

CHAPTER 16 FINANCE ACCOUNTS

16.1 FINANCE ACCOUNTS OF UNION GOVERNMENT

16.1.1 The Finance Accounts of the Central Government comprises of the accounts of the Central Government as a whole and includes transactions of Civil Ministries/Departments, Ministries of Defence and Railways and the Departments of Posts & Telecommunication. It presents the accounts of receipts and outflows of the Central Government for the year together with the financial results disclosed by different accounts and other data coming under examination. These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts. It is supplemented by the accounts separately presented in the form of Appropriation Accounts for Grants and charged Appropriations. The Finance Accounts is an Auditor's presentation of the general accounts of the Government to Parliament.

16.2 FORM OF FINANCE ACCOUNTS

16.2.1 The Finance Accounts comprises of two parts-Part I and Part II. Part I presents the summarized statements in respect of Revenue, Capital, Debt, Deposit, Suspense and Remittances transactions and Contingency Fund, while Part II has detailed statements in respect of these transactions, along with other related statements. Part II of the Finance Accounts is further sub-divided into two sections 'A' & 'B'. While section 'A' comprises of detailed accounts and statements relating to Receipts and Expenditure on Revenue and Capital accounts, section 'B' has detailed accounts and statements relating to Debt, Deposit, Suspense & Remittances transactions and Contingency Fund.

16.2.2 The basic inputs for compilation of Finance Accounts are as follows:-

- (1) Statement of Central Transactions;
- (2) Journal Entries;
- (3) Prior Periods Adjustments;
- (4) Proforma Adjustments; and
- (5) Progressive figures upto the end of the previous year.

While the first four inputs mentioned above are received from the various accounting authorities , progressive figures upto the end of previous year are available in the records of Finance Accounts Section.

16.3 Material for Finance accounts

The Finance Accounts Section in the office of Controller General of Accounts issues a circular by the end of March every year, prescribing the time schedule for closing of Union Government accounts. Circulars are also issued by this section detailing guidelines relating to the preparation of Statement of Central Transactions and other materials for the Finance Accounts.

16.3.1 The Finance Accounts is prepared on the basis of materials indicated in the Table below, including the Statements of Central Transactions that constitute the base material, and furnished by the authorities indicated against each to the Controller General of Accounts.

(a) Statements of Finance Accounts, Statement of Central Transactions (SCTs) and other materials.	Pr Accounts Offices relating to Ministries / Departments, Accountants General and separated Accounts Organizations of Union Territory Administrations/Governments.
(b) SCTs and other material.	Dy. Director General, Postal Accounts.
(c) SCTs and other material.	Dy. Director General, Telecommunications.
(d) SCTs and other material.	Controller General of Defence Accounts.
(e) SCTs and other material.	Railway Board.

16.3.2 The following instructions shall be followed with regard to the preparation and submission of the Statement of Central Transactions to the Controller General of Accounts.

16.3.3 The updated copy of Statement of Central Transactions, duly reconciled with the figures of detailed Appropriation Accounts shall be submitted to the Controller General of Accounts, in the prescribed form. In some cases expenditure may have been booked under a minor head, without a corresponding/equivalent sub-head in Part II or Part III of a Demand for Grants passed by Parliament. In such cases, the specific approval of Budget Division in the Ministry of Finance shall be obtained for opening the head, giving the specific lettering, name and nomenclature to be adopted in the Appropriation Accounts.

16.3.4 The Statement of Central Transactions should include the progressive figures up to March (Supplementary) accounts and correcting entries made after that, until the date of submission to the Controller General of Accounts. After its submission to the Controller General of Accounts, any further correction to the Statement of Central Transactions that becomes necessary, will be carried out by proposing a Journal Entry after obtaining the approval of Controller General of Accounts. The proposal for Journal Entries shall be sent to the Controller General of Accounts up to the time limit specified in the yearly circular of Time Schedule and Annual closing of Accounts, along with the justifications for the corrections. These proposals should be supported by Journal Entries in Form CAM-34, duly signed by the concerned Head of Accounting Organization viz. C.C.A./C.A/A.G as the case may be, and a detailed list of correction to the Statement of Central Transactions seeking the approval of CGA for including them in the Accounts. Finally, an abstract in Form CAM-36 shall also be sent to the CGA, incorporating the effect of all Journal Entries accepted for incorporation. The figures in the Statement of Central Transaction are to be indicated in 'thousands of rupees'

16.3.5 Material for Statement No.13 comprising of figures of receipts/disbursements during the year and opening/closing balances under various Debt heads under the Consolidated Fund, Reserve Funds, Deposits and Advances, Suspense and Remittance heads and those under the Public Account shall be furnished in the following format:

(In Thousands of Rupees)

Head of account (Major & Minor head of account)	Opening balance as on 1st April	Balances adopted through proforma from As.G./ Pr.A.Os during the course of year (AG-wise details and the particulars of communications returning certified proforma 'B' should be given separately in an Annexure)	Revised opening balance as on 1st April (Col. 2-3)	Receipt during the year	Disbursement during the year	Closing balances as on 31st March
1	2	3	4	5	6	7

(iv) If there are debit balances under the heads against which there should normally be credit balances or vice versa, the reasons for the Adverse Balances should be explained fully through footnotes. The action taken for liquidation of the adverse balances should also be indicated.

(v) Normally, there should be no minus figures under the columns relating to receipts/disbursements for the year. In case there are any such minus figures, the full reasons are required to be indicated.

(vi) The opening balances under Debt, Deposit, Suspense and Remittance heads should match with the respective closing balances in the preceding year's statement.

In some cases rectifications may be required on being detected due to reconciliation of balances, or otherwise. In such cases, the rectification of misclassification relating to earlier years will be carried out through regular account, in the manner prescribed in para 5.3.4. Corrections to balances are now made through Prior Period Adjustments as envisaged in para 5.14.3, unlike earlier when it was carried out through proforma, without any actual accounting adjustment.

(vii) If any footnote in the Statement of Finance Accounts during earlier year was in the form of promise for further action/probe/remedial step, it should be ensured that such action is actually taken in the subsequent year and, and if it was not done the reasons for the same should be indicated.

(viii) The totalling will be done for each sector/sub-sector/major head at every stage, with the grand total being recorded at the end.

16.4 COMPONENTS OF FINANCE ACCOUNTS

Apart from the certificates to be recorded in the Finance Accounts and introductory portion, Finance Accounts contains 17 Statements in all. These Statements, in brief are discussed below .

Part I of Finance Accounts contain five summarised statements (Statements No. 1 to 5).

16.4.1 Part-I Statement No.1 – Summary of Transactions

This statement is prepared in crores of Rupees upto two decimal places. It shows a summary of all transactions of the Union Government for the current and the previous year, with the Receipts and Expenditure transactions shown separately. Grand Total Receipts should be equal to Grand Total Disbursements. After the Summary of Transactions, there is an Annexure which contains major headwise details of Taxes and Duties assigned to States during the year.

The total Revenue Receipts and Expenditure for the current year are compared with those of the previous year. The increase in respect of Defence, Railways and Posts is shown as a single figure, while the reasons for increase in civil departments are explained for those major heads where the increase is marked.

At the end of the Statement, transactions of Ministry of Railways are analyzed, showing their Revenue Receipts and Revenue Expenditure, the net surplus and the distribution of net revenue into dividend for General Revenues and Appropriation to the respective Reserve Funds. This write up is vetted by the Ministry of Railways before incorporating in the Statement.

16.4.2 Statement No.2 – Summary of Debt Position

This statement is prepared in crores of Rupees upto two decimals. It has three parts-

(i) Statement of Borrowings

This part contains the debt position at the commencement of the year, Receipts and Repayments during the year, the debt position at the end of the year and the net increase during the year. This part of the statement includes heads under Public Debt and Small Savings, Provident Funds, etc. With the components of Market Loans raised during the year are also being indicated. **A new para depicting the correct position of outstanding liability of the Central Government has been inserted from the year 2004-05.**

(ii) Other Obligations

This part of the statement includes similar information as mentioned in (i) above in respect of Reserve Funds and Deposits (bearing interest and not bearing interest) separately.

(iii) Service of Debt

In this part of the statement, transactions of the current year and the previous year are compared in relation to total interest paid by the Government indicating the interest on (a) Public Debt and Small Savings and Provident Funds, (b) Reserve Funds and (c) other obligations.

A footnote showing the amount of Dividend received on investments in the commercial undertakings is also incorporated.

16.4.3 Statement No.3 – Loans and Advances by the Union Government

This statement contains the following details: -

- (i) The balance of loans at the commencement of the year, amount of loans paid and repaid during the year, balance of loans at the end of the year and net addition/decrease during the year;
- (ii) The loans granted to State and UT Governments to cover gap in resources;
- (iii) Loans to State Governments written off in terms of recommendations of Finance Commission;
- (iv) The amount of loan paid as Ways and Means Advances to State Governments for clearance/avoidance of overdrafts from RBI and also the repayments made during the year;
- (v) Details of loans sanctioned by the Government where the terms and conditions of the loans were not settled;
- (vi) Ministry wise and State/UT Government wise information on loans other than rehabilitation loans in which repayment of loans and/or payment of interest was defaulted;
- (vii) Ministry wise details where fresh loans were sanctioned for payment of arrears of principal and interest; and
- (viii) Ministry wise information on loans in which repayment of loans and /or payment of interest was defaulted by a loanee other than State/UT Government.

16.4.4 Statement No. 4 Guarantees Given by the Union Governments

As per requirements of the FRBM Rules, a new format for disclosing guarantees given by the Government has been introduced in the Finance Accounts for the year 2004-05. This statement is prepared in crores of Rupees upto two decimals. At the outset, the purposes for which Government stands guarantee are stated. The maximum amount of guarantee for which Government had entered into agreements and sums guaranteed outstanding at the end of the year are mentioned in crores of Rupees. The Ministry/ Department-wise details of guarantees under different categories (6 categories) are given.

16.4.5 Statement No. 5-Summary of Balances

Under the Indian Government Accounts book-keeping system, the amounts booked under Receipts and Expenditure heads in Revenue and Capital Account and those under major heads '7810 Inter-State Settlement', '7999- Appropriation to the Contingency Fund' and '8680 Miscellaneous Government Account', are closed to a single head with the nomenclature 'Government Account'. The balances under this head represent the cumulative result of all such transactions. The closing cash balance at the end of the year can be worked out and proved by adding the balances under 'Government Account' and those under Debt, Deposit, Suspense and Remittance heads and the Contingency Fund. This statement is prepared in thousands of Rupees having three parts, and shows the balances as at the end of the year under various sectors of account, with the total debit balances being equal to the credit balances. The other information available in this statement, in brief, is as

follows: -

- (i) The sector-wise details of Prior Period Adjustments made in the account, alongwith the debit and credit totals of the PPAs;
- (ii) The significance of "Government Account" head and the closing balance under it;
- (iii) The debit or credit balance (as on 31st March of the year) for each sector of the account.

16.5 PART – II Detailed Accounts and Other Statements

A – Receipts and Expenditure

This part contains seven statements; Statements 6 to 12

16.5.1 Statement No. 6-Statement showing Percentage Distribution of Revenue Receipts and Revenue Expenditure for the year.

This statement is prepared in crores of rupees upto two decimal places. The information is furnished in three columns. In the first half of the statement, the total Revenue Receipts is depicted component wise alongwith the percentage against the total Revenue Receipts. In the second half the various components of Revenue Expenditure are similarly depicted.

16.5.2 Statement No. 7- Statement showing the distribution between Charged and Voted Expenditure.

This statement is prepared in thousands of Rupees and contains the following information it depicts, in a nutshell, the distribution of total expenditure under (F) between Charged and Voted expenditure: -

- (i) The distribution of the expenditure under the Consolidated Fund
- (ii) Breakup of disbursement under Public Debt, Loans and Advances, Inter-State Settlement and Transfer to Contingency Fund

16.5.3 Statement No. 8-Detailed Account of Revenue Receipts and Capital Receipts by Minor Heads.

This statement shows the following details of Revenue and Capital Receipts minor headwise. (a) The totals at the Sub-Major, Major head, and Sector levels as also the, (b) Total Revenue Receipts, (c) Capital Receipts and (d) The total of Revenue and Capital Receipts. The reasons for minus transactions at Minor head levels except those under deduct heads are recorded as footnotes at relevant pages.

16.5.4 Statement No. 9 Detailed Account of Revenue Expenditure by Minor Head and Capital Expenditure by Major Head.

This statement depicts the details of Revenue expenditure by minor heads and Capital expenditure by major heads. The breakup, if any, of expenditure into Charged and Voted components is also shown, with the charged expenditure shown in italics. The reasons for minus expenditure except those under deduct heads are recorded as footnotes at the relevant pages.

16.5.5 Statement No.-10 Statement of Expenditure on Capital Account during and to the end of the year.

The expenditure on Capital Account during and to the end of the year, is depicted minor headwise in this statement. However, due to non – availability of progressive figures at minor head levels, the figures are shown at sub – major head level for major head 4076 and at the major head levels for major heads 5002 and 5003. An appendix is added indicating the minor head – wise details of expenditure incurred during the year under the Major Heads 4076, 5002 and 5003. The reasons for minus expenditure except those under deduct heads are recorded as footnotes at relevant pages.

16.5.6 Statement No.11-Statement showing the Investments of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, etc., upto end of the year

This statement, it contains full details of investments made by the Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, etc., upto the end of the year. Those enterprises which are under construction/expansion are included in Part I of the statement while the enterprises already in operation are covered in Part II of the statement. Dividend received during the year is mentioned in column (9) of the statement, and if no dividend is received, the reasons thereof are recorded in the remarks column. Any PPA that affects the investment is suitably explained in the footnote.

16.5.7 Statement No. 12 - Statement showing Capital and Other expenditure (outside the Revenue Account) to end of the year and the principal sources from which funds were provided for that expenditure

The figures depicted in this statement are shown in two parts. The first part indicates the expenditure on Capital account and on Loans and Advances while the second part indicates the sources of funds for that expenditure. The net provision of funds for the current year should be equal to the total capital and loan expenditure during the current year. Figures in respect of investment heads are shown separately and are not included in the concerned sectors.

16.6 B – Debt, Deposit, Remittances and Contingency Fund

This part contains five statements i.e.Statement Nos. 13, 14, 14A, 15 & 16.

16.6.1 Statement No. 13-Statement of Receipts, Disbursements and Balances under heads of account relating to Debt, Deposits, Remittances and Contingency Fund

This statement contains the following: -

- (i) Details of Consolidated Fund at the beginning of the statement, with the Receipts and Disbursements under Revenue and Capital account are shown in respective columns. As these heads close to Government Account, there are no opening and closing balances of these heads;
- (ii) The balances against Major Head 8000 – Contingency Fund of India;
- (iii) The details of transactions and balances under Public Account, with the details for every minor head with sub-sector-wise breakup;
- (iv) Aggregate totals are made at all levels viz sub – major head, major head, sub – sector and sector levels. The total for the Public Account is also depicted;
- (v) Minor head wise details of the major head 8999 Cash Balance under the ‘Sector N Cash Balance’. The opening balance under this major head is equal to the figure under the column for Receipts while the closing balance is equal to the figure under the column for Disbursements. A footnote comparing the closing balance under head 8999 – 102 Balance with Reserve Bank in this statement with the closing balance as reported by RBI, CAS, Nagpur is also recorded.

16.6.2 Statement No. 14-Statement of Debt and other interest bearing obligations of Government.

This Statement depicts:

(1) Minor - head wise details under the -

(i) Sector E-Public Debt (ii) Sub-Sectors (iii) State Provident Fund and (iv) Other Accounts below the Sector I Small Savings, Provident Funds etc.

(2) A statement showing details of foreign loans in foreign Currencies/Rupees in Crores and the exchange rate adopted (as on 31st March of the year) is appended to statement no.14. This is furnished by CAAA.

16.6.3 Statement No. 14 A- Details of Market Loans raised in India and securities issued to international Financial Institutions

This statement supplements statement No. 14, furnishing details of each loan, under major head "6001", even below the minor head level. Headwise details of loans shown at minor head level in statement No.14 are furnished in this statement, which is obtained separately from the concerned department(s) and incorporated.

16.6.4 Statement No. 15-Statement of loans and advances showing the amounts advanced and repaid, interest received during the year and the balances of such loans and advances at the commencement and close of the year.

The Minor headwise figures of loans are given in this statement. This statement also contains the breakup of the State/UT Government wise under major heads 7601 and 7602. In addition, an Appendix is added to indicate the major head-wise details of loans advanced during the year for "Plan" purposes.

16.6.5 Statement No. 16-Statement showing the position of National Small Savings Fund.

This statement was introduced in Finance Accounts in the year 1999-2000 and depicts the minor head-wise details of balances under National Small Savings Fund that also includes Savings Deposits and Savings Certificates etc. At the end of the Statement, two Appendices are added – (i) Showing the details of Income & Expenditure of National Small Savings Fund and (ii) Showing State-wise details of investments made by Government of India in Special State Government Securities.

16.7 CERTIFICATION OF FINANCE ACCOUNTS:

After the preparation of the Finance Accounts along with the statements, a certificate is recorded on Finance Accounts by the Controller General of Accounts, which is countersigned by the Secretary Expenditure, Ministry of Finance. The Comptroller and Auditor General of India thereafter records the audit certificate and presents it to Government, for placing before the Parliament.

16.8 SUPPLY OF FINANCE ACCOUNTS

16.8.1 After obtaining approval of the President, copies of the publication will be supplied to Budget Division in the Ministry of Finance and the Parliament Secretariat, in advance of their presentation to the Lok Sabha and Rajya Sabha. They will be supplied with the clear stipulation that they are to be treated as 'Secret', until their presentation to the Parliament.

16.8.2 After the Finance Accounts has been laid on the Table of Parliament, it should be

immediately released for sale. The Controller General of Accounts issues necessary instructions to the Press also, for dispatch of copies to the Manager Publication Branch.

16.8.3 The updated distribution list of the publication including the changes ordered from time to time, is kept in the office of Controller General of Accounts.
