



CHAPTER 3

BASIC STRUCTURE OF THE FORM OF ACCOUNTS

20. Period of Accounts The annual accounts of the Central, State and Union Territory Governments shall record transactions which take place during a financial year running from 1st April to 31st March.

NOTE: - The Government accounts of a year may be kept open for a certain period in the following year for completion of the various accounting processes inter alia in respect of the transactions of March, for carrying out certain inter-departmental adjustments, and for closing the accounts of several Provident Funds and Suspense heads. Adjustments may also be made after the close of the year for the rectification of mispostings and misclassifications coming to notice after the 31st March. An actual cash 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.

21. Cash basis of Accounts With the exception of such book adjustments as may be authorised by these rules or by any general or special orders issued by the Central Government on the advice of the Comptroller and Auditor General of India, 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.

22. Currency in which Accounts are kept The accounts of Government shall be maintained in Indian currency i.e. rupees. All transactions of the Central and State Governments taking place in other countries shall be passed on monthly by the Indian Embassies/Missions to India and brought to account finally in the Indian books after they have been converted into rupees.

23. Form of Accounts - Main Divisions of Accounts

Government accounts shall be kept in the following three parts:-

Part I Consolidated Fund	of India (including Union Territory Administration or of the State or Union Territory Government concerned.
Part II Contingency Fund	
Part III Public Account	of India (including Union Territory Administration/Government) or of the State concerned.

NOTE: - There being no separate Public Account in the case of Union Territory Governments, the transactions pertaining to this account shall be booked in the Public Account of the Central Government.

In part I, namely Consolidated Fund, of the accounts, there shall be two main divisions, namely:—

- (i) Revenue Consisting of sections for 'Receipt heads (Revenue Account)' and 'Expenditure heads (Revenue Account)'.
 - (ii) Capital, Public Debt, Loans consisting of sections for 'Receipt heads (Capital Account)', 'Expenditure heads (Capital Account)', and 'Public Debt', 'Loans', and 'Advances'.

The first division shall comprise the section Receipt heads (Revenue Account) dealing with the proceeds of taxation and other receipt classed as revenue, and the Section 'Expenditure heads (Revenue Account)' dealing with expenditure met therefrom.

The second division shall comprise the following sections:—

- (a) The Section 'Receipt heads (Capital Account)' which deals with receipts of a Capital nature which cannot be applied as a set off to Capital Expenditure.
- (b) The Section 'Expenditure heads (Capital Account)' which deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent

character. It also includes receipts of a Capital nature intended to be applied as set off to Capital expenditure.

- (c) The Section 'Public Debt' Loans and Advances, which comprise, of loans raised and their repayments by Government such as, Internal Debt, External Debt of the Central Government, and loans and Advances made by Governments and their recoveries; transactions relating to 'Appropriation to Contingency Fund' and 'Inter-State Settlement';

In Part II, namely Contingency Fund, 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 Government under Article 267 of the Constitution/ Section 48 of the Union Territories Act, 1963.

In Part III, namely Public Account, 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 such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. 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.

24. Sectors and Sub-sectors of Accounts

- (a) Within each of the Divisions and sections of the Consolidated Fund referred to in rule 23, the transactions shall be grouped into Sectors such as, "General Services", "Social Services", "Economic Services", under which specific functions or services shall be grouped. The Sectors shall be sub-divided into Major Heads of Account, in some cases the Sectors are, in addition, sub-divided into sub-sectors before their division into Major Heads of Account. Each Sector in a section shall be distinguished by a letter of the Alphabet.
- (b) In Part II—Contingency Fund, there shall be a single Major Head and all the transactions met out of the Contingency Fund shall be recorded under it.
- (c) In the case of Part III—Public Account, the transactions shall be grouped into sectors and sub-sectors, which shall be further sub-divided into Major Heads of Account. The Sectors/Sub-Sectors shall be distinguished by letters of the alphabet.

25. Allotment of Code to each Major Head and range of Code Numbers

A four digit Code has been allotted to the Major Head, the first digit indicating whether the Major Head is a Receipts Head or Revenue Expenditure Head, or Capital Expenditure Head or Loans and Advances. Head or it pertains to Public Account, if the first digit is '0' or '1', the Head of Account will represent Revenue Receipt; '2' or '3' will represent Revenue Expenditure; '4' or '5' Capital Expenditure; '6' or '7' Loans and Advances Head; (4000 for Capital Receipt) and '8' will represent Contingency Fund and Public Account—(8000 for Contingency Fund).

Adding 2 to the first digit of the Revenue Receipt will give the Code Number allotted to corresponding Revenue Expenditure Head; adding another 2—the Capital Expenditure Head and another 2—the Loans and Advances Head of Accounts; e.g.

0401 represents the Receipt Head for Crop Husbandry
2401 represents the Revenue Expenditure Head for Crop Husbandry
4401 represents the Capital Outlay on Crop Husbandry
6401 represents Loans for Crop Husbandry.

Such a pattern is however, not relevant for those departments which are not operating Capital/Loan Head of accounts e.g. Department of Supply. In a few cases, however, where receipt/expenditure is not heavy, certain Major Heads have been combined under and single number, the Major Heads themselves forming sub-major heads under that number.

The range of code numbers allotted under the scheme of codification is shown below: -

	Major Head Code Nos.
Part I - Consolidated Fund	
Section I Receipt Heads (Revenue Account)	0020-1999
Expenditure Heads (Revenue Account)	2011-3999
Section II - Receipt Head (Capital Account)	4000
Expenditure Heads (Capital Account)	4046-5999
Section III Public Debt, Loans & Advances	6001-7999
Part II - Contingency Fund	8000
Part III - Public Account	8001-8995