

## Chapter 2 - GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS

### 7. Agreements of the Central Government with the Reserve Bank

The Central Government has entered into an agreement with the Reserve Bank of India by virtue of which the general banking business of the Government (in which business is included the receipt, collection, payment and remittance of moneys on behalf of the Government) is carried on and transacted by the Reserve Bank in accordance with and subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934, and also in accordance with and subject to such orders as may, from time to time be given to the Reserve Bank by the Central Government.

### 8. Account of the Central Government with the Bank

(1) Ministries and Departments of the Central Government shall, as a rule, operate on such offices and branches of the Reserve Bank and or of the bank, as have been, or may be nominated for handling the receipt and payment transactions of the particular Ministry or Department.

(2) Each office or branch of the Reserve Bank or bank handling transactions of the Ministries, Departments of the Central Government shall maintain separate accounts in respect of each Ministry and Department banking with it and render an account of the transactions to the Pay and Accounts Officer of the concerned Ministry and, or Department, at such intervals as may be prescribed by the Government, together with all the supporting challans, paid cheques. These transactions shall also be routed through the banking channel prescribed by the Reserve Bank of India, to facilitate their incorporation in the books of the Reserve Bank of India, Central Accounts Section, at Nagpur which is responsible for keeping a complete account, of receipt and payments (including inter-Governmental adjustments and adjustments *inter se* of Defence, Railways and Posts—other than Telecommunications) on account of the Central Government.

(3) The transactions of Railways, Posts, Telecommunications and Defence Department arising at offices and branches of the Reserve Bank and State Bank of India, acting as agent of the Reserve Bank shall be distinguished from other Central transactions in the initial accounts and classified separately for each Railways, each circle of Posts, each Accounts Officer of Telecommunication, and each Controller of Defence Accounts respectively. These transactions will be taken against the Railway Fund, Postal Account, Telecommunication Account and Defence Account respectively, in the books of the Reserve Bank. Each office and branch of the Reserve Bank entrusted with the work shall furnish to Accounts Officer concerned of the Railways, Postal, Telecommunications and Defence Department, as the case may be, daily scrolls relating to the transactions pertaining to each, together with the requisite challans, paid cheques.

NOTE:- A statement of the closing balance of the Central Government shall be sent each month, by the Central Accounts Section of the Reserve Bank to the Controller General of Accounts, indicating:-

- (i) Central Government Account Balance (in respect of Union Territory Administrations dealt with by Accountants General and of all Union Territory Governments with Legislature). [\[Refer Correction Slip 1\]](#)
- (ii) Railway Fund Balance
- (iii) Postal Account Balance
- (iv) Telecommunication Account Balance
- (v) Defence Account Balance
- (vi) Departmentalised Ministries' Account Balance (which also includes transactions of Union Territories of Delhi and Andaman and Nicobar Islands whose accounts have been separated)
- (vii) Total

The Central Accounts Section of Reserve Bank shall maintain individual accounts of various Central Government Ministries, Departments and of Union Territory Administrations having separated accounts offices, and send a monthly statement to their Principal Accounts Offices with such supporting details as may be prescribed by the Reserve Bank in consultation with the Controller General of Accounts; in respect of (i) above to the concerned Accountants General (with break up of balances/transactions relating to Central Government and relating to relevant Union Territory Administrations) and Accounts Offices of Union Territory Governments; and in respect of (ii), (iii), (iv), (v) above, to the Railway Board, Postal Board, Telecommunications Board and Controller General of Defence Accounts respectively.

## **9. Accounts of State Governments with the bank**

Each State Government has made a separate agreement with the Reserve Bank of India by virtue of which the general banking business of that Government (in which business is included, the receipt, collection, payment and remittance of moneys on behalf of that Government) is carried on and transacted by the Reserve Bank, in accordance with and subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934, and in accordance with and subject to such orders as may from time to time be given to the Reserve Bank by the State Government. The operations of each State shall, however, be confined to the offices and branches of the Reserve Bank of India and of the bank which have been designated as falling within the area of that particular State. The receipt and payment of moneys on behalf of a State outside its jurisdiction shall ordinarily be arranged through the Accountant General of the State in which the transactions take place.

**NOTE:-** The Governments of Jammu and Kashmir and Sikkim have not so far entered into agreement with the Reserve Bank of India for the conduct of their general banking business by the Reserve Bank.

10. Each office or branch of the Reserve Bank, or the State Bank of India acting as agent of the Reserve Bank, shall keep a separate account of cash transactions undertaken by it on behalf 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 and transactions of other State Governments shall also be taken to the account of the Government of the State in which they occur. Statement of these transactions together with all supporting vouchers, challans, paid cheques etc. shall be forwarded by each office and branch of the Bank daily to the local Treasury Officer or to the Accountant General as the case may be. The transactions shall also be reported to Central Accounts Section, Reserve Bank of India, Nagpur.

**NOTE:-** With effect from 1st February, 1978 transactions on account of discharge value of, and periodical interest on securities of State Governments, as well as receipts on account of subscriptions against market loans floated by State Governments are taken by the officers of the Reserve Bank of India directly against the cash balance of the State Government concerned with the Central Accounts Section of the Reserve Bank of India, Nagpur.

11. Complete accounts of the Central Government and of each of the State Government with the Bank shall be maintained by the Central Accounts Section of the Reserve Bank at Nagpur which shall also act as a general clearing house for the adjustment of (i) all transactions between different State Governments and (ii) such transactions between the Central and State Governments as may be specified by the Central Government. All adjustments to be made between the accounts of different State Governments as well as all payments which one of these Governments has to make to another shall be advised by the Accountant General authorised 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 its books. Similarly, such adjustments in the case of specified transactions between the Central Government and the State Governments as well as transactions between Defence, Posts, Telecommunications and Railways *inter se* will be advised to the Central Accounts Section of the Reserve Bank by the Accountant General authorised in this behalf for making monetary settlement in the accounts of the Government concerned maintained in the books of the Bank. However, the advices to be sent by the Accountant General to the Central Accounts Section, Reserve Bank of India, Nagpur debiting to Central Government balances shall be supported by a certificate to the effect that "this advice represents withdrawal of an earlier erroneous credit to the Central Government and does not represent withdrawal of payments already made which were due to the Central Government and that necessary details are being furnished to the Principal Accounts Officer of the Central Government concerned." Details of transfers affected in its books against the balance of the State Government or of the Central Government (and between accounts of Defence, Posts, Telecommunications and Railways *inter se*) as the

case may be, on account of adjustments advised by Accounts Officers authorised for the purpose, shall be communicated by the Central Accounts Section of the Bank to the originating as well as to the effected Accounts Officers or Accounts Officer of the concerned Ministry/ Department of the Central Government at the close of each day. At the close of the accounts of each month, a statement of closing balance of each State Government in the books of the Bank after taking into accounts all cash transactions in all the offices, branches and agencies of the Bank and the adjusting transactions in its own books shall be forwarded by the Central Accounts Section to the Accounts Officer concerned.

Similarly, a statement of the closing balance of the Central Government comprising:-

- (i) Central Government Account Balance (in respect of Central transactions of Accounts Officers and separated accounts of Union Territories only).
- (ii) Railway Fund Balance.
- (iii) Postal Account Balance.
- (iv) Telecommunication Account Balance.
- (v) Defence Account Balance.
- (vi) Departmentalised Ministries Account Balance
- (vii) Total

shall be sent to the Controller General of Accounts. Besides, the Central Accounts Section of Reserve Bank of India shall maintain individual accounts of all the Central Government Ministries /Departments as well as accounts of Railways Fund, Posts, Telecommunications and Defence and send a monthly statement to the Controllers of Accounts, Railway Board, Postal Board, Telecommunications Commission and Controller General of Defence Accounts. To keep the transactions under departmentalised system distinct from other Central transactions, the Central Accounts Section of Reserve Bank of India shall maintain a separate proforma account styled "Departmentalised Ministries Account".

**NOTE:-** The Central Accounts Section of the Reserve Bank shall maintain individual account for each Ministry/Department of the Central Government. In respect of Accountant General having separate Central Section of Accounts in their books and of Accountant General accredited with Union Territory Governments/Administrations, the Central Accounts Sections of the Reserve Bank of India, Nagpur shall send a statement of closing balance of each such account to the concerned Accountant General, Principal Accounts Officer of the Ministry/Department and the Accountant General of Union Territory Government/ Administration, at the close of each month's account with such supporting details as may be prescribed by the Reserve Bank of India, in consultation with the Controller General of Accounts.

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

12. Cash balances held in the treasuries of the Central Government form part of the Consolidated Fund, Contingency Fund and the Public Account of India. Such treasuries exist in those Union Territories whose accounts have not been separated from audit and continue to be compiled by the Comptroller and Auditor General of India. Transactions on behalf of State Governments arising in these treasuries shall be classified in the treasury accounts under the head "8658 - Suspense Accounts - Suspense Accounts (Civil) - Accounts with Accountant General and settled in cash by exchange of cheques/demand drafts as the case may be.

[\[Refer Correction Slip 1\]](#)

**NOTE:-** At present the settlement of the transactions by exchange of cheques/demand drafts is resorted to in cases where the transactions taking place in a Union Territory accredited to an Accountant General are adjustable against the cash balances of a State, whose accounts are maintained by another Accountant General. These transactions are initially taken in the Central Section of accounts under the head '8685 Suspense Accounts - Cash Settlement Suspense Account'.

### **Transactions of the other Governments, including Central Government 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, provide that moneys may be received and payments made on behalf of other State Governments, by a State Treasury. Similarly, moneys may be received and payments made by such treasuries on behalf of the Central Government in the case of certain specified transactions. All such receipts and payments on behalf of other State Governments and the Central Government vide (b) infra shall be taken in the first instance against the cash balance of the State concerned. On receipt of intimation of such transactions through the monthly treasury account or otherwise the Accountant General shall take the following action:- [{Refer Correction Slip 1}](#)

(a) In the case of transactions pertaining to the other State Governments, the Accountant General shall make the requisite adjustments through the Central Accounts Section of the Reserve Bank against the balances of the other State Governments concerned.

NOTE (i): This procedure shall also be applicable to moneys 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 Government.

NOTE (ii): As the general banking business of the State Government of Jammu and Kashmir is at present, not conducted by the Reserve bank of India, the settlement of transactions between the State Government and other States the Centre / is effected in cash or by demand drafts in accordance with the instructions contained in separate orders.

(b) In the case of such transactions of the Central Government, including Railways / Postal / Defence Departments at State treasuries (both banking and non-banking), these shall be accounted for by the treasuries in the State Section of Treasury Account under the head 'PAO Suspense - Transactions adjustable by PAO Ministry / Department of .....' below the Major head '8658 - Suspense Accounts' for necessary cash settlement by the State Accountant General with the Pay and Accounts Office. [{Refer Correction Slip 1}](#)

## 14. Broad outlines of the accounts - feeder-network and system of accounts of the Central Government and Union Territory Administrations.

The broad outlines are as follows:-

(a) All receipts in India on behalf of the Central Government (other than those of Union Territory Administrations which are having the treasury system) shall be paid into the bank. Drawals in India on behalf of the Central Government from the bank shall be made by cheques drawn thereon. These shall be accounted for by the bank as receipts and payments on behalf of the concerned Ministry and/or Department of the Central Government. In support of receipt and payment transactions at the bank, daily receipt and payment scrolls supported respectively by challans and paid cheques shall be sent by the bank to the Accounts Officer of the Ministry or Department concerned.

(b) At present, some miscellaneous receipt and payment transactions (viz. payment of interest, repayment of principal on discharge of Central Government Securities and pensions including pensions to freedom-fighters) take place at State treasuries. Such transactions shall be accounted for by the treasuries in the State Section of Treasury accounts under the head "PAO Suspense - Transactions adjustable by PAO Ministry/ Department of ..... " below the major head '8658 - Suspense Accounts' for necessary cash settlement by the State Accountant General with the concerned Pay and Accounts Office. [{Refer Correction Slip 1}](#)

Note 1: In respect of payments pertaining to Central Government Securities, Principal Accounts Office, Department of Economic Affairs, New Delhi will bear the debits.

Note 2: In respect of Central (Civil) Pensions including High Court Judges and Freedom Fighters, the debits will be raised against the PAO in the Central Pension Accounting Office.

(c) Officers of the Civil Ministries, Departments of the Central Government (including drawing and disbursing officers with cheque drawing powers) who are allowed to pay their receipts in the Consolidated Fund or the Public Account or withdraw moneys in lump for expenditure therefrom or from the Contingency Fund, shall submit detailed 'accounts' of their transactions to their respective Accounts Officers. Some specified Departmental Officers (e.g. CPWD Divisions, Forest Divisions) may be required to render to the Account Officers compiled accounts with suitable abstracts of their transactions classified under prescribed heads of accounts.

NOTE:- The 'accounts' referred to in this clause do not relate to the accounts maintained by Government servants in respect of expenditure incurred from permanent advance (i.e. cash imprests).

(d) From the accounts received from the bank and departmental officers, and from the book adjustments initiated in an Accounts Office, a Classified Abstract shall be compiled by the Pay and Accounts Officer showing the monthly receipts and payments pertaining to the Ministry, Department or Union Territory Administration under his payment control, classified under the relevant major, minor, sub and detailed heads. From the classified Abstract, a Consolidated Abstract showing the progressive totals month by month under major, minor, sub and detailed heads of accounts will be compiled.

(e) The Pay and Accounts Officer will send to his principal Accounts Office in the Ministry, Department or Union Territory Administration a monthly compiled account showing the receipts and payments under major, minor, sub and detailed heads of account (including debt, deposit and remittance heads of accounts), for enabling a consolidated account of the Ministry/Department or Union Territory Administration as a whole being prepared.

(f) In respect of Central transactions taking place at Central treasuries in Union Territories whose accounts are at present maintained by State Accountants General, each State Accountants General shall, [vide rule 15 (h) infra] send to the Controller General of Accounts, a monthly account showing the receipts and payments under major, minor, sub and detailed heads of account. [{Refer Correction Slip 1}](#)

From the compiled accounts received from (a) Principal Accounts Offices of Ministries/Departments (b) Accountants General, and (c) separated accounts organisations of Union Territory Governments/Administrations, the Controller General of Accounts shall prepare a Consolidated Account of the Central (Civil) transactions as a whole.

(g) The cash balance of the Central Government in the books of the Controller General of Accounts, at the close of each month will be reconciled with the statements of closing cash balance received from the Central Accounts Section of the Reserve Bank.

(h) Departmental Officers of Posts, Telecommunications and Railway Departments submit accounts of their transactions to the respective Posts, Telecommunications and Railway Accounts Officers. Posts, Telecommunications and Railway Accounts Officers render their monthly accounts to the Postal Board, Telecommunication Board and the Railway Board respectively, who, in turn consolidate the accounts for their respective Departments as a whole. Consolidation of accounts of Defence Department as a whole is arranged by the Controller General of Defence Accounts from the accounts submitted by various Controllers of Defence Accounts functioning under him.

(i) A copy of the monthly account (Civil) shall be submitted to the Central Government in the Ministry of Finance (Department of Economic Affairs) by the Controller General of Accounts. Postal Board, Tele communication Board. Railway Board and Controller General of Defence Accounts will submit the Consolidated monthly accounts of their respective departments separately to the Central Government.

(j) Principal Accounts Offices of the Ministries/Departments, separated accounts organisations of Union Territory Governments/Administrations and State Accountants General keeping



accounts of Union Territories [vide rule 15(i) infra) shall work out during the year the progressive figures, of Central transactions in their books. On closing the account for March Supplementary, a progressive account of Central transactions will be furnished by them to the Controller General of Accounts. The Consolidated Annual Accounts of the Posts, Telecommunications, Railways and Defence Departments, shall also be prepared and submitted by the Postal Board, Telecommunication Board, Railway Board and the Controller General of Defence Accounts to the Controller General of Accounts, to enable him to prepare accounts relating to the annual receipts and disbursements for the purpose of the Central Government. [{Refer Correction Slip 1}](#)

Note: - The Principal Director of Audit, Central, Calcutta and the Principal Accountant General (A&E) West Bengal will continue to maintain the Central Section of Account till the switch over of pension payment from treasury counter to Public Sector Bank is completed. [{Refer Correction Slip 1}](#)

## **15. Broad outlines of the accounts - feeder-network and system of accounts of State Governments and of the Union Territory Governments.**

The broad outlines are indicated below:—

(a) All receipts in India on behalf of each State Government and on behalf of each Union Territory shall be paid into its Treasury or the bank, and initial accounts of such receipts shall be maintained at the treasury, keeping in view the provisions of the next clause.

(b) Receipts realised in the Public Works, Forest and any other departments which may be authorised in this behalf shall be paid into a treasury or the bank in lump and accounted for at the treasury merely as receipts on behalf of such departments. The detailed accounts of such receipts shall be kept by the departmental officers concerned.

(c) Payments in India on behalf of the State Governments and on behalf of the Union Territories shall ordinarily be made either at its treasury or the bank, but some departmental officers may be authorised to withdraw sums in lump from treasury or the bank for making payments. In the former case, the initial 'accounts' of payments shall be kept at the treasury, and in the latter case, such 'accounts' shall be maintained by the departmental officer concerned.

The 'accounts' referred to in this clause do not relate to the accounts maintained by Government servant in respect of expenditure incurred from permanent advances (i.e. cash imprests).

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 will submit detailed accounts of their transactions to their respective Accountant General. Some specified Departmental Officers may be required to render to the Accountant General compiled accounts with suitable abstracts of their transactions classified under prescribed heads of accounts.

(d) At the beginning of each month, each Accountant General will receive from the treasuries under his Jurisdiction monthly accounts supported by the requisite schedules, vouchers, in respect of the transactions which took place in the treasury during the previous month. Each State or Central treasury, which renders accounts to a State Accountant General will submit a double set of accounts, one for transactions of the State Government and the other for transactions of the Central Government.

(e) From the accounts furnished by treasuries and Civil Departmental Officers, referred to in clauses (b) and (c) above, Departmental Classified Abstracts will be 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 will be 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 Accounts Officer by another Accounts Officer as well as all book adjustments against a departmental or other major head which are initiated in the Accounts Office itself will also be 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 will be compiled. Separate Consolidated Abstracts will be maintained for each department or major head of account or for a group of departments or major heads of accounts as may be found convenient.

The Departmental Classified Abstracts and the Departmental Consolidated Abstracts for the Central transactions will be compiled separately from those for departments of the State Government.

(f) The transactions relating to Debt, Deposit and Remittance heads appearing in the Treasury Cash Accounts and Lists of Payments and in the Departmental and other Abstracts will be 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, Remittance, Suspense transactions will be prepared showing the progressive totals month by month under each major head in the "Public Debt", "Loans and Advances", sectors of the Consolidated Fund and those in the Public Account. This abstract will also show the progressive totals under such minor, sub and detailed heads as may be found necessary. Separate Detail Books and Consolidated Abstracts will be maintained for Central and State transactions.

(g) The final stage of compilation will be 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 the Consolidated Abstracts for State and Centre respectively will also be compiled the monthly and the annual accounts of the State Governments and of Union Territory Governments with legislature and material for the annual accounts of the Central Government and of Union Territory Administrations.

The cash balance of the State Government in the books of the Accountants General at the close of each month will then be reconciled with the balances shown in the Cash Accounts rendered by Treasury Officers and with the statements of closing balance received from the Central Accounts Section of the Reserve Bank. Reconciliation of figures under the head "8675—Deposits with Reserve Bank" in respect of transactions of the Central Government/Union Territory Governments and Administrations arising in their books will be effected by the Accountants General.

(h) A copy of the monthly account of each State Government, will be submitted to it by the Accountant General concerned. A copy of the monthly account of transactions finally adjusted in their books in respect of Union Territory Administrations, relevant portion relating to a Union Territory Government, and of Central Government Civil pensions will be rendered by the Accountant General to the Controller General of Accounts, *vide* Rule 14 (f) above.

(i) Each Accountant General will work out the progressive figures during the year of the Central and State accounts with which he is concerned. On closing the accounts for March (Supplementary), a progressive account of transactions and accounts relating to annual receipts and disbursements of State/Union Territory Governments with legislature will be furnished by him to the State Government/Union Territory Government. A progressive account of the transactions of the Union Territory Administrations and relevant transactions of Union Territory Governments for which budget provision is made in the composite Grants of the Central Government and transactions under the Public Account will be sent by the Accountants General to the Controller General of Accounts, *vide* rule 14 (j) above.

## **16. Accounts between different Accounts offices of the Central Government**

(1) Subject to any general or special orders issued by the Central Government, transactions appearing in the books of an Accounts Officer in a Ministry /Department of the Central Government (including Railway, Defence, Posts and Telecommunications) which are adjustable in the books of an Accounts Officer of another Ministry/Department shall be passed on to the latter for adjustment and settled by cheque or bank draft.

NOTE:- The undermentioned transactions between Central Civil on the one hand and Defence Department, Posts, Telecommunications and Railway Department on the other hand, will however, continue to be settled through the Central Accounts Section of the Reserve Bank of India, Nagpur:-

(i) Settlement of payments against supplies arranged by the Directorate General of Supplies and Disposals in the Department of Supply; in the Ministry of Commerce on behalf of Railway, Defence and Posts.

(ii) Debts on account of supplies transactions arising in the books of the Chief Accounts Officer, High Commission of India, London and Indian Embassy, Washington with the Defence, Railways and Posts which appear, initially, in the books of the Principal Accounts Officer, Ministry of External Affairs.

(iii) Dividend payable in lieu of tax on Railway Passenger Fares, by Railways to Central Revenues.

(iv) Loans from General Revenues to Railways and recovery of interest on loans and advances to Railways.

(v) Settlement of Income Tax recoveries made from staff salary bills of Railways.

(2) Transactions initially taken against the balance of a State which are eventually adjustable against the balance of another State shall be passed on to the Accountant General of the latter State through the "Settlement Account" and the monetary settlement between the two states in respect of such transactions effected by the Accountant General of the former State through the Central Accounts Section of the Reserve Bank.

NOTE: Please see Note (ii) below Rule 14 (a).

(3) Central transaction initially taken against the balance of a State which are adjustable in the books of Accounts Officers of the Ministries/Departments of the Central Government shall be passed on by the Accountant General to the latter and settled by cheque or bank draft. However, repayment of Central loans and payment of interest thereon by the State Governments, excepting the Government of Jammu and Kashmir and Sikkim, are settled through the Central Accounts Section of the Reserve Bank of India, Nagpur.

(4) Transactions of the Central and State Government handled in other countries by the Indian Embassies/Missions shall be incorporated in the cash account rendered by them monthly to the Controller of Accounts. Ministry of External Affairs and the latter will effect cash settlement with the concerned Accounts Officers in India in the manner prescribed by the Controller General of Accounts, on the advice of the Comptroller and Auditor General of India.

(5) The monthly accounts of the Central Ministries/Departments and of the State Governments will thus include not only the receipts and disbursements arising directly in the accounts of their Accounts Officers but also receipts and expenditure in other countries and all credits and debits passed on to them for adjustment by other Accounts Officers in India.

## **17. Authorities responsible for the preparation of Annual Accounts of the Central Government, State and Union Territories Governments.**



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

(2) Annual Accounts (including Appropriation Accounts) in respect of State Governments, and Union Territory Governments with Legislature are prepared by the concerned Accountant General and submitted to the Comptroller and Auditor General of India for approval and transmission to the Governor of the State, Administrator of the Union Territory Government concerned, along with his report thereon in terms of Article 151 (2) of the Constitution/Section 49 of Union Territories Act, 1963 and Section 11 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the Legislature.

(3) Appropriation Accounts of Central Ministries (other than Ministry of Railways) and of Central Civil Departments shall be prepared by the respective Ministries and Departments under the guidance and supervision of the Controller General of Accounts, and signed by their Chief Accounting Authority, Union Government Appropriation Accounts (Civil) required to be submitted to Parliament, shall be prepared by the Controller General of Accounts by condensing and consolidating the aforesaid Appropriation Accounts. Appropriation Accounts pertaining to Departments of Posts, Telecommunications, Railways and Defence shall be prepared and signed by the Secretaries to the Department of Posts, Department of Telecommunications, Financial Commissioner, Railway Board and Secretary (Defence Finance) respectively.

(4) Annual accounts of the Government of India as a whole (including transactions of Departments of Posts, Telecommunications, Defence, Railways, Union Territory Administration and transactions under Public Account of India, Accounts of Union Territory Governments with Legislatures showing under the respective heads the annual receipts and disbursement for the purpose of the Union, shall be prepared by the Controller General of Accounts.

(5) The Accounts mentioned in Sub-rules (3) and (4) above, shall be prepared by the respective authorities on dates mutually agreed upon with the Comptroller and Auditor General of India in the form prescribed by the President on the advice of the Comptroller and Auditor General and sent to the latter for recording his certificate. The certified annual accounts and the Reports relating to the accounts shall be submitted by the Comptroller and Auditor General to the President in accordance with the provisions of Section 11 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and clause (1) of Article 151 of the Constitution of India.

## **18. Proforma Accounts**

The operations of some departments of Government sometimes include undertakings of a commercial or a quasi-commercial character e.g., an industrial factory or a store. Even though they 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 account being on a purely cash basis is unsuitable for each commercial accounts, they will usually be 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, will find a place primarily in the regular accounts and the commercial accounts will be additional as well as separate. These *pro forma* accounts shall be maintained by the Departmental authorities themselves in such form as may be prescribed.

Certain *pro forma* accounts relating to Irrigation, Navigation, Embankment and Drainage Projects and Government residential buildings are required to be prepared 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 undertakings of Government e.g., transactions of the Famine Relief Fund. The form in which any *pro forma* accounts are prepared in Accounts Offices will be determined by the Government concerned on the advice of the Comptroller and Auditor General of India.

## **19. Journal and Ledger**

The accounts of Government are based, in the main, on the single entry system and the double entry system will be applied only in regard to the maintenance of a set of technical accounts called the Journal, Ledger and Trial Balance Sheet. 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 balances brought out in the double entry system. In the case of the Central Government, the various Accounts Officers shall prepare Ledger and summary of balances in accordance with the procedure separately prescribed for the purpose by the Controller General of Accounts. State Accountants General will maintain separate Journal and Ledger for all transactions of the State Government, from which the annual summary of Balances or Trial Balance Sheet is prepared by them.