOUNT CIRCLES

16. (1) Subjects to any general or special orders issued by Government 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) Settlement Accounts

(2) Civil Accounts Officers utilise the media Exchange Accounts for passing on transactions of Central Government which are adjustable on the books of other Account Officers excepting Railway, Posts and Telegraphs and Defence Account Officers. Book transactions arising in the central section of the accounts of a Civil Accounts Officer which are adjustable in the accounts of the State 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 Chapter 7 and 10, Volume IV of the Comptroller and Auditor-General's Account Code.

(3) Deleted

(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, Railway, Posts and Telegraphs or Defence Accounts Officers, which are adjustable in the books of one of the other Accounts Officers, are also settled through the machinery of the Central Accounts Section of the Reserve Bank and the accounts through which such transactions are passed on to or by Railways, Posts and Telegraphs and Defence Account Officers fall under the category of the Settlement Accounts**.

(5) In respect of transactions originating in their accounts which are adjustable against the balances of a State Government, the Accountant-General, Central Revenues and the Deputy Accountant-General, Industry and Supply, and Food and Rehabilitation, effect the necessary money settlement through the Central Accounts Section of the Reserve Bank, the transactions being passed by them through the head "Adjusting Account between Central and State Governments". 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 accounts falls under the category of Settlement 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 Accounts Current between England and India for adjustment under appropriate heads of accounts in the books of the various Account Officers in India.†

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

†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 Centre and State Accounts of each account circle thus include not only the receipts and disbursements of the circle but also the receipts and expenditure in the United Kingdom and all credit and debits passed on to it for adjustment by other account circles in India.

Note:—The term ‘Account Current’ may be used in a general sense to include the different classes of 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 to the account, with any necessary explanations of the credits and with documents supporting the debits.

ANNUAL FINANCE ACCOUNTS OF THE CENTRAL AND STATE GOVERNMENTS

17. The annual accounts of each State Government and the Appropriation Accounts are submitted to the Governments of the respective States in pursuance of the provisions of paragraph 11 (4) of the Audit and Accounts Order, 1936. These annual accounts which are known as the Finance Accounts are prepared by each State Accountant-General as soon as the March Final Accounts are closed in a form prescribed by the Comptroller and Auditor-General with the approval of the President and submitted to the Comptroller and Auditor-General for approval and transmission to the Governor of the State Concerned. *The Finance Accounts of the Central Government which are required to be submitted by the Comptroller and Auditor-General to the Central Government under the provision of the Audit and Accounts Order, 1936, aforesaid are prepared by the Accountant General, Central Revenues.

The Appropriation Accounts of the Central Civil Departments and of the Posts and Telegraphs Department are prepared by the Accountant-General, Central Revenues, and the Accountant-General, Posts and Telegraphs respectively and submitted by the Comptroller and the Auditor-General to the President. The Appropriation Accounts of Railways and of the Defence Services are prepared by the Accounting Authorities of those Departments under the direction of the Ministry of Railways (Railway Board) and Financial Adviser, Ministry of Finance (Defence) respectively.

*See also Chapter 21 of Volume IV of the Comptroller and Auditor-General’s Account Code.

**THE COMBINED FINANCE AND REVENUE ACCOUNTS OF THE
CENTRAL AND STATE GOVERNMENTS IN INDIA**

18. Besides the Annual Finance Accounts of the Central Government, the Comptroller and Auditor-General is also required to submit to the President annually under paragraph 12 of the Audit and Accounts Order, 1936, a General Financial Statement incorporating a summary of the accounts of the Central Government and of all the States for the last proceeding financial year in such form as he with the concurrence of the President may determine. 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 other purposes of the receipts and expenditure of the several Governments pertaining to each branch of administration or to activities of a similar nature.*

PROFORMA ACCOUNTS

19. The operations of some departments of Governments sometimes 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 department, 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, manufacturing, 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 *pro forma* basis outside the general accounts of Government. The actual transactions entering these *pro forma* 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 *pro forma* 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 *pro forma* accounts relating to Irrigation, Navigation, Embankment and Drainage Projects and Government residential buildings are required to be prepared

*See also Chapter 21 of Volume IV of the Comptroller and Auditor-General's Account Code.

by Civil Account Offices. *Pro forma* accounts are also sometimes required to be prepared for transactions which do not relate to commercial or quasi-commercial undertaking of Government, e.g., transactions of the Famine Relief Fund. The form in which any *pro forma* accounts are prepared in Account Offices is determined by the Comptroller and Auditor-General in consultation with Government concerned.

Local Ruling under Article 19.— In the State of Kerala *pro forma* accounts (i.e., manufacturing, trading, profit and loss, etc., accounts) are maintained outside the regular Government accounts for the following Commercial Departments:—

1. The P.W.D. Engineering Workshop, Trivandrum.
2. The Text Book Department.
3. Irrigation Schemes and Projects for which revenue and capital accounts are kept.
4. The State Water Transport Department.
5. Model Coir Factory, Beypore.
6. Bleaching and Calendaring Plant, Pappanamcode.

JOURNAL AND LEDGER

20. The accounts of Government are based in the main on the single entry system and 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 balances brought out in the double entry accounts. State Accountant-Generals maintain separate Journals and Ledgers for transactions of the Central Government and of the State Government. The Accountant-General, Central Revenues 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.

CHAPTER III
GENERAL PRINCIPLES AND MEHODS OF ACCOUNTS

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GENERAL

PERIOD OF ACCOUNTS

***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 1st April to 31st March. Similarly the Annual General Financial Statement (the Combined Finance and Revenue Accounts of the Central and 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 of completion of the various accounting process **inter alia** in respect of the transactions of March for the carrying out of certain inter-departmental 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 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

22. With the exception of such book adjustment as may be authorised by any rules included in this Code or by any general or special orders issued by Government after consultation with the Comptroller and Auditor-General, the transactions in Government 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

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

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

State Governments, taking place in the United Kingdom shall be passed on monthly to India through the Account Current between England and India and brought to account finally in the Indian books after they have been converted into Indian Currency. *Transactions of a genuine sterling character, e.g., those of the Central Government under certain Debt, Deposits, Advances, Suspense and Remittance heads of 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 sterling.

* * * *

FORM OF ACCOUNTS

Main Division of Accounts

†24. (a) The Government Accounts shall be kept in the following three parts:—

Part I	Consolidated Fund	}	of India or of the State/Union
Part II	Contingency Fund	}	Territory concerned.
Part III	Public Account		of India or of the State concerned.

(b) In Part I of the Accounts there shall be two main divisions, namely:—

(1) Revenue [consisting of sections for Receipt 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.]

(c) The First division shall deal with the proceeds of taxation and other

*The procedure prescribed for this purpose in regard to transactions taking place in the United Kingdom is contained in Chapter 16 & 17 of Volume IV of the Comptroller and Auditor-General's Account Code.

**Deletion vide G.O. (P).37/85/Fin. dated 29-1-1985.

†Substitution vide G.O. (P).37/85/Fin. dated 29-1-1985.

receipts classed as revenue and the expenditure met therefrom.

(d) The section 'Receipt 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.

(e) 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.

(f) The Section "Public Debt, Loans and Advances, etc.", of the second division shall comprise loans raised by the Government such as internal debt and their repayments, external debt of the Central Government and loans and advances made by the Government and their recoveries. 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".

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

(h) In Part III of the Accounts, the transactions relating to debt (other than those included in Part I), Deposits, Advances, Remittances and Suspense shall be recorded. The transactions under Debt, Deposit and Advances in this part are those 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 and the recoveries of the latter. 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.

***25.** (a) Within each of the divisions/sections mentioned in the preceding article, the transactions shall be grouped into sectors such as General Services, Social and Community Services, Economic Services etc., under which specific functions or services are grouped. The sectors are subdivided into major heads of account. In some cases the sectors are, in addition, subdivided 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 Receipt Section, the Revenue Expenditure Section and 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 the section to which the major head pertains, i.e., the Revenue Receipt Section/Revenue Expenditure Section/Capital Receipt Section/Capital Expenditure Section/Public/Debt, Loans and Advances, etc., section or the Public Accounts. The next two digits indicate the functional major head and remain the same for the major heads denoting the same function occurring in the several sections included in the Consolidated Fund.

(c) Under this scheme of codification the receipt major heads on Revenue Account are assigned the block of consecutive serial numbers from 0020 to 1999 and the Expenditure major heads on Revenue Account the block from 2011 to 3999. The only capital receipt major head has been assigned the code No.4000. The expenditure major heads on Capital Account are assigned the code numbers from 4011 to 5999, while the major heads under Public Debt are assigned the code numbers from 6001 to 6010. The major heads under Loans and Advances, Interstate Settlement and Transfers to the contingency Fund are assigned the Code numbers from 6011 to 7999. The only major head Contingency Fund Part II Contingency Fund is assigned the code number 8000. The major heads in the Public Account are assigned the code numbers from 8001 to 8999. 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 function 'Medical' in the sector 'Social and Community Services' and 'Agriculture' in the sector "Economic Services". These major heads will have code numbers as indicated below:—

*Substitution vide G.O. (P).37/85/Fin. dated 29-1-1985.

<i>ReceiptExpenditure Major Head (Revenue Account)</i>	<i>MajorCapital Head (Revenue Account)</i>	<i>Loan Major Head</i>	<i>Major Head</i>
0210– Medical; &Public Health	2210– Medical; &Public Health	4210–Capital outlay on Medical &Public Health	6210–Loans for Medical &Public Health
0401–Crop Husbandary	2401–Agriculture	4401–Capital outlay on Agriculture	6401–Loans for Agriculture

From these examples it will be clear that the code numbers relating to the major heads in respect of the same function falling under the four sections mentioned above, while arranged consecutively, differ from one another by 200 in the ascending order. This is to ensure easy correlation of the receipts and expenditure relating to the same function occurring in these four sections.

(d) As exceptions to this general principle of assigning code numbers there are a few cases of functional Major heads which do not appear in all the four sections. In other words, major heads of the same description would appear only in the appropriate sections.

(e) The various sections/sectors/sub-sectors classified under the different divisions shall be as given in Annexure A to this chapter.

MAJOR, MINOR AND DETAILED HEADS

*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. Sometimes 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 head together constitute a five tier arrangement of the classification structure. The detailed classification of account heads down to the stage of the minor heads (the third tier) shall be such as is given in the list of major and Minor Heads of Account of Central and State Receipts and Disbursements—

*Substitution vide G.O. (P).37/85/Fin. dated 29-1-1985.

Appendix 2 to the Account Code, Volume I. In all account 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 numbers assigned to the major heads) should be followed strictly. Complete uniformity in number and nomenclature is essential classification down to the stage of the minor head.

(b) The major heads of account falling within the sections and sectors in the Consolidated Fund generally correspond to the functions of Government, such as the different services like Agriculture, Defence, etc., provided by Government, while the minor heads subordinate to them identify the programme undertaken to achieve the objectives of the functions represented by the major heads. A programme may consist of a number of schemes or activities and these generally correspond to the sub-heads (the fourth tier of classification) below the minor heads represented by the programme. In certain cases, especially in regard to non-developmental expenditure or expenditure of an administrative nature, the sub-heads denote the components of a programme such as organisations or the different wings of administration. As schemes, activities or organisations under various programmes differ from State to State/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 heads, to meet the local or special requirements of each Government. In determining the sub-heads, the following guiding principles should be observed:—

- (i) Homogeneous schemes 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 in the List of Major and Minor Heads of Account and in the various Notes below the major heads in that List; these directions should be followed wherever necessary.

(c) The detailed head, the fifth and the last tier of classification, constitutes the 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 itemised control over expenditure and indicate the nature of expenditure on a scheme or activity or organisation in terms of inputs such as salaries, office expenses, grants-in-aid, loans, investments, etc. They also constitute the primary units of appropriation for the purpose of the demands for grants of Government. A list of standard detailed heads, comprising the common items of expenditure in the activities of Government is given in Annexure B to this chapter. The detailed heads shown in this list may be adopted by all the Governments. Such additional detailed heads as may be found necessary to cover 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.

***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 Accountant 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 also 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’**

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 a State/Union Territory.† The expression ‘Charged’ or ‘Voted’ shall be appended to the heads concerned to distinguish the two categories of expenditure.

*Substitution vide G.O. (P).37/85/Fin. dated 29-1-1985.

† Insertion vide G.O. (P).37/85/Fin. dated 29-1-1985.

**CLASSIFICATION OF TRANSACTIONS IN ACCOUNTS GENERAL
LIMITATIONS**

****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 of the broad form in which 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 order of appropriation should ordinarily conform to the rules of classification prescribed in this code. Where there is a 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 PRINCIPLE OF CLASSIFICATION

***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 of 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 heads “2210.Medical &Public Health” or 4210. Capital outlay on “Medical&Public Health”, 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 authorised specially in any individual case or a class of cases, etc., receipt representing interest are shown under ‘0049 Interest Receipts’ and expenditure on the maintenance and repairs of non-residential buildings under the administrative control of the Public Works Department are shown under the major head “2059 Public Works” irrespective of the functions to which they relate.

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

**Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

**GENERAL PRINCIPLES OF ALLOCATION OF EXPENDITURE BETWEEN
CAPITAL AND REVENUE**

30-A. The guiding principles of allocation of expenditure between Capital and Revenue are as given 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 Government on Grants-in-aid to local bodies or institutions for the purpose of creating assets which will belong to these 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 improvement as 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 no such renewals and replacements and such additions, improvements or 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

*Deleted vide G.O. (P).37/85/Fin. dated 29-1-1985.

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 formulate or under special orders of Government may be debited to capital.

(8) When under any special orders of Government charges for interest during the process of construction of a project are temporarily met from capital, the writing back of capitalised interest should form the first charge on any capital receipts or surplus revenue derived from the project when opened for working.

IMPORTANT GENERAL ORDERS GOVERNING CLASSIFICATION

Pay and Allowances (other than Travelling Allowances) of Government Servants

31. The classification of pay and allowances other than travelling allowances of Government servant shall be governed by the following rules:—

*(1) Following the principles in Article 30, the pay and allowances of a Government servant shall be classified in accounts as part of the scheme, activity or organisation (sub-head) under a programme (minor head) below a function (Major head/sub-major head) to which the service of the Government servant closely relates. Where however, it is not possible to classify ab initio the pay and allowances of the Government servant or servants under a single sub-heads because of the overlapping nature of the duties of such Government servants which extend to several activities, programme functions etc., the charges may be classified initially as part of the scheme or activity or organisation to 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 a temporary measure, or on reversion from one department to another, should, in the absence of special orders to the contrary, be debited to the office to which he is proceeding.

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

†Renumbered vide G.O. (P) No. 37/85/Fin.dated 29-1-1985.

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 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 Governments concerned or as may be laid down in the appropriate Service Rules—See also Section I in Appendix III.

Note 3—The transit pay and allowances both in respect of the forward and the return journeys of Government servants transferred to or from Missions 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.

Local Ruling under Article 31.—(1)The leave allowances of an officer transferred from one department to another while on privilege leave/leave on average pay/earned leave are from the date of the order of transfer, charged to the new department.

(2) When an officer is transferred to another department while on long leave, the transfer does not take effect until he joins his new appointments, if he is on furlough/leave on half average pay/leave on half pay in India, or until the commencement of his subsidiary leave, if he is on leave out of India. Any charges other than allowances during furlough must be charged to the new department.

*Renumbered vide G.O. (P) No. 37/85/Fin.dated 29-1-1985.

* (3) Washing allowance paid to Class IV Government Servant shall be classified under Salaries.

TRAVELLING ALLOWANCES

†32. Save as provided below, the travelling expenses of a Government Servant shall, on whatever duty he may be employed, be debited to the same head as his pay. In the following cases, the travelling expenses may be debited to a head different from that to which his pay is debited:—

1. In cases where the Government Servant is required to travel on duty connected with an outside body or fund;
2. When Government considers it necessary to show separately the cost of a special service; and
3. In cases covered by general or special orders of Government authorising a deviation from the General rule.

Local Rulings under Article 32—Exception.—(1) The travelling allowance of an officer paid from a Local Fund may, when travelling in the execution of Government duty, be paid and charged to General Revenues. Similarly, the travelling allowance of an officer paid from the General Revenues, when travelling on duty connected with a Local Fund, may be charged to the Local Fund.

(2) The travelling allowance and daily allowance paid to officers of State Government appointed as members of Committees and Commissions set up by the Government of India are governed by the State Rules but borne by the Central Government.

(3) An officer of Government required to attend meetings or for doing other work in connection with the affairs of statutory organisations, corporate bodies, Industrial and commercial undertakings (not departmentally run) shall claim travelling allowance and daily allowance according to the Travelling Allowance Rules of Government applicable to him.

*Addition vide G.O. (P) 322/74/Fin. dated 27-9-1974.

†Substitution G.O. (P) 37/85/Fin. dated 29-1-1985.

Fees, travelling allowance and daily allowance and other remunerations for which the officer is entitled to as per the rules of the concern will, however, be realised from the unit concerned by the controlling officer “for and on behalf of” the officer concerned. The particulars of the claim, when preferred, should be intimated to the Accountant General for watching the actual recovery and its credit to Government. The amounts recovered towards fees and other remunerations of the officer should be credited into the Government accounts to the receipts head corresponding to the head of account to which the travelling allowance of the officer is debited or in cases where there is no corresponding receipt head to the head of account “I.II—Miscellaneous—Miscellaneous—Other items”. The recoveries on account of travelling allowance including daily allowance, whether made during the financial year in which the expenditure is incurred or in subsequent financial years, should be adjusted as recovery under the head of account to which travelling allowance of the officer was originally debited.

EXPENDITURE ON *PUBLIC WORKS

***33.** Expenditure on Public Works where the works are under the administrative control of the Public Works Department shall be classified in accounts according to the following principles:

1. Expenditure on the construction of Government non-residential buildings for administrative and office purposes and other buildings which exclusively relate to the functions under General Services, as distinct from that on the construction of buildings for functional purposes like schools, colleges, hospitals, etc., will be accounted for under the major head “2059-Public Works” or “4059-Capital Outlay on public works”, as the case may be.

2. 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 “2202—General Education/4202—Capital Outlay on Education, Sports, Art and Culture”, “2210—(Medical & Public Health/ 4210—Capital Outlay on Medical & Public Health” etc., as the case may be.

3. Expenditure on the 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 “2059 Public Works”.

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

4. Expenditure on Government residential buildings will be accounted for under the major head “2216—Housing” or “4216—Capital Outlay on Housing” as the case may be, in the sector ‘Social and Community Services’.

5. Expenditure on roads and bridges being in the nature of communication services, will be accounted for under the major head “3054—Roads and Bridges/ 5054—Capital Outlay on Roads and Bridges”, as the case may be, in the sub sector “Transport and Communications” of the sector, “Economic Services”.

Note 1—Where the building etc., are not under the administrative control of the Public Works Department, it is open to Government 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 a programme (minor head) relating to a function (major head) it should be accounted for under the detailed head “Works” below the minor head. Where the minor head is no identifiable, it should be classified under the residuary minor head “Other Expenditure” of the relevant major head.

Note 2—Expenditure on the staff quarters (constructions 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 funds it difficult for administrative reasons to follow this principle in the case of maintenance expenditure, the expenditure on maintenance may be debited to “2059 Public Works”. As a corollary the rent receipts will go to ‘083 Housing’ in such cases.

Local Ruling under Article 33.—(1) Rents recovered on account of buildings in charge of departments other than the Public Works Department should be treated as departmental receipts and not as receipts of the Public Works Department.

The rent of buildings hired for use as residences of Government servants of any Civil Non-Commercial department should be debited to the department which hired the buildings. Similarly when any land or building not belonging to the Public

Works Department is hired by another department for occupation for any other public purpose, the rent should be paid by the department concerned, and the Public Works Department shall not pay the rent in such cases unless ordered by the Government to do so.

(2) Expenditure on petty construction and repairs connected with a building, etc., which is under the administrative control of a Civil Department, should be debited to the minor head, 'work' under the relevant department major head, if the expenditure on any one work exceeds ₹ 1,000. If the expenditure is within that limit, it should be charged as contingent expenditure of the Civil Department concerned.

(3) When a Civil Department using a building, etc., which is borne on the Public Works Department Register incurs expenditure on petty construction and repairs connected with the building, etc., upto an amount not exceeding ₹ 1,000 for any one work, it should be charged as contingent expenditure of the Civil Department carrying out the work (*See* also Chapter VIII of the Kerala Financial Code).

CONTRIBUTIONS MADE BY OR TO GOVERNMENT

***34** (a) Contributions made by the Central or the State Governments to District Boards, 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 "2202—General Education"; a grant for the construction of a drainage system to "2215—Water supply & Sanitation" and a grant for the construction of a road to "3054—Roads and Bridges"; 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 "2217—Urban Development" and "3604—Compensation and Assignments to Local Bodies and Panchayat 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 a 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

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

under the detailed head “Contributions” below the relevant minor/major head corresponding to the programme/function closely connected with the object of the assistance.

Note 2.—A 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 the specific work which is eventually to be the property of the Government should be credited as revenue receipt 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 grants-in-aid but also other direct expenditure.

REFUNDS OF REVENUE

***35.** Refunds of revenue shall, as a general rule, be taken in reduction of revenue deposits. 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’†

***36.** (a) Moneys advanced for miscellaneous purposes under special authority and recoverable in cash and sums over-paid on vouchers other than those for service payments shall be adjusted under the head “8550—Civil Advances”. Payments made on account of Government expenditure should not be held under

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

†Corrected vide G.O. (P) No. 37/85/Fin. dated 29-1-1985.

“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 when paid after they are due.

(b) (1) Advances of pay and travelling allowance on transfer should be debited to the final head of account and not to “Civil Advances” subject to (2) below the debit should be borne by the 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.

(2) However, in the case of the transfer of a Government servant from one Government to another 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 to a borrowing Government the debit will be passed on to the borrowing Government for adjustment to the appropriate final head of account in the books of the borrowing Government and recoveries of such advance effected in that Government will be adjusted as minus expenditure;

(b) In the case of re-transfer of the Government servant to lending Government the debit on account of advance of pay may be passed on by the borrowing Government to the lending Government, while the debit on account of advance of travelling allowance should be finally adjusted in the books of the borrowing Government itself, since final travelling allowance in which the advance is to be adjusted is to be borne by the borrowing Government in accordance with the principles of incidence of such charges laid down in Appendix III B. 1(ii) of this 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 of Article 22* of Volume IV of this code.

CLASSIFICATION OF TRANSACTION UNDER 'SUSPENSE'

37. Items of receipt 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 8658 Suspense Account in the sector "L Suspense and Miscellaneous". 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 the 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 to classify them, but also charges written back on disallowance from Exchange Accounts or charges disallowed from the Inward Settlement Accounts 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 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.

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

Exchange in respect of transactions in England and Missions abroad.

****37A.** Net gain or loss by exchange in respect of Government transactions taking place in the United Kingdom and in Embassies and Missions abroad shall be uniformly adjusted in the books of the Central Government under the head "0075/2075 Miscellaneous General Services—Gain/Loss by Exchange".

* *Article 22 of the Controller and Auditor-General's Account Code Vol. IV.*—22 the recoveries of over payments whether made in cash or from payment vouchers, shall be posted direct under the service head concerned in the compilation book as reduction of expenditure, irrespective of whether they relate to overpayment pertaining to the current year or to any previous.

**Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

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

Cost of Acquisition of Land

***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 purpose shall be recorded under the head “2059 Public Works—Other expenditure/4059 Capital Outlay on Public Works—Acquisition of Land”, as the case may be.

**SALE PROCEEDS OF GOVERNMENT LAND
AND BUILDINGS**

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

SCHEDULE I

Sale proceeds of land, etc.

Heads to which creditable

†(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 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.
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*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

† In the case of land acquired by Government on payment for Companies, Railways 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 receipt side.

Heads to which creditable

- (ii) When the cost was originally debited to a capital expenditure head outside the Revenue account even though, no regard 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 the accounts, to any service or Revenue Department for which no capital and Revenue accounts are kept. To receipt head relating to the department concerned, or in the case of department not having a corresponding receipt head “0075—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): “0401—Crop Husbandry.
- (b) Nazul lands in Uttar Pradesh, Punjab and Madhya Pradesh, or elsewhere and land in Punjab equipped at the cost of state revenues for resale for building purposes. “2075—Miscellaneous General Services”—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 “0059—Public Works”.
- (ii) If sold in the Defence Department; The major heads “0076—Defence Services—Army”, “0077—Defence Services Navy” on “0078—Defence Services Air Force” as the case may be.
- (iii) If sold by civil agency. The functional receipt major head concerned or “0075—Miscellaneous General Services”.
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SCHEDULE II

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

Heads to which creditable

- | | |
|---|---|
| (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 and revenue accounts are kept for the work covered by the Capital expenditure. | The capital expenditure head originally The capital expenditure head originally debited. |
| (iii) When the sale affects irrigation, navigation, embankment and drainage works for which capital accounts are not kept. | 133. 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. |
| (iv) When the sale is of buildings the cost of which was originally debited within the revenue section of the accounts to any service or capital and revenue accounts are kept. | The receipts head relating to the function to which the cost of the building was initially debited or in cases where there is no corresponding receipts head to the head "0075-Miscellaneous General Services-Sale of land and property |
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Heads to which creditable

(v) In all other cases:

- | | |
|---|---|
| (i) If sold in the Public Works Department. | The functional receipt major head concerned or the head "0059-Public Works". |
| (ii) If sold in the Defence Department | The major head, "0076, Defence Services—Army, 0077—Defence Services—Navy" or 0078—Defence Services—Air Force, as the case may be. |
| (iii) If sold by Civil Agency | The functional receipts major head concerned or "0075—Miscellaneous General Services". |
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MUNICIPAL RATES AND TAXES

***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 utilised for functional purposes, such as for schools, college 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 payment may be debited to the maintenance estimate of the building concerned viz., "2059—Public Works—Maintenance and Repairs" in terms of Article 33(iii).

(b) Taxes on non-residential buildings occupied by departments 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".

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

(c) Taxes on residential buildings, if payable by Government shall be debited to the maintenance estimates of the buildings under the head “2216—Housing—C. Government Residential buildings—Maintenance and Repairs” or “2059—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 on 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 Service Estimates.

Local Ruling under Article 40.—The detailed rules governing the payment of municipal and other local taxes on buildings, etc., occupied by the Departments of the Government or Government servants under their administrative control are laid down in Article 117 of the Kerala Financial Code.

**COST OF SURVEY OF INDIA AND OTHER SCIENTIFIC
PARTIES ACCOMPANYING A MILITARY EXPEDITION**

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 a 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.

GENERAL METHODS OF ACCOUNTING

Accounting for Transactions pertaining to more than one Major Head of Account

***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 heads concerned, but the portion creditable or debitible 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 authorised 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 "0029—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 "2020—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 later from the former head to the latter.

(3) Interest paid by Government on loans is taken initially under the head "2049—Interest Payments" and necessary transfers from this head are made subsequently in respect of amounts debitible to Commercial Departments, by credit to "0049—Interest Receipts".

*Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

(4) The establishment and tools and plant charges of Public Works divisions 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 organisation of the Ministry of Commerce and Industry, are recorded initially under the head "2016—Audit" and are transferred subsequently to the accounts of respective departments.

Local Ruling under Article 42: (1) Revenue.—The receipts from tolls should be credited to the minor head 'Tolls on roads' under the major head, "1054—Roads and Bridges".

(2) *Expenditure.*—The items of expenditure to be incurred and the heads of account to which they should be debited are as shown below:—

- | | |
|--|---|
| (i) Expenditure incurred for effecting recoveries from lessees who have defaulted or are otherwise liable to pay lease amounts, example expenditure on filing suits and taking execution proceedings and other incidental charges. | The charges should be debited either to "2053 District Administration—District Establishment—Collectors and Magistrates" or to "2014 Administration of Justice—Legal Advisers and Counsel—Law Officers" according to the nature of the charges. |
| (ii) Expenditure on the construction of toll houses, sheds, gates. | Expenditure on the construction of toll houses, sheds, gates etc., should be debited to "2059—Public Works etc.—C. Construction". |
| (iii) Expenditure incurred when toll-gates have to be taken over from the lessee and managed departmentally. | If a special staff is employed the cost should be debited under "2059—Public Works—Direction and Administration—Execution". |

RECORD OF CAPITAL EXPENDITURE IN ACCOUNTS

***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 or 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.

**ACCOUNTS FOR TRANSACTIONS RELATING TO
SCHEDULED AREAS**

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.

45. [Deleted]

*Substitution G.O. (P) 37/85/Fin. dated 29-1-1985.

†The rules framed by the Government in consultation with the Comptroller and Auditor-General in regard to the allocation of expenditure between Capital and Revenue in Commercial Departments and undertakings are contained in Appendix I to Volume III

Accounting for Losses

46. Losses of public money, stores or other property of Government, shall be accounted for in accordance with the rules in Chapter VI

Exhibition of Recoveries in Government Accounts

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

Accounting for Recoveries of overpayments

48. Recoveries of overpayments shall be adjusted in the accounts in accordance with the procedure set out in Article 22* of Volume IV of the Comptroller and Auditor-General's Account Code.

Accounts of Commercial Undertakings

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

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

*See foot-note to Article 36.

**Substitution G.O. (P).37/85/Fin. dated 29-1-1985.

Transactions with other Government and Account Circles

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 Governments of other countries are settled, shall be as described in the relevant Chapters of Volume IV of the Comptroller and Auditor-General's Account Code.

Rectification of Misclassifications

52. The procedure to be followed in rectifying misclassifications in accounts shall be prescribed in Chapter 19* Volume IV of the Comptroller and Auditor-General's Account Code.

Writes off from balanced heads to "Government"

†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 and expenditure head as a loss to Government. Similarly, any amount due by Government remaining unclaimed for such time as may be prescribed by Government 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 "8680—Miscellaneous Government Account Write off from heads of account closing to balance", with the specific approval of the Comptroller and Auditor-General and in cases where the accounts have been departmentalised or separated from audit, of the Controller General of Accounts.

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 ₹ 1, 000 provided that—

Correction of Accounts

251. (a) If an item which properly belongs to a Revenue or Expenditure head is wrongly classified under another Revenue or

*Chapter 19 of the Comptroller and Auditor-General's Account Code, Volume IV.

†Substitution G.O. (P) 37/85/Fin. dated 29-1-1985.

- (i) The amounts written off have been thoroughly examined by the Internal Audit Section;
- (ii) The Accountant General is personally satisfied that the items have been outstanding for over five 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 of 5 years mentioned at item (ii) of Note 1 (a) will not be applicable. The group officer holding charge of the provident fund group may also write off the outstanding amount under this head up to ₹ 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 the group officer under the powers delegated to him should be submitted to the Accountant General for review. The Accountant General should report to the Comptroller and Auditor-General on the write off of Suspense half yearly on 10th May and 10th November.

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 balance/differences may be written off to “8680 Miscellaneous Government Account Writes off from heads of account closing to balance” with the approval of the Comptroller and Auditor-General after obtaining the concurrence of the Government.

ACCOUNTS TO WORK FROM BALANCE TO BALANCE

***54.** The accounts of the Government shall work from balance to balance. The closing balance shown in the account of each month shall work

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; but after the accounts are closed, no correction is admissible, it being sufficient to make a suitable note of the error against the

*Substitution G.O. (P) 37/85/Fin. dated 29-1-1985.

up to the general cash balance of the Government to held in its treasuries (including remittances in transit) and by the Reserve Bank of India at the end of that month.

** ** ** ** ** ** **

Deletion G.O. (P) 37/85 Fin. Dated 29-1-1985.

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 on the accounts of works in the Public Works Department shall be as laid down in Articles 149 and 200 (a) of Volume III of this Code.

(b) An error which affects a debt, deposit or remittance head must be corrected by transfer, however old and however 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 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 of remittance heads,—correction 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 by debiting the proper head and crediting 'Recoveries of Service Payment'.

Note:—1. After the accounts of the year are closed, corrections or transfers affecting capital major heads, unless they affect the accounts of different

Governments should usually be effected without financial adjustment by alterations of progressive figures without passing a 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. Error, in the Accounts of Divisional Officers of the Public Works Department shall be governed by the rule in Article 200 of Volume III of this code.

***ANNEXURE—A**

(See Article 25)

List of Sections/Sectors/Sub-sectors under 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) Currency, Coinage and Mint
- (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

*Substitution G.O. (P) 37/85/Fin. dated 29-1-1985.

-
- (b) Fiscal Services
 - (c) Interest Payment and Servicing of Debt
 - (d) Administrative Services
 - (e) Pensions and Miscellaneous
 - (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 Communication
 - (f) Railways
 - (g) Posts and Telegraphs
 - D. Grants-in-aid and Contributions
- (2) Capital, Public Debt, Loans etc.
- I. Receipt Heads (Capital 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 Industry and Minerals
 - (d) Capital Account of Water and Power Development
-

- (e) Capital Account of Transport and Communication
- (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 and Advances:
 - (a) Deposits bearing interest
 - (b) Deposits not bearing interest
 - (c) Advances
 - L. Suspense and Miscellaneous
 - (a) Coinage Accounts
 - (b) Suspense
-

- (c) Other Accounts
- (d) Accounts with Governments of Foreign Countries
- (e) Miscellaneous

M. Remittances:

- (a) Money Orders, remittances and adjustment between officers rendering accounts to the same Accountant General etc., and other remittances.
- (b) Inter-Government Adjustment Account
- (c) Exchange Accounts

N. Cash Balance

ANNEXURE—B

[Referred to in Article 26 (c)]

List of standard detailed heads

1. Salaries
2. Wages
3. Travel expenses
4. *****
5. Office Expenses
6. Payments for Professional and Special Services
7. Rent, Rates and Taxes/Royalty
8. Publications
9. Advertising Sales and Publicity expenses
10. Grants-in-aid/Contributions/Subsidies
11. Scholarships and Stipends
12. Hospitality Expenses/Sumptuary Allowances etc.
13. Secret Service Expenditure
14. Major Works

15. Minor Works
16. Machinery and Equipment/Tools and Plant
17. Motor Vehicles
18. Maintenance
19. Investments/Loans
20. Materials and Supplies
21. *****
22. Interest/Dividend
23. Pensions/Gratuities
24. Depreciation
25. Inter Account Transfers
26. Writes-off/Losses
27. Suspense
28. Other Charges

Notes briefly explaining the scope of standard detailed heads

1. SALARIES will include, pay, allowances in all forms paid to officers and staff, and the expenses on leave travel concession. This object classification will also be utilised 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 Establishment, 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 of staff at present paid out of contingencies.

3. TRAVEL EXPENSES will cover all expenses on account of travel on duty including conveyance and fixed travelling allowances but excluding leave travel concession which falls under "Salaries".

4. MEDICAL REIMBURSEMENT will include all expenditure on account of reimbursement of medical expenses of Government servants.

5. OFFICE EXPENSES will include all contingent expenditure for running an office, such as furniture, postage, purchase of 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 of and maintenance of staff cars and other vehicles for office use, as distinct from vehicles for functional purposes like Ambulance Vans, etc. (vide 16).

6. PAYMENT 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 All 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 or service rendered for the running of an office in which case the expenditure will be recorded under "Office Expenses"

7. RENT, 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.

8. 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 discounts to agents on sales. This head is to be operated only where cost of printing is borne by the respective departments.

9. ADVERTISING sales and publicity expenses will include commission to Agents and printing of publicity material.

10. *****

11. *****

12. HOSPITALITY EXPENSES/SUMPTUARY ALLOWANCES ETC. HOSPITALITY EXPENSES will include entertainment allowances of high dignitaries etc. Expenditure on refreshments served in inter-departmental meetings, conferences 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 Central Public Works Account Code. This will also include cost of acquisition of land and structures.

15. *****

16. MACHINERY AND EQUIPMENT/TOOLS AND PLANT will include machinery equipment, apparatus etc., other than those required for the running of an office (vide 5) and Special tools and plant acquired for specific works.

17. 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.

18. MAINTENANCE will record expenditure on maintenance of works, machinery and equipment (covered under items 14, 15 and 16). It will also include repairs incidental to maintenance.

19. *****

20. *****

21. PURCHASE OF MILK will include all expenditure on purchase of milk (including subsidy on Milk) in respect of Government Milk Schemes.

22. INTEREST/DIVIDEND will include interest on capital, discount on loans.

23. PENSION/GRATUITIES will include donations to service funds and contributions to Contributory Provident Funds.

24. *****

25. INTER ACCOUNT TRANSFERS will include transfer to and from Reserve Funds etc.

26. WRITES OFF/LOSSES will include writes off of irrecoverable loans. Losses will include trading losses.

27. *****

28. OTHER CHARGES: A residuary head. This will also include rewards and prizes.

*Deleted vide G.O. (P) 37/85/Fin. dated 29-1-1985.

CHAPTER IV	
DIRECTIONS REGULATING INTER-DEPARTMENTAL TRANSFERS	
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INTRODUCTORY

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

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.

57. [Deleted]

ADJUSTMENTS WITH OUTSIDE BODIES

58. Payment shall be required in all cases where a department of a

Government renders service or makes supplies to a 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.—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

59. For purposes of inter-departmental payment, 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 departments of Administration of Justice, Jails, Police, Education, Medical, Public Health, Forest, Defence.

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

B. Commercial Departments or Undertakings

These are maintained mainly for the purpose 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 undertaking at present recognised by the Central Government as commercial is given in the Annexure to this Chapter. List of commercial undertakings of the State Governments will be found in the Manuals, etc., of the Governments concerned.

Local Ruling under Article 59.—A list of departments and undertakings at present recognized by the Government of Kerala as commercial is also given in the Annexure to this Chapter.

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.

(d) The films division of the Government of India may charge any other department for the cost of production of films and other services on such terms as may be settled in each case.

Local Rulings under Article 60.—(1) Adjustment for the value of prison labour supplied to Public Works and other departments of Government, should be made at the rates prescribed for the purpose.

(2) When any land or building is transferred from one Service Department

to another under the Kerala Government the transfer should be made free of charge.

Exception.—(i) Transfers of land or buildings to 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.

(ii) When any Government land with improvements or buildings in the possession of one Service Department is transferred to another Service Department or branch of any Service Department, for a specific purpose of starting any industry or commercial undertaking of a remunerative nature, it shall be competent for the Government, to order the collection of market value of the lands and improvements transferred to such Service Department or a branch of the Service Department, according to the merits of each case.

(3) The Animal Husbandry Department is allowed to charge other departments for treatment of the elephants in the charge of other departments.

(4) In the case of Agriculture and Animal Husbandry Departments adjustments of costs should be made in respect of supplies made or services rendered by the Departments to other Service Departments and between the branches of the departments, if the adjustments affect schemes financed by outside bodies such as the Indian Council of Agricultural Research, the Indian Central Coconut Committee, etc.

(5) The cost of paper supplied by the Stationery Department for examinations conducted by other departments of Government for which fees are collected should be credited to the former by debit to the departments conducting the examinations.

(6) The Public Works Department and the Department of Town Planning and Architecture may charge a flat rate of ₹ 3 per square meter for supply of copies of designs to other departments an extra 20 per cent for supply to departments of the Central Government, Quasi-Government bodies, Private Institutions, etc.

(7) The Fire Forces Department may charge other departments at the rate of ₹ 3 (Rupees three only) per fire extinguisher for pressure testing.

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 Department falling under clause A (a) of Article 59 in the normal discharge of its functions shall not be 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 Rulings 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, rent 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 with improvements thereon or any buildings is transferred from or to a commercial department, the full market value thereof or the book value thereof or the book value whichever is higher should be charged.

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 a special officer 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.

Note 3.— * * * * *

**Local Ruling under Article 62.*—For payment of dues by one Service Department to another, there shall be no monetary or accounting settlement in respect of service rendered, where no manufacturing or production or supply of articles or repair operations are involved except where some fees are levied under a particular enactment, in which case settlement should be made either in case or through bank drafts.

Where manufacturing, production or supply of articles or repair operations are involved the procedure prescribed in Local Ruling (i) under Article 69 shall be followed.

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 the inter-departmental adjustment would be unsuitable and undesirable.

**Substitution G.O. (P) 1/87/Fin. dated 1-1-1987.*

Note—1. The Defence Services shall not be required to pay rent for buildings of the Central Civil Departments other than Commercial Departments and undertakings occupied by the Defence Services for non-residential purposes, 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 Commercial Departments or undertakings 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 of Indian Air Force planes, not shall the Civil Aviation Department be charged, as a reciprocal arrangement, for the use of the Aerodromes of the Indian Air Force by the Civil Aircrafts.

Local Ruling under Article 63.—The loan or transfer of Defence Services property to State Government or to the other Ministries of the Central Government will, except in cases of emergent necessity, be effected only after the terms and conditions of such loan or transfer (including the hire charges or transfer value payable in this respect) have been approved by the Government of India in the Ministry of Defence and accepted by the transferee, who will thereupon authorise its Account Officer concerned to accept the relevant debits for rentals (hire and allied charges) or transfer (sale) value when raised by the Defence Accounts Department.

In cases where a Defence Services property is required by a State Government or a Central Ministry as an emergency measure and settlement of the terms and conditions of such loan or transfer is likely to take some time, the property in question, if surplus to the requirements of the Defence Services, will be initially handed over on loan only with the approval of the Government of India in the Ministry of Defence on the basis that the transferee will accept the terms which the Ministry of Defence may thereafter determine as mentioned below:

In such cases, the terms and conditions of transfer will be settled and accepted, as far as possible, within a period of six months from the date of taking over possession of the property in question by the transferee failing which the latter will have to accept the relevant debit on account of rental (hire and allied

charges) on the basis of the assessment made by the Government of India, Ministry of Defence.

The foregoing procedure will also apply, on a reciprocal basis, to the loan or transfer of properties belonging to the State Government or other Central Ministries to the Government of India, Ministry of Defence.

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.

Examples.—Jail manufacture, *Printing (publishing department). Mint (miscellaneous service other than coinage).

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 a department, dockyards.

66. A regularly organized store branch of a department should ordinarily charge any other department for supplies made; but petty and casual supplies of stores 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 a 'Stock' or 'Materials' Account in the Public Works Department is prescribed in Article 18 in Volume III.

67. Notwithstanding anything contained in the directions in this Chapter, a Government may for special reason 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 Rulings under Article 67.—(1) Fees and duties levied by law should be paid by Government Departments in the same way as by private individuals.

(2) In the case of Plan schemes, adjustment of cost should be made in respect of supplies made or service rendered by one service department to another and between different branches of the same service department.

*Deletion G.O. (P) 37/85/Fin. dated 29-1-1985.

* (3) In the case of Election Department which has to claim a share of expenditure on election from the Government of India, that department will be permitted to make payments for all supplies made and services rendered by any Department (whether commercial or not) in connection with the Election work notwithstanding anything contained in this article.

GENERAL

68. Where under the direction 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 if otherwise deemed necessary, include adequate charge for supervision or other indirect expenditure connected with the service or supply for which payment is made.

69. Payments of amounts due by one Department of Government 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.*—For payment of dues by one Service Department to another, there shall be no monetary or accounting settlement in respect of services rendered, where no manufacturing or production or supply of articles or repair operations are involved, except where some fees are levied under a particular enactment, in which case settlement should be made either in cash or through bank drafts.

Where manufacturing, production or supply of articles or repair operations are involved, the following procedure shall be followed:

(i) No adjustment is required if the cost of supplies services is ₹ 250 or less in each case except in respect of issues of stores for stock or materials account of work within a Public Works Division or between two such divisions or between one Public Works Division and another Service Department which shall be settled by adjustment irrespective of the amount involved.

*G.O. (P) 331/76/Fin. dated 26-10-1976.

†Substitution G.O. (P) 1/87/Fin. dated 1-1-1987.

(ii) In other cases, the settlement of claims shall be in accordance with the following procedure:

(a) Public Works, Forest and other Departments vested with cheque drawing powers shall settle the claims against them through cheques.

(b) The other supplied Department will, on receipt of the invoice from the Supplying Officer present a bill at the treasury for the cost of supplies/services along with accepted invoice and Chelan in quadruplicated indicating the designation of the Supplying Officer, invoice number and date and the head of account to which the amount claimed is to be credited. The Treasury Officer will check the head of classification noted in the Chelan with that noted by the Supplying Officer in the invoice and pass the bills for payment by transfer credit to that head of account debiting the amount to the head of account indicated in the bill by the Supplied Officer. After adjustment the Treasury Officer will retain the original copy of the Chelan and send the duplicate and triplicate copies to the Supplied Officer, who will keep one copy for his office record and send the other copy to the Supplying Officer. The fourth copy will be sent by the Treasury to the Accountant General along with the bill.

(c) In the case of service departments like Public Works, Forest etc., which are vested the cheque drawing powers, the claim due to them will be settled by presenting a bill by the Supplied Officer at the treasury for transfer crediting to Public Works remittance/ Forest remittances “Item adjustable by Public Works Departments” or “Item adjustable by Forest” as the case may be.

70. [Deleted]

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

ANNEXURE**List of Departments and Undertakings recognised by the
*Government 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 (Commercial).
4. The Security Printing, India, including the Central Stamp Store, Nasik Road.
5. The Currency Note Press, Nasik Road.
6. [Deleted]
7. Anand Creamery (in liquidation).
8. The Biological Products Section of the Indian Veterinary Institute, Izatnagar.
9. The All India Radio excepting (a) the Director General (including the Planning and Development Unit and the Staff Training Unit), (b) Research Department, (c) Monitoring Service, (d) Community Listening Scheme in Jammu and Kashmir and (e) Office of the Executive Engineer (Civil) and Office of the Executive Engineer (Electrical) of the Civil Construction Wing of All India Radio.†
- †9A. Commercial Broadcasting Service of All India Radio.
10. The Radio Publications.
11. Department of Lighthouses and Lightships.
12. Government Dairy Farm, Port Blair.

*Deleted G.O. (P) 37/85/Fin. dated 29-1-1985.

†Insertion G.O. (P) 37/85/Fin. dated 29-1-1985.

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13. Marine Department, Andamans.
 - (i) Dockyard Accounts
 - (ii) Scheduled Services including Ferries of Afloat Section.
 - (iii) State Transport (Bus) Service.
 14. Shipping Office, Andaman's.
 15. Forest Department, Andaman's
 16. [Deleted]
 17. Salt Mines at Mandi.
 18. [Deleted]
 19. The Overseas Communications Service.
 20. Land Reclamation Scheme.
 21. Himachal Pradesh Transport Department.
 22. Sirmur Rosin and Turpentine Factory.
 23. Purchase of Fertilisers.
 24. [Deleted]
 25. Dairy Section of the Southern Regional Station of National Dairy Research Institute at Bangalore.
 26. Kandla Port Organisation.
 27. Manipur State Transport.
 28. Electrical undertakings in the Union Territories excepting N.E.F.A. and N.H.T.A.
 29. Kolar Gold Mines.
 30. Delhi Milk Supply Scheme.
 - *31. Bank Note Press, Dewas.

*Insertion G.O. (P) 37/85/Fin. dated 29-1-1985.

Government of Kerala

1. The State Water Transport Department.
2. The Text Book Department.
3. Irrigation Schemes and Projects for which Revenue and Capital Accounts are kept.
4. The P.W.D. Engineering Workshops, Trivandrum.
5. Model Coir Factory, Beypore.
6. Bleaching and Calendaring Plant, Pappanamcode.

CHAPTER V		
DIRECTIONS REGULATING THE EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS		
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Settlement of doubts or disputes	..	77

INTRODUCTORY

72. The directions in this chapter shall regulate the exhibition of recoveries 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 a Government Department and recorded as such in its accounts.

RECOVERIES FROM PRIVATE PERSONS OR BODIES AND GOVERNMENTS OUTSIDE INDIA

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 take 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 their 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

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 debitible from the moment it was sanctioned, they should not be treated as revenue of the Government effecting the recoveries but as deductions 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 Governments 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 ANOTHER
DEPARTMENT OF THE SAME GOVERNMENT**

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 Post 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 department. 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 authorised by provision in the budget estimates.

RECEIPTS AND RECOVERIES ON CAPITAL ACCOUNT

76. Notwithstanding anything to the contrary that may be provided by or under the directions in this chapter, receipts and recoveries on Capital Accounts 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 receipt have to be taken to revenue.

SETTLEMENT OF DOUBTS OR DISPUTES

77. In the 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.

78. [Deleted.]

CHAPTER VI		DIRECTIONS REGULATING THE EXHIBITION OF LOSSES IN GOVERNMENT ACCOUNTS	
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INTRODUCTORY

79. The directions in this chapter shall regulate the exhibition and adjustment of losses in Government Accounts.

RECEIPTS

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 show 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 authorised to receive money on behalf of Government.

Note 2—Where losses of public money are wholly or partially met by non-issue of pay or pension and the Account Department authorisably 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 EQUIPMENTS

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 CHARGES

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 Rulings under Article 82.—(1) 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 a loss affecting a debt or remittance head except as regards losses on remittance 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 Kerala Financial Code, which, when written off under proper authority, should be debited to ‘2075-00-795.Miscellaneous—Irrecoverable temporary loans and advances written off’.

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 orders to be written off as irrecoverable on account of any such loss should be adjusted in the State accounts under the head ‘2075-00-795- Miscellaneous—Miscellaneous and unforeseen charge—Miscellaneous’.

(2) In case of loss, misappropriation, embezzlement, etc., where a claim once drawn has to be re-drawn for the purpose of disbursement to the claimants, the amount re-drawn should be debited to the head “Special Advances” under “T. Deposits and Advances—Part III advances not bearing interest—Departmental Advances”, with the specific sanction of the Government, pending investigation of the loss, fixation of responsibility and finalization of the action for recovery. Any amount subsequently recovered may be credited to the head “Special Advances”. If the balance under “Special Advances” is found irrecoverable and is ordered to be written off, it should be adjusted as a loss under the relevant service head with the sanction of the Government.

The amount re-drawn will be booked under the detailed head of account “Advance for the re-drawals and disbursement of amounts of losses, misappropriation etc.,” opened under “Special Advances”. When any amount so re-drawn is finally written off as irrecoverable, it should be debited to a distinct detailed head “Losses” under the Service Head concerned.

IRREGULAR OR UNUSUAL PAYMENTS

83. Irregular or unusual payments should be recorded in the accounts with the general reference to the ordinary rules of classification according to the nature of the expenditure; for example, an overpayment of pay shall be debited to the head 'Pay'. Similarly, an excess payment for bricks manufactured shall be debited to the work for which the 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 payment shall be separately recorded.

INEVITABLE LOSSES

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 losses may be recorded.

EXHIBITION OF LOSSES IN APPROPRIATION ACCOUNTS

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.

APPENDIX I
(See Article 2)

THE INITIAL AND SUBSIDIARY ACCOUNTS RULES

In exercise of the powers conferred by sub-paragraph (3) of paragraph 11 of the Government of India (Audit and Accounts) Order, 1936, the Governor-General is pleased, after consultation with the Auditor-General of India, to make the following rules—

1. (1) These rules may be called the Initial and Subsidiary Accounts Rules.

(2) They shall come into force on the 1st April 1937.

2. In these rules—

(1) 'Initial Accounts' means a primary record of all money transactions affecting the revenues of the Federation or of any Province as they occur;

(2) The 'Order' means the Government of India (Audit and Accounts) Order, 1936;

(3) 'Treasuries' includes all treasuries whether under the control of the Federation or of a Province; and other terms and expressions have the same meanings as have been assigned to them in the Order.

3. The Auditor-General of India from the date these rules come into force shall be relieved from the responsibility for keeping accounts of the under mentioned class or character:—

(a) Initial accounts required to be kept in treasuries.

(b) Initial and subsidiary accounts that may be required to be kept in any Office or Department of the Federation, or as the case may be, of any Province;

(c) Accounts of stores and stock that may be required to be kept in any Office or Department of the Federation or of a Province by order of the Governor-General or of the Governor of the Province; and

(d) Trading, Manufacturing and Profit and Loss Accounts and Balance Sheets and any other subsidiary accounts that may be required to be kept by order of the

Governor-General or of the Governor of a Province in any Department of the Federation or of the Province.

4. Nothing contained in Rule 3 shall be construed as derogating from the authority of the Auditor-General of India—

(a) to require any treasury, office or department keeping initial or subsidiary accounts to render accounts of such transaction as are included in them to the audit and accounts offices under his control on such dates as he may determine; or

(b) to prescribe the form in which such accounts shall be rendered and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based, shall be kept.

APPENDIX II
(See Article 26)

**LIST OF MAJOR AND MINOR HEADS OF ACCOUNTS OF
CENTRAL AND STATE RECEIPTS AND DISBURSEMENTS**

(The list of major and minor heads issued by the Comptroller and Auditor-General has been printed separately as Appendix II to his Account Code, Volume I. The portions of this Appendix which relate to State transactions have been reproduced in Appendix A to the State Budget Manual.)

APPENDIX III
(See Article 29)

**PRINCIPLES AND RULES REGULATING THE DISTRIBUTION
OF CERTAIN CHARGES AND RECEIPTS BETWEEN
GOVERNMENTS**

A. *Introductory*

B. *Pay, Allowances, Pensions etc.*

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

II. Incidence of Leave Salaries

-
- III. Incidence of Cost of Passages
 - IV. Incidence of Pensions.
 - V. Incidence of Charges for Bonus in respect of Government servants who are employed on Bonus terms and who serve under more than one Government.
 - VI. Incidence of Government Contributions to the Indian Civil Service Family Pensions.
 - VII. Incidence of Government Contribution to the Indian Civil Service (Non-European Members) Provident Fund.
 - VII-A. Incidence of Family Pensions in respect of Armed Forces Officers and of Civil Officers serving with the Armed Forces.

C. *Other Charges*

- VIII. Incidence of Expenditure involved in Audit and keeping Accounts.
- IX. Incidence of Grants of hand and Alienations.
- X. Incidence of the Cost of Police Functions on Railways including the cost of protecting Railway Bridges.
- XI. Incidence of the cost of (1) Forest surveys carried out by the Survey of India, and (2) Forest Maps prepared by that Department.
- XII. Incidence of the Charges relating to the maintenance and Demarcations of and disputes over, Boundaries.

D. *Receipts*

- XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign Service.

A. INTRODUCTORY

The rules regulating the incidence of pay, leave, passage and pension, etc., charges of Government servants as well as 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 the Governments.

Local Ruling

(1) A statement containing the following details should be furnished to the Accountant-General along with the sanction for deputation of State Government servant for service under the Government of India or any other State Government,—

- (i) Name of the Government servant.
- (ii) Date of Birth.
- (iii) Designation (post held before transfer).
- (iv) Scale of pay of the post and pay drawn under the Government.
- (v) Head of account to which pay was debited before transfer.
- (vi) Service Rules applicable.
- (vii) Date of relief from State service.
- (viii) Government to which deputed.
- (ix) Transit period availed.
- (x) Date of joining duty in the deputation post.
- (xi) Transit pay sanctioned.
- (xii) Actual pay sanctioned in the deputation post.
- (xiii) Date and amount of next increment.
- (xiv) Audit Officer to whom the debit on account of leave salary contribution should be passed on.

Information regarding the transit period taken by the deputationist and the date and hour of joining duty under the borrowing Government should be furnished to the Accountant-General as soon as the deputationist joins duty under the borrowing Government.

Note:—The Service Books of the Officers sent on deputation should also be forwarded to the Audit Officer for noting the rates of leave salary contribution and details of annual adjustment so that there may not be

any difficulty at the time of verification of pension papers.

(2) Standard Terms of Deputation by Temporary Transfer of the State Government servants to other State Governments and the Government of India.

1. *Period of deputation.*—The deputation will be for a period of.....from..... The deputation will commence on the date on which the officer hands over charge of his post under the Government of Kerala and will end on the date on which he assumes charge of a post under that Government.

2. *Pay.*—During the period of deputation Sri/Smt.....will be entitled to a scale of pay of ₹.....plus a deputation allowance of

3. *Dearness Allowance.*—The officer will be entitled to dearness allowance under the rules of the Government of Kerala or under the rules of the borrowing Government according as he retains his scale of pay under the Government of Kerala or he draws pay in the scale attached to the post under the borrowing Government.

4. *Local Allowances.*—Local Allowances like House Rent Allowance, etc., will be regulated under the rules of the borrowing Government.

5. *Joining time pay and transfer T.A.*—His claims for travelling allowance, joining time and joining time pay both for joining the post on deputation and for re-joining the post under the Government of Kerala on reversion from the deputation post will be regulated under the rules of the borrowing Government. The expenditure on this account will also be used by the borrowing Government.

6. *T.A. for journey on duty.*—T.A. for journeys on duty while on deputation will be regulated under the rules of the borrowing Government.

7. *Leave and pension.*—During the period of deputations he will continue to be governed by the leave and pension rules of the Government of Kerala.

Leave salary and pensionary charges will be allocated under the rules of incidence contained in Appendix III to the Kerala Account Code, Volume I. Leave salary contribution, where necessary, will be recovered at the rates prescribed in G.O. (P) 510/62/Fin., dated 30th October 1962 as modified by G.O. (P) 203/66/Fin., dated 13th May 1966.

*The payment of leave salary and allowances in respect of Earned Leave Surrendered by the State Government Employees on deputation to the Central

*GO (P) 427/74/Fin. dated 30-12-1974.

Government will be the liability of the State Government.

This amendment will take effect from 4-6-1971.

8. *Extraordinary pension/gratuity.*—The grant of extraordinary pension/gratuity will be regulated in accordance with the rules of the borrowing Government in respect of the Government servants receiving injuries and dying during the period of deputation. The procedure laid down in the O.M. No. F.19 (23) EV (A)/64, dated 2nd August, 1965 of the Government of India, Ministry of Finance (Department of Expenditure) will be followed in the matter. But in cases where the extraordinary pension rules of the borrowing Government are found to be less advantageous than those of the lending Government the procedure prescribed in paragraph 1(i) of this O.M. should be deemed to have been relaxed and accordingly they should be dealt with in relaxation of the rules of the borrowing Government so as to allow the Government servants concerned or the members of their families the benefits admissible under the rules of the lending Government.

9. *Provident Fund benefits.*—During the period of deputation he will continue to subscribe to the Provident Fund of the Government of Kerala to which he was subscribing in accordance with the rules of the Fund.

In the case of deputation of a Government servant who is governed by the Contributed Provident Fund Rules, Government contribution for the period of deputation is payable by the borrowing Government.

10. *Medical concessions.*—He will be entitled to medical attendance benefits under the rules of the borrowing Government.

11. *Residential accommodation.*—He will be entitled to residential accommodation in accordance with the rules of the borrowing Government.

Any matters not specifically covered by the above terms will be regulated by the relevant rule in this Appendix.

B. PAY, ALLOWANCES, PENSIONS, ETC.

1. Incidence of pay and allowances, other than leave salaries

Subject to any other arrangements which may be settled mutually between the Governments concerned, the incidence of transit pay and allowance including travelling 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 joining 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 month's 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 Government should in all cases be regarded as lent to those Governments by the Central Government (Defence Department).

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 travelling allowances while joining the new service shall be restricted to the period of commencing from the date of arrival of the Government servant in India.

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

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 the State Governments. The words 'military' and 'troops' are used to include Indian Navy and the Air Force as well as the Army—

(1) When troops are required on duties of a 'military' nature, eg. 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 service required (eg., in the way of transport, equipment, etc.) will be met by a contribution from the State or the Civil Department concerned of the Central Government to the Defence Services 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 on duties of a 'non-military' nature (eg. on occasions of public calamities or emergencies, such as fire, earthquakes, floods, famines and strikes), the State Governments or 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 the 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 paragraph 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, equipments etc., and all extraordinary 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 Allowances 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 pensions awards made in respect of casualties 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 so. 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 of 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 languages 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 Ministry of Education, but in the case of officers of the category referred to in sub-paragraph (1) above the difference between the military and the civil rates of awards is recoverable from the officers themselves in instalments of ₹ 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.

4A. Indian Commissioned Officers of the Armed Forces in civil employ count their civil service as qualifying for the outfit allowance under item (d) of

A.I. (I) 16/5/48,

A.F.I. (I) 6/S/48,

R.I.N. (I) 4/S/49,

provided that:

- (a) their pay and allowance 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 the Ministry (Central Civil)/State Government under whom the officer is employed at the time the allowance becomes due for payment.

5. When soldiers 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 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 while on leave in India, Burma, Ceylon, Great Britain or Northern Ireland, the civil leave pay and allowances which they would have drawn but for 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 the civil appointments for duty, joining time civil pay from the date of disembarkation in India to the date of 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 (i) to (iii) are debitable to the Civil—Central or State Estimates—and that under (iv) to the Defence Services Estimates.

If it is necessary to provide a substitute in the place of such as officer undergoing training the additional cost will be 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 Indian 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 Governments 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.

7A. Civilian Central or State Government servants who are members of the various Army, Navy and Air Forces Reserve (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 normally debitable.

(b) for the period of training (excluding period of transit) if the pay and allowances (excluding concessions in kind, eg., free ration etc.) admissible as reservist are less than the pay and allowances 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. [Deleted]

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 Services Estimates. In cases in which the Government servant draws, in such circumstances, civil rates of pay, the amount if any, by which these rates of pay exceed military pay and allowance is debitable to the ordinary head of expenditure to which the civil pay of the individual concerned is debitable.

10. Travelling allowances of Telegraph signallers accompanying 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. [Deleted]

12. Subject to any separate agreements that have been or may be arrived at between the various Governments, the pay and allowances including travelling allowances, 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 of admissible are however, payable by the court, and debited to court contingencies.

13. [Deleted]

II. Incidence of Leave Salaries

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

For the purposes of these rules—

(1) service under the.....Defence Department 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 rule when a Government servant is transferred to service under Government other than that under which he was first employed the leave salary drawn by him during any 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 serving under the borrowing Government or not.

Note 1—In cases in which a Government servant while in permanent service under one Government is transferred to equally permanent service under another Government, eg. Officers of the Indian Medical Civil Service transferred to permanent civil employment and members of the Indian Civil Service transferred to permanent employment in Central Departments, such as the Indian Customs Service or the Indian Audit and Accounts 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 to fill a permanent post for a limited period, eg, Secretaryship in the Central Government's Secretariat.

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

Note 2—In 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.

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 5/22nds 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 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 Military Leave Rules and/or 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 under the Government of India (High Court Judges) Order, 1937.

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 1 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 the 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 to that of employment shall also apply, subject to the provisions of Rules 1, 4 and 11 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 servant 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	On the 1st April, 1930
Lent to Government P	From the 1st April, 1931 to 31st July, 1931.
Reverts to Government A	On the 1st August, 1931.
Transferred permanently to Government B (second lending Government)	On the 1st April, 1932.
Lent to Government Q	From the 1st June, 1932 to the 31st August, 1932.
Lent to Government P	From the 1st September, 1932 to 30th September, 1932.
Reverts to Government B	On the 1st October, 1932.
Transferred permanently to Government C	On the 1st December, 1932

(third lending Government)

Proceeds on leave for 28
months from Government C

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 June, 1932 to 30th September, 1932.

Secondly, Government Q 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 periods 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.

3A. 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 F.R. 86(a) 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.

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 where 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 debit to his leave account under Fundamental Rule 78 (b), the debit for such leave should be made both in the main and subsidiary leave account 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.

Note.—The leave salary for the period of Special Disability Leave granted to a Government servant in respect of when leave salary contributions are recovered will be borne by the Government under which the Government servant has serving at the time the disability was incurred even though the disability manifests itself subsequently.

This amendment shall be deemed to have come into force with effect from 1st August 1967.

7. The "Study and other allowances and leave salary" 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.

9. In respect of Government servants subject to the Central Government's Revised 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 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” and “half pay 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 “earned leave” in respect of service after permanent transfer to the borrowing Government is taken and similarly the amount of “half pay leave” due from lending Government should be exhausted first. 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 the Government. But also see Rule 11.

Note:—1. In the cases of officers borne on joint cadre, allocation of leave salary will be made in accordance with the arrangement mutually agreed upon by the Government concerned.

Note:—2. No leave salary contribution shall be paid by Defence Department in respect of Central Civil Government servants other than the employees of the Railways and Posts and Telegraphs Departments transferred to military service during the National Emergency, 1962 but leave salary in respect of leave actually taken while in military service will be paid from Defence Estimates.

Note:—3. In the cases of members of the Central Secretariat Service, the Central Secretariat Stenographers Service, and the Central Secretariat Clerical Service who may be posted in the Office of the Director General, Posts and Telegraphs, no allocation of leave salary between the Posts and Telegraphs and the Civil Departments will be made and the actual leave salary charges will be borne by the Department which sanction the leave.

Note:—4. Periods of active service/training under Defence Department of Civilian Government servants who are reservists (other than officers) of the Army, Air Force Reserve, Indian Fleet Reserve, Air Defence Reserve, Indian Naval Reserve and Indian Naval Volunteer Reserve are treated as duty in the civil

post. No leave, salary contribution shall be payable by the Defence Department in respect of such periods of active service training.

*Note:—5. If an employee of the State Government during his deputation to the Central Government or at the end of it, surrenders, under the leave rules of the State Government, earned leave at his credit and in consideration thereof becomes entitled to additional remuneration representing cash value of the leave surrendered, the liability for the payment of the additional remuneration including house rent or compensatory allowance relatable to the cash value of the leave surrendered will devolve wholly on the State Government. The Central Government being the borrowing Government will continue to be liable for payment of only the duty pay and allowances.

*Note:—6. In the matter of leave earned from 1-10-1972 including the leave at credit on that date and availed of thereafter by the former Secretary of State Officers also, the procedure outlined in this paragraph will apply. (This will have effect from 1-10-1972.).

9A. There will be no allocation of leave salary with regard to deputations, from the Posts and Telegraphs and Railway Audit Offices to the Posts and Telegraphs and Railways Department and *vice versa* of Government servants governed by the leave rules in the Fundamental Rules, Similarly, no contribution for leave salary shall be recovered by the lending department for such deputations if the Government servant concerned is subject to the Central Government Revised Leave Rules, 1933.

Note:—In respect of transfers of members of the Indian Audit and Accounts Service and the Indian Railway Accounts Service under the scheme of exchange of officers between the Indian Audit and Accounts Department and the Indian Railway Accounts Department there shall be no allocation of leave salary/recovery of leave salary contributions as between the two Departments.

10. Notwithstanding anything contained in these rules the Government of Orissa will liquidate its 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 applied till 30th June, 1943, in respect of Officers of the Madras Government lent to the Government of Orissa.

*Insertion G.O. (P) 37/85/Fin. dated 29-7-1985.

11. Notwithstanding anything contained in these rules, the allocation of leave salary in respect of Meteorological Officers on deputation to the I.A.F. from the Indian Meteorological Department will be deferred till the reversion of the officer to his parent department. The Ministry of Defence will be responsible for the leave salary of the Government servant in respect of the leave earned during the period of deputation to the I.A.F.

III. Incidence of the Cost of Passages

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

For the purposes of these rules,.....and the 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 and lent by one Government to another, the borrowing Government will pay contributions in respect of his passages of lending Government at the rates specified below for the period of the 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 payable by the borrowing Government may be made at the end of the Government servant's service order 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 contribution applicable to the several classes of officers will be as follows:—

Civil Officers entitles to first class passages	₹ 50 per mensem.
Civil Officers entitled to second class passages	₹ 30 per mensem.
Army and Air Force Officers	At the rate prescribed in Appendix X, Defence Service 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 cadres 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 passage 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 passages 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

Except in regard to the apportionment of liabilities in respect of pensions of the serving and retired Government servants 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. * * * * *

2A. [Deleted]

3. For the purposes 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 or which was debited to a divided head before 1st April 1921 should be treated as service under the Central or State (Formerly Provincial) Government according as the head in question became Central or Provincial 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 contribution for pensions 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 or training during which the Government servant did not hold a sanctioned charge, period of such leave as commuted furlough, leave on average pay other than the first four months of each period of such leave and leave on less than average or full pay and in the case of Government servants governed by the Central Government's Revised Leave Rules, 1983, 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 editions (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 corresponding rules of a State Government. The effect 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 and 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 proceeding or following such leave.

5. In the case of pensions which are earned by total service including leave, the pensionary liability should, subject 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 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 payments 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 pension 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 pension 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 under one or more other Government 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 under 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 pensions of Government servant transferred from Burma to India before 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 purpose of this rule. The effect of ignoring such service will be that the pensionary liability for the service will be distributed among the other employing Governments in the same proportions as the liability for the rest of Government servant's service. The entire pensionary liability in cases 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 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 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.

Note:—In case where pensionary liability is required to be allocated between two or more Governments, only the net amount of Death-cum-Retirement Gratuity payable after deduction of the amount equivalent to two months, emoluments; in the case of an employee eligible for the benefits of the New

Family Pension Scheme, 1964, should be so allocated.

9. Special additional pension 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 pensions was earned was rendered. The allocation should be based on the total period of service in the lower and upper grades 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 pensions granted to a Government servant and the pensions granted to the family of a Government servant in the event of his death from wound or injury, sanctioned on or after the 1st April, 1921 will be debited to the Government under which the Government servant 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. In respect of pensions sanctioned on or after the 1st April 1921 for Government servants serving in the Irrigation Department, whether paid in India or out of India, the liability of the Central Government, in respect of services rendered prior to the 1st April 1921, should be fixed in each case in the proportion which the entire cost of the irrigation establishment debited to wholly Imperial heads bore to that debited to Provincial or divided heads, or in the case of Madras to the total Public Works Establishment charges; the proportion being determined on the average of the ten years preceding the 1st April 1921. This rule also applies to special additional pensions dealt with under Rule 9.

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) I (iii) or 8 (be) II of these rules between the State Government or Government concerned, the Central Government (Civil Estimates) 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 no 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 draw pay or leave salary for the period in question.

Note:—1. Pensionary charges of Central Civil Government servants (other than employees of Railways and P&T Departments) transferred to Military Service during the National Emergency, 1962 need not be allocated between the Civil and Defence Departments and the liability for pension of the Government servant in question relating to the period of Military Service during the National Emergency will be borne by the Civil Department.

Note:—2. Period of active service training under Defence Department of Civilian Government servants, who are reservists (other than officers) of the Army, Air Force Reserve, Indian Naval Reserve and Indian Naval Volunteer Reserve, are treated as duty in the civil post and no share of pensionary charges shall be debitable to Defence Estimates for such duty.

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.

13A. 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 debited against the Defence Estimates.

Similarly in the case of Civil Government servants holding higher temporary or officiating posts in the Defence Services to whom Article 487-5B of the Civil Service Regulations applies the extra pensionary liability should be debited against the Defence Estimates.

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

(a) In the case of officers and men, who rendered military service in the World War I and are allowed under Article 357-A C.S.R., 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 337-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 up to 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 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 staff of the Employment and Training Organisations between the Central and State Governments will be as follows:—

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

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

17. * * * * *

18. [Deleted]

19. The pensionary charges of Government servants who have rendered 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) Pension sanctioned on or after 3rd September 1929 should be distributed between the Railway Department and other departments of Governments under which the Government servants served in accordance with the principles laid down in Rules 8 (a) (iii) and 8 (b) I (iii) or 8(b) II.

Note:—Allocation of pensionary charges is to be made under the normal rules when an Officer of a Railway Audit Office is transferred to the Railways Department and *vice versa*.

No allocation of pensionary charges, is, however, necessary in the following cases of transfers under the 'Exchange Scheme'—

(i) Transfer (between Railway Audit and Railways Department) at the level of Assistant Audit Officers/members of the Subordinate Railway Audit Service.

(ii) Transfers of members of the Indian Audit and Accounts Service/Indian Railway Accounts service between the Indian Audit and Accounts Department and the Indian Railway Accounts Department.

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

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

II. Pension sanctioned between 1st April 1921 and 31st March (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 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 Post and Telegraphs Department) and under one or more other Governments—

(i) the proportionate share debitable to the State Government oras the case may be in accordance with Rule 3(b) I (iii) and 17 will be debited to the Government concerned;

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

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

Note:—Allocation of pensionary charges will be made under the normal rules when an Officer of a Posts and Telegraphs Audit Office is transferred to Posts and Telegraphs Department and *Vice Versa*.

III. Pensions sanctioned on or after 1st April 1935:

The pensionary charges will be distributed between the Post and Telegraphs Department and other Governments and Departments *mutatis mutandis* in accordance with the principles laid down in Rules 8 to 10, 12 to 14, 17 and 19.

21.	*	*	*	*	*
22.	*	*	*	*	*
23.	*	*	*	*	*

24. * * * * *

25. For the purpose of determining the share pensionary charges payable by two or more Governments, the service of the pensioner under the several Governments should be expressed in terms 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 rupees five, it should be neglected.

Local Ruling

“All shareable pensions sanctioned before 1st December 1966 will continue to be allocated if the share debitable to a particular Government is a rupee or more. The monetary limit of five rupees stipulated in the second sentence of the above rule will apply only in respect of the shareable pensions sanctioned on or after 1st December 1966”.

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 payment or lump or in instalments of the commuted value of a pension, in or accordance with any special arrangement which may be concerned between Government concerned. The system of lump sum adjustments 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 adjustment with the Government concerned should be made as pensions are paid with reference to the actual amounts paid.

27. In adjusting pensionary charges between two or more Governments by payment of commuted value, the tables of present values prescribed respectively by the late Secretary of State and by the late Governor-General in Council under Rule 7 of the Civil Pensions (Commutation) Rules and should be employed, unless the Governments concerned mutually agree to employ any other table.

(a) The table prescribed by the late Secretary of State should be used in the case of—

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

(ii) 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 late Governor-General in Council, should be used in the case of—

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

(ii) Officers of the Indian Army, Indian Medical Service and Indian Navy, Departmental and Warrant Officers (including military Sub-Assistant Surgeons), Non-Commissioned 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 period of service under State Governments or civil departments of the Central Governments, such other officers of the Defence Department whose pensions are governed by the Civil Service Regulations should be treated as civil officers for the purposes of clause (a) (i) and (b) (i) 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 to Defence, the adjustment being made as and when each case, arises. The procedure will have the effect of converting the Defence Department's share of the divisible pension into one relating Central (Civil) for Service Regulations should be treated as civil officers for the 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 divisible pension debitable to a State or to the Central Government (Civil) will be extinguished by credit of 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 the arrangement between the Central and State Governments concerned for the adjustment of pensions in which 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 the 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 Department will be debited with the capitalised value of the share of pension debitable 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, the Department will be credited with the capitalised value of the share of pension which is debitable to the other Departments according to the length of service principle, and the entire pension will then become a charge on the Posts and Telegraphs Department.

In cases where the pensions are divisible between the Posts and Telegraphs Department 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 capitalised 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 pension paid by the Commonwealth Relations Office, London, where the amount commuted is taken first in absorption or reduction of the share debitable to Defence Estimate.

Thus, if, out of a pension of ₹ 400 per month which is apportioned as follows:—

		₹
Government A	..	80

Government B	..	100
Government C	..	220

₹ 100 is commuted; the commutation will have the effect of extinguishing the share of ₹ 80 debitible to Government A and reducing from ₹ 100 to ₹ 80 the share debitible to Government B.

The capitalised 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 pensions have been reduced.

33. * * * * *

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 (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 pension 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. * * * * *

V. Incidence of charges for bonus in respect of Government 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 is 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 bonus contribution to the lending Government under such arrangement as may be settled between the two Governments concerned.

The recoveries from the borrowing Government shall be classified as reduction of charges under the Major Head "0071—Pensions and other retirement benefits".

In the case of 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* proviso (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.

VI. Incidence of Government Contribution to Indian Civil Service Family Pensions

[Deleted].

VII. Incidence of Government Contribution to the Indian Civil Service (Non-European Members) Provident Fund.

The contribution payable in each case under Rule 6 of the Indian Civil Service (Non-European Members) Provident Fund Rules should be apportioned among the Governments 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 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 the 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 provision III of Chapter XXXVIII of the Civil Service Regulations or the Superior Civil services (Extraordinary Pensions) Rules, 1936, or the Central Civil Services (Extraordinary Pensions) Rules, or under similar rules framed by the State Governments 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 a civil capacity or otherwise, are debitabale to the Defence Services Estimates.

C. OTHER CHARGES

VIII. Incidence of Expenditure Involved in Audit and Keeping Accounts

The following rules govern the incidence of expenditure in Audit and Accounts:—

(i) Under Article 149 of the Constitution and the provisions of paragraph 13 (1) of the Audit and Accounts Order, 1936 (hereinafter referred to in these rules as the order), 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 in the order. 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 the 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 a State Government requests the Comptroller and Auditor-General to arrange for a more detailed or a local audit of expenditure, transactions or accounts which relate to or form part of the accounts of 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 is 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 Central Government.

(v) The Comptroller and Auditor-General is not statutorily responsible for the audit of the accounts of local authorities (other than those in relation to the accounts of which specified duties have been entrusted to him by or under any law made by Parliament) 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 Comptroller and Auditor-General only a “consent” basis and on such terms and conditions as regards recovery of costs, 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) Where 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 the Comptroller and Auditor-General is conducted in addition with a view to safeguard Government interests and to ensure that the grants or loans by Government have been utilised 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 a 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 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 accounts 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 is part of the ordinary duties of a State Government and is therefore a responsibility of the State concerned. Thus, if the Comptroller and Auditor-General is asked to scrutinise 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 Alienation

State Government receive compensation from the Central Government for all grants of lands and assignments 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 Services 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 be debited to the Defence Services Estimates.

X. Incidence of the Cost of Police Functions on Railways including the cost of protecting Railway Bridges

Police functions in Railways are divided into three categories:

(a) Crime—for which Civil Governments are entirely responsible and the expenses of which these Governments have to pay;

(b) Order—for which Civil Governments are responsible but the expenses of which Railways 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 latter; 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 cost of protecting Railway Bridges:—

(1) Railway Bridges, in common with Railway goods and the 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 services of the military or 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 Government policy and the services is taken over by the Police, Defence Services or other public services 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 IX of the Survey of India Hand Book 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 the maintenance charges will be borne by the Central Government the other half being recovered as far as practicable from the Foreign Country, failing which the Foreign Country's share will also 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 10 of the Union List, subject to such recovery 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 disputes over, boundaries will be borne by the Central Government for the present.

*Substitution G.O. (P) 37/85/Fin. dated 29-7-1985.

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 the maintenance of the survey marks should be borne by the Government concerned.

D. RECEIPTS

XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign Service

Contributions 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.

2. Contributions towards leave salary and pension of military officers and others in permanent military employ including those in temporary civil employ should be adjusted in the Defence Service Accounts, while the contributions in respect of such offices 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.

**APPENDIX IV
(See Article 9)**

**AGREEMENT BETWEEN THE RAJPRAMUKH OF TRAVANCORE-COCHIN
AND THE RESERVE BANK OF INDIA**

An agreement made this thirtieth day of June one thousand nine hundred and fifty-two BETWEEN THE RAJPRAMUKH of TRAVANCORE-COCHIN of the one part and THE RESERVE BANK OF INDIA (hereinafter called 'the Bank') of the other part; WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India, Act, 1934 (being Act No. II of 1934) hereinafter called 'the Act' with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided by section

21-A of the Act, the said section having been inserted by act XXXII of 1951, that the Bank may by agreement with the Government of any part 'B' State undertake, (a) all its money, remittance, exchange and banking transactions in India including, in particular, the deposit, free of interest of all its cash balances with the Bank, and (b) the management of the public debt of and the issue of any new loans by the State.

2. Whereas the agreement contemplated by the Act is the agreement hereinafter set out; NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties here to as follows, that is to say:—

(1) This agreement shall come into force on the first day of July, 1952 or such later date as the Central Government may specify, and shall continue in operation in the first instance for three years, from the first day of July, 1952, or as the case may be from the date specified by the Central Government, and thereafter till determined in the manner hereinafter provided.

(2) The general banking business of the Government of Travancore-Cochin (hereinafter referred to as 'the Government') including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may, from time to time, be given to the Bank by the Government through any Government Officer or Officers authorised by the Government in that behalf and 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 and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient as the Government shall, from time to time, direct in the manner aforesaid.

3. (1) The Government shall employ the Bank as the sole banker in India of the Government who shall deposit, or cause to be deposited with the Bank or allow the Bank to received and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall, subject to such orders as may from time to time, be given by the Government in the manner aforesaid receive and hold for the Government all such moneys as may be or become payable to the Government or on its account

and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The bank shall make the said moneys at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the moneys for the time being held by the Bank.

(2) Nothing in sub-clause (1) shall prevent the Government—

(a) from carrying on money transactions at places where the Bank has no office, branch or agency; and

(b) with the prior approval of the Bank in writing and subject to such terms and conditions and for such period as may be agreed upon—

(i) from keeping a part of its cash balances with any other bank; and

(ii) from entrusting to any other bank the receipt, collection, payment and remittance of money on behalf of the Government at places where the Bank does not have an office, branch or agency.

(3) Any balances held by the Government in its custody at places where the Bank has no office, branch or agency shall not be in excess of the actual requirements of the Government at such places, and all such balances at such places as are in excess of such requirements shall be transferred to any place where the Bank has an office, branch or agency.

4. The management of the rupee, public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principle and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the bank at its offices in Bombay, Calcutta, Delhi and Madras and at any of its offices, branches and agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or

interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and the accounts in respect of the said public debt as the Government may, from time to time, direct and shall audit all payment of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct with agency subject to such orders and directions with regard to the general management thereof as may, from time to time, be given to the Bank by the Government:

Provided however that, as regards any public debt which is outstanding on the date when this agreement comes into force, the Government may, with the previous consent in writing of the Bank:

(a) conduct departmentally, in whole or in part, the management of such debt, or

(b) subject to such terms and conditions as may be approved by the Bank, entrust or continue to entrust, in whole or in part, the management of such debt to any other Bank or other agency.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balance free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and Bank from time to time.

Provided that if Government wishes to remit funds outside the area within its jurisdiction, except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to banks referred to as 'Scheduled Banks' in section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed thrice the amount of the minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause and provided further that the advances outstanding shall be fully paid off at intervals

not exceeding three months from the date of the initial advance.

7. The Government shall employ the Bank as its sole agent for investments by Government either of the Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1/16 percent in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The bank shall collect interest and maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half yearly a commission at the rate of ₹ 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz.—

(a) The amounts of loan discharged outstanding after one year from the date of a notice of discharge.

(b) The aggregate of the amount of stock certificates and of the amount in the Subsidiary General Ledger Account held by the Government and by each officer of the Government authorised in that behalf, provided that such holding by Government is ₹ 50,000 and upwards and by each such officer is ₹.50, 000 and upwards and provided also that the aggregate of all such holding by Government, and all such officers exceeds rupees one crore.

And in addition to the charge of ₹ 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of ₹ 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the appropriate authority for duplicate securities and for the renewal, consolidation, division or otherwise of all Government securities which the Bank issues:

Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause but shall be a matter for separate arrangement if the

management of such loans is entrusted to the Bank.

9. In addition to the above charges, and as remuneration for the issue of new loans, the Bank shall be entitled to charge to the Government:—

(a) a fee at the rate of ₹ 1,000 per crore of all new issues with a minimum of ₹ 1,000 in respect of each loan;

(b) renewal fees on the conversion applications, if the new loan involves conversion operation, at the rates that the Bank is entitled to charge the public for renewals;

(c) the total amount of brokerage actually payable (including brokerage for the Bank on their own application);

(d) the commission payable by the Bank to any agent of the Bank less the amount of turnover commission on Government transactions normally payable to such agent; and

(e) the Bank's out of pocket expenses for advertising, telegrams, telephone calls, etc.

10. The Bank shall maintain currency chests of its Issue Department at such places within the State Travancore-Cochin as the Government may, with the previous sanction of the Central Government prescribed and the Government shall provide sufficient accommodation for such chests as may be require for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may, from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and corrections of coins or notes at the time of deposit in or withdrawal from the said chests. The bank may, with the previous sanction of the Central Government, close any currency chest maintained by it in pursuance of this clause.

11. The Bank shall not be at liberty to close any of its offices or branches except on days which are or are declared to be under, the Negotiable Instruments Act (Act XXVI of 1881) public holidays subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

12. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debts aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government security shall rest with and the borne by the Bank, provided however that it shall not be incumbent on the Bank to verify signatures, and endorsements on Government securities which prima facie appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto; PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, drafts, bills and other documents, whether negotiable or not, in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies or its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to any ordinary customer.

13. The Bank shall remit on account of the Government between India and London such amounts as may be required by it, from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if any large transfer has to be effected in connection with any unusual operation and if it is considered by either party to be in appropriate to apply the rate of a single day an average rate based on a longer period may be fixed by agreement between the two parties.

14. This agreement may be determined by either party giving to the other party one year's notice in writing expiring with the end of a year of the currency of the agreement , such notice if given by or on behalf of the Government to be

addressed to the Governor of the Bank and to be served by leaving the same with the Central Office of the Bank or addressing the same to with the Central Office of the Bank by registered post and if given by the Bank to be served by leaving the same with, or addressing the same by registered post to, the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination:

Provided that no such notice shall be given before the expiry of two years from the date on which this agreement comes into force.

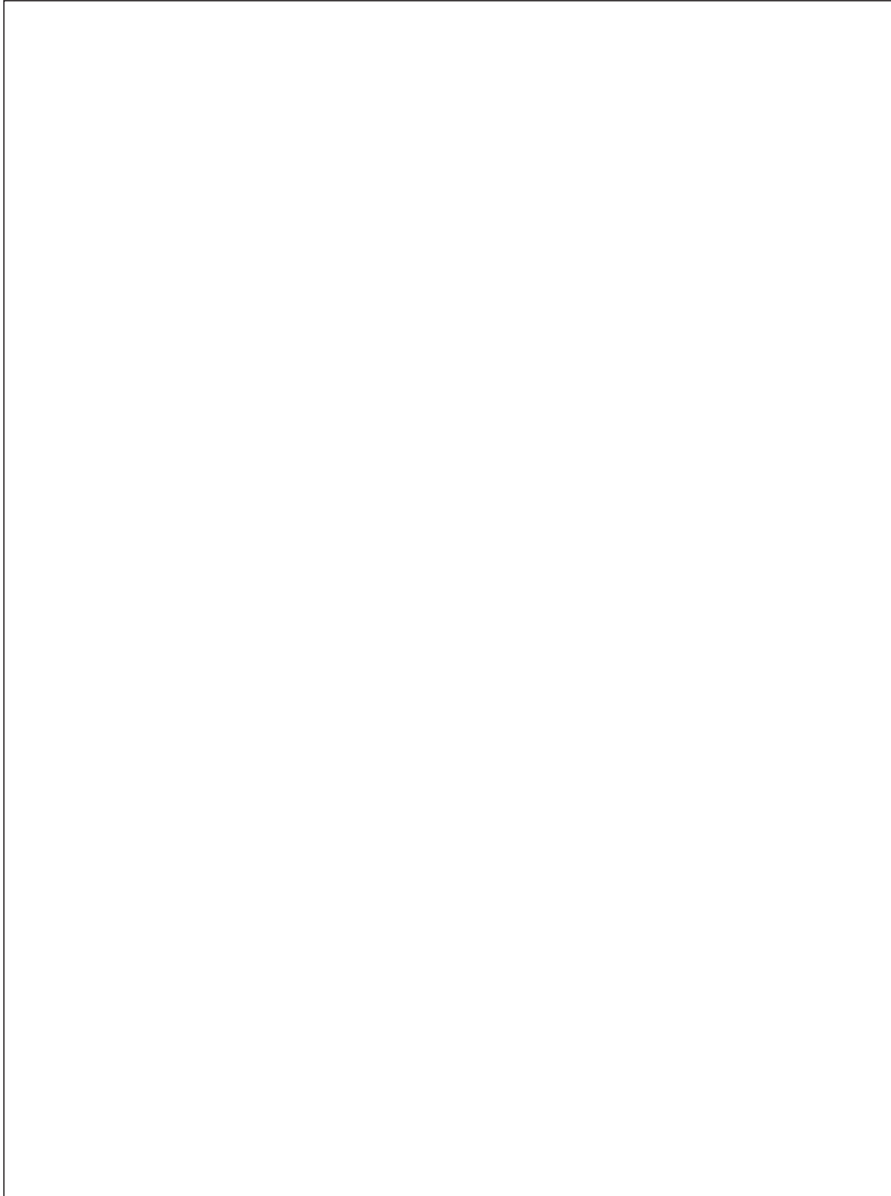
15. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement be referred to the Central Government whose decision shall be final and binding as between the parties hereto.

16. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

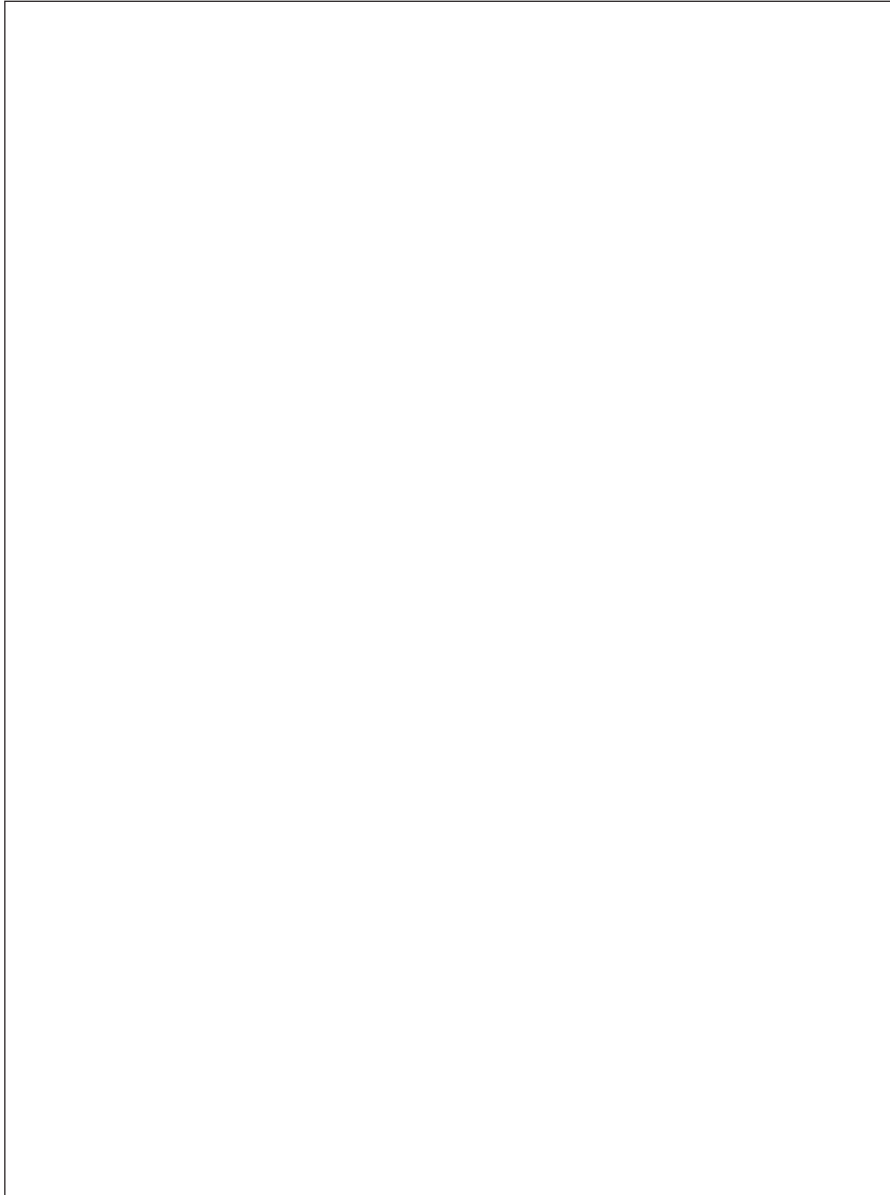
17. The Bank shall be entitled to perform all or any of the matter contained in or any amendment thereof or as may be agreed to by the parties hereto.

Note:—The above agreement should be deemed to have effect as if it were an agreement made on the 1st day of November, 1956, under section 21-A between the Bank and the Government of Kerala [vide section 21-B of the Reserve Bank of India Act, 1934 (Act 2 of 1934)], as inserted by section 104 of the States Reorganisation Act, 1956 (Central Act 37 of 1956).

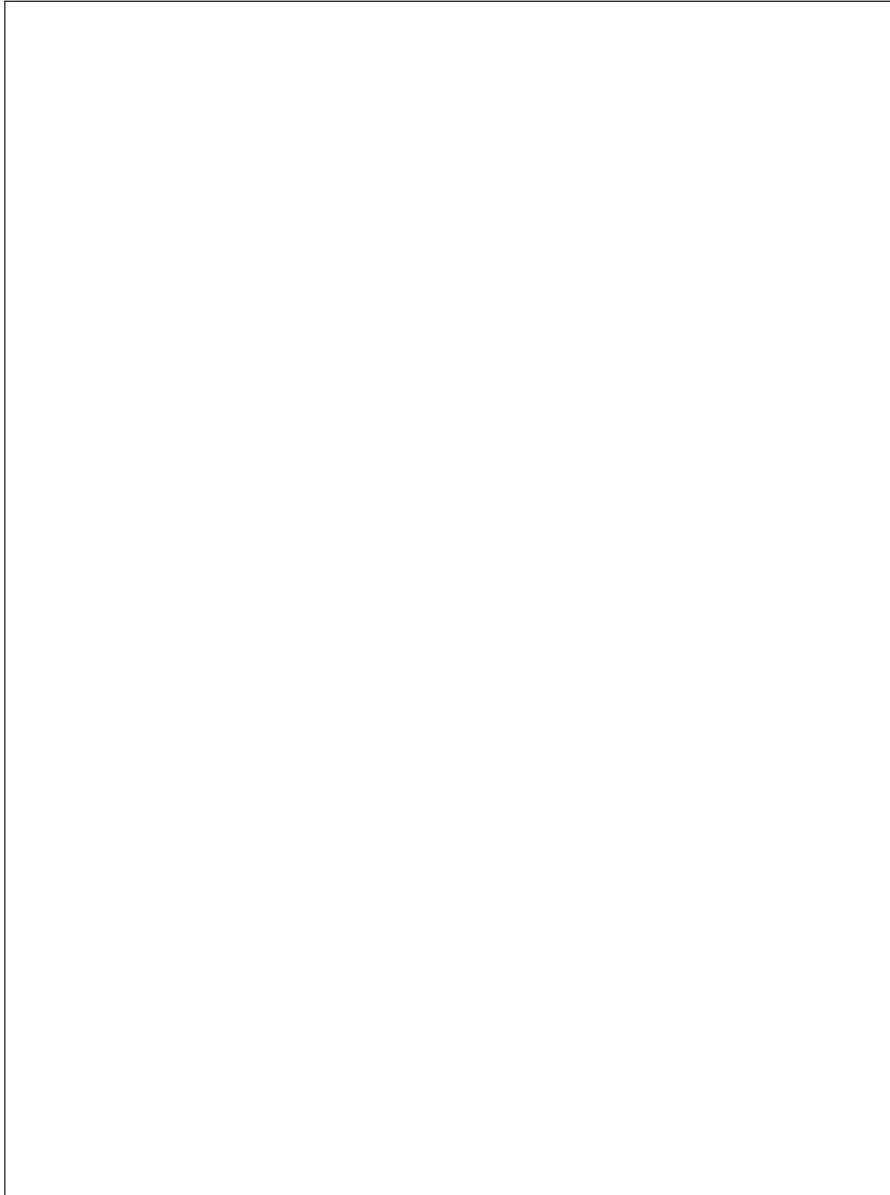
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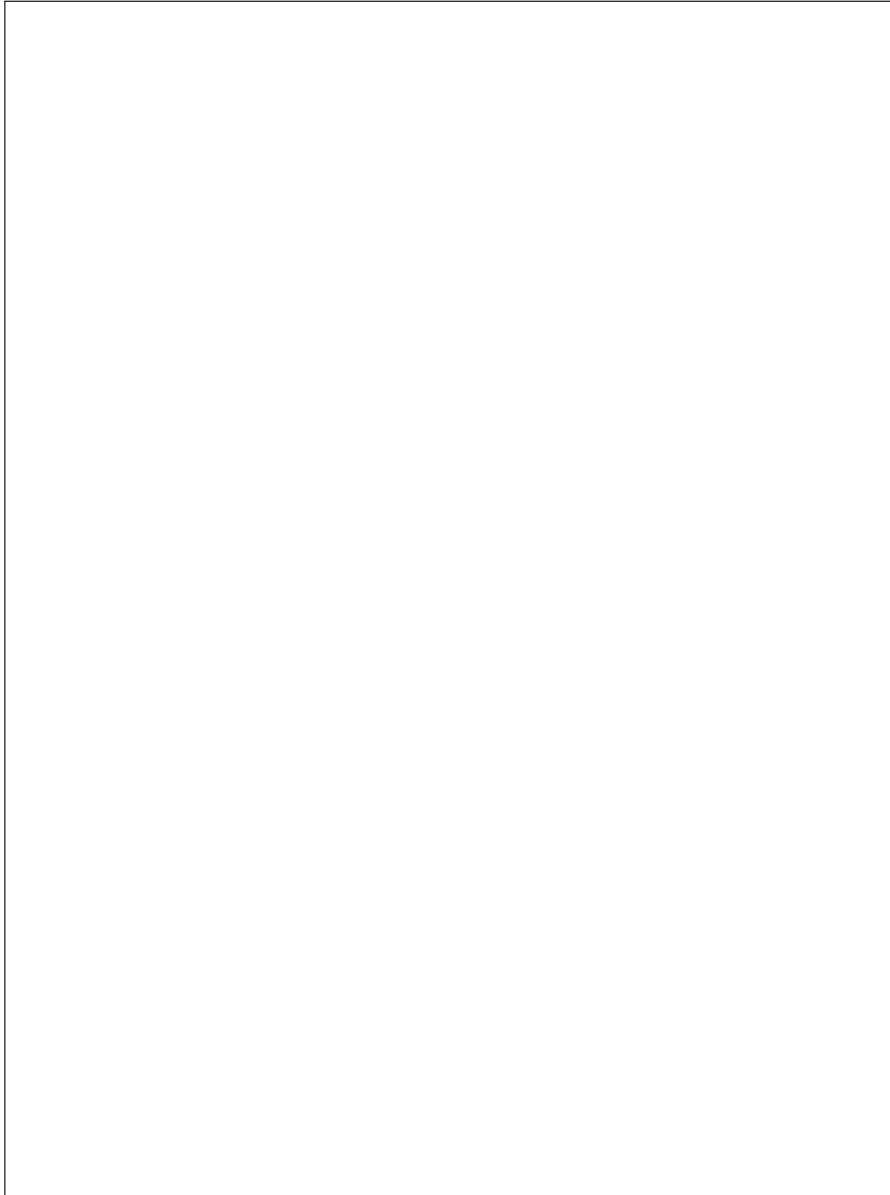
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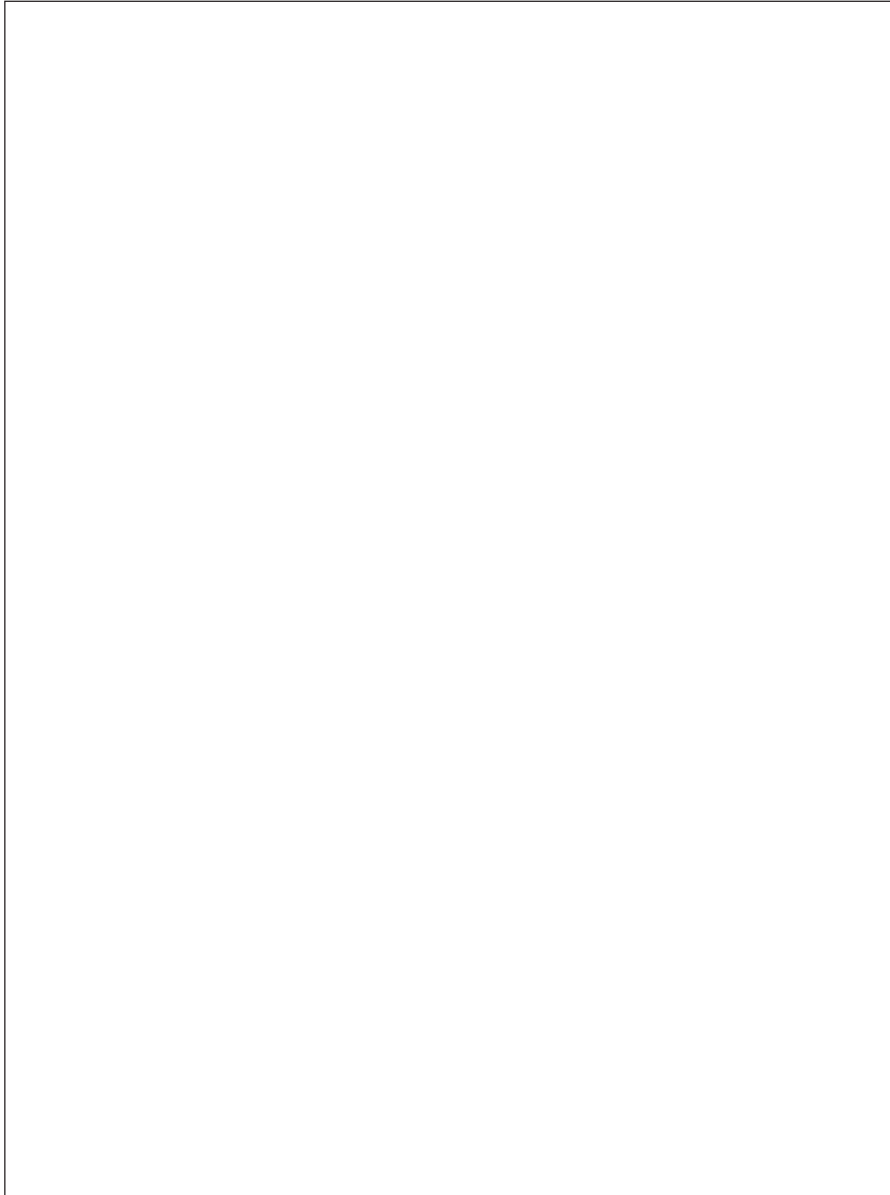
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