

## Structure of Accounts

1. The accounts of Government are kept in the following three parts:

Part I	Consolidated Fund
Part II	Contingency Fund
Part III	Public Account

In Part I, namely Consolidated Fund, there are two main divisions, Viz.:

**Revenue** - consisting of sections for 'Receipt heads (Revenue Account)' and 'Expenditure heads (Revenue Account)'

**Capital, Public Debt, Loans, etc.** - consisting of sections for 'Receipt heads (Capital Accounts)', 'Expenditure heads (Capital Accounts)' and 'Public Debt, Loans and Advances, etc'.

The Revenue division deals with the proceeds of taxation and other receipts classified as revenue and the expenditure met there from, the net result of which represents the revenue surplus or deficit for the year.

In Capital division, the section 'Receipt Heads' (Capital Account)' deals with receipts of capital nature which cannot be applied as set-off to capital expenditure.

The section 'Expenditure Heads (Capital Account)' deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent character. It also includes receipts of a capital nature intended to be applied as a set-off against expenditure.

The Section 'Public Debt, Loans and Advances, etc.' comprises loans raised and their repayments by Government such as 'Internal Debt' and 'Loans and Advances' made (and their recoveries) by Government. This section also includes certain special types of heads for transactions relating to 'Appropriation to the Contingency Fund' and 'Inter-State Settlement'.

In Part II, namely Contingency Fund, of the accounts, the transactions connected with Contingency Fund established under Article 267 of the Constitution of India are recorded.

In Part III, of the accounts, namely Public Account, the transactions relating to 'Debt' (other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' are recorded. The transactions under 'Debt', 'Deposits' and 'Advances', in this part are those 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' and 'Suspense' in this part embrace merely adjusting heads under which appear such transactions as remittances of cash between treasuries and currency chests, transfers between different accounting circles, etc. The initial debts 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.

**Sector and Heads of Accounts :** Within each of the sections in Part I mentioned above, the transactions are grouped into sectors such as 'Tax Revenue', 'Non-Tax Revenue' and

'Grants-in-aid and contributions' for the receipt heads (Revenue Account), and 'General Services', 'Social Services', 'Economic Services' and 'Grants-in-aid and contributions' for expenditure heads. Specific functions or services (such as Education, Sports, Art and Culture, Health and Family Welfare, Water Supply, Sanitation, Housing and Urban Development, etc. in respect of Social Services) are grouped in sectors for expenditure heads. In Part III (Public Account) also, the transactions are grouped into sectors, such as 'Small Savings', 'Provident Funds', 'Reserve Funds', etc. The Sectors are sub-divided into major heads of account. In some cases, the sectors are, in addition, sub-divided into sub-sectors before their division into major heads of account.

The major heads are divided into sub-major heads in some cases and minor heads, with a number of subordinate heads, generally known as sub-heads. The sub-heads are further divided into detailed heads. Under each of these heads, the expenditure is shown distributed between charged and voted. Some times major heads are also divided into sub-major heads before their further divisions into minor heads. Apart from the sectoral and sub-sectoral classification the Major Heads, Sub-Major Heads, Minor Heads, Sub-Heads, Detailed Heads and Object-Heads together constitute a six-tier arrangement of the classification structure of the Government Accounts. The major, minor and sub-heads prescribed for the classification of expenditure in the general accounts are not necessarily identical with the Grants, sub-heads and other units of allotments which are adopted by the Governments for Demands for Grants presented to the Parliament or Legislatures but in general a certain degree of correlation is maintained between the Demands for Grants and the Finance Accounts.

The major heads of accounts, falling within the sectors for expenditure heads, generally correspond to functions of Government, while the minor heads, subordinate to them, identify the programmes undertaken to achieve the objectives of the function represented by the major head. The sub-head represents the scheme, the detailed head, the sub-scheme and object head the object level of classification.

### **3. Coding pattern**

**Major Heads** :- From 1st April 1987 a four digit code has been allotted to the major heads, the first digit indicating whether the major head is a Receipt head or Revenue Expenditure head or Capital Expenditure head or a Loan head.

The first digit of code for Revenue Receipt head is either '0' or '1' . Adding 2 to the first digit code of the Revenue Receipt head will give the number allotted to corresponding Revenue Expenditure head; adding another 2, the Capital Expenditure; and another 2, the Loan head of Account. For example, for Crop Husbandry code 0401 represents the Receipt head, 2401 the revenue expenditure head, 4401 the Capital Outlay head and 6401 the Loan head.

Such a pattern is, however, not relevant for those departments which are not operating Capital / Loan heads of account e.g. Department of Supply. In a few cases, where receipt and expenditure are not heavy, certain functions have been combined under a single major head, the functions themselves forming sub-major heads under the Major head.

**Sub - Major heads** :- A two digit code has been allotted, the code starting from 01 under each Major head. Where no sub-major head exists it is allotted a code "00". The nomenclature 'General' has been allotted Code "80" so that even after further sub-major heads are introduced the code for 'General' will continue to remain the last one.

**Minor Heads** :- These have been allotted a three digit code, the codes starting from '001' under each sub-major/major head (where there is no sub-major head). Codes from '001' to '100' and few codes '750' to '900' have been reserved for certain standard minor heads. The coding pattern for minor heads has been designed in such a way that in respect of certain minor heads having a common nomenclature under many major / sub-major heads, the same three digit code is adopted as far as possible.

Under this scheme of codification, the receipt major heads (Revenue account) are assigned the block numbers from 0020 to 1606, expenditure major heads (revenue account) from 2011 to 3606, expenditure major heads (capital account) from 4046 to 5475, major heads under 'Public Debt', from 6001 to 6004 and those under 'Loans and Advances', 'Inter-State Settlement' and 'Transfer to Contingency Funds' from 6075 to 7999. The code number 4000 has been assigned for Capital receipt major head. The only major head 'Contingency Fund' in Part II 'Contingency Fund' has been assigned the code number 8000. The major heads in the Public Account are assigned the code number from 8001 to 8999.

**Example** : The coding pattern for the classification of transactions followed by State Government is as follows:

First/Second Tier	Major Head Sub-Major Head	2202 Education 01. Elementary Education
Third Tier	Minor Head	101 Government Primary Schools
Fourth Tier	Group Sub-Head	Schemes in the 8th Five Year Plan II. State Plan
	Sub-Head	JB. Additional enrolment of pupils of the age group 11-14
Fifth Tier	Detailed Head	01. Salaries
Sixth Tier	Object Head	(1) Pay (3) Medical (4) Other Allowances (7) Travel Concession.

The transactions included in these accounts represent mainly the actual cash receipts and disbursements during the financial year April to March as distinguished from amounts due to or from Government during the same period. The cash basis system is, however, not entirely suitable for recording the transactions and presenting the true state of affairs of Government commercial undertakings run on commercial principles. The detailed accounts of this class of undertaking are, therefore, maintained outside the regular accounts in proper commercial form and are subject to test-check by the Indian Audit and Accounts Department.

### Monthly Civil Accounts

Monthly Civil Accounts is a report showing the Receipts and Payments of the State Government together with the Opening and Closing Cash Balance of the Government. The receipts and payments details are shown Major Head wise indicating the figures for the current month and the progressive figures along with the Budget Estimates. This report is compiled from the 'Main Accounts' sent by the various Treasuries, Pay and Accounts

Officers, [Public Works](#) and [Forest](#) divisions, Agricultural Engineering Workshop, Motor Vehicle Maintenance Organisations and it includes [Settlement Accounts](#). The monthly civil accounts is submitted monthly to the Deputy Secretary, Finance (Ways & Means) Department of the State Government by the Accountant General on 25th of the month succeeding the account month. For e.g. 04/2002 accounts report was submitted to the State Government on 24th of May 2002. Through this report, the Government will be able to discern its financial position alongside the transactions relating to various functions.

### **Report on Expenditure**

Report on Expenditure is a monthly report showing the expenditure incurred under each head of account (Scheme Level i.e. sub-head wise) as against the Budget Estimates i.e. "Appropriation". This report is sent to the Finance department and to the various Heads of the Department (Chief Controlling Officers) to monitor and control the expenditure.

Besides the Civil Accounts, a critical review of the State Civil Account is also sent to the State Government quarterly after the rendition of Monthly Accounts for June, September, December and March.

### **Detailed Accounts**

In addition to the compilation of Monthly Civil Accounts, a monthly Detailed Account is also compiled. These detailed accounts contain the details of the receipts and payments up to the 'Object level' under each major head. The Detailed Accounts are prepared from the Sub-accounts sent by the various Treasuries, PAOs, Divisions and Inter Government Transactions etc. From these accounts, the annual accounts viz. Finance Accounts and Appropriation Accounts are prepared. The detailed accounts as such in the form of "12 months actuals" are also sent to the State Government for the preparation of Budget Estimates after the finalisation of annual accounts. These detailed accounts are also sent to the State Government in a soft copy every month.

### **Annual Finance Accounts**

Finance Accounts of the Government of Tamil Nadu presents the accounts of the receipts and outgoings of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debt and the liabilities and assets as worked out from the balances recorded in the accounts.

The Finance Accounts are prepared in two parts:

#### ***Part I : Summarised statements in respect of :***

- Summary of transactions
- Capital outlay – Progressive capital outlay
- Financial results of Major and Medium Irrigation works.
- Debt position.
- Loans and advances by the State Government.
- Guarantees given by the Government.
- Cash balances and investments of cash balances.

- Summary of Balances under Consolidated Fund, Contingency Fund & Public Account

## **Part II : Detailed accounts and other statements :**

### **A. Revenue and Expenditure**

- Statement of Revenue and Expenditure as a percentage of Total Revenue/Total Expenditure.
- Statement showing the distribution between charged and voted expenditure.
- Detailed account of revenue by minor heads
- Detailed account of expenditure by minor heads
- Details of Capital expenditure during and to the end of the year.
- Details of the investments of the Government in Statutory Corporations, etc.
- Statement showing the capital and other expenditure to the end of the year with principal sources from which funds were provided for that expenditure.

### **B. Debt, Contingency Fund and Public Account**

- Detailed Statement of receipts, disbursements and balances under heads of Account relating to Debt, Contingency Fund and Public Account.
- Detailed statement of Debt and other interest bearing obligations of Government.
- Detailed statement of Loans and Advances made by the Government.
- Statement showing the details of earmarked balances.
- The Finance Accounts for the year 2006 – 2007 was placed before the State Legislature on 14.05.2008.

### **Appropriation Accounts**

The Appropriation Accounts of the Government present, at the end of the financial year, the accounts of sums expended in the year ended 31st March compared with the sums specified in the schedules appended to the Appropriation Acts passed under Article 204 and 205 of the Constitution of India.

The Appropriation accounts include :

- Summary of Appropriation accounts showing the total amount of funds provided by the Legislature under each voted grant and charged appropriation, the actual expenditure incurred against each and the saving or excess under each grant or appropriation.
  - Details indicating the expenditure met out of advances from the Contingency fund which were not recouped to the Fund.
  - The Reconciliation between the total expenditure according to the Appropriation accounts and that shown in the Finance accounts for the year after taking into account of recoveries.
  - List of cases of excess over grants / appropriation requiring regularisation.
- Detailed Appropriation accounts of each grant / appropriation, indicating original grant / appropriation, additional funds provided during the year by Supplementary grants, total grant / appropriation, actual expenditure, saving or excess in the grant / appropriation as a whole and the amount surrendered during the year, along with

comments for the variations for items selected based on public account committee norms.

## **Others**

### **Public Works Divisions**

The Public Works Department consists of 178 Divisions. The accounts rendered by all the Divisions are consolidated into one common account for the Department as a whole striking the figures Major Head wise, etc. This gets included in the Monthly Civil Accounts.

### **Forest Divisions**

The Forest Department consists of 96 Divisions. The accounts rendered by all the Divisions are consolidated into one common account for the Department as a whole striking the figures Major Head wise etc. This gets included in the Monthly Civil Accounts.

### **Loans and Advances**

#### **To Government Servants :**

A detailed account of the loans and advances sanctioned to the Government employees and the recoveries thereof is maintained. At the end of the Financial year, the balances are communicated for confirmation.

#### **To Government Undertakings, Local Bodies etc. :**

In respect of this, a detailed account is maintained Administrator / Institution wise.

### **Inter Government Transactions**

This represents transactions taking place in other states, various Ministries/Departments of the Union Government adjustable in the Accounts of this State. Based on the accounts furnished by the other states, Union government, after settling the net amount due to / by us, the transactions are accounted against the respective Final Heads. In the existing parlance, the account is known as **Settlement Account**. Analogous to this, the various transactions taking place in this State, adjustable by the other Governments are passed on to them for settlement.