# GUIDE TO THE FINANCE ACCOUNTS

* 1. **Broad Overview of the Structure of Government Accounts**
     1. The Finance Accounts of the State of Nagaland present the accounts of 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 of the State Government as worked out from the balances recorded in the accounts. The Finance Accounts are accompanied by Appropriation Accounts, which present comparison of expenditure against the Grants/Appropriations.
     2. The Accounts of the Government are kept in the following three parts:

**Part I: Consolidated Fund:** This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means Advances (WMA) extended by the Reserve Bank of India (RBI) and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund, except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (*e.g.*, salaries of Constitutional authorities, loan repayments, *etc.*), constitute a charge on the Consolidated Fund of the State (*Charged* Expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted Expenditure) is voted by the Legislature.

The Consolidated Fund comprises two sections: Revenue and Capital (including Public Debt, Loans and Advances). These are further categorised under 'Receipts' and ‘Expenditure'. The Revenue Receipts section is divided into three sectors, *viz.*, 'Tax Revenue', 'Non Tax Revenue' and 'Grants-in-Aid and Contributions'. These three sectors are further divided into sub-sectors like 'Goods and Services Tax', 'Taxes on Income and Expenditure', 'Fiscal Services', *etc*. The Capital Receipts section does not contain any sectors or sub-sectors. The Revenue Expenditure section is divided into four sectors, *viz*., 'General Services', 'Social Services', 'Economic Services' and 'Grants-in-Aid and Contributions'. These sectors in the Revenue Expenditure section are further divided into sub-sectors, like, 'Organs of State', 'Education, Sports, Art and Culture', *etc*. The Capital Expenditure section is sub-divided into seven sectors, *viz*., 'General Services', 'Social Services', 'Economic Services', 'Public Debt', 'Loans and Advances', 'Inter-State Settlement' and 'Transfer to Contingency Fund'.

**Part II: Contingency Fund:** This Fund is in the nature of an imprest, which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. The Contingency Fund of the Government of Nagaland for 2023-24 is `0.35 crore.

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**Part III: Public Account**: All other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayable such as Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account comprises six sectors, *viz*., 'Small Savings, Provident Funds, *etc.*', 'Reserve Funds', 'Deposit and Advances', 'Suspense and Miscellaneous', 'Remittances', and 'Cash Balance'. These sectors are further sub-divided into sub-sectors. The Public Account is not subject to the vote of the Legislature.

* + 1. Government accounts are presented under a six tier classification, *viz.*, Major Heads (four digits), Sub-Major Heads (two digits), Minor Heads (three digits), Sub-Heads (two digits), Detailed Heads (two to three digits) and Object Heads (two/three/four digits). Major Heads represent functions of Government, Sub-Major Heads represent sub-functions, Minor Heads represent programmes/activities, Sub-Heads represent schemes, Detailed Heads represent sub‑schemes and Object Heads represent purpose/object of expenditure.
    2. The main unit of classification in accounts is the Major Head which contains the following coding pattern (according to the List of Major and Minor Heads corrected up to 31 March 2024).

***0005 to 1606 Revenue Receipts***

***2011 to 3606 Revenue Expenditure***

***4000 Capital Receipts***

***4046 to 7810 Capital Expenditure (including Public Debt,***

***Loans and Advances)***

***7999 Appropriation to the Contingency Fund***

***8000 Contingency Fund***

1. ***to 8999 Public Account***

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* + 1. A pictorial representation of the structure of accounts is given below:

**Structure of Government Accounts**

Government Accounts

Consolidated Fund

Contingency Fund

Public Account

Revenue

Small Savings, Provident Funds, etc., Reserve Funds, Deposits and Advances, Suspense and Miscellaneous, Remittances and

Capital, Public Debt, Loans, etc. Cash Balance

Receipts

Expenditure

Receipts

Expenditure /Payments

Tax, Non-Tax,

Grants-in-Aid and Contributions

General Services, Social Services, Economic Services and   
Grants-in-Aid and Contributions

General Services, Social Services, Economic Services, Public Debt, Loans and Advances, Inter-State Settlement and Transfer to Contingency Fund

# What the Finance Accounts contain

The Finance Accounts are presented in two volumes.

**Volume I** contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, 13 Statements which give summarised information on the financial position and transactions of the State Government for the current financial year and Notes to Finance Accounts. Description of 13 Statements and Notes to Finance Accounts in **Volume I** are given below:

1. **Statement of Financial Position**: This statement depicts the cumulative figures of assets and liabilities of the State Government, as they stand at the end of the year, and as compared to the position at the end of the previous year.

# GUIDE TO THE FINANCE ACCOUNTS- contd.

1. **Statement of Receipts and Disbursements**: This statement depicts all receipts and disbursements of the State Government during the year in all the three parts in which Government accounts are kept, *viz.*, the Consolidated Fund, Contingency Fund and Public Account. In addition, it contains an annexure, showing alternative depiction of Cash Balances (including investments) of the Government. The Annexure also depicts the Ways and Means position of the Government in detail.
2. **Statement of Receipts (Consolidated Fund)**: This statement comprises Revenue and Capital Receipts, Borrowings and Repayments of the Loans given by the State Government. This statement corresponds to Detailed Statements 14, 17 and 18 in Volume II of the Finance Accounts.
3. **Statement of Expenditure (Consolidated Fund)**: In departure from the general depiction of the Finance Accounts up to the Minor Head level, this statement gives details of expenditure by nature of activity (objects of expenditure) also. This statement corresponds to Detailed Statements 15, 16, 17 and 18 in Volume II.
4. **Statement of Progressive Capital Expenditure**: This statement corresponds to the Detailed Statement 16 in Volume II.
5. **Statement of Borrowings and Other Liabilities:** Borrowings of the Government comprise Market Loans raised by it (Internal Debt) and Loans and Advances received from the Government of India. 'Other Liabilities' comprise 'Small Savings, Provident Funds, *etc*.', 'Reserve Funds' and 'Deposits'. The statement also contains a note on service of debt and corresponds to the Detailed Statement 17 in Volume II.
6. **Statement of Loans and Advances given by the Government**: This statement depicts all Loans and Advances given by the State Government to various categories of loanees like Statutory Corporations, Government Companies, Autonomous and Other Bodies/Authorities and recipient individuals (including Government servants). This statement corresponds to the Detailed Statement 18 in Volume II.
7. **Statement of Investments of the Government**: This statement depicts investments of the State Government in the equity capital of Statutory Corporations, Government Companies, other Joint Stock Companies, Co-operative institutions and Local Bodies. This statement corresponds to Detailed Statement 19 in Volume II.
8. **Statement of Guarantees given by the Government**: This statement summarises the guarantees given by the State Government on repayment of principal and interest on loans raised by Statutory Corporations, Government Companies, Local Bodies and Other institutions. This statement corresponds to Detailed Statement 20 in Volume II.
9. **Statement of Grants-in-Aid given by the Government**: This statement depicts all Grants-in-Aid given by the State Government to various categories of grantees, like, Statutory Corporations, Government Companies, Autonomous and Other Bodies/Authorities and individuals. Appendix III provides details of the recipient institutions.

# GUIDE TO THE FINANCE ACCOUNTS- contd.

1. **Statement of Voted and Charged Expenditure**: This statement assists in the agreement of the net figures appearing in the Finance Accounts with the gross figures appearing in the Appropriation Accounts.
2. **Statement of Sources and Application of Funds for Expenditure other than on Revenue Account**: This statement is based on the principle that Revenue expenditure is expected to be defrayed from Revenue Receipts, while Capital Expenditure of the year is met from Revenue Surplus, net credit balances in the Public Account, Cash Balance at the beginning of the year, and Borrowings.
3. **Summary of Balances under Consolidated Fund, Contingency Fund and Public Account**: This statement assists in establishing the accuracy of the accounts. This statement corresponds to the Detailed Statements 14, 15, 16, 17, 18 and 21 in Volume II.

# Notes to Finance Accounts and Significant Accounting Policies

Notes to Finance Accounts provide disclosures and explanatory notes, which are intended to provide additional information/explanation relevant to the transactions, classes of transactions, balances, *etc.,* which shall be helpful to the stakeholders/users of the Finance Accounts.

Significant Accounting Policies, including basis of budget and financial reporting, requirements of Indian Government Accounting Standards (IGASs), form of accounts, classification between Capital and Revenue Expenditure, rounding off, periodical adjustments, *etc.,* are included as part of the Notes to Finance Accounts in Volume I of the Finance Accounts.

# Volume II of the Finance Accounts contains two parts - nine Detailed Statements in Part I and 13 Appendices in Part II.

**Part I of Volume II**

1. **Detailed Statement of Revenue and Capital Receipts by Minor Heads**: This statement corresponds to the Summary Statement 3 in Volume I of the Finance Accounts. In addition to representing details of Revenue Receipts at Minor Head level, this statement depicts details at Sub Head level in respect of Grants-in-Aid from Central Government.
2. **Detailed Statement of Revenue Expenditure by Minor Heads**: This statement, which corresponds to the Summary Statement 4 in Volume I, depicts the Revenue Expenditure of the State Government. Charged and Voted expenditure are exhibited distinctly.
3. **Detailed Statement of Capital Expenditure by Minor Heads and Sub Heads**: This statement, which corresponds to the Summary Statement 5 in Volume I, depicts the Capital Expenditure (during the year and cumulatively) of the State Government. Charged and Voted expenditure are exhibited distinctly. In addition to representing details of Capital Expenditure at Minor Head level, in respect of significant schemes, this statement depicts details at Sub Head level also.

# GUIDE TO THE FINANCE ACCOUNTS- contd.

1. **Detailed Statement of Borrowings and Other Liabilities**: This statement, which corresponds to the Summary Statement 6 in Volume I, contains details of all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), and Ways and Means advances extended by the Reserve Bank of India. This statement presents the information on loans under three categories: (a) details of individual loans; (b) maturity profile, *i.e.*, amounts payable in respect of each category of loans in different years; (c) interest rate profile of outstanding loans and annexure depicting Market Loans.
2. **Detailed Statement of Loans and Advances given by the Government**: This statement corresponds to the Summary Statement 7 of Volume I.
3. **Detailed Statement of Investments of the Government**: This statement depicts details of investments entity wise and Major and Minor Head wise details of Investments during the year, where there is a difference between Statement 16 and 19. This statement corresponds to Statement 8 in Volume I.
4. **Detailed Statement of Guarantees given by the Government**: This statement

depicts entity wise details of Government Guarantees. This statement corresponds to Statement 9 in Volume I.

1. **Detailed Statement of Contingency Fund and Public Account Transactions**: This statement depicts at Minor Head level the details of un-recouped amounts under Contingency Fund, consolidated position of Public Accounts transactions during the year, and outstanding balances at the end of the year.
2. **Detailed Statement of Investments of Earmarked Balances**: This statement depicts details of Investment from the Reserve Funds and Deposits (Public Account).

# Part II of Volume II

**Part II contains 12 Appendices** on various items including Salaries, Subsidies, Grants-in-Aid, Externally Aided Projects, *etc.* These details are presented in the accounts at Sub-Head level or below (*i.e.,* below Minor Head levels) and so are not generally depicted in the Finance Accounts. A detailed list of appendices appears at the 'Table of Contents' in Volume I and II. The statements and Notes to Finance Accounts read with the appendices present the financial position along with accounts of the receipts and disbursements of the Government for the year.

# Ready Reckoner:

The section below links the summary statements appearing in Volume I with the detailed statements and appendices in Volume II (Appendices which do not have a direct link with the Summary Statements are not shown below).

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| **Parameter** | **Volume I** | **Volume II** | |
| **Summary Statements** | **Detailed**  **Statements** | **Appendices** |
| Revenue Receipts (including Grants received), Capital Receipts | 2, 3 | 14 |  |
| Revenue Expenditure | 2, 4 | 15 | I (Salary)  II (Subsidy) |
| Grants-in-Aid given by the Government | 2, 10 |  | III (Grants-in-Aid) |
| Capital Expenditure | 1, 2, 4, 5, 12 | 16 | I (Salary) |
| Loans and Advances given by the Government | 1, 2, 7 | 18 |  |
| Debt Position/Borrowings | 1, 2, 6 | 17 |  |
| Investments of the Government in Companies, Corporations *etc*. | 8 | 19 |  |
| Cash | 1, 2, 12, 13 |  |  |
| Balances in Public Account and Investments thereof | 1, 2, 12, 13 | 21, 22 |  |
| Guarantees | 9 | 20 |  |
| Schemes |  |  | IV (Externally Aided Projects) |