

OFFICE OF THE PRINCIPAL ACCOUNTANT
GENERAL (A&E), TAMILNADU, CHENNAI-18

MANUAL OF THE
APPROPRIATION
ACCOUNTS
DEPARTMENT

REVISED EDITION - 2014

FOR USE WITHIN THE IA&AD DEPARTMENT



PREFACE

This Manual contains detailed instructions in regard to the work done in the Appropriation Accounts Department and is mainly intended for the guidance of the members of that Department. It supplements the rules and regulations contained in the Codes and Manuals issued by the Comptroller and Auditor General of India and other authorities and does not in any way override the provisions of the latter.

2. The Assistant Accounts Officer of the AAD section is responsible for keeping this manual up-to-date.

3. Suggestions in the nature of amendments to or of rectification of errors, omissions, etc., in the Manual should be brought to the notice of the Appropriation Accounts Department.

S. SNEHALATHA
Principal Accountant General(A&E)
Tamil Nadu

CHENNAI-18

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CHAPTER I

CONSTITUTION AND WORK OF THE BRANCH**1.1. Control**

The Department consists of one section . An Accounts Officer supervises the work of the section. The strength of the section is two section officers, nine accountants and three clerks.

1.2. Duties

(i) Compilation of Finance Accounts and Appropriation Accounts of the Government of Tamil Nadu and all matters connected therewith.

(ii) Preparation of monthly appropriation accounts from April,1997 accounts onwards, to be sent to government with copy to PAG (G & SSA) and PAG (E & RSA).

(iii) Preparation of an annual publication "Accounts at a Glance' in respect of State Government Accounts and Finances

(CAG's No.99-ACI/SPII/14-97 dated 17.2.97

CAG's letter no. 724-AC I (SP-I/10-99) dated 15.12.99)

1.3 Distribution of work

This section is responsible for:

- (i) All items of work connected with the compilation of the Appropriation Accounts of the Government of Tamil Nadu including arrangements for printing.
- (ii) Final consolidation of draft Finance Accounts of the Government of Tamil Nadu after getting the various Detailed Accounts and other statements prepared by the respective sections indicated in the Annexure including arrangements for printing.
- (iii) Furnishing materials to the Comptroller & Auditor General of India for the combined Finance and Revenue Accounts of India.
- (iv) Detailed Appropriation check on behalf of the Legislature i.e. by grants and major heads and on behalf of the executive to a limited extent (for the grants relating to Loans and Advances and Public Debt-Repayments)

Note: Appropriation check on behalf of the executive Government is being conducted in the Departmental compilation sections in respect of other grants.

- (v) Scrutiny of doubtful cases of “New Service” and of matters relating to classification that may be referred to by other sections.
- (vi) Receipt of orders sanctioning advances does from the Contingency Fund, recording them in a register to see that the total of advances does not exceed the corpus of the fund and transmission of the sanctions to the sections for necessary action.
- (vii) Furnishing of Review Report on the utilization of Contingency Fund Advances. Review of registers of New Service and Appropriation Audit Registers for Contingency Fund.
- (viii) Maintenance of the Appropriation audit Manual up to date. A register should be maintained for the purpose and the procedure outlined in paras 9.4.21 to 9.4.23 of Manual of General Procedure (1981) should be followed.
- (ix) All items of work connected with the preparation of ‘Accounts at a Glance’ of the Government of Tamil Nadu including arrangements for printing
A Monthly Appropriation Accounts should be prepared on the line of final Appropriation Accounts bringing out the variations between expenditure and provision as well as unusual features and sent to Government.
- (x) Transmission of the printed copies of the Appropriation Accounts, Finance Accounts to the Government of Tamil Nadu for placement in the State Legislature.
An annual publication called ‘Accounts at a Glance’ should be prepared as soon as Finance and Appropriation Accounts are prepared. This should be similar to Audit’s annual publication called ‘Brochure on Important Audit Findings’. Copies of this publication should also be furnished to Government soon after the Finance and Appropriation Accounts are presented to the Legislature
(CAG’s No.99-ACI/SPII/14-97 dated 17.2.97
CAG’s letter No.724-AC I(SP-I/10-99) dated 15.12.99)

1.4. Calendar of returns

A calendar of returns shall be maintained in the section in the form indicated in Appendix I to this Manual and submitted to the Pr. A.G. on the 5th of every month along with the monthly report on the state of work of the section, in addition to closing and submission to the Branch Officer on every Tuesday to the end of the previous week-end.

Annexure :

Summarised Statements

1,2,3,4,6,7 Book Section
5,8,9 AAD Section

Detailed Statements

10,11,12,13,14 and 17 AAD Section
15,16,18 and 19 Book Section

Appendices

I,V,VI,VII,VIII and XIV Book Section
II,III,IV,XI,XII and XIII AAD Section
IX Public Works Compilation Section II
X Public Works Compilation Section I

- (1. CAG's e-mail No.648 dated 2.7.2010
2. CAG's Lr.No.415-ACI/SPII/32-2008 dated 15.11.2012
3. CAG's e-mail No.875 dated 29.08.2012)

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CHAPTER II**APPROPRIATION CHECK**

2.1 Budget documents are required to be scrutinized in the beginning of the year as soon as they are received after presentation in the Assembly to see that all the plan schemes including State Plans/Central Plan Schemes/Centrally Sponsored Schemes are distinctly shown in the State Budget. In case of non-exhibition of any such schemes distinctly in the Budget, the matter should be taken up with the State Government. A report on completion of such a study should be sent to Headquarters by 30th June and suitable note be kept on Calendar of Returns. The State Government may also be asked to identify in the State Budget, the earmarked schemes in the State Plan section for which Central Assistance is being given separately from the Block Grants.

(1. CAG's Lr.No.75-AC I/SP I/97-98 dated 26.02.1999

2. CAG's Lr. No.369 – AC I/SP II/2001 dated 12.06.2001)

Check against provision of funds, otherwise known as 'Appropriation check' comprises:

- (i) Check of expenditure against grants or appropriations; and
- (ii) Check of expenditure of each of the sub-heads fixed as units of appropriation under a grant or appropriation against allotments therefor. The first involves a responsibility to the Legislature and to see that the expenditure incurred falls within the scope and purpose of a grant or appropriation duly authenticated and that it is within the amount of that grant or appropriation. The second involves a responsibility to the executive Government i.e., the Finance Department and to see that the total expenditure on each of the sub-heads or units of appropriation under a grant or appropriation does not exceed the allotment therefor as modified by orders of reappropriation passed by competent authority from time to time. The latter is carried out in two stages, (i) sanction check i.e., check of orders of allotment of funds and reappropriation acted upon in the Accountant General's office and (ii) the check of expenditure against such allotments.

2.2. The orders of allotment of funds and reappropriations should be checked with reference to the instruction contained in paragraphs 3.9 and 3.13 of the Chapter 3 of the Manual of Standing Orders (Accounts and Entitlements) Vol. I. The powers of various authorities for ordering reappropriations in this regard are defined in the financial rules framed by the Governments concerned. The following points should be specially borne in mind in scrutinizing the sanctions:

- (i) Any allotment or reappropriation within a grant or appropriation of a year can be authorized at any time before, but not after the expiry of the financial year.
- (ii) Reappropriation either from one grant or appropriation to another grant or appropriation or from a 'voted' to a 'charged' head or vice versa, is not permissible.

(iii) Reappropriation of funds to meet an item of expenditure on a 'new service', either voted or charged, not contemplated in the budget of the year unless it is included in a supplementary schedule of authorised expenditure, is not permissible.

(iv) Savings in the sub-heads of a grant accommodating recoveries will not be available for reappropriation to cover excess under other sub-heads of the grant except sub-heads accommodating other recoveries. The unutilized savings in these sub-heads will be allowed to lapse and suitably explained in the Appropriation Accounts.

Note: The Government of India have laid down the following general principles for the acceptance of a reappropriation order issued by the Ministries and their subordinate officers:

A reappropriation made irregularly during the financial year cannot be regularized by a formal sanction of the competent authority after the close of that year because such a sanction would be tantamount to making a reappropriation after close of the year. An irregular reappropriation not regularized during the year should, therefore, be treated as null and void and consequently, the annual appropriation accounts should ignore it. Where a single order sanctions a number of reappropriations of which some are valid and some invalid and the latter are not validated before the close of the year, the valid portion of the reappropriations, if independent of the invalid portion need not necessarily be rejected merely because it happened to be included in the same order. But if the valid and invalid portions are interdependent or inter-mixed, i.e., they form one series of transfers in which the required expenditure is met by part reappropriation from several sub-heads, some of which require sanction of another authority, the entire reappropriations become null and void for want of adequate sanction and should, therefore, be completely ignored for the purpose of the annual appropriation accounts.

These principles are to be applied to the reappropriation orders issued by the authorities under the Union and State Government.

[Government of India, Finance Department, O.M. No. D 7/98-B/44, dated 19-10-1944, Extract forwarded with A. G. (C. R)'s letter No. App. 1-30/57-58/344 dated 8-5-1959]

2.3. It should be seen that the reasons necessitating the additions or reductions within a grant or appropriation are indicated by the competent authority in the orders sanctioning reappropriations. Cases of non-compliance should be pointed out to the sanctioning authorities concerned. If in any case, the explanations are found to be inadequate or incomplete, prompt enquiries should be made to elicit the requisite information.

2.4. The detailed appropriation check in respect of various grants/appropriations except in the case of Loans and Advances and Public Debt Repayment is conducted by Departmental compilation section by maintaining a

register in form MSO (A&E) I. Warning slips should be issued in cases where (a) expenditure has been incurred without provision or in excess of the sanctioned grants/appropriations and (b) the progress of expenditure indicates the possibility of the sanctioned grants/appropriations being exceeded. The Appropriation Check of "Loans and Advances and Public Debt Repayment" is done in A.A.D. The appropriation Audit Register should be submitted to the Branch officer on the 10th July (for the first quarter) and on the 10th of each month thereafter.

Note: It has been ruled by the Comptroller & Auditor General that, if there is an appropriation or reappropriation of funds to a sub-head to which a particular new item of expenditure is to be debited, then it is not necessary to call for a definite additional appropriation or reappropriation to cover the particular new item unless it is a new service not provided for in the budget in which case it should be provided for in a supplementary appropriation act.

If however there is no appropriation or re appropriation under a sub-head, necessary provision of funds should be called for and AAD section should be intimated of such cases.

2.5. Check of expenditure against specific and lumpsum appropriations should also be conducted through this Register.

2.6. The routine Appropriation Check includes:

- (i) a correct and clear record of grants and appropriations as in the original Appropriation Act and of additions thereto from the supplementary Appropriation Acts in order to arrive at the final grants or appropriations;
- (ii) a correct and clear record of sanctioned appropriations by sub-heads of appropriation or by specific or lumpsum allotments, as the case may be and of modifications thereto by competent authorities so as to deduce monthly the modified appropriations;
- (iii) an intelligent comparison of monthly progressive actuals with the respective appropriation;
- (iv) communication of excesses over appropriations or of rapid progress of actuals to the controlling officers and early disposal of replies thereto;
- (v) investigation of unspent or unutilized appropriations under sub-heads of appropriation; and
- (vi) check of reappropriations in accordance with the rules on the subject.

2.7. In order to facilitate the detailed appropriation check conducted by the Departmental Compilation Sections, copies of the detailed demands for grants together with relevant extracts of the original and supplementary schedules to the Appropriation Acts and all orders sanctioning reappropriation of funds will after scrutiny in the Appropriation Audit Section be furnished to all DC sections viz., DC/PWC/FC sections for noting in their Appropriation Audit registers.

2.8. The question whether, after a grant had been voted by the Legislature, the Government was competent to vary the provisions between the various subheads, comprising the grant, keeping in view Article 204(3) of the Constitution, was examined by the Comptroller and Auditor General of India. It was decided that there is no constitutional invalidity in the procedure of reappropriation of funds among subheads within a grant under appropriate financial authority.

[Comptroller & Auditor General letter No. 1167-AC/110-58 dated 25-8-1958].

2.9. The procedure for treatment of items wrongly included in the Appropriation Act will be as follows:

If, for some item of expenditure not to be met from the Consolidated Fund, a demand is Voted and consequential provision made in the Appropriation Act by a misapprehension, the demand and the provision in the Appropriation Act are not to be utilized but should be allowed to lapse. There is no need to amend the Appropriation Act in such cases. However, an Appropriation Account is necessary although it will not show any expenditure against the grant or appropriation.

[Comptroller & Auditor General's letter No. 179-AC/15-51 dated 10-3-1952].

2.10. Appropriation check is an important link in the control over expenditure exercised by the Legislature and the Executive Government. The usefulness of the Appropriation Accounts depends upon the effectiveness of the help rendered by the Accountant General in bringing to notice faulty administration of grants, deficiency of sanctions, etc. Therefore it is necessary that appropriation check should not be allowed to deteriorate into dull routine. The sections should take a lively interest in the matter and see that the relevant rules and orders on the subject have been duly observed. The procedure prescribed for the reconciliation of departmental figures with those of this office should also receive prompt and careful attention so that misclassifications in accounts, if any, brought to light are rectified then and there.

2.11. The orders relating to New Service and Contingency Fund are dealt with in Chapters VI and VII respectively.

CHAPTER III**APPROPRIATION ACCOUNTS AND FINANCE ACCOUNTS - GENERAL**

3.1.Articles 149 and 151 of the Constitution of India read with the provisions of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 empower Comptroller & Auditor General to audit the accounts of the Union/ State Governments and submit his reports to the President/Governor who causes them to be laid before the parliament/respective Legislature. He shall also prepare and present both Appropriation Accounts (in the case of accounts kept by him) and Finance Accounts. These are documents of considerable importance and should receive very careful attention. Adequate measures should be taken to ensure the accuracy of the information which they contain.

3.2.In preparing the Accounts and in furnishing materials to PAG (G&SSA) for Audit Report, the instructions contained in the Comptroller and Auditor General's Manual of standing orders (Accounts and Entitlements) Vol. II and changes intimated by the Comptroller & Auditor General from time to time should be followed. The Comptroller and Auditor General has expressed the opinion that the Accounts and Audit Reports of the preceding year should be made available to the Legislature when it is considering the budget for the following year. Consequently, considerable importance should be attached to the time schedule fixed for submission of the state Appropriation and Finance Accounts. The Section Officers of the AAD section should keep a strict watch over the progress of work to ensure that the due dates for the returns or statements due to, or from this branch are strictly adhered to bring to the special notice of the Accountant General any undue delays which are likely to retard the punctual submission of the documents. The departmental compilation sections should furnish to the AAD section with such material in such form as may be required by that section.

3.3. (i) The Appropriation Accounts and the Finance accounts after check by Internal Audit Section will be cleared finally by the respective AG (G&SSA) and thereafter be sent to the press for printing.

[Comptroller and Auditor General's General Circular No.74-AC1/1986—letter No. 1377-AC1/ 217-86 dated 17-11-86].

(ii) Five printed (bound) copies of each of the Appropriation Accounts and Finance Accounts should be sent to Head Quarters for signature of the Comptroller and Auditor General of India.

One additional printed (bound) copy of each of the Accounts will also be sent to Head Quarters for compiling Combined Finance and Revenue Accounts.

[Comptroller and Auditor General's letter No. 1031-Rep (s)/90-87 dated 10-9-87 and 605- Rep (c)/82-88 dated 22-3-88].

(iii) The presentation of Appropriation Accounts and Finance Accounts in the State Legislature has been delinked from the presentation of Audit Report to the State Legislature, since the endeavour is to submit the Annual Accounts to State Government the moment they are ready for presentation to the Legislature.

(iv) Consequent on the delinking of the submission of Finance and Appropriation Accounts to the State Legislature, Principal Accountant General (A&E) will send the signatory copies to the Additional Deputy Comptroller and Auditor General (Eastern Region) under intimation to Director General (Government Accounts) for submission to Comptroller and Auditor General of India for signature.

(v) The Principal Accountant General (A&E) will forward the signed copies to the State Government and H.E. the Governor of the State for presentation in the earliest session of the State Legislature and keep his/her Audit counterpart as well as Headquarters informed of the same. The Additional Deputy Comptroller and Auditor General (Eastern Region) will inform the Director General (Government Accounts) about the dates of approval of the accounts by the Comptroller and Auditor General and forwarding to the Field Offices.

(vi) The Press Note on the transmission of Annual Accounts to the State Government for presentation in the State Legislature would be issued by the Principal Accountant General (A&E) under intimation to audit counterpart.

(vii) Immediately after presentation of Annual Accounts in the State Assembly, the date of presentation shall be intimated by the Principal Accountant General (A&E) to the Principal Director (Eastern Region) in the Headquarters office and audit counterpart.

(ADAI's DO Lr. No.8-AC-MIS/357-98 dated 12.01.1999 and CAG's UO No.334-AC-MIS/224-99 dated 07.07.2000).

3.4 – In the final printed (bound) copies of the Finance Accounts (Volume I) and the Appropriation Accounts, the date of signature of the Comptroller and Auditor General should be left blank; the actual date being inserted at the time when the copies are signed by the Comptroller and Auditor General of India. The station, 'New Delhi', should however be printed as usual in all the copies. The name of the Comptroller and Auditor General of India has to be printed within brackets in the Appropriation and Finance Accounts (Volume I) – just below the space left for the signature leaving sufficient space (1 1/2 inches as per MSO (Audit) Annexure-3 for the signature.

3.5.In certain States, there may be delay in presenting the Reports and the Accounts to the Legislature and consequently delay in the exchange of accounts also. As a result of this, much of the advantage envisaged by the exchange of the accounts is lost. Therefore it has been decided that the Accountants General may supply copies of their Accounts to other Accountant Generals as soon as they are finally submitted by the Comptroller and Auditor General to the Governor of the state. While sending copies, it should be stipulated that the Accounts should be treated as confidential until their presentation to the Legislature.

3.6.Though Audit Reports and the Accounts are to be got printed in the secret section of the Government Press of the State, in order to eliminate avoidable delays, these may be got printed in the non-secret sections of the

Press also. The Director of Stationery and Printing will, however, have to be informed that the material can be printed in the non-secret sections of the Press, if it will help early printing of the material, provided he can ensure the secrecy of the material and prevent any leakage of the material, since these Accounts and Reports are to be laid down before the Legislature by the Governor and until then, they are not to be released to anyone or the contents divulged to anyone. In other words, these should continue to be treated as documents not accessible to anyone until they are placed before the Legislature, and printing them in the non-secret section of Press is only intended to facilitate speedy printing.

[Comptroller & auditor General's letter No. 2019-Rep (S)/ 172-1982 dated 30-10-82].

The Annual Accounts, if printed through private press, should have good quality of printing. However, option for printing of Annual Finance and Appropriation Accounts through Government is open, if the quality of printing is up to the desired standards.

For administrative approval in respect of printing of Annual Finance accounts and Appropriation Accounts through private press, the requisite details should be furnished in the prescribed proforma (Annexure I & II) based on detailed market survey undertaken.

Annexure II

Office of the _____

Statement regarding estimated cost of printing of Audit Reports, Annual Finance and Appropriation Accounts in Hindi or Other vernacular language through private printers

(CAG's circular No.16/NGE/2011 No.80-Staff(App.)/122-2011 dt.04.05.2011)

3.7. No change whatsoever before printing should be made in the Draft Report approved by the Comptroller

Report for the year	Name of Audit Report/ Annual Finance and Appropriation Accounts	Numbers/Volumes required to be printed	Number of pages required to be printed separately for each Report	Number of copies of each Report required to be printed	Estimated total cost (including transportation, binding, cover page, pre-bond copies, etc.) of each Report on the basis of market survey in ₹	Break up of estimated cost as mentioned in Col.7			Remarks
						To print one page of Report in ₹	To print in two or more colours including coloured over-view in ₹	Cost to print graph and chart in ₹	
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

and Auditor General without obtaining clearance from the Headquarters.

[Comptroller & Auditor General's letter D.O. 411-Rep/ 175-79 dated 3-3-1980—filed in 60-7/77-80/GI.].

3.8. – Annual Publication 'Accounts at a Glance'

Each year Principal Accountant General (A&E) should prepare an annual publication 'Accounts at a Glance' in respect of State Government Accounts and Finances.

The proposed publication may be issued under the signature of the Principal Accountant General (A&E) who prepared the Annual Accounts and got printed in the same manner and for the same number of copies and to be

circulated immediately after the Annual Accounts are placed before the State Legislature. It may be circulated in the same manner as the “Brochure on Important Audit Findings” (What the reports of CAG say – A bird’s eye view of the Audit Reports of the Comptroller and Auditor General of India).

Wherever possible, the contents of the publication should be illustrated by graphs, computer graphic, etc. Such illustrations should be need based and not of ornamental nature. The illustration and the presentational feature used in the Brochure for Audit Report may be used as a guideline by each Accountant General.

The first publication will be in respect of the Annual Accounts for the year 1998-1999.

The format for the preparation of the ‘Accounts at a Glance’ is given in Appendix V.
(CAG’s Ir. No.724-AC I(SP-I)/SP-5/10-99 /10- 99 dated 15.12.99 and 437-AC I/10-99 II dated 24.08.2000)

The publication should be brought out in local language also from the year 1999-2000 onwards.
(CAG’s Ir. No.386/AC I/10-99 dated 27.7.2000)

The publication will be finalized by the field offices without Headquarters scrutiny at draft stage, for circulation immediately after the Annual Accounts are placed before the State Legislature. Before printing of the publication, the same will be got checked by ITA for accuracy and consistency of data apart from verifying that the publication is as per instructions issued by Headquarters from time to time. The ITA would record a certificate for its correctness as well as confirming that the data are as per printed accounts.

(CAG’s Lr. No.644-AC I/SP-I/10-99 dt.09.10.2001 and 150 AC I/SP-I/10-98 dated 08.02.2002).

The publication ‘Accounts at a Glance’ shall be vetted by the concerned Audit Office for further reassurance of correctness of figures.
(CAG’s Ir. No.461-AC-I/SP-I/10-99KW dt.31.08.2004).

3.9 The Finance Accounts and Appropriation Accounts shall be uploaded on the website of the CAG office and the local office for providing immediate useful information on the finance of State Governments. **[This shall be done only after the said Accounts are placed in the Legislative Assembly. Check Hqrs. Letter]**

(CAG’s 516-AC-MIS/356-2006 dt.05.12.2006).

3.10 In order to bring uniformity among all products emanating from IAAD , the following common minimum framework of design, presentation and reporting style should be followed while preparing Finance Accounts, Appropriation Accounts and Accounts at a Glance.

(i) Reporting Style

Sl No	Area	Recommended style
<u>1</u>	<u>Font size</u>	Use font size of 12 in the text of report. Even in tables and charts <u>do not use font size of less than 8.</u> Footnote: Major Head and their description may be shown in bold font. Sub Major head and their description may be shown in italics.
<u>2</u>	<u>Font face</u>	<u>Times New Roman</u>
<u>3</u>	<u>Page numbers</u>	Use Roman numbers (i, ii, iii) for the part of the report containing contents, preface and overview of the report. Use Arabic numbers for the main text and appendices in the report.
<u>4</u>	<u>Paragraph</u>	Use Arabic numerals for paragraph numbers. e.g. 3.1, 3.1.1 etc. <u>Do not use more than 4 levels in paragraph numbering.</u>
<u>5</u>	<u>Percentages</u>	Write per cent rather than % and percentage rather than %age. A range of values should be expressed as <u>10-12 per cent.</u>
<u>6</u>	<u>Abbreviations</u>	Keep the use of abbreviations to a minimum, particularly where they are likely to be unfamiliar to the reader.
<u>7</u>	<u>Dates</u>	Do not put commas in dates. Formats to be used: 26 March 2013, 26 – 30 May 2012
<u>8</u>	<u>Chapter numbers</u>	Use roman numeral (I, II, III) for chapter numbers.
<u>9</u>	<u>Figures</u>	Minus figures should be shown in parentheses. Charged expenditure may be shown in italics.
<u>10</u>	<u>Line spacing</u>	<u>1.5 Line spacing may be used in Accounts at a glance.</u>
<u>11</u>	<u>Table</u>	Whenever a table splits into more than one page each page should have column headings.
<u>12</u>	<u>Broad structure of Statements and Appendixes</u>	Hqrs office DO letter no.48/AC-I/SP-1/101-2008 dated 10 February 2010 and DO No.151/AC-5/SP-1/ 101-2008 dated 21 March 2013

(ii).Design of front /back cover of Report:

The colour and design of the front /back cover of the Reports has been modified and the new specifications are tabulated hereunder:

S. No	Title	Remarks
1	Colour	
	Colour front and back page	Cream /off white with Maroon border for accounts.
2.	Design (Front page)	
	State Emblem (National)	On the top (centrally aligned in Red colour).
(i)	Title of the report	The title of the report would be placed just below the State Emblem as centrally aligned. Finance Accounts (Volume I/II) Appropriation Accounts Accounts at a glance
(ii)	Logo of IA &AD	In the Middle of the page in water mark and would be placed below the title of the report as centrally aligned in 3" X 3" size.
(iii)	Logo of concerned State Government	Logo of the concerned State Government would be placed below the Logo of IA&AD as centrally aligned. in 2"x2" size
(iv)	Below the Logo of concerned State Government	Name of the State Government e.g. Government of.... <name of the state>
3	Spine of the Report	Finance Accounts or Appropriation Accounts Name of the State
4.	Back Cover	(i) In the middle of the page "Comptroller and Auditor General of India" (Centrally Aligned) and www.cag.gov.in just below it also as Centrally aligned. (ii) In the bottom the web site address of the concerned field office
5.	Front inner page	
(i)	On the top of the page	Finance Accounts or Appropriation Accounts (Centrally Aligned)
(ii)	In the middle of the page	for the year (Centrally Aligned)
	In the bottom of the page	Government of (As centrally aligned)
6	Layout of the publications	Finance Accounts, Appropriation Accounts and Accounts at a glance are to be printed in A-4 size in the portrait format. For Finance Accounts Vol-II, inside matter can be in landscape format but cover layout and binding should be done in portrait format.

(CAG's Ir. No.271-Government Accounts/63-2013 dated. 21.08.2013)

Finance Accounts, Appropriation Accounts and Accounts at a Glance will be provided to the members of the State Legislature, State Government authorities and other authorities including IA&AD offices in electronic format (on compact disks (CDs)) instead of printed copies of bound volumes.

Only limited number of copies including signatory copies will be printed for the purpose of submission of signatory copies of accounts to Comptroller and Auditor General of India and for transmission of the same to

the State Government (Finance Secretary to Government) and H.E. the Governor of the State. This is effective from the accounts for 2012-13 onwards.

(CAG's letter. No.AC I/Sp II/66-2009 dated 02.01.2012)

CHAPTER IV**APPROPRIATION ACCOUNTS OF TAMIL NADU**

4.1. Appropriation Accounts are annual classified statements of grants and expenditure to exhibit the excess or saving, as the case may be, over the final grant or appropriation. The Appropriation Accounts are prepared by sub-heads.

4.2 : The Appropriation Accounts include (a) a consolidated statement showing the total amount of funds (original and supplementary) provided by the Legislature under each voted grant and charged appropriation, the actual expenditure incurred against each and the saving or excess thereof and (b) Appropriation Accounts of each grant/appropriation, separately, indicating original grant/appropriation, additional funds provided during the year by supplementary grant/appropriation, saving or excess for the grant/appropriation as a whole and the amount surrendered during the year. This is followed by “Notes and Comments” which will bring to the notice of the Legislature (giving relevant particulars of the sub-heads) excesses over grants/appropriations requiring regularization, expenditure booked against the grant/appropriation but not really debitable to it, expenditure incurred on a “New Service” without specific authority of the Legislature, unjustified or excessive provision of funds leading to large saving and also cases of defective control over expenditure, e.g., excessive, irregular or unjustified reappropriations or surrenders within the grant/appropriation.

For improving the depiction of figures in Appropriation Accounts, the amount shall be rounded in thousands of rupees in Summary of Appropriation Accounts, reconciliation between Finance Accounts and Appropriation Accounts and grant wise appropriation details.

The details of excess expenditure in all the grants should be shown in brackets in actual rupees for the purpose of regularization of excess expenditure. This should be done in uniform pattern.

(CAG’s letter Nos.1219-Rep/131-65 dated 25.06.1965, 286-AC/MIS/287-2003 KW dated 14.06.2004 and 395-AC/MIS/287-2003 dated 21.07.2004)

4.3. After the Appropriation Accounts for individual grant/appropriation have been prepared, a Grant Summary of Appropriation Accounts in the Prescribed form should be compiled. The figures should be checked carefully with those of the detailed Appropriation Accounts and with those in the statement of actual prepared by Book Section, especially with the one, showing the distribution between “Voted” and “Charged” expenditure of the Government under each major head.

Note: The form in which the consolidated statement (Summary of Appropriation Accounts) and Appropriation Accounts of each grant/ appropriation are prepared are given in Appendix I to the Comptroller & Auditor General’s Manual of Standing Orders (Accounts and Entitlements), Vol.II In the consolidated statement provision is made for:

- (i) indicating the expenditure met by advances from the Contingency Fund which were not reimbursed to the fund during the year by authorization of the Legislature;
- (ii) reconciliation of the total expenditure as shown in the Finance Accounts after taking into account recoveries of expenditure; and
- (iii) drawing attention to cases of excesses over grants/ appropriation requiring regularization.

[CAG's letter No 780-Rep/175-71 dated 12-5-71].

4.4. The general rule is that a grant/ appropriation is voted/ authorized for the gross expenditure required for each service. The expenditure shown against each grant/appropriation in the Appropriation Accounts will thus exclude recoveries of expenditure relating to the respective grants / appropriations. The Finance Accounts on the other hand, will show the net expenditure after taking into account the recoveries. A reconciliation statement showing:

- (i) total expenditure according to Appropriation Accounts;
- (ii) total recoveries; and
- (iii) net total expenditure as shown in the Finance Accounts (vide Statement No. 10 showing the distribution between Charged and Voted expenditure) is included below the Summary of Appropriation Accounts.

A detailed statement showing recoveries relating to each grant/ appropriation will also be included as an

Appendix to the Appropriation Accounts.

The form in which grant-wise details of estimates and actuals in respect of recoveries adjusted in the accounts in reduction of expenditure is given in Appendix 11 to the Comptroller & Auditor General's MSO (A&E), Vol II.

Note: Minus sign should not be given before the figures of Budget Estimates and Actuals of the statement of Recoveries.

(HQrs. e-mail No. 648 dt. 02.07.2010)

4.5. Detailed procedure

The work connected with the Appropriation Accounts should be taken up by the 3rd week of April each year.

The Appropriation Accounts should be prepared in two stages as follows:

4.6. Stage I

The account should be prepared by sub-heads in the prescribed form. The original grant/appropriation, supplementary grant/ appropriation and reappropriation should be noted in column I against each sub-head and the resultant final grant/ appropriation noted in column 2 thereof; surrenders or withdrawals, if any, within the grant or appropriation should be noted in the Appropriation Accounts as the last sub-head. The total grant or appropriation should then be worked out and agreed with the final grant or appropriation (I.e., original grant/ appropriation, plus supplementary grant/ appropriation if any, for the grant as a whole). Cases where substantial

provision is made by reappropriation should be specially examined to see if the provision is for expenditure on a “New Service” and if so the full particulars of the case furnished for inclusion of a suitable comment in the Report. The D.C. sections should see that the explanatory notes for modification given in the reappropriation orders are accurate and fully informative. If any vague expressions such as “probably/ presumably due to” , “covered by reappropriation”, “original provision proved inadequate”, “based on actual requirements”, etc., are used in the reappropriation orders, the full reasons for modifications have to be ascertained.

The grant statement with column I and 2 filled in by AAD section should be sent to the compilation sections by 1st July for filling up column 3 and 4 upto supplemental and return to AAD section.

4.7. Stage II

As soon as the March (Supplementary) accounts are closed, the actual to the end of March (Supplementary) should be posted in column 3 of the grant statement and column 4 worked out. The totals of actual expenditure should then be struck minor heads wise and agreed with the figures furnished for the preparation of Finance Accounts. The explanations for variations in column 4 should be furnished to the extent available, wherever necessary, in separate sheets. The accounts thus completed should be sent to AAD within a week of the closure of the March Supplementary accounts.

4.8. Modifications to the appropriation accounts or the explanatory notes necessitated by journal entries/notes of error, if any subsequently proposed, should be communicated to the AAD in the form of a correction statement, as soon as the journal entries are closed.

4.9. The following points should be borne in mind while preparing and checking the Appropriation Accounts (Detailed instructions regarding the preparation of Appropriation Accounts are furnished in Appendix IV to Comptroller & Auditor General’s Manual of Standing Orders (Technical), Vol. II):

- (i) the correct nomenclature of the sub-heads of account with the distinguishing letters and numbers as given in budget of the year are adopted;
- (ii) the original and supplementary grants or appropriations have been correctly posted;
- (iii) the totals of actuals in column 3 by minor heads agree with the statements furnished for preparation of Finance Accounts and in respect of Public Works and Irrigation Grants with the relevant figures in the Finance Schedules as well;
- (iv) the surrenders or withdrawals within the grant or appropriation agree with the figures furnished in the statement of resumption of funds for each year by the Finance Department;
- (v) the details work up to the total;
- (vi) the controlling officers have accepted the final grants and actuals of expenditure; if not the matter has to be taken up with the controlling officers concerned;
- (vii) instances of defective control over expenditure i.e., reappropriations sanctioned by an authority resulting in enhancing savings or excesses as compared with original appropriation, have been commented upon separately;

(viii) all items of expenditure on “New Service” which were sanctioned during the year under report for which funds were not provided either in the budget or by means of supplementary grants have been commented;

(ix) instances of wrong and double provision of funds and misclassification, if any, in the accounts are shown separately.

4.10 The detailed Appropriation Accounts or the relevant portion thereof should then be forwarded to the Chief Controlling Officer concerned by AAD for acceptance of the figures and for furnishing explanations for large variations noticed between final grant/appropriation and actual expenditure as soon as March (Preliminary) accounts are completed to avoid delay in the finalization of accounts and also with a view to obtain reasons for the variation in time for inclusion in the Appropriation Accounts and also to set right misclassification, if any, pointed out by the Controlling Officers in March (Supplementary) stage.

On receipt of replies from the Controlling Officers, they should be reviewed in the light of the remarks, if any, and explanations for variations made by them incorporated in the Summarized Appropriation Accounts.

4.11. Preparation of Summarised Appropriation Accounts.

The form in which the Appropriation Accounts of each grant/appropriation summary of Appropriation Account is prepared and detailed instruction regarding notes and comments to be included in Appropriation Accounts are given in Appendices I, II and III of the Comptroller & Auditor General’s MSO (A&E) Vol II. Explanations for variations under individual sub-heads are framed keeping in view the instructions contained in Appendix III of the Comptroller & Auditor General’s MSO (A&E), Vol. II.

4.12: The monetary limits to be adopted for selection of heads for the explanations for variations in the Appropriation Accounts are as follows:

I. Selection of grant/appropriation for comment

If a grant/appropriation has overall saving of 5 per cent or more of the total provision made there under, or overall excess, notes or comments are to be proposed for variations under individual subheads in the Appropriation Accounts.

II. Selection of subheads

(a) Voted grants (Revenue, Capital and Loans) :

(i) Savings ;

No comment is necessary in respect of Sub-heads where the saving is less than **15 per cent** of the provision made there under. Even if the saving under a sub-head is more than **15 per cent** of the total provision made thereunder, no comment is necessary in the Appropriation Accounts if the saving under the subhead is less than 1 % of the total provision under the grant and rupees **10 lakhs**. However, If the total provision under the grant is more than rupees 100 crore, all sub-heads with saving of rupees **100 lakh (1 crore)** and above are required to be commented upon.

(ii) Excess :

If the excess under a sub-head exceeds **10 per cent** of the provision made there under and is more than rupees **10 lakh**, comment may be included in the Appropriation Accounts. Even if the excess under a sub-head is less than 10 per cent of the provision, comment may be included in the Appropriation Accounts if the excess under the subhead is more than 1 per cent of the total provision under the grant and rupees **10 lakh**. However, If the total provision under the grant is more than rupees **100 crore**, all sub-heads with excess of rupees **100 lakh (1 crore)** and above are required to be commented upon.

(b) Charged Appropriation (Revenue, Capital and Loan) :

Comment is necessary in respect of all subheads where the saving or excess is more than ₹ **10 lakh** and more than **10 per cent** of the provision made there under.

The criteria for selection of grants/appropriation and subheads have to be applied without prejudice to the right of comment on important items.

(AG (AUDIT) I D.O. Lr. No.Rep.1A/2000-01/VTR:06 dt.02.05.2000)

Note: Monetary limit may be worked out to the nearest lakh of rupee.

The existing limits may be reviewed once in five years and revised upwards, if necessary.
(Para 5.20 of the Report of High Powered Committee appointed by the CAG of India).

4.13. The detailed instructions regarding selection and drafting of the material for comments given in Appendix III of the Comptroller & Auditor General's MSO (A&E) Vol. II should be carefully borne in mind. The comments have to be drafted on the basis of the detailed appropriation account for each grant / appropriation, reviewing the expenditure against each sub-head first and against the grant appropriation as a whole. Immediately below the grant account, comments regarding the grant as a whole, i.e., the overall excess requiring regularization or large saving, if any, with a comparison to be made with the position in previous years, have to be incorporated first. The total amount surrendered within the grant, if it is considerably in excess of or smaller than the amount of saving available in the grant for surrender has also to be commented upon. Comment on excessive or unnecessary supplementary grant/ appropriation can also be made. Then follow the comments relating to sub-heads presented under convenient headings, eg., cases of new service, unnecessary advances from the Contingency Fund, excessive provision of funds either at the budget stage or by supplementary grant or reappropriation, etc. Wherever it is necessary, special attention has to be drawn to the schemes, remaining unexecuted although substantial budget provision was made for them. Cases of defective control over expenditure e.g., savings remaining not surrendered or large excesses left uncovered, late surrender of savings even when they could have been anticipated earlier, etc, have to be brought out.

4.14. Explanatory notes on items such as Suspense Accounts of the Public Works, Irrigation Departments accounts of Depreciation Reserves and Funds, review of Establishment and Tools and Plant charges of the Public Works Department, expenditure met from advances from the Contingency Fund which were not subsequently reimbursed to the Fund during the year, should be included in the Appropriation Accounts.

Note 1 : Descriptive notes under the heading "Suspense" below the Grants relating to Irrigation Civil Works, etc., may be given at one place and at other places a reference to these notes should suffice. Repetition of the notes under different grants should be avoided.

[CAG's Lr . No 1647-Rep/ 148-60 dated 6-7-1960].

Note 2 : The explanatory notes on Deposit accounts, Depreciation reserve funds, etc., should contain such details as are necessary to indicate the purpose of the Fund, accounting procedure for the transactions relating to the fund and the relation of the note to the account of the Grant. These notes should generally include information on the following points:--

- (i) the relation of the Deposit Account or the Fund to the Grant under which the note appears;
- (ii) the purpose of the constitution of the fund and the procedure followed in budgeting and accounting of transactions pertaining to the Fund;
- (iii) the amount of expenditure (which has been included in the expenditure booked against the provision made under the Grant) out of the Fund during the year and the closing balance at the credit of the Fund. Instances where the expenditure transferrable to funds or other heads of account has remained not transferred without valid reasons may also be indicated in these notes.

[CAG's Lr No. 1482-Rep/ 156-60 dated 20-8-64].

(iv) before the accounts of a year are finally closed, it should be ensured that all misclassification noticed in the accounts are rectified so that the Appropriation Accounts would show the correct position. In view of the

position that an excess over a grant/appropriation due to misclassification in accounts is not required to be regularized by the Legislature and consequently such excesses should not be shown in the Appropriation Accounts as requiring regularization it is necessary that the misclassification should be rectified before finalizing the Appropriation Accounts.

4.15. Only important cases of savings/excesses which are likely to be of interest to the Public Accounts Committee need be included in the Appropriation Accounts. In cases where the percentage of excess/ saving on the original provision is large it has to be seen whether similar large excesses/saving had occurred under the same sub-heads in the earlier years also compared with the original provision for those years. If the variations are due to several factors, only the more important of them need be mentioned with the approximate amount attributable to each cause. Cases of provision of large funds by reappropriation should be examined with a view to ascertaining how far funds for large increase in expenditure under any item are year after year, provided for by reappropriation instead of making provision of funds in the original Budget Estimates.

4.16. Comments on such cases where an excess is increased by a surrender which was not available or where a saving was converted into an excess due to an excess surrender can also be made in the notes below the grants.

4.17. The following further instructions should be carefully borne in mind in drafting explanations for variations :

(a) Explanations for Excesses

(i) Unless the excess is nominal it would be preferable to give in brief, the reasons for excesses in all cases for the information of Legislature.

(ii) In the case of substantial excesses under grant/sub-heads, it should be mentioned when the excess was first noticed and reported to the department and how far timely action was taken to obtain supplementary grant/appropriation or an advance from the Contingency Fund.

(iii) Before selecting the sub-heads, the grant as a whole should be analysed to see where exactly the additional expenditure not contemplated at the time of original /supplementary budget was incurred.

(iv) Sometimes excesses are explained as due to “More expenditure on pay and allowances than anticipated” or “Original provision proving inadequate”. Such expressions hardly explain the position. In such cases, the items on which actual expenditure was more than anticipated and the reasons therefore should be analysed .

If excess under a sub-head is explained by the department as due to non-sanction of additional funds applied for by it the views of the Finance Department should also be obtained and incorporated.

(v) While explaining excess under Charged appropriations due to payment of decretal amount, the date of actual payment and the date when the decree was received may also be incorporated to bring out the delay, if any, in arranging funds.

(vi) In cases where excess occurs under “Suspense” heads and reasons for excesses are not furnished by the Department, the sub-divisions of “Suspense” under which excesses mainly occurred should be brought out this will show the nature of the excess expenditure.

(b) Explanations for Savings

(i) Saving caused in particular sub-heads merely due to a post budget decision to record expenditure under other sub-heads are not cases of real savings; these may therefore not be included in Appropriation Accounts.

(ii) Where saving under a sub-head is substantial and is due to more than one cause, amount attributable to each of the causes should be mentioned.

(iii) While explaining saving, the sub-heads should generally be arranged in the order in which they appear in the budget. In the case of substantial savings under a grant, the sub-heads that account for the major portion of the savings should be mentioned at the beginning of the notes and comments, the other sub-heads being arranged in subsequent notes.

(iv) As in the case of excesses, saving are sometimes explained as due to “Provision proving excessive”. The savings in such cases should be analysed and items under which provision was not utilized brought out along with reasons therefor.

(v) In cases where saving are explained as due to “Less expenditure on petty executive establishment “reasons for less expenditure should be incorporated.

(vi) While explaining saving sometimes a tabular form is adopted with two columns for provision” and “Saving”. The form will not be suitable for those cases where the department anticipated a portion of the saving and reappropriated/surrendered it , as this fact will not be brought out by the tabular form. In such cases ,therefore, the figure for ‘O’, ‘S’ and ‘R’ should be given as usual.

[CAG’s Lr. No. 826-Rep/102-70 dated 5-4-1970].

4.18. A separate sub-para regarding the expenditure met from Contingency Fund but not recouped before the close of the financial year should be given In the following form below the summary :

The expenditure shown in column 3 of the above summary does not include Rs. met out of advances from the Contingency Fund which were not reimbursed to the fund till the close of the year. The details of this expenditure are below:

Major Head	Amount of expenditure	of Date of sanction of advance	of Date of recoupment
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Similarly, the expenditure met from advances from the Contingency Fund need not be included in the body of the Appropriation Accounts. A suitable note should be given below the Appropriation Accounts of the grant concerned indicating the expenditure met from the Contingency Fund against advances not reimbursed to the Fund during the year.

4.19 : “The Certificate of the C&AG of India shall appear on a fresh page after the page where the Summary of Appropriation Accounts ends. Further, where the Summary of Appropriation Accounts ends on an odd-numbered page on the right hand side, the certificate of C&AG of India shall be recorded on a separate odd-numbered right hand side page leaving the next even numbered page on the left hand side blank”.

(1. CAG’s letter No.141-AC-I/Mis/287-03 KW dt.09.04.2007

2. CAG’s letter No.191-AC-I/SP-II/46-2007 dt.17.05.2007)

CERTIFICATE OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA

This compilation containing the Appropriation Accounts of the Government of Tamil Nadu for the year ending 31 March ____ presents the accounts of the sums expended in the year compared with the sums specified in the schedules appended to the Appropriation Acts passed under Articles 204 and 205 of the Constitution of India. The Finance Accounts of the Government for the year showing the financial position along with the accounts of the receipts and disbursements of the Government for the year are presented in a separate compilation.

The Appropriation Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and have been compiled from the accounts rendered by the treasuries and departments responsible for the keeping of such accounts functioning under the control of the Government of Tamil Nadu.

The treasuries, offices and / or departments functioning under the control of Government of Tamil Nadu are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for preparation and submission of Annual Accounts to the State Legislature. My responsibility for the preparation of accounts is discharged through the office of the Principal Accountant General (Accounts&Entitlements). The audit of these accounts is independently conducted through the office of the Principal Accountant General (Government&Social,Service Sector Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expressing an opinion on these accounts based on the results of such audit. These offices are independent organisations with distinct cadres, separate reporting lines and management structure.

The audit was conducted in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Appropriation Accounts read with observations in this compilation give a true and fair view of the accounts of the sums expended in the year ended 31 March ____ compared with the sums specified in the schedules appended to the Appropriation Acts passed by the State Legislature under Articles 204 and 205 of the Constitution of India.

Points of interest arising from study of these accounts as well as test audit conducted during the year or earlier years are contained in my Reports on the Government of Tamil Nadu being presented separately for the year ended 31st March ____

(Name.....)

New Delhi,

The Comptroller and Auditor General of India

This is effective from 2010-11 Accounts.

(CAG's letter No.165 Audit (AP)/34-2008 II dt.01.06.2011.)

4.20 One printed copy of the Detailed Appropriation Accounts of each grant/Appropriation together with a printed copy of draft Appropriation Accounts (summarized) containing explanations for variations prepared in the manner indicated in the foregoing paragraphs should be sent to the Principal Accountant General (G&SS Audit) on or before 22 July of the year following the financial year to which the Accounts relate. An independent check will be exercised on these Accounts with reference to initial records and the accounts will be finally cleared by the Principal Accountant General (G&SS Audit). The cleared Annual Accounts will be made over to the Press for printing in the last week of August

Instructions regarding printing of accounts are laid down in Appendix V to Comptroller and Auditor General of India MSO (A&E) Vol. II.

4.21 – Preparation of Monthly Appropriation Accounts -

The responsibility of watching progress of expenditure against Grant or Appropriation devolves on the Executive and the Executive is ultimately responsible for keeping the expenditure within the grant or appropriation. Accountant General is responsible for watching that the total expenditure does not exceed the amount of the grant or appropriation and the total expenditure on each of the sub-heads fixed as unit of Appropriation under a Grant and appropriation does not exceed the allotment as modified thereof by orders of re-appropriation passed by Competent Authority from time to time. To have a meaningful analysis of the expenditure against budget provision and to get a clear picture of the trend of expenditure, it has been prescribed by Headquarters that a Monthly Appropriation Accounts is to be prepared and sent to Government with copy to PAG (G & SSA) and PAG (E & RSA).

- a) Monthly demand wise figures should be taken out which would give trend of the state of expenditure. This would be in line of the Final Appropriation Accounts.
- b) The expenditure should be analysed to identify the areas with unusual feature, which would justify special attention at least demand wise though not DDO wise.
- c) Demi-official letters should be issued monthly to Finance Secretary of the State Government and Accountant General (Audit) on the basis of analysis made.
- d) The report should include information on details of exclusion of Accounts and status on reconciliation.
- e) If there is no unusual feature to report, the same should be brought to the notice of Principal Accountant General (G & SSA).

In order to have uniformity in preparation of Monthly Appropriation Accounts which has to be in line with the Final Appropriation Accounts, a model format in which the Monthly Appropriation Accounts is to be prepared is given below:

Report on Expenditure of grant No.

For the Month of

Government of

No.	Head of Account	Total Grant or Appropriation (Rupees in lakh)				Available balance (+)/over spent amount (-) at the beginning of the month (Rupees in lakh) (Col.7 of the previous month)*	Actual Expenditure for the Current Month (Rupees in lakh)	Progressive Expenditure upto the current month (Rupees in lakh)	Available balance (+)/over spent amount (-) (Rupees in lakh) (Col.3 – Col.6)	Percentage of Progressive expenditure (Col.6) to total grant/appropriation (Col.3)
		O	S	R	T					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
		(a)	(b)	(c)	(a+b+c)					

Except for the month of April in respect of which figures of column number 3 to be adopted.

(1.CAG's lr. No.99-AC I/SP-II/14-97 dated 17.02.1997

2. General Circular No.3-AC I/98/No.235-AC I/SP II/14-97(Main) dated 23.3.1998

3. CAG's lr. No.463-AC I/SP II/6-2000 dated 04.09 . 2000

4. CAG's lr. No.638-AC I/SP II/10 dt.01.10.2001

5. HQrs. e-mail dated 26.04.2013)

4.22 – - Checking the expenditure during the middle of the year

With a view to identify and take appropriate action in respect of irregularities in the accountal of Government transactions such as expenditure without provision, operation of heads of account not available in the Budget Estimates and any other unusual characteristics, etc. the following course of action has to be taken by AAD Section.

As soon as the Reports on Expenditure up to the month of September and December are ready, copy of the same should be made available to each of the Grant units of AAD Section, who should immediately examine

the Report of Expenditure thoroughly for all the heads of account in the Grant concerned and alert the Compilation Sections concerned about the discrepancies noticed. All such items should be pursued with the Compilation Sections to their finality. Government/ Department should be addressed by AAD themselves if found necessary, especially with reference to unusual features in provision etc.

Since the scrutiny requires the information regarding the heads opened during the course of the year as well, after presentation of Budget, Finance Account unit may supply a list of New Services/ New heads opened during the financial year to all grant units periodically.

The Grant units should also take into account the Correction Slips issued to LMMH.

The following points are to be looked into while examining the Report on Expenditure for the purpose mentioned above.

1. Heads of account operated are as per Budget/Government Orders sanctioning New Services etc.
 2. Possibilities of misclassification among sub-heads within the same group sub-head, between Non-Plan, Plan etc., and between Consolidated Fund and Contingency Fund, Charged/Voted.
 3. Heads of account operated directly under Consolidated Fund when the sanctions are towards Contingency Fund.
 4. Heads of account without proper nomenclature.
 5. Heads of account without proper alpha/numeric code as per Budget.
 6. Expenditure incurred as per Interim Budget whereas some of the provisions have been shifted to different heads in the Revised Budget, etc.
 7. Huge variation between proportionate provision and Expenditure.
 8. Appearance of unusual minus figures without proper reasons.
 9. Major Heads/Sub-Major Heads/Minor Heads as per latest Correction Slips to LMMH are properly operated.
 10. Any other unusual features.
- (DAG's orders dt.13.11.2001 in the AAD Section Note)

CHAPTER V

FINANCE ACCOUNTS OF GOVERNMENT OF TAMIL NADU

5.1 Introductory

The Finance Accounts represent an auditor's presentation of the general accounts of the Government to the Legislature, supplementing the accounts separately in the form of Appropriation Accounts of each Grant or charged appropriation included in the Appropriation Accounts passed by the Legislature. The detailed instructions regarding the form and arrangement of the materials to be included in the Finance Accounts are given in Chapter 2 of the Comptroller and Auditor General's Manual of Standing Orders (Accounts & Entitlements), Volume, II.

5.2 The Finance Accounts are compiled in two volumes. Volume I includes Guide to Finance Accounts, Statements 1 to 4, Notes to Accounts and Appendix I. Volume II is compiled in three parts. Part I includes Summarised Statements from Statements 5 to 10; Part II contains Detailed Statements from Statements 11 to 19 and Part III contains Appendices from II to XIV.

Volume I should be prepared in Portrait format and Volume II in Landscape format. Certificate of CAG should be placed in Volume I; Table of Contents to be placed in both volumes and both volumes to be continuously page numbered. The work relating to the preparation of Finance Accounts should be taken up by the Appropriation Audit Section and Book Section soon after the March (Supplemental) Accounts are closed. Various sections are required to furnish the material needed for the compilation of the Finance Accounts.

(HQrs. e-mail dt.01.07.2010.)

5.3 The material received from other sections should be checked for arithmetical and factual accuracy. The checking of the material should be taken as soon as they are received. It should be seen that proper explanations are given by sections for minus figures under heads other than deduct heads and for plus figures under deduct heads and the authority of the Controller General of Accounts is quoted for new minor heads, if any, exhibited in the statements. It should also be seen that there is no discrepancy between the figures incorporated in the Finance Accounts and those incorporated in the Appropriation Accounts.

5.4 : The rounding of the actuals is done by VLC after arriving of the final figures, i.e., after incorporating figures

relating to March (Suppl.) and March (Journal) entries.
 (1.CAG letter No.286-AC/MIS/287-2003 KW dated 14/06/2004
 2. CAG letter No.395-AC/MIS/287-2003 KW dated 21/07/2004)

5.5 : The form of the different Statements and the details to be incorporated in each part of the Finance Accounts are given in Appendix IV of Comptroller & Auditor General's MSO (A&E), Vol. II. Of the 19 Statements and

14 Appendices, the following Statements and Appendices are compiled by Book Section and the detailed instructions for their preparation are contained in the Manual of Book Section:

Volume I

I Summarised Statements

- 1.Statement of Financial Position
- 2.Statement of Receipts and Disbursements
- 3.Statement of Receipts (Consolidated Fund)
- 4.Statement of Expenditure (Consolidated Fund)
 - By Function
 - By Nature
 - Notes to Accounts
 - Appendix 1: Cash Balances and Investments of Cash Balances

Volume II

Part I – Summarised Statements

- 6.Statement of Borrowings and other Liabilities
- 7.Statement of Loans and Advances given by the Government

Part II – Detailed Statements

15. Detailed Statement on Borrowings and other Liabilities
16. Detailed Statement on Loans and Advances made by Government
18. Detailed Statement on Contingency Fund and Public Account Transactions
19. Detailed Statement on Investments of Earmarked Funds

Part III - Appendices

- V Details of Externally Aided Projects
- VI Plan Scheme Expenditure
 - A. Central Schemes
 - B. State Plan Schemes
- VII Direct transfer of Central Scheme Funds to implementing Agencies in the State (Funds routed outside State Budgets) (Unaudited Figures)
- VIII Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
- XIV Major Policy Decisions of the Government

- (1. CAG's e-mail No.648dated 2.7.2010
2. CAG's Lr.No.415-ACI/SPII/32-2008 dated 15.11.2012
3. CAG's e-mail No.875 dated 29.08.2012)

5.6 : – A brief narration containing peculiar features of statements prepared by AAD is given below:

VOLUME II**PART I – SUMMARISED STATEMENTS**

Statement of Progressive Capital Expenditure

1. (a) The figures of expenditure during the year shown against the capital major heads are as per Statement 13 viz., “Detailed statements of capital expenditure outside the Revenue Account during and to end of the year”.
 2. (b) Any *proforma* correction, carried out to the progressive figures of capital expenditure under capital major heads concerned in the detailed statement of capital expenditure are made in this statement by correction of the progressive figures of expenditure to the end of the previous year.
 3. Details of Government investments in the shares of Statutory Corporations, Government Companies and Joint Stock Companies, Co-operative Institutions, etc. as given in Statement No.14 and cases when *proforma* accounts are to be maintained according to Government Order, bringing out the financial results of Government Investments on particular schemes are included by way of Explanatory Note under this statement.
 - 4 (c) In this Statement featuring progressive expenditure, the previous year figures should be indicated first and that of the current year thereafter.
5. Statement of Grants-in-Aid given by the Government
1. Wherever feasible the sanction database may be maintained to depict creation of assets.
 2. Grants-in-aid in kind may be included to the extent possible and qualified accordingly.
9. Statement of Guarantees given by the Government
1. Complete list of guarantees given by the Government is required to be included.
 2. Guarantee fees received/receivable has to be obtained/calculated. If fee receivable is material to overall receipts of the Government, the same may be included as a note to account.
 3. The three formats prescribed in IGAS-1 are required to be followed for disclosure of related information.
10. Statement of Voted and Charged Expenditure

This statement shows the distribution of charged and voted expenditure under Consolidated Fund. The percentage of charged and voted expenditure to total expenditure to be included.

PART II – DETAILED STATEMENTS

11. Detailed Statement of Revenue and Capital Receipts by minor heads

1. Detailed accounts of Revenue and Capital receipts by minor heads and detailed accounts of Revenue expenditure by minor heads are included in the statements.
2. Information in respect of 'Taxation changes' included in the Explanatory Notes is to be obtained from the Finance Department of the State Government. While explaining increase/decrease of Revenue Receipt with reference to the previous years, Major Heads may be arranged in order of the magnitude of the amounts in each case. (Authority: CAG's Ir. No.826/Rep/102-70 dt.25.04.70)
3. The increase/ decrease in Revenue Receipts of relevant years of account as compared with the previous year of over Rs.25 crore only need to be explained.
4. Prior to closure of March (S) Accounts, the exercise for reconciliation of the figures of State's Share of Taxes and Duties from the Centre to the State Government given during the year need to be conducted effectively so that before finalization of the State Finance Accounts the amounts of the current year are correctly reflected in the accounts. The sanctions and advices are also placed on the internet website by DEA and DOE. In case any adjustments relating to previous year are carried out in the current year accounts, a suitable foot note should be incorporated at the proper places in the Finance Accounts.

(C&AG Lr.no.227.AC.III/CFR-ROB-440-2000/Misc dt 29.3.2006)

12. Detailed Statement of Revenue Expenditure by minor heads

1. The figures in Statement 12 should exclude expenditure met out of the contingency fund during the year and not recouped to the fund before the close of the year. Suitable footnotes to be included to indicate such expenditure.
2. Suitable explanations may be given by means of footnotes for plus expenditure under Deduct heads and minus expenditure under heads other than deduct heads.
3. Explanatory Notes to statement No.1 (pre-revised) may be relocated after the relevant statements.
4. Information relating to the release of funds for various schemes (Major schemes only) should be included appropriately as an Appendix to Statement 12.

5. While explaining increase/decrease of Revenue Expenditure with reference to the previous years, Major Heads may be arranged in order of the magnitude of the amounts in each case. (CAG's Lr. No.826/Rep/102-70 dated 25.04.70)

6. The increase/ decrease in Revenue Expenditure of relevant years of account as compared with the previous year of over Rs.25crore only need to be explained.

7. Footnote on number of pensioners should be included under relevant head of expenditure in Statement No.12 of Finance Accounts. The narration on footnote shall be given according to the nature of information received from State Government and shall indicate clearly that the information quoted has been provided by the State Government. For inclusion of footnote for Social Pensioners, the information should be reflected under the relevant heads of Social Security in Statement No.12. However, it should be ensured that the figures reported by the State Government are credible. In case information in this regard remains awaited from the State Government at the time of finalization of Finance Accounts this should be indicated accordingly.

(CAG Lr.No.246-AC-I/SP-II/60-05 dated. 2/8/2006)

13. Detailed Statement of Capital Expenditure

1. The statement should exhibit minor head wise details of capital heads of account.
2. Schemes/works/projects may be mentioned individually in this statement where the sanctioned estimate/actual progressive expenditure exceeds 5/10 crore depending on the size/volume of the expenditure incurred in the State.
3. Footnotes similar to those given under statement No.12 indicating the exclusion of expenditure met out of contingency fund and the reasons for the minus and plus expenditure, wherever necessary should be given.
4. Similarly, the proforma corrections to the progressive expenditure should be explained by suitable footnotes.

14. Detailed Statement of Investments of the Government

1. The statement should be prepared in 3 sections; Section 1 should depict comparative summary of Government Investments in the share capital of different concerns for the previous year and the current year, Section 2 should depict details of investments upto the current year for individual entities under each sector and Section 3 should include cases in which the figures do not tally with those appearing in Statement No.13.
2. Information on the following points should also be furnished in the statement.

(a) (i) year(s) of investment, (ii) type of shares, (iii) percentage of Government investments to the total paid up capital, (iv) amount of dividend declared and credited to the Consolidated Fund during the year, (v) number of co-operative societies and banks, etc.

(b) In cases where the concerns are running at a loss, the year from which the concerns have been running at a loss and the cumulative loss, should, wherever possible, be mentioned in the remarks column.

(c) In cases where dividend has not been declared, the years for which dividend has not been declared should be mentioned in the remarks column.

(d) The total of the dividends received should tally with the figures shown in Statement No.11 against '0050-Dividends and Profits'. The difference if any should be explained by footnotes.

(e) Differences in the figures of the amount invested and those calculated with reference to the number of shares and the face value of shares should be suitably explained in the remarks column.

17. Detailed Statement on Sources and Application of funds for Expenditure other than on Revenue Account.

1. Gross capital expenditure has to be taken and deduct entries have to be shown.

2. Reserve Fund should be included on the source side.

The figures relating to "Loans and Advances" and "Principal sources of Funds" occurring in this statement are furnished by Book Section (vide Appendix II). A key note explaining the working of the figures shown in this statement except those which are individually and specifically available in the connected statements should be given as an office note on the facing page in this statement to facilitate scrutiny by Headquarters office.

PART III – APPENDICES

II Comparative Expenditure on Salary

III Comparative Expenditure on Subsidy

IV Grants-in-Aid/Assistance given by the State Government

(Institution-wise and Scheme-wise)

XI Statement of items for which allocation of balances as a result of re-organisation of States has not been finalised.

XII Statement on Maintenance Expenditure of the State (Salary and Non-Salary portion)

XIII Detailed Accounts showing transfer to ULBs/PRIIs and direct transfer of Funds to ULBs/PRIIs

(1. HQrs. e-mail No.648 dated 2.7.2010
2. HQrs. D.O.No.356-AC-I/SP-I/101-2008/KW-II dated 18.07.2011)

5.7. General

In addition to 5 printed (bound) copies of the Finance Accounts prescribed in para 1.11 of Comptroller & Auditor General's MSO (A&E) Vol. II, one more copy should be sent to Comptroller & Auditor General of India for the preparation of combined Finance and Revenue Accounts.

[Comptroller & Auditor General's Lr. No 1031-Rep/ (S)/ 90-87 dated 10-9-87 and 605-Rep©/ 82-88 dated 22-3-88].

Soon after the despatch of the draft Finance Accounts, the following subsidiary material is also furnished to the Comptroller and Auditor General for the purpose of preparation of the Combined Finance and Revenue Accounts :

(i) Statement, in duplicate, showing figures to the nearest unit in respect of capital and other expenditure to end of the year and the principal sources from which funds were provided for that expenditure i.e., unit statement in respect of Statement No 15 of the Finance Accounts.

(ii) Break up details in respect of the expenditure shown in the Finance Accounts under the head "2049— Interest payments C. Interest on Small Savings, Provident Funds, etc, interest on Trusts and Endowments".

5.8. The certificate of the Comptroller and Auditor General of India in the form given below is to be recorded in page (v) of Finance Accounts

**CERTIFICATE OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA**

This compilation containing the Finance Accounts of the Government of Tamil Nadu for the year ending 31 March ____ presents the financial position along with accounts of the receipts and disbursements of the Government for the year. These accounts are presented in two volumes, Volume I contains the consolidated position of the State of Finances and Volume II depicts the accounts in detail. The Appropriation Accounts of the Government for the year for Grants and Charged Appropriations are presented in a separate compilation.

The Finance Accounts have been prepared under my supervision in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and have been compiled from the accounts rendered by the treasuries and departments responsible for the keeping of such accounts functioning under the control of the Government of Tamil Nadu and the Statements received from the Reserve Bank of India. Statements 7 (ii), 9, 14, explanatory notes to Statements 11, 12 and Appendices VII, IX and X in this compilation have been prepared directly from the information received from the Government of Tamil Nadu / Corporations / Companies / Societies who are responsible to ensure the correctness of such information.

The treasuries, offices and / or departments functioning under the control of the Government of Tamil Nadu are primarily responsible for preparation and correctness of the initial and subsidiary accounts as well as ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations relating to such accounts and transactions. I am responsible for preparation and submission of Annual Accounts to the State Legislature. My responsibility for the preparation of accounts is discharged through the office of the Principal Accountant General (A&E). The audit of these accounts is independently conducted through the office of the Principal Accountant General (Civil Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for expressing an opinion on these accounts based on the results of such audit. These offices are independent organisations with distinct cadres, separate reporting lines and management structure.

The audit was conducted in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

On the basis of the information and explanations that my officers required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that, to the best of my knowledge and belief, the Finance Accounts read with the explanatory 'Notes to Accounts' give a true and fair view of the financial position, and receipts and disbursements of the Government of Tamil Nadu for the year ____.

Points of interest arising from study of these accounts as well as test audit conducted during the year or earlier years are contained in my Reports on the Government of Tamil Nadu being presented separately for the year ended 31 March ____.

New Delhi,

The Comptroller and Auditor General of India

1. CAG Circular No.2/99 No.60-AC.I/SP II/96-98 dated 12.2.1999
2. CAG Lr. No.77-AC.I/SP II/96-98 dated 19.2.1999
3. CAG Lr.No.94-AC!/SP-II/96-98 dated 24.02.1999 & 165 Audit (AP)/34-2008 II dated 01.06.2011).

CHAPTER VI

NEW SERVICE

6.1. According to Articles 115 and 205 of the Constitution of India, if a need arises during the year for “Supplementary or Additional expenditure upon some new service not contemplated in the Annual Financial Statement for that year” another statement should be laid before the Legislature showing the estimated amount of that expenditure; the amount has to be authorized by the Legislature in the usual manner. However, the Constitution does not define the expression “New Service”. A ‘New Service’ may be a new form of service or a new instrument of service. A new form of service is new type of expenditure which the Legislature has not voted, e.g., expenditure on a Nuclear Research Institute. A new Instrument of Service is the extension of an existing type of service such as the provision of a new jail or a new hospital, besides those provided for.

6.2. It has been recognized that the term “New Service” is not susceptible of precise definition and its application has been left to be decided by the evolution of a body of case law from the recommendations of the Public Accounts Committee. A new item of expenditure is not necessarily a “New Service” but expenditure which involves the adoption of a new policy, a new activity, a new facility or a major alteration in the character of an existing facility would normally constitute a “New Service”.

6.3. A distinction has also been drawn between a “New form of service” and a “New Instrument of Service”. While any expenditure, howsoever, small on a “New form of Service” can be incurred only after authorization by the Legislature, the term “New Instrument of Service” has been understood to mean an important extension of a provision, specific commitment on facility, provided the amount involved is appreciable. Thus in declaring a service as a “New Instrument of Service:” the main criteria will be the magnitude and importance of the expenditure. Once an item is accepted as “New Instrument of Service”, it has to be treated as a “New Service” for the purpose of obtaining the authorization of the Legislature before expenditure can be incurred.

6.4. The monetary limits and criteria laid down by the Public Account committee of Tamil Nadu for determination of items of New Service, New Instrument of service are given in the Budget Manual of the State Government and are reproduced in Appendix III.

6.5. There may be certain items of expenditure which cannot wait even till the next session of the Legislature in which the necessary grants can be sanctioned. Such items are financed from the Contingency Fund kept at the disposal of the Governor to enable the Government to meet such unforeseen and urgent expenditure.

6.6. The expenditure is incurred in anticipation of Legislature’s approval and the necessary supplementary demands are placed before it normally in the immediate next session. After the demands are voted by the Legislature, the money withdrawn from the Contingency Fund is recouped to the fund. Some of the important decisions in regard to “New Service” are given below for guidance.

6.7. If in a case it turns out that funds have either been reappropriated or utilized for meeting expenditure on an item not contemplated in the financial year, it shall be brought to the notice of the Public Accounts Committee through the Audit Report. The Public Accounts Committee shall bring it to the notice of the Parliament/ Legislature and if they agree with the observations in the Audit Report, they may recommend that Parliament / Legislature may approve the expenditure. No fresh vote for the expenditure is called for as the money already voted by Legislature for that particular demand has not been exceeded. However in cases where by incurring such expenditure, the amount authorized by Parliament/ Legislature for a particular demand (Service) for that year has been exceeded, the provision of Articles 175(i) (b) of the Constitution will be attracted and the excess will have to be regularized under these provisions.

[Extract of para 82 from the 42nd Report of the Central Public Accounts Committee, 1961-62 Circulated under CAG's letter No. 583-AC/253-56 dated 4th June 1962].

6.8. In order to avoid as far as possible cases of 'New Service/ New Instrument of Service' requiring regularization after the close of the year, it has since been decided that where an Accountant General feels a doubt about a particular expenditure sanction i.e., whether the expenditure attracts the provisions of 'New Service/New Instrument of Service', so far as the State Governments are concerned, he may settle such issues quickly by taking up the matter with the Finance Department of the State Government concerned at appropriate level.

[CAG's Lr. No.. 1912-Rep/274-65 dated 24-9-1968].

6.9. The latest thinking on the subject is that cases of "New Service" noticed after the close of the year in which expenditure has been incurred cannot be regularized unless the constitution amended which has not been considered necessary at this stage. The procedure laid down in Comptroller & Auditor General's Office Circular Letter No. 1912-Rep /274-65 dated 24th September 1968 will no doubt help to reduce the number of cases needing regularization after the close of the year but it cannot eliminate completely the cases which may be discovered late. The Ministry of Finance have already submitted a note to the Central Public Accounts Committee. It has been decided that the reaction of the Central Public Accounts Committee on this note may be awaited. In the meantime the Accountant General may not advise the Public Accounts Committee for regularisation of such cases by a token vote.

[CAG's Lr. No. 2354-Rep/ 274-66-II dated 19th November, 1968].

6.10. It has been decided in consultation with Ministry of Finance that a statement showing the advances sanctioned from the Contingency Fund during the vote on account period for expenditure on “New Service” items for which necessary provision has been made in the Budget Estimates of that year will be laid on the table of the Lok Sabha by the Ministry of Finance before the Appropriation Bill for the year is introduced in that Sabha. This statement will form part of the budget documents to be sent to Audit and other authorities. [CAG’s Lr. No. 424-AC/168-66 dated 14th May, 1968].

6.11. A case was referred to the Comptroller and Auditor General by Accountant General, Gujarat, on how a case of “New Service” which caused an excess over the grant can be regularized after the close of the year. The Accountant General quoted one particular case relating to a major head “124. Capital outlay on Schemes of Government Trading” of Government of Gujarat for the year 1965-66 where there was an excess expenditure of Rs. 4,02,810 lakhs over the voted grant. This included Rs. 2,65,000 lakhs advanced by the State Government to the Gujarat State Co-operative Marketing Society Limited during that year for procurement storage, distribution etc., of groundnut oil. The State Public Accounts Committee upheld the view of Audit that the advance of Rs. 2,65,000 lakhs for that purpose constituted a “New Service”. This was after the close of the financial year. Having regard to the review of the Attorney-General of India that the Constitution makes no provision for regularization of this expenditure on “New Service”, the question that arose was whether in case (as this one), where the excess over the grant has been caused by expenditure on a “New Service” as well as by excess expenditure over the approved services there will be any legal or constitutional objection to get the excess expenditure over the approved services only (i.e., the total excess over the grant minus the expenditure on “New Service”) regularized under Article 205 or 206 of the Constitution.

The Ministry of Law have advised that part of the excess over the approved services only may be got regularized under Articles 115/205 of the Constitution without attempting to regularize the rest (i.e., the expenditure on the item adjudged as “New Service”) by putting a strained construction on articles 116/206 *ibid*. [CAG’s Circular Letter No. 1778-Rep/274-65-III dated 22-8-1969].

CHAPTER VII

CONTINGENCY FUND

7.1. The “Appropriation Act” fixes the amount which can be drawn out of the Consolidated Fund and Articles 114(3) and 204 (3) of the constitution of India do not permit any withdrawals from that fund in excess of the amount provided for in the Act. However, to meet unforeseen expenditure, government have at its disposal a Reserve Fund known as “Contingency Fund” (set up under the provision of Article 267 of the Constitution of India) out of which it can meet expenditure subject to regularization through Supplementary Appropriation Acts Passed by the Parliament/State Legislature. The executive government can take an advance from the Fund duly sanctioned by the President/ Governor and spend it for any unforeseen purpose subject to obtaining (within the year) supplementary grant and recouping the Advance into the Contingency Fund from the Consolidated Fund.

7.2. The Tamil Nadu Contingency Fund Act, 1950 created a Contingency fund of Rupees One Crore. The corpus of Contingency Fund was raised from time to time and by the Tamil Nadu Contingency Fund (Twelfth Amendment) Act, 1993, the corpus of the Fund was raised to rupees One Hundred and Fifty Crores.

The Contingency Fund shall be held on behalf of the Governor by the Secretary to Government in Finance department. Advances are given from this Fund to meet unforeseen expenditure pending the approval of the Legislature and they are paid back to the Fund after the Legislature approves the Supplementary Demand.

7.3. The orders sanctioning the advance from the Contingency Fund as also the orders reducing, increasing or cancelling the advance already sanctioned are received in duplicate in Appropriation Accounts Section. After noting them in the Registers maintained for the purpose, they are forwarded to the concerned compilation Sections for further action.

7.4. A register of balances maintained in the AAD Section to ensure that the sum total of the advances sanctioned from time to time does not exceed the corpus of the Contingency Fund and that supplementary grants are obtained for the recoupage of all the advances as prescribed in the Rules. All the sanction received from the Government are noted in this register and the balance in the Contingency Fund at the end of every month is worked out.

7.5. At the end of the year, the items of expenditure outstanding under the Contingency Fund are analysed major headwise for their exhibition in the Appropriation Accounts and the Finance Accounts under the respective grants/ appropriations and in statements of Finance Accounts. A General Review Report of the withdrawal from the Contingency Fund during the year along with cases of important irregularities in the operation of the Contingency Fund is furnished to PAG (G&SSA) for inclusion in the Civil Audit Report.

7.6. An advance from the Contingency Fund sanctioned by the Finance Department should not exceed the balance in the Fund. Sanction to the Advance from the Contingency Fund should be treated as invalid if it involves an increase in the corpus of the Fund. Such irregularities should be commented up on in the Audit Report as defective control over the Contingency Fund.

7.7. Advances from the Contingency Fund should be taken for full amount for meeting expenditure on a “New Service”, even if the grant as a whole would not be exceeded. It will however be permissible to meet expenditure, on a new service from savings within a grant, provided that a token vote of the Legislature is taken within the year and before the “New Service” expenditure is actually incurred.

[CAG’s letter No. 358-AC/335-58, dated 9-3-1959, File No. AA(C)-406/Vol. I].

7.8. When an expenditure is met from an advance from the Contingency Fund the adjustment to transfer the amount to the Consolidated Fund should be carried out as soon as the necessary Appropriation Act is passed i.e., if the Act is passed on or before 31st March of any particular financial year, resumption has to be treated as to have been effected during the same financial year. However, where the rules framed by the Government specifically require that formal orders should be issued by the Finance Department of the Government for every such resumption, it would be so arranged with that Department that such orders are not unnecessarily delayed. As it is obligatory that once such an Appropriation Act has been passed, the necessary adjustment should be carried out in the account of the year it would be preferable if such an adjustment is carried out before 31st March. In any case, it should be ensured that necessary adjustment is made within the closure of the accounts of the year.

[CAG’s letter No. 198-AC/21-61, dated 23-2-1961].

7.9. Recoupment of expenditure to the Contingency Fund in respect of advances taken during the year should be adjusted by transferring to the appropriate heads under “Part I –Consolidated Fund” by minus debit under the various heads, under the “Contingency Fund”, and recoupments to the Contingency Fund of expenditure incurred during previous years should be adjusted as credits to the Fund.

[CAG’s letter No. 377- Comp I/-4-61, dated 19-6-1962].

7.10. Incurring of expenditure and its booking in the accounts are not one and the same thing. While there can be no objection to the incurring of an expenditure of an unforeseen nature in excess of an advance from the Contingency Fund the related expenditure cannot be booked under “Contingency Fund” until necessary formal sanction for the grant of an advance from the Contingency fund is issued. The correct procedure would, therefore, be that so much of the expenditure which is in excess of the sanction for the grant of an advance, should be debited initially to the Consolidated Fund and transferred to the Contingency Fund only on receipt during the course of the year, of a valid sanction for the grant of an advance from the Contingency Fund as stated above. The irregularity should also be suitably commented upon in the Appropriation Accounts, wherever necessary.

[CAG’s letter No. 1462-AC/328-63, dated 6th November 1963, filed in AA/ 60-7/63-64/GI].

7.11. The Contingency Fund provides the legal source for the money required to meet unforeseen expenditure, as otherwise no expenditure can be incurred without an Appropriation Act, passed by the State Legislature. Unless, therefore the power for the grant of an advance under Article 267(2) of the Constitution is exercised and necessary formal sanction is actually issued, the money will not be legally available and accordingly incurring of any expenditure out of the contingency Fund in anticipation of such a sanction will be ultra vires of the constitution. In the circumstances, no expenditure should be authorized out of the Contingency fund even provisionally in anticipation of sanction of an advance therefrom, even if Government requests this with an assurance that the necessary advance will be sanctioned shortly.

[CAG's letter No. 214-Tech. Admn. 1/213-63, dated 29th January 1964.].

7.12. Sanctions for the grant of advances from the Contingency Fund issued after an excess had occurred under a sub-head of grant may be accepted and acted upon, if otherwise, in order, but they should be scrutinized to see whether it was not possible for a Supplementary Vote or an advance from the Contingency Fund to be taken before the expenditure was actually incurred in excess of the budget provision. If the examination shows that either a Supplementary Vote or an advance from the Contingency Fund could have been obtained by following the normal procedure for control over expenditure, before the excess expenditure was actually incurred, the matter may be taken up with the State Government and considered for inclusion of suitable comment in the Audit Report.

CAG's letter No. 1088-AC/170-61, dated 7-10-1961.]

7.13. An advance from the Contingency Fund becomes necessary if either the provision for a particular service in the Budget is found insufficient and cannot be met by reappropriation from savings within the grant or there is need to incur expenditure upon some "New Service" not contemplated in the Budget. There cannot be any question of a token additional requirement in the former case. As for expenditure on "New Service", no portion of it can be met out of the Contingency Fund until it is authorized by law under Article 204 or Article 205 of the Constitution [Vide Article 204(3) and Article 266(3) Ibid] and consequently such additional expenditure has to be fully met from the Contingency Fund in the first instance. There can thus be no case of token advance from the Contingency Fund for any purpose.

In view of the above position it should be ensured that the State Government do not obtain token advance from the Contingency Fund for any other purpose. If the contingency Fund Rules of the State do not contain any specific prohibitory provision in this respect, the matter may be taken up with the State Government with a request to consider the desirability of including such a specific provision in their rules.

[CAG's letter No. 767-AG/ 67-63, dated 4th August, 1965].

7.14. Orders cancelling or amending a sanction for the grant of advance from the Contingency Fund should normally be issued before the close of the financial year. No audit objection can however, be raised if such orders are issued even after 31st March. For the purpose of accounts of the previous financial years, such orders will be of little significance as neither any additional funds can be provided to cover the expenditure already incurred in excess of the previous year's budget provisions, nor the sanctioned advance can be reduced below the amount already spent out of the advance in the previous financial year. Hence, though the sanctions issued during the one financial year may be considered to be operative even after the close of that financial year, any

modification or amendment made to such sanctions after the close of the previous financial year will have to be ignored for the purpose of the accounts of the previous financial year.

[CAG's letter No. 444-AC/71/65, dated 20th May, 1967].

7.15. Regularisation of advance from the Contingency Fund remaining un-recouped at the end of the financial year

Rule 8 of the Contingency Fund of India Rules prescribes that supplementary estimate for expenditure met by drawing advance from the Contingency Fund of India shall be presented to Parliament at the first session meeting immediately after the advance is sanctioned. As soon as Parliament has authorized the additional expenditure by including it in any Supplementary Appropriation Act the Advance made from the Contingency Fund of India shall be resumed to the Fund. Under this Rule the advances from the Contingency Fund of India used to be regularized by placing supplementary demands before Parliament either during the same year or in a subsequent year.

7.16. It has been clarified by the Comptroller and Auditor General that no separate Appropriation Act for withdrawal from the consolidated Fund is necessary. Whenever an additional amount required for enhancing the corpus is to be withdrawn from Consolidated Fund it is enough if an enactment of the Contingency Fund of India (Amendment) Act is passed.

7.17. No account adjustment will be necessary at the time of the grant of advances from the Contingency fund as the amount continues to remain physically a part of the Fund and does not go out of it till it is actually withdrawn and spent on the purposes for which the advance is sanctioned. The actual expenditure incurred out of advance from the contingency Fund will be recorded under the Major Head "Contingency Fund" in the same detail as it would have been recorded if it had been met out of the Consolidated Fund. For this purpose, each major head of expenditure will be treated as minor head subordinate to the Major Head "Contingency Fund".

7.18. When unforeseen expenditure not covered by the Appropriation Act has to be incurred and there is no time to summon the Legislature and also the Contingency Fund is exhausted, the issue of an ordinance by the Governor may be necessary but its purpose would be limited to increasing the amount of the Contingency Fund. The expenditure in any case will have to be regularized by a subsequent vote of the Legislature.

The provision of Article 213 cannot be utilized for the purpose of issuing an ordinance sanctioning a supplementary grant and thus obviating the need for a subsequent excess vote.

[CAG's letter No. 1633-Rep /117-55, dated 30-11-1955].

7.19. Expenditure on "New Service" for which advances are sanctioned from the Contingency Fund pending provision of funds by the vote of the Legislature should not exceed the amount so advanced until funds are voted by the Legislature for the purpose. In case it is found that the expenditure cannot be limited to the advance before the vote of Legislature is taken, a further advance from the Contingency Fund should be taken.

[CAG's letter No 358-AC/335-58, dated 9-3-1959].

[Contingency Fund Rule including accounting Procedure is included as Appendix IV].

CHAPTER VIII**PUBLIC ACCOUNTS COMMITTEE**

After the restructuring of the department into separate offices of AG (Audit) and AG (Accounts), AG (Accounts) is no longer required to attend the meetings of the Public Accounts Committee, as these accounts are certified at present by PAG (G & SSA). Nevertheless the Chapter is retained in toto in the revised manual, as it presents a comprehensive picture of the working of the Public Accounts Committee and the relationship of the department as a whole to the committee.

8.1. Procedure for the consideration of the Accounts and Reports presented to the Legislature.

The Public Accounts Committee is constituted soon after the commencement of the first session of the Assembly every year, to deal with the Reports of the Comptroller and Auditor General of India relating to the Finance Accounts and Appropriation Accounts of the State of Tamil Nadu.

The general instructions for submission of Reports to Government and action taken thereon by them are contained in paragraphs 46 to 54 of M.S.O. (Tech) Vol. II.

8.2. Copies of the Accounts and Reports will be circulated to the administrative departments of Government in the Secretariat as soon as they are submitted to the Governor by the Comptroller and Auditor General. This is done with a view to enable them to defend the portion with which they are concerned in the meetings of the Public Accounts Committee.

[CAG's letter No. 485-Rep/ 47-61 dated 7-8-1951].

8.3. After the Accounts and Reports are presented to the Legislature, a Memorandum of Important Points in the Reports and Accounts are prepared department wise and sent to the Legislature Secretariat for intimation to all the Heads of Departments of the Secretariat for preparation of the explanation for the comments made in the Appropriation Accounts and Audit Report. Copies of these explanations are also sent to the Accountant General.

8.4. Preparation of briefs for the P.A.C. Meetings

On the basis of the explanations furnished by the departments to the Legislature Secretariat for the purposes of the Public Accounts Committee meetings, briefs are prepared for each department and submitted to the Accountant General for approval. After the briefs are approved by the Accountant General, copies of the briefs are forwarded to the Legislature Secretariat for further action.

8.5. Intimation of the P.A.C. Meetings to the C& AG

After the detailed programme of the Public Accounts Committee meeting is received, a copy of the programme is to be forwarded to the Comptroller and Auditor General so that he may attend the meetings if he

so desires. Similarly, after the meetings in each sitting are over, an impression draft giving the views of the Accountant General on the deliberations of the Committee on items of special interest, if any, may be sent to the Comptroller & Auditor General.

8.6. Six copies of the Public Accounts Committee reports should be forwarded to the Comptroller and Auditor General after they have been presented to the State Legislature by the Committee.

[CAG's Lr. No. 577-Rep/ 51-74 dated 4-3-74 filed in 60-7/72-78/GI].

8.7. Presentation of the Reports to the Legislature

At the end of the sitting, a report containing the remarks and recommendations of the Committee and the points examined by it, is prepared and presented to the House by the Chairman or in his absence, by any member of the Committee.

8.8. Meetings of the Public Accounts Committee

The Accountant General also attends the meetings of the Public Accounts Committee by special invitation and helps the members understand the importance of a paragraph or irregularity and what exactly can be done by them in dealing with different issues.

Comptroller and Auditor general has decided that as far as possible the Accountant General should take the dealing Deputy Accountant General to the Public Accounts Committee meetings when the committee takes up consideration of the paragraphs.

[Addl. Dy CAG's D.O. No 928-Rep/ 146-70 dated 16-5-1970].

8.9. (a) The object of inviting an Audit Officer to attend the meetings of the Public Accounts Committee is that with his expert knowledge on financial matters he should assist the Committee in successfully conducting its examination of the Accounts and Reports. This assistance should ordinarily be rendered in the following ways:

(i) He should help the Committee in discriminating between more important and less important matters included in the Reports so that the time at the disposal of the Committee may be utilized to the best advantage.

(ii) He should be prepared to furnish any supplementary and up-to-date information on matters included in the Accounts and Reports.

(iii) If necessary, he should be ready to clarify the issues and explain the technicalities involved in a case under consideration. He should also be ready to notice and explain supplementary points of importance which come up in the course of examination of witnesses or discussion.

(iv) In general, he is expected to indicate the committee the manner in which the enquiry should be developed, which is always subject to the consent and control of the Chairman.

(b) It is not desirable or necessary for the Accountant General to participate in any investigations or enquiries which the Public Accounts Committee might take up during their study tours. There is, however, no objection to the Accountant General rendering assistance in the normal way to the Public Accounts Committee in the course of “on-the-spot” study tours undertaken by it, if –

- (i) the committee holds examination of departmental witnesses in connection with the points included in or arising out of the material included in the Report, Appropriation Accounts and finance Accounts; and
- (ii) the results of the examination will form part of the official proceedings of the committee.

The assistance rendered will be of the same nature as rendered by the Accountant General in normal sessions of the Committee held at headquarters.

[Addl. Dy. CAG’s D.O. No. 333-Rep/26-62 dated 10-12-1964 and No 511-Rep/26-64 dated 4-3-1964].

For a study tour of the Public Accounts Committee, the Accountant General or his staff need not accompany the Public Accounts Committee unless the Committee holds examination of departmental witnesses and the result of the examination forms part of the proceedings of the Committee.

[C& AG’s Lr. No. 511-Rep/26-64 dated 4-3-1974].

8.10. In order that all the I.A.& A.S Officers of the Audit Office are aware of the exact reactions of the members of the committee or how additional specific information or emphasis on particular aspects of the problem would have helped to make the discussion more pointed and more useful, the Comptroller and Auditor general has suggested that each I. A. & A.S. Officer should attend with the Accountant General two or three of the Public Accounts Committee meetings as is convenient. These officers should be required to study particular matters coming up for discussion on the particular occasion and they should be required to assist the Accountant General in the same manner as the Accounts Officer in charge of the section does it at present.

[Headquarters office D.O. Lr. No. 608-Tech. Admn –I/220-64 dated 19-3-1964].

8.11. If during the course of examination of departmental witnesses further notes are called for by the Committee, these notes might be verified by Audit before they are submitted to the committee. In cases where prior verification has not been got done by departments, the note might be examined in Audit after submission of the notes to the Committee and observations, if any, communicated to the committee immediately. In examining the notes it is not enough to be contented with checking the accuracy of only such of the facts or figures as are susceptible of verification with the material available in the Audit Office. Every statement of facts contained in the note which has a bearing on the validity of the argument developed in the reply, has got to be verified from the original papers and files on the strength of which the department itself has prepared its reply.

For this purpose, it is necessary to insist that the departments send their replies along with all the departmental papers and files from which they have gathered the facts.

The Public Accounts Committee is free to discuss irregularities brought to its notice by any one of the members of the committee from his personal knowledge; the Accountant general should, however, refrain from taking any part in the discussion unless the matter is one included in or arising from the Report, Appropriation Account or Finance Accounts. If the Committee asks the Accountant General to investigate any new matter brought up by any of the members of the Committee, he should agree to carry out such investigations only if it would be a part of his normal duties. For instance, he may agree to examine whether in a particular department it has generally been the practice to accept higher tenders; on the other hand, he should decline to investigate whether there is evidence of corruption on the part of the particular Officer. The Accountant General should offer to make the results of his investigations available to the Committee in the next Report. If, in any particular case, the Public Accounts Committee is anxious to have factual information the Accountant General may advise the Committee to request the Government department concerned to furnish note on the points in question duly vetted by Audit. [Addl. Dy. CAG's D.O. Nos. 379-Rep/43-63 dated 23-2-1963 and 912-Rep/143-63 dated 13-5-1963].

8.12. Correspondence with the Public Accounts Committee

The Secretariat of the Public Accounts Committee cannot call for particulars and documents regarding irregularities, etc., direct from Audit for scrutiny and inspection by selected members of the Public Accounts Committee, if they are required, they should be collected only from the Administrative Secretariat department of Government; correspondence with Audit is not, however, precluded on matters of a purely routine character in connection with the more convenient arrangements for the transaction of business of the Public Accounts committee.

[Dy. CAG's letter No. 487-Admn. 1/61 dated 28-7-1951].

8.13. Exchange of the reports of the P.A.C on reciprocal basis

At the conference of the Accountants general held in Delhi on 31st January 1967, the recommendation to supply copies of the Public Accounts Committee Reports to other Accountants General on reciprocal exchange basis was approved.

[CAG's Lr. No. 394-Rep/ 22066 dated 25-2-1967].

8.14. Epitome of P.A.C. Recommendations

Important comments, recommendations etc., made by the Public Accounts Committee during the examination of the various departments of the Government of Tamil Nadu are brought together in the form of an epitome. The epitome is brought out by the Tamil Nadu Legislature Secretariat in the form of a book at regular intervals.

8.15. The Public Accounts Committee can examine the accounts and Audit Report of the Comptroller and Auditor General before they are laid before the Legislature, but its report will not be submitted to the Legislature until the accounts are placed at the Table of the House.

[1323-Rep/223-57 dated 8-7-58 copy in S. 12/287-74 dated 19-2-75 filed in 60-7/72-78/Gl.].

8.16. The Accountant General should attend all the sittings of the Committee on Public Accounts committee of the State legislature even though the proceedings might be conducted in the State Official Language in which the business of the Legislature is conducted under Article 210 of the constitution, with which the Accountant general may not be quite conversant. The Accountant General should take with him an officer or a member of the staff who knows the language in which the proceedings are conducted, to assist him.

[CAG's secret D.O. Lr. No. 1896-Rep/ 314-68 dated 20-9-1968].

8.17. The Accountant General should assist the Public Accounts Committee in the examination of the Report of the Examiner, Local Fund Accounts submitted to the Legislature pursuant to the recommendation contained in paragraph 8.5 of the Report of the Study team on the audit of the accounts of the Panchayati Raj bodies, but should refrain from going into the details which may have no bearing on the Government assistance to the Panchayati Raj bodies. The Accountant General need intervene in the discussions pertaining to the Report of the Examiner on the Panchayati Raj bodies only if, in regard to any matter related directly or indirectly to utilization of the financial assistance extended by Government, he feels that he can assist the Committee in coming to correct conclusion on the basis of facts mentioned in the documents placed before them or brought out in evidence. The Accountant general may also assist the committee in clarifying any technical points on which his advice may be sought.

[CAG's confidential Lr No. 2581-Tech-Admn. I/350-66-II dated 16-7-1968].

8.18. The Public Accounts Committee is not entitled to know what cases have been dropped from the Reports. Audit is also not entitled to disclose to the Public Accounts Committee any discussion between Audit and Government on matters not referred to in the Accounts and Reports.

[CAG's Lr. No. 1540-Rep/194-64 dated 21-8-1964].

8.19. Regularisation of excess expenditure

Under Article 205 of the Constitution of India, the excesses over voted grants and charged appropriations are to be recommended by the Public Accounts Committee for regularization by the Legislature.

If an excess in the Appropriation Accounts is clearly ascribable to misclassification in the Accounts, it does not need regularization in view of the Central Public Accounts Committee's recommendation contained in paragraph 7 of their 16th Report (1st Lok sabha).

8.20. Procedure for dealing with the reports of the Committee on Public Accounts and the action taken by Government thereon

As soon as the report of the Public Accounts Committee of a year is received from the State government, a copy thereof should be submitted to the Accountant General for perusal. The report should then be scrutinized in detail by the section with special reference to the remarks made by the Accountant General on the copy submitted to him. The portion of the report containing recommendations made by the Public Accounts Committee, promises made by the State Government or by the Accountant General to that Committee, and other points requiring further action on the part of the Government or the Accountant General should be noted in columns 1 to 3 of the Register to be opened in the following forms---

Item Number	Reference to paragraph or Page of the report	Summary of recommendation or subject matter	File in which dealt with
1	2	3	4
Preliminary Action taken or Order passed in this office	Final Action taken by the authority concerned	Adequacy or otherwise of the action	
5	6	7	

The preliminary orders, if any, passed on each item as to the further action to be taken on it should be noted in column 5, while the orders received from the State Government and the result of the scrutiny should be noted in columns 6 and 7 respectively and the register submitted to the Accountant General at the end of each half year. The items which are outstanding should be dealt with according to the instructions in paragraph 19 of the skeleton Draft Appropriation Accounts and the Audit Report.

Whenever there is any difference of opinion between the Public Accounts Committee and the Executive Government in regard to any recommendation of the former, the matter has to be brought before Legislature either by Government in the form of a Resolution or by a further Report by the Public Accounts Committee. In the former case, this should be done in a form which places before the Legislature unreservedly the arguments on both sides. The comptroller and Auditor General attaches considerable importance to this procedure as being essential for the success of parliamentary control in the Financial sphere and has desired that

if such questions come up in the State, this office should arrange to see that the correct procedure is followed by the State Government.

[CAG's Lr. No. 193-Rep/654 dated 23-2-1954].

8.21. Relations between Public Accounts Committee and Audit

The relations between Public Accounts Committee and Audit being delicate in nature, utmost care and circumspection have to be exercised while communicating with the Committee in most important matters. In peculiar cases, the Comptroller and Auditor General of India should be consulted.

[CAG's confidential D.O. Lr. No. 790-Rep/ 95-70 dated 19-4-1970].

CHAPTER IX
MISCELLANEOUS---IMPORTANT RULINGS AND ORDERS

9.1. The Ministry of Finance in consultation with the Ministry of Law have decided that, if for some item of expenditure not to be met from the Consolidated Fund a demand is voted and consequential provision made in the Appropriation Act under a misapprehension, the obvious thing to do is not to utilize the demand and the provision made in the Appropriation Act and let both lapse. In such cases there is no need to amend the Appropriation Act to delete the item, but under the provisions of paragraph 2 (1) of the Government of India (Audit and Accounts) Order, 1936 an Appropriation Account therefore becomes necessary though it will not show any expenditure against the grant or appropriation.

[CAG's letter No. 179-Ac/15-51 dated the 10th March 1952, A.A. case No. 60-32 of 1950-51-52].

9.2. Minus Provision in the Demands for Grants Re-appropriation

Reappropriation of minus amount or augmentation of minus provision and its utilization under other heads is not correct.

[CAG's letter No. 427/T.A II/321-67, dated 27-2-1970].

9.3. Powers for Reappropriation of funds

Provision made under the head 'Plan' in a demand for Grants should be regarded as for 'Plan' schemes only and any short-falls in 'Plan' expenditure should not be diverted for 'Non-Plan' purposes under the delegated powers of reappropriation of Ministries, without the specific prior concurrence of the Ministry of Finance.

[GOI., O.M No. F9(5) B-Coordn/ 65, dated 24-11-1965].

9.4 Payment of grants for repayment of loans

Payment of grant to a private body for the repayment of a loan from Government should be regarded as an item of "New Service" and brought to the notice of Parliament.

All proposal for grants to private bodies for repayment of loans from Government involving individual payments of Rs. 1 lakh or more should be explained in the Explanatory Memorandum to the Budget before payments are actually made. If, in the course of the year, new cases involving payment of grants for repayment of loan of Rs. 1 lakh or more occur, such cases should be deemed to involve expenditure on "New Service", and a Supplementary Grant obtained.

[GOI. M.F. (D.E.R.) O.M. No F-8 (21) B/65, dated 5-1-1966].

9.5. Explanation to Rule 8 of the Contingency Fund of India Rules

In view of the amendment to Rule 8 of the Contingency Fund of India Rules, the reimbursement to the Contingency Fund will have to be made for the full amount of the advance actually drawn from the Fund. Where a token Supplementary Grant or only the additional fund required, after taking into account the savings available for reappropriation, have been obtained after reporting the total expenditure involved in the manner as indicated in Note 2 below Rule 8(1) resumption of the full advance will be in order. Failure to reappropriate funds in such cases will amount to a procedural omission on the part of the Executive. If the anticipated savings do not actually materialize and finally there is an excess over the Grant, the excess will be regularized under normal rules without affecting the recoupment of the Contingency Fund.

However, where a specific amount of Grant is obtained for recoupment of the expenditure incurred against the advance from the Contingency Fund the recoupment will have to be restricted to this amount. If the advance from the Contingency Fund actually availed of is found to exceed such Grant, a further Supplementary Grant, will have to be obtained for recoupment of the excess.

[CAG's letter No. 591-Ac /137-65, dated 3-8-1965].

9.6. Whenever expenditure on "New Service" has actually to be incurred before a supplementary grant can be taken, an advance from the Contingency Fund should be obtained for the purpose, even if such expenditure can be met from savings within the grant and a token grant only is proposed to be obtained.

[CAG's letter No. 518- AC/ 15-53, dated 11-5-53-AA. Case No. 60-3/1, of 50-53].

9.7. Late Assent to a Supplementary Appropriation Act—Comptroller and Auditor General's Decision

In a certain State a Supplementary demand for 1951-52 presented in March 1952, was voted by the Legislature of the State before the close of the year, but the corresponding Supplementary Appropriation act was assented to by the Head of the State only on 1-4-52. The question arose accordingly whether this Act should be treated as a valid Supplementary Appropriation Act under Arts. 205(1)(a) and 200 of the Constitution for the purpose of the Appropriation Accounts of 1951-52. Notwithstanding the fact that this Act specifically stated that it related to the expenditure of the year 1951-52. it has been held by the Comptroller and Auditor General that the Act should be deemed as invalid. The reasons are as follows:

The Supplementary Appropriation Act of 1952 which was passed by the Legislature before 1-4-52 was intended to be a supplementary vote and appropriation within the year. It should have been assented to before the close of the year. Since it was not assented to before the year, 1951-52 was over, it cannot be treated as authorizing supplementary grant and appropriation. Therefore, the bill is of no value at all and should not be taken into account for the purpose of the Appropriation Accounts for 1951-52. Therefore, the position is that:

(1) the full excesses have occurred and

(2) they cannot also be treated as covered to the extent of the Supplementary Appropriation Act in question.

[CAG's letter No. 434-Rep. 112-42, dated 8th may 1953. AA. Case No. 60-3/1 of 1953-54].

9.8. Resumption of advances from the Contingency Fund of India a “New Service” during “Vote on Account” period

Under Rule 8(b) of the contingency Fund of India Rules, all advances sanctioned from the Contingency fund of India to meet expenditure in excess of the provision for the services included in the Appropriation (Vote on Account) Act are deemed to be recouped to the fund as soon as the Appropriation Act for the whole year, which already includes adequate provision for the expenditure met from the advances from the Contingency Fund has been passed. However, a doubt was felt whether this Rule will hold good in respect of expenditure incurred during the “Vote on Account” period on a “New Service” for which necessary provision has been made in the Budget Estimates for the whole year. In such cases the advances from the Contingency Fund stand resumed to the Fund as soon as the Appropriation Act for the whole year has been passed by Parliament and assented to by the President.

However, Parliament should be apprised of such advances taken from Contingency Fund of India through an Annexure to be appended to the Supplementary Demand Statement presented to Parliament at its first session/meeting immediately after the advance is sanctioned.

[Letter No. F-5(4)-N-166,dated 12-9-1966 of Min. of Fin (D.E.A.)].

9.9. Provision for “charged” expenditure to meet the payments of awards, decrees, etc., likely to be made against Government in the Coming year.

There is no constitutional objection in anticipating payments of awards, decrees, etc., likely to be made against Government in the coming years and including provision therefore in the annual budget. In case of Ministries, Departments, etc., where such awards are a normal feature, provision may be included as a “Charged” item of expenditure for the likely payments to be made during the year on the basis of past trends of actuals and such other relevant data that the Ministries, etc., might have. If this provision proves inadequate it will be necessary to supplement it by a Supplementary Appropriation or in the case of an immediate payment, to ask for an advance from the Contingency Fund. In the case of Ministries, etc., where only stray cases occur and it is not possible to anticipate them before hand, there would be no option but to ask for a Supplementary Appropriation and if necessary, an advance from the Contingency Fund. The provision to be included should be made only after obtaining the prior concurrence of the financial Adviser.

[Min. of Finance, Department of Economic Affairs, O.M. No. 2(55)B, dated 12-6-1957].

9.10. Copies of the Finance and Appropriation Accounts of the Government of Tamil Nadu may be supplied to other audit officers in Indian on an exchange basis. However, it has been decided that copies of the accounts may be supplied to other Accountants General as soon as these are formally submitted by Comptroller and Auditor General to the Governor. While sending copies, it should be stipulated that the accounts should be

treated as confidential until their presentation to the Legislature. The accounts are got printed by the Accountant General, and supplied to the Government concerned. This arrangement is in force purely as a matter of convenience and the Government concerned is solely responsible for the custody, sale and distribution of the copies to foreign Governments and the public. The documents are not departmental publications of the Indian Audit Department and arrangements for sale to the public, etc., shall be made only by the Government concerned by whom publicity is desired.

[CAG's letter No. 180-Rep / 26-40, dated 9-6-1943. Filed No. AA. Case 60-14 of 41-50/].

[CAG's letter no 1024-REP.133-462 dated 14th May 1962-File NO.AA60-7/62-63]

9.11. Incidence of the cost of printing of the State Appropriation Accounts and Finance Accounts

It has been decided by the Government of India in consultation with the State Governments that the cost of copies of the above publications supplied to the State Governments for their use and for sale purposes should be borne by those Governments. The cost of copies supplied to the Comptroller and Auditor General of India and the Accountant General of the State for purposes of audit should also be borne by the State Government concerned under the provision of paragraph 16(1) of the Audit and Accounts order as adapted. The cost of copies supplied to the Audit Officers of other States on an exchange basis and of those kept in reserve in the audit office to meet possible future demands should be borne by the Union Government.

[GOI, Department of Labour, letter Nos. A. 436, dated 22-9-1944 and dated 9-12-1944, A.G., U.P., U.O. A&A IV 5-13/58, dated 16-9-1944 and A.G.'s Orders dated 7-3-1946, Filed in AA. Case 60-14 of 41-50,].

9.12. The proposal for waiving of printing charges of publications (Appropriation accounts Finance Accounts & Report of the Comptroller and Auditor General of India) has been carefully examined by the Government and the Government is of the view that the documents referred to above are not departmental publication of the Indian Audit and Accounts Department and as the documents were got printed by the Accountant General purely as a matter of convenience and supplied to the State Government, the question of recovery of the cost in this case does not arise.

In accordance with the decision of the Government of India, the Government have no objection to recover the cost relating to the publications which are being supplied to other State Governments and Audit Officers on an exchange basis and those kept in reserve in the Audit Office to meet possible demands.

[Copy of letter No. 83476/Audit/78-6, dated 16-11-79 from the Joint Secretary to Government, Finance (Audit) Department, Fort. St. George, Madras-9 addressed to the Director of Stationery and Printing, Madras-1.]

Appendix 1

(para 1.4)

CALENDAR OF RETURNS

SI.No.	Name of the return	To whom due	When due	Authority
1	2	3	4	5

SECTION 1

RETURNS DUE TO THE AUTHORITIES OUTSIDE THE OFFICE:

ANNUAL:

1. Supply of copies of i) Budget Documents (Demands for Grants etc.) ii) Appropriation Accounts relating to Budget Estimates iii) Supplementary Estimates (I,II,etc.) iv) Appropriation Accounts relating to Supplementary Estimates	C&AG	As soon as the original Budget and Supplementary Estimates are received	Appendix III to C&AG's MSO (A&E), Vol.II, First Edition
2. One printed copy of Finance Accounts, Government of Tamil Nadu	Pr.AG(GSS Audit)	As soon as it is ready for printing	Para 1.6 of C&AG's MSO(A&E) Vol-II, First Edition
3. Submission of Materials for Statement 125 of the Combined Finance and Revenue Accounts in the crores of Rupees	C&AG (presently to A.G(A&E), Punjab, Chandigarh who is in charge of the work)	After typed copies of Finance Accounts are sent to C&AG	Para 5.7 of AAD Manual and HQ.Lr.No. 2AC / III /132 / 88(i) dt.31.12. 90
4. Submission of five signatory copies of Finance Accounts and additional 16 wrapper bound copies of Finance Accounts	Addl. Dy.CAG of Hqrs under intimation to DG(GA)	To be sent after print	HQ U.O.No.334 / AC / MIS 224-99 dt.7.7.2000 and Hqrs. e-mail dated 13.09.2012
5. Transmission of one Rexine bound copy of Finance Accounts	Pr.AG(GSS Audit)	To be sent after print	Para 3.3 of AAD Manual

6. One printed copy of the Appropriation Accounts together with one printed copy of the Detailed Appropriation Accounts	Pr.AG(GSS Audit)	As soon as it is ready for printing	Para 1.6 of C&AG's MSO(A&E) Vol.II, First Edition / Para 4.20 of AAD Manual
7.Submission of Five Signatory copies of Appropriation Accounts and additional 16 wrapper bound copies of Appropriation Accounts	Addl. Dy.CAG of Hqrs under intimation to DG(GA)	To be sent after print	HQ U.O.No.334/ AC / MIS, 224-99 dt.7.7.2000 and HQrs. e-mail dated 13.09.2012
8.Transmission of one Rexine bound copy of Appropriation Accounts	Pr.AG(GSS Audit)	To be sent after print	Para 3.3 of AAD Manual
9.Forwarding of Signed copies to State Government / Governor under intimation to AUDIT	Tamil Nadu Government and Governor of Tamil Nadu	On receipt of signed copies from Headquarters	HQ U.O.No.334 – AC- MIS – 224 – 99 dt.7.7.2000
10.Press Note under intimation to AUDIT	Press Information Bureau	Immediately after transmission of signed copies to Government and Governor	HQ U.O.No.334-AC-MIS / 224-99 dt.7.7.2000
11.Intimation to DG(GA) regarding presentation of Annual Accounts in State Legislature under intimation to AUDIT	Hqrs. / Pr.AG(GSS Audit)	Immediately after presentation of Annual Accounts to State Legislature	HQ U.O. No.334-AC-MIS / 224-99 dt.7.7.2000
12.Transmission of copies to other AG's etc. of Appropriation Accounts and Finance Accounts	As per Mailing List	After the copies are placed before the Legislature	Para 3.5 of AAD Manual
13.Furnishing of materials of non-utilisation of (whole/part) Contingency Fund Advances for inclusion in Civil Audit Report	Pr.AG(GSS Audit)	Immediately after the receipt of materials from compilation sections	Para 7.5 of AAD manual
14.Forwarding the abstract of Detailed Appropriation Accounts for acceptance of figure and for furnishing explanations for large variations between grant /appropriation and actual expenditure	Chief controlling Officers	After preparation of Detailed Appropriation Accounts	Para 4.10 of AAD Manual
15.Preparation of Annual Publication "Accounts At A Glance" and furnishing of	IAD	As soon as Finance Accounts and Appropriation Accounts	HQ Lr.No.724 – AC I / SP I / 10-99 / dt.15.12.99 & 644 / AC I / SPI / 10-99 PUNJAB

draft copy for clearance		are ready	dt.9.10.2001 & 150 / AC I / SPI / 10-98 dt.28.2.2002
16.Presentation of Annual Publication "Accounts At A Glance" to State Legislature in English and Tamil	Government of Tamil Nadu	Immediately after the presentation of Finance and Appropriation Accounts to the State Legislature	HQ Lr.No.614 – AC I / SP I / 10-99 dt.9.10.2001
17.Budget Review Remarks	Pr.AG(GSS Audit) and Hqrs.	30 th June	HQ Lr.No.75 – AC I / SP I / 97-98 dt.26.2.1999 read with Lr.No.369 / AC I / SP II / 2001-02 dt.11.6.2001

MONTHLY:

1.Preparation of Report on Expenditure	Government of Tamil Nadu, Pr.AG(GSS Audit) and Pr.AG(ERS Audit)	20 th of second succeeding month	HQ Lr.No.99-AC I / SP II / 14-97 dt.17.2.97 and 39-AC I / SP II / 30-99 dt.27.1.2000
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FORTNIGHTLY:

1. Date of despatch of previous month Report on Expenditure (To be sent alongwith the next report on submission of Monthly Civil Accounts.	C&AG through Book Section	25 th of each month.(i.e. report to Book Section after the despatch of Report on Expenditure	H.Q circular No.9 of 2006/454/ACI/S PI/Dec2006 dt.6.12.2006
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SECTION II

REGISTERS, RETURNS, ETC. DUE FOR SUBMISSION TO
VARIOUS AUTHORITIES AND SECTIONS WITHIN THE OFFICE:

ANNUAL:

1.Letter calling for particulars of Guarantees granted to the end of 31 st March	Pr. AG	15.4.	Appendix IV of C&AG's MSO(A&E)Vol.II
2.Delivery of old records to Old Records Section	Old Records Section	20.5	Para 7.2.14 of MGP
3.Letter calling for Details of investments for inclusion in Statement No.14 of Finance Accounts	Pr. AG	Last Day of May	Appendix IV of C&AG's MSO(A&E) Vol II and Oo.No.BGII / BK / AAV / 146 dt.24.9.78

QUARTERLY:

1.Watch against the recurrence of defects pointed out by the Director of Inspection	IAD	15.4 15.7 15.10 and 15.1	IAD / AG I/ 3-11 / 82-83 / 66 dt.11.82
2.Duty Register	B.O	10.4 10.7 10.10 and 10.1	Para 7.2.1of MGP
3.Case Register	B.O	15.1 15.4 , 15.7 and 15.10	Para 7.2.7 of MGP
4.Report specifying particular problems in areas specified by Headquarters for study of O&M Unit	B.O	5.1 5.4 5.7 and 5.10	O&M / 1-4/79-83 / Vol.II / 17 dt.5.7.1982
5.Register of Good and Bad work	B.O	10.1 10.4 10.7 10.10	Para 7.2.13 of MGP and E1/CR/82-83dt.2.9.82
6.Appropriation Audit Register (Loans and Advances and Public Debt Repayment)	B.O	I quarter 30.8 and II quarter 30.11	Para 2.4 of AAD Manual
7.Review of Appropriation Audit Register for Contingency Fund Advance	D.A.G	25.5 25.8 25.11 25.2	Para 507 of DC Manual

8.Quarterly report on number of Correction Slips issued for the local manual	T.M section	7.3 7.6 7.9 7.12	T.M/V/12-96/95-96 updating local manuals 1)dt.26.5.95
9.Register for updating the manual of Appropriation Audit Department	D.A.G	7.3 7.6 7.9 and 7.12	Para 9.4.2.1 and 9.4.2.3 of MGP
10. Register of New Heads of Account opened by Government of Tamil Nadu	D.A.G.	26.04 26.07 26.10 26.01	Pr.AG's order vide DCM/1/12-13 dt.04.04.12

MONTHLY

1.Late Attendance Register	B.O	5 th	Para 7.2.9 of MGP
2.Calender of Returns with Monthly Arrear Report	Pr. AG	5 th	Para 7.3.1 7.3.2 of MGP
3.Particulars of number of letters addressed to offices in Hindi Speaking Areas translated and issued in Hindi	HINDI CELL	5 th	Hindi Cell Oo. No.7 / 25 /81-82 /88 dt.9.6.81
4.Review of Register of items constituting New Service	Pr. AG	15 th	Para 506 of DC Manual
5.Contingency Fund Register	B.O	10 th	Para 7.4 of AAD Manual
6.Register of Codes and Manuals and books	B.O.	15 th	Para 7.2.12 of MGP
6A.Register of Good and Bad works	B.O.	10 th	
7. Events	Estt.Section	5 th	Estt 5 / genl/2000-1 / 88 dt.2.2.2001
8.Register of pending cases	B.O	8 th	Para 7.2.4 of MGP
9.Appropriation Audit Register (Loans and Advances and Public Debt Repayment)	B.O	10.02 10.06 10.07	Para 2.4 of AAD Manual
10.Register of irregularities and discrepancies pointed out by the Director of Inspection	Pr. AG	15 th	IAD / A.G I /3-11 / 82-83 / 66 dt.11.82
11.Despatch Register	B.O	18 th	Para 7.2.5 of MGP
			Unit I
			Unit II
			Unit III
			Unit IV
			Unit V
			Unit VI
			Unit VII
			Unit VIII
			Unit IX
			Unit X

WEEKLY:

Weekly reports of letters outstanding	B.O	Every Monday	Para 7.2.2 of MGP
			Unit I
			Unit II
			Unit III
			Unit IV
			Unit V
			Unit VI
			Unit VII
			Unit VIII
			Unit IX
			Unit X
			O.R
			Genl
2. Calendar of Returns	B.O	Every Tuesday	Para 7.3.1 of MGP

SECTION III

RETURNS DUE FROM OTHER SECTIONS, ETC. (TO BE WATCHED):

ANNUAL:

1.Statement regarding Reserve Fund / Deposit Account / Suspense Account etc. for inclusion in the Appropriation Account	Compilation sections	within a week after closure of Journal accounts	Note 2 under Para 4.14 of AAD Manual
2.Collection of materials of non-utilisation (whole/part) of Contingency Fund Advance for inclusion in the Civil Audit Report	Compilation sections	within a week after closure of Journal accounts	Para 7.5 of AAD Manual

QUARTERLY:

1.Appropriation Audit Register for Contingency Fund Advances	Compilation sections	12.5 12.8 12.11 12.2	Para 507 of DC Manual
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MONTHLY:

1.New Service Register	Compilation Sections	7 th	Para 506 of DC Manual
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APPENDIX II
(Paras 5.2 & 5.6)

Statement No.	Description of the statement	Section from which due	Due Date
1	2	3	4
6	Debt Position	Book I	August
7	Loans and Advances by the State Government	Book I	----Do----
11	Detailed Account of Revenue of Minor Heads	-----	-----
12	Detailed Account of Expenditure by Minor Heads	-----	-----
13	Detailed statement of capital expenditure during and end of the year	-----	-----
14	Investments of Government	PAG(G & SSA) & PAG (E & RSA)	-----
15	Detailed statement of Debt and other Interest Bearing obligations	-----	August
16	Detailed statement of Loans and Advances made by Government	-----	----Do----
17	Expenditure on capital outside Revenue Account and Principal sources of funds	-----	-----
18	Detailed statement of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account	-----	August
19	Statement showing the details of earmarked balances	----Do----	-----Do----
Appendix I	Cash Balance and investment of Cash Balance	Book I	August
Appendix VIII	Summary of Balances and appendices relating to the reconciliation of balances and (ii) certificate of balances referred to in this statement	Book II	August
Appendix IX	Financial results of Major Irrigation Work	PWC	August

The statements mentioned above should be prepared by the various sections and delivered to AAD section. Statements and Appendices should be generated from VLC and checked by the concerned sections.

APPENDIX III

(Para 6.4)

EXTRACT OF PARAS 170 AND 171 OF THE TAMIL NADU BUDGET MANUAL

170. (a) The criteria for classifying the schemes of new expenditure as “new Service” or “new Instrument of Service” or other New Schemes as laid down by the Public Accounts Committee are shown below:

Nature of expenditure	Revised Criteria as approved by the Public Accounts Committee for treating expenditure as New Service New Instrument of Service [Vide G.O. No 255 Finance (Budget—General I) Department dt. 1-4-95)
(1)	(2)
<p>1) Salaries:</p> <p>(i) Employment of additional staff when it arises out of the adoption of a new policy by the Government i.e., the sanction or increase of the cadres of service or number of posts of a particular kind (either permanently or as a purely temporary measure e.g. sanction of an Additional Revenue Inspector or an Accountant in each of the taluk offices consequent on the introduction of a new scheme of Governmental activity like the Com-munity Development Project).</p> <p>(ii) Employment of additional staff for the expansion of an existing service, i.e., expenditure on a New Instrument of Service, like the opening of a new school or the starting of a new scheme in the Industries Department, Animal Husbandry De-partment, etc., though similar schemes are already under operation.</p> <p>(iii) Employment of additional staff for re-organization of an existing administrative unit such as the bi-furcation of a Revenue or a Police District or the creation of New administrative unit, etc., a New Public Works Circle.</p>	<p>When the cost exceeds Rs. 12.50 lakhs per annum recurring or Rs. 25 lakhs non-recurring, taking the scheme as a whole, it will be treated as a scheme of “New Service”. (The entire cost of establishment, building, equipment, other amenities, etc., should be taken into account for the purpose of this limit)</p> <p>When the cost exceeds Rs. 12.50 lakhs per annum recurring or Rs. 25 lakhs non-recurring, taking the scheme as a whole, it will be treated as a scheme of “New Service”. (The entire cost of establishment, building, equipment, other amenities, etc., should be taken into account for the purpose of this limit)---New Instrument of Service.</p> <p>When the cost exceeds Rs. 12.50 lakhs per annum recurring or Rs. 25 lakhs non-recurring, taking the scheme as a whole, it will be treated as a scheme of “New Service”. (The entire cost of establishment, building, equipment, other amenities, etc., should be taken into account for the purpose of this limit)---New Instrument of Service.</p> <p>Note : (i) The following classes of expenditure need not be treated</p>

	as “New Service”:
	<p>(a) Employment of additional staff for a purely temporary need for a specific period during a financial year if the cost not exceed Rs. 12.50 lakhs recurring or Rs. 25 lakhs non-recurring.</p> <p>(b) Employment of additional staff for normal increase of work involving no change in policy or the sanction of any new schemes.</p> <p>(ii) The classification includes “Travel Expenses”.</p> <p>(iii) This classification includes expansion of staff in existing departments, formation of new departments and upgradation of posts; and</p> <p>(iv) In a composite scheme involving additional staff as also other items, the entire cost has to be taken into account and the New Service limits applicable to the scheme as a whole will be those under this category (i.e., Salaries).</p>
2. Works	<p>When the cost of new work exceeds Rs. 20lakhs.</p> <p>In regard to the expenditure on works relating to new schemes which involve expenditure on staff, equipment, etc., the cost of scheme as a whole should be taken into account for this monetary limit.</p>
3. Expenditure to be met from lump sum provision in the budget.	<p>When the cost exceeds Rs. 20 lakhs.</p>
4. Plant and Machinery, Tools and equipment	<p>(i) Individual purchase need not be treated as a “New Service” irrespective of cost so long as there is specific provision in the Budget.</p> <p>(ii) Where specific provision is not included in the Budget, when the cost exceeds Rs. 10 lakhs the purchase of tools and plant will constitute a “New Service” .</p> <p>Note : This classification includes “Motor Vehicles”.</p>

<p>5. Committee constituted by the Government from time to time</p> <p>6. Grants in aid and contributions</p> <p>7. Revision of scales of pay and Allowances.</p> <p>8. Loans to Government Companies, Statutory Boards, Local Funds, etc.</p> <p>9. Investments in Statutory Boards, Government companies, Departmental undertakings and Co-operative Institutions.</p>	<p>When the expenditure is estimated to exceed Rs. 2 lakhs per annum recurring or Rs. 4 lakhs non-recurring.</p> <p>(1) When the amount involved exceeds Rs. 5 lakhs per annum recurring or Rs. 10 lakhs non-recurring.</p> <p>Note : For definitions Grants-in-aid/contributions, please see item 12 Infra.</p> <p>(2) This includes "Assistance to Local Bodies".</p> <p>When the revision of a scale or scales of pay involves an extra cost of over Rs. 25 lakhs per annum.</p> <p>Note: The revision includes "Pensions".</p> <p>(i) Where specific provision is not included in the budget, when the loan exceeds Rs. 10 lakhs,</p> <p>(ii) Where there is specific provision in the bud-get when the expenditure exceeds the budget provision for a scheme by Rs. 50 lakhs or 10 per cent of the budget provision for the scheme whichever is higher.</p> <p>Note : 1. Loans to Co-operative Institutions will also be governed by the above criteria.</p> <p>2. Loans to government companies, Statutory bodies and Government undertakings involving additional expenditure resulting from cost escalation without any increase in the physical component and exceeding the budget provision by the limit prescribed in item (ii) above, need not be treated as "New Service" but details of such cases should be given in the budget Memorandum of the following year.</p> <p>(i) Setting up of new Government Company or amalgamation of two or more Government Companies will constitute "New Service".</p> <p>(ii) Additional Investments in an existing departmental undertaking of Rs 80 lakhs and above and where there is no budget provision.</p>
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	<p>(iii)(a) Additional investments of Rs. 20 lakhs and above in an existing Government Company with a paid up capital of Rs. 1 crore and below; and (b) Rs. 50 lakhs and above in case of companies with a paid up capital of more than Rs. 1 crore, where there is no budget provision.</p> <p>(iv) Additional investment of Rs. 5 lakhs and above in an existing Co-operative Institution with a paid up capital of 25 lakhs and below and Rs. 10 lakhs and above in case of Co-operative Institutions with a paid up capital of more than Rs 25 lakhs.</p> <p>(v) All investments for the first time will constitute “New Service”.</p> <p>Note : Investments in Statutory Boards, Government Companies and Departmental undertakings exceeding the budget provision by the limits prescribed in items (ii) to (iv) above need not be treated as “New Service” but details of such cases should be given in the Budget Memorandum of the following year.</p>
<p>10. Loans and Investments in Private Sector Companies and Private Institutions by Government.</p>	<p>(i)Loans and Investments in share capital of Private Sector (Joint Sector Companies/Private Institutions) whatever the magnitude, will constitute a “New Service”.</p> <p>Note : For this purpose Joint Sector will be treated as Private Sector.</p> <p>Need not be treated as “New Service” not covered by an advance from the Contingency Fund, but they must be brought to the notice of the Legislative Assembly in the next session, by inclusion in the Annexure to the supplementary Estimates.</p>
<p>11. Ways and Means Advance</p>	<p>(i)When subsidy is introduced for the first time if the expenditure exceeds Rs. 5 lakhs per annum recurring or Rs. 10 lakhs non-recurring.</p>
<p>12. Subsidies</p>	<p>(ii)Additional subsidy caused by increase in the rate of subsidy, extension of schemes to more areas etc., should be treated as “New Instrument of Service” requiring the approval of Legislature if it exceeds Rs. 25 lakhs or 20%of the specific budget provision for the item, whichever is higher. (Distinction between Public beneficiaries and Institutions shall be dispensed with)</p>

	<p>Note : 1. Subsidy should be shown distinctly in the Demand concerned, Details regarding the expenditure on subsidy, commodities involved and the reasons therefore should be mentioned in the Budget Memorandum.</p> <p>2. Increase in subsidy resulting from a change in administered prices, without any change in the scheme of subsidy or scope of subsidy, need not be treated as “New Service”.</p> <p>Definitions :</p> <p><i>Subsidy</i> : Amounts paid by Government to any undertakings or Institutions to cover the losses arising from a concessional price fixed by Government for any product or service, will be treated as “SUBSIDY”.</p> <p><i>Grants-in-Aid</i> : Amounts paid by Government to an Institution to cover recurrent and or non-recurrent costs of the Institution and which are subject to scrutiny and/ or audit of actual utilization shall be termed as “GRANTS-- IN--AID”.</p> <p><i>Contribution</i> : Amounts paid to Institutions without any conditions regarding audit of actual utilization shall be termed as “CONTRIBUTION”</p> <p>When the amount exceeds Rs. 5 lakhs per annum recurring or Rs. 10 lakhs non-recurring.</p> <p>This classification includes the following :</p> <ol style="list-style-type: none"> (1) Interest payments, when it involves enhancement in rates of interest. (2) Feeding Dietary charges. (3) Medicines. (4) Office Expenses. (5) Scholarships and Stipends. (6) Materials and Supplies. (7) Payments for professional and special services. (8) Rent, Rates and Taxes. (9) Training. (10) Expenditure on New Objects and Purposes. <p>Cost of acquisition exceeding Rs. 20 lakhs (Non-recurring).</p>
<p>13. Expenditure not classifiable under any other heading—other Charges (Residuary).</p>	
<p>14. Lands</p>	<p>Expenditure : On existing service under one head but involving provision of funds under a different head within the same section</p>

<p>15. Changes in classification of expenditure</p>	<p>due to change in classification of expenditure need not be considered as expenditure on “New Service”.</p> <p>Explanation: Where provision for an existing service has been made either in the Revenue Capital or loan section and it is proposed to change the character of service by transferring it from the existing section to any other section it will constitute a “New Service/ New Instrument of Service” if the limits prescribed for such expenditure are exceeded.</p> <p>Schemes receiving financial assistance from Government of India or other autonomous bodies/institutions, etc., need not be treated as “New Service” , if :</p>
<p>16. Expenditure on plan and other schemes with financial assistance from Government of India or other bodies / Institutions.</p>	<p>(i) the approval of Government of India is communicated in the last month of the financial year; and</p> <p>(ii) there is no commitment to the State Exchequer or the commitment to the State Exchequer is below the “New Service” limits applicable in each case.</p> <p>Such cases shall, however, be specifically brought to the notice of the Legislature by means of their inclusion in an Appendix in the Budget Memorandum of the succeeding financial year.</p>
<p>17. Schemes coming under Non-Plan/ State plan for which token provisions have been made required to be treated as “New Service”.</p>	<p>Wherever a token provision exists, the scheme need not be treated as a “New Service” , when the sanction actually issues, but should be brought to the notice of the Legislature by specific inclusion in the Supplementary Estimates.</p>
<p>18. Write-off of loans</p>	<p>For write-off of loan, appropriations (as Grant in Revenue Account) are necessary. In such cases, “New Service” limits prescribed for “Grants-in-aid” may be adopted. The limit will apply to each individual loan.</p>

GENERAL

- (i) A scheme treated as “New Service” in the immediate previous financial year and acted upon in that year, for which no provision has been made in the current financial year, need not be treated as “New Service”.
 - (ii) A scheme for which a token provision has been made in the Budget which would otherwise be treated as a “New Service/New Instrument of Service” need not be so treated if it receives assistance from central Government, autonomous bodies or Public financial institutions or if it relates to relief on natural calamities. Such a scheme (if it exceeds the “New Service/New Instrument of Service” limits which would otherwise be applicable) shall, however, be brought to the notice of the Legislature by specific inclusion in the Supplementary Estimates.
 - (iii) Cases already approved by the Legislature but subsequently the expenditure is expected to exceed appreciably : Cases already approved by the Legislature, but where the expenditure is subsequently expected to exceed appreciably the amount originally intimated to the Legislature, only on account of cost increases need not be treated as “New Service”. But information regarding large variation should be given in Appendix of the Budget Memorandum. Full information regarding large variation should be given in appendix of the budget memorandum full information should be furnished to the Finance Department by the Departments of Secretariat in time for incorporation in the Budget Memorandum.
 - (iv) When an asset of the Local Government has been damaged or destroyed by floods cyclones, fire or unforeseen causes, the replacement of or repairs to such an asset need not be treated as a “New Service”, provided that the Service which the asset gives is not changed, irrespective of the cost or change in design involved, and that the asset in the public interest, is required to be replaced immediately.
- Note :** The formula is applicable also to reconstruction of or replacement of an asset necessitated by wear and tear if the service intended to be provided by such reconstruction or replacement not different from or superior to that which was originally provided or intended.
- (v) Additional expenditure due to the continued employment after the expiry of the period originally fixed of a special staff which has been appointed for a specific place of work and for which the Legislature has voted funds for specified period. If the staff did not finish the work by the date originally fixed the expenditure after that date need not be treated as a “New Service”.
 - (vi) Diversion of a scholarship for a student of one technical subject at one institution, for the study of the same or another subject in another institution, need not be treated as a “New Service”.
 - (vii) Experiments, Investigations and Demonstrations: All expenditure of this character incurred each year without fruitful result should be reported to the Accountant-General for incorporation in the Appropriation Accounts with suitable explanation for report to the Public Accounts Committee in due

course. For this purpose, each department of the Secretariat should send a consolidated statement of such expenditure to the Finance Department every year by 31st May. “Nil” return also should be sent to the Finance Department, wherever applicable.

170. (b) When the estimated cost of a scheme whether new or extension of an existing scheme, is within the monetary limits mentioned above they are New Schemes. In addition, the following schemes will be treated as New Schemes and not as New Services:

- (i) Employment of additional staff for a purely temporary need for a specific period during a financial year if the cost does not exceed Rs. 2 lakhs recurring or Rs.3 lakhs non-recurring.
- (ii) Employment of additional staff for normal increase of work involving no change in policy or the sanction of any new scheme.
- (iii) Irrespective of the cost on the individual purchase of Tools and Plant when there is specific provision in the Budget.
- (iv) Ways and Means Advances, but they must be brought to the notice of the Legislature in the next session.
- (v) Expenditure on existing service under one head but involving provision of funds under a different head within the same section due to change in classification of expenditure.
- (vi) Cases already approved by the Legislature but where the expenditure is subsequently expected to exceed appreciably the amount originally intimated to the Legislature.

Note: But information regarding large variation should be given in the Budget Memorandum. Full information should be furnished to the Finance Departments by the Departments of Secretariat in time for incorporation in the Budget Memorandum.

(c) All New Works (Non-new service) costing Rs. 50,000 and above sanctioned in the course of the year and not provided for in the original budget should be reported to the Legislature by mentioning in the annexure to Supplementary Estimates.

(d) All cases of transfer of gift of Government Property of value exceeding Rs. One lakh to autonomous bodies, other Governments, etc. should be brought to the notice of the Legislature by inclusion in the Budget Memorandum.

171. The Government will not be prepared to sanction a “New Service” or a “New Instrument of Service” for introduction in the course of a financial year unless it satisfies one of the following criteria:

- (i) It is so essential that delay in sanctioning it is likely to cause break down in the machinery of administration;
- (ii) It is highly remunerative;
- (iii) It relates to additional staff required very urgently for a project (i.e. large construction work) already sanctioned;
- (iv) Delay in sanctioning it is likely to cause permanent loss of revenue to Government;
- (v) It is centrally sponsored or centrally assisted scheme which is therefore financed by Government of India and other Autonomous Institutions.

APPENDIX IV

CHAPTER VII—PARA 7.19

GOVERNMENT OF MADRAS
Finance Department

Notification

(G.O. Ms. No. 1584, Finance, dated 30th December 1963)

In exercise of the powers conferred by section 3 of the Madras contingency Fund Act 1954, (Madras Act II of 1954), the Governor of Tamil Nadu hereby makes the following rules:

RULES

1. **Short Title.**—These rules may be called the Madras Contingency Fund Rules, 1963.
2. **Administration of the Fund.**--The contingency fund shall be administered by the Governor of Tamil Nadu.
3. **Application to whom shall be made.**—Applications for advances from the contingency Fund shall be made in triplicate in the prescribed Form to the Secretary to Government of Tamil Nadu in the Finance Department.
4. **Sanction of advance.** – (1) The order sanctioning the advance shall specify the amount, the grant or appropriation to which it relates and contain brief particulars by sub-heads and units of appropriation of the expenditure for meeting which it is made. A copy of such order shall also be forwarded to the Accountant General of the State.
Explanation: When an advance is sanctioned from the Contingency Fund notwithstanding such sanction, the amount shall continue to form part of that Fund till it is actually withdrawn and spent on the specific purpose for which the advance is sanctioned.
(2)The order authorizing an advance from the Contingency Fund shall not lapse with the close of the year but shall lapse only on the passing of the Supplementary Appropriation Act referred to in Rule 5.
(3)The expenditure shall be restricted to the advance sanctioned under sub-rule (1) and if the expenditure is anticipated to exceed the advance already advanced, a further advance shall be obtained.
5. **Authorisation of the expenditure by the Legislature**--The Supplementary Estimates for all expenditure so sanctioned and withdrawn under Rule 4 shall be presented to the Legislature at the first meeting of the Legislature immediately after the advance is sanctioned. As soon as the Legislature has authorized the additional expenditure by including it in any Supplementary Appropriation Act, the advance made from the Contingency Fund shall be resumed to that Fund.

Explanation : (i) While presenting the Supplementary Estimates for all expenditure financed from the Contingency fund, a Note to the following effect shall be appended to such estimates.

“The expenditure is on a ‘New Service’. An advance of Rs.....was sanctioned from the Contingency Fund to meet the expenditure initially. The amount is included in the Supplementary Estimates.

(ii) In case where large savings within the grant are anticipated and the amount sanctioned from the Contingency Fund can be met there from, the following Note shall be included in the explanatory note:

“The expenditure is on a ‘New Service’. An advance of Rs..... was sanctioned from the Contingency Fund to meet the expenditure initially. An amount of Rs.....(Rupeesonly) will be met from the savings within grant. The balance of Rs.....(Rupeesonly) a token provision of Rs. 1,000 is included in the Supplementary Estimates”.

6. Cancellation of order sanctioning the advance.--- If in any case after the order sanctioning an advance from the Contingency Fund has been issued under Rule 4 and before action is taken in accordance under Rule 5, it is found that the advance sanctioned may remain wholly or partly unutilized, an application shall be made to the sanctioning authority for cancelling or modifying the sanction, as the case may be .

A copy of the order cancelling the advance, which shall give a reference to the number and date of the order under which the original advance is made shall be forwarded to the Accountant General (A&E), Tamil Nadu.

7. Procedure to be followed where supplementary demand or Appropriation of the Legislature is not obtained.—If any expenditure has been incurred during any year by withdrawing an advance from the Contingency Fund and a Supplementary Demand or Appropriation is not obtained during the same year for meeting such expenditure, then the funds for such expenditure shall be provided for in the next following year either by means of a token Supplementary Demand if savings are available from the grants in the annual financial statement or by a Supplementary Demand or Appropriation for the full amount under the major and minor head concerned under which the expenditure was incurred in the previous year from the Contingency Fund.

Explanation: The demand or appropriation under the major and minor head conceded shall be for a token amount or for that portion of the sum which cannot be met from savings in the sanctioned grant, the amount which can be met from savings being clearly indicated in the Explanatory Memorandum. It may also be indicated that the provision includes a sum which was met out of the Contingency Fund in the previous year. In the case of expenditure on “New Service”, it shall also be specifically stated in the Explanatory Memorandum that the expenditure is on “ New Service”.

8.Maintenance of accounts.-- An account of the transactions of the Fund shall be maintained in the Finance Department in Form ' B'. A record of the amounts of advances sanctioned from the Contingency Fund and of the balances available in the fund from time to time shall be maintained in the prescribed form by the spending authority. The Chief Controlling Officers and their departmental subordinates shall keep proper record of the actual expenditure incurred against the advances from the Contingency Fund in the same manner as for the expenditure out of the Consolidated Fund of the state. Proper reconciliation of the departmental figures of expenditure out of the advances from the Contingency Fund with those booked by the Accountant General shall also be effected.

T.A. VARGHEESE,
Secretary to the Government of India

Appendix V
Chapter III – Para 3.8



ACCOUNTS AT A GLANCE
20... -..



PREFACE

This is the issue of our annual publication **“Accounts At A Glance”**.

The Annual Accounts (Finance Accounts and Appropriation Accounts) of the Government of Tamil Nadu are prepared under the directions of Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971, for being laid on the table of the Legislature of the State.

“Accounts At A Glance” provides a broad overview of Governmental activities, as reflected in Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs. It has been our endeavour to rely on the figures in the certified Finance Accounts and Appropriation Accounts. In case of any doubt, the figures in the certified annual accounts should be referred to.

We look forward to the readers’ views and suggestions that would help us in further improving the publication.

**PRINCIPAL ACCOUNTANT GENERAL
(ACCOUNTS AND ENTITLEMENTS)**

Place: Chennai

Date:

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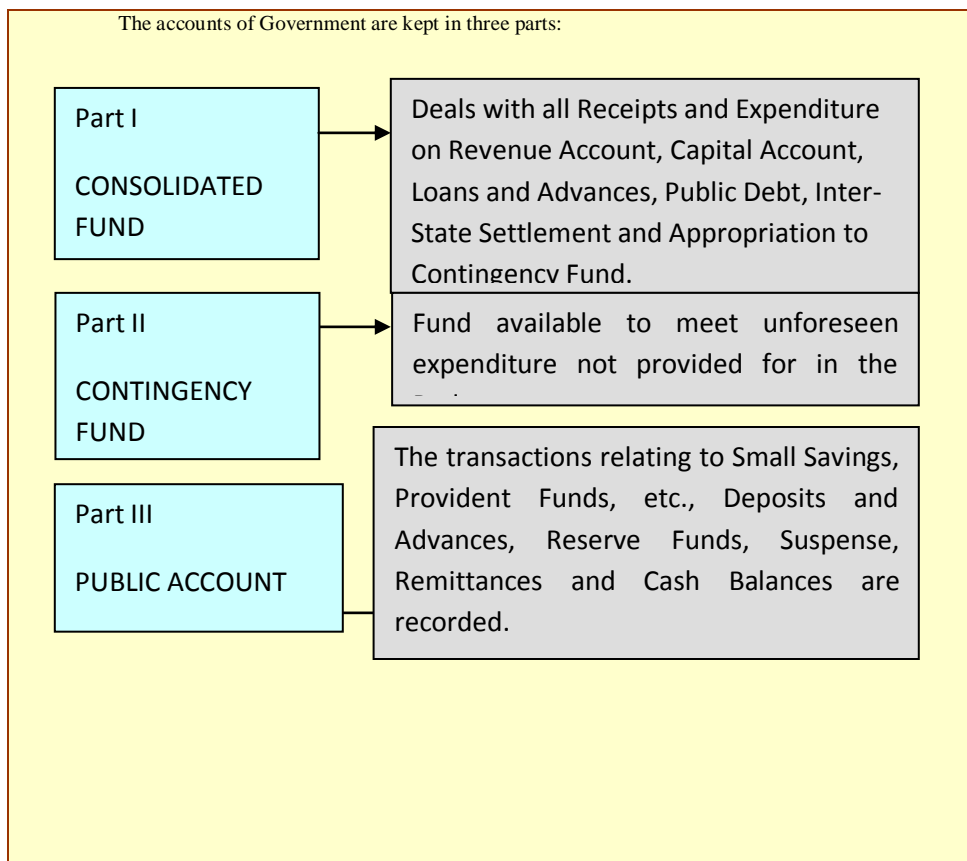
CHAPTER - I

OVERVIEW

1.1 Introduction

The monthly accounts of the Government of Tamil Nadu are compiled and consolidated from the accounts submitted by the District Treasuries, Pay and Accounts Offices, Public Works and Forest Divisions, etc., to the Principal Accountant General (Accounts and Entitlements), Tamil Nadu, Chennai. The Finance Accounts and Appropriation Accounts are prepared annually by the Principal Accountant General (Accounts and Entitlements) under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2 Structure of Accounts



Part I Consolidated Fund: During 2012-13 total Receipts amounted to crore comprising crore Revenue Receipts (..... crore Tax revenue, crore Non-Tax revenue and crore Grants from Central Government) and crore Net Capital Receipts consisting of Recovery of Loans and Advances (..... crore) and Borrowings and Other Liabilities (..... crore).

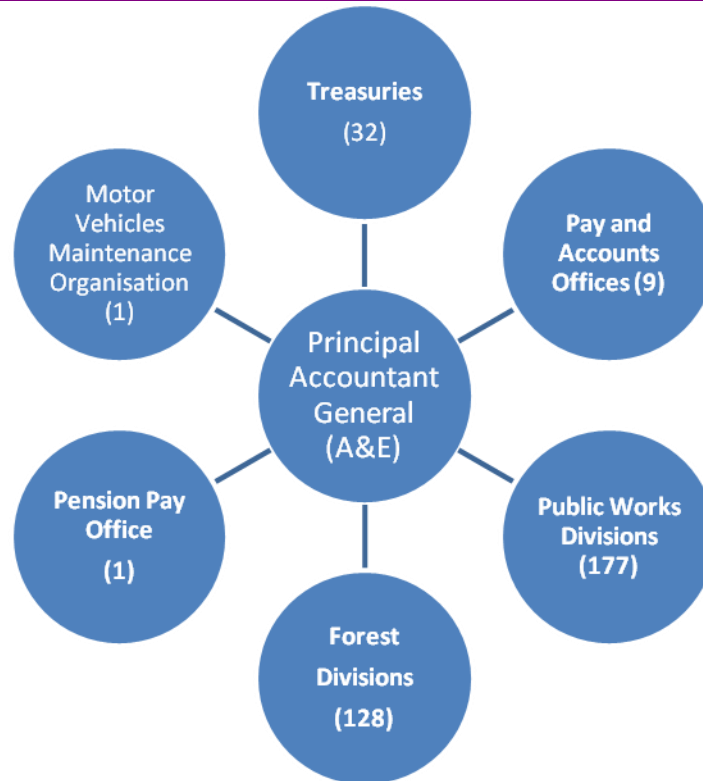
Disbursements during the year were crore comprising crore (.... per cent) on Revenue Account and crore (..... per cent) on Capital Account. The Capital Account consists of Capital expenditure (..... crore) and Loans and Advances (..... crore).

Part II Contingency Fund: The Contingency Fund has a corpus of crore. During the current year, a total of crore was drawn from the Fund through various Government Orders. The entire amount was recouped to the Fund in two stages (i) First Supplementary Estimates in November, (..... crore) and (ii) Final Supplementary Estimates in March, (..... crore).

Part III. Public Account: The transactions relating to Small Savings, Provident Funds, etc., Deposits and Advances, Reserve Funds, Suspense, Remittances and Cash Balances are recorded in the Public Account. The total liabilities on account of these as on 31 March was crore and assets through cash balance investment was crore. The State Government acts as a banker and trustee in respect of the amounts under Small Savings collections, Provident Funds and Deposits only.

1.3 Submission of Accounts by Accounts rendering Authorities/Units:

Authorities/Units rendering accounts to Principal Accountant General



During the year, there was no significant delay in the rendition of accounts by Treasuries, Pay and Accounts Offices, Public Works Divisions and Forest Divisions. Vouchers for crore were due to be received for the year 20..... from various Treasuries.

1.4 Finance Accounts and Appropriation Accounts - What do they depict?

Finance Accounts

Finance Accounts present the net 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 Government of Tamil Nadu as worked out from the balances recorded in the accounts.

In 20...-..., the Government of India have directly released crore to the State Implementing Agencies/Non Governmental Organisations, Central Bodies located in the State as well as various other organisations outside the purview of the Government of Tamil Nadu. Since these funds are not routed through State Budget, they are not reflected in the accounts of the Government of Tamil Nadu. These transfers, captured from Central Plan Schemes Monitoring System (CPSMS) portal of the Controller General of Accounts, Ministry of Finance, Government of India are exhibited in Appendix VII of Finance Accounts.

Appropriation Accounts

Appropriation Accounts bring out the gross expenditure of the State Government incurred from the Consolidated Fund of the State against amounts voted by the State Legislature and amounts charged on the Fund. The Appropriation Accounts supplement the Finance Accounts and comprise accounts of Charged Appropriations and Voted Grants.

Appropriation Act 20...-... had projected for a gross expenditure of crore, including the Supplementary Grants totaling crore, voted by State Legislature during the year. An amount of crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 20...-... showed disbursements aggregating crore against the aggregate budget provision of crore, resulting in net saving of crore against Grants and Appropriations.

Actual Recoveries in reduction of expenditure amounted to crore reflecting a decrease of ₹.... crore vis-à-vis Budget Estimate ofcrore.

1.5 Sources and Application of Funds

During the year 20...-..., Government raised revenue of crore and debt of crore. Total funds received in the Consolidated Fund of the State were crore. Out of this, crore was utilized to repay Public Debt and `1,16,404 crore was spent on Government activities. Total expenditure from the Fund was crore. This has resulted in a deficit of crore. This together with Public Account deficit of `901 crore had decreased the Cash Balance by crore.

Sources and Application of Funds

		SOURCES (in crore of Rupees)	
		PARTICULARS	AMOUNT
SOURCES (in crore of Rupees)		Revenue Receipts	.....
		Recovery of Loans and advances	....
		Miscellaneous Capital Receipts	....
		Public Debt	....
		Cash Decrease	.....
		Contingency Fund	..
		TOTAL	.....
		APPLICATION (in crore of Rupees)	
		PARTICULARS	AMOUNT
APPLICATION (in crore of Rupees)		Revenue Expenditure	.....
		Loans given	.....
		Capital Expenditure	.....
		Repayment of Public Debt	.....
		Contingency Fund	.....
		Public Account Deficit	..
		TOTAL	.....

The total receipts were sufficient to meet per cent of the total expenditure, leaving a Fiscal Deficit of crore. The Revenue Surplus (difference between total Revenue Expenditure and total Revenue Receipts) for the year was crore. In terms of GSDP (Gross State Domestic Product) Fiscal Deficit was ... per cent of GSDP (..... crore) and Revenue Surplus was ... per cent of GSDP.

1.5.1 Sources Financing the Deficit

The Fiscal deficit of crore was financed entirely from Public Debt.

1.5.2 Where the Rupee came from?

The total expenditure for the year 20..-.. was crore. For every rupee spent, ... paise came from Revenue Receipts (Tax Revenue (.. paise), Non-Tax Revenue (.. paise) and Grants-in-aid from Central Government (.. paise)), Public Debt (.. paise) and Recovery of Loans and Advances (.. paise) as depicted in Chart 1. Thus, the main sources of funds were Tax Revenue and Borrowings. The cumulative Public Debt at the end of 20..-.. stood at crore (discussed in Para 5.2). The position is brought out in percentage terms in Chart 1.

Chart 1 – Actual Receipts

1.5.3 Where the Rupee went?

Based on the purpose of expenditure, it was classified into General Services, Social Services and Economic Services. Out of every rupee spent, ... paise went for payment of Salaries, ... paise for Capital Expenditure, ... paise for Pension Payments, ... paise for Education, ... paise for Interest Payments, ... paise for Social Welfare and Nutrition, ... paise for Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, ... paise for Loans and Advances, ... paise for Agriculture, ... paise for Civil Supplies and the balance ... paise was for Other Expenditure*. The position is brought out in percentage terms in Chart 2.

Chart 2 - Actual Expenditure

1.6 Deficit - What do they indicate?

Deficit in Government represents gap between the revenue and expenditure. The kind of deficit, the ways of financing the deficit and application of funds are important indicators of the prudent financial management by Government.

A. Revenue Surplus:- Revenue Receipt minus Revenue Expenditure

As per the traditional theory of financial management, revenue expenditure is required to maintain the existing establishment of Government and should be met out of revenue receipts. During the year 20..-.. the Revenue Account resulted in a surplus of crore.

B. Fiscal Deficit:- Total Expenditure minus Total Receipts (Revenue Receipts plus Capital Receipts excluding Borrowings and other Liabilities)

It is a measure of total expenditure which is financed by 'Borrowings'. During the year 20..-.., Fiscal Deficit comprising of Borrowings and other Liabilities was crore.

1.6.1 Trend of Revenue Deficit / Surplus and Fiscal Deficit for the last five years is shown in the table below and Chart 3:

Revenue/Fiscal Parameters				
Year	Revenue Deficit (-) / Surplus (+) (in crore of Rupees)	Percentage of Revenue Deficit (-) / Surplus (+) to GSDP*	Fiscal Deficit (-) / Surplus (+) (in crore of Rupees)	Percentage of Fiscal Deficit (-) / Surplus (+) to GSDP*
20..-20..
20..-20..
20..-20..
20..-20..
20..-20..

*GSDP: crore

Chart 3 - REVENUE/FISCAL PARAMETERS FOR LAST FIVE YEARS

Revenue Surplus in 20...-..and Revenue Deficit in 20...-.. and 20...-..turned to Revenue Surplus in 20...-.. and 20...-... The Tax Revenue in 20...-.. has increased by ... per cent, Non-Tax Revenue increased by ... per cent and the Grants from Government of India decreased by ... per cent resulting in an overall increase in Revenue Receipts by ... per cent as compared to previous year. There has been an overall increase of only ...per cent in Revenue Expenditure as compared to previous year contributing to net Revenue Surplus amounting to crore at the end of the year.

The Fiscal Deficit of the State increased from crore in 20...-.. to crore in 20...-.. as shown in the Table at previous page.

The Fiscal Deficit for 20...-.. was crore constituting per cent of GSDP.

As per Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of Fiscal Deficit to Gross State Domestic Product (GSDP) every year by 0.25 per cent to 0.30 per cent beginning from Financial Year 2002-03 with medium term goal of not being more than 3 per cent of Fiscal Deficit to GSDP to be attained by 31 March 2012 and adhere to it thereafter.

1.6.2 Proportion of borrowed funds spent on Capital Expenditure.

It is desirable to fully utilize borrowed funds for the creation of Capital Assets and to use Revenue Receipts for the repayment of Principal and Interest. The State Government had achieved Revenue Surplus in

1.7 Highlights of Accounts

(in crore of Rupees)				
Sl. No.	Particulars	B.E 20.....	Actuals	Percentage of Actuals to B.E
1	Tax Revenue	.....	.....	.....
2	Non-Tax Revenue	.....	.....	.....
3	Grants from Central Government	.....	.....	.....
4	Total Revenue Receipts	.....	.....	.....
5	Recovery of Loans & Advances	.....	.....	.....
6	Other Receipts	.....	.....	.....
7	Borrowings and other liabilities (B)	.....	.....	.....
8	Total Capital Receipts (A)	.....	.....	.....
9	Total Receipts	.....	.....	.....
10	Expenditure on Revenue Account	.....	.....	.....
11	Expenditure on Capital Account (C)	.....	.....	.....
12	Total Expenditure	.....	.....	.....
13	Revenue Surplus (+)(4-10)	.....	.....	.....
14	Fiscal Deficit (4+5+6-12)	.....	.....	.....

- (A) Capital Receipts: Recovery of Loans and Advances + Other Receipts + Borrowings and Other Liabilities.
- (B) Borrowings and Other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Part III Public Account + Net of Opening and Closing Cash Balance.

(C) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances Disbursed.

GSDP: crore.

CHAPTER -II RECEIPTS

2.1 Introduction

Total receipts for the current year were crore (Revenue Receipts crore and Capital Receipts crore) as shown in Chart 4. Based on their source, receipts of Government are classified into Revenue Receipts and Capital Receipts.

Chart 4 - Trend of Total Receipts

2.2 Revenue Receipts

Tax Revenue of crore and Non-Tax Revenue of crore formed per cent and per cent respectively of GSDP. Revenue receipts include crore received from Government of India as Grants-in-aid. The share of 'Tax Revenue' to 'Total Revenue Receipts' was per cent, while 'Non-Tax Revenue' and 'Grants-in-Aid' accounted for per cent and per cent respectively as shown in Chart 5.

Chart 5 - Composition of Revenue Receipts

Tax Revenue included crore representing 'Share of Net Proceeds of Union Taxes and Duties' assigned to the State (.... per cent). Major contributors to States' own Tax Revenue receipts were (i) Taxes on Sales, Trade, etc., crore (.... per cent), as shown in Chart 6.

Chart 6 - Composition of Tax Revenue

Tax Revenue during the year was lesser than the Budget Estimate by crore, the decrease being mainly under Corporation Tax, Stamps and Registration, Taxes on Wealth, Customs Duties, Union Excise Duties, Taxes on Goods and Passengers and Taxes on Vehicles. Non-Tax Revenue during the year was higher than the Budget Estimate by crore, mainly on account of more collection under Interest Receipts, Tamil Nadu Public Service Commission Examination Fees, Miscellaneous General Services, Medical and Public Health, Water Supply and Sanitation, Industries, Housing, Ports and Light Houses, Police and Other General Economic Services.

2.3 Grants-in-aid/Central assistance

This represents assistance received from Government of India in the form of Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by Planning Commission and State Non-plan Grants recommended by Finance Commissions. The total receipts during the year 20... were crore which was less/more by per cent of 20... as shown in the table below and Chart 7.

Item	Amount (in crore of Rupees)	Percentage to total Grant
State Non Plan Schemes
State Plan Schemes
Centrally Sponsored Schemes
Central Plan Schemes
Total

Chart 7 - Grants-in-aid/Central Assistance

2.4 Capital Receipts

The Capital Receipts are mainly Borrowings (exclusive of Liabilities), Recoveries of Loans and Advances made by Government and Miscellaneous Capital Receipts. The composition of the Capital Receipts for the year is as shown below.

Item	Amount (in crore of Rupees)	Percentage to total Capital Receipts
A. Public Debt
1. Internal Debt
2. Government of India Loans and Advance s
B. Recovery of Loans and Advances
Total

CHAPTER - III EXPENDITURE

3.1 Introduction

The expenditure of the Government consists of Revenue Expenditure and Capital Expenditure.

3.2 Revenue Expenditure

Revenue expenditure of crore for the current year represents the amount spent on payment of (..... crore), Revenue Expenditure (..... crore) was ... per cent of GSDP. It was less/ more than Budget Estimate by crore (..... crore increase under Non-Plan and crore decrease under Plan).

3.3 Capital Expenditure

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 or of reducing recurring liabilities. Such expenditure during the year 20..- .. was crore as shown in the table below:

SECTOR-WISE CAPITAL EXPENDITURE

Sector	Amount (in crore of Rupees)	Percentage to Total Capital Expenditure
1. General Services - Police, Public Works etc.
2. Social Services - Education, Health and Family Welfare, Water Supply, Welfare of SC/STs etc.
3. Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.
4. Repayment of Public Debt
(a) Internal Debt of the State Government
(b) Loans and Advances from the Central Government
5. Loans and Advances Disbursed
Total

Out of the total Capital expenditure, .. per cent was spent under General Services, .. per cent under Social Services, .. per cent under Economic Services, ... per cent for repayment of Public Debt and ... per cent for disbursement of Loans and Advances during the year 20...-...

3.3.1 Trend in Capital Expenditure

Compared to the previous year, there was increase in Capital Expenditure in 20...-.. on General Services, Social Services and Repayment of Public Debt while the expenditure in Economic Services and Disbursement of Loans and Advances decreased as shown in the Chart 8 below.

Chart 8 - Capital Expenditure

3.4. Plan and Non-Plan Expenditure

Based on the purpose and nature of expenditure, the expenditure is further segregated into Plan and Non-plan.

3.4.1 Plan Expenditure (Revenue, Capital and Loans and Advances)

During the year 20...-..., Plan Expenditure representing ... per cent of total disbursements, was crore (..... crore under State Plan and crore under Centrally Sponsored Schemes).

3.4.2 Non-Plan Expenditure (Revenue, Capital and Loans and Advances)

Non-Plan Expenditure during 20...-.. representing per cent of total disbursements was crore, consisting of ` crore under Revenue and crore under Capital and Loans and Advances.

The following pie-chart shows the distribution of Expenditure under Plan and Non-Plan (Revenue, Capital and Loans and Advances) for the year 20...-...:

Chart 9 - Plan and Non-Plan Expenditure

3.4.3 Trend in total Plan and Non-Plan expenditure under Revenue and Capital sections for the past five years from 2008-09 to 2012-13 is depicted in Chart 10.

Chart 10 - Trend in Plan and Non-Plan Expenditure

3.5 Trends in Revenue expenditure under Administrative Services and a few key sub-sectors under General, Social and Economic Services for the past five years from 2008-09 to 2012-13 are depicted in Charts 11 to 14:

Chart 11 - Administrative Expenditure

Chart 12 - General Services Expenditure

Chart 13 - Social Services Expenditure

Chart 14 - Economic Services Expenditure

CHAPTER - IV

APPROPRIATION ACCOUNTS

4.1 Importance of Appropriation Accounts

The Appropriation Act passed by the State Legislature under Articles 204 and 205 of the Constitution of India provides the authority to the Government to withdraw specified sums from the Consolidated Fund of the State for specified activities of the State Government.

The Appropriation Accounts show that in the year 20..-., there was expenditure of crore comprising of crore Revenue Expenditure, crore Capital Expenditure, crore Repayment of Public Debt and crore Loans and Advances. There was saving/excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

4.2 Highlights of Appropriation Accounts

Sl. No.	Nature of expenditure	Original grant (a)	Supplementary grant (b)	Total (c)	Actual expenditure (d)	Saving(-) (e)
(in crore of Rupees)						
1	Revenue Voted Charged	..........	.....	.....	.....	.....
2	Capital Voted Charged	.....	.....	.....	.....	.....
3	Public Debt Charged	.....	.....	.....	.....	.....
4	Loans and Advances Voted	.....	.....	.....	.....	.....
Total		.....	.....	.....	.....	.....

Though the ultimate saving in different Grants totalled crore, crore was surrendered by the departments at the end of the year indicating that the assessment of their requirement was not accurate.

4.3 Actual net expenditure - Reconciliation between Appropriation Accounts and Finance Accounts

The actual net expenditure fell short of the estimated expenditure bycrore as shown in the table below:

(in crore of Rupees)

Details	Budget Estimates	Actual Expenditure	Saving
Gross Expenditure (as per Appropriation Accounts)
Less- Recoveries
Net expenditure (as per Finance Accounts)

4.4 Persistent Saving

There has been persistent saving of more than 5 per cent of total provision under Revenue grants/appropriations in .. Departments during the past five years and in the current year. 9 Departments where major persistent saving has occurred are listed below:

There has been no instance of persistent excess to the end of 2012-13 in any grant/appropriation.

CHAPTER - V

ASSETS AND LIABILITIES

Government has valuable assets in the form of Land, Buildings and Factories, etc. Most of these assets of the Government do not easily lend themselves to an accurate valuation and Government accounts do not exhibit comprehensive value of fixed assets like Land, Buildings, etc. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government.

Assets and Liabilities and the Statement of Balances

(Position as on 31.03.20..)

Assets	in crore of Rupees	Liabilities	in crore of Rupees
Capital Expenditure			
General Services	Internal Debt	.....
Social Services	External Debt	.....
Economic Services	Loans from Central Government	.....
Total	Small Savings	.....
Loans and Advances	Reserve Fund	.....
General Services	Others	.....
Social Services	Other Receipts	.....
Economic Services	Cash Balances	.....
Total	Total Liabilities (Available Funds)	.....

Cash Balance	.....	Cumulative Resource Gap	.....
Investments	.....		.....
Total Assets	.....	Resource Use	.....

The following Chart shows the position of Assets and Liabilities as on 31 March 20.. .

Chart 15 - Assets and Liabilities

5.1 Assets

Out of the expenditure as on 31 March 20.., total investments as share capital in non-financial Public Sector Undertakings (PSU) was crore.

1. Dividend received during the year was ... crore (... per cent on investment). During 20..-.., investments in PSUs increased by crore and dividend income increased by ... crore over the previous year.
2. The expenditure on capital account towards creation of assets was as follows:
Agriculture and Allied Activities: crore, etc.,
3. The Cash Balance as on 31 March 20.. was crore and the cash balance investment was crore. Other investments from out of earmarked funds were ... crore.

5.2 Debt and Liabilities

Outstanding Public Debt at the end of 31 March 20.. was crore, comprising of internal debt crore and Loans and Advances from Central Government crore. Other liabilities accounted under Public Account were crore.

As per the Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of revenue deficit to revenue receipt every year by 3 per cent to 5 per cent depending upon the economic situation in that year to a level below 5 per cent by 31 March 2008, eliminate revenue deficit by 2011-12 and maintain Revenue Surplus thereafter. In 2011-12 and 2012-13 Revenue Account has resulted in Revenue Surplus.

On the Fiscal side, the Government committed to reduce the ratio of Fiscal Deficit to GSDP every year by 0.25 per cent to 0.30 per cent beginning from financial year 2002-03 with medium term goal of not being more than 3 per cent of fiscal deficit to GSDP to be attained by 31 March 2012 and adhere to it thereafter.

Liabilities of the State Government increased by `54,932 crore from `89,535 crore in 2008-09 to `1,44,467 crore during 2012-13. Public Debt comprising Internal Debt of the State Government and Loans and Advances from the Central Government increased by `53,395 crore from `66,809 crore in 2008-09 to `1,20,204 crore at the end of the current year.

Details of the Public Debt and total liabilities of the State Government as on 31 March of each year for the past five years are as under:

GSDP : crore

(in crore of Rupees)

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Small Saving	Provident Funds	Other Obligations*	Total Liabilities	Total Liabilities to GSDP (in per cent)
20..-..
20..-..
20..-..
20..-..
20..-..

* Includes Trusts and Endowments, Reserve Funds, Deposits, Suspense and Remittances.

Trend in Cumulative Public Debt (Progressive figures) in the past five years from 20..-.. to 20..-.. is depicted in Chart 16.

Chart 16 - Public Debt

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be, from time to

time, fixed by the State Legislature. Under Article 293 (3), the State Government can raise loans only with the consent of Government of India, if any loan is outstanding or if there is any outstanding loan for which Government of India has stood guarantee. The Government of India had consented to the State Government for raising open market borrowings upto crore during 20..-..3.

5.3 Public Account

The State Government also acts as a banker and trustee in respect of the amounts under Small Savings Collections, Provident Funds and Deposits. There was an overall increase of crore in respect of such liabilities of State Government during 20..-... and the balance to the end of the year was crore, as indicated in the table below:

(in crore of Rupees)

Year	Opening Balance	Receipts	Payments	Closing Balance
20..-..
20..
20..
20..
20..

5.3.1 State Provident Fund

Receipts were more than the payments during the years 20..-..to 20..-...resulting in affirmative accretion to the Fund as shown in Chart 17.

Chart 17 - Net accretions to the State Provident Fund

5.4 Interest Payments

Interest payments on debt and other liabilities totalling crore constituted per cent of revenue expenditure of crore. Interest payments on Public Debt were crore (..... crore on Internal Debt and crore on Loans and Advances from Central Government) and crore

on other Liabilities (Charts 18 and 19). Expenditure on account of Interest Payments increased by crore during 20..-....

Chart 18 - Trend of Interest Payment

Chart 19 - Interest Payments to Revenue Receipts and Revenue Expenditure

5.5 Utilisation of Borrowed Funds

The new debt contracted during the year 20..-.. was crore constituting ... per cent of the total receipts of crore (Revenue Receipts: crore and Capital Receipts: crore). The borrowings were mainly for repayment of old debt and payment of interest thereon. The position representing new debt contracted and repayment of old debt for the three years is indicated below:

Year	New Debt Contracted (in crore of Rupees)	New Debt to Total Debt at the end of the year (in per cent)	Repayment of old debt to Total Debt (in per cent)
20..
20..
20..

The interest paid for repayment of debt during the year was crore while it wascrore towards other obligations.

5.6 Ways and Means Advances

A State Government, may in order to maintain and sustain its liquidity position, obtain Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon the overdraft facility whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The Government of Tamil Nadu is required to maintain a minimum cash balance of `325 lakh with Reserve Bank of India on a daily basis. There was no occasion for resorting to Ways and Means Advances or drawal of Overdraft from 20..-.. to 20..-....

The position in this regard for the past five years is as under:

Particulars	20..-..	20..-..	20..-..	20..-..	20..-..
i) Number of days on which minimum balance was maintained					
a) Without obtaining any advance	--	--	--	--	--
b) By obtaining Normal Ways and Means Advances	--	--	--	--	--
c) By obtaining Special Ways and Means Advances	--	--	--	--	--
Total	--	--	--	--	--
ii) Number of days on which overdraft was taken	--	--	--	--	--

5.7 Guarantees

The position of guarantees by the State Government for the payment of Loans and Capital raised by Statutory Corporations and Boards, Government Companies, Co-operative Institutions, etc. is given below. For the year 20..-.. the figures furnished by the Government form the basis while for the previous years the figures represent those received from the Institutions.

(in crore of Rupees)

At the end of the year	Amount Guaranteed (Principal only)	Amount outstanding
		Principal
20..-20..
20..-20..
20..-20..
20..-20..
20..-20..

CHAPTER - VI OTHER ITEMS

6.1 Loans and Advances by the State Government:

Total loans and advances made by the State Government at the end of 31 March 20.. was crore. Recovery of principal amount aggregating to crore was outstanding at the end of 31 March 20..

Total loans and advances to Government Corporations / Companies, Non-Government Institutions, Local Bodies, Co-operatives, etc., at the end of 31 March 20.. was crore. The recovery of principal amounting to crore was in arrears at the end of March 20..

6.2 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the departmental figures with the figures in the books of Principal Accountant General (Accounts and Entitlements).

Further, the reconciliation of accounts figures is to be done monthly. Before annual accounts are finalised, the Departments reconcile their account figures with those booked in accounts compiled by the Principal Accountant General (Accounts & Entitlements). For the year 20..-.., per cent reconciliation has been completed for expenditure and per cent for receipts.

6.3 General Cash Balances

The closing cash balance according to the Reserve Bank of India was crore (Net debit) against the general cash balance of crore (Net credit) reflected in State Government accounts. Following subsequent reconciliation, the net difference for the year stood at crore (net debit/credit).

Cash in Treasuries and Remittances in Transit amounted to ... crore. Investments held in the Cash Balance Investment Account as on 31 March 20.. were crore. Other cash balances 108 and investments comprising cash with departmental officers (.. crore), Permanent Advances with departmental officers (.. crore) and Investment of earmarked funds (..... crore) as on 31 March 20.. amounted to crore.

The closing Cash Balance of the State Government decreased from `169 crore of the previous year to ₹(-)1,046 crore as on 31 March 20....
