



# DEFENCE ACCOUNTS DEPARTMENT



## DEFENCE ACCOUNTS CODE 2025

For use by Defence Accounts Department only

## **Foreword**

The Defence Accounts Code (2025 edition) encompasses the entire gamut of the accounting functions discharged by the Defence Accounts Department. It contains detailed instructions and procedures relating to accounting, budgeting, compilation, consolidation of annual accounts and inter-departmental/inter-governmental adjustments etc.

Over the course of last ten years, significant changes have been introduced in the transaction of government business and accounting processes including restructuring of Demands for Grants pertaining to MoD. Within the Department, significant changes have been made in automation of system of payment, accounting and compilation of receipts and expenditure. There was thus, a need to reflect these changes in the Code, replacing those provisions that have been rendered redundant. Thus, while the basic principles and broad structure of accounts remain the same, certain newly introduced areas such as e-payment/ e-receipts, DTS (e-ticketing), SBI CMP, e-MROs, NPS/UPS, GST etc., have been incorporated. In addition, some of the existing provisions have been simplified for the ease of understanding e.g. the Focal Point Branch Scheme, adjustment of Defence Inter-departmental Schedules, budget estimates/control etc. Flow charts and various illustrative/ practical examples are included in this edition of the Code for better clarity. Wherever possible, citations are provided at the end of each para, enabling readers to refer to the source for further details and for deeper understanding of the topics.

In an era of dynamic financial landscape and ever-evolving accounting practices, budgetary planning and management of financial resources in the defence sector, an effort has been made in this Code to incorporate best accounting practices in sync with technology driven initiatives taken by the department.


For better sequencing and ease of reference, Annexures related to each Chapter have been placed at the end of the respective Chapter, while Appendices have been compiled collectively and placed at the end of the last Chapter of this Code.

The provisions contained in this Defence Accounts Code are intended for internal use in the Defence Accounts Department. These may not be quoted in correspondence with outside departments/organizations. In the event of any inconsistency between the provisions of the Defence Accounts Code and the applicable Government Rules/Orders, the latter shall prevail.

Any additions or modifications which may be necessary to the Code will be notified periodically by PCDA (Army) Pune, with the prior approval of the CGDA. All issues arising out of the interpretation of any of the provisions listed herein or any proposals for amendments shall be referred to the CGDA through PCDA (Army) Pune.

This Edition of the Defence Accounts Code, 2025 supersedes the 2014 Edition.

Delhi Cantt.  
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(Dr. Mayank Sharma)  
Controller General of Defence Accounts

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## ABBREVIATIONS USED IN THE DEFENCE ACCOUNTS CODE - 2025

SI No	Abbreviation	Expansion
1	AA	Appropriation Accounts
2	AG	Accountant General
3	AROB	Annual Review of Balances
4	BE	Budget Estimates
5	CAG	Comptroller & Auditor General of India
6	CAA	Chief Accounting Authority
7	CAM	Civil Accounts Manual
8	CAS RBI	Central Accounts Section, Reserve Bank of India
9	CBIC	Central Board of Indirect Taxes and Customs
10	CCA	Chief Controller of Accounts
11	CDA	Controller of Defence Accounts
12	CGA	Controller General of Accounts
13	CGDA	Controller General of Defence Accounts
14	CHB	Classification Hand Book
15	CMP	Cash Management Product
16	CPAO	Central Pension Accounts Office
17	CSD	Canteen Stores Department
18	CTRs	Central Treasury Rules
19	CTS	Cheque Truncation System
20	C&S (DoO)	Coordination and Services (Directorate of Ordnance)
21	DAC	Defence Accounting Circle
22	DAD	Defence Accounts Department
23	DADS	Director of Audit (Defence Services)
24	DDO	Drawing and Disbursing Officer
25	DDP	Department of Defence Production
26	DDP Centre	Distributed Data Processing Centre
27	DDS&R	Debt, Deposit, Suspense and Remittances
28	DEA	Defence Exchange Accounts
29	DFA	Deputy Financial Adviser
30	DGADS	Director General of Audit (Defence Services)
31	DIDs	Defence Inter Departmental Schedule
32	DMS	Date Wise Monthly Statement
33	DPSU	Defence Public Sector Undertaking
34	ECR	Emergency Cash Requisition
35	EDP	Electronic Data Processing Centre
36	EFT	Electronic Fund Transfer
37	FPB	Focal Point Branch
38	FA	Financial Adviser

39	FA (DS)	Financial Adviser (Defence Services)
40	FY	Financial Year
41	GAD	Government Accounts Department
42	GAR	Government Accounting Rules
43	GFR	General Financial Rules
44	GPF	General Provident Fund
45	GST	Goods and Services Tax
46	HCI	High Commission of India
47	IFA	Integrated Financial Advisor
48	IGAS	Indian Government Accounting Standards
49	ILAC	Inward London Account Current
50	JE	Journal Entry
51	LoA	Letter of Authorization
52	LC	Letter of Credit
53	LMMHA	List of Major and Minor Heads of Account
54	MA	Modified Appropriation
55	MEA	Ministry of External Affairs
56	MES	Military Engineering Services
57	MIN	MRO Identification Number
58	MoD (Fin)	Ministry of Defence (Finance)
59	MoF	Ministry of Finance
60	MRO	Military Receivable Order
61	MSS	Monthly Statement of Settlement
62	NCS	New Compilation System
63	NEFT	National Electronic Funds Transfer
64	NPS	National Pension System
65	PAC	Public Accounts Committee
66	PAD	Public Accounts Department
67	PAO	Pay and Accounts Office/Officer
68	PFMS	Public Financial Management System
69	PIFA	Principal Integrated Financial Advisor
70	PM	Punching Medium
71	Pr. AO	Principal Accounts Office/Officer
72	Pr. CCA	Principal Chief Controller of Accounts
73	PSB	Public Sector Bank
74	PCDA	Principal Controller of Defence Accounts
75	RBI	Reserve Bank of India
76	RD&R	Revenue, Debt and Remittances
77	RE	Revised Estimates
78	R&PR	Receipt and Payment Rules
79	RTGS	Real Time Gross Settlement
80	SBI	State Bank of India



81	SBI CMP	State Bank of India Cash Management Product
82	SCT	Statement of Central Transactions
83	TE	Transfer Entry
84	UPS	Unified Pension Scheme

## **DEFINITIONS**

1. **“Accountant General”** means the Head of an office of Accounts including Principal Accountant General subordinate to the Comptroller and Auditor General of India, and when used in relation to a treasury, the head of an office of accounts to whom the accounts of the treasury are rendered;
2. **“Accounts Area”** means an area the accounts of which are dealt with by one and same Accounts Officer;
3. **“Accounts Officer”** means the Head of an Office of Accounts or the Head of a Pay and Accounts Office set up under the scheme of departmentalization of accounts;
4. **“Accredited Bank”** means in relation to a Ministry or Department, or Union Territory means the Reserve Bank or any bank which is appointed to transact business of the Government pertaining to that Ministry or Department or Union Territory;
5. **“Appropriation”** means the assignment, to meet specified expenditure, of funds included in a primary unit of appropriation;
6. **“Authorised mode for receipts into Government Account”** means electronic mode (namely using internet banking, debit or credit cards, Real Time Gross Settlement, National Electronic Fund Transfer or in such other form as recognised by Government) or cheque or demand draft or postal order or money order or cash (namely in coins and notes) or in such other form as may be specified by Government from time to time.
7. **“Authorised mode for Payment from Government Account”** means Payment advice or Cheque or Demand Draft or Postal Order or Money Order or Cash (namely in coins and notes) or in such other form as may be specified by Government from time to time.
8. **“Bank”** means Reserve Bank of India or any of its offices or branches, 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 (2 of 1934), or any branch of a Public Sector Bank/ Pvt. Sector Bank, as may be appointed by the Reserve Bank of India as its agent under the provisions of sub-section (I) of section 45 of the Reserve Bank of India Act, 1934 (2 of 1934).
9. **“ Bank account”** means an account (drawing, assignment etc.) maintained by the Pay and Accounts Officer or a departmental officer in an accredited bank of a Ministry or Department of Government;
10. **“Bank Treasury”** means a treasury the cash business of which is conducted by the Bank (i.e., the Reserve Bank of India or any office or agency of the Reserve Bank

of India and includes any branch of the State Bank of India or its subsidiaries acting as the agent of the Reserve Bank of India) and a “non-Bank treasury” means a treasury other than a Bank treasury;

**11. “Central Treasury”** means and includes any treasury or sub-treasury not being a treasury or sub-treasury under control of a State Government;

**12. “CGDA”** means the Controller General of Defence Accounts, the Head of the Defence Accounts Department;

**13. “Cheque Drawing DDO”** means a drawing and disbursing officer functioning under a Ministry or Department (including Central Public Works Department, Forest Department and Departments in which the provisions of Central Public Works Account Code are authorised to be followed) or a Union Territory, who is authorised to withdraw money for specified types of payments against an assignment account opened in his favour in a specified branch of an accredited bank;

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

**15. “Civil Accounts Officer”** means an Accounts Officer subordinate to the Comptroller and Auditor General or Principal Accounts Officer and/or Pay and Accounts Officer functioning under the scheme of departmentalization of Central Government (Civil) Accounts or separated accounts set up of a Union Territory Government or Administration, as the context may imply. In relation to Railways, Department of Post, it means the heads of their Accounts Office and Officers subordinate to them.

**16. “Competent Authority”** means, in respect of power to be exercised under any of the GFR Rules, the President or such other authority to which the power is delegated by or under GFR, Delegation of Financial Power Rules, 1978 or any other general or special orders issued by the Government of India.

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

**18. “Consolidated Fund”** means the Consolidated Fund of India as referred to in clause (1) of Article 266 of the Constitution.

**19. “Constitution”** means the Constitution of India.

**20. “Contingency Fund”** means the Contingency Fund of India established under the Contingency Fund of India Act, 1950 (49 of 1950) in pursuance of clause (1) of article 267 of the Constitution.

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

**22. “Debt Heads”** in relation of Ministry of Defence means the head of accounts under which transactions of Government closing to balances are recorded and carried forward to the next financial year which includes heads of Debts, Loans and Advances, Provident Funds, Reserve Funds, Deposits and Advances and Suspense and Miscellaneous;

**23. “Defence Accounting Circles”** means the offices of the Defence Accounts Department including Controller General of Defence Accounts, who are nominated by the RBI to account for and reconcile transactions in the Defence Proforma Account.

**Note :-** CGDA Delhi Cantt, PCDA (Pensions) Prayagraj, PCDA (Officers) Pune, PCDA (Army) Pune, PCDA Bengaluru, PCDA (Army) Chandigarh, Principal Controller of Defence Accounts Kolkata, PCDA (AF) Dehradun, PCDA (Navy) Mumbai, PCDA (Army) Jammu, PCDA New Delhi, PCDA (R&D) New Delhi, PCDA (Army) Lucknow, PCDA (BR) Delhi Cantt, PCDA (Army) Jaipur, PCDA (AF) New Delhi, PCDA (R&D) Hyderabad, CDA Patna, CDA (Army) Meerut, CDA (Funds) Meerut, CDA Chennai, CDA (CSD) Mumbai, CDA (PD) Meerut, CDA Guwahati, CDA (R&D) Bangalore, CDA Secunderabad, CDA Jabalpur, CDA (IDS) New Delhi, CDA (Navy/Coast Guard), New Delhi, CDA (Army) Delhi Cantt, ZO (DPD) Chennai, AO, (DAD) MOD (Civil), New Delhi are Defence Accounting Circles;

**24. “Disbursing Officer”** means a Head of the Office and also any other Gazetted Officer so designated by a Department of the Central Government or an Administrator, to draw bills and make payments on behalf of a Central Government. The term shall also include a Head of the Department or an Administrator where he himself discharges such functions;

**25. “EFT”** means Electronic Fund Transfer, i.e. the transfer of money electronically from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems;

**26. “e-MRO”** means amount remitted through online mode using SBI- CMP portal. (<https://www.onlinesbi.sbi/sbicollect/payment/listcategory.html>).

**27. “Financial Year”** means the year beginning on the 1st of April and ending on the 31st of March of the following year;

**28. “Government”** means the Central (Union) Government or a State Government, or a Union Territory Government or all the three, as the context may imply;

**29. “Local Fund”** means a local fund as defined in Rule 652 of the Treasury Rules;

**30. “NEFT”** means National Electronic Fund Transfer, a nationwide payment facilitating one-to-one funds transfer scheme in which, individuals, firms and corporate can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the scheme;

**31. “Payment Advice”** means instructions issued to the Reserve Bank or to the accredited bank for direct credit through authorized mode, either electronically or otherwise of a specified amount to the specified bank account of the payee.

**32. “Payment Scroll”** means a statement prepared by each paying branch of the focal point branch in prescribed format that contains the particulars of cheques/e-payment advices viz. the name of drawing officer, amount, date of payment.

**33. “Principal Controller” or “Controller of Defence Accounts”** means an Accounts Officer under the Administrative control of the Controller General of Defence Accounts, who is responsible for the maintenance and internal audit of the accounts of Defence Services in his jurisdiction. The term includes:

- (i) Principal Controller of Defence Accounts, New Delhi
- (ii) Principal Controller of Defence Accounts (AF), Dehradun
- (iii) Principal Controller of Defence Accounts (Army), Chandigarh
- (iv) Principal Controller of Defence Accounts, Bengaluru
- (v) Principal Controller of Defence Accounts (Army), Jaipur
- (vi) Principal Controller of Defence Accounts (Army), Pune
- (vii) Principal Controller of Defence Accounts (R&D), New Delhi
- (viii) Principal Controller of Defence Accounts (Pensions), Prayagraj
- (ix) Principal Controller of Defence Accounts (Officers), Pune
- (x) Principal Controller of Defence Accounts (Army), Jammu
- (xi) Principal Controller of Defence Accounts (Navy), Mumbai
- (xii) Principal Controller of Defence Accounts (Army), Lucknow
- (xiii) Principal Controller of Defence Accounts (BR), New Delhi
- (xiv) Principal Controller of Defence Accounts, Kolkata
- (xv) Principal Controller of Defence Accounts (R&D), Hyderabad
- (xvi) Principal Controller of Defence Accounts (AF), New Delhi
- (xvii) Controller of Defence Accounts, Secunderabad
- (xviii) Controller of Defence Accounts, Patna
- (xix) Controller of Defence Accounts, Jabalpur
- (xx) Controller of Defence Accounts, Guwahati
- (xxi) Controller of Defence Accounts, Chennai
- (xxii) Controller of Defence Accounts (R&D), Bengaluru

- (xxiii) Controller of Defence Accounts (PD), Meerut
- (xxiv) Controller of Defence Accounts (IDS), New Delhi
- (xxv) Controller of Defence Accounts (Funds), Meerut
- (xxvi) Controller of Defence Accounts (CSD), Mumbai
- (xxvii) Controller of Defence Accounts (Army), Meerut
- (xxviii) Controller of Defence Accounts (Navy/Coast Guard), New Delhi
- (xxix) Controller of Defence Accounts (Army), Delhi Cantt

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

**35. “Re-appropriation”** means the transfer of funds from one primary unit of appropriation to another such unit;

**36. “Remittance Heads”** refer to the head of accounts to which transactions relating to remittance business are taken.

**37. “Reserve Bank”** means any office or branch of the Banking Department, of the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).

**38. “Revenue Heads”** refer to the heads of account under which are recorded all proceeds of taxation and other receipts classified as Revenue and the expenditure met there-from are recorded.

**39. “RTGS”** means Real Time Gross Settlement in which funds are transferred individually on an order basis (without netting). The funds settlement takes place in the books of RBI of India. It is primarily meant for large value transaction with a minimum amount to be remitted is Rs 2 Lakhs with no upper limit.

**40. “SBI-CMP”** means State Bank of India-Cash Management Product, a customized and secured payment gateway for Central Government Departments including Defence Accounts Department which will be a uniform and approved process across the country with stricter Turn Around Time (TAT).

**41. “Sub Audit (Accounts) Officer”** means an Account Officer who performs accounting functions on behalf of another Account Officer.

**42. “Treasury Rules”** means the Treasury Rules of the Central Government.



# CHAPTER 1

## GENERAL

### INTRODUCTION

**1.1** Article 150 of the Constitution provides: “The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller & Auditor General, prescribe.” With the Departmentalization of Accounts in 1976, the Presidential Notifications were issued in this regard under 1<sup>st</sup> Proviso to sub-section (1) of section 10 of the C&AG (Duties, powers and conditions of Service Act, 1971). Accordingly from 1st October, 1976 onwards, the responsibility for compiling the accounts of Defence Services, including those relating to taxes, duties and other receipts and deposits realised or refunded under any law in respect of the Defence Services has been entrusted to the Controller General of Defence Accounts (CGDA). This centralization of responsibility has streamlined the process of financial reporting and has enabled more effective oversight of Defence expenditures.

**1.2** Till 1864, there was a post of Chief of the Military Finance at each Presidency and Examiners of Military Accounts were functioning under him. Later the post of Accountant General to the Military Department was created who was to function under the Military Department and not under the Auditor General. Under the Government of India Act 1919, the Auditor General was made responsible for the statutory audit of Accounts which were maintained by the Military Account Department. By the Government of India letter No. 5595/Accts/AN dated 10.09.1951, Military Accounts Department was designated as Defence Account Department.

*(Auth: Report of Lal Committee on Departmentalization of Accounts)*

**1.3** For the sake of practical convenience, the forms of accounts (including appropriation accounts), relating to Railways, Posts, Telecommunications and Defence Department, may be determined by the Departmental Accounting authorities within such range and covering such aspects as may be prescribed by the Central Government in the **Ministry of Finance (Department of Expenditure, Controller General of Accounts)**, on the advice of the Comptroller and Auditor General of India. The provisions of Article 150 of the Constitution will be deemed to have been satisfied, if the forms so determined, are not questioned by the Controller General of Accounts and the Comptroller and Auditor General of India.

*(Auth: Rule 6 of Government Accounting Rule, 1990)*

**1.4** With effect from 1982-83, the Ministry of Railways, Controller General of Defence Accounts, Director General Posts, Secretary Department of Telecommunications and Chairman Telecommunication Commission have been delegated functions of the Central Government under Article 150 of the Constitution, in so far as such functions relate to opening of sub-heads and detailed heads of Accounts under various major and minor heads of Accounts, pertaining to their departments, subject to the following conditions:-

(I) Powers as above, shall be exercised in consultation with the accredited Audit officer namely ADAI (Railways), Director of Audit Defence Services or Principal Director (P&T) Audit;

(II) Orders so issued should be consistent with the instructions that would be necessary for carrying into effect the provisions of Government Accounting Rules 1990, and in particular, instructions for opening new heads of accounts or modification of the existing ones or instructions relating to the content and manner of maintenance of accounts. These orders will be issued by the Ministry of Finance on the advice of the Comptroller and Auditor General of India, in the form of executive orders, indicating wherever necessary, the types of cases in which the advice of the Comptroller and Auditor General could be assumed to have been obtained.

*(Auth: Note below Rule 6 Government Accounting Rule, 1990 read with Rule 5 of Government Accounting Rule, 1990)*

**1.5** The Finance Division of the Raksha Mantralaya (Ministry of Defence) deals with all Defence matters having a financial bearing. The head of this Division is the Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS). Further, the Defence Accounts Department is under the administrative control of the Ministry of Defence (Finance). Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS), functions in the dual capacity of the Principal representative of the Ministry of Defence in the field of Defence expenditure and as the Chief Accounting Officer for the Accounts of the Defence Services. She/He is responsible for preparation of the Appropriation Accounts, and for financial control of expenditure to which those Accounts relate. Under the scheme of Departmentalization of Accounts in the Ministry of Defence, the Defence Secretary is the Chief Accounting Authority for all transactions of the Ministry of Defence. This responsibility is discharged by her/him through and with assistance of Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS).

*(Auth: Para 18.11 of Charter for Financial Adviser issued by MoF OM dated 13/06/2023 and Appendix- B of Defence Services Estimate)*

## DEPARTMENTALISATION OF ACCOUNTS

**1.6** In order to bring about closer association between Administrative Ministries and their Financial Advisers and to enable the latter to play a more effective and constructive role, Government had introduced, in October 1975, the Scheme of Integrated Financial Adviser, under which the Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) became a part and parcel of the Administrative Ministry viz. the Ministry of Defence. The scheme of Integrated Finance Adviser was introduced in the Department of Defence Production and Supplies (including Research and Development Organisation and Director General of Quality Assurance) in May 1976 and in the Department of Defence in August, 1983. This led to integration of the former Defence Division of the Ministry of Finance with the Defence Ministry.

*(Auth: Para 5 of Charter for Financial Adviser issued by MoF OM dated 13/06/2023 and Appendix- B of Defence Services Estimate)*

**1.7** With a view to ensuring greater efficiency in administration and quicker disposal of the cases, Ministry of Defence was delegated enhanced financial powers in regard to expenditure met from the Defence Services Estimates. In matters within the delegated powers of the Ministry of Defence, Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) or his officers are to be consulted before exercise of financial powers. In such cases, it is open to the Defence Secretary to overrule the advice of the Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) by an order in writing, but it is also open for the Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) to request that the matter be placed before the Raksha Mantri (RM).

*(Auth: Para 25 & 26 of Charter for Financial Adviser issued by MoF OM dated 13/06/2023 and Appendix- B of Defence Services Estimate)*

**1.8** In all matters beyond the powers delegated to the Ministry, Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) and his officers function as Associate Finance and are responsible and have the right of access to the Ministry of Finance and to the Finance Minister through Secretary (Expenditure). If any important change in the duties and functions of Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) or the Defence Accounts Department is contemplated, approval of the Finance Ministry is necessary.

*(Auth: Para 48 of Charter for Financial Adviser issued by MoF OM dated 13/06/2023 and Appendix- B of Defence Services Estimate)*

**1.9** The financial control exercised by the Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS) and his officers includes scrutiny of all proposals involving expenditure from the public funds, the objective being safeguarding economy, efficiency and propriety in public finances in terms of Rule 21 of GFR-2017.

*(Auth.: Para 29 of Charter for Financial Adviser issued by MoF OM dated. 13/06/2023 and Appendix- B of Defence Services Estimate)*

**1.10** The Rules provide that no expenditure which has not been provided for in the Budget or which, having been provided, has been sanctioned, shall be authorized without the concurrence of the Secretary (Defence Finance) / Financial Advisor (Defence Services) or his representative. The strict observance of this rule is automatically ensured as the Controllers of Defence Accounts will not make any disbursement in respect of charges not covered by regulations or Government orders.

*(Auth: Appendix- B of Defence Services Estimate)*

**1.11** The Secretary (Defence Finance) / Financial Advisor (Defence Services) prepares the Budget and other estimates for the Defence Services. She/He furnishes the Heads of the Branches of the Armed Forces Headquarters with all information at her / his disposal to enable them to discharge their financial responsibilities in respect of grants allotted to them, and advises them in regard to the preparation of proposals and disposal of financial business generally. She/ He is fully associated with formulation and implementation of Defence Plans.

*(Auth: Appendix- B of Defence Services Estimate)*

## **DEFENCE ACCOUNTS DEPARTMENT'S ROLE AND RESPONSIBILITY IN FINANCIAL MANAGEMENT**

**1.12** The duties of the Defence Accounts Department are broadly Financial Advice, Internal Audit, Payment and Accounting of all charges pertaining to the Armed Forces, including bills for services and supplies rendered and for construction / repair works, Pay and Allowances, Miscellaneous Charges, pensions etc. The Department is also responsible for the audit of cash and stores account kept by the various units and formations (including arsenals, workshops and storage depots) and maintenance of pay accounts of Army Officers and combatants of the Army. The organization of the DAD corresponds broadly to the structure of the three Defence Services, Defence Research & Development Organisation, the Canteen Stores Department, the Indian Coast Guard, the Border Roads Organisation and Inter-Service Organisations under the Ministry of Defence.

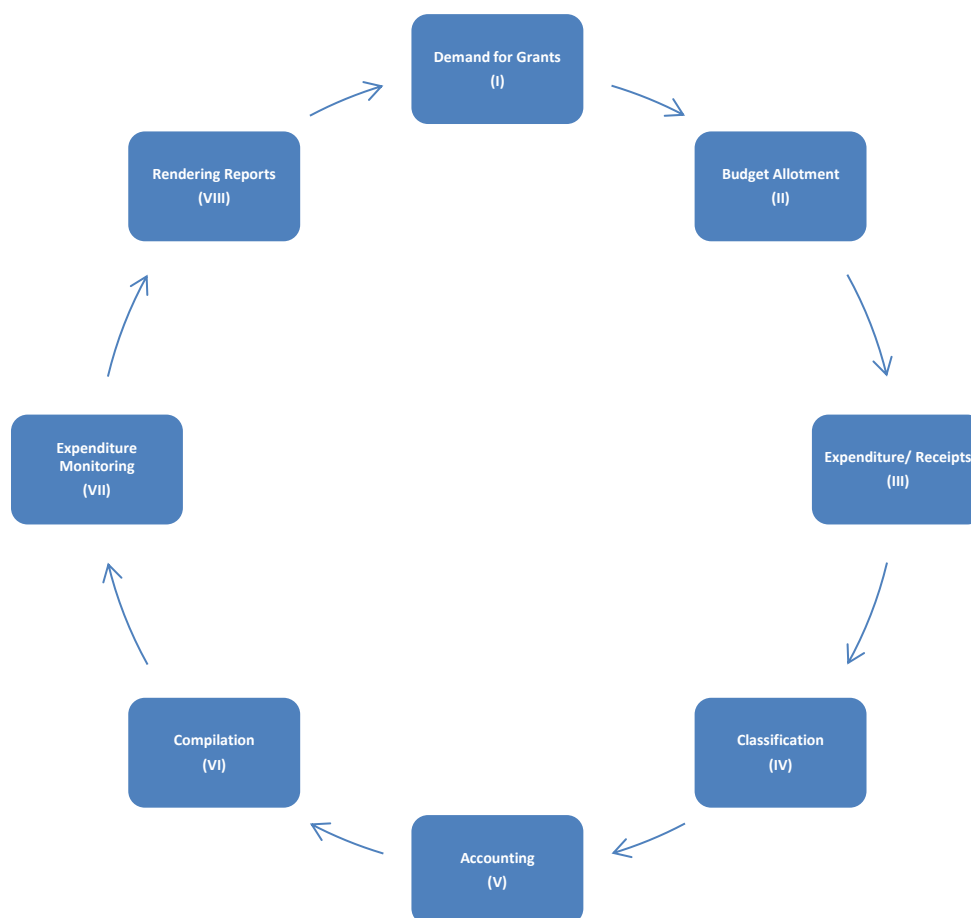
*(Auth: Appendix- B of Defence Services Estimate)*

**1.13** The Controller General of Defence Accounts (CGDA) functions on behalf of Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS), as the Competent Authority in all matters affecting financial advice, (in so far as they relate to delegated financial powers below the Ministry of Defence) internal audit, payment and accounting in respect of expenditure pertaining to the Defence Services.

*(Auth: Para 41, 42 & 43 of Charter for Financial Adviser issued by MoF OM dated 13/06/2023 and Appendix- B of Defence Services Estimate)*

**1.14** Under the scheme of Departmentalisation of accounts in the Ministry of Defence, the Defence Secretary is the Chief Accounting Authority for all transactions of the Ministry of Defence and this responsibility is discharged by him through and with the assistance of Secretary (Defence Finance) / Financial Advisor (Defence Services) (FADS), who will function for and on behalf of the Chief Accounting Authority.

**1.15** Work flow of Defence Accounts Department (DAD) for maintaining accounts and rendering reports are as under: -



**(I) Demands for Grants:** The budgetary allocation to the Ministry of Defence is provided under the following four Demands for Grants:

Sr No.	Grant No.	Grant Name	Types of Estimates
1	Grant 19	Ministry of Defence (Civil)	Civil Estimates
2	Grant 20	Defence Services (Revenue)	Defence Services Estimates
3	Grant 21	Capital Outlay on Defence Services	Defence Services Estimates
4	Grant 22	Defence Pension	Civil Estimates

The estimates for expenditure for which vote of Lok Sabha is required shall be in the form of Demand for Grants. Four Demands of Grants are presented in the Parliament in respect of Ministry of Defence, out of which two Defence Grants (Defence Services Revenue and Capital Outlay) are provided through Defence Services Estimates (DSE) and two civil Grants of MoD (Ministry of Defence (Civil) and Defence Pension) are provided through Detailed Demand For Grants (DDG).

(II) **Budget Allotment:** After approval of Demands for Grants by the Parliament, allotments are communicated to all stake holders through Defence Services Estimates (DSE) and Detailed Demand For Grants (DDG) by MoD (Fin/Bud). All budget holders at Service HQrs and other organisations of MoD further allocate the budget to units and formation under their jurisdiction for utilization.

(III) **Expenditure/Receipts:** All transactions are classified as Expenditure/Receipts. All payments are made through SBI CMP (SBI CMP Fast Plus)/Cheque/E-kuber/Letter of Credit etc. and receipts are realized through e-MRO/MRO.

(IV) **Classification of Expenditure/Receipts:**

- (a) The Budget of Government is linked to the accounts and Government transactions accounted for under the Consolidated Fund, Contingency Fund and the Public Account of India. As a general rule, classification of transactions in Government Accounts, shall have closer reference to functions, programmes and activities of the Government and the object of revenue or expenditure, rather than the department in which the revenue or expenditure occurs.
- (b) Each Division in the Consolidated Fund and the Public Accounts is divided into six tiers (Major Head → Sub- Major Head → Minor Head → Sub Head → Detailed Head → Object Head) of accounting classification.



- (c) In case of Defence Services, it is divided into the five tiers and the Detailed Head constitutes the fifth and last tier of classification of expenditure (Major Head → Sub-Major Head → Minor Head → Sub Head → Detailed Head). The detailed head in Classification Hand Book (CHB) is termed as an Object of classification, as per exemption granted vide Rule 21 (2) (b) Delegation of Financial Power Rules 2024.
- (d) All the expenditure in the Government Account shall be classified separately as Capital and Revenue expenditure.
- (e) All code heads for classification of expenditure are available in Pamphlet of Receipt, Debt and Remittance (RDR) and Classification Hand Book (CHB).

(V) **Accounting:**

- (a) Under the system of departmentalization of accounts, the balances of the Defence Services have been created Proforma in the books of the Reserve Bank of India w.e.f. 1<sup>st</sup> April, 1962. These balances form part of the balances of the Central Government for regulating the ways and means advances. There is one Central Account in the books of the Reserve Bank of India for the Defence Service as a whole but in the details working upto this single account, the total figures for each Controller will be available separately in the books of the Reserve Bank.
- (b) Reconciliation of balances of the Ministry of Defence with the **Reserve Bank of India (RBI)** is an essential part.
- (c) The inter-departmental or inter-governmental transactions will be settled by different procedures as given below:
  - (i) Cash settlement.
  - (ii) Direct booking of expenditure by agent Ministry/Department against the Demands for Grants of the functional Ministry through Letter of Authorization (LOA);
  - (iii) Issue of advice to RBI, CAS, Nagpur;

(VI) **Compilation:**

- (a) Controller General of Defence Accounts (CGDA) on behalf of Chief Accounting Authority (the Secretary of Ministry of Defence) is responsible for the compilation and consolidation of the accounts of the Ministry of Defence in the prescribed form and their timely rendition to the Controller General of Accounts (CGA).
- (b) For this purpose, the necessary data available in original vouchers are codified in electronic form, known as the Punching Medium (PM).

(c) Annual accounts are closed by the CGDA on the dates intimated by Controller General of Accounts (CGA), Ministry of Finance (Department of Expenditure). The dates of closing of accounts in the books of PCsDA/CsDA are intimated by the CGDA each year. Accounts so kept open after 31<sup>st</sup> March are known as:-

- (i) March (Preliminary)
- (ii) March (Supplementary-I) [March Final]
- (iii) March (Supplementary-II) [Rectification of misclassification through Journal Entry (JE)]

(d) The Defence Accounts Department classifies and compiles expenditure /receipts in respect of: **(1) Organisations of Defence Services** (Army, Navy, Air Force, Coordination & Services (Directorate of Ordnance) and Research and Development Organisation) paid from Defence Service Estimates and **(2) Civil Organisations** mentioned below that are paid from the civil grant of Ministry of Defence:

(i) **Department of Defence (DOD):** Responsible for the defence of India and every part thereof, including defence policy and preparation for defence and all such acts as may be conducive, in times of war, to its prosecution and after its termination to effective demobilization.

(ii) **Department of Defence Production (DDP):** Focuses on the Defence production, indigenisation of imported stores and administration of Defence Public Undertakings (DPSUs).

(iii) **Department of Defence Research and Development (DDR&D):** Engaged in developing advanced defence technologies.

(iv) **Department of Ex-Servicemen Welfare (DESW):** Attends to matters relating to Armed Forces Veterans (Ex-Servicemen) including Pensioners.

(v) **Department of Military Affairs (DMA):** Focuses on works and procurement related to the Army, Navy and Air Force and facilitates jointness in procurement and operational matters.

(vi) **Defence Accounts Department (DAD):** Manages financial transactions and accounting for Defence Services.

(vii) **Coast Guard Organisation (CGO):** Responsible for maritime security and safeguarding India's coastal areas.

(viii) **Armed Forces Tribunal (AFT):** Handles legal matters and appeals related to military personnel.

(ix) **Defence Estates Organisation (DEO):** Responsible for managing Defence land and estates.

(x) **Jammu and Kashmir Light Infantry (JAKLI):** A regiment of the Indian Army based in the Jammu and Kashmir region.

(xi) **Canteen Stores Department (CSD):** Provides canteen supplies to military personnel / Defence Civilians and their families.

(xii) **Border Roads Organisation (BRO):** Engaged in the construction and maintenance of roads in border areas.

**(VII) Expenditure Monitoring:**

(a) PCsDA/CsDA shall report to the Executives/Budget Holders concerned immediately on the first appearance of any disproportionate expenditure, particularly in respect of recurring items of expenditure under any grant or appropriation or a primary unit of appropriation thereof. However, the authority administering a grant/ appropriation is ultimately responsible for the control of expenditure against the grant/appropriation.

(b) The expenditure against Centrally Controlled Heads is monitored by controlling authorities at Armed Forces Headquarters.

(c) In case of expenditure compilable to “Locally Controlled Heads”, the Defence Accounts Department, jointly with the administrative and executive authorities, plays an important part in keeping a watch on the progress of expenditure against the sanctioned allotments.

**(VIII) Reporting:**

(a) Preparation and submission of Statement of Central Transactions(SCT) and materials for the Finance and Accounts of the Defence Services and Ministry of Defence (Civil) to the Controller General of Accounts(CGA), Ministry of Finance, Department of Expenditure, New Delhi on the date prescribed by the CGA.

(b) Preparation of the portion of the Combined Finance and Revenue Accounts pertaining to Defence Services and its submission to the Controller General of Accounts and Director General of Audit, Defence Services for incorporation in the combined Finance and Revenue accounts of the Central and State Governments in India.

(c) Preparation of the Appropriation Accounts of the Civil Estimates of the Ministry of Defence and sending the same to the Principal Audit Officer (Principal Director of Audit), Controller General of Accounts, Director General of Audit, Defence Services (DGADS) and MoD (Fin).

## **AUTHORITY COMPETENT TO PRESCRIBE FORMS FOR MAINTAINING DEFENCE SERVICES ACCOUNTS**

**1.16** The Ministry of Defence (Finance) of the Government of India is to ensure that suitable accounts are maintained by the Defence Services.

**1.17** The forms in which the accounts should be kept in the offices of the Defence Accounts Department are prescribed by the Controller General of Defence Accounts, with the approval of the Defence Secretary and Financial Adviser. But if any change affects the form of the Finance and Revenue Accounts, it will not be made without the previous sanction of the Controller General of Accounts and Comptroller and Auditor General.

**1.18** Accordingly, the Principal Controllers / Controllers should seek the intervention of the Ministry of Defence, through the Controller General of Defence Accounts in cases in which the forms of initial or other accounts or of bills, prescribed by competent authority, are deviated from.

**Note:-** *The word 'form' has comprehensive meaning so as to include the prescription, not only of the broad form in which the accounts are to be kept, but also the appropriate heads under which certain transactions or classes of transactions have to be entered.*

**1.19** The Government of India may require any information which can be derived from the accounts maintained in an Accounts office. For this purpose an Accounts Office of the Defence Accounts Department may find it necessary on occasions to make slight amendments in the forms for maintaining accounts. All changes in the prescribed forms and procedure should be referred to the Controller General of Defence Accounts.

**1.20** All returns, accounts and statements required by the Controller General of Accounts and Comptroller and Auditor General should invariably be prepared in the forms prescribed by them.

## **GENERAL DUTIES OF CGDA AS A PRINCIPAL ACCOUNTING OFFICER**

**1.21** The payments and accounting functions in respect of the Ministry of Defence are entrusted to the Controller General of Defence Accounts (CGDA) who will function as the Principal Accounting Officer and will discharge following responsibilities:

- (I)** Establishing and maintaining a technically sound accounting system in the Department and to prescribe general principles, systems and form of Government Accounts;
- (II)** Arranging accurate and timely payments within the budgetary provision of Defence Services through PCsDA/CsDA in conformity with prescribed rules and regulations;
- (III)** Timely realization of receipts;
- (IV)** Reconciliation of balances of the Ministry of Defence with the Reserve Bank of India;
- (V)** Compilation and Consolidation of the accounts of the Ministry of Defence in the manner prescribed by CGA and C&AG;
- (VI)** Timely, accurate, comprehensive, relevant and useful Financial Reporting;
- (VII)** Preparation of Annual Appropriation Accounts in respect of two civil grants (Grant No 19 and Grant No 22) of the Ministry of Defence and provide expenditure figures for two Grants (Defence Services Estimates) to MoD (Fin/Bud).
- (VIII)** Rendition of materials for the Finance and Accounts of the Union Government (Civil) to the Controller General of Accounts and DGADS;
- (IX)** Submission of Statement of Central Transactions and material for the Finance and Accounts of the Defence and Defence (Civil) to the Controller General of Accounts;
- (X)** Preparation of Annual Statement of Central Transactions (SCT) of Defence Services Receipts and Charges and rendition to the Controller General of Accounts, Ministry of Finance, Department of Expenditure, New Delhi on the date prescribed by them;
- (XI)** Preparation of certain subsidiary statements in connection with the Appropriation Accounts, as prescribed in Defence Audit Code and submission of the same to the Financial Adviser, Defence Services/Secretary (Defence Finance). CGDA also renders annually an Audit Certificate on the accounts of the Defence Services to the Financial Adviser, Defence Services/Secretary (Defence Finance).

## GENERAL DUTIES OF PCDA / CDA AS AN ACCOUNTING OFFICER

**1.22** The Principal Controller / Controller serves as the Chief Authority responsible for internal audit and accounting functions for the formations and units under their jurisdiction. Their accounting duties and functions can be categorized as follows:

**(I) Management of Receipts and Disbursements:**

- (a) Collection of Accounts:** The Principal Controller/Controller is responsible for collecting and compiling all accounts related to receipts and disbursements within their area of oversight. This responsibility ensures that all financial transactions are documented and recorded accurately.
- (b) Ensuring Timely Payments:** Controllers must ensure that payments are processed accurately and in a timely manner, conforming to the prescribed rules and regulations. Timeliness is crucial for maintaining operational efficiency.
- (c) Realization of Receipts:** Controllers are responsible for the timely realization of receipts and ensuring that they are credited to the Government Account. This task is essential for maintaining the government's cash flow.
- (d) Transfers between Accounts:** Controllers must manage the transfer of items originating in their area to other Accounts Circles, as well as adjusting their accounts for items received from other Accounting Circles.

**(II) Financial Management Systems:**

- (a) Monitoring Expenditure:** Controllers are tasked with monitoring expenditure against sanctioned allotments for the areas under their authority. They must alert higher authorities in cases where expenditure is either excessively high or unusually low.
- (b) Implementing Financial Information Systems:** Controllers are responsible for implementing financial information systems as directed by the CGDA. This includes providing necessary materials for reports related to Annual Finance Accounts, which are crucial for maintaining financial transparency.
- (c) Cash Requirement Formulation:** Controllers support the CGDA in formulating cash requirements for various heads other than budgetary heads. This involves analyzing the financial needs of the Defence Services to ensure adequate funding.

**1.23 Responsibility for Accurate Account Management:** Each Principal Controller/Controller has a fundamental responsibility for ensuring the accuracy and efficiency of the various processes that culminate in the monthly accounts. Their duties include:

(I) Keeping track of the progress of receipts and expenditures to ensure timely adjustments and reporting.

(II) Managing the administration of matters where the government is either a debtor or a creditor, ensuring that accurate records are maintained for all transactions.

(III) Settling accounts with other Accounts Officers promptly, which is crucial for maintaining accurate financial records across departments.

(IV) Watching over the Financial relations of the Defence Services with State Governments, other Departments of Central Governments, individuals, and organizations. This responsibility involves not only keeping accounts but also overseeing and directing related financial matters.

(V) Controllers must ensure that proper records are kept of all transactions and that measures are taken for their adjustment without unnecessary delays.

**1.24** Each Principal Controller/Controller is also responsible for ensuring that all transactions requiring monetary settlement against the Defence balance by other Accounts Offices are quickly adjusted in Defence books. This is essential to prevent outstanding items from remaining in suspense accounts for an extended period, which can complicate financial reporting and accountability.

**1.25** Controllers must maintain detailed records of the amounts due to or by the Government, continuously working up to the balance on their own books. They are responsible for reviewing these balances at the end of each year, following the guidelines outlined in **Chapter 11** of this code. This review is critical for ensuring that all accounts are up to date and accurately reflect the financial position of the Defence Services. At the conclusion of their review, Controllers are required to submit a copy of their findings, along with statements numbered 5 and 13, to the Controller General of Defence Accounts. Additionally, copies of the review are also provided to the Principal Director/Director of Audit Defence Services for auditing purposes. The CGDA subsequently prepares statement numbers 5 and 13 of the Union Government Finance Account and sends these to the Controller General of Accounts.

**Note:** *The Statement 13 is Minor Head wise statement of net balances closing in Credit or Debit in the Annual Review of the Balances. Statement No. 5 is summary of balances of Statement 13.*

## MISCELLANEOUS

**1.26** It is crucial for Controllers to refrain from addressing the Comptroller and Auditor General and the Controller General of Accounts directly.

**1.27** Controllers should avoid direct communication with Services Headquarters or the Ministry of Defence (Finance), except for routine matters or pre-arranged estimates and returns. For any queries related to rule clarifications or procedural changes, it is essential for Controllers to first reach out to the Controller General of Defence Accounts. This protocol fosters a consistent approach to communication and decision-making within the Defence financial management framework.

**1.28** No requisition for submission to any accounts office of new account return should be issued by the Principal Controllers/Controller without reference to the Controller General of Defence Accounts and if the requisition is to an officer not subordinate to the Pr. Controller/Controller, the views of the local administrative authorities should first be obtained.

***Example:-*** When PCsDA/CsDA ask for new account returns (i.e. new format of accounting data for debit/credit schedule) from SBI Authorities then this new account return must be approved by CGDA office.

**1.29** All communications that pertain to the classification of receipts and charges, as well as those that involve forms and procedures related to accounts, should be directed to the Controller General of Defence Accounts. This directive reinforces the importance of centralized communication and decision-making in matters affecting Defence Financial Management.



## **CHAPTER 2**

### **GENERAL OUTLINE OF THE SYSTEM OF ACCOUNTS**

<b>CONSOLIDATED FUND, CONTINGENCY FUND AND PUBLIC ACCOUNT OF INDIA</b>
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**2.1 (I)** The Accounts of Central Government shall be kept in the following three parts:-

**(a) Part I - Consolidated Fund of India**

The Central Government has a Consolidated Fund entitled “Consolidated Fund of India” into which the Revenues received by the Central Government (including Union Territories), loans raised by that Government by the issue of Treasury Bills, loans or ways and means advances and moneys received by the Government in repayment of loans are credited, and from which the expenditure of that Government when so authorized by the Parliament, is met.

*(Auth: Article 266 (i) Constitution of India)*

**(b) Part II - Contingency Fund of India**

The Central Government has a separate Contingency Fund entitled “The Contingency Fund of India”. The Fund will be at the disposal of the President to enable advances to be made by him for meeting unforeseen expenditure, pending authorisation of such expenditure by Parliament under appropriations made by law.

*(Auth: Article 267 Constitution of India)*

**(c) Part III - Public Account of India**

The Central Government also has a Public Account entitled “Public Account of India”, into which all other public moneys received by, or on behalf of the Central Government (including Union Territories) are credited and from which disbursements are made in accordance with the prescribed rules.

*(Auth: Article 266 (ii) Constitution of India)*

(II) A brief description of the aforementioned 3 parts is as follows:-

Part	Division	Section	Pertains to
Consolidated Fund	Revenue	Receipt head (Revenue Account)	Proceeds of taxation and other receipts classified as Revenue
		Expenditure Head (Revenue Account)	Expenditure met from Revenue
	Capital	Receipt Heads (Capital Account)	Receipts of a Capital nature which cannot be applied as a set off to Capital Expenditure
		Expenditure Heads (Capital Account)	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
		Public Debt (Loans and Advances etc.)	Loans raised and their repayments by Government such as "Internal Debt", "External Debt" of the Central Govt. and Loans and Advances made (and their recoveries) by Governments. The Section also includes certain special types of heads for transactions relating to 'Transfers from Consolidated Fund to the Contingency Fund' and inter-state settlement.
Contingency Fund	-	-	Fund set up by the Government of India under Article - 267 of the Constitution shall be recorded
Public Account	-	-	Small Saving Provident Funds, Reserve Funds Deposits and Advances, Suspense and Miscellaneous and Remittances

(Auth.: Rule 23 of GAR 1990 and Rule 77 GFR 2017)

**Note :-** The transactions of Railways, Posts, Telecommunications and Defence 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 etc.*

*(Auth: Rule 8(3) of GAR 1990)*

**2.2** Save as may be specifically provided in any case, cash balances in the Consolidated Fund or Contingency Fund and Public Account of India are either held in a Government treasury or kept with the Bank.

*(Auth: Rule 12 & 13 of GAR 1990)*

<p style="text-align: center;"><b>ACCOUNTS OF THE CENTRAL AND STATE GOVERNMENTS WITH THE BANK</b></p>
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**2.3** The Central Government and each of the State Governments have made separate arrangements with the Reserve Bank of India, by virtue of which, the general banking business of these Governments (in which business includes the receipt, collection, payment and remittance of money on behalf of Government) is carried out and transacted by the Bank in accordance with and subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934 (printed as Appendix I to Compilation of the Treasury Rules Volume II) 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. 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 and conducting Government business.

*(Auth: Rule 8 & 9 of GAR 1990)*

**2.4** Complete accounts of the Central Government and individual account of all Civil Ministries/Departments, as well as accounts of Railways Fund, Posts, Telecommunications, Defence and Accountant General of States / Union Territory Governments / Administrations are maintained by the Central Accounts Section of the Reserve Bank of India, Nagpur.

*(Auth: Rule 11 of GAR 1990)*

**2.5** All transactions/adjustments between the accounts of Central Government Ministries/Departments and State/ Union Territory Governments are settled on cash basis by issue of Cheque/Demand Draft/ e-payments except in the case of transactions between Defence and Department of Posts, Railways and Ministry of External Affairs.

*(Auth: Note below Rule 16 of GAR 1990)*

**2.6** The transactions between Ministry of Defence and Department of Posts, Railways and Ministry of External Affairs (received through Principal Chief Controller of Accounts (Pr. CCA), Ministry of External Affairs) are settled through "Settlement Accounts". The monetary settlement of such transactions through Central Accounts Section of the Reserve Bank of India, Nagpur is effected by the PCsDA/CsDA/Accounts Officer of the Ministry/Department concerned in whose books the transactions originate.

*(Auth: Note below Rule 16 of GAR 1990)*

**2.7** A statement of closing balance of each Government (States) / Ministry / Department in the books of the bank is forwarded by the CAS, RBI, Nagpur to the Defence Accounting Circle (DAC) concerned at the close of the account of each month after adjusting transactions in its own books and taking all cash transactions in all branches of RBI, agency banks into account.

**Note:-** Loans to State Governments budgeted under the Civil Estimates of Ministry of Defence (Major Head 7601-Loan and Advances to State Government) are also advised through CAS, RBI, Nagpur by AO (DAD), Ministry of Defence for credit to the State Government by CAS, RBI, Nagpur.

*(Auth: Note below Rule 11 of GAR 1990)*

## **TRANSACTIONS OF OTHER GOVERNMENTS IN STATE TREASURIES**

**2.8** 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 money may be received and payments may be made on behalf of the Central Government and other State Governments by a State treasury situated at a place where the treasury business is not conducted by the Bank. Such receipts and payments are 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 settles the transactions with the Central Government or State Government as under: -

(I) In case of transactions pertaining to other State Governments, the Accountant General makes the requisite adjustments through the Central Accounts Section of the Reserve Bank against the balances of the other State Governments concerned. This procedure is also applicable to money received by 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.

(II) In case of transactions of Central Government, including Railways/Posts/ Defence at State treasuries (both banking and non-banking), cash settlement is made by the State Accountant General with the Pay and Accounts Office through suspense by exchange of Cheque/Demand Draft (DD)/e-payments etc.

*(Auth: Rule Note below 13 of GAR 1990)*

## **STATE TRANSACTIONS IN CENTRAL TREASURIES**

**2.9** 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 central treasuries are settled in cash by issue of Cheque/DD/e-payments etc.

*(Auth: Rule Note below 12 of GAR 1990)*

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

**2.10** All receipts realised by the Defence Services are paid into a treasury or Bank in lump sum (through MRO/e-MRO/ treasury challan, as the case may be) and are accounted for at the Treasury or the Bank as receipts on behalf of Defence Services. The initial detailed accounts of such receipts are kept by the offices concerned.

**2.11** All payments on behalf of Defence Services are made either at a treasury or the Bank by means of cheques or through e-mode (SBI-CMP, e-KUBER etc.) by offices of the Defence Accounts Department and in certain cases by the Officers of

Defence Services. The payments are treated by the Treasury / Bank as payment on behalf of Defence Services and the initial detailed accounts of the payments are maintained by the offices drawing the money by cheques, etc.

**Note:** *Except in some specific cases, where Defence Services Officers are allowed cash assignments on treasuries or banks, all payments are made by cheques, e-payments etc. drawn by officers of the Defence Accounts Department.*

*(Auth: Rule 13 CGA RPR 2022)*

**2.12** The Offices of Defence Services referred to in **Para 2.10** and **2.11** above, render the accounts of their transactions to the Pr. Controllers/Controllers concerned. The transactions passed on for adjustment by other Accounts Offices are classified by the Pr. Controllers/ Controllers of Defence Accounts under the appropriate classification heads of accounts. The lists of classification heads are given in the “Classification Hand Book of Defence Services Receipts & Charges” (CHB) and “Pamphlet of Revenue, Debt and Remittance Heads” (RD&R). The detailed procedure for the compilation of the accounts is given in **Chapter 10** of this book.

**2.13** The Consolidated Compilations of Receipts and Charges (under Revenue, Debt and Remittance Heads as well as CHB Heads) in respect of Ministry of Defence are also prepared by the HQrs CGDA.

### **MODE OF SETTLEMENT OF DEFENCE TRANSACTIONS**

**2.14** All transactions arising in the Defence books which are eventually adjustable against the balances of the Railways and Department of Posts or vice versa, are passed on to Accounts Offices concerned through “Settlement Accounts” and monetary settlement between the balances concerned in respect of such transactions is effected by the Pr. Controller/Controller/Accounts Officer in whose books the transactions originate through the Central Accounts Section of the Reserve Bank of India.

*(Auth: Note below Rule 16 of GAR 1990)*

**2.15** Transactions arising in the books of one Pr. Controller/Controller which are adjustable in the books of another Pr. Controller/Controller of Defence Accounts are passed on through the Defence Exchange Accounts (DEA). (Detailed procedure regarding DEA is provided in Chapter 8 of this book).

**2.16** Transactions between Defence Services and other Ministries of Central Government and Union Territories through their own Pay and Accounts Offices are settled on cash basis by issue of cheques/DD/LoA or through digital mode of payments through e-MRO Portal or NEFT/RTGS mode. For this purpose PAOs may share their Account details with the Ministries/ Department/ Organisations.

*(Auth: Para 1.1.2 & 1.1.3 of CAM)*

**Note:** - *In certain cases, budget is placed by the Ministry of Defence to the Civil Ministry for direct booking of transaction. The expenditure report is watched.*

**2.17** Transactions between Defence Services and non-government bodies and institutions or individuals are settled by actual payment or by actual recovery as the case may be.

*(Auth: Rule 21 of GAR 1990)*

**2.18 (I)** Transactions of the Defence Services arising in the United Kingdom which are adjustable in India, are passed on to India through the Inward London Account (ILAC) and dealt with centrally by PCDA New Delhi. Certain transactions on behalf of Government of India arising in England are finally audited in that country. Such transactions are advised to India through an account known as "Account of Receipts/Disbursements of the High Commissioner for India in the United Kingdom on account of the Government of India.

**(II)** Similarly, all Embassies transactions are advised to India by Pr. CCA (MEA), through settlement Account. The Defence transactions included therein are received and adjusted centrally by the Pr. Controller of Defence Accounts, New Delhi. (The detailed procedure in regard to the manner of adjustment of Foreign transactions is described in **Chapter 9** of this code).

**(III)** The Remittance Transactions such as recovery of loans and advances, recovery of GPF subscription etc relating to other PCsDA/CsDA, will however be passed on by PCDA, New Delhi to the respective PCsDA/CsDA through the Defence Exchange Account.

**Note 1 :-** *The monthly account of each Pr. Controller/Controller thus includes, not only receipts and disbursements arising in his accounts circle, but also receipts and charges in the United Kingdom, Washington and other Embassies and all credits and debits received by them from the PCDA, New Delhi through Exchange Accounts.*

**Note 2:-** *Earlier, the allocation for Border Roads Organisation (BRO) was provided under the Demand for Grant for the Ministry of Road Transport and*

*Highways (MoRTH), till the Financial Year (FY) 2014-15. Thereafter, it has been shifted to MoD (Civil) Grant in the FY 2015-16. Similarly, the receipts and expenditure pertaining to Coast Guard Organisation (CGO) were accounted for by Defence Accounts Department to the final heads of Ministry of Finance (Deptt of Revenue). However, from the year 2002-03 onwards, the budgetary requirements of Coast Guard Organization have been transferred from the Grants of the Ministry of Finance to Ministry of Defence (Civil Estimates).*

## **CENTRAL JOURNAL AND LEDGER**

**2.19** The Controller General of Accounts maintains a Journal and Ledger for central transactions which is posted from the financial accounts of each year received from all Accounts Offices in India.

*(Auth. Rule 19 of GAR, 1990 )*

## **STATEMENT OF CENTRAL TRANSACTIONS (SCT) OF DEFENCE SERVICES RECEIPTS AND CHARGES**

**2.20** After rendering March Supplementary – I (March Final) Accounts to CGA, MoF, the Controller General of Defence Accounts, prepares SCT of Defence Services and Ministry of Defence (Civil)- Receipts and Charges annually each year. The SCTs are rendered to the Controller General of Accounts, Ministry of Finance, Department of Expenditure, New Delhi on the date prescribed by them. A copy of the SCT is also endorsed to the Director General of Audit Defence Services, who after check, endorses his audit certificate thereon and passes it on to the Controller General of Accounts.

**2.21** After closing of annual accounts, any amendment to SCT is effected through Journal Entries (JE's) with the approval of CGA, Ministry of Finance (Department of Expenditure), New Delhi and the effect of the Journal Entries will be intimated by the Accounts and Budget Section of the CGDA, Delhi Cantt. to the PCsDA/CsDA concerned to enable them to update their ledger balances and balances reflected in the Annual Review of Balances, if any. Audit certificate of the Pr DADS/DADS will also be obtained for the effect of Journal Entries in Annual Review of Balances”.

**Note 1:-** JE is strictly discouraged and it is added only as an exception after furnishing detailed reasons with proper justification.



**Note 2:-** 'Statement of Central Transactions' at the end of each financial year represents progressive effect of all the transactions during the year. The SCT is prepared only for minor head-wise details under different major heads concerned, showing charged and voted expenditure distinctly.

(Auth: Para 5.10 of CAM 2024)

## ANNUAL FINANCE ACCOUNTS OF THE CENTRAL GOVERNMENT

### 2.22 Finance Accounts:

Following Statement of Finance Accounts are rendered by CGDA HQrs to CGA as per the Proforma prescribed by office of the CGA every year after submitting Supplementary-I Accounts and SCT. These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts.

- (I) **Statement No. 4 (IGAS-1):** Guarantees given by the Union Government.
- (II) **Statement No. 9 (IGAS-2):** Containing details of Total Funds released as Grants-in-Aid and Funds allocated for creation of Capital Assets.
- (III) **Statement No. 3 (IGAS-3):** Summary of Statement of Loans and Advances made by Union Government.
- (IV) **Statement No. 15 (IGAS-3):** Detailed Statement of Loans and Advances made by Union Government.
- (V) **Statement No. 5:** The Summary of Balances, Minor Head wise, as on 31<sup>st</sup> March is to be furnished along with the relevant explanatory notes as per the format given under CAM 41 & 42 of Civil Accounts Manual.
- (VI) **Statement No. 10:** The expenditure on Capital Account for the year is depicted minor head wise in this statement.
- (VII) **Statement No. 11:** Statement showing the investments of the Union Government in Statutory Corporations, Companies, Other Joint Stock Companies, Co-operative Banks and Societies etc. as per the Proforma prescribed by office of the CGA every year.
- (VIII) **Statement No. 13:** The Summary of Receipts, Disbursements and Balances under head of accounts relating to Debt, Deposits and Remittances and

Contingency Fund as on 31<sup>st</sup> March is furnished as per the Proforma prescribed by office of the CGA every year.

*(IGAS: Indian Government Accounting Standards) and Authority: CGDA Important Circular No. A/II/ 2273/Accounts/2022-23 dated 17/03/2023)*

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

**2.23.** After all the corrections on Supplementary – I accounts through JEs are accepted by CGA, CGDA prepares the Combined Finance and Revenue Accounts pertaining to the Defence Services and submits it to the Controller General of Accounts (CGA) for incorporation in the Combined Finance and Revenue Accounts of the Central and State Governments of India. This account is in the nature of a General Financial Statement incorporating a summary of the accounts of the Central Government and of all the State Governments for the preceding financial year. It represents the transactions of all the Governments side by side, classified under various major and minor heads of accounts.

## **APPROPRIATION ACCOUNTS**

### **2.24 Appropriation Accounts:**

(I) Appropriation Accounts reflect Government's expenditure in a financial year against the voted grants and charged appropriations specified in the Schedules appended to the Appropriation Act passed by Parliament. These accounts include information on re-appropriation of the sanctioned provision from one unit of appropriation to another, actual expenditure, and the savings and excess of expenditure, if any, against appropriations, including the supplementary grants. The Appropriation Accounts is an aid to the Parliament and the Public Accounts Committee to ascertain the financial performance of Government against the budgeted provisions. The Appropriation Accounts of the Union Government are submitted to Parliament under the provisions of Article 151 of the Constitution, and are intended to disclose:-

- (a) That the moneys indicated therein as having been disbursed, were legally available for and applicable to the service or purpose to which they had been applied or charged;
- (b) That the expenditure conforms to the authority governing it, and

(c) The effects of re-appropriations ordered by the Ministry/Department.

(II) The Secretary of each Ministry/Department acts as the Chief Accounting Authority under the departmentalised system of accounting and is responsible to approve and sign the Head Wise Appropriation Accounts of the grants/appropriations, administered by the Ministry/ Department. The FADS and CGDA assist him in the preparation of these accounts.

(III) Appropriation Accounts of Ministry of Defence are prepared for four Grants:-

(a) Two Civil grants [Defence Pension and MoD (Civil)] which are prepared by office of the CGDA.

(b) Two Defence Grants [Defence Services Revenue and Capital Outlay on Defence Services] which are prepared by MoD (Fin/Budget) based on the expenditure details provided by the CGDA.

**Note 1:-** The organizations covered under MoD (civil) grant are Coast Guard Organisation, JAKLI, AFT, DEO, BRO, DMA, DOD, DDP, DESW, DDR&D, CSD and DAD.

**Note 2:** Since the Financial year 2016-17, there are 4 Demands for Grants in respect of Ministry of Defence, which are as follows;

- (i) Grant No. 19 - Ministry of Defence (Civil)
- (ii) Grant No. 20 - Defence Services (Revenue)
- (iii) Grant No. 21 - Capital Outlay on Defence Services
- (iv) Grant No. 22 - Defence Pensions

Authority: (1) Demands for Grant of Central Government 2025-26  
(2) Defence Services Estimates (DSE) 2025-26

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# CHAPTER 3

## GENERAL PRINCIPLES AND METHODS OF ACCOUNTING

### GENERAL

#### Period of Accounts

**3.1** The annual accounts of the Central, State and Union Territory Governments which the Controller General of Accounts is required to render, shall record transactions which take place during a Financial Year running from 1st April to 31st March.

**Note:-** The Government accounts of a year are 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, through the Central Accounts Section of the Reserve Bank of India, Nagpur upto 15th April of the following year 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 in respect of erroneous/missed posting 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. (For details refer **Para 6.21** of this code).

*(Auth: Note below Rule 20 of GAR 1990)*

**3.2** Accounts so kept open after 31st March are known as March (Preliminary) and Supplementary-I (also called March Final, as a convention, in DAD). These accounts are closed by the CGDA on the dates intimated by Controller General of Accounts (CGA), Ministry of Finance (Department of Expenditure). The dates of closing of accounts in the books of PCsDA /CsDA are intimated by the CGDA every year. The accounts of the financial year in the books of the PCsDA/CsDA will be finally closed in March Supplementary-I.

**3.3** After closing of annual accounts, if a rectification/readjustment is necessary, the same will be carried out with the prior approval of CGA, Ministry of Finance (Department of Expenditure) in exceptional cases subject to the following: -

(I) Journal Entry is initiated for rectification of a misclassification / readjustment within the time limit prescribed by the CGA.

(II) The rectification/ readjustment necessitated is not less than Rs. One Crore in a

single transaction unless rectification/ readjustment is otherwise necessary (i.e., in exceptional and unavoidable cases where rectifications/ adjustments are necessary and Journal Entries are required to be prepared with the approval of the CGDA irrespective of the amount) for closing of annual accounts.

*(Auth: Para 5.10 Civil Accounts Manual 2024)*

### **Cash Basis of Account**

**3.4** With the exception of such book adjustments as may be authorized by any rules included in this Code or Account Codes 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 the Government during the same period.

*(Auth: Rule 21 of GAR 1990)*

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

**3.5** The Accounts of Government of India are maintained in the Indian Currency (INR).

*(Auth: Rule 22 of GAR 1990)*

## **FORMS OF ACCOUNTS**

### **Main Divisions of Accounts**

**3.6** The Accounts of Central Government shall be kept in the following three parts:-

- (I) Part I - Consolidated Fund of India
- (II) Part II- Contingency Fund of India
- (III) Part III- Public Account of India

**(I)** In **Part I (Consolidated Fund of India)** of the Account there shall be two main divisions namely: —

**(a)** Revenue, consisting of sections for “Receipt Heads (Revenue Account)” and “Expenditure Heads (Revenue Account)”.

**(b)** Capital, Public Debt, Loans etc. consisting of Sections for “Receipt Heads (Capital Account)” and “Expenditure Heads (Capital Account)” and “Public Debt (Loans and Advances etc.)”.

- (i) The first division comprising the Section “Receipt Heads (Revenue Account)” shall deal with the proceeds of taxation and other receipts classified as Revenue, and the Section “Expenditure Heads (Revenue Account)” dealing with expenditure met therefrom.
- (ii) 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.
- (iii) 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.
- (iv) The section “Public Debt” and “Loans and Advances” etc. of the Second Division shall comprise Loans raised and their repayments by Government such as “Internal Debt”, “External Debt” of the Central Govt. and Loans and Advances made (and their recoveries) by Governments. The Section also includes certain special types of heads for transactions relating to 'Transfers from Consolidated Fund to the Contingency Fund' and inter-state settlement.
- (v) So far as the Defence Services and Defence Accounts Department are concerned, the following sections are covered in Part I of Pamphlet of Revenue, Debt and Remittance Heads and Classification Hand Book of Defence Services Receipts and Charges: -

- (aa) Revenue Division - Sectors 'A' and 'B'
- (bb) Capital Division - Sectors 'A', 'B' and 'C'
- (cc) Loans and Advances - Sector 'F'

(II) In **Part II (Contingency Fund of India)** of the Accounts, the transactions connected with the Contingency Fund set up by the Government of India under Article 267 of the Constitution shall be recorded. Detailed instructions in this connection are contained in Chapter 17 of this code.

(III) In **Part III (Public Account of India)** of the Accounts, the transactions relating to Debt {i.e., Small Saving Provident Funds (Sector-I), Reserve Funds (Sector-J) Deposits and Advances (Sector-K), Suspense and Miscellaneous (Sector-L) and Remittances (Sector-M)} shall be recorded. The transactions under Debt, Deposits 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' shall also include adjusting heads with Railways and Department of Posts etc., including Exchange Accounts which are settled within 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 accounting circle. 'Suspense' in this Part is also an adjusting head. So far as Defence Services and Defence Accounts Department are concerned, Part III of the account will cover all Sectors from 'I to M'.

**3.7** The Divisions/Sections mentioned in the preceding paragraphs shall be grouped into Sectors under which specific functions or services are grouped. The sectors are subdivided into Major Heads of Account. However, in some cases, the sectors are, subdivided into Sub- Sectors before being divided into Major Heads of Accounts. The Sectors shall be distinguished by a series of letters of the alphabet separately for the "Revenue Receipt" section, the "Revenue Expenditure" section and for the sectors included in the remaining Sections/Divisions.

**3.8** A four-digit code has been allotted to the Major Head, the first digit indicating whether the Major Head is a Receipt Head or a Revenue Expenditure head or a Capital Expenditure head or Loan Head. 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' Loan Head and '8' will represent Contingency Fund and Public Account. (For details refer Illustration- II below).

**3.9** Under the scheme of codification, the "Receipt" Major Heads are assigned the block of consecutive serial numbers 0001 to 1999 and "Expenditure" Major Heads on Revenue Account from 2001 to 3999. The only Capital Receipt Major Head has been given the code number 4000. Expenditure Major Heads on Capital Account are assigned code Nos. from 4001 to 5999 while Major heads under 'Public Debt' Loans and Advances, Inter-state Settlement and Transfer to Contingency Fund are assigned code Nos. from 6001 to 7999. The only Head for Contingency Fund in Part II Contingency Fund is given the code number 8000. The Major Heads in the Public Account are assigned code numbers from 8001 to 8999. The code numbers relating to a Major Head in respect of the same function falling under the four sections mentioned above are arranged in such a way that by adding 2000 to the concerned code, the Major Head applicable for the four sections could be determined. This is to ensure easy correlation of Receipts/Expenditure relating to the same function occurring in these four sections. (For details refer Illustration- I below).



### Illustration – I

<b>Receipt Major Head (Revenue Account)</b>	<b>Expenditure Major Head (Revenue Account)</b>	<b>Capital Expenditure Major Head</b>	<b>Loan and Advances Major Head</b>
1	2	3	4
Civil Heads: 0075 Miscellaneous General Services	2075 Miscellaneous General Services	4075 Capital Outlay on Miscellaneous General Services	6075 for Loans Miscellaneous General Services
Defence Head: 0076 Defence Services, Army	2076 Defence Services, Army	4076 Capital Outlay on Defence Services	-
Civil Heads: 0210 Medical and Public Health	2210 Medical and Public Health	4210 Capital outlay on Medical and Public Health	6210 Loans for Medical and Public Health
0435 Other Agricultural Programmes	2435 Other Agricultural Programmes	4435 Capital Outlay on other Agricultural Programmes	6435 Loans for Agricultural Programmes
1054 Roads and Bridges	3054 Roads and Bridges	5054 Capital Outlay on Roads and Bridges	-

**Note:-** The Major Head 4076 Capital Outlay on Defence Services is a common head which caters to all Defence Services including Army, Navy, Air Force, Coordination and Services (Directorate of Ordnance), Research & Development (R&D) and Inspection Organisation. There is no corresponding loan Major Head for Army.

### Illustration – II

<b>Major Head Nomenclature</b>	<b>4-digit Major head codes</b>	<b>Identifying the nature of Major Head</b>
Revenue Receipt	0001 to 1999	1st digit is 0 or 1
Revenue expenditure	2001 to 3999	1st digit is 2 or 3
Capital Receipt	4000	Only 1 Major Head
Capital Expenditure	4001 to 5999	1st digit is 4 or 5
'Public Debt' Loans and Advances, Inter-state Settlement and Transfer to Contingency Fund	6001 to 7999	1st digit is 6 or 7
Contingency Fund	8000	Only 1 Major Head
Public Fund Account	8001 to 8999	1st digit is 8

**3.10** As an exception to these General principles of assigning code numbers, there are a few cases of Major Heads for the same function which do not exist in all the four sections. In other words, the Major Heads of the same description would appear only in the relevant Sections.

**3.11** The various sections/sectors/sub-sectors classified under the different divisions relating to Defence shall be as given in **Appendix I**.

**3.12** The Sub Major Heads are denoted by two digits (e.g., 02, 03, etc.). The Minor Heads are given three digits as in 101, 104, 110, 800 etc. Some of the Minor Heads (see examples given below) are common to some of the Services/Ministries:-

- Minor Head 001- Direction and Administration
- Minor Head 004- Research and Development
- Minor Head 050 - Lands and Buildings
- Minor Head 111-Works
- Minor Head 052 -Machinery and Equipment
- Minor Head 190 - Assistance to Public Sector and other Undertakings
- Minor Head 202- Construction Works
- Minor Head 799 - Suspense
- Minor Head 800 - Other Expenditure

### **Major, Minor, Detailed and Object Heads**

**3.13** The main unit of classification in accounts is Major Head. Major Heads are divided into Sub-Major Heads, wherever necessary, which shall be further 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' followed by Object Heads. Object Head represents the primary unit of appropriation.

**3.14** Major Heads, Sub Major Heads, Minor Heads, Sub-Heads, Detailed Heads and Object Heads together constitute six tier arrangement of the classification structure of Government Account. Six tiers are represented by a unique 15 digit numeric code. The Civil grants of the Ministry of Defence are classified in this manner. (Refer illustration- III below).

**3.15** On the expenditure side of the accounts, particularly in respect of head of Accounts within the Consolidated Fund, the Object Heads are primarily meant for itemised control over expenditure and indicate the nature of expenditure on a scheme or activity or organisation such as 'Salaries', 'Office expenses', 'Loans', etc. They also constitute the primary unit of Appropriation for the purpose of Demand for Grants of Governments. A list of standard object Heads comprising the common items of expenditure in the activities of Government which can be uniformly adopted is given in Appendix II.

## **Classification in the books of Ministry of Defence**

**3.16** The grants of the Defence Services are classified upto Detailed Head in which the Major Heads, Sub Major Heads, Minor Heads, Sub-Heads and Detailed Heads constitute a five tier arrangement. In case of Defence Services, a Detailed Head constitutes the fifth and last tier of classification of expenditure. The detailed head in Classification Hand Book of Defence Services-Receipts and Charges (CHB) is termed as an Object of classification.

**3.17** The detailed classification of account heads used in Government Accounts upto the stage of minor heads is given in the List of Major and Minor Heads of Account of Union and States (LMMHA), published by the Controller General of Accounts, Department of Expenditure, Ministry of Finance. The heads of classification operated upon in the Defence Services accounts are shown in 'Classification Hand Book of Defence Services - Receipts and Charges' (CHB) and 'Pamphlet of Revenue, Debt and Remittance Heads (Pamphlet of RD&R)'.

**3.18** 'Classification Hand Book of Defence Services-Receipts and Charges' (CHB) is a compilation of code heads of Revenue and Capital Heads pertaining to Defence Services Estimates only.

**3.19** The Pamphlet of RD&R contains 15 digits numeric classification heads of receipts and expenditure of Revenue and Capital in respect of Civil departments paid out of Civil grant of the Ministry of Defence. In addition, the Debt, Loans and Advances, State Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittance heads are opened only in the Pamphlet of RD&R which are operated both for Defence Service transactions and Civil transactions.

**3.20** The Debt, Loans and Advances, State Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittance heads close to the balance to the Government after closing of Government Account and balances thereof are carried forward in the Annual Review of Balances.

**3.21** Pamphlet of RD&R and CHB are published by the Controller General of Defence Accounts.

## **Objectives of Classification**

**3.22** The existing codification of accounting, receipts/expenditure heads represents: -

Major Head	-	4 digits (Function)
Sub-Major Head	-	2 digits (Sub-function)
Minor Head	-	3 digits (Programme)
Sub-Head	-	2 digits (Scheme)
Detailed Head	-	2 digits (Sub-Scheme)
Object Head	-	2 digits (primary unit of appropriation)

**Note 1:-** Detailed Heads and Object Heads of Pamphlet of RD&R are represented by seven digit code heads in the CHB. This codification is converted into 15 digits in the CGA's account, through a concordance. (Refer Illustration III below).

**Note 2:-** The number of classification in the Detailed Demands for Grants are not allowed to go beyond the standard six tiers.

**3.23** The Major Heads of account falling within the Sector and Sections in the Consolidated Fund generally correspond to functions of Governments- such as the different services like 'Defence', etc., provided by Government. The Sub Major heads are opened under a Major Head to record those transactions which are of a distinct nature and of sufficient importance to be recorded exclusively, but at the same time allied to the function of the Major Head.

**3.24** The Major and Sub-Major heads are subdivided into Minor heads, to identify the programmes undertaken to achieve the objective of the function represented by the Major Head. 'Special Projects' and 'Works' are some of the programmes under Defence for which minor heads have been opened. The classification upto the Minor Head level are prescribed by the CGA in consultation with the C&AG and is common to the Central and State Governments.

**3.25** A programme may consist of a number of schemes or schedules or activities and these generally correspond to 'Sub-Heads' (the fourth tier of the classification) below the Minor Head represented by the programme. Examples of activities under Minor Head 'Works' under Defence are 'Major Works', 'Minor Works', 'Special Repairs' etc.

**3.26** The Detailed Head represents Sub-Schemes while the Object Head represents the Primary Unit of Appropriation (e.g., Pay, Allowances, Rewards etc.) on which the expenditure is incurred. Each of these levels has been allotted a two-digit code. The Object Heads have been prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules. The power to amend or modify these object heads and to open new Object Heads rests with Department of Expenditure, Ministry of Finance after the approval of the Comptroller and Auditor General of India.

**Note :-** In Classification Hand Book of Defence Services-Receipts and Charges (CHB) these schemes are identified by different heads as sub-Scheme known as detailed heads. Similarly, in respect of Civil Grants, for example, in the case of Housing Functions under the Central Government (Major Head 2216), Maintenance (Minor Head 053) is a programme. Under this programme, Repairs and Maintenance of residential buildings is a scheme (Sub-Head 01) in which DAD (Detailed Head 05) carries out Minor Works (Object Head 27) in respect of different DAD residential buildings.

(Auth: LMMHA, CHB and Chapter-3 of GAR, 1990))

### Illustration - III

**Examples of classification in the Detailed Demands for Grants (DDG) / Defence Services Estimates (DSE) are indicated as under:-**

**(a)** Conversion of 6 Tier Classification of accounts into 15-digit Code Head in respect of Civil Grants of MoD:-

<b>Example for DDG Heads</b>					
<b>Types of Head</b>	<b>Nature</b>	<b>Digits</b>	<b>Code</b>	<b>Description</b>	<b>15 digits head on E-Lekha/ PFMS</b>
Major Head	Function	4	4059	Capital outlay on public work	4059
Sub- Major Head	Sub-function	2	60	Other building	60
Minor Head	Programme	3	051	Construction	051
Sub-Head	Scheme	2	22	Defence Accounts Department	22
Detailed Head	Sub-scheme	2	00	-	00
Object Head	Primary unit of appropriation	2	73 (00/094/97)	Infrastructural Assets	73
<b>The 15 digits head of account is 4059.60.051.22.00.73</b>					

**(b)** Conversion of 5 Tier Classification of accounts in 15-digit Code Head in respect of Defence Grants of MoD:-

<b>Example for CHB Heads</b>					
<b>Types of Head</b>	<b>Nature</b>	<b>Digits</b>	<b>Code</b>	<b>Description</b>	<b>15 digits head on E-Lekha/ PFMS</b>
Major Head	Function	4	2076	Army	2076
Sub-Major Head	Sub-function	2	00	-	00
Minor Head	Programme	3	800	Other Expenditure	800

Sub-Head	Scheme	Alphabet	(A)	Conservancy and Hot weather Establishment Charges.	00
Detailed Head	Sub-scheme	7 –Primary unit of appropriation	(01/562/01)	Pay and allowances of staff employed	00
Object Head	Primary unit of appropriation	Not applicable in DSE heads	Not applicable in DSE heads	Not applicable in DSE heads	00
<b>The 15 digits head of account is 2076.00.800.00.00.00</b>  <b>Note:-</b> In 15 digits head of account the last six digits (i.e. heads below the minor head) are masked for DSE heads.					

#### **Illustration - IV**

#### **Understanding of code heads used in Defence Accounts Department (DAD).**

Defence Accounts Department (DAD) uses 7- digits system for codification of accounts (Primary unit of appropriation) in the form **XX/YYY/ZZ**.

XX	-	Category prefix
YYY	-	Code Head Series
ZZ	-	Category Suffix

(i) **Category prefix:** It is used for identification of a particular nature of expenditure.

A list of Category prefix is available in the Annexure of Pamphlet of RDR and CHB. In case category prefix code is not required to operated, then, default 00 used as prefix for RDR Code Heads, default 01 used as prefix for CHB Code Heads.

(ii) **Code Head Series:** This is the main part for classification.

RDR	-	001 to 099
CHB	-	101 to 999

(iii) **Category Suffix**

Subordinate to the detailed head to classify various expenditures under detailed head.

## **Authority to open a New Head of Account.**

**3.27** The List of Major and Minor Heads of Accounts of Union and States is maintained by the Ministry of Finance (Department of Expenditure – Controller General of Accounts) which is authorised to open a new head of account on the advice of the Comptroller and Auditor General of India under the powers flowing from Article 150 of the Constitution. It contains “General Directions” for opening Heads of Accounts and a complete list of the Sectors, Major, Sub-Major and Minor Heads of Accounts and also some Sub/detailed heads, authorised to be so opened. Ministries/ Departments may open Sub- Heads and Detailed Heads as required by them in consultation with the Budget Division of the Ministry of Finance.

*(Auth. : Rule 79 of GFR)*

## **Guidelines For Opening A New Code Head**

**3.28** CGDA has been delegated powers to open the Sub Heads and Detailed Heads below the Minor Heads to meet local and special requirements subject to the stipulation that Sub Heads and Detailed Heads relating to Revenue etc. pertaining to Civil Ministries and expenditure debitable to heads in the Composite Demand for Grants etc., should correspond to those authorised for the purpose or appearing in the Composite Demands for Grants. These powers would be exercisable by the CGDA with the concurrence of Ministry of Defence (Finance) in consultation with the accredited Audit Officer (DGADS). 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' to 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.
- (IV) A Sub-Head or Detailed Head which is placed under a particular Minor Head by the Controller General of Accounts, either through directions in the List of Major and Minor Heads or elsewhere should not be placed under another Minor Head.
- (V) The Sub-Heads subordinate to a Minor Head of Expenditure should be so arranged in accounts so as to exhibit separately the expenditure under each unit of appropriation prescribed from time to time by the Government.

- (VI) The Object Heads shown in Appendix-II may be adopted and such additional heads, as may be found necessary, to cover the specific types of expenditure in certain departments, may also be opened. Care should, however, be taken to ensure that Object/Detailed Heads are not proliferated unnecessarily. The Object/Detailed Heads will be also be opened by the CGDA with the concurrence of Ministry of Defence (Fin / Budget) and in consultation with DGADS.
- (VII) Service HQrs/Organisations under MoD will obtain the concurrence of the concerned Division/Wing of Ministry of Defence on proposal for opening/deletion/modification of new code heads before forwarding to CGDA HQrs for examination and necessary action.
- (VIII) After examination and approval of the proposal, CGDA will forward a draft Correction Slip to Budget Division of MoD (Finance) for concurrence and consultation of Accredited Audit Officer (DGADS).
- (IX) After vetting of Correction Slip by DGADS, due intimation will be sent to CGDA HQrs by Budget Division of MoD (Finance) and CGDA HQrs will issue necessary notification based on the proposal concurred by MoD (Finance) and DGADS.
- (X) Instructions issued by CGA vide OM No. T-14018/07/2018/Misc/Code/19-28 dated 05/02/2019, Dept. of Economic Affairs (Budget Division), Ministry of Finance OM No. F 1(9)-B(AC)/2012 dated 20/05/2016 on opaqueness of Govt. Accounts and OM No. 1(9)-B(AC)/2014 dated 28/04/2016 on creation of Reserve/Corpus Funds may strictly be adhered to.

**Note 1:-** In all accounts and records, the Major and Minor Heads shall be arranged in the exact order shown in the above publications. The prescribed classification should be followed strictly, exact uniformity being essential even in regard to nomenclature.

**Note 2:-** The classification of all Receipts and Charges will be noted on the accounts, schedules or vouchers received.

**Note 3:-** For detailed guidelines for opening a New Code Head refer **Annexure-A** to this chapter.

### **Pamphlet of Revenue, Debt and Remittance Heads (Pamphlet of RD&R) and 'Classification Hand Book of Defence Services - Receipts and Charges' (CHB)**

**3.29** All amendments to the "Pamphlet of Revenue, Debt and Remittance Heads" and "Classification Hand Book of Defence Services Receipts and Charges" are issued by the Controller General of Defence Accounts under delegated powers with the concurrence or at the instance of the Ministry of Defence (Finance) in consultation with the accredited Audit Officer, namely, Director General of Audit, Defence Services (DGADS). The prior



approval of Comptroller and Auditor General will also be obtained (through CGA/DGADS) in cases where an amendment affects Major or Minor Head in Pamphlet of RD&R Heads and CHB as prescribed under Para 3.27 and 3.28 above.

**Note:-** The term “amendment” used in the above paragraph is intended to mean the introduction of a new head as well as the deletion or change in nomenclature of any of the existing heads.

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

**3.30** Expenditure, which is subject to the Vote of the Legislature, under Article 113 (1) of the Constitution of India, shall be shown in the annual accounts separately from expenditure which is “charged” on the Consolidated Fund of India. The expression “Charged” or “Voted” shall be appended to the heads concerned in the annual accounts to distinguish the two categories of expenditure.

## **CLASSIFICATION OF TRANSACTIONS IN ACCOUNTS**

### **General Limitations**

**3.31** All rules of classification laid down in this Code are subject to the rules regarding inter-departmental transfers contained in Chapter - 4 of this code and to any other rules or orders which have been or may be issued to regulate adjustment between different Governments.

### **General Principles of Classification**

**3.32** As a General Rule, the classifications 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, the expenditure incurred by the Army for Air Force and Navy and vice versa is debitable to the Heads pertaining to the concerned Service for which the expenditure is incurred. This principle is, however, subject to such exceptions as may be authorized specially in any individual case or a class of cases; for example, receipts representing interest on Loan & Advances are shown under Major Head 0049- Interest Receipts, irrespective of the formations to which they relate.

**Example:-** Expenditure on Engineer Services required for the Army is charged as Military Engineer Services Expenditure under the Army Head. Similar Expenditure incurred for the Air Force or the Navy is classified under the respective heads relating to the Air Force or the Navy.

(Auth: Rule 29 of GAR 1990 and Rule 78 of GFR 2017)

## **Classification of Capital and Revenue Expenditure**

**3.33** Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital Expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as well as all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses, shall be classified as Revenue Expenditure.

**3.34** Capital Expenditure is generally met from receipts of Capital nature, as distinguished from ordinary Revenues derived from taxes, duties, fees, fines and similar items of current income including extraordinary receipts. It is open to the Government to meet Capital expenditure from ordinary Revenues, provided there are sufficient Revenue resources to cover this liability.

**3.35** Expenditure of a Capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Expenditure of a Capital nature, as defined above, shall not be classified as Capital expenditure in the Government Accounts unless the classification has been expressly authorised by general or special orders of Government.

**3.36** Expenditure of a Capital nature shall be distinguished from the Revenue Expenditure both in the Budget Estimates and in Government Accounts.

**3.37** It is inherent in the definition of Capital Expenditure that the assets produced should belong to the authority incurring the expenditure. Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a Capital nature.

**Note 1:-** *Expenditure on a temporary asset or expenditure 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 ordinarily be classified as capital expenditure, and shall not, except in cases specifically authorised by the President on the advice of Comptroller and Auditor General be debited to a capital head of account.*

**Note 2:-** *Expenditure on Grants-in-Aid to local bodies or institutions for the purpose of creating Capital assets will be classified separately under the Capital Object Head '35'- Grants for creation of Capital assets.*

*(Auth:Note below Rule 30 of GAR 1990)*

**Note 3: - (I)** *Purchase of office equipment, furniture and fixtures and digital equipment not exceeding the threshold limit of one lakh rupees or three years of useful life, either of the two, as decided by the Government from time to time should be treated as Revenue Expenditure.*

**(II)** *The office equipment, furniture and fixtures and digital equipment exceeding the*

*threshold limit of one lakh rupees or three years of useful life, either of the two, as decided by the Government from time to time should be classified as 'capital' expenditure under the relevant Object Head 'Machinery and Equipment' and 'Furniture and Fixtures'. (Applicable only for MoD(Civil) Grants.)*

*(III) Purchase of vehicles, however, irrespective of its usage (office or otherwise) should be classified as 'capital' expenditure under the relevant capital Object Head 'Motor Vehicles'.*

(Auth: The Gazette of India notification No. 5659 dated 16/12/2022, No. CG-DL-E-17122022-241179)

### **Principles for Determining of Expenditure under Capital Section or Revenue Section of the Consolidated Fund of India**

**3.38** The following are the main principles governing the allocation of expenditure between Revenue and Capital:

**(I)** Capital shall 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 shall also bear charges for such further additions and improvements, which enhance the useful life of the asset, as may be sanctioned under rules made by competent authority

**(II)** Subject to Clause (III) below, revenue shall bear subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on renewals and replacements and additions, improvements or extensions that are revenue in nature as per rules made by Government.

**(III)** In the case of works of renewal and replacement, which partake expenditure both of a capital and revenue nature, the allocation of expenditure shall be regulated by the broad principle that Revenue should pay or provide a fund for the adequate re- placement of all wastage or depreciation of property originally provided out of Capital Grants. Only the cost of genuine improvements, which enhance the useful life of the asset whether determined by prescribed rules or formulae, or under special orders of Government, may be debited to Capital. Where under special orders of Government, a Depreciation or Renewals Reserve Fund is established for renewing assets of any commercial department or undertaking, the distribution of expenditure on renewals and replacements between Capital and the Fund shall be so regulated as to guard against over-capitalisation on the one hand and excessive withdrawals from the Fund on the other.

**(IV)** Expenditure on account of reparation of damage caused by extraordinary calamities such as flood, fire, earthquake, enemy action, etc., shall be charged to Capital, or to

Revenue, or divided between them, depending upon whether such expenditure results in creation/acquisition of new assets or whether it is only for restoring the condition of the existing assets, as may be determined by Government according to the circumstance of each case.

(V) Expenditure on a temporary asset cannot ordinarily be considered as a Capital expenditure and shall not, except by the President on the advice of the Comptroller and Auditor General of India, be debited to a Capital Head.

*(Auth: Rule 99 of GFR 2017)*

### **Allocation between Capital and Revenue Expenditure**

**3.39** The allocation between Capital and Revenue expenditure on a Capital Scheme for which separate Capital and Revenue Accounts are to be kept, shall be determined in accordance with such general or special orders as may be prescribed by the Government after consultation with the Comptroller and Auditor General of India.

*(Auth: Rule 100 of GFR 2017)*

### **Capital Receipts during Construction mainly to be Utilised in Reduction of Capital Expenditure**

**3.40** Capital receipts, in so far as they relate to expenditure previously debited to Capital accruing during the process of construction of a project, shall be utilised in reduction of Capital expenditure. Thereafter, their treatment in the accounts will depend on circumstances, but except under special rule or order of Government, they shall not be credited to the Revenue account of the department or undertaking.

*(Auth: Rule 101 GFR 2017)*

### **Receipts and Recoveries Representing Recoveries of Expenditure Previously Debited to Capital Major Head**

**3.41** Receipts and recoveries on Capital Account, in so far, as they represent recoveries of expenditure previously debited to a Capital Major Head shall be taken in reduction of expenditure under the Major Head concerned except where, under the rules of allocation applicable to a particular department, such receipts have to be taken to Revenue.

*(Auth: Rule 102 GFR 2017)*

### **Capital Cost of Non-productive work to be Met from Ordinary Revenues**

**3.42** As a general rule, Capital cost of works which are non productive in nature is met from ordinary Revenues. Borrowed money and other resources outside the Revenue

Account shall not ordinarily be spent for non productive purposes unless the following conditions are fulfilled: -

- (I) The objects for which the money is wanted are so urgent and vital that the expenditure can neither be avoided, postponed or distributed over a series of years; and
- (II) The amount is too large to be met from current Revenues.

### **Conversion of Outstanding Loans into Equity Investments or Grants-in-Aid**

**3.43** From time to time, Government takes suitable measures to strengthen/restructure the Capital base of public sector enterprises so that these enterprises can improve their performance and productivity. Financial reliefs in the form of conversion of outstanding loans into equity investments or grants-in-aid are also agreed to as a part of the package scheme, where loans outstanding against Public Sector Undertakings are proposed to be converted into equity investments in or as grants-in-aid to the Public Sector Undertakings. Approval of the Parliament to such proposals shall be obtained by including a token provision in the relevant Demands for Grants or Supplementary Demands for Grants as may be found expedient. The details of such conversion of loans may be explained in the relevant Budget/Supplementary Demand documents. After obtaining the approval of the Parliament, the balances under loans and the progressive expenditure of the Capital Heads of Accounts shall be corrected proforma through "Prior Period Adjustment Account" in the relevant Finance Accounts of the Union Government without affecting the current transactions of the year, under the Loan/Capital Major Heads concerned.

*(Auth: Rule 103 GFR 2017)*

### **Charging of Interest on Capital Outlay met out of Specific Loans raised by Government**

**3.44** For Capital outlay met out of specific loans raised by Government, interest shall be charged at rates prescribed by Government, keeping in view the rate of interest. Specific loans are raised in the open market for one specific purpose clearly specified in the prospectus and in regard to which definite information is given at the time of raising of the loans paid on such loans and the incidental charges incurred in raising and managing them.

*(Auth.: Rule 105(1) of GFR 2017)*

**3.45** For Capital outlay provided otherwise, interest shall be charged at the average rate of interest determined each year by the Department of Economic Affairs, Ministry of Finance.

**Note 1:-** *The interest shall be calculated on the direct Capital outlay at the end of the*

*previous year plus half the outlay of the year itself, irrespective of whether such outlay has been met from current Revenues or from other sources.*

**Note 2:-** *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 shall form the first charge on any Capital receipts or surplus Revenue derived from the project when opened for working.*

*(Auth.: Rule 105(1) of GFR 2017)*

### **Record of Capital Expenditure in Accounts**

**3.46** The Central Government and the State Governments should prescribe definite criteria for classification of an item of expenditure as pertaining to 'Revenue' or 'Capital' taking into account the nature and magnitude of the expenditure involved. The source of financing (whether Revenue Budget or Capital Budget) should follow this classification.

**Note :-** *In Defence Services, expenditure on procurements of items costing Rs. 10 Lakhs or more each and which have a life of 7 years or more/which are required for modernization programme is debitable to Capital Budget. Expenditure on vehicles irrespective of cost and life shall be treated as Capital.*

**3.47** All items of expenditure to be met from Revenue according to the criteria indicated in **Para 3.46** above should be initially and finally debited to 'Revenue' and it is not permissible to debit such expenditure temporarily to a Capital Head pending the write back to Revenue over a period of years.

**3.48** The detailed rules by which allocation of expenditure between Capital and Revenue in commercial departments and Undertakings should be determined shall be such as may be made by Government after Consultation with the Comptroller and Auditor General.

*(Auth: Rule 98 and 99 of GFR and MoD (Fin) U.O. No. 256/Dir/Finance Budget/07 dt. 09/02/2007)*

<p style="text-align: center;"><b>IMPORTANT GENERAL ORDERS GOVERNING CLASSIFICATIONS</b></p>
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**3.49** Principles and Rules regulating adjustments between Governments of certain category of charges and receipts, which have been accepted by all Governments, are given in Appendix III of this Code.

## **Pay and Allowances:**

**3.50** Following the principles in Rule 28 of GAR 1990 relating to Form of Accounts of Union and State Govts., the pay and allowances of Government servants shall be classified in accounts as part of the scheme/activity or organisations (Sub-Head) under a programme (Minor Head) below a function (Major/Sub-Major Head) to which the service of the Government servants closely relate. Where, however, it is not possible to classify, ab-initio, the pay and allowances of Government servant or servants under a single Sub-Head because of the overlapping nature of the duties of such Government Servants which is extended to several activities, programmes, functions, etc., the charge may be initially classified as part of scheme of activity or organisation to which the major portion of the work of the Government servant relates.

**Note:-** *In the Defence Services, the pay and allowances of Service Officers, PBORs, Civilians are accounted for under separate Sub-Heads under various programmes of activity.*

## **Transit Pay and Allowances of Service Personnel**

**3.51** The transit pay and allowances of a Government servant proceeding to join an office 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.

**Note 1:-** *The transit Pay and Allowances both ways, of Officers of the Defence Services lent to Civil Department (including Post and Railways etc.) 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 Defence shall, however, be governed by the substantive rule in Para 3.51 above.*

**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 Governments concerned or, as may be laid down in the appropriate Service Rules (See also 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.*

## **Transit Pay and Allowances of DAD Personnel**

**3.52** Transit Pay and Allowances in respect of DAD personnel while proceeding on and

reverting from deputation to other Ministries of Central Government, the advance of pay, if paid, will be finally adjusted to the respective heads by the department which makes the payment. The recoveries thereof, will be finally adjusted to the respective heads by the office which effects recoveries and there will be no passing of debits/credits to other departments, through Settlement Accounts.

*(Auth: Appendix 5 to Rule 28 of GAR 1990 & Rule 66 of GAR 1990)*

### **Travelling Allowances**

**3.53 (I)** Travelling Allowances of Government Servants shall be debited in Accounts as part of the scheme, activity or organisation under a programme or function of Government in connection with which the expenditure on travel on duty of the Government servants is solely connected. This principle is, however, subject to such exceptions as may be specially authorised in this regard by the Government in consultation with the Comptroller and Auditor General.

***Example:-** The cost of Travelling/ Daily Allowances, etc., of officers of one Department in connection with committee or other meetings, etc. of other Department is not debitable to same head as their pay but should be debited to those Departments.*

**(II)** The Travelling Allowance of a Government servant transferred from one department to another is debited to the department to which he is transferred.

**(III)** The Travelling Allowance of a Government servant proceeding to join an appointment in any department, should in the absence of special orders to the contrary, whether in respect of a particular case or class of cases, be charged to the department to which he is proceeding.

**(IV)** The advance of TA/DA paid in respect of DAD personnel while proceeding on or reverting from deputation to other Ministries of the Central Government will be finally adjusted to the respective heads by the Department which makes the payments. The recoveries thereof or further balance payments are effected / made by the department which effects recoveries/makes payments when final bill is submitted. No credits/debits will be passed on to other departments through Settlement Accounts.

**(V)** The Travelling Allowance of Military students under training with survey parties are debitable to the civil department.

**(VI)** The Travelling Allowance of a Government servant both when proceeding on transfer to Foreign Service and when reverting to duty shall be borne by the foreign employer.

**(VII)** If a Government servant works for more than one Government, his Travelling Allowance may be distributed between the different Governments as mutually agreed upon.



(VIII) The conveyance charges of witnesses summoned or detailed to attend a Criminal case, a Civil Suit or a Court Martial, are compiled as follows: -

Sl. No.	Type of Case	Estimates to which conveyance charges are debitable
1	Criminal case	Estimates of the Ministry or Department to which the witnesses belong
2	Civil Suit	Estimates of the Ministry or Department which is a party to the case
3	Court Martial	Defence Service Estimates

**Note:-** When, under the provisions of this Para, the conveyance charges are debitable to Defence Services Estimates, the expenditure will be debited to the Minor Head 'Transportation' of the Army, Navy, Air Force and R&D Estimates, as the case may be.

(Auth: Appendix 5 referred to in Rule 28 of GAR 1990 & Rule 67 of GAR 1990)

## CONTRIBUTION MADE BY GOVERNMENT

**3.54** Article 282 of the Constitution provides that the Union may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament may make laws. The word "Grant" used here should be taken to mean not merely "Grant-in-Aid" but also other direct expenditure.

(Auth: Rule 68 of GAR 1990)

## REFUNDS OF REVENUE

**3.55 (I)** Refunds of Revenue shall, as a General rule, be taken as reduction of the Revenue Receipts. In so far as the Sector 'A- Tax Revenue' is concerned the refunds authorised by the Income Tax authorities shall be accounted for under a distinct Sub-Head (deduct refunds) 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.

**(II)** The refunds of Revenue relating to the Sector 'B-Non-Tax Revenue', and 'C-Grants- in-Aid' and contributions may be accounted for under a separate Minor Heads '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.

(III) The procedure for payments of refund of revenue will continue to be governed by the provision of Rule 22 (1) to (4) of R&P Rules, 2022 read with Para 2.35 to 2.38 of Subsidiary Instructions to R&P Rules, 2022.

*(Rule 300-302 of GFR- 2017 Rule 22 of CGA RPR 2022)*

## **CLASSIFICATION OF TRANSACTIONS**

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

**3.56** Money advanced for miscellaneous purposes under special authority and recoverable in cash and sums overpaid on vouchers other than those for service payments shall be adjusted under the Major Head '8550-Civil Advances'. Payments made on account of Government expenditure should not be held under 'Civil Advances' on the ground that further proceedings in audit are necessary for their final admission. This head shall cover items, which are from their inception, debts due to Government, recoverable either in cash or by deduction from Pay and Allowances. Pay and Allowances of any kind in respect of an assignable period paid before they are due, shall be debited to the same head as and when paid after they are due.

*(Auth: Rule 69(1) of GAR- 1990)*

### **Classification of Transactions under Pay/TA on Transfer**

**3.57 (I)** Advances of Pay and Travelling Allowances should be debited to the final head of account and not to 'Civil Advances'. Such advances should be finally adjusted, as revenue expenditure, in the books of the Government, which makes the advances, irrespective of the fact whether the officer is proceeding to or reverting back from another Government. Settlement of such advances by way of net payment/net recovery through adjustment bills will be accounted for in the books of the Government, where the adjustment bills are preferred.

**(II)** In case of transfer of a government servant from one Department/Government to another, the debits representing advances of pay and transfer travelling allowance should be finally adjusted as revenue expenditure, in the books of the Department/Government which makes the advance, irrespective of the fact whether the officer is proceeding to or reverting back from another Department/Government. Settlement of such advances by way of net payment/net recovery through adjustment bills will be accounted for in the books of the Deptt./Govt. where the adjustment bills are preferred.

*(Auth: Rule 69(3) of GAR- 1990)*

## **Classification of Advances for Law Suits**

**3.58** 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 **Para 3.64 (ii)** below.

*(Auth: Rule 69(4) of GAR- 1990)*

## **Classification of Transactions under Suspense**

**3.59** Items of receipts and payments, which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the Major head 8659-'Suspense Account (Defence)' in the Sector 'L-Suspense and Miscellaneous' of the Accounts. A service receipt for 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 to the proper head on receipt of detailed particulars. The charges under the head 'Suspense Account' will consist of items for which full particulars, which will enable the audit office to classify them properly, have not been given.

**Note:-** No sum shall ordinarily be credited to Government by debit to a Suspense head; Credit must follow and not precede actual realisation.

*(Auth: Rule 70 of GAR- 1990)*

<p style="text-align: center;"><b>SPECIAL ORDERS GOVERNING CLASSIFICATION OF CERTAIN INDIVIDUAL TRANSACTIONS</b></p>
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## **Cost of Acquisition of Land**

**3.60** The cost of land acquired for any specific work or a project, shall be recorded as a part of the cost of the works or of the project under the relevant functional Major/Minor Head. The expenditure on acquisition of land for general purposes, shall be recorded under the Major Head “4076 – Defence Capital Outlay on Defence Services, Sub Major Head 09 – Defence Services, Head 050-Land”.

## **Sale Proceeds of Government Land and Buildings**

**3.61** The sale proceeds of Government land and buildings will be credited to Major Head ‘4000 – Miscellaneous Capital Receipts’ in all cases.

**Note 1:-** The progressive capital expenditure under the specific Major Head, from which the original expenditure/investment was made, will be reduced through Prior Period Adjustment Account (PPAA) corresponding to the expenditure incurred initially.

(Auth: – CGA, Dept. of Expenditure, MoF CS No. 04 dated 09/12/2021 for revision of Rule 71 of Government Accounting Rules, 1990.)

**Note 2:-** Estimates of receipts in respect of Bonus Shares issued by Govt. companies (PSU's/DPSU's) in favor of the Central Government and classified under Major Head '4000-Miscellaneous Capital Receipt' should corresponds to the provisions for related investments included on the expenditure side.

(Auth: – CGA, Dept. of Expenditure, letter no. O-13012/1/2022-Fin A/c- CGA/C.No.13529/590 dated 19.10.2023)

**3.62** Taxes on Residential and Non-Residential buildings owned/or occupied by the Defence Department shall be debited to the relevant head of account of Defence Services Estimates.

### **Cost of Survey of India and other Scientific Parties accompanying a Military Expedition**

**3.63** 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 Services Estimates, provided the Survey of India Unit accompanied the expedition at the request of the Defence authorities.
- (II) The cost of the pay, allowances and contingencies of other Scientific parties shall be borne by the respective Civil Departments concerned, while expenditure incurred on special transport arrangements made by the Defence Services shall be debited to the Defence Services Estimates.
- (III) These rules shall not, however, apply to the classification of the cost of units of the Survey of India or of other scientific parties mobilised for service with the Army on general mobilisation. 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 Services Estimates under special rules.

(Auth: Rule 73 of GAR- 1990)

## GENERAL METHODS OF ACCOUNTING

### **Classification of refunds of Bonafide Receipts and Recoveries of Over-payments**

**3.64** The charges due to refunds of bonafide receipts, and receipts on account of recoveries of over-payments are compiled as under, irrespective of the monetary value of the items involved: -

(I) Refunds of bonafide receipts: The amounts refunded will be compiled by deduction from the head which was over credited in the first instance, whether such refunds are made in the same year or in subsequent years.

*(Auth: Rule 300-302 of GFR- 2017, Rule 22 of CGA RPR 2022)*

(II) Recoveries of overpayments: The recoveries of overpayments effected in the same accounting year whether in cash or by deduction from a bill shall be accounted for as reduction of expenditure under the concerned head of account. If such recoveries pertain to previous year(s), they shall be recorded under a distinct minor head, "911- Deduct Recoveries of Overpayments" below the concerned Major/Sub- Major Head without affecting the gross expenditure under the functional Major/Sub-Major Head.

*(Auth :Note below Para 5.2.1 of CAM)*

### **WRITE OFF FROM "BALANCE" HEADS TO "GOVERNMENT ACCOUNT"**

**3.65** Ordinarily, all amounts due to Government which are found to be irrecoverable shall be written off from the Debt Head of Accounts concerned to an expenditure head as a loss to Government. Similarly, any amount due by Government remaining unclaimed for such time as may be prescribed by Government may be credited as Revenue of the Government concerned by Debit to the Debt or Deposit Head concerned. Amounts outstanding due to book-keeping errors under heads which close to balance may be written off to Major Head '8680 Miscellaneous Government Account' Minor head-102 "Write off from Heads of Accounts closing to balance" with the specific approval of the Comptroller and Auditor General.

**Note 1:- (I)** The powers of the Comptroller and Auditor General of India, referred to above may be exercised by the Controller General of Defence Accounts, Additional Controller

*General of Defence Accounts and Pr. Controller/Controller of Defence Accounts in cases where the amounts to be written off do not exceed Rs. 1000/- provided that: —*

- (i) The amounts written off have thoroughly been examined by the Internal Audit Sections;*
- (ii) The CGDA/Addl. CGDA/PCDA/CDA is personally satisfied that the items have been outstanding for over 5 years, and that a dead end has been reached in all cases and that a write off is unavoidable; and*
- (iii) The CGDA/Addl. CGDA/PCDA/CDA has also satisfied himself that the outstanding is the result of a book keeping error only.*

*(II) The Deputy Controller General of Defence Accounts and Additional Controller of Defence Accounts /Joint Controller of Defence Accounts may also write off the outstanding amount upto Rs. 100/- in each case under the head 'Provident Fund Suspense' subject to his having satisfied themselves about the conditions (i) to (iii) in clause '1' above. Items written off by the Dy. CGDA/Addl. CDA/Jt. CDA shall be submitted to the next higher authority for review.*

*(III) In case of 'Provident Fund Suspense' the limit of 5 years mentioned at Note 1 (I) (ii) above will not be applicable.*

*(IV) The amounts written off by the authorities under powers delegated to them in respect of "Provident Fund Suspense", should be reported half yearly to the Accounts Section of the CGDA's office by 1st May and 1st November, covering the period of accounts upto 31st March and 30th September respectively. The report regarding the write off from suspense heads other than Provident Fund Suspense, covering the period from 1st October to 30th September should be rendered annually, so as to reach the CGDA's office by 1st of November. Nil reports will also be required in respect of write off from all suspense heads.*

*(Auth: Rule 38 of GAR- 1990)*

**Note 2 :-** *These write offs are shown in a separate entry under the head "Government" in the Annual Review of Balances (AROB).*

**Note 3:-** *Where, it is not possible to establish that unreconciled balances/differences under the heads of account which close to balance, are either due to book-keeping errors or involve loss / receipts, the balances / differences may be written off to 'Government Account' with the approval of the Comptroller and Auditor General after obtaining the concurrence of the Government concerned.*

## CORRECTION OF ACCOUNTS

**3.66** If an item, which properly belongs to a Revenue or Expenditure Head, is wrongly classified under another Revenue or Expenditure Head, the error may be corrected any time before the accounts of the year are closed. No formal transfer is, however, necessary when the amount involved does not exceed Rs. 10/- or if accounts of the year have been closed; it being sufficient to make a suitable note of the error against the original entry. However, an error no matter how old and small it may be, must be corrected if it affects a Debt, Deposit or Remittance Head. If the accounts of the year in which the error took place are open, the correction should be made by transferring 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 above referred cases:-

- (I) An item taken to one debt, deposit or remittance head instead of another - the correction should be made by transfer from one to the other;
- (II) An item credited to a debt, deposit or remittance head instead of to a Revenue head or debited to a debt, deposit or remittance head instead of to an Expenditure Head - the correction should be made by transfer to the head under which it should originally have appeared;
- (III) An item credited to a Revenue head instead of to a Debt, Deposit or Remittance Head - correction should be made by debiting refunds and crediting the proper head;
- (IV) An item debited to an expenditure head instead of to a Debt, Deposit or Remittance Head-the correction should be made by debiting the proper head and crediting the relevant receipt head.

**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 alteration of progressive figures, without passing the debit or credit entries through the account 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:-** *Should an error or omission in the recorded expenditure of a work come to light after its accounts have been closed, the accounts may be reopened in order to rectify the error or omission unless the amount involved is not more than ten rupees in which case a note of the error or omission, should be made in the relevant documents concerned.*

(Auth: Para 5.6.3 & 5.6.4 of CAM 2024)

## TRANSFER ENTRIES AND CHECK OF CLASSIFICATION

### Transfer Entries

**3.67** Transfer entries, i.e., entries intended to transfer an item from one head of account to another are necessary in order: -

- (I) To correct an error of classification in the original accounts or to revise classification provisionally made as a matter of convenience in the first instance;

**Note 1:-** Sometimes, it is more convenient to classify items pertaining to more than one head of account, under a single head of account in the first instance than to classify them under each head of account from the beginning; in such cases transfer entries are necessary to bring the amounts under the proper heads of account.

- (II) to adjust, by debit or credit to its proper head an item outstanding under debt heads;
- (III) to adjust inter-departmental and other transactions which do not involve the receipt or payment of cash;

**Note 2:-** In a transfer entry, all particulars explaining both the nature of the adjustment and (if it is a correcting transfer) the grounds of the correction, must be clearly stated.

### Periodic Transfer/Adjustment

**3.68** Adjustments/readjustments subject to the general rules governing rectification of misclassifications should always be made as soon as the necessity for them is discovered. Annual transfers should as a rule be avoided, but in certain cases, such as adjustments of lapsed deposits, interest on Provident Fund, annual transfers are permissible. In those cases, the adjustments shall invariably be made before the close of the accounts of the year to which the transactions relate.

**3.69** A list of adjustments required to be made periodically should be maintained in order to ensure that they are done regularly. Periodic adjustments required to be made are shown in **Appendix IV**.

(Auth: Para 5.6 of CAM 2024)



## **Checks of Classification of Receipts and Charges**

**3.70** The following general checks will be exercised in the Sectional Compilations by the Accounts Section of the PCsDA/CsDA before rendering monthly review compilation certificate to the HQrs Office: -

### **(I) By the AAO**

- (a)** PM prepared by the concerned sections are correctly compiled in the Sectional Compilation
- (b)** No PM operated by the concerned sections has been left out in the Sectional Compilation
- (c)** The transactions pertaining to other PCsDA/CsDA do not appear in the Sectional Compilations
- (d)** Prefix Category of Fund heads has been correctly operated
- (e)** Own Exchange Accounts are not operated in respect of Original Items of Exchange Accounts

### **(II) By the SAO**

- (a)** Action has been initiated to ascertain reasons for all minus transactions in Receipts and Charges in respect of all heads for examination and are dealt with accordingly
- (b)** Reasons for progressive Minus Receipt balances under 'Cheques and Bills (020/81)/Pay and Accounts Offices Electronic Advices (020/91), (93/020/91 - CMP)' and Plus Charge balances in the head 'Remittances in to Banks/Treasuries (020/80) and (93/020/80 – e-MRO)' are examined and remedial action taken to clear the balances
- (c)** Action has been initiated to get all fictitious heads rectified.

### **(III) Group Officer**

- (a)** Necessary checks prescribed for the AAO/SAO have been exercised.
- (b)** Debit and Credit Scrolls correctly compiled and reconciled with the RB Deposits.
- (c)** Explanation of all concerned are called for operating fictitious code heads transferred to suspense heads 29/020/61-RDR Fictitious Heads, 75/020/61-Fictitious Service Heads and 30/020/61-Unbalanced Punching Medium.

**Note 1:-** The above represents the minimum checks to be exercised over classification, which may be enhanced, whenever necessary, to ensure correct classification of the accounts. However, the primary responsibility for ensuring the correctness of the bookings/compilation lies on the concerned audit sections/sub offices, who would exercise the necessary checks prescribed in codes/manuals.

**Note 2:-** For necessary checklist for review of section compilation refer to Para 289 to 291 of OM Part II , 2014 Vol. I.

### **Powers of signing of Punching Medium.**

**3.71** The Punching Media in respect of transfer adjustments will be signed by the officers as mentioned below: -

#### **(I) Normal Transfer Adjustments**

(a) AAO	-	upto Rs.25 Lakh
(b) SAO	-	upto Rs.1 Crore
(c) ACDA/DCDA	-	upto Rs.5 Crore
(d) Jt.CDA/Addl.CDA	-	upto Rs. 10 Crore
(e) CDA/PCDA	-	exceeding Rs. 10 Crore

#### **(II) Rectification of incorrect adjustments**

(a) SAO	-	upto Rs. 25 Lakh
(b) ACDA/DCDA	-	upto Rs. 1 Crore
(c) Jt.CDA/Addl.CDA	-	upto Rs. 5 Crore
(d) CDA/PCDA	-	exceeding Rs. 5 Crore

*(Auth: HQrs CGDA letter No. AN//Coord/3012/Delegation dated 11.01.2021)*

### **Examination of Compiled Actuals**

**3.72** The Pr. Controllers/Controllers and the Controller General of Defence Accounts as the case may be, will examine the monthly compilations and if necessary, will call on the Sections of Pr. Controllers/Controllers concerned for explanations of unusual figures.

## **Annexure- A**

**(Referred to in Note 3 below Para 3.28 (X) )**

### **A. Guidelines for evaluating proposals for opening of new Major/Sub-Major/Minor head of accounts in LMMHA.**

- (1)** Rule 26 of Government Accounting Rules, 1990 stipulates that Function, Sub-Function, Programmes, Schemes and Sub-Schemes should be classified at Major, Sub-Major, Minor, Sub-Head and Detailed Head level respectively. The proposals are to be evaluated keeping in view that Scheme expenditure should not be evaluated to programme level i.e., Minor Head level.
- (2)** Check should be exercised to make sure that the heads are opened on the basis of expenditure/receipts relating to the Function/Programme and not necessarily to the department to which the scheme pertains to. Basically, heads have to be opened according to the nature of expenditure/receipts (Rule 29 of Government Accounting Rules, 1990).
- (3)** The new head of account should have (Management Information System) MIS importance.
- (4)** The amount of expenditure or receipts should be recurring in nature. Ministries/Departments are required to submit the details of expenditure/receipt for past 3 years and/or estimates for the current Financial Year.
- (5)** The amount of expenditure or receipts should be substantial in cases of opening of new Minor heads/elevation of Sub Heads to Minor Heads.
- (6)** The nomenclature of new head should be generic and comprehensive in nature and not department specific.
- (7)** To avoid duplicity, it may be checked that the proposed expenditure/receipts could not be classified under the existing heads.
- (8)** The proposal should qualify various requirements stipulated in General Directions to LMMHA. As per para 1.2 General Directions to the LMMHA, in some circumstances, formal approval/issue of amendments by correction slips are not required.
- (9)** The numeric codes may be proposed to the new head of accounts keeping in view the Section, Sector, Sub-Sector & Major, Sub-Major, Minor Head of Accounts and coding pattern hierarchy of LMMHA.

(10) In some cases, the new heads are opened due to framework of any new Fund. In the cases requiring formulation of fresh Accounting Procedure for operation of new fund, the draft accounting procedure should be sent along with the proposal for opening of new head of Accounts to TA Section, Office of CGA.

(11) Gazette notifications/relevant portion of any new or amended act/rule, needs to be shared with the O/o CGA.

(12) Self-contained notes, duly approved by the Financial Advisor of the concerned Ministry/Department, should be sent to Joint CGA (TA) through Pr. CCA/CCA/CA of Ministry/Department.

*(Auth: CGA vide OM No. T-14018/07/2018/Misc/Code/19-28 dated 05/02/2019)*

**B. Norms for elevation of the subheads/detailed heads to a distinct minor head under various Major/Sub-Major heads:**

(1) Recurring expenditure provisions with considerable financial outlays should not be classified under the omnibus Minor head '800-other Expenditure'. For this purpose, the threshold limit above Rs. 50 crore to Rs. 75 crore may be considered as the benchmark for elevation of the sub-head/detailed head to Minor head. This limit may not be made applicable to non-recurring, one-off transactions.

(2) Similar cases for elevation to Minor Heads may need to be examined based on the merit of the case such as financial outlays, requirement under MIS, etc.

(3) The existing minor heads with expenditure of less than the above threshold limits may be reviewed and got deleted from the list of Major and Minor Heads of Accounts in consultation with the Office of the Controller General of Accounts.

(4) While elevating the sub-heads/detailed heads to minor heads, the characteristics/definitions applicable to schemes, programme as defined in the Rule 26 of Government Accounting Rules, 1990 may be kept in view. In other words, scheme expenditure may not be elevated to programme level which are denoted by minor heads in the present system of classification. Only those financial outlays, which qualify for being classified at programme level, may be elevated to Minor Heads.

(5) Restraint must be observed in projection of funds under Minor Head '800-Other Expenditure' in all cases and under any Major Head.

(6) The use of Minor Head '800-Other Expenditure' should be temporary, wherever so required urgently, and for comparatively lower amounts (e.g. 5%-10% of the Major Head provision).

**Note:-** *The above checks and controls are prescribed to avoid proliferation of the minor heads under various Major/Sub-Major heads.*

*(Auth.: Dept. of Economic Affairs (Budget Division), Ministry of Finance OM No. F 1(9)-B(AC)/2012 dated 20/05/2016)*

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## CHAPTER 4

# RULES REGULATING INTER-DEPARTMENTAL TRANSFERS

### INTRODUCTION

**4.1** The rules in this chapter regulate the conditions under which charges may be made by Defence Services for services rendered or articles supplied to other departments of the Central Government, State Governments and outside bodies, and vice versa.

### INTER-DEPARTMENTAL ADJUSTMENTS WITH OTHER DEPARTMENTS OF THE CENTRAL GOVERNMENT

**4.2** The inter-departmental or inter-governmental transactions will be settled by different procedures as indicated below:

- (I) Cash Settlement through operation of suspense account.
- (II) Direct booking of expenditure by agent Ministry/Department based on Letter of Authorization (LoA) issued by functional Ministry.
- (III) Issue of Inter-Governmental Adjustment (IGA) Advices to RBI, CAS, Nagpur.

*(Auth: Para 8.1.1 of CAM 2024)*

**4.3** Save as expressly provided in this chapter, a service department shall not make charges against another department of the Central Government for services which fall within the class of duties for which the former department is constituted.

*(Auth: Rule 43 of GAR 1990)*

**Note:-** *National Film Development Corporation (NFDC) 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.*

**4.4** Without prejudice to the general principle contained in Para 4.3 above, 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 of the Central Government, unless in particular cases or classes of cases, Government in

consultation with the Comptroller and Auditor General has decided that the inter-departmental adjustment would be unsuitable and undesirable.

**Note 1:-** *The Defence Services shall not be required to pay rent for building 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. 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.*

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

*(Auth: Rule 46 of GAR 1990)*

**Note 3:-** *No inter-departmental adjustment will be necessary on account of damages caused accidentally by one Department to another e.g., no compensation is payable for damages caused accidentally to Defence by the Railways and vice versa.*

## **ADJUSTMENTS WITH STATE GOVERNMENTS**

**4.5** In the case of transactions between Defence Services and the State Governments or vice versa, adjustment shall always be made, if required, by or under the provisions of the Constitution; and otherwise, in such a manner and to such extent as may be mutually agreed upon by the Governments concerned.

*(Auth: Rule 108 of GFR 2017, Rule 40 of GAR 1990)*

## **ADJUSTMENTS WITH OUTSIDE BODIES**

**4.6** Payments shall be required in all cases where the Defence Services render services or make 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 anybody or any fund should ordinarily be given through a grant-in-aid rather than by remission of dues.

*(Auth: Rule 41 of GAR 1990)*



## GENERAL

**4.7** Where under the provisions of this chapter, payment is required to be made by Defence Services to another Department of the Government, or vice versa, 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. The transaction between the Departments of the Government shall ordinarily be settled by inter-departmental transfer e.g. Railways/Department of Posts/MEA except when such transfers do not suit the method of accounts or of business adopted by the receiving department.

*(Auth: Rule 51 of GAR 1990)*

**4.8** Any question of doubt or dispute arising in connection with the interpretation of the directions in this Chapter will be referred to the Controller General of Defence Accounts for decision, if necessary, in consultation with the Controller General of Accounts.

### **Letter of Authorization (LoA)**

**4.9 Letter of Authorization (LoA):-** Direct booking of expenditure by agent Ministry / Department against the Demands for Grants of the functional Ministry can be made through Letter of Authorization (LoA) (For details refer **Para 7.43 (XI)** of this code).

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## CHAPTER 5

# RULES REGULATING THE ACCOUNTING OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS

### INTRODUCTION

**5.1** The rules in this chapter regulate the accounting of recoveries of expenditure in Government accounts. The term “Recovery” is used in this chapter in a limited sense, to denote repayment of or payment by another department of the same Government or by another Government or by a non-Government party (including public sector undertakings, autonomous bodies and private persons and bodies to a Government Department), which initially incurred the charge and classified it in the accounts as final expenditure by debit to Revenue or Capital heads of accounts. Recoveries towards establishment charges, tools and plants, fees for procurement or inspection of stores, or both etc., effected at percentage rates or otherwise, are some examples.

*(Auth: Rule 52 GAR 1990)*

### RECOVERIES FROM PRIVATE PERSONS OR BODIES AND GOVERNMENTS OUTSIDE INDIA

**5.2** Recoveries of expenditure for services or supplies made to non-Government parties or other Governments (including local funds and Governments outside India) shall in all cases be classified as receipts of the Government rendering such services or supplies.

**Exception:-** *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 of Government being nil, the recoveries may be taken as reduction of expenditure.*

**Note:-** *In case of projects, jointly executed by several Governments, where the expenditure is to be shared by the participating Governments in agreed proportions, but the expenditure is ab-initio incurred by one Government and shares of another participating Governments recovered subsequently, such recoveries from other*

*Governments should be exhibited as abatement of charges under the relevant expenditure head of account in the books of the Government incurring the expenditure initially.*

*(Auth: Rule 53 GAR 1990)*

### **RECOVERIES OF EXPENDITURE ON WORKS IN PROGRESS (WIP) AND TRANSACTIONS OF STOCK AND OTHER SUSPENSE ACCOUNT**

**5.3** The technical estimates of work take cognizance of all anticipated receipts from sale- proceeds of material, plants, 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

*(Auth: Rule 55 GAR 1990)*

### **RECOVERIES BY ONE GOVERNMENT FROM ANOTHER (WITHIN INDIA)**

**5.4** As between two or more Governments, the classification of recoveries is regulated as follows: -

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

**(II)** In case of joint establishment, 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.

**(III)** Recoveries of the classes falling under clause (I) and (II) above, if not effected within the accounts of the year in which the expenditure was incurred, should be treated as Revenue.

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

**(IV)** All other recoveries, whenever received, should be credited as Revenue of the recovering Government.

<p style="text-align: center;"><b>CLASSIFICATION OF RECOVERIES MADE BY ONE DEPARTMENT FROM ANOTHER DEPARTMENT OF THE SAME GOVERNMENT</b></p>
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**5.5** 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 e.g., Railways, Department of Posts and Department of Telecommunications or a Department of Commercial Undertaking (e.g. IRCTC etc.), which should be treated as receipts of that department.

**Note 1:-** *Such recoveries realised by a non-commercial department (other than the Central Purchase Organizations of the Government of India) from another Department of the same Government shall be shown in the relevant Demand for Grant as “below the line” recovery under the appropriate major head of account. Recovery actually effected, irrespective of the year to which it relates, shall be adjusted in accounts in reduction of expenditure and exhibited in the schedule of recovery to be attached to the Appropriation Accounts of the year in which the recovery is effected.*

**Note 2:-** *The term “recoveries” by a commercial department (viz. Posts, Telecommunications and Railways) or by a Departmental Commercial Undertaking for the purpose of this rule, 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 Department of Posts and Department of Telecommunications, recoveries shall be classified as receipts only when they are made in respect of Postal, Telegraphs or Telephone services rendered to the other departments. Where a commercial department or departmental commercial undertaking 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.*

*(Auth: Rule 54 of GAR 1990)*

**Note 3:-** Recoveries effected after the close of the accounts of the year in which the expenditure was incurred, should be compiled in the Defence Services Accounts as Revenue and not as deduction from expenditure, unless the latter course, is authorized by provision in the budget estimates.

## **RECEIPTS AND RECOVERIES ON CAPITAL ACCOUNT**

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

*(Auth: Rule 102 of GFR 2017 & Rule 56 GAR 1990)*

## **SETTLEMENT OF DOUBTS OR DISPUTES**

**5.7** In case of doubt or dispute, the question whether any particular recovery is to be classified as Revenue or as deduction from expenditure under the rules in this Chapter should be referred to the Controller General of Defence Accounts for decision, if necessary, in consultation with the Comptroller and Auditor General of India.

# CHAPTER 6

## GENERAL RULES AND PROCEDURE APPLICABLE TO DEFENCE PROFORMA ACCOUNT

### INTRODUCTION

**6.1 (I) Defence Proforma Account** is a Central Account in the books of Reserve Bank of India (RBI), held on behalf of Ministry of Defence in which any payment or receipt by Defence Services is accounted for.

(II) The balances of the Defence Services were created Proforma in the books of the Reserve Bank of India w.e.f. 1<sup>st</sup> April, 1962. These balances form part of the balances of the Central Government for regulating the ways and means arrangements.

(III) In Defence Proforma Account, the details of total figures for each controller are worked out as a whole, however, total figures for each Controller are also available separately in the books of the RBI.

(IV) The transactions with or on behalf of the Defence Services arising in the accounts of Post/ Railways and those relating to foreign transactions including High Commission of India, London (Inward London Accounts Current (ILAC)) received through Principal Accounts Officer of Ministry of External Affairs, will be adjusted with the Reserve Bank against the balance of the Defence Proforma Account and of the Government concerned. These adjustments will centrally be effected by the Central Accounts Section of the Reserve Bank of India at Nagpur.

**Note 1:-** The term '**Ways and Means**' refers to methods of maintaining the Government daily cash balance at a level sufficient to meet its day-to-day requirements. All money received by on behalf of Government, either as dues of Government or by way of deposits, remittance or otherwise enters into the cash balance. The Reserve Bank acts as the Banker to the Central and State Governments. Under the agreements with the Reserve Bank, the Governments are required to maintain a minimum balances with the Bank. A constant watch is kept on Government's cash balance so that it does not fall below the prescribed minimum at any stage. For this purpose, a watch over the progress of receipts and expenditure and also an effective control over expenditure is essential.

**Note 2:-** Generally, the current receipts of Governments fall short of the current expenditure during the earlier part of the financial year and sometimes, exceptionally heavy payments in excess of cash balance have also to be made. In such cases, the Central Government borrows from the Reserve Bank against issue of Treasury Bills, whenever necessary, for replenishing its cash balance. Similarly, the State Governments, in terms of their agreements with the Reserve Bank, obtain Ways and Means advances from the Bank which are repayable within a period not exceeding three months or special 'Ways and Means' advances. The Central Government also assists them by phased releases of statutory grants, shares of divisible taxes, and duties and Plan assistance to them. In cases these arrangements prove insufficient, the State Governments approach the Central Government for temporary accommodation.

(Auth.: -Para 3.25 and 3.26 of Introduction to Indian Government Accounts and Audit (IGAA) 1987)

**6.2** Transactions of the Defence Services taking place in the branches and offices of the Reserve Bank of India and the State Bank of India (other than payments made on the authority of pay orders issued by Treasury Officers, e.g., payment of pension to Defence Pensioners), will be taken directly against the Defence Proforma Account. However, in the case of non-bank treasuries, Defence transactions will be incorporated in the treasury accounts and will be accounted for in the settlement Accounts of the Civil Accountants General concerned.

**Note :-** Amounts pertaining to the Defence Department paid into the Bank treasuries accompanied by the Treasury Challans under Rule 470 of the Compilation of Treasury Rules Vol-I will be incorporated by the Banks in the treasury officers' accounts for eventual adjustment through the Civil Accountant General concerned.

(Auth: Rule 18 of GAR 1990)

<p style="text-align: center;"><b>DEFENCE TRANSACTIONS AT BANK TREASURIES</b></p>
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**6.3** Under the provisions of Section 21 of the Reserve Bank of India Act and the agreement entered into by the Central Government with Reserve Bank of India, general banking business (consisting of receipts, collections, payments and remittances) on behalf of the Central Government, is carried out by



Reserve Bank of India as its banker. At places where RBI does not have an office of its own, Government business is handled by Public Sector Banks as agents of the RBI viz. the State Bank of India and Nationalized Banks.

**Note:-** *The Department of Financial Services (DFS) has decided, with the approval of Hon'ble Finance Minister, to lift the embargo for allocation of Government Business to Private Sector Banks.*

*(Auth: CGA, MoF letter No. R-23001/1/2021-GBA-CGA/243-292 dated 24<sup>th</sup> March 2021)*

## **Concept of Focal Point Branch**

**6.4** The procedure of reporting, accounting and reconciliation of transactions is based on the concept of "One PAO- One Focal Point Branch". Under this concept, Focal Point Branches have been introduced in the Ministry of Defence with effect from 01.10.93. In this procedure, the dealing branches of State Bank of India are linked for the purpose of reporting Defence transactions where the Defence Accounting Circle, which have been authorized by the RBI to transact in Defence Proforma Account, is situated. The nominated Focal Point Branch acts as a dealing branch. It is responsible for prompt and accurate accounting of the transactions reported to it daily by all the dealing branches linked to it.

**Note 1:-** *Defence Accounting Circle is a Principal Controller's / Controller's Office or any other office like ZO (PD) Chennai and AO (DAD) MoD (Civil), who have been authorized by the RBI to transact in Defence Proforma Account by allotting a transaction code and forward monthly balances appearing in the Defence Proforma Account.*

**Note 2 :-** *SBI CMP Branch, Mumbai is authorized as e-Focal Point Branch (FPB) in Civil Ministries /Departments vide CGA OM No. S/11012/1 (12)/Meeting/2012/RBD/47-53 dt 15.01.2016. For payment and collection of receipts, CMP Centre Hyderabad will act as link as well as e-Focal Point Branch (FPB) and one point contact for e-Payment and e- Receipt.*

## **Dealing Branches**

**6.5 (I)** The dealing branches maintain the account of the Drawing and Disbursing Offices / PCsDA / CsDA and prepare daily Payment and Receipt Scrolls in quadruplicate, separately for each account holder. Each day's scroll is given a running serial number for the accounting year from 1<sup>st</sup> April to 31<sup>st</sup> March. The Payment and Receipt Scrolls are identified distinctly by prefix DEF

(P) and DEF (R) for payment and receipts separately. The credit scrolls will show receipt number/MRO Identification Number (MIN) given by the Bank to each MRO, the name of Depositor and amount; the debit scrolls will show the cheque No., date and amount of each cheque.

(II) Each dealing branch of State Bank of India will furnish the daily scrolls duly supported by the Military Receivable Orders and paid cheques in respect of the Defence transactions occurring in their books, to the FPB.

**Note:-** *The procedure of sending scrolls through the focal point branches, however, is not applicable to payments of Defence Pension made by Public Sector Banks. (refer para 6.5 (I) above).*

(III) Based on the daily scrolls received from the dealing branches, the Focal Point Branches will prepare Main Scrolls and allot consecutive serial numbers to them. The Main Scrolls duly supported with the daily scrolls of branches and MROs / Paid cheques will be sent to the PCsDA/CsDA daily for their verification and certification. Simultaneously, the aggregate of receipts and payments in the Main Scrolls are incorporated in a daily memo and the same is reported to SBI, GAD (Government Accounts Department) Mumbai.

(IV) Two copies of the Main Scroll along with its original copy and the relative instruments received from various dealing branches will be forwarded to the PCDA/CDA/ Accounting Circle on day-to-day basis.

(V) Error Scrolls in respect of discrepancies either by the FPB or pointed out by the Defence Accounts Circle will be prepared by the Focal Point Branches at the time of certification of Main Scrolls or the Date Wise Monthly Statements and included in the next day's transactions.

(VI) Main Scrolls supported with daily scrolls will be received in the Accounts Section of the PCDA/CDA Office. The Section will maintain a Register in manuscript for the date-wise recording of the receipt of Bank scrolls (with their No. and amounts-debit and credits separately) and disposal of accompanying vouchers. Separate pages in the Register will be allotted for each FPB.

### **Verification of Date wise Monthly Statement (DMS)/Monthly Statement of Settlement (MSS)**

**6.6 (I)** The Focal Point Branch will prepare Date wise Monthly Statement (DMS), a summary of all the transactions undertaken during the month and submit the same to the concerned Defence Accounting Circle. DAC will verify and reconcile the transactions noted in the Main Scroll Register and return the

same after due verification to the Focal Point Branch. The FPB will forward verified copy of DMS to SBI, Govt. Accounts Department, Mumbai. The adjustments on account of discrepancies/errors pointed out by the DAC will be incorporated in a separate Error Scroll and reported to that office in the next day's transactions.

(II) On receipt of daily memoranda/online data in respect of transactions from various Focal Point Branches, the GAD, SBI, Mumbai will consolidate the transaction from all FPB figures and report Receipts and Payments separately to RBI, CAS, Nagpur for eventual settlement. A Monthly Statement of Settlement (MSS) will be generated and forwarded to the DAC and FPB. The DAC will verify and return a copy of the same to FPB/SBI, GAD Mumbai duly pointing out discrepancies, if any.

(III) The RBI, CAS, Nagpur will forward monthly statements of closing balances in the Defence Proforma Account, for reconciliation with the Main Scrolls/DMS/MSS. A confirmation of the closing balances is sent to the RBI CAS by the DAC concerned.

**Note1:-** *The detailed procedure of FPB is laid down in "Memorandum of Revised Procedure for Reporting and Accounting of Receipt and Payment Transactions of Ministry of Defence" and reproduced in "Accounts Section" chapter of OM-II Vol-I.*

**Note 2:-** *The SBI has implemented Government Business Software Solution (GBSS) for expeditious settlement of transactions. A Flow chart showing functioning of the FPB indicating comparative procedure of settlement of transactions under GBSS and prior to implementation of GBSS is contained in Appendix V*

(Auth.:- MoF, DoE, CGA OM No. 1012/3(1)/Merger/Bank/2016/RBD/667-687  
Dated: 28th April 2017)

### **Discontinuation of the requirement for Paper to Follow (P2F) for Central Government Cheques under Cheque Truncation System (CTS)**

**6.7 (I)** W.e.f. 01.02.2016, Reserve Bank of India has introduced Cheque Truncation System (CTS) for clearance of Cheques, facilitating the presentation and payment of cheques without their physical movement. Accordingly, the current requirement of forwarding the paid Central Government Cheques in physical form (commonly known as P2F) to the government department has

been dispensed with. The government cheques would henceforth be paid in CTS clearing, solely based on their electronic images. The paid cheques in physical forms would be retained by the presenting bank.

(II) The presenting bank will preserve the physical instruments in their custody for a period of 10 years. Drawee bank will make necessary arrangements to preserve the images of all Government cheques, for a period of 10 years. The Government Cheques paid by the drawee bank across its counter, by way of cash withdrawal or transfer will be truncated and preserved for 10 years.

(III) Since the paid cheques would no longer be available with RBI, the same will not be attached with the payment scroll. The electronic images of paid cheques (by way of cash, clearing and transfer) shall be provided to the respective Government department by way of secured electronic communication/e-mail as per requirement.

*(Auth: - MoF, DoE, CGA letter No. 1(1)/2012/CTS/TA/Vol.II/2-65 dated 18/01/2016 and RBI Letter No. DGBA.GAD No. 2036/42.01.035/2015-16 dated 31/12/2015)*

## **Electronic Payments through e-FPB**

**6.8** SBI Cash Management Product has been implemented in Defence Account Department and SBI is the accredited bank in all Non-Civil Ministries/Departments. SBI Cash Management Product Branch, Mumbai is authorized to act as e-Focal Point Branch (e-FPB) for all Non-Civil Ministries/Departments from Government e-payment Gateway (GePG). CMP Centre, Hyderabad will act as link as well as e-Focal Point Branch (FPB) and one point contact for e-Payment and e- Receipt. It acts as a link and FPB for Ministry of Defence. Encrypted and digitally signed payment files are uploaded to CMP and credited to the beneficiary accounts in the RTGS/NEFT within T+1 day ('T' is the date when SBI receives files from the Accounts Officer's Office). Downloadable e-Debit Scrolls/DMS and Settlement Reports are received from the SBI CMP portal. Settlement of fund with RBI CAS Nagpur is processed without any physical instrument. Reimbursement of Funds is claimed from RBI only after the payment is effected.

**Note:-** *The detailed Accounting Adjustment procedure in respect of credit Scroll and Debit/Minus Debit Scroll received from SBI Cash Management Product (CMP) is given in **Annexure- D and H of Chapter 7** of this code.*

## **E - Payments through Private Sector Banks/Public Sector Banks**

**6.9 (I)** The Department of Financial Services (DFS) has decided with the approval of Hon'ble Finance Minister, to lift the embargo for allocation of Government Business to Private Sector Banks.

**(II)** Ministry of Defence has not accredited these banks to act as treasury for Defence transactions. However, e-payments can be authorised from these banks by issue of cheques drawn on RBI/SBI, subject to the condition that the payments made through these banks is credited to the beneficiary's account through ECS/EFT/NEFT etc by T+3 days. The transactions routed through these banks will be adjusted in the Defence Proforma Account through RBI/SBI.

**Note 1:-** 'T' being the day on which the cheque is being handed over to the bank before 5.30 PM.

**Note2:-** Adjustment of e-payment by PSBs other than SBI and private sector banks is made through Defence Cheques drawn on RBI/SBI.

### **RBI as FPB**

**6.10** Each RBI branch is independent in its functioning. The RBI PAD (Public Accounts Department) will follow the procedure applicable to the dealing branches and Focal Point Branches as the offices will function both as 'Dealing Branch' and 'Focal Point Branch' in respect of Defence Accounting Circles (DAC). Each RBI branch will act independently and render accounts through debit/credit scrolls. The transactions effected by them in respect of PCsDA / CsDA / DAC concerned will be accounted for by them in their books and the balances in the accounts reported to RBI CAS, Nagpur daily. The Public Accounts Department of the RBI Branch will render daily scrolls etc. to the PCsDA / CsDA / DAC concerned and submit Date wise Monthly statements to the Defence Accounting Circle for verification/certification and also attend to reconciliation work thereof. The verified copies of the scrolls and DMS will be returned in the same manner as enumerated in para 6.5 above.

### **Compilation to be made under Suspense Head under Defence Proforma Account on introduction of FPB Scheme with effect from 01-10-1993**

**6.11** Since the Focal Point Branch Scheme is applicable only to Banking Transactions viz. Cheques and MROs and not to inter Government advices,

category code 03 may be prefixed to the code Head RBI Suspense Unclassified (Code Head 00/020/83) in order to identify the booking and clearance. With effect from 1-4-98, Public Sector Bank Suspense (Code Head 00/020/76) has been opened for booking FPB Suspense. However, clearance of the transactions pertaining to the period prior to introduction of Focal Point Branch scheme i.e., 1-10-93 will continue to be booked with category code prefix '77' to Code Head 00/020/83 and to 00/020/76.

**Note :-** A list of Focal Point Branches conducting Government business is contained in “**Appendix VI**”.

### **DEFENCE TRANSACTIONS AT NON-BANK TREASURIES**

**6.12 (I)** For Defence transactions at Non-bank Treasuries and payments made at Bank treasuries, through the intervention of the Treasury Officer (e.g. payment of pensions to Defence pensioners), the paid vouchers and M.R.Os. etc. along with the Schedules of payments (in duplicate) and receipts (in duplicate) will be sent by the Treasuries directly to the PCDA/CDA concerned bi- monthly on the 11<sup>th</sup> and the last of the following month, copies of such schedules also being sent to the respective State Accountants General (AG). The schedules of payments and receipts will bear separate consecutive series for each PCDA/CDA. These schedules will be received in the Accounts Sections and entered in a manuscript register maintained for this purpose for each Treasury. The total of this Register will be tallied with the total depicted in the inward monthly settlement accounts of the Accountant General concerned.

**(II)** PCDA/CDA will send, a duly countersigned copy of the aforesaid schedules (without the vouchers, etc.), to the State Accountant General so as to enable him to subsequently verify the correctness of the original schedules sent to him directly by the Treasury.

**Note:-** The Treasury Officers will be responsible for obtaining vouchers and for ensuring that they are correct, contain sufficient details and are arithmetically accurate.

### **ADVICE OF CLEARANCE**

**6.13** The total amount due to/from Department of Posts, Railways, MEA etc. should be advised monthly to the Reserve Bank of India, Nagpur by the PCsDA/CsDA in the form given in **Annexure 'A'** of this chapter for adjustment

against the balances of the above Department/Ministry, as the case may be. These advices should be sent to the Central Accounts Section of the Reserve Bank of India, Nagpur at periodical intervals, viz. on the 10th, the 20th and at the end of the month, the last one being always marked "Final". As a general rule, the advice should be based on accepted vouchers or bills. For detailed accounting procedure refer **para 5 of Appendix VIII**. (Also see **Para 6.28** for cash adjustment.)

**6.14** As far as possible, a consolidated advice embodying all the transactions relating to Post/Railways and MEA during the period should be prepared and sent to the Reserve Bank of India. Extracts of this advice to the Bank should be sent to Post/Railways and MEA concerned along with the supporting schedules or vouchers.

**6.15** Monetary settlement in respect of Defence transactions, which are adjustable in the books of AG's of state/PAO's of Ministries & Departments of Central Government, will be on cash basis.

### **MEMO OF CLEARANCE BY THE RESERVE BANK**

**6.16** The Reserve Bank will, on receipt of each advice, make the necessary adjustment in the account of the party concerned and issue intimation both to the debtor and to the creditor party in respect of transactions. It should be watched that there is no delay in the receipt of such intimations from the Bank.

### **MONTHLY SETTLEMENT ACCOUNT**

**6.17** As soon as the accounts of a month are closed, the PCsDA/CsDA shall prepare a monthly settlement account in the form given in **Annexure B** of this chapter, for the amounts booked in his account working upto the total net debit or credit advised to the Reserve Bank during the month and send it to the Accounts Officer, Post/Railways and MEA. This account will cover only those items, the initiative for which rests with the Defence Department.

**6.18** Similarly, a monthly settlement account from the Accounts Offices of Railways/Posts, Ministry of External Affairs (in respect of London, Washington and other Embassy transactions) with which the Defence has an account, will be received every month in respect of items for which the initiative rests with them.

**Note:-** The dates of dispatch by Defence Accounts Offices are 5<sup>th</sup> of the second month for Accounts from April to February and for the month of March as per the date notified by CGA .

## ACCOUNTING HEADS

**6.19** The following heads should be operated for adjustment of transactions under the Defence Proforma Account:-

### **“L”-Suspense and Miscellaneous**

- (i) Reserve Bank Suspense-Classified (00/020/82)
- (ii) Reserve Bank Suspense-Un-Classified (00/020/83).
- (iii) Reserve Bank Suspense English Transactions (00/020/84)
- (iv) Public Sector Bank Suspense (00/020/76)
- (v) Remittance into Banks/Treasuries (00/020/80).
- (vi) Cheques and Bills (00/020/81)
- (vii) Electronic Advice (e-payment) (93/020/91)
- (viii) CMP Rejection (93/020/96)
- (ix) Reserve Bank Deposits (00/021/00) – RBI
- (x) Reserve Bank Deposits (28/021/00) – SBI
- (xi) e-MRO (93/020/80)

**Note:-** The corresponding code heads pertaining to AO (DAD), MoD (Civil) and CSD are mentioned in the relevant parts of the Pamphlet of RD&R.

## ADJUSTMENTS OF TRANSACTIONS RELATING TO THE MONTHS OF FEBRUARY AND MARCH

**6.20 (I)** Special steps should be taken for the prompt clearance of transactions relating to the accounts of the last two months of the year; viz. February and March. The books of the Reserve Bank for the month of March will be closed by date as notified by RBI, after which no transaction involving inter-Government adjustments will be cleared by the Bank in that March's account. To facilitate early settlement of the accounts for March, adjustments which originate in the accounts for February and earlier months should be completely settled and advised to the Central Accounts Section, RBI in good time before the end of March. Adjustment in the month of March should be advised to the Central Accounts Section of RBI to the extent possible before the expiry of that month



and if necessary, the remaining should be communicated well in time to the Central Accounts Section, Reserve Bank by e-Mail before closing of the accounts (or on the previous dates, if any of these dates is a holiday). e-Mail sent by the Principal Controllers/Controllers by the notified date will be accepted by the Central Accounts Section of Reserve Bank of India, Nagpur for incorporation in the accounts of the preceding financial year. The last advice to be sent before the notified date should include a certificate by the Principal Controller/Controller of Defence Accounts that no further adjustment will be intimated to the Bank in respect of the financial year just ended. Any further adjustment pertaining to the preceding year should be taken in to the accounts of the subsequent years but occasions for such postponement should seldom arise.

(II) The Focal Point Branch will segregate from 1<sup>st</sup> April all transactions pertaining to previous years and report the same as 'Residual Transactions relating to March' from 1<sup>st</sup> April to the date intimated by RBI for that year.

### **Proforma adjustments outside the Books of RBI**

**6.21** If any item of large magnitude (say, above Rs. 1,00,000) affecting other department of the Central Government, which is not incorporated in the Defence Proforma Account of the same year, comes to light after the accounts of the financial year are closed by the Reserve Bank, the details of such transaction together with an explanation of the circumstances which led to the delay will be furnished by the PCsDA/CsDA to the Controller General of Defence Accounts. After obtaining the permission of the Controller General of Accounts for carrying out adjustment of those transactions they will be accounted for in the accounts of the same financial year, outside the books of Reserve Bank by correction to the "Reserve Bank Deposits- Defence" on a Proforma basis.

### **DEFENCE TRANSACTIONS (E-TICKETING) THROUGH DEFENCE TRAVEL SYSTEM (DTS)**

**6.22 (I)** E-ticketing system in lieu of Railway Warrant, to Service Personnel has been developed by the CGDA via web services integration offered by IRCTC. Railway tickets can be booked over the internet by any unit through a centralized portal (DTS) of the CGDA. The system facilitates entitlement check, authorisation, payment, accounting and budgeting of Defence travel. All journeys being performed by the Armed Forces personnel on railway warrants have been included in the system. The phase-I of the system, launched on 30-

12-2009 covers only rail travel of selected units under the Army, Navy and the Air Force. The subsequent phases of the project envisage coverage to all the units and booking of air tickets too. Till the system is 100% operationalised, the existing system of accounting of warrants/concession vouchers through inter-departmental adjustment, as mentioned in Para 6.25 of this code will continue to follow.

(II) In e-ticketing, a predefined amount is deposited by the DTS cell of HQrs CGDA in the Revolving Account at the central level with IRCTC by issue of Defence Cheques/e-payments through SBI, CMP etc. Confirmation of Defence Cheques/CMP mandates are received through Scrolls and adjusted in the Defence Proforma Account. Tickets booked by any unit are debited against this revolving account. The money is recouped in the Revolving account periodically.

**Note:-** For detailed process of accounting refer *Annexure R of Chapter 7* of this code.

## INTER-GOVERNMENT AND INTER-DEPARTMENTAL ADJUSTMENTS

**6.23 (I)** Subject to the exceptions mentioned below and to any other exceptions which may be authorised by the Comptroller and Auditor General, only net payments should be advised to the other Accounts Officer.

(II) In cases where the entire amount of a bill (Pay, establishment and pension) is debitible to another Accounts Officer, the gross amount will be passed on to the Accounts Officer concerned by the Accounts Officer paying the same; any recoveries on account of Income-tax and other deductions being adjusted in the books of the paying Accounts Officer, or where under any rule or order, such credits are adjustable in the books of a different Accounts Officer, will be passed on to the Accounts Officer concerned. For example:-

(a) All sums deducted from bills on account of "Income-tax" irrespective of the Accounting Circle in which the bills were brought to account should be adjusted to the head "Income-tax" and gross debits passed on in cases where bills are adjustable in other account circles.

(b) When Postal Life Insurance premia are deducted from the pay and establishment bills debitible to another accounting circle, the gross amount of the bills should be charged to the Accounts Officer concerned and the deductions on account of premia be credited directly to the Postal Department. This principle will be applied to Defence pension bills paid at Post Offices.

(c) Similarly, credits on account of various Provident Fund deductions should be passed on to the Accounts Officer who maintains the respective Fund accounts and gross amounts passed on to the Accounts Officer to whom they are to be debited.

**6.24** The cost of stationery supplied to and printing work done for Defence Services by the Central Stationery Office and several Government Printing Presses of the Central Government is adjusted as indicated below;

(I) The Defence Units / Formations / Establishments will forward the accepted invoices to their respective PCsDA / CsDA along with Contingent Bill and Certificate to the effect that the article received by them are according to the indent placed on supplying agency for making necessary payment by cheque to the supplying agency.

(II) As regards printing charges, the unit will submit the bill along with the printing bills received from the Press to the respective PCsDA/CsDA for making the payment to the party concerned. Audit Section of the Controller's Office/sub offices will receive the bills from the Defence Units/Formations and after usual audit verification pay the amount of the bills direct to the supplying agency by cheque and debit the concerned Service Head.

**6.25** Debits on account of Military Warrants, Credit Notes and concession vouchers are raised by the Railway Accounts Officers against the Controllers of Defence Accounts as mentioned below:-

<b>(I) Warrants: -</b>		
(a)	Warrants excluding those issued individually or collectively to Service Officers as well as officers of the Nursing Services referred to at (c) below but including the omnibus warrants issued to Officers moving with bodies of troops	PCDA Kolkata
(b)	Warrant and Military credit note (IAFT 1711) issued by Border Road Units	PCDA(BR), Delhi Cantt

(c)	Warrants issued in respect of Service Officers (including Nursing Officers)	(i) Army Officers (ii) Navy Officers (iii) Air Force Officers	(i) PCDA(O) Pune (ii) PCDA(Navy) Mumbai (iii) PCDA (AF) Dehradun
<b>(II) Concession Vouchers: —</b>			
(a)	IAFT 1709-A (Concession Vouchers, Form 'D' for Military Officers when travelling on leave at their own expense and for their families)	(i) Army Officers (ii) Navy Officers (iii) Air Force Officers	(i) PCDA(O) Pune (ii) PCDA(Navy) Mumbai (iii) PCDA (AF) Dehradun
(b)	IAFT 1720-A (Certificate for tickets and return journey vouchers for JCOs etc. when travelling on leave at their own expense and for their families)		PCDA Kolkata
(c)	IAFT 1728 (Railway Certificate for Military pensioners proceeding to attend Regimental Reunions etc.)		PCDA Kolkata
(d)	IAFT 1732 (Leave concession vouchers Form 'G' for members of the Military Nursing Service/Civilian Sisters of Military Hospitals travelling by Rail)		(i) PCDA (O) Pune in respect of forms used by members of Military Nursing Service and (ii) Regional PCsDA / CsDA in respect of the forms used by Civilian Sisters (Nursing Services)
(e)	IAFT 1736 (Certificate for competitors and spectators of Defence Services and Territorial Force attending any match, competition, tournament etc. under Military arrangement)	(i) Army Officers (ii) Navy Office (iii) Air Force Officers (iv) Other cases	(i) PCDA (O), Pune (ii) PCDA (Navy), Mumbai (iii) PCDA (Air Force), Dehradun (iv) PCDA Kolkata

(f)	IAFT 1719 (Concession vouchers issued to the cadets of Army / Air Force/ Navy)	The Regional PCsDA / CsDA who pays the Army cadets. In respect of flight Cadets and Cadets of Navy -the PCDA (AF) and the PCDA (Navy) respectively.
(g)	Military Credit Notes	PCDA Kolkata
<b>(III) Coast Guard Railways Travel Forms</b>		CDA(Navy/Coast guard) New Delhi

**Note:** - Railway Warrants and Concessions vouchers are also directly booked on e-ticketing portal (DTS) on cash basis and adjusted in the Defence Proforma Account (See Para 6.22 above).

**LEAVE SALARY AND PENSION LIABILITY ON  
DEPUTATION, FOREIGN SERVICE,  
ABSORPTION TO PSU ETC.**

**6.26 (I) (a)** The liability for payment of leave salary for leave availed of during the currency of the deputation will be borne in full by the borrowing department.

**(b)** In case of Government servants, who avail leave on termination of their deputation period, the liability for leave salary will be borne by the department which sanctions the leave.

**(c)** The liability of leave salary will be borne by the Department (even if it be a borrowing Department) from which a Government servant actually retires on superannuation or dies while in service in regard to cash payment in lieu of earned leave on that date.

**(d)** The liability for pension including gratuity, will be borne in full by department to which the Government servant permanently belongs at the time of retirement. No recovery of proportionate pension need be made from other Central Departments under whom he had served.

**(e)** In the case of Govt. servants who have tendered technical resignation on selection to another department within Government of India, the question of allocation of pension or incidence of leave salary would not arise.

**(II) (a)** In respect of Government servants deputed to autonomous bodies/organizations, leave salary and pension contributions are to be recovered. As and when a Govt. servant opts for permanent absorption in a Public Sector Undertaking, the parent department of the employee shall work out the leave at his credit on the date on which he is permitted to get absorbed in the PSU, and shall pay a lump-sum equal to leave salary for the leave on average pay/earned leave due, after ensuring that the foreign service contributions have been recovered up to that date.

**(b)** The rates at which leave salary and pension contribution are recoverable in respect of Defence Personnel are laid down in Appx. V to FR Pt-I Vol II.

**(c)** In case of Government servants transferred on Foreign Service, pension contributions are recoverable from the government servants themselves unless their foreign employer consents to pay them. They shall not be payable during leave taken while on Foreign Service.

**(d)** Leave salary contribution is payable in case the Foreign Service is in India.

**(III) (a)** The liability for pension including gratuity, will be borne in full by the Central/State Government to which the Government servant permanently belongs at the time of retirement except in respect of All India Service Officers (retired as well as retiring, both from the State and Central Government), in whose case Government of India has taken over the entire liability of Pension including gratuity with effect from 01-04-2008.

**(b)** Leave salary contribution in respect of State Govt. servants on deputation with the Central Government shall be payable to the State Government by the Central Government. Leave salary paid by the Central Government to a State Government officer on deputation with the Central Government for the period of leave availed of during the period of deputation shall be recoverable from the State Government.

*(Auth: Appendix 5 referred to in Rule 28 of GAR 1990)*

<p style="text-align: center;"><b>WORKS/ STORES EXPENDITURE AND SERVICES RENDERED</b></p>
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**6.27** The receipts and expenditure pertaining to Air Force, Navy and Directorate of Ordnance (Coordination and Services) Works executed by the

Public Works Department, whether on a standing arrangement or otherwise, will be passed on by the concerned State Accountant General to the Regional Controller of Defence Accounts in whose area the work is carried out and not to PCDA (Air Force), or (Navy) or PCDA Kolkata. These figures will however, be intimated by the Regional Controllers to Air Force/Navy/ Directorate of Ordnance (Coordination and Services), as the case may be, along with the Statements of receipts and expenditure relating to Air Force/Navy/ Directorate of Ordnance (Coordination and Services) works executed by the MES referred to in Para 8.3 of chapter-8.

**6.28** In case of transactions requiring adjustment between Defence Services and the Central Civil Ministries, State Governments and Railways, etc., debits on account of cost of supplies made or services rendered will be supported by receipted copies of vouchers/bills or detailed particulars quoting authority for the debit raised. However, as an exception, in the case of supplies made or services rendered during the month of March, debits may be raised on the basis of provisional bills/vouchers and any discrepancy therein should be adjusted in the next financial year on the basis of audited figures/final vouchers.

## ANNEXURE - A

(Referred to in Para - 6.13 )

Advice No-----

From

Month

The PCDA/CDA

To

The Manager,  
Reserve Bank of  
India  
Central Account  
Section, Nagpur

Sir,

Please debit/credit Rs.....against the balances of the Defence per contra credit/debit against the balances of Government noted below.

Please send intimation of the adjustment to the Accounts Officer noted Column 2 quoting the no. of this Advice.

**SAO**

Name of the Ministry / Department to be debited or credited	Name of the Accounts Officer with whom adjustment is to be made	Net Amount		For use in Central Account Office of Reserve Bank of India	
		Credits Rs	Debits Rs	Date of Adjustment	No and date of the clearance memo in which adjustment has been intimated to the concerned Accounts Officer
1	2	3	4	5	6

Net Credit/Debit-----

Date

No-----



**ANNEXURE - B**  
**(Referred to in Para 6.17 )**

No-----

Office of the PCDA/CDA

-----

Dated-----

Settlement Account between..... and Pr Controller /  
Controller of Defence Accounts..... for the month of.....,  
is enclosed as per details given below:-

Advice No and date	Debit Rs	Credit Rs	Net Amount Rs
Note: The advice already dispatched			

Forwarded to the :-

For information

**SAO**

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## CHAPTER 7

### DETAILED ACCOUNTING PROCEDURE REGARDING ADJUSTMENT OF DEFENCE PROFORMA TRANSACTIONS

#### REMITTANCES INTO BANKS AND TREASURIES THROUGH MILITARY RECEIVABLE ORDER (MRO)/e-MRO

#### **Remittances Into Banks And Treasuries Through MRO**

**7.1** Cash tendered by an officer of the Defence Services and others on Bank / Non-Bank treasury shall be accompanied by a Military Receivable Order in triplicate. The original copy duly receipted will be delivered to the tenderer and the duplicate copy sent to the PCDA/CDA concerned by the Bank/Treasury Officer through the Focal Point Branch. The triplicate copy will also be returned to the depositor.

**7.2** The duplicate copies of MROs along with the “Credit Scrolls”/“Schedule of Receipts” will be received from Banks/Treasuries in Accounts Section in the Controller's Office and scrutinized to see that the transactions pertain to that particular office. Wanting MROs will be called for from the Focal Point Branch (FPB). In cases, where MROs are lost in transit, a certificate in lieu will be furnished by the dealing branch to the Focal Point Branch in the format at **Annexure - B** to this chapter.

**7.3** Details of each MRO and MRO Identification Number (MIN) allotted by the Bank, in respect of remittances into Banks will be recorded in the “**Register of MROs**” maintained by the Accounts Section of the Controller offices for the purpose as per specimen given in **Annexure - A** to this chapter. Separate folios will be allotted for each Bank which will be arranged in an alphabetical order in the Register. In respect of remittances into non-Banking treasuries the register will, however, be maintained State/UT wise. Totals in the Registers will be reconciled with the totals as reflected in the Credit Scrolls/DMS.

**7.4** Duplicate copies of MROs received from Banks/Treasuries will be adjusted in Accounts Section at the end of each month by debiting the head “Reserve Bank Deposit- Defence” (021/00) and crediting the Suspense Head “Remittances into Banks and Treasuries” (020/80) as

minus charge. The month of adjustment will be suitably recorded in the appropriate column of the register referred above. Totals of the duplicate MROs adjusted will be reconciled at the end of the month with the credits appearing under the head, "Remittances into Banks and Treasuries" in the Sectional Compilation as Minus Charge.

**7.5** Original copies of the MROs (sent by the depositors) will be received in Audit Sections /Accounts Section / Sub-Offices and adjusted on a day to day basis by debiting the Suspense Head "Remittances into Banks and Treasuries" and crediting the relevant Service Head/ Receipt Head/ AG /PAO Suspense Head etc. The original copies of MROs will, after adjustment, be passed on to Accounts Section each month along with a Statement of MROs adjusted separately in respect of each Bank/treasury.

**Note:-** *In the case of remittances into Banks or Treasuries of amounts adjustable by the Pay and Accounts Offices (ORs) such as refund of excess money in Imprests, refund of overpayments of Pay and Allowances of JCOs/ORs liquidation of debit balances and estates of deceased soldiers, receipted (i.e., original) copies of MROs will be sent directly by the Depositors to the PAO concerned, (who function as audit section) and the same will be adjusted in the manner indicated above.*

**7.6** The fact of the adjustment of the original copies of MROs will, thereafter, be recorded in the appropriate columns - 9 and 10 of the register of MRO and their totals agreed with monthly compilation available on the NCS. If entries exist in columns - 6 to 10 of the register against each MRO, the items will be treated as "linked and paired". In cases, where the MIN noted in column 2 of the register, matches with the MIN in column -11 of the register, the items will also be treated as "linked and paired". The endorsement of "linked and paired" will be made in the remark's column.

**7.7** Summary of the register prepared at the end of each month will show the amounts credited to the Suspense Head "Remittance into Banks and Treasuries" (as recorded in column 6 of the register) and amounts debited to that Suspense Head (as recorded in column 10 of the register) and also the balance remaining outstanding under the above Suspense Head. Total of the unlinked MROs should tally with the net amount remaining under the Suspense Head.

**7.8** In cases where original copies of MROs have been received and adjusted, but for which the corresponding duplicate copies of MRO have not been received, the matter regarding the non-receipt of the duplicate copies will be taken up with the Bank/Non-Bank Treasuries by the Accounts Section. In the event of any Bank/Non-Bank Treasury denying the deposit of the amount, the case will be referred to concerned Audit

Section which will be responsible for further investigation and its final clearance in communication with the parties concerned.

**7.9** Similarly, a list of items remaining unlinked at the end of each quarter, duly supported by duplicate copy of MROs will be prepared by the Accounts Section. This list will be forwarded to the Audit Sections as well as to the Groups of Accounts Section concerned for further action. After scrutiny, the Audit Sections/Accounts Group concerned will intimate the Accounts Section, the month's account in which the original MRO received by that Section was adjusted after consulting the Register maintained for this purpose in the Audit Sections/Accounts Group concerned.

**Note 1:-** *To guard against any wrong payments being authorized, it will be ensured that in all cases in which the payments become due on the basis of adjustments made with reference to original (i.e. Depositor's) copies of the MROs (e.g. refund of security deposits, refund of un-utilized amount of TA/DA/LTC advance, release of estate of deceased, deserter etc.) the duplicate copies thereof have been received from the Bank/Non-Bank treasuries.*

**Note 2:-** *Flow Chart of Military Receivable Order (MRO) adjustment is given in **Annexure - C** of this chapter.*

### **Remittances Into Banks And Treasuries Through e-MRO**

**7.10** The process of online remittance of MRO (i.e., e-MRO has been introduced in Ministry of Defence to enable Units/Formations/Individuals to deposit the money through e-MRO portal of SBI CMP w.e.f. April 2018.

**7.11** An amount due to Government is deposited with the bank for credit in favour of Ministry of Defence through e-Military Receivable Order (e-MRO) Portal by the Depositor. The e-Focal Point Branch (e-FPB) will provide e-Scroll of e-MRO Portal, which contains all details/fields submitted by the depositor at the time of depositing the amount through e-MRO. The details of e-MRO and e-Scrolls will be downloaded by Accounts Section of main office from SBI CMP Portal.

**Note 1:-** *After implementation of e-MRO, the existing accounting procedure for adjustment of e-MRO has been revised and detailed procedure is mentioned at **Annexure D** of this chapter.*

**Note 2:-** *Flow chart of e-MRO and its adjustment by Audit Section is at **Annexure E** of this chapter.*

## REMITTANCES TO DEFENCE SERVICES FROM BANKS AND TREASURIES THROUGH CHEQUES / e- PAYMENT

**7.12** When a Cheque is drawn/e-mandate issued, a Punching Medium will be prepared by the Audit Section by crediting the Suspense Head "Cheques and Bills (020/81)/ Pay and Accounts Office Electronic Advices (e-payment advices) (020/91) and debiting the relevant expenditure / Service Head.

**Note:-** Flow chart of Payment through Cheque system and its adjustment by Audit / Account Section is depicted at **Annexure F** to this chapter.

**7.13** Schedule III/ e- mandates will be sent to Accounts Section where the linking of the paid Cheques /e-Advice with the Schedule III / list of credited and uncredited items will be done by manual process/ Office Automation (OA) module. To facilitate linking of paid cheques with Schedule III in Accounts Section, a distinguishing mark of the section issuing the cheque will be made on the cheque by the "Disbursement" Section at the time of its issue.

**7.14** Schedule III /e-mandates received in the Accounts Section from 'D' Section etc. will be recorded Section-wise / office-wise and date-wise and will form the basis for linking with the paid cheques / list of credited and uncredited items.

**7.15** Paid Cheques/list of credited and uncredited items along with the debit scrolls/schedules of payments will be received in Accounts Section daily/bi-monthly from the Bank/Treasuries. These will be scrutinized to see that they pertain to the particular office. Wanting paid cheques/details of credited and uncredited items will be called for from the Focal Point Branch concerned/D Section. In cases where the cheques are lost in transit, a certificate in lieu will be furnished by the dealing branch/Focal Point Branch in the format shown in **Annexure G** of this chapter.

**7.16** With the help of the distinguishing mark mentioned at para 7.13 above, the paid cheques will be sorted out section-wise, office-wise and date-wise and paired with the corresponding entry in Schedule III. Suitable Note of the linking having been done will be made on Schedule III / list of credited and uncredited items itself.

**7.17** Accounts Section will prepare Punching Media by debiting Suspense Head "Cheques and Bills (020/81)/ Pay and Accounts Office Electronic Advices (020/91)" as minus Receipt by contra credit as plus receipt to the head "Reserve Bank Deposits- Defence (021/00)".

**7.18** From RD&R compilation available on New Compilation System (NCS), the total amount credited / debited to the Suspense Head “Cheques and Bills / Pay and Accounts Office Electronic Advices” will be reconciled with those appearing in the Schedule III/e- mandates and the sum of total paid cheques received and cancelled and e-payment credited/uncredited and cancelled during the month, respectively. When a “cheque / e- mandate” is cancelled, the Audit Section concerned will intimate the Accounts Section, the details of the same including the month's account in which the adjustment is made.

**Note:-** *Net amount outstanding under head “Cheques and Bills / Pay and Accounts Office Electronic Advices” will be reviewed and reconciled every month at the time of effecting the above agreement with the compiled actuals.*

**7.19** The cheque shall be payable at any time within a period of three months from the date of issue; thus, a cheque bearing 20th January as the date of issue, is payable any time up to the 19th April. When cheques remain unlinked in Schedule III for more than 90 days, the progressive number of unlinked cheques, having expired validity period, will be extracted by the Accounts Section and sent to the concerned Focal Point Branch by 10th of the month with a copy to the concerned dealing branch (Cash Assignment Holder branch/treasury branch on which cheque drawn) indicating complete particulars of the cheque, like serial number, date of issue, amount, particulars of the treasury on which drawn, requesting them to furnish certificate of payment in **Annexure G** of this Chapter. On receipt of confirmation of payment of cheques in the prescribed format, Punching Medium will be prepared for clearing Public Sector Bank Suspense (00/020/76) or Reserve Bank Suspense (Unclassified) (00/020/83), as the case may be, and head ‘Cheques and Bills’ (020/81), after having ensured that the suspense for non-receipt of cheques/debit scrolls had been booked. After preparation of PM, discrepancies in the Register of Main Scroll/Debit Scroll/RB Deposits Register of Unlinked cheques will be scored off indicating TE No. and Month. In case, it is confirmed by the Focal Point Branch that the cheques have not been paid, the matter will be referred to the concerned Audit Section/Sub- Office. The Punching medium will be prepared accordingly.

**7.20** With reference to the list of unlinked cheques received from the Accounts Section, the Audit Section should ask the payee to either return the time-expired cheque or explain the causes for its non-encashment. If as a result of this enquiry, the cheque is reported as lost, the Bank/Treasury Officer concerned should be issued a stop payment order and action taken to cancel the cheque and, wherever required, a fresh cheque in lieu may be issued.

**7.21** When a cheque/Pay and Accounts Office Electronic Advices is cancelled and a fresh one is issued in lieu, the amount will be adjusted by credit to the head “Cheques and Bills / Pay and Accounts Office Electronic Advices” for the cheque / Pay and Accounts Office Electronic Advice drawn and debit (Minus Receipt) to the head “Cheque and Bills / Pay and Accounts Office Electronic Advices” which was credited at the time the cancelled cheque was drawn. When a cheque / Pay and Accounts Office Electronic Advices is cancelled / lost / received unpaid and no fresh one is issued in lieu, the amount will be adjusted by debiting the head “Cheques and Bills/ Pay and Accounts Office Electronic Advices” (Minus Receipt) the relevant head.

**Note 1:-** *For treatment of cancelled cheque refer to Appendix D of Pamphlet of RD&R).*

**Note 2:-** *Before issuing a fresh cheque in lieu of a lost cheque, the AT Section concerned should obtain a non-payment certificate from the Accounts Section in addition to ensuring other conditions such as issue of a stop payment order to the Bank concerned and obtaining indemnity bond from parties other than Govt. Departments and Banks. The Accounts Section will furnish non-payment certificate after verifying the Schedule III and record a suitable note on the Schedule III regarding issue of the NPC. The detailed instructions regarding issue of NPC are contained in Rule 165 and Rule 165 A of CTR Vol-I.*

### **SBI Cash Management Product (CMP)**

**7.22** SBI has customized its Cash Management Product (CMP) for the Defence Accounts Department for making e-payment through a secured payment gateway. Towards this, SBI has developed a portal which will function as payment gateway for Defence payments with payment advice authenticated by digital signature.

**7.23** Instruments of the Defence Proforma transactions i.e. Debit Scrolls and Date wise Monthly Statement (DMS) are available on the portal by SBI. It is accessed by the concerned sections of offices for compilation, accounting and linking purposes. It is a portal which requires ID based log-in credentials.

**Note:** *Detailed procedure with illustration of SBI CMP is given at Annexure - H of this chapter.*



## **Adjustment of Electronic Advices - Payments through RBI/SBI**

**7.24** The maintenance of Scrolls/DMS/MSS and reconciliation and adjustment of all e- transactions will be made in the manner prescribed for FPB.

## **Adjustment of e- payments: Private Sector Banks/Public Sector Banks**

**7.25** The transactions routed through these banks will be adjusted in the Defence Proforma Account through RBI/SBI.

<p><b>TRANSACTIONS ORIGINATING IN THE BOOKS OF RAILWAYS, POSTS AND MEA DUE FOR FINAL ADJUSTMENT IN DEFENCE ACCOUNTS</b></p>
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**7.26** Vouchers and Accounts etc., will be received in Accounts Section periodically from the FA & CAO Railways, Director of Accounts Post, Post Offices (in respect of Defence Pensions paid by Post Offices) and Pr. CCA of MEA.

**7.27** These will be entered in an "Inward Settlement Account Register" in respect of the Railway/ Director of Accounts (Post) concerned and PAO / Pr. CCA of MEA showing the serial Nos. of Advices, the distinctive Nos. of Advices, the distinctive Nos. of schedules accompanying the particular Advice and the total amount of advice for credit and debit items separately. Specimen of the register is given in **Annexure I** of this Chapter. This register will also provide for items held under objection which will be entered after due scrutiny and action will be taken to call for the necessary particulars/vouchers from the Accounts Officer concerned.

**7.28** This procedure would not apply to transactions relating to Printing and Stationery effected through Directorate of Printing, Ministry of Housing & Urban Affairs.

**7.29** The Accounts Sections will schedule the relevant items in duplicate to the Audit Sections concerned. These schedules should be adjusted by the Audit Section within three days of their receipt.

**7.30** The Audit Sections after audit will prepare a Punching Medium debiting / crediting (i.e. by minus credit or minus debit as the case may be) the "Reserve Bank Suspense Classified" Head (020/82) by contra adjustment to the relevant Service Head concerned. Category code '74' will be prefixed in respect of all transactions received from PAO/Pr. CCA of MEA to distinctly distinguish such transactions from the compilation, except in the case of London Accounts (English Transaction) where a separate code head 00/020/84 has been allotted in the Pamphlet of RD&R.

**7.31** The Punching Medium will be compiled in NCS by the Audit Sections and the duplicate copy of the I.D. Schedules will be returned to the Accounts Section showing the particulars of adjustment.

**7.32** The duplicate copy of the schedule received from the Audit Section will be linked with the original on record in the Accounts Section and the adjustment noted in the relevant column of the register prescribed in **Annexure – I** of this chapter. A summary of outstanding items will be prepared from the said register. This outstanding will be reconciled with the figures appearing in the compilation.

**7.33** On receipt of the clearance memo from the Central Accounts Section of Reserve Bank, Accounts Section will link this with the advice received from the concerned Accounts Officer and wanting clearance memo, if any, will be called for and a suitable note made in the Register referred to at Para 7.27 above. Thereafter, the Accounts Section will prepare a Punching Medium clearing the "Reserve Bank Suspense Classified" Head (020/82) (by plus debit or plus credit, as the case may be) and finally compiling the amount to the "Reserve Bank Deposit Head (021/00)" Category code '74' will be prefixed in respect of all transactions received from PAO/Pr. CCA of MEA to reconcile RB Deposits from the compilation, except in the case of London transactions (English Transactions). The relevant portion of the clearance memo meant "for use in Defence Accounts" will also be completed at the time, the connected entries in the "Inward Settlement Account Register" are made.

**7.34** As soon as the accounts of the month are closed, Accounts Officers of Railways and Posts will also send to the PCDA/CDA concerned a monthly settlement account working upto the total net debit or credit which has been advised to the Reserve Bank during the month for adjustment against the balances of the latter. This account will be supported by a statement giving particulars of the schedules or advices under which the vouchers etc., have been forwarded to the PCDA/CDA by

FA&CAO of the Railways, Post circle concerned/post offices (in respect of Defence Pensions paid by Post Offices).

**TRANSACTIONS ORIGINATING IN THE DEFENCE  
BOOKS WHICH ARE ADJUSTABLE AGAINST  
THE BALANCES OF RAILWAYS/POSTS**

**7.35** On receipt of the relevant documents to support a debit/credit to be passed on to Railway/Posts the Audit section concerned will adjust the transaction by Debit/Credit to the relevant remittance heads viz. "Inter-Governmental Adjustment Accounts" Major Heads 8787- Adjusting Accounts with Railways, 8788-Adjusting Accounts with Posts, and forward the vouchers etc. to Accounts Section along with the duplicate copy of Punching Medium to raise the debit against them.

**7.36** With reference to the details furnished by the Audit Section along with copies of Punching Media, Accounts Section will prepare separate Accounts Office wise schedules (in form IAFA-725) showing the amounts debited/credited to the Inter-Governmental Adjustment Accounts (Remittance Head i.e. 8787-Adjusting Accounts with Railways, 8788-Adjusting Accounts with Posts). These schedules will be serially numbered for each Accounts officer for each month.

**7.37** The serial number of the schedules will be noted against the particular entries in the "Outward Settlement Account Register" of the Railways/Post Accounts Officer concerned which will be maintained as per proforma given in **Annexure J** of this chapter.

**7.38** At prescribed intervals separate advices (as per Annexure A of Chapter 6) will be issued to the Reserve Bank of India, Central Accounts Section, Nagpur, intimating the net amount due to or from Railways/Posts for effecting the necessary monetary settlement. A copy of this will be sent at the same time to the Accounts Officer concerned along with the necessary vouchers. Reference to these advice memos will have to be noted against the respective schedules in the Register mentioned at Para 7.37 above.

**7.39** At the end of each month, a monthly settlement account (vide Para 6.14) showing the aggregate position of the advices issued during the

month, will be sent to the above authorities, after effecting an agreement of the total account with the compiled actuals.

**7.40** On receipt of clearance memo from the Central Accounts Section of the Reserve Bank (vide Para 6.17), Accounts Section will carry out necessary adjustment by transferring the amounts from Inter-Governmental Adjustment Accounts (Remittance Head) i.e., 8787- Adjusting Accounts with Railways, 8788-Adjusting Accounts with Posts to the Head "Reserve Bank Deposits-Defence". The clearance from the Inter-Governmental Adjustment Accounts (Remittance Head) will be effected by minus debit or minus credit, as the case may be.

**7.41** The clearance memo received from the Reserve Bank of India as well as the Punching Medium No. and the month in which the adjustment has been carried out will be noted in the Outward Settlement Account Register. The relevant portion of the clearance memo would simultaneously be completed.

**7.42** The outstanding advices for which the Reserve Bank clearance memo has not been received will be checked monthly and the issue of non-receipt of clearance memo addressed to Reserve Bank of India, Central Accounts Section, Nagpur.

**Note:** - *Debits on account of rent, water and electricity charges for military buildings occupied by the Department of Posts, when such charges are borne by the Department claims should be raised by the Principal Controllers/Controllers concerned against the Department of Posts in arrears in their accounts for the month of March (Preliminary) each year.*

**Exception:** - *Money Order (M.O.) Commission to be paid to the Post Offices and remittances of Family Allotment Money Order (FAMO) is paid through cheques. The above procedure is also applicable to FAMOs relating to Border Roads personnel.*

<p style="text-align: center;"><b>ACCOUNTING INSTRUCTIONS FOR SETTLEMENT OF INTER DEPARTMENTAL/ INTER- GOVERNMENT TRANSACTIONS</b></p>
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**Outward Settlement (Cash basis)**

**7.43 (I)** Transactions arising in the books of PCsDA/CsDA which are adjustable in the books of AG State Govt./PAO Ministries and Departments

of Central Government, are settled on cash basis (Cheque/Draft/e-Payment).

(II) Transactions arising in the books of the PCsDA/CsDA will initially be compiled by the Audit Sections to the relevant PAO Suspense Head (as per the pamphlet of RD&R Heads) if they relate to PAO of the Ministry/Department of the Central Government. Transactions relating to AG will initially be compiled by the Audit Sections to the relevant AG suspense heads shown in pamphlet of RD&R heads.

(III) The duplicate copies of the Punching Media wherein the PAO Suspense Heads are operated, will be sent to the Accounts Section along with supporting details and vouchers. The duplicate copies of Punching Media will be received centrally in Accounts Section as per existing procedure and compilation schedules (IAFA-725) will be prepared in respect of both the transactions referred to above and handed over to the group in Accounts Section maintaining the outward claims register.

(IV) Outward Claims Register will be maintained as per proforma prescribed at **Annexure – K**. Sufficient number of folios will be allotted for each PAO of the Ministry/AG indicating the Suspense Code head/Remittance head at the top of the folio. As the Suspense heads opened are Ministry wise, the same suspense head will cater for different PAOs of that Ministry. The Schedules received from the scheduling group/task will be segregated (PAO wise in the case of Ministries/Departments of Central Government) and posted in the outward claims register. Weekly totals of columns 3 and 4 of the folios pertaining to each PAO of Ministry/AG of State/UTs will be struck and if the resultant effect is a credit, a payment order for the net amount on IAF CDA-13 and a Punching Medium will be prepared and submitted to the Senior AO, Accounts Section for approval. The passed bill will be sent to the Disbursement Section along with IAFA-728 (Daily Payment Sheet) for preparation of cheque/making e-Payment.

(V) “Account Government-Not payable in cash” will be marked prominently on such cheques.

(VI) The paid bill viz. IAF CDA-13 along with the cheque/e-Payment details will be handed over by the Disbursement Section to the SAO, Accounts Section through a transit register and the latter's dated initials obtained.

(VII) The relevant columns (6, 7, 8 and 9) of the outward claims register will be completed and the cheque/intimation of e-Payment along with a

forwarding memo (as per **Annexure L of this chapter**) will be dispatched on the same day on which it is received from the Disbursement Section.

**(VIII)** If the resultant effect of the totals of columns 3 and 4 of outwards claim register is a debit, a memo will be sent (as per **Annexure M** of this chapter) to the party concerned requesting them to send a Bank Draft/Cheque/e-Payment in favour of the PCDA/CDA preparing the claim. As and when such memos are issued, column 13 of the Register will be completed. On receipt of Bank draft/cheque/intimation of e-Payment from the party, an e-MRO/MRO containing sufficient information (that the transaction is adjustable in the outward claims group of Accounts Section) will be generated, so that it can be easily identified when received from the Bank. Columns 14, 15, 16 and 17 of the register will be completed.

**(IX)** On receipt of the e-MRO/MRO the outward claims group will adjust it by relieving the PAO/ AG suspense head.

**(X)** The remarks column of the register will contain details of adjustments made while issuing cheques/making e-Payments and while adjusting e-MROs/MRO. Monthly reconciliation with NCS data will be effected with reference to the details shown in the remarks column. An endorsement to the effect that reconciliation has been effected with the NCS data should be made over the initials of the SAO, Accounts Section.

**Note:-** From 1994-95 onwards, the operation of PAO Suspense heads has been dispensed within Civil Ministries. Such transactions in Civil Ministries are normally debited to the final head of the Ministry/Department with reference to the Budget allocation intimated by the Ministry/ Department concerned. PAOs Suspense will continue to be operated in Ministry of Defence. The detailed procedure is given at **Appendix VII**.

**(XI) Letter of Authorization (LoA):** Direct booking of expenditure by agent Ministry / Department against the Demands for Grants of the functional Ministry can be made through Letter of Authorization (LoA);

**(a)** This relates to the programmes or activities for which one Ministry / Department utilizes the services of another Central Ministry / Department as its agent for executing the activity.

**(b)** In such cases, the Financial Adviser /Pr. Chief Controller of Accounts/Chief Controller of Accounts/Controller of Accounts of the functional Ministry / Department will issue annual budget allocation letter (Letter of Authorization), indicating the amount approved in the Budget for the year for the programme or activity assigned to the concerned PCsDA/CsDA.

(c) The PCsDA/CsDA are authorized to incur expenditure up to the limits specified in the authorization letter.

(d) The allocated amount in such cases will not be available for re-appropriation by the concerned functional Ministry/ Department, without the concurrence of agent Ministry/ Department.

(e) Expenditure figures are uploaded to PFMS/e-Lekha website of CGA for the information of concerned Ministry. PCsDA/CsDA also renders monthly expenditure report to the LOA issuing Ministry.

*(Auth: Para 8.5 of CAM 2024 and CGA OM No. 1(8)/TA-II/LOA-MoD/2019/168 Dt 12/07/2019)*

### **Inward Settlement (Cash basis)**

**7.44 (I)** Transactions arising in the Books of AG/PAO Ministries and Departments of Central Government adjustable in the books of PCsDA/CsDA are settled on cash basis.

**(II)** The Inward claims duly supported by schedules/vouchers along with Bank draft/cheque/e-Payment (in case the net effect is a credit to the PCDA/CDA) or a memo requesting for a cheque/e-Payment (in case the net effect is a debit to the PCDA/CDA) will be received in the Accounts Section in the group maintaining the Inward Claims Register (as per **Annexure N** of this chapter).

**(III)** The credit and debit schedules/vouchers/bills will be carefully scrutinized to see that the transactions relate to the concerned PCDA / CDA. These will be segregated and details posted in the Inward Claims Register, debit and credit items pertaining to each Audit section being indicated separately. If the net effect is a debit to the PCDA/CDA for which a cheque/e-Payment is demanded by the party, a payment order on IAF CDA-13 with punching medium compiling debits and credits to the respective Service Heads,—will be prepared and submitted to the SAO, Accounts Section for approval. The paid bill will be sent to the Disbursement Section along with IAFA-728 (DP Sheet) for preparation of a cheque/e-Payment. The instructions at 7.43 (V) above regarding enfacement of cheque will apply. The paid bill (i.e. IAF CDA-13) with the cheque/e-Payment details will be received from the Disbursement Section in the manner prescribed 7.43 (VI) above. The relevant columns in the Inward Claims Register-(i.e., Columns 13, 14, 15 and 16) will be completed and the cheque/intimation of e-Payment will be sent with a forwarding memo as per **Annexure O** of this chapter.

(IV) The credit and debit items will be scheduled to the respective Audit sections indicating in the Schedule (prepared in duplicate) the relevant head operated with an endorsement that in case the code head operated is not the appropriate one, suitable re- adjustment should be made at their end. Column 8 of the Inward Claims Register will be completed.

(V) If the net effect of the inward claims received is a credit to the PCDA/CDA for which a Bank draft/cheque/intimation of e-Payment has been received columns 4, 5, 6, 9 and 10 of the register will be completed and MRO/ e-MRO generated in the same manner as indicated at Para 7.43 (I) above. Columns 11 and 12 of the Inward claims Register will be completed. On receipt of the MRO/ e-MRO, the Inward Claims Group will classify the credits and debits to the various service heads with reference to Schedules/Vouchers received along with the claim and a Punching Medium prepared accordingly, the net amount for which the draft is received being compiled to 00/020/80 as (+) Charge. Prefix '93' will be operated in case of e-MRO.

(VI) The credit and debit items will be scheduled to the respective Audit Sections as at sub para - (IV) above with an endorsement that in case the code head operated is not the appropriate one, suitable re-adjustment should be made immediately.

(VII) If an item/items not adjustable in the books of the Controller is found included in the Inward claims, the Audit Section should settle the transaction by compiling the amount to PAO/ AG Suspense Head by per-contra credit/debit to code head operated by the Accounts Section. The item will then be dealt with as if the transaction has arisen in the Controller's book and processed through the Outward Claims Register.

### **ADJUSTMENT OF E-TICKETING/DEFENCE TRAVEL SYSTEM (DTS) TRANSACTIONS ON CASH BASIS**

**7.45** Accounting of e-ticketing is based on the following principle: -

(I) The cost of the Warrants and other charges are directly booked online to the relevant Service Heads.

(II) Concession is granted to Officers and PBORs on the concession vouchers/Form 'D'. The individual's liability i.e., 60% (Officers) and 50% (PBORs) is booked online as advance by the Ministry of Defence to IRCTC. After booking, 'e- Concession Vouchers' (e-CVs) are sent to the



concerned PCsDA/CsDA/PAOs (ORs) for effecting recovery from the IRLA of the concerned Officers/PBORs. The e-CVs will be forwarded to the concerned PCDA/CDA/PAOs (ORs) by HQ CGDA (DTS cell) on line for recovery action.

(III) In case, an e-ticket booked through DTS is cancelled, the relevant Service Head and other charges already booked or liable for refund will be reversed online. The advance head for concession voucher/Form 'D' will be reversed or sent to the concerned PAO for refund action in the IRLA, if applicable.

(IV) The amount of e-ticketing will be advanced to the IRCTC's account and initially booked to Code Head 29/023/01.

**Note:-** Various stages of booking of e-ticketing transactions are mentioned at **Annexure R** to this chapter.

## **DRAWAL OF ADVANCES ON THE AUTHORITY OF EMERGENCY CASH REQUISITIONS**

**7.46** The advances drawn from Bank/Non-Bank treasuries on the authority of Emergency Cash Requisitions (vide Rule 316, Financial Regulations, Part - I Vol - I) will be accounted for in the following manner: -

### **(I) Bank Treasuries**

(a) Payments made by the bank treasuries on the authority of Emergency Cash Requisitions (ECRs) will be taken directly against the Defence Proforma Account in their books. As in the case of Defence cheques, the paid Emergency Cash Requisitions (both original and duplicate) together with the daily debit scrolls will be sent by the banks through the Focal Point Branch to the concerned PCDA/CDA every day.

(b) The Accounts Section of the PCsDA/CsDA office will record the receipt of the debit scroll along with both the original and duplicate copies of ECRs in a manuscript register to be maintained for this purpose.

(c) Accounts Section, will on the very day of receipt, schedule the duplicate copies of ECRs to the Audit Sections to which the transactions pertain for noting in the demand register and for watching eventual recovery etc. The reference to the Schedules with which such duplicates are sent to the Audit Section will be given in the aforesaid register.

(d) Accounts Section will adjust the amounts of the original copies of the ECRs to the head "Reserve Bank Suspense Unclassified" by contra credit to the head "Reserve Bank Deposit-Defence" at the end of each month.

(e) The triplicate copies of the Emergency Cash Requisitions which give full particulars will be received in the Audit Section concerned from the drawees i.e., the units drawing the emergent advances. They will pair the same with the duplicate copies received from the Accounts Sections and classify and adjust the triplicate copies of the ECRs to the relevant heads of accounts by clearing the heads "Reserve Bank Suspense Unclassified" by minus debit entry. Thereafter the Audit Sections will forward the triplicate copies along with copies of the relevant Punching Medium to the Accounts Section.

(f) Accounts Section will pair the triplicate copies with their original copies on record in the Section and make a suitable note of their adjustment against the relevant entry in the register referred to at (b) above. It will watch the adjustment of triplicate copies of the ECRs and eventual clearance of Suspense Head "Reserve Bank Suspense-Unclassified" through the aforesaid register.

## **(II) Non-Bank Treasuries**

(a) Payments made by Non-Bank Treasuries on the authority of Emergency Cash Requisitions will, as in the case of other non-bank Treasury transactions, be accounted for in the Treasury Accounts and cleared by the Accountant General concerned in accordance with the procedure outlined in Para 6.13 of this code. Duplicate copies of the Emergency Cash Requisitions will be sent by the Treasury Officers directly to the PCDA/CDA concerned on the very day on which the advances are made by them, as stipulated in Rule 478 and 479 of Central Treasury Rule (CTR). As usual original copies will be sent to the PCDA/CDA concerned by the Treasury Officer in support of their bi-monthly schedules of payment.

(b) Further accounting procedure in the PCsDA/CsDA Offices in respect of these Emergency Cash Requisitions received from the Non- Bank Treasuries will be as set out in clauses (b) to (f) of the preceding sub-Para (I).

## RECONCILIATION OF BALANCES IN THE BOOKS OF RESERVE BANK OF INDIA

**7.47** After the accounts of the month are closed, the Central Accounts Section of the Reserve Bank of India, Nagpur, will furnish the Statement of Closing Balance to each of the PCDA/CDA on the first working day of the following month via e-Mail as per specimen given at **Annexure – P** to this Chapter. It will be the responsibility of the PCDA/CDA to check and verify that the balances worked out by the Reserve Bank in its books, in respect of their offices, are correct and agree with their respective balances as worked out in their own accounts. These figures should be reconciled with the total figures recorded in the Outward and Inward Settlement Account Registers and in Register of Main Scrolls received from Focal Point Branches which will be abstracted monthly in a separate register titled “Reserve Bank Deposits Accounts.”

**7.48** The Reserve Bank will also intimate the balances of each PCDA/CDA to the Controller General of Defence Accounts monthly in the form in **Annexure – Q** to this Chapter. Controller General of Defence Accounts (CGDA) will reconcile and confirm the monthly figures for the Department as a whole to the Controller General of Accounts (CGA) for necessary contra reconciliation with bookings under Reserve Bank Deposits.

**Note:-** *The balances under head “Reserve Bank Deposits— Defence” in the Defence books must agree with the balances as worked out in the books of the Reserve Bank in order to enable the Controller General of Accounts to effect necessary reconciliation. The unreconciled amount will be transferred to RB Suspense Unclassified (020/83)/ PSB Suspense (020/76) as the case may be.*

### **Treatment of Incorrect and Incomplete Debits/Credits**

**7.49** The closing balances intimated by the RBI, CAS, Nagpur can be broadly divided into three parts : -

- (I) Inter-Governmental adjustments
- (II) Transactions with RBI, Public Account Department (PAD) and
- (III) Put through transactions with SBI

**7.50** The balances in the books of RBI are supported with Bank wise and date wise details of settlements with the RBI, CAS. Therefore, reconciliation of monthly and progressive transactions will be carried out separately for RBI PAD / SBI / Other Department (Railways/Posts/MEA) Nodal branches of the PSBs (for pension transactions) etc. While the unreconciled amount of RBI transactions taking place at Public Account Department will be classified under head RB Suspense Unclassified (03/020/83), the unreconciled transactions taking place at FPB of SBI will be transferred to PSB Suspense (03/020/76). The unreconciled transactions of Settlement Accounts {pertaining to RB Suspense Classified (00/020/82)} will be transferred to head RB Suspense Unclassified without any prefix i.e. 00/020/83. The incorrect and incomplete transactions will be treated as under:-

**(I) In case of Inter-Governmental Advice**

Inter-Governmental adjustments will be reconciled monthly with reference to the Schedules / Settlement Account / Vouchers / Pension Payment Scrolls actually received from the Railways /Department of Post /MEA /Nodal branches of the PSBs, etc. Difference will be treated as under:-

**(a) When RBI CAS Advice is in excess**

In cases, where full particulars of vouchers are not forthcoming in support of the advice or where the advices have been included in the memo of clearance received from the Reserve Bank but have not actually been received from the Accounts Officer concerned, the RBI CAS figures should be treated as excess to the figures of Settlement Account / Vouchers/ Pension Payment Scrolls during the month. The amount will be adjusted as under: -

**(i) In case of debit transactions**

By debiting RB Suspense (Unclassified) (020/83) as Plus Charge and crediting RB Deposits (021/00) as Plus Receipt.

**(ii) In case of credit transactions**

By crediting RB Suspense (Unclassified) (020/83) as Plus Receipt and debiting RB Deposits (021/00) as Plus Charge.

**(b) When RBI CAS Advice is less**

In cases, where RBI CAS figures are less or the advice has not been included in the memo of clearance, but Settlement Accounts / vouchers /

Pension Payment Scrolls etc. have been received, the amount will be adjusted as under: -

**(i) In case of debit transactions**

By crediting difference of figures of Settlement Accounts / vouchers / Pension Payment Scrolls etc and RBI CAS figures to Suspense (Unclassified) (020/83) as Minus Charge and debiting the total figures of Settlement Accounts / vouchers / Pension Payment Scrolls etc. as Plus Charge with contra adjustment to RB Deposits (021/00) as Plus Receipt.

**(ii) In case of credit transactions**

By debiting difference of figures of Settlement Accounts / vouchers / Pension Payment Scrolls etc and RBI CAS figures to Suspense (Unclassified) (00/020/83) as Minus Receipt and crediting the total figures of Settlement Accounts / vouchers / Pension Payment Scrolls etc. as Plus Receipt with contra adjustment to RB Deposits (00/021/00) as Plus Charge.

**(II) RBI/FPB transactions adjusted by RBI CAS**

Reconciliation of RBI CAS figures will be made with reference to Put through Statement received from RBI CAS, and verified copy of DMS. Excess debit/credit will be compiled as under:-

**(a) When RBI CAS figures are more than the Verified Copy of DMS figures (excess advice received):**

**(i) In case of debit scrolls**

The amount of excess advice of RBI CAS will be debited to RB Suspense (Unclassified) (020/83)/PSB Suspense (020/76) as Plus Charge by contra adjustment to RB Deposits (021/00) as Plus Receipt.

**(ii) In case of credit scrolls**

The amount of excess advice of RBI CAS will be credited to (020/83)/PSB Suspense (020/76) as Plus Receipt by contra adjustment to RB Deposits (021/00) as Plus Charge.

**(b) When RBI CAS figures are less than the figures of Verified Copy of DMS (Advice awaited/less advice)**

**(i) In case of debit scrolls**

The amount of less advice of RBI CAS will be debited to (020/83) / PSB Suspense (020/76) as Minus Charge by contra adjustment to RB Deposits (021/00) as Minus Receipt.

**(ii) In case of credit scrolls**

The amount of less advice of RBI CAS will be credited to (020/83)/PSB Suspense (020/76) as Minus Receipt by contra adjustment to RB Deposits (021/00) as Minus Charge.

**Note:** - (1) *The transactions mentioned in Para (II) (b) (i) and (ii) above would be effected when Scrolls are compiled on the last working day of the month, otherwise heads 'Cheques and Bills' and 'Remittances into Banks and Treasuries' will be compiled as Minus Receipts and Minus Charges respectively instead of RB Deposits. The particulars of missing advices/accounts/vouchers/Debit Scroll or paid cheques / credit scrolls or MROs (or certificate of payment or receipt of the cheques and MROs from the treasuries) should be called for immediately. On receipt of above documents/instruments "Reserve Bank Suspense-Unclassified" head will be cleared.*

(2) *In case of RBI CAS advice, should it become necessary to re-debit/re-credit the amounts in respect of wanting vouchers/settlement accounts, it should be done after obtaining the consent of the other party to the account. Where the consent or the voucher is not forthcoming say for six months, the item may be reversed.*

(3) *Erroneous debits or credits should be written back by fresh credits/debits per contra adjustment under the RB Suspense Classified/RB Suspense Unclassified/PSB Suspense/ Remittances into Banks and Treasuries/Cheques and Bills/RB Deposits head, as the case may be.*

(4) *When it is clearly established that an incorrect debit or credit has been given to a PCDA/CDA instead of to Railways/Posts, action will be initiated immediately for reversal/withdrawal of the advice.*

(5) *In case of cheques which are wrongly advised by the Bank/Non- Bank Treasury to a PCDA/CDA other than the one shown on the cheques, the PCDA/CDA receiving the cheque should point out the incorrect reporting either while certifying on the Main Scroll of the Focal Point Branch or while certifying on the DMS and get the same rectified through Error Scrolls. In case, incorrect reporting was not noticed upto the time of certifying on DMS, the PCDA/CDA should pass on the items to the concerned PCDA/CDA through the Defence Exchange Account. Where such mistakes come to light after preparation of the PM for the month (e.g., at the time of linking of paid cheques with the Schedule III) the adjustment will be as under: -*

*Debit the Defence Exchange Head of the CDA concerned and credit the head 'cheques and bills' 00/020/81 which was debited (as Minus Receipt) at the time of preparation of PM for debit scrolls.*

*(6) The latter will respond by contra debit as minus receipt to the head “Cheques and Bills” and take further action as envisaged at Para 7.12 above.*

*(7) In case of MROs/e-MROs wrongly advised by the Bank/Non-Bank Treasury to a PCDA/CDA other than the one shown therein and where such incorrect advice was not noticed till the time of rendition of certificate on DMS, the MRO/ e-MRO should likewise be passed on to PCDA/CDA concerned through the Defence Exchange Account. In case such mistakes are noticed on a later date (e.g., at the time of linking of DMROs and OMROs), the PCDA/CDA who initially received the MRO/ e-MRO will credit Defence Exchange Account of concerned PCDA/CDA and debit the head “Remittances into Banks and Treasuries” in his books.*

*(8) The latter will respond by debiting Defence Exchange Account head per contra credit (minus debit) to the head “Remittance into Banks and Treasuries.*

*(9) Any error noticed in the figures of bank scrolls shall immediately be pointed out to Focal Point Branch. Such errors will be set right through Error Scrolls by FPB.*

*(10) The cheques etc. pertaining to Department of Posts and Railways etc. if received by any PCDA/CDA from the Bank will be returned by him to the Focal Point Branch which in turn will forward the documents to the appropriate Accounts Officer and rectify this discrepancy through Error Scroll. The Controller will watch for such rectification.*

## **Verification and Reconciliation**

**7.51** Outstandings under “Cheques and Bills” and “Remittances into Banks/Treasuries” Suspense and Remittance Heads should be reviewed and reconciled every month and regular action taken for the clearance of outstanding items. The Officer-in-Charge of the section should personally watch the completion of this work every month and for this purpose all the reconciliation sheets and Suspense Registers etc., should be put up for scrutiny and signature.

**7.52** Ordinarily, at the end of the year there should be no balance under the heads—“Reserve Bank Suspense Unclassified”/PSB Suspense, if

prompt action has been taken in intimating the transactions to the Focal Point Branch for rectification and in adjusting the transactions of the inward monthly accounts of other Accounts Officers. In case there is an outstanding balance at the end of the year, reasons for the same should be investigated and the items should be adjusted in the accounts in hand i.e., at the earliest possible month of the next year.

**7.53** The missing advices or vouchers booked under head “Reserve Bank Suspense-Unclassified/ Reserve Bank Suspense Classified / PSB Suspense” should be vigorously pursued with the Accounts Officers concerned /FPB / RBI PAD so that the outstanding under these Suspense Heads are brought down to Zero, by the end of financial accounts of the year. However, if the same is not possible due to exceptional circumstances, the same may be reported to HQrs CGDA with the approval of concerned PCsDA/CsDA, giving due justification of outstandings.

**7.54** The balance under the heads “Remittance into Banks and Treasuries” and “Cheques and Bills” will represent the amount of unaccounted remittances (which will be rare) and the amount of uncashed cheques respectively. These should be reconciled every month vide Para 7.1 to 7.11 and Para 7.12 to 7.25.

**Note:-** *Examples of PM for reconciliation of Defence transactions at RBI/SBI/Treasuries and booking of Suspense against the closing balances intimated by the RBI are given at **Appendix-VIII**.*



**Annexure - A****(Referred to in Para 7.3)****Register of MROs received from Banks/Non-Bank  
Treasuries**

SI No.	No and date of Bank Scroll / Schedule of Receipt with which duplicate copy of MRO (DMRO) received / 17 digits MRO Identification Number (MIN) received	Name of issuing officer	Deposit or's Name	No and date of Bank/Treasury Receipt	Amount (Rs)
1	2	3	4	5	6

Month of account in which duplicate copy adjusted (TE No. and Month)	Audit Section / Sub-Office No and date of memo with which original copy of MRO received	Month of account in which original copy (OMRO) adjusted by Audit Section / Sub-Office	Amount adjusted by Audit Section	17 digits MRO Identification Number (MIN) of OMRO where available	Remarks
7	8	9	10	11	12

## **ANNEXURE - B**

**(Referred to in Para 7.2)**

### **CERTIFICATE IN LIEU OF LOST/MISPLACED MRO**

Certified that a sum of Rs -----(Rupees in words) was received from (Name of Party) -----on account of -----for credit to Central Government Account under the head-----on -----by Branch. The amount has been included in the scroll dated----- at SI No--.

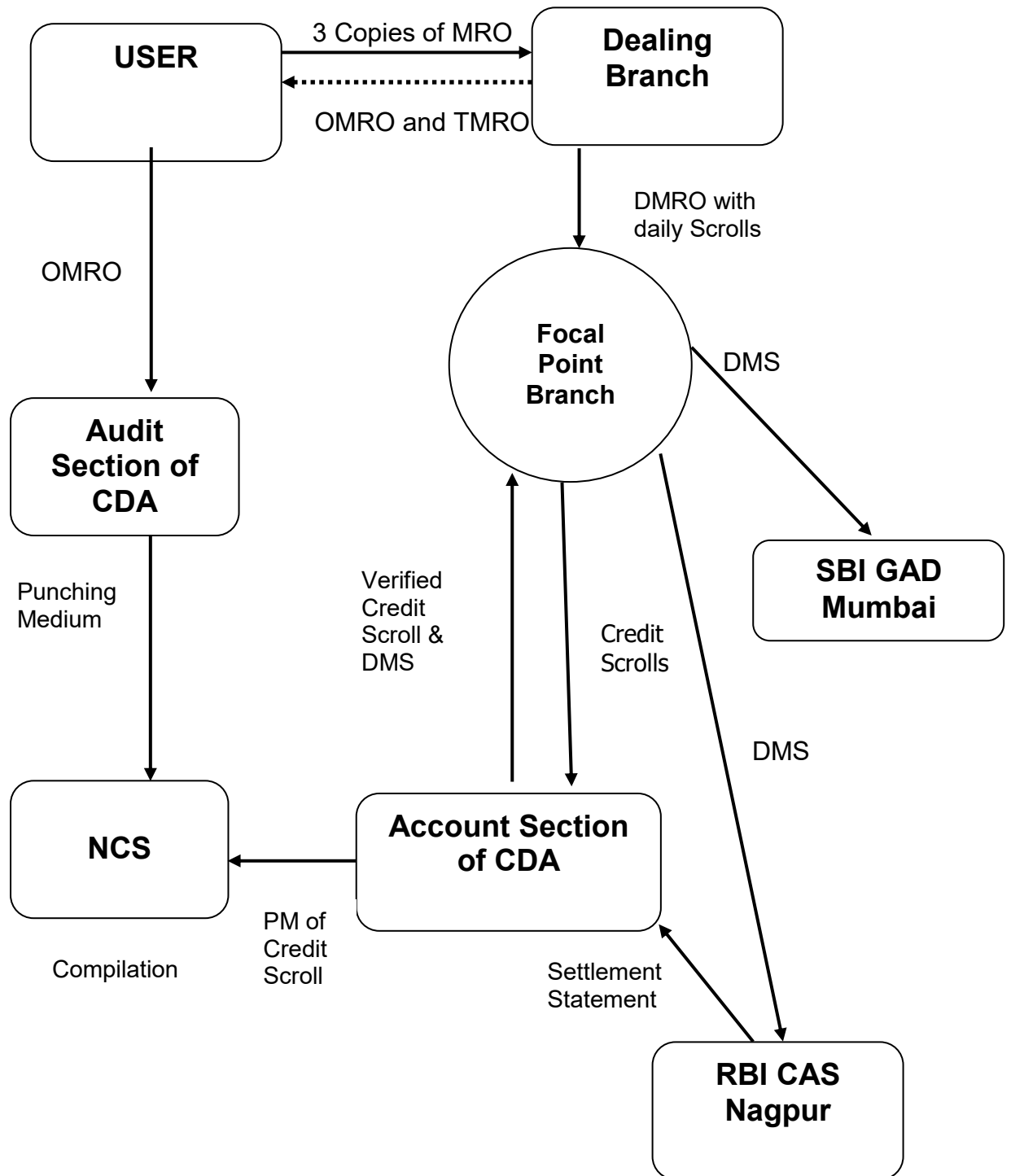
Authorised Officer

Date-----

Branch -----

Focal Point Branch-----

(Referred to in note - 2 below Para 7.9)

**Flow Chart of Military Receivable Order (MRO) adjustment**

## Annexure - D

(Referred to in note - 1 below Para 7.11)

### Part - I

#### **e-MRO Accounting Adjustment**

(1) **e-MRO** will be adjusted by **Accounts Section**.

(2) The details of credit e-Scrolls as downloaded from SBI CMP portal, pertaining to a particular date will be pasted in the e-MRO Register (as per **part - II below**) and subsequently the details of the adjustment i.e. TE, Voucher No. and Month will be endorsed in the register. It is also to be ensured that separate folios are opened in the register each **Section/Sub- Office wise**. The total of the register will be reconciled with the compilation for the month after posting all e-MROs received from the e-FPB (DMS). After doing these accounting adjustment as mentioned in table below, e-MRO will be forwarded by the Accounts Section to the respective Audit Sections/ Sub offices duly signed with seal of Concerned AAO/SAO endorsing "the e-MRO has been adjusted/compiled vide TE No. .... Dated...." **for** taking further action on daily basis.

Month:	CDA:	Section:	Cl of Vr. II:	Vr. No.:	
Code Head	(+) RT	(-) RT	Code Head	(+) CH	(-) CH
			021/00	XXX	
			93/020/80		XXX

(3) Audit Sections/ Sub offices will adjust the e-MRO only after receipt of e-MRO (duly signed and endorsed) from the Accounts Section of main office. There is no requirement to wait for individual depositor to submit a copy of e-MRO for carrying out adjustment. If as per existing practice, depositor/units have provided a copy of e-MRO in Audit Sections/ Sub Offices, action will be taken on the receipt of signed copy from Accounts Section. The Units/Imprest Holders are required to submit e-MRO, wherever due, along with the cash account as a supporting document.

(4) Audit Section/Sub office will adjust the e-MRO as and when received from Accounts Section as under:

**(a) In case of credit is given to service head/ expenditure head as (-) Ch**

Month	CDA	Section	Cl of Vr. II	Vr. No.	
Code Head	(+) RT	(-) RT	Code Head	(+) CH	(-) CH
			93/020/80	XXX	
			Service Head		XXX

**(b) In case credit is to given to a Receipt Head as + RT**

Month	CDA	Section	Cl of Vr. II	Vr. No.	
Code Head	(+) RT	(-) RT	Code Head	(+) CH	(-) CH
Receipt Head	XXX		93/020/80	XXX	

**Note:-** The credit transaction under the relevant expenditure/ receipt head may be adjusted as (-) Charge or (+) Receipt depending on the nature of transaction. After compilation of the e-MRO, the same is forwarded to the Account Section along with the copy of adjusted TE.

(5) On receipt of the e-MRO/TE details from Audit Section/Sub Office, the Accounts Section, notes the TE No. and month against each e-MRO in the Register (as per format given in Part II below). Subsequently, TE amounts are tallied with Sectional Compilation.

(6) The e-MRO Register will be scrutinized every week by Accounts Section. Cases where e-MRO/TE details have not been received will be taken up with the Audit Section/Sub Office and the reasons for non-adjustment ascertained.

(7) In case of any ambiguity faced by Audit Section/Sub Office at the time of adjustment of the e-MRO regarding incomplete details in the e-MRO, the same will be called for from the concerned unit and formation/ individuals for adjustments.

(8) In case where the e-MROs were wrongly deposited by the depositor in favour of the PCDA/CDA, which pertain to other PCDA/CDA, the e-MRO should be passed on to the concerned PCDA/CDA through Defence Exchange Account by originating DIDs in the following manner:-

Month	CDA	Section	Cl of Vr. II	Vr. No.	
Code Head	(+) RT	(-) RT	Code Head	(+) CH	(-) CH
DEA Head	XXX		93/020/80	XXX	

(9) The Accounts Section of PCsDA/CsDA office will also scrutinize the e-MRO, Credit Scrolls and DMS and also settlement with RBI to identify cases of delayed remittances.

## **Part II**

### **Format of e-MRO Register maintained by Accounts Section**

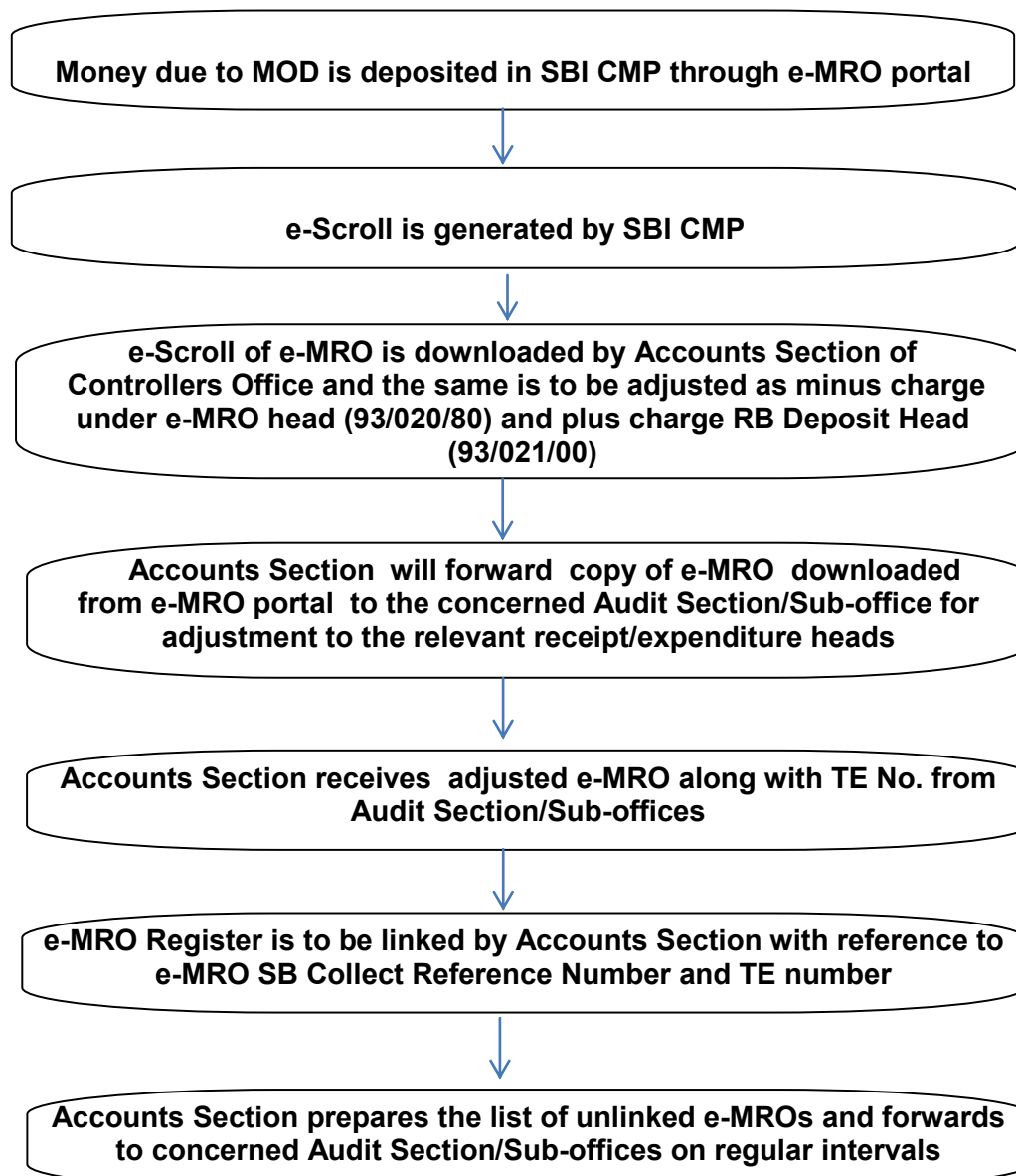
1	Serial Number	
2	MIN NO.	
3	CATEGORY NAME	
4	TRANSACTION REFERENCE	
5	TRANSACTION DATE	
6	AMOUNT	
7	NAME OF THE DEPOSITOR	
8	PERSONAL NUMBER	
9	PCDA (O )NUMBER/AF/NAVY NO.	
10	NATURE OF PAYMENTS	
11	NAME OF OFFICE/SUB OFFICE TO WHICH e-MRO RELATES	
12	ACCOUNTS SECTION-TE NO. & DATE	
13	AUDIT SECTION-TE NO. & DATE	

*Auth: CGDA Letter no. A/III/12157/MRO/PC-IV dated 27.03.2018)*

## ANNEXURE - E

(Referred to in note - 2 below Para 7.11)

### Adjustment procedure for e-MRO



#### (I) Action by Account Section on various types of receipts/recoveries deposited through e-MRO

Sl. No.	Activity	Code Head	(R+)	(R-)	Code Head	(C)+	(C-)
1	Adjustment of e-scrolls downloaded from SBI CMP Portal				93/020/80 (e-MRO)		100
					93/021/00 (R B Deposit)	100	

**(II) Action by Audit Section on various types of receipts/recoveries deposited through e-MRO.**

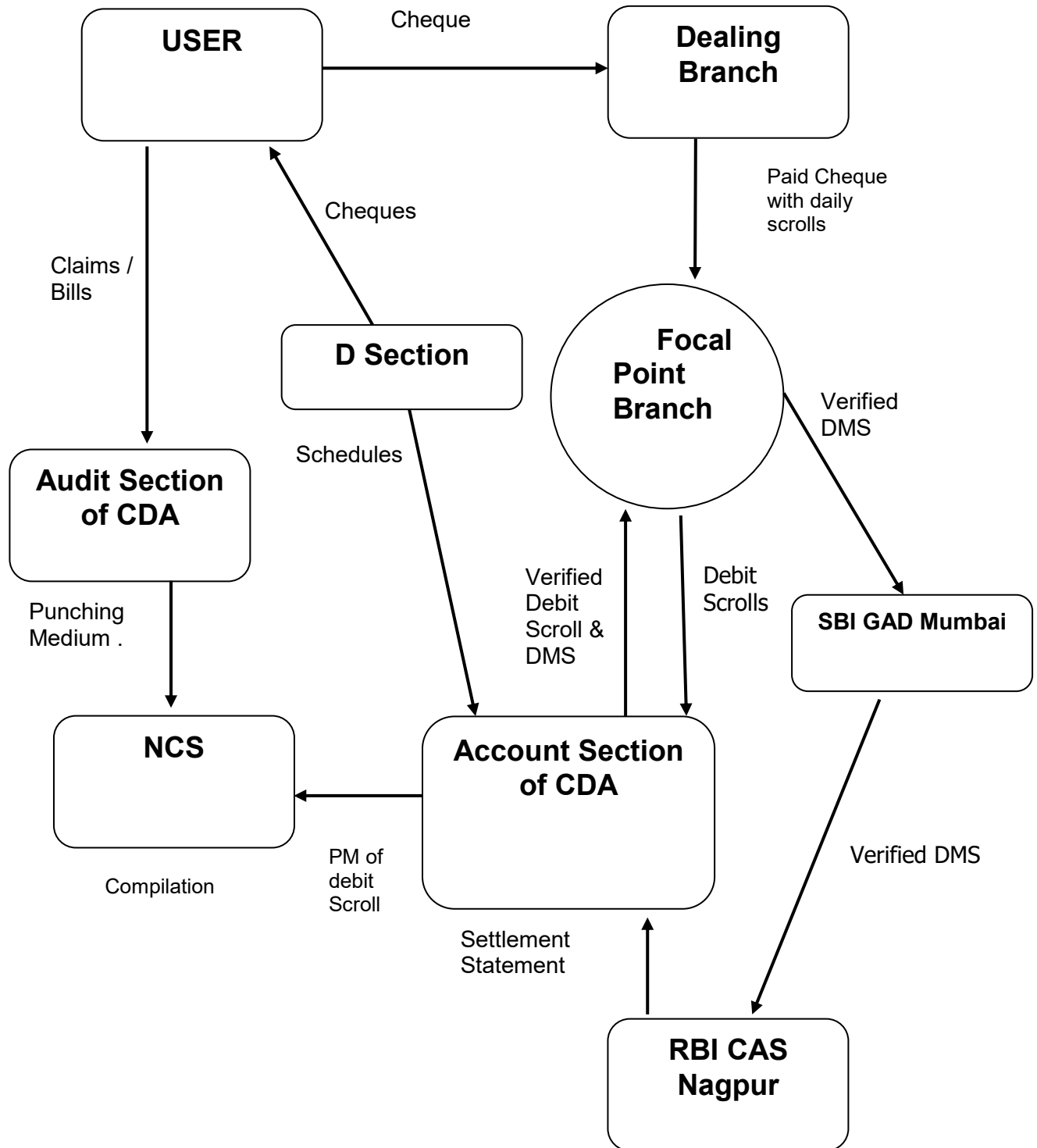
<b>Sl. No.</b>	<b>Activity</b>	<b>Code Head</b>	<b>(R+)</b>	<b>(R-)</b>	<b>Code Head</b>	<b>(C)+</b>	<b>(C-)</b>
<b>1</b>	<b><i>In case of Normal Receipt/Deposit</i></b>	<b><i>Receipt Head/ Deposit Head</i></b>	<b><i>XXX</i></b>		<b><i>93/020/80 (e-MRO)</i></b>	<b><i>XXX</i></b>	
<b>2</b>	<b><i>Overpayment received during the current FY</i></b>				<b><i>93/020/80 (e-MRO)</i></b>	<b><i>XXX</i></b>	
					<b><i>Concerned Expdr. Head</i></b>		<b><i>XXX</i></b>
<b>3</b>	<b><i>Overpayment received pertaining to previous FY [When Deduct Head is available]</i></b>				<b><i>93/020/80 (e-MRO)</i></b>	<b><i>XXX</i></b>	
					<b><i>Concerned Deduct Head</i></b>		<b><i>XXX</i></b>
<b>4</b>	<b><i>Overpayment received pertaining to previous FY [When no separate Deduct Head is available]</i></b>	<b><i>Receipt Head</i></b>	<b><i>XXX</i></b>		<b><i>93/020/80 (e-MRO)</i></b>	<b><i>XXX</i></b>	



## Annexure - F

(Referred to in note below Para 7.12)

### Flow Chart : Payment through Cheque System



## **ANNEXURE – G**

**(Referred to in Para 7.15 and 7.19)**

### **CERTIFICATE IN LIEU OF LOST / MISPLACED PAID CHEQUES**

Certified that a sum of Rs----- (Rupees in words) was paid to -----  
(Name of party) under the head -----on-----by debit to  
assignment/drawing account maintained in the name of -----on  
behalf of Ministry of Defence as per cheque No----- dated-----at  
branch-----. The amount has been included in the Scroll dated at SI  
No.----dated--.

Agent/Authorised Officer

Date-----

Branch -----

Focal Point Branch-----

## Annexure - H

(Referred to in Note below Para 7.23)

### **SBI CMP (e- Payment)**

- (1) At the time of passing the bill, the existing procedure of operating the PM will continue to be followed by the Audit Sections. However, in all such cases where payment is processed through SBI CMP by issue of e-mandate, the code head 00/020/81-CB is substituted by the code head 93/020/91 (Pay Account Office-Electronic Advice).

The Punching Medium for CMP payments will be prepared by the Audit Section as under:

Code head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
93/020/91	XXX		Relevant Expenditure head	XXX	

- (2) The existing procedure of preparation of section wise Daily Payment Sheet manually or through OA system shall continue to be followed. The DP Sheet will be prepared for two modes of payments separately, i.e.
- (a) For payment through SBI CMP and  
(b) For payment through other than SBI CMP (Cheques Paymnet) if circumstances warrant such payments.
- (3) The Audit Sections would continue to authorize payments and will prepare payment order and DP Sheet in respect of all passed bills indicating requisite particulars like name of the individual/vendor, bank account number, type of account, bank branch code, IFS Code/MICR Code etc, as required in the prescribed format to process the transaction through CMP. The Cheque Slips and related DP Sheets will be forwarded to the Disbursement Section for processing payment.
- (4) Debit Scrolls are displayed on SBI CMP Portal on daily basis indicating therein consecutive serial number of the Debit Scroll as per the existing FPB scheme.
- (5) Accounts Section has been given access to the SBI CMP Portal for viewing/downloading the Debit Scroll/Payment Scrolls, Minus Debit Scroll (failed transaction scroll) Date wise Monthly Statement (DMS) and Monthly Settlement Statement (MSS).
- (6) The pdf file of the Debit Scroll & Minus Debit Scroll will be downloaded by the Accounts Section on daily basis.
- (7) The scroll can be downloaded and a print taken by the authorized person.

- (8) The data of the Payment Scroll will be recorded in the Debit Scroll Register. For this purpose, a separate folio for the SBI, CMP Branch, Mumbai will be opened in the register.
- (9) It will be ensured that the consecutive serial numbers of Debit Scrolls are strictly watched.
- (10) The missing serial numbers shall be immediately called for from SBI-CMP Centre.
- (11) The register for Debit Scroll and for Minus Debit Scroll will be maintained separately.
- (12) The debit scrolls will be compiled by the Accounts Section on monthly basis on the following manners.

Code head	Receipt(+)	Receipt(-)	Code head	Charge(+)	Charge(-)
28/021/00 (RBI Deposit Head)	xxxx				
93/020/91 (Pay Account Office- Electronic Advice)		xxxx			

- (13) It should be ensured that the scrolls figures received from the SBI CMP are maintained separately. In no case will the transactions received from the SBI-CMP be mixed with the transactions of manual Focal Point Branch scheme.
- (14) The Account Section will maintain a Register separately for the rejected amount (items) of the **Minus Debit Scroll**. The adjustments of the rejected items lying in the Suspense head will be done by the concerned Audit section to which the rejected items pertain. After this adjustment by Audit Section, Account Section will link and clear these items from Suspense head.

**Minus Debit Scroll:**

- (i) The Minus Debit scroll is the scroll containing the details of rejected items, i.e. items for which the respective accounts could not be credited at all. An illustration is given below.
- (ii) A Payment file is uploaded for Rs 50,000 for 50 items. SBI sends the main debit scroll for Rs 50,000/- after effecting payments and debiting the Defence Proforma Account with RBI. The main debit scroll amount will be for Rs 50,000/-.
- (iii) However, it is possible that there are cases which get rejected and the accounts not credited for various reasons.
- (iv) This information from other banks generally comes to SBI from

concerned Defence Proforma Account, after few days from the day SBI made these payments. Since these rejections are known only after few days, SBI will send debit amendment advise to RBI to reduce the debit amount from Minus Debit Scroll.

(v) Assuming 10 items for Rs 10,000/- gets rejected. This final rejected amount i.e. Rs 10,000/- of 10 items and the details of the rejected items are sent to Defence Accounting Circle (DAC) through a separate scroll. It is "Minus Debit scroll". The accounting adjustment of these items has to be done accordingly.

(vi) These rejected items will be compiled as minus charge in the 93/020/96(Un-credited items under e- payments) by the Accounts section. The same will be cleared by the Audit Section by plus charge to 93/020/96. The suspense account therefore becomes nil.

**(15)** At the end of the every month, a monthly Punching Medium (PM) for the Debit Scrolls (For Payment Amount) and Minus Debit Scrolls (For rejected items/amount), will be prepared by the Accounts Section as under:

Code head	Receipt(+)	Receipt(-)	Code head	Charge(+)	Charge(-)
28/021/00 (RBI Deposit Head)	50000				
93/020/91 (Pay Account Office-Electronic Advice)		50000			
28/021/00		10000	93/020/96		10000

**(16)** The details of the credited and un-credited amounts will also be available in SBI CMP Portal in downloadable pdf file. Access to these two MIS has been given to Disbursement Section (D- Section).

**(17)** D Section will download these two MIS from the SBI CMP Portal on daily basis. The Scroll can be downloaded by the authorized person only.

**(18)** A copy of the credited and uncredited items will be sent by the D Section to the Accounts Section for linking and pairing of Schedule III and for the reconciliation of the compilation figures.

**(19)** The details of the rejected items shall be given to the Audit Section concerned for further course of action for settlement.

**(20)** The D Section will also maintain a register and watch the clearance of Suspense Head 93/020/96.

**(21)** Punching Medium will be prepared by the Audit Section on receipt of the details of rejection amounts mentioned in the Minus Debit scroll from 'D' Section:

**(a)** In Case the transaction as mentioned in para 15 above to this Annexure

has totally been cancelled; following entries in PM will be made:-

Code head	Receipt(+)	Receipt(-)	Code head	Charge(+)	Charge(-)
			93/020/96	10000	
			Concerned Expenditure head (as earlier)		10000

(b) In case of Re-issue the payment to the beneficiary, following entries in PM will be made:-

Code head	Receipt(+)	Receipt(-)	Code head	Charge(+)	Charge(-)
93/020/91	10000		93/020/96	10000	

**(22)** In both the above cases, a copy of the Punching Medium along with the complete details may be forwarded to the Accounts Section and D' Section for linking & Clearing of the suspense of rejected items.

**Note:-** The re-issue of payment to the beneficiary will be made on the payment order on the form CDA-13.

(Auth:- RBI, PAD (Public Account Department) No. PAD/DEF/3235/05.01.001/  
2015-16 dated 6<sup>th</sup> Jan 2016.)

## ANNEXURE – I

(Referred to in Para 7.27 and 7.32 )

### INWARD SETTLEMENT ACCOUNT REGISTER

(Transactions Originating in the Books of Railways and Department of  
Posts and adjustable in the books of Defence)

Reorganized as recommended by Committee

SI No	Accounts Officer (Railways / Posts etc.) from whom Schedules received	No and date of Schedule with which vouchers received from the Accounts Officers (Railways /Posts etc.)	Amounts of Schedules		Reference to the Advice received (No and date)	Amount of each Advice	
			DR	CR		DR	CR
1	2	3	4	5	6	7	8

Reference to ID Schedules with which item sent to Audit Sections	Voucher No and month of Audit Section's PM adjusting the item	Reference to RBI Memo in which cleared	Amount Cleared by Bank		PM vouchers No and month in which adjusted to head "Reserve Bank Deposits" by Accounts Section	Remarks
			DR	CR		
7	8	9	10	11	12	13

## ANNEXURE –J

(Referred to in Para - 7.37)

### OUTWARD SETTLEMENT ACCOUNT REGISTER

(Transactions originating in the Defence Books which are adjustable against the balances of Railways and Department of Posts)

SI No	SI No of the relevant Schedule prepared by the Accounts Section	Reference to the Advice issued i.e. letter No and Date	Amount of Advice	Reference to the Memo of Clearance issued by the RBI CAS in compliance	Amount of Clearance by RBI CAS	PM No and month under which adjusted to head 'Reserve Bank Deposits'	Remarks
		Rs			Rs		
1	2	3	4	5	6	7	8



## ANNEXURE – K

(Referred to in Para 7.43 (IV))

### Outward Settlement Account

SI No	Period to which Account pertains	Credits to Suspense (PAO Suspense / Remittance Head)	Debits Suspense (PAO Suspense / Remittance Head)	Net amount due to the other party (Column 3-4)	No. and date of the cheque issued/UTR No. in case of e-Payment	Amount of cheque/ e-Payment
1	2	3	4	5	6	7

No. and date of the letter forwarding the cheque /intimating e-Payment to the party	Initials of Adr/ SA	No. and Date of acknowledgment of the cheque/ intimation of e-Payment by the party	Initials of the AAO	Net amount due from the other Party (Column 4-3)	No. and date of the memo calling for Bank Draft/Cheque /e-Payment from the other party
8	9	10	11	12	13

Details of the Bank draft/ Cheque /e-Payment received from the other party	Amount of the Bank Demand Draft /Cheque /e-Payment	No. and date of under which Demand Draft/Cheque/inti mation of e-Payment sent to the Cashier for converting as e-MRO	Initials of the SAO	Particulars of the Class II Punching Medium under which e-MRO was adjusted	Remarks
14	15	16	17	18	19

## ANNEXURE - L

(Referred to in Para 7.43 (VII) )

No. A/-----  
Office of the PCDA/ CDA  
Dated-----

To

The AG/PAO

Two schedules of Receipts and Disbursements (as per enclosed Appendix) which arose in the accounts of this office during the week ending.....and are adjustable in your books, are sent herewith along with a Cheque No./UTR No.....dated..... for Rs .....(Rupees in words)

Note: (Please return the lower half of this letter duly signed immediately in token of acknowledgment)

Signature  
SAO

Details of enclosures No-----  
Supporting Vouchers-----  
Cheque No-----Dated-----for Rs-----

---

Office of the AG/PAO

Office of the AG/PAO

Receipt is hereby acknowledged of the account received with letter No ..... dt..... along with the cheque No/UTR No..... dated for Rs.....

Signature  
Designation

To  
The .....  
No.....Dated.....

## APPENDIX TO ANNEXURE - L

**(Schedule of Debit/Credit adjustable by AG/PAO)**

No of accompanying Vouchers /Schedules	Particulars	Amount (Rs)	Remarks
1	2	3	4

Office of the PCDA/CDA Dated.....

Signature Designation

N.B: Separate Schedules will be prepared for credits and debits in duplicate

## ANNEXURE - M

(Referred to in Para 7.43 (VIII) )

To

The AG/PAO

Two schedules of Receipts and Disbursements (as per enclosed Appendix) which arose in the accounts of this office during the week .....and are adjustable in your books, are sent herewith with the request that a cheque /Bank Draft/e-Payment for Rs.....drawn in favour of PCDA/CDA.....may please be sent/made within seven days of receipt of this claim No        date

Please return the lower half of this letter duly signed, immediately in token of acknowledgment

Signature        SAO

Details                of  
enclosures No-----  
Supporting  
Vouchers-----

---

Office of the AG/PAO

Account received with this letter No..... Dated ..... and steps are being taken to send a cheque/bank draft/e-Payment in settlement of the account.

Signature  
Designation

To

The -----  
No ----- Dated-----

## APPENDIX TO ANNEXURE - M

**(Schedule of Debit/Credit adjustable by AG/PAO)**

No of accompanying Vouchers /Schedules	Particulars	Amount Rs P	Remarks
1	2	3	4
<b>Total</b>			

Office of the PCDA/CDA Dated.....

Signature  
Designation

Note: Separate Schedules will be prepared for credits and debits in duplicate and one copy retained as office copy.

## ANNEXURE - N

(Referred to in Para 7.44 (II))

### Register of Inward Claims (Cash Basis)

Sl No	No. and Date of the letter with which the account was received	Period To which account pertains	Credits to PCDA / CDA Audit Section	Debits To PCDA / CDA Audit Section	Net amount due from the other party (Column 4-5)	Net amount due to the other party (Column 5-4)	No. and date of the Letter Under Which the account is sent to Respective Audit Sections	No. and date of Bank Draft/ cheque / e-payment received with inward account if the amount is due from the party	Amount of Bank Draft/cheque/e-Payment
1	2	3	4	5	6	7	8	9	10
			a	A					
			b	B					
			c	C					
			d	D					

No. and date of the letter under which the Bank draft/cheque/intimation of e-Payment is sent to the cashier for generating e-MRO	Initials of the SAO	No. and date of the cheque issued, (if the amount is due to other party) (UTR No. for e-Payment)	Amount of cheque/ e-Payment	No. and date of letter forwarding the cheque/intimation of e-Payment to the other party	Initials of the SAO	No. and date of acknowledgement of the cheque/ e-Payment by the other party	Initials of the AAO
11	12	13	14	15	16	17	18

## ANNEXURE - O

(Referred in Para 7.44 (III))

No -----  
Office of the  
PCDA/CDA  
Dated-----

To  
Office of the AG/PAO  
-----

As requested in your letter No.....a cheque No/UTR No. (For the e-Payment)-----Dated.....for Rs.....is sent/made herewith in settlement of your account.

Please return the lower half of this letter duly signed, immediately in token of acknowledgement.

Details of enclosures  
Cheque.....

Signature  
Designation

.....  
.....

No -----  
Office of the AG/PAO

Dated

Receipt is hereby acknowledged of letter No dated  
..... along with the cheque No/UTR No. (for e-Payment) .....dated for Rs.....

Signature  
Designation

To  
  
The.....  
----- No Dated

## ANNEXURE – P

(Referred to in Para 7.47)

Reserve Bank Of India  
Central Accounts Section, Nagpur

Print Date:  
Print Time:

User ID:

CAS No. (R)  
Para 4. 29/31

### WISE BALANCE FOR THE MONTH OF .....

DEPT: - DAC Code..... (Name of Controller.....)

Particulars	RECEIPTS		PAYMENTS	
	Other than Pension	Pensions through P.S Bank	Other than Pension	Pensions through P.S Bank
1. IG Adjustment by RBI CAS Nagpur				
2. Transactions at various RBI offices during Month.... Year ...				
Mumbai Regional Office				
Nagpur Regional Office				
Sub Total				
3. Transactions of Agency Bank put through (As per Summary) Controller				
Sub Total				
4. Transactions of Pre 1.10.93 period adjusted during the month as per statement attached.				
5. Total (1+2+3+4)				
6. Progressive total brought forward from previous month				
7. Progressive Total Upto June -23 A/c carried over				
NET : DB				



## ANNEXURE - Q

(Referred to in Para 7.48)

RESERVE BANK OF INDIA, CAS, NAGPUR

To	No. CAS DEFENCE/		Dated -----
	The CGDA		
	Delhi Cantt		
Dear Sir,			
	<b>Defence Proforma Account for the month of --</b>		
We advise the net closing balance of Defence Proforma Account on account on the last day of the month.....amounts to Rs(Rupees) as per details shown below:			
	Name of the DAC	Net Balance (Opening) brought forward from previous month	Figures for the month of
1	CGDA, New Delhi		
2	PCDA, New Delhi		
3	PCDA, Bengaluru		
4	PCDA (Army), Chandigarh		
5	PCDA ((Army), Jaipur		
6	PCDA ((Army), Pune		
7	PCDA (R&D), New Delhi		
8	PCDA (Pensions), Prayagraj		
9	PCDA (Officers), Pune		
10	PCDA ((Army) Jammu		
11	PCDA (Navy) Mumbai		
12	PCDA ((Army) Lucknow		
13	PCDA (AF) Dehradun		
14	PCDA Kolkata		
15	CDA, Secunderabad		
16	CDA, Patna		
17	CDA, Jabalpur		
18	CDA, Guwahati		
19	CDA, Chennai		
20	PCDA (R&D) Hyderabad		
21	CDA (R&D) Bengaluru		
22	CDA (PD) Meerut		
23	CDA (IDS) New Delhi		
24	CDA (Funds) Meerut		
25	CDA (CSD) Mumbai		
26	PCDA (BR) Delhi Cantt		
27	CDA (Army) Meerut		
28	PCDA (AF) New Delhi		
29	CDA (Navy & Coast Guard), New Delhi		
30	CDA (Army) Delhi Cantt		
31	AO, DAD, MOD, New Delhi		
32	ZO, (PD) Chennai		
			Yours faithfully Manager

## ANNEXURE - R

(Referred to in Note below Para 7.45 and Note below Para 6.22)

### Various stages of bookings under e-Ticketing(DTS)

**Step-I:** Advance payments to IRCTC's account by issue of Defence Cheques

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Cheques and Bills (93/20/91)	CB		29/023/01 (advance payments to IRCTC)	XXX	

**Step-II (i):** Preparation of daily PM for booking of Warrants against advance payments to IRCTC

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
29/023/01 (clearance of advance payments to IRCTC)	XXX		Relevant Service Heads	XXX	

**Step-II (ii):** On cancellation of Warrants

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			Relevant Service Heads		XXX
			29/023/01 (advance payments) IRCTC)	XXX	

**Step-III (i):** Preparation of daily PM for booking Concession Vouchers to Service Heads for the liability of the Ministry of Defence against advance payments to IRCTC

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
29/023/01 (clearance Of advance To IRCTC)	XXX		Relevant Service Heads	XXX	

**Step-III (ii):** Preparation of daily PM for booking of individuals' liability against advance payments to IRCTC

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
29/023/01 (clearance Of advance payments To IRCTC)	XXX		29/023/29 (Concession Vouchers)	XXX	

**Step-III (iii):** On cancellation of Concession Vouchers

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			29/023/29 (Booking of Concession Vouchers)		XXX
			29/023/01 (advance payments to IRCTC)	XXX	

**Step-IV:** On receiving of CVs, the PAO (ORs)/PCsDA/CsDA will make recovery/refund from IRLAs and recovered/refunded amount may centrally transfer by IT&S Wing of HQrs Office in the books of CGDA HQrs in March Sy-I Accounts.

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			Credit balance in the IRLAs (016/01)	XXX	
			29/023/29 (Concession Vouchers)		XXX

**Step V (ii) :** PM for refund action, if any, in the quarterly Abstract of Receipt and Charges will be as follow: -

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Credit balance in the IRLAs (016/01)	XXX				
			29/023/29 (Concession Vouchers)	XXX	

**Step-VI (i):** On receipt of confirmation of recovery of balances of CVs from IRLAs, transfer of balances to Misc Suspense remaining unrecovered in Master Missing cases

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			29/020/61 (Misc Suspense)	XXX	
			29/023/29 (Concession Vouchers)		XXX

**Step-VI (ii):** Clearance of Master Missing cases

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			29/020/61 (Misc Suspense)		XXX
			29/023/29 (Concession Vouchers)	XXX	

Note:- Non recovered cases will be remitted back to DTS wing of HQrs CGDA through Cenral transfer by IT&S Wing of HQrs CGDA.

## CHAPTER 8

# EXCHANGE ACCOUNTS BETWEEN PRINCIPAL CONTROLLER/CONTROLLER OF DEFENCE ACCOUNTS

<b>GENERAL</b>
----------------

**8.1** Transaction between Defence Accounting Circles (DAC), within Defence Accounts Department (DAD), are settled through Exchange Accounts by raising debit/credit against the concerned Controller offices. This is called Defence Exchange Accounts (DEA).

**8.2** The Defence Exchange Accounts will be operated for adjustment of transactions given below. In all other cases, the receipts and charges pertaining to Defence Services will be finally compiled in the books of the Controllers by whom they are realised or incurred: -

(I) Transactions pertaining to Debt, Small Savings Provident Funds, Loans and Advances, Deposits and Advances, Suspense and Remittances head.

(II) Transactions for the settlement or adjustment of which a particular PCDA/CDA is centrally responsible e.g. Embassy / Foreign transactions which cannot be booked to final heads by PCDA, New Delhi such as GPF recoveries which are recoverable from the IRLAs of the Service Personnel etc.

(III) Imprest Advance Payments to Naval /Air Force personnel from Army sources and vice versa. Payments made by Regional Controllers, PCDA (Navy) Mumbai, PCDA (Air Force) and PCDA (O) Pune towards Army Imprest are not to be passed on through Defence Exchange Accounts. Such amounts will be transferred to the books of the Regional CDA concerned by the IT&S Wing of HQrs CGDA annually through central transfer with reference to prefixes operated to code head 00/018/65 such as 04, 06, 12 to identify PCDA (Army) Pune, PCDA (Army) Chandigarh and PCDA (Army) Jammu respectively.

**Note 1:-** *Expenditure debitable to locally controlled heads incurred by one Principal Controller/Controller on behalf of another (except the expenditure related to MES which will continue to be passed on through Defence Exchange Accounts) will be finally brought to account against the relevant Service Heads concerned by the Principal Controller/Controller incurring the expenditure instead of debiting it through Defence Exchange Accounts against the Principal Controller/Controller on whose behalf the expenditure is incurred. A monthly*

statement of such expenditure will however, be furnished by the former Controller to the latter Controller to enable him to watch the progress of expenditure against the allotment.

**Note 2:-** Adjustment on account of bulk issue of stores and equipment from one service to another (i.e. between Army, Air Force and Navy) together with the cost of incidental charges (viz. Rail Freight, Sea Freight etc.) incurred thereon by the supplying services will be made by the Principal Controller/Controller of the receiving service in his books will be adjusted as “deductions” from expenditure under the relevant “deduct head” regardless of the year of transaction.

**Note 3:-** The provision of Note 2 above does not apply to issue of stores and equipment to Institutions like the Joint Services Wing of National Defence Academy for which no inter- department adjustment will be made as such institutions, though placed under the administrative control of any one of the Services, are intended and used for the benefit of all the three Services.

**Note 4:-** Transfers of unserviceable and salvaged stores between Army, Navy and Air Force will be made without any financial adjustment.

**Note 5:-** 'Services' rendered by Army to the Air Force and the Navy and vice versa are treated as free. For instance, no inter-department adjustments are to be made in respect of the costs of recruiting, accounting establishments, medical treatment, services rendered by Repair Organisations, transport provided by Army Service Corps from Army sources, issue of stock mixtures, serum, vaccines and emergent requirements of expendable medical stores obtained from hospitals for administration to patients etc.

**Note 6:-** Advances of Pay and Travelling Allowances to individuals transferred from the payment jurisdiction of one PCDA/CDA to that of another will normally be finally adjusted in the accounts of the PCDA/CDA who pays the advances, unless the transaction falls under clauses (II) or (III) above. A note of the advances will, however, be made on the last pay certificates of the individuals or communicated through I.A.F.A. 524 so that the PCDA/CDA in whose audit and payment jurisdiction they are transferred may effect recoveries from them.

**Exceptions:-** Payments on account of the following common services will be charged to the respective services (Navy or Air Force Estimates) as the case may be:

(I) Pay and Allowances, transportation charges, ration and equipment issued in replacement (i.e., other than initial issues or issues to complete deficiency of authorised scales) and miscellaneous charges, in respect of Ministry of Defence, Security Corps Platoons serving with Navy and Air Force.

(II) Departmental charges covering the cost of supervisory establishments, and tools and plants at ½ % and 1½ % (as applicable from time to time)

respectively on the cost of works executed by the MES for the Navy and Air Force. See also Note under **Para 8.3** below.

**Note 7:-** The expenditure on railway warrants and credit notes will, subject to the general exceptions enumerated above, be finally adjusted by the PCDA Kolkata in his own books against the appropriate service heads except in the case of DTS Cell of HQrs CGDA booking Railways Warrants and Concession Vouchers. The charges in respect of credit notes for conveyance of MES stores for works will be debited by the PCDA Kolkata to the Regional Controller concerned through the Defence Exchange Account. Sea and inland water charges as well as the cost of road warrants will, unless covered by **Note 2 above**, be finally adjusted by the PCsDA/CsDA incurring the charges in their own compilation. The PCsDA/CsDA will, however, send to each manufacturing establishment by the 15th of the month following each quarter, a statement showing particulars of the charges pertaining to it which have been compiled by them during the preceding quarter. As regards, rail charges audited and authorised for payment on IAFA 468 etc. and recoveries effected at the instance of the PCDA Kolkata); the PCsDA/CsDA will finally compile those charges or recoveries in their own compilation under the heads indicated thereon.

<p style="text-align: center;"><b>WORKS UNDERTAKEN BY THE MES ON BEHALF OF AIR FORCE AND NAVY</b></p>
---

**8.3** Transactions relating to works undertaken by the M.E.S. on behalf of Air Force and Navy will be audited by the Army Controllers as sub auditors of the Principal Controller of Defence Accounts (Air Force) and the Principal Controller of Defence Accounts (Navy) respectively and receipt and expenditure in connection therewith will not be passed through Remittance Head, but will be dealt with as described below: -

(I) All such receipts and expenditure will be adjusted by the Army Controller directly to the relevant detailed heads of account relating to Air Force and Navy.

**Note :-** The adjustment of departmental charges in respect of works executed by the MES on behalf of Navy and Air Force will be carried out centrally by the Controller of Defence Accounts (Army) Meerut. These departmental charges will be debited to Navy and Air Force estimates under relevant heads of accounts by contra credit to Army Estimates. Cost of special T and P and/or special establishment, if any, will be shown distinctly in the remarks column of the statements referred to above. For details refer Para 311 Regulations for the MES.

(II) The Principal Controller / Controller of Defence Accounts in whose books the items are finally compiled will render periodical statements of Revenue and Expenditure relating to Air Force/Naval works direct to the MoD(Fin). This statement will be prepared by the AOs/AOs GE attached to the GE's Offices in triplicate and should embody information on the following items: -

**(a) Navy**

- (i) Major Head 2077 - Defence Services Navy  
Project wise expenditure under Minor Head-111  
Works executed under the operational works procedure-651/01  
Other Revenue works-651/02
- (ii) Major Head 4076-Defence Capital outlay  
Sub Major Head 09 - Defence Services  
Project wise expenditure under Minor Heads-50 (Land)  
and 202(Construction Works)  
Sub Head 02 - Navy

**(b) Air Force**

- (i) Major Head 2078 - Defence Services Air Force  
Minor Head-111  
Works executed under the operational works procedure-756/01  
Other Revenue works-756/02
- (ii) Major Head 4076-Defence Capital outlay  
Sub Major Head 09 - Defence Services  
Minor Heads-50 (Land) and 202(Construction Works)  
Sub Head 03- Air Force

**8.4** All transactions for March relating to Navy / Air Force works, as also any unadjusted transactions of the year will be finally adjusted, as far as possible in the accounts for March Preliminary and no transactions should ordinarily appear in the compilation for March Supplementary-I (March Final). Separate statements for the amounts compiled in these accounts will be prepared by the AO/AO GEs and submitted to the PCDA/CDA on the prescribed dates.

<b>DEFENCE EXCHANGE ACCOUNT</b>
---------------------------------

**Controllers involved in Defence Exchange Account:**

**8.5** There will be two controllers involved in Defence Exchange Account. One who originates the transaction i.e. Originating Controller and the other, who



responds the transaction i.e. Responding Controller. The originating and responding action of the controllers is done through DIDs.

### **Defence Inter-Departmental Schedule (DIDs)**

**8.6** The information regarding the Credit/Debit, as the case may be, through PM is informed to the responding Controller in a particular format. This format is called as Defence Inter Departmental Schedule (DIDs) raised by originating PCsDA/CsDA. This will be responded by the Responding PCsDA/CsDA in the same format. IAF (CDA) 338 A is the format which is used for DIDs. Originating of DIDs is done through Class 2 PM whereas Responding of DIDs is mostly done through Class 8 PM .

#### **Format of IAF (CDA) 338 A**

##### **Part-A**

##### **To be filled by originating PCsDA/CsDA**

Month	Year	CDA	Section	Class	Vr No	DIDs No.
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)	

AAO/SAO

##### **Part-B**

##### **To be filled by responding PCsDA/CsDA**

Month	Year	CDA	Section	Class	Vr No	DIDs No.
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)	

AAO/SAO

**8.7** DIDs number will consist of 15 digits (system generated). These 15 digits are derived from the primary details of the originating Punching Medium (DIDs) in which the exchange code head was operated:

Fields in DIDs	Number of digits in DIDs
CDA Code	02 digits
Section Code	04 digits
Class of Voucher	01 digit
Voucher Number	04 digits
Month	02 digits
Year	02 digits
<b>Total</b>	<b>15 digits</b>

### **Exchange Code Heads**

**8.8** There are exchange code heads allotted for each Controller to use originating and responding action through DIDs. The table below shows the originating and responding code heads allotted to various PCsDA/CsDA.

Sl. No.	PCsDA/CsDA Name	Code	Originating	Responding
1	CDA PATNA	00	00/070/21	00/070/22
2	PCDA(P) PRAYAGRAJ	01	00/071/21	00/071/22
3	PCDA (O) PUNE	02	00/072/21	00/072/22
4	CDA (ARMY) MEERUT	03	00/073/21	00/073/22
5	PCDA(ARMY) PUNE	04	00/074/21	00/074/22
6	PCDA BANGALORE	05	00/075/21	00/075/22
7	PCDA(ARMY) CHANDIGARH	06	00/076/21	00/076/22
8	PCDA KOLKATA	07	00/077/21	00/077/22
9	PCDA(AF) DEHRADUN	08	00/078/21	00/078/22
10	PCDA(NAVY) MUMBAI	09	00/079/21	00/079/22
11	CDA (FUNDS) MEERUT	10	00/080/21	00/080/22
12	PCDA (ARMY) JAMMU	12	00/082/21	00/082/22
13	ZONAL OFFICE (PD) CHENNAI	13	00/083/21	00/083/22
14	CDA(CSD) MUMBAI	15	00/085/21	00/085/22
15	PCDA NEW DELHI	16	00/086/21	00/086/22
16	CDA CHENNAI	18	00/088/21	00/088/22
17	PCDA (R&D) NEW DELHI	19	00/089/21	00/089/22

18	CDA (PD) MEERUT	20	00/090/21	00/090/22
19	CDA GUWAHATI	21	00/091/21	00/091/22
20	PCDA(ARMY) LUCKNOW	22	00/092/21	00/092/22
21	PCDA (BR) NEW DELHI	23	00/093/21	00/093/22
22	CDA (R&D) BANGALORE	24	00/093/31	00/093/32
23	CDA SECUNDERABAD	25	00/093/41	00/093/42
24	CDA JABALPUR	26	00/093/51	00/093/52
25	PCDA (AF) NEW DELHI	27	00/093/61	00/093/62
26	PCDA (R&D) HYDERABAD	28	00/093/71	00/093/72
27	CGDA DELHI CANTT	29	00/093/81	00/093/82
28	CDA (IDS) NEW DELHI	30	00/093/91	00/093/92
29	PCDA (ARMY) JAIPUR	31	00/070/31	00/070/32
30	CDA (N/CG) NEW DELHI	32	00/071/31	00/071/32
31	CDA( ARMY) DELHI CANTT	33	00/071/41	00/071/42

### **DIDs - Action by the Originating PCDA/CDA Office**

**8.9** At present the procedure of DIDs originating and responding are carried out through Defence Exchange Accounts (DEA) module in automation system, available in New Compilation System (NCS). However, before implementation of NCS, the procedure of originating and responding DIDs was being carried out manually and the detailed procedure for the same are given in **Annexure - A** of this chapter.

### **Integration of DIDs Module in New Compilation System (NCS)**

**8.10** In the New Compilation System, DIDs Adjustment/Clearance module has been integrated. This system shows originating and responding items online on the screen. These items are available for all the PCsDA/CsDA immediately as soon as the data in respect of these items is uploaded in the Compilation System. However, PCsDA/CsDA can view their respective items only. Responding PCsDA/CsDA can adjust/clear DIDs by responding online immediately as soon as the items are available in the system. Online responded items are compiled immediately and data is transferred to the compilation system without the need to prepare separate PM. The facility to upload the PDF copy of the voucher has also been provided. The form /Screen to respond the items is similar to the manual format. All the originating and responding items are visible online to both concerned parties, therefore, in case of any discrepancy, concerned offices can take immediate remedial action. As regards periodicity of the reports, originating/responding items reports can be viewed/downloaded from the system as and when required.

**8.11** Data originating on or after 01 April 2014 will be adjusted through New Compilation System. Data before 01 April 2014 will continue to be dealt with as per previous procedure. There are no procedural changes in the system, only adjustment system has been changed.

**8.12** Through this module, all PCsDA/CsDA can respond to DIDs raised against them online instantaneously without any delay or loss of vouchers or time. As soon as a DIDs is raised / originated against a PCDA/CDA, it is visible online on the screen to both the originating as well as responding PCDA/CDA. The responding PCDA/CDA can respond to the DIDs immediately online. Scanned "Pdf" files of both originating and responding vouchers are, however, required to be uploaded in the system. After responding DIDs, data is automatically transferred to the compilation database and there is no need to send the responded PM separately via mail.

**8.13** In case of discrepancy, concerned responding PCsDA/CsDA has to take further necessary action to resolve the issue, if required, in consultation with the originating PCsDA/CsDA, as the data is available on the screen to both the parties.

**8.14** In the New Compilation System, all DIDs originating on or after 01-04-2014, should be responded online and separate 'pdf/csv' files which were sent earlier in the old FoxPro compilation system, need not be sent, nor this data be uploaded through regular 'csv' files.

**8.15** If the originating DIDs of FY 2014-15 have been responded manually through FoxPro system, at the same time its PM data has also been uploaded along with regular PM data these DIDs need not be responded again online.

**8.16** Uploading of originating as well as responding vouchers in the PDF format is mandatory. Vouchers in the PDF format should be uploaded immediately, by the originating PCDA/CDA, after the data is compiled, so that responding PCDA/CDA can respond quickly. Responding office will not be able to take action until the PDF vouchers are uploaded by the originating office. Similarly responding office should also upload PDF vouchers at the time of responding the item.

**8.17** DIDs reports for originating/responding items are also available in Report Section of NCS. All offices should reconcile the originating as well as responding items shown by the system with the reports held in their office. Discrepancies, if found, should be reconciled immediately and remedial action should be taken.

**Note :-** Detail procedure in NCS for originating/responding DIDs is given in **Annexure - B** of this chapter).

**8.18** It is the responsibility of the Audit Section concerned to ensure that all DIDs floated by them have complete details of transactions, Personal Number /Account Number wherever applicable, Imprest Account Number etc. and are duly supported by vouchers.

**Note 1:-** *Preservation of original records till the finality of the case is the primary responsibility of the Audit Section.*

**Note 2:-** *The DID Schedules originated / raised against other PCsDA/ CsDA should be periodically reviewed and cases of delay in responding to the same may be ascertained. In case DID Schedules are misplaced, duplicate copies thereof may be provided.*

**8.19** Some important points for handling DID cases are as under: -

**(I) Points to be remembered during the originating/ responding Code Heads of DID schedule**

- (a) Originating (+) receipt to be cleared with responding (+) charge.
- (b) Originating (-) receipt to be cleared with responding (-) charge.
- (c) Originating (+) charge to be cleared with responding (+) receipt.
- (d) Originating (-) charge to be cleared with responding (-) receipt.

**(II) Rectification action for wrong originating/ responding**

- (a) Responding (+) receipt to be rectified with responding (-) receipt.
- (b) Responding (-) receipt to be rectified with responding (+) receipt.
- (c) Responding (+) charge to be rectified with responding (-) charge.
- (d) Responding (-) charge to be rectified with responding (+) charge.
- (e) Originating (+) receipt to be rectified with originating (-) receipt.
- (f) Originating (-) receipt to be rectified with originating (+) receipt.
- (g) Originating (+) charge to be rectified with originating (-) charge.
- (h) Originating (-) charge to be rectified with originating (+) charge.

**(III)** An original item is always responded through Class 8 voucher except in the case of MES transactions where such adjustment is made through Class 4 vouchers.

**(IV)** Responding of DID schedules by clubbing more than one DIDs and by operating one Punching Medium is not permissible as no mechanical/computerized linking can be done by the IT&S Wing of CDA(A) Meerut.

**(V)** The DID Schedules received from Controllers originated erroneously (cases for which DEA not to be operated or duplicate cases originated) may be

returned to originating Controllers for its withdrawal instead of reversal to the originating Controller.

**Note :-** Some of the common examples for originating DIDs alongwith some of the specific examples for originating, responding DIDs and showing the impact of DIDs on accounting procedures, are given in **Annexure –C** of this chapter.

### **Clearance of outstanding items**

**8.20** Based on the data available on NCS for originating and responding DID Schedules the list of items outstanding under Defence Exchange Accounts head will be prepared by the IT&S Wing of CDA (Army), Meerut. The DIDs for a month received from the originating PCsDA/CsDA and the DIDs shown in the list of responding items are paired by computer process on the basis of ID Schedule numbers and the unpaired items with full details are listed out section-wise by the IT&S Wing of CDA (Army), Meerut. The detailed procedure followed in the IT&S Wing of CDA (Army), Meerut is available in Office Manual- Part XI.

**8.21 (I)** With a view to facilitate the responding Controllers to obtain the wanting DIDs, a list of unpaired originating items is extracted from NCS and sent to originating PCDA / CDA and responding PCDA /CDA.

**(II)** A summary of unpaired items (original as well as responding) will be prepared by IT&S Wing of CDA (Army), Meerut and sent to PCDA / CDA thrice a year as per periodicity given below. On its receipt, it should be put upto PCDA / CDA for information regarding progress of clearance of the Defence Exchange Account items. This serves the purpose of a Progress Register.

<b>DID Lists</b>		<b>Due date of dispatch by IT&amp;S Wing of CDA(Army), Meerut</b>
(i)	List containing original items for April to August and responding items from April to October	31 <sup>st</sup> October of the Financial Year
(ii)	List containing original items from September to January and responding items from November to March	31 <sup>st</sup> March of the Financial Year
(iii)	List containing original items from February to March Supplementary-I (March Final) and responding items in March Supplementary-I ( March Final)	31 <sup>st</sup> May of the succeeding Financial Year

## **List for Manual Linking**

**8.22 (I)** Item of originating DIDs responded to correctly but which cannot be linked through computerised process due to exhibition of incorrect DID Schedule Number, responded through more than one DID Schedule etc. are to be listed and sent to IT&S Wing of CDA(A) Meerut for manual linking. Incorrect responses are to be rectified immediately on receipt of outstanding lists.

**(II) Change Statement:** Account section of Main Office receives outstanding DIDs list in thrice in a year (Oct./ March/ March Supplementary) from IT&S Wing CDA (Army) Meerut. From this outstanding list a change statement is prepared duly linking with the copies of adjusted schedules. Change statement is prepared as under :-

**(a)** Originating to originating

**(b)** Responding to Responding

**(c)** Originating to Responding

**8.23** Normally an item should not appear as outstanding in the second and subsequent list received from IT&S Wing of CDA(A) Meerut. If, however, such an item is found to appear in the second and subsequent list, it should be put upto PCDA/CDA/Addl. CDA/Jt. CDA for monitoring with a view to get it cleared.

## **Accounts For March Supplementary- I (March Final)**

**8.24** The Defence Exchange Accounts for March Supplementary-I (March Final) should include only responding entries and no original items should appear except with the consent of the other party to the account.

**(Refer to in Para 8.9)**

**Part- I**

**Action by the Originating PCsDA/CsDA offices: -**

(1) A Defence ID Schedule in IAF (CDA)-338 A is prepared for each original item compiled to Defence Exchange Account Head, with reference to the particulars shown in the original vouchers, Punching Media etc. It is prepared in a Controller's office in quintuplicate by the Audit/Accounts Section concerned at the time of preparation of the PM by that section. Out of 5 copies, three copies will be forwarded to the Responding Controller, one copy to Accounts Section of the Originating Controller and one copy will be retained as office copy.

(2) On receipt of a copy of DID Schedule, the Accounts Section of the Originating PCDA/CDA office will ensure that all DID Schedules were correctly originated. The particulars of the originating DID Schedule will be noted in the Originating DID Schedule Register. On receipt of the monthly compilation, the amount, code head etc., of the DID Schedule will be reconciled with the compiled actuals. Discrepancy, if any, noticed will be pointed out to the concerned Audit Section/Sub-Office and rectification watched. Each entry made in the Originating DID Schedule Register, will also be reconciled DID Schedule number wise, amount wise etc., with reference to the copy of the monthly report of Originating Items generated by the IT & S wing HQrs CGDA (see point 4 below).

(3) A certificate in this regard should be put up by the Accounts Section to the JCDA/Addl CDA every month.

(4) To enable PCsDA/CsDA offices to ensure that no omission occurred in preparation of DID Schedules in respect of Original Items, the IT&S Wing of HQrs CGDA will generate originating DID Schedules Report and a soft copy will be e-mailed to PCsDA/CsDA by 15<sup>th</sup> of the month following the month in which the Defence Exchange Accounts Heads in question were operated indicating 15 digits DID Schedule Number allotted by the system with reference to the data compiled through PM i.e., CDA Code, Section Code, Class of Vouchers, Voucher Number, Month and Year.

(5) All Sections of PCsDA/CsDA Office will operate separate Punching Media for each transaction with a PCsDA/CsDA so that the responding PCsDA/CsDA can settle these transactions individually and clear the schedules promptly. As regards AO/AAO GE's consolidated Punching Medium, which would normally involve floating of 2 or more schedules in respect of amount booked against Exchange Account Head of a particular PCsDA/CsDA, the AO/AAO GE will prepare an abstract of such schedules on the prescribed format of DID indicating



all details of original debit/credit and forward the same to Accounts Section of the PCsDA/CsDA, along with a copy of the abstract, who will watch allotment of 15 digits to each Schedule by the IT&S Wing of HQrs CGDA.

(6) The original, duplicate and another copy of schedules together with the supporting vouchers, will be sent by Audit Section of the originating PCsDA/CsDA without waiting for the sectional compilation, to the Accounts Section of the responding Controller who will enter them in a control register.

**Note 1:-** *DID Schedules need not be prepared in respect of items which do not pertain to Defence Exchange Account Heads but have been erroneously compiled thereto and which consequently appear in the detailed lists sent by the IT&S Wing of CDA (Army) Meerut. In such cases the section concerned will be asked to withdraw the amount and to book it to the proper head. Such withdrawals will be classified as minus receipt and minus charge as the case may be. The original and rectification DIDs will be sent together to the responding PCsDA/CsDA through a DO letter, who will respond to both the schedules by operating the Exchange Account head per contra adjustment to code head 00/020/72.*

**Note 2:-** *If an item, for which a schedule has been prepared does not appear in the detailed list received from the IT&S Wing CDA (Army) Meerut, the matter should be settled through separate communication with the IT&S Wing CDA (Army) Meerut.*

## **Part- II**

### **Action by the Responding PCsDA/CsDA offices**

(1) The Responding Controller is responsible for the prompt adjustment of all DIDs sent to him.

(2) Original credit / debit in DID Schedule is adjusted by responding debit/credit, plus or minus as the case may be, to the code head allotted for affording response to the originating Controller, by contra adjustment to the code head to which the transaction pertains. Each schedule should be responded separately.

(3) The adjustment is recorded on part B of the original, duplicate and the third copy of Defence ID Schedule. The original copy of the schedule thus completed will be treated as a Punching Medium and sent to the IT&S Wing concerned. The duplicate copy will be retained as an office copy. The third copy will be sent to the IT&S Wing for generating the responding schedule report. The data base file of the Responding Items will be e-mailed to the IT&S Wing of HQrs CGDA, who will consolidate the report and e-mail responding items report to IT&S Wing of

CDA (Army), Meerut. A print out of responding side report will also be sent by the IT&S Wing of CDA(Army), Meerut to the originating PCsDA/CsDA concerned to enable them to monitor the adjustment of DID Schedules floated by them. An original item is always responded to through Class - 8 voucher except in the case of MES transactions where such adjustment is made through Class - 4 vouchers. The AO / AAO GEs should invariably send a simple statement of the Defence ID Schedules adjusted in a month, along with the monthly consolidated Punching Medium to the IT&S Wing concerned.

**(4)** If any transaction is not adjustable either wholly or in part for any reason for want of supporting documents, sanction, details etc., the DID in question should be returned to the originating PCsDA/CsDA without any action.

(Refer to in Note below Para 8.17)

**The detailed procedure to originate and respond DIDs in DEA Module in NCS**

**(1) Originating Action: -**

(a) Originating action initiates with the preparation of Class - 2 Punching Medium (PM) on Office Automation Systems (i.e. Tulip / Dolphin / skylark etc.) by Audit section of originating Controller office. Thereafter, the PM data from Office Automation Systems is complied on NCS. As the originating head is used, therefore, DEA Module of NCS fetches this PM data to generate DIDs.

(b) Now, data of originating DIDs is visible to users of originating offices with system generated 15 digit DID Number. At this stage, the user gets an option to upload related documents' by clicking Browse tab in NCS.

(c) Once document is uploaded DIDs will be visible to responding Controller Offices.

(d) Responding Controller can also see fully filled Class - 2 PM prepared by originating Controller office (Part A of DIDs) and semi-finished Class - 8 PM (Part B of DIDs) required to be filled by responding Controller.

***Note:- Raising of multiple transactions (originating items of DIDs) against the same voucher number in the New Compilation System (NCS) may be avoided. As multiple transactions may result into non pairing of DIDs.***

**(2) Responding Action: -**

(a) Responding Controller office will see the originated DIDs against their Controller offices through DEA menu in NCS.

(b) User of the responding Controller office will respond against originating DIDs by filling the left out column of semi-finished class 8 PM (Part B of DIDs).

(c) Once PM is approved by the competent authority at responding controller office and submitted in the system, the DID is responded.

(d) Responding Controller office has a facility to upload relevant documents (approved PM etc.)

(e) Now, both the controllers (i.e originating Controller and responding Controller) can see that DID action is completed.

**Note: -** For details procedure refer to ***Online DID Operating Manual*** available under manuals/CS/ Notification tab in NCS.

(Refer to in Note below Para 8.19 (V))

**PART –I****ORIGINATING PM FOR SOME COMMON CASES USED FOR DIDs****1. Debt Head Recovery (Interest bearing loans & advances)**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
Debt Head	*****				
DEA Head		*****			

**2. GPF Subscription in case of official transferred to Other Departmental**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
DEA Head	*****				
GPF Head		*****			

**3. In case of e-MRO wrongly deposited to the CDA/PCDA other than the one to whom it pertains**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
DEA Head	*****		e-MRO Head	*****	

**4. Cheques in cases where Debit scroll of the other Controller has been included**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
Cheque & Bills	*****		DEA Head	*****	

**5. Recovery of Demands out of Gratuity intimated to PCDA (P) Prayagraj and DID originated by the PCDA (P) Prayagraj is as under**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
DEA Head	*****				
Debt Head		*****			

**6. Expenditure related to MES works adjustable by other Controllers**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
			DEA Head	*****	
			Service Head		*****

**7. AFPP Fund advance transfer**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
AFPP fund head 00/015/10		*****			
DEA Head	*****				

**8. Armed Force Computer Advance**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
Com. Adv. head 00/012/15	*****				
DEA Head		*****			

**9. House Building Advance transfer in case of transfer of the employee (Defence Civilian)**

Month-.....	Year-....	CDA-.....	Section-....	Class-....	Vr No-....
Code Head	Receipt(+)	Receipt(-)	Code Head	Charge(+)	Charge(-)
Com. Adv. head 00/012/07	*****				
DEA Head		*****			

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## **CHAPTER 9**

### **ADJUSTMENT OF FOREIGN TRANSACTIONS**

#### **DEFENCE TRANSACTIONS ARISING IN ENGLAND AND ADJUSTABLE IN INDIA**

**9.1** The Defence transactions in the United Kingdom (U.K) requiring to be adjusted in the Indian Books will be advised through Reserve Bank of India (RBI), Central Accounts Section (CAS), Nagpur to the Principal Controller of Defence Accounts, New Delhi by the Principal Chief Controller of Accounts (Pr. CCA), Ministry of External Affairs (MEA), New Delhi in respect of:-

(I) Payments made in England on behalf of Defence Services and finally audited in that Country and to be compiled to respective Minor Heads under Major Heads 2076- Army, 2077- Navy, 2078- Air Force, 2079- C&S(DoO) and 2080- R&D of the Defence Services Estimates.

(II) Other transactions such as the stores purchased for Defence Services, the cost of which is compiled to Major Heads 2076- Army, 2077- Navy, 2078- Air Force, 2079- C&S(DoO) and 2080- R&D of the Defence Services Estimates.

(III) Chancery Account relating to the payment made to Officers / staff serving in High Commission of India (HCI), London and recoveries effected from them.

**9.2** The monthly statement of Receipts and Disbursements in respect of the HCI, London account in respect of point (I), (II) and (III) above for Chancery Account for the net payments are advised by the Pr. CCA, MEA.

**9.3 (I)** Defence transactions arising in England will be intimated by the Chief Accounting Officer to the High Commission of India in the U.K. to the Pr. CCA, MEA, who will get the necessary adjustments against the Defence Proforma Account made through the RBI, CAS, Nagpur. The Principal Chief Controller of Accounts, Ministry of External Affairs, New Delhi after converting the sterling figures at the average rate will inform the RBI, CAS, Nagpur for necessary adjustment against the Defence Balance of Principal Controller of Defence Accounts, New Delhi.

(II) The Pr. CCA, MEA will furnish a copy of Advice along with concerned vouchers to the Principal Controller of Defence Accounts, New Delhi and a statement giving the break-up of the net amount of receipt and charges relating to (i) the Defence Remittances and (ii) the High Commissioner's Classified Account of

Receipts and Disbursements. On receipt of Accounts from Pr.CCA, MEA, New Delhi and clearance memo from RBI, CAS, Nagpur, PCDA, New Delhi will carry out the adjustment to final heads of accounts. Discrepancies, if any, will be pursued with PAO, MEA and HCI, London.

(III) The Remittance Transactions such as recovery of loans and advances, recovery of GPF subscription etc relating to other PCsDA/CsDA, will however, be passed on by PCDA, New Delhi to the respective PCDA/CDA through the Defence Exchange Accounts.

**Note:-** If an item pertaining to another Controller has been wrongly passed on by the Principal Controller of Defence Accounts, New Delhi, the receiving Principal Controller/Controller will pass on the same to the Principal Controller/Controller concerned through Defence Exchange Accounts and PCDA, New Delhi will be informed accordingly.

**9.4** The Inter-Governmental Advice is raised by Pr. CCA, MEA, to RBI, CAS, Nagpur in Indian Currency and advised by RBI, CAS Nagpur to PCDA, New Delhi in Indian currency and is adjustable in the Defence books in Rupees. The transaction will be adjusted in the Defence books in the following manner:-

Transactions appearing in the Schedules of Remittance transactions	
(i) Transactions adjustable under Capital Heads of Account	(i) Cr/Dr respective Service Heads by per contra (-)Cr / (-)Dr Reserve Bank Suspense -English transactions.
(ii) Transactions adjustable under Revenue Heads: (a) Those relating to personal account of Officers and others such as Pay and Allowances, T.A.etc.  (b) Other than those at (a)above.	(a) Cr/Dr Service Heads, Cr/Dr to Misc. Head of the respective Services under Major Heads 2076, 2077, 2078, 2079 and 2080 as the case may be by per contra (-) Cr / (-) Dr Reserve Bank Suspense- English transactions.  (b) Cr / Dr Service Heads by per contra (-) Cr / (-) Dr Reserve Bank Suspense-English transactions.
(iii) Transactions adjustable under Debt and Deposit Heads	(iii) Cr / Dr Debt and Deposit Heads per contra (-)Cr / (-)Dr Reserve Bank Suspense-English transactions.



(iv) Transactions finally audited and classified in the U.K. (including pensions paid in the U.K.), i.e. those appearing in the monthly statement of Receipts and Disbursements of High Commission of India in the U.K.	(iv)Cr / Dr. (i) Service Heads under Major Head 2076, 2077, 2078, 2079 and 2080 Minor Head 800 per contra (-) Cr / (-)Dr Reserve Bank Suspense- English transaction .  <b>Note:</b> - For pension transactions see Note under <b>Para 9.7</b> below.
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## TRANSACTIONS FINALLY AUDITED IN ENGLAND

**9.5 (I)** Defence transactions mentioned in Para 9.1 (I) above, are finally audited in England by the Director of Audit, Indian Accounts in U.K. London. These transactions are incorporated in a classified account known as “Account of the receipts and disbursements of the High Commission of India in the United Kingdom on account of the Government of India”, as mentioned in Para 9.3 above.

**(II)** The Defence transactions included therein are classified under the respective Head of Accounts prescribed in the “Classification Hand Book of Defence Services Receipts and Charges” by PCDA, New Delhi. The accounts for the portion relating to Defence Services are dispatched by the accounting authority in England to the Principal Chief Controller of Accounts, MEA, New Delhi not later than 21<sup>st</sup> of the following month to PCDA, New Delhi. The account for March is, however, sent a week later than the usual date.

**Note 1:** *The Principal Chief Controller of Accounts, MEA, New Delhi shall watch that the monetary settlement in respect of English transactions for the month of March is effected by the High Commission of India in the U.K. against the Defence balances before the Reserve Bank of India close their books for that month by 15<sup>th</sup> April or on the date intimated by the Department of Government and Bank Accounts (DGBA), Central Office, RBI, Mumbai.*

**9.6 (I)** On receipt of the classified accounts, the amounts shown therein are adjusted centrally by the Pr. Controller of Defence Accounts, New Delhi as under: -

a)	Army Transactions	To the Army Heads concerned
b)	Navy transactions	To the Navy Heads concerned
c)	Air Force Transactions	To the Air Force Heads concerned
d)	Research and Development	To the R&D Head concerned
e)	Pension Payments	To the Pension Heads concerned

(II) The amounts appearing in the classified account are adjusted by PCDA, New Delhi, as indicated in **Para 9.4** above. The vouchers requiring IRLA action will be scheduled to the concerned PCsDA/CsDA.

**9.7** On receipt of Clearance Memo, the Accounts Section will compile the amount to Reserve Bank Deposits Head (021/00) as Plus Receipt / Plus Charge by contra adjustment to Head Reserve Bank Suspense English Transactions Head (00/020/84). The Punching Media prepared by the PCDA, New Delhi in respect of the transactions mentioned at items (a) to (e) in Para 9.6 (I) above.

**Note:** -Pension accounts and pension transactions are directly raised and advised by Pr. CCA, MEA against PCDA (P), Prayagraj.

<p style="text-align: center;"><b>EMBASSY ACCOUNTS OTHER THAN INWARD LONDON ACCOUNTS CURRENT (ILAC)</b></p>
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**9.8 (I)** All Embassy accounts including Embassy of India (EOI), Washington are centrally received in PCDA, New Delhi from Pr. CCA, MEA. Accounts are received together with a copy of Advice of RBI, CAS, Nagpur and entered in Inward Claim Register. The same will be adjusted by Audit Section after scrutiny by preparing Class - 3 PM by prefixing category '74' to RB Suspense Classified Head (74/020/82) as Minus Receipt / Minus Charge per contra adjustment to Service Heads as Plus Receipt / Plus Charge.

(II) On receipt of RBI, CAS, Nagpur Clearance Memo in the Accounts Section, the transactions booked to RB Suspense Classified Head (74/020/82) will be cleared by crediting/debiting this head as Plus Receipt / Plus Charge by contra debiting/crediting RB Deposits Head (74/021/00). Reconciliation of the transactions between the bookings made under head 74/020/82 will be done by the Accounts Section.

(III) The vouchers will be scheduled to the concerned PCsDA/CsDA for post audit, IRLA/DHR (or any other RD&R head adjustable by the concerned CDA)/Fund credit) action etc as per nature of the transaction. The scheduling of vouchers will be watched through a Register. As Pr. CCA, MEA sends gross advice for debit/credit items separately, the vouchers pertaining to Defence personnel/Civilians will be passed on to the concerned PCsDA/CsDA by operating Defence Exchange Accounts for the gross amount separately.

(IV) Transactions not pertaining to Defence will be reversed to the Pr. CCA (MEA) by operating PAO Suspense (MEA) (00/020/45).

**Note:-** PCDA, New Delhi will ensure that the detailed accounts supported with vouchers/ schedules etc are received through Pr. CCA, MEA (and not from EOI). Detailed procedure is in **Annexure –A** of this chapter).

### **TRANSACTIONS RELATING TO DEFENCE PENSION PAYMENTS MADE BY EMBASSY OF INDIA AT NEPAL**

**9.9 (I)** The transactions relating to Pension Payments made by Embassy of India, Kathmandu are settled by the Pr CCA, MEA by issuing I.G Advice to RBI, CAS, Nagpur against PCDA (P), Prayagraj.

**(II)** On receipt of clearance Memo, the Accounts Section will compile the amount of Reserve Bank Deposit Head (021/00) as Plus Receipt by contra adjustment to head Reserve Bank Suspense (Classified) Head (020/82) as Plus Charge.

**Note:** -The transactions which are not adjustable in the books of PCDA (Pension), Prayagraj may be reversed to Pr. CCA, MEA, New Delhi in accordance with **Para 7.49 and 7.50** of this code.

### **SETTLEMENT OF TRANSACTIONS OTHER THAN ILAC / EMBASSY AND PENSION**

**9.10** Transactions other than ILAC/Embassy and Pensions arising in the books of the Pr. CCA, MEA and adjustable in the books of PCsDA/CsDA other than PCDA, New Delhi and PCDA(P), Prayagraj will continue to be settled by Pr. CCA, MEA, New Delhi by operating PAO Suspense Head (020/45). Reimbursement will be claimed accordingly.

### **ACCOUNTING OF PAY AND ALLOWANCES OF DAD STAFF AND OFFICERS POSTED ABROAD**

**9.11 (I)** With effect from 18-03-2009 PCDA, New Delhi has been nominated as Proforma Controller for DAD officers and staff posted abroad in Mission/Embassies. The Controllers will forward the Last Pay Certificate of the DAD personnel, who are proceeding on deputation to foreign Embassies/Missions abroad, to the PCDA New Delhi.

(II) The GPF recoveries of the DAD officials will be directly booked by the nodal agency and GPF schedules will be scheduled to the CDA (Funds), Meerut directly as in the case of other DAD employees. The fund amounts as usual will be centrally transferred by the IT&S Wing of CGDA, Delhi Cantt to CDA (Funds) Meerut in March Supplementary-I (March Final).

(III) Debt Head Register will be maintained by the nodal agency for watching recoveries of Loan and Advances.

(IV) The recoveries of CGEGIS will be directly booked by the nodal agency as this is a centralized head of the Ministry of Finance. In case of PLI, the recoveries will be booked by the nodal agency and schedules sent to the Directorate of PLI directly and their acknowledgement watched.

## **ACCOUNTING OF FOREIGN PROCUREMENTS**

**9.12 (I)** Ministry of Defence is authorised to import equipments and components debitible to Major Head 2076 - Army, 2077 - Navy, 2078 - Air Force, 2079 - C&S(DoO), 2080 - R&D and 4076 - Capital Outlay of Defence Services. Consequently, Letter of Credit (LC) is prepared in favour of supplier by paying the following:-

(a) Usual commission for services rendered by the Bank;

(b) Interest at normal rates for the period between the date of payment to the suppliers at the rate laid down by the Foreign Exchange Dealers Association and the actual receipt of reimbursement from the department concerned by debiting through scrolls.

(II) Foreign transactions of the Ministry of Defence are presently handled by PCDA New Delhi, PCDA (Navy) Mumbai, PCDA (R&D) New Delhi, PCDA (R&D) Hyderabad and CDA (R&D) Bengaluru. The foreign transactions are dealt with by the State Bank of India (SBI), Canara Bank, Bank of Baroda, Syndicate Bank and Private Sector Banks authorised by RBI for dealing with Government transactions.

(IV) On receipt of complete invoice and all relevant documents, as required by the terms of the contract, payment will be made by e-transfer/SWIFT arrangements.

(V) RBI will reimburse the amount to the concerned Bank after payment and Defence Proforma Account will be debited. The debit scroll will be received from the RBI/SBI.

**(IV)** When payment has to be made through **Letter of Credit (LC)**, action to open Letter of Credit in favour of the named party will be taken immediately on receipt of requisite Government sanction/authorization and after release of the foreign exchange by the Ministry of Defence (Fin). The authorization of LC will be forwarded to RBI/SBI along with the following documents:

- (a) Terms and conditions of the letter of contract;
- (b) An extract of payment terms of contract/supply order;
- (c) An application for remittance in foreign currency in Form-1 and Application cum Guarantee Form (Form-2) for opening of Letter of Credit;
- (d) Confirmation of release of foreign currency.

**(V)** At the time of authorisation of Bank Transfer /payment of LC, Service Heads will be debited by contra adjustment to head RB Suspense (Unclassified) by prefixing cat '76' (76/020/83) as Plus Receipt.

**(VI)** On receipt of debit scroll, Accounts Section will clear the head RB Suspense (Unclassified) Head (76/020/83) as minus Receipt by contra adjustment to RB Deposits Head (76/021/00) as plus Receipt.

**(VII)** On receipt of debit Advice, further adjustment will be made by the Audit Section in respect of Bank commission, variation in Rate of Exchange (Loss and Gain) etc.

**9.13** The Pay and Allowances etc. of Military Attaches to Indian Embassies abroad and their staff are debitable to Defence Services Estimates and adjustable as under: -

<b>Sl. No.</b>	<b>Item of expenditure</b>	<b>PCDA/CDA responsible for audit and adjustment</b>
1	Pay and allowances of the commissioned officers of the Army	PCDA(O) Pune
2	Pay and allowances of the JCOs and ORs of the Army	PCsDA / CsDA under whose jurisdiction the concerned PAOs (ORs) fall
3	Pay and allowances of the Naval personnel	PCDA (Navy) Mumbai
4	Pay and allowances of the Air Force personnel	PCDA (AF), New Delhi
5	Pay and allowances of the civilians of Defence services including those employed locally under special Government sanctions	Concerned PCsDA / CsDA



(Referred to in Note below Para 9.8)

**Detailed Accounting Procedure for Foreign Transactions**

(1) PCDA, New Delhi has been nominated as Nodal Agency for transaction with the Pr. CCA, MEA – in respect of Defence personnel proceeding on deputation to foreign embassies/mission abroad.

(2) The vouchers received by the PCDA, New Delhi from Pr. CCA, MEA in respect of Defence personnel/ civilian are passed on to the concerned offices for noting in the IRLAs, the Fund/DHR recovery and thereby responding to the schedule.

(3) DIDs/CIDs originated by PCDA, New Delhi are received in Accounts Section of PCsDA/CsDA office for responding action.

**Adjustment of Foreign transactions is as under: -****(I) Debit Advice:**

In book adjustment, Pr. CCA MEA forwards an Advice to RBI- CAS Nagpur with an instruction to debit Defence Proforma Account and credits their Account; a copy of the advice is also forwarded to PCDA New Delhi along with vouchers.

**(a) Action to be taken by Accounts Section:** Clearance memo is being received instantly through mail from RBI regarding debit/credit transaction. On receipt of clearance memo, a T.E. shall be prepared by Accounts Section by prefixing cat '74' in the following manner :-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
74/021/00	***		74/020/82 or 74/020/84	***	

**Note:-** On receipt of RBI Advice along with vouchers, a CID schedule is raised and forwarded to concerned audit section, indicating T.E. No. of above adjustment for clearance of RB Suspense Head (020/82 or 020/84).

**(b) Action taken by Audit Section/Nodal Agency:** The vouchers received from Accounts section along with RBI advice is scrutinized by the Audit Section and entered in Inward Claim Register.

**Case-I: If the vouchers pertain to Defence,** the same is adjusted as under to clear the RB Suspense Head (020/82 or 020/84):-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
			Service Head	***	
			74/020/82 or 74/020/84		***

**Case-II: If, the vouchers not pertain to Defence,** the same is intimated to Accounts Section along with direction to raise RBI- Advice to credit Defence Proforma Account and debit to Proforma Account of MEA. The adjustment by Audit Section is carried out as under:-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
			74/020/45	***	
			74/020/82 or 74/020/84		***

**(c) Action to be taken by Accounts Section, in Case-II:**

On receipt of vouchers from Audit Section, Account Section will raise RBI- Advice to credit Defence Proforma Account and debit to Proforma Account of MEA. On receipt of clearance memo from RBI CAS Nagpur, the PAO Suspense (MEA Head- 74/020/45) is cleared as under:-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
			74/021/00	***	
			74/020/45		***

**(II) Credit Advice:**

In book adjustment, Pr. CCA MEA forward an Advice to RBI- CAS Nagpur with an instruction to credit Defence Proforma Account and debit MEA Account, a copy of the advice is also forwarded to PCDA, New Delhi along with vouchers.

**(a) Action to be taken by Accounts Section:** Clearance memo is being received instantly through mail from RBI regarding debit/credit transaction. On receipt of clearance memo, a T.E. shall be prepared by Accounts Section by prefixing cat '74' in the following manner:-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
74/020/82 or 74/020/84	***		74/021/00	***	



**Note:-** On receipt of RBI Advice along with vouchers, a CID schedule is raised and forwarded to concerned audit section, indicating T.E. No. of above adjustment for clearance of RB Suspense Head (020/82 or 020/84).

**(b) Action taken by Audit Section/Nodal Agency:** The vouchers received from Accounts section along with RBI advice is scrutinized by audit section and entered in Outward Claim Register.

**Case-I: If the vouchers pertain to Defence,** the same is adjusted as under by Audit Section to clear the RB Suspense Head (020/82 or 020/84):-

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
Receipt Head	***				
74/020/82 or 74/020/84		***			

**Case-II: If the vouchers do not pertain to Defence,** the same is intimated to Accounts Section along with direction to raise RBI- Advice to debit Defence Proforma Account and credit Proforma Account of MEA. The adjustment by Audit Section is carried out as under:

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
74/020/45	***				
74/020/82 or 74/020/84		***			

**(c) Action to be taken by Accounts Section, in Case-II:**

On receipt of vouchers from Audit Section, Account Section will raise RBI- Advice to debit Defence Proforma Account and credit to Proforma Account of MEA. On receipt of clearance memo, the PAO Suspense (MEA Head- 74/020/45) is cleared as under:

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
74/021/00	***				
74/020/45		***			

**Note:** Clearance memo will initially be adjusted as 74/020/82- Non U.K., on receipt of vouchers, if it pertains to U.K. it will be transferred to 74/020/84 by Accounts section of PCDA New Delhi as under:

**Debit Transaction:-**

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
			74/020/84	***	
			74/020/82		***

**Credit Transaction:-**

Classification Code Head	Receipt		Classification Code Head	Charge	
	+Rt	-Rt		+Ch	-Ch
74/020/84	***				
74/020/82		***			

# CHAPTER 10

## COMPILATION OF ACCOUNTS

### GENERAL

**10.1 (I)** The receipts and expenditure accounts of the Army, Navy, Air Force, Directorate of Ordnance (Coordination and Services), Research and Development and Civil Departments paid out of the Civil Grant of the Ministry of Defence are electronically compiled on NCS. For this purpose, the necessary data available in the original vouchers etc. are codified in documents known as the Punching Medium (PM).

**(II)** Code Numbers to the Principal Controllers / Controllers (Controller Code) are allotted by the Accounts & Budget section of CGDA Office under intimation to the IT&S Wing HQrs CGDA and all PCsDA/CsDA. (For Controller codes refer Annexure –A of CHB 2024).

**(III)** The Section Codes of the Controller's Office are allotted by the concerned Controller's Office.

### **Class of Vouchers**

**10.2** A Punching Medium (PM) serves as a medium for codification of voucher for classification of expenditure/receipt and compilation of account. PM is used for data entry. Separate PM are prepared for each class of voucher on IAF (CDA) -336 in the manner indicated below, except for Class 8 vouchers which are prepared on IAF (CDA) 338-A.

#### **(I) Cash Vouchers (Class of Voucher 1)**

This class of PM is prepared for cash payments by the DAD offices and simultaneously payment encasement is made on the vouchers. Cash Vouchers are numbered serially after passing by the Officer-in-Charge.

#### **(II) Transfer Entries (Class of Voucher 2)**

Class 2 PM are prepared to transfer an item from one head to another, where necessary. All class – 2 PM are numbered serially from a register maintained for this purpose.

#### **(III) I.D. Schedules (Civil) (Class of Voucher 3)**

This Class of PM is used for adjusting items, originating in the books of Civil Accounts (Ministries) for which inward claims are received from them and which

are settled on cash basis/ through advice to RBI CAS Nagpur. The vouchers are serially numbered from the Register maintained for this purpose in the section.

**(IV) Abstract of Receipts and Charges (Class of Voucher 4)**

This type of PM is prepared from the Abstract of Receipts and Charges. Each unit or formation is allotted a fixed code which is recorded as Section Code in the PM.

**(V) Cash Accounts (Class of Voucher 5)**

This Class of PM is used to book the accounts of Units/Formations drawing Cash Assignment and making payments through Defence Cheques.

**(VI) Railway Bills (Class of Voucher 6)**

These vouchers are for adjustment transactions with the Railways. The Railway Bills and PM pertaining thereto are given voucher numbers from amongst the series of voucher numbers allotted to each Railway Zone.

**(VII) ID Schedules (Defence) (Class of Voucher 8)**

ID Schedules (Defence) are prepared on IAF (CDA) 338-A. The responding PCsDA/CsDA indicates adjustment of the ID Schedules in part 'B' provided for this purpose. This part 'B' constitutes the PM and is allotted a consecutive serial number from Class - 8 Vouchers Register.

**(VIII) MES Bills (Class of Voucher 9)**

This class of PM is used for payment on account of Pay and Allowances, TA Bills, Miscellaneous claims etc., of MES Civilian officers /Staff, Industrial / Non-industrial Staff. Payments are made through Defence Cheques/SBI CMP by the Main Office of the PCsDA/CsDA into Public Fund/Personal Deposit Account of the MES formation/Direct Benefit Transfer. These vouchers numbered serially by the Office Automation System.

**Note :-** Class of Voucher 7 are vouchers generated for adjustment of any vouchers generated by other accounting circles. **(Not in use now).**

**10.3** Wherever, the Office Automation Systems are integrated with NCS, the PM data get compiled in NCS on real time basis. In other cases, the PM data are uploaded to NCS, using the facility provided to upload PM data in NCS. Monthly compilations are generated automatically in the NCS system.

**Note:-** Wherever NCS facility is not functional in any of the office, the PM data will be uploaded from the nearest DAD office where NCS is functional or forwarded to IT&S Wing of the concerned PCsDA/CsDA for uploading in NCS portal. It should be ensured/verified by the concerned audit section that all PM data has been compiled in NCS.

## **Various Compilations prepared by IT&S Wing**

**10.4** Various compilations printable / available on NCS are described below:-

### **(I) Sectional Compilations**

A separate compilation for each section of a Controller's Office is generated online in the NCS to exhibit the amount compiled under each code head during the month. Soft copies of sectional compilations, are furnished immediately by IT&S Wing of the PCsDA/CsDA concerned to their concerned Sub-Offices (wherever NCS facility is not extended).

### **(II) Book Compilation of RD & R Heads (with Service Heads)**

(a) A separate Book compilation of RD&R Heads can be printed/ is available on NCS for each PCDA/CDA office showing the current and progressive figures under each RD&R Head on monthly basis. The total receipts and expenditure under Service Heads (Revenue and Capital Heads) in the Controller's Sectional compilations are also available in this compilation.

(b) The IT&S Wing of the PCsDA/CsDA immediately forwards the soft copies of consolidated code-wise Compilations to the concerned Sub-Office (where NCS facility is not extended).

### **(III) Consolidated Compilation of All India Defence Services Receipts and Charges**

A Consolidated Compilation of All India Defence Service Receipts and Charges is generated online in the NCS to show the current and progressive figures under each Major, Sub Major, Minor, Sub Head and Detailed Head of Account. Ministry of Defence (Finance) Budget Division, DGADS, Service HQrs and Directorate concerned (E-in-C, MGS, QMG, EME etc.), Accounts & Budget Section of CGDA and all PCsDA/CsDA are users of this report. The report is available online on NCS for all the users.

### **(IV) Consolidated Compilation of RD&R Heads (with Conversion Heads)**

The monthly consolidated compilation of RD&R Heads is generated online in the Compilation System by the IT&S Wing of HQrs CGDA to show the progressive figures in respect of each Controller and under each RD&R Head. The total receipts and expenditure under Service Heads (Revenue and Capital Heads), in the Controller's Sectional compilations are transferred by IT&S Wing of HQrs CGDA to the respective RD&R conversion heads (006/00 for Army, 006/01 for Navy, 006/02 for Air Force, 007/00-C&S (DoO), 007/01 for R&D and 011/00 for Capital Outlay both on receipts and charges) in this compilation in order to balance it. Accounts & Budget Section of Controller General of Defence Accounts, PCsDA/CsDA, Service HQrs, Directorate concerned in the Ministry of Defence (Finance) and DGADS are users of this report. It is available to users on NCS.

**(V) Analysis of All India Defence Services Receipts and Charges**

- (a)** Analysis of the consolidated All India Compilation of Defence Services Receipts and Charges is generated online, in the Compilation System, to show the current and progressive figures separately for each Controller and under each classification Code Head of Classification of Hand Book.
- (b)** Director (Budget), Ministry of Defence, Accounts & Budget Section of Controller General of Defence Accounts, Principal Controllers of Army, Navy, Air Force, DoO (C&S), R&D and Service HQrs are users of this report. For all the users, it is available online on NCS.

**(VI) Compilations for March Preliminary (Pre) and March Supplementary-I (March Final) Accounts**

These compilations are closed on the dates intimated each year by the Controller General of Defence Accounts. They are printed and disposed of in the same manner as the monthly sectional compilations. NCS will not accept the data after the notified dates of closing of accounts.

**10.5** Various reports related to Receipts and Expenditure of Ministry of Defence are available on NCS. The reports can be downloaded by the users after generation on NCS by IT&S Wing of HQrs CGDA. However, these may be forwarded to the concerned authorities, if required, in case WAN connectivity is not available.

# CHAPTER 11

## MAINTENANCE OF DEFENCE LEDGER AND VERIFICATION OF BALANCES

### GENERAL

**11.1 (I)** 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.

*(Auth: Rule 19 of GAR 1990)*

**(II)** Defence Ledger is prepared in the form of statements showing receipts and charges and balances under the Revenue, Debts, Provident Funds, Reserve Funds, Loans and Advances, Deposits and Advances, Suspense and Remittances heads. The statement of account showing heads and details of balances closed to "Government Account" is prepared on the revised format i.e., **Annexure B** of this chapter.

**(III)** The format to be used for maintaining balances in respect of heads whose balances close to balances to the 'Government Account' is given at **Annexure C9 to Appendix IX** to this Code. The monthly balances of these heads will also be maintained in the format and as in the manner of Revenue and Capital Heads mentioned in **Annexure B** of this chapter. The heads shown in (**Annexure C9 to Appendix IX**) have been grouped together to facilitate the preparation of Annual Review of Balances (AROB).

### POSTING OF DEFENCE LEDGER

**11.2** The entries in the Defence Ledger are available in the NCS. As soon as the orders of the Controller General of Accounts (CGA) are received through the Controller General of Defence Accounts for closing of annual

account, the closing balances of the heads of accounts closing to balances in the previous year will be brought forward in the statement of the current year. After the close of the compilation for March supplementary-I (March Final) if any, the final balances of receipts and charges will be posted in statements and balances struck for the preparation of the Review of Balances. The closing balances in the statement will be verified with the balances worked out independently in the Debts, Provident Funds, Reserve Funds, Deposits, Advance, Suspense and Remittance Heads Registers by the different Sections/Sub-Offices.

## CLOSING OF BOOKS

**11.3 (I)** The Accounts under the Defence Services Receipts Heads (Major Heads 0076- Army, 0077- Navy, 0078- Air Force, 0079- Coordination and Services (Directorate of Ordnance) & 0080- Research and Development); Defence Services Revenue heads (Major Heads 2076-Army, 2077-Navy, 2078- Air Force, 2079- Coordination and Services (Directorate of Ordnance) & 2080- Research and Development); Defence Services Capital head (Major Head 4076- Capital Outlay on Defence Services) and other Revenue heads will be closed by credit or debit to Government Account.

**(II)** The Revenue and Capital heads will be closed to 'Government Account', the heads pertaining to Sector E-Public Debt, F - Loans and Advances, I - Small Saving Provident Fund etc, J - Reserve Funds, K - Deposits and Advances, L - Suspense and Miscellaneous and M - Remittance Heads are closed to 'Balance Accounts' except 'Reserve Bank Deposits-Defence' - MH - 8675 (This head has been placed under Sector-Suspense and Miscellaneous and shall be closed to Government Account).

**Note 1:** - *The total amount of dummy DIDs appearing in the book compilation as a result of central transfer of balances by IT & S wing of HQrs CGDA will be reflected as receipts/expenditure heads in the "Govt. Account" as close to balances.*

## PREPARATION OF ANNUAL REVIEW OF BALANCES (AROB)

**11.4** After the balances of the heads closing to balances to the Government are correctly transcribed in receipts and charges in the statement (Annexure C9 to Appendix IX to this Code) the closing balances of each code head will be correctly worked out. The Statement No. 13 will also be prepared (Annexure C8 to Appendix IX to this Code), which is Minor Head wise



statement of net balances closing in Credit or Debit. In this statement if the net credit/debit balances close as '(-) CR/DR', the same will be reflected as 'DR/CR'. From the balances of Statement No. 13, Statement No. 5 will be prepared in **Annexure C7 to Appendix IX** to this Code. Statement No. 5 is intended to work out net consolidated cumulative balances in debit/credit to be incorporated in the Government Account (**Annexure C6 to Appendix IX**). Statement No. 5 is summary of balances of Statement No. 13.

**Note :-** Exhaustive instructions in regard to preparation of Annual Review of Balances are contained in **Appendix IX**.

### **Treatment of Exchange Accounts**

**11.5 (I)** The balances of certain heads like GPF (00/015/01) and e-ticketing (29/023/29) etc. are centrally transferred by the IT & S wing of HQrs CGDA to the concerned account /fund maintaining PCsDA/CsDA in March Pre / March Supplementary - I (March Final) to pass on the balances appearing in the books of PCsDA/CsDA. Such balances are centrally transferred through the mechanism of Exchange Accounts by originating and responding dummy DID Schedules by the IT&S Wing of HQrs CGDA on behalf of the PCsDA/CsDA. The balances of such dummy DID Schedules appear in the Consolidated Compilation prepared by the IT & S wing of HQrs CGDA.

**(II)** While preparing PCsDA/CsDA wise book compilation for March Supplementary - I (March Final), the balances of dummy DID Schedules, as shown in the books of originating and responding PCsDA/CsDA separately, will be Proforma dropped in the statement of AROB. Similarly, the clearance of DID Schedules originated by the PCsDA/CsDA will appear in the Sectional Compilation of the responding PCsDA/CsDA. Such DID Schedules are matched and paired and cleared electronically by the IT&S Wing of CDA (Army), Meerut. Pairing Statement is prepared and sent to the concerned PCsDA/CsDA. The balances of the electronically paired items too will be Proforma dropped by the concerned PCsDA/CsDA from the Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India (**Annexure C9 to Appendix IX**), Statement No 13 (**Annexure C8 to Appendix IX**), and the 'Government Account' (**Annexure C6 to Appendix IX**) under the appropriate column.

### **Verification of Balances**

**11.6** The amount booked under Revenue, Capital and other transactions of Government including RB Deposits, the balances of which are not carried forward from year to year are closed to a single head called 'Government Account'. The balances under this head represent the cumulative effect of Debt, Deposit, Remittance Heads, Contingency Fund and closing cash

balance. The correctness of net credit /debit balances worked out in Statement No. 13 / AROB is verified and added to Government Account under book keeping system.

### **Verification of Correctness of Statements of Finance Accounts**

**11.7** The following checks will be exercised to ensure that balances in the statements of the AROB have been correctly worked out: -

(I) The grand total of the balances of all heads closing to Government Account (**Annexure-B**) and closing to balances to the Government Account (**Annexure C9 to Appendix IX**) in Receipts and Charges agree with the grand total of Book Compilation under receipts and charges.

(II) The grand total of net difference of the Receipts and Charges under Closing Balance of the AROB (**Annexure C9 to Appendix IX**) agree with that of the net DR/CR grand closing balances of Statement No. 13, Closing Balances worked out in the 'Government Account' and balances brought forward in Statement No 5.

### **Certification of Balances**

**11.8** (I) There are certain heads for which Accounts Section is centrally responsible for operation, clearance, maintenance and reconciliation of compilations. Similarly, there are certain heads for which Audit Sections are centrally responsible for operation, clearance, maintenance and reconciliation of compilations.

(II) After closing of accounts every year, all Sub-Offices/Audit Sections including AO/AAO GE's, will prepare statement of outstanding balances under various Debts, Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittances heads appearing in their registers, duly reconciled with the compiled actuals. The Sub-Offices will tally the figures shown in their statement with the opening balances brought forward from the previous year and forward it to the Accounts Section. The Accounts Section will also carry out similar review Audit Section/Sub-Office wise and incorporate the balances in the Annual Review of Balances after verification. The differences, if any, noticed will be pointed out to the concerned Audit Section/Sub-Office for prompt reconciliation. The Officer-in-Charge of the Audit Section/ Sub-Office will certify the correctness of balances to the Main Office in the following format: -

*"I certify that the accounts rendered are correct and agree with the initial accounts maintained by my office. I am satisfied that the balances*

*whether, in cash or investment or under Debt, Deposits and Remittances Heads of Accounts have been duly verified and found to agree with those shown in the separate registers or other records maintained by my office and that debits and credits to the various Reserve Funds and Deposit Accounts were for amounts authorized by relevant Acts or Rules of the Funds and that there were no diversions for purposes other than those for which the Funds were constituted or the grants were made.”*

(III) The correctness of balances of AROB is certified by the HQrs Office on behalf of the PCsDA/CsDA. The PCsDA/CsDA will also record this certificate in the AROB (See **Annexure C3 to Appendix IX**).

## **REVIEW OF OUTSTANDING BALANCES**

**11.9** The accounts of the year are not complete until the balances upon the Ledger under the Debt and other balanced heads have been verified. Accordingly, after the books of the year have been closed, an explanatory statement of closing balances, called the Review of Balances, will be prepared in the form of a general report which will take up each of the heads in succession. The report should contain: -

- (I) A statement of each ledger balance which is to be explained, (with year-wise break- up);
- (II) An explanation of the nature and condition of the liability involved in it;
- (III) A statement of the nature of the detailed accounts kept of the transactions connected with it and how far the final results of these detailed accounts work upto, and agree with, the balance on the ledger;
- (IV) Information as to whether the person or persons by whom the balance is owned or from whom it is due, admit its correctness and, if they do not, where the difference lies. This does not apply to such items as Deposits.

**Note 1:-** *Part of the explanations under clause (II) and (III) above would necessarily be the same year after year and there may not be any real necessity to repeat the same information every year, for which reference may be given in a previous report.*

**Note 2:-** *An explanation of ledger balance of each code head in respect of credit and debit transaction, during the year as to what the transactions exactly represent, necessity arising for operating the same during the year, liability involved in it, as to why its balances are outstanding (in the case of balance*

*heads) and how will they be cleared and action initiated to clear these balances will be given in **Annexure C5 (i) and (ii) to Appendix IX.***

**11.10** Particulars of each sub head under the Head “Deposits,” “Advances”, “Suspense Accounts”, “Remittances” and “Loans & Advances” by Central Government” should be given separately in the Review.

**11.11 (I)** The Review, which will contain final figures of the year, will be subjected to test audit by Pr. DADS and will bear an audit certificate. Since, the report is normally required by the CGDA by the month of June (the exact date is being intimated by CGDA every year) the review should be made on the basis of the figures appearing in the Compilation of March Supplementary - I (March Final) Accounts. An unaudited copy of the report along with Statement No 5 and 13 and other information will be sent to CGDA by due date, simultaneously supplying a copy of the report to the Pr. DADS/DADS a copy of the report for their scrutiny. An audited copy of the report will be sent later as and when the report is received back from Pr. DADS/DADS, duly endorsed with an audit certificate.

**(II)** Necessary correction to the above report, if required, will be issued, when a rectification / readjustment is carried out through a Journal Entry (JE) with the approval of CGA, Ministry of Finance, Department of Expenditure. The effect of JE will also be audited by the Pr. DADS/ DS/ DADS on the above lines.

**11.12** On receipt back of audit certificate/audited copy of the AROB from Pr. DADS/ DADS, the same will be forwarded to CGDA, New Delhi.

**Note:-** *Normally, the Review of Balances duly audited by the Director of Audit, Defence Services (DADS) should be sent to the CGDA by the due date. In case some delay is expected for want of Test Audit Certificate, an un-audited copy should invariably be sent so as to reach the CGDA on due date. The audited copy will be sent to the CGDA and all concerned as soon as received.*

**11.13** As soon as the Review of Balances has been carried out, a list should be drawn up of all the cases in which further action is required. After approval of Journal Entry, if any, Controller General of Defence Accounts will be informed of any subsequent reconciliation, which may be affected and acknowledgements which may be received subsequent to the date of issue of the Review, references being invariably made to the paragraphs of the Review affected.

**Note :-** *As a rule, discrepancies reported in the Review of Balances of one year should be settled before the Review of the next year is submitted. In the rare case of any discrepancies still remaining unsettled, the Review for the*

*next year should differentiate between the discrepancies of the year and of those relating to the previous years, and should separately mention the action taken in respect of each. A similar differentiation should be made between the outstanding balances relating to the year of Review and those relating to previous years and any delay in the recovery of old items should be specifically explained. To facilitate such break-up, category prefix - 77 is used for earlier year's balances.*

### **Details to be recorded in the review**

**11.14** The PCDA/CDA is responsible that details, working upto the balanced heads in the ledger and agreeing with them are maintained of the amounts due to, or by the Government. The officer will therefore, review the closing balances in his books and ascertain if they agree with recorded details. The PCDA/CDA will clearly state in the Review that she/he has ascertained by personal inspection that the balances in the books agree with the aggregate of the details recorded, and that the recoveries of advances have been regularly effected.

**11.15** The PCDA/CDA will also state against the balances under "Permanent Advances" and "Loans and Advances by Central Govt." that the balances exhibited on the 31<sup>st</sup> March have been accepted as correct by the parties concerned and that proper acknowledgements have been obtained from each and recorded. In every case in which it has not been found possible to obtain such acknowledgements, the reasons for the failure must be explained. With this objective in view, suitable steps will be taken in time to obtain the necessary acknowledgements annually from each of the individuals concerned. In regard to "Permanent Advances" such action should be taken early in April each year.

**Note :-** *Acknowledgements of the balances as on 31<sup>st</sup> March are not required to be obtained in cases where such balances have been liquidated by the time the Review of balances for that financial year is submitted.*

**11.16** Under the head "Regimental and other loans - Defence", the authority for each loan/advance and the precise method of verification of the balance will be given. It should also be stated whether the conditions of each loan have been fulfilled. All items which are outstanding at the end of year, but which have been adjusted/cleared in the year following, prior to the submission of the Review, must be indicated in a foot-note connected with these items.

**11.17** In case of Provident Funds, it should be stated in the Review whether the balances were communicated to the subscribers.

## SECURITY DEPOSITS

**11.18 (I)** At the close of the year, the Sections concerned will work out from the compiled actuals of the total amount outstanding on account of Security Deposits and, effect an agreement between the figures appearing in the compilation and those shown in the Security Deposit Register (IAFA 525) maintained by these Sections. The Sections concerned will furnish the necessary (agreed) figures for incorporation in the Review of Balances to the Accounts Section.

**(II)** Similarly, in the case of M.E.S Security Deposits, annual statements showing the balances outstanding on 31<sup>st</sup> March will be prepared by the AO/AO GE concerned and submitted to the Accounts Section of the Controller's Office for incorporation in the Review of Balances.

## REVIEW OF BALANCES ON ACCOUNT OF LOANS AND ADVANCES

**11.19** An annual statement of review of balances under the head "Loans and Advances" outstanding under each sub-head on 31<sup>st</sup> March will be rendered in **Annexure 'A'** by each PCDA/CDA each year to the Accounts & Budget Section of HQrs CGDA by the date notified by CGDA for onward submission to CGA/DGADS. The review will in particular, deal with writes off, delays in repayment, acknowledgement of balances, doubtful assets in balances, etc. Any peculiar features, viz., irregular recovery of interest, remission of interest, grant of loans without necessary safeguard for recovery, unusually large loans to an individual or corporate body, etc., should be commented upon.

## VERIFICATION OF BALANCES UNDER SUB-HEAD "G - MES ADVANCES" OF MINOR HEAD 111-EXPENDITURE ON WORKS (OTHER THAN CAPITAL PROJECTS) MAINTENANCE, etc.

**11.20** Monthly debits and credits to the account mentioned above are verified month by month with the compilation. At the close of the year, the balance under this account should be worked out independently taking into

account the balance brought forward from the previous year and the resultant balance should agree with the balance worked out in the relevant Construction Accounts and Register in I.A.F. (CDA) 258.

**Note:** - *The MES Advances head under Sub-Head G is not a Suspense head. Similarly, mobilisation advances are also made from the relevant Revenue/Capital head. The balances of these advances are, therefore, not carried forward in the AROB. The review should, however, be made for watching recoveries through Demand Register/Construction Account etc.*

## **Annexure A**

**(Referred to in Para 11.19)**

### **RESULT OF REVIEW OF BALANCES ON ACCOUNT OF LOANS AND ADVANCES**

Particulars of Irregularities

Special features

SI No

Nature of Advances

Total No of items outstanding

Amount outstanding on 31<sup>st</sup> March Rs

Total No of Items

Amount of each Item Rs

Nature of irregularity, action taken by CDA to prevent a recurrence thereof, special feature etc.

Total No of acknowledgements outstanding (year wise)

Total amount (year wise) for which acknowledgment are due



# ANNEXURE -B

(Referred to in Para-11.1)

## CONSOLIDATED STATEMENT SHOWING RECEIPTS AND CHARGES DURING THE FINANCIAL YEAR -----IN RESPECT OF REVENUE HEADS AND ALL RD&R HEADS CLOSING TO BALANCE TO GOVERNMENT ACCOUNT

Sector/ sub-Sector Major/ sub- Major/ Minor Head	Description of Heads	Code Head	Amount in Rs															
			2		3		4		5		6		7		8		9	
			Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges		
1																		
SECTOR A	TAX REVENUE																	
0020	CORPORATION TAX																	
101	Income Tax on Companies																	
	Deduction from payments to Contractors/Sub- Contractors under Section 194-C of the Income Tax Act 1961	002/00	xxxx															
103	Surcharge																	
	Deduction of Tax at source	002/03	xxxx															
	Deduct-Refunds	002/04	xxxx															
506	Health and Education Cess	003/11	xxxx															
		002/06	xxxx															
800	Other Receipts																	
	Other items	002/01	xxxx															

[illegible]

# CHAPTER 12

## BUDGET ESTIMATES

### BUDGETARY PROCESS: AN OVERVIEW

**12.1** Articles 112 to 116 of the Constitution contain the important financial provisions that describe the control, which Parliament exercises over expenditure from the Consolidated Fund of India. Some important aspects of the budgetary system are indicated below:

(I) The Finance Ministry places before the Parliament, under Article 112(1) of the Constitution, an Annual Financial Statement giving the estimated receipts and expenditure of the Central Government for the ensuing financial year. This statement, also called the 'Budget', is presented on the first of February. The statement not only includes the estimated receipts and expenditure for the ensuing financial year but also contains revised provisions for the current year besides actuals for the previous financial year.

(II) No expenditure incurred from the Consolidated and Contingency Funds of India on or after 1st April of a financial year, under the provisions of Articles 114 to 116 and 267(1) of the Constitution, will be protected by law unless authorised by an Appropriation Act passed in accordance with the provisions of Article 114. All disbursements from the Consolidated Fund during a financial year, which are not authorised by the Annual Appropriation Act passed by the Parliament before the close of the year, will, therefore, be challenged by Audit as unauthorised expenditure, until regularized by an Appropriation Act.

**12.2** Though Union Budget is presented on 1st February or any other suitable date as decided by the Government, the process of Budget preparation commences in mid of September of previous year and continues till the end of March. In the year in which General Elections to the Lok Sabha are held, the interim Budget may be presented to Parliament. After the General Elections are over and assumption of office by the new Government, the Regular Budget is manually presented to Parliament on a date as decided by the new Government.

**12.3** The Budget process mainly consists of two types of activities: First, administrative process, wherein the budget along with documents is prepared in consultation with various stakeholders; secondly, legislative process wherein the Budget is passed by Parliament after discussion.

**12.4** Commencement of Budget process takes place with the issue of the Budget Circular by Budget Division, Ministry of Finance normally in the month of September each year seeking inputs from ministries/departments related to Revised Estimates (RE) for current financial year and Budget Estimate (BE) for ensuing financial year. These estimates form the basis for Pre-budget discussions which are usually held in October-November.

**12.5** Budget Circular is issued with the purpose of providing guidance to Ministries/ Departments in framing their RE for the current year and the BE for the ensuing financial year. This Circular gives detailed instructions on the preparation of estimates of various types of receipts and expenditure, including the formats and statements in which the estimates are required to be furnished.

**12.6.** Estimates of expenditure are required to be furnished to Budget Division, Ministry of Finance by MoD (Finance) for pre-Budget discussions. These discussions are normally scheduled to commence around mid-October and are chaired by Secretary (Expenditure), Ministry of Finance.

**12.7** Budgeting exercise is not only cyclical, but a continuous process. Budget formulation is just the beginning of this process. This first stage i.e. BE is based on expenditure patterns of past year(s), committed liabilities of current and anticipated financial commitments of next financial year.

**12.8 Budget prepared on Cash Basis:** Whatever is expected to be actually received or paid under proper sanction during a financial year (including arrears of the past years) should be budgeted in that year.

**12.9 Budget to be on Gross/Net Basis:** Budget is prepared both on gross basis and net basis. Departments/Ministries are normally not permitted to utilize the receipts or deduct expenditure in their budget proposals. Net basis of budgeting is done in case of some Grants e.g. Ministry of Railways, Department of Posts, etc., where the departmental receipts are allowed to be utilized.

**12.10 Demands for Grants:** The estimates for expenditure for which vote of Lok Sabha is required shall be in the form of Demand for Grants.

**12.11 Budget Estimates (BE):** are the detailed estimates of receipts and expenditure of a financial year and are passed by Parliament in the Budget Session.

**12.12** The initial estimates i.e. BE undergo a mid-year review in October/November every year and RE are projected. Ministries/Departments are expected to provide realistic estimates of RE based on preceding 6 months' expenditure and committed liabilities for next 6 months. Similarly, reasonable estimates for ensuing financial year i.e. BE are also to be provided based on anticipated expenditure, which forms basis for deciding BE for the next financial year.

**12.13 (I) Revised Estimate (RE):** is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipated for the remainder of the year arrived at after mid-year review.

**(II)** RE are not voted by Parliament, and hence by itself does not provide any authority for expenditure. Therefore, any additional projections made in the RE needs to be authorised for expenditure through Parliament's approval (in case of New Service/New Instrument of Service, etc.) or by Re-appropriation order as per Delegation of Financial Power Rules.

**12.14 (I) Supplementary Demand for Grants:** Article 115 of the Constitution provides for seeking 'Supplementary Demands for Grants'- This means supplementary demands laid before the Parliament, showing the estimated amount of further expenditure necessary in a financial year over and above the appropriation authorized. The supplementary demands may be token, technical or cash.

**(II) The Supplementary Demand for Grants shall normally consist of requirements of the following broad nature:-**

**(a)** Cases where advances from Contingency Fund of India have been granted, which are required to be recouped to the Fund.

**(b)** Payment against a court decree, which cannot be postponed; and

**(c)** Cases of additional requirement of funds for making immediate payments, which can be met by re-appropriation of savings in the Grant but attract the limitation of New Service / New Instrument of Service.

**(d)** In cases where the approved Revised Estimates would result in excess over the sanctioned provision in the Grant.

**(III) Supplementary Demands for Grants are classified into three categories:-** Cash Supplementary, Token Supplementary and Technical Supplementary.

**(a)** Cash supplementary is over and above the original Budget provisions and results in enhancement of the allocation for the Demand/ Grant.

**(b)** Technical Supplementary is required for transferring the savings from one section of Grant to other and in case of Wavier/ Write offs. There is no net increase in the overall appropriation of the Grant.

**(c)** Token supplementary of Rs. 0.01 crore is obtained when due to New Service (NS)/New Instrument of Service (NIS) limits, approval of Parliament is required for re-appropriation towards utilizing the savings within the same section of the Demand.

(IV) Numbers of Supplementary Demands have not been prescribed in the Constitution. The Supplementary Demand for Grants shall be presented to the Parliament in a number of batches as decided by the Ministry of Finance, Department of Economic Affairs.

(V) The excess is separately assessed for the Revenue Expenditure, Capital Expenditure, the Voted Expenditure and the Charged Expenditure included in the Grant. Thus, the Supplementary Demands will be required in cases where additional provision is required over and above the original budget provision.

**12.15 (I)** Re-Appropriation means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section of the grant or charged appropriation.

(II) Re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.

(III) Re-appropriations are processed for the approvals of the competent authorities as defined in the DSE Volume I, in case of grants covered under DSE and in the Delegation of Financial Power Rules (DFPRs) in case of grants covered under DDG.

(IV) As per the delegation of powers, some re-appropriation proposals can be approved by the Secretary of the Ministry/Department, some need the approval of Secretary, Department of Expenditure, Ministry of Finance, and some other proposals attracting New Service/New Instrument of Service (NS/NIS) need approval of the Parliament.

#### **12.16 Surrender of Savings:**

(I) Departments of the Central Government shall surrender to the Finance Ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them.

(II) The Finance Ministry shall communicate the acceptance of such surrenders as are accepted by it to the Accounts Officer, before the close of the year.

(III) The funds provided during the financial year and not utilized before the close of that financial year shall stand lapsed at the close of the financial year.

(IV) The savings as well as provisions that cannot be profitably utilised shall be surrendered to the Government as soon as, they are foreseen without waiting till the end of the year. No savings shall be held in reserve for possible future excesses.

**12.17 Rule of Lapse:-** All appropriations granted by the Parliament expire at the end of financial year. Unspent budget are not available for meeting the demands in the next financial year. Thus, all unutilized funds within the year 'lapse' at the end of the financial year.

## BUDGETARY ALLOCATION IN MINISTRY OF DEFENCE

**12.18** Since the Financial year 2016-17, there are following four Demands for Grants in respect of Ministry of Defence, through which the budgetary allocation is provided: -

Sl. No.	Grant No.	Grant Name	Types of Estimates
i)	19	Ministry of Defence (Civil)	Civil Estimates
ii)	20	Defence Services (Revenue)	Defence Services Estimates
iii)	21	Capital Outlay on Defence Services	Defence Services Estimates
iv)	22	Defence Pension	Civil Estimates

**12.19 (I)** The Defence Services (Revenue) Grant is purely Revenue Demands, covering the day to day operating and maintenance expenditure of the three Services, Defence Research & Development Organisation (DRDO) and Coordination & Service (Directorate of Ordnance). This includes allocation for salary, procurement of stores, rations, transportation of men and material, maintenance of available equipment and infrastructure etc.

**(II)** The requirement of the three Services for Capital expenditure on procurement of new weapon systems and platforms, plant and machinery, acquisition of land and creation of infrastructure is met from the Demand for Capital Outlay on Defence Services, which also covers the entire Capital requirement of Defence Research & Development Organisation.

**(III)** The Demand in respect of Army includes the budgetary requirement of National Cadet Corps, Rashtriya Rifles, and Directorate General of Quality Assurance. Likewise, the Demand in respect of Navy includes the requirement of the Joint Staff.

**(IV)** The allocations under MoD (Civil) Grant cover the budgetary allocation of Ministry of Defence Secretariat, Defence Accounts Department, Defence Estate Organisation, Coast Guard Organisation, Jammu and Kashmir Light Infantry (JAKLI), Canteen Stores Department (CSD), Armed Forces Tribunal and Border Roads Organisation.

(V) Allocations under Defence Pensions Grant cover the pensionary benefits of the Service Officers/ Junior Commissioned Officers (JCOs)/ Other Ranks (ORs) and Defence Civilians paid out of the Defence Services Estimates.

**12.20 (I)** The expenditure, for which provision is made in the Defence Services Estimates falls broadly into the following categories: -

- (i) Pay and allowances of regular personnel of the Armed Forces
- (ii) Payments to Industrial Establishment employed in store depots, etc.
- (iii) Transportation charges
- (iv) Miscellaneous expenses
- (v) Payment for Land, stores and equipment
- (vi) Works expenditure and
- (vii) Pensions

(II) Expenditure falling under category (i) & (vii) above represents for the most part, obligatory charges dependent upon the strength and composition of the Defence Services maintained for the defence of the country. Ministry of Defence, Government of India decides on the policy regarding strength and composition of the Defence Services and hence the responsibility for implementing the decision and ensuring proper control over expenditure is vested with various controlling authorities at Armed Forces Headquarters etc., and no distribution of provision is generally made to subordinate authorities. The accounting heads, under which the expenditure of this nature is compiled, are called **“Centrally Controlled Heads”**.

(III) Expenditure falling under categories (ii) to (vi) enumerated above is, in general, susceptible to control against budget provision by the various administrative and executive authorities subordinate to the Government of India. Some part of the total budget provision for these categories of expenditure is placed at the disposal of local administrative authorities through budget allotments, while the remaining part is controlled by the authorities at the Armed Forces Headquarters. The accounting heads under which expenditure against budget allotments made to local administrative authorities is compiled, are called **“Locally Controlled Heads”**. A list (indicative) of such heads is given in CHB and **Appendix X**.

### **Estimates for Centrally Controlled Heads**

**12.21** Estimates of receipts and charges in respect of all the centrally controlled heads are prepared by the concerned Branches/Directorates etc. at the Armed Forces Headquarters/Departments and submitted for consolidation to Financial Planning Directorates, who in turn submit the consolidated requirements to the Ministry of Defence (Finance/Budget).



## **Estimates for Locally Controlled Heads**

**12.22** Estimates for locally controlled heads relating to Army are prepared by Headquarters of Commands and Areas and Commanders of units and formations which are directly administered by Army Headquarters and by similar authorities in the Air Force and Navy sides in regard to the locally controlled heads under those Services.

**Note 1:-** *For estimates in respect of MES heads, MES Regulations should be referred to.*

**Note 2:-** *The estimates will distinctly show the 'Charged' portion and the 'Voted' portion.*

**12.23** Similarly, the estimates in respect of Defence Research and Development Establishments are prepared by the Directors of the concerned Laboratories / Establishments and transmitted to the DRDO Head- quarters for consolidation and submission to Ministry of Defence (Finance/Budget).

## **Periodical Review and Estimates**

**12.24** Ministries / Departments are required to review their requirements on following broad guidelines, before firming up their proposals for Supplementary Demands for Grants: -

- (I) Need for economy and rationalisation of expenditure;
- (II) Thorough review of expenditure to explore the possibility of meeting the requirements for additionality through Token or Technical Supplementary;
- (III) No new schemes and programmes, except those that are part of the Budget announcements should normally be introduced during the course of the financial year;
- (IV) Additional expenditure over and above the prescribed approved ceiling for individual schemes may not be ordinarily permitted;
- (V) If there is an amendment to the existing scheme leading to requirements for additionality, Ministries/Departments should explore and locate matching savings from other schemes/ projects in the Demand;
- (VI) The mandatory cuts in terms of the austerity instructions should be enforced before determining the requirements for additionality;

(VII) Proposal for Supplementary Demand should be made only when the programme/scheme for which additional provision is sought has been approved by competent authority and should be limited to the funding requirements within the relevant financial year.

## **Miscellaneous**

**12.25** The authorities at the Armed Forces Headquarters, Ministry of Defence or MoD (Finance) may also call for any other estimate, information or statistics required for budget or budgetary control purposes, from the PCsDA/ CsDA/ PIFAs/ IFAs and local controlling authorities. Such estimates etc., will be carefully and intelligently prepared or checked, as the case may be, and furnished to the authorities concerned without delay.

**12.26 (I)** Copies of sanctioned Budget Estimates are distributed by Ministry of Defence (Finance/Budget) to all concerned.

(II) The authorities at Armed Forces Headquarters will communicate to subordinate formations the amount allotted under the various locally controlled heads with which they are concerned.

<p><b>BUDGET ESTIMATES PROJECTED BY THE DEFENCE ACCOUNTS DEPARTMENT</b></p>
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## **General**

**12.27 (I)** Budget estimates in respect of only the Heads relating to Defence Accounts Department mentioned in the above paragraphs and Defence Services Pensions are projected by the Defence Accounts Department. These estimates will be prepared by the Pr. Controller/Controller on forms prescribed by the Controller General of Defence Accounts or the Financial Adviser, Ministry of Defence (Finance) or the Budget Circular issued by Ministry of Finance as the case may be. The Estimates will be framed strictly in accordance with Rule 89 and 93 of Financial Regulations Part I Vol-I (1983 Edition) for the preparation of similar estimates and will be despatched by the Controllers so as to reach the authorities concerned on the due dates.

(II) Estimates for the Ministry of Defence (Civil) Grant are projected by the Budget Division (Department of Defence), D (Est.II/Genl.1) (for MoD Secretariat), CGDA (for Defence Accounts Department - DAD), GM CSD, Mumbai (for Canteen Stores Department - CSD), DGBR (for Border Road Organisation -

BRO), DGDE (for Defence Estate Organisation - DEO), DGFP (for JAK LI), Armed Forces Tribunal (AFT), Dy. Director (Plans), Coast Guard HQrs (for Coast Guard Organisation – CGO) and are submitted to Budget – II section of MoD (Fin) for vetting and processing.

## **Budget Estimates for Non Tax Revenue Receipt/Cash Requirement Estimates**

**12.28** Budget Estimates / Revised Estimates of receipts and charges under the following heads in respect of Defence Accounts Department are projected by the Defence Accounts Department and rendered to Budget Division, Ministry of Finance/Budget Division, MoD (Finance):-

(i) Major Head Sub Major Head Minor Head	0049- Interest Receipts 03- Other Interest Receipts of Central Government 118- Interest on Loans to Government Servant 800- Other Receipts
(ii) Major Head Sub Major Head Minor Head	0071- Contributions and Recoveries towards Pension and Other Retirement Benefits 01- Civil 101- Subscriptions and Contributions 800- Other Receipts
(iii) Major Head Sub Major Head Minor Head	0075- Miscellaneous General Services 00 800- Other Receipts
(iv) Major Head Sub Major Head Minor Head	2049- Interest Payments 03 - Interest on Small Savings Provident Funds etc. 104 - Interest on State Provident Funds 117 - Interest on Defined Contribution Pension Scheme 118- Interest on Agniveer Corpus Fund-Seva Nidhi Package
(v) Major Head Sub Major Head Minor Head	2049- Interest Payments 60 - Interest on Other Obligations 701- Miscellaneous
(vi) Major Head Sub Major Head Minor Head	0210 – Medical and Public Health 01 – Urban Health Services 103 – Contribution to Central Govt. Health Scheme.
(vii) Major Head Sub Major Head Minor Head	0216 – Housing 01 – Government Residential Buildings 106 – Central Pool Accommodation 800 - Other Receipts
(viii) Major Head Sub Major Head Minor Head	7610 – Loans to Government Servants etc. 00 201 – House Building Advance 204 – Advances for purchase of Computers 800 – Other Advances

## **Budget Estimates for Civil Pension**

**12.29 (I)** Budget Estimates for Civil Pension Budget Maintained by Central Pension Accounting Office (CPAO), Ministry of Finance (For pensionary benefits in respect of DAD/ Civilian employees) are provided in Minor Heads 101, 102, 103, 104, 105, 108, 115, 116, 117 (NPS Govt Contribution), 200, 800 and 911 under Major Head 2071 Sub Major Head 01 – Civil under Grant No. 41 maintained by Central Pension Accounting Office (CPAO) for the payment of pensionary charges in respect following organisations:-

Sl. No.	<b>Allocation projected by PCDA (P) Prayagraj</b>
1	Defence Accounts Department
2	Border Road Organisation
3	Coast Guard Organisation
4	Jammu & Kashmir Light Infantry (JAKLI)
<b>Allocation projected by AO(DAD) New Delhi</b>	
5	Department of Defence
6	Department of Defence Production
7	Department of Ex-Serviceman Welfare
8	Department of Defence Reserarch& Development
9	Ministry of Defence (Finance)
10	Department of Military Affairs
<b>Allocation projected by CSD Mumbai</b>	
11	Canteen Stores Department

**(II)** The process of preparation of budgetary allocation (RE for current financial year and BE for ensuing financial year) in respect of Grant No. 41 – Pension (Civil) starts from the date on which Budget circular are issued by MoF, by calling for estimates from PCDA (P) Prayagraj, CDA (CSD) and AO (DAD).

**(III)** Based on the projection received from above three offices, Accounts Section of CGDA office consolidates these projections and prepares it in two parts i.e. Controller code 073 - CGDA (Civil) includes Projection of AO (DAD) and CDA (CSD) and Controller code 097 - Defence includes projection of PCDA (P) Prayagraj.

**(IV)** AO (DAD) only proposes Commuted Value of Pension (CVP), Gratuities, Leave Encashment and Govt. Contribution portion of the NPS/UPS for Non-DAD employees posted in MoD (Secretariat).

**(V)** After approval of the competent Authority in CGDA, the consolidated proposals are rendered to CPAO, Ministry of Finance in the month of October/November every year.

**(VI)** The proposal includes Govt. Contribution (NPS/UPS) (Major Head 2071) in respect of civilian's employees of Army, Navy, Air Force, erstwhile Ordnance Factories and DRDO.

### **Budget Estimates for Defence Pensions**

**12.30 (I)** The process of preparation of budgetary allocation (RE for current financial year and BE for ensuing financial year) in respect of Grant No. 22 – Defence Pension starts from the date on which Budget circular are issued by MoF by calling for estimates from PCDA (P) Prayagraj.

**(II)** The various estimates for Defence Pensions, will be submitted by the PCDA (P) Prayagraj through Accounts Section of CGDA HQrs so as to reach the, Ministry of Defence (Finance/Budget) routed through DESW on the dates intimated by MoD (Fin/Bud).

**(III)** The projection includes all pensioners of Armed Forces (Army, Navy, Air Force, retired civilian/Family Pensioners (whose Pay and Allowances were paid out from Defence Services Estimates) i.e. DRDO, erstwhile Ordnance Factories, MES, etc.

**(IV)** No NPS/UPS components are included in this proposal.

**(V)** The Defence Budget has been provided under four distinct Minor Heads under Major head 2071, Sub Major Head 02 - Defence:

**(VI)** 101 - Army (includes retired Army officers and personnel, retired DRDO and OF employee and all army civilians/Family Pensioners)

**(VII)** 102 - Navy (includes retired Navy officers and personnel and Navy civilians/Family Pensioners),

**(VIII)** 103 - Air Force (includes retired Air Force officers and personnel and Navy civilians/Family Pensioners)

**(IX)** 800 - For SPARSH Service charge to banks.

**(X)** 911 - For Deduct Recoveries of overpayment.

**12.31** To arrive at the figures to be included in the Budget/Revised Estimates for Defence Pension Heads, the actuals of the preceding year will be taken as the basis and they will be increased or decreased with reference to the average increase or decrease in expenditure during the last three years previous to that year, as the case may require due regard being paid to the orders or circumstances which may have given rise to those differences such as financial impact due to fresh retirees, revision of pension, implementation of new pension orders {including effect of One Rank One Pension (OROP)}, increase in Dearness Allowance etc in the current financial year, provisions for restoration of commuted portion of pension in respect of service pensioners, death and disqualification of the pensioners etc .

### **Budget Estimates for Defence Accounts Department – under MoD (Civil) - Grant**

**12.32** The heads pertaining to the Defence Accounts Department covered under MoD (Civil) Grant are given as under :

(i) Major Head Sub Major Head Minor Head	2052– Secretariat General Services 00 092– Other Offices: Establishment related expenditure i.e. Salary, Allowances, LTC, TA/DA, Medical, Office Expenses etc. are projected under this Minor Head.
(ii) Major Head Sub Major Head Minor Heads	2059 – Public Works 60 - Other Buildings 053 – Maintenance and Repairs
(iii) Major Head Sub Major Head Minor Head	2216 – Housing 05 – General Pool Accommodation 053 – Maintenance and Repairs
(iv) Major Head Sub Major Head Minor Head	4059 – Capital Outlay on Public Works 60 – Other Buildings 051 – Construction
(v) Major Head Sub Major Head Minor Head	4070 - Capital Outlay on other Administrative Services 00 001 - Direction and Administration
(vi) Major Head Sub Major Head Minor Head	4216 – Capital Outlay on Housing 01 – Government Residential Buildings 700 – Other Housing

**12.33** The estimates in respect of the above Heads pertaining to the Defence Accounts Department will be submitted by the PCsDA/CsDA to the Controller General of Defence Accounts by the prescribed dates. The Controller General

of Defence Accounts after checking the same will submit the consolidated estimate so as to reach the Ministry of Defence (Finance) by the due date.

**12.34** The Budget/Revised Estimates for the year under pay heads will be prepared by the Controllers with reference to the sanctioned strength of officers and staff and those under other than pay heads with reference to the actuals of expenditure and other known factors. The estimates will be accompanied by full details in the proforma prescribed by the Controller General of Defence Accounts.

### **Control over expenditure pertaining to the Defence Accounts Department**

**12.35** In case of expenditure pertaining to the Defence Accounts Department, the CGDA is the ultimate authority for watching the progress of expenditure against allotment. The CGDA will monitor this expenditure through the compilations available in NCS.

## **CASH REQUIREMENT ESTIMATES OF DEFENCE SERVICES**

### **Cash Requirement Estimates for the ensuing Financial Year**

**12.36** The Cash Requirement Estimates of Defence Services for Revenue, Debt and Remittance Heads are projected by the Controller General of Defence Accounts, based on the inputs received from Pr. Controllers/Controllers of Defence Accounts and other authorities as indicated in this section.

**12.37** The Controller General of Defence Accounts and the PCsDA/CsDA, prepare the Revised Estimates for the current Financial year and Budget Estimates for the ensuing year in the proforma provided by the CGDA only in respect of the Heads detailed in Para 12.38 below and submit them to CGDA on or before the date prescribed by CGDA. The consolidated report will be forwarded by CGDA to Ministry of Defence (Finance/Budget) by the date intimated by MoD (Fin/Bud). Although no hard and fast rule can be laid down for the preparation of the Cash Requirement Estimates, they are generally based on the compiled actuals for the first six months of the current financial year and the last six months of the previous financial year and the figures thus arrived at are suitably modified taking into account the compiled actuals of the previous financial year as a whole and any extraordinary or abnormal transactions known at the time, which are likely to affect the requirements.

**12.38** The Cash requirements for the following heads are prepared by the PCsDA/CsDA and submitted to Director (Budget), Ministry of Defence (Finance) through CGDA, Delhi Cantt so as to reach them by the date as intimated by them.

**(I) Receipts and Charges**

- (i) General Provident Fund
- (ii) Defence Savings Provident Fund
- (iii) Defence Services Officers Provident Fund
- (iv) Indian Miscellaneous Military Service Provident Fund
- (v) Defence Services Personnel Provident Fund
- (vi) Indian Ordnance Factories Workmen's Provident Fund (Other than those dealt with by the PCDA, Kolkata)
- (vii) Indian Naval Dockyard Workmen's Provident Fund
- (viii) Deposits and Advances
- (ix) Agniveer Corpus Fund-Sewa Nidhi Package

**(II) Charges-Small Savings Provident Fund etc.**

- (i) Interest on General Provident Fund (Defence Services)
- (ii) Interest on Defence Savings Provident Fund
- (iii) Interest on Defence Services Officers Provident Fund
- (iv) Interest on Defence Services Personnel Provident Fund
- (v) Interest on other Miscellaneous Provident Fund in so far as it relates to Indian Miscellaneous Military Services Provident Fund
- (vi) Interest on Indian Ordnance Factories Workmen's Provident Fund (Other than those dealt with by the PCDA, Kolkata)
- (vii) Interest on Indian Naval Dockyard Workmen's Provident Fund
- (viii) Interest on Field Deposits
- (ix) Interest on Contributory Provident Fund
- (x) Interest on other Miscellaneous Provident Fund (excluding Indian Miscellaneous Military Service Provident Fund)
- (xi) Interest on Defined Contribution Pension Scheme
- (xii) Interest on Agniveer Corpus Fund - Sewa Nidhi Package

**12.39 (I)** The estimates in respect of all other heads are prepared centrally by the Budget Division, Ministry of Defence (Finance). PCsDA/CsDA through CGDA, Delhi Cantt will, in respect of the following heads, intimate to them annually by the date prescribed by MoD (Fin) any extraordinary or abnormal transactions included in the past actuals or likely to come forward in the year to which the estimates pertain. The Pr. Controllers/ Controllers will also furnish any other information which the Ministry of Defence (Finance) may require.



(II) The reports referred to above will be rendered by Pr. Controllers/ Controllers in respect of the under mentioned heads also. Nil reports will also be rendered.

1.	Major Head	0020	Corporation Tax
2.	Major Head	0021	Taxes on Income Other than Corporation Tax
3.	Major Head	0049	Interest Receipts

### **Revised Cash Requirement Estimates for the Current Financial Year**

**12.40** The Revised Estimates for current financial year will be prepared on the same lines as the original estimates and submitted on the prescribed dates. Abnormal transactions, if any, should be taken into consideration in making the provisions.

### **REVENUE RECEIPT BUDGET FOR MoD (CIVIL)**

**12.41** Revised Estimates (RE) for current financial year and Budget Estimates (BE) for ensuing financial year in respect of Revenue Receipts for MoD (Civil) which include the Estimates for Ministry of Defence (Sectt.), Canteen Stores Department, Defence Accounts Department and Defence Pensions are prepared by the Accounts Section of the CGDA HQrs and rendered to Budget Division, Ministry of Finance and MoD (Fin/Bud). These estimates are prepared based on the inputs received from AO (DAD), CDA (CSD) and Admin Section of CGDA HQrs office.

**12.42** The Revenue Receipt Budget includes the information in respect of following Major Heads:

Sl. No	Major Head	Description
1	0049	Interest Receipt
2	0050	Dividends and Profits
3	0071	Contribution and recoveries towards pension & other retirement benefits
4	0075	Miscellaneous General Services
5	0210	Medical and Public Health

6	0216	Housing
7	0235	Social Security and welfare
8	7610	Loans and advances to Government servants
9	8009	State Provident Fund
10	8011	Insurance and Pension Fund

**ANNUAL STATEMENT OF EXPENDITURE UNDER  
MAJOR HEAD 2049 SUB MAJOR HEAD 03- INTEREST  
ON SMALL SAVINGS PROVIDENT FUND etc.**

**12.43** An annual statement showing expenditure under different heads of Major head 2049 - Interest Payments - Interest on Small Savings Provident Funds etc. to the end of March Supplementary will be rendered by the CDA (Funds), Meerut and also by other PCsDA/CsDA maintaining Fund Accounts, who furnish Estimates under this head to the Budget Division, Ministry of Defence (Finance).

# CHAPTER 13

## BUDGETARY CONTROL OVER DEFENCE EXPENDITURE

### INTRODUCTION

**13.1** The main features of the budget and accounting heads relating to the Defence Services are:-

(I) The expenditure on Revenue Account is distinguished from expenditure on Capital Account. Generally, the expenditure on Revenue Account represents the recurring or operating expenditure, while the expenditure on Capital Account is used for creation of durable Capital Assets.

(II) The classification of expenditure on Armed Forces is generally according to the nature of charge, and not with reference to the units/formations on which it is incurred. Thus, pay and allowances of army personnel are booked to the same minor head, irrespective of unit/formation where they may be serving.

(III) In case of certain distinct organisations, established for a specific role, the entire expenditure on the organisation is sought to be identified in the Budget/Accounts, irrespective of the nature of expenditure. Thus, separate minor heads exist for Director General Quality Assurance, National Cadet Corps, Rashtriya Rifles etc., where under all categories of expenditure (like pay and allowances, transportation, stores, works and miscellaneous, etc.) on these organisations are included.

(IV) Inter-Services adjustments are made for the cost of stores and equipment etc. supplied from one Service to another, so that the expenditure on each Service is available distinctly.

(V) The accounting heads have been so arranged as to enable the administrative authorities to have sufficient data, necessary for the exercise of closer and more effective budgetary control over expenditure.

(VI) As per Rule 80 of GFR 2017, budget heads exhibited in estimates of receipts and expenditure framed by the Government or in any appropriation order shall conform to the prescribed rules of classification.

**13.2** The Demands for Grants for meeting expenditure on Defence Services are passed by Parliament each year, and within the amounts of these Demands for Grants, Ministry of Defence arranges for financing of services for which that Ministry is responsible. The provisions made in these Demands for Grants are based on estimate of requirements, within the constraints of total resources available and the demands on these resources.

**13.3** Soon after the presentation of the Demands for Grants in the Parliament and its approval, the authorities at Service Headquarters and other central controlling authorities will notify the allotments under the locally controlled heads to their lower formations.

### **VOTE ON ACCOUNT**

**13.4 (I)** If the Appropriation Bill seeking authorization of the Parliament to make expenditure in consonance with the Budget proposal is likely to be passed after the start of the financial year to which it corresponds then pending the completion of the procedure prescribed in Article 113 of the Constitution for the passing of the Budget, the Finance Ministry may need to obtain a 'Vote on Account' to cover expenditure for a brief period in accordance with the provisions of Article 116 of the Constitution. Funds made available under Vote on Account are not to be utilized for expenditure on a 'New Service'.

*(Auth: Rule 55 GFR 2017)*

**(II)** A provision has been made in the Constitution which empowers Lok Sabha to make any grant in advance in respect of the estimated expenditure for a part of the financial year pending completion of procedure for the voting of the Demands. The purpose of 'Vote on Account' is to keep Government functioning, pending voting of final budget. As a convention, Vote on Account is treated as a formal affair and passed by Lok Sabha.

**(III)** After advancement of budget cycle from last day of February, the Vote on Account may be presented in the election year when interim Budget is presented.

### **CONTROL OVER EXPENDITURE**

**13.5** As stated in Para 13.1, the expenditure against Centrally Controlled Heads is monitored by controlling authorities at Armed Forces Headquarters and no distribution of provision is made to subordinate authorities for these heads. It is in the case of expenditure compiled to "Locally Controlled Heads" that the

Defence Accounts Department, jointly with the administrative and executive authorities, plays an important part in keeping a watch on the progress of expenditure against the sanctioned allotments.

**Note 1:-** 67 % of the budget allocation in respect of each Demand should be booked by the end of December. The expenditure ceiling of 33 % in the last quarter and 15 % of Budget Estimates in the last month viz. March should be strictly adhered to.

**Note 2:-** Demands for Grant for Defence Services Revenue and Capital Outlay on Defence Services have been brought under the Modified Cash Management System.

**13.6** To enable the administrative Branches of the Armed Forces Headquarters and the Sections of the Ministry of Defence (Finance) to watch the progress of expenditure against the Grants, IT&S Wing, HQrs CGDA will furnish to them relevant extracts of compiled actuals from the All India Compilations for Service Heads by 10<sup>th</sup> of the month following that to which the actuals relate. However, NCS terminal has been extended to all concerned Financial Planning Directorates of Services and budget division of Ministry of Defence (Finance), to watch the progress of expenditure on real-time basis.

## EXPENDITURE SUSCEPTIBLE TO LOCAL CONTROL

**13.7** List of accounting heads under which expenditure is susceptible to local control (indicative) is given in **Appendix X**. The following provisions relate to these heads, except that in case of MES heads, the MES Regulations apply.

**13.8** The three main stages of budgetary control against allotments are:

- (I) Initial distribution of budget grants
- (II) Watching expenditure against allotments and
- (III) Re-appropriation.

## INITIAL DISTRIBUTION OF BUDGET GRANTS

**13.9** After the Appropriation Bill relating to Budget is passed, the Ministry of Finance shall communicate the same to the Ministries / Departments which, in turn, shall distribute the same to their subordinate formations. The distribution so

made shall also be communicated to the respective Pay and Accounts Officers who shall exercise check against the allocation to each subordinate authority.

*(Auth: Rule 56 of GFR 2017)*

**13.10** All communications of allotment from the Services Headquarters / Departments issue with the concurrence of the respective Integrated Finance and these are endorsed to the PCsDA/CsDA concerned. Sub-allotments by Commands or formation Headquarters are also notified to the PCsDA/CsDA concerned.

### **WATCHING EXPENDITURE AGAINST ALLOTMENTS**

**13.11 (I)** The ultimate responsibility for ensuring that the expenditure does not exceed the corresponding budget allotment rests on the Principal Staff Officer/Senior Officer at the Services Headquarters/Departments within whose control the relative activities fall. The authorities who are charged with this responsibility are mentioned against each locally controlled head (indicative) in **Appendix X**.

**(II)** The amounts provided in the Defence Services Estimates for expenditure subject to local control are allotted to commands and other formations by the aforesaid authorities. These authorities may keep back certain amounts as 'Reserve' to meet unforeseen requirements from the formations. The quantum of this 'Reserve' is decided by the controlling officer at the Services Headquarters, in consultation with the concerned Integrated Finance.

**13.12** The authorities at lower stages in the chain of control have the discretion to hold in 'Reserve' a portion of the allotment placed at their disposal.

**13.13** It is the primary responsibility of the authorities, to whom allotments are made to watch the progress of expenditure and to see that the expenditure does not exceed the allotment. In order to facilitate this, the PCsDA/CsDA will render monthly statements to the allottees showing the serial numbers of the claims admitted in audit and the amounts debited against the allotment. These statements will be sent by the PCsDA/CsDA immediately after closure of the monthly accounts to executive authorities.

**Note:-** Bills etc. sent to the PCsDA/CsDA for payment or adjustment against a particular allotment are required to be serially numbered, to enable the administrative authorities to reconcile the statistical records kept by them and those furnished by the PCsDA/CsDA.

**13.14** The PCsDA/CsDA will also simultaneously keep a watch on the progress of expenditure against sanctioned allotments and bring to the notice of the allottees and the immediate higher authorities, cases in which the trend of expenditure is, in the opinion of the PCsDA/CsDA abnormally high or unusually low.

**Note 1:-** For the budgetary control to be meaningful and strict, it is of utmost importance that the compiled actuals should be as accurate and up to date as possible. Accordingly, the PCsDA/CsDA will ensure that all transactions arising in their respective audit areas (including Inter-Services adjustments to the extent permissible) are brought to account promptly. This requirement equally applies to transactions which are passed on to them through Settlement Accounts and Exchange Accounts by the Civil and other Defence Accounts Officers respectively.

**Note 2:-** If an item of expenditure is accounted for in the books of a Pr. Controller/Controller in respect of a locally controlled head, the progress of which is watched by another Pr. Controller/Controller, the amount involved will be intimated by the former to the latter through the monthly statement referred to in Note 1 to Para 8.2 of this code.

**13.15** The procedure of highlighting high/low trend of expenditure enables the controlling authorities to initiate prompt remedial measures. In cases where savings can be foreseen, they may surrender such portion of the allotment as is not likely to be necessary for the rest of the financial year. In cases where the progress of expenditure in the financial year has been rather high, either the expenditure in the remaining part of the financial year has to be regulated to contain it within the sanctioned allotment or higher authorities have to be approached for additional allotment with full justification for the increase.

(Auth.: Rule 61 of GFR 2017 with FR Rule 120.)

**13.16** In cases where additional allotment becomes inevitable, action to obtain it, is required to be taken by the administrative authorities promptly and sufficiently early. This is necessary to avoid delay in settlement of claims, as no payment in excess of sanctioned allotment under locally controlled heads can be made, save in exceptional cases under the personal orders of the PCDA/CDA concerned who may authorise provisional payment at his discretion whenever he considers such a course to be in the best interest of the State. In cases where it

is found that the administrative authorities fail to be vigilant in applying promptly for additional allotment of funds where provisional payments have been authorised, the PCDA/CDA will ask the authority concerned (endorsing a copy to the next higher administrative authority) to take urgent action in the matter, adding a warning that further provisional payments will not be made unless application for additional allotment, with reasons in support, is submitted through him promptly. If this warning has no effect and the PCDA/CDA is personally satisfied that there has been laxity on the part of the administrative authorities he should refuse further provisional payments and report his action to the authorities at the Defence Headquarters and the Integrated Finance concerned through the CGDA.

### **BUDGET PROVISIONS AND CHECKS AGAINST BUDGET PROVISION**

**13.17** Articles 112 to 116 of the Constitution contain the important financial provisions that describe the control, which Parliament exercises over expenditure from the Consolidated Fund of India. Some important aspects of the budgetary system are indicated below :-

(I) The Finance Ministry places before the Parliament under Article 112(1) of the Constitution an Annual Financial Statement giving the estimated receipts and expenditure of the Central Government for the ensuing financial year. This statement, also called the 'Budget', is presented on the first day of February. The statement not only includes the estimated receipts and expenditure for the ensuing financial year but also contains revised provisions for the current year besides actuals for the previous financial year.

(II) The Budget presented before Parliament is based on the Revised Estimates/Budget Estimates prepared by various individual offices duly vetted and consolidated by the Heads of Departments/Ministries, and the final allocations approved by the Ministry of Finance.

(III) No expenditure will be incurred from the Consolidated and Contingency Funds of India on or after 1<sup>st</sup> April of a financial year, under the provisions of Articles 114 to 116 and 267(1) of the Constitution, will be protected by law unless authorised by an Appropriation Act passed in accordance with the provisions of Article 114. All disbursements from the Consolidated Fund during a financial year, which are not authorised by the Annual Appropriation Act passed by the Parliament before the close of the year will, therefore, be challenged by Audit as unauthorised expenditure, until regularized by an Appropriation Act.



(IV) The check against provision of funds should be directed primarily to ascertain that the money sought to be spent is to be applied to the purpose or purposes for which the Grants and Appropriations specified in the Schedule to an Appropriation Act passed under Article 114 of the Constitution were intended to provide and that the amount of expenditure against each Grant or Appropriation does not exceed the amount included in that Schedule.

(V) The pre-check to be applied to all payments includes a check against provision of funds also. It is important that no payment is made in excess of the budget allotment. At the time of conducting pre-check by paying office/authority, available budget under each Minor Head would be shown in NCS for the purpose of bill passing and expenditure control.

### **Excess Over Budget Provision**

**13.18** If the amount of any bill leads to excess over the budget allotment, the paying authority should decline payment under advice to the authority controlling the grant so that the latter could arrange for additional funds. Rule 61 of GFR, 2017 may be referred in this regard.

## **RE-APPROPRIATION**

### **Re-appropriation: Defence Services Estimates**

**13.19** The procedure of re-appropriation provides some flexibility by which savings in the budget provision under one head can be utilized to meet excess expenditure under another head, provided the heads are in the same Demand voted by the Parliament. The cardinal principle is that an authority can re-appropriate only in respect of savings arising out of the allotments placed at his disposal. The normal rules governing re-appropriation of fund in the case of Defence Estimates are indicated below :

(I) Powers of re-appropriation between different minor heads under a major head are exercised by the Government of India.

(II) Full powers of re-appropriation between the sub-heads within the minor heads under each Demand have been delegated to the Ministry of Defence.

(III) Powers of re-appropriation are also exercised by the following lower authorities: -

- (a) Central Controlling Authorities;
- (b) Command Headquarters;
- (c) Independent Area Headquarters; and
- (d) Air Force Commands

(IV) In case of direct Controlling Officers of these headquarters, re-appropriation are permissible only between control heads falling under the same sub-head. In the case of the Navy, powers of re-appropriation between different detailed heads falling under the same minor head are exercised by Naval Headquarters.

(V) The power of re-appropriation between different sub-heads falling under the same head are confined to Principal Staff Officers except in the case of Military Engineer Services, which are governed by the instructions laid down in M.E.S. Regulations and such other instructions as may be issued by Government from time to time.

(VI) All re-appropriations are formally sanctioned and copies endorsed to the PCsDA/CsDA. Re-appropriation are sanctioned by the Principal Staff Officers and the Raksha Mantralaya (Ministry of Defence) in consultation with the Integrated Financial Advisers.

(VII) No re-appropriation is permissible between funds allotted for charged items of expenditure in terms of Article 112(3) of the Constitution and voted items of expenditure.

(VIII) Re-appropriations are permissible only between expenditure heads. Thus, excess receipts and recoveries which are required to be accounted for as such cannot be utilized to meet expenditure in excess of the sanctioned grant.

(IX) The sanction of Government of India is required to any of the re-appropriation which affects the following: -

- (a) Saving due to non-expenditure of amount provided for a specific measure.
- (b) An error in estimates.

**Note:-** No formal re-appropriation is sanctioned for transferring funds under the same control head between Commands, Areas, Sub-Areas, Institutions, Depots, etc. Such transfers are affected by first withdrawing saving surrendered by one command, etc and then re-alloting as required.

## **Re-appropriation: Civil Estimates of Ministry of Defence**

### **13.20 General Restrictions**

(I) Save with prior approval of the Parliament, funds shall not be appropriated or re-appropriated to meet expenditure on a New Service or New Instrument of Service (NS or NIS) not contemplated in the budget as approved by Parliament. For deciding whether a case relates to a New Service or New Instrument of Service and for determining whether prior approval of Parliament is required or it is to be reported to Parliament along with the next batch of supplementary demands, the financial limits prescribed by the Budget Division, Department of Economic Affairs, from time to time shall be referred to.

(II) Funds shall not be appropriated or re-appropriated to meet expenditure which has not been sanctioned by an authority competent to sanction it.

(III) Funds shall not be appropriated or re-appropriated to any work which has not received administrative approval and technical sanction as prescribed by Government of India from time to time.

(IV) Funds provided for charged expenditure shall not be appropriated or re-appropriated to meet voted expenditure and funds provided for voted expenditure shall not be appropriated or re-appropriated to meet charged expenditure.

(V) No Re-appropriation shall be made from one Grant or Appropriation for charged expenditure to another Grant or Appropriation for charged expenditure.

(VI) No Re-appropriation can be made from Capital to Revenue Section of the Grant or vice versa.

(VII) No Re-appropriation can be made from an appropriation already augmented through a Supplementary Demand for Grant passed by the Parliament or under the provisions of this rule.

(VIII) No Re-appropriation can be made from savings under an activity for which a Contingency Fund Advance has already been obtained during the course of the financial year.

### **Powers of Administrative Ministries or Departments-**

**13.21** Subject to the provisions above, Chief Accounting Authorities of Administrative Ministries or Departments shall have the following powers, namely:-

- (I) To augment the provisions of the heads 'Salaries', 'Allowances', 'Wages', 'Pensionary Charges', 'Medical Expenses' and 'Rent, Rates and Taxes for Land and Buildings' through Re-appropriation.
- (II) To re-appropriate funds from the Object head 'Salaries' to the Object head 'Salaries' across the schemes.
- (III) To augment provisions already approved by Parliament through the Supplementary Demands for Grants.
- (IV) To re-appropriate funds from lump-sum provision for northeast areas to concerned schemes. However, this delegation of powers is limited to re-appropriation of funds from lump-sum provision to the scheme for the benefit of Scheme or programs in the northeast areas alone.
- (V) To appropriate or re-appropriate to any work, to cover excess of expenditure over authorised sanctioned financial limits up to 20%, subject to such excess expenditure being approved by the Competent Authority.
- (VI) To augment a budget provision, under any line item ending at an object head, to such limits permitted by Ministry of Finance through its various specific or general orders issued from time to time.
- (VII) Ministries or Departments are required to exercise the powers delegated under these rules for re-appropriation of funds in consultation with the respective Financial Advisors, who shall ensure that the provisions of these rules are strictly adhered to.

### **Cases requiring prior approval of Ministry of Finance**

**13.22** Notwithstanding anything contained in this rule, except with the previous consent of the Budget Division with concurrence of Secretary (Expenditure):-

- (I) No Re-appropriation of funds shall be carried out to meet expenditure in the Revenue Section from savings under grants-in-aid to States or Union territories.
- (II) No Re-appropriation of funds shall be made between Capital Outlay and loans or vice-versa, in Capital Section;
- (III) No Re-appropriation of funds shall be made from 'Salaries' or 'Allowances' head to any other "primary unit of appropriation".
- (IV) No Re-appropriation shall be made from provisions made for Externally Aided Projects (EAPs) to Non-Externally Aided Projects.

**(V)** No Re-appropriation shall be made from and to the provision for Secret Service Expenditure. In case of augmentation by 25% or more of the original provision, prior approval of C&AG would also be required.

**(VI)** No Re-appropriation shall be made from the primary unit “Buildings and Structures/ Infrastructure Assets/ Other Fixed Assets” to any other unit.

**(VII)** No Appropriation or Re-appropriation shall be made to any work, to cover excess of expenditure over authorized financial limits beyond 20 %.

**(VIII)** No Re-appropriation having the effect of augmenting a budget provision, under any line item ending at an object head, shall be made beyond the limits prescribed by the Ministry of Finance through its various specific or general orders issued from time to time.

**(IX)** No Re-appropriation of funds to a head from which funds were previously redirected or re-appropriated to another head.

**13.23** Following points should be adhered to while resorting to any re-appropriation of funds:-

**(I)** No re-appropriation shall be made during the first quarter of a financial year without the prior approval of Ministry of Finance.

**(II)** No re-appropriation shall be made from savings arising under various Central Schemes or Centrally Sponsored Schemes to augment the provisions of Establishment Expenditure of a Ministry/Department without the prior approval of Ministry of Finance.

**(III)** Normally the savings available under mandatory 10% provision earmarked for the northeast areas are not available for re-appropriation to meet other additionalities under non-northeast area expenditure. However, if there has been overall reduction in total expenditure ceiling of any Ministry/Department at Revised Estimate Stage and the savings under northeast areas as corollary is available, the same may be used to meet the additionalities under the other items in order to avoid bloating of appropriations.

**(IV)** All proposals of re-appropriation of funds, which require approval of Ministry of Finance, relating to establishment related expenditure of a Ministry/Department, may be referred to Personal Division of Department of Expenditure, while all other proposals may be referred to Budget Division, Department of Economic Affairs.

**(V)** Monetary Limits for re-appropriation powers of Ministries/Departments:

<b>Nature of Expenditure</b>	<b>Object Heads</b>	<b>Delegated Power Administrative Department/ Ministry</b>
Establishment Expenditure	Office Expenses, Other Revenue Expenditure, Domestic Travel Expenses, Foreign Travel Expenses	Upto Rs. 2 crore.
	Minor Works, Professional Services, Rewards, Leave Travel Expenses, Training Expenses, Materials and Supplies, Cost of Ration, Fuels and Lubricants, Minor Civil and Electric Works, Repair and Maintenance, Bank and Agency Charges and Loss in Exchange	Upto Rs. 5 crore.
Non-Establishment Expenditure	All other object heads	Upto Rs.15 crore.

**13.24 Reporting Limit to Parliament on Re-appropriation:** - Any order for re-appropriation, issued during a financial year, which has the effect of increasing the budget provision under any line item ending at an object head by more than 20% of Budget Estimates or Rs. 100 crore, whichever is more, shall be reported to the Parliament along with the last batch of Supplementary Demands of the financial year. However, if such an order is issued after the last batch of supplementary demands, prior approval of Department of Expenditure shall be obtained by the concerned Department.

*(Auth: Rule 10 of Delegation of Financial Power Rule 2024)*

## LOANS AND ADVANCES

**13.25** “Loans and Advances by the Central Government” will be watched by the PCsDA/CsDA against the sanctioned allotments, except in respect of loans sanctioned to Government Servants for House Building Advance, Computer advance, etc., for which the sanctioning authorities themselves will ensure, before sanctioning the advance, that necessary funds are available to meet the expenditure.

*(Auth: Gol, MoD, DoE No. 12(I) E.II(A)/2016 dated 7th Oct 2016)*

## CHAPTER 14

### CASH ASSIGNMENTS

#### INTRODUCTION

**14.1 (I)** Officers of the Defence Accounts Department are authorized to draw Cheques on Reserve Bank of India /State Bank of India or a Government treasury or sub-treasury at any place in India without having placed funds to meet the cash requirements of the Defence Services within the limits of budgetary provisions. The officers of the DAD authorize the Drawing and Disbursing Officer (DDO) of the Defence Services to draw Cash from the Civil treasuries or the Bank for certain specified purposes against Cash Assignments arranged in their favour by the Principal Controller / Controller of Defence Accounts on a particular treasury or the Banks from which the drawings are to be made by them subject to budget availability.

**(II)** *A Cash Assignment is a letter of credit in favour of a Disbursing Officer authorising a particular Treasury Officer or the Bank to make payments demanded by him upto the limits specified therein.* Such officers of the Defence Services intimate their requirements monthly / quarterly / annually to their respective Principal Controller / Controller of Defence Accounts who send requisitions to the Treasury Officers or the Bank concerned, showing the amounts allotted to the several Disbursing Officers for each month of the year. An addition to these assignments, as may be necessary from time to time, are similarly intimated to the Treasury Officers or the Bank by the Principal Controller / Controller of Defence Accounts concerned. Drawings against these assignments by the officers concerned are made exclusively by Defence Cheques supplied to them by the Principal Controller/Controller of Defence Accounts.

**(III)** The specimen signature of the DDOs of the DAD and the Services will be sent to Bank/Treasury duly attested.

**Note :** Flow chart of Cash Assignment is given in **Annexure - A** of this chapter.

## REDUCTION OF CASH ASSIGNMENTS

**14.2** At the close of September and at the end of each subsequent month of the financial year, the balances standing at the credit of Disbursing Officers of the Defence Services will be scrutinised by the PCsDA/CsDA and if it appears that the amounts allotted are likely to prove much in excess of requirements, the limit of cash assignment will be reduced in consultation with concerned offices. Reduction can also be made prior to the month of September, if required.

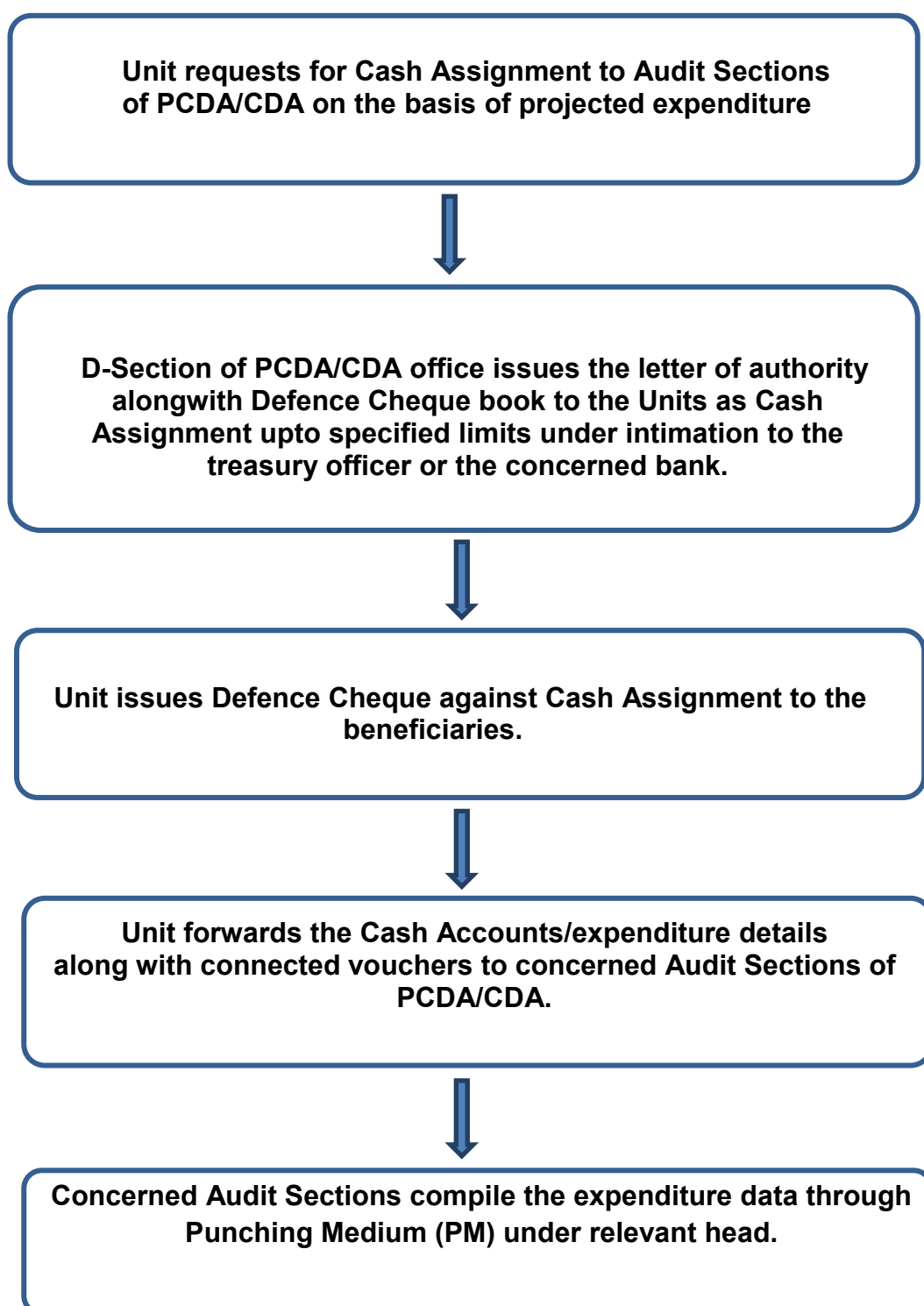
## REGISTER OF CASH ASSIGNMENTS

**14.3** Drawings against cash assignment granted to Disbursing Officers will be watched by means of a register in IAFA 277. The assignments granted and the monthly drawings will be entered in this register and the balances worked out; the numbers and dates of all correspondence with the treasuries or the Banks in regard to the grant, transfer or reduction of assignments will also be noted in this register. If it appears that the amount placed to the credit of a Disbursing Officer has been overdrawn, he will be called upon to explain the cause of the overdraft. The Treasury Officer or the Bank concerned will also be called upon to state why the over-draft was allowed.

**Note:-** For details refer Rules 310 to 315 of Financial Regulations Part 1 Volume –I.



**Flow Chart of Cash Assignment**



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## CHAPTER 15

### DEPOSITS

#### GENERAL

**15.1 (I)** Sums which are clearly not due to Government but are held in trust, or as a security for a specific purpose, e.g., for the fulfillment of a contract, will be credited to the appropriate "Deposit" head until returned to the parties to whom they belong. When deposits are returned, the corresponding Deposit Head will be relieved.

**(II)** No moneys shall be received for deposit in the Government Account, unless they, by virtue of any statutory provision or of any general or special orders of the Government, are required or authorised to be held in the custody of the Government.

**Note:-** *Subject to as aforesaid, and save as expressly otherwise provided by these rules, no money is to be credited as a deposit except under the formal order of a Court or other competent authority.*

**(III)** No pay, pension or other allowances should be placed in deposit on the ground of the absence of the payee or any other reasons.

**(IV)** No fines should be placed in deposit on the ground that appeal is pending, they should be credited at once to the Government and refunded, if necessary, on order of the Appellate Court. But compensation fines (including costs in criminal cases) due to an injured party, and not to Government, may be kept in deposit both in appealable and non-appealable cases, till they lapse under the ordinary rule.

*(Auth: Para 2.70 ((1, 2 & 3 (a&b)) of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022)*

**15.2** Broad categories of deposits:- Moneys received for deposit in the Government Account are to be classified under suitable heads of account appearing under two broad categories of 'Deposits bearing interest' and 'Deposits not bearing interest' Public Account.

*(Auth: Para 2.69 (1) of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022)*

**15.3** The head "Deposits" should not be used as a Suspense Head for showing receipts which owing to their not being clearly described, cannot in the first instance, be compiled to the correct head of account. In such cases, the receipts should be compiled to the heads to which they appear to pertain, or to the Sub-Head "Miscellaneous Receipts" under the Minor Head concerned, necessary re-adjustments being made on receipt of full information as to the nature of the credits.

**Note:-** *If the details are insufficient to allow such an adjustment or the final allocation is under settlement, the item should, pending its final allocation to the proper head, be adjusted under "Suspense Accounts".*

**15.4** Erroneous Compilation made under any of the Deposit head should be readjusted by deduct entry and not by a fresh debit or credit.

<p style="text-align: center;"><b>DIFFERENT KIND OF DEPOSITS IN DEFENCE SERVICES ACCOUNTS</b></p>
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**15.5** Deposits in Defence Services accounts mostly consist of the following:

- (I) Donations/Contributions towards the National Defence Academy.
- (II) Security Deposits
- (III) Treasure Chest Deposits
- (IV) Field Deposits
- (V) Miscellaneous Deposits
- (VI) Trust Interest Fund
- (VII) Unclaimed General Provident Fund Deposit
- (VIII) Unclaimed Deposits in Defence Savings Provident Fund
- (IX) Unclaimed Deposits in Defence Services Officers' Provident Fund
- (X) Unclaimed Contributory Provident Fund Deposits.
- (XI) Unclaimed Deposits in Defence Services Personnel Provident Fund
- (XII) Unclaimed Deposits in other Miscellaneous Provident Funds

## **TRANSACTIONS UNDER VARIOUS DEPOSIT HEADS**

### **Donations/Contribution towards National Defence Academy**

**15.6** All donations/contributions towards the National Defence Academy are compiled to this deposit head, which will be relieved by contra credit (by deduction from expenditure) to Major Head 4076 (Capital Outlay on Defence Services) on receipt of instructions issued by the Ministry of Defence as and when the construction of particular building is completed. This head is operated centrally by the PCDA (Army), Pune.

### **Security Deposits**

**15.7** Security Deposits are tendered in the form of Cash, Government Securities, State or Municipal Debentures, Port Trust Bonds, Bank Deposit Receipts, Bank Guarantee or Savings Bank Pass Books etc. Deposits other than those tendered in cash do not pass through the Government accounts and are dealt with in the manner indicated in Financial Regulations. Government Promissory Notes or other security deposits (not being cash) received must, on no account, be credited as deposits.

*(Auth: Para 2.70 (3) (e) of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022 and Rule 306 of GFR 2017)*

**15.8** Deposits tendered in cash are paid by the tenderers into the local Treasury or the Bank on the authority of a Military Receivable Order (MRO)/e-MRO obtained from one of the officers authorised to issue such orders; and the treasury receipts forwarded to the PCsDA/CsDA concerned for compiling the credits to the head "Security Deposits". In the case of formations etc., which render cash accounts current (e.g., Remount Depots), the amounts will be credited in those accounts, and the transactions will be adjusted to the head "Security Deposits".

### **Refund of Deposits**

**15.9 (I)** Refunds of deposits shall be made only on the receipt of application from the persons entitled to receive such refund as per prescribed procedure.

(II) In cases where money on account of deposits was received and credited to Government Account by a departmental officer or at his instance, and detailed accounts are kept by him, the Departmental officer should process the refund as per procedure on receipt of application from entitled person (affixing his signature in the space provided for 'Claimants' signature' in the bill) and authorize payment to the payee concerned. Refund of deposits shall be made against authorized claim in prescribed form after taking note in deposit register by Pay and Accounts Officer on due certificate of executive authorities. The executive authorities will certify on the bill that the conditions subject to which refund is to be made, have been fulfilled and that a note has been kept in his initial records to prevent a second claim.

(III) Bill for the purpose shall be duly supported by the challan (in case of Defence it is MRO/E-MRO) with which the money was credited to Government Account and departmental receipt, if any, issued to the party. If, however, amount received from more than one person had been credited by the Departmental Officer to Government Account through a single challan (or had been remitted by means of a bank draft to the Pay and Accounts Office for credit to the Government Account)/ (in case of Defence it is MRO/E-MRO), the bill should be supported by :-

(a) A duly attested 'statement showing the names of the depositors to whom the repayment is to be made, the amount to be repaid, the number and date of the challan (bank draft)/ (in case of Defence it is MRO/E-MRO) with which money was originally credited and the amount, if any, already repaid;

(b) The original departmental receipts, if any, issued to them. The Pay and Accounts Officer will, after verifying the availability of balance from the Deposit Register, make an entry in the repayment portion of the register and effect payment, subject to other usual checks.

### **Refund of Earnest Money Deposits of Civil Departments and Defence Services**

**15.10** Except as provided in the previous rule, earnest money deposits of Civil Departments and Defence Services may be refunded under the authority of an order endorsed by the concerned authorities (in whose favour the deposit was made) upon the original deposit receipt. Under no circumstances can part payment be made.

## **Transfer Credit of Earnest Money into the Consolidated Fund in certain Cases**

**15.11** If the executive authorities desire that an item of earnest-money deposit, instead of being refunded be carried to the credit of the Government in the Consolidated Fund, he must record the fact on the deposit receipt and in his initial records and request the Account Officer to effect necessary adjustment in accounts.

*(Auth: Para 2.72, 2.73 & 2.74 of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022)*

**15.12 (I)** The Store (Contract) and other Audit Sections concerned will maintain the Cash Security Deposit Register in IAFA-525 and will effect an agreement between the totals of the postings in the Register and the corresponding figures appearing in the monthly Sectional Compilation.

**(II)** In case of MES, such transactions will be noted by the AO/AAO GE attached to Garrison Engineer's office in a Register in IAF (CDA) 258. An agreement between the postings in the Register and the compiled actuals will be effected monthly by the AO/AAO GE.

**(III)** No schedules in IAFA-725 in respect of these transactions will be prepared.

**15.13** When Cash security deposits are transferred from one audit area to another, the transaction will be adjusted by debit (deduction from credit) to the head "Security Deposits" and credited through the Defence Exchange Account to the PCsDA/CsDA concerned.

## **Treasure Chest Deposits**

**15.14** Earnest Money Deposits, Civil Court Deposits and Personal Deposits paid into Military Chest will be deposited into Public Fund Account/Government Treasury.

**Note:-** *If Earnest Money paid by the tenderers into Public Fund Account of the PSBs /Non- Bank treasuries is forfeited, same will be deposited into Treasury through MRO/e-MRO and passed on to the PCsDA/CsDA concerned for adjustment as a Revenue Receipt. See Rules 630 and 631 of the Central Treasury Rule Vol- 1.*

## **Safe custody of Government money**

**15.15 (I)** The bank shall be responsible for the safe custody of Government moneys deposited in the bank.

**(II)** The custody of moneys held in the hands of Government officers or with authorised officers or in the cash or departmental treasure chests or standing in the Government Account shall be regulated as specified in the Subsidiary Instructions.

*(Auth: Rule 7 (1) & (2) of Central Government Account (Receipts and Payments) Rules, 2022)*

## **Field Deposits**

**15.16** The opening and closing balances in the Individual Running Ledger Accounts of Officers are compiled to this head at the time of compiling the ledger accounts.

## **Trust Interest Fund**

**15.17** The interest falling due on Government securities held in trust is remitted by the Reserve Bank of India after deducting Income Tax and Bank Commission, if any, to PCsDA/CsDA with whom the securities were originally pledged for disbursement to the pledgers, by means of Bank Drafts. The amount of Bank Drafts/e-payment is deposited into the Treasury or the Bank on the authority of a Military Receivable Order(MRO). The Treasury Receipt is adjusted by credit to the head "Trust Interest Fund" by contra debit under the head "Remittance into Banks/Treasuries". The head "Trust Interest Fund" is relieved when a payment of the amount is actually made to the party concerned. The transactions relating to the above head are recorded in a register in IAFA-292.

## **Unclaimed General Provident Fund Deposits, Unclaimed Deposits in Defence Savings Provident Fund, Unclaimed Deposits in Defence Services Officers Provident Fund, Unclaimed Deposits in Defence Services Personnel Provident Fund**

**15.18** Accumulations in the Provident Funds mentioned above remaining unclaimed for more than six months will be transferred to the above mentioned heads, which will be relieved as and when the payment of the accumulated



balances is subsequently made. These heads will be operated by the PCsDA/CsDA who maintains the fund accounts.

### **Unclaimed Contributory Provident Fund Deposits**

**15.19** Accumulations in the Contributory Provident Fund remaining unclaimed for more than six months are transferred to this head, which is relieved as and when payment of the accumulated balances is actually made.

### **Unclaimed Deposits in Other Miscellaneous Provident Funds**

**15.20** Accumulations in the Provident Funds other than those mentioned in Para 15.18 and 15.19 remaining unclaimed for more than six months will be transferred to this Deposit Head which will be relieved as and when payment of the accumulated balances is subsequently made.

### **Miscellaneous Deposits**

**15.21 (I)** All deposits which do not pertain to any specified Deposit Head will be compiled to the head "Miscellaneous Deposits."

**(II)** Money remaining in the hands of the Standing Committee of Adjustment and the Officer Commanding the Corps, Detachment or Department, after the payment of preferential and other charges in respect of the estates of officers and men respectively who die, desert, or who, being on active service, are officially reported missing or are ascertained, in the prescribed manner, to be insane will also be compiled to this Deposit head. The head will be relieved when disposal instructions are received from the prescribed person. If it is decided that the money should lapse to the Government, the amount will be transferred to Major Head 0076 - Army, Minor Head- 800 Sub Head - C - "Other Miscellaneous Receipts" or Major Head 0077 - Navy, Minor Head 800 - (a) "Other Miscellaneous Receipts" or Major Head 0078 - Air Force, Minor Head - 800 - (b) "Other Miscellaneous Receipts", 0079 - Directorate of Ordnance (C&S) Minor Head 800, Sub - Head (B), Research and Development 0080, Minor Head 800 (B) as the case may be.

**Note-1:-** Prescribed person is the one mentioned in Rule 24 of the Army and Air Force Disposal of Private Property Rule 1953/Rule 23 of the Navy Disposal of Private Property Regulations, 1961.

**Note-2:-** The period of limitation for recovery by Contractors of Security Deposits from the Government is 30 years from the date of deposit.

## **Lapsed Deposits**

**15.22 (I)** After end of each financial year:-

(a) deposits not exceeding twenty-five rupees unclaimed for one whole account year, or residuary balances not exceeding the said amount out of deposits partly repaid during the year then closing, and

(b) all deposits or balances in excess of the aforesaid amount, unclaimed for more than three complete account years, shall be credited to the Government under the Consolidated Fund, keeping necessary note in the register of deposits. In the case of deposits, the detailed accounts of which are kept by departmental officers, a list of deposits and balances thus lapsing shall be prepared by them and sent to the Pay and Accounts Officer in accordance with the relevant directions.

(II) For the purpose of this rule, the age of a repayable item, or of a balance of it, may be reckoned as dating from the time when the item or the balance, as the case may be, was initially deposited. If, however, a repayable item deposited by a party in connection with a contract or supply order is on request, decided to be reckoned as deposit against a subsequent contract or supply order awarded to the same party, the age of the item will be calculated with reference to the date of the latter.

(III) Such of the deposits (or balances of deposits) referred to in clause (b) of sub-para (I) which pertain to contracts, supply orders that are under litigation or arbitration shall not be deemed as “unclaimed deposits” for the purpose of crediting to Government under this rule. They should, nevertheless, be listed out distinctly along with relevant particulars so as to facilitate action for releasing the deposit, or for forfeiting it, depending on the judgement or award at the conclusion of the litigation or arbitration. Relevant claim will require pre-check by the Pay and Accounts Officer before repayment.

(IV) The Government may, in relation to any particular class of deposits, issue orders varying or relaxing any of the conditions or limitations specified in the preceding instructions.

## **Procedure for Refund of Lapsed Deposits**

**15.23 (I)** Deposits which are credited to Government under provisions of Para 2.69 of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022 cannot be repaid without pre-check by the Pay and

Accounts Officer. On receipt of bill in prescribed form (along with the original receipts issued to the refundees) from the concerned authorities, the Pay and Accounts Officer will pass the bill after checking that the item is covered by the credit reported by the concerned authorities as lapsed and carried to the credit of Government and that the claimant's identity and title to the money are certified by the concerned officer who signs the application for the refund.

(II) Deposits, the detailed accounts of which are kept in the accounts office and which are credited to the Government under Para 2.69 of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022 may be refunded on receipt of an claim-cum-bill in prescribed form (along with the original challan or departmental receipt as the case may be) from the departmental officer after verifying that the item was really received, is traceable in his records and was carried to the credit of the Government as lapsed and was not paid previously and that the claimant's identity and title to the money are certified by the officer countersigning the application for the refunds.

(III) The repayment of lapsed deposit shall be recorded in the appropriate deposit register of receipts so as to guard against a second/duplicate payment. If the payment is made after the Register of Receipts has been destroyed, the responsibility for verifying the claimant's title to the refund shall devolve on the authority who signs the claim-cum –bill.

*[Auth: Para 2.75 & 2.76 of Subsidiary Instructions to Central Government Account (Receipts and Payments) Rules, 2022]*

## **RECONCILIATION OF POSTINGS IN THE DEPOSIT REGISTERS AND VERIFICATION OF BALANCES**

**15.24** A register in IAFA-525 will be maintained for all Deposits for which special forms of registers have not been prescribed. While opening the registers, (including the special registers) the details of Deposits of previous years which have not been repaid or credited to Government as laid down in Para 15.22 and 15.23 will be brought forward from the previous year's registers. The deposits and repayments made during a month will be posted directly into the Registers from Disbursement Vouchers, Punching Media, etc. received in the Accounts section. If a voucher is found to have been incorrectly classified by Audit section under a Deposit head, that section will be immediately informed so

that the error may be rectified by means of a Transfer Entry in the same month's accounts. The totals of such Deposits and Repayments as posted in the registers will be verified with the amounts shown in the monthly compilation.

**15.25** At the end of the financial year, the total credits and debits for the year and balances at the end of the year will be tallied with the total credits and debits and balances as recorded in the Defence Ledger.

**15.26** The balances of Security Deposits in IAFA-525 of Superintendents of Remount Depots will be verified annually with the list of outstanding in IAFA-289 furnished to those officers.

# CHAPTER 16

## ADVANCES AND SUSPENSE

### LOANS AND ADVANCES

**16.1 (I)** All loans to State Governments, Administrations of Union Territories, Local Bodies, Foreign Government (on specific recommendation of State Government), Government institutions and other Government bodies shall be regulated by the following general conditions contained in the General Financial Rules, 2017, namely:-

- (a) a specific term shall be fixed, within which, each loan has to be fully repaid with interest due and in very special cases, the term may extend to thirty years;
- (b) the term is to be calculated from the date on which the loan is completely drawn or declared by competent authority to be closed;
- (c) the repayment of loans shall be affected by installments, fixed on annual basis, with due dates of payment being specially prescribed;
- (d) if an installment is paid before its due date, it may be taken entirely towards the principal, provided it is accompanied by payment towards interest due up-to-date of actual payment of installment; if not, the amount of the installment shall first be adjusted towards the interest due for preceding and current periods and the balance, if any, shall be applied towards the principal;
- (e) when the due date of repayment of any installment of principal or interest falls on a Sunday or a public holiday or a holiday observed by the Reserve Bank, the payment made, on the next working day following the Sunday or the public holiday, shall be regarded as payment on the due date and no interest shall be charged for the day or days by which the recovery is so postponed: Provided that if an installment of principal or interest is payable on the 31<sup>st</sup> March of a year, and if that day happens to be a public holiday or as aforesaid, the recoveries shall be made on the immediately preceding working day;
- (f) the payment of interest and the repayment of principal of a loan shall be made with reference to the calendar date on which the loan in question is paid and where payment of installment is in advance of the due date by fourteen days or less, interest for the full year or half year (depending on the prescribed mode of recovery) shall be charged thereon;

**(g)** in the case of a loan sanctioned by the Central Government to a State Government on or before 31<sup>st</sup> March of a year, which is adjusted in the books of the Reserve Bank in the month of April but in the accounts of the previous year, the installment of principal and/or interest shall fall due for payment on the 31<sup>st</sup> March of the succeeding year and not on the anniversaries of the calendar date in April on which the inter-Governmental adjustment was carried out.

**(II)** The date of drawal of a loan by a State Government shall be determined as indicated below:

**(a)** where monetary settlement is involved:

**(i)** normally the calendar date on which amount of a loan is actually credited to the account of the State Government by the Reserve Bank is to be treated as the date of its drawal;

**(ii)** this position shall also hold in cases where adjustment in accounts is made in one month but date of adjustment in the books of the Reserve Bank falls in the following calendar month;

**(iii)** the calendar date on which the credit is actually afforded to the State Government in the books of the Reserve Bank, in such cases, shall be treated as the date of its drawal:

Provided that in the case of loans for which credit is afforded to the recipient State Government in the month of April by the Reserve Bank but in the accounts of previous year, a loan shall be deemed to have been paid on the 31<sup>st</sup> March of the financial year in the accounts for which the payment is adjusted:

Provided further that payment of annual interest as also repayment of instalment of principal in respect of such loans shall fall due on the 31<sup>st</sup> March of the succeeding years and not on the anniversaries of the calendar date in April on which inter- Governmental adjustment on account of such loans was carried out in the books of the Reserve Bank;

**(b)** where monetary settlement is not involved i.e., with regard to cases where only adjustment in the books of the accounts offices is involved and actual credit through the Reserve Bank is not necessary; the last date of the month of account in which the adjustment is effected, shall be taken as the date of drawal of loan for purposes of repayment and charging interest.

**(III)** In order to avoid any default in the payment of loan, the Principal Accounts Offices or Pay and Accounts Offices who maintain the detailed

accounts of loans, shall issue notices in Form GFR-19 to the loanees (other than State and Union Territory Governments) i.e., Public Sector Undertakings, statutory bodies and Government Institutions, a month in advance of the due date for the repayment of any installment of the principal and or interest thereon: Provided that omission to give notice does not give the loanees any claim to exemption from the consequences of default in the repayment of the principal and or interest thereon.

**Note-1:** *The bills for loans and advances of different classes, which are granted by Central Government, except in so far as they are governed by any special rules (e.g. loans of public moneys to State Governments, Local Administration of Union Territories, Local Bodies, Foreign Governments on specific recommendations of State Government, Government Institutions and other Government bodies), issued by Government or contained in other part of these rules or in any authorised departmental regulations shall be drawn by the drawing officer of the office of the authorities sanctioning payment of loan or advance similar to bill format for release of Grants-in-aid.*

**Note 2:** *The bill shall be supported by a copy of sanction for such payment.*

**Note 3:** *If the amount repaid includes interest as well as principal, the interest must be separately specified.*

**Note 4:** *If the repayment is a fixed periodical amount, including both interest and principal, the orders fixing the amount shall be quoted.*

**(IV)** The special procedure for drawing of revenue advances which include takavi advances, advances under the Land Improvement Acts and any other advances which Revenue Officers are allowed or directed to make under the provisions of any law or under special order of the Government, shall be as specified in the Subsidiary Instructions.

**Explanation:** – *Takavi works advances (i.e. an advance to cultivators) in the form of expenditure on Takavi works in the Public Works Department are regulated by the departmental rules, except where the estimated cost of such works is recovered in the Public Works Department, recoveries of such advances shall be made by the Collector in the same way as arrears of land revenue.*

**(V) (a)** Advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officer for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund within the period specified in this regard.

**(b)** In case of advances for survey and other departmental expenditure, which are ultimately recoverable from private owners or other parties, the duties such as maintaining detailed accounts of the advances, of watching their recoveries and of supervision, shall rest with the departmental authorities concerned, the PAO being responsible only for maintaining a plus and minus memorandum, where necessary, in accordance with the orders of the Government.

**(VI)** The detailed procedure to be followed in connection with the grant of loans to local bodies shall be regulated by the provisions of the Local Authorities Loans Act, 1914 (9 of 1914) and other Acts in force in India and rules made there under.

Interest on loans.—

**(a)** Interest shall be charged at the rate notified by the Government for any particular loan or for the class of loans concerned.

**(b)** A loan shall bear interest for the day of payment but not for the day of repayment.

**(c)** Interest for any shorter period than a complete year shall be calculated as under unless any other method of calculation is specified in any particular case or class of cases:-

$$\frac{(\text{Number of days}) \times (\text{yearly rate of interest})}{365 \text{ (366 in case of a leap year)}}$$

*(Auth: Rule 23 & 24 of CGA R&PR 2022)*

**16.2** Disbursements of the following descriptions are treated as “Advances”:-

**(I)** All payments made which are subject to recovery or adjustment, other than advances of Pay, Pension or Travelling Allowances or any other advances which are compiled to Service Heads of Accounts.

**(II)** All payments made by Military Disbursing Officers into Military Treasure Chests, and vice versa.

**(III)** Permanent Advances sanctioned for current expenditure, such as the local purchase of petty stores, contingent charges and payments for extra temporary labour.

**16.3** The Head “Advances” should not be used as a Suspense Head for showing debits or charges which owing to their not being clearly described,



cannot, in the first instance, be compiled to the correct Head of account. In such cases, the expenditure should be compiled to the Service Heads to which they appear to pertain; the readjustments being made, if necessary, on receipt of full information as to the nature of the charges or debits. If the details are insufficient to allow such an adjustment or the final allocation is under settlement, the items should, pending their final allocation to the proper head, be adjusted under 'Suspense Accounts'.

**16.4** Payments specially sanctioned by Government, subject to recovery, with or without interest, are treated as "Loans".

**16.5** Before the payment of an advance is admitted in audit, or when a bill for an advance or loan is received, it should be seen that the advance has been sanctioned by the competent authority. Necessary notes will be made in a Demand Register of all advances to watch their recovery.

**16.6** If an advance or loan or any portion thereof is outstanding against any person or unit, transferred from the audit jurisdiction of one Principal Controller/Controller of Defence Accounts to another, it will be communicated to the Principal Controller/Controller of Defence Accounts of the Circle to which transferred by debit (minus credit) through the Defence Exchange Accounts to enable him to watch recovery by a corresponding credit being taken to the Heads affected.

**16.7 (I)** If a Government Servant is transferred to the Defence Services from the audit area of a State A.G. and any loan sanctioned is outstanding against him, the amount of the loan is retained in the books of the AG and the recoveries effected by the Defence Accounts Department are passed on to the AG through cheques/e-Payment. The same procedure is to be followed in case of an individual transferred from the Defence Services to the audit area of a State AG with outstanding balances of loan granted to him.

**(II)** If the Central Government employees are transferred or sent on deputation from one Ministry or Department to another under the Government of India, the balances outstanding against the Government servant at the time of such transfer shall be effected by monetary settlement.

*(Auth: Para 10.7.2 of Civil Account Manual 2024)*

**(III)** In case of house building loans, where Government servants are transferred from one Department to another Department of the Central Government after the drawal of the entire amount of the advance, the balance of advances outstanding against the Central Government servants at the time of the transfer, will be transferred to the new Accounting Circle. At the time of

transferring the balances, the full particulars of month wise recoveries effected in his Circle as well as the previous Circle of Account, if any, will be intimated so as to enable the latter to determine the correct amount of interest accruing on the loans. The transfer of balances will be effected in the Central Section of Accounts under the Head of Account "F - Loans and Advances by Central Government - Loans to Government Servants - House Building Advances" as plus and minus credits in the books of transferring and receiving Accounts Officers respectively, without affecting the debits for the year and the budgetary position thereby.

**(IV)** Instances may also arise when Government Servants are transferred, after the disbursement of one or more installments of the advance, to a different Circle of Accounts before they draw all the remaining installments of the loan. In such cases the part - disbursement made may remain outstanding in the books of the Accounts Officer, who paid the first installment of the Advance and the Accounts Officer, who paid the second and subsequent installments should pass on the debits to the first Accounts Officer. The debits for all installments of the loan, thus accumulated in the books of the first Accounts Officer, will be passed on after disbursement is completed, to the new Accounts Circle in which the officer is working for adjusting recoveries made from the salary of the loanee. Credits in respect of recoveries, if any, affected from the Central Government Servants before the disbursement of the loan is completed, will also be likewise passed on to the first Accounts Officer for necessary entries in his books.

*(Auth: No. 12(1)/E.II(A)/2016 Government of India Ministry of Finance  
Department of Expenditure, New Delhi. Dated: 7<sup>th</sup> October, 2016)*

**16.8** To obviate references, particulars regarding the date, when advances for the purchase of house, motor cars, motor cycles, computer etc., were made and whether interest is chargeable or not, should be entered in the Last Pay Certificate along with the outstanding demands, when an individual is transferred to the payment jurisdiction of another Accounts Officer. In case of advances which bear interest, the amount of interest accrued upto the date an individual was last paid should also be noted on the Last Pay Certificate inter-alia indicating date of initial payment, number of installments and DID Schedule number.

**16.9** Any default in the payment of principal or interest by the organizations/individuals who have received loans/advances should be reported immediately to the authority which had sanctioned it. If the sanctioning authority enforces any penal interest on the overdue principal and interest amounts, it shall be the duty of the Pay and Accounts Office to watch their recovery.

**16.10** All advances (other than those which are being regularly recovered in installments) remaining unadjusted for three months or more, will be brought to the notice of the Principal Controller/Controller of Defence Accounts by the Officer-in-Charge of the Section/Sub-office to enable the former to take such action as she/he may consider necessary to effect their speedy settlement.

**Note:** - *The Accounts Section is equally responsible as Audit Section for watching adjustment of advances. For this purpose, full particulars of non-recovery of an installment of a particular advance should be ascertained by the Accounts Section from the Audit Section concerned and noted in the remarks columns of the Register maintained by them (the Accounts Section).*

**16.11** All recoveries effected in adjustment of advances will be credited in the compilations to the same heads as the advances when originally made were debited. This rule is to be observed even in those cases in which the recoveries appear in a class of account other than that in which the original advances were charged.

**16.12** All expenditure relating to a financial year must be included in the accounts of that financial year at all costs. All outstanding advances, which are not recoverable in cash but are to be adjusted on rendering accounts should be settled by 31<sup>st</sup> March. If the same could not be settled by 31<sup>st</sup> March, they should be settled in March Supplementary-I (March Final) accounts of that financial year.

### **DIFFERENT TYPES OF ADVANCES IN DEFENCE SERVICES**

**16.13** Advances are classified in Defence Services Accounts under the following heads-

**I. SECTOR –"L- Suspense and Miscellaneous"**

Sub-Sector (c) Other Accounts

Major Head 8672-Permanent Cash Imprest

**II. SECTOR -"K- Deposits and Advances"**

Sub Sector (c)- Advances

Major Head— 8551 -Defence Advances

Minor Head-101: -

**(a)** Advances-Borders Roads Treasure Chest.

**(b)** Advances -Field Cashier.

- (c) Advances-Adjustable in PCsDA/CsDA Offices.
- (d) Advances -Pay Accounts Offices.
- (e) Advances- Other Repayable (Non-voted).
- (f) Advances-Imprest Holders.
- (g) Advances–Miscellaneous.

### III. SECTOR - “F- Loans and Advances”

#### (A) Major Head -7610-Loans to Government Servants etc.

Minor Heads: -

- (a) 201-House building Advances
- (b) 202-Advances for the purchase of Other Motor Conveyances.
- (c) 203- Advances for the purchase of Other Conveyances.
- (d) 204-Advances for the purchase of Computer
- (e) 800-Other Advances.

**Note:-** Presently, advances mentioned at Sr No. b & c above stand dispensed with.

(Authority: No. 12(1)/E. II(A)/2016 Government of India Ministry of Finance  
Department of Expenditure, New Delhi. Dated: 7<sup>th</sup> October, 2016)

#### (B) Major Head 7615-Miscellaneous Loans.

Minor Heads - 200 - Miscellaneous loans

### **Permanent Advances**

**16.14** All advances of a permanent nature for current contingent charges will be held in the names of officers to whom they are made, and they will be personally responsible for these advances until accounted for by them in the manner indicated in Pay and Allowances Regulations for the Army, Navy or Air Force, as the case may be. These advances will be recorded in a register in IAFA 197. If an advance has been allowed as a temporary arrangement, the fact will be prominently indicated against the entry in the above register and its adjustment will be carefully watched.

**Note:-** Detailed procedure in this regard is mentioned in Rule 322 of GFR 2017 and Para 10.12 of Civil Account Manual 2024.

**16.15 Border Roads Treasure Chest Advances :-** The Border Roads Treasure Chest Holder functions as a small treasury to hold and supply the requirements of cash of Task Force Commanders etc., ordinarily located in forward areas where Treasury facilities do not exist or where the Civil Treasury cannot cope with work relating to supply of funds to the GREF. Treasure Chest Officers obtain cash from Cash Assignments Accounts. PCDA (BR) provides Cheque Books etc., to Treasure Chest Holder so as to enable him to draw funds from civil treasury. The officers authorised to draw cash from the Treasure Chest Holder are provided with Border Roads Cash Requisition Form (BRDB No. 1) by the Treasure Chest Holder on receipt of application from them. The Treasure Chest Holder submits a balanced account on form BRDB No. 11 daily to the Accounts Officer concerned, showing the opening balance, cash received during the day and the closing balance. The schedule of drawings from and remittances to Military Treasure Chests, received from Disbursing Officers, will be agreed with the figures shown in the cash accounts of the Military Treasure Chest Officers.

**16.16 Advances - Field Cashiers' Account:-** Funds provided to a Field Cashier are debited to this head by the Principal Controller of Defence Accounts (O), Pune who makes the payments. When the Field Cashier renders his account, the advances made to Imprest Holders on Requisitions IAFF-1036 and to Officers on personal cheques IAFF-1034 are adjusted against the relevant heads under Advances (viz. Advances-Pay Accounts Offices or Advances adjustable in PCDA/CDA Offices, as the case may be) by contra credit to the head "Advances - Field Cashiers' Account"

**16.17 Advances adjustable in PCDA/CDA Offices:-** Advances of pay etc. paid to Officers on personal cheques IAFF-1034 by a Field Cashier or an Imprest holder are debited to the head "Advances adjustable in Principal Controller/Controller of Defence Accounts Offices". This head is relieved when the advances are recovered through the IRLAs by the concerned Principal Controller/Controller.

**16.18 Advances - Pay Accounts Offices:-** Cash required by an Imprest Holder for paying advances of pay, etc. is obtained by him either from a Field Cashier or a Regional Controller. The amount paid is debited to the head "Advances - Pay Accounts Offices" by the Principal Controller of Defence Accounts (O) Pune adjusting the Field Cashiers account or by the Principal Controller/Controller paying the advance, as the case may be. This head is relieved by the Pay Accounts Offices concerned when recoveries of advances of pay, etc. paid to men are effected through the IRLAs of the personnel, or when other charges paid out of the Imprest are charged against the relevant heads.

**16.19 Other Advances - Repayable (non-voted):-** Amount paid by the UNO for the Indian contingent of UN troops - at Cambodia, Somalia, Mozambique, Sudan etc., and the amounts paid to such personnel as advances as well as payments made for stores etc., will be accounted under this head as Receipts and Payments respectively.

**16.20 Advances - Imprest Holders' Accounts :-** Funds provided to Imprest Holders of the Army (Supply and Services Imprest holder in case of Army), Navy (Money warrant in the case of Navy) and Air Force (the amount of cheques issued in payment of cash assignments are compiled to head 'Advance - Imprest Holders in case of Air Force) will be debited to this head. The advances will be cleared by per contra debit to the Service Heads, etc. on receipt of monthly accounts from the Imprest Holders.

**16.21 Miscellaneous Advances:-** Transactions which are of the nature of debts due to Government but which do not come under any of the Heads of Advances specified above will be compiled to the head "Miscellaneous Advances".

**16.22 Other Advances:-** This is an advance redrawn against any of the above advances owing to losses through misappropriation, defalcation, embezzlement etc.

### INTEREST BEARING ADVANCES

**16.23** A register in IAF (CDA)-51 will be maintained to watch the recovery of advances for house building advance, motor cars, other motor conveyances, other conveyances and computer and the interest payable thereon.

**16.24** Mortgage bonds are received in connection with advances for purchase or construction of houses. Such bonds will be looked for when a charge for the advance appears in the accounts and it will be carefully examined to see that it is in order. It will then be entered in a register in IAFA- 505, and retained in safe custody by the PCsDA/CsDA until the advance is finally repaid, when the bond together with the deed of re-conveyance signed by the PCsDA/CsDA on behalf of the President will be returned to the mortgager.

*(Auth: No. 12(1)/E.II(A)/2016 Government of India Ministry of Finance  
Department of Expenditure, New Delhi. Dated: 7<sup>th</sup> October, 2016)*

**16.25** In the case of advances for the purchase of computer PCsDA/CsDA

should insist on the production of receipts showing the actual cash paid for the purchase of and if the amount is found to be less than the amount advanced, the difference should be recovered at once.

*(Auth: No. 12(1)/E.II(A)/2016 Government of India Ministry of Finance  
Department of Expenditure, New Delhi. Dated: 7<sup>th</sup> October, 2016)*

**16.26** The rate of interest to be charged on advances is fixed by the Government of India, Ministry of Finance, separately for each financial year and communicated to all concerned. The rate of interest so fixed will be applied to all advances granted during a particular financial year (irrespective of the financial year in which they are liquidated) and will be calculated on balances outstanding on the last day of each month. The amount of interest calculated will be recovered in one or more installments after the whole of the principal has been repaid. Each installment of interest should not be appreciably greater than the installment by which the principal was recovered.

**16.27** The recovery of an advance will commence from first month's pay drawn after its receipt.

**16.28** A Register will be maintained in IAFA-195 for watching the adjustment of advances specified above. The balance of all advances which have not been fully repaid by the end of the financial year will be carried forward into the register for the ensuing financial year and the authorities for the advances will be entered therein.

## **RECONCILIATION OF POSTINGS IN REGISTERS AND VERIFICATION OF BALANCES**

**16.29** The payments made and the recoveries effected during a month on account of advances or loans, as recorded in the several registers, will be added separately and the totals verified with the amounts debited and credited from the relevant heads of monthly RD&R compilation.

**16.30** The balances outstanding at the close of the accounts of each financial year in the various registers prescribed for recording the transactions under Advances and Loans will be verified annually with the balances shown in the Ledger.

## **Acknowledgement of Balances**

**16.31** Acknowledgements in the prescribed form of all balances outstanding on 31<sup>st</sup> March under the following heads will be obtained yearly from all officers who have received advances or loans. The amounts acknowledged must agree with the balances outstanding in the books of the PCsDA/CsDA:-

- (I) House Building Advances,
- (II) Advances for the purchase of Motor Cars,
- (III) Advances for the purchase of Other Motor Conveyances,
- (IV) Advances for the purchase of Other Conveyances,
- (V) Advance for purchase of Computer.

*(Auth : No. 12(1)/E.II(A)/2016 Government of India Ministry of Finance  
Department of Expenditure, New Delhi. Dated: 7<sup>th</sup> October, 2016)*

**Note 1:-** Acknowledgements of the balances as on 31<sup>st</sup> March are not required to be obtained in cases where such balances have been liquidated by the time the Review of Balances for that financial year is submitted.

**Note 2:-** Acknowledgement for a Permanent Advance is to be personally signed by the officer by whom it is held, irrespective of the fact whether the holder of the advance is the Head of a Department or Head of an Office.

**Note 3:-** In cases where acknowledgements from the personnel concerned accepting the latest balance have been received, the outstanding acceptance in respect of these items relating to earlier years would be treated as settled.

<b>SUSPENSE ACCOUNTS</b>
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**16.32** Receipts and payments which cannot, in the absence of further information or orders, be allocated to any head of account, and where the heads to which the transactions are likely to be adjusted are not known, will be taken to the Head "Suspense Account". When information is received subsequently, the correct head of account will be credited or debited by clearing the amounts compiled under the head "Suspense Account". The charges under the head "Suspense Account" will consist only of items for which full particulars that will enable the Accounts Office to classify them properly, have not been given. The receipts/charges appearing in the Settlement Accounts which are not susceptible to final adjustment will be adjusted in manner indicated in Para 6.14 of this code.



**Note 1:-** No sums should ordinarily be credited to Government by debit to a suspense head; credit must follow and not precede actual realization.

**Note 2:-** Orders of the Addl. CDA /Jt.CDA in Main office and senior most officers in the sub-office will be taken before an item is classified to the Suspense Head.

**16.33** The clearance of the transactions taken to the Suspense Account (except MES transactions vide Note 2 below) will be watched first by means of broad sheets in IAFA-195 for original debits and clearance through minus debits and secondly in IAFA-525 for original credits and clearance through minus credits.

**Note 1:-**The balance in respect of the transactions under the head "Suspense Account" to be shown in the Review of Balances will be the net balance worked out by taking into account the original and adjusting entries of both debits and credits together but the explanation of the net balance will show the details of original debits and original credits separately.

**Note 2:-**The clearance of MES transactions will be watched by means of a suspense register maintained by Accounts Section of a Garrison Engineer's Office in IAF (CDA)-258 for each MES Division as required by MES Regulations. A similar register in IAF (CDA) 258 will be maintained to exhibit the transactions in respect of initial amounts advanced on account of Cash Assignment as well as permanent addition or reduction thereto, which fall under the head "Other Accounts" - Departmental Balances – "Cash Balances."

**16.34** As in the case of advances, monthly agreement of the postings in the Suspense Register will be made with the related figures appearing in the RD&R compilation, and the balance at the end of financial year will be reconciled with the ledger balance.

**16.35** A monthly agreement between the compiled actuals and the postings in the Register of Suspense Account, I.A.F. (CDA) 258, in respect of M.E.S. will be effected by the AO/AAO, GE concerned. The total figures compiled during the year under this head will be furnished annually by the AO/AAO GE to the Accounts Section of the Principal Controller's/Controller's Office for incorporation in the Review of Balances in the manner prescribed in Para 11.8 of this code.

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## **CHAPTER 17**

### **ACCOUNTING OF EXPENDITURE MET OUT OF THE CONTINGENCY FUND OF INDIA AND OF “CHARGED” EXPENDITURE**

#### **CONTINGENCY FUND OF INDIA**

**17.1** When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation or on a “new service” not provided in the budget and there is insufficient time for the voting of Supplementary Demand and the passing of the connected appropriation bill, an advance from the Contingency Fund set up under Article 267 (1) of the Constitution shall be obtained before incurring the expenditure.

**17.2** All advances sanctioned from the Contingency Fund to meet expenditure, in excess of the provision, for the service included in an appropriation (Vote on Accounts) Act shall be recouped to the Contingency Fund as soon as the Appropriation Act in respect of the Expenditure on the service for the whole year, including the excess met from the advances from the Contingency Fund, has been passed.

**17.3** The Contingency Fund of India is held, on behalf of the President of India, by the Secretary to the Government of India, Ministry of Finance (Department of Economic Affairs). Advances from the Fund shall be made by the Ministry of Finance (Department of Economic Affairs) for the purpose mentioned in Para 17.1 above, pending sanction of necessary appropriation from Parliament against the Consolidated Fund of India. A copy of the order, sanctioning the advance, shall be forwarded by the Ministry of Finance (Department of Economic Affairs) directly to the PCsDA/CsDA concerned. In cases where an allotment letter refers to an advance from the Contingency Fund of India, PCsDA/CsDA should get it confirmed that the advance has actually been sanctioned by the Department of Economic Affairs, where the correspondence does not specifically make it clear. Supplementary estimates for all expenditure so financed, shall be presented to the Parliament in the first session, meeting immediately after the advance is sanctioned. As soon as the Parliament has authorised the additional or unforeseen expenditure, by including it in any Supplementary Appropriation Act, the advances initially made from the Contingency Fund shall be recouped to that Fund. The responsibility for obtaining advances from the Contingency Fund, wherever necessary, rests

with the administrative authorities concerned. The accounting procedure to be followed in respect of the transactions connected with the Contingency Fund is described in Para 17.5 below.

### **Advance from the Contingency Fund of India**

**17.4 (I)** The procedure for obtaining an advance from the Contingency Fund and recoupment of the Fund shall be as laid down in the Contingency Fund of India (Amendment) Rules 2021, as amended from time to time.

**(II)** The application for an advance from the Contingency Fund shall indicate, inter-alia, the particulars of the additional expenditure involved and the sanction to the advance alongwith the sub head and the primary unit of the Grant to which the expenditure appropriately relates. In case, however, any difficulty is felt, the matter shall be referred to the Ministry of Finance for clarification.

**Note 1:-** Contingency Fund of India Rules are mentioned in Rule 67 of GFR 2017.

**Note 2:-** The Contingency Fund of India (Amendment) Rules, 2021 were published in Extraordinary Gazette of India vide No. G.S.R. 721(E) dated 4th October, 2021.

### **Accounting Procedure in Respect of Expenditure Met from the Contingency Fund of India**

**17.5 (I)** Expenditure met out of advances from the Contingency Fund of India should be recorded under the Major Head “Contingency Fund”, with the same details as would have been recorded, had it been met out of the Consolidated Fund. For this purpose, each Major Head of expenditure mentioned below under the Consolidated Fund is to be treated as a Minor Head subordinate to the Major Head “Contingency Fund of India”. Major Heads of Account for Defence Services under the Consolidated Fund of India are as under:-

<b>Sl. No.</b>	<b>Major Head</b>	<b>Defence Service</b>
1	2076- Defence Services	Army
2	2077- Defence Services	Navy
3	2078- Defence Services	Air Force
4	2079 -Defence Services	C&S (DoO)
5	2080- Defence Services	Research and Development
6	4076- Capital Outlay on Defence Services	Capital Outlay on Defence Services
7	7610-Loans and Advances by the Central Government	

**17.6 (I)** Payments made out of the advances drawn from the Contingency Fund will be debited to the Heads of Accounts specified in Para 17.5 above, i.e. to the relevant RD&R Heads of Account specified under Part II- Contingency Fund of India in the Pamphlet of RD&R Heads.

**(II)** When an expenditure, initially met out of an advance drawn from the Contingency Fund is recouped to the Fund on passing the necessary Appropriation Act, the following adjustment will be carried out, by the Principal Controller/Controller in whose accounts the transaction originated as soon as the resumption order is received, by the Principal Controller / Controller in whose accounts the transaction originated:-

The relevant Minor Head under the Major Head 'Contingency Fund' (which was initially debited at the time of the drawal of advance) will be credited per contra debiting the relevant Service Head as Minus Debit or Plus Credit respectively depending upon whether the readjustment is made in the account of the same financial year or next financial year.

### **CHARGED EXPENDITURE**

**17.7 (I)** In accordance with Article 112 (3) (f) of the Constitution of India, payments made in satisfaction of a judgment decree or award of any Court or Arbitral Tribunal will be treated as expenditure “Charged” on the Consolidated Fund of India and will not be subject to vote by the legislature. All other expenditure, met out of Consolidated Fund of India, will be treated as Voted Expenditure. Charged or Voted expenditure shall be shown separately in the accounts, as well as, in the Budget Documents. The character of the “Charged” expenditure lies in the fact that the estimates relating to such expenditure are not submitted to the Vote of the Parliament, although the Parliament has right of discussion of such estimates (See Para 3.30 of this code).

**(II)** The under mentioned items of expenditure are also treated as “Charged” on the Consolidated Fund of India.

**(a)** Interest charges on Fund balances,

**(b)** Loan for Water Supply Programmes to State Govts.

**Note 1:-** *Payments made in satisfaction of arbitration awards can be divided into two broad categories. The first category consists of awards which direct payment of money by one party to the other. The second category consists of awards which merely declare the rights of the parties or the correct interpretation of particular provisions without containing any consequential directions to make payments etc. The former type of award is called “executory award” while the latter is called “declaratory award”. It is only in the case of “executory awards” that amounts are required to be paid to satisfy the same and only in such cases*

*the provisions of Article 112 (3) (f) of Constitution will be attracted. Declaratory awards are not executable as such and hence no sum can be said to be required to satisfy the same.*

**Note 2:-** *An arbitrator appointed under Section 10A of the Industrial Disputes Act, 1947 as a private arbitrator to whom a dispute is referred under an arbitration agreement under the Arbitration Act, 1940, is not a “tribunal” within the meaning of Article 136 of the Constitution since such an appointment is not made by the State but merely by an agreement of the parties and the State's inherent judicial powers or the trappings of a court are not vested in the Arbitrator and consequently any payment made in satisfaction of the award of such an “arbitrator” cannot be treated as expenditure “Charged” on the Consolidated Fund of India. However, in cases where the award made by a private arbitrator is filed in a Court and a decree is obtained in terms of the award, the expenditure required to satisfy the decree of the court will be expenditure “Charged” on the Consolidated Fund of India as contemplated in Article 112 (3) (f) *ibid*.*

**17.8** Awards under the Workmen's Compensation Act of 1923 and awards involving refunds of Revenue and Security Deposits lodged by the Contractors etc, and held in “Public Account” would not, however, attract the provisions of Article 112 (3) (f) of the Constitution. However, the payments made in satisfaction of the awards given by the competent authority under the Payment of Wages Act, 1936 will be treated as “Charged”, since the authority appointed under the Payment of Wages Act has the trappings of a Civil Court and inquiries made by it are in the nature of judicial proceedings and the amount to be paid by the competent authorities under the Act is recoverable as a fine imposed by a Magistrate.

**17.9 (I)** In case, a contractor delayed receiving payment due to him, because of a dispute and, the amount was transferred to the head “Deposits” and subsequently he obtains a decree from a court for a larger amount than held under the Deposit, the entire amount due for payment is to be treated as “Charged”, irrespective of the fact that part of the amount might have been voted and held under Deposit. Cases of refunds of “Revenue” and “Security Deposits” under the orders of the Court etc. will be dealt in a normal manner by compiling such payments either by deduction from the Receipt Heads of accounts to which the amounts were originally credited or by debiting the “Public Account” as the case may be.

**(II)** In case, the security deposit of a contractor is appropriated to Government towards liquidated damages and where the case goes into arbitration resulting in award of refund to the contractor, such refunds are to be treated as “charged” expenditure.

**17.10** The payment of the final bill amount held under the Head “K- Deposits and Advances - Deposits not bearing interest - Miscellaneous Deposits” in the Public Account, under the provisions of Para 413 Regulations for the M.E.S, will be treated as “Charged” expenditure, if the terms of the decree/Arbitration award specifically include the payment of such amount. In such cases, at the time of making payment of the final bill it would be necessary to reverse the original adjustment entries with reference to which the amount was initially kept under “Deposit”. The payment arising out of the award including the amount of the final bill (but excluding refund of Security Deposit and other recoveries, if any) which were initially adjusted under “Receipt” Heads would be treated as “Charged” expenditure and dealt with accordingly.

**17.11** Where a payment made to the Court is in the nature of a security for staying the execution of the decree, the same would be treated as a “Deposit”, and debited to the head Sector “L - Suspense and Miscellaneous”, Major Head “8674 - Security Deposit made by the Government” in the “Public Account”. In the absence of any stay of execution of the decree, the payments made would be “Charged” on the Consolidated Fund of India. The clearance of the amount from the “Suspense” by debit to the appropriate service head of account as a “Charged” expenditure will be effected after the requisite funds are allotted by the Ministry of Defence (See Para 17.13).

**17.12 (I)** Cost of stamp paper when required to be paid by the Government in terms of decree/arbitration award, will be treated as “Charged” expenditure.

**(II)** Any expenditure incurred by the Government, prior to the announcement of the decree/award, either on legal expenses (including lawyer's fees and other incidental expenses), or on stamp paper will not be treated as “Charged”, for the reason that at the time the expenditure was incurred, there was no judgment/decreed/award and accordingly, the expenditure cannot be held to have been incurred in satisfaction of a judgment, etc. The general proposition that expenditure incurred prior to the judgment etc., cannot constitute “Charged” expenditure does not, however, hold good in respect of expenses incurred by the opposite party prior to the judgment etc., if the judgment etc., when pronounced, contains a direction that the whole or a part of such expenses will be payable by Government to the opposite party. In such cases, the payments, being in satisfaction of judgment, decree or award, will require to be treated as “Charged” expenditure in terms of Article 112 (3) (f) of the Constitution.

**Note:-** *In certain cases, stamp paper is purchased by the Arbitrator (instead of being supplied by Government) who claims payment at a later date. In such cases, if the award contains a direction that the value of stamp paper will be borne by Government, re-imbursement of such value to the Arbitrator will*

*constitute “Charged” expenditure provided it is made in accordance with the terms of, and subsequent to the award.*

### **Satisfaction of Decrees/Arbitral Awards in Respect of Compensation for Requisition or Acquisition of Properties for Defence**

**17.13 (I)** Where the decree/award is not directly against the Union of India but is against the State Government, the same will be initially satisfied by the State Government who will raise debits for the amount paid through the A.G. concerned in the normal manner. No allotment of funds in such cases is necessary from the Central Government budget under “Charged” expenditure.

**(II)** Where the decree/award is directly against the Union of India, the payment to be made in satisfaction thereof is treated as “Charged” on the Consolidated Fund of India. Prior allotment of funds will, therefore, be obtained, before payments are made in satisfaction of such decrees/awards.

**(III)** The payment made in satisfaction of the award of Central Administrative Tribunals (constituted under the Administrative Tribunals Act, 1985) should be treated as expenditure “Charged” on the Consolidated Fund of India within the purview of article 112 (3) (f) of the Constitution. However, where the CAT grants some relief to a Government servant, such arrears paid to satisfy the judgment will constitute expenditure “charged” on the Consolidated Fund of India. The subsequent salary will be deemed to be governed by the normal rules of Government relating to pay scales, increment etc., of Government employees and hence will not constitute “Charged” expenditure but will be treated as “Voted” expenditure as usual.

**(IV)** Where the court decrees payment of rent, at a higher rate, from a retrospective date, the arrear payment of higher rent to satisfy the decree will be treated as “Charged” Expenditure. Where the agreements are modified or revised after the court decree by mutual consent of the parties concerned, the subsequent recurring payments will be treated as “Voted” Expenditure in general, when made in pursuance of a fresh agreement.

### **Provision of Funds**

**17.14** Anticipatory provision in the Defence Services Estimates for meeting payments of “Charged” expenditure would be made every year by the Ministry of Defence, in consultation with the Ministry of Defence (Finance). The provision thus made, will be controlled centrally by the Ministry of Defence, which will make specific allotment of funds as and when a payment is to be made. In cases where anticipatory provision has either not been made or proves



inadequate and payments cannot wait till the necessary supplementary appropriation is obtained from the Parliament, advances from the Contingency Fund of India will be obtained, as laid down in Para 17.4 above.

**17.15** Payment in respect of “Charged” expenditure will not be made without the specific allotment of funds. In the absence of specific allotment of funds, Pr. Controllers/Controllers, will not entertain any requests for provisional payment except when advice for such provisional payments emanates from the CGDA or Ministry of Defence (Finance). However, in case where an allotment letter issued for a particular year lapses due to non-payment during that year, a fresh allotment letter has to be issued for the year in which payment is actually made. In urgent cases, PCsDA/CsDA may use their personal discretion to authorize provisional payments in the absence of allotment under “Charged” Expenditure in order to avoid ‘contempt’ of court. PCsDA/CsDA at the same time should show utmost promptitude in obtaining sanction for implementation of court judgments and release allotment of funds under charged expenditure, to the concerned authorities at HQrs of the Commands. They should also ensure, through proper monitoring/liaison with appropriate higher authorities of the Command HQrs, that the funds are released under “Charged” Expenditure during the same financial year in which provisional payments are authorized. The provisional payments made in a month under charged head by each PCsDA/CsDA should be reported, with complete details, to MoD (Fin/Bud) every month for initiating regularization action at the earliest. The provisional payment made should also be reported to the CGDA Office in two separate proforma as Annexure ‘A’ and ‘B’. All regular payments which have been made on the basis of formal allotment letters should be included in Annexure ‘A’ and all provisional payment cases may be reported in Annexure ‘B’. A copy of such advice should be endorsed to the Min. of Defence, the concerned DFA, the Min. of Def. (Fin/Budget) and the office of the CGDA. A note with brief details in respect of such payments should be given in the remarks columns of the proforma of monthly “Charged” expenditure report referred to in note to Para 17.18 below.

**17.16** If an expenditure is to be treated correctly as “Charged” on the basis of subsidiary details/information available with PCsDA/CsDA, it has to be booked in the accounts as “Charged” even if, for some reason or the other, it is not covered by a formal allotment letter. The Administrative Authorities in such cases should be advised by the PCsDA/CsDA concerned for issuing allotment letter, endorsing a copy of the advice to the Ministry of Defence, the concerned DFA, Ministry of Defence. (Fin./Bud.) and the office of the CGDA. Similarly, a note to that effect should be made in the remarks column of the proforma of monthly “Charged” expenditure report with brief details of the information etc. based on which the expenditure is classified as “Charged”.

**17.17** No formal allotment of Funds as “Charged” is necessary when the payments have already been made in the accounts of the previous year.

**Note 1:-** *In cases where payments on account of “Charged” expenditure are made out of the anticipatory Budget provision (vide Para 17.14) the same will be debited to the relevant Head of account under the 'Consolidated Fund of India' and reflected by the PCsDA/CsDA in the proforma prescribed in this regard.*

**Note 2:-** *A register will be maintained in the “Accounts” Section centrally, in which allotment of funds in all cases of “Charged” expenditure will be entered into and further progress of expenditure watched through the medium of this register.*

### **Maintenance of Statistics of Expenditure Classified as Charged**

**17.18** The proforma, referred to in Note above, will be sent by the Principal Controllers/Controllers to the Director (Budget), Ministry of Defence (Finance), Controller General of Defence Accounts and the local Test Audit authorities so as to reach them by the 20<sup>th</sup> of the month following that to which the transactions pertain.

**Note:-** *The expenditure falling under Para 17.7 (II) above, need not however, be included in the Proforma furnished by the Principal Controller/Controller to the Deputy Financial Adviser (Budget).*

## CHAPTER 18

### MISCELLANEOUS

#### SPECIAL GRANT PLACED AT THE DISPOSAL OF THE MINISTRY OF DEFENCE

**18.1 (I)** The amounts shown as under are placed every financial year at the disposal of the Ministry of Defence to enable non-recurring payments to be made by the various authorities as specified below : -

Authorities	Financial Power
(i) Chief of Defence Staff/ CISC	Combined Annual Ceiling of Rs. 200 lakhs per financial year
(ii) Chief of Army Staff/ Vice Chief of Army Staff	Combined Annual Ceiling of Rs. 200 lakhs per financial year
(iii) Chief of Naval Staff/Vice Chief of Naval Staff	Combined Annual Ceiling of Rs. 200 lakhs per financial year
(iv) Chief of Air Staff/ Vice chief of Air Staff	Combined Annual Ceiling of Rs. 200 lakhs per financial year

*(Auth : Rule 60 of FR Part-I and DFPDS 2021 Schedule 4.2, 13.4, 14.3, 17.2)*

**(II)** The above grant enables the authorities to make non-recurring payments on the following objects of expenditure: -

- (a)** Donations when visiting training establishments, Boys Training Units etc.
- (b)** Provision of trophies, Flags etc. for presentation to Training Establishments;
- (c)** Provision of amenity articles when visiting hospitals, welfare centers etc.;
- (d)** Similar grants; and
- (e)** Miscellaneous expenditure incurred by a Chief of Staff while on tour for which no specific provision exists in the Regulations, e.g., gratuities to servants, coolie hire etc. This expenditure in a financial year should not exceed 15 % of the amount allocated to the Chief of the Army Staff and 10 % of the amount allocated to the Chief of Naval Staff and Chief of the Air Staff.

**18.2 (I)** A sum not exceeding 1/6<sup>th</sup> of the annual ceiling of funds placed with the Service Chief may be drawn as advance from PCDA, New Delhi at the beginning of the financial year viz. April by the Military Assistant (MA) / Deputy Military Assistant (Dy. MA) to the Chief of Army Staff (COAS) for making payment for given purposes. The amount will be kept in a current public fund account with the State Bank of India, New Delhi and may be drawn upon as required. Similarly, those payments sanctioned by Chief of Naval Staff will be paid by PCDA (Navy) Mumbai. These officers are responsible for watching that the sanctions accorded do not exceed the prescribed limits.

**(II)** In the case of Air Force, the sum of Rs 15,000 be paid in the beginning of each financial year to the Chief of Air Staff on a contingent bill received from him. A Public Fund Account will be opened by him and he will incur expenditure as and when required. The unspent balance at the end of the financial year will be refunded to the Government.

**(III)** A proper account of all expenditure incurred out of this grant will be maintained at Air Headquarters supported by appropriate vouchers and the account will be subject to audit in the usual manner by the PCDA (AF). For this purpose, a copy of the cash book will be received from the Chief of the Air Staff, by the first week of April each year, together with the original receipts and vouchers.

<b>RECEIPT OF CASH, CHEQUES ETC.</b>
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**18.3** It is not the function of an Accounts Office to receive money in the form of cash or Cheques in settlement of claims preferred against Officers and others, or any other account. When, however, money is received by an Accounts Officer, its' receipt and disposal will be recorded in a Cash Register in IAFA-616. All money so received will be paid into the local Treasury or the Bank on the day of receipt if possible, or on the following day at the latest.

**18.4** Early in February every year, Principal Controllers/Controllers will take action to have Area, Sub-area, Air Force and Navy Orders issued, instructing Officers Commanding Units and Formations to ensure that all claims (including those from Contractors and private individuals) are presented to Principal Controllers/Controllers by the 15<sup>th</sup> of March at the latest, to enable cheques being issued by 31<sup>st</sup> of that month and directing, that claims submitted after 15<sup>th</sup> of March must be accompanied by a statement from the officer concerned, explaining the reason for non-compliance of such orders. Principal Controllers/Controllers may admit at their discretion the bills received late, if they are satisfied with the reasons explained by the Units.

## **CORRECTIONS IN DOCUMENTS**

**18.5** Erasures in accounts, bills or vouchers are strictly forbidden; all corrections must be made in ink and must be attested by the initials of the Officer who signs the document in which the alterations are made. Corrections in registers, office copies of statements or other documents if made before submission to the Officer-in-Charge, should be initialed by the clerk or AAO making them; if made subsequently, by the Officer by whom the registers or documents were originally dealt with.

## **SPECIAL EXPENDITURE ON ACCOUNT OF FIELD OPERATIONS AND SPECIAL SERVICES**

**18.6** Special instructions are issued, as and when necessary, by the Controller General of Defence Accounts, with the concurrence of the Ministry of Defence (Finance) for the preparation, submission and adjustment of accounts connected with field operations and special services.

## **ROUNDING OFF THE TRANSACTION TO THE NEAREST RUPEE**

**18.7 (I)** The following transactions of Government involving fractions of a rupee shall be brought to account by rounding off to the nearest rupee (fraction of 50 paise and above to be rounded off to the next higher rupee and fraction of less than 50 paise to be ignored) :-

**(a)** All entitlements due to an employee by way of House Rent Allowance, Dearness Allowance, Transport Allowance etc. and all deductions from salary bills on account of PLI, Licence Fee, National Pension System, Income Tax, Education Cess, Secondary and Higher Education Cess etc. including book transactions.

**(b)** In the Travelling Allowance bills, the rounding shall be done only at the last stage and not in respect of each item e.g. Railway Fare, Road Mileage, Hotel Charges and Daily Allowance etc. comprising the claim of an individual.

**(c)** Interest on loans and advances to an employee which is computed as a percentage of base amount and recovered in installments.

- (d)** All Government transactions involving actual receipts or payments or book adjustments in fraction of rupees.
  - (e)** All transactions of Pay and Accounts Offices or Banks through Cheques and Challans.
  - (f)** Transactions between two Governments or between two Departments of the same Government.
  - (g)** Amounts converted into Indian currency from Sterling or other foreign currencies.
  - (h)** Reserve Bank remittances, other than those sums which represent dues fixed by or under any law or under any contractual obligation of the Government.
  - (i)** Deposits and Receipts other than those which are fixed by or under any law or are specially exempted by the Government from the operation of this rule.
  - (j)** All petty cash payments out of permanent cash imprest.
  - (k)** All petty cash receipts arising out of sale of waste paper, old news papers, periodicals, condemned furniture etc.
- (II)** The following transactions of Government involving fractions of a rupee shall be brought to account by rounding off to the next higher rupee:-
- (a)** Emoluments fixed by or under any law.
  - (b)** Payment of Pension, Family Pension, Relief on Pension, Service Gratuity, Retirement Gratuity, Death-cum- Retirement Gratuity, Commuted Value of Pension.
  - (c)** Reserve Bank remittances representing sums fixed by or under any law.
  - (d)** Deposits and Receipts representing sums fixed by or under any law.
- (III)** These orders are applicable to Government transactions with effect from 01-04-1987.
- (IV)** The fractions in paisa shall be ignored, and rupee one and above shall be rounded to tens in the case of arriving increment @3% of pay during 01-01-2006 to 31-12-2015.

*(Auth: Rule 41 of CGA RPR Rules, 2022 and para 2.107 of Subsidiary instruction to CGA RPR Rule 2022)*

## ADJUSTMENTS WITH PAKISTAN AND OTHER COUNTRIES

**18.8 (I)** PCDA (P), Allahabad acts as Overseas Paying Agent (OPA) for pensioners of United Kingdom (UK), Myanmar and Pakistan, who are residing and drawing pension in India and whose pension liability is that of UK, Myanmar and Pakistan Government respectively. Pension Disbursing Agencies (DPDOs, Treasuries, PSBs) after making disbursement of pension to foreign pensioners forward duly completed bills along with requisite documents to PCDA (P), Allahabad which forwards it direct to the concerned Government for reimbursement. Agency Charges @ 3% on the payment made in India on behalf of UK are chargeable by PCDA (P), Allahabad in the capacity of OPA.

**(II)** Payments in case of pensioners who migrated from India to Pakistan after 30-06-1955 but not later than 31-12-1960 in their case are arranged through High Commission of India in Pakistan.

**(III)** Where reimbursement is not forthcoming, the matter will be referred to the Ministry of Finance, Department of Economic Affairs (PD Section) through Ministry of Defence (Finance).

## CLASSIFICATION OF LOSSES

**18.9 (I)** If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side of accounts as a specific loss.

**(II)** 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 a treasury or bank and entered into the Consolidated Fund or the Public Account, it should be entered in the accounts as a receipt into the Consolidated Fund or the Public Account, as the case may be, and then shown on the expenditure side by record under a separate appropriate head of accounts as a loss e.g. Money drawn from Bank is stolen from cashier on his way to office from Bank

**Note 1:-** The term “Government Servant” used in sub-para (II) of this Para includes persons, who, though not technically borne on a regular Government establishment, are duly authorized to receive money on behalf of Government.

**Note 2:-** Where losses of Public money are wholly or partially met by non-payment of salary or pension and the Accounts Department authorisedly applies the unpaid amount to meet public claim, the resultant balance of the claim alone shall be treated as a loss, the amount due being debited to the relevant head of accounts as if it had been drawn and used by the Government servant concerned in paying the Public claim.

(Auth : Rule 58 of GAR 1990)

### **Classification of Losses of Buildings, Lands, Stores and Equipments**

**18.10** Losses or deficiencies of such assets shall not be classified under a separate head, in the accounts, though they should be written off from 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 shall be written off from the Suspense heads also.

(Auth: Rule 59 of GAR 1990)

### **Classification of Losses or Deficiencies of Cash in Hand, Whether in Treasuries or in Departmental Charge**

**18.11** All losses or deficiencies of this type shall be recorded under relevant separate heads in the accounts.

**Note 1:-** The acceptance of counterfeit coin 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 as an item of receipts.

(Auth: Rule 60 of GAR 1990)

### **Classification of Irregular and Unusual Payments**

**18.12** Irregular or unusual payments shall be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example, an overpayment of salary shall be debited to the head "Salaries".

(Auth: Rule 61 of GAR 1990)



## **Classification of Inevitable Losses**

**18.13 (I)** 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 classified shall contain separate descriptive heads under which such losses shall be recorded.

*(Auth: Rule 62 of GAR 1990)*

**(II)** The power of Subordinate Authorities to write off losses shall be as per the conditions and limits as may be specified by the Finance Ministry/Ministry of Defence from time to time.

### **GRANTS-IN-AID**

**18.14 (I)** As a general principle grants-in-aid can be given to a person or a public body or an institution having a distinct legal entity and detailed guidelines in this regard are prescribed in General Financial Rule (GFR).

**(II)** Ministry of Defence gives grants-in-aid of recurring and non-recurring nature to the non-Governmental bodies:-

<b>Services</b>	<b>S.No.</b>	<b>Organization receiving assistance</b>
Army	1	Himalayan Mountaineering Institute, Darjeeling
	2	Nehru Institute of Mountaineering (NIM), Uttarkashi
	3	Jawahar Institute of Mountaineering & Allied Sports (JIM & WS), Pahalgam
	4	National Institute of Mountaineering & Allied Sports (NIMAS)
	5	Sainik School
Navy	6	Centre for applied Research in Electronics (CARE), IIT, Delhi
DRDO	7	DER & IPR
	8	AR & DB
	9	Armament Research Board (ARMREB)
	10	Life Science research Board (LSRB)
	11	Naval Research Board (NRB)
	12	Dte. of Futuristic Technology Management (DFTM)
	13	Technology Development Fund (TDF)

*(Auth: Defence Services Estimates 2025-26)*

## DEDUCTION OF TDS ON GST

**18.15 (I)** Goods and Services Tax was implemented w.e.f. from 1<sup>st</sup> July, 2017 by passing of 101<sup>st</sup> Amendment to Constitution of India. It has replaced all the taxes such as VAT, Central Excise etc. and has been subsumed with a common Goods and Service Tax with separate fixed slab of taxation based on 'Type of Commodity'.

**(II)** The GST TDS will be classified under the following Code heads :-

- (a) Major Head - 8659-Suspense
  - (b) Sub Major head - 00
  - (c) Minor head - 101- PAO suspense
  - (d) Subhead - 00
  - (e) Detailed head - 03 - GST TDS
- 
- (i) Defence - 020/04
  - (ii) MoD (Civil) - 097/75
  - (iii) CSD - 099/12

*(Auth: CGDA Letter No. A/B/1/13626/CHB-Prefix/Vol-III Dated : 18/04/2018 and No. A/I/9084/XXXVI/C-2809 Dated 02/05/2022)*

**(III)** The category prefix for GST for CHB heads are as under:-

- (a) 25– IGST
- (b) 26– IGST (Import)
- (c) 27- CGST
- (d) 28– SGST / UTGST

**(IV)** The category prefix for GST for RD&R heads are as under:-

- (a) 84 – IGST (Import)
- (b) 95 – IGST
- (c) 96 - CGST
- (d) 97 – SGST / UTGST

**18.16 (I)** GST TDS amount @ 2% is deducted from the basic cost/value of supplies/services rendered by the suppliers/vendors by audit sections, where the total value of such supply under a contract exceeds two lakh and fifty thousand rupees.

(II) The illustration of Punching Medium (PM) for GST TDS are as under:-

Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
93/020/91	1160000		Service Head	1000000	
96/20/04**	10000		27/ Service Head*	90000	
97/20/04**	10000		28/ Service Head*	90000	
Total	1180000		Total	1180000	

\* Say, Tax slab of 9% SGST and 9% CGST.

\*\* Say, GST TDS @ 2% of basic cost/value of supplies/services.

(III) The amount of GST TDS so deducted, is to be compiled provisionally under GST TDS head 020/04 and to be cleared by remitting the same to GST authorities through Cheques/e-Payment in the following manner:-

Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
93/020/91	20000				
96/020/04		10000			
97/020/04		10000			
Total	20000	20000			

## NATIONAL PENSION SYSTEM (NPS)

**18.17** Government of India had introduced a new Defined Contribution Pension Scheme (DCPS) with effect from 01-01-2004 vide Government of India, Ministry of Finance, Department of Economic Affairs Notification, dated 22-12-2003. It is applicable to all new entrants joining Government service (except Armed Forces) on or after 01-01-2004

**18.18** The National Pension System works on defined contribution basis and it has two tiers - Tiers-I and II. Contribution to Tier-I is mandatory for all Government servants joining Government service on or after 01-01-2004, whereas Tier-II will be optional and at the discretion of Government servants. Under Tier-I, Government servants will have to make a contribution of 10% of his basic pay plus DA, which will be deducted from his salary bill every month by the DDO concerned. The Government will make an equal matching contribution (Government Contribution has been increased to 14% from 10% w.e.f. 01-04-2019). Tier-I contributions (and the investment returns) will be kept in a non-withdrawal Pension Tier-I Account. Tier-II contributions will be kept in a separate account that will be available for withdrawal at the option of the

Government servant. Government will not make any contribution to Tier-II account. The existing provisions of Defined Benefit Pension and GPF would not be available to new Government servants joining Government service on or after 01-01-2004.

**18.19** Since a regular Central Record Keeping Agency and Fund managers had not been appointed then, as an interim arrangement, the contributions made by Government employees as also the matching contributions paid by the Government were retained by the Government below the MH – 8342 - Other Deposits - 117 - Defined Contribution Pension Scheme under the Public Account of India and interest as applicable under the GPF (CS) Rules was allowed thereon. Guidelines to be adopted by Drawing and Disbursing Officers and Pay and Accounts Officers during the Interim Period when the balances were held by the Government of India were issued vide O.M. No. 1(7)/(2)/2003/TA/ 11 dated 07-01-2004. Central Pension Accounting Office under Ministry of Finance, acting as an interim Record Keeping Agency, was maintaining the data in respect of DCPS subscribers.

**18.20** Government of India decided to transfer the accumulated balances under the DCPS as on 31-03-2008 and also the monthly contributions with effect from 1st April, 2008 onwards to the Trustee bank. As a sequel to the Government decision, instructions were issued to all Accounting Organizations to affect the transfer of balances to the Trustee Bank and send the data to National Securities Depository Limited (NSDL), who have been appointed as the Central Record Keeping Agency for the National Pension System. Subsequently, instructions with regard to the action required to be taken by the CDDOs/ PAOs have also been issued vide O.M. NO. 1(7)/2003/TA/Part file/177 dated 23-06-2008 and O.M. No. 1970/2003/TA/Pt. file/ 238-251 dated 24-07-2008.

**18.21** The salary bills and the bills for Government contribution will be passed by PAOs/CDDOs after exercising the checks prescribed under CGA (Receipt and Payment) Rules and Civil Accounts Manual. While the amounts payable towards salary will be paid to individuals, the amounts of employees' contributions recovered from the bill will be initially classified under the Head "0071 - Contributions and Recoveries towards Pension and Other Retirement Benefits - 500 - Receipts Awaiting Transfer to other Minor Heads" (RAT).

**18.22** Government's contribution bills duly supported by schedules will also be prepared by DDOs. The amount will be debited to the head "2071- Pension and Other Retirement Benefits - 117 DCPS". After passing the bills by the PAO/CDDO, these amounts will also be booked under the Head "0071 - Contributions and Recoveries towards Pension and Other Retirement Benefits - 500 - Receipts Awaiting Transfer to other Minor Heads" (RAT).

**18.23** As per Rule 4 (10) of CCS (Implementation of National Pension system) Rules 2021, the recovery should commence from the salary for the first month. In case, the process of registration of the Government servant has not completed before the drawal of the salary for the first month, the amount on account of IC and GC are to be withheld. This withheld amount should be booked against the Major Head 8659 Minor Head 140 - Miscellaneous Suspense.

*(Auth: Gazette of India, Ministry of Finance, Department of Economic Affairs, (ECB & PR Division), Notification F.No. 05/07/2003 dated 22/12/2003)*

### UNIFIED PENSION SCHEME (UPS)

**18.24 (I)** The Unified Pension Scheme (UPS) is for Central Government employees, set to take effect from April 1, 2025. It combines features of both the Old Pension Scheme and the National Pension System (NPS), offering a defined benefit component along with the flexibility of investment choices. It's designed as an enhanced option under the existing New Pension System (NPS).

**(II)** Important features of the Unified Pension Scheme (UPS) are as under:-

**(a) Assured Pension:** The UPS guarantees a monthly pension payout of 50% of the average basic pay over the 12 months preceding retirement for employees with at least 25 years of service. This is a significant change from the NPS, which doesn't guarantee a fixed pension amount.

**(b) Proportionate Pension:** Employees with shorter service periods (between 10 and 25 years) will receive a proportionate pension.

**(c) Minimum Pension:** A minimum monthly pension of Rs. 10,000 is guaranteed for employees who have completed at least 10 years of service.

**(d) Family Pension:** In the event of the pensioner's death, the family will receive 60% of the pension amount that was being disbursed at the time of the pensioner's passing.

**(e) Dearness Relief:** Dearness Relief will be available on the assured payout and family payout, as the case may be. The Dearness Relief will be worked out in the same manner as Dearness Allowance applicable to serving employees. Dearness Relief will be payable only when payout commences.

**(f) Lump Sum Payment:** At the time of retirement, employees will receive

a lump sum amount which will be 1/10<sup>th</sup> of their monthly salary (including pay and dearness allowance) for every six months of completed service (qualifying service). This lump sum payment will not affect the amount of the guaranteed pension.

**(g) Unified Pension Scheme – Corpus Fund:** Two corpus Funds have been created in the name 'Unified Pension Scheme' in the non-interest bearing section of Public Accounts:

**(i)** An individual corpus with employee contribution and matching Central Government contribution @ 10% each of BP+DA; and

**(ii)** A pool corpus with additional Central Government contribution @ 8.5% of BP+DA.

**(h) Government Contribution:** The government will contribute a total of 18.5% of the employee's basic pay to the pension fund (10% matching the employee's contribution to Individual Corpus Fund and an additional 8.5% to a Pool Corpus Fund).

**(i) Investment Choice:** Employees will have the option to choose among various investment options for their individual corpus fund. If they don't make a choice, a default investment option will be applied.

**(j) Option to Switch:** Existing and future government employees can opt for the Unified Pension Scheme. However, once they choose UPS, they won't be allowed to switch back to the NPS.

*(Auth: MoF Gazette Notification No.FX-1/3/2024-PR dated 24/01/2025)*

## AGNIPATH SCHEME

### **Accounting Procedure for Agnipath Scheme (Agniveer)**

**18.25 (I)** A non-lapsable dedicated 'Agniveer Corpus Fund - Seva Nidhi Package' has been created in the interest bearing Section of the Public Account. The fund has been administered and being maintained by Ministry of Defence.

**(II)** Each Agniveer shall contribute 30% of his monthly 'Consolidated Pay' to the 'Agniveer Corpus Fund - Seva Nidhi Package'. The Government will provide matching contribution towards the fund. The following transaction will be operated in the instant case:-

Debit	Credit
Minor Head 114 - Agnipath Scheme (Major Head 2076 - Army, 2077 - Navy and 2078 - Air Force as the case may be)	Major Head 8670 - Cheques and Bills Minor Head 111 - Pay and Accounts Offices Electronic Advices (70% of Consolidated Pay)
	Major Head 8342 - Other Deposits Minor Head 118 - Agniveer Corpus Fund - Seva Nidhi Packages (30% of Consolidated Pay)*
	Major Head 8342 - Other Deposits Minor Head 118 - Agniveer Corpus Fund - Seva Nidhi Package (30% of Consolidated Pay)**

\* Individual contribution of Agniveer.

\*\* Government contribution of matching amount of individual contribution.

(III) Government will provide interest at the rate equivalent to the Public Provident Fund on the accumulated amount in the corpus fund.

Debit	Credit
Major Head 2049 - Interest Payments Sub Major Head 03 - Interest on Small Savings Provident Fund Minor Head 118 - Interest on Agniveer Corpus Fund - Seva Nidhi Package	Major Head 8342 - Other Deposits Minor Head 118 - Agniveer Corpus Fund - Seva Nidhi Package

(IV) On completion of the engagement period of four years, Agniveers will be paid one time 'Seva Nidhi' package, which shall comprise of their own contribution and Government's contribution including accrued interest thereon. Following accounting entry will be made at the time of making the payment:-

Debit	Credit
Major Head 8342 - Other Deposits Minor Head 118 - Agniveer Corpus Fund - Seva Nidhi Package	Major Head 8670 - Cheques and Bills Minor Head 111 - Pay and Accounts Offices Electronic Advices

(V) In case of Agniveers who are subsequently selected for enrolment in the Armed Forces as regular cadre or exiting before the end of their engagement period on their own request, amount on account of Seva Nidhi

package to be paid to them will comprise of only their contribution and accrued interest thereon by debiting the Public Account heads (accounting entries as per Para (IV) above). The accumulated portion of Government contribution and interest thereon will be written back to the concerned functional heads through the following transfer entry in term of para 3.10 of General Direction to LMMHA:

Debit	(-) Debit
Major Head 8342 - Other Deposits	Minor Head 911 - Deduct recoveries of Overpayment
Minor Head 118 - Agniveer Corpus Fund - Seva Nidhi Packages	(Major Head 2076 - Army, 2077 - Navy and 2078 - Air Force as the case may be)
	Major Head 2049 - Interest Payments
	Sub Major Head 03 - Interest on Small Savings Provident Fund
	Minor Head 911 - Deduct recoveries of Overpayment

**(VI)** In case of death or disability during engagement period on bonafide duty, in addition to Pay, ex-gratia and Insurance payable from the concerned service functional head, balances under the Agniveer Corpus Fund - Seva Nidhi Package will be payable. In this case entries at sub-para (IV) above will be made.

**(VII)** In case of death or disability during engagement period not on duty, in addition to Insurance payable from the concerned service functional head, balances under the Agniveer Corpus Fund - Seva Nidhi Package will be payable. In this case entries at sub-para (IV) above will be made.

**(VIII)** In case of disability attributed/aggravated due to conditions of engagement, in addition to Pay and ex-gratia payable from the concerned service functional head, balances under the Agniveer Corpus Fund - Seva Nidhi Package will be payable. In this case entries at sub-para (IV) above will be made.

**(IX)** Transaction related to Agniveer Corpus fund shall be subject to statutory audit by the Director General of Audit, Defence Services/Comptroller and Auditor General of India. The Accounts shall also be subject to internal Audit by DAD.

*(Auth: CGDA CS No. 27/2022)*



## **TRANSACTIONS BETWEEN GOVERNMENT OF INDIA AND THE UN FOR DEPLOYMENT OF TROOPS IN THE PEACE KEEPING MISSIONS**

**18.26** Ministry of Defence, Government of India places Indian troop contingent at the disposal of UN to serve in various UN sponsored Peace keeping Missions around the world from time to time. Indian Contingents deployed on these Missions are required to carry with them equipment, vehicles, arms, ammunition and additional stores etc. from India as laid down in the Memorandum of Understanding (MOU) between UN and the Government of India.

### **18.27 (I) Expenditure on Stores being Incurred prior to Deployment:**

Huge capital/initial cost is involved while sending a contingent to a particular Mission and the expenditure on personal kit, procurement of items for self-sustenance and also for repair/maintenance of various Contingent owned Equipment (CoE) items is also to be borne by the state. Expenditures like salary to the troops, pre-deployment costs, cost of vehicles/special stores held by unit or issued by CODs and CVDs to the units for catering special need in the mission areas, cost involved in movement of Troops as well as stores to the Mission area and many other Misc. costs are also paid from the exchequer's coffer.

### **(II) Accounting of Expenditure on Stores being Incurred prior to Deployment:**

Expenditure on stores will be booked to the relevant service heads as mentioned in the sanctions. After the delegation of financial powers in 2006, the procurement sanction is being issued by DCOAS/DGOS/DGAFMS with the concurrence of the respective Pr. IFAs/IFAs and the expenditure is being booked to the heads mentioned in the sanction letters accordingly.

### **18.28 Categories of Reimbursement from United Nation:**

**(I) Troop Cost (TC)-** The UN reimburse a troop cost work out on the authorised strength of the contingent deployed in the mission as per the contribution agreement. At present USD 1448 per troops applicable w.e.f 1<sup>st</sup> July 2022.

**(II) Contingent owned Equipment (CoE):** The UN also reimburses for Major Equipment, Self-Sustainment, Loss or Damage to Major Equipment, other misc. claim and the troops deployed on UN's Services incurring disability or death.

## 18.29 Payment and Accounting of Over Seas Allowances (OSA):

(I) Indian troops deployed in UN Missions are entitled for Overseas Subsistence Allowance (OSA) for the services rendered based on the specified rates mentioned in the Government sanction. Contingent members may draw part of this amount in the Mission area and balance amount is credited in the Non-Resident External (NRE) accounts maintained by the contingent member in India. The PCDA, New Delhi releases OSA to the contingent members as per the guidelines issued by the MoD from time to time. The claims are prepared by the units/DAD Cell of mission.

(II) The payment to the troops on account of OSA will be made from the (mission accounts of respective mission) maintained by Permanent Mission of India (PMI), New York.

(III) No Punching Medium (PM) is operated for the payment of OSA due to, the amount was remitted by the PMI against the reimbursement received from UN mission on account of Troops Cost and CoE. PMI release the amount from the available balance in the mission account maintained with SBI New York.

(IV) Balance amount is deposited in the Consolidated Funds of India after getting sanction from MoD.

Classification Code	Receipt		Classification Code	Charge	
	(+)	(-)		(+)	(-)
01/430/31	XXX		00/020/80	XXX	
In adjustment of MRO No. ABC dated XX/YY/ZZZZ on account of transfer of funds worth Rs. XXX to Consolidated Fund of India/ MoD. MoD approval dated .....					

# **APPENDICES**

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## APPENDIX I

(Referred to in Para 3.11)

### LIST OF SECTIONS/SECTORS/SUB-SECTORS UNDER THE MAIN DIVISION OF ACCOUNTS RELATING TO DEFENCE SERVICES

#### PART I-CONSOLIDATED FUND OF INDIA

#### 1. REVENUE

#### I - RECEIPT HEADS (REVENUE ACCOUNT)

DESCRIPTION OF SECTOR	DESCRIPTION OF SUB-SECTOR	DESCRIPTION OF MAJOR HEAD
SECTOR- A-TAX REVENUE	(a) GOODS AND SERVICES TAX	0005-CENTRAL GOODS AND SERVICES TAX(CGST)
SECTOR- A-TAX REVENUE	(a) GOODS AND SERVICES TAX	0006-STATE GOODS AND SERVICES TAX(SGST)
SECTOR- A-TAX REVENUE	(a) GOODS AND SERVICES TAX	0007-UNION TERRITORY GOODS AND SERVICES TAX(UTGST)
SECTOR- A-TAX REVENUE	(a) GOODS AND SERVICES TAX	0008-INTEGRATED GOODS AND SERVICES TAX(IGST)
SECTOR- A-TAX REVENUE	(b) TAXES ON INCOME AND EXPENDITURE	0020- CORPORATION TAX
SECTOR- A-TAX REVENUE	(b) TAXES ON INCOME AND EXPENDITURE	0021-TAXES ON INCOME OTHER THAN CORPORATION TAX
SECTOR- A-TAX REVENUE	(d) TAXES ON COMMODITIES AND SERVICES OTHER THAN GOOD AND SERVICES TAX	0037- CUSTOMS
SECTOR- B - NON-TAX REVENUE	(b) INTEREST RECEIPTS, DIVIDENDS AND PROFITS	0049- INTEREST RECEIPTS
SECTOR- B - NON-TAX REVENUE	(b) INTEREST RECEIPTS, DIVIDENDS AND PROFITS	0050-DIVIDENDS AND PROFITS
<b>(i) GENERAL SERVICES</b>		
SECTOR B- NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0059-PUBLIC WORKS
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0070- OTHER ADMINISTRATIVE SERVICES

SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0071-CONTRIBUTIONS AND RECOVERIES TOWARDS PENSION AND OTHER RETIREMENT BENEFITS
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0075- MISCELLANEOUS GENERAL SERVICES
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0076-DEFENCE SERVICES- ARMY
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0077-DEFENCE SERVICES- NAVY
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0078 - DEFENCE SERVICES- AIR FORCE
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0079- DEFENCE SERVICES- ORDNANCE FACTORIES
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0080 -DEFENCE SERVICES- RESEARCH AND DEVELOPMENT
<b>(ii) SOCIAL SERVICES</b>		
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0210-MEDICAL AND PUBLIC HEALTH
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0216-HOUSING
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	0235-SOCIAL SECURITY AND WELFARE
<b>(iii) ECONOMIC SERVICES</b>		
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	1054-ROADS AND BRIDGES
<b>II EXPENDITURE HEADS (REVENUE ACCOUNT)</b>		
SECTOR A - GENERAL SERVICES	(a) ORGANS OF STATE	2013-COUNCIL OF MINISTERS
SECTOR A - GENERAL SERVICES	(a) ORGANS OF STATE	2014 -ADMINISTRATION OF JUSTICE
SECTOR A - GENERAL SERVICES	(b) FISCAL SERVICES	2037-CUSTOMS
<b>(iv) OTHER FISCAL SERVICES</b>		
SECTOR A - GENERAL SERVICES	(b) FISCAL SERVICES	2047-OTHER FISCAL SERVICES

SECTOR -A - GENERAL SERVICES	(c) INTEREST PAYMENT AND SERVICING OF DEBT	2049-INTEREST PAYMENTS
SECTOR A- GENERAL SERVICES	(d) ADMINISTRATIVE SERVICES	2052-SECRETARIAT GENERAL SERVICES
SECTOR -A - GENERAL SERVICES	(d) ADMINISTRATIVE SERVICES	2055- POLICE
SECTOR A- GENERAL SERVICES	(d) ADMINISTRATIVE SERVICES	2059-PUBLIC WORKS
SECTOR -A - GENERAL SERVICES	(d) ADMINISTRATIVE SERVICES	2061 EXTERNAL AFFAIRS
SECTOR -A - GENERAL SERVICES	(d) ADMINISTRATIVE SERVICES	2070 -OTHER ADMINISTRATIVE SERVICES
SECTOR A- GENERAL SERVICES	(e) PENSIONS AND MISCELLANEOUS GENERAL SERVICES	2071-PENSIONS AND OTHER RETIREMENT BENEFITS
SECTOR -A - GENERAL SERVICES	(e) PENSIONS AND MISCELLANEOUS GENERAL SERVICES	2075- MISCELLANEOUS GENERAL SERVICES
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2076-DEFENCE SERVICES- ARMY
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2077-DEFENCE SERVICES- NAVY
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2078- DEFENCE SERVICES- AIR FORCE
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2079-DEFENCE SERVICES- ORDNANCE FACORIES
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2080- DEFENCE SERVICES- RESEARCH AND DEVELOPMENT
SECTOR B- SOCIAL SERVICES	(b) HEALTH AND FAMILY WELFARE	2211-FAMILY WELFARE
SECTOR B- SOCIAL SERVICES	(c) WATER SUPPLY, SANITATION, HOUSING AND URBAN DEVELOPMENT	2216-HOUSING
SECTOR B- SOCIAL SERVICES	(g) SOCIAL WELFARE AND NUTRITION	2235- SOCIAL SECURITY AND WELFARE

SECTOR C- ECONOMIC SERVICES	(a) AGRICULTURE AND ALLIED ACTIVITIES	2408-FOOD STORAGE AND WAREHOUSING
SECTOR –C ECONOMIC SERVICES	(f) INDUSTRY AND MINERALS	2852-INDUSTRIES
SECTOR C- ECONOMIC SERVICES	(g) TRANSPORT	3054-ROADS AND BRIDGES
SECTOR C- ECONOMIC SERVICES	( i ) SCIENCE, TECHNOLOGY AND ENVIRONMENT	3425-OTHER SCIENTIFIC RESEARCH
SECTOR C- ECONOMIC SERVICES	( j ) GENERAL ECONOMIC SERVICES	3451- SECRETARIAT ECONOMIC SERVICES
SECTOR- D- GRANTS-IN-AID AND CONTRIBUTIONS		3601 -GRANTS-IN-AID TO STATE GOVERNMENTS
SECTOR- D- GRANTS-IN- AID AND CONTRIBUTIONS		3605-TECHNICAL AND ECONOMIC CO- OPERATION WITH OTHER COUNTRIES
<b>2 (A) RECEIPT HEAD CAPITAL ACCOUNT</b>		
		4000- MISCELLANEOUS CAPITAL RECEIPTS
<b>(B) EXPENDITURE HEAD CAPITAL ACCOUNT</b>		
SECTOR- A- CAPITAL ACCOUNT OF GENERAL SERVICES		4047-CAPITAL OUTLAY ON OTHER FISCAL SERVICES
SECTOR- A- CAPITAL ACCOUNT OF GENERAL SERVICES		4055 - CAPITAL OUTLAY ON POLICE
SECTOR- A- CAPITAL ACCOUNT OF GENERAL SERVICES		4059- CAPITAL OUTLAY ON PUBLIC WORKS
SECTOR- A- CAPITAL ACCOUNT OF GENERAL SERVICES		4075-CAPITAL OUTLAY ON MISCELLANEOUS GENERAL SERVICES
SECTOR- A- CAPITAL ACCOUNT OF GENERAL SERVICES		4076-CAPITAL OUTLAY ON DEFENCE SERVICES



SECTOR 'B'- CAPITAL ACCOUNT OF SOCIAL SERVICES	(c) CAPITAL ACCOUNT OF WATER SUPPLY, SANITATION, HOUSING AND URBAN DEVELOPMENT	4216-CAPITAL OUTLAY ON HOUSING
SECTOR- C- CAPITAL ACCOUNTS OF ECONOMIC SERVICES	(c) CAPITAL ACCOUNT OF SPECIAL AREAS PROGRAMMES	4552-CAPITAL OUTLAY ON NORTH EASTERN AREAS
SECTOR- C- CAPITAL ACCOUNT OF ECONOMIC SERVICES	(f) CAPITAL ACCOUNT OF INDUSTRIES AND MINERALS	4853-CAPITAL OUTLAY ON NON- FERROUS MINING AND METALLURGICAL INDUSTRIES
SECTOR- C- CAPITAL ACCOUNT OF ECONOMIC SERVICES	(f) CAPITAL ACCOUNT OF INDUSTRIES AND MINERALS	4858-CAPITAL OUTLAY ON ENGINEERING INDUSTRIES
SECTOR- C- CAPITAL ACCOUNT OF ECONOMIC SERVICES	(f) CAPITAL ACCOUNT OF INDUSTRIES AND MINERALS	4859 -CAPITAL OUT LAY ON TELECOMMUNICATION AND ELECTRONIC INDUSTRIES
SECTOR- C- CAPITAL ACCOUNTS OF ECONOMIC SERVICES	(f) CAPITAL ACCOUNT OF INDUSTRY AND MINERALS	4861- CAPITAL OUTLAY ON ATOMIC ENERGY INDUSTRIES
SECTOR- C- CAPITAL ACCOUNTS OF ECONOMIC SERVICES	(g) CAPITAL ACCOUNT OF TRANSPORT	5052-CAPITAL OUTLAY ON SHIPPING
SECTOR- C- CAPITAL ACCOUNT OF ECONOMIC SERVICES	(g) CAPITAL ACCOUNT OF TRANSPORT	5054-CAPITAL OUTLAY ON ROADS AND BRIDGES
<b>3. LOANS AND ADVANCES</b>		
SECTOR F- LOANS AND ADVANCES		6216- LOANS FOR HOUSING
SECTOR- F- LOANS AND ADVANCES		6425-LOANS FOR CO- OPERATION
SECTOR F- LOANS AND ADVANCES		6853-LOANS FOR NON- FERROUS MINING AND METALLURGICAL INDUSTRIES
SECTOR F- LOANS AND ADVANCES		6858-LOANS FOR ENGINEERING INDUSTRIES

SECTOR F- LOANS AND ADVANCES		6859-LOANS FOR TELECOMMUNICATION AND ELECTRONIC INDUSTRIES
SECTOR F- LOANS AND ADVANCES		7601-LOANS AND ADVANCES TO STATE GOVERNMENTS
SECTOR- F- LOANS AND ADVANCES		7610-LOANS TO GOVERNMENT SERVANTS, ETC.
SECTOR- F- LOANS AND ADVANCES		7615 - MISCELLANEOUS LOANS
<b>PART II- CONTINGENCY FUND OF INDIA</b>		
		8000-CONTINGENCY FUND
<b>PART-III PUBLIC ACCOUNT</b>		
SECTOR- I SMALL SAVINGS, PROVIDENT FUNDS ETC.	(a ) NATIONAL SMALL SAVINGS FUND	8008-INCOME AND EXPENDITURE OF NATIONAL SMALL SAVINGS FUND
SECTOR- I- SMALL SAVINGS, PROVIDENT FUNDS ETC.	(b) STATE PROVIDENT FUNDS	8009- STATE PROVIDENT FUNDS
SECTOR- I- SMALL SAVINGS, PROVIDENT FUNDS ETC.	(c) OTHER ACCOUNTS	8011-INSURANCE AND PENSION FUNDS
SECTOR- I- SMALL SAVINGS, PROVIDENT FUNDS ETC.	(c) OTHER ACCOUNTS	8012 -SPECIAL DEPOSITS AND ACCOUNTS
SECTOR- J- RESERVE FUNDS	(b) RESERVE FUNDS NOT BEARING INTEREST	8226-DEPRECIATION / RENEWAL RESERVE FUND
SECTOR - J - RESERVE FUNDS	(b) RESERVE FUNDS NOT BEARING INTEREST	8235-GENERAL AND OTHER RESERVE FUNDS
SECTOR- K DEPOSITS AND ADVANCES	(a) DEPOSITS BEARING INTEREST	8342-OTHER DEPOSITS
SECTOR- K DEPOSITS AND ADVANCES	(b) DEPOSITS NOT BEARING INTEREST	8443-CIVIL DEPOSITS
SECTOR- K DEPOSITS AND ADVANCES	(b) DEPOSITS NOT BEARING INTEREST	8444-DEFENCE DEPOSITS

SECTOR- K- DEPOSITS AND ADVANCES	(c) ADVANCES	8550- CIVIL ADVANCES
SECTOR- K DEPOSITS AND ADVANCES	(c) ADVANCES	8551-DEFENCE ADVANCES
SECTOR L- SUSPENSE AND MISCELLANEOUS	(b) SUSPENSE	8659-SUSPENSE ACCOUNTS (DEFENCE)
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8670- CHEQUES AND BILLS
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8671-DEPARTMENTAL BALANCES
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8672-PERMANENT CASH IMPREST
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8673-CASH BALANCE INVESTMENT ACCOUNT
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8674-SECURITY DEPOSITS MADE BY GOVERNMENT
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8675-DEPOSITS WITH RESERVE BANK
SECTOR L- SUSPENSE AND MISCELLANEOUS	(c) OTHER ACCOUNTS	8677-REMITTANCES INTO BANKS / TREASURIES
SECTOR L- SUSPENSE AND MISCELLANEOUS	(d) ACCOUNTS WITH GOVERNMENTS OF FOREIGN COUNTRIES	8679-ACCOUNTS WITH GOVERNMENTS OF OTHER COUNTRIES
SECTOR L- SUSPENSE AND MISCELLANEOUS	(e) MISCELLANEOUS	8680-MISCELLANEOUS GOVERNMENT ACCOUNT
SECTOR M- REMITTANCES	(a) MONEY ORDERS AND OTHER REMITTANCES	8782-CASH REMITTANCES AND ADJUSTMENT BETWEEN OFFICERS RENDERING ACCOUNTS TO THE SAME ACCOUNTANT GENERAL / ACCOUNTS OFFICER
SECTOR M- REMITTANCES	(b) INTER GOVERNMENT ADJUSTMENT ACCOUNT	8787 -ADJUSTING ACCOUNT WITH RAILWAYS

SECTOR M-REMITTANCES	(b) INTER GOVERNMENT ADJUSTMENT ACCOUNT	8788-ADJUSTING ACCOUNT WITH POSTS
SECTOR M-REMITTANCES	(b) INTER GOVERNMENT ADJUSTMENT ACCOUNT	8797-EXCHANGE ACCOUNTS

**APPENDIX II**  
**(Referred to in Para 3.15 )**

**LIST OF STANDARD OBJECT HEADS**

<b>Sr. No.</b>	<b>Object Head Code</b>	<b>Object Head Nomenclature</b>	<b>Object Head Description/Definitions</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>(A) Revenue Expenditure</b>			
<b>Object Class 1- Compensation to Employees</b>			
<b>1</b>	<b>01</b>	<b>Salaries</b>	It will include pay of the Government Employees as defined under FR 9 (21), honorarium to Government servant and stipend to interns. It will also include expenditure on emoluments and allowances of Heads of States and other high dignitaries including Sumptuary Allowance, salary payable to the staff of Departmental canteens and leave encashment on LTC.
<b>2</b>	<b>02</b>	<b>Wages</b>	It will include wages of labourers and of staff at present paid out of contingencies.
<b>3</b>	<b>05</b>	<b>Rewards</b>	It will include rewards under a scheme given to the Government employees in addition to their pay and allowances. It will also include payment of bonus and cash awards for Hindi Pratiyogita, etc
<b>4</b>	<b>06</b>	<b>Medical Treatment</b>	It will include amount paid towards medical reimbursements /treatment of the Government employees/ pensioners.
<b>5</b>	<b>07</b>	<b>Allowances</b>	It will include as applicable the Dearness Allowance, House Rent Allowance, Transport Allowance, Foreign Allowance, Non Practicing Allowance, Deputation (Duty) Allowance, Personal Pay, Family Planning Allowance, Special Compensatory (Hill Areas) Allowance, Tribal Area Allowance, Hard Area Allowance, Headquarter Allowance, Overtime Allowance, Children Education Allowance, Reimbursement of Tuition Fee, Ration Allowance, Cost of Ration given in cash, Constituency Allowance, Uniform and Clothing Allowance, Entertainment

			Allowance, Project Allowance, Special Compensatory (Remote Locality) Allowance, Bad Climate Allowance, Washing Allowance, Special (Duty) Allowance, Night Duty Allowance, Risk Allowance, Sunderban Allowance, Cash Handling Allowance, Caretaking Allowance, Split Duty Allowance and any other allowance in addition to above which is payable to the Government employees in addition to their pay.
6	08	<b>Leave Travel Concession</b>	It will include air/rail/bus fare/fare of any other mode of transport entitled under LTC Rule.
7	09	<b>Training Expenses</b>	It will include expenditure on cost of training such as fees paid, contingencies, materials, etc., for participating in the training, workshops but exclude expenditure on domestic or foreign travel expenses.
<b>Object Class II-Social Security of Employees</b>			
8	04	<b>Pensionary Charges</b>	It will include all pensionary benefits including payment of pensions and gratuity in all forms to the Government employees, members of Parliament, freedom fighters, etc. It will also include contributions to service funds and contributory provident funds and payment of leave encashment at the time of retirement or death, termination of service, etc. It will also include Government's contribution payable under National Pension System (NPS) for Government employees. This will, however, not include social security expenditure such as old age pension.
<b>Object Class III- Goods and Services</b>			
9	11	<b>Domestic Travel Expenses</b>	It will include travel expenses on official tours and transfers of the Government employees within India. This will also include expenditure on TA / DA to non- official members on account of travel in India. It will also include transfer TA payable to pensioners at the time of retirement.
10	12	<b>Foreign Travel Expenses</b>	It will include expenses on official tours and transfers of the Government employees outside India. This will also include expenditure on TA/ DA to non- official members going on official tour abroad.

11	13	<b>Office Expenses</b>	<p>It will include all recurring and non-recurring contingent expenses incurred for the maintenance of office establishment such as stationery, postage charges, courier charges, telephone charges, internet charges, cable connection charges, electricity charges, water charges, service agreements, security, expenditure relating to hiring of retired Government servants on short term contract basis, outsourced office attendants, office assistants/Data Entry Operators (DEO), house-keeping, liveries/uniforms, hot and cold weather charges, pest control, refreshment, books and periodicals, hospitality expenses including entertainment of foreign delegates, gifts and souvenirs and conferences/seminars/workshops/meetings convened by office including all related expenses on study material/ kits, refreshments, study tours, etc. It will also include purchase of office equipment, furniture and fixtures not exceeding the threshold limit of one lakh rupees or three years of useful life, either of the two, as decided by the Government from time to time. The office equipment and furniture and fixtures exceeding the threshold limit as decided by the Government from time to time should be classified as 'capital' expenditure under the relevant Object Head 'Machinery and Equipment' and 'Furniture and Fixtures'. Purchase of vehicles, however, irrespective of its usage (office or otherwise) should be classified as 'capital' expenditure under the relevant capital Object Head 'Motor Vehicles'.</p>
12	14	<b>Rent, Rates and Taxes for Land and Buildings</b>	<p>It will include expenditure on rent for buildings (non-residential or residential or structures other than buildings), municipal rates and taxes and lease charges for rented land and buildings, the ownership of which is not transferable to Government. However, lease charges for land and buildings, the ownership of which is transferable to Government, will be classified as 'capital' expenditure under the</p>

			relevant Object Heads 'Land' and 'Buildings and Structures'.
<b>13</b>	<b>15</b>	<b>Royalty</b>	It will include expenses on royalties on patents, designs, trademarks, print, publishing, music, etc.
<b>14</b>	<b>16</b>	<b>Printing and Publication</b>	It will include expenses on printing of valuables, printing of audit and accounts reports, forms, stationery, office codes, manuals and other documents, newspaper and magazines including e-book, e-magazines, digital printing, pen drive, CD, etc., but exclude expenses on printing of publicity material which shall be classified under Advertising and Publicity.
<b>15</b>	<b>18</b>	<b>Rent for others</b>	It will include expenses on rent for equipment and other various items like office equipment, transport, computer and ancillary equipment, communication equipment, air-conditioning, heating and refrigerating equipment, security equipment, broadcasting and recording equipment, construction equipment, agricultural equipment, horticultural equipment, medical equipment, furniture and fixtures. It will also include lease charges for equipment and other items, the ownership of which is not transferable to Government. However, lease charges for equipment and other items, the ownership of which is transferable to Government will be classified as 'capital' expenditure under the relevant Object Heads.
<b>16</b>	<b>19</b>	<b>Digital Equipment</b>	It will include expenses to be classified as revenue expenditure on procurement or development of hardware and software where the cost of individual item does not exceed the threshold limit of one lakh rupees or three years of useful life, either of the two as decided by the Government from time to time, the threshold limit will, however, not apply to the consumables like toner end cartridge for printer shall be classified under revenue expenditure.



17	21	<b>Materials and Supplies</b>	It will include expenses on various kinds of supplies, materials and stores etc., such as., medical supplies, educational supplies, agricultural supplies, livestock supplies, cleaning materials, hospital drugs and medicines, veterinary drugs, chemicals and fertilizers, lab supplies, spare parts, clothing and tentage.
18	22	<b>Arms and Ammunition</b>	It will include revenue expenditure on arms and ammunitions on police and other para-establishments.
19	23	<b>Cost of Ration</b>	It will include expenditure on procurement of ration provided to police and central armed police forces.
20	24	<b>Fuels and Lubricants</b>	It will include expenditure on petrol, oil, lubricants and other fuels like CNG, diesel, etc.
21	26	<b>Advertising and Publicity</b>	It will include expenses including commission to agents for sale and printing of publicity material on advertising and publicity through various media such as print media, TV media or outdoor media or Internet or mobile network or other audio-visual publicity or fairs and exhibition.
22	27	<b>Minor Civil and Electric Works</b>	It will include expenditure on repairs and maintenance of minor civil and electrical works of office buildings, residential buildings, other buildings and expenditure on running operation and maintenance (ROM) of diesel genset, etc., maintained by the CPWD.
23	28	<b>Professional Services</b>	It will include expenses on engagement of professionals, consultants, artists, banks, etc., for providing services to the Government which include legal services, consultancy fees, audit fees, teaching and training Fees, payments to artists, remunerations to question setters or invigilators or guest speakers, payments to other departments for services rendered, payment or expenses to agencies for conducting departmental examination.
24	29	<b>Repair and Maintenance</b>	It will include expenses on repair and maintenance (including all maintenance contract) of equipment such as machinery and equipment, office equipment, equipment for

			other functional use, digital equipment for office use, digital equipment for functional use, furniture and fixtures for office, furniture and fixtures for other functional use, vehicles (including motor vehicles and non-motor vehicles like bicycle, rickshaw, carts, trolleys and boat, etc., for office or functional use), infrastructural assets (It will include expenses on preventive, operating maintenance of Infrastructural assets other than minor civil and electrical works like lines, bridges, rolling stocks of railways, roads, highways, ports, ships, aircrafts, helicopters, radars, hovercrafts, airports or other infrastructures), tools and plants, arms and ammunitions, etc., but exclude expenditure on upgradation, midlife rehabilitation, retrofitting and or reconditioning.
25	39	<b>Bank and Agency Charges</b>	It will include bank service charges, agency Charges, MDR charges, direct benefit transfer charges to banks and any other charges for convenience fee performing monetary transactions.
26	40	<b>Awards and Prizes</b>	It will include expenses on awards and prizes given by the Government to the eminent persons and organisations.
<b>Object Class IV- Aid and Assistance</b>			
27	31	<b>Grants-in-Aid-General</b>	It will include Grants-in-aid released for payments other than salaries and creation of capital assets. It will also include expenditure on welfare activities.
28	32	<b>Contribution</b>	It will include the contributions made to international or national organisations related to membership. This will not include transfers made to autonomous bodies or PSUs or PSBs for corpus funds.
29	33	<b>Subsidies</b>	It will include subsidies released under various schemes of the Government.
30	34	<b>Scholarships</b>	It will include the amount of scholarship released to various institutions or organisations or beneficiaries or individuals.
31	35	<b>Grants for creation of Capital Assists</b>	It will include Grants-in-aid released for payment for creation of capital assets. It will also include Viability Gap Funding (Expenditure

			on the projects run under Viability Gap Funding Scheme).
32	36	<b>Grants-in-Aid-Salaries</b>	It will include grants-in-aid released for payment of salaries.
33	37	<b>Aid Material and Equipment</b>	It will include value of aid material and equipment transferred to Ministries or Departments or other Governments or organisations. It will also include grants given in kind to grantee bodies.
<b>Object Class V- Misc. Revenue Expenditure</b>			
34	41	<b>Secret Service Expenditure</b>	It will include expenses on secret services.
35	44	<b>Loss in Exchange</b>	It will include the loss due to difference in the rate of exchange of foreign currency in Indian rupees. The loss due to difference in the rate of exchange at the time of receipts loans from foreign resources and repayment thereof shall also be debited under this Object Head.
36	45	<b>Interest Payments</b>	It will include payment of interest on capital and discount on loans.
37	49	<b>Other Revenue Expenditure</b>	It will include payment out of discretionary grant, other discounts, fees and fines, custom duty compensation, commitment charges, notional value of gifts, re-imbursement of newspapers purchased or supplied to officer's residence and purchase or re-imbursement of briefcase or ladies' purse to Government servants', etc. Any other expenditure which cannot be classified under any of these specified object heads will be debited to this head. It will also include expenditure in respect of schemes, sub-schemes or organisations not elsewhere classified.
<b>(B) Capital Expenditure (Assets)</b>			
<b>Object Class-VI- Non-Financial Assets (Fixed and Intangible Assets)</b>			
38	51	<b>Motor Vehicles</b>	It will include procurement of motor vehicles on road like buses, cars, trucks, motorcycles, irrespective of their usage.
39	52	<b>Machinery and Equipment</b>	It will include procurement of machinery and equipment (other than motor vehicles and ICT equipment), electrical and electronic equipment, medical appliances, precision and optical instruments, watches and clocks,

			musical instruments and sports goods etc., cost of which exceeds one lakh rupees or three years of useful life, either of the two, need to be booked under this head.
40	71	<b>Information, Computer, Telecommunications (ICT) Equipment</b>	It will include procurement of information, computer, telecommunications (ICT) equipment such as computer hardware and telecommunications devices (computer / laptops, projectors, etc) and computer software exceeding the threshold limit of one lakh rupees or 3 years of useful life, either of the two, electromagnetic spectrum which is used in the transmission of sound, data and television.
41	72	<b>Building and Structures</b>	It will include office buildings, residential buildings, other buildings and structures like hospitals, laboratories, auditorium, light houses, shelters etc., public monuments like statue, fountains established at public places, and land improvement.
42	73	<b>Infrastructural Assets</b>	It will include procurement of infrastructural assets such as roads, bridges, tunnels, irrigation projects, power projects, sports infrastructure, water and sewage projects, railway assets, ships, ports, satellites, satellite launch vehicles, airports, aircrafts, motor boats, railway locomotives and rolling stock, other infrastructural projects (include cable lines, sewage systems, rain water harvesting, solar systems, telecom towers, transmission lines and electricity towers, etc).
43	74	<b>Furniture &amp; Fixtures</b>	It will include expenditure on purchase of furniture and fixture exceeding threshold limit of one lakh rupees or three years of useful life, either of the two, for office use and functional use.
44	75	<b>Arms and Ammunitions (Capital)</b>	It will include procurement of arms and ammunitions of capital nature.
45	76	<b>Upgradation Procurement of</b>	It will include rehabilitation, overhaul, retrofitting of heritage asset recognised and recorded in the asset register at the nominal value of Rs.1/- and upgradation 'not elsewhere classified'. It will also include expenditure on procurement of

		<b>Heritage Assets and n.e.c</b>	items of fine art and of cultural and archaeological importance.
<b>46</b>	<b>77</b>	<b>Other Fixed Assets</b>	It will include procurement of other fixed assets like library books and publications, trees, crops and plants, whose natural growth and regeneration is under the direct control, responsibility and management of institutional units, non-motor vehicles like bicycle, rickshaw, cart, trolleys, boat, etc.
<b>47</b>	<b>78</b>	<b>Land</b>	let will include land consisting of the ground, land for office and residential building, including the soil covering and any associated surface waters (reservoirs, lakes, rivers and other inland waters over which ownership rights can be exercised).
<b>48</b>	<b>79</b>	<b>Non-produced Assets other than Land</b>	It will include mineral and energy reserves located on or below the surface of earth including deposits under the sea like oil, natura <sup>1</sup> gas, coal, metallic ores including ferrous, non-ferrous and precious metal ores), non-metallic mineral reserves (including stone quarries, clay and sand pits, chemical and fertilizer mineral deposits, and deposits of salt, quarts, gypsum, natural gem stones, asphalts, bitumen, and peat), water resources, plants that yield both once-only and repeat products over which ownership rights are enforced but for which natural growth or regeneration is not under the direct control, responsibility, and management of any institutional units such as virgin forests and fisheries that are commercially exploitable.
<b>49</b>	<b>80</b>	<b>Intangible Assets</b>	It will include expenditure on copy right, patents, goodwill, intellectual property, etc.
<b>Object Class VI- Financial Assets</b>			
<b>50</b>	<b>54</b>	<b>Investment</b>	It will include investment made by the Government on purchase of shares and equity, investment in securities, investment in fixed and term deposits, and other investment.
<b>51</b>	<b>55</b>	<b>Loans and Advances</b>	It will include loans and advances given by the Government.

52	56	<b>Repayment of Borrowings</b>	It will include repayment of borrowings by the Government
53	57	<b>Subscription</b>	It will include subscriptions made by the Government of capital nature.
54	60	<b>Other Capital Expenditure</b>	It will include all other capital expenditure which cannot be classified any of the above object head.
<b>(C)- Accounting Adjustments</b>			
<b>Object Class VII- Accounting Adjustments</b>			
55	43	<b>Suspense</b>	It will include the amount kept under suspense heads for want of complete details for adjustment under final head of account.
56	61	<b>Depreciation</b>	It will include depreciation charged on the assets by commercial departments.
57	62	<b>Reserves</b>	It will include the provisions of reserves.
58	63	<b>Inter Accounts Transfers</b>	It will be used for transfer of amount from one head to another.
59	64	<b>Writes Off of Losses</b>	It will include write off of irrecoverable loans, trading losses.
60	69	<b>Deduct Receipts</b>	It will include amounts paid from the receipts heads by adjusting as reduction in receipts.
61	70	<b>Deduct Recoveries</b>	It will be operated to adjust the overpayments in reduction of expenditure.

**APPENDIX III**  
**(Referred to in Para 3.49)**

**(Extract of Appendix 5 of GAR, 1990)**

**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 Pensions.

**C-OTHER CHARGES**

- (iv) Incidence of expenditure involved in Audit and keeping Accounts.
- (v) Incidence of the cost of Police functions on Railways including the cost of protecting Railway Bridges.

**D-RECEIPTS**

- (vi) 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, and pension etc. charges of Government servants as well as of certain other charges and receipts between Governments which are set out in this Appendix are based on arrangements agreed between the different Governments and are therefore binding on all the Governments.

**B-PAY, ALLOWANCES, PENSIONS, ETC.**

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

**1.** The transit pay and allowances of a government servant transferred from one government/department to another either permanently or as a temporary measure or proceeding on deputation to another, department/government or reverting therefrom should in absence of special orders to the contrary, be borne by the Department/Government to which the government servant is proceeding.

**Note.**—The transit pay and allowances, including travelling allowance both ways, of a government servant transferred on foreign service will be borne by the foreign employer.

**2.** When a military 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 rule governs the incidence of the cost of troops lent to civil departments of the Central Government and to State Government. The words 'Military' and Troops' are used to include Indian Navy and Air-Force as well as Army.

(1) When troops are required on duties of a 'Military' nature (e.g.) Ceremonial purpose and provision of escort on guard of honour in circumstances not covered by instruction No. 301 of the Regulations for the Army in India (1987) Edition) and flag marches when they fall into the category of cases involving duties of military nature and when they are not connected with the maintenance of law and order, the extra cost, if any of supplying the services required (e.g. in the way of transport, equipment etc.) will be met by 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) (1) The types of duties that Armed Forces may be called upon to perform in aid of Civil Authorities are as follows: -

- (a) Maintenance of law and order,
- (b) Maintenance of essential Services,
- (c) Assistance during natural and other calamities such as earthquakes, floods, fire and famine,
- (d) Assistance required in the execution of development projects,
- (e) Any other types of assistance which may be needed by the Civil Authorities and which the Armed Forces are in a position to render.

(2) For maintenance of law and order vide (a) in rule 2 (1) above, all expenditure will be borne by the Central Government but the State Government may contribute towards the cost, if they wish to do so.

(3) For maintenance of essential services, for assistance during natural calamities and assistance in the execution of development projects, vide (b) to (d) in rule 2 (1) above, no recoveries will be made from the State Government/Union Territory Administration on account of: -

- (a) Normal pay and allowances and rations for service personnel of the Unit which



may be made available from within the Order of Battle. However, in cases where additional units are maintained by retaining the Units due for disbandment or by raising new Units specifically to meet the requirements of state Governments/Union Territories, the entire cost of these units will be charged.

(b) All other expenditure like the cost of payment for consumable stores including pay and allowances will be charged.

(c) For non-consumable stores and equipment: -

(i) Depreciation assessed on the replacement cost on account of wear and tear. For Aircraft, depreciation will be calculated on the original cost.

(ii) Cost of repairs and maintenance.

(iii) Cost of replacement of equipment rendered unserviceable assessed on its condition before use. In the case of aircraft, normal strike off wastage element will be charged.

(d) Incidental expenditure, e.g. cost of movement of Units, Personnel and equipment to and from the site of work and extra allowances, rations, clothing and amenities will be charged where provided.

(e) Hospitalisation and treatment of the service personnel injured whilst employed in rendering aid will be charged.

(f) Pensionary liability in respect of any troops while employed in aid of civil authorities will be that of Government of India. Damages to crops or compensation payable to civilians would be the responsibility of the State Government.

(g) Assistance rendered by Armed Forces for extinguishing fire will be governed by the principles laid down in the Ministry of Defence letter No. F. 256/51/D (15) dated 18th April, 1955 as amplified in letter dated 18th May, 1959.

(h) Non-consumable stores and equipment, issued in the circumstances detailed in rule 2 (3) above, the depreciation rate will be calculated by dividing the Price Vocabulary rates plus 25% by the life of the item in use. Additional packing and Transportation charges, cost of repairs and maintenance charges, cost of stores issued for repair will be paid by Civil Authorities.

(i) Cost of replacing items of personal kit/clothing rendered unserviceable or lost accidentally due to no fault of an individual while employed in aid during natural calamities will be met by the State Government if classified by the Survey Board on termination of aid.

(j) In the case of Indents for equipment on loan for a period of over six months, the issue will be only on payment and not on loan.

(k) No departmental charges will be levied over and above the cost of replacement of Equipment and stores rendered unserviceable during rendition of aid during flood, relief operations and other natural calamities.

(l) Recoveries of hire charges in respect of stores other than ordnance stores will be made as follows: -

(i) **Tools and Plant Engineering Stores:** Hire charges will be based on Para 943 of MES Regulations. For items not covered by above para, the charges will be fixed in consultation with the Ministry of Defence (Finance).

(ii) **MT Vehicles:** Recovery will be made at normal rates in accordance with Army Instruction No. 928 of 1945 as amended from time to time. In case of items not covered by this, the hire charges will be fixed in consultation with the Ministry of Defence (Finance).

(4) For any other type of assistance, vide item (e) in rule 2 (1) above.

(a) The complete cost of Armed Forces including ordinary pay and allowances, cost of transport of equipment including loss, repair etc. and extra-ordinary charges in the shape of special pay or transportation of stores will be recovered.

(b) The recoveries in respect of stores equipment or vehicles issued in connection with aid to civil authorities will include hire charges for stores, equipment or vehicles assessed as per normal rules and expenditure incurred on transportation handling charges etc.

(c) The depreciation charges in case of ordnance stores will be calculated on the basis of Price Vocabulary rates plus 50% divided by life of the items in use, expressed in months.

(d) The recoveries of hire charges in respect of stores other than ordnance stores will be made on the lines laid down in rule 2 (3) (1) above.

(e) In case of assistance rendered by Indian Navy to civil Ministries etc. or the loan on hire of Naval Yard Craft, equipment, tools etc. the depreciation charges will be calculated as under: -

(i) In terms of Para 1 (b) of the Ministry of Defence letter No. Dy / 0201 / IHQ / SOII / 3152 / D (N-I) dated 21-11-1959 and 3620/D (N-I) dated 17th September '77 as amended from time to time for loan on hire of Naval Yard Craft, equipment tools etc; and

(ii) for assistance rendered by Indian Navy Ship, in terms of Ministry of Defence letter No. AC/3977/8 (2) NHQ/1951/ DO III/DLN. II dated 26th December 80 as amended from time to time.

(f) In the event of difference of opinion as to the actual method of calculating the charges payable by State Government, the decision of the Government of India will be final.

**4.** Indian Commissioned Officers of the Armed Forces in civil employment count their service as qualifying for the Dress allowances under item (d) of:

AI (I) : 16/S/48

AFI (1): 6/S/48

RIN (1) : 4/5/48

provided that:

- (a) their pay and allowances are governed by the new pay code, and
- (b) they are required to wear uniform while in civil employment

The entire cost of the Dress allowances 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 Services Estimates. When a soldier is provided a Police escort, the charge will be Civil; the warrant issued in such cases should include the accused as he is a soldier proceeding to a certain place under the orders of his military superior and therefore on duty.

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

- (i) When proceeding to carry out their training direct from their civil appointments, the pay and allowances which they would have drawn in their civil appointments but for the training;
- (ii) When proceeding to carry out their training while on leave in India, Myanmar, Sri Lanka, Great Britain or Ireland, the civil leave pay and allowances which they would have drawn but for the training;

(iii) When proceeding to carry out their training on the expiry of leave out of India taken from their civil appointments but before rejoining their civil appointments for duty, joining time civil pay from the date of disembarkation in India to the date preceding that on which their training commenced and full civil leave pay and allowances which they would have drawn in journeying to the place of their civil appointment; and

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

**Note 1:-** *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.*

**Note 2:-** *If it is necessary to provide a substitute in place of such an officer undergoing training the additional cost will be a charge on Civil Estimates.*

**Note 3:-** *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 India 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 military pay provided that this concession is specifically sanctioned by 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.

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

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

(b) For the period of training (excluding period of transit) if the pay and allowances (including concessions in kind e.g., free ration etc.) admissible as a 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.** 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 or during the

period of his absence, are debited to the Government under which he is employed. Actual expenses under the rules of the court, if admissible, are, however, payable by the court, and debited to court contingencies.

## **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:-

The liability for leave salary will be borne in full by the Department from which the Government servant proceeds on leave, whether it be his parent Department or a borrowing Department with whom he is on deputation.

## **III. Incidence of Pensions**

Except in regard to the apportionment of liabilities of pensions of Government servants who retired after serving the undivided India between India and Pakistan, the following rules regulate the adjustment of pensionary charges of Government servants who have served one or more than one Government.

The liability for pension including gratuity will be borne in full by the Central/State Government to which the Government servant permanently belongs at the time of retirement except in respect of All India Service Officers (retired as well as retiring, both from the State and Central Government), in whose case Government of India has taken over the entire liability of Pension including gratuity with effect from 01.04.2008.

**(Authority: CS No 03 dt 04-08-2008 issued by the CGA, Ministry of Finance, Department of Expenditure)**

## **C—OTHER CHARGES**

## **IV. 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 Section 13 of the C&AG's (DPC) Act, 1971, the Comptroller and Auditor General is responsible for the audit of all expenditure from the Revenues of the Union and of the States, and of certain accounts specified in the Act. 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 Revenue 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 undertaking (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 case of Government Companies, recovery of the cost of supplementary audit conducted under Section, 619 (3) (b) of the Companies Act, 1956 shall be waived in cases where audit is done by the Comptroller and Auditor General through his own departmental staff; but shall be enforced in cases where the Comptroller and Auditor General employs professional auditors for the second audit.*

(iii) If 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 the State, the criterion for deciding the incidence of the expenditure involved in such audit is whether or not the Comptroller and Auditor General agrees to do the work as part of his legitimate statutory functions.

If he does, the cost of the audit should be treated as a charge of the Central Government, since what is involved 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 Section 13 (b) of the C.&AG's (DPC) Act 1971 but, when he undertakes the audit of any such accounts he becomes statutorily responsible for the work. In this case also, the cost of audit is a charge of the Central Government.

(v) The Comptroller and Auditor General is not statutorily responsible for the audit of the accounts of local 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 on a "consent" basis and on such terms and conditions as regards recovery of costs, etc., as 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:—*

1. *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 Section 20 (1) of CAG's (DPCs) Act, 1971 charges will be payable in full unless specifically waived by Government.*
2. *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 the C&AG's DPC Act 1971, is a charge of the Central Government cost.*
3. *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 Section 10 (1), [2nd Proviso to Sec. 10 (1) and 1st Proviso to 10 (1)] of the C&AG's (DPC) Act 1971, 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 Section 10 (1), 2nd Proviso to Sec. 10 (1) and 1st Proviso to 10 (1) of the C&AG's DPC Act 1971 is a charge of the State concerned. Similarly, if in any State the Comptroller and Auditor General is relieved of the responsibility of keeping of accounts of any particular service or department of a State Government in pursuance of Sec. 10 (1), 2nd Proviso to Sec. 10 (1) and 1st Proviso to 10 (1) of the C&AG's DPC Act 1971, the cost of keeping such accounts will be a liability of the Government of the State.*
4. *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 advise 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.*

## **V. Incidence of the cost of Police Functions on Railways including the cost of Protecting Railway Bridges**

1. With effect from 1-4-79, the cost of GRP (without distinction of 'Crime' and 'Order Police') will be shared between the State Government and Railways on 50: 50 basis, provided that the strength of GRP is determined with the approval of the Railways.
2. For the purpose of calculating Railway's share of cost of GRP the following will be included:—
  - (i) Pay and all types of allowances in respect of GRP staff including office and supervisory staff upto the level of Superintendent of Police

- (ii) Office expenses and contingencies
- (iii) Cost of Pensionary charges
- (iv) Cost of rent of buildings occupied by GRP staff.

In addition to above, charges on account of medical reimbursement and medical allowances payable to staff may also be considered in internal check for payment. However, charges on account of pay and allowances of medical staff viz. Doctors, Nurses etc. are not to be shared.

3. The following rules regulate the incidence of the cost of protecting Railway Bridges:—

(a) Protection of Railway bridges under normal condition is the responsibility of the concerned State Governments and the expenditure incurred thereon will be borne by them.

(b) In the event of replacement of Police guard by military or other Armed Forces of the Union:—

(i) When the services of the Military or other armed forces of the Union are placed at the disposal of the Railways on the request of Railway Administration, the expenditure of the guards will fall upon the Railway.

(ii) If the substitution is made on general ground of Government Policy and service is taken over by Defence Services, or other Public Service Department as part of the regular duties, the charges will be debited to Defence services or the concerned Public department as the case may be.

## **D-RECEIPTS**

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

1. 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. No contributions towards leave salary and pensions shall be recoverable/payable among the departments of the Central Government including Railways, Department of Post and Defence Department and departments of the Union Territories with or without legislature in respect of Government servants lent to or borrowed by these departments.



## APPENDIX IV

(Referred to in Para 3.69)

### Annual and Periodic Adjustments

1. Monthly, Quarterly, Half yearly and Annual adjustments to be carried out by all PCsDA/ CsDA / (Accounting Circles) in respect of Lapsed Deposit to Other Miscellaneous Receipts Head	Monthly and Quarterly, Half yearly adjustments are required to be carried out immediately after the closure of Month/ Quarter/ Half year and Annual adjustments should be carried out in March Supplementary-I (March Final) itself.
2. Annual Adjustments to be carried out by CDA (Funds), PCDA (N), PCDA(AF), PCDA Kolkata, PCDA New Delhi PCDA (R&D) New Delhi, PAOs(ORs) in Regional PCsDA/CsDA, PCDA (O), PCDA (BR), CDA (CSD), Mumbai  (i) Interest on Provident Funds  (ii) Interest on DSOP Fund	    March Supplementary -I (March Final)  March
3. Annual adjustments to be carried out by CDA (CSD)  (i) Audit Fees  (ii) Interest, Other Charges, Grants-in-Aid	  July  March
4. Annual Adjustments to be carried out by AO (DAD), MoD (Civil), New Delhi in respect of Subsidies given to PSUs in lieu of interest	March Supplementary -I (March Final)
5. Adjustment to be carried out by CDA (Army), Meerut in respect of Departmental Charges	Every Month
6. Monthly/Annual adjustments to be carried out by IT&S wing of HQrs CGDA.  (i) Transfer of amounts unadjusted under Fictitious Code Heads to Miscellaneous Suspense i.e. fictitious code heads of CHB and RD&R to 75/020/61 and 29/020/61 and difference	    Monthly

<p>of opening and closing cash balances and unbalanced Punching Medium to 28/02/61 and 30/02/61 respectively</p> <p>(ii) GPF compilations to be transferred to the books of PCsDA/CsDA maintaining Fund Accounts as per details given in Annexure.</p> <p>(iii) Central Transfer of amounts compiled to 0/018/65 prefixed with PCsDA/CsDA code head e.g 05, 07, 16 etc.</p>	<p>March Supplementary -I (March Final)</p> <p>March Supplementary -I (March Final)</p>
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**Annexure to Appendix IV**

<b>Nature of the Funds</b>	<b>SI No</b>	<b>Particulars of personnel</b>	<b>By whom compiled</b>	<b>By whom maintained</b>
<b>GPF (015/01)</b>	1	Army-Defence Civilians (excluding Armed Forces HQrs Civilians)	Regional Controllers	CDA (Funds), Meerut
	2	Navy Civilians	CDA(IDS), New Delhi	PCDA(Navy), Mumbai
	3	Defence Civilians on Field Posting on tenure	Regional Controllers	CDA (Funds), Meerut
	4	DAD and all Civil Departments	All PCsDA / CsDA	CDA (Funds), Meerut
	5	Cat. 47 - MES Group A & B officers and staff posted in HQ DGBR	PCDA(BR), Delhi Cantt	CDA (Funds), Meerut
	6	Cat. 48-Group C and D personnel attached to Security Office Ministry of Defence	CDA(Army) Delhi Cantt	CDA (Funds), Meerut
	7	Non-AF HQrs subscribers posted in Armed Forces HQrs	PCDA, New Delhi	CDA (Funds), Meerut
	8	Non-AF HQrs subscribers posted in AF HQrs	PCDA, New Delhi	CDA (Funds), Meerut
CPF	9	0/015/03, 9/015/03		To be retained by CDA (Funds), Meerut
INDWP Fund	10	0/015/12		PCDA (Navy), Mumbai
	11	CDA (Army) Delhi Cantt		CDA (Funds), Meerut

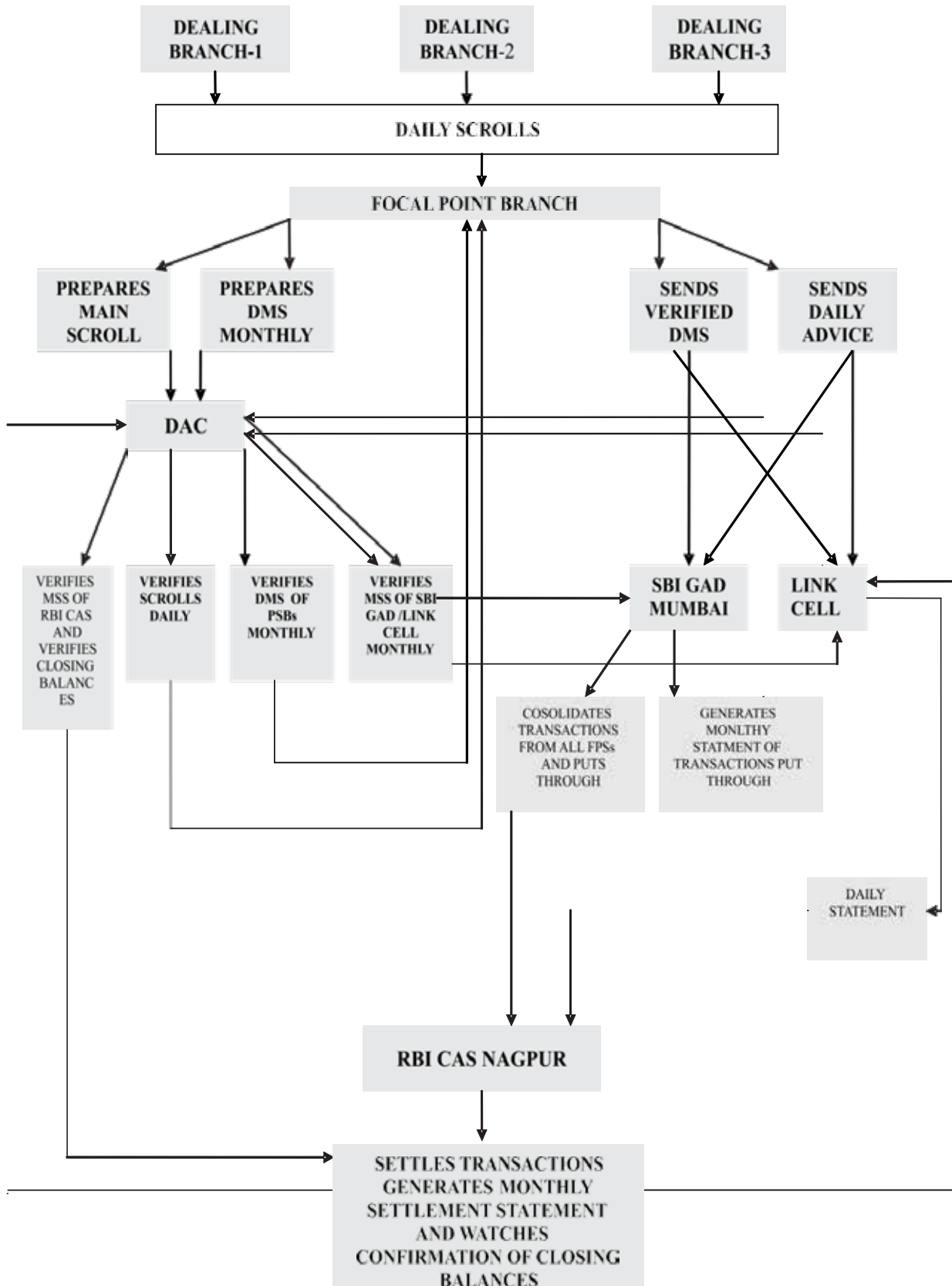
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## APPENDIX V

(Referred to in Note: 2 below Para 6.6)

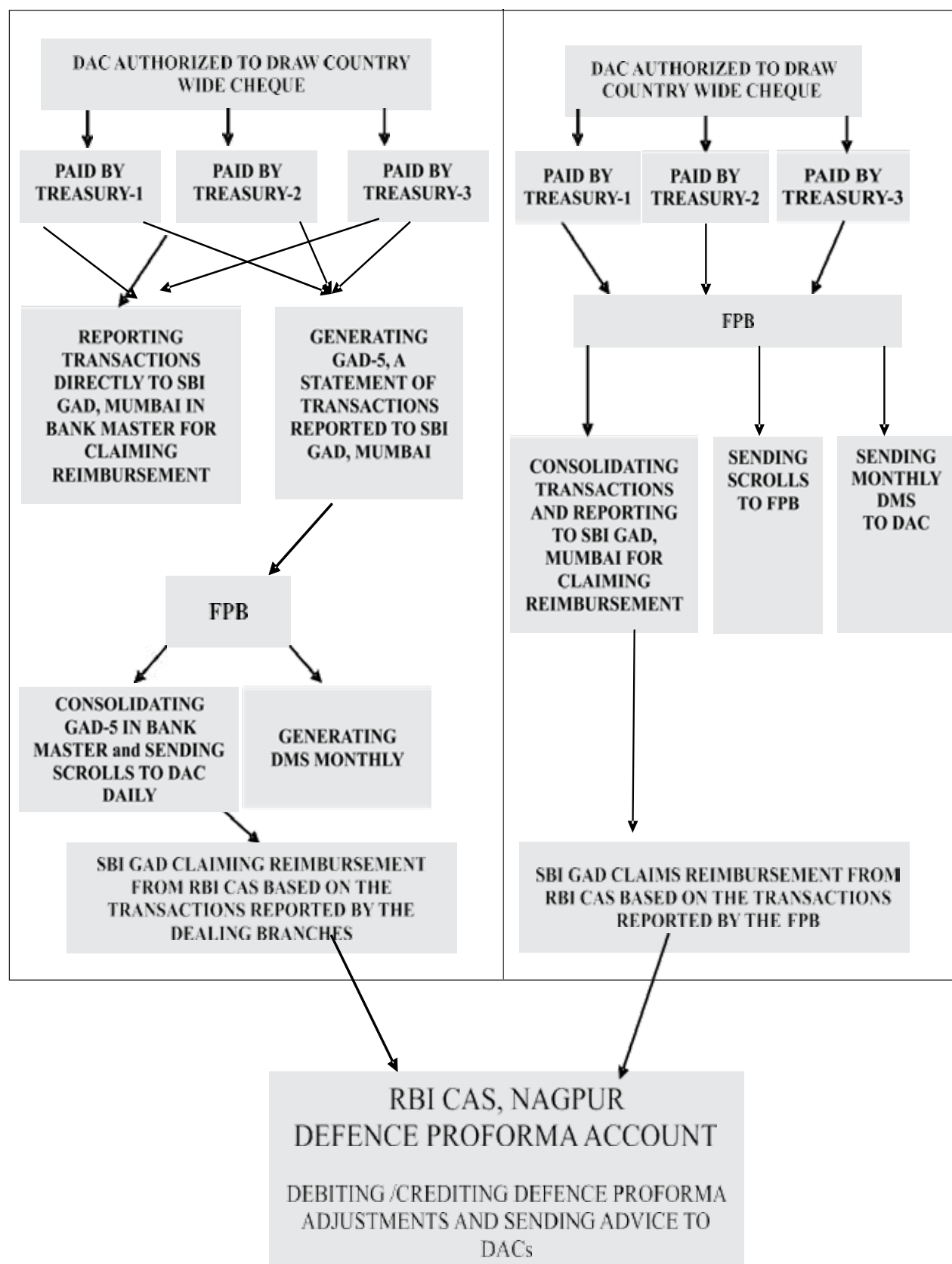
ANNEXURE 'A'

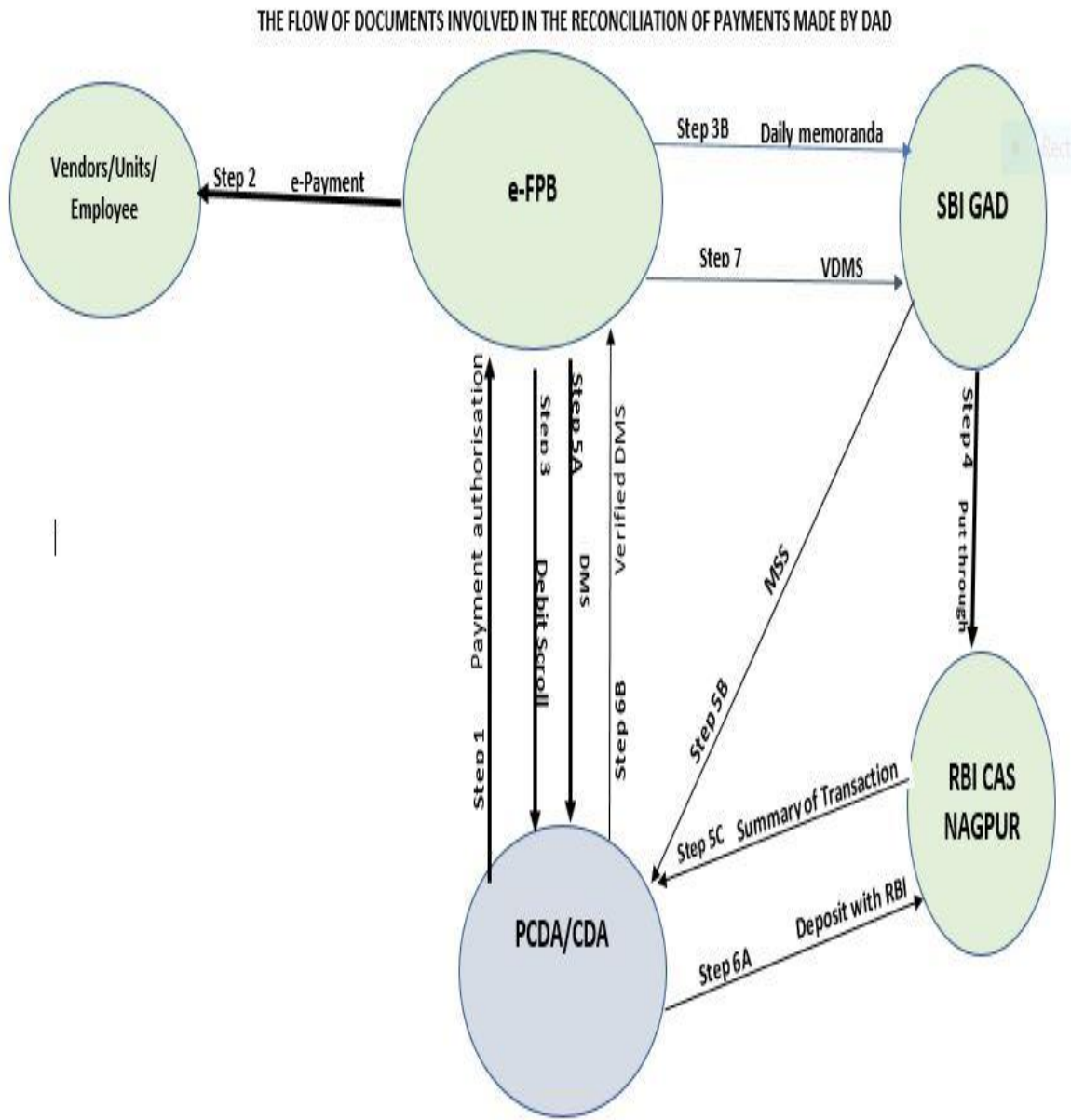
### FPB SCHEME-FLOW CHART



**FLOW CHART SHOWING EXISTING  
PROCEDURE OF SETTLEMENT OF  
TRANSACTIONS UNDER GBSS**

**FLOW CHART SHOWING PROCEDURE OF  
SETTLEMENT OF TRANSACTIONS PRIOR  
TO IMPLEMENTATION OF GBSS**





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## APPENDIX VI

(Referred to in Note below Para 6.12)

### Focal Point branches nominated for Ministry of Defence

SI No	Name of the PCsDA/CsDA	CDA Code Number	RBI transaction Code	RBI Ten Digit Code	Focal Point Branch of SBI/RBI
1	CDA Patna	00	504	4015000006	SBI Exhibition Road, Patna
2	PCDA (Pensions) Prayagraj	01	507	4053000002	SBI Kachahary Road, Prayagraj
3	PCDA (Officers) Pune	02	506	4021000009	SBI, Golibar Maidan, Pune (7433)
4	CDA (Army) Meerut	03	501	4012000003	SBI Meerut Cantt 0680
5	PCDA (Army) Pune	04	503	4011000002	SBI, Golibar Maidan, Pune (7433)
6	PCDA Bengaluru	05	505	4016000007	SBI St.Marya Road Bengaluru
7	PCDA (Army) Chandigarh	06	502	4013000004	SBI Madhala Marg Sec 7 Chandigarh
8	PCDA Kolkata	07	508	4051000000	SBI Strand Road Kolkata 0001
9	PCDA (AF) Dehradun	08	509	4041000003	SBI Main Branch Dehradun 0630
10	PCDA (Navy) Mumbai	09	510	4031000006	SBI Focal Point Cell Mumbai
11	CDA (Funds) Meerut	10	511	4052000001	SBI Meerut Cantt 0680
12	PCDA (Army) Jammu	12	513	4014000005	SBI Hari Market Br. Jammu 00657
13	ZO (DPD) Chennai	13	527	6000020451	SBI Royapettah High Road Chennai 267
14	AO, DAD, MOD, New Delhi	14	522	4002000006	RBI New Delhi
15	CDA (CSD) Mumbai	15	521	4054000003	SBI Safedpul Premises Mumbai 1950
16	PCDA New Delhi	16	514	4001000005	SBI Main Branch, Parliament Street, New Delhi
17	CDA Chennai	18	516	4022000000	SBI Royapettah High Road Chennai 267
18	PCDA (R&D) New Delhi	19	524	4055000004	SBI R.K.Puram Branch New Delhi 1076
19	CDA (PD) Meerut	20	523	4056000005	SBI Meerut Cantt 0680
20	CDA Guwahati	21	525	4057000006	SBI New Guwahati-0221
21	PCDA (Army) Lucknow	22	526	4018000009	SBI Lucknow Cantt BR. 1132
22	PCDA (BR) Delhi Cantt	23	528	4058000007	SBI Nirman Bhawan, New Delhi-0583

23	CDA (R&D) Begaluru	24	529	4055035000	SBI C.V.Raman Nagar Branch Bangalore
24	CDA Secunderabad	25	530	4055090007	SBI Main Branch Secunderabad 2802
25	CDA Jabalpur	26	531	4055095002	SBI Civil Lines Branch Jabalpur 0390
26	PCDA (AF) New Delhi	27	532	4046010012	SBI R.K.Puram Branch New Delhi 1076
27	PCDA (R&D) Hyderabad	28	533	4065000001	SBI Main Branch Hyderabad 3026
28	CGDA New Delhi	29	534	4003000007	SBI R.K.Puram Branch New Delhi 1076
29	CDA (IDS) New Delhi	30	536	4001001006	SBI Main Branch, Parliament Street, New Delhi
30	PCDA (Army) Jaipur	31	537	4055096003	SBI Sangneri gate Branch Jaipur
31	CDA (Navy/Coast Guard) New Delhi	32	538	5666601001	SBI Main Branch, Parliament Street, New Delhi
32	CDA (Army) Delhi Cantt.	33	539	5702501001	SBI Delhi Cantt. 00733

**Note:-** All Defence Accounting Circles are conducting Defence transactions with RBI Branches as RBI Branches are acting as Dealing Branches as well as Focal Point Branches in addition to Focal Point Branches of SBI. RBI Branches with whom DACs are conducting transactions are: Ahmadabad, Bengaluru, Bhubaneswar, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Byculla Branch Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram and Chandigarh

## **APPENDIX-VII**

**(Referred to in Note below 7.43 (X))**

### **DISPENSING WITH MONETARY SETTLEMENT OF INTER-DEPARTMENTAL TRANSACTIONS**

1. Pursuant to the recommendations of the Committee appointed to suggest improvements in the existing system of control over Receipt and Expenditure Transactions of the Union Government, a revised procedure has been introduced with effect from 01-04-1993 with a view to eliminate operation of PAO Suspense. In view of the magnitude and complexity of transactions, the revised procedure was to be implemented in Ministry of Defence from the year 1994-95.
2. Under the revised procedure the Financial Adviser/Controller of Accounts of the functional Ministry/Department is required to issue an Annual budget allocation letter after obtaining Financial Sanction. This will constitute authorisation for the executing/agent Ministry / Department to incur expenditure upto the limit specified.
3. The amount so allocated will not be available for re-appropriation by the functional Ministry / Department except with the concurrence of the agent/Ministry/Department.
4. The PAO of the executing/agent Department will not only book the expenditure to the budget head of the functional Department but will also communicate the monthly and progressive figures of expenditure to the Accounts Officer of the concerned functional Department under advice to its own Principal Accounts Officer. The Principal Accounts Officer of the functional Department will intimate the Computer Code Numbers of the heads concerned to the PAO of the Agent Department.
5. For this purpose the Major, Minor, Sub and detailed heads under which the Budget provisions are made are to be intimated to the PAO of the Agent/Department to enable them to book the expenditure to the final heads. If for any reason it is not possible to book the amounts to the final heads at the time of incurring the expenditure, the amounts will be initially debited to the budget grant of the executing Department under a new Minor Head "Expenditure awaiting

transfer to other Heads / Departments” to be operated with zero budget. Such amounts are to be transferred after obtaining details and concurrence from the FA/Controller of Accounts for booking the expenditure to the heads of the functional Ministry / Department. The balance under the head “Expenditure awaiting transfer to other Heads/Departments” should be brought to Nil at the end of the year.

6. After introduction of the revised procedure, the approval of the Controller General of Accounts requires to be obtained for operation of the PAO Suspense heads on the debit side.

7. The above procedure is not applicable to Receipt transactions, settlement with State Governments payments made on behalf of other Ministries / Departments.

8. However, difficulties were experienced by some of the departments in implementing the procedure. Accordingly, with effect from 01-04-1996, transactions between non-civil and civil and non-civil departments have been exempted from the purview of the above procedure. Accordingly, the PAO Suspense will continue to be booked except in the case of transactions advised through RBI CAS, Nagpur.

*(Auth: CGA letter No. 18(3)/92/TA/90 dt 27-01-93, 18(3)/92/TA/675 Dt 04-08-93 and 18(9)/92/TA/ 210 dt 27-03-1996)*

## **Appendix VIII**

**(Referred to in Para 7.54)**

### **Reconciliation of Defence Transactions/RB Deposits**

**1. (I)** The procedure to be followed in regard to reconciliation of RBI/FPB transactions/RB Deposits is contained in the following paragraphs. The formats mentioned in Annexure 'A', 'B', 'C', 'D' and 'E' to this Appendix will be used for reconciling RBI/FPB /RB Deposits transactions. The reconciliation of transactions under above Annexure will be certified by the Officer-in-Charge of the Accounts Section.

**(II)** The details of the closing balances as intimated by the RBI, CAS, Nagpur can be broadly divided into three parts-(i) Inter-Governmental adjustments, (ii) transactions with various RBI Branches during the month and (iii) Put through transactions with Agency Bank. These adjustments are supported with Bank wise and date wise details of settlements with the RBI, CAS. Therefore, reconciliation of monthly and progressive transactions is to be carried out by the PCsDA/CsDA, Bank-wise (RBI branches, SBI), Department wise {Railways/ Department of Post/ Pr.CCA, MEA)/Nodal branches of the PSBs (applicable to PCDA (P) Prayagraj only)} with reference to the amounts advised by the RBI CAS, Nagpur and Credit/Debit Scrolls/Settlement Accounts actually received. In case complete details are not provided by the RBI, CAS, the same may be called from them. In reconciliation of RBI, CAS advice, the difference between the above two sets of figures is identified. The difference may be broadly due to following reasons:-

**(a)** In the case of Inter-Governmental advice, (i) the advice has since been received but settlement accounts are awaited from the concerned Department (ii) accounts have since been received but the corresponding advice is awaited from the RBI CAS.

**(b)** In the case of FPB transactions at RBI/SBI, (i) Debit/Credit Scrolls have since been received but advice for the concerned transactions has not been received from RBI CAS Nagpur (ii) The advice has been received from the RBI CAS Nagpur but no Debit/Credit Scrolls have been forwarded by the FPB as yet.

**2.** The procedure to be adopted in the case of RBI and SBI branches is as under:

**(I)** The reconciliation of inter-governmental advice will be carried out monthly with reference to the Schedules, Settlement Account/vouchers/Pension Payment Scrolls actually received from the Railways/ Department of Post /Pr.CCA, MEA/Nodal branches of the PSBs and posted in the relevant registers. The RB Deposit figures should agree with the RBI CAS Advice figures. The difference between the Advice figure and the Schedules, Settlement Account/vouchers/Pension Payment Scrolls received, will be transferred to RB Suspense (Unclassified – 020/83).

**(II)** In the case of transactions at RBI, PAD branches and PSBs branches, reconciliation of RBI CAS monthly advice will be carried out with reference to the verified copy of the DMS (VDMS). The difference in the VDMS and RBI CAS advice will

be transferred to the PSB Suspense (020/76)/RB Suspense (Unclassified) (020/83). The RB Deposits figures will, however, be reconciled with the RBI CAS Advice and should agree with the RB Deposits.

### 3. (I) Inter-Governmental transactions adjusted by the RBI, CAS, Nagpur

#### (a) When RBI CAS figures are more than the figures of Settlement Account/Vouchers/Pension Payment Scrolls during the month:

This denotes that the concerned department has already sent the advice, and RBI, CAS, Nagpur has debited/credited the Defence Proforma Account but some of the serials of advice are missing or remaining uncompiled by the Accounts Section. The same will be linked and compilation accordingly carried out. The settlement accounts/ voucher awaited from civil/non-civil Departments will be identified and Punching Medium for the Inter Governmental Advice for that Department will be prepared/adjusted.

There may also be cases, where RBI, CAS has reported transactions in the monthly advice but Settlement Accounts/Schedule/, Vouchers/Pension Payment Scrolls have not been received from the concerned Department/Nodal branches of the Bank. In such cases, RBI CAS will be intimated to review the amounts advised. After reconciling, such cases will be intimated to RBI, CAS while confirming monthly closing balances in the Annexure 'E'.

The advice from the RBI CAS is received in the following month. Suppose RBI CAS has intimated to a Controller Office total debit and credit figures of Rs 110.00 and 85.00 respectively for the month of July 2024 as against the total Settlement Accounts/Vouchers/Pension Payment Scrolls of Rs 100.00 and 80.00 respectively received for the same month, the RB Deposit figures for the month will be reconciled and total amount of advice will be compiled or readjusted in the following manner taken into account the amount of advice, if any, already compiled during the month of July 2024:-

#### (i) In case of debit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
021/00(RB Deposits)	110		020/82 RB Suspense (Classified) 020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	100 10	
74/021/00 (RB Deposits)	110		74/020/82 RB Suspense (Classified) 74/020/83 {RB Suspense (Unclassified) } (Pr. CCA, MEA transactions)	100 10	

74/021/00 (RB Deposits)	110		020/84 RB Suspense English 74/020/83 (English transactions)	100 10	
021/00 (RB Deposits)	110		00/020/76 PSB Suspense (Pension transactions) 00/020/83 {RB Suspense (Unclassified)}	100 10	

**(ii)** In case of credit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/82 RB Suspense (Classified) 020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	80 5		021/00 (RB Deposits)	85	
74/020/82 RB Suspense (Classified) 74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA transactions)	80 5		021/00 (RB Deposits)	85	
020/84 RB Suspense English 74/020/83 (English transactions)	80 5		74/021/00 (RB Deposits)	85	
00/020/76 PSB Suspense (Pension transactions) 00/020/83 {RB Suspense (Unclassified)}	80 5		021/00 (RB Deposits)	85	

**(b)** When RBI CAS figures are less than the figures of Settlement Accounts/vouchers/Pension Payment Scrolls received:

This is a remote possibility. This denotes that the Settlement Accounts/ vouchers/ Pension Payment Scrolls have since been received by the CDA but RBI CAS has omitted to send advice or debit the transactions in the Defence Proforma. There may be another possibility that the figures noted in the requisite registers may not be correct and, therefore, needs to have a relook. Matter will accordingly be taken-up with the RBI, CAS to call for advice. Such cases will be pointed out to RBI CAS, Nagpur, vide

Annexure 'E'. Simultaneously, matter will also be taken up with the concerned PAO/Bank to forward Schedules, Vouchers, and Settlement Accounts etc in respect of transactions of Railways/Department of Post / Pr. CCA MEA/Nodal branches of the PSBs.

After reconciliation, the PM for inter-Governmental advice will be prepared / adjusted as under taking into account the advice already adjusted.

Suppose RBI CAS has intimated to a Controller Office total debit and credit figures of Rs 90.00 and 75.00 respectively for the month of July 2024 as against the total Settlement Accounts/Vouchers/PPS of Rs 100.00 and 80.00 respectively received for the same month, the RB Deposit figures for the month will be reconciled and total amount of advice will be compiled or readjusted in the following manner taken into account the amount of advice, if any, already compiled during the month of July 2024:-

(i) In case of debit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
021/00 (RB Deposits)	90		020/82 RB Suspense (Classified) 020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	100	10
74/021/00 (RB Deposits)	90		74/020/82 RB Suspense (Classified) 74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA transactions)	100	10
74/021/00 (RB Deposits)	90		020/84 RB Suspense English 74/020/83 (English transactions)	100	10
021/00 (RB Deposits)	90		00/020/76 PSB Suspense 00/020/83 {RB Suspense (Unclassified)} (Pension transactions)	100	10



(ii) In case of credit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/82 RB Suspense (Classified) 020/83 {RB Suspense (Unclassified) }(Department of Post, Railways)	80	5	021/00 (RB Deposits)	75	
74/020/82 RB Suspense (Classified) 74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA transactions)	80	5	021/00 (RB Deposits)	75	
020/84 RB Suspense English 74/020/83 (English transactions)	80	5	74/021/00 (RB Deposits)	75	
00/020/76 PSB Suspense 020/83 {RB Suspense (Unclassified)	80	5	021/00 (RB Deposits)	75	

### 3. (II) FPB transactions at RBI/SBI adjusted by RBI CAS

(i) When a cheque is drawn, a Punching medium is prepared by the Audit Section/Sub- office as under:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Cheques and Bills (020/81)	CB			Service Head	

The paying branch of the Reserve Bank of India prepares daily Payment and Receipt Scroll and sends two copies of the same to the Controller Offices along with the paid cheques. The dealing branches of Public Sector Banks also daily send two copies of the Payment and Receipt Scrolls duly supported with paid instruments to the

designated 'Focal Point' branch of the SBI. One copy of the scroll is also sent to the Cheque Drawing DDO, if the Payment Scroll pertains to the cheques issued by him. The 'Focal Point Branch' of SBI, after consolidating the transactions at various branches accredited to the PCDA/CDA organization, prepares 'Main Scroll' and sends two copies thereof to the concerned CDA with the original copy of the 'Payment/Receipt Scroll' received from the dealing/paying branch along with the paid instruments. The total amount of Main Scrolls and total amount, for which instruments of debit/credits are received, are recorded in the 'Register of Main Scrolls' and 'Register of Debit/Credit Scrolls' on daily basis. The paid instruments awaited, if any from the FPB, are called for. A copy of the verified copy of the scrolls is returned to the FPB within 24 hours of receipts.

The Register of Main Scrolls' is totaled on the last working day of the month for amounts of Debit/Credit transactions, reported by the FPB and total amount for which Debit/Credit instruments have been received.

Suppose as per 'Register of Main Scrolls', the totals of gross debit and credit transactions for the month of July 24 were reported for Rs 110.00 and Rs 85.00 respectively and totals for Debit Scrolls and Credit instruments as on 31-07-24 by FPB are worked out Rs100.00 and Rs 80.00 respectively, the Punching Medium for the total amount of Debit/Credit Scrolls is to be prepared as under on the last working day:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
RB Deposits (021/00)	100		RB Deposits (021/00)	80	
Cheques and bills (020/81) (DEBIT INSTRUMENTS)		100	Remittance into Banks/treasuries (020/80) (CREDIT INSTRUMENTS)		80

The particulars of the TE number and month will be noted in the Register of Main Scrolls indicating as to how the transactions under each code head has been compiled during the month.

## (ii) Verification of DMS

After close of the month, based on the verified copies of Day Scrolls, received by the FPB from Defence Accounting Circle (DAC) daily, the Focal Point Branch prepares and sends four copies of "Date-wise Monthly Statement (DMS)" to the Defence Accounting Circle by the 3<sup>rd</sup> of the following month. This statement has to be checked with reference to the amounts of paid/receipt instruments, worked out with reference to daily Main Scrolls. Two copies of the DMS duly verified are returned to the Focal Point Branch by the 5<sup>th</sup> of the following month.

The figures reflected in 'Date-wise Monthly Statement (DMS)' should agree with the figures recorded in the register of Main Scrolls. If there is variation, the correctness of the discrepancy will be verified with reference to original copy of the Main Scrolls. Efforts will be made to settle the discrepancy by making personal liaison with the FPB. In case, it is not possible to get the discrepancy settled, the DMS will be verified subject

to the settlement of the discrepancy. The discrepancies will be noted in the Annexure 'C' Part-I and pointed out to the FPB. An encasement to the effect of verification will be made on the copies of the DMS and verified copy of the DMS (VDMS) will be returned to the FPB under a covering memo bringing out the exact nature of the discrepancy, in particular, Main Scroll/Day Scroll serial number etc (in the case of SBI). The PCsDA/CsDA Offices are responsible for clearance of any difference appearing in Annexure 'C' Part-I. Regular liaison will, therefore, be taken up with the FPB.

In the example given above, the FPB is supposed to forward DMS for gross amount of Rs 110.00 debit and Rs 85.00 credit transaction, but DMS will be verified for Rs 100.00 debit and Rs 85.00 credit only pointing out that the paid cheques for Rs 10.00 and Duplicate Copy of the MROs (DMROs) for Rs 5.00 are awaited from the FPB. While the paid cheques amounting to Rs 10.00 will remain unlinked in the Schedule III, the DMROs for Rs 5.00 will remain outstanding in the 'Register of MROs' as the Original Copies of the MROs (OMROs) would have been adjusted by the Audit Sections and ought to be shown in the 'Register of the MRO'.

### **(iii) Verification of Monthly Settlement Statement (MSS)**

The Controller Offices also receive Monthly Settlement Statement from the SBI GAD showing the amounts of receipts/payments put through by the FPB and settled with RBI, CAS, Nagpur (Monthly Settlement Statement) in Annexure 11 and 15 to 'Memorandum of Revised Procedure for Reporting and Accounting of Receipts and Payments Transactions of Ministry of Defence (Effective from 01-10-1993)'. The Controller Offices check the entries therein with reference to the verified figures in the DMS. A copy of the MSS, duly verified is returned to the SBI GAD, Mumbai and discrepancies noticed are pointed out to the Focal Point Branch for rectification. No compilation at this stage is required to be carried out.

In the example, given in Para (iii) above, the discrepancies of Rs 10.00 for debit transactions and Rs 5.00 for credit transactions are also likely to appear in the MSS of the PSBs, if already not settled by the FPB. The discrepancies will again be pointed out to FPB after verification of the MSS.

## **4. Verification of RBI CAS Nagpur Advice for FPB transactions**

On receipt of Put Through Statement the RBI, CAS, reconciliation will be made with reference to the verified copy of DMS in Annexure. For this purpose a 'Monthly Reconciliation. Analysis' will be prepared in 'Annexure C' Part-II. For discrepant items appearing in serial 5 (a) of Annexure C Part II, CsDA are required to write to the Focal Point Branch immediately to ensure that the items as have not been put through by the Focal Point Branch through GAD are put through in the subsequent month positively. In addition, discrepancies in column 5(b) also need to be pointed out to FPB for immediate rectification. It will be ensured that Serial 5.1 (a) and (b) is tallied with the closing balance shown against serial 5 of Part II.

Normally, all the amounts, except those relating to the last 2-3 days of the month, will be put through/settled with RBI, CAS, Nagpur in the same month. The items of last 2-3 days are expected to be put through/settled in the first few days of the subsequent month. The transactions for the last 2-3 days are likely to be put through twice which need to be taken care of. After reconciliation, PM will be prepared as

under:-

**(a) When RBI, CAS figures are more than the Verified Copy of DMS figures (Excess advice received):**

This generally denotes that the FPB has not forwarded Debit/Credit instruments to Defence Accounting Circle but has reported the transactions correctly to RBI, CAS through SBI GAD or transactions of other accounting circle have been erroneously reported to RBI CAS by the FPB through SBI GAD.

In the example given in Para 3 (B) (i), the monthly PM has already been prepared and compiled, but while reconciling RBI CAS monthly figures these figures are to be taken into account. Suppose, RBI CAS has intimated debit and credit figures as Rs 110.00 and 85.00 for the month of July 24, the reasons for the difference of Rs 10.00 for debit transactions and Rs 5.00 for credit transactions shall have to be identified with reference to the Verified copy of DMS and the 'Register of the Main Scroll' and discrepancy.

The discrepancies arising as a result of non-receipt of paid instruments amounting to Rs 10.00 paid cheques and Rs 5.00 DMROs, as mentioned in Para 3 (B) (i) and liable to be pointed out to FPB in the manner explained in Para 3 (B) (ii) and 3 (B) (iii), would have been reported to RBI CAS, Nagpur through concerned FPB and would appear in the monthly closing balances of the RBI, CAS, if otherwise not rectified. Such discrepancies at this stage would get transferred to the relevant Suspense head.

After ensuring correctness of the difference, the Punching Medium for the difference will be prepared as under:-

**(i) In case of debit scrolls-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
28/021/00 (RB Deposits)	10		03/020/76 (PSB Suspense) (SBI)	10	

OR

021/00 (RB Deposits)	10		03/020/83 {RB Suspense (Unclassified)} (RBI branches)	10	
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**(ii) In case of credit scrolls-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
03/020/76 (PSB Suspense)		5	28/021/00 (RB Deposits)	5	

OR

03/020/83 {RB Suspense (Unclassified)} (RBI branches)	5		021/00 (RB Deposits)	5	
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**(b) When RBI CAS figures are less than the figures of Verified Copy of DMS (Advice awaited/less advice):**

This denotes that paid instruments have already been received and entered in the Main Scrolls Register but FPB has erroneously reported transaction to RBI CAS (or to other accounting circle). The possibility of debiting the scrolls of other CsDA erroneously received also cannot be ruled out. This aspect will also be examined.

Suppose RBI CAS has intimated debit and credit figures as Rs 90.00 and 75.00 for the month of July 2024 against the compiled figures of Rs 100.00 and 80.00 respectively, as mentioned in Para 3 (B)(i), the reasons for the difference of Rs 10.00 for debit transactions and Rs 5.00 for credit transactions shall have to be identified with reference to the Verified copy of the DMS and the 'Register of the Main Scroll.'. After ensuring correctness of the difference, the difference will be compiled as under:-

**(i) In case of debit scrolls-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
28/021/00 (RB Deposits)		10	03/020/76 (PSB Suspense) (SBI)		10

OR

021/00 (RB Deposits)		10	03/020/83 RB Suspense (Unclassified)} (When transaction with RBI branches)		10
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**(ii) In case of credit scrolls-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
03/020/76 (PSB Suspense) (SBI)		5	28/021/00 (RB Deposits)		5

OR

03/020/83 {RB Suspense (Unclassified)} (RBI branches)		5	021/00 (RB Deposits)		5
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After monthly reconciliation, complete details of all such discrepancies like particulars of the Bank, date of transaction, date of settlement with RBI, amount, nature of transaction (DR/CR) as indicated by the RBI CAS in their advice, TE No and date through which amount transferred to Suspense and manner in which transactions were operated in the PM (Receipts/Charges) will be noted in the Reserve Bank Deposits Register so that at the time of clearance, the transaction could be distinctly known.

After above reconciliation, complete details of the discrepancies will be forwarded to the FPB for verification requesting them to forward Debit/Credit Scrolls. 'Certificate' in lieu of paid instruments will be watched in Annexures '7' and '8' to 'Memorandum of Revised Procedure for Reporting and Accounting of Receipts and Payments Transactions of Ministry of Defence (effective from 01-10-1993)'.

## 5. Clearance of Discrepancies

The clearance of suspense heads will be compiled as under:-

### (I) Inter-Governmental Transactions

#### (a) When RBI CAS figures are more than the figures of settlement account/vouchers/Pension Payment Scrolls during the month:

In the example given in Para 3 (A) (a), on receipt of requisite Settlement Accounts/Vouchers/PPS, the RB Deposit figures will remain untouched and suspense will be cleared by booking Settlement Accounts/Vouchers/PPS to relevant head as under:-

#### (i) In the case of debit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)		10
			74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA transactions)		10
			74/020/83 {RB Suspense (Unclassified)} (English transactions)		10
			020/83 {RB Suspense (Unclassified)} (Pension transactions)		10
			020/82 {RB Suspense (Classified)} (Department of Post and Railways)	10	

			74/020/82 {RB Suspense (Classified)} (Pr. CCA, MEA transactions)	10	
			74/020/84 RB Suspense English (English transactions)	10	
			00/020/76 (PSB Suspense) (PPS transactions)	10	

**(ii)** In case of credit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)		5			
74/020/83 {RB Suspense (Unclassified)} (for Pr. CCA, MEA)		5			
74/020/83 {RB Suspense (Unclassified)}(English transactions)		5			
020/83 {RB Suspense (Unclassified)} (Pension transactions)		5			
020/82{RB Suspense (Classified) }(Department of Post and Railways)	5				
74/020/82 {RB Suspense (Classified)} (Pr. CCA, MEA)	5				
74/020/84 (RB Suspense English) (English transactions)	5				
00/020/76 (PSB Suspense) (Pension transactions)	5				

The vouchers will be scheduled to the concerned Section.

**(b) When RBI CAS figures were less than the figures of Settlement Accounts/vouchers/Pension Payment Scrolls received:**

On receipt of advice /missing advice from the RBI CAS, the amount will be compiled as under:-

**(i) In case of debit transactions-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
021/00 (RB Deposits)	10		020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	10	
74/021/00 (RB Deposits)	10		74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA)	10	
74/021/00 (RB Deposits)	10		74/020/83 {RB Suspense (Unclassified)} (English transactions)	10	
021/00(RB Deposits)	10		020/83 {RB Suspense (Unclassified)}	10	

**(ii) In case of credit transactions-**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	5		021/00 (RB Deposits)	5	
74/020/83 {RB Suspense (Unclassified)} (Pr. CCA, MEA transactions)	5		74/021/00 (RB Deposits)	5	
74/020/83 {RB Suspense (Unclassified)} (English transactions)	5		74/021/00 (RB Deposits)	5	
020/83{RB Suspense (Unclassified)} (pension transactions)	5		021/00 (RB Deposits)	5	

**(II) Transactions at various RBI PAD Branches and Agency Banks put through**

**(a) When RBI CAS figures were more than the VDMS Paid Instruments received along with the Main Scrolls during the month:**



In the example given in Para 4 (a,) if the RBI CAS withdraws the excess advice in the next month's accounts, to reconcile the RB Deposit figures, the amount excess booked to RB Deposits will be withdrawn as under: -

(i) In case of debit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
28/021/00 (RB Deposits)		10	03/020/76 (PSB Suspense) SBI		10

OR

021/00(RB Deposits)		10	03/020/83 {RB Suspense (Unclassified)} (RBI branches)		10
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(ii) In the case of credit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
03/020/76 (PSB Suspense) SBI		5	28/021/00 (RB Deposits)		5

OR

03/020/83 {RB Suspense (Unclassified)} (RBI branches)		5	021/00 (RB Deposits)		5
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There may be a situation when the Focal Point Branch forwards Scrolls/ paid cheque/payment or receipt certificate in support of the excess transactions, the excess figures of RB Deposits will not be affected and suspense booked earlier will be cleared with the contra heads of Cheques and Bills (020/81) or Remittances into Bank and treasuries (020/80) as under:-

(iii) In case of debit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/81 (Cheques and Bills)		10	03/020/76 (PSB Suspense) SBI		10

OR

020/81 (Cheques and Bills)		10	03/020/83 {RB Suspense (Unclassified)} (RBI branches)		10
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**(iv)** In case of credit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
03/020/76 (PSB Suspense) SBI		5	020/80 Remittances into Banks / Treasuries		5

OR

03/020/83 {RB Suspense (Unclassified)} (RBI branches)		5	020/80 Remittances into Banks / Treasuries		5
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**b. When RBI CAS figures are less than the Main Scrolls figures:**

On receipt of advice from RBI, CAS, Nagpur, in the case of example given in Para 4 (b), the compilation will be as under.

**(i)** In the case of debit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
28/021/00 (RB Deposits)	10		03/020/76(PSB Suspense) (When transaction with SBI)	10	

OR

021/00 (RB Deposits)	10		03/020/83 {RB Suspense (Unclassified)} (When transaction with RBI branches)	10	
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**(ii)** In case of credit scrolls-

03/020/76 (PSB Suspense) (SBI)	5		28/021/00 (RB Deposits)	5	
---	---	--	-------------------------	---	--

OR

03/020/83 {RB Suspense (Unclassified)} (RBI branches)	5		021/00 (RB Deposits)	5	
--	---	--	----------------------	---	--

While linking paid cheques with Schedule III, if it is found that the cheque was wrongly received/ entered in to/ taken / accounted for other PCDA/CDA, and was also wrongly advised by the RBI CAS, the paid cheque will be passed on to the concerned CDA for clearance and linking action by operating Exchange Defence Account in the following manner:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/81 (Cheques and Bills)	10		Originating Head of the concerned CDA	10	

The above transaction will be responded by the responding PCDA/CDA in the following manner:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Responding Head of the concerned CDA	10				
020/81 (Cheques and Bills)		10			

Similar action will be taken in the case of credit scrolls:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Originating Head of the concerned CDA	5		020/80 Remittances into Banks / Treasuries	5	

The above transaction will be responded by the responding CDA in the following manner:-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			020/80 Remittances into Banks / Treasuries		5
			Responding Head of the concerned CDA	5	

## **6. Verification of DMS/MSS (SBI CMP payment)**

### **a. Discrepancy between DMS and MSS**

There is only remote chance for difference among DMS and MSS in case of SBI CMP payments. In case, any difference, it should be taken by e-mail to SBI CMP Hyderabad or/and SBI GAD Mumbai as the case may be to obtain a revised Statement. The difference will be monitored till the discrepancy is rectified by SBI CMP Hyderabad or/and SBI GAD Mumbai.

### **b. Discrepancy between RBI figures and DMS**

There is almost no chance for any difference between RBI figures and DMS. In case any discrepancy noticed, the same may adjusted as shown in Para 4(a)(i) and 4(b)(i) above. Provided that;020/76 may be prefixed with '93'.

## **7. Verification of DMS/MSS (e-MRO)**

### **a. Discrepancy between DMS and MSS**

There is only remote chance for difference among DMS and MSS in case of SBI CMP payments. In case, any difference, it should be taken by e-mail to SBI CMP Hyderabad or/and SBI GAD Mumbai as the case may be to obtain a revised Statement. The difference will be monitored till the discrepancy is rectified by SBI CMP Hyderabad or/and SBI GAD Mumbai.

### **b. Discrepancy between RBI figures and DMS**

There is almost no chance for any difference between RBI figures and DMS. In case any discrepancy noticed, the same may adjusted as shown in Para 4(a)(i) and 4(b)(i) above. Provided that;020/76 may be prefixed with '93'.

As per RDR, Prefix '03' has to be used against 020/76. To distinguish Cheque Payments and SBI CMP Payments ported to 020/76, approval of HQrs CGDA is required to use Prefix '93' against 020/76.

## **8. Confirmation of monthly balances to RBI CAS, Nagpur**

The confirmation of monthly balances will be made to the RBI CAS, Nagpur in Annexure 'E' and copy of the same will be endorsed to the HQrs Office along with a report in Annexure 'D' Part-I.

**Annexure 'A' to Appendix -VIII**

**Reconciliation of Inter-Governmental Advice at RBI CAS, Nagpur Month of  
Reconciliation-----**

Sl	Description	Name of the Department		Remarks
		Receipts	Disbursements	
1.	Opening balance of Settlement Accounts / Vouchers/ PPS awaited from PAOs/Nodal branch			
2.	Amount as per RBI CAS monthly Advice			
3.	Total			
4.	Amount of Advice originated / withdrawn by the Controller Office during the month			
5.	Amount of Adjustment / rectification of past months by the PAOs of the other Deptt			
6.	Amount of Settlement Accounts / Vouchers / PPS received as on the day of reconciliation.			
7.	Closing Balance of Settlement Accounts / Vouchers/ PPS awaited from PAOs {3-(4+5+6)}			
7 (a)	Settlement Accounts/Vouchers/Pension Payment Vouchers awaited from the Nodal Branches of PSBs			
	(i) No of advice/Date of Transaction			
	(ii) No of advice/Date of Transaction			
	(iii) No of advice/Date of Transaction			
7 (b)	Other discrepancies			
7 (c)	Total (a) + (b)			
8.	Amount transferred to suspense			
9	Amount cleared from the Suspense			
10	Initials			Aud/AAO/ SAO

**NB-** (i) Reconciliation has to be carried out in the above manner PAO wise i.e. Department of Post, Railways, Pr. CCA, MEA etc.

(i) PCDA (P) Allahabad will carry out Bank wise Nodal Branches wise reconciliation in similar manner.

(ii) It will be ensured that all Clearance Memo received during the month are adjusted before reconciling the amounts under Column 4 and 5.

(iii) Total under column 7 and 7 (c) should agree.

**Annexure 'B' to Appendix -VIII**

**(Part-I)**

**Reconciliation of Transactions at RBI, PAD Branches Month of Reconciliation---**

Sl No	Description	Name of RBI, PAD branch-1, 2, 3 and so on		Remarks
		Receipts	Disbursements	
1.	Figures shown by the RBI in DMS			
2.	Figures as per verified copy of Scrolls			
3.	Difference			
4.	Letter No and date under which action taken up with the RBI PAD for settlement of difference			
5.	Amount as per RBI CAS advice			
6.	Amounts pertaining to last month's/years if any reported by the RBI PAD in the advice			
7.	Net Advice (Difference of column 5 and 6)			
8.	Total discrepant amount with reference to Paid Scrolls and RBI CAS Advice ( Difference of column (2 and 7)			
9.	Amount transferred to RB Suspense (Unclassified) (020/83)			
10.	Amount cleared from suspense during the month			
11.	Letter No and date under which matter has been taken up with the RBI PAD branch for reconciling difference under column 8			
12.	Initials			Aud/AAO/ SAO

**NB-** (i) Reconciliation has to be carried out in the above manner in respect of each RBI PAD branch wise

**(Part-II)**

**Reconciliation of Transactions at RBI, PAD Branches (Foreign Exchange Transactions)  
Month of Reconciliation-----**

Sl No	Serial No of Scroll	Description	Disbursements	Letter No and date of Audit Section under which opening of Letters of credit was authorised	Amount authorized vide letter under column 5	Unlinked Advice / (Difference column 4 and 6)	Remarks
1	2	3	4	5	6	7	8
1.		Opening Balance of Unlinked Foreign Exchange Advice					
2.		Details of the Total FE Advice Received with Debit Scrolls					
		(i) Date of Transaction / Settlement					
		(ii) Date of Transaction / Settlement					
		(iii) Date of Transaction / Settlement					
		(iv) Date of Transaction/ Settlement					
3		<b>Total</b>		<b>Total</b>		<b>Total</b>	
4.		Closing balance of the unlinked Advice					



5.		Letter No and date under which action initiated with the RBI to reconcile difference					
6		<b>Initials</b>					<b>Aud/AAO/SAO</b>

## Annexure C to Appendix -VIII

**Monthly Reconciliation of transactions put through by the Agency Banks  
Part-I-Between Focal Point Bank and the CDA**

SI No		SBI		Remarks
		Receipts	Disbursements	
1	Figures shown by the FPB Bank in the DMS			
2	Figures as per verification of DMS by the CDA			
3	Difference			
4	Reasons for the difference/ Letter No and date under which action has been taken up with the FPB			
5.	Initials			<b>Aud/AAO/SAO</b>

**NB: -** (i) Equally applicable to the Nodal Branched of PSBs in respect of Pension transactions.

**Monthly Reconciliation of transactions put through by the Agency Banks  
Part-II-Between the DMS and GAD**

Sl	Description	SBI		Remarks
		Receipts	Disbursements	
1.	Opening balance of discrepancies			
2.	Figures as per Verified copy of DMS for the month			
3.	Total Amount (1+2)			
4.	Amount put through by the SBI GAD, Mumbai/ (RBI CAS Advice)			
5.	Closing balance (difference of 3 and 4)			
5.1	Analysis of closing balance			
(a)	Amounts pertaining to last few days of the month not put through (as per verified copy of the DMS)			
	Total (a)			
(b)	Other discrepancies (mention each discrepancy)			
	(i) Date of Transaction			
	(i) Date of Settlement			
(c)	Total (b)			
6.	Letter No and date under which matter has been taken up with the FPB for rectification of discrepancies.			
7.	Amount transferred to suspense			
8.	Amount cleared from suspense			
9.	Initials			<b>Aud/AAO/SAO</b>

**Monthly Reconciliation of transactions put through by the Agency Banks**  
**Part-III- Register of amount put through Receipts/Payments**

Month	Amount as per DMS	Amount put through in 1 <sup>st</sup> month	Balance	Initials of SAO	Amount put through in II <sup>nd</sup> month	Balance	Initials of SAO	Amount put through in subsequent months	Initials of SAO	Remarks
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Amounts</b>	<b>Months</b>	<b>12</b>
April								<b>9</b>	<b>10</b>	<b>11</b>
May										
June										
July										
Aug										
Sep										
Oct										
<b>Initials</b>	<b>Aud/AAO/SAO</b>									

NB:-The above format is intended to ensure timely putting through of the amount by the PSBs to the RBI CAS. For example the amount of the DMS for the month of April should be put through in the 1st month i.e April. Generally, the amounts for the last 2-3 days get reflected in the RBI CAS next month's advice. From this format it has to be ensured that the balance amount for April is get reflected in the next month's advice of the RBI CAS i. e May and shown under column 6. In case, the same transaction is again put through by the FPB that will be noted under column 9 and 10 and so on.

**Part-IV- Statement of Double/Excess reimbursement claimed by the PSBs**

Sr No	Bank Name	Branch Name	Date of Transac- tion	Amount of Transac- tion	Date of put through	Amount put through	Date of Second Put through (Put through 2 <sup>nd</sup> time)	Amount of put through	Amount of excess / double claim	Date of withdrawal / rectification	Period of excess / double put through	Remarks if any
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Initials</b>												<b>Aud/ AAO/ SAO</b>

NB: - (i) For clarification of double reimbursement, HQrs office letter No A/III/12157/LXXXVI/Recovery dt 06.11.2019 may please be linked.

(ii) The Annexure C-Part –III will provide information for amounts excess put through.

## Annexure 'D' to Appendix -VIII

## Part-I- Summary of RB Deposits and Suspense compiled in the month of ----

Sl No	Nature of transactions	Inter-Governmental Advice		Transactions at RBI Branches		Transactions put through by the Agency Banks		Closing Balances		Remarks
		Payment	Receipts	Payment	Receipts	Payment	Receipts	Receipts	Charges	
1	Amount reported by the RBI CAS as per monthly statement									
2	RB Deposits (021/00) compiled									
3	PSB Suspense (0/020/76)									
	PSB Suspense (03/020/76)									
4.	RB Suspense (Unclassified) (03/020/83)									
	RB Suspense (Unclassified) (74/020/83)									
	RB Suspense (Unclassified) (00/020/83)									

NB: - The advice in respect of PSBs received from the Nodal branches of the PSBs will be compiled under PSB Suspense (00/020/76) without prefix category

**Part-II- Broad Sheet of PSB Suspense and RB Suspense (Unclassified)**

Month	Nature of suspense	Opening Balance	Amount booked in the month	Progressive total	Amount cleared in the month	Closing balance	Remarks
April	PSB Suspense (03/020/76)						
	PSB Suspense (00/020/76)						
	RB Suspense (Unclassified) (03/020/83)						
	RB Suspense (Unclassified) (74/020/83)						
	RB Suspense (Unclassified) (00/020/83)						
May and so on	PSB Suspense (03/020/76)						
	PSB Suspense (00/020/76)						
	RB Suspense (Unclassified) (74/020/83)						
	RB Suspense (Unclassified) (03/020/83)						
	RB Suspense (Unclassified) (00/020/83)						
	Initials of AAO/SAO						

**(To be maintained separately for Debit and Credit)**

**Part-III- Abstract showing the Balances outstanding under 'PSB Suspense' Year.....**

Period	Opening balance	Adjusted in April	Adjusted in May	Similar columns from June to March Accounts	Total Adjusted during the year	Balance outstanding	Remarks
2020-21							
2021-22							
2022-23							
2023-24							



**Annexure 'E' to Appendix -VIII**

No

Office of the CDA ----

Dated 2024

To,

The General Manager, RBI,  
Central Accounts Section,  
Section of Govt Economic Affairs,  
Additional Office Building,  
East High Court, Nagpur- 330001

**Sub: - Confirmation of Monthly Closing Balance of -----(Code No---)  
Fund account for the month of----- 2024.**

The net Debit / net Credit balances to the end of -----2024 are indicated below  
for your information and necessary action.

Month	Amount (In Unit of Rupees)	Difference (if any)

2. The progressive "net" balances of Rs----- (Dr/Cr) is hereby confirmed.

3. The details of discrepancies noticed in the inter-Governmental Advice are as under:-

(a) The RBI CAS has forwarded advice during the month in respect of following transactions. As on date, this office has not received Settlement Accounts/ Schedules/ Vouchers / Pension Payment scrolls /any information from the PAO of the concerned Department/Nodal Branch.

(i)

(ii)

The above transactions may please be reviewed and withdrawn immediately.

(b) The Settlement Accounts/Schedules/Vouchers/Pension Payment Scrolls in respect of following amounts have been received from the concerned Department, but advice is awaited from RBI CAS.

SI No	Name of the PAO/Department	Amount	Letter No and date under which accounts/ advice of accounts received from the PAO.

Necessary advice may please be forwarded.

SAO

Copy to:-

The CGDA,

Ulan Batar Road, Palam Delhi Cantt-110 010, New Delhi-110066

Monthly report on reconciliation is enclosed in Annexure 'D Part-I'

GO (A/Cs)

## **APPENDIX IX**

### **(Referred to in Para 11.4)**

#### **Maintenance of Defence Ledger and Preparation of Annual Review of Balances**

1. This Appendix deals with the procedure for maintenance of Defence Ledger and review of balances.
2. In addition to the provisions contained in the Codes and Manuals, in regard to preparation of AROB, the following guidelines will be strictly complied with.

##### **(i) Preface**

A 'Preface' will be written in the AROB. For the sake of uniformity, the following Para may be incorporated in the 'Preface' of AROB:-

"The accounts of the year are not completed until the balances upon the ledger under Debt, deposits and Remittances have been verified. Accordingly after the books of the year have been closed, an explanatory statement of closing balances called the Review of Balances is prepared. "The Accounts under the Major Heads 0076 - Army, 0077 - Navy, 0078 - Air Force, 0079 - C&S (DoO), 0080 - R&D, Defence Services Receipts, 2076 - Army, 2077 - Navy, 2078 - Air Force, 2079 - C&S (DoO) 2080 - Research and Development, Defence Services Revenue Expenditure (charges) and 4076 - Capital Outlay on Defence Services will be closed by credit or debit to Government Account.

The Revenue and Capital heads will be closed to 'Government Account', the heads pertaining to Sector E - Public Debt, F - Loans and Advances, I - Small Saving Provident Fund etc, J - Reserve Funds, K - Deposits and Advances, L - Suspense and Miscellaneous and M - Remittance Heads to 'Balance Accounts' except that 'Reserve Bank Deposits - Defence' shall be closed to Government Account."

In addition to above, the name and account number of the Auditors/AAO/SAO/Group officer and Jt. CDA/Addl. CDA, associated with the preparation of the AROB will be mentioned in the Preface. Any other important features like working days consumed in preparing AROB, the practical problems encountered during preparation or any other features, as may be considered necessary, may also be mentioned in the Preface.

##### **(ii) Check List cum Index**

The 'Preface' will follow 'Check List Cum Index'. The formats of the same are enclosed as Annexure 'C2' and 'C1'.

##### **(iii) Certification of Balances**

- (a) The certificate of the PCsDA/CsDA would be required to be submitted along

with AROB in Annexure C3.

(b) The correct maintenance of the subsidiary accounts forms the very basis of the Controller's certificate. In order to monitor correct maintenance of subsidiary accounts and their reconciliation not only with compiled actuals but also with reference to the progressive balances reflected in the AROB, the certificates mentioned in the Annexure 'C4' would be invariably given in the Annual Review of Balances under the signature of Jt. CDA/Addl. CDA. In cases where the subsidiary accounts have not been properly maintained and the progressive balances reflected in the AROB do not agree with the subsidiary ledgers, reasons for non- maintenance and specific action initiated to reconcile subsidiary ledger accounts would be intimated in the Review of Balances.

The Accounts Section will review the monthly compilation, note the particulars of the Sub-Offices/Section, TE No and month and year in respect of all balance heads in the relevant registers and call for requisite information i.e particulars of the individuals, details of the transactions etc in reconciliation of amounts. To streamline the process, certificates from the concerned Sub-office/Section/Task holder in the Account Section dealing with the subsidiary accounts on monthly basis may be introduced. In case no specific register is provided for a particular head, a manuscript register may be opened.

In order to monitor and streamline the above procedure, the above registers will be submitted monthly to the Jt. CDA/Addl. CDA.

#### **(iv) Explanatory Notes**

(a) The explanatory notes are in fact an explanation of each ledger balance, nature and condition, liability involved, nature of detailed accounts kept of the transactions connected with it and how far the final results of these accounts work up to, and agree with the balance on the ledger. Therefore, the executive function in rendering the account is to take in to account and explain the above issues. The Explanatory Notes in the AROB will, therefore, contain description of each code head, total credit and debit transaction under the head during the year, what the transactions exactly represent, necessity arising for operating the same during the year, liability involved in it, as to why its balances are outstanding (in the case of balance heads), how the outstanding balances will be cleared and action initiated to clear these balances. A standard format for this purpose has been devised and incorporated as Annexure 'C5'.

(b) The Explanatory Notes may be prepared in two Parts- Part-I and Part-II. While the Part I will be prepared for all heads closing to the Government including the dummy DIDs originated/responded as a result of central transfer of the amounts by the IT&S Wing of HQrs CGDA and reflected in the book compilation, Part-II will contain explanatory notes in respect of all the 'Balance Heads'.

**Note:** 'Balance Heads' do not close at the end of financial year and the balances there of are brought forward to the next financial year.

## **(v) Government Account**

(a) The term 'Government Account' needs some explanation, under the system of Book keeping followed in Indian Government Accounts. The amount booked under Revenue, Capital and other transactions of Govt., the balances of which are not carried forward from year to year and the accounts are closed to a single head called 'Govt Account'. The balances under this head represent, the cumulative result of all such transactions, so that after adding thereto the balance under Debt, Deposit and Remittance Heads and Contingency Fund, the closing cash balance at the end of the year may be worked out and proved. The 'Government Account' will show how the account at the end of the year has been arrived at. The Government Account is prepared to prove the balances in Statement No. 5 and 13. Statement No. 13 is a Minor Head wise summary of balances wherein the net balances is worked out as CR/DR. The Statement No. 5 is summary of the balances of Statement No. 13.

(b) While preparing 'Government Account', the following points may be taken in to consideration: -

(i) The closing balances of the last year appearing under "Credit/Debit" columns of the Government Account will be taken as opening balances in the current year 'Government Account' under "Debit/Credit" column.

(ii) The amount being Proforma dropped, as 'DR/CR' under column 'C' of Statement No 13 will be reflected as 'CR/DR' in the 'Government Account' whereas amount being Proforma dropped under column '5' of the AROB will be reflected as Plus/Minus Receipts or Charges as the case may be.

(iii) The closing balances worked out in the 'Government Account' will agree with the balances worked out in Statement No. 5.

(iv) The 'CR/DR' balances if worked out in '(-) CR/DR' under Statement No. 13, will be reflected as 'DR/CR' respectively.

The formats of the Government Account, Statements No. 5 and 13 with example are enclosed as Annexure C 6, C 7 and C 8.

## **(vi) The Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India:**

(a) A revised format of the AROB is enclosed as Annexure 'C 9'. The heads mentioned in the AROB are not exhaustive and Controller specific. The heads in the AROB may be shown as operative in the Controller office.

(b) As per revised format the Statement of Balances of Receipts and Disbursement under Debts, Deposits, and Remittances and Contingency Fund of India, the balances will be reflected as Receipts and Charges. The balances in respect of each detailed Head under various Minor Heads of above Major Head will be shown as Receipts and Charges separately (where the Heads are operative both sides-receipt and charge). Balances in respect of other Major Heads may, however, be shown as net i.e Receipts or Charge as the case may be.

(c) The Grand total of the balances of all heads under Receipts and Charges reflected in the Annual Review of Balances (AROB), will be worked out under each column i.e under the columns of Opening Balances (Receipts/Charges), Compiled during the year (Receipt/Charge), Clearance during the year (Receipts/Charges) and Closing Balances (Receipts/Charges). It will be verified and ensured that the net difference of the Receipts and Charges under Closing Balance of the AROB agree with that of the net DR/CR grand closing balances of Statement No. 13, Closing Balances worked out in the 'Govt. Account' of AROB and balances brought forward in Statement No. 5. The following certificate will be furnished in the AROB: -

"The net balances under the Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India, the net closing balances worked out in Statement No. 13 and Closing Balances worked out in the 'Govt. Account' of AROB and balances brought forward in Statement No. 5 from the "Govt Accounts" agree'.

(d) Year wise break up of balances in respect of all the Code Heads under Major Head 8659 (Suspense Defence), 8670 (Cheques and Bills) and 8677 (Remittances into Banks/Treasuries) will be given in the AROB.

#### **(vii) Incorporation of Exchange Accounts Balance**

(a) The Exchange Accounts close to the balances to the Government. Clarification in regard to the clearance under these heads is also given in the succeeding Para.

(b) After computerized matching of the originating and responding items, since no Punching Medium is prepared, the originating and responding heads in the AROB, remain uncleared. Further balances like GPF (00/015/01), PAO's Suspense (018/65), e-ticketing (DTS) (29/023/29) are centrally transferred by the IT&S Wing of HQrs Office. The balances are transferred to the concerned PCsDA/CsDA by initiating a dummy originating and responding DIDs to settle the transaction, which is nullified in the Consolidated Compilation prepared by the IT&S Wing of HQrs office. But, while preparing book compilation either originating or responding dummy transaction would appear in the book of the Controller office. Since the Exchange Accounts (Major Head 8797) is a 'Balance Head', reflection of Dummy DIDs as outstanding in the AROB will create a superfluous balance in the AROB.

(c) The DIDs mechanically matched and cleared by the IT&S Wing of CDA (Army) Meerut, will be Proforma dropped in Statement No. 13, Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India and the 'Government Account' under the appropriate column. The following certificate will be given in the AROB.

'Certified that the following amounts pertaining to DIDs cleared by the IT&S Wing of CDA (Army) Meerut of as a result of mechanical matching and manually cleared on the basis of Change Statement, during the year have since been Proforma dropped. The records of these items have been maintained in the DIDs Registers and shown cleared:

Total amount of DIDs mechanically cleared by the IT&S Centre, CDA (Army), Meerut	Originating		Responding	
	Receipts	Charges	Receipts	Charges

(d) The total amount of dummy DIDs appearing in the book compilation will not be reflected in the Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India as 'Balance Heads' and will only be reflected as Revenue receipts/expenditure heads in the 'Govt Account' as close to balances. The following certificate in this regard will be given in the AROB below the 'Govt. Account':

'Certified that the following amounts pertaining to on account of operation of dummy DIDs have been treated as Revenue receipts/expenditure in the 'Govt. Account'. The records of these items have been properly maintained in the DIDs registers.

Total amount of the Originating dummy DIDs operated during the year		Total amount of the Responding dummy DIDs operated during the year	
Receipts	Charges	Receipts	Charges

(e) The procedure of clearance of the Exchange Account Balances and Proforma dropping of balances is explained in detail in Annexure 'B' enclosed with a practical example.

#### **(viii) Action Taken Note**

(a). An 'Action Taken Note' will be prepared in cases of Code Heads which culminate into minus transactions or adverse balances. Similarly under this note, action initiated for maintenance of subsidiary ledger accounts and to reconcile balances thereof with compiled actuals/AROB will also be intimated.

**Note:** - Adverse balances may be defined as outstanding balances under a head supposed to be closed in debit or credit but closing otherwise. For e.g the Loan and Advances, if closing in credit (Plus Receipts will be termed as adverse balances. Similarly, in the case of head Remittances in to Banks/Treasuries (020/80) and (93/020/80), the balances closing in Debit (Plus Charges) will be known as adverse balances. The PAO's Advance closing in Plus Receipts will also be termed as adverse balance.

## **Annexure 'A' to Appendix IX**

In terms of Para 11.9 of Defence Account Code, the Annual Review of Balances (AROB) is supposed to contain the following basic information: -

**(a)** An explanation for each ledger balance with year wise break up.

Year wise break up of gross balances are to be given in the AROB for outstanding balances under various detailed Heads under different Minor Heads under Major Head particularly 8659-Suspense Defence and other heads where necessary.

**(b)** An explanation of the nature and condition of the liability involved in the balances.

Accordingly, Code Head wise explanation of the nature of balances/liability involved under various Minor Heads needs to be given in the AROB.

**(c)** A Statement of the nature of detailed accounts kept of the transactions connected with it; and how far the final results of these accounts work up to and agree with the balance on the ledger.

Accordingly, the balances reflected in the AROB would agree with the balances reflected in the various subsidiary ledgers like Debt Heads Register (DHRs), Security Deposits, Misc. deposits, Suspense Registers, Registers of Settlement Accounts, Exchange Accounts Registers, Register of Unclaimed Provident Fund, Registers of Advances to Imprest Holders, Registers of Security Deposits of contractors, Registers of Security Deposits made to Higher Appellate Courts, Registers of Security Deposits tendered to the State Govt etc. Besides, proper maintenance of the registers needs to be ensured.

This information also relates to correct preparation of 'Govt Account', Statement No. 5 and 13 and other allied statements incorporated in the AROB and to ensure that balances correlate with the ledger balances.

**(d)** Information as to whether the person or persons from whom the balance is owned or from whom it is due, admit its correctness and, if they do not agree, where the difference lies. This information obviously relates to Consolidated Fund of India involving 'Permanent Advances' and 'Loan and Advances' by the Central Govt and relates to correct upkeep of balances in the DHRs.



## **Annexure 'B' to Appendix IX**

1. As per RD&R compilation for March Supplementary - I (March Final) Account 24, a progressive sum of Rs 1,63,25,51,809.00 under code head 018/65 was compiled by the PCDA (Army) Chandigarh against CDA (Army) Meerut by operating prefix Cat '03'. The amount was central transferred by the IT&S Wing of HQrs office in March Supplementary - I (March Final) Account 24.
2. While Central transferring the amount, the IT&S Wing of HQrs office adopts the existing procedure of settlement of transactions between the two independent accounting circles by operating Exchange Account. In this settlement process, IT&S Wing of the HQrs office on behalf of the Controller offices would take originating and responding action by initiating dummy DIDs. While centrally transferring the amounts and initiating DIDs on behalf of PCDA (Army) Chandigarh against CDA (Army) Meerut, the balances under 03/18/65 (PAOs Advances) were cleared as Minus Charges and a dummy DIDs (03/073/21) against CDA (Army) Meerut as Plus Charge was originated. This dummy DIDs has been simultaneously made to responded by the IT&S Wing of HQrs office on behalf of CDA (Army) Meerut against PCDA (Army) Chandigarh under Code Head 03/076/22 as Plus Receipt and the balance of 018/65 (PAO's Advance) as Plus charge.
3. PCDA (Army) Chandigarh in their Annual Review of Balances has shown the amount of dummy DIDs outstanding in their book against "originating Receipt/Payment by other CDA on account of CDA (Army) Meerut" against Code Head 03/073/21 as Plus Charge. It was verified from the AROB of CDA (Army) Meerut that similar amount has been taken by them in their AROB and the amount has been shown outstanding as Plus Receipts. This amount will remain outstanding in the books of PCDA (Army) Chandigarh and CDA (Army) Meerut and will continue to reflect in the AROB unless a suitable mechanism of clearance is evolved.
4. Likewise, in the normal manner (other than central transfer) PCDA (Army) Chandigarh has also originated a DIDs for Rs (-) 55603.00 against CDA (Army) Meerut (073/21) as Plus Receipt and DIDS for Rs 72906924.00 responded (076/22) against CDA (Army) Meerut during the year. In this case, the amount will also remain outstanding in the AROB even after clearance by mechanically matching by the IT&S Centre, CDA (Army) Meerut since no PM for clearance is prepared. These amounts will also accumulate and remain outstanding in the books of PCDA (Army) Chandigarh and CDA (Army) Meerut if continue to be reflected in the AROB.
5. In order to clear amount from the AROB, in the former case (Para 2 and 3 above), the balance of amount will not reflect in the AROB as 'Balance Head'. The balances of the dummy DIDs will be treated as heads closing to Govt and will be reflected in the Govt. Account as Revenue Receipt/Expenditure Head.
6. The amount cleared under originating and responding items will be Proforma dropped in AROB March Supplementary - I (March Final) Account 24 in the latter case (Para 4 above), on receipt of clearance report from the IT&S Centre Meerut.

An example of clearance and Proforma dropping of amount is given in the Annexure **B1 to B2** enclosed.

## Annual Review of Balances based on (Supplementary-1)(March Final) Account 24 (Existing status) {PCDA(WC) Chandigarh}

Page-1

Major/Minor head	Exchange Accounts	Detailed head	Opening balance as on 1st April		Compiled during the year		Clearance made during the year		Closing balances on 31st March	
			Credit(RT)	Debit(CH)	Receipt	Charge	(-) Receipt	(-) Charge	Credit (RT)	Debit (CH)
(1) Controller of Defence Accounts, Patna										
Originating Ru/Payment by other PCDA/CDA on a/c of CDA Patna		070/21	0.00	227697373.00	794.00	74528508.00			794.00	302225881.00
		98/070/21	0.00	3172465000.00	0.00	1445077106.00				4617542106.00
	Responding Dr/Cr by other PCDA/CDA to CDA Patna	070/22	83444648.00	77742.00	17394234.00	-101172.00			100838882.00	-23430.00
		06/070/22	301677090.00	0.00	229541046.00	0.00			531218136.00	
		Total	385121738.00	3400240115.00	246936074.00	1519504442.00			632057812.00	4919744557.00
(1a) Pr: CDA ( SWC) JAIPUR										
Originating Ru/Payment by other PCDA/CDA on a/c of Pr: CDA SWC JAIPUR		070/31	660897.00	75119481.00	36827084.00	560368.00			37487981.00	75679849.00
		070/32	279351827.00		278300968.00	26000.00			557652795.00	26000.00
		Total	280012724.00	75119481.00	315128052.00	586368.00			595140776.00	75705849.00
(2) Pr: Controller of Defence Accounts (Pen), Allahabad										
Originating Ru/Payment by other PCDA/CDA on a/c of Pr: CDA(P) Allahabad		071/21	510713.00	521572.00	-104086.00	-520539.00			406627.00	1033.00
	Responding Dr/Cr by other PCDA/CDA to Pr: CDA(P) Allahabad	071/22	1333.00	435471.05	-520539.00	169079.00			-519206.00	604550.05
		Total	512046.00	957043.05	-624625.00	-351460.00			-112579.00	605583.05
(3) Pr: Controller of Defence Accounts (Officers), Pune										
Originating Ru/Payment by other PCDA/CDA on a/c of Pr: CDA(O), Pune		072/21	1790201.00	6024064.00	325998.00	1234994.00			2116199.00	7259058.00
	Responding Dr/Cr by other PCDA/CDA to Pr: CDA(O), Pune	072/22	16052.00	33059.00	0.00	5910.00			16052.00	38969.00
		06/072/22	2914136993.00		1245098272.00	0.00			4159235265.00	
		Total	2915943246.00	6057123.00	1245424270.00	1240904.00			4161367516.00	7298027.00
(4) Controller of Defence Accounts (Army), Meerut										
Originating Ru/Payment by other PCDA/CDA on a/c of CDA(A), Meerut		073/21	2100953.00	439083978.00	-55603.00	107811651.00			2045350.00	546895629.00
		03/073/21	0.00	3981776610.00	0.00	1632551809.00			0.00	5614328419.00
	Responding Dr/Cr by other PCDA/CDA to CDA(A), Meerut	073/22	378684580.60	6236762.50	72906924.00	15890.00			451591504.60	6252652.50
		06/073/22	447275444.00		114955675.00	0.00			562231119.00	
		06/073/32	236592462.00		0.00	0.00			236592462.00	
		Total	1064653439.60	4427097350.50	187806996.00	1740379350.00			1252460435.60	6167476700.50
8011 Insurance and annuity Fund										
101	PLI and Annuity Fund	0024/00	192945128.99	0.00	85698028.00	0.00			278643156.99	0.00

**GOVERNMENT ACCOUNT : PCDA (Army) Chandigarh**

Debit	Details		Credit
0.00	A-	Opening Balance (Defence)	48401414371.45
0.00	B-	Receipt Heads (Revenue Accounts)	2189227367.63
29649287636.20	C-	Expenditure Heads (Revenue Accounts)	0.00
9725472518.00	D-	Expenditure Heads (Capital Accounts)	0.00
0.00	E-	Inter State Settlement	0.00
0.00	F-	Misc. (NET)	0.00
0.00		8680	0.00
2909361684.54		8675	58476214724.50
42284121838.74		sub-total	
66782734624.84	G-	Closing Balance	
109066856463.58		Grand Total	109066856463.58

**Revised status after proforma dropping in March Final/24****GOVERNMENT ACCOUNT**

Debit	Details		Credit
0.00	A-	Opening Balance (Defence)	48401414371.45
0.00	B-	Receipt Heads (Revenue Accounts)	2189227367.63
29649287636.20	C-	Expenditure Heads (Revenue Accounts)	0.00
<b>1632551809.00</b>		<b>Exchange Account (Dummy)</b>	
9725472518.00	D-	Expenditure Heads (Capital Accounts)	0.00
0.00	E-	Inter State Settlement	0.00
		<b>PLI amount proforma dropped</b>	<b>192945128.99</b>
<b>107811651.00</b>		<b>Exchange Accounts balances proforma dropped</b>	<b>72851321.00</b>
	F-	Misc. (NET)	
0.00		8680	0.00
2909361684.54		8675	58476214724.50
44024485298.74		sub-total	
65308167614.83	G-	Closing Balance	
109332652913.57		Grand Total	109332652913.57

**CHECK LIST CUM INDEX SUBMISSION OF REVIEW OF BALANCES REPORT FOR THE YEAR ACCOUNTS****UP TO-----**

Sl No	Description/documents/certificates	Attached /Given or not <b>Yes/No</b>	Reasons for not attaching document / Giving certificate	Sl page number of AROB
1	Preface			
2	Certificate of the Controller			
3	Certificate regarding maintenance of subsidiary accounts			
(a)	<b>MAJOR HEAD 7610 (LOAN AND ADVANCES)</b>			
	Certificate No 1			
	Certificate No 2			
	Certificate No 3			
	Certificate No 4			
	Certificate No 5 (i)			
	Certificate No 5 (ii)			
(b)	<b>MAJOR HEAD- 8009 (STATE PROVIDENT FUNDS)</b>			
	Certificate No 6			
(c)	<b>MAJOR HEAD- 8014 (POSTAL LIFE INSURANCE SCHEMES)</b>			
	Certificate No 7			
(d)	<b>MAJOR HEAD- 8443 (CIVIL DEPOSITS)</b>			
	Certificate No 8			
	Certificate No 9			
(e)	<b>MAJOR HEAD- 8444 (DEPOSIT- DEFENCE)</b>			
	Certificate No 10			
	Certificate No 11			
	Certificate No 12			
(f)	<b>MAJOR HEAD - 8551 (DEFENCE ADVANCES)</b>			
	Certificate No 13			
(g)	<b>MAJOR HEAD- 8659(SUSPENSE ACCOUNT-DEFENCE)</b>			
	Certificate No 14			
	Certificate No 15			
	Certificate No 16			
	Certificate No 17			
	Certificate No 18			

	Certificate No 19			
(h)	<b>MAJOR HEAD-8670 (CHEQUES AND BILLS)</b>			
	Certificate No 20			
	Certificate No 21			
(i)	<b>MAJOR HEAD- 8674- (SECURITY DEPOSIT MADE BY GOVERNMENT)</b>			
	Certificate No 22			
	Certificate No 23			
(j)	<b>MAJOR HEAD 8677 (REMITTANCE INTO BANK / TREASURIES)</b>			
	Certificate No 24			
	Certificate No 25			
(k)	<b>MAJOR HEAD-8679 (ACCOUNTS WITH GOVERNMENT OF OTHER COUNTRIES)</b>			
	Certificate No 26			
(l)	<b>MAJOR HEAD- 8787 (ADJUSTING ACCOUNT WITH RAILWAYS)</b>			
	Certificate No 27			
(m)	<b>MAJOR HEAD- 8788 ADJUSTING ACCOUNT WITH POST</b>			
	Certificate No 28			
(n)	<b>MAJOR HEAD- 8797 EXCHANGE ACCOUNT</b>			
	Certificate No 29 (a) to (e)			
4	Govt Account			
5	Statement No 5			
6	Statement No 13			
7	Statement of Balances			
8	Explanatory Notes Part-I			
9	Explanatory Notes Part-I			
10	Certificate under Para 2 (vi) (c ) of HQrs A/1/12273/ROB/Gen dated 10/07/08			
11	Certificate under Para 2 (vii) (c ) of HQrs A/1/12273/ROB/Gen dated 10/07/08			
12	Certificate under Para 2 (vii) (d ) of HQrs A/1/12273/ROB/Gen dated 10/07/08			
13	Action taken Note			
13	Year wise break up of each Code Head under Major Head-8659			
14	Year wise break up of Cheques and Bills under Major Head-8670			
15	Year wise break up of Remittances into Banks/Treasuries under Major Head-8677			
16	Balances under Major Head 8659 (net basis)			
17	Balances under Major Head 8659 (gross basis)			
18	Status of PAO suspense			
19	Status of AG suspense			
20	Status of Cheques and Bills(Major Head-8670) issued up to 31 <sup>st</sup> Dec			

## PREFACE

“The accounts of the year are not completed until the balances upon the ledger under Debt, deposits and Remittances have been verified. Accordingly after the books of the year have been closed, an explanatory statement of closing balances called the Review of Balances is prepared. “The Accounts under the Major Heads 0076-Army, 0077-Navy, 0078-Air Force, 0079-C&S (DoO), 0080-R&D, Defence Services Receipts, 2076-Army, 2077-Navy, 2078-Air Force, 2079-C&S (DoO) 2080-Research and Development, Defence Services Revenue Expenditure (charges) and 4076- Capital Outlay on Defence Services and other Revenue heads will be closed by credit or debit to Government Account.

The Revenue and Capital heads will be closed to 'Government Account', the heads pertaining to Sector E - Public Debt, F - Loans and Advances, I - Small Saving Provident Fund etc. J - Reserve Funds, K - Deposits and Advances, L - Suspense and Miscellaneous and M - Remittance Heads to 'Balance Accounts' except that 'Reserve Bank Deposits - Defence' shall be closed to Government Account.”

Name and account number of the staff and officers up to the rank of the JtCDA/Addl CDA need to be mentioned. Any other important feature like working days consumed in preparing AROB, the practical problems encountered during preparation or any other feature, as may be considered necessary, may also be mentioned in the Preface.

PCDA/CDA

File No  
Office of the  
PCDA/CDA  
Dated

**C E R T I F I C A T E**

I certify that the accounts rendered are correct and agreed with the initial accounts maintained by my organization. I am satisfied that the balances whether in cash or investment or under Debt, Deposits and Remittances Heads of Accounts have been duly verified and found to agree with those shown in the separate registers or other records maintained by my organization and that debits and credits to the various Reserve Funds and Deposit Accounts were for amounts authorised by relevant Acts or Rules of the funds and that there were no diversions for purposes other than those for which the funds were constituted or the grants were made.

**PCDA/CDA**

**CERTIFICATES REGARDING MAINTENANCE OF SUBSIDIARY ACCOUNTS****MAJOR HEAD 7610 (LOAN AND ADVANCES):  
(CERTIFICATE No 1 to 5)**

1. “Certified that all the Debt Head Registers are being properly maintained and the aggregate amounts of entries made therein during the year agree with the compiled actuals under ‘Loan and Advances’ Heads.”

“Certified that the total progressive balances of ‘Loan and Advances’ as reflected in the AROB, agree with the balances worked out in the in the DHRs up to 31<sup>st</sup> March”.

SI No	Total number of transfer-out cases during the year	Number of cases in which Debit balance have not been transferred (through DIDs)		Number of cases in which DIDs has not been originated by the Audit Sections/Sub-offices	
		DAD	NON DAD	DAD	NON DAD

2. “Certified that the balances exhibited on 31<sup>st</sup> March have been accepted as correct by the parties concerned and proper acknowledgements have been obtained from each party and recorded”. The status of acknowledgement as on 31<sup>st</sup> March is as under:-

SI No	Type of Advances	Number of individuals posted in the register		Number of Acknowledgements awaited	
		DAD	NON-DAD	DAD	NON-DAD

3. “Certified that the balances of Loans and Advances in respect of transfer-in cases have been received/not received through DIDs and status is as under: -

SI No	Total number of transfer-in cases during the year	Number of cases in which Debit balances are awaited (Through DIDs)		Number of cases in which DIDs has not been Responded by the Audit Sections/Sub- offices	
		DAD	NON DAD	DAD	NON-DAD

5. “Certified that the balances of Loans and Advances in respect of transfer-out cases have been intimated to all concerned. The status of transfer out cases is as under: -

**Jt. CDA/Addl. CDA**



**MAJOR HEAD- 8009 (STATE PROVIDENT FUNDS)  
(CERTIFICATE No 6)**

6. "Certified that there is no amount outstanding in the Provident Fund Heads in the AROB except in those cases where fund accounts are maintained by this organization".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8014 (POSTAL LIFE INSURANCE SCHEMES)  
(CERTIFICATE No 7)**

7. "Certified that amount outstanding under PLI Code Head 024/00 (PLI Endowment Assurance Schemes) has been reconciled with the Dte of PLI up to the year and Proforma dropped in the AROB".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8443 (CIVIL DEPOSITS)  
(CERTIFICATE No 8 to 9)**

8. "Certified that the Register of the 'Unclaimed Deposits in other GPF' is properly maintained and the progressive amount compiled during the year agree with the compiled actuals and the total progressive amount reflected in the AROB agree with the Register of Unclaimed Deposits in Other GPF".

9. "Certified that the particulars of the individuals in whose respect the amounts are outstanding have been properly recorded in the Register of the Unclaimed Deposits in other GPF".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8444 (DEPOSITS DEFENCE)  
(CERTIFICATE No 10 to 12)**

10. "Certified that the amounts of the Security Deposits received/released during the year before reflecting in the AROB have been reconciled with the securities physically held in the Registers of Security Deposits maintained by the Audit Sections/Sub-offices and with the Annual Statement of RD&R balances intimated by the AAO GEs in terms of Para of 529 OM- II Vol I."

11. "Certified that the total progressive amount reflected in the AROB agree with the Registers of Security Deposits reconciled by the Audit Sections up to 31<sup>st</sup> March"

12 "Certified that the Register of Miscellaneous Deposits is being maintained properly and the amount recorded therein agree with the compiled actuals and that the total progressive amount reflected in the AROB also agree with the register".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD - 8551 (DEFENCE ADVANCES)  
(CERTIFICATE No 13)**

13. "Certified that the amounts of advances authorized to the Imprest Holders during the year under Code Heads (018/59, 018/60, 018/61, 018/63, 018/64, 018/65, 018/66 as applicable) during the year by the Sub-offices/Sections agree with the compiled actual".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8659 (SUSPENSE ACCOUNT-DEFENCE)  
(CERTIFICATE No 14 to 19)**

14. "Certified that the Register of the PAO Suspense has been properly maintained and the amounts compiled under PAO Suspense during the year and noted in the Register agree with the compiled actuals. The total progressive amounts reflected in the AROB also agree with the register".

15 "Certified that the Register of the AG Suspense has been properly maintained and the amounts compiled under AG Suspense during the year and noted in the Register agree with the compiled actuals. Total progressive amounts reflected in the AROB also agree with the register".

16. "Certified that the Register of RB Deposit has been properly maintained and the discrepancies under various Suspense i.e. PSB Suspense (020/76), RB Suspense (Unclassified)(020/83), Other Nominated Banks (Private Sector Banks) Suspense (020/77), Settlement Accounts discrepancies with Department of Post /Railways, PAO Suspense etc noted therein agree with the compiled actuals and total progressive amounts reflected under the above Suspense in the AROB also agree with the register".

17. "Certified that the all Settlement Accounts with Department of Post /Railways/Pr.CCA MEA have been properly maintained in the relevant registers and the amount reflected in the AROB agree with the balances of outstanding claims."

18. "Certified that the Debit Advice Register in the case of foreign transactions (Letters of Credit Code Head 76/020/83) has been properly maintained and total balances reflected in the AROB agree with the register".

19. "Certified that the Register of Misc. Suspense for each category ie. 28, 29, 30 and 75 has been properly maintained and the total progressive balances reflected in the AROB agree with the balances shown under different prefix categories in the register".

**Jt. CDA/Addl. CDA**

**MAJOR HEAD-8670 (CHEQUES AND BILLS)  
(CERTIFICATE No 20 to 21)**

20. "Certified that the amount compiled under Cheques and Bills (020/81)/e-payments (93/020/91) during the year agree with Schedule III and Cheques

cancelled during the year as per Register of Cheques cancelled”.

21. “Certified that the progressive amount outstanding under Cheques and Bills (020/81)/e-payments (93/020/91) as reflected in the AROB, agree with the Schedule III and Unlinked Cheques (as per Register of Unlinked Cheques)”.

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8674-(SECURITY DEPOSIT MADE BY GOVERNMENT)  
(CERTIFICATE No 22 to 23)**

22. “Certified that the total outstanding securities against State Govt (020/85) and reflected in the AROB agree with the register /reports received from the AAO GEs/Sub- offices”.

23. “Certified that the Register of Security Deposits to Courts (020/99) has been properly maintained and the total amount compiled during the year agree with the compiled actuals and that the progressive balances reflected in the AROB also agree with the balances shown in the register.”

**Jt. CDA/Addl. CDA**

**MAJOR HEAD 8677 (REMITTANCE INTO BANK / TREASURIES)  
(CERTIFICATE No 24 to 25)**

24. “Certified that the amounts compiled under Remittances in to Banks/Treasuries (020/80)/e-MRO (93/020/80) during the year agree with DMROs received from the bank (as per summary of the register of MRO/e-MRO)”.

25. “Certified that the register of the MROs/e-MROs have been properly maintained and monthly summary is prepared as stipulates in Annexure ‘A’ of Para 7.3 of Defence Account Code. As per summary of the register, the progressive net balance under Remittances in to Banks/Treasuries (020/80 or 93/020/80) reflected in the AROB agree with the registers of Remittances in to Banks/Treasuries”.

**Jt. CDA/Addl. CDA**

**MAJOR HEAD-8679 (ACCOUNTS WITH GOVERNMENT OF OTHER COUNTRIES)  
(CERTIFICATES No 26)**

26. “Certified that the Register of the Accounts with the Govt of other countries has been properly maintained and the progressive amount shown outstanding in the AROB agree with the Registers held in Accounts Section.”

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8787 (ADJUSTING ACCOUNT WITH RAILWAYS)  
(CERTIFICATE No 27)**

27 “Certified that Register of Adjusting Accounts with Railways has been properly maintained and balances reflected in the AROB agree with the balances of advice awaited.”

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8788 ADJUSTING ACCOUNT WITH  
POST (CERTIFICATE No 28)**

28      "Certified that Register of Adjusting Accounts with Post have been properly maintained and balances reflected in the AROB agree with the balances of advice awaited."

**Jt. CDA/Addl. CDA**

**MAJOR HEAD- 8797 EXCHANGE  
ACCOUNT (CERTIFICATE No 29)**

29. Certified that:-

- (a)** Total amounts reflected in the AROB originating (outward) agree with the compiled actuals and the amounts of outstanding DIDs in the AROB agree with the DIDs Registers held in Accounts Section.
- (b)** No copy of DIDs (outward) is awaited from the sub offices under our organization for noting in the register.
- (c)** No copy of DIDs (inward) is awaited from the Controller offices for responding action.
- (d)** As per last report the outstanding responding items have been reported to IT&S Centre CDA (Army) Meerut through Change Statement where correctly responded.
- (e)** Incorrect responses have been corrected by a TE and reported through Change Statement.

**Jt. CDA/Addl. CDA**

**Annexure C 5(i) to Appendix IX**

## EXPLANATORY NOTES

### Part I (Revenue/Capital Heads)

[illegible]

Note: The total amount under credit and debit should agree with the amount reflected in the 'Govt Account

### Annexure C 5(ii) to Appendix IX

## EXPLANATORY NOTES

## Part II (Balance Head)

Major Head /Code Head	Description	Amount in Rs.		Explain (i) What does transaction represent; (ii) Necessity arising for the transaction (iii) why balances are outstanding	Liability involved/Condition of Liability involved	How will the outstanding amount be cleared and action taken to clear the outstanding balances
		Credit	Debit			
<b>Total</b>						

Note: The total amount under credit and debit should agree with the amount reflected in the Statement of balances (AROB)

## Annexure C 6 to Appendix IX

### GOVERNMENT ACCOUNT (DEFENCE)

(In thousands of Rupees)

Debit	Details	Credit
	(I) Opening Balance (Defence)	
	(ii) Receipt Heads (Revenue Accounts)	
	(iii) Expenditure Heads (Revenue Accounts)	
	(iv) Expenditure Heads (Capital Accounts)	
	(v) Inter State Settlement	
	(vi) Misc. (NET)	
	(vii) 8680	
	(viii) 8675	
	(ix) PLI amount Proforma dropped	
	(x) Exchange Accounts (Dummy) Proforma dropped	
	(xi) Exchange Accounts balances (mechanically matched) proforma dropped	
	(xii) Closing Balance	
	<b>Grand Total</b>	



## Annexure C 7 to Appendix IX

STATEMENT No.5 SUMMARY OF BALANCES YEAR: ---

(In thousands of Rupees)

Debit Balances brought forward	Sector of the Account	Name of Account	Credit balance brought forward
---	-----------------------------	-----------------	---

	<b>CONSOLIDATED FUND (DEFENCE)</b>	
--	------------------------------------	--

	E- Public - Debt	
--	------------------	--

F- Loans and Advances (6425, 7610 and 7615)

	(i) Loans for Co-operation Industrial Financial Institution.	
	(ii) Other - Loans	

### CONTINGENCY FUND

### PUBLIC ACCOUNT

	I- SMALL SAVING PROVIDENT FUND ETC (8008, 8009, 8011, 8012 and 8014).	
--	---	--

J- RESERVE FUNDS (8226)

	(b) Reserve Fund not bearing interest Total - J	
--	---	--

K- DEPOSIT AND ADVANCES

	(a) Deposit bearing Interest Gross Balance Investment (8342).	
	(b) Deposit not bearing interest (8443 and 8444).	
	(c) Advances (8550 and 8551).	

L- SUSPENSE AND MISC.

	(a) Coinage Account.	
	(b) Suspense Gross Balance Investment (8659).	
	(c) Other Accounts-Gross Balances Investment (8670, 8671, 8672, 8674 and 8677)	
	(d) Accounts with Government of Foreign Countries (8679).	

M- Remittances (8782, 8787, 8788, 8792 and 8797).

	N- Cash Balance (Closing).	
	<b>Total</b>	

**STATEMENT No.13 - STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES UNDER HEADS OF ACCOUNTS  
RELATING TO DEBT, DEPOSITS AND REMITTANCES AND CONTINGENCY FUND**

Major/Minor Head of Account	Opening Balances as on 01 April	Proforma accepted/ dropped during the year	Revised opening Balances as on 01st April	Receipts during the year (As shown in SCT)	Disbursement during the year (As shown in SCT)	Closing Balances as on 31st March
A	B	C	D	E	F	G

**PART-I : CONSOLIDATED FUND OF INDIA**

	<b>Receipt Heads (Revenue Account) - A</b>	
	<b>Expenditure Heads (Revenue Account) - A</b>	
	<b>Expenditure Heads (Capital Account) - A</b>	

**F- Loans and Advances**

**6425 Loan for Cooperation**

108- Loans to other Cooperative - Consumer	CR			0			DR	
<b>TOTAL - 6425</b>	CR			0			DR	

**7610 Loans to Government Servants etc.**

201- House Building Advance	DR			0			DR	
202- Advance for Purchase of Motor conveyance	DR			0			DR	
203- Advance for Purchase of Other conveyance	DR			0			DR	
204- Advance for Purchase of Computers	DR			0			DR	
800- Other advances	DR			0			DR	
<b>TOTAL - 7610</b>	DR			0			DR	

**7615 Misc Loans**

200- Misc Loans	CR			0			CR	
<b>TOTAL - SECTOR (F)</b>	DR			0			DR	
<b>TOTAL CONSOLIDATED FUND</b>	DR			0			DR	









**8788 ADJUSTING ACCOUNTS WITH POST**

101-	Adjusting Account s with Post	CR																CR	
	<b>TOTAL - 8788</b>	<b>CR</b>																<b>CR</b>	

**8797 EXCHANGE ACCOUNTS**

101-	Accounts between Defence Accounts Officers	DR																DR	
	<b>TOTAL - 8788</b>	<b>DR</b>																<b>DR</b>	
	<b>TOTAL - SECTOR-M</b>	<b>DR</b>																<b>DR</b>	

	<b>TOTAL (PUBLIC ACCOUNT)</b>	<b>CR</b>																<b>CR</b>	
	<b>TOTAL (CONSOLIDATED FUND, CONTINGENCY FUND AND PUBLIC ACCOUNT)</b>	<b>CR</b>																<b>CR</b>	

Note : The opening balances, revised opening balances and closing balances are required to be shown as net Credit (CR) or Debit (DR) as the case may be

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES UNDER HEADS OF ACCOUNTS  
RELATING TO DEBT, DEPOSITS AND REMITTANCES AND CONTINGENCY FUND**

Amount in Rs									
Sector/ sub-Sector Major/ sub- Major/ Minor Head	Description of Heads	Code Head	Opening Balances as on 1 <sup>st</sup> April	Proforma accepted/ dropped during the year	Revised opening Balances as on 1 <sup>st</sup> April	Amount compiled during the year	Clearance during the year	Closing Balances as on 31 <sup>st</sup> March	
1	2	3	4	5	6	7	8	9	
			Receipts	Charges	Receipts	Charges	Receipts	Charges	

SECTOR F  
LOANS and ADVANCES

**6425                    LOANS FOR COOPERATION**

[illegible]





**8008 03 MANAGEMENT OF SMALL SAVINGS SCHEME103 MANAGEMENT OF SMALL SAVINGS SCHEME**

[illegible]

## 103

[illegible]

## 104

[illegible]

## 105

**a.**

[illegible]

**b.**

[illegible]



a.

<b>8444</b>	<b>DEFENCE DEPOSITS</b>
<b>101</b>	<b>Defence Services Deposits</b>

[illegible]



## Defence Advances

## Defence Advances

[illegible][illegible]

**SECTOR** **SUSPENSE AND MISCELLANEOUS**

## 1

**8659 SUSPENSE ADEFENCE**

**101** Pay and Accounts Office - Suspense

**101** Pay and Accounts Office - Suspense

[illegible]









[illegible]





## 00 Adjusting Account with Railways

[illegible]

## ADJUSTING ACCOUNT WITH POSTS

### Adjusting Account with Posts

**i) Director of Accounts Posts**

[illegible]







[illegible]

[illegible]

[illegible]

[illegible]

[illegible][illegible][illegible]

NB:- (I)The format is not Controller specific. The code heads relevant to PCDA/CDA may be incorporated.

## Annexure C 10 to Appendix IX

Certificate under Para 2 (vi) (c) of the HQrs **letter No A/I/12273/ROB/Gen/2007-08 dt 10-07-08 (circular No. 7 of 2008)**

Circular No ----of 7/08

Total amount of the Originating dummy DIDs operated during the year		Total amount of the Responding dummy DIDs operated during the year	
Receipts	Charges	Receipts	Charges

### (CERTIFICATE NO 30)

30 “The net balances under the Statement of Balances of Receipts and Disbursement under Debts, Deposits, Remittances and Contingency Fund of India, the net closing balances worked out in the Statement No. 13 and Closing Balances worked out in the ‘Govt. Account’ of AROB and balances brought forward in the Statement No 5 from the “Govt Accounts” agree’.

**Jt. CDA/Addl. CDA**

**Certificates under Para 2 (vii) (c) & (d) of the HQrs office Circular No of 7/08**  
**(CERTIFICATE NO 31 to 32)**

31 ‘Certified that the following amounts pertaining to DIDs cleared by the IT&S Centre CDA (Army) Meerut as a result of mechanical matching and manually cleared on the basis of Change Statement by IT&S Centre Meerut during the year have since been Proforma dropped. The records of these items have been properly maintained in the DIDs registers’.

Total amount of DIDs mechanically cleared by the IT&S Centre Meerut	Originating		Responding	
	Receipts	Charges	Receipts	Charges

32. ‘Certified that the following amounts pertaining to on account of operation of dummy DIDs have been treated as Revenue receipts/expenditure in the ‘Govt Account’. The records of these items have been maintained in the DIDs registers and shown cleared.

**Annexure C 11 to Appendix IX****ACTION TAKEN NOTE**

SI No	Major Head Code Head	Reasons for Minus Balances/Adverse Balances/Non maintenance of proper subsidiary registers mentioned in the certificates No (i) to (xxvii)	Brief description of action initiated to rectify error/correction of accounts/ steps taken for proper maintenance of registers



## Annexure C 12 to Appendix IX

### Year wise break-up of balances

Major Head 8677 – Remittance into Bank/Treasuries year wise breakup of code head  
00/020/80 & 93/020/80 upto March .....

MRO		CREDIT (DMRO)		DEBIT (OMRO)	
	YEAR	ITEMS	AMOUNTS	ITEMS	AMOUNTS
	TOTAL				
e-MRO					
	TOTAL				
MRO+e-MRO					
	TOTAL				

## Annexure C 13 to Appendix IX

### Balances under Major Head 8659 on Net basis

(In thousand of Rupees)

Year	101 PAO SUSP. 020/01 to 020/50	102 AG SUSP. 019/01 to 019/29	108 PSB SUSP. 020/76	109 RB SUSP. 020/82 020/83 020/84 031/01 032/01 033/01 034/01	113 PF SUSP. 020/55	125 SUSP Adjust- ment with Pakistan 020/95	140 Misc SUSP. 28/020/61 29/020/61 30/020/61 75/020/61 020/61 to 020/89 & 020/94	Total Column (2 to 8)
	CR	CR	CR	CR	CR	CR	CR	CR
1	2	3	4	5	6	7	8	9
<b>Total</b>								

**Sr. Accounts Officer (A/Cs)**

## Annexure C 14 to Appendix IX

BREAK UP OF CLOSING BALANCES MINOR HEAD WISE UNDER MAJOR HEAD 8659 (ON GROSS & NET BASIS) FOR THE YEAR ..... UPTO MARCH FINAL ACCOUNTS .....

MAJOR HEAD 8659	MINOR HEAD OF ACCOUNTS		CLOSING BALANCES AS ON 31.03..... NET AS SHOWN IN STATEMENT NO.-13)	BREAK UP OF CLOSING (Gross Basis)	
				Amounts in Thousands	
	CODE	DISCREPTION	NET	DEBIT	CREDIT
1	2	3	4	5	6
	101	PAO SUSPENSE 00/020/01 TO 00/020/50			
	102	AG SUSPENSE 00/019/01 TO 00/019/29			
	108	PSB SUSPENSE 00/020/76			
	109	RBI SUSPENSE 00/020/82 TO 00/020/84			
	113	PF SUSPENSE 00/020/55			
	125	SUSPENSE ADJ WITH PAKISTAN 00/020/95			
	140	MISC SUSP 00/028/61, 29/020/61, 30/020/61,00/020/61,00/020/89			

**Sr. Accounts Officer (A/Cs)**

**Annexure C 15 to Appendix IX**

The Status of the PAO Suspense as per balances reflected in the AROB as on 31.03.....

(Amount in Rs.)

Sr. No.	Total amounts compiled by the Audit Sections / Sub Offices	Amount for which vouchers are awaited from the Audit Sections / Sub Offices	Amounts for which claims are yet to be raised by the Accounts Section against PAOs	Amounts for which Cheques have to be issued to PAOs	Amounts for which Cheques are awaited from PAOs
1					
2					

Sr. Accounts Officer (A/Cs)

**Annexure C 16 to Appendix IX**

The Status of the AG Suspense as per balances reflected in the AROB as on 31.03.....

Sr. No.	Total amounts compiled by the Audit Sections / Sub Offices	Amount for which vouchers are awaited from the Audit Sections / Sub Offices	Amounts for which claims are yet to be raised by the Accounts Section against AGs	Amounts for which Cheques have to be issued to AGs	Amounts for which Cheques are awaited from AGs
1	-	-	-	-	-

Sr. Accounts Officer (A/Cs)

**Annexure C 17 to  
Appendix IX**

Status of Cheques and bills (Major Head -8670) issued upto 31st December.....

( In thousands of Rupees)

Minor Head under Major Head 8670	Balance as on 31.03..... as per statement no. 13	Balance as on 31.03..... in respect of cheques issued on or before 31.12.....
109 - Defence Cheques		
Total		

Sr. Accounts Officer (A/Cs)

## Annexure C 18 to Appendix IX

Statement showing the progress of all the Suspense Heads under Major Head 8659, 8670 and 8677

Name of the Controller Office: PCDA (Army) Pune

Quarter Ending UP TO MARCH FINAL .....

Grading evaluated for clearance of total suspense

[(a) Excellent (b) Very Good (c) Good (d) Average (e) Below Average

### Part-I

Part-1A (Clearance achieved in the current financial year for the outstanding up to previous financial year)

Major Head	Nomenclature of Suspense Head	Opening Balances as per 01.04.....		Progressive Clearance achieved during the quarter		Closing Balances		% of clearance achieved w.r.t. Col-3	% of clearance achieved w.r.t. Col-4	Year of outstanding amount	
		RT	CH	RT	CH	RT	CH			RT	CH
1	2	3	4	5	6	7	8	9	10	11	12
8659	Minor Head-101										
	PAO Suspense (020/01 to 020/50)										
	Minor Head-102										
	AG Suspense (019/01 to 019/29)										
	Minor Head-108										
	PSB Suspense (020/76)										
	Minor Head-109										
	RB Suspense-Classified (020/82)										-
	RB Suspense-Unclassified (020/83)										
	Minor Head-113										
	Provident Fund Suspense (020/55)										
	Minor Head-125										
	Adj in Debt settlement with Pakistan (020/95)										
	Minor Head-140										

	Miscellaneous Suspense (020/61)										
	Difference in OB/CB (28/020/61)										
	Fictitious Service Heads (75/020/61)										
	CMP Un-credited items under e-payments (93/020/96)										
	Exchange Account Suspense (020/72)										
	Total of Major Head 8659										
8670	Cheques & Bills (020/81)										
	SBI CMP (93/020/91)										
	Total of Major Head 8670										
8677	Remittance into Bank & Treasuries (00/020/80)										
	e-MRO (93/020/80)										
	Total of Major Head 8677										
	Grand Total										

Percentage of clearance=  
 $((5+6)/(3+4))*100$

Sr. Accounts Officer (A/Cs)

Statement showing the progress of all the Suspense Heads under Major Head 8659, 8670 and 8677

Name of the Controller Office: PCDA (A) Pune

Quarter Ending: March Final .....

Grading evaluated for clearance of total suspense

[(a) Excellent (b) Very Good (c) Good (d) Average (e) Below Average

Part-1B (Clearance achieved for the current year booking) as on 31.03.....

Major Head	Nomenclature of Suspense Head	Opening Balances		Compilations during the quarter		Clearance achieved during the quarter		Closing Balances			
		RT	CH	RT	CH	RT	CH	RT	CH	RT %	CH %
1	2	3	4	5	6	7	8	9	10	11	12
8659	<b>Minor Head-101</b>										
	PAO Suspense (020/01 to 020/50)										
	<b>Minor Head-102</b>										
	AG Suspense (019/01 to 019/29)										
	<b>Minor Head-108</b>										
	PSB Suspense (020/76)										
	<b>Minor Head-109</b>										
	RB Suspense-Classified (020/82)										
	RB Suspense-Unclassified (020/83)										
	<b>Minor Head-113</b>										
	Provident Fund										



	Suspense (020/55)										
	<b>Minor Head- 125</b>										
	Adj in Debt settlement with Pakistan (020/95)										
	<b>Minor Head- 140</b>										
	Miscellaneous Suspense (020/61)										
	Difference in OB/CB (28/020/61)										
	Fictitious Service Heads (75/020/61)										
	Un-credited items under e- payments (93/020/96)										
	Exchange Account Suspense (020/72)										
	<b>Total of Major Head 8659</b>										
8670	Cheques & Bills (020/81)										
	SBI CMP (93/020/91)										
	<b>Total of Major Head 8670</b>										
8677	Remittance into Bank & Treasuries (00/020/80)										
	e-MRO (93/020/80)										

Total of Major Head 8677												
Grand Total												
<table border="1"><tr><td>Percentage of clearance= <math>((7+8)/(5+6+3+4))*100</math></td><td></td></tr></table>											Percentage of clearance= $((7+8)/(5+6+3+4))*100$	
Percentage of clearance= $((7+8)/(5+6+3+4))*100$												
<div>Sr. Accounts Officer (A/Cs)</div>												

## APPENDIX - X

### (Referred to in Para 12.20 (I)) List of Locally Controlled Heads

Sub and Minor Heads	Detailed Heads	Officers responsible for control at Integrated HQ of MOD (Army)	Remarks
<b>I – MAJOR HEAD 2076 – DEFENCE SERVICES- ARMY</b> <b>Minor Head 103 – Auxiliary Forces</b>			
A – Territorial Army Un-embodied Units	(iii) Miscellaneous expenses (v) Incidental charges grant (4) Unit allowances and Miscellaneous expenses.	Director General Territorial Army	
Embodied Units			
<b>Minor Head 104 – Civilians</b>			
D–Army Service Corps Units and Formations	5. Industrial Establishment	Director General of Supplies and Transport	
E-Remount and Veterinary Establishments	3. Industrial Establishment	Director General Remount & Veterinary Services.	
F- Ordnance Establishments including Stationery Depots:	--DO--	Director General of Ordnance Services	
G – Electrical and Mechanical Engineer Units & Formations	--DO--	Director General, Electrical and Mechanical Engineering	
H – Hospital and other Medical Establishment	--DO--	Director General, Armed Forces Medical Services	Industrial labour employed in AFMSDs.
I – Minor Head (b) Command Head- quarters, Technical Examiners Organisation	Officers Others	Addl. Director General, Tech. Examination, QMG's Branch	
K – Military Engineer Service – (a) MES establishment (Other than ESDs)	Officers Others	Quarter Master General	
(b) Engineer Store Depots	Officers Others Industrial Establishment	Engineer – in - Chief	

Minor Head 105 – Transportation			
A – Transportation – (a) Travelling and outstation allowances	(2) Military Engineer Services including E-in-C's. Branch & ESD.	Quarter Master General Q3W Engineer in Chief	
(F) Hired Transport	(a) Personnel	Director General Supply and Transport	
(G) Road Warrants and Miscellaneous	(b) Store		
Minor Head 107 - EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME			
C - Store	(1) Medical Store	Director General, Armed Forces Medical Services	
109 – Inspection Organisation			
B – Pay and allowances of Civilians	(3) Industrial Establishments	DGQA	
C – Miscellaneous Expenses			
E – Purchase of Materials	(1) Materials purchases locally		
F – Expenditure on works	(1) Expenditure on buildings etc. not chargeable to Capital	DGQA	
Minor Head 110 - Stores			
A – ASC Stores -			
(a) Provisions (b) Grain and Salt for animals (c) Coal and Fire- wood (d) Other ASC Stores (e)	(1) Local Purchase	Director General Supply and Transport	
C- AOC Stores	Local Purchase, MT Store, EME Establishments	D.G.O.S. DGEME	
D – Medical Store	Local Purchases	DGAFMS	
E – Engineers Stores	1. Local Purchases	Engineer-in-Chief	
Minor Head 111 - Works			

All Sub and Detailed Heads	Quarter Master General	
<b>Minor Head 113 – National Cadet Corps</b>		
All Sub and Detailed Heads	<b>DG NCC</b>	

### MINOR HEAD 800: OTHER EXPENDITURE

Sl. No.	Head of Accounts	Controlling Authority at Service HQrs.
(a)	(b)	(c)
1.	Sub Head A – Conservancy & hot Weather Estt Charges	
	Conservancy Charges Hot Weather Establishment Charges Adm of Non-Cantt Stations	Q3B Q3BQ3B
2.	Sub Head B – Miscellaneous Expenses	AG (Bud)
	800 (B) (a) Unit Allces and Other Misc Expenses	
	800 (B) (a) 2. Fighting Services	AG (Bud)
	800 (B) (a) 3. Specialised Training & Educational Establishments EME Dte Ord Dte E-in-C Branch RV Dte ST Dte AG's Branch Arty Dte Inf. School NDC Mt Dte AC School (l) SFL (m) Sainik School Project Suraj MCTE	
	800 B (a) 4. ASC Unit and Fmns Sup/FI Units AT/MT Units	ST11 ST11
	800 B (a) 5. Remount and Vet. Estts	RV 2 (b)
	800 B (a) 6. Ord Estts	OS 20
	800 B (a) 7. EME units and Fmns	EME (Fin)
	800 B (a) 8. Hosp. and Other Med Estts AG's Branch DGAFMS	AG (Bud) DG 2
	800 B (a) 9. Army HQ, Comd HQ & Other Staff Fmns  DTE	  DTE (QIE)

	(b) CAO's Cont. Grants (c) ADG Systems (d) COAS Small Measures &Ent. Grant (e) Comd HQ &Fmns (f)DPR (g) Sigs Dte (Tele Grant) (h) AFFPD (i) SI Dte (SI 10) (j) SS Fund (k) Mazdoor Hire Charges (l) MS Branch Mini Computer (m)MO Computer (n) EME (Computer Maint)	CAO (FMG) ADG Sys COAS Sect. SD 6B DPR Sig 2 (c) AFFPD SI 10 MI/FLS Sig 2 (c) MS 4 (b) MO 10 EME (Fin)
	800 B (a) 10. MES Establishments	E 5
	800 B (a) 11. Other Misc. Estts.  (a) AG's Branch (b) E-in-C's Branch (c) MO GSGS (d) Mov Dte (e) AMSS Centre (f) Plan ASCON (g) ELINT	G (Bud) E 5 MO (GSGS) Q MovPlg Sigs. Adm Signs AdM MI 13
	800 B (a) 12. MAs to Embassies	GSI (x)
	800 B (a) 13. Recruiting Orgns	AG (Bud)
	800 B (a) 14. Cantt. Services	DGDE
	800 B (a) 15. ESDs	E3 (P & C)
	800 B (b) Amenities to Troops 800 B (c) Annual Trg. Grant (1) MTDte (2) NDC 800 B (d) ETG and Libraries (1) E-in-C's Branch (2) MIDte (3) AG's Branch (4) Mt Dte (5) MOD Library (6) PP Dte (7) ST Dte (8) Historical Section (9) NDC (10) Project Suraj (11) DOMG (12) AMSS (13) SIDte (14) WEDte	AG (Bud)  MT 1 Comdt. NDC  E 5 MI 21 AG (Bud) MT 15 MOD PP Coord ST 8 MOD Comdt. NDC Sigs 10 DOMS Sig AdmSI11 WE1
	800 B (e) TTIEG (1) E-in-C's Branch (2) Sigs Dte (3) EME Dte (4) MIC Dte (5) AD Dte	ES 3 Sigs 1 (e) EME (Fin) AC Dte AD Dte

	(6) Arty Dte (7) Army Aviation	Arty 1 AA 6
	800 B (f) Printing, Stationery and Forms	DMR & F
	800 B (h) Postal Concessions	AP Dte
	800 B (i) Tele Charges (1) Tele Adm Grant (2) Renting of Circuits	Sigs 2(c) Sigs 2(c)
	800 B (j) Payment to Survey of India	MO (GSGS)
	800 B (k) Grants in Aid to Cantts	DGDE
	800 B (l) Grants to Mount. Instts	DHMI
	800 B (m) Army Adv. Cell	MT 8
	800 B (n) Anti-Malaria	AG (Bud)
	800 B (o) Cont for CGHS	DFA (MO)
	800 B (p) Other Misc Charges (1) Lab Proc in J &K (2) Trg officers & JCOs (3) Amar Jawan Jyoti (4) Plan AREN (5) Damage to Crops (6) Fort Williams Police Bn (7) Army Day Parade (8) Republic Day Parade (9) Commonwealth Graves (10) Parliamentary Committees (11) Mil School Dholpur (12) Republic Day Celebration (13) Miscellaneous	PnrDte DGR E 5 PNO DGDE OD (GS- 1) AG (Bud) AG (Bud) AG (Bud) SD (1) MT 1 D (Cer) (Reserve)
	800 B (r) Resettlement Payment	DGR
	800 B (s) Sainik Samachar	
<b>Sub Head 800 – C: Sports Activities</b>		<b>MT Dte</b>
<b>Sub Head 800 – E: Dept Canteens</b>		<b>CAO</b>

## II – MAJOR HEAD 2077 – DEFENCE SERVICES – NAVY

The Ultimate responsibility for ensuring that expenditure under the locally controlled heads detailed below does not exceed the corresponding Budget allotments rests with Naval Headquarters:

Minor Head 104 – Civilians			
(a) Training Establishment	3. Indus. Establishment		
(b) Naval Store Organisation	--DO--		
(c) Naval Armanent Supply Organisation	--DO--		
(d) Dockyard			
(f) Other Naval Misc. Establishment	--DO--		
(g) Naval Armanent Inspection Organisation	--DO--		

Minor Head 105 - Transportation		
(c) Piloting and Towing		
(d) Hire of Vessels		
(e) Hired Transport		
Minor Head 106 – Repairs and Refits		
All Sub and Detailed Heads		

**Minor Head – 110**  
**Directorate Responsible for Controlling the Expenditure on Stores – Navy**

	Nature of the Head	Name of the Controlling Directorate
(a)	(i) Naval Store including W/T equipment (ii) Boats & Yard Crafts (iii) Electrical Equipment (including Submarine Batteries) (iv) Radars and associated equipment. (v) Communication and EW equipment (vi) Hydrographic equipment (vii) Computers and other office equipment (viii) Diving equipment and stores (ix) Meteorology equipment (x) Equipment of Training (xi) Soviet Stores – Interest and Credit Installment (1) Naval Stores (2) Lubricants (3) Air Equipment &Stores (4) Armament equipment &Stores (5) Weapon Equipment &Stores (6) Dockyard Equipment &Stores (7) Training Equipment &Stores (8) Miscellaneous	Directorate of Logistic Support Directorate of Naval Architecture Directorate of Systems (Electrical) Directorate of Systems (Electrical) Directorate of Naval Signals Chief Hydrographer Directorate of Management Services Directorate of Diving Directorate of Naval Oceanology and Meteorology Directorate of Naval Training DSAQ/DLS DSAQ/DLS DSAQ/DNAM DSAQ/DGAS DSAQ/DOS (W) DSAQ/DFM DSAQ/DODY DSAQ
	(xii) Soviet Stores – Cash and Carry (1) Naval Stores (2) Lubricants (3) Air Equipment &Stores (4) Armament equipment &Stores (5) Weapon Equipment &Stores (6) Dockyard Equipment &Stores (7) Training Equipment &Stores (8) Miscellaneous	DSAQ/DLS DSAQ/DLS DSAQ/DGAS DSAQ/DGAS DSAQ/DOS (W) DSAQ/DFM DSAQ/DODY DSAQ
(b)	(i) Provision (ii) Water	Directorate of Clothing and Victualling Directorate of Naval Operations
(c)	Petrol and Lubricants for MT Vehicles including specialist vehicles.	Directorate of Transport
(d)	Coal, Firewood & Cooking Gas. (i) FFO	Directorate of Clothing & Victualling Directorate of Naval Operations



	(ii) LSHSD (iii) JPS/ATFK –50 (iv) AVGAS (v) Lubricants (Ships &Submarines) (vi) Lubricants(Aviation) (vii) Others	Directorate of Naval Operations Directorate of Naval Air Staff/Material Directorate of Naval Air Staff/Material Directorate of logistic support
(f)	Armament Stores	Directorate of Armament Supply
(g)	Clothing Stores	Directorate of Clothing & Victualling
(h)	Medical Stores	Directorate General of Medical Service
(i)	Mechanical Transport Vehicles and Connected Stores (i) General Services Vehicles (ii) Specialist Vehicles	Directorate of Transport Directorate of Transport
(j)	Spare Parts including Machinery for Dockyard and other establishments etc. (i) Engineering Equipment (ii) M & S for ships and Submarines (iii) M & S for Dockyard and Repair Organisations	Directorate of System (Engineering) Directorate of Logistic Support Directorate of Dockyards
(k)	Weapon Spares/Equipment	Directorate of System (Weapon)
(l)	Special equipment for Scientific Laboratories	SA to CNS
(m)	Aviation Stores	Directorate of Naval Air Material
(n)	Custom Duty	Directorate of Naval Plans
(o)	Air Frames & Engines	Directorate of Naval Material

<b>MINOR HEAD – 111 – WORKS</b>	
<b>MINOR HEAD – 112 – Joint Staff</b>	
All Sub Heads and Detailed Heads	<b>HQ IDS</b>

#### **MINOR HEAD – 800 – OTHER EXPENDITURE**

(a) Unit allowances and Miscellaneous expenses 1. A float Establishment 2. Training Establishment 3. Naval Store Organisations 4. Naval Armament Supply Organisations 5. Dockyard 6. Naval Headquarters	
---	--

	7. Other Miscellaneous Establishment 8. Naval Armament Inspection Organisation	
	(c) Amenities (d) Telephone Charges (1) Telephone and Trunk Call (2) Renting of Circuits (e) Other Misc. Expenditure	

### III – MAJOR HEAD 2078 – DEFENCE SERVICES – AIR FORCE

Nature of the Head	Name of the Controlling Directorate
<b>Minor Head - 104 - Civilians</b>	
(d) Pay and allowances of Industrial Employees	Air Officer – in – Charge Personnel and Organisation
<b>Minor Head - 105 - Transportation</b>	
(e) Hired Transport Charges	Air HQrs.

<b>Minor Head 110 - Stores</b>		
(b) Aviation Stores (c) M T Stores (d) Provisions (e) Coal and Firewood (f) POL (g) Ordnance Stores (h) Clothing Stores (i) Medical Stores (j) Other Miscellaneous Stores	Local Purch ases --do-- --do-- --do-- --do-- --do-- --do-- --do-- --do-- --do--	Air Officer – in – Charge Maintenance --do-- --do-- --do-- --do-- --do-- --do-- DMS (Air) Air Officer – in – Charge Maintenance
<b>Minor Head 111 - Works</b>		
(a) Major Works (other than Capital Project) (b) Minor Works		E-in-C Branch (E5 Air)
(d) Maintenance of building, communication, furniture etc. (e) Maintenance and operation of installations (f) General Charges (i) MES		E-in-C Branch (E5 Air)
(ii) DL & C		Director General, Defence Estates

<b>Minor Head 800 – Other Expenditure</b>		
(a) unit Allowances and Misc. Expenses	1. Training Establishments 2. Maintenance Unit. 3. Air Headquarters 4. Other Air Force Units and Formations	Air Officer – in – Charge Personnel and Organisation
(d) Conservancy Charges		
(e) Hot Weather Establishment charges		
(f) Telephone Charges	1. Trunk Calls	Director of Signals
(h) Education Grant		Air Officer – in – Charge Personnel and Organisation
(j) Anti-malarial and Antifly Measures		D M S (Air
(k) Printing, Stationery and Forms	2. Stationery and Forms	Air Officer – in – Charge Personnel and Organisation
(l) Other Miscellaneous Charges IAF Publicity Expenses	Passing out Parades	--do--

**IV – MAJOR HEAD 2080 – DEFENCE SERVICES – RESEARCH & DEVELOPMENT ORGANISATION**

Sub and Minor Heads	Detailed Heads	Officers responsible for control at Integrated HQ of MOD (Army)	Remarks
<b>Minor Head 102 – Pay and Allowances of Civilians</b>			
Pay and allowances of Civilians	(3) Industrial Establishments	Director General Defence Research & Development	
<b>Minor Head 102 – Pay and Allowances of Civilians</b>			
(a) Indigenous Stores	Store purchase locally	Director General Defence Research & Development	

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## **APPENDIX XI**

**(Referred to in Note under Para 10.2)**

### **Punching Medium (PM)**

1 The basic document on the basis of which accounts are compiled is called the Punching Medium (PM). It is the primary document prepared in all Pay and Account Offices in the Defence Account Department (DAD) for compiling accounting information regarding Receipt & Expenditure of Ministry of Defence. It contains information relating to Month & Year, PCDA/CDA code (allotted by accounts section of CGDA HQrs), Section Code (allotted by concerned PCDA/CDA office), Class of Voucher, Voucher No., Code Head, Amount and nature of transaction i.e. Receipt or Charge etc.

2. Classification code head consists of seven digits. First two digits (prefix) indicate whether the transaction is compilable to Revenue Debt and Remittance (RD&R) Head or Classification Hand Book (CHB) Head or specific nature of expenditure. Next three digits reflect main code head. Through this three digits code head, nature of expenditure can be identified in respect of specific services/organization. Last two digits give information regarding detailed fields. Strokes are inserted between these three groups like 00/015/01.

3. The Punching Medium (PM) can be explained as under:

I. A Punching Medium is a summary of certain data pertaining to a bill / voucher.

II. It is written in the form of numeric code for the purpose of compilation of financial transactions related to various head of accounts.

III. It is required by the Executive and Accounting Authorities to watch expenditure classified under various heads of accounts for Budgetary Control and Management Information System (MIS).

IV. Unlike calendar year punching medium has 12 months along with March Supplementary –I (month 13).

#### **4. Background**

I. Since 1931 PM data was punched in the Hollerith machines (figure-1), a machine used to tabulate huge data.

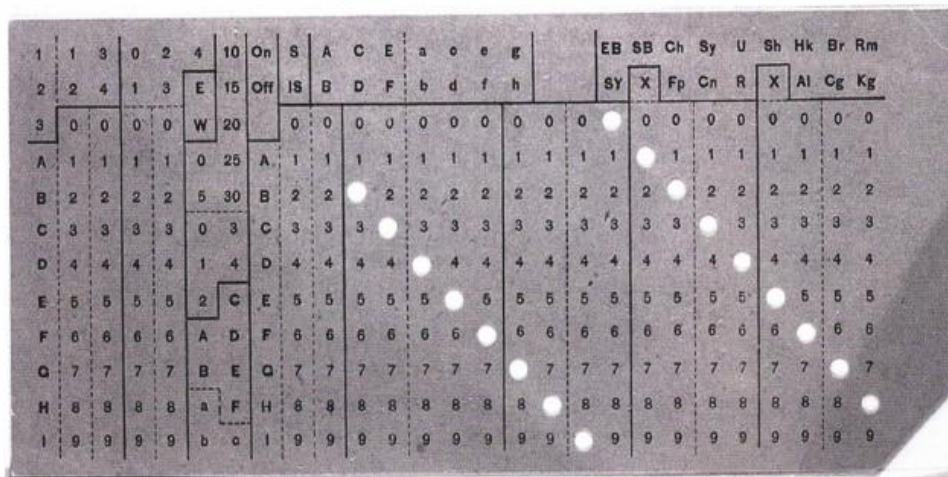
II. The cards (figure-2) were punched in Hollerith machines (figure-1) based on the information provided in the Punching Medium.

III. In 1969 first computer IBM-1401 was installed at Meerut.

IV. In the present scenario data in a punching medium is keyed in to Computers for tabulating



Hollerith Machine



Punched Cards

#### a. Different Forms of Punching Medium (PM)

- (i) Form number of normal Punching medium is IAF (CDA) 336.
- (ii) Another format is IAF (CDA) 338-A which is used for responding DIDS.

SAMPLE OF PUNCHING MEDIUM						
MONTH & YEAR:	CDA Code :	SECTION :	CLASS OF VOUCHER :	VOUCHER NO.:	PAO CODE :	UNIT CODE/ IMP A/C No. :
CLASSIFICATION CODE	RECEIPTS		CLASSIFICATION CODE	CHARGES		
	(+) RT	(-) RT		(+) CH	(-) CH	

Note : Suitable narration should be given at the bottom of the PM regarding nature of transaction.

### 5. Thirty fields of Punching Medium (PM) in New Compilation System (NCS)

New Compilation System (NCS) fetches 30 fields automatically for better MIS.

These 30 fields are as under:-

Sl No.	Column Name	Description
1	Budget	Progressive Allotment
2	Project Code	Project Code R&D Code
3	Compilation Code	TULIP Dak ID Printed
4	CTRID	DIDs Captured (Originated Action)
5	Batch	PM Upload Batch
6	Month	Compilation Month
7	CDA Code	Two digit CDA Code
8	Section	Six digit Section Code
9	Vr Class	Class of Vr
10	Vr No.	Voucher Number (Numeric)
11	RC	Receipt and Charge
12	Cat	Category code
13	Code Head	Five digit code
14	Sign	+/-
15	Amount	---
16	Res CDA	Blank/Bill Type
17	REs CDA SEc	Blank/Payment Section
18	Unit IDIMP	Unit code

19	Date	PM Date
20	IMID	Imprest Account Code
21	Bill No.	Bill No.
22	Bill Date	Bill Date
23	Amount Claimed	Amount claimed as per DAK
24	Firm Name	Vendor Name
25	CORNO.	Contract and Supply order No.
26	CORSO Date	Contract and Supply order Date
27	NCS Transaction ID	System generated transaction ID
28	NCS Old Transaction ID	Old transaction ID in case of Re-submission
29	PFMS Transaction	1 in case of PFMS and 0 others
30	PFMS Sanction	PFMS Bill No.

6. **Class of Vouchers** : A Punching Medium serves as a medium for codification of voucher for compilation of account from which data is entered in computer. Separate Punching Media are prepared for each class of voucher on IAF (CDA) -336 in the manner indicated below except for Class 8 vouchers which are prepared on IAF (CDA) 338-A.

I. **Cash Vouchers (Class of Voucher 1)** : This class of PM is prepared for cash payments by DAD Officers (except MES bills). Simultaneously payment effacement is made on the vouchers. Cash Vouchers are numbered serially after passing the bills by the Officer-in-Charge. Illustration of Class - 1 PM is as under:

-

CDA.....	Section.....		Class of Vr-I	Vr. No.	MMYY.....
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
93/020/91 (SBI CMP)	25,000		01/101/01 Pay& Allowances Army Officer	25,000	
Narration: In payment of Regular Pay Bill (RPB) for the month of —, pertaining to unit—					



- II. **Transfer Entries (Class of Voucher 2) :-** Class 2 Punching Medium are prepared to transfer an item from one code head to another. All class 2 PM is numbered serially in a register maintained for this purpose.

CDA.....	Section.....		Class of Vr-2	Vr. No.....	MMYY .....
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
93/020/91 (SBI CMP)		25,000			
00/021/00 (RBI Deposit head)	25,000				
Narration: In adjustment of Debit Scrolls downloaded from SBI CMP Portal for the month of---					

- III. **Inter Departmental Schedules (Civil) (I.D. Civil) (Class of Voucher 3) :** Class 3 voucher is named as Inter Departmental Schedules (Civil). This Class of Punching Media is used for adjusting items originating in the books of Civil Accounts (Civil department like Railway/Postal) for which inward claims are received from them and are settled on cash basis/ through advice to RBI CAS Nagpur. The vouchers are serially numbered in the Register maintained for this purpose.

**An example of Civil Inter Departmental Schedule (CID) schedule is as under :-**

For example, transactions originating in the book of railways in case of goods fare against a certain GE are cleared by the PCDA/CDA concerned AO GE of the unit concerned on receipt of clearance Memo from RBI CAS Nagpur.(After making payment to the Railways, RBI prepares clearance memo).

1. Bill raised by Railway for Rs.10,000/-.
2. Receipt of claim by GE for acceptance for Rs 10,000/-.
3. Returning of claim by GE duly accepted by Railway.

4. Raising of advice by Railways to RBI, CAS Nagpur for adjustment (Debiting) in Defence Proforma Accounts (DPA) with copy of advice to Accounts Section of concerned PCDA/CDA.

5. Based on the advice, clearance memo issued by RBI, CAS Nagpur to Accounts Section of PCDA/CDA and Railways.

6. Adjustment of clearance memo for debit transaction by Accounts Section of PCDA/CDA by operating Class II Voucher

<b>CDA.....</b>	<b>Section.....</b>		<b>Class of Vr-2</b>	<b>Vr. No.....</b>	<b>MMYY.....</b>
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/021/00 (RBI Deposit head)	10,000		23/020/82 (RBI Suspense- Classified )	10,000	
Narration: In adjustment of clearance memo received from RBI CAS Nagpur for the month of-----					

7. CID schedule is forwarded to AO GE office after compilation by Account Section of Main Office.

8. Clearance of RBI Suspense-Classified by AO GE offices as under by using Class III Voucher.

<b>CDA.....</b>	<b>Section.....</b>		<b>Class of Vr-3</b>	<b>Vr. No.....</b>	<b>MMYY.....</b>
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
			23/020/82 (RBI Suspense- Classified )		10,000
			Service Head	10,000	
Narration: In adjustment of CID Schedule received from Accounts Section of Main Office for the month of-----					

IV. **Abstract of Receipts and Charges (Class of Voucher 4):** This class of Punching Medium is used where multiple transactions occur in a day or

in a month and compiling punching medium for each and every transaction is not convenient. In such cases adjustments of each transaction is noted in a broad sheet and punching medium is prepared for the summary of the broad sheet. This class of punching medium is used in office of AO GE/PCDA Navy. After implementation of Office automation system in AO GE offices, preparation of class 4 voucher in case of payment is discontinued but in case of Defence Inter Departmental Schedule they use Class 4 vouchers. In case of Navy, Cash imprest is paid to the executive authorities and details of the expenditure are provided by the executives to the PCDA (Navy) Mumbai. The amounts booked under class 4 voucher as Abstract of Receipt and Charge are as under:-

<b>CDA.....</b>	<b>Section.....</b>		<b>Class of Vr-4</b>	<b>Vr. No.....</b>	<b>MMYY... ...</b>
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/003/02 Income tax deduction	2,50,000		01/601/01 P&A sailors (ship other than training ship)	2,90,200	
00/004/19 interest on Computer advance	1,200		01/601/04 P&A sailor (Repair organization)	17,700	
00/015/10 Defence Service Personnel Provident Fund	39,000				
00/017/04 Group insurance	13,000				
01/665/01 Rent of building and furniture	3,000				
01/665/02 Recovery on account of water and electricity	1,700				
<b>Total</b>	<b>3,07,900</b>			<b>3,07,900</b>	
In adjustment of Abstract of Receipt and Charge in r/o IN sailors for the month of -----					

V. **Cash Accounts (Class of Voucher 5)** : Class 5 PM is prepared against the formations drawing Cheques against cash assignments like Remount Depots, Defence Pension Disbursement Officers, Air Force Wings / formations, Imprest Accounts etc. the Punching Media is prepared in adjustment of their cash accounts. In this case, payments are made either from the Cash Assignments or through a Public Fund in which proceeds of Cash Assignments are placed. It identifies the payment made by services on behalf of DAD.

CDA.....	Section.....		Class of Vr-5	Vr. No.....	MMYY... ...
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/020/81 (Cheques & Bills)	2,53,547		87/361/01 P&A of Employed/ contracted staff officer	2,25,000	
			87/362/01 Transportation movement of personnel	2415	
			87/363/01 Medical stores	8,422	
			87/363/02 Other stores	3,504	
			87/367/00 Revenue works	14,206	
Total	2,53,547			2,53,547	
In payment of booking of expenditure of Rs. 2,53,547/- for the month of ---- in respect of ECHS polyclinic XYZ Unit Code-PPPP)					

VI. **Railway Bills (Class of Voucher 6)**: The Railway Bills and Punching Media pertaining thereto are given voucher numbers from amongst the series of voucher numbers allotted to each Railway. This is used by PCDA, Kolkata for adjustment of Railway Bills relating to Conveyance Charges on Warrants/Military Credit Notes etc.

1. Bill raised by Railway for Rs.10,000

2. Raising of advice by Railway to RBI, CAS Nagpur for adjustment in Defence Proforma Accounts (DPA) with copy of advice to Accounts Section of PCDA, Kolkata.
3. Based on the advice, clearance memo issued by RBI, CAS Nagpur to Accounts Section of PCDA Kolkata.
4. Adjustment of clearance memo for debit transaction by Accounts Section of PCDA, Kolkata using class 2 Vouchers

CDA.....	Section.....		Class of Vr-2	Vr. No.....	MMYY... ...
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/021/00 RBI deposit	10,000		23/020/82 (RBI Suspense- Classified )	10,000	
Narration: In adjustment of clearance memo received from RBI CAS Nagpur for the month of-----					

5. PM is forwarded to Railway accounts Section of PCDA Kolkata.
6. Clearance of Railway suspense by Railway accounts Section using Class 6 Voucher

CDA.....	Section.....		Class of Vr-6	Vr. No.....	MMYY.....
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
			23/020/82 (RBI Suspense - Classified)		10,000
			Service head	10,000	
Narration: In adjustment of Railway Vouchers received in the office of PCDA Kolkata for the month of---					

VII. **Inter Departmental Schedules (Defence)/DID (Class of Voucher 8) :** ID Schedules (Defence)/DID are prepared on IAF (CDA) 338-A. The responding PCDA/CDA indicates adjustment of the ID Schedules in the form of Class 8 Vouchers. Class 8 Voucher is prepared to respond to the DID Schedule. DID Schedule has two parts. Part-A is Originating Action and Part-B is Responding Action.

**Originating Action in the office of PCDA Bangalore due to transfer of AFFP funds from the office of PCDA Bangalore to PCDA (Army), Pune.**

CDA.....	Section.....		Class of Vr-2	Vr. No.....	MMYY... ...
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/015/10		2,50,000			
00/074/21	2,50,000				
Total	2,50,000	2,50,000			
Narration- Transferring the AFFP funds amount in r/o employee X due to transfer of from PCDA Bangalore to PCDA Army Pune.					

**Responding action is carried out by PCDA Army Pune on class 8 voucher as under :-**

CDA.....	Section.....		Class of Vr-8	Vr. No.....	MMYY... ...
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
00/015/10	2,50,000				
			00/075/22	2,50,000	
Total	2,50,000			2,50,000	
Narration: In responding of DID No————— originated by PCDA Bangalore in r/o—————on account of AFFP Fund.					

**VIII. MES Bills (Class of Voucher 9) :** This class of Punching Medium is used for payment on account of pay and allowances, TA Bills, Miscellaneous claims etc of MES Civilian officers /staff, Industrial/non-industrial staff. Payments are made through Defence Cheques by the Main office of the PCDA/CDA into Public Fund/Personal Deposit Account of the MES formation. These vouchers are numbered serially from the voucher numbering register maintained for the purpose in the section concerned.

<b>CDA.....</b>	<b>Section.....</b>		<b>Class of Vr-9</b>	<b>Vr. No.....</b>	<b>MMYY.....</b>
Code head	(+) Rt	(-) Rt	Code head	(+) Ch	(-) Ch
93/020/91	35,000		01/465/01	35,000	
Total	35,000			35,000	
Narration: in payment of Sy. Bill No.----- in r/o----- for the period----- —.					

## **8. Rules of Balancing Punching Medium**

- (i) Plus Receipt can be balanced by minus Receipt or plus Charge.
- (ii) Plus Charge can be balanced by plus Receipt or minus Charge.
- (iii) Minus Receipt can be balanced by plus Receipt or minus Charge.
- (iii) Minus charge can be balanced by minus Receipt or plus Charges.

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Controller General of Defence Accounts,  
Delhi Cantt-110010

