

DEFENCE ACCOUNT CODE

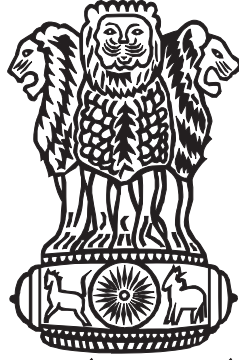
I. HISTORY

- The **DEFENCE ACCOUNT CODE** has its origin in the **CIVIL ACCOUNT CODE (VOLUME - I to VOLUME-IV)**.
- The **first edition of Account Code Volume –I** was **approved on 23rd December, 1938** and **released in 1940** by the Accountant General of India with the approval of Lord Linlithgow, the Governor General of India.
- The **first edition of Defence Account Code** was released in **1952** followed by an edition in 1967, a reprint in 1977 and another edition in 1994.
- The current edition of 2014 has been revised and updated after a hiatus of twenty years. It has eighteen chapters.

II. SALIENT FEATURES

This edition includes Paras /Chapters dealing with:

- Clarification and Accounting of Capital Expenditure;
- e-payment including e- FPB (SBI, CMP Branch);
- Reconciliation of RBI,SBI transactions;
- e-ticketing;
- Accounting of foreign procurements, and
- Recording and Review of outstanding balances.



सत्यमेव जयते

DEFENCE ACCOUNTS DEPARTMENT

DEFENCE ACCOUNT CODE

2014

For use of Defence Accounts Department only

Issued by the authority of

CONTROLLER GENERAL OF DEFENCE ACCOUNTS

PREFACE

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

Over the course of the last twenty years, significant changes have been introduced in the transaction of government business and accounting starting from the restructuring of the Demands for Grants pertaining to MoD. Within the Department, significant changes have been made in automation of systems of payment and accounting of expenditure. There was thus a need to reflect these in the Code, replacing those provisions that have been rendered redundant in view of these changes. Thus, while the basic principles and broad structure of accounts remain the same, certain newly introduced areas such as e-payment, e-ticketing have been incorporated. New Appendices have been incorporated on the Review of Balances and Reconciliation of Defence transactions. In addition, some of the existing provisions have been simplified for the ease of understanding e.g the Focal Point Branch Scheme.

Any additions or alterations which may be necessary to the Code will be notified periodically by PCDA (SC), 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 (SC) Pune.

This Edition of the Defence Account Code supercedes the 1994 Edition.

Delhi Cantt.

Dated 01-07-2014



(Vandana Srivastava)

Controller General of Defence Accounts

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DEFINITIONS

In this code, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them – that is to say:-

- | | | |
|---|----------------------|---|
| 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 the 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 | "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), any branch of a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) which is authorised to transact Government business as agent of the State Bank of India, or any branch of a bank including four private sector banks ICICI Bank Ltd, HDFC Bank Ltd, Axis Bank Ltd and IDBI Ltd , 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); |
| 7 | "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; |
| 8 | "Central Treasury" | means and includes any treasury or sub-treasury not being a treasury or sub-treasury under control of a State Government; |
| 9 | "CGDA" | means the Controller General of Defence Accounts, the Head of the Defence Accounts Department |

- 10 "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;
- 11 "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;
- 12 "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;
- 13 "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;
- 14 "Comptroller and Auditor General" means the Comptroller and Auditor General of India appointed under article 148 of the Constitution of India;
- 15 "Consolidated Fund " means the Consolidated Fund of India as referred to in clause (1) of Article 266 of the Constitution;
- 16 "Constitution" means the Constitution of India;
- 17 "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;
- 18 "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;
- 19 "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;

- 20 "Defence Accounting Circles" means the offices of the Defence Accounts Department including Controller General of Defence Accounts, who are nominated by the RBI to accounts for and reconcile transactions in the Defence Proforma Account.
Note :- CGDA Delhi Cantt, PCDA (Pensions) Allahabad, PCDA (Officers) Pune, PCDA (SC) Pune, PCDA Bangaluru, PCDA (WC) Chandigarh, Principle Controller of Accounts (Fys) Kolkata, PCDA (AF) Dehradun, PCDA (Navy) Mumbai, PCDA (NC) Jammu, PCDA New Delhi, PCDA (R&D) New Delhi, PCDA (CC) Lucknow, PCDA (BR) Delhi Cantt, PCDA (SWC) Jaipur, 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 (AF) New Delhi, CDA (R&D) Hyderabad, CDA (IDS) New Delhi, ZO (DPD) Chennai, AO, DAD, MOD (Civil) New Delhi, are Defence Accounting Circles;
- 21 "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;
- 22 "EFT" is the electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems;
- 23 "Financial Year" means the year beginning on the 1st of April and ending on the 31st of March following;
- 24 "Government" means the Central (Union) Government or a State Government, or a Union Territory Government, or all the three, as the context may imply;
- 25 "Local Fund" means a local fund as defined in Rule 652 of the Treasury Rules;
- 26 "NEFT" means National Electronic Fund Transfer, a nation wide 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;
- 27 "Principal Controller" or "Controller of Defence Accounts" "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 :
Principal Controller of Defence Accounts, New Delhi
Principal Controller of Defence Accounts, Dehradun
Principal Controller of Defence Accounts (WC), Chandigarh

Principal Controller of Defence Accounts, Bengaluru
 Principal Controller of Defence Accounts (SWC), Jaipur
 Principal Controller of Defence Accounts (SC), Pune
 Principal Controller of Defence Accounts (R&D), New Delhi
 Principal Controller of Defence Accounts (Pensions), Allahabad
 Principal Controller of Defence Accounts (Officers), Pune
 Principal Controller of Defence Accounts (NC), Jammu
 Principal Controller of Defence Accounts (Navy), Mumbai
 Principal Controller of Defence Accounts (CC), Lucknow
 Principal Controller of Defence Accounts (BR), New Delhi
 Principal Controller of Accounts (Fys), Kolkata
 Controller of Defence Accounts, Secunderabad
 Controller of Defence Accounts, Patna
 Controller of Defence Accounts, Jabalpur
 Controller of Defence Accounts, Guwahati
 Controller of Defence Accounts, Chennai
 Controller of Defence Accounts (R&D), Hyderabad
 Controller of Defence Accounts (R&D), Bengaluru
 Controller of Defence Accounts (PD), Meerut
 Controller of Defence Accounts (IDS), New Delhi
 Controller of Defence Accounts (Funds), Meerut
 Controller of Defence Accounts (CSD), Mumbai
 Controller of Defence Accounts (Army), Meerut
 Controller of Defence Accounts (AF), New Delhi

- 28 "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;
- 29 "Reappropriation" means the transfer of funds from one primary unit of appropriation to another such unit;
- 30 "Remittance Heads" Remittance Heads Refer to head of accounts to which transactions relating to remittance business are taken. Note :-In relation of Ministry of Defence Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer , (Major Head 8782) Adjusting Account with Railways and Department of Post (Major Head 8787 and 8788) and Exchange Account (Major Head 8797);
- 31 "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);

- 32 "Revenue Heads" refer to the heads of account under which are recorded all proceeds of taxation and other receipts classed as revenue and the expenditure met therefrom;
- 33 "RTGS" means Real Time Gross Settlement of fund transfers 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;
- 34 "SBI-CMP" means State Bank of India-Cash Management Product, a customized and secured payment gateway for Central Government Departments including Defence Accounts Departments which will be a uniform and approved process across the country with stricter Turn Around Time (TAT);
- 35 "Sub Audit (Accounts) Officer" means an Account Officer who performs accounting functions on behalf of another Account Officer;
- 36 "Treasury Rules" means the Treasury Rules of the Central Government.

CHAPTER 1

GENERAL

AUTHORITY COMPETENT TO PRESCRIBE THE FORMS FOR MAINTAINING DEFENCE SERVICES ACCOUNTS

1. The Ministry of Defence (Finance) of the Govt. of India is to ensure that suitable accounts are maintained by the Defence Services. Accordingly, the Pr. Controllers/ Controllers should seek the intervention of that Ministry, 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.

2. 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.

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.

3(a) The Government of India may require any information which can be derived from the accounts maintained in an Accounts office, and 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.

(b) 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.

DEPARTMENTALISATION OF ACCOUNTS

4(a) 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 has been entrusted to the Controller General of Defence Accounts.

(b) The Controller General of Defence Accounts functions on behalf of Secretary Defence (Finance)/ Financial Adviser (Defence Services), as the Chief Authority in all matters affecting financial advice, internal audit and the accounting in respect of expenditure pertaining to the Defence Services. Under the scheme of Departmentalisation of accounts in the Ministry of Defence, the Defence Secretary will be 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 Adviser (Defence Services), who will function for and on behalf of the Chief Accounting Authority. The payments and accounting functions in respect of the Ministry of Defence are entrusted to the Controller General of Defence Accounts who will function as the Principal Accounting Officer.

Controller General of Defence Accounts 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. The Controller General of Defence Accounts, on behalf of Chief Accounting Authority arranges payments of Defence Services through Principal Controllers/Controllers Office and the cheque drawing DDOs and is also responsible for arranging internal audit of all expenditure.

COMPILATION OF DEPARTMENTALISED ACCOUNTS

5. The Defence Accounts Department classifies expenditure in respect of (i) Defence Services paid from Defence Service Estimates and (ii) Civil organisations under Ministry of Defence including Defence Accounts Department, mentioned below, which are paid from the civil grant of Ministry of Defence :

- (i) Armed Forces Tribunal
- (ii) Coast Guard Organisation
- (iii) Department of Defence
- (iv) Department of Defence Production
- (v) Department of Defence Research and Development
- (vi) Department of Ex-Servicemen Welfare (DESW)
- (vii) Defence Accounts Department
- (viii) Defence Estates Organisation
- (ix) Jammu and Kashmir Light Infantry
- (x) Canteen Stores Department

GENERAL DUTIES OF CONTROLLER GENERAL OF DEFENCE ACCOUNTS AS A CHIEF ACCOUNTING OFFICER

6. The CGDA is responsible for the following items of work under the scheme of departmentalisation, performed for and on behalf of the Chief Accounting Authority:-

- (a) Consolidation of the accounts of the Ministry of Defence in the manner prescribed by CGA;
- (b) Arranging all payments of Defence Services through PCsDA/CsDA, Drawing and Disbursing Officers of the Services wherever they are authorized to make certain types of payments;
- (c) Submission of Statement of Central Transactions and material for the Finance Account of the Defence and Defence (Civil) to the Controller General of Accounts;
- (d) 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;
- (e) Preparation of certain subsidiary statements in connection with the Appropriation Accounts as prescribed in Defence Audit Code and submit them 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);
- (f) 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 Government in India;

(g) Preparation of the Appropriation Accounts of the Civil Estimates of the Ministry of Defence and sending the same to the Financial Adviser, Defence Services/Secretary (Defence Finance) and the Defence Secretary for onward transmission to the Controller General of Accounts and Director General of Audit, Defence Services.

GENERAL DUTIES OF PRINCIPAL CONTROLLER/CONTROLLER AS AN ACCOUNTING OFFICER

7. Pr Controller/Controller is the chief authority of Auditing & Accounting function in respect of Formations/Units under their jurisdiction. Accounting duties and functions can be put into the following broad categories-

(i) Receipts, Disbursements and Accounts:

- (a) To collect accounts of all receipts and disbursements in the accounts area;
- (b) Ensure accurate and timely payments in conformity with prescribed rules and regulations;
- (c) Timely realization of receipts and credit in Government Account;
- (d) To transfer to other Accounts Circle the items originating in their area pertaining to them and adjusting in his accounts the items transferred to him by other Accounts Officers.

(ii) Financial Management Systems:

(a) To keep a watch over the progress of expenditure for the area under the locally controlled heads against sanctioned allotments and to bring to the notice of the allottees and the immediate higher authorities, cases in which the progress of expenditure is abnormally heavy or unusually low;

(b) Responsible for the implementation of financial information systems as prescribed by the Controller General of Defence Accounts and to provide necessary material in respect of reports of Annual Finance Accounts;

(c) Cash requirement Formulation;

(i) The Pr Controllers/Controllers will support the Controller General of Defence Accounts towards formulation of cash requirements in respect of various heads (other than budgetary heads).

(ii) They would formulate the budgetary requirements of the DAD and render estimates to the CGDA.

8. Each Pr. Controller/Controller is responsible for the accuracy and efficient working of the numerous processes of which the monthly account is the outcome. He should keep himself thoroughly acquainted with the progress of receipts and expenditure, so as to be able to promptly bring to notice any matter demanding attention. He is charged with the administration of those numerous matters in his area, of which Government is debtor or creditor, and it is his duty to see that proper accounts are kept of all those transactions and that due measures are taken for their adjustment without undue delay. He settles accounts with other Accounts Officers and it is his duty to see that these accounts are promptly settled. The Pr. Controller/Controller has the care of the pecuniary relation of the Defence Services of the Government of India in his area with other Governments, Departments, individuals and bodies and for this purpose he is not merely to keep the accounts but also to watch and in some cases to direct the matters out of which the accounts arise.

9. Each Pr. Controller/Controller is responsible for ensuring that all transactions for which necessary monetary settlement has been effected against the Defence balance by

other Accounts Offices are speedily adjusted in Defence books and are not left outstanding in the suspense heads for an unduly long period.

10. Each Pr. Controller/Controller is responsible for maintaining the details of the amount due to or by Government working upto the balance on his own books. He is further responsible for reviewing these balances at the end of each year in the manner prescribed in chapter 11 and for submitting a copy of his review of balances along with statement 5 & 13 to the CGDA. Copies of the review of balances are also furnished to Pr. Director/Director of Audit Defence Services for audit. CGDA will prepare statement No. 5 &13 of Union Government Finance Account and send the same to the CGA.

MISCELLANEOUS

11. No requisition for submission to an Accounts Office of new account returns should be issued by the Pr. Controller/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.

12. All communications on matters affecting the classification of Receipts and Charges and on form and procedure relating to accounts should always be addressed to the Controller General of Defence Accounts.

13. Pr. Controllers/Controllers should not address the Comptroller and Auditor General and Controller General of Accounts direct except on routine matters

14. Pr. Controllers/Controllers should not address Services Headquarters or the Ministry of Defence (Finance) directly, except on routine matters or in connection with the prescribed estimates and returns rendered direct to them. All questions involving interpretation of rules or procedural changes should be referred by the Pr. Controllers/Controllers to the Controller General of Defence Accounts.

CHAPTER 2

GENERAL OUTLINES OF THE SYSTEM OF ACCOUNT

CONSOLIDATED FUND, CONTINGENCY FUND AND PUBLIC ACCOUNT OF INDIA

15. 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. 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. The procedure to be followed for the payment into and the withdrawal, transfer or disbursement of moneys from the "Consolidated Fund" and the "Public Account" for the custody of moneys standing in that Fund and Account, is regulated by law made by the Parliament and pending such legislation by the rules made by the President under Article 283 of the Constitution.

16. 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. The procedure to be followed for the custody of the payment of moneys into and the withdrawal of moneys from such fund is regulated by law made by the Parliament and pending such legislation, by the rules made by the President (Also see Para 290 and 291).

***Note:** Though the transactions of the Railways, Department of Posts and Department and the Defence Services form part of the Consolidated Fund, the Contingency Fund and the Public Account of India, they are nevertheless taken against the "Railway Fund", "Post and Telegraphs Account" and "Defence Account" which have been created proforma in the books of the Reserve Bank of India.*

17. 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.

ACCOUNTS OF THE CENTRAL AND STATE GOVERNMENTS WITH THE BANK

18. 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 on 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.

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

(b) All transactions/adjustments between the accounts of Central Government Ministries/Departments and State Governments are settled on cash basis by issue of Cheque/Demand Draft, except in the case of transactions between Defence and Department of Posts, Railways, Department of Supply in the Ministry of Commerce (Store transactions) and Ministry of External Affairs.

(c) The transactions between Department of Posts, Railways, Department of Supply in the Ministry of Commerce (Store transactions) and Ministry of External Affairs (relating to High Commission of India, London (ILAC), Washington and Embassy Accounts received through Principal Accounts Officer of 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.

(d) A statement of closing balance of each Government (States) / Ministry/ Department on the books of the bank is forwarded by the CAS, RBI, Nagpur to the Accounts Officer 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 7610-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.*

TRANSACTIONS OF OTHER GOVERNMENTS IN STATE TREASURIES

20. 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 being 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:-

(a) 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 in the office of the Accountant General on

behalf of another State and book entries made in the office of the Accountant General affecting the accounts of another State Government.

(b) In case of transactions of Central Government, including Railways/Postal/ Defence Departments 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).

Note: - Settlement of transactions between the State Government of Jammu and Kashmir and other States/ Centre is effected in cash or by demand drafts.

STATE TRANSACTIONS IN CENTRAL TREASURIES

21. 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.

GENERAL OUTLINES OF THE SYSTEM OF DEFENCE SERVICES ACCOUNTS

22(a) All receipts realised by the Defence Services are paid into a treasury or Bank in lump sum and are accounted for at the Treasury or the Bank merely as receipts on behalf of Defence Services. The initial detailed accounts of such receipts are kept by the officers concerned of Defence Services.

(b) 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 by officers of the Defence Accounts Department and in certain cases by the Officers of Defence Services. The payments are treated by the Treasury / Bank merely as payment on behalf of Defence Services and the initial detailed accounts of the payments are maintained by the officers drawing the money by cheques, etc.

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

(c) The Officers of Defence Services referred to in clause (a) and (b) above, render the accounts of their transactions to the Pr. Controllers/Controllers concerned. These accounts, the receipts and payments by the Defence Accounts Department itself, the transactions relating to Border Roads, JAKLIi (Police) and Coast Guard Organisations and the transactions passed on for adjustment by other Accounts Officers 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 and Charges" and "Pamphlet of Revenue, Debt and Remittance Heads". The transactions compiled by the Pr. Controllers/Controllers are, for purposes of compilation by computerised process, actually shown by them in code numbers instead of by classification heads. The detailed procedure for the compilation of the accounts by computerized process is given in Chapter 10.

(d) The All-India Consolidated Compilations for Defence Services Receipts and Charges (under Revenue, Debt and Remittance Heads as well as under Service Heads) are prepared by the EDP Section of CGDA Delhi Cantt.

MODE OF SETTLEMENT OF DEFENCE TRANSACTIONS

23(a) All transactions arising in the Defence books which are eventually adjustable against the balances of the Railways and Department of Posts, Department of Supply or vice versa, are passed on to Accounts Officers 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.

(b) Transactions as specified in Chapter 8 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.

(c) Transactions between Defence Services and other Ministries of the Central Government and Union Territories for which the Audit and Accounts have been separated i.e., the accounts for which are maintained by the Ministries/U.T themselves through their own Pay and Accounts Offices are settled on cash basis by issue of cheques.

Note:- In certain cases, budget is placed by the Ministry of Defence to the Civil Ministry for direct booking of transaction (e.g. DAVP). An expenditure report is watched.

(d) 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.

(e) The receipts and expenditure relating to Border Roads Organisation are finally accounted to the heads of the Ministry of Road Transport & Highways by the Defence Accounts Department - Pr. CDA (Border Roads) - although the Budget provisions are made by the Ministry of Road Transport & Highways. Monthly expenditure figures as well as final expenditure figures are intimated to the Pr Chief Controller of Accounts, MORT&H by Pr. CDA (Border Roads) to enable them to monitor the expenditure and to prepare Appropriation Accounts accordingly.

(f) Similarly, the receipts and expenditure pertaining to Coast Guard Organisation are accounted for by Defence Accounts Department to the final heads of Ministry of Finance (CBEC). 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). Appropriation Accounts of Ministry of Defence (Civil) reflecting the annual figures of receipts and expenditure of Coast Guard Organisation, including that of JAKLI, AFT, DGDE and DAD are prepared by CGDA.

(g) 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 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." Similarly, all Embassies transactions are advised to India by Pr. CCE (MEA), through settlement Account. The Defence transactions included therein are received and adjusted

centrally by the Pr. Controller of Defence Accounts New Delhi. 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. The detailed procedure in regard to the manner of adjustment of transactions between England and India is described in Chapter 9.

(h) 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.

CENTRAL JOURNAL AND LEDGER

24. 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.

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

25(a) The Controller General of Defence Accounts, prepares SCT of Defence Services & and Ministry of Defence (Civil)- Receipts and Charges annually each year. These 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 Statement of Central Transactions 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. A copy of the consolidated annual accounts is also sent to the DGA (Central Revenues), New Delhi by the DGA, DS after audit.

(b) The SCT is prepared from the material available in the All India Consolidated Compilation of Service Heads Revenue Debt and Remittance Heads for March Supplementary (including Corrections thereto, if any). A copy of the same will also be forwarded by the Controller General of Defence Accounts to the Ministry of Defence (Fin).

(c) After closing of annual accounts, if an amendment to SCT is effected through Journal Entries with the approval of CGA, Ministry of Finance (Department of Expenditure), New Delhi, 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: - 'Statement of Central Transactions' at the end of every 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, voted, plan and non-plan expenditures distinctly.

ANNUAL FINANCE ACCOUNTS OF THE CENTRAL GOVERNMENT

26. The Annual Finance Accounts of the Central Govt. (including Defence Services) are prepared by the Controller General of Accounts after the close of each financial year.

While the Appropriation Accounts of Defence Services are prepared by the Financial Adviser (Defence Services) and signed by the Defence Secretary, the Appropriation Accounts of the Defence (Civil) and Defence Pensions are prepared by the CGDA Office and signed by the CGDA.

Note:-*Finance Accounts contains various statements. Some of the important Statements are:-*

- (i) *Statement No.1- Summary of Transactions*
- (ii) *Statement No.3-Loans and Advances by the Union Government*
- (iii) *Statement No.4- Guarantees Given by the Union Governments*
- (iv) *Statement No. 5-Summary of Balances*
- (v) *Statement No.6-Statement showing Percentage Distribution of Revenue Receipts and Revenue Expenditure for the year*
- (vi) *Statement No.-10 Statement of Expenditure on Capital Account during and to the end of the year*
- (vii) *Statement No.-11-Statement showing the Investments of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, etc., up to end of the year*
- (viii) *Statement No.-13-Statement of Receipts, Disbursements and Balances under heads of account relating to Debt, Deposits, Remittances and Contingency*

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

27. The Controller General of Defence Accounts (CGDA) prepares the portion of 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 in 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 last preceding financial year. It presents the transactions of all the Governments side by side, classified under the several major and minor heads of accounts classification, thus incidentally enabling a comparison to be made for statistical or other purposes of the receipts and expenditure of the several Governments pertaining to each branch of administration or to activities of a similar nature.

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CHAPTER 3

GENERAL PRINCIPLES AND METHODS OF ACCOUNTS

GENERAL

Period of Accounts

29. 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. Similarly, the Annual General Financial Statement (the Combined Finance and Revenue Accounts of the Central and State Governments in India) which the Controller General of Accounts prepares, shall record the transactions of the Central/State and Union Territories Governments for the same period.

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, vide Para 108 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 misposting and misclassifications coming to notice after the 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*

Accounts so kept open after 31st March are known as March Supplementary/Supplementary-I and March Supplementary Corrections/ Supplementary-II. These accounts are closed by the CGDA on the dates intimated by 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. The accounts of the financial year in the books of the PCsDA/CsDA will be finally closed in March Supplementary Corrections/ Supplementary-II. However, a 3 to 4 days time window for reporting any exceptional manual corrections shall be provided before finalizing of March Supplementary Corrections/Supplementary-II.

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 one Crore of amount in a single transaction unless rectification/ readjustment is otherwise necessary for closing of annual accounts.
- (iii) Suitable action is invariably taken against all concerned for not detecting the error during monthly review and within the supplementary accounts.

Cash basis of Accounts

30. 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.

Currency in which Accounts are kept

31. The Accounts of Government kept in India are maintained in Indian Currency.

FORMS OF ACCOUNTS

Main Divisions of Accounts

32. 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

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

(i) Revenue (consisting of sections for "Receipt Heads (Revenue Account)" and "Expenditure Heads (Revenue Account)").

(ii) Capital, Public Debt, Loans etc. (consisting of Sections for "Receipt Heads (Capital Account)" and "Expenditure Heads (Capital Account)" and "Public Debt (Loans and Advances etc.)").

(a) The first division comprising of the Section "Receipt Heads (Revenue Account)" shall deal with the proceeds of taxation and other receipts classed as revenue, and the Section "Expenditure Heads (Revenue Account)" dealing with expenditure met therefrom.

(b) 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.

(c) 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.

(d) 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.

(e) 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:-

- (i) Revenue Division-Sectors 'A' and 'B'
- (ii) Capital Division—Sectors 'A', 'B' and 'C'
- (iii) Loans and Advances-Sector 'F'

(2) In Part II (Contingency Fund of India) of the Account 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.

(3) 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 embrace adjusting heads with Railways and Department of Posts etc., except Exchange Accounts which are settled within different accounting circles (TBOs etc). The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle. 'Suspense' in this Part is also a 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'.

33(a) The Divisions/Sections mentioned in the preceding paragraphs shall be grouped into sectors under which specific functions or services are grouped. The sectors are sub-divided into Major Heads of Account. However, in some cases, the sectors are, sub-divided into sub-sectors before been 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.

(b) 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.

(c) 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.

Illustration

Receipt Major Head (Revenue Account)	Expenditure Major Head (Revenue Account)	Capital Major Head	Loan Major Head
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 & Public Health	2210 Medical & Public Health	4210 Capital outlay on Medical & Public Health	6210 Loans for Medical & 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 Capital Outlay on Defence Services is a common head which caters to all Defence Services including Army, Navy, Air Force, Ordnance Factories, R & D and Inspection Organisation. There is no corresponding loan Major Head for Army.*

(d) As exceptions 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.

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

(e) 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 051 —Construction
- Minor Head 052 - Machinery and Equipment
- Minor Head 202 —Construction
- Minor Head 790-Loans to PSUs

Minor Head 799-Suspense
Minor Head 800-Other Expenditure

Major, Minor Detailed and Object Heads

34(a) (i) The main unit of classification in accounts is Major Heads. Major Heads are divided into Sub-Major Heads wherever necessary, which shall be divided into Minor Heads each of which shall have a number of subordinate heads generally known as Sub-Heads. The Sub-Heads are further divided into 'Detailed Heads' followed by Object Heads. Object Head represents the primary unit of appropriation.

(ii) 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.

(b) 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 Detailed 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

35(a) The grants of the 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 CHB is termed as an Object of classification.

(b) 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-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 and Pamphlet of Revenue, Debt and Remittance Heads.

(c) 'Classification Hand Book of Defence Services-Receipts and Charges' is a compilation of code heads of Revenue and Capital Heads pertaining to Defence Service Estimates only. Classification codes in the 'Classification Hand Book of Defence Services-Receipts and Charges' are alpha-numeric. The classification at the Sub-Head level is given in alphabets.

(d) 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.

(e) 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.

(f) Both the books are published by the Controller General of Defence Accounts.

Objectives of Classification

36. The existing codification of accounting, receipts/expenditure heads represents:-

- (i) Major Head- 4 digits (Function)
- (ii) Sub-Major Head- 2 digits (Sub-function)
- (iii) Minor Head- 3 digits (Programme)
- (iv) Sub-Head- 2 digits (Scheme)
- (v) Detailed Head- 2 digits (Sub-Scheme)
- (vi) Object Head- 2 digits (primary unit of appropriation)

Note: -Detailed Heads and Object Heads of Pamphlet of RD&R are represented by seven digits in the CHB and Pamphlet of RD&R. This codification is converted into 15 digits in the CGA's account, through a concordance.

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 while the Minor Heads subordinate to them identify the programmes undertaken to achieve the objective of the function represented by the Major Head. 'Special Projects', 'Renewals and Replacements' and 'Works' are some of the programmes under Defence for which minor heads have been opened. 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. In Classification Hand Book of Receipt and Charges 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.

Guidelines for opening a new code

37. CGDA has been delegated powers to open the sub and detailed heads below the Minor Heads to meet local and special requirements subject to the stipulation that sub 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 as to exhibit separately the expenditure under each unit of appropriation prescribed from time to time by Government.

(vi) The Object Heads shown in **Appendix-II** to this chapter 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 C.G.D.A. with the concurrence of Ministry of Defence (Finance) (Budget) and in consultation with DGADS.

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.*

Pamphlet of RD&R/Classification Hand Book of Defence Services Receipts and Charges

38. 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. 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 Classification Hand Book of Defence Services — Receipts and Charges.

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

Classification of Expenditure as "Charged" or "Voted"

39. Expenditure which under the provision of the Constitution is subject to the Vote of the Legislature 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 (See also Para 292).

CLASSIFICATION OF TRANSACTIONS IN ACCOUNTS

General Limitations

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

General Principles of Classification

41. 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, expenditure incurred for Army Ordnance and Clothing Factories and the expenditure incurred by the Army for Air Force and Navy and vice versa are debitable to the Heads pertaining to the Factories or the Arm of Service for which the expenditure is incurred. This principle is, however, subject to such exceptions as may be authorised specially in any individual case or a class of cases, for example, receipts representing interest 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 Ordnance Factories, the Air Force or the Navy is classified under the respective heads relating to the Ordnance Factories, the Air Force or the Navy.*

CLASSIFICATION OF CAPITAL AND REVENUE EXPENDITURE

42. 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 also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses, shall be classified as Revenue expenditure. 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. Expenditure of a capital nature, as defined above, shall not be classed as Capital expenditure in the Government Accounts unless the classification has been expressly authorised by general or special orders of Government.

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.

Criteria for determining whether expenditure should be classified under heads of Capital section or Revenue section of the Consolidated Fund of India

43(a) Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character.

Note-1:- Expenditure on a temporary asset or expenditure on Grants-in-aid to local bodies or institutions cannot ordinarily be classifiable 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.

(b) Expenditure of a Capital nature shall be distinguished from Revenue expenditure both in the Budget Estimates and in Government Accounts.

Note- *Capital expenditure is generally met from receipts of a capital, debt, deposit or banking character as distinguished from ordinary revenue derived from taxes, duties, fees, fines and similar items of current income including extra-ordinary receipts. It is open to the Government to meet Capital expenditure from ordinary revenues provided there are sufficient revenue resources to cover this liability.*

Allocation between capital and revenue expenditure on a capital scheme

44(a) 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 President on the advice of the Comptroller and Auditor General.

(b) The following are the main principles governing the allocation of expenditure on a Capital Scheme, between Capital and Revenue accounts:-

(i) Capital account should bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It would also bear charges for such further additions and improvements as may be sanctioned under rules made by competent authority.

(ii) Subject to (iii) below, revenue account should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as prescribed by Government.

(iii) In case of works of renewal and replacement which partake both of a capital and revenue nature, the allocation of expenditure should be regulated by the broad principle that revenue should pay or provide a fund for the adequate replacement of all wastage or depreciation of property originally provided out of capital grants and that only the cost of genuine improvements, whether determined by prescribed rules or formulae or under special orders of Government, should be debited to Capital account. 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 account and the Fund should be so regulated as to guard against over capitalization on one hand and excessive withdrawals from the Fund on the other hand.

(iv) Expenditure on account of repairs of damage caused by extraordinary calamities such as flood, fire, earthquake, enemy action, should be charged to Capital account or to Revenue account or divided between them in such a way as may be determined by Government according to the circumstances of each case.

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

**Capital receipts during construction
mainly to be utilised in reduction of capital expenditure**

45. 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.

**Receipts and recoveries representing recoveries of expenditure previously
debited to Capital Major Head**

46. 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.

**Capital cost of non-productive work
to be met from ordinary revenues**

47. 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:-

(a) 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

(b) The amount is too large to be met from current revenues.

Conversion of outstanding loans into equity investments or Grants-in-Aid

48. 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, the 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 pro forma 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.

Charging of interest on capital outlay met out of specific loans raised by Government

49(a). 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 actually paid on such loans and the incidental charges incurred in raising and managing them. 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.

(b) 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.

Record of Capital Expenditure in Accounts

50(a). 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. In Defence, 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.

Note: - Expenditure on vehicles irrespective of cost and life shall be treated as Capital.

(b) All items of expenditure to be met from Revenue according to the criteria indicated in (a) 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.

(c) 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.

IMPORTANT GENERAL ORDERS GOVERNING CLASSIFICATIONS

51. Principles and Rules regulating adjustments between Governments of certain category of charges and receipts, which have been accepted by all Governments, are given **Appendix III** of this Code.

Pay and Allowances

(a) Following the principles in Para 41, 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

(b) 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) 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 tending 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 clause (b) 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

(c) 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 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.

Travelling Allowances

52. 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 on 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.

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

(b) 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.

(c) 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.

54. The Travelling Allowance of Military students under training with survey parties is debitable to the civil department.

55. 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.

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

57. The conveyance charges of witnesses summoned or detailed to attend a criminal case, a civil suit or a Court Martial, are compilable as follows:-

Sl. No.	Type of Case	Estimates to which conveyance charges are debitable
(i)	Criminal case	Estimates of the Ministry or Department to which the witnesses belong
(ii)	Civil Suit	Estimates of the Ministry or Department which is a party to the case
(iii)	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, Factories and R&D Estimates, as the case may be.*

CONTRIBUTION MADE BY GOVERNMENT

58. 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.

REFUNDS OF REVENUE

59(i). Refunds of Revenue shall as a General rule be taken in 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.

CLASSIFICATION OF TRANSACTIONS UNDER "CIVIL ADVANCES"

60(a). 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.

(b) **Classification of Transactions under Pay/TA on Transfer**

Advances of pay and travelling allowances on transfer should be debited to the final head of account and not to 'Civil Advances'. In case of transfer of a Govt. servant from any department of Govt. of India (including Defence/Railway/P&T and U.T. Govts. /Admns) to other department, the advance of Pay/TA shall also be debited to the final head of account and borne by the Dept. which makes the advance. The recovery of Pay and travelling allowances, advances on transfer, will irrespective of the year of recovery, be treated as Minus Expenditure. The recoveries will be accounted for under the Head of Account to which the expenditure of the Department to which the Government Servant is transferred is debited.

(c) **Classification of Advances for Law Suits**

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 66 (ii).

CLASSIFICATION OF TRANSACTIONS UNDER SUSPENSE

61. 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 properly to classify them, 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.*

IMPORTANT SPECIAL ORDERS GOVERNING CLASSIFICATION OF CERTAIN INDIVIDUAL TRANSACTIONS

Cost of Acquisition of Land

62. 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 01 Army/02 Navy/03 Air Force-Minor Head 050-Land".

Sale proceeds of Government land and buildings

63. The sale proceeds of building/land should be credited as recoveries of expenditure to the Defence Services or the head of the civil departments concerned to which the cost was originally debited.

64. Taxes both on Residential and Non-Residential, buildings owned/or occupied by the Defence Department shall be debited to the Defence Services Estimates.

Cost of Survey of India and other Scientific parties accompanying a Military Expedition

65(a). 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.

(b) 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.

GENERAL METHODS OF ACCOUNTING

Classification of refunds of bonafide receipts and recoveries of over-payments

66. The charges due to refunds of bonafide receipts, and receipts on account of recoveries of over-payments are compilable 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.

(ii) **Recoveries of overpayments**

Recoveries of over-payments shall be credited as reduction in expenditure irrespective of the year in which such recoveries are effected.

WRITE OFF FROM "BALANCE" HEADS TO "GOVERNMENT

67. 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: (A) *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.*

(B) *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 himself about the conditions (i) to (iii) in 'A' above. Items written off by the Dy. CGDA/Addl CDA/Jt. CDA shall be submitted to the next higher authority for review.*

(C) *In case of 'Provident Fund Suspense' the limit of 5 years mentioned at Para A (ii) above will not be applicable.*

(D) *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.*

Note 2: *These writes off are shown in a separate entry under the head "Government" in the annual Review of Balances.*

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

68. 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 removing the item from the head under which it was wrongly taken to that to which it properly belongs. If the accounts of the year in which the error took place are closed, then the following procedure should be followed in the cases referred to:-

- (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.*

TRANSFER ENTRIES AND CHECK OF CLASSIFICATION

69(a). Transfer entries, that is, 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:- *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;

(b) 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

70(a). 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.

(b) 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**.

Checks of Classification of Receipts and Charges

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

SO (A)/AAO

(i) PM prepared by the Accounts Section are correctly compiled in the Sectional Compilation,

(ii) No PM operated by the Accounts Section has been left over in the Sectional Compilation,

- (iii) The transaction pertaining to other PCsDA/CsDA does not appear in the Sectional Compilations,
- (iv) Prefix Category of Fund heads correctly operated,
- (v) Own Exchange Accounts are not operated in respect of Original Items of Exchange Accounts.

AO/SAO

- (i) 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,
- (ii) Reasons for progressive Minus Receipt balances under 'Cheques and Bills (020/81)/Pay and Accounts Offices Electronic Advices (020/91)' and Plus Charge balances in the head 'Remittances in to Banks/Treasuries (020/80)' are examined and remedial action taken to clear the balances,
- (iii) Action has been initiated to get all fictitious heads rectified.

Group Officer

- (i) Necessary checks prescribed for the SO(A)/AAO/AO/SAO have been exercised.
- (ii) Debit and Credit Scrolls correctly compiled and reconciled with the RB Deposits.
- (iii) 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: 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.

Powers of signing of Punching Medium.

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

(a) Normal Transfer Adjustments

- | | |
|---------------------|-------------------------|
| (i) SO(A) | - upto Rs. 5,00,000 |
| (ii) AAO | - upto Rs. 25,00,000 |
| (iii) AO/SAO | - upto Rs. 1 Crore |
| (iv) ACDA/DCDA | - upto Rs. 5 Crore |
| (v) Jt CDA/Addl CDA | - upto Rs. 10 Crore |
| (vi) CDA/PCDA | - exceeding Rs 10 Crore |

(b) Rectification of incorrect adjustments

- | | |
|-----------------------|---------------------|
| (i) AO/SAO | - upto Rs 25 Lakhs |
| (ii) ACDA/DCDA | - upto Rs. 1 Crore |
| (iii) Jt CDA/Addl CDA | - upto Rs 5 Crore |
| (iv) CDA/PCDA | - exceeding 5 Crore |

Examination of Compiled Actuals

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

74. Blank

CHAPTER 4

RULES REGULATING INTER-DEPARTMENTAL TRANSFERS

INTRODUCTORY

75. 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

76. 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.

Note: *The Film Division of the Government of India may charge any other department for the cost of production of films and other services on such terms as may be settled in each case.*

77. Without prejudice to the general principle contained in Para 76, 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.*

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

78. 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.

ADJUSTMENTS WITH OUTSIDE BODIES

79. Payments shall be required in all cases where the Defence Services render service 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 fund should ordinarily be given through a grant-in-aid rather than by remission of dues.

GENERAL

80. 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/Posts/MEA/Department of Supply except when such transfers do not suit the method of accounts or of business adopted by the receiving department.

81. Military Farms work on a quasi-commercial basis, and they should, as far as practicable, settle all transactions in cash instead of by book debit or credit; but as this is not always practicable or desirable, book adjustment will be made where necessary, e.g. in the case of:-

- (a) Articles received from England
- (b) Stationery and forms supplied by the Stationery and Forms Department
- (c) Railway warrants or credit notes
- (d) Transactions between Military dairies
- (e) Transactions with—
 - (i) Medical Stores Depot,
 - (ii) A.S.C,
 - (iii) A.O.C including Ordnance and Clothing Factories,
 - (iv) Remount Department,
 - (v) Cattle breeding farms,
 - (vi) Military Engineer Services,
 - (vii) Civil hospitals and Civil jails.
- (f) Purchases made by the Ministry of Commerce, Department of Supply
- (g) Water and Land revenue charges due to civil departments
- (h) Proforma charges for rent of Government lands
- (i) Other inter-departmental charges.

Note: *The cost of stationery and forms supplied to Military Farms is accounted for as cost accounting transactions.*

82. 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 Comptroller and Auditor General of India.

83. Blank

CHAPTER 5

RULES REGULATING THE ACCOUNTING OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS

INTRODUCTORY

84(a). The rules in this chapter regulate the accounting of recoveries of expenditure in Government accounts.

(b) In these rules, the term "Recovery" is used 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 FROM PRIVATE PERSONS OR BODIES AND GOVERNMENTS OUTSIDE INDIA

85. 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.

Exceptions:

(i) When a Government undertakes a service merely as an agent of a private body, so that the entire cost of the service is recovered from that body, the net cost of Government being nil, the recoveries may be taken as reduction of expenditure.

(ii) 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.

RECOVERIES OF EXPENDITURE ON WORKS IN PROGRESS AND TRANSACTIONS OF STOCK AND OTHER SUSPENSE ACCOUNT

86. The technical estimates take cognisance 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

RECOVERIES BY ONE GOVERNMENT FROM ANOTHER (WITHIN INDIA)

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

(a) 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.

(b) 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.

(c) Recoveries of the classes falling under (a) and (b), if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue.

Exception:

In cases where 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.

(d) All other recoveries, whenever received, should be credited as revenue of the recovering Government.

CLASSIFICATION OF RECOVERIES MADE BY ONE DEPARTMENT FROM ANOTHER DEPARTMENT OF THE SAME GOVERNMENT

88. 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. AIR), 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:- *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 authorised by provision in the budget estimates*

RECEIPTS AND RECOVERIES ON CAPITAL ACCOUNT

89. 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.

SETTLEMENT OF DOUBTS OR DISPUTES

90. In case of doubt or dispute, the question whether any particular recovery is classifiable 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 in consultation with the Comptroller and Auditor General of India.

91. Blank

CHAPTER 6

GENERAL RULES AND PROCEDURE APPLICABLE TO DEFENCE PROFORMA ACCOUNT

INTRODUCTORY

92. The balances of the Defence Services have been created Proforma in the books of the Reserve Bank of India w.e.f. 1st April, 1962. These balances form part of the balances of the Central Government for regulating the ways and means arrangements. 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. The transactions with or on behalf of the Defence Services arising in the accounts of Post/Railways/Department of Supply in the Ministry of Commerce (stores transactions) and those relating to High Commission of India, London and Embassies accounts including ISM Washington 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 :- *Ways and means advances (WMA) is a mechanism used by Reserve Bank of India (RBI) under its credit policy which provides to banks in States to tide over temporary mismatches in the cash flow of their receipts and payments. This is guided under Section 17(5) of RBI Act, 1934 and are repayable in each case not later than three months from the date of making that advance.*

93. Transactions of the Defence Services taking place in the branches and offices of the Reserve Bank of India and the State Bank of India and its Associates (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.*

DEFENCE TRANSACTIONS AT BANK TREASURIES

94(a) 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 on 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 its Associate Banks and Nationalised Banks.

Note:- *The Government of India has authorised four Private Sector Banks i.e. ICICI Bank Ltd, AXIS Bank Ltd, IDBI Bank Ltd and HDFC Bank Ltd for Government business. The*

Ministry of Defence has not nominated any branch of Nationalised Bank/ Private Sector Banks to function as treasury.

Concept of Focal Point Branch

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

Dealing Branches

(c) The dealing branches maintain the account of the Drawing & Disbursing Offices/ PCsDA/CsDA and prepare daily Payment and Receipt Scrolls in quadruplicate, separately for each account holder daily. Each day's scroll is given a running serial number for the accounting year from 1st April to 31st 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/MIN given by the Bank to each MRO, the name of Depositor and its amount; the debit scrolls will show the cheque No., date and amount of each cheque.

(d) Each dealing branch of State Bank of India/Associate bank 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. In cases where, the Associate bank concerned has less than ten of its branches handling the transaction of a PCDA/CDA/Defence Accounting Circle, they will directly report such transactions to the Focal Point Branch of the SBI accredited to the PCDA/CDA concerned.

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.

(e) 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, SBI, Mumbai/Link Cell of Associate Banks.

(f) 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.

(g) Wherever the FPBs of SBI act as Focal Point Branches for the Associate Banks also, the Main Scrolls will be prepared separately for SBI and each of the Associates Bank concerned such as State Bank of Hyderabad , State Bank of Travancore etc.

(h) 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.

(i) 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 DMS/MSS

(j) 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 /Link Cell of the Associate Banks. 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.

(k) On receipt of daily memoranda/online data in respect of transactions from various Focal Point Branches, the GAD, SBI, Mumbai/Link Cell 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.

(l) The RBI, CAS, 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.

Note 1:- *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***

Electronic Payments through e-FPB

95. SBI Cash Management Product Branch, Mumbai is authorised to act as e-Focal Point Branch for all Non-Civil Ministries/Departments from Government e-payment Gateway (GePG). It acts as a link and FPB for Ministry of Defence. Encrypted and digitally signed payment files are uploaded to CMP which are 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 CMP portal. Settlement of fund with RBI CAS Nagpur is processed based on mandate without any physical instrument. Reimbursement of Funds is claimed from RBI only after the payment is effected.

E-Payments through Private Sector Banks/Public Sector Banks

96. Four Private Sector Banks i.e ICICI Bank Ltd, AXIS Bank Ltd (formerly UTI), IDBI Bank Ltd and HDFC Bank Ltd have been authorised by the RBI as their agents for conduct of all types of Govt transactions. 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.

Note 2:- Adjustment of e-payment by PSBs other than SBI and private sector banks is made through Defence Cheques drawn on RBI/SBI.

Defence Transactions through e-Ticketing

97. 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 centralised portal 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/connection vouchers through inter-departmental adjustment, as mentioned in Para 112 of Defence Account Code will continue to follow.

In e-ticketing, a predefined amount is deposited by the PCDA (Travel) {Presently PCDA (R&D)} 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. The relevant Service Heads are directly booked online.

RBI as FPB

98. Each RBI branch is independent in its functioning. The RBI PAD 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. Each RBI branch will act independently and render accounts through debit/credit scrolls. The transactions effected by them in respect of PCDA/CDA/DAC concerned will be accounted for by them in their books and the balances in the accounts reported to CAS,

Nagpur daily. The Public Accounts Department of the RBI Branch will render daily scrolls etc. to the PCDA/CDA/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 manner of SBI.

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

99. Since the Focal Point Branch Scheme is applicable only to Banking Transactions viz. cheques & 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 clearanc. 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 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.

100. A list of Focal Point Branches conducting Government business is contained in **Appendix VI.**

DEFENCE TRANSACTIONS AT NON-BANK TREASURIES

101(a) 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 bimonthly on the 11th and the last of the following month, copies of such schedules being also sent to the respective Civil Accountants General. 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.

(b) PCDA/CDA will send a duly countersigned copy of the aforesaid schedules (without the vouchers, etc.) to the Civil 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

102. The total amount due to/from Department of Posts, Railways, Department of Supply in the Ministry of Commerce (stores transactions) should be advised monthly to the Reserve Bank of India, Nagpur by the PCsDA/CsDA in the form given in **Annexure 'A'** 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 {Also see Para 114 (b) for cash adjustment}.

103. As far as possible, a consolidated advice embodying all the transactions relating to Post/Railways/Dept. of Supply 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/Dept. of Supply concerned along with the supporting schedules or vouchers.

104. Monetary settlement in respect of Defence transactions which are adjustable in the books of AG/P&AO Ministries & Departments of Central Govt. will be in cash.

MEMO OF CLEARANCE BY THE RESERVE BANK

105. 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

106(a) 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'** 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/Dept. of Supply. This account will cover only those items, the initiative for which rests with the Defence Department.

(b) Similarly, a monthly settlement account from the Accounts Offices of Railways/Posts, Department of Supply, 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 Officers are 5th of the second month for Accounts from April to February, 5th May for March preliminary and 10th August for March Supplementary Corrections.*

ACCOUNTING HEADS

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

"L"-Suspense & 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) PAO, Department of Supply, New Delhi (00/031/01)
- (v) PAO, Department of Supply, Kolkata (00/032/01)
- (vi) PAO, Department of Supply, Mumbai (00/033/01)
- (vii) PAO, Department of Supply, Chennai (00/034/01)
- (viii) Public Sector Bank Suspense (00/020/76)
- (ix) Remittance into Banks/Treasuries (00/020/80).

- (x) Cheques & Bills (00/020/81)
- (xi) Electronic Advice(e-Cheques & Bills) (00/020/91)
- (xii) Reserve Bank Deposits (00/021/00)

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

108. 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 the 15th April or on a date as notified by them, 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 FAX before closing of the accounts (or on the previous dates, if any of these dates is a holiday). FAX 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 into the accounts of the subsequent years but occasions for such postponement should seldom arise.

The Focal Point Branch will segregate from 1st April all transactions pertaining to previous years and report the same as March Residual from 1st April to 15th April.

Proforma adjustments outside the Books of RBI

109. 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 Accounts 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 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.

INTER-GOVERNMENT AND INTER-DEPARTMENTAL ADJUSTMENTS

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

(b) 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. As for example: —

(i) 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.

(ii) When Postal Life Insurance premia are deducted from the pay and establishment bills debitable 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 Military pension bills paid at Post Offices.

(iii) 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 debitable.

111. The cost of stationery supplied to and printing work done for Defence Services by the Central Stationery Office and several presses of the Central Government is adjusted as indicated below: —

(a) The Defence Units/Formations/Estt. will forward the accepted invoices to their respective PCsDA/CsDA alongwith 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.

(b) 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.

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

(i) Warrants :-		
(i)(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	Principal Controller of Accounts (Factories), 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)	Army Officers Navy Officers Air Force Officers	Pr. Controller of Defence Accounts (Officers), Pune Pr. Controller of Defence Accounts (Navy), Mumbai Pr Controller of Defence Accounts (Air Force), Dehradun
(ii) Concession Vouchers: —			
(a)	IAFT 1709-A (Concession Vouchers, Form 'D' for Military Officers when travelling on leave at their own expense and for their families)	Army Officers Navy Officers Air Force Officers	PCDA (Officers), Pune PCDA(Navy), Mumbai PCDA(Air Force), 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)		Principal Controller of Accounts (Factories), Kolkata
(c)	IAFT 1728 (Railway Certificate for Military pensioners proceeding to attend Regimental Reunions etc.)		Principal Controller of Accounts (Factories), 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 (Officers) 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. held under Military arrangement)	Army Officers Navy Officers Air Force Officers Other cases	PCDA (O), Pune PCDA (Navy), Mumbai PCDA (Air Force), Dehradun PCoA (Fys), 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	PCoA (Factories), Kolkata
(iii) Cost Guard Railways Travel Forms		PCDA (Navy), Mumbai

Note:- *Railway Warrants and Concessions vouchers are also directly booked by the PCDA (Travel) on e-ticketing portal on cash basis and adjusted in the Defence Proforma Account (See Para 97). The above procedure will continue till e-ticketing is 100% operationalised.*

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

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

(iii) 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.

(iv) 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.

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

(b)(i) In respect of Govt. servants deputed to autonomous bodies/organisations, 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 upto that date.

(ii) 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

(iii) 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.

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

(c)(i) 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.

(ii) 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.

WORKS/STORES EXPENDITURE AND SERVICES RENDERED

114(a) The receipts and expenditure pertaining to Air Force, Navy and Factory Works executed by the Public Works Department, whether on a standing arrangement or otherwise, will be passed on by the concerned Civil Accountant General to the Regional Controller of Defence Accounts in whose area the work is carried out and not to PCDA (Air Force), (Navy) or (Factories). These figures will however, be intimated by the Regional Controllers to DFA (Air Force/Navy/Chief Controller of Accounts (Factories) as the case may be along with the Statements of receipts and expenditure relating to Air Force/Navy/ Factory works executed by the MES referred to in Para 135.

(b) 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 102)

Advice No-----
Month

From

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.

AO/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-----
No-----

Date

ANNEXURE 'B'
(Referred to in Para 106)

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

AO/SAO

CHAPTER 7

DETAILED ACCOUNTING PROCEDURE REGARDING ADJUSTMENT OF DEFENCE PROFORMA TRANSACTIONS

115. The detailed procedure to be followed in regard to the adjustment of various transactions passing through the Defence Proforma Account is explained in the succeeding paragraphs.

REMITTANCES INTO BANKS AND TREASURIES ON MILITARY RECEIVABLE ORDER

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

(b) The duplicate copies of M ROs along with the "Credit Scrolls"/"Schedule of Receipts" will be received from Banks/Treasuries in Accounts Section in the Controller's Office and scrutinised to see that the transactions pertain to that particular office. Wanting MROs will be called for from the Focal Point Branch. 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.

(c) Details of each MRO / MRO Identification Number (MIN) allotted by the Bank, in respect of remittances into Banks will be recorded in the "Register of MROs" maintained 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 wise. Totals in the registers will be reconciled with the totals as reflected in the Credit Scrolls/DMS.

(d) 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" and crediting the Suspense Head "Remittances into Banks and Treasuries" 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.

(e) 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 / Treasuries" and crediting the relevant Service 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 & 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 direct by the*

depositors to the P.A.Os concerned, who functioning as audit sections, will adjust them in the manner indicated above.

(f) 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 referred to at (b) above and their totals agreed with printed compilation. 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 remarks column.

(g) Summary of the register prepared at the end of each month will show the amounts credited to the Suspense Head "Remittance into Banks / 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.

(h) In cases where original copies of MROs have been received and adjusted, but for which the corresponding duplicate copies 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 Audit Sections /Accounts Section concerned, which will be responsible for further investigation and its final clearance in communication with the parties concerned.

(i) Similarly, a list of items remaining unlinked at the end of each quarter, duly supported by duplicate MROs will be extracted by the Accounts Section to Audit Sections/Accounts Group concerned for further action. With reference thereto the Audit Sections/Accounts Group concerned will intimate to 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. In cases where original copies of MROs are stated to have been lost/not received at all, necessary adjustment with reference to duplicate copies thereof received by the Accounts Section from the Bank/Treasuries will be carried out by the Audit Sections/Account Group concerned.

Note: *To guard against any wrong payments being authorised, 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 unutilised 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.*

REMITTANCES TO DEFENCE SERVICES FROM BANKS AND TREASURIES i.e., CHEQUES DRAWN ON BANKS & TREASURIES

117(a) 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 / Pay and Accounts Office Electronic Advices (e-payment advices) and debiting the relevant expenditure / Service Head.

(b) Schedule III/ e-payment 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 / OA module.

(c) 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.

(d) 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.

(e) 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 scrutinised 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 "C"**.

(f) With the help of the distinguishing mark mentioned at Sl.No. (c) 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.

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

(h) On receipt of the printed RD&R Heads compilation from EDP Centre, 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-items 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 & 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.

(i) 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 is payable any time upto 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 'C'. On receipt of confirmation of payment of cheques in the prescribed format, Punching Medium will be prepared for clearing PSB

Suspense (00/020/76) or RB Suspense (Unclassified) (00/020/83), as the case may be, and head 'Cheques and Bills', 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 (also see Sub-Para J).

(j) 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 issue a fresh cheque in lieu.

(k) 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 service head operated at the time of issue of cheque being credited as reduction to expenditure in the accounts of the month in which the cheque is cancelled / reported lost / received unpaid.

Note: *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.*

Adjustment of electronic advice-payments through RBI/SBI

118. 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

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

TRANSACTIONS ORIGINATING IN THE BOOKS OF RAILWAYS, POSTS AND MEA (IN RESPECT OF ILAC, WASHINGTON OTHER EMBASSIES A/C) DUE FOR FINAL ADJUSTMENT IN DEFENCE ACCOUNTS

120(a) 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). While the accounts received from PAO, Ministry of External

Affairs in respect to London and Washington transactions, the vouchers will be received directly from the Supply Wing/ISM.

(b) These will be entered in an "Inward Settlement Account Register" in respect of the Railway/Post Accounts Officer concerned and PAO 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 'D'** to 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.

(c) This procedure would not apply to transactions relating to Printing and Stationery effected through Directorate of Printing and Stationery, Ministry of Urban Development (vide Para-111).

(d) 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.

(e) 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 by contra adjustment to the relevant Service Head concerned. Category code '74' will be prefixed in respect of all transactions received from PAO of MEA to distinctly distinguish such transactions from the compilation, except in the case of London Accounts where a separate code head 00/020/84 has been allotted in the Pamphlet of RD&R.

(f) The Punching Medium will be sent as usual by the Audit Sections to the EDP Centre and the duplicate copy of the I.D. Schedules will be returned to the Accounts Section showing the particulars of adjustment.

(g) 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 'D'. A summary of outstanding items will be prepared from the said register. This outstanding will be reconciled with the figures appearing in the printed compilation.

(h) 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 Sl. No. (b) above. Thereafter, the Accounts Section will prepare a Punching Medium clearing the "Reserve Bank Suspense Classified" Head (by plus debit or plus credit, as the case may be) and finally compiling the amount to the "Reserve Bank Deposit Defence" Category code '74' will be prefixed in respect of all transactions received from PAO of MEA to reconcile RB Deposits from the compilation, except in the case of London 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.

(i) 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)/See Para 106.

Note: *The transactions arising in the book of DGS&D, will be dealt with in DAD Cells formed in PCDA New Delhi, PCDA (Navy) Mumbai, CDA Patna & CDA Chennai as envisaged in Para 122(a).*

**TRANSACTIONS ORIGINATING IN THE DEFENCE BOOKS WHICH ARE
ADJUSTABLE AGAINST THE BALANCES OF RAILWAYS/POSTS/DEPARTMENT OF
SUPPLY
IN THE MINISTRY OF COMMERCE (STORES TRANSACTION)**

121(a) On receipt of the relevant documents to support a debit/credit to be passed on to Railway/Posts/Dept. of Supply (Min. of Commerce in respect of stores transactions), 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.

(b) With reference to the details furnished by the Audit Section along with copies of Punching Media, Accounts Section will prepare separate Accounts-Officer-wise schedules (in form IAFA-725) showing the amounts debited/credited to the inter Governmental Adjusting 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.

(c) 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 E**.

(d) At prescribed intervals vide para 102 separate advices will be issued to the Reserve Bank of India, Central Accounts Section, Nagpur, intimating the net amount due to or from Railways/Posts/Dept. of Supply (Min. of Commerce) 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 sub-para (c) above.

(e) At the end of each month, a monthly settlement account (vide para 106) 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.

(f) On receipt of clearance memo from the Central Accounts Section of the Reserve Bank (vide Para 105), Accounts Section will carry out necessary adjustment by transferring the amounts from inter Governmental Adjusting 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 Adjusting Accounts (Remittance Head) will be effected by minus debit or minus credit, as the case may be.

(g) 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 meant "for use in Defence Accounts Offices" would simultaneously be completed.

(h) The outstanding advices for which the Reserve Bank clearance memo has not been received will be checked monthly and the Reserve Bank of India, Central Accounts Section addressed, for the wanting clearance memos.

Note: *Debits on account of rent, water and electricity charges for military buildings occupied by the Posts Department, when such charges are borne by the Department estimates 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:

M.O. Commission to be paid to the Post Offices and remittances of FAMO be paid through cheques. The above procedure is also applicable to FAMOs relating to Border Roads personnel.

**ADJUSTMENT OF EXPENDITURE ON ACCOUNT OF STORES RELATING TO
CENTRAL PURCHASE MADE THROUGH DGS&D**

122(a) Adjustment of transactions on account of stores relating to Central Purchase of Stores made through DGS&D is carried out by the DAD Cells located at Delhi, Mumbai, Chennai and Kolkata. These DAD Cells are functioning under the organisations of PCDA New Delhi, PCDA (Navy) Mumbai, CDA, Chennai and CDA, Patna respectively. The process of adjustment of these transactions is as shown below: -

Action by PAO, DGS&D

(b) The P & AO will hand over vouchers to the Cell. It will also advise RBI CAS Nagpur for debiting the net amount against the balances of the PCDA/CDA under whom the Cell is functioning. The copy of the advice will be handed over to the Cell instead of sending to PCDA/CDA.

Action by the DAD Cell

(c) The Cell is designated as DAD Cell, PAO Delhi etc. it will function as one of the sections of CDA with a separate Section Code Number and scrutinise the vouchers received from the P & AO and sort them out CDA wise. Separate CDA wise registers will be maintained as per Proforma shown at **Annexure 'F'**. The value of vouchers will be entered in the Register CDA wise and the segregated vouchers will be scheduled to the LAOs of the Consignee PCDA/CDA immediately in batches under a top sheet (proforma given at **Annexure 'G'**) and the acknowledgement of the same watched. The forwarding memo in respect of each PCDA/CDA will be boldly enfacéd with the batch number for a particular month, the last batch being marked as "final". At the end of the month, the total value of all vouchers scheduled to various Controllers will be tallied with the copy of advice received from the PAO and a PM will be put up by debiting the respective service heads with reference to the entries in the Register per contra credit to RBI Suspense classified head 00/020/82. These are to be entered in a register opened as per the proforma given at **Annexure 'H'**. Copy of the advice along with the copy of the PM will be sent to the Accounts Section of the PCDA/CDA under whom the cell is functioning.

Action by Accounts Section of the PCDA/CDA under whom the Cell is functioning

(d) The duplicate copy of the advice along with the copy of the PM when received in Accounts Section will be entered in the Settlement Account Register. The amount compiled to RB Suspense (Classified) head 00/020/82 will be relieved on receipt of clearance memos from RBI, CAS, Nagpur.

Action by the consignee PCDA/CDA

(e) Schedules/Vouchers received from the Cell will be scrutinised. In case any Voucher not pertaining to the consignee PCDA/CDA is received, the same will be returned to the Cell for onward transmission to the correct PCDA/CDA. The Section concerned will also verify the code head indicated therein and carry out re-adjustment if required. This re-adjustment may be necessitated in case of MES, Factories and BRO transactions.

(f) Further action to schedule the vouchers for credit verification by the LAOs will be taken in terms of codal and manual provisions. If any additional information is needed for acceptance of the debit, the PCDA/CDA will directly take up the matter with the P&AO concerned through the respective DAD Cell.

Adjustment of Central Purchase Voucher

(g) The CP vouchers adjustable in Jobs of the works, if not adjusted in the financial year in which booked by the DAD Cell due to late receipt/non-acceptance by the executives/wrong booking etc will be adjusted in the Jobs through a non-effective Transfer Entry without affecting the budget of current financial year in terms of Para 68 of the Defence Account Code.

ACCOUNTING INSTRUCTIONS FOR SETTLEMENT OF INTER DEPARTMENTAL/ INTER GOVERNMENT TRANSACTIONS

Outward Settlement (Cash basis)

123. 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.

(a) 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.

Note:- *From 1994-95 onwards, the operation of PAO Suspense heads has been dispensed with in 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.***

(b) Transactions relating to AG will initially be compiled by the Audit Sections to the relevant suspense heads shown in pamphlet of RD&R heads as Minus Charge.

(c) 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.

(d) 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.

(e) Outward Claims Register will be maintained as per proforma prescribed at **Annexure 'I'**. 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 & 4 of the folios pertaining to each party 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 AO/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.

(f) "Account Government-Not payable in cash" will be marked prominently on such cheques

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

(h) The relevant columns (6, 7, 8 & 9) of the outward claims register will be completed and the cheque along with a forwarding memo (as per **Annexure 'J'**) will be dispatched on the same day on which it is received from the Disbursement Section.

(i) If the resultant effect of the totals of columns 3 & 4 of outwards claim register is a debit, a memo will be sent (as per **Annexure 'K'**) to the party concerned requesting them to send a Bank Draft 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 from the party, a MRO containing sufficient information (that the transaction is adjustable in the outward claims group of Accounts Section) will be prepared in triplicate, so that it can be easily identified when received from the Bank. Columns 14, 15, 16 & 17 of the register will be completed and the MRO along with the draft will be presented in the Bank. The receipted original MRO will be obtained from the Bank as and when it is ready; in case, it is not handed over as soon as the bank draft and MROs are presented.

(j) On receipt of the original copy of the MRO the outward claims group will adjust it by relieving the PAO suspense head.

(k) The remarks column of the register will contain details of adjustments made while issuing cheques and while adjusting MROs. On receipt of Printed compilations, a reconciliation 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 printed compilation should be made over the initials of the AO/SAO, Accounts Section.

Inward Settlement (Cash basis)

124. 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.

(a) The Inward claims duly supported by schedules/vouchers along with Bank draft (in case the net effect is a credit to the PCDA/CDA) or a memo requesting for a cheque (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 (**Annexure 'L'**)

(b) The credit and debit schedules/vouchers/bills will be carefully scrutinised to see that the transactions relate to the 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 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 AO/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. The instructions at Para 123 (f) above regarding encasement of cheque will apply. The paid bill (i.e. IAF CDA 13) with the cheque will be received from the disbursement section in the manner prescribed at 123 (g) above. The relevant columns in the Inward Claims Register-(i.e. Columns 13, 14, 15 & 16) will be completed and the cheque will be sent with a forwarding memo as per **Annexure 'M'**.

(c) 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.

(d) If the net effect of the inward claims received is a credit to the PCDA/CDA for which a Bank draft/cheque has been received columns 4, 5, 6, 9 and 10 of the register will be completed and a MRO prepared in triplicate in the same manner as indicated at Para 123 (i) above. The MRO, will indicate that it is adjustable by the inward claims group of Accounts Section. Columns 11 and 12 of the Inward claims Register will be completed and the MRO sent to the Bank with the Bank Draft/Cheque for Deposit. On receipt of the original 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 0/020/80 as (+) Charge.

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

(f) 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 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 TRANSACTIONS ON CASH BASIS

125. Accounting of e-ticketing is based on the following principle:-

- (a) The cost of the Warrants and other charges are directly booked online to the relevant Service Heads.
- (b) Concession is granted by the Indian Railways 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 PCDA/CDA/PAOs (ORs) for effecting recovery from the IRLA of the concerned Officers/PBOR. The e-CVs will be forwarded to the concerned PCDA/CDA/PAOs (ORs) by PCDA (Travel) on line for recovery action.
- (c) In case, a Warrant 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 (ORs) for refund action in the IRLA.
- (d) The amount of e-ticketing will be advanced to the IRCTC's account and initially booked to Code Head 018/60.

Various stages of booking of e-ticketing transactions are mentioned at **Annexure 'P'** to this chapter.

DRAWAL OF ADVANCES ON THE AUTHORITY OF EMERGENCY CASH REQUISITIONS

126. 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:-

(A) Bank Treasuries

- (a) Payments made by the bank treasuries on the authority of Emergency Cash Requisitions 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 PCDA/CDA 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 E.C.Rs 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 "AT" 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 adjustment of triplicate copies of the ECRs and eventual clearance of Suspense Head "Reserve Bank Suspense-Unclassified" through the aforesaid register.

(B) Non-Bank Treasuries

(i) 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 Civil Accountant General concerned in accordance with the procedure outlined in Para 101. 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 479 of 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.

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 (A).

DEFENCE TRANSACTIONS ARISING IN JAMMU AND KASHMIR STATE AND VICE VERSA

127. The Jammu and Kashmir State transactions arising in Defence Books will be taken to "PAO Suspense" head and settled monthly in cash by obtaining bank drafts from A.G. J&K. Similarly, Pr. Controllers/Controllers will pay the amounts due to Jammu & Kashmir State by drawing a cheque on State Bank of India, Jammu/Srinagar, in favour of A.G. Jammu & Kashmir.

Defence transactions taking place at the State Bank of India at Jammu or Srinagar will be taken against the "Defence Proforma Account" by the Banks who will render daily scrolls with relevant vouchers to Pr. Controller/Controller of Defence Accounts through the Focal Point Branch.

Note 1:- *In regard to Defence transactions arising in Jammu & Kashmir the payment may be effected to A.G. Jammu & Kashmir for the net amount shown in his outward settlement account.*

Note 2:- *The Reserve Bank of India has entered into an agreement with J&K Bank Ltd. with effect from 01-04-2011 whereby J&K Bank would act its agent for conduct of general banking business of the State Government. Since, the RBI has not entered into an agreement with the J&K Government for conduct of central Government business; AG Jammu and Kashmir will settle dues to Defence through Bank draft.*

RECONCILIATION OF BALANCES IN THE BOOKS OF RESERVE BANK

128(a) 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 by the 18th of the following month as per specimen given at **Annexure-'N'** 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."

(b) 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-'O'** 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

129(1) The closing balances intimated by the RBI, CAS, Nagpur can be broadly divided into three parts-(a) Inter-Governmental adjustments (b) transactions with RBI PAD and (c) Put through transactions with SBI/Associate Banks. These balances 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 RBI PAD/SBI/Associate Bank wise and Department wise {Railways/Posts/MEA/Department of Supply /High Commission London, 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/Associate Banks 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:-

(A) 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:-

(I) When RBI CAS Advice is 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:-

(a) In case of debit transactions

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

(b) In case of credit transactions

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

(II) When RBI CAS Advice is less

In cases, where RBI CAS figures are less or the advice have 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:-

(a) 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.

(b) 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.

(B) RBI/FPB transactions including Associate Banks adjusted by RBI CAS

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

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

(a) 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.

(b) 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.

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

(a) 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.

(b) 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 :-The transactions mentioned in Para (B) (II) (a) and (b) above would be compiled when Scrolls would have been 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/Department of Supply, action will be initiated immediately for reversal/withdrawal of the advice

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.***

(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 in Para 117.

(7) In case of 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 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 receiving the MRO will credit Defence Exchange Account of concerned PCDA/CDA and debit the head "Remittances into Banks and Treasuries" in his books and take further action as outlined in Para 116.

(8) The latter will respond by debiting Defence Exchange Account head per contra credit (minus debit) to the head "Remittance into Banks and Treasuries" and take further action as outlined in Para 116.

(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.

(11) Erroneous Debit raised by the Pay and Accounts Officer Department of Supply will be reversed by the Defence Accounts Officer through the Reserve Bank of India by operating DAD Cell specific suspense head allotted under Major Head 8659-Suspense Account Defence, Minor Head 109-Reserve Bank Suspense.

Verification and Reconciliation

130. 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.

131. Ordinarily, at the end of the year there should be no balance under the heads and "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 adjusted in the accounts in hand i.e. at the earliest possible month of the next year.

132. The missing advices or vouchers booked under head "Reserve Bank Suspense-

Unclassified / PSB Suspense Classified" should be vigorously pursued with the Accounts Officers concerned /FPB / RBI PAD so that the outstanding under this Suspense Head are brought down to the barest minimum by the end of financial accounts of the year."

133. The balance under the heads "Remittance into Banks and Treasuries" and "Cheques & 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 116 and 117.

Annexure 'A'
(Referred to in Para 116)

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	Depositor'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 / Sub-Office	17 digits MRO Identification Number (MIN) of OMRO where available	Remarks
7	8	9	10	11	12

ANNEXURE 'B'
(Referred to in Para 116)

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-----

ANNEXURE 'C'
(Referred to in Para 117)

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 'D'
(Referred to in Para 120)
INWARD SETTLEMENT ACCOUNT REGISTER
(Transactions Originating in the Books of Railways & Department of Posts and adjustable in the books of Defence)

SI No	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)	Accounts Officer (Railways /Posts etc.) from whom Schedules received	Amount of each Advice	
		DR	CR			DR	CR
1	2	3		4	5	6	

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

ANNEXURE 'E'
(Referred to in Para 121)

OUTWARD SETTLEMENT ACCOUNT REGISTER

(Transactions originating in the Defence Books which are adjustable against the balances of Railways & 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 Vr No & month under which adjusted to head 'Reserve Bank Deposits'	Remarks
		Rs		Rs			
1	2	3	4	5	6	7	8

ANNEXURE 'F'
(Referred to in Para 122)

Sl. No.	No and Date of Voucher / Schedule	Value Credit / Debit	Code operated Credit / Debit	No and Date of the Memo under which sent to PCDA/CDA	Acknowledgement No & Date received from consignee (PCDA/CDA)	Remarks
1	2	3	4	5	6	7

ANNEXURE 'G'
(Referred to in Para 122)

To

PCDA/CDA

Subject:- Transactions relating to DGS&D

Schedule /Voucher as detailed below relating to your office are forwarded herewith.

The expenditure has been compiled to the code heads shown against each in the month of ----

Schedule / Voucher No and date	Amount Rs	Credit / Debit	Code Head	
			(+) CH	(-) CH

In case any readjustment is required, the same may be made at your end.

Any voucher not actionable in your office may please be returned to this office for rescheduling.

Please acknowledge receipt.

AO/SAO (DAD Cell)

ANNEXURE 'H'
(Referred to in Para 122)

No and Date of Advice	Amount		Net Amount compiled		Punching Medium No & Month Account
	DR	CR	Receipt Code Head Amount	Charge Code Head Amount	

ANNEXURE 'I'

(Referred to in Para 123)

Outward Settlement Account

Sl No	Period to which Account pertains	Credits to Suspense (P & AO Suspense / Remittance Head)	Debits to Suspense (P & AO Suspense / Remittance Head)	Net amount due to the other party (Column 3-4)	No. and date of the cheque issued	Amount of cheque
1	2	3	4	5	6	7

No. and date of the letter forwarding the cheque to the party	Initials of the AO/SAO	No. and Date of acknowledgment of the cheque by the party	Initials of the S.O. (Accounts) / AAO	Net amount due from the other Party (Column 4-3)	No. and date of the memo calling for Bank Draft from the other party
8	9	10	11	12	13

Details of the Bank draft received from the other party	Amount of the Bank Demand Draft	No. and date of the MRO with which Demand Draft sent to the Bank	Initials of the AO/SAO	Particulars of the Class II Punching Medium under which original MRO was adjusted	Remarks
14	15	16	17	18	19

ANNEXURE 'J'
(Referred to in Para 123)

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 djustable in your books, are sent herewith along with a cheque No.....datedfor Rs.....(Rupees in words)

Note: (Please return the lower half of this letter duly signed immediately in token of acknowledgment)

Signature
SAO/AO

Details of enclosures No-----
Supporting Vouchers-----
Cheque No -----Dated----for Rs -----

Office of the AG/PAO

Receipt is hereby acknowledged of the account received with letter No. -----dt -----.....along with the cheque No-----dated for Rs

Signature
Designation

To

The -----
No ----- Dated-----

APPENDIX TO ANNEXURE 'J'
(Schedule of Debit/Credit adjustable by AG/PAO)

No of accompanying Vouchers / Schedules	Particulars	Amount Rs	Remarks
1	2	3	4
Total			

Office of the PCDA/CDA
Dated.....

Signature
Designation

N.B : Separate Schedules will be prepared for credits and debits in duplicate

ANNEXURE 'K'
(Referred to in Para 123)

To

The AG/PAO

Two schedules of Receipts and Disbursements (as per enclosed Appendix) which arose in the accounts of this office during the weekand are adjustable in your books, are sent herewith with the request that a cheque /Bank Draft for Rs.....drawn in favour of PCDA/CDA.....may please be sent 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/AO

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 in settlement of the account.

Signature
Designation

To

The -----
No ----- Dated-----

APPENDIX TO ANNEXURE 'K'
(Schedule of Debit/Credit adjustable by AG/PAO)

No of accompanying Vouchers / Schedules	Particulars	Amount Rs P	Remarks
1	2	3	4
Total			

Office of the PCDA/CDA
Dated.....

Signature
Designation

N.B : Separate Schedules will be prepared for credits and debits in duplicate and one copy retained as office copy.

ANNEXURE 'L'
(Referred to in Para 124)

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 received with inward account if the amount is due from the party	Amount of Bank Draft
1	2	3	4	5	6	7	8	9	10
			a	a					
			b	b					
			c	c					
			d	d					

No. & date of the MRO under which the Bank draft is sent to the Bank	Initials of the AO / SAO	No. and date of the cheque issued, (if the amount is due to other party)	Amount of cheque	No. and date of letter forwarding the cheque to the other party	Initials of the AO / SAO	No. and date of acknowledgment of the cheque by the other party	Initials of the SO (Accounts) / AAO
11	12	13	14	15	16	17	18

ANNEXURE 'M'
(Referred in Para 124)

No -----
Office of the PCDA/CDA
Dated-----

To

As requested in your letter No.....a cheque No---- Dated.....for
Rs.....is sent 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 PCDA/CDA
Dated

Receipt is hereby acknowledged of letter No..... dated
.....along with the cheque No.....dated..... for
Rs.....

To

Signature
Designation

The.....
No-----Dated

ANNEXURE 'N'
(Referred to in Para 128)
RESERVE BANK OF INDIA
CENTRAL ACCOUNTS SECTION, NAGPUR

No. CAS Defence -----
 Dated -----

To
 The PCDA/CDA

Dear Sir,

We enclose herewith statement of the closing balance of your office for the month of----- . You will please confirm that the net balance (viz debit/credit balance of Rs----) as shown below, agrees with the books of your office.

	Dr	Cr
	Rs	Rs
1 Net transactions of the PCDA/CDA during the month at branches of the State Bank of India and its subsidiaries as per detailed statement attached.		
2 Net transactions of the PCDA/CDA at offices of Reserve Bank of India as per detailed statement attached.		
3 Net adjustment booked against the balances of the PCDA/CDA by Central Accounts Section of Reserve Bank of India as per statement attached.		
4 Balance (opening) brought forward from previous month		
Net balance at the close of month of -----		

.....

Yours faithfully

Manager

ANNEXURE 'O'
(Referred to in Para 128)
RESERVE BANK OF INDIA, CAS, NAGPUR

To	No. CAS DEFENCE/		Dated -----
	The CGDA		
	Delhi Cantt		
Dear Sir,			
	Defence Proforma Account for the month of --		
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
	Net balance at the close of the month		
1	CGDA, New Delhi		
2	PCDA, New Delhi		
3	PCDA, Bengaluru		
4	PCDA (WC), Chandigarh		
5	PCDA (SWC), Jaipur		
6	PCDA (SC), Pune		
7	PCDA (R&D), New Delhi		
8	PCDA (Pensions), Allahabad		
9	PCDA (Officers), Pune		
10	PCDA (NC) Jammu		
11	PCDA (Navy) Mumbai		
12	PCDA (CC) Lucknow		
13	PCDA (AF) Dehradun		
14	PC of A (Fys) Kolkata		
15	CDA, Secunderabad		
16	CDA, Patna		
17	CDA, Jabalpur		
18	CDA, Guwahati		
19	CDA, Chennai		
20	CDA (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	CDA (AF) New Delhi		
29	AO, DAD, MOD, New Delhi		
30	ZO, (DPD) Chennai		
			Yours faithfully
			Manager

ANNEXURE 'P'
(Referred to in Para 125 of Defence Account Code)
Various stages of bookings under e-Ticketing

Step-I: Advance payments to IRCTC's account by issue of Defence Cheques

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
Cheques and Bills (020/81)	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 Concession Vouchers)	of	XXX
			29/023/01 (advance payments to IRCTC)	XXX	

Step-IV: While forwarding CVs to the PAO (ORs)/PCsDA/CsDA for IRLAs action, DIDS will be operated by the PCDA (R&D), New Delhi) / EDP Centre of HQrs Office may centrally transfer the balances.

Step V (i): Recovery action in the quarterly /monthly Abstract of Receipt and Charges

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

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 Suspense	Misc	XXX
			29/023/29 (Concession Vouchers)	XXX	

Note : - Non-recovered cases will be remitted back to PCDA (R&D), New Delhi by operating DID Schedule/EDP Centre may centrally transfer the balances to PCDA(R&D), New Delhi.

CHAPTER 8

EXCHANGE ACCOUNTS BETWEEN PRINCIPAL CONTROLLER/CONTROLLERS OF DEFENCE ACCOUNTS

GENERAL

134. The Defence Exchange Accounts will be operated for adjustment of transactions of the following types only. 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:-

(a) Transactions pertaining to Debt, Small Savings Provident Funds, Loans and Advances Deposits and Advance, Suspense and Remittances head;

(b) Transactions for the settlement or adjustment of which a particular PCDA/CDA is centrally responsible e.g. ILAC and Embassy transactions which cannot be booked to final heads by PCDA, New Delhi such as GPF recoveries e-ticketing transactions booked by the PCDA (R&D) which are recoverable from the IRLAs of the Service Personnel etc.;

(c) Imprest Advance Payments to Naval /Air Force personnel from Army sources and vice versa. Payments made by Regional Controllers, PCDA (Navy), PCDA (Air Force) and PCDA (O) 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 EDP Centre, CGDA Delhi Cantt annually with reference to prefixes operated to code head 00/018/65 such as 04, 06, 12 to identify PCDA (SC) Pune, PCDA (WC) Chandigarh and PCDA (NC) 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 (for exceptions see notes 3, 4, and 5). Such inter-service transactions will be adjusted as "deductions" from expenditure under the relevant "deduct head" regardless of the year of transaction.*

Note-3:- *All issues from Ordnance and Equipment Factories to Army, Navy and Air Force will be priced and straightaway debited to Service heads of Army, Navy and Air Force by contra credit to deduct head of O.F. Organisation by the Accounts Officer attached to each Factory.*

Note 4:- *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 5:- *Transfers of unserviceable and salvaged stores between Army, Navy and Air Force will be made without any financial adjustment.*

Note 6:- *'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, sera, vaccines and emergent requirements of expendable medical stores obtained from hospitals for administration to patients etc.*

Note 7 :- *Advances of Pay and Travelling Allowances to individuals transferred from the payment 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 (b) or (c) 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 payment 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:—

(a) 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.

(b) Departmental charges covering the cost of supervisory establishments, and tools and plants at 1/2% and 1^{1/2} % respectively on the cost of works executed by the MES for the Navy and Air Force. See also Note under Para 135.

Note 8 :- *Amount of travelling allowance which is paid in advance or on final adjustment of the travelling allowance bills to Officers and others of the Defence Accounts Department transferred under the orders of the Controller General of Defence Accounts from the office of one PCDA/CDA to that of another and which are to be met from the Reserve Fund at the disposal of the Principal Controller of Accounts (Factories) will be finally adjusted in the accounts of the PCDA/CDA by whom they are paid and communicated to the Controller General of Defence Accounts through quarterly statements. Advances of travelling allowances paid, will however, be intimated to the Controllers who finally deal with the travelling allowance bills.*

Note 9:- *The expenditure on railway warrants and credit notes will, subject to the general exceptions enumerated above, be finally adjusted by the Principal Controller of Accounts (Factories) in his own books against the appropriate service heads except in the case of PCDA (R&D) 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 Principal Controller of Accounts (Factories) 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 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 Principal Controller of Accounts (Factories); the PCsDA/CsDA will finally compile those charges or recoveries in their own compilation under the heads indicated thereon. EDP Centre, CGDA, Delhi Cantt will furnish a copy of All India compilation in respect of the detailed head for Rail charges to the Principal Controller of Accounts (Factories) monthly so as to enable them to take the total amount booked under that head into consideration while framing budget and other periodical estimates.

WORKS UNDERTAKEN BY THE MES ON BEHALF OF AIR FORCE, ORDNANCE FACTORIES AND NAVY

135. Transactions relating to works undertaken by the M.E.S. on behalf of Air Force, Ordnance Factories and Navy will be audited by the Army Controllers as sub auditors of the Principal Controller of Defence Accounts (Air Force), the Principal Controller of Accounts (Factories) 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, Factory and Navy Works.

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 per contra credit to Army Estimates.*

No financial adjustment on account of departmental charges will be made in case of works executed by the MES for Factories. However, necessary assessment and proforma adjustment on account of departmental charges in the Factory Accounts will be made centrally by the Principal Controller of Accounts (Factories) on the basis of periodical statements rendered to him by Regional Controllers in accordance with sub Para (ii) below.

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. Para 311 Regulations for the MES refers.

(ii)(a) 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 respective DFAs. This statement will be prepared by the AOs/AAOs GE attached to the GE's Offices in triplicate and should embody information on the following items:-

Navy

I. Major Head 2077-Defence Services Navy

Project wise expenditure under Minor Head-111

- (i) Works executed under the operational works procedure-651/01
- (ii) Other revenue works-651/02

II. Major Head 4076-Defence Capital outlay

Sub Major Head 02 Navy

Project wise expenditure under Minor Heads-50 & 202

Air Force

Major head 2078-Defence Services Air Force

Minor Head-111

- (i) Works executed under operational works procedure-756/01
- (ii) Other Revenue works-756/02

II. Major Head 4076-Defence capital outlay Sub Major Head—03 Air Force
Minor Head-050
Minor Head—202

(b) Two copies of statements will be sent by the AOs/AOs GE to their PCDA/CDA within seven days of the close of accounts of the last month of a quarter. The PCDA/CDA will verify the figures shown therein with those appearing in the printed sectional compilations and transmit one copy of the statement to the DFA (AF)/DFA (Navy) so as to reach them by the end of the first month following the quarter to which it relates.

(c) In case of factory works, the detailed statement of revenue and expenditure will be prepared in quadruplicate by the AOs/AOs GE attached to the GE's Offices indicating clearly the heads of accounts affected. Three copies will be sent by the AOs GE to their PCDA/CDA as at item (a) above. Within a week of the receipt of monthly printed compilation, the PCDA/CDA after verification of the figures with the printed compilation, will transmit two copies of the statement to the Principal Controller of Accounts (Factories) to enable the latter to prepare statistical returns for submission to the Administrative and Financial Authorities and for such other action as may be necessary.

136. All transactions for March relating to Factory / 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 (Supplementary) and no transactions should ordinarily appear in the compilation for March (Supplementary Corrections). Separate statements for the amounts compiled in these accounts will be prepared by the AOs/AOs GE and submitted to the PCDA/CDA on the prescribed dates.

In case of Factory works, the statements should show figures for each Factory.

ID SCHEDULES-ACTION BY THE ORIGINATING PCDA/CDA OFFICE

137(a) 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 Originating Controller, one copy to Accounts Section of the Originating Controller and one copy will be retained as office copy.

(b) 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 be 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 EDP Centre, CGDA Delhi Cantt (see Para 138).

A certificate in this regard should be put up by the Accounts Section to the JCDA/Addl CDA every month.

138(a) To enable PCDA/CDA offices to ensure that no omission occurred in preparation of DID Schedules in respect of Original Items, the EDP Centre, CGDA, Delhi Cantt will generate

originating DID Schedules Report and a soft copy will be e-mailed to PCsDA/CsDA by 15th 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.

(b) 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 AAO/AO 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 PCDA/CDA, the AAO/AO 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 along Accounts Section of the PCDA/CDA, along with a copy of the abstract, who will watch allotment of 15 digits to each Schedule by the EDP Section of the CGDA, Delhi Cantt.

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 EDP Centre. 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 PCDA/CDA 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 EDP Centre, the matter should be settled through separate communication with the EDP Centre.*

139. The original, duplicate and another copy of schedules together with the supporting vouchers, will be sent by Audit Section of the originating PCDA/CDA without waiting for the sectional compilation, to the Accounts Section of the responding Controller who will enter them in a control register.

140. It is the responsibility of the Audit Section concerned to ensure that all DID Schedules floated by them have complete details of transactions, Personal Number /Account Number wherever applicable, Imprest Account Number etc. 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 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.*

**ACTION BY THE RESPONDING PCsDA/CsDA OFFICES
(METHOD OF ADJUSTMENT OF DEFENCE ID SCHEDULES)**

141. The Responding Controller is responsible for the prompt adjustment of all ID Schedules sent to him.

142. 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 to separately.

143. 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 EDP / DDP Centre concerned. The duplicate copy will be retained as an office copy. The third copy will be sent to the EDP/DDP Centre for generating the responding schedule report. The data base file of the Responding Items will be e-mailed to the EDP Centre, CGDA, Delhi Cantt, who will consolidate the report and e-mail responding items report to EDP Centre, CDA (Army), Meerut. A print out of responding side report will also be sent by the EDP Centre, 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 AOs / AAOs GE MES should invariably send a simple statement of the Defence ID Schedules adjusted in a month, alongwith the monthly consolidated Punching Medium to the EDP Centre concerned.

144. If any transaction is not adjustable either wholly or in part for any reason for want of supporting documents, sanction, details etc., the Defence ID Schedule in question should be returned to the originating PCDA/CDA without any action.

Clearance of outstanding items

145. Based on the data file(s) received for originating DID Schedules from the EDP Centre, CGDA, Delhi Cantt and the responding data file(s) from EDP/DDP Centres of various PCsDA/CsDA offices through EDP Centre, CGDA, Delhi Cantt, the list of items outstanding under Defence Exchange Accounts head will be prepared by the EDP Centre, CDA (Army), Meerut. The Defence ID Schedules for a month received from the originating PCsDA/CsDA and the Defence ID Schedules 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 EDP Centre, CDA (Army), Meerut. The detailed procedure followed in the EDP Centre, CDA (Army), Meerut will be found in Office Manual- Part XI.

146. (a) With a view to facilitate the responding Controllers to obtain the wanting DIDS, a list of originating items printed and sent to originating PCDA / CDA will also be sent to the responding PCDA / CDA.

(b) A summary of unpaired items (original as well as responding) will be prepared by EDP Centre, CDA (Army), Meerut and sent to PCDA / CDA thrice in 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.

DID Lists		Due date of dispatch by EDP Centre, CDA(Army), Meerut
(i)	List containing original items for April to August and responding items from April to October	15 th Dcember
(ii)	List containing original items from September to January and responding items from November to March	31 st December
(iii)	List containing original items from February to March Supple (Corrections) and responding items from March (Supplementary to March Supple (Corrections))	10 th August

List for Manual Linking

147. 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 EDP Centre for manual linking. Incorrect responses are to be rectified immediately on receipt of outstanding lists.

148. Normally an item should not appear as outstanding in the second list received from EDP Centre. If, however, such an item is found to appear in the second list, it should be put upto PCDA/CDA/Addl. CDA/Jt. CDA for monitoring with a view to get its clearance.

ACCOUNTS FOR MARCH SUPPLEMENTARY AND MARCH SUPPLEMENTARY CORRECTIONS

149. The Defence Exchange Accounts for March Supplementary and March Supplementary Corrections should include only responding entries and no original items should appear except with the consent of the other party to the account.

DEFENCE EXCHANGE ACCOUNTS

150. Under the computerised system, no monthly Defence Exchange Account, as such, is prepared and exchanged between parties to the account. As stated in the preceding paragraphs, only ID Schedules are prepared for original items, and the EDP Centre, CDA (Army), Meerut centrally links the original and responding transactions by computerised process.

ANNUAL ABSTRACTS OF PROGRESS REGISTERS

151. An Annual Consolidated Abstract of Progress Registers in respect of Exchange Accounts between the PCsDA/CsDA embodying all outstanding items remaining outstanding on 31st March is prepared after the close of financial year by the EDP Centre, CDA (Army), Meerut in the format given in Annexure I to IV to this chapter and sent to the CGDA Delhi Cantt by 20th Dec. each year.

To enable the EDP Centre, CDA(Army), Meerut to complete Annexure IV and submit the complete report to CGDA by 20th December, PCsDA/CsDA will furnish a statement to that office showing heads of account which will be affected by adjustment of outstanding DID Schedules (separately for receipts and charges) to reach them latest by 15th December.

The EDP Centre, CDA (Army), Meerut will send the extracts of Annexure I to III to the respective PCsDA/CsDA concerned who will send their appreciation report directly to CGDA New Delhi by 31st January of the financial year following the year to which the report relates giving reasons for outstanding and action taken for their clearance.

In respect of items over one lakh (vide Annexure III A & B), detailed information relating to outstanding and the position regarding clearance should be shown against each item.

152. Copies of the Annual Abstracts are also sent by EDP Centre, CDA (Army), Meerut to the Controllers concerned for information regarding the state of outstandings under Defence Exchange Account transactions in their offices.

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ANNEXURE I -A

(Referred to in Para 151)

ORIGINAL ITEMS

Responding PCDA/ CDA	Outstanding at the end of the year				Clearance during the current year				New outstanding			
	Total No of Items		Value in Crores upto 2 decimal		Total No of Items		Value in Crores upto 2 decimal		Total No of Items		Value in Crores upto 2 decimal	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr

ANNEXURE I -B

(Referred to in Para 151)

RESPONDING ITEMS

Responding PCDA/ CDA	Outstanding at the end of the year				Clearance during the current year				New outstanding			
	Total No of Items		Value in Crores upto 2 decimal		Total No of Items		Value in Crores upto 2 decimal		Total No of Items		Value in Crores upto 2 decimal	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr

ANNEXURE II-A

(Referred to in Para 151)

A general analysis of outstanding Originating Items and amounts

PCDA/CDA	Item prior to 5 years (upto 20---) No of items/value	Item prior to 4 years (upto 20-- --) No of tems/value	Item prior to 3 years (upto 20-- -) No of items/value	Item prior to 2 years (upto 20-- --) No of items/value	Item prior to 1 years (upto 20-- --) No of items/value	Current year (upto 20---) No of items/value
	Cr					
	Dr					
	Cr					
	Dr					

ANNEXURE II-B

(Referred to in Para 151)

A general analysis of Responding Items and amounts

PCDA/CDA	Item prior to 5 years (upto 20---) No of items/value	Item prior to 4 years (upto 20-- --) No of tems/value	Item prior to 3 years (upto 20-- -) No of items/value	Item prior to 2 years (upto 20-- --) No of items/value	Item prior to 1 years (upto 20-- --) No of items/value	Current year (upto 20---) No of items/value
	Cr					
	Dr					
	Cr					
	Dr					

ANNEXURE III-A

(Referred to in Para 151)

(Details of outstanding for more than one lakh)

PCDA/CDA	Originating PCDA/CDA	Value of Original Outstanding Item		Year
		Dr	Cr	

Total (for each PCDA/CDA) to be struck separately

ANNEXURE III-B

(Referred to in Para 151)

(Details of outstanding for more than one lakh)

PCDA/CDA	Originating PCDA/CDA	Value of Responding Outstanding Item		Year
		Dr	Cr	

ANNEXURE IV
(Referred to in Para 151)

(Statement showing the heads of accounts which will be affected by the outstanding DID Schedules)

		Charges
1	Major Head	2076 DS Army
		2077 DS Navy
		2078 DS Air Force
		2079 DS Ordnance Factories
		2080 DS Research & Development
		Receipts
2	Major Head	2076 DS Army
		2077 DS Navy
		2078 DS Air Force
		2079 DS Ordnance Factories
		2080 DS Research & Development
		Grand Total of 1+2

CHAPTER 9

ADJUSTMENT OF FOREIGN TRANSACTIONS DEFENCE TRANSACTIONS ARISING IN ENGLAND AND ADJUSTABLE IN INDIA

154. The Defence transactions in the United Kingdom requiring to be adjusted in the Indian Books will be advised through RBI CAS, Nagpur to the Principal Controller of Defence Accounts, New Delhi by the Principal Chief Controller of Accounts, Ministry of External Affairs in respect of:-

(a) Payments made in England on behalf of Defence Services and finally audited in that Country and compilable to respective Minor Heads under Major Heads 2076, 2077, 2078, 2079 and 2080 of the Defence Services Estimates.

(b) Other transactions such as the stores purchased for Defence Services, the cost of which is compilable to Major Heads 2076, 2077, 2078, 2079 and 2080.

(c) Chancery Account relating to the payment made to Officers / staff serving in High Commission of India, London and recoveries effected from them.

The monthly statement of Receipts and Disbursements of the HCI London account in respect of (a) and (b) above and (c) for Chancery Account for the net payments are advised by the Pr CCA, MEA.

155. (a) Defence transactions arising in England will be intimated by the Chief Accounting Officer to the High Commissioner for India in the U.K. to the Principal Chief Controller of Accounts, Ministry of External Affairs, New Delhi who will get the necessary adjustments against the Defence Proforma Account made through the Central Accounts Section of Reserve Bank of India, 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 Central Accounts Section of the Reserve Bank of India CAS, Nagpur for necessary adjustment against the Defence Balance of Principal Controller of Defence Accounts, New Delhi.

The Principal Chief Controller of Accounts (PCCA), 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 PCCA, MEA, New Delhi and clearance memo from RBI CAS, Nagpur, PCDA, New Delhi will carry out the adjustment to final heads in his accounts. Discrepancies if any will be pursued with PAO, MEA and HCI, London.

(b) 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.*

156. The Inter-Governmental Advice is raised by Pr Chief Controller of Accounts of 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 as under:-

(b) 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 & 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 & Deposit Heads	(iii) Cr / Dr Debt & 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 Commissioner for 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 . Note:- For pension transactions see Note under Para 159

TRANSACTIONS FINALLY AUDITED IN ENGLAND

157. Defence transactions mentioned in Para 154 (a) 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 Commissioner for India in the United Kingdom on account of the Government of India", as mentioned in Para 155.

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 21st 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 Commissioner for India in the U.K. against the Defence balances before the Reserve Bank of India close their books for that month by 15th April or on the date intimated by the RBI DGBA, CO, Mumbai.*

158. On receipt of the classified accounts, the amounts shown therein are adjusted centrally by the Pr. Controller of Defence Accounts New Delhi as under:-

(i)	Army Transactions	To the Army Heads concerned
(ii)	Navy transactions	To the Navy Heads concerned
(iii)	Air Force Transactions	To the Air Force Heads concerned
(iv)	Ordnance factories Transactions	To the Factory Heads concerned
(v)	Research and Development	To the R&D Head concerned
(vi)	Pension Payments	To the Pension Heads concerned

The amounts appearing in the classified account are adjusted by PCDA, New Delhi, as indicated in Para 156. The vouchers requiring IRLA action will be scheduled to the concerned PCsDA/CsDA.

159. On receipt of Clearance Memo, the Accounts Section will compile the amount to Reserve Bank Deposits (021/00) as Plus Receipt / Plus Charge by contra adjustment to Head Reserve Bank Suspense English Transactions (00/020/84). The Punching Media prepared by the Pr Controller of Defence Accounts, New Delhi (in respect of the transactions mentioned at items (i) to (vi) above are sent to the EDP Centre for inclusion in the monthly account.

Note:-Pension accounts and pensions transactions are directly raised and advised by Pr. CCA, MEA against PCDA (P), Allahabad.

EMBASSY ACCOUNTS OTHER THAN ILAC

160. All Embassy accounts including EOI, Washington are centrally received in PCDA, New Delhi from Pr CCA, MEA. Accounts are received together with a copy of Advice on RBI, CAS Nagpur and entered in Inward Claim Register. The same will be adjusted by Audit Section after scrutiny by preparing Class III PM by prefixing category '74' to RB Suspense Classified (74/020/82) as Minus Receipt/Charge per contra adjustment to Service Heads as Plus Receipt/Charge.

On receipt of RBI, CAS Clearance Memo in the Accounts Section, the transactions booked to RB Suspense Classified (74/020/82) will be cleared by crediting/debiting this head as Plus Receipt/Charge by contra debiting/crediting RB Deposits (74/021/00).

Reconciliation of the transactions between the bookings made under head 74/020/82 will be done by the Accounts Section.

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.

Transactions not pertaining to Defence will be reversed to the Pr CCA (MEA) by operating MEA PAO Suspense (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).

TRANSACTIONS RELATING TO DEFENCE PENSION PAYMENTS MADE BY EMBASSY OF INDIA AT NEPAL

161. 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), Allahabad.

On receipt of clearance Memo, the Accounts Section will compile the amount of Reserve Bank Deposit-Defence (021/00) as Plus Receipt by contra adjustment to head Reserve Bank Suspense-Classified (020/82) as Plus Charge.

Note:- *The transactions which are not adjustable in the books of PCDA (Pension) may be reversed to Pr. CCA, MEA, New Delhi in accordance with Para 129.*

SETTLEMENT OF TRANSACTIONS OTHER THAN ILAC/EMBASSY AND PENSION

162. 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), Allahabad will continue to be settled by CCA, MEA, New Delhi by operating PAO Suspense Head. Reimbursement will be claimed accordingly.

ACCOUNTING OF PAY AND ALLOWANCES OF DAD STAFF AND OFFICERS POSTED ABROAD

163. With effect from 18-03-09 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 to the PCDA New Delhi who are proceeding on deputation to foreign Embassies/Missions abroad.

The GPF recoveries of the DAD individuals 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 EDP Centre, CGDA, Delhi Cantt to CDA (Funds) Meerut in March Supply Corrections.

Debt Head Register will be maintained by the nodal agency for watching recoveries of Loan and Advances.

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

164. Ministry of Defence is authorised to import equipments and components debitible to Major Head 2076, 2077, 2078, 2079, 2080 and 4076 directly without the intervention of Department of Supply. Consequently, Letter of Credit is prepared in favour of supplier by paying the following:

- (i) Usual commission for services rendered by the Bank;
- (ii) 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.

Foreign transactions of the Department of Defence are presently handled by PCDA New Delhi, PCDA (Navy) Mumbai, PCoA (Fys) Kolkata, PCDA (R&D) Bangaluru, CDA (R&D) Hyderabad and CDA(R&D) Bangaluru. The foreign transactions are dealt with by the SBI, Canara Bank, Bank of Baroda, Syndicate Bank and Private Sector Banks authorised by RBI for dealing with Government transactions.

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.

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.

When payment has to be made through Letter of Credit, 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 Letter of Credit will be forwarded to RBI/SBI along with the following documents :

- (i) Terms and conditions of the letter of contract;
- (ii) An extract of payment terms of contract/supply order;
- (iii) An application for remittance in foreign currency in Form-1 and Application cum Guarantee Form (Form-2) for opening of Letter of Credit;
- iv) Confirmation of release of foreign currency.

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.

On receipt of debit scroll, Accounts Section will clear the head RB Suspense Unclassified (76/020/83) by per contra adjustment to RB Deposits (76/021/00) as plus Receipt.

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.

165. The Pay and Allowances etc. of Military Attaches to Indian Embassies abroad and their staff are debitible to Defence Services Estimates and adjustable as under :-

	Item of expenditure	PCDA/CDA responsible for audit and adjustment
1	Pay and allowances of the commissioned officers of the Army	Pr. Controller of Defence Accounts (Officers), Pune
2	Pay and allowances of the JCOs and ORs of the Army	Pr. Controllers/Controllers of Defence Accounts under whose jurisdiction the concerned PAOs (ORs) fall
3	Pay and allowances of the Naval personnel	Pr. Controller of Defence Accounts (Navy), Mumbai
4	Pay and allowances of the Air Force personnel	Controller of Defence Accounts (AF), New Delhi
5	Pay and allowances of the civilians of Defence services including those employed locally under special Government sanctions	Concerned Pr. Controller/Controller of Defence Accounts concerned
6	(i) Miscellaneous and contingent expenditure of the offices of the naval advisers which is debit to Defence services estimates (ii) Miscellaneous and contingent expenditure of the offices of the Air Force advisers which is debit to Defence Services Estimates (iii) Other miscellaneous and contingent expenditure of the offices of Military attaches, which is debit to Defence services estimates	Pr. Controller of Defence Accounts New Delhi Pr. Controller of Defence Accounts, New Delhi Pr. Controller of Defence Accounts, New Delhi

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CHAPTER 10

COMPILATION OF ACCOUNTS

GENERAL

167. The receipts and expenditure accounts of the Army, Navy, Air Force, Ordnance Factories and Research and Development and Civil Departments paid out of the Civil Grant of the Ministry of Defence (Fin) are electronically compiled on computer by the EDP Section, HQrs Office Delhi Cantt. For this purpose, the necessary data available in the original vouchers etc. are codified in documents known as the Punching Medium. The Punching Media are sent by different Controller's Offices / Sub-Offices to the concerned DDP/EDP Centre. Code Numbers to the Principal Controllers / Controllers are allotted by the CGDA under intimation to the EDP Section, HQrs Office, Delhi Cantt and those for the Sections of the Controller's Office by the DDP / EDP Centre, concerned.

Class of Vouchers

168. 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.

(a) Cash Vouchers (Class of Voucher 1)

This class of PM is prepared for cash payments by the DAD Officers (except MES bills) and simultaneously payment encasement is made on the vouchers. Cash Vouchers are numbered serially after passing by the Officer-in-Charge.

(b) Transfer Entries (Class of Voucher 2)

Class 2 Punching Medium are prepared to transfer an item from one head to another, where necessary, in terms of Para 69 of Defence Account Code. All class 2 PM are numbered serially from a register maintained for this purpose.

(c) I.D. Schedules (Civil) (Class of Voucher 3)

This Class of Punching Media is used for adjusting items originating in the books of Civil Accounts 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.

(d) Abstract of Receipts and Charges (Class of Voucher 4)

Each unit or formation, in respect of which an Abstract of Receipts and Charges is prepared, is allotted a fixed code which is recorded as Section Code on the Punching Medium prepared from the Abstract of Receipts and Charges.

(e) Cash Accounts (Class of Voucher 5)

Formations drawing cheques against cash assignments like Military Farms, Remount Depots, Defence Pension Disbursement Officers, Military Treasure Chests, Air Force Wings / formations, Imprest Accounts etc., may or may not be assigned fixed unit code, the Punching Media is prepared in adjustment of their cash accounts. In this case, payments are

made either from the drawal against Cash Assignments or through a Public Fund in which proceeds of Cash Assignments are placed.

(f) 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.

(g) ID Schedules (Defence) (Class of Voucher 8)

ID Schedules (Defence) are prepared on IAF (CDA) 338-A. The responding PCDA/CDA indicates adjustment of the ID Schedules in part 'B' provided for this purpose, which itself constitutes the Punching Medium. Part B is allotted a consecutive serially number from Class VIII Vouchers Register.

(h) 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 Defenec 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.

169. (a) The original copies of all Punching Media or PM data on OA from Main Office / Sub-Offices are dispatched to the DDP / EDP Centre concerned on day to day basis. The last batch of Punching Media / soft PM data with the monthly voucher certificate is dispatched so as to reach the DDP / EDP Centre concerned not later than last working day of the month. Any Punching Medium or any amendment thereto, received after the last working day, will be included in the next month's compilations.

(b) After implementation of project Vishwak, the data is to be sent to the DDP Centre of the Regional Controller not later than the last working day of the month.

PM data is uploaded by the EDP Centre of PCsDA/CsDA on daily basis in the Compilation system. The data will not be accepted by the system after 11.00 AM of the 1st of the following month. The date will be accepted by the EDP Section of HQrs Office, Delhi Cantt after online validation.

Compilation reports can be viewed online or downloaded in various formats.

**VARIOUS COMPILATIONS PREPARED BY EDP CENTRE
AND THEIR DISPOSAL**

170. The various compilations printed by the DDP/EDP Centres are described below: -

(a) Sectional compilations

A separate compilation for each section of a Controller's Office is generated online to exhibit the amount compiled under each code head during the month.

Printed/soft copies of sectional compilations, as the case may be, are furnished by EDP Centre of the PCsDA/CsDA concerned to their concerned Sections/Sub-Offices

immediately on receipt after generating on line by the EDP Section, CGDA, Delhi Cantt.

(b) Book compilation of RD &R Heads

A separate Book compilation of RD&R Heads is printed for each PCDA/CDA office showing the current and progressive figures under each RD&R Head. The total receipts and expenditure under Service Heads (Revenue and Capital Expenditure) in the Controller's Sectional compilations are transferred by EDP Section, CGDA, Delhi Cantt to the respective RD&R conversion heads (006/00 for Army, 006/01 for Navy, 006/02 for Air Force, 007/00 for Ordnance Factories 007/01 for R&D and 011/00 for Capital Outlay both on receipts and charges) in this compilation in order to balance it.

Consolidated code-head wise compilation is generated online in the Compilation System.

The EDP Centre of the PCsDA/CsDA forwards the printed consolidated code-wise Compilations to the concerned Controllers' Sections/Sub-Office immediately.

(c) 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 Compilation System to show the current and progressive figures under each Major, Sub Major, Minor, Sub and Detailed Head of account.

Ministry of Defence (Finance) Budget Section, PCDA(AF) (Navy), PCDA(R&D),PCOA (Fys), Accounts & Budget Section of CGDA, DGADS, Services HQrs and Directorates concerned (E-in-C, MGO, QMG, EME etc.) are users of this report. The report is available online for users.

(d) Consolidated Compilation of RD&R Heads

The monthly consolidated compilation of R D & R Heads is generated online in the Compilation System by the EDP Centre of HQrs Office to show the progressive figures in respect of each Controller and under each R D & R Head. The total receipts and expenditure under Service Heads (Revenue and Capital Expenditure) in the Controller's Sectional compilations are transferred by EDP Section of HQrs Office to the respective RD&R conversion heads (006/00 for Army, 006/01 for Navy, 006/02 for Air Force, 007/00 for Ordnance Factories, 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 and Budget Section of Controller General of Defence Accounts, PCsDA / CsDA, Services HQrs, Directorate concerned in the Ministry of Defence (Finance) and DGADS users of this report. It is available to users on Compilation System.

(e) Analysis of All India Defence Services Receipts and Charges

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.

DFA (Budget), Departments of Ministry of Defence, Accounts and Budget Section of

Controller General of Defence Accounts, Principal Controllers of Navy, Air Force, Factories and R&D and Service HQrs are users of this report. For users it is available online.

(f) Compilations for March (Supplementary) and (Supplementary Corrections) 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.

Compilation System will not accept the data after the notified dates of closing of account.

(g) The following reports are also available online in the Compilation System. The reports can be downloaded by the users. However, these may be forwarded to the concerned authorities as shown in column 2 of table below where WAN connectivity is not available :-

	Report	User	Due Date
1.	All India Compilation Defence Services Receipts & Charges	DFA (Budget) FP Dte. of Army & Air Force, DNP, CGDA & DGADS	1 st of the following month
2.	Analysis of All India Compilation of Services Heads	-do- Various Depts. of Min of Defence	1 st of the following month
3.	Purchase of stores for the Defence services classification to aid identification of source from which procured (Category wise)	DFA (Budget) FP Dte. (Army) DNP, FP Dte of Air HQrs. CGDA & various Depts. of Ministry of Defence	1 st of the following month
4.	Code-head-wise and Dte. wise expenditure report	E-in-C, DGAFMS/EME, AOC, MGO, QMG, ASC Dte. & CGDA	1 st of the following month
5.	GOC-in-C report (containing Command-wise expenditure)	CGDA (Hard Copy) Command Controller	1 st of the following month
6.	Code-head-wise details— FFE/NCR	DFA (Budget) CGDA, Ordnance Factory Board & concerned Dte in the Ministry	1 st of the following month

7.	Statement of Expenditure incurred by DAD Cells of PCsDA/ CsDA.	CGDA, Regional PCsDA / CsDA, PCDA(N), PCDA, New Delhi & E-in-C Branch	1 st of the following month
8.	Code wise / section-wise, PAO wise Compilation	CGDA, AG's Branch & PCsDA / CsDA	1 st of the following month
9.	Percentage Report	CGDA	1 st of the following month
10.	Monthly Appropriation Account-C.S.D., Defence (Civil)	MOD, DFA(B) CDA (CSD) & CGDA	1 st of the following month

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CHAPTER 11

MAINTENANCE OF DEFENCE LEDGER AND VERIFICATION OF BALANCES

GENERAL

172. 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, Reserve Funds, 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 'I'** of this chapter to be used in place of IAF (CDA) 361.

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 manner of Revenue and Capital Heads mentioned in **Annexure-I**. The heads shown in (**Annexure C9 to Appendix IX**) have been grouped together to facilitate the preparation of Annual Review of Balances.

POSTING OF DEFENCE LEDGER

173. The entries in the Defence Ledger will be posted annually. 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 Corrections, 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

174. The Accounts under the Major Heads 0076, 0077, 0078, 0079, 0080 Defence Services Receipts, 2076-Army, 2077-Navy, 2078- Air Force, 2079-Ordnance Factories and 2080- Research and Development, Defence Services charges and 4076-Defence Capital Outlay 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' (This head has been placed under Sector-Suspense and Miscellaneous) 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 EDP Centre will be reflected as receipts/expenditure heads in the "Govt. Account" as close to balances.*

PREPARATION OF ANNUAL REVIEW OF BALANCES

175. 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 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 13, Statement 5 will be prepared in **Annexure C7 to Appendix IX** to this Code. Statement 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 5 is summary of balances of Statement 13.

Exhaustive instructions in regard to preparation of Annual Review of Balances are contained in **Appendix IX**.

Treatment of Exchange Accounts

176. The balances of certain heads like GPF (00/015/01) are centrally transferred by the EDP Centre , CGDA, Delhi Cantt to the concerned account /fund maintaining PCsDA/CsDA in March Supplementary Corrections 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 EDP Centre, CGDA, Delhi Cantt on behalf of the PCsDA/CsDA. The balances of such dummy DID Schedules appear in the Consolidated Compilation prepared by the EDP Centre, Delhi Cantt.

While preparing PCsDA/CsDA wise book compilation for March Supplementary Corrections, the balances of dummy DID Schedules are 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 EDP Centre, 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, and Remittances and Contingency Fund of India (AROB) (**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

177. 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 and Remittance Heads, Contingency Fund and closing cash balance. The correctness of net credit /debit balances worked out in Statement 13/AROB is verified and proved by adding the same to Government Account under book keeping system.

Verification of correctness of Statements of Finance Accounts

178. The following checks will be exercised to ensure that balances in the statements of the AROB have been correctly worked out:-

(a) The grand total of the balances of all heads closing to Government Account **(Annexure-I)** 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.

(b) 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

179. 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.

After closing of accounts every year, all Sub-Offices/Audit Sections including AO GE, 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."

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

180. 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: -

- (1) A statement of each ledger balance which is to be explained, (with year-wise break-up);
- (2) An explanation of the nature and condition of the liability involved in it;
- (3) 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;
- (4) 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.

Part of the explanations under heads (2) and (3) 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 :- *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) & (ii) to Appendix IX.***

181. Particulars of each sub head under the Head "Deposits," "Advances", "Suspense Accounts" and "Loans and Advances by Central Government" should be given separately in the Review.

182. The Review, which will contain final figures of the year, will be subjected to test audit by the test audit staff and will bear an audit certificate. Since, the report is normally required by the CGDA by 1st week 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 Printed Compilation of March Final Accounts which is normally available by the end of May every year. An unaudited copy of the report along with Statement No 5 & 13 and other information will be sent to CGDA by due date, simultaneously supplying to the 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.

Necessary correction to the above report, if required, will be issued, if necessary, when a rectification / readjustment is carried out through a Journal Entry with the approval of CGA, Ministry of Finance, Department of Expenditure. The effect of JE will also be audited by the Pr Dte of Audit, DS/DADS on the above lines.

183. 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 of Defence Services 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.

184. As soon as the Review has been issued, 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 effected 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 specially explained. To facilitate such break-up category prefix 77 is operated for earlier year's balances.

Details to be recorded in the review

185. The Principal Controller /Controller 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 Government. The officer will therefore, review the closing balances on 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 on the books agree with the aggregate of the details recorded, and that the recoveries of advances have been regularly effected.

186. The Principal Controller /Controller will also state against the balances under "Permanent Advances" and "Loans and Advances by Central Govt." that the balances exhibited on the 31st 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 end 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 31st 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.

187. 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.

188. In case of Provident Funds, it should be stated in the Review whether the balances were communicated to the subscribers.

Security Deposits

189. 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 printed compilation and those shown in the Security Deposit Register (IAFA 525) maintained by these Sections. The Section will furnish to the Accounts Section the necessary (agreed) figures for incorporation in the Review of Balances.

Similarly, in the case of M.E.S Security Deposits, annual statements showing the balances outstanding on 31st March will be prepared by the AOs/AAOsGE concerned and submitted to the Accounts Section of the Controller's Office, as prescribed below, for incorporation in the Review of Balances.

Review of Balances on Account of Loans and Advances

190. An annual statement of review of balances under the head "Loans and Advances" outstanding under each sub-head on 31st March will be rendered in Annexure 'A' by each PCDA/CDA on 1st September each year to the Deputy Financial Adviser (Budget) Ministry of Defence (Finance). 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.

"Statement showing the result of review of balances on account of Loans and Advances outstanding in the books of the Controller of Defence Account.....on 31st March 20....."

VERIFICATION OF BALANCES UNDER SUB-HEAD "G-MES ADVANCES" OF MINOR HEAD 111-EXPENDITURE ON WORKS (OTHER THAN CAPITAL PROJECTS) MAINTENANCE, ETC.

191. 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 advance 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.*

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Annexure A
(Referred to in Para 190)

RESULT OF REVIEW OF BALANCES ON ACCOUNT OF LOANS AND ADVANCES

Particulars of Irregularities

Special features

Sl No

Nature of Advances

Total No of items outstanding

Amount outstanding on 31st 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 acknowledgement are due

ANNEXURE -I
(Referred to in Para 172)

**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**

Amount in Rs

Sector/ sub-Sector Major/ sub-Major/ Minor Head	Description of Heads	Code Head	Compiled actuals as on 1 st April		Compiled actuals as on 1 st May		Compiled actuals as on 1 st June		Compiled actuals as on 1 st July		Compiled actuals as on 1 st August and so on -----		Closing Balances as on 31 st March	
			1	2	3	4	5	6	7	8	9	Receipts	Charges	Receipts
			Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges
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											
504	Primary Education Cess													
	Primary Education Cess	002/05	xxxx											
	Secondary and Higher Education Cess	002/06	xxxx											
800	Other Receipts													
	Other items	002/01	xxxx											

101	Army Personnel including (Reservists)													
	Pay and Allowances Officers	01/101/01		XXXX										
		01/101/02		XXXX										
		01/101/03		XXXX										
		01/101/04		XXXX										
		01/101/05		XXXX										
		01/101/06		XXXX										
Note : The above heads are for illustration. The balances of revenue heads will be maintained in the above manner for each code head operated by the PCDA/CDA's organisation														

CHAPTER 12

ESTIMATES

SECTION I-BUDGET ESTIMATES FOR SERVICE HEADS

193. The Defence Services Budget Estimates are presented in six Demands for Grants; **five** on Revenue Account (one each corresponding to Major Heads 2076, 2077, 2078, 2079 & 2080) and one on Capital Account (corresponding to Major Head 4076) (**Refer to Appendix XI**).

Note: - *In addition to the above grants, two grants relating to civil i.e Defence (Pension) and MoD (Civil) are also handled by the Ministry of Defence (Fin).*

The expenditure, for which provision is made in these Estimates, falls broadly into the following categories:-

- (1) Pay and allowances of regular personnel of the Armed Forces.
- (2) Payments to Industrial Establishment employed in store depots, factories, etc.,
- (3) Transportation charges.
- (4) Miscellaneous expenses.
- (5) Payment for stores.
- (6) Works expenditure and
- (7) Pensions.

Expenditure falling under category (1) 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 made to subordinate authorities. The accounting heads, under which the expenditure of this nature is compilable, are called "Centrally Controlled Heads".

Expenditure falling under categories (2) to (6) 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 compilable are called "Locally Controlled Heads". A list of such heads is given in CHB and **Appendix X**.

Periodical Review and Estimates

194. The requirement of funds for the Defence Services is kept under review at periodical intervals. The prescribed budgetary reviews/estimates are :

Preliminary Report for the current financial year	20 th August
Preliminary Revised Estimates for the current financial year and Forecast Estimates for the ensuing financial year	10 th November

Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year	20 th December
Modified Appropriation for the current financial year	10 th March

Estimates for Centrally Controlled Heads

195. 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 concerned Integrated Finance and Ministry of Defence (Finance/Budget).

Estimates for Locally Controlled Heads

196. 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 on the Air Force and Navy sides in regard to the locally controlled heads under those Services. These estimates are rendered to the Principal Controllers/Controllers of Defence Accounts concerned for check and onward transmission to the respective Branches/Directorates at Armed Forces Headquarters, so as to reach them well before the due dates indicated in Para 194.

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.*

Note 3: *Important corrections if any, to the Revised Estimates for the current financial year and the Budget Estimates for the ensuing financial year coming to notice after the submission of original estimates will be intimated by the local controlling authorities through the PCsDA/CsDA concerned as early as possible as but not later than 15th January.*

197. The PCsDA/CsDA, after checking the estimates prepared by the local controlling authorities, will record any corrections which they may consider necessary to those estimates with reference to past actuals or any other known factors or fresh sanctions of competent authorities or when the progress of current expenditure warrants such modifications giving full reasons in support thereof, and transmit the estimates to the authorities concerned at Armed Forces Headquarters through the Command Headquarters where necessary.

198. The estimates of receipts and charges in respect of Ordnance Factories organisation are prepared by the General Managers etc. of the concerned factories and, after scrutiny by the local Accounts Office, are transmitted to the Director General of Ordnance Factories. The Director General of Ordnance Factories consolidates the various estimates and submits the consolidated estimates, after vetting by Controller of Finance, Ordnance Factory Board to Departments of Defence Production and Supplies, Integrated Finance and Ministry of Defence (Finance/Budget).

Similarly, the estimates in respect of Defence Research and Development Establishments are prepared by the Directors of the concerned Laboratories/Establishments. The estimates are checked by the local Accounts offices and transmitted to the DRDO Headquarters for consolidation and submission to Integrated Finance and Ministry of Defence (Finance/Budget).

Miscellaneous

199. The authorities at the Armed Forces Headquarters, Ministry of Defence or Integrated Finance may also call for any other estimate, information or statistics required for budget or budgetary control purposes, from the PCsDA/CsDA 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.

200. To ensure that every order which may affect the estimates, whether issued in the form of a letter, Army/Air Force/Navy Instruction/Order or otherwise, is taken into account in the preparation and check of the annual and other estimates, a record of such orders will be carefully kept in a note book of orders and acted on without any omission.

201. Copies of sanctioned Budget Estimates are distributed by Ministry of Defence (Finance/Budget) to all concerned.

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.

SECTION II-BUDGET ESTIMATES PREPARED BY THE DEFENCE ACCOUNTS DEPARTMENT

Budget Estimates for Centrally Controlled Heads

202. Budget estimates of receipts and charges in respect of the following heads for the Defence Accounts Department are projected are prepared by the Defence Accounts Department.

(i) Major Head Sub Major Head Minor Head	0049-Interest Receipts 00-Interest Receipts 191- Interest Receipts from Local Bodies 800-Other Receipts
(ii) Major Head Sub Major Head Minor Head	0235- Social Security and Welfare 60- Other Social Security & Welfare Programme 105-Government Employees Insurance Scheme
(iii) Major Head Sub Major Head Minor Head	2049-Interest Payments 00-Interest Payments 104-Interest on State Provident Funds 191- Interest on Special Deposits and Accounts 110-Bonus on Field Deposits 701-Interest on Other Miscellaneous Accounts Deposits

(iv) Major Head Sub Major Head Minor Head	2235 – Social Security and Welfare 60 – Other Social Security and Welfare Programmes 104-Deposit Link Insurance Scheme 105– Govt. Employees Insurance Scheme
(v) Major Head Sub Major Head Minor Head	0210 – Medical and Public Health 01 – Urban Health Services 103 – Contribution to Central Govt. Health Scheme.
(vi) Major Head Sub Major Head Minor Head	0216 – Housing 01 - Govt. Residential Building 106 – Central Pool Accommodation
(vii) Major Head Sub Major Head Minor Head	2052 – Secretariat General Services 00 092 – Other Offices. 02-Defence Accounts Department 01-Establishment 01-Salaries

Budget Estimates for Locally Controlled Heads

203. The procedure for the preparation of estimates under the following locally controlled heads pertaining to the Defence Accounts Department is described in Section II of this chapter.

(i) Major Head Sub Major Head Minor Head	2052– Secretariat General Services 00 92– Travel Expenses - Office Expenses - Professional Special Services Payment - Rent/Rates/Taxes - Overtime Allowances - Other Expenditure - Departmental Canteens
(ii) Major Head Sub Major Head Minor Heads	2059 – Public Works 01 – Office Building 051 – Constructions 053 – Maintenance/Repairs
(iii) Major Head Sub Major Head Minor Head	2216 – Housing 05 – General Pool Accommodation 053– Maintenance/Repairs
(iv) Major Head Sub Major Head Minor Head	4059 – Capital Outlay on public works 060 – Other Buildings 051 – Construction
(v) Major Head Sub Major Head Minor Head	4216 – Capital Outlay on Housing 01 – Govt. Residential Buildings 700 – Other Housings

(ii) Major Head Sub Major Head Minor Head	7610 – Loans to Govt. Servants etc. 00 – Loan to Govt. Servants bearing interest 201 – House Building Advance 202 – Advances for purchase of Motor Conveyance 203 – Advances for purchase of Other Conveyance 204 – Advances for purchase of Computers 800 – Other Advances
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General

204. (a) Budget estimates in respect of only the Heads relating to Defence Accounts Department mentioned in the above paragraphs and Defence Services Pensions are prepared 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) 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.

(b) Estimates for the Ministry of Defence (Civil) are prepared by the USD.(Est.II/Genl.), CGDA (for DAD), DFA (PSUs), DFA (Works) (in respect of Water Supply Schemes) US (Plg) for IDSA GM CSD, Mumbai & Chief Directorate of Purchases and submitted to DFA/MO for vetting and processing.

BUDGET ESTIMATES FOR DEFENCE PENSIONS

205. The various estimates for Defence Pensions, Allahabad will be dispatched by the PCDA(P), Allahabad (Pensions) through CGDA so as to reach the Deputy Financial Adviser (MO), Ministry of Defence (Finance) on the dates shown below :-

(1) Revised Estimates for the current year and budget estimates for the ensuing year	30 th September
(2) Modified Appropriation for current year	4 th March

Note : *While rendering the various periodical estimates in respect of Defence Pensions under Major Head 2071 to the Ministry of Defence (Finance/MO) copies of these estimates will also be furnished simultaneously to the Ministry of Defence (Pension/Services).*

206. To arrive at the figures to be included in the Forecast 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 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 retiree, revision of pension, implementation of new pension orders, increase in Dearness Allowance etc in the current financial year, provisions for

restoration of commuted portion of pension after 15 years in respect of service pensioners, death and disqualification of the pensioners etc .

BUDGET ESTIMATES FOR THE HEADS PERTAINING TO DEFENCE ACCOUNTS DEPARTMENT

207. The estimates in respect of the Heads pertaining to the Defence Accounts Department will be dispatched by the PCsDA/CsDA so as to reach the Controller General of Defence Accounts on the dates shown below. The Controller General of Defence Accounts after checking the same will submit the consolidated estimate so as to reach the Ministry of Defence (Finance) on the date shown against each.

Estimate	To be sent by Pr. Controllers/Controllers as to reach the CGDA by	Consolidated Estimate to be sent by the CGDA so as to reach the Min. of Def. (Finance) vide note below
1	2	3
1. Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year	1 st December	30 th September
2. Modified appropriation for the current financial year	20 th February	10 th March

Note: The dates shown in column 3 represent those on which the estimates are to be submitted to Ministry of Defence (Finance) IMO and AFA(C).

208. The Forecast estimates for the ensuing year under pay heads will be prepared by the Controllers with reference to the sanctioned strength of Officers, AAOs/SOs (A) and clerks, etc. 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 under Locally Controlled Heads pertaining to the Defence Accounts Department

209. In case of expenditure under locally controlled heads pertaining to the Defence Accounts Department, the CGDA is the ultimate authority responsible for watching the progress of expenditure against allotment. This function is performed by CGDA by means of the monthly compiled actuals under the heads concerned and the periodical reports submitted by the PCsDA/CsDA.

SECTION III-CASH REQUIREMENT ESTIMATES OF DEFENCE SERVICES

Cash Requirement Estimates for the ensuing Financial Year

210. The Cash Requirement Estimates of Defence Services for Revenue, Debt and Remittance Heads are prepared by the Controller General of Defence Accounts, Pr. Controllers/Controllers of Defence Accounts and other authorities as indicated in this section.

211. The Controller General of Defence Accounts and the Pr. Controllers/Controllers of Defence Accounts, prepare Cash Requirement Estimates for the Revised Estimates for the current Financial year and Budget Estimates for the ensuing year {IAF(CDA) 645} only in respect of the Heads detailed in paragraph 212 below and dispatch them so as to reach the Ministry of Defence (Finance/Budget) by 20th October. Although no hard and fast rules 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.

212. The Cash requirements for the following heads are prepared by the PCsDA/CsDA and submitted to Deputy Financial Adviser (Budget), Ministry of Defence (Finance) through CGDA, Delhi Cantt so as to reach them by 10th November or the date as intimated by them.

(1) Receipts and Charges

- (i) Reserve Bank Suspense
- (ii) Reserve Bank Suspense-Unclassified
- (iii) Reserve Bank Suspense-English transactions
- (iv) Accounts with States etc. (Defence), Railways and Posts Department
- (v) General Provident Fund
- (vi) Defence Savings Provident Fund
- (vii) Defence Services Officers Provident Fund
- (viii) Indian Miscellaneous Military Service Provident Fund
- (ix) Defence Services Personnel Provident Fund
- (x) Indian Ordnance Factories Workmen's Provident Fund (Other than those dealt with by the Principal Controller of Accounts (Factories), Kolkata
- (xi) Indian Naval Dockyard Workmen's Provident Fund
- (xii) Deposits and Advances
- (xiii) Remittances between MES Offices and Exchange Accounts between Defence Accounts Offices under Major Head 8782 and 8797 respectively etc.

(2) 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 Principal Controller of Accounts (Factories),
- (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) Bonus on accumulation of credit balance in the IRLAs of JCOs/PBOR/ Airmen / NCs / (E) (Air Force) and Sailors whose pay accounts are maintained on IRLA System, (with effect from 1/12/70)

213. The estimates in respect of all other heads are prepared centrally by the Deputy Financial Adviser (Budget), Ministry of Defence (Finance). The Pr. Controller/Controllers through CGDA, Delhi Cantt will, in respect of the following heads, intimate to them annually by 20th October 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. Controller/Controller will also furnish any other information which the Ministry of Defence (Finance) may require.

The reports referred to will be rendered by Pr. Controller/Controllers in respect of the under-mentioned heads. Nil reports will also be rendered.

1. Head 0021	Taxes on income other than Corporation tax
2. Head 0049	Interest etc.

Revised Cash Requirement Estimates for the current Financial Year

214. 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.

SECTION IV-MISCELLANEOUS

Annual Statement of expenditure under Major Head 2049 Sub Major Head 03—Interest on Small Savings Provident Fund etc.

215. 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 Pr. Controller/Controllers of Defence Accounts maintaining Fund Accounts, who furnish Estimates under this head to the Deputy Financial Adviser (Budget), Ministry of Defence (Finance).

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CHAPTER 13 BUDGETARY CONTROL OVER DEFENCE EXPENDITURE

INTRODUCTORY

217. The main features of the budget and accounting heads relating to the Defence Services are:

(i) The expenditure on Revenue Account is distinguished from that 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, Military Farms, 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.

218. 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.

219. Soon after the presentation of the Demands for Grants in the Parliament, the authorities at Service Headquarters and other central controlling authorities will notify the allotments under the locally controlled heads to their lower formations. These allotments will be treated as 'Provisional' and no expenditure against them can be incurred till passing of the Demands for Grants.

VOTE ON ACCOUNT

220. Under Article 114 (3) of the Constitution, no amount can be withdrawn from the Consolidated Fund without the enactment of a law by Parliament. Therefore, after the Demands for Grants are passed, Parliament's approval to the withdrawal from the Consolidated Fund of the amounts voted and of the amounts required to meet the expenditure charged on the Consolidated Fund is sought through an Appropriation Bill.

The process of detailed consideration of the Demands for Grants is not completed before the commencement of a new financial year. To enable the Government to carry on its normal activities from 1st April till such time as the Appropriation Bill is enacted, a Vote on Account is obtained from Parliament through an Appropriation (Vote on Account) Bill.

Generally, the provision included in the "Vote on Account" represents the sums required for meeting the expenditure likely to be incurred during April and May, i.e., broadly one sixth of the estimated gross expenditure included in the Demands for Grants. The period for which "Vote on Account" is taken may vary depending upon the situation. After the Appropriation (Vote on Account) Bill is passed and assented to by the President (generally before the commencement of the new financial year), the controlling authorities have to ensure that the expenditure in excess of the provision in Vote-on-Account is not incurred.

Note 1: *The purpose of the 'Vote on Account' is to keep the Government functioning, pending the passing of the Demands for Grants for the full financial year. Expenditure on 'new services' should not, therefore, be incurred before the grants for the full year are passed and the connected Appropriation Bill is enacted.*

Note 2: *Some delay may occur in certain type of cases in the issue of provisional allotment letters. In such an event, while taking appropriate action to call for the allotment letters, requests for provisional payments in the absence of allotment letters may be considered by the Controllers under the discretionary powers vested in them in Para 53 et. seq. of the Defence Audit Code (1992).*

Note 3: *In certain cases where the expenditure in the months of April and May is more as compared to other months of the year or the expenditure is of an obligatory nature which cannot be deferred it may not be possible to restrict the expenditure to 1/6th of the Budget Estimates for the particular head. The Controllers may authorise provisional payments in such cases also so long as the "Vote on Account" in respect of the Demand for Grant as a whole is not exceeded.*

CONTROL OVER EXPENDITURE

221. As stated in Para 217, 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 compilable 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 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 Army, Navy, Air Force, Defence R & D and Defence Capital have been brought under the Modified Cash Management System.*

222. 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, EDP Centre, CGDA, New Delhi will furnish to them relevant extracts of compiled actuals from the printed All India Compilations for Service Heads by 10th of the month following that to which the actuals relate.

EXPENDITURE SUSCEPTIBLE TO LOCAL CONTROL

223. List of accounting heads under which expenditure is susceptible to local control is given in **Appendix X**. The following provisions relate to these heads, except that in case of MES heads, the MES Regulations apply.

224. The three main stages of budgetary control against allotments are:

- (1) Initial distribution of budget grants
- (2) Watching expenditure against allotments and
- (3) Re-appropriation.

INITIAL DISTRIBUTION OF BUDGET GRANTS

225. 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 in **Appendix X**.

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 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.

226. 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.

227. 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

228. 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 by the 25th of the month following to which they relate.

Note :- Bills etc. sent to the PCsDA/s for payment or adjustment against a particular allotment are required to be serially numbered, to enable the administrative authorities to reconcile the statistics kept by them and those furnished by the PCsDA/CsDA.

229. 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 heavy 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 134.*

230. 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.

Note :- *The excesses over modified allotments under locally controlled heads coming to notice after the close of the year will be dealt with in the manner laid down in Rule 120 F.R.I Pt.1 Vol.1 (1983 Edition).*

231. In cases where additional allotment becomes inevitable, action to obtain it is required to be taken by the administrative authorities promptly and sufficiently yearly. 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 (or the Officer designated by him, see para 54 of Defence Audit Code) 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 PCsDA/CsDA 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.

RE-APPROPRIATION

232(a) Re-appropriation implies the transfer of funds from one primary unit of appropriation to another such unit within a grant.

(b) The procedure of re-appropriation provides some flexibility by which savings in the budget provision under one head can be utilised to meet excess expenditure under another head, provided the heads are in the same Demand for Grant voted by the Parliament. Since the Revenue expenditure and Capital expenditure of Defence Services are provided in

separate Demands for Grants, no re-appropriation between Revenue and Capital heads is permissible. 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 funds in the case of Defence Services Estimates are summarised in the succeeding sub-paras.

(c) Powers of re-appropriation are exercised only by the Government of India and by officers of:-

- 1) Central Controlling Authorities;
- 2) Command Headquarters;
- 3) Independent Area Headquarters;
- 4) IAF Commands; and
- 5) Independent Stations.

(d) Re-appropriation may broadly be authorised under the following conditions:-

(i) Any allotment or re-appropriation within a grant or appropriation may be authorised at any time before but not after the expiry of the financial year to which such grant or appropriation relates.

(ii) Re-appropriation is permissible in respect of "savings arising out of allotments, placed at the disposal.

(iii) In respect of direct controlling officers of Headquarters referred to at items 1) to 5), reappropriations are applicable only between control heads falling under the same sub-head. In the case of Navy, powers of re-appropriation between different detailed heads of a Minor Head and between Minor Heads falling under the same sub-head will be exercised by Naval Headquarters. In the case of Air Force, the controlling officers at Commands and Independent stations can re-appropriate between detailed heads falling under the same Minor Head under Sub Head 'D'- upto a limit of Rs. 500- in each case under intimation to PCDA (AF)/CDA (AF) and Air Headquarters and in the case of Controlling Officers at Air Headquarters; re-appropriation is permissible only between detailed minor heads falling under the same sub-head.

(iv) Powers to reappropriate expenditure not exceeding ten percent of the original budget provision between different Sub-heads falling within the same Minor head will be confined to the DSD, DMT, DDS (FP) AG, QMG, DOS and DGAFMS in respect of the Minor heads controlled by each except in the case of Military Engineer Services which are governed by separate orders on the subject. Similarly in respect of Navy and Air Force, these powers are vested in VCNS and Directorate of Financial Planning Air HQr. respectively.

(v) Full powers of re-appropriation between the Sub Heads within the Minor Head under each Demand have been delegated to the Ministry of Defence.

(vi) Powers of re-appropriation between different minor heads under a major head are exercised by the Government of India.

(vii) No formal re-appropriation should be carried out by controlling authorities at Armed Forces Headquarters, in respect of, normal- excesses under ordinary charges

(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 utilised to meet expenditure in excess of sanctioned grant.

(ix) 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.

(x) Sanction of Government of India is required for any re-appropriation which affects the following :

- (a) Savings due to non-expenditure of provision for a specific measure
- (b) An error in estimates

- (c) Re-appropriations to meet expenditure on any new activity
- (e) All re-appropriations are formally sanctioned and copies endorsed to the Accounts authorities. Re-appropriations are sanctioned by the Principal Staff Officers and the Ministry of Defence in consultation with the Integrated Financial Advisers.

Note: *No formal re-appropriation is necessary for transferring funds under the same control head between Commands, Areas, Sub-Areas, Institutions, Depots, etc. Such transfers are affected by first withdrawing savings surrendered by one Command etc., and then re-alloting as required.*

LOANS AND ADVANCES

233. The expenditure under several heads of "Advances Repayable" e.g advance of TA/DA and "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 the purchase of HBA, Car, Other Motor Conveyance, Cycles, Warm Clothing etc., for which the sanctioning authorities themselves will ensure, before sanctioning the advance that necessary funds are available to meet the expenditure.

PCsDA/CsDA will furnish statement showing the amount compiled under various heads of "F-Loans and Advances by Central Government" in respect of loans granted to the Defence Accounts Department personnel:-

- (i) Along with the periodical Estimates in respect of current financial year's actuals to the CGDA, who will transmit the same to the DFA (MO).
- (ii) By 15th August- in respect of the preceding financial year's actuals to the DFA (MO) directly.

The amounts actually compiled by the Principal Controller of Accounts (Factories) in respect of loans granted to the TDE personnel will be furnished by him separately in addition.

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CHAPTER 14

CASH ASSIGNMENTS

235. Officers of the Defence Accounts Department are authorised 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 authorise the 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. 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 annually to their respective Principal Controller / Controller of Defence Accounts who send requisitions to the Treasury Officers or the Bank concerned by the 15th March yearly, 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 cheques supplied to them by the Principal Controller/Controller of Defence Accounts.

The specimen signature of the DDO of the DAD and the Services will be sent to Bank/Treasury duly attested.

REDUCTION OF CASH ASSIGNMENTS

236. 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 should appear that the amounts allotted are likely to prove much in excess of requirements, they will be reduced in communication with those officers. Reduction can also be made prior to the month of September, if required.

REGISTER OF CASH ASSIGNMENTS

237. Drawing against assignments granted to Disbursing Officers will be watched by means of a register in IAFA 277. The assignments granted and the monthly drawing 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: See also Rules 310 to 315 of Financial Regulations Part 1 Volume –I

CHAPTER 15

DEPOSITS

GENERAL

238. 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.

239. Undisbursed pay, pension or other allowances or receipts which can be credited to any specific head of accounts, should not be held under the head "Deposits"; such undisbursed amounts should be credited to the heads to which they were originally charged.

240. 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".*

241. Erroneous Compilation made under any of the Deposit head should be readjusted by deduct entry and not by a fresh debit or credit.

DIFFERENT KIND OF DEPOSITS IN DEFENCE SERVICES ACCOUNTS

242. 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 COMPILABLE UNDER VARIOUS DEPOSIT HEADS

Donations/Contribution compilable towards National Defence Academy

243. All donations/contributions towards the National Defence Academy are compiled to this deposit head, which will be relieved by per 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 Principal Controller of Defence Accounts, Southern Command, Pune.

Security Deposits

244. Security Deposits are tendered in form of Cash, Government securities, State or Municipal Debentures, Port Trust Bonds, Bank Deposit Receipts or Savings Bank Pass Books. 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.

245. Deposits tendered in cash are paid by the tenderers into the local Treasury or the Bank on the authority of a Military Receivable Order 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, Military Farms), the amounts will be credited in those accounts, and the transactions will be adjusted to the head "Security Deposits".

246. 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 printed Sectional compilation.

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 AOs/AAOs, GE.

No schedules in IAFA-725 in respect of these transactions will be prepared.

247. 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 PCDA/CDA concerned.

Treasure Chest Deposits

248. 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 and passed on to the PCDA/CDA concerned for adjustment as a Revenue Receipt. See Rules 630 and 631 of the CTR Vol- 1.*

Field Deposits

249. 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

250. 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 is deposited into the Treasury or the Bank on the authority of a Military Receivable Order. 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

251. 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

252. 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

253. Accumulations in the Provident Funds other than those mentioned in paragraphs 251 and 252 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

254. All deposits which do not pertain to any specified Deposit Head will be compiled to the head "Miscellaneous Deposits."

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 Ordnance Factories, Minor Head 800, Sub-Head (B), Research and Development 0080, Minor Head 800 (B) as the case may be.

Note:- *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.*

LAPSED DEPOSITS

255. At the close of each financial year, all deposits remaining unclaimed for three years except in the case of payment authorities issued in respect of Gorkha Personnel which will be valid for 5 years, exclusive of the year in which the Deposits were made, and all balances of not more than twenty five rupees in amount, will be transferred to the credit of the Government under the head "Other Miscellaneous Receipts" mentioned in Para 254 by the PCsDA/CsDA in whose books the amounts appear. A note of the transfer being made against the entry should be made in the register of Deposits. Deposits credited to Government as above will not be refunded without the sanction of the PCsDA/CsDA who will authorise payment on ascertaining that the amount was really received and was carried to the credit of the Government as lapsed and that the claimant's identity and title to the money are certified by the officer signing the application for refund.

Note 1: *In case of Security Deposits, the PCsDA/CsDA will inform the Administrative Officer concerned, so that the latter may make necessary entries of such transfers in his register also.*

Note 2: *The period of limitation for recovery by Contractors of Security Deposits from the Government is 30 years from the date of deposit.*

Note 3: *The term "Controller" used in Para 255 does not refer to the PCDA/CDA as such but refers to Officer-in-Charge in the Main Office and those in Sub-Offices who are also authorised by the Principal Controller/Controller, to refund the lapsed deposits after carrying out the requisite verification stipulated in this Para.*

256. When application for refund of a Lapsed Deposit is received, the register from which the Deposit was transferred to the credit of the Government will be checked to verify that the amount has not already been repaid. When the amount is refunded, the number and date of the authority sanctioning the refund, the date of payment, and the disbursement voucher number, will be noted against the item concerned in the deposit register, from which the Deposit was transferred to the credit of the Government.

RECONCILIATION OF POSTINGS IN THE DEPOSIT REGISTERS AND VERIFICATION OF BALANCES

257. A register in IAFA-525 will be maintained for all Deposits for which special forms of registers have not been prescribed. When opening the registers (including the special registers) the Deposits of previous years which have not been repaid or credited to Government as laid down in Para 255 will be brought forward in detail 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 incorrectly classified by an 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 printed compilation.

258. 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 agreed with the total credits and debits and balances as recorded in the Defence Ledger.

259. 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.

260. Blank

CHAPTER 16

ADVANCES AND SUSPENSE

SECTION I-LOANS AND ADVANCES

General

261. Disbursements of the following descriptions are treated as "Advances" :

(a) All payments made which are subject to recovery or adjustment, other than advances of pay, pension or traveling allowances or any other advances which are compilable to Service Heads of Accounts.

(b) All payments made by Military Disbursing Officers into Military Treasure Chests, and vice versa.

(c) Permanent Advances sanctioned for current expenditure, such as the local purchase of petty stores, contingent charges and payments for extra temporary labour.

262. 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 of 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'.

263. Payments specially sanctioned by Government subject to recovery, with or without interest, are treated as "Loans".

264. 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.

265. If an advance or loan or any portion thereof is outstanding against any person or unit, transferred from the audit circle 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.

266.(a) 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. 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.

(b) In case of transfer of a Central Government Servant from one Department to another Department of the Central Government the balance outstanding against him on account of loan sanctioned under conveyance advances will be transferred to the books of the Accounts Officer to whose audit circle the Government Servant is transferred.

(c) 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.

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.

Note:- *The procedure of transferring the outstanding balances of advances will not be applicable in respect of other types of advances (such as advances on account of purchase of fan, warm clothing and advances for natural calamities etc.). The procedure laid down in Para 266(a) above will be applicable in such cases.*

267. 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 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 instalments and DID Schedule number.

268. When an advance or loan is recoverable in installments, prompt action will be taken to enforce recovery if credit of each installment is not afforded as it falls due. If, however, the amount involved is considerable, recovery will not be enforced, but the matter will after a reasonable lapse of time and after necessary action has been taken by the Principal Controller/Controller to effect recovery, be reported to the Government of India who sanctioned the loan.

269. All advances (other than those which are being regularly recovered by installments) remaining unadjusted for three months or more, will be brought to the notice of the Principal Controller/Controller of Defence Accounts by the Gazetted Officer-in-Charge 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).*

270. 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.

271. Every effort must be made to include in the accounts of a year all expenditure relating to that year, and to by this end, all outstanding advances must, as far as possible be adjusted before 31st March in case of advances which are not recoverable in cash but are to be adjusted on rendering accounts, steps should be taken to adjust any amounts which could not be settled by 31st March in March Supplementary or March Supplementary correction accounts of that financial year.

DIFFERENT TYPES OF ADVANCES IN DEFENCE SERVICES

272. Advances are classified in Defence Services Accounts under the following heads -

I. SECTOR L- Suspense & 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:-

- (1) Advances-Borders Roads Treasure Chest.
- (3) Advances -Field Cashier.
- (4) Advances-Adjustable in PCsDA/CsDA Offices.
- (5) Advances -Pay Accounts Offices.
- (6) Advances- Other Repayable (Non-voted).
- (7) Advances—Imprest Holders.
- (8) Advances –Miscellaneous.

III. SECTOR - "F- Loans and Advances"

1) Major Head -7610-Loans to Government Servants etc

Minor Heads:-

- (1) 201-House building Advances
- (2) 202-Advances for the purchase of Motor Conveyance
- (3) 202-Advances for the purchase of Other Motor Conveyances.
- (4) 203- Advances for the purchase of Other Conveyances.
- (5) 204-Advances for the purchase of Computer
- (6) 800-Other Advances.

2) Major Head 7615-Miscellaneous Loans.

Minor Heads:-

- (1) 215-Regimental and other Loans - Defence.

Permanent Advances

273. 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.

Border Roads Treasure Chest Advances

274(1) 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 I) 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.

(2) 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"

(3) 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.

(4) 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 (Officers) 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.

(5) Other Advances—Repayable (non-voted)

Amount paid by the UNO for the Indian contingent of UN troops—at Cambodia, Somalia Mosambique, 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.

(6) Advances—Imprest Holders' Accounts

Funds provided to Services and Supplies Imprest Holders of the Army, Navy and 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.

(7) 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".

(8) Other Advances

This is an advance redrawn against any of the above advances owing to losses through misappropriation, de-falcation embezzlement etc.

INTEREST BEARING ADVANCES

275. A register in IAF (CDA)-51 will be maintained to watch the recovery of advances for house building, purchase of houses, motor cars, other motor conveyances, computer other conveyances and the interest payable thereon.

276. Mortgage bonds are received in connection with advances for purchase or construction of houses, purchase of motor cars, motor cycles and computer. Such bond 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 PCDA/PCDA until the advance is finally repaid, when the bond together with the deed of re conveyance signed by the PCDA/CDA on behalf of the President will be returned to the mortgager.

277. In the case of advances for the purchase of motor cars, computer and other conveyances, PCDA/CDA should insist on the production of receipts showing the actual cash paid for the motor car, cycle, etc. and if the amount is found to be less than the amount advanced the difference should be recovered at once; it should also be seen that evidences of insurance and renewals where necessary, are regularly furnished.

278. 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.

279. The recovery of an advance will commence from first's month pay drawn after its receipt.

Regimental and other Loans—Defence

280. Payments and recoveries on account of loans specially sanctioned by Government will be compiled to the head "Regimental and Other Loans-Defence" under Sector "F-Loans and Advances by the Central Government". The adjustment of these loans will be watched by means of a register in IAF-(CDA) 51.

Advances made on the following account will also be compiled to the head "Regimental and other loans—Defence" under Sector "F"-Loans and Advances by the Central Government."

- (a) Construction of Mess House,
- (b) Establishment of Regimental Institute,
- (c) Establishment of Soda Water Machine,
- (d) Purchase of Musketry Range Plant and Appliances,
- (e) Establishment of Band,
- (f) Advances for the purchase of Officers' Mess Equipment.

281. 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.

282. Blank

RECONCILIATION OF POSTINGS IN REGISTERS AND VERIFICATION OF BALANCES

283. The payments made and the recoveries effected during a month on account of advances or loans, as recorded in the several registers, will be totalled separately and the totals verified with the amounts debited and credited respectively in the monthly RD&R Heads compilation.

284. 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

285. Acknowledgements in the prescribed form of all balances outstanding on 31st 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

- (1) Regimental and Other Loans—Defence,
- (2) House Building Advances,
- (3) Advances for the purchase of Motor Cars,
- (4) Advances for the purchase of Other Motor Conveyances,
- (5) Advances for the purchase of Other Conveyances,
- (6) Advance for purchase of Computer.

Note 1 :-*Acknowledgements of the balances on 31st 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.*

Note2:-*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, Head of an Office.*

Note3:-*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.*

SECTION II-SUSPENSE ACCOUNTS

286. 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 of final adjustment will be adjusted in manner indicated in Para 103.

Note 1: *No sums should ordinarily be credited to Government by debit to a suspense head ; credit must follow and not precede actual realisation.*

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.*

287. 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."*

288. 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 R.D.R. Heads compilation, and the balance at the end of financial year will be reconciled with the ledger balance.

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 179.

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CHAPTER 17

ACCOUNTING OF EXPENDITURE MET OUT OF THE CONTINGENCY FUND OF INDIA AND OF "CHARGED" EXPENDITURE

ADVANCES FROM CONTINGENCY FUND OF INDIA

290. 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 no sufficient 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 (I) of the Constitution (vide Para 16) shall be obtained before incurring the expenditure.

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.

291. 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 290 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) to the PCsDA/CsDA concerned directly. 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 Parliament at the first session, meeting immediately after the advance is sanctioned. As soon as 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 301.

CHARGED EXPENDITURE

292. 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 Parliament, although it has right of discussion of such estimates (See Para 39).

The under mentioned items of expenditure are also treated as "Charged" on the Consolidated Fund of India.

- (i) Interest charges on Fund balances,
- (ii) 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*.*

293. 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.

294. 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 if he obtained 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 within 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.

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.

295. 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.

296. 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 298).

297.(a) Cost of stamp paper when required to be paid by the Government in terms of decree/arbitration award, will be treated as "Charged" expenditure.

(b) 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/decree/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, reimbursement 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

298.(a) 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.

(b) 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.

(c) 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.

(d) 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

299. 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 Paras 290 and 291.

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 Commands 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 to with complete details to MoD (Fin/Bud) every month for initiating regularization action at the earliest. The provisional payment made in the months should be reported to the CGDA Office in two separate proforma as Annexure 'A' and 'B'. All regular payment 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 302.

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 PCDA/CDA concerned for issuing allotment letter endorsing a copy of the advice to the Min. of Defence, the concerned DFA, Min. of Def. (Fin./Bud.) and the office of the CGDA. Similarly, A note to that effect should be similarly made in the remarks column of the proforma of monthly "Charged" expenditure report referred to in note to Para 258 with brief details of the information etc. based on which the expenditure is classified as "Charged".

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 : *The debits in respect of payments on account of decretal amounts, arbitration awards etc. made by the Pay and Accounts Officers, Ministry of Commerce, Department of Supply on behalf of Defence Services will be adjusted by the PCsDA/CsDA after ensuring the necessary funds under the head "Charged" have been allotted by the Ministry of Defence.*

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.*

ACCOUNTING PROCEDURE IN RESPECT OF EXPENDITURE MET FROM THE CONTINGENCY FUND OF INDIA

300. 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 it would have been recorded if it had 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 Head of Account under the Consolidated Fund of India

1	2076- Defence Services	Army
2	2077- Defence Services	Navy
3	2078- Defence Services	Air Force
4	2079 -Defence Services	Ordnance Factories
5	2080- Defence Services	Research & Development
5	4076-Capital Outlay on Defence Services	
6	7610-Loans and Advances by the Central Government	

301. Payments made out of the advances drawn from the Contingency Fund will be debited to the Heads of Accounts specified in Para 300 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.

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.

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 relevant Service Head as Minus Debit or Plus Credit depending on whether the readjustment is made in the account of the same financial year or next financial year respectively.

Note: In cases where payments on account of 'Charged' expenditure are made out of the anticipatory Budget provision (vide Para 299) the same will be debited to the relevant Head of account under the 'Consolidated Fund of India' and reflected by the PCDA/CDA in the proforma appended to the chapter.

MAINTENANCE OF STATISTICS OF EXPENDITURE CLASSIFIED AS 'CHARGED'

302. The proforma referred to in Note above will be sent by the Principal Controllers/Controllers to the Deputy Financial Adviser (Budget), Ministry of Defence (Finance), Controller General of Defence Accounts and the local Test Audit authorities so as to reach them by the 20th of the month following that to which the transactions pertain.

Note:- *The expenditure falling under sub Para (i) and (ii) Para 292, need not however, be included in the Proforma furnished by the Principal Controller/Controller to the Deputy Financial Adviser (Budget).*

CHAPTER 18

MISCELLANEOUS

SANCTIONS BY THE CHIEFS OF STAFF FOR NON-RECURRING PAYMENTS

303. A sum of Rs. 2 Crore is 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:

(I) Chief of Army staff	Rs. 100 lakhs per financial year
(ii) Chief of Naval staff	Rs. 50 lakhs per financial year
(iii) Chief of Air Staff	Rs. 50 lakhs per financial year

The above grant enables the afore-mentioned 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.

304.(a) A sum not exceeding 1/6th 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 MA/Dy. MA to the 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.

(b) 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.

(c) 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 CDA (Air Force). 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

MILITARY RECEIVABLE ORDERS

305. When Military Receivable Orders in IAFA-507 are issued by Principal Controllers/Controllers or Officers of the Defence Services, to enable officers and others to make payments into a Treasury or Bank, the particular Principal Controller/Controller of Defence Account to whom the credit should be afforded, must be noted on each order. The officer who issues a Receivable Order is solely responsible for seeing that no delay occurs in the submission of treasury receipt (i.e. the original MRO duly receipted by the Treasury/Bank) to the Principal Controller/Controller of Defence Account concerned for adjustment in his accounts.

Note: *To ensure that all treasury receipts for Receivable Orders issued by the Principal Controller's/Controller's office have been received and adjusted, the counterfoils of the Receivable Orders should be examined monthly and a note should be made on them when treasury receipts are adjusted.*

RECEIPT OF CASH, CHEQUES ETC

306. 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.

307. 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 15th of March at the latest, to enable cheques being issued by 31st of that month and directing, that claims submitted after 15th 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

308. 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/SO (A) 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

309. 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

310. 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):-

(1) Personal claims of Government servants and pensioners

(a) All entitlements due to an individual employee by way of HRA/DA/TA etc., and all 'Inner Column' deductions from salary bills on account of PLI/Licence fee/Taxes etc. including book

Transactions shall be rounded off in whole rupees.

(b) In the case of Travelling Allowance bills the rounding shall be done only at the last stage and not in respect of each item, e.g. Railway fare, Mileage and Daily Allowance, 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 its recovery is effected in instalments shall be made in whole rupee.

Note 1: *In the case of emoluments fixed by law which are in fraction of a rupee shall be rounded off to the next higher rupee.*

Note 2: *Payment on account of Pension/Relief on Pension/DCRG/Commuted value of Pension shall be rounded off to the next rupee.*

(d) All Government transactions, whether involving actual receipts/payments or book adjustments, involving fraction of rupees shall be made in whole rupees.

(2) All transactions of PAOs/Banks through Cheques and Challans.

(3) Transactions between one Government and another or between two Departments of the same Government.

(4) Amounts converted into Indian currency from Sterling or other foreign currencies.

(5) Reserve Bank remittances, other than those of sums representing dues fixed by or under any law or under any contractual obligation of the Government. Sums representing dues fixed by or under any law shall be always be rounded off to the next higher rupee.

(6) 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. Sums representing amounts fixed by or under any law shall be always be rounded off to the next higher rupee.

(7) The only type of transactions which have to involve paise would be cash transactions for petty purchases or sales which are reflected in a primary record like cash book. Instructions for rounding off of such transactions are as under:-

(i) Petty cash payments for local purchases are met out of Permanent Cash Imprest available with the Head of office and recoupment bill duly supported by sub-vouchers (where necessary) is required to be preferred periodically to the Pay & Accounts Office for replenishment of the Imprest. As far as possible, suppliers should be persuaded to cooperate in rounding off the amount payable to them on each occasion to the nearest rupee. In exceptional cases where payment of paise cannot be avoided, the total of the sub-vouchers sought to be recouped would include paise also. Nevertheless, the recoupment bill shall be submitted to the PAO for the whole rupee portion only. However, for the purpose of balancing the transactions in the main cash books as well as in the petty cash book, the DDO will:

(a) indicate the actual amount received in recoupment of the permanent advance;
(b) record therein the unrecouped paise as an item of "rounding off of transactions"; and
(c) carry it over to be claimed through the subsequent recoupment bill in which this amount was short received.

(ii) In the case of receipts arising out of sale of waste papers or old newspapers, periodicals, condemned furniture etc. the amounts to be realised should be rounded to the nearest rupee and not include paise in the sum total of transactions with any party for which a single receipt is given so that the receipts are credited into government account in whole rupees only.

ADJUSTMENTS WITH PAKISTAN

311. 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 & 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.

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.

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

312.(a) If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side of accounts as a specific loss.

(b) 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.

Note 1:— *The term "Government Servant" used in sub-rule (b) of this rule includes persons, who, though not technically borne on a regular Government establishment, are duly authorised to receive money on behalf of Government.*

Note 2:— *Where losses of Public money are wholly or partially met by non-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.*

Classification of losses of buildings, lands, stores and equipment

313. 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 the Suspense heads also.

Classification of losses or deficiencies of cash in hand, whether in treasuries or in departmental charge

314. 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.*

Classification of irregular and unusual payments

315. 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".

Classification of inevitable losses

316. Where losses are an inevitable feature of the working i.e CSD, Naval Dockyard, Military Farms, Ordnance Factories, the major head of accounts under which the expenditure of that department is classified shall contain separate descriptive heads under which such losses shall be recorded.

GRANTS-IN-AID

317. 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).

Ministry of Defence gives grants-in-aid of recurring and non-recurring nature to the non-Governmental bodies like Jawahar Institute of Mountaineering, Pahalgam, Calicut University, Cochin University of Science and Technology(CUSAT), Kochi Centre for Techno Strategic Studies (CTESS), CARE, IIT Delhi, Vijayanta, Senior Secondary School (Eng Med), HVF Managing Committee, Avadi, Life Science Research Board (LSRB), Naval Research Board (Armament Research Board (ARMREB), CSD, Directorate of Defence Labour Procurement, Srinagar (DDL), Cantonment Boards etc.

APPENDIX I

(Referred to in Para 33)

**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) TAXES ON INCOME AND EXPENDITURE	0020- CORPORATION TAX
SECTOR- A-TAX REVENUE	(a) TAXES ON INCOME AND EXPENDITURE	0021-TAXES ON INCOME OTHER THAN CORPORATION TAX
SECTOR- A-TAX REVENUE	(c) TAXES ON COMMODITIES AND SERVICES	0037- CUSTOMS
SECTOR- A-TAX REVENUE	(c) TAXES ON COMMODITIES AND SERVICES	0044- SERVICE TAX
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
(i) GENERAL SERVICES		
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 & DEVELOPMENT
(ii) SOCIAL SERVICES		
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
(iii) ECONOMIC SERVICES		
SECTOR- B - NON-TAX REVENUE	(c) OTHER NON- TAX REVENUE	1054-ROADS AND BRIDGES
II EXPENDITURE HEADS (REVENUE ACCOUNT)		
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
(iv) OTHER FISCAL SERVICES		
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 FACTORIES
SECTOR -A - GENERAL SERVICES	(f) DEFENCE SERVICES	2080- DEFENCE SERVICES- RESEARCH & 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 & NUTRITION	2235- SOCIAL SECURITY AND WELFARE
SECTOR C- ECONOMIC SERVICES	(a) AGRICULTURE & 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 & ENVIRONMENT	3425-OTHER SCIENTIFIC RESEARCH
SECTOR C- ECONOMIC SERVICES	(j) GENERAL ECONOMIC SERVICES	3451- SECRETARIAT ECONOMIC SERVICES
SECTOR- D- GRANTS-IN-AID & CONTRIBUTIONS		3601 -GRANTS-IN-AID TO STATE GOVERNMENTS
SECTOR- D- GRANTS-IN-AID & CONTRIBUTIONS		3605-TECHNICAL & ECONOMIC CO-OPERATION WITH OTHER COUNTRIES
2 (A) RECEIPT HEAD CAPITAL ACCOUNT		
		4000- MISCELLANEOUS CAPITAL RECEIPTS
(B) EXPENDITURE HEAD CAPITAL ACCOUNT		
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 & BRIDGES
3. LOANS AND ADVANCES		
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
PART II- CONTINGENCY FUND OF INDIA		
		8000-CONTINGENCY FUND
PART-III PUBLIC ACCOUNT		
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 & PENSION FUNDS
SECTOR- I- SMALL SAVINGS, PROVIDENT FUNDS ETC.	(c) OTHER ACCOUNTS	8012 -SPECIAL DEPOSITS & 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 & MISCELLANEOUS	(b) SUSPENSE	8659-SUSPENSE ACCOUNTS (DEFENCE)
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8670- CHEQUES AND BILLS
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8671-DEPARTMENTAL BALANCES
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8672-PERMANENT CASH IMPREST

SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8673-CASH BALANCE INVESTMENT ACCOUNT
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8674-SECURITY DEPOSITS MADE BY GOVERNMENT
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8675-DEPOSITS WITH RESERVE BANK
SECTOR L- SUSPENSE & MISCELLANEOUS	(c) OTHER ACCOUNTS	8677-REMITTANCES INTO BANKS / TREASURIES
SECTOR L- SUSPENSE & MISCELLANEOUS	(d) ACCOUNTS WITH GOVERNMENTS OF FOREIGN COUNTRIES	8679-ACCOUNTS WITH GOVERNMENTS OF OTHER COUNTRIES
SECTOR L- SUSPENSE & 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 34)
LIST OF STANDARD OBJECT HEADS

Sl No	Code	Existing Object Head	Description/Definition
OBJECT CLASS 1(PERSONNEL SERVICES AND BENEFITS)			
1	01	Salaries	Salaries will include pay, allowances in all forms of personnel including honoraria and leave encashment except travel expenses (other than leave travel concession). This object classification will also be utilised for recording expenditure on emoluments and allowances of Heads of States and other high dignitaries including sumptuary allowance.
2	02	Wages	Wages will include wages of labourers and of staff at present paid out of contingencies.
3	03	Overtime Allowance	Over time Allowances is the amount paid to Non-Gazetted Government servant for performing official duties beyond office hours in addition to his working hours
4	04	Pensionary Charges	Pensionary charges will include donation to service funds and contributory provident funds in addition to payments of pensions and gratuities in all forms to Government servants, Members of Parliament, freedom fighters etc. This will, however, not include social security expenditure such as old age pension, etc.
5	05	Rewards	Rewards will include amount paid to Government servants only as per scheme, if any, operative in Ministries/Departments.
6	06	Medical Treatment	Medical Treatment will include amount paid towards medical reimbursement to Government servants/Pensioners.
OBJECT CLASS 2 (ADMINISTRATIVE EXPENSES)			
7	11	Domestic Travel Expenses	Domestic travel expenses will cover all expenses on account of travel on duty in India including conveyance and fixed travelling allowances but excluding leave travel concession which would be part of salaries. This will also include TA/DA to non-official members on account of travel in India.
8	12	Foreign Travel expenses	Foreign travel expenses will cover all expenses on account of travel on account of duty outside India including deputation of Scientists abroad. This will also include the expenditure on T.A./D.A. to non-official members going on tour abroad.
9	13	Office Expenses	Office expenses will include all contingent expenses for running an office such as furniture, postage,

			purchase and maintenance of office machines and equipment, liveries, hot and cold weather charges, (excluding wages of staff paid from contingencies), telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for office use as distinct from vehicles for functional purposes like Ambulance Vans, etc. This will also include POL expenses on vehicles for office use.
10	14	Rents, Rates and Taxes	Rent, Rates and Taxes will include payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.
11	15	Royalty	
12	16	Publications	Publications will include expenditure on printing of office codes and manuals and other documents, whether priced or unpriced but will exclude expenditure on printing of publicity material. This will also include discount to agents on sale of publications, etc.
13	20	Other Administrative Expenses	Other Administrative expenses will include expenditure on Departmental Canteen hospitality/entertainment expenses, gifts and expenditure on conducted tours, expenditure on conferences / seminars/ workshops, etc., and expenditure on other training programmes.
OBJECT CLASS 3 (CONTRACTUAL SERVICES AND SUPPLIES)			
14	21	Supplies and Materials	Supplies and materials will include expenditure on materials and supplies, stores and equipments, etc.
15	22	Arms and Ammunition	Arms and Ammunition will include expenditure on arms and ammunition of Police and other Paramilitary Establishments.
16	23	Cost of Ration	Cost of Ration will include expenditure on ration of Police and other Paramilitary Establishments.
17	24	POL	POL will include expenditure on POL of Police and other Para Military vehicles. It will also include expenditure on POL of transport vehicles used for field activities, but will exclude those used for running an office.
18	25	Clothing and Tentage	Clothing and Tentage will include expenditure on clothing and tentage of Police and Para military Establishments.
19	26	Advertising and Publicity	Advertising and Publicity will include commission to agents for sale and printing of publicity material. This would also include expenditure on exhibitions, fairs.
20	27	Minor Works	Minor Works will also record expenditure on repairs and maintenance of works, machinery and

			equipment.
21	28	Professional Services	Will include charges for legal services, consultancy fees, fee of staff artistes, remuneration to the examiners, invigilators, etc., for conducting examinations, remuneration to casual artistes, by the All India Radio, Doordarshan and all other types of remunerations. It will also include payment services rendered, supplies made by other departments such as Railways, Police, etc., a distinction being made in respect of supplies made, service rendered for running of an Office in which case the expenditure will be recorded under 'Office Expenses'.
22	30	Other Contractual Services	Other contractual services will include expenditure on service or commitment charges and notional value of gifts received, etc.
OBJECT CLASS 4 (GRANTS, ETC.)			
23	31	Grants-in-aid General	
24	32	Contributions	This will also include expenditure on membership of international bodies.
25	33	Subsidies	
26	34	Scholarship/Stipend	
27	35	Grants for Creation of Capital Assets	Grants for creation of capital assets will include amounts released as grants for the creation of capital assets.
28	36	Grants-in Aid Salaries	Grants-in Aid Salaries will include amounts released as grants-in-aid for payment of salaries in respect of grantee bodies under control of central Government which receive budget allocation to meet their salaries expenditure either in full or part.
OBJECT CLASS 5 (OTHER EXPENDITURE)			
29	41	Secret service Expenditure	
30	42	Lumpsum Provision	Lump-sum provision will include expenditure in respect of schemes/sub-schemes/organizations where the provision does not exceed Rs 10 lakhs. In all other cases, break-up by other objects of expenditure must be given.
31	43	Suspense	
32	44	Exchange Variations	The difference in the rate of exchange at the time of receipt of loan/advances from foreign sources and repayment thereof shall be debited under this object head under the concerned service expenditure head.
33	45	Interest	Interest will include interest on capital and discount on loans.
34	46	Share of Taxes/Duties	

35	50	Other Charges	Other charges will include payment out of discretionary grants, other discounts, customs duty compensation, awards and prizes, etc. Any other expenditure which cannot be classified under any specified object heads will be debited to this head.
OBJECT CLASS 6			
(ACQUISITION OF CAPITAL ASSETS AND OTHER CAPITAL EXPENDITURE)			
36	51	Motor Vehicles	Motor vehicles include purchase and maintenance of transport vehicles used for functional activities (e.g. ambulance, vans) which are distinct from those used for running an office.
37	52	Machinery and Equipment	Machinery and equipment will include machinery equipment, apparatus, etc., other than those required for the running of an office and special tools and plants acquired for specific works.
38	53	Major Works	Major works will be classified with reference to financial limits as per classification of major works in CPWA Code. This will also include cost of acquisition of land and structures.
39	54	Investments	
40	55	Loans and Advances	Loans and Advances will include all loans and advances granted to other Governments, Public Sector Enterprises, Undertakings and other Government Bodies, etc, but will exclude repayments of borrowings.
41	56	Repayment of Borrowings	
42	60	Other capital Expenditure	
OBJECT CLASS 7			
(ACCOUNTING ADJUSTMENTS)			
43	61	Depreciation	
44	62	Reserves	
45	63	Inter Account Transfer	Inter account transfer will include transfer to and from reserve fund, etc, write back from capital to revenue
46	64	Write-off/Losses	Write-off/losses will include write-off of irrecoverable loans, losses will include trading losses.
47	70	Deduct Recoveries	

APPENDIX III
(Referred to in Para 51)

**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 than 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. 755 of the Regulations for the Army in India (1962 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, '55 as amplified in letter dated 18th May, 1959.

(h) Non-consumable stores and equipment, issued in the circumstances detailed in para 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 & 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 outfit 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 outfit allowance is debitable to the estimates of the Ministry (Central/Civil) /State Government under whom the officer is employed at the time the allowance becomes due for payment.

5. When soldiers are sent under Military escort from one station to another to stand trial on a criminal charge, they will travel like any other party of soldiers on duty, under a warrant furnished by the Military authorities, the charge being met from the Defence 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.

The emoluments drawn under (i) to (iii) are debitable to the Civil-Central or State Estimates and that under (iv) to the Defence Services Estimates.

If it is necessary to provide a substitute in place of such an officer undergoing training the additional cost will be a charge on Civil Estimates.

NOTE.- *This rule is also applicable in regard to the allocation of the civil pay of a Government Servant, who is a member of the Indian Naval Volunteers Reserve or the 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. Travelling allowances of Telegraph signallers accompanying Governors and other high officials on tour is debited to the Department concerned although their pay for the period is debited to the Telegraph Department.

9. 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.&A.G'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:—*

(i) *Where the Comptroller and Auditor General is the sole auditor for a local body/institution, whether under any law made by Parliament under Article 149 of the Constitution or on consent basis under Section 20 (1) of CAG's (DPCs) Act, 1971 charges will be payable in full unless specifically waived by Government.*

(ii) *Where the local body/institution has its own auditors and audit by the Comptroller and Auditor General is conducted in addition with a view to safeguard Government interests and to ensure that the grants or loans by Government have been utilised for the purpose for which they are given, the Comptroller and Auditor General will be acting in discharge of the C&AG's DPC Act 1971, is a charge of the Central Government cost.*

(iii) *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.*

(iv) *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, P&T 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 70)
Annual and Periodic Adjustments

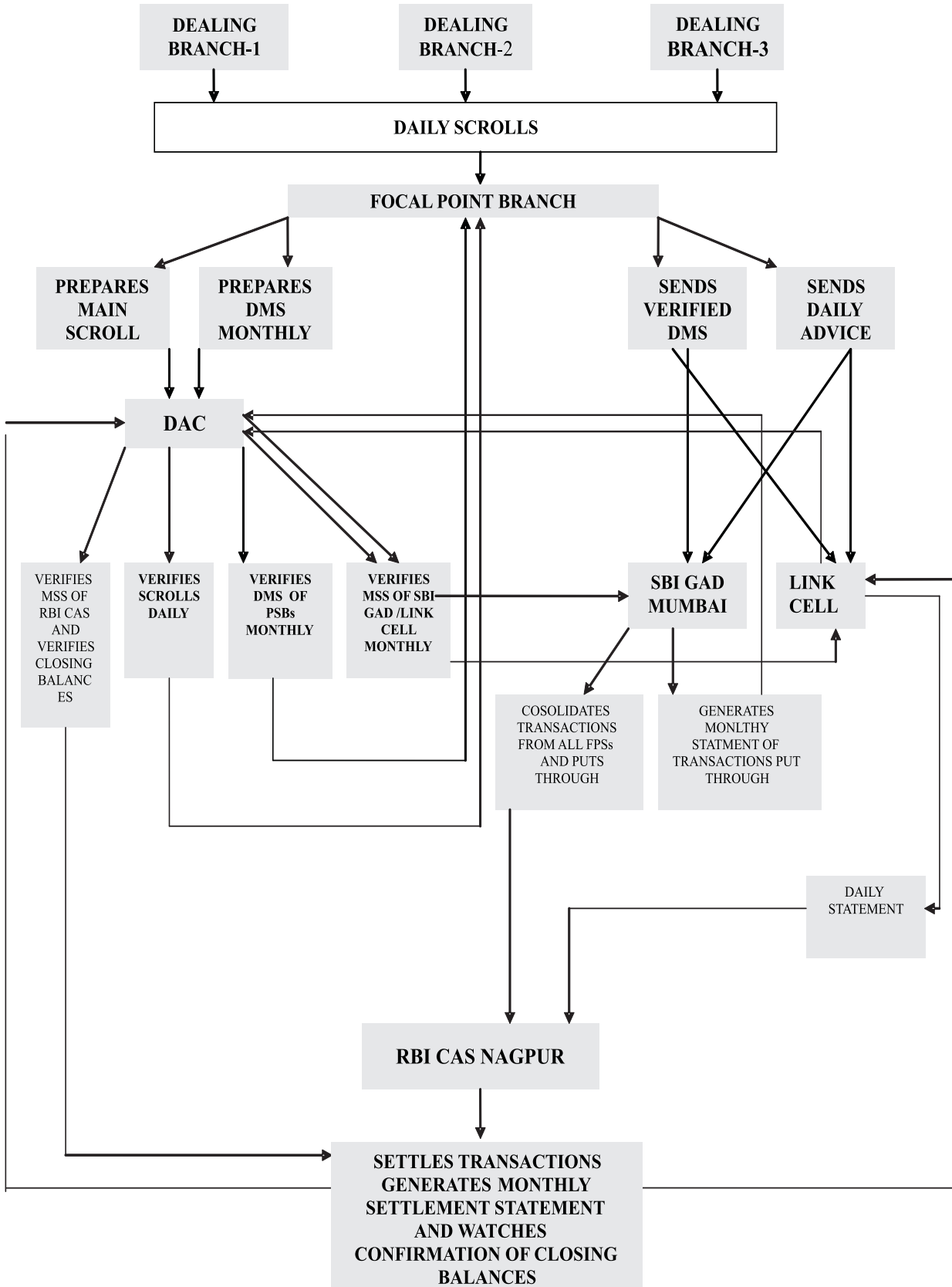
1. Monthly, Quarterly and Annual adjustments to be carried out by all PCsDA/CsDA/ (Accounting Circles) in respect of Lapsed Deposit to Other Miscellaneous Receipts Head	March Supplementary Corrections
2. Annual Adjustments to be carried out by CDA (Funds), PCDA (N), CDA(AF), PCoA (Fys), PCDA New Delhi 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 Corrections 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 Corrections
6. Adjustment to be carried out by CDA (Army), Meerut in respect of Departmental Charges	Every Month
7. Monthly/Annual adjustments to be carried out by EDP Section, CGDA, Delhi Cantt. (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 of opening and closing cash balances and unbalanced Punching Medium to 28/020/61 and 30/020/61 respectively (ii) GPF compilations to be transferred to the books of PCsDA/CsDA maintaining Fund Accounts as per details given in Annexure-I. (iii) Central Transfer of amounts compiled to 0/018/65 prefixed with PCsDA/CsDA code head e.g 05, 07, 16, etc.	Monthly March Supplementary Corrections March Supplementary Corrections

Annexure to Appendix IV					
Nature of the Funds	Sl No	Particulars of personnel	By whom compiled	By whom maintained	
GPF (015/01)	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	AF Civilians	PCDA (AF), Dehradun	CDA (AF), New Delhi	
	4	Defence Civilians on Field Posting on tenure	Regional Controllers	CDA (Funds), Meerut	
	5	DAD and all Civil Departments	All PCsDA / CsDA	CDA (Funds), Meerut	
	6	Cat. 47 -MES Group A & B officers and staff posted in HQ DGBR	PCDA(BR), Delhi Cantt	CDA (Funds), Meerut	
	7	Cat. 48-Group C and D personnel attached to Security Office Ministry of Defence	PCDA(WC), Chandigarh	CDA (Funds), Meerut	
	8	Fund subscribers of Factories organisation posted in Service HQrs	PCDA, New Delhi	PCoA (Fys), Kolkata	
	9	Officers/ Staff of GE posted in CE OFB Cell	PCoA(Fys), Kolkata	CDA (Funds), Meerut	
	10	Non-AF HQrs subscribers posted in Armed Forces HQrs	PCDA, New Delhi	CDA (Funds), Meerut	
	11	Non-AFHQrs subscribers posted in AF HQrs	PCDA, New Delhi	CDA (Funds), Meerut	
	CPF	12	0/015/03, 9/015/03		To be retained by CDA (Funds), Meerut
	IOFWP Fund	13	0/015/11, 5/015/11, 9/015/11		CDA (Funds), Meerut
	INDWP Fund	14	0/015/12		PCDA (Navy), Mumbai
		15	PCDA (WC) (PBG)		CDA (Funds), Meerut

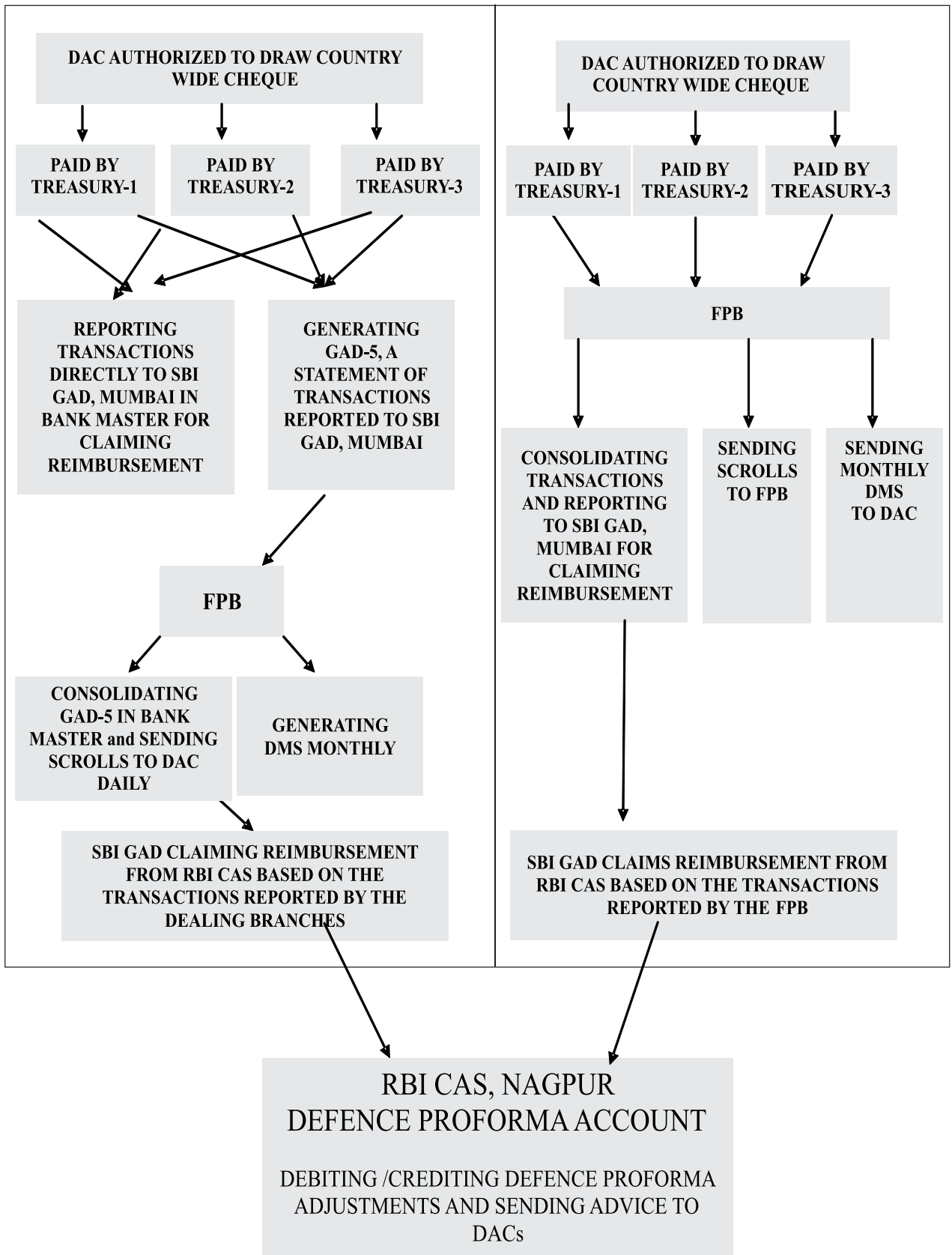
**APPENDIX V
(Referred to in Para 94)**

ANNEXURE 'A'

FPB SCHEME-FLOW CHART



<p>FLOW CHART SHOWING EXISTING PROCEDURE OF SETTLEMENT OF TRANSACTIONS UNDER GBSS</p>	<p>FLOW CHART SHOWING PROCEDURE OF SETTLEMENT OF TRANSACTIONS PRIOR TO IMPLEMENTATION OF GBSS</p>
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APPENDIX VI
(Referred to in Para 100)
Focal Point branches nominated for Ministry of Defence

Statement showing nomenclature of Defence Accounting Circles under Defence Proforma Account						
Sl No	Name of the PCsDA/CsDA	CDA Code Number	RBI transaction Code	RBI Ten Digit Code	Focal Point Branch of SBI	Focal Point Branch of Associate Banks
1	CDA Patna	00	504	4015000006	Exhibition Road, Patna	NIL
2	PCDA (Pensions) Allahabad	01	507	4053000002	Kachahary Road, Allahabad	NIL
3	PCDA (Officers) Pune	02	506	4021000009	SBI, Golibar Maidan, Pune (7433)	SBBJ,SBH,SBS,SBT,SBM and SBP
4	CDA (Army) Meerut	03	501	4012000003	Meerut Cantt 0680	State Bank of Patiala
5	PCDA (SC) Pune	04	503	4011000002	SBI, Golibar Maidan, Pune (7433)	SBS,SBBJ,SBP and SBM
6	PCDA Bengaluru	05	505	4016000007	St.Marya Road Bengaluru	SBP and SBBJ
7	PCDA (WC) Chandigarh	06	502	4013000004	Madhala Marg Sec 7 Chandigarh	SBP and SBBJ
8	PC of A (Fys) Kolkata	07	508	4051000000	Strand Road Kolkata 0001	SBH,SBP,SBBJ,SBM and SBS
9	PCDA (AF) Dehradun	08	509	4041000003	Main Branch Dehradun 0630	SBH,SBP,SBBJ and SBS
10	PCDA (Navy) Mumbai	09	510	4031000006	Focal Point Cell Mumbai	NIL
11	CDA (Funds) Meerut	10	511	4052000001	Meerut Cantt 0680	NIL
12	Ex-CDA (ORS) N. Meerut	11	512	4023000001	Meerut Cantt 0680	NIL
13	PCDA (NC) Jammu	12	513	4014000005	Hari Market Br. Jammu 00657	NIL
14	ZO (DPD) Chennai	13	527	6000020451	Royapettah High Road Chennai 267	State Bank of Tranvancore
15	AO, DAD, MOD, New Delhi	14	522	4002000006	RBI New Delhi	NIL

16	CDA (CSD) Mumbai	15	521	4054000003	Safedpul Premises Mumbai 1950	NIL
17	PCDA New Delhi	16	514	4001000005	Parliament Street BR. New Delhi	SBP and SBBJ
18	Ex-CDA (ORS) Nagpur	17	515	4024000002	Katol Road BR. Nagpur 5999	NIL
19	CDA Chennai	18	516	4022000000	Royapettah High Road Chennai 267	SBT and SBP
20	PCDA (R&D) New Delhi	19	524	4055000004	R.K.Puram Branch New Delhi 1076	NIL
21	CDA (PD) Meerut	20	523	4056000005	Meerut Cantt 0680	SBP and SBBJ
22	CDA Guwahati	21	525	4057000006	New Guwahati-0221	NIL
23	PCDA (CC) Lucknow	22	526	4018000009	Lucknow Cantt BR. 1132	NIL
24	CDA (BR) Delhi Cantt	23	528	4058000007	Nirman Bhawan, New Delhi-0583	SBBJ
25	CDA (R&D) Begaluru	24	529	4055035000	C.V.Raman Nagar BR. Bangalore	NIL
26	CDA Secunderabad	25	530	4055090007	Main BR. Secunderabad 2802	State Bank of Hyderabad
27	CDA Jabalpur	26	531	4055095002	Civil Lines Branch Jabalpur 0390	NIL
28	CDA (AF) New Delhi	27	532	4046010012	R.K.Puram Branch New Delhi 1076	NIL
29	CDA (R&D) Hyderabad	28	533	4065000001	Main Branch Hyderabad 3026	NIL
30	CGDA New Delhi	29	534	4003000007	R.K.Puram Branch New Delhi 1076	NIL
31	CDA (IDS) New Delhi	30	536	4001001006	Parliament Street BR. New Delhi	NIL
32	PCDA (SWC) Jaipur	31	537	4055096003	Sangneri gate Branch Jaipur	SBBJ and SBP

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 and Focal Point Branches of Associate 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 Para 123)

**DISPENSING WITH MONETARY SETTLEMENT OF INTER-DEPARTMENTAL
TRANSACTIONS**

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 1-4-93 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.

Under the revised procedure the Financial Adviser/Controller of Accounts of the functional Ministry/Department is required to issue annual budget allocation letter after obtaining financial sanction. This will constitute authorisation for the executing Ministry / Department to incur expenditure upto the limit specified.

The amount so allocated will not be available for reappropriation by the functional Ministry / Department except with the concurrence of the agent/Ministry Department.

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.

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.

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, after introduction of the revised procedure.

The above procedure is not applicable to Receipt transactions, settlement with State Governments and DGS&D payments made on behalf of other Ministries/Departments.

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.

(Authority: Ministry of Finance Department of Expenditure 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 129)
Reconciliation of Defence Transactions/RB Deposits

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.

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 and Associate Banks), Department wise {Railways/P&T/CCA, MEA)/Deptt of Supply (DAD Cell)/High Commission London, Nodal branches of the PSBs (applicable to PCDA (P) Allahabad 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 and Associate Banks, (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/Associate Banks 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/P&T/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).

(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.(A) 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 09 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 09:-

(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) } (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		74/020/82 RB Suspense (Classified) 031/01, 032/01, 033/01, 034/01 (Department of Supply Suspense) (DAD Cell)	100 10	

021/00 (RB Deposits)	110		00/020/76 PSB Suspense (Pension transactions)	100	
			00/020/83 {RB Suspense (Unclassified) }	10	

(ii) In case of credit transactions-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/82 RB Suspense (Classified)	80		021/00 (RB Deposits)	85	
020/83 {RB Suspense (Unclassified)} (Department of Post and Railways)	5				
74/020/82 RB Suspense (Classified)	80		021/00 (RB Deposits)	85	
74/020/83 {RB Suspense (Unclassified)} (CCA, MEA transactions)	5				
020/84 RB Suspense English	80		74/021/00 (RB Deposits)	85	
74/020/83 (English transactions)	5				
020/82 RB Suspense (Classified)	80		021/00 (RB Deposits)	85	
031/01, 032/01,033/01, 034/01 (Department of Supply Suspense) (DAD Cell)	5				
00/020/76 PSB Suspense (Pension transactions)	80		021/00 (RB Deposits)	80	
00/020/83 {RB Suspense (Unclassified)}	5			5	

(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/P&T/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 09 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 09:-

(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)} (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		020/82 RB Suspense (Classified) 031/01, 032/01,033/01, 034/01 (Department of Supply Suspense) (DAD Cell)	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) }(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	
020/82 RB Suspense (Classified) 031/01, 032/01,033/01, 034/01 (Department of Supply) (DAD Cell)	80	5	021/00 (RB Deposits)	75	
00/020/76 PSB Suspense 020/83 {RB Suspense (Unclassified)	80	5	021/00 (RB Deposits)	75	

3. (B) FPB transactions at RBI/SBI and Associate Banks 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/Associate Banks. 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/Associate Bank, 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 recoded 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 09 were reported for Rs 110.00 and Rs 85.00 respectively and totals for Debit Scrolls and Credit instruments as on 31-07-09 by FPB are worked out Rs 100.00 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 3rd 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 5th 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/Associate Banks). 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 and Link Cell of the other Associate Banks at Nagpur 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/Link Cell 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/Link Cell 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) & (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/Link Cell or transactions of other accounting circle have been erroneously reported to RBI CAS by the FPB through SBI GAD/Link Cell.

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 09, 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/Associate Banks)	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) (SBI/Associate Banks)	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 09 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/Associate Banks)		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/Associate Banks)		5	28/021/00 (RB Deposits)		5

OR

03/020/83 Suspense (Unclassified) } (RBI branches)	{RB		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:-

(A) 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) } (CCA, MEA transactions)}		10
			74/020/83 {RB Suspense (Unclassified)} (English transactions)}		10
			031/01, 032/01, 033/01, 034/01 {Department of Supply Suspense}(DAD Cell transactions)}		10
			020/83 {RB Suspense (Unclassified) } (Pension transactions)}		10
			020/82 {RB Suspense (Classified)}	10	

			(Department of Post and Railways)		
			74/020/82 {RB Suspense (Classified) } (CCA, MEA transactions)	10	
			74/020/84 RB Suspense English (English transactions)	10	
			031/01, 032/01, 033/01, 034/01 {Department of Supply Suspense}(DAD Cell 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 CCA, MEA		5			
74/020/83 {RB Suspense (Unclassified)}(English transactions)		5			
031/01, 032/01, 033/01, 034/01 {Department of Supply Suspense}(DAD Cell 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)} (CCA, MEA)	5				
74/020/84 (RB Suspense English) (English transactions)					
031/01, 032/01, 033/01, 034/01 {Department of Supply Suspense}(DAD Cell 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)} (CCA, MEA)	10	
74/021/00 (RB Deposits)	10		74/020/83 {RB Suspense (Unclassified)} (English transactions)		
021/00 (RB Deposits)	10		031/01,032/01,033/1,034/1 (Department of Supply) (DAD Cell)	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)} (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	
031/01, 032/01,033/1,034/1 (Department of Supply) (DAD Cell)	5		021/00 (RB Deposits)	5	
020/83 {RB Suspense (Unclassified)} (pension transactions)	5		021/00 (RB Deposits)	5	

(B) 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/Associate Banks)		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/Associate Banks)		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:-

(i) In case of debit scrolls-

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/81 (Cheques and Bills)		10	03/020/76 (PSB Suspense) (SBI/Associate Banks)		10

OR

020/81 (Cheques and Bills)		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) (SBI/Associate Banks)		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/Associate Banks)	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/Associate Banks)	5		28/021/00 (RB Deposits)	5	
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OR

03/020/83 {RB Suspense (Unclassified) }(RBI branches)	5		021/00 (RB Deposits)	5	
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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. 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.

**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	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			
	(ii) No of advice/Date of Transaction			
7	Other discrepancies			
(b)				
7©	Total (a) + (b)			
8.	Amount transferred to suspense			
9	Amount cleared from the Suspense			
10	Initials			Aud/AAO/AO

NB- (i) Reconciliation has to be carried out in the above manner PAO wise i.e. Department of Post, Railways, CCA, MEA, Department of Supply etc.

- (i) PCDA (P) Allahabad will carry out Bank wise Nodal Branches wise reconciliation in similar manner.
- (ii) (iii) It will be ensured that all Clearance Memo received during the month are adjusted before reconciling the amounts under Column 4 & 5.
- (iii) (iv) Total under column 7 and 7 (c) should agree.

Annexure 'B' (Part-I)

**Reconciliation of Transactions at RBI, PAD Branches
Month of Reconciliation---**

SI 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 & 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/AO

NB- (i) Reconciliation has to be carried out in the above manner in respect of each RBI PAD branch wise

Annexure 'B' (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		Total		Total		Total	
4.		Closing balance of the unlinked Advice					
5.		Letter No and date under which action initiated with the RBI to reconcile difference					
6		Initials					Aud/AAO/AO

Annexure C
Monthly Reconciliation of transactions put through by the Agency Banks
Part-I-Between Focal Point Bank and the CDA

SI No		SBI		Name of Associate Bank -1,2,3 and so on		Remarks
		Receipts	Disbursements	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					Aud/AAO/AO

- NB: -** (i) If DMS is received from more than one Associate Bank, reconciliation in respect of each Associate Bank needs to be carried out separately.
(ii) Equally applicable to the Nodal Branches of PSBs in respect of Pension transactions.

Annexure 'C'

**Monthly Reconciliation of transactions put through by the Agency Banks
Part-II-Between the DMS and GAD/Link Cell**

Sl	Description	SBI		Associate Bank -1, 2, 3 and so on		Remarks
		Receipts	Disbursements	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/Link Cell (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				
©	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					Aud/AAO/SAO

NB:- If there is transactions with more than one Associate Bank, reconciliation in respect of each Associate Bank needs to be carried

Annexure 'C'
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 Ist month	Balance	Initials of AO/SAO	Amount put through in II nd month	Balance	Initials of AO/SAO	Amount put through in subsequent months		Initials of AO/SAO	Remarks
								Amounts	Months		
1	2	3	4	5	6	7	8	9	10	11	12
April											
May											
June											
July											
Aug											
Sep											
Oct											
Initials	Aud/SO(A)/AO										

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 Ist 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.

Annexure 'C'

Part-IV- Statement of Double/Excess reimbursement claimed by the PSBs

Sr No	Bank Name	Branch Name	Date of Transaction	Amount of Transaction	Date of put through	Amount put through	Date of Second Put through (Put through IInd time)	Amount of IInd 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
Initials												Aud/ SO(A)/AO

NB: - (i)For clarification of double reimbursement, HQrs office letter No A/III/12157/LXXIX/Recovery dt 12-03-08 may please be linked.

(ii)The Annexure C-Part –III will provide information for amounts excess put through.

Annexure 'D'

Part-I-Summary of RB Deposits and Suspense compiled in the month of ----

SI 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

Annexure 'D'

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)

Annexure 'D'
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 (Manual Corrections) Accounts	Total Adjusted during the year	Balance outstanding	Remarks
19 -19							
19 -19							
19 -19							
2008-09							

Annexure 'E'

No

Office of the CDA ----

Dated ----- 2009

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 -----2009.**

The net Debit / net Credit balances to the end of -----2009 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.

Sl 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.

AO/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)

**{Authority CGDA, Delhi Cantt letter No A/III/13348/FPBs/XXIV dt 31-08-09
(Circular No 42 of 08/2009)}**

APPENDIX IX
(Referred to in Para 175)
Maintenance of Defence Ledger and Preparation of Annual Review of Balances

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, 0077, 0078, 0079, 0080 Defence Services Receipts, 2076-Army, 2077-Navy, 2078- Air Force, 2079-Ordnance Factories, 2080- Research and Development, Defence Services charges and 4076-Defence Capital Outlay 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, SO (A)/AAO, AO/SAO/Group officer and JtCDA/Addl CDA, associated with the preparation of the AROB will be mentioned in the Preface. 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.

(ii) Check List cum Index

The 'Preface' will follow 'Check List Cum Index'. The formats of the same are enclosed as Annexure 'C2' & 'C1'.

(iii) Certification of Balances

(a) The certificate of the Pr Controller/Controller 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 JtCDA/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 JtCDA/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 EDP Centre of the HQrs office 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 thereof 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 & 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, and Remittances and Contingency Fund of India (AROB)

(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 (AROB), 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 (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, and Remittances and Contingency Fund of India (AROB), 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) are centrally transferred by the EDP Centre 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 EDP Centre 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 EDP Centre Meerut will be Proforma dropped in Statement No 13, Statement of Balances of Receipts and Disbursement under Debts, Deposits, and Remittances and Contingency Fund of India (AROB) 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 EDP Centre as a result of mechanical matching and manually cleared on the basis of Change Statement, Meerut 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 EDP 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, and Remittances and Contingency Fund of India (AROB) 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 transactions operated during the year		Total amount of the Responding dummy transactions 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), 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 141 of Defence Account Code, the 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 & 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.

{Authority CGDA, Delhi Cantt letter No A/I/12273/ROB/Gen/2007-08 dt 10-07-08 (circular 7 of 2008)}

Annexure 'B' to Appendix IX

As per RD&R compilation for March (Supply) Account 08, a progressive sum of Rs 1,63,25,51,809.00 under code head 018/65 was compiled by the PCDA (WC) Chandigarh against CDA (Army) Meerut by operating prefix Cat'03'. The amount was central transferred by the EDP Centre of HQrs office in March (Supply Corrections) Account 08.

2. While Central transferring the amount, the EDP Centre 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, EDP Centre 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 (WC) against CDA (Army), 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 EDP Centre on behalf of CDA (Army) Meerut against PCDA (WC), Chandigarh under Code Head 03/076/22 as Plus Receipt and the balance of PAO's Advance 018/65) as Plus charge.

3. PCDA (WC), 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 (A) 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 (WC) Chandigarh and CDA (A) 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 (WC), 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 EDP Centre, Meerut since no PM for clearance is prepared. These amounts will also accumulate and remain outstanding in the books of PCDA (WC) 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&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 15/08 in the latter case (Para 4 above), on receipt of clearance report from the EDP Centre Meerut.

An example of clearance and Proforma dropping of amount is given in the Annexure **B1 to B3** enclosed.

Annual Review of Balances based on 14/08 Accounts (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)
<i>(1) Controller of Defence Accounts, Patna</i>										
	Originating Rt/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
<i>(1a) Pr.CDA (SWC) JAIPUR</i>										
	Originating Rt/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
<i>(2) Pr. Controller of Defence Accounts (Pen), Allahabad</i>										
	Originating Rt/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
<i>(3) Pr. Controller of Defence Accounts (Officers), Pune</i>										
	Originating Rt/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
<i>(4) Controller of Defence Accounts,(Army), Meerut</i>										
	Originating Rt/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

Annexure B 3

GOVERNMENT ACCOUNT : PCDA(WC) 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 14/08

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
1632551809.00		Exchange Account (Dummy)	
9725472518.00	D-	Expenditure Heads (Capital Accounts)	0.00
0.00	E-	Inter State Settlement	0.00
		PLI amount proforma dropped	192945128.99
107811651.00		Exchange Accounts balances proforma dropped	72851321.00
	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 Yes/No	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)	MAJOR HEAD 7610 (LOAN AND ADVANCES)			
	Certificate No 1			
	Certificate No 2			
	Certificate No 3			
	Certificate No 4			
	Certificate No 5 (i)			
	Certificate No 5 (ii)			
(b)	MAJOR HEAD- 8009 (STATE PROVIDENT FUNDS)			
	Certificate No 6			
(c)	MAJOR HEAD- 8011 (INSURANCE AND PENSION FUNDS)			
	Certificate No 7			
(d)	MAJOR HEAD- 8443 (CIVIL DEPOSITS)			
	Certificate No 8			
	Certificate No 9			
(e)	MAJOR HEAD- 8444 (DEPOSIT-DEFENCE)			
	Certificate No 10			
	Certificate No 11			
	Certificate No 12			
(f)	MAJOR HEAD - 8551 (DEFENCE ADVANCES)			
	Certificate No 13			
(g)	MAJOR HEAD- 8659(SUSPENSE ACCOUNT-DEFENCE)			
	Certificate No 14			
	Certificate No 15			
	Certificate No 16			
	Certificate No 17			
	Certificate No 18			
	Certificate No 19			
(h)	MAJOR HEAD-8670 (CHEQUES AND			

	BILLS)			
	Certificate No 20			
	Certificate No 21			
(i)	MAJOR HEAD- 8674-(SECURITY DEPOSIT MADE BY GOVERNMENT)			
	Certificate No 22			
	Certificate No 23			
(j)	MAJOR HEAD 8677 (REMITTANCE INTO BANK / TREASURIES)			
	Certificate No 24			
	Certificate No 25			
(k)	MAJOR HEAD-8679 (ACCOUNTS WITH GOVERNMENT OF OTHER COUNTRIES)			
	Certificate No 26			
(l)	MAJOR HEAD- 8787 (ADJUSTING ACCOUNT WITH RAILWAYS)			
	Certificate No 27			
(m)	MAJOR HEAD- 8788 ADJUSTING ACCOUNT WITH POST			
	Certificate No 28			
(n)	MAJOR HEAD- 8797 EXCHANGE ACCOUNT			
	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 st 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, 0077, 0078, 0079, 0080 Defence Services Receipts, 2076-Army, 2077-Navy, 2078- Air Force, 2079-Ordnance Factories, 2080- Research and Development, Defence Services charges and 4076-Defence Capital Outlay 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

CERTIFICATE

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."

2 "Certified that the total progressive balances of 'Loan and Advances' as reflected in

Sl 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

the in the AROB, agree with the balances worked out in the in the DHRs up to 31st March".

3 "Certified that the balances exhibited on 31st 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 31st March is as under:-

Sl No	Type of Advances	Number of individuals posted in the register		Number of Acknowledgements awaited	
		DAD	NON DAD	DAD	NON DAD

4 "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: -

Sl 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: -

JtCDA/Addl CDA

**MAJOR HEAD- 8009 (STATE PROVIDENT FUNDS)
(CERTIFICATE No 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".

JtCDA/Addl CDA

**MJOR HEAD- 8011 (INSURANCE AND PENSION FUNDS)
(CERTIFICATE No 7)**

"Certified that amount outstanding under PLI Code Head 024/00 (Postal Life Insurance Fund) has been reconciled with the Dte of PLI up to the year----- and Proforma dropped in the AROB".

JtCDA/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".

JtCDA/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 and Para 150 of Defence Account Code."

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 31st 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".

JtCDA/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, 018/60,018/63,018/64,018/65,018/66 as applicable) during the year by the Sub-offices/Sections agree with the compiled actual".

JtCDA/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 P&T/Railways/DGS&D (020/83), P&AO, Deptt of Supply 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 P&T/Railways/CCA MEA/DGS&D (020/82) 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".

JtCDA/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) 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) as reflected in the AROB, agree with the Schedule III and Unlinked Cheques (as per Register of Unlinked Cheques)".

JtCDA/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."

JtCDA/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) during the year agree with DMROs received from the bank (as per summary of the register of MRO)".

25. "Certified that the register of the MROs have been properly maintained and monthly summary is prepared as stipulates in Para 94 (vi) of Defence Account Code. As per summary of the register, the progressive net balance under Remittances in to Banks/Treasuries (020/80) reflected in the AROB agree with the registers of Remittances in to Banks/Treasuries".

JtCDA/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."

JtCDA/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."

JtCDA/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."

JtCDA/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 EDP Centre Meerut through Change Statement where correctly responded.
- (e)** Incorrect responses have been corrected by a TE and reported through Change Statement.

JtCDA/Addl CDA

Annexure C6

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	
		Grand Total	

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
		CONSOLIDATED FUND (DEFENCE)	
		E- Public - Debt	
		F- Loans and Advances (6425, 7610 and 7615)	
		(i) Loans for Co-operation Industrial Financial Institution.	
		(ii) Other - Loans	
		<u>CONTINGENCY FUND</u>	
		<u>PUBLIC ACCOUNT</u>	
		I- SMALL SAVING PROVIDENT FUND ETC (8008, 8009, 8011 and 8012).	
		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 & 8677)	
		(d) Accounts with Government of Foreign Countries (8679).	
		M- Remittances (8782, 8787, 8788, 8792 and 8797).	
		N- Cash Balance (Closing).	
		Total	

ANNEXURE C8

**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

	Receipt Heads (Revenue Account) - A	
	Expenditure Heads (Revenue Account) - A	
	Expenditure Heads (Capital Account) - A	

F- Loans and Advances

6425 Loan for Cooperation

108-	Loans to other Cooperative - Consumer Cooperative	CR				CR	0					DR
	TOTAL - 6425	CR				CR	0					DR

7610 Loans to Government Servants etc.

201-	House Building Advance	DR				DR	0					DR
202-	Advance for Purchase of Motor conveyance	DR				DR	0					DR
203-	Advance for Purchase of Other conveyance	DR				DR	0					DR
204-	Advance for Purchase of Computers	DR				DR	0					DR
800-	Other advances	DR				DR	0					DR
	TOTAL - 7610	DR				DR	0					DR

7615 Misc Loans

200-	Misc Loans	CR				CR	0					CR
	TOTAL - SECTOR (F)	DR				DR	0					DR
	TOTAL CONSOLIDATED FUND	DR				DR	0					DR

PART-II : CONTINGENCY FUND OF INDIA

8000 CONTINGENCY FUND

(I) Defence services

PART-III : PUBLIC ACCOUNT OF INDIA

I- SMALL SAVING PROVIDENT FUND

8008 - Other expenses in connection

103	with small saving under Pay Roll Saving Scheme	DR			DR						DR	
TOTAL - 8008		DR			DR						DR	

8009 STATE PROVIDENT FUNDS

01 - CIVIL

101-	General Provident Fund	CR			CR						CR	
102-	Contributory Fund	CR			CR						CR	

02 - DEFENCE

101-	Defence Saving Provident Fund	CR			CR						CR	
102-	Defence Service Officers' Provident Fund	CR			CR						CR	
103-	Defence Service Personnel Provident Fund	CR			CR						CR	
104-	Indian Ord Fy. Workmens' Provident Fund	CR			CR						CR	
105-	Indian Naval Dockyard Provident Fund	CR			CR						CR	
106-	Other Misc. Provident Funds	CR			CR						CR	
TOTAL - 8009		CR			CR						CR	

8011 INSURANCE AND PENSION FUNDS

101-	PLI and Annuity Fund	CR			CR						CR	
103-	Central Govt. Employees Group Insurance Scheme	DR			DR						DR	
TOTAL - 8011		CR			CR						CR	

8012 SPECIAL DEPOSIT AND ACCOUNTS

110-	Compulsory Deposit	CR			CR						CR	
TOTAL - 8012		CR			CR						CR	

Note :-A sum of Rs -----thousands under Major Head "8011, Minor Head 101 has been Profoma dropped in terms of CGA Ministry of Finance, (Deptt of Expr) O.M.No.18(9)/92/TA/Pt/93 dated 11-02-2004.

SECTOR (J)-RESERVE FUND

Sub Sector (b) Reserve Fund not bearing Interest

DEPRICIATION/RENEWAL RESERVE

8226 FUND

102-	Depreciation Reserve Fund of Govt. Non Commercial Deptt.	CR			CR					CR
TOTAL - 8226		CR			CR					CR
TOTAL - SECTOR - (J)		CR			CR					CR

K- DEPOSIT & ADVANCES

8342 OTHER DEPOSITS

112-	Field Deposits	CR			CR					CR
117	Defined Contributory Pension Scheme for Govt employees	CR			CR					CR
TOTAL - 8342		CR			CR					CR

8443 CIVIL - DEPOSITS

124-	Unclaimed Deposit in G.P.F.	CR			CR					CR
126-	Unclaimed Deposit other G.P.F.	CR			CR					CR
TOTAL - 8443		CR			CR					CR

8444 DEPOSIT - DEFENCE

101-	Defence Service Deposits	CR			CR					CR
102-	Unclaimed PF Deposits	CR			CR					CR
800-	Other Deposits	CR			CR					CR
TOTAL - 8444		CR			CR					CR

8550 CIVIL ADVANCES

103-	Other Departmental Advances	DR			DR					DR
104-	Other Advances	DR			DR					DR
TOTAL - 8550		DR			DR					DR

8551 DEFENCE ADVANCES

101-	Defence Advances	DR				DR						DR	
TOTAL - 8551		DR				DR						DR	
TOTAL - SECTOR-(K)		CR				CR						CR	

L- SUSPENSE AND MISC**8659 SUSPENSE ACCOUNT (DEFENCE)**

101-	Pay & Accounts Officer Suspense	DR				DR						DR	
102-	Accountant General - Suspense	DR				DR						DR	
108-	Public Sector Bank - Suspense	DR				DR						DR	
109-	Reserve Bank - Suspense	DR				DR						DR	
113-	Provident Fund - Suspense	DR				DR						DR	
121-	Additional DA deposit suspense Account (new)	DR				DR						CR	
138-	Other Nominated Bank (PSB) Susp	DR				DR						DR	
140	Misc. Suspense	DR				DR						CR	
TOTAL - 8659		DR				DR						DR	

8670 CHEQUES AND BILLS

109-	Defence Cheques	CR				CR						CR	
TOTAL - 8670		CR				CR						CR	

8671 DEPARTMENTAL BALANCES

104-	Defence	CR				CR						CR	
TOTAL - 8671		CR				CR						CR	

8672 PERMANENT CASH IMPREST

104-	Defence	DR				DR						DR	
TOTAL - 8672		DR				DR						DR	

SECURITY DEPOSIT MADE BY**8674 GOVERNMENT**

101-	Security Deposit made by Government	DR				DR						DR	
TOTAL -8674		DR				DR						DR	

8675 DEPOSIT WITH RESERVE BANK

104-	Defence											
------	---------	--	--	--	--	--	--	--	--	--	--	--

8677 REMITTANCE INTO BANK / TREASURIES

104-	Defence	CR			CR					CR	
TOTAL - 8677		CR			CR					CR	

8679 ACCOUNTS WITH GOVERNMENT OF OTHER COUNTRIES

103-	MYANMAR	DR			DR					DR	
105-	PAKISTAN	DR			DR					DR	
108-	UNITED KINGDOM	DR			DR					DR	
TOTAL - 8679		DR			DR					DR	

8680 MISC. GOVERNMENT ACCOUNT

101-	Ledger Balance Adjusting Account					-					
102-	Writes Off from Head of Accounts Closing to Balances					-					
TOTAL - 8680						-					

TOTAL -SECTOR- (L)		CR			CR					DR	
---------------------------	--	-----------	--	--	-----------	--	--	--	--	-----------	--

M- REMITTANCES**8782 CASH REMITTANCES AND ADJUST MENTS OFFICERS RENDERING ACCOUNTS TO THE SAME ACCOUNTANT GENERAL/ACCOUNTS OFFICER**

110-	(I) Transfer between PAO's of the some Ministries	DR			DR					DR	
123-	Remittance of M.E.S.	DR			DR					DR	
124-	Transfer between Officers of the MES	CR			CR					CR	
TOTAL - 8782		DR			DR					DR	

8787 ADJUSTING ACCOUNTS WITH RAILWAYS

101-	Adjusting Account with Railways	DR			DR					DR	
TOTAL - 8787		DR			DR					DR	

8788 ADJUSTING ACCOUNTS WITH POST

101-	Adjusting Accounts with Post	CR				CR					CR	
	TOTAL - 8788	CR				CR					CR	

8797 EXCHANGE ACCOUNTS

101-	Accounts between Defence Accounts Officers	DR				DR					DR	
	TOTAL - 8788	DR				DR					DR	
	TOTAL - SECTOR-M	DR				DR					DR	

	TOTAL (PUBLIC ACCOUNT)	CR				CR					CR	
	TOTAL (CONSOLIDATED FUND & PUBLIC ACCOUNT)	CR				CR					CR	

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 st April		Proforma accepted/ dropped during the year		Revised opening Balances as on 1 st April		Amount compiled during the year		Clearance during the year		Closing Balances as on 31 st March	
			1	2	3	4		5		6		7		8
			Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges	Receipts	Charges

SECTOR F LOANS & ADVANCES

6425 LOANS FOR
COOPERATION

108	0	012/00												
	Total MH 6425													
7610	LOANS TO GOVT SERVANT													
201	House Building Advances	00/012/07												
		00/012/17												
		Total												
202	Adv for purchase of Motor Conveyances													
		012/12												
		012/13												
		012/22												
		012/23												
		Total												
203	Adv for purchase of other conveyances													
		012/09												
		012/19												
		Total												
204	Adv for purchase of Computer													
		012/15												
		012/25												

800	Other Advances												
		012/10											
		012/20											
		Total											
	Total MH 7610												

7615 MISCELLANEOUS LOANS**200** Miscellaneous Loans

	Regimental and other Loans	012/29											
	Miscellaneous Loans	012/30											
	Loans to DAD Canteens	012/31											
	Total MH 7615												
	TOTAL CONSOLIDATED FUND OF INDIA												

8000 CONTINGENCY FUND**i)** Defence Services

	Army	013/01											
	Navy	013/02											
	Air Force	013/03											
	Pensions	013/04											
	Capital Outlay on Defence Services	013/05											
	Pre-partition Receipts/Payments	013/06											
	Payments of Commuted value of Pension	013/07											
	Loans to Government Servants	013/08											
	Total MH 8000												
	TOTAL CONTINGENCY FUND OF INDIA												

SECTOR 1 SMALL SAVINGS PROVIDENT FUND ETC**I**

8008 03 **MANAGEMENT
OF SMALL
SAVINGS
SCHEME**

103 MANAGEMENT
OF SMALL
SAVINGS SCHEME

	Commission under Pay Roll Saving Scheme	004/26											
	Commission under Pay Roll Saving Scheme	Total											
	Total MH 8008												

8009 GENERAL PROVIDENT FUND

01 GENERAL
PROVIDENT
FUND

01 CIVIL
101 General Provident
Fund

	Rupee Branch	015/01											
	Sterling Branch	015/02											
	GPF DA	015/31											
	GPF ADA	015/32											
	GPF Addl HRA/CCA	015/74											
	GPF Arrears of Pay	015/81											
	Total												

102 Contributory Provident Fund

	Rupee Branch	015/03											
	Sterling Branch	015/04											
	GPF DA	015/33											
	GPF ADA	015/34											
	GPF Addl HRA/CCA	015/75											
	GPF Arrears of Pay	015/82											
	Total												

02 DEFENCE
101 Defence Savings
Provident Fund

	DSP Fund	015/07											
	DSPF IR	015/37											
	DSPF ADA	015/47											
	Total												

102 Defence Services Officers Provident Fund

	Rupee Branch	015/08											
	Sterling Branch	015/09											
	DSOPF DA	015/38											
	DSOPF ADA	015/48											
	DSOPF Addl HRA/CCA	015/76											

8011 INSURANCE & PENSION FUNDS

103 Central Govt.
Employees Group
Insurance Scheme

	Insurance Fund	015/60											
	Savings Fund	015/61											
		Total											
101	Postal Life Insurance Annuity Fund	024/00											
101	0	Total											
	Total MH 8011												

8012 00 SPECIAL DEPOSITS & ACCOUNTS

110 Compulsory Deposits

	Income Tax Payers	015/20											
	Employees other than those liable for Income Tax	015/21											
	Total MH 8012	Total											

SECTOR J RESERVE FUND

(b) **RESERVE FUND NOT BEARING INTEREST**

8226, 00, DEPRECIATION / RENEWAL OF RESERVE FUND

102 Depreciation/Reserve Funds of Govt. Non-Commercial Department

	Renewal Reserve Fund Ord. Factories	016/00											
	Total MH 8226	Total											

SECTOR K DEPOSITS AND ADVANCES

a. **DEPOSITS BEARING INTEREST**

8342,00, OTHER DEPOSITS

112	Field Deposits	016/01											
------------	----------------	--------	--	--	--	--	--	--	--	--	--	--	--

8787, 00,

**ADJUSTING
ACCOUNT WITH
RAILWAYS**

101 Adjusting Account
 with Railways

	South Central Railway, Secunderabad	023/01																	
	Southern Railway, Chennai	023/02																	
	Central Railway, Mumbai	023/03																	
	Northern Railway, New Delhi	023/04																	
	Eastern Railway, Kolkata	023/05																	
	North East Railway, Gorakhpur	023/06																	
	North East Frontier Railway, Pandu	023/07																	
	South Eastern Railway, Kolkata	023/08																	
	Western Railway, Mumbai	023/09																	
	Chittaranjan Loco Works, Chittaranjan	023/10																	
	Integral Coach Factory, Perambur	023/11																	
	Dy. FA&CAO, Central Org. for modernisation of Workshop, ND.	023/12																	
	FA & CAO Wheel and Axle plant Yehlanka, Bangaluru	023/14																	
	F & CAO Diesel Locomotive works, Varanasi	023/15																	
	Met Transport Project, Kolkata	023/16																	
	FA & CAO Central Rly Electrification, Allahabad	023/17																	
	Secretary, Railways Board Rail Bhawan, New Delhi.	023/18																	
	Met Transport Project Chennai	023/19																	
	Met Transport Project, New Delhi	023/20																	

	Ambala	024/17												
	Ahmadabad	024/18												
	P&T Chennai	024/24												
	Total MH 8788	Total												

8797 EXCHANGE ACCOUNTS

0 Accounts between
Defence Accounts
Officers
101 Controller of
Defence Accounts,
Patna
(1)

	Originating Rt/Payment by other PCDA/CDA on a/c of CDA Patna	070/21												
	Responding Dr/Cr by other PCDA/CDA to CDA Patna	070/22												
	Total													

(2)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr. CDA(P) Allahabad	071/21												
	Responding Dr/Cr by other PCDA/CDA to Pr. CDA(P) Allahabad	071/22												
	Total													

(3)

	Originating Rt/Payment by other PCDA/CDA on a/c of PCDA (O), Pune	072/21												
	Responding Dr/Cr by other PCDA/CDA to PCDA (O), Pune	072/22												
	Total													

(4)

	Originating Rt/Payment by other PCDA/CDA on a/c of CDA (A), Meerut	073/21												
	Responding Dr/Cr by other PCDA/CDA to CDA (A), Meerut	073/22												
	Total													

(5)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr.CDA (SC), Pune	074/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA (SC), Pune	074/22												
		Total												

(6)

	Originating Rt/Payment by other Pr PCDA/CDA on a/c of Pr CDA Bangalore	075/21												
	Responding Dr/Cr by other Pr CDA to Pr CDA Bangalore	075/22												
		Total												

(7)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr.CDA(WC), Chandigarh	076/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA(WC), Chandigarh	076/22												
		Total												

(8)

	Originating Rt/Payment by other PCDA/CDA on a/c of PCoA (Fys), Kolkata	077/21												
	Responding Dr/Cr by other PCDA/CDA to PCDA (Fys), Kolkata	077/22												
		Total												

(9)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr.CDA(AF), Dehradun	078/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA(AF), Dehradun	078/22												
		Total												

(10)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr.CDA (N), Mumbai	079/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA (N), Mumbai	079/22												
		Total												

(11)

	Originating Rt/Payment by other PCDA/CDA on a/c of CDA (Funds), Meerut	080/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA (Funds), Meerut	080/22												
		Total												

(13)

	Originating Rt/Payment by other PCDA/CDA on a/c of Pr.CDA (NC), Jammu	082/21												
	Responding Dr/Cr by other PCDA/CDA to Pr.CDA (NC), Jammu	082/22												
		Total												

(14)

	Originating Rt/Payment by other PCDA/CDA on a/c of ZO (DPD), Chennai	083/21												
	Responding Dr/Cr by other PCDA/CDA to ZO (DPD), Chennai	083/22												
		Total												

(15)

	Originating Rt/Payment by other PCDA/CDA to CDA (CSD), Mumbai	085/21												
	Responding Dr/Cr by other PCDA/CDA to CDA (CSD), Mumbai	085/22												
		Total												

(16)

	GRAND TOTAL CONSOLIDATED FUND OF INDIA, CONRINGENCY FUND OF INDIA AND PUBLIC ACCOUNT OF INDIA	0												

NB:- (I)The format is not Controller specific. The code heads relevant to PCDA/CDA may be incorporated.

Annexure C10

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 transactions operated during the year		Total amount of the Responding dummy transactions 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, and Remittances and Contingency Fund of India (AROB), 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'.

JtCDA/AddICDA

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 EDP Centre as a result of mechanical matching and manually cleared on the basis of Change Statement by EDP 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 EDP 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.

ACTION TAKEN NOTE

Sl 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

Year wise break-up of balances

(Annexure 13 to 18 not attached)

**APPENDIX X
(Referred to in Para 223)**

List of Locally Controlled Heads

Sub and Minor Heads	Detailed Heads	Officers responsible for control at Integrated HQ of MOD (Army)	Remarks
I – MAJOR HEAD 2076 – DEFENCE SERVICES- ARMY			
Minor Head 103 – Auxiliary Forces			
A – Territorial Army (a) Un-embodied Units (b) Embodied Units	(iii) Miscellaneous expenses (v) Incidental charges grant (4) Unit allowances and Miscellaneous expenses.	Director General Territorial Army	
Minor Head 104 – Civilians			
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 employ ed in AFMSD s.
I – Minor Head (b) Command Head- quarters, Technical Examiners Organisation	(1) Officers (2) Others	Addl. Director General, Tech. Examination, QMG's Branch	
K – Military Engineer Service – (a) MES establishment (Other than ESDs)	(1) Officers (2) Others	Quarter Master General	
(b) Engineer Store Depots	(1) Officers (2) Others (3) 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 106 – Military Farms			
	All detailed Heads	Dy. Director General Military Farms QMS Branch	
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 C – Miscellaneous Expenses E – Purchase of Materials	(3) Industrial Establishments (1) Materials purchases locally	DGQA	
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	
Minor Head 113 – National Cadet Corps		
All Sub and Detailed Heads	DG NCC	

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	
	(a) Conservancy Charges	Q3B
	(b) Hot Weather Establishment Charges	Q3B
	(c) Adm of Non-Cantt Stations	Q3B
2.	Sub Head B – Miscellaneous Expenses	
	800 (B) (a) Unit Allices and Other Misc Expenses	
	800 (B) (a) 2. Fighting Services	AG (Bud)
	800 (B) (a) 3. Specialised Training & Educational Establishments	
	(a) EME Dte	EME (Fin)
	(b) Ord Dte	OS – 20
	(c) E-in-C Branch	ES – 3
	(d) RV Dte	RV 2 (b)
	(e) ST Dte	ST 11
	(f) AG’s Branch	AG (Bud)
	(g) Arty Dte	Arty 1
	(h) Inf. School	GS 1 (x)
	(i) NDC	Comdt NDC
	(j) Mt Dte	MT 1
	(k) AC School	AC Dte
	(l) SFL	Dir SFL
	(m) Sainik School	MbD SS
	(n) Project Suraj	Sig 10
	(o) MCTE	Sig 4 (d)
	800 B (a) 4. ASC Unit and Fmns	
	(a) Sup/FI Units	ST 11
	(b) AT/MT Units	ST 11
	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	
	(a) AG’s Branch	AG (Bud)
	(b) DGAFMS	DG 2
	800 B (a) 9. Army HQ, Comd HQ & Other Staff Fmns	
	(a) DTE	DTE (QIE)

	<ul style="list-style-type: none"> (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) 	<p>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)</p>
	800 B (a) 10. MES Establishments	E 5
	800 B (a) 11. Other Misc. Estts.	
	<ul style="list-style-type: none"> (a) AG's Branch (b) E-in-C's Branch (c) MO GSGS (d) Mov Dte (e) AMSS Centre (f) Plan ASCON (g) ELINT 	<p>AG (Bud) E 5 MO (GSGS) Q Mov Plg Sigs. Adm Signs AdM MI 13</p>
	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)
	<p>800 B (b) Amenities to Troops</p> <p>800 B (c) Annual Trg. Grant</p> <ul style="list-style-type: none"> (1) MT Dte (2) NDC <p>800 B (d) ETG and Libraries</p> <ul style="list-style-type: none"> (1) E-in-C's Branch (2) MI Dte (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) SI Dte (14) WE Dte 	<p>AG (Bud)</p> <p>MT 1 Comdt. NDC</p> <p>E 5 MI 21 AG (Bud) MT 15 MOD PP Coord ST 8 MOD Comdt. NDC Sigs 10 DOMS Sig Adm SI 11 WE 1</p>
	<p>800 B (e) TTIEG</p> <ul style="list-style-type: none"> (1) E-in-C's Branch (2) Sigs Dte (3) EME Dte (4) MIC Dte (5) AD Dte 	<p>ES 3 Sigs 1 (e) EME (Fin) AC Dte AD Dte</p>

	(6) Arty Dte (7) Army Aviation	Arty 1 AA 6
	800 B (f) Printing, Stationery and Forms	DMR & F
	800 B (g) Cost of Telegrams issued without pre-payment	DFA (GS)
	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	Pnr Dte 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	
Sub Head 800 – C: Sports Activities		MT Dte
Sub Head 800 – E: Dept Canteens		CAO

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 Directorate of logistic support 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

MINOR HEAD – 111 – WORKS	
MINOR HEAD – 112 – Joint Staff	
All Sub Heads and Detailed Heads	HQ IDS

MINOR HEAD – 800 – OTHER EXPENDITURE

(a) Unit allowances and Miscellaneous expenses	<ol style="list-style-type: none"> 1. Afloat 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
Minor Head - 104 - Civilians	
(d) Pay and allowances of Industrial Employees	Air Officer – in – Charge Personnel and Organisation
Minor Head - 105 - Transportation	
(e) Hired Transport Charges	Air HQrs.

Minor Head 110 - Stores		
(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 Purchases --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
Minor Head 111 - Works		
(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
Minor Head 800 – Other Expenditure		
(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 2079 – DEFENCE SERVICES – ORDNANCE FACTORIES

All Locally Controlled Heads		Director General, Ordnance Factories
------------------------------	--	---

V – 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
Minor Head 102 – Pay and Allowances of Civilians			
Pay and allowances of Civilians	(3) Industrial Establishment	Director General Defence Research & Development	
Minor Head 102 – Pay and Allowances of Civilians			
(a) Indigenous Stores	Store purchase locally	Director General Defence Research & Development	

APPENDIX XI

THE DEMAND FOR GRANTS FOR DEFENCE AND THE INTEGRATED FINANCIAL ADVICE SYSTEM

Ministry of Defence submits 8 Demands for Grants to the Parliament- 6 Demands under Defence Services Estimates for Army, Navy, Air Force, Ordnance Factories, Research and Development and Capital outlay and 2 demands under Civil Estimates for (i) Ministry of Defence (Civil) including Defence Accounts Department, Loans and Equities to PSUs under Ministry of Defence and Loans to States for Water Supply Scheme and (ii) Defence Pensions.

After the Departmentalisation of Accounts in 1976, the Secretary to the Department/Ministry is to act as the Chief Accounting Authority and discharge this responsibility through and with the assistance of the Integrated Financial Adviser of the Ministry/ Department.

The CGDA is the Principal Accounts Officer of the Ministry of Defence.

The Appropriation Accounts of the Ministry/ Department are to be signed by the Secretary as the Chief Accounting Authority.

Under the IFA System, role of IFA has been notified by Ministry of Finance as rationalised vide OM No F.No 5(6)/L&C/2006 dt 01-06-2006. As per this OM, the role of FA is now conceived to be akin to the role of Chief Financial Officer in a corporate structure, with specific responsibilities for ensuring fiscal prudence and sound financial management. Following are some of the specific tasks related to accounting works which the IFAs are to be responsible for-

- a) Budget formulation
- b) Outcome budget
- c) Performance budget
- d) Fiscal responsibility and budget management related task
- e) Expenditure and cash management
- f) Non-tax receipts
- g) Tax expenditure
- h) Monitoring of assets and liabilities
- i) Financial Management System

All defence matters having financial and accounting implications are dealt with by the Finance Division of the Ministry of Defence which 'is headed by the Financial Adviser (Defence Services). The role of the Financial Adviser is to render financial advice to Defence Services on all matters of Defence and to ensure adequate financial control over Defence expenditure.

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This index has been compiled solely for the purpose of references. No expression used in it should be considered as in any way interpreting the rules

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ABBREVIATIONS USED IN THE DEFENCE ACCOUNT CODE		
SI No	Abbreviation	Expansion
1	AG	Accountant General
2	C & AG	Comptroller & Auditor General of India
3	CAA	Chief Accounting Authority
4	CBEC	Central Board of Excise and Customs
5	CDA	Controller of Defence Accounts
6	CGA	Controller General of Accounts
7	CTRs	Central Treasury Rules
8	DAC	Defence Accounting Circle
9	DDO	Drawing and Disbursing Officer
10	DDP	Distributed Data Processing Centre
11	DIDS	Defence Inter Departmental Schedule
12	EDP	Electronic Data Processing Centre
13	FPB	Focal Point Branch
14	HCI	High Commission of India
15	ID	Inter departmental
16	LMMH	List of Major and Minor Heads of Account of Union and States
17	MEA	Ministry of External Affairs
18	PAC	Public Accounts Committee
19	PCDA	Principle Controller of Defence Accounts
21	RBI	Reserve Bank of India
22	RD&R	Revenue, Debt and Remittances