



ARTICLE 8

The Wrong and Excessive Use of Minor Head 800 in Government Accounting: A Threat to Fiscal Transparency

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Abstract

The recurrent and indiscriminate use of Minor Head 800 – ‘Other Receipts’ and ‘Other Expenditure’ – by State Governments has led to increasing opacity in public accounts, as revealed in the State Finances Audit Reports (SFARs) of various States issued by the Comptroller and Auditor General (CAG) of India. This article analyzes data from the CAG reports of Telangana, Uttar Pradesh, and Madhya Pradesh, highlighting trends, systemic issues, and risks that emerge from such practices. The findings underscore the urgent need for strict adherence to budget classification norms and proactive monitoring mechanisms to preserve accountability and to ensure a transparent depiction of government finances.

Keywords

Minor Head 800, Government Accounting, Fiscal Transparency, Public Financial Management, State Finances Audit Report, Misclassification of Expenditure, Comptroller and Auditor General of India and Indian Government Accounting Standards.

8.1 Introduction

The Government Accounting system in India follows a well-structured classification prescribed in the List of Major and Minor Heads of Accounts issued by the Ministry of Finance. Transactions are recorded under Major Heads (representing functions of government, such as Education, Health, or Roads), which are further divided into Sub-Major Heads, Minor Heads, Sub-Heads, Detailed Heads, and Object Heads to capture the nature, purpose, and object of expenditure or receipts in a systematic manner. This multi-tiered coding ensures comparability across departments and facilitates fiscal transparency and accountability.

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Within this structure, Minor Head 800—designated as a residual category for both receipts and expenditures when no specific head is available—is intended to be used rarely and only under exceptional circumstances. However, evidence from recent State Finances Audit Reports (SFARs) points towards its widespread and excessive use, raising critical concerns regarding fiscal discipline and the integrity of public financial reporting.

8.2. Overview of Findings from Selected States

8.2.1 Telangana

The SFAR for Telangana reveals a disturbing trend: out of ₹7,904 crore booked under Minor Head 800 (Other Receipts) in 2022–23, a staggering ₹6,560 crore—constituting over 83% of the total receipts, under this head was classified under heads with no descriptive detail beyond “Other Receipts/ Other items.” Notably, ₹5,796 crore of this amount was recorded in March alone—₹5,562 crore of which was booked by PAO Hyderabad Urban—primarily due to lapsing of deposits that should have been treated as a reduction of expenditure instead of revenue income. Instead of adjusting these lapsed balances as a reduction of expenditure—which would correctly reflect that the money was not actually utilized—they were transferred to the Consolidated Fund and shown as revenue receipts. This accounting treatment artificially inflated the government’s revenue position, while simultaneously concealing the underutilization of funds originally earmarked for specific purposes.

On the expenditure side, ₹1,719 crore was classified under Minor Head 800 across nine major heads, with many descriptions remaining as “Other Expenditure.” Alarming, ₹74 crore under relief for natural calamities lacked specific detailing, eroding the purpose of program-based budgeting (Table 8.1).

Table 8.1 Use of Minor Head 800 with relatable Sub-Head despite the availability of a specific Minor Head

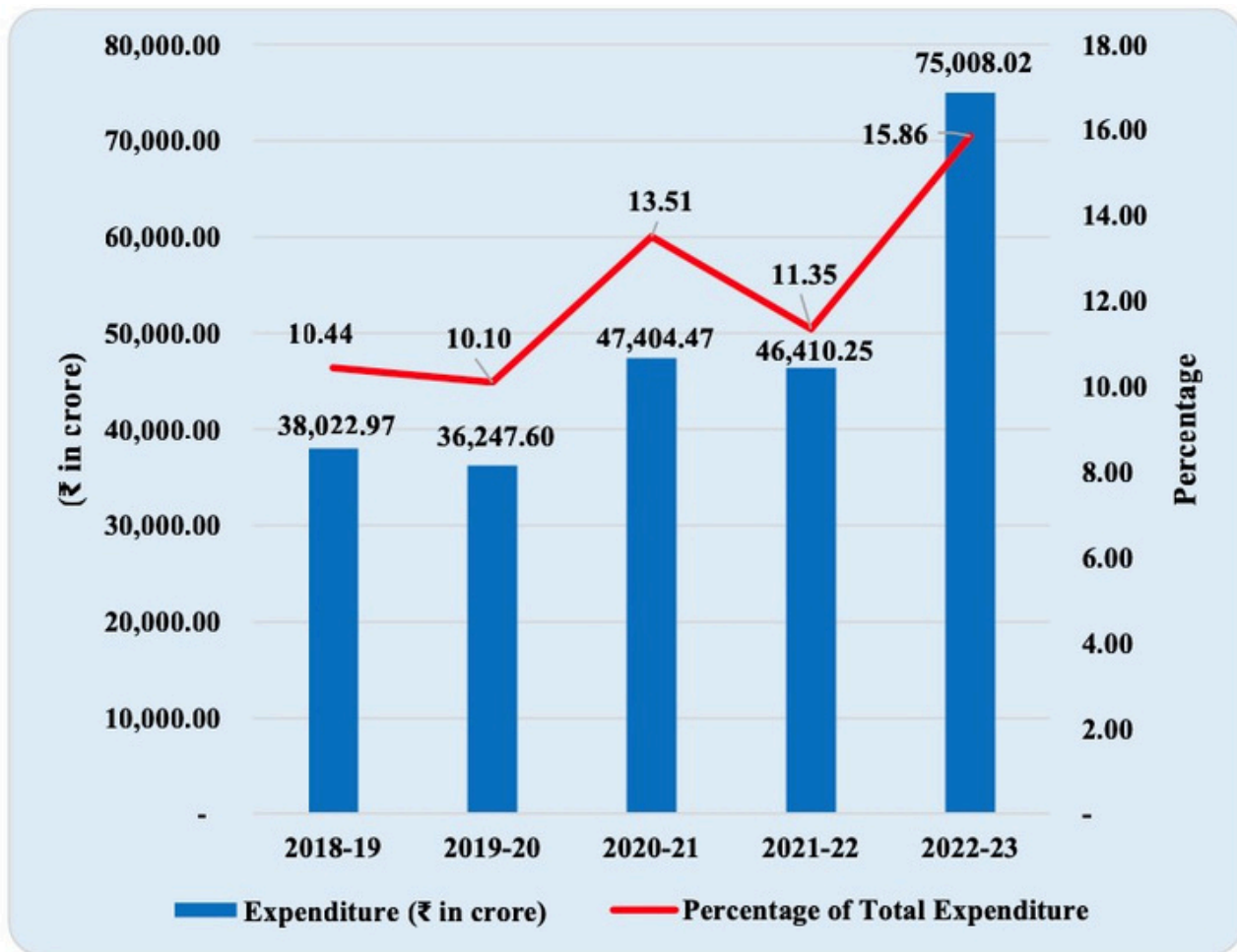
Sl. No.	Classification under Minor Head – 800	Description of Sub-Head used	Related specific Minor Head to be used	Description of related specific Minor Head Available	Amount (₹ in Lakh)
Receipts					
1	0070-60-800-25	Receipts under Right to Information Act, 2005	0070-60-118	Receipts under Right to Information Act, 2005	1.33
2	0202-04-800-01	Receipts of the Department of Archaeology	0202-04-101	Archives and Museums	53.71

Source: Finance Accounts

8.2.2 Uttar Pradesh

Uttar Pradesh’s SFAR for 2022–23 reveals ₹7,327.58 crore in revenue receipts booked under Minor Head 800 across 53 major heads—constituting 1.76% of total revenue receipts. Several major heads, including Power (₹964.52 crore), Non-Conventional Energy (₹293.35 crore), and Urban Development (₹175.80 crore), recorded 100% of their receipts under Minor Head 800.

Figure 8.1 Operation of Minor Head 800 - Other Expenditure during 2018-23



Source: Finance Accounts of respective years

Even more concerning is the expenditure trend: numerous major heads such as Civil Aviation, Taxes on Sales, and Telecommunications reported 100% of their total expenditure under Minor Head 800. In aggregate, 25 grants reported more than 5% of their total expenditure under the omnibus Object Head ‘42 – Other Expenditure,’ with some reaching over 70%, thereby compromising budget transparency and rendering audit oversight difficult.

8.2.3 Madhya Pradesh

Madhya Pradesh's accounts exhibit ₹9,366.41 crore in receipts and ₹36,879.90 crore in expenditure classified under Minor Head 800 in FY 2022–23, accounting for 4.59% and 15.09% respectively of total receipts and expenditure. Audit scrutiny found that even where specific minor heads existed (e.g., for sports stadia, women's welfare, and rural roads), funds were still booked under Minor Head 800. This included critical schemes like Mukhyamantri Gram Sadak Yojana and Mukhyamantri Kisan Kalyan Yojana, which had no detailed subclassification (Table 8.3).

Table 8.2: Amount (In ₹ crore) Booked under Minor Head 800 - Other Receipts and Other Expenditure

Particulars	Receipts		Expenditure	
	Amount (₹ in crore)	Heads of Account	Amount (₹ in crore)	Heads of Account
100 per cent	727.42	0047, 0059, 0211, 0220, 0235, 0404, 0408, 0702, 0801, 0852, 1452	2,289.10	2250, 2705, 2852, 4401, 4408, 4705, 4853, 5475
Between 75 per cent and 99 per cent	2,372.26	0217, 0401, 0435, 0515, 0700, 0802	15,016.40	2217, 2702, 4700, 4701, 4875
Between 50 per cent and 74 per cent	95.47	0210	1,570.28	2075, 2851, 3454, 4406
Less than 50 per cent	6,171.26	Other Major Heads	18,004.12	Other Major Heads
Total	9,366.41		36,879.90	

Source: Finance Accounts 2022-23

Table 8.3: Booking under Minor Head 800 instead of Valid Minor Head

Name of the Scheme	Expenditure booked under Minor Head 800- Other expenditure	Major Head	(₹ in crore)
			Minor head to be used as per List of Major and Minor Heads
6693-Mukhya Mantri kanya Abhibhavak Yojna	10.05	2235-Social Security and Welfare	104-Welfare of aged, infirm and destitute
5159-Khel Akadmiyon ki sthapna	23.68	4202- Capital Outlay on Education, Sports, Art and Culture	101-Youth Hostels or 102- Sports Stadia
6703-Khel stadium evam khel adhosanrachna	10.00		102- Sports Stadia
0654-Mukhya Mantri Gram Sadak Yojana	384.00	4515- Capital Outlay on other Rural Development Programmes	103- Rural Development
7352-Prashashkiya bhavano ka Nirman	52.86	4055- Capital Outlay on Police	207- State Police or 211-Police Housing
6345-Mukhya Mantri Kisan Kalyan Yojana	1,671.00	2401- Crop Husbandary	115- Scheme of small /Marginal farmers and agricultural labour
5722-Establishment of Call Centre	13.00	2053- District Administration	094-Other Establishment
2087- Acharya Vidyasagar Gau Samvardhan Yojana	3.20	2403-Animal Husbandary	102- Cattle and Buffalo Development
Total	2,167.79		

Source: VLC data compiled by O/o the PrAG (A&E-I), Madhya Pradesh, Gwalior



8.3 Risks and Implications

The overuse of Minor Head 800 undermines the core principles of government accounting:

- **Erosion of Transparency:** Classification under generic heads prevents the identification of the nature, source, and purpose of transactions. This distorts policy analysis and weakens fiscal accountability.
- **Impacts on Planning and Oversight:** Misclassification hinders accurate assessment of departmental performance, program effectiveness, and allocative efficiency. It also inhibits the Legislature and Public Accounts Committee (PAC) from exercising effective oversight. This lack of clarity prevents meaningful scrutiny of whether funds were spent for their intended purposes, reduces the ability of PAC to hold departments accountable, and ultimately weakens the Legislature's power of the purse—a cornerstone of democratic financial control.
- **Masking of Lapses:** Booking lapses of unspent balances into revenue receipts, as seen in Telangana, artificially inflates revenue and conceals underutilization or inefficiencies in expenditure.
- **Undermining Indian Government Accounting Standards (IGAS):** In Uttar Pradesh and Madhya Pradesh, failure to adhere to IGAS-1 (on guarantees), IGAS-2 (on grants in-aid), and IGAS-3 (on loans and advances) was noted, compounding the problem of fiscal opacity.

8.4 Conclusion

The routine and often unjustified use of Minor Head 800 by State Governments is more than a technical anomaly—it is a serious threat to transparency, accountability, and democratic oversight. Though the analysis is done for three states, i.e., Uttar Pradesh, Madhya Pradesh and Telangana, the same misuse of minor head 800 is a common practice among other state governments also in India, as highlighted in individual SFARs of those states.

A transparent public accounting system is not merely an administrative necessity—it is a cornerstone of good governance.

8.5 Recommendations

- **Strict Enforcement of Budget Classification Norms:** Ministries and departments must be compelled to use specific minor heads as defined in the List of Major and Minor Heads (LMMH). Erroneous use of Minor Head 800 must attract strict action.
- **Timely Reconciliation and Reclassification:** Treasuries and Pay and Accounts Offices (PAOs) must ensure end-of-year reconciliation, particularly of lapses and Personal Deposit account balances, to prevent inappropriate revenue recognition.



- **Legislative and PAC Vigilance:** The Public Accounts Committee (PAC) should review the extent of Minor Head 800 usage in every budget session. Departments reporting a significant proportion of their total expenditure under this head may be summoned to justify. To ensure measurability, the PAC's annual report may include a dedicated section on the use of Minor Head 800.
- **Capacity Building in Budget Preparation:** Training budget officers and financial controllers on correct classification practices and the implications of misuse can go a long way in improving the quality of reporting.

Data Availability

There are no new data associated with this article.

Ethics Statement

This research met the ethical guidelines and legal requirements of the country in which it was performed.

Conflict of Interest

Not applicable

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