



**सत्यमेव जयते**

**DEFENCE ACCOUNTS DEPARTMENT**



**DEFENCE ACCOUNT CODE 2022**

**For use of Defence Accounts Department only**

**Issued by the authority of  
DEFENCE ACCOUNT DEPARTMENT(DAD)  
HEAD QUARTERS**

## **PREFACE**

“Well done is better than well said”- what we do is often more important than we may say. Our actions never lie. They speak for themselves. The New Defence Account Code 2022 is culmination of massive exercise done on Business Process re-engineering for the last year or so. As we had embarked on laying foundation for IT automation projects covering every possible facet of DAD, it was a natural corollary for us to do simultaneous review of our existing policies, procedures and processes. New Defence Account Code reflects our new look at the important vertical related to Accounting Functions.

Simplicity has been the key in rewriting new Account Code. Not only flow of chapters has been made smoother, redundant and archaic material has been removed and the entire material is written in plain and simple English. We have been guided by the maxim that many problems of focusing are best resolved by defining what to ignore. I can say with certainty that Defence Account Code is in a form of new Avatar.

We in DAD HQrs had a big vision, and we had fire in our belly to do something new. But we would never have gotten anywhere without the active cooperation and stupendous efforts of our Field Offices across the country. I am honoured, humbled and grateful to be a part of this landmark re-engineering exercise and eager to see the change we can enact together in coming years with fresh outlook on our core areas.



**(Rajnish Kumar)**

**Controller General of Defence Accounts**

**20<sup>th</sup> June 2022**

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## Chapter: 1

### Over view of Defence Accounts Department

#### **Major Roles, Functions and Accounting in Defence Accounts Department**

1. Defence Accounts Department (DAD) functions under the administrative control of Ministry of Defence and is headed by Controller General of Defence Accounts (CGDA).

2. The mandate given to the DAD is audit, payment and accounting of all charges and receipts pertaining to Armed Forces/ Services and Organizations under MoD. These include transactions of the MoD with other Central Ministries/Departments/States/UTs etc. Rendering of advice on accounting and financial matters to MoD and its sub-ordinate Services / Organisation is also a task mandated to the DAD.

3. The CGDA functions on behalf of Secretary Defence (Finance)/ Financial Adviser (Defence Services), in all matters affecting financial advice, internal audit and the accounting in respect of receipts & expenditure pertaining to the Defence Services. CGDA is the Principal Accounting Officer of the MoD. In this role, the CGDA furnishes necessary information for the Appropriation Accounts to the Ministry of Defence. CGDA prepares (i) the Annual Consolidated Accounts of Receipts & Charges of Defence Services, and of Civil Estimates of the Ministry of Defence, and (ii) Appropriation Accounts in respect of two Civil Grants of Ministry of Defence i.e. MoD(Civil) and Defence Pension Grant. In addition, the CGDA renders Annual Audit Certificate for the Defence Services, to the C&AG through Ministry of Defence, for tabling in the Parliament.

4. Accounting of all receipts and charges of the MoD is an important function of DAD. DAD follows the concept of **Single Accounting Circle [SAC]**. The one Accounting circle for the DAD is DAD Hqrs, which is the single point destination for all real time accounting activities and information in the Department. The DAD Hqrs performs a dual role:

- (i) that of the Principal Accounting Officer (Pr.AO) for the MoD.
- (ii) that of a Pay and Accounts Office, along with the sub-ordinate offices of DAD, like the PCSDA/CsDA

5. In DAD, under the SAC, the audit process is decentralized, i.e. auditing of bills happens at different CDA/PCDA offices. However, the processes of accounting and payment are centralized at DAD HQrs, through a centralised system/platform called **PRABAL (PFMS for Raksha Budget Aaharan aur Lekhankan)**, hereinafter referred as system.

6. All bills of procurement from GeM or Non-GeM are received through GeM portal centrally. These are distributed amongst various Principal Controllers and Controllers of Defence Accounts Department (PCDA/CDA offices) for audit and authorization of payment through system. Payment advice is sent to SBI centrally through system and compilation happens simultaneously.

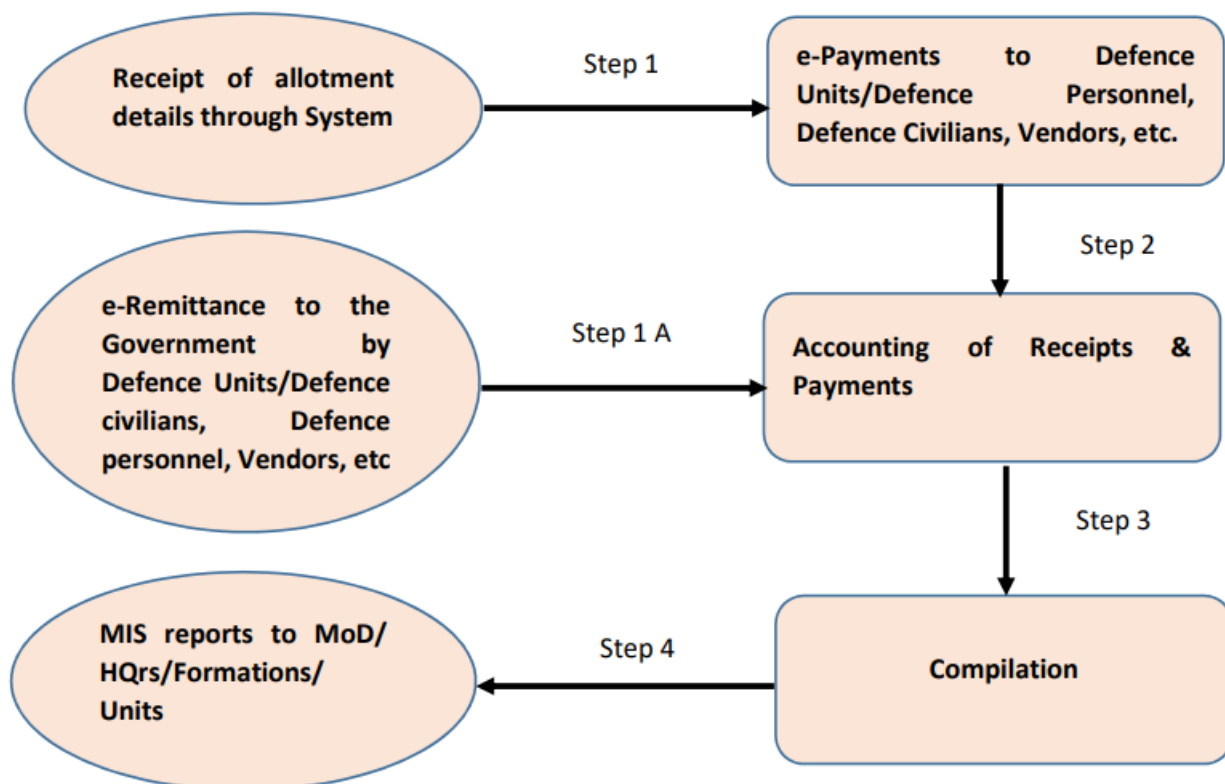
7. The PCDA/CDA acts as representative of the CGDA in the field and carry out activities of audit and authorization of payment in respect of units/organizations under MoD within their jurisdiction. Accounts sections of PCDA/CDA offices undertake accounting functions related to their area of jurisdiction on behalf of SAC.

#### Accounting in DAD

8. The process of accounting in DAD starts with the allocation of Budget to the MoD, by the Parliament. The allotted budget under various Grants of MoD is further sub-allotted by Services/ Departments/ Organizations to their lower formations.

9. For each financial activity [like Pay and Allowances, Procurement of goods and services etc], **a unique identification code** [known as Code Head] has been provided which helps in easy identification of the activity and its purpose.
10. The Organization wise and code head wise details of Allotment of Funds are uploaded on the system by the HQrs of Services/ Organizations under MoD. It Includes sub allotments by Command HQrs and Lower Formations.
11. Once the details of allotments are uploaded on system, expenditure from the same can proceed.
12. All payments to individual officers/personnel, units and vendors are centrally made through electronic mode i.e. e-Payment by SBI CMP Fast Plus. All Remittances/payments to the Government by individuals serving under MoD, units, vendors are made on e-MRO via SBI CMP Fast Plus. In addition, Inter-government transactions are done through Letter of Authorization (LoA) or Settlement through RBI CAS Nagpur.
13. Accounting information relating to all receipts and payments is captured by the System under relevant Code Heads in real-time and maintained centrally. MIS reports in desired formats can be generated through the system by the Stake Holders at any given point of time.

### **WORKFLOW OF ACCOUNTING IN DAD**



#### **Accounting Classification**

14. The Budget of Government is linked to the accounting classification. Government transactions are accounted for under the specific accounting classification falling under the Consolidated Fund, Contingency Fund and the Public Account of India.
15. The Consolidated Fund and the Public Accounts are divided into Divisions. These divisions are again



divided into sections. Within Divisions/Sections, specific functions or services are grouped are called Sectors. The Sectors are sub-divided into Major Heads of Account. However, in some cases, the Sectors are sub-divided into sub- Sectors before been divided into Major Heads of Accounts. The Six tiers of classification of accounts are indicated as under-

Types of Head	Nature	Digits	Example	
			Code	Description
Major Head	Function	4	4059	Capital outlay on public work
Sub- Major Head	Sub-function	2	60	Other Buildings
Minor Head	Programme	3	051	Compensation
Sub-Head	Scheme	2	23	Defence Estate Organization
Detailed Head	Sub-scheme	2	00	-
Object Head	Primary unit of appropriation	2	53	Major Works

The 15 digits code head in the CGA's Account is 405960051230053

*Note: In case of Defence Services, a Detailed Head constitutes the fifth and last tier of classification of expenditure as Defence Services have been granted exemption from use of object head of classification vide delegation of financial power rules.*

16. The accounting information in DAD is classified into various accounting heads at the level of Major and Minor Heads as given in the List of Major and Minor Head of Account (LMMHA) published by Controller General of Accounts [CGA]. The details of heads below the Minor heads are available in Pamphlet of RDR Heads and CHB.

17. **Classification of Hand Book (CHB):** It is a compilation of code heads of Revenue and Capital Heads pertaining to Defence Service Estimates and Classification codes are in alpha-numeric. The classification at the Sub-Head level is given in alphabets.

18. **Pamphlet of Revenue, Debt and Remittance Heads [RDR]:** It contains 15 digits numeric classification heads of receipts and expenditure (Revenue and Capital ) in respect of Civil Departments paid out of Civil Grant of the Ministry of Defence. In addition, the Debt, Loans and Advances, State Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittance heads are opened in the Pamphlet of RD&R Heads which are operated for both Defence Service transactions and Civil transactions. Classification heads in respect of Civil Ministries are also opened therein.

Note:

- i) All amendments below Minor Heads [includes Opening of New Sub heads, detailed heads and Code Heads]to Pamphlet of RDR Heads and CHB are carried out by CGDA with the concurrence of the Ministry of Defence (Finance) and in consultation with Director General of Audit, Defence Services [DGADS] .
- ii) The prior approval of Comptroller and Auditor General [C&AG] will also be obtained (through CGA/DGADS) in cases where an amendment affects Major or Minor Heads.
- iii) Both CHB and Pamphlet of RDR heads are published by the Controller General of Defence Accounts.
- iv) The detailed guidelines for opening of the heads issued by MoD (Fin)/CGA [as contained in LMMHA] from time to time are required to be followed.

19. **Understanding code heads used in DAD:**

Defence Accounts Department uses Seven [7] digits coding system for classification of accounts exclusively operable below 15 digit classification heads. The 7 digit *Code Head consists of three divisions , XX/YYY/ZZ , as mentioned hereunder:*

Division	FORM	RDR	CHB	REMARKS
Prefix	XX	00 to 99	01 to 99	To generate reports/information as per user requirement intended to know distinctively the source of expenditure and /or the category of a particular expenditure/receipt wherever required. Default prefix for RDR is 00 and CHB is 01
Main Head	YYY	001 to 099	101 to 950	Unique number
Suffix	ZZ	00 to 99	00 to 99	Sub classification of Main Head

*Note:-Seven [7] digit code head gives more flexibility to Defence Services in classification of varied nature of expenditure which is not feasible within 15 digit classification of heads.*

20. **Punching Medium (PM)**

Punching Medium (PM) is the basic accounting instrument in DAD, generated by the system, for accounting and compilation of any type of transaction as it occurs

21. A PM contains information relating to month, CDA (code), classification code head, class of voucher, voucher No., Section code, whether receipt or charge and the amount etc

22. Taking into account the different types of monetary transactions in the MoD, PM contains 4 types of accounting information: (+) Charge, (-) Charge, (+) Receipt, (-) Receipt.

23. Important features of PM are as follows:

When used	Impact on accounts
<b>(+)Charge</b>	
<b>Consolidated Fund:</b> Generally used to release payment from budget head.	Results in reduction in budget.
<b>Public Account:</b> Represents payments on accounts of Loans, advances or withdrawals of funds by subscribers.	1. Creates debit balance under the relevant head which is to be monitored for recovery. 2. Decrease in balances under Fund Heads. 3. Utilizations of deposits received.
<b>(+)Receipt</b>	
<b>Consolidated Fund:</b> 1. Generally used for accounting of bonafide receipts to Government deposited through e MRO 2. <i>Sale proceeds of Government land and buildings will be credited to Major Head '4000 – Miscellaneous Capital Receipts'</i>	Deposited into CFI, results in increase in Govt. Revenue.
<b>Public Account:</b> 1. Used for accounting of receipts under Deposit heads 2. Identifies recovery of loan/advance, or Fund subscription etc.	1. Reduction of debit balances created under Loans and Advances Heads.

3. Clearance of booking under Advances- PAOs Advances head on charge side is cleared as + Receipt.	2. Increase in balances under Provident Funds and Deposits Heads.
<b>(-)Charge</b>	
<u><b>Consolidated Fund</b></u> 1. On account of inter-service adjustments in the accounts of issuing Service/organization (Deduct Heads). 2. Receipts and recoveries on capital account (other than sale of Land & Building) are taken as reduction of expenditure. 3. Recoveries of over-payments shall be credited as reduction in expenditure irrespective of the year. 4. Recovery of Pay and travelling allowances, advances on transfer, will irrespective of the year of recovery, be treated as Minus Expenditure. 5. Misclassifications also rectified as minus charge.	1. Utilization of budget under deduct heads (Stores Heads). 2. Restoration of budget under capital heads. 3. Restoration of Budget. 4. Restoration of Budget.
<u><b>Public Account</b></u> Used in release of suspense on charge side. Misclassifications also rectified as minus charge.	Denotes completion of accounting transaction cycle so far as Suspense Heads (+Charge) are concerned.
<b>(-)Receipt</b>	
<u><b>Consolidated Fund</b></u> 1. Refunds of Revenue taken for reduction of the Revenue Receipts. 2. Misclassifications also rectified as minus Receipt.	Reduces the booking under Receipt Heads.
<u><b>Public Account</b></u> Release of booking under suspense heads initially accounted for as (+) Receipt	Denotes completion of accounting transaction cycle so far as Suspense Heads are concerned.

24. As per the nature of transactions, PM can be classified into 4 classes

<i>(a) Cash Vouchers</i>	<i>Class of Voucher- 1</i>	Prepared for payments by the DAD
<i>(b) Transfer Entries</i>	<i>Class of Voucher- 2</i>	Prepared to adjust or transfer an item from one head to another, where necessary. This class of voucher is also used to account for a receipt transaction [e-MRO] or to rectify a misclassification of an earlier transaction.
<i>(c) I.D. Schedules [Civil]</i>	<i>Class of Voucher -3</i>	This Class of Punching Media is used for Inter-Governmental transaction like
		(i) Items originating in the books of Ministries settled through <b>advice</b> to RBI CAS Nagpur
		(ii) The transactions compiled on the basis of <b>LoA</b> of Civil Ministries (as PBD Vouchers).
<i>(d) Post Audit Vouchers/Bills</i>	<i>Class of Voucher 4</i>	to account for transactions on the basis of Vouchers/Bills received for Post Audit and Compilation of Cash Accounts from Imprest Holders/Cash Assignment holders

*Note 1- Vouchers get serially numbered for a month, class wise.*

*Note 2- The powers of authorities to approve Class 1 PM will be as per delegation of financial powers to pass claims/bills.*

**Note 3- Class 3 PM and Class 4 PM powers will be as per Class 2 PM**

25. Different levels of officers in the DAD have been authorized/ delegated powers to approve the PM generated in the day to day activities of the DAD. The Punching Media in r/o transfer adjustments and rectifications will be signed by the Officers as mentioned below:-

<b><i>Designation</i></b>	<b><i>Normal Transfer Adjustments [Amt in Rs. and upto]</i></b>	<b><i>Rectification of Incorrect Adjustments [Amt in Rs. and upto]</i></b>
AAO	25,00,000	NIL
AO/SAO	1,00,00,000	25,00,000
ACDA/DCDA	5,00,00,000	1,00,00,000
JT.CDA/ADDL.CDA	10,00,00,000	5,00,00,000
CDA/PCDA	Above 10 Crores	Above 5 Crores

26. In case of any doubt or dispute regarding the accounting procedure, the matter should be referred to the CGDA for decision in consultation with the CGA and Director General of Audit Defence Services (DGADS).

## Chapter: 2

### Budgetary Control over Defence Expenditure

27. The process of payment and accounting in DAD starts with the allocation of Budget to the MoD, by the Parliament. The allocation of budget is based on the requirements projected by the MoD, after ascertaining the same from the subordinate Services/ Organizations.
28. The fund requirement, called Budget Estimates (BEs) is consolidated under the different heads of expenditure called Grants of the MoD and submitted to the Ministry of Finance which tables them in the Parliament, under the Budget of the GoI.
29. The Demands for Grants for meeting expenditure on Defence Services are passed by Parliament each year. Within the amounts of these Demands for Grants, Ministry of Defence arranges for financing of services for which that Ministry is responsible. The provisions made in these Demands for Grants are based on estimate of requirements, within the constraints of total resources available and the demands on these resources. There are 4 Grants for the MoD as follows:
- (a) Ministry of Defence (Civil)
  - (b) Defence Services (Revenue)
  - (c) Capital Outlay on Defence Services
  - (a) Defence Pension

Defence Service Estimates [DSE]: Detailed Head wise budgetary provision in respect of two defence grants i.e. Defence Services Revenue and Capital Outlay on Defence Services are provided through Defence Services Estimates (DSE).

Detailed Demand for Grant [DDG]: Object Head wise budgetary provision in respect of MoD (Civil) and Defence Pension Grants are provided through Detailed Demand for Grant (DDG).

30. Once the Parliament approves the Demands for Grants, the allotments can be utilized for incurring expenditure, in the new Financial Year, starting on 1<sup>st</sup> April each year.
31. To tide over the period prior to approval of Budget by the Parliament, 'Vote on Account', a grant is made in advance by the Parliament to ensure the functioning of the Government/ Ministries. This permits expenditure of some amount, usually 1/6<sup>th</sup> of the BE, by the concerned Ministry/ Department.

#### **Watching Expenditure against Allotments:**

32. The responsibility for ensuring that expenditure incurred is within the allocated budget against the grant/appropriation rests with the executive authority. To assist them in performing this function, System provides real-time data relating to expenditure and allotments. Further, System does not permit incurring expenditure in excess of allotments. In order to ensure mid course correction, the PCDA/CDA specifically informs the Executives about the anomalous trends in expenditure for necessary correction at their end.
33. **Revised Estimates [RE]:** Towards mid of the financial year, Revised Estimates (RE) are prepared by the Services/ Organizations taking into account actual expenditure upto a cut-off date, and additional requirement of funds felt at that point of time, due to some unforeseen or new event/ expenditure/ requirement. Similarly, surrender of funds is proposed in cases where expenditure is not proceeding on anticipated lines and there is a likelihood of having unspent allotment at the end of the year.

34. During the course of the year, there may be felt a requirement for additional funds under some activities which can be obtained through:
- (a) **Re-Appropriation:** Transfer of funds from one primary unit of appropriation to another such unit within a grant or appropriation. It may be sanctioned by a competent authority at any time before the close of the financial year. No re-appropriation between Revenue and Capital heads is permissible. Further, re-appropriation is not permissible between “Voted” and “Charged” expenditure. [For details see Rule 116 to 118 of FR – I VOL – I].
  - (b) **Supplementary Demand for Grants:** These demands are consolidated by the MoD, after ascertaining from different Services/ Organizations under it and are submitted to the Parliament as Supplementary Demands for Grants. The Supplementary Demands for Grants are presented to and passed by the Parliament before the end of the financial year.
  - (c) **Modified Appropriation:** This is a final estimate for the year and will be based on the latest known actual and the likely expenditure during the remaining period of the year. On the basis of this estimate, necessary re-appropriations and/or surrenders are formally sanctioned by the Ministry of Defence (Finance)/Ministry of Finance
35. Austerity measures and guidance for expenditure issued by MoD/MoF should be adhered to through system.
36. **Appropriation Accounts:** - After the financial year comes to an end, Appropriation Accounts are prepared for the MoD. The object of the Appropriation Accounts is to present the audited accounts of expenditure from the appropriations for the year with full explanations of all important variations between the final appropriations and the actual expenditure. Financial Advisor (Defence Services) is responsible for the preparation and submission of the Appropriation Accounts of the Defence Services to the Comptroller and Auditor General (C&AG) of India and the Director General of Audit, Defence Services (DGADS). CGDA is responsible for preparation and submission of Appropriation Accounts of MoD (Civil) and Defence Pension Grants
37. The Appropriation Accounts are put up before the Parliament for approval. If any money has been spent on any service during a financial year in excess of the amount granted for the service for that year, the President causes to be presented to Lok Sabha a demand for such excess. All cases involving such excesses are brought to the notice of Parliament by the Comptroller and Auditor General through a report on the Appropriation Accounts. The excesses are then examined by the Public Accounts Committee which makes recommendations regarding their regularization in its report to the House. The demands for excess grants are made after the expenditure has actually been incurred and after the financial year to which it relates has expired.

### Chapter: 3

#### Financial Transactions in MoD

38. All the monetary/ financial transactions of the MoD can be grouped under two categories:

- (a) Receipts of MoD (inflow of funds into MoD)
- (b) Expenditure of MoD (payments from MoD/outflow of funds)

#### **Modes of Settlement of Defence Transactions are as under:**

39. The Transactions within, into and out of MoD can happen through following modes:

- (a) **e- receipts [e-MRO] and e-payments:** also called transactions on 'cash basis'. Transactions with Non - Governmental Bodies/Institutions/Vendors/State Govts are dealt with on cash basis.
- (b) **Letter of Authorization (LoA):** LOA refers to the settlement of inter departmental transactions through book adjustment without resorting to cash settlement. It is issued when one Ministry/Department (called Functional Ministry/ Department) utilizes the services of another Central Ministry /Department as its Agent for executing some activity or program.
- (c) **Settlement Account:** Claimant Ministry renders advice on monthly basis, based on vouchers/bills duly accepted by the Paying Ministry, to RBI CAS Nagpur for crediting their proforma accounts and debiting the proforma accounts of Paying Ministry.
- (d) **Payment Book Debit:** Settlement within MOD i.e.[Army/AF/Navy] will be done through PBD Vouchers.

Sl No.	TRANSACTION WITH	MODE
1	Individuals Non-Govt. Bodies and Institutions	Cash Basis
2	MEA (Indigenous Transactions)	Cash Basis/LoA
3	MEA (Foreign Deputation etc.)	Settlement Account/LoA
4	Railways, Posts	Settlement Account/LoA
5	Other Ministries/Departments	Cash Basis/LoA
6	State Govt. and Vice Versa	Cash Basis
7	Within MoD (Army/AF/Navy)	Settlement through PBD Vrs.

Note: - 1. Cash basis means e-MRO and e-Payments

#### **Transactions through e-Receipts and e-Payments**

40. As per an agreement with SBI, all cash payments and receipts of MoD, for which DAD is responsible, will be routed through e-Payment Gateway and "e-MRO portal" of SBI CMP Fast Plus respectively.

41. Flow of documents involved in the reconciliation process of receipts, the payment authorisation by PAO, payment by SBI CMP, Settlement/Accounting by RBI, CAS Nagpur:

a. Transaction done through SBI CMP:

<b>MEDIUM</b>	<b>DESCRIPTIONS</b>	<b>PURPOSE</b>	<b>FROM</b>	<b>THROUGH</b>	<b>TO</b>
DEBIT SCROLL	All Payments	Confirmation of payments to the beneficiaries	e-FPB	Online	PAO
CREDIT SCROLL	All Receipts	Confirmation of receipts to Govt.	e-FPB	Online	PAO
DAILY MEMORANDA	All Receipts & Payments	For settlement with RBI	e-FPB	GAD	RBI
DMS	Date Wise Monthly Statement	To reconcile the total Receipts & Payments	e-FPB	Online	PAO
VERIFIED DMS	Duly verified by the PAO	PAO confirms the correctness of Receipts& Payments	PAO	e-FPB	GAD
MSS	Monthly Statement of Settlement	To reconcile the DMS with amount settled by RBI	GAD	Direct	PAO
			GAD	Direct	e-FPB
Wise Balance Statement [Summary of Transaction]	Put through Statement with SBI	To reconcile with DMS and MSS	RBI	Direct	PAO

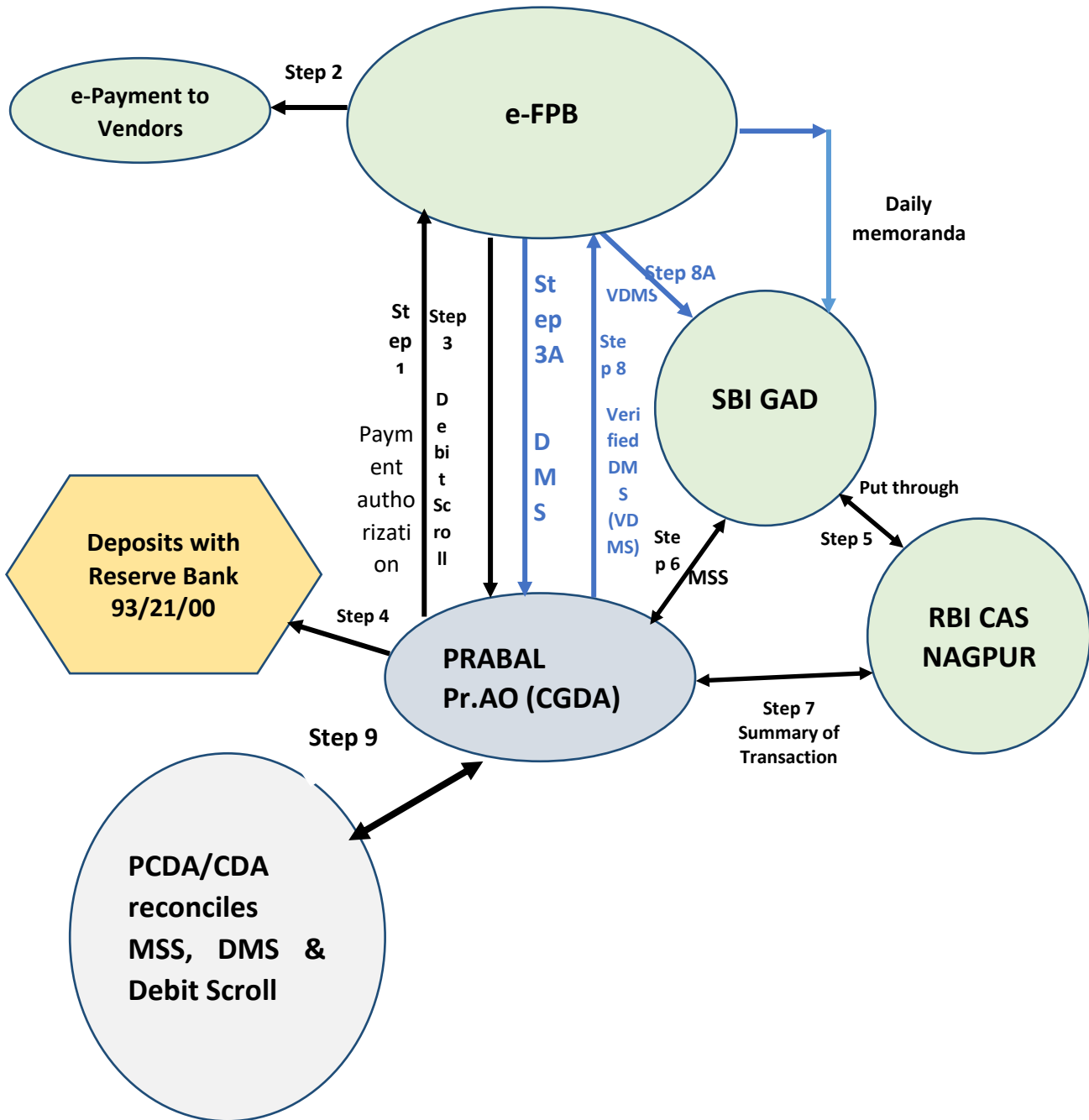
b. Transaction done through Settlement Account:

<b>MEDIUM</b>	<b>DESCRIPTIONS</b>	<b>PURPOSE</b>	<b>FROM</b>	<b>THROUGH</b>	<b>TO</b>
ADVICE OF CLEARANCE	Advices to RBI for Credit/Debit	To raise Debit/Credit	PAO1	Direct	RBI & PAO2
MEMO OF CLEARANCE	Confirmation regarding Credit/Debit	For clearance in the book of PAO	RBI	Direct	PAO1& PAO2
Wise Balance Statement [Summary of Transaction]	Statement Inter Govt. Adjustment [IGA]	To reconcile with Advice of Clearance raised/received	RBI	Direct	PAO1& PAO2

Note: PAO1 = Claimant PAO, PAO2 = Paying PAO



**The flow of documents involved in the reconciliation of payments made by DAD**



42. Process involved in e-Payments and CMP Rejections:

(a) Payment through SBI CMP:

STEPS	ACTIVITY	Section	Code Head	[R]+	[R]-	Code Head	[C]+	[C]-
1	At the time of making payment through SBI CMP	Audit	93/020/91 [CMP]	100		Budget Head	100	
2	On receipt of Debit Scroll	Accounts [System]	93/020/91 [CMP]		100			
			93/021/00 [RBI DEPOSIT]	100				

b. Failed Transaction [CMP Rejections], Suspense Booking & its Clearance:

Steps	ACTIVITY	Section	Code Head	R+	R-	Code Head	C+	C-
1	In case of failed transaction (Minus Debt Scroll Uploaded)	Accounts (Systems)	93/021/00		100	93/020/96 (CMP REJ SUSPENSE		100
2	At time of re-issue of payments	Audit	93/020/91	100		93/020/96 (CMP REJ SUSPENSE	100	
3	If, transaction is required to be cancelled	Audit				Budget Head		100
						93/020/96 (CMP REJ SUSPENSE	100	

**Deposits with Reserve Bank (Payments)**

43. The compilation under Deposits with Reserve Bank head will be done by system on receipt of scroll's data from SBI CMP. The system makes adjustments through T.E on the following occasions.

- (a) For Debit Scrolls
- (b) For Minus Debit Scrolls (failed transactions)

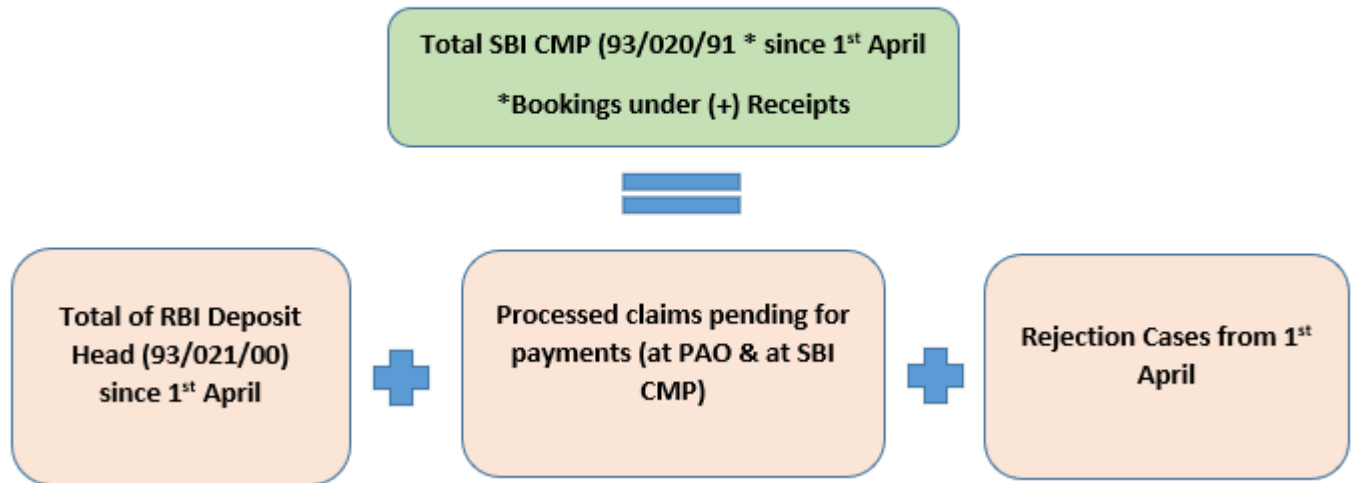
44. In case of difference in DMS amount with RBI figures [by System]  
[Actual transaction may be Rs.100/-]

Steps	Activity	Code Head	(+) RT	(-) RT	Code Head	(+) Ch	(-)CH
1	When RBI Figures more than the DMS (Rs.150)	Deposits with Reserve Bank (93/021/00)	50		PSB Suspense (93/020/76)	50	
2	When RBI rectifies the above difference	Deposits with Reserve Bank (93/021/00)		50	PSB Suspense (93/020/76)		50
3	When RBI Figures less than the DMS (Rs.60)	Deposits with Reserve Bank (93/021/00)		40	PSB Suspense (93/020/76)		40
4	When RBI rectifies the above difference	Deposits with Reserve Bank (93/021/00)	40		PSB Suspense (93/020/76)	40	

#### 45. Reconciliation of SBI CMP Payments.

- (a) At the end of the financial year, the amount outstanding in the code head 93/020/91 for SBI CMP will be Zero.
- (b) In order to ensure that the balances outstanding on account of SBI CMP transactions are correct, a system check is available.
- (c) At any time in a financial year, the SBI CMP transactions is the sum total of following items
  - (i) The booking under Deposits with RB (93/020/91) made during that financial year
  - (ii) The bills processed and payments pending either with PAO or SBI CMP Fast Plus
  - (iii) The rejected payments yet to be processed.
- (d) The check is always required to be made from April 1<sup>st</sup> as the payments, credit to beneficiary, rejections and repayments are not necessarily in same month. It's a continuous process throughout a year.
- (e) System tallies SBI CMP transactions with compilation under Deposit with Reserve Bank Head as follows and alerts CGDA/PCDA/CDA if the accounts are not tallied as under: -

## RECONCILIATION OF PAYMENT WITH SBI



### Receipts to MoD [e-MRO]

46. Any receipt into the MoD is accepted on e-MRO through e MRO Portal.

47. The SBI generates an e-Credit Scroll for each e-MRO transaction carried out through e MRO Portal. The e-Credit Scroll is an electronic intimation of the said transaction having been credited as receipt of MoD.

48. Process involved in e-Receipts:

(a) Receipt to MOD:

<b>STEPS</b>	<b>ACTIVITY</b>	<b>Section</b>	<b>Code Head</b>	<b>[R]+</b>	<b>[R]-</b>	<b>Code Head</b>	<b>[C]+</b>	<b>[C]-</b>
<b>1</b>	When Credit Scroll uploaded	Accounts [System]				93/020/80 [e-MRO]		100
						93/021/00 [RBI DEPOSIT]	100	

(b) Action by Audit Section on various types of receipts/recoveries via e-MRO

STEPS	ACTIVITY	Code Head	[R]+	[R]-	Code Head	[C]+	[C]-
1	In case of Normal receipt/Deposit	Receipt Head/Deposit	100		93/020/80 [e-MRO]	100	
2	Overpayment Received during the current FY				93/020/80 [e-MRO] Concerned Expdr.Head	100	100
3	Overpayment Received pertaining to previous FY [When Deduct Head is available]				93/020/80 [e-MRO] Deduct Head	100	100
4	Overpayment Received pertaining to previous FY [When no separate Deduct Head available]	Receipt Head	100		93/020/80 [e-MRO]	100	

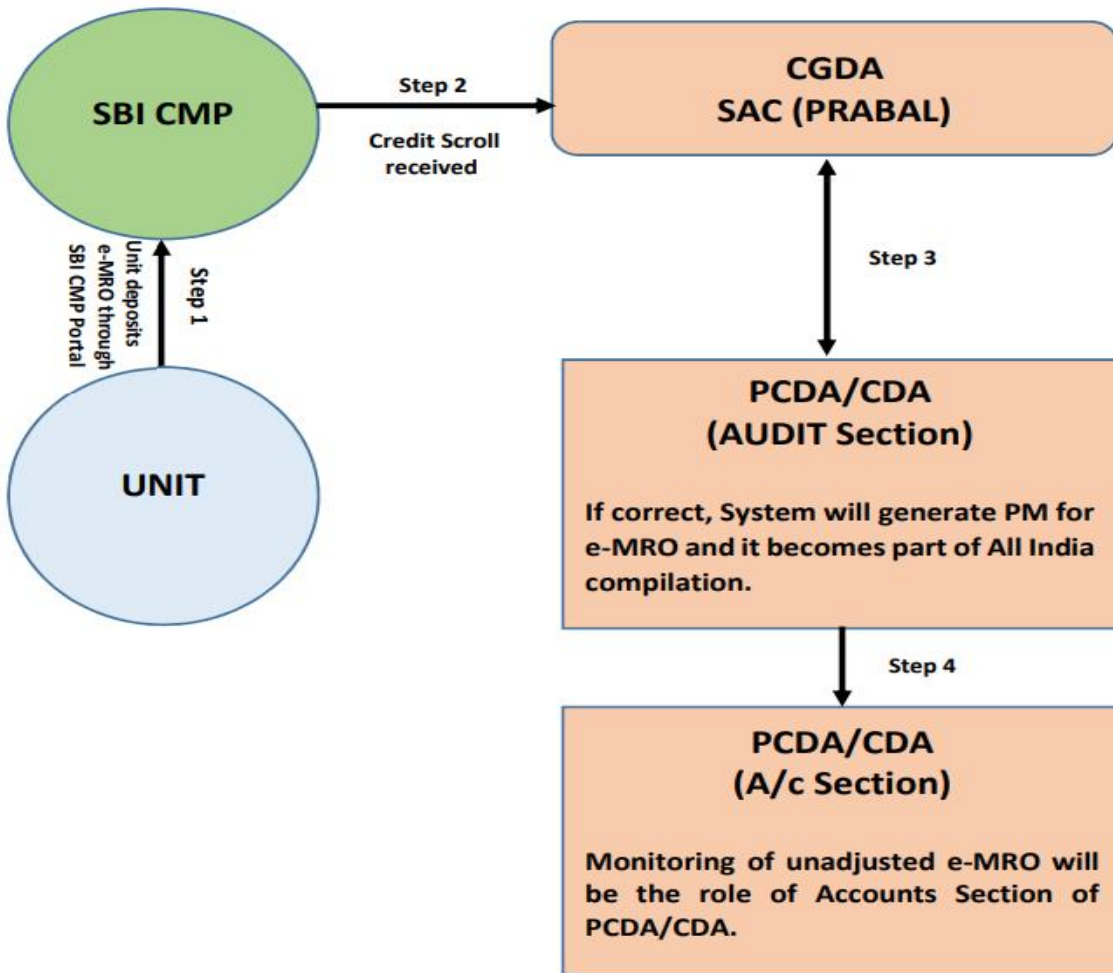
(c) At the end of every month, the Monthly Statement received from RBI is cross checked with the system generated DMS report and with booking on charge side of Deposit with RB head (93/021/00). In case of difference in DMS with RBI Figures [by system], the discrepancy will be adjusted as under:

[Actual transaction may be Rs.100/-]

STEPS	ACTIVITY	Code Head	[R]+	[R]-	Code Head	[C]+	[C]-
1	When, RBI figures[Rs.120/-] <b>more than</b> the DMS [Excess Advice received]	93/020/76 [PSB Suspense]	20		93/021/00 [Deposit with RBI]	20	
2	When RBI rectifies the above difference	93/020/76 [PSB Suspense]		20	93/021/00 [Deposit with RBI]		20
3	When, RBI figures[Rs.80/-] <b>Less than</b> the DMS [Less Advice received]	93/020/76 [PSB Suspense]		20	93/021/00 [Deposit with RBI]		20
4	When RBI rectifies the above difference	93/020/76 [PSB Suspense]	20		93/021/00 [Deposit with RBI]	20	

49. An example describing e-receipt in MoD:

**e-MRO deposited by the Unit for sale of scrap**



50. **Letter of Authorisation**: To enable MoD perform some activity for any other Ministry/ Department of GoI, the said Ministry provides allocation of funds under their appropriate head through a document called LoA

On the basis of the said LoA the Unit provides necessary services/goods to the Ministry/Department concerned. The bill raised for such expenditure incurred by Unit is paid by the PCDA/CDA debiting the 15 digit head of account mentioned in the LoA. The PCDA renders an MIS to the Ministry/Department concerned. The accounting information is also shared with the Ministry through e-Lekha.

These are the transactions originating in the Defence Books which are Adjustable against the Balances of Civil Ministries. There are cases wherein MoD seeks services/goods from other Ministry, in such case LOA is issued by CGDA as Pr.A.O. in favour of the Pr.A.O. of the concerned Ministry/Department.

## Direct Booking under MEA Heads through Digital LoA

### LOA contains the following details

1. Works to be undertaken
2. Budget
3. Executing Agency
4. Grants- No and 15-digit Code Head
5. SER CODE /SCCED CODE on e-LEKHA portal/relating to the Heads

### Action by CGDA on receipt of LOA

- a. Opening of Code head under 15-digit accounting head if not available.

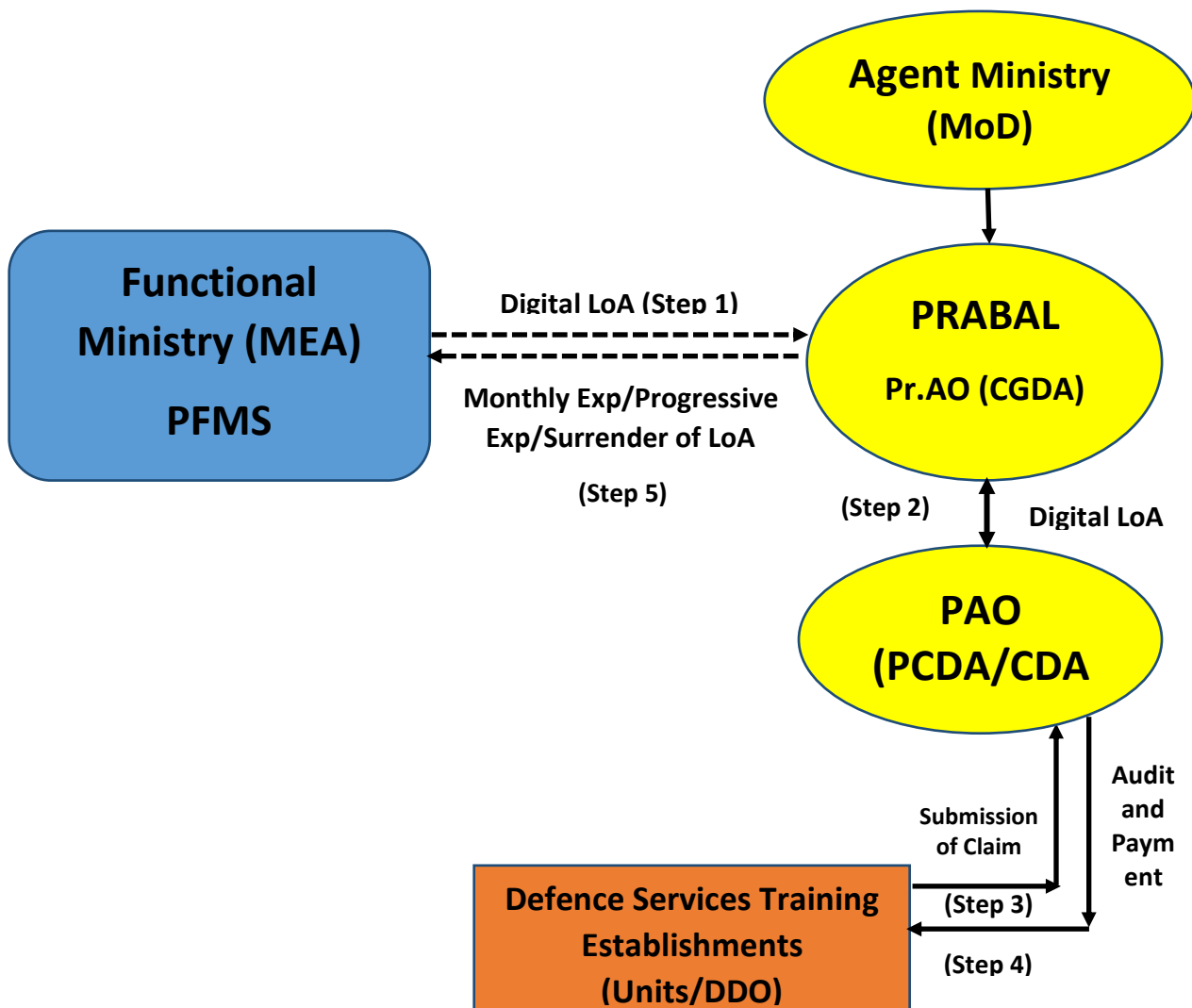
### Action by PCDA

1. Accept the LoA.
2. Make payments on such bills received from the unit.
3. Will render MIS report to the Ministry
4. Process with CGDA cases of surrender or requirement of additional funds.

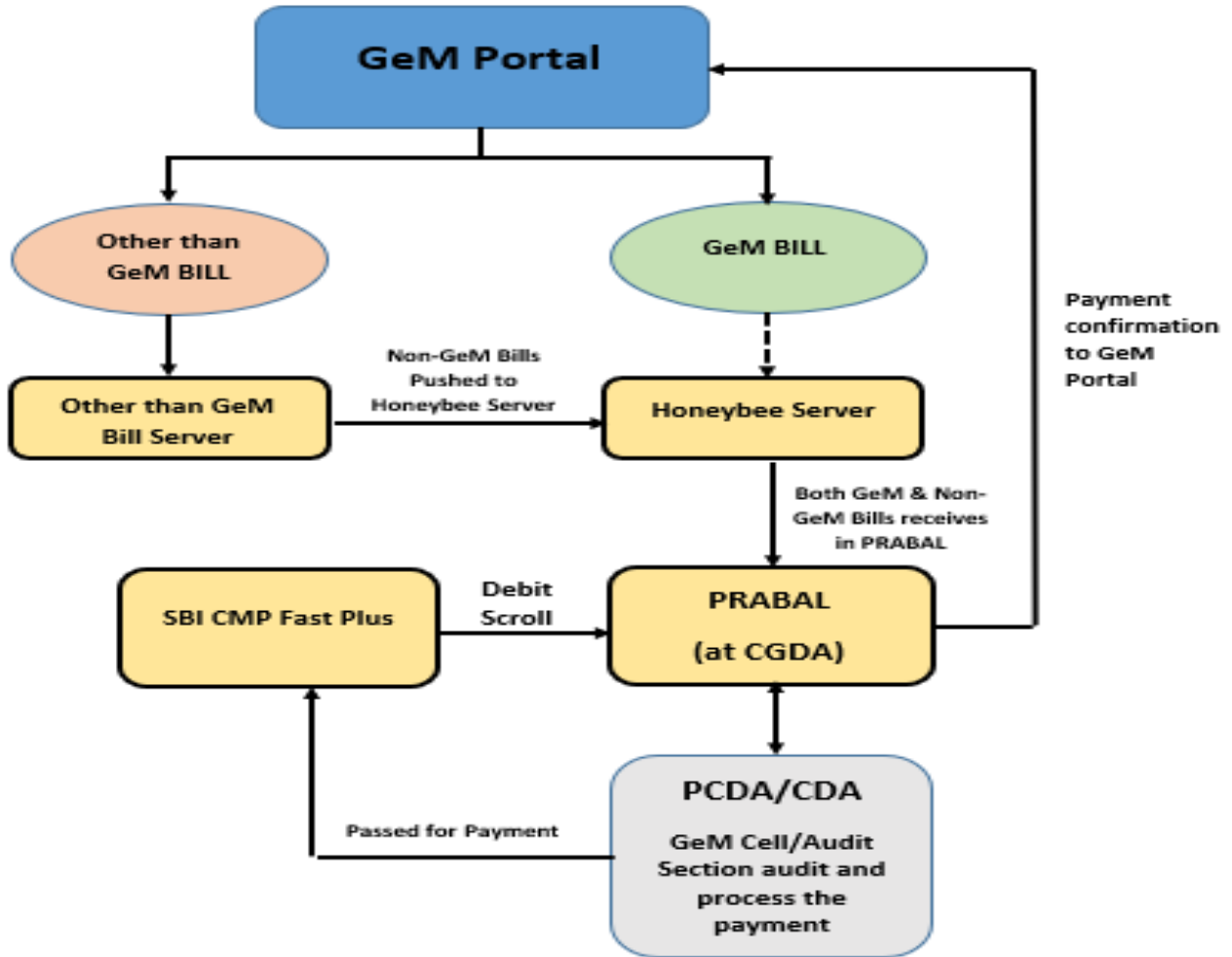
### Action by Unit: -

1. Will access the LoA on PRABAL.
2. Initiate procurement process.
3. Generate Sanction/Bill
4. Forward the same to PCDA for audit and payment.
5. Initiate the case for the surrender of funds, if required,

## Direct Booking under MEA Heads through Digital LoA

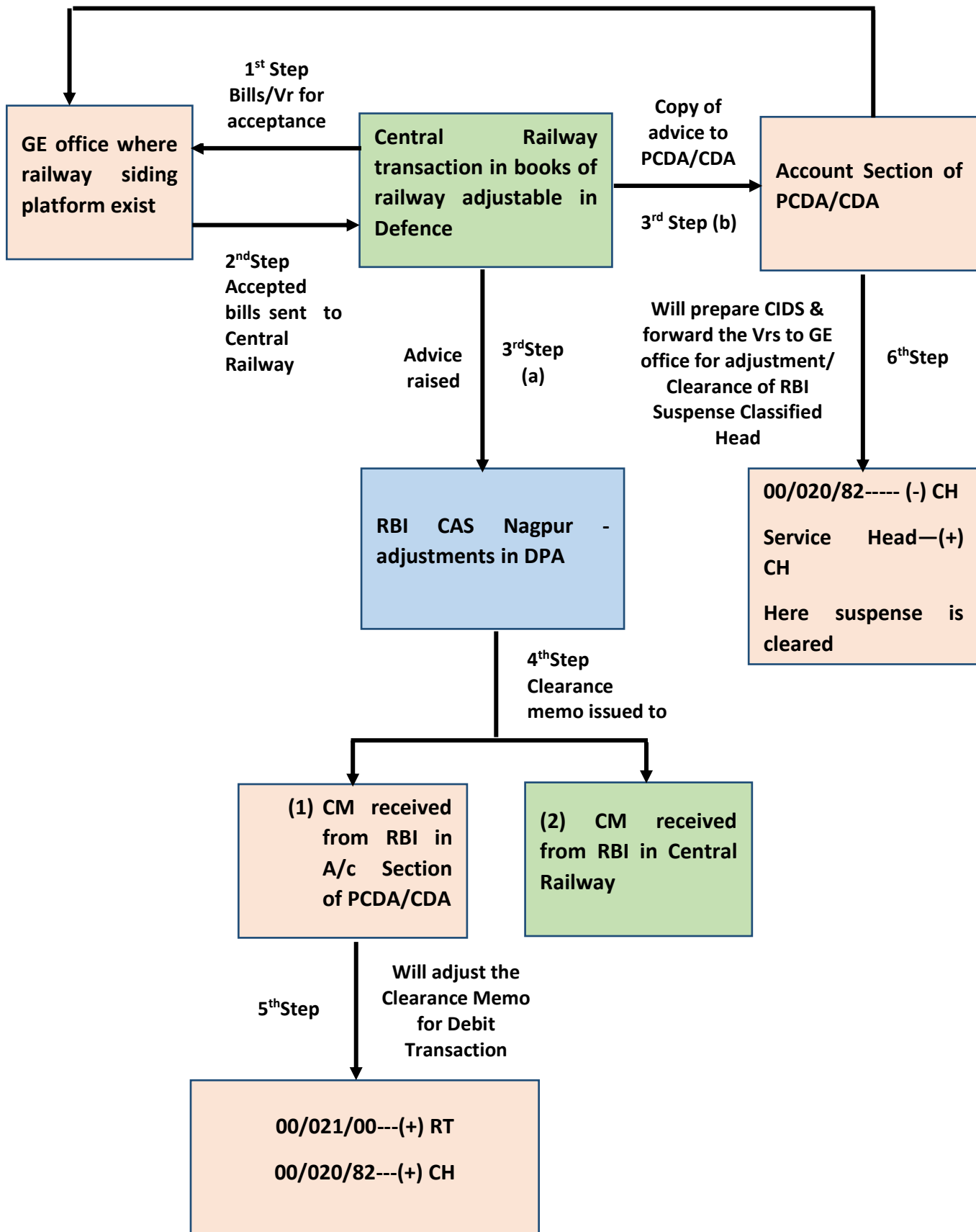


51. Illustration describing e-payments out of MoD:



52. Payment to Railways for the usage of railway sidings by the Defence Services through RBI CAS Nagpur is elaborated through diagram as under:





53. **Suspense Account:** -Payments which cannot, in the absence of orders or information, be adjusted in the relevant Code Head, will be taken to the Head "Suspense Account". When information is received subsequently, the correct head of account will be credited or debited by clearing the amounts compiled under the head "Suspense Account". The Details in respect of Suspense Heads are available in Pamphlet of RDR under various Minor Heads below Major Head 8659.

Note 1: No sum shall ordinarily be credited to Government by debit to Suspense head. Credit must follow and not precede actual realisation.

Note 2: A service receipt for which full particulars are not given must not be taken to the head 'Suspense Account' but should be credited to the Minor Head 'Other Receipts' under the Revenue Head to which it appears to belong, pending eventual transfer to the proper head on receipt of detailed particulars.

Note 3: The charges under the head 'Suspense Account' will consist of items for which full particulars, which will enable the audit office properly to classify them, have not been given.

**TYPES OF SUSPENSE OPERATED IN DEFENCE SERVICES**

Minor Head	Code Heads	Nature of transactions	Rt/Ch	Significance
<b>8659 –Suspense Accounts (Defence)</b>				
101 - PAO Suspense	00/020/01 to 00/020/50	Representing transactions with PAOs of various Civil Ministries.	Receipt	Outstanding Receipt/Credit balance represents recoveries like GPF or loans and advances etc, in respect of the officials of the Central Ministries/Departments on deputation under the establishment of MoD, have been recovered but not passed on to the Concerned Ministry/Department in absence of details.
			Charge	Outstanding Charge/Debit balance represents that Supply and Services rendered to Civil Ministries /Departments but reimbursement awaited from PAO of the concerned Ministry/Department.
102 - AG Suspense	00/019/01 to 00/019/29	Representing transactions with Accountant General of States and Union Territories	Receipt	Outstanding Receipt/Credit balance represents recoveries like GPF or loans and advances etc, in respect of the officials of the State Government on deputation under the establishment of MoD, have been recovered but not passed on to the concerned State Government in absence of details.
			Charge	Outstanding Charge/Debit balance represents that services and supplies rendered to State Government and given aid to civil power etc but subsequent reimbursement from AG Concerned are not received.
108 - PSB Suspense	00/020/76	Representing transactions with Public Sector Banks	Receipt/	Suspense on debit/credit is operated to book the difference between the figures of debit/credit scrolls/DMS of SBI Transactions and monthly Statement of advice of RBI CAS Nagpur.
			Charge	
109 - RB	RB	The transactions	Receipt	Minus Credit/Debit balances under this head

Suspense	Suspense (Classified)-020/82	originating in the books of Railway, Post and Telegraphs and MEA due for final adjustments in Defence Account are booked under this suspense head.	Charge	shows that Audit Sections have adjusted the claims but Clearance Memos' are either awaited from RBI CAS, Nagpur or if received, the same have not been compiled by the Accounts Section. Position will be just reverse when the balance under the above head closes as Plus Credit/Debit.
	RB Suspense (Unclassified) – 020/83	Representing transactions with RBI.	Receipt Charge	Suspense on debit/credit is operated to book the difference between the figures of debit/credit scrolls and DMS of RBI Branches.
113 - PF Suspense	00/020/55	Representing transactions relating to various fund accounts	Receipt	Outstanding Debit/credit balance represents the balances details of which are awaited.
			Charge	
140- Misc. Suspense	00/020/61-63,65,66,72,74,87-90,93,94 etc.	Miscellaneous transactions not covered under Minor Heads 101 to 138 above	Receipt	Receipts and payments which cannot in the absence of further information or order, be allotted to any head of account, and head to which transactions are likely to be adjusted are not known, are to be booked to Miscellaneous Suspense.
			Charge	
<b>8670 – Cheques and Bills</b>				
111 – Electronic Advice	93/020/91	Payment through online mode (SBI CMP)	Receipt	Negative balances under these heads represent payment made to the beneficiary and scroll received from e-FPB and adjusted but initial compilation of payment authorisation is still under process.
				Positive balances under these heads represent debit scrolls awaited from e-FPB.
<b>8677 – Remittance into Banks/Treasuries</b>				
104 Defence	93/020/80	E-receipts through e-MRO	Charge	Negative balances under these heads represents receipts realized and scroll received from e-FPB but not adjusted by Audit Section.

## Chapter:4

### Correction of Accounts

54. If an item, which properly belongs to a Revenue or Expenditure Head, is wrongly classified under another Revenue or Expenditure Head, the error may be corrected any time before the accounts of the year are closed. However, an error no matter how old and small it may be, must be corrected if it affects a head closing to Balances (viz. Debt, Deposit or Remittance Head). If the accounts of the year in which the error took place are open, the correction should be made immediately.
55. If the accounts of the year in which the error took place are closed, then the following procedure should be followed: -
- (a) An item taken to one debt, deposit or remittance head instead of another, the correction should be made by transfer from one to the other;

*eg:- Advance paid to MSEDL as security deposit for HT connection, has been compiled to 00/018/64 (Defence advances – Miscellaneous) instead of 00/020/85 (security deposit by Central Government offices with the state). This can be rectified by a transfer entry as under:*

Code Head	(+) Receipt	(-) Receipt	Code Head	(+) Charge	(-) Charge
			<b>00/020/85</b>	100	
			00/018/64		100

- (b) An item credited to a debt, deposit or remittance head instead of a revenue head – the correction should be made by transfer to the head under which it should originally have appeared.

*eg:- When an amount erroneously compiled to 00/012/15 (Computer Advance) head instead of 00/004/19 (Interest on Computer Adv) code head. This can be rectified by a transfer entry as under:*

Code Head	(+) Receipt	(-) Receipt	Code Head	(+) Charge	(-) Charge
00/004/19	100				
00/012/15		100			

- (c) An item debited to a debt, deposit or remittance head instead of to an expenditure head-the correction should be made by transfer to the head under which it should originally have appeared;

*eg:- When an amount erroneously compiled to 0/017/05 (Misc Deposit) instead of service head then rectification transfer entry will be as under :*

Code Head	(+) Receipt	(-) Receipt	Code Head	(+) Charge	(-) Charge
			00/017/05		100
			Service Head	100	

- (d) An item credited to a Revenue head instead of to a Debt, Deposit or Remittance Head- correction should be made by debiting refunds and crediting the proper head;

*eg:- When an amount erroneously compiled to revenue head i.e Gratuity (014/56) instead of 00/012/07 (HBA) ,then rectification transfer entry will be as under :*

Code Head	(+) Receipt	(-) Receipt	Code Head	(+) Charge	(-) Charge
00/012/07	100				
00/014/56 or Deduct –Refunds Head wherever available		100			

(e) An item debited to an expenditure head instead of to a Debt, Deposit or Remittance Head-the correction should be made by debiting the proper head and crediting the relevant receipt head.

*eg:-When an amount erroneously compiled to 94/30 ( office expense) as plus charge instead of 00/020/98 (Permanent Advance), then rectification transfer entry will be as under:*

Code Head	(+) Receipt	(-) Receipt	Code Head	(+) Charge	(-) Charge
*00/094/15 (other Misc Receipt)	XXXX		00/020/98	XXXX	

- *Minus charge of 00/094/30 instead of Plus receipt to 00/094/15 (Other Misc Receipt) will Increase allocation in that financial year.*

**Note 1:** After the accounts of the year are closed, corrections or transfers affecting Capital Major Heads, unless they affect the accounts of different Governments, should usually be effected without financial adjustment by alteration of progressive figures, without passing the debit or credit entries through the account of the year's financial transactions. This would prevent unnecessary inflation of the current year's accounts and the voting of grants of doubtful propriety which the inclusion of the correcting entries in the current accounts would otherwise involve.

**Note 2:** Should an error or omission in the recorded expenditure of a work come to light after its accounts have been closed, the accounts may be reopened in order to rectify the error or omission unless the amount involved is not more than ten rupees in which case a note of the error or omission, should be made in the relevant documents concerned.

### **Transfer Entries and Check of Classification**

56. Transfer entries, that is, entries intended to transfer an item from one head of account to another are necessary in order: -

- to correct an error of classification in the original accounts or to revise classification provisionally made as a matter of convenience in the first instance;
- to adjust, by debit or credit to its proper head an item outstanding under debt heads;

In a transfer entry all particulars explaining both the nature of the adjustment and (if a correcting transfer) the grounds of the correction must be clearly stated.

### **Periodic Transfer/Adjustment**

57. Adjustments/readjustments subject to the general rules governing rectification of misclassifications should always be made as soon as the necessity for them is discovered.

58. Annual transfers should be avoided as a rule, but in certain cases, such as adjustments of lapsed deposits and interest on Provident Fund, Annual/Quarterly transfers are permissible. In those cases, the adjustments shall invariably be made before the closure of the accounts of the year to which the transactions relate.

A list of adjustments required to be made periodically should be maintained in order to ensure that they are done regularly.

#### Checks of Classification of Receipts and Charges

59. The following general checks will be exercised by the concerned payment section in the Sectional Compilations and monitored by Accounts Section of the Controllers before rendering monthly review of compilation certificate to the HQrs Office: -

AAO	AO/SAO	G.O.(ACCOUNTS)
PM Prepared are correctly compiled in the sectional compilations	Action has been initiated to ascertain reasons for all minus transactions in receipts and charges and dealt with promptly	Necessary checks prescribed for the AAO/AO/SAO have been exercised.
No PM operated has been left over in the sectional compilation and prefix category correctly operated wherever required.	Reasons for progressive Minus figures in the heads are examined and remedial actions taken to clear the minus compilations	Debit and credit scroll correctly compiled and reconciled with the Deposits with RB Head.

#### 60. Closure of Accounts-due dates:

DESCRIPTIONS	NATURE OF TRANSACTIONS	AUTHORITY FOR APPROVING TRANSACTION	DATES PRESCRIBED
All Original Payments through SBI CMP	Cash out flow	As per Delegation of Powers	31 <sup>st</sup> March
March (Pre) Accounts	Compilation of payments authorized upto 31 <sup>st</sup> March as Class I voucher [including corrections]	As per Delegation of Powers	Upto 15 <sup>th</sup> April or as per the dates prescribed by RBI/CGA
March Supplementary Accounts (March Final)	Adjustments through (i) Class II Vouchers to adjust accounts or carry out rectifications. (ii) Class III Vouchers on account of CID Schedules & (iii) Class IV Vouchers to adjust Cash Accounts of Imprest holders/ Cash Assignment holders.	As per Delegation of Powers	Upto 15 <sup>th</sup> May or as per the dates prescribed by CGA
Journal Entries	Adjustment of Misclassification etc noticed after closure of accounts	CGA through CGDA	1 <sup>st</sup> Week of June or as per the dates prescribed by CGA
Proforma adjustments outside the Books of RBI	Adjustment of those transactions which are not incorporated in the Defence Proforma Accounts of the same year and come to light after the accounts of the financial year are closed by the Reserve Bank, will be accounted for in the accounts of the same financial year, outside the books of Reserve Bank by correction to the "Reserve Bank Deposits-Defence" on a proforma basis.	CGA through CGDA	Prior to finalization to appropriation accounts

## Chapter 5

### Annual Closure of Accounts

61. **Defence Ledger** is generated online in the form of statement showing receipts and charges and balances under the heads of accounts consisting of Revenue, Debts, Deposits, Loans and Advances, Suspense and Remittances head.

#### **Annual Review of Balances [AROB]**

62. The accounts of the year are not complete until the **balances** upon the Ledger under the Debt and other Balanced heads have been verified. Accordingly, after the books of the year have been closed, an explanatory statement of closing balances, called the Review of Balances, will be prepared in the form of a general report which will take up each of the heads in succession. The report should contain: -

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

63. The amount booked under Revenue, Capital and other transactions of Government including Deposits with RB, the balances of which are not carried forward from year to year are **closed** to a single head called '**Government Account**'.

64. The balances under the head represent the cumulative effect of Debt, Deposit and Remittance Heads, Contingency Fund and closing cash balance.

65. The correctness of net credit /debit balances worked out in Statement 13/AROB is verified and proved by adding the same to Government Account under book keeping system.

The balances under relevant code heads under following Major Heads are mentioned in AROB:

Sl. No.	Major Head	Identification of Adverse/Outstanding Balance
1	7610- Loans to Govt. Servants	Credit balance under this head represents adverse balance. It should always be closed as net debit balance.
2	8014- Insurance and Pension Funds	Credit balance under this head represents that confirmation is awaited from PLI Directorates, though PLI premium is recovered from the Pay & Allowances of Officers/PBORs.
3	8433- Civil Deposits	Unclaimed fund balance for more than three years should be transferred to the credit of the Government as Miscellaneous Receipt.
4	8444- Deposits-Defence	Unclaimed balance for more than three years should be transferred to the credit of the Government as Miscellaneous Receipt.
5	8550- Civil Advances	Outstanding debit balances under this head should be adjusted within six months against the arrears of Pay & Allowances, leave salary, death gratuity, balance in the Contributory / GPF etc due in respect of deceased official.
6	8551 – Defence Advances	Outstanding debit balance under these heads represents imprest account/cash account are outstanding from units and yet to be compiled.
7	8659- Suspense Accounts	Refer table under Para 53

	– Defence	
8	8670- Cheques and Bills	Refer table under Para 53
9	8677- Remittance into Bank/Treasuries	Refer table under Para 53
10	8787- Adjusting account with railways	Outstanding balances under this head represents that reimbursement from Railway is awaited.
11	8788- Adjusting account with Post	Outstanding balances under this head represents that reimbursement from Department of Posts is awaited.

66. Following MIS reports are prepared at the end of the Financial Year for the authorities at MoD & CGA

(a) **Statement of Central Transactions (SCT):** SCT of Defence Services Receipts and Charges: After rendering March Supplementary – I (March Final) Accounts to CGA, DAD HQrs prepares an Annual Statement of Central Transactions (SCT) of Ministry of Defence indicating progressive Receipts and Charges each year and sends it to the CGA, DGADS and MoD (Fin) on the dates prescribed by them. SCTs for Controller Nos 097 & 073 (i.e. Defence & Civil) are prepared separately.

(b) **Annual Finance Accounts** of the Central Govt. (including Defence Services), prepared by the Controller General of Accounts after the close of each financial year.

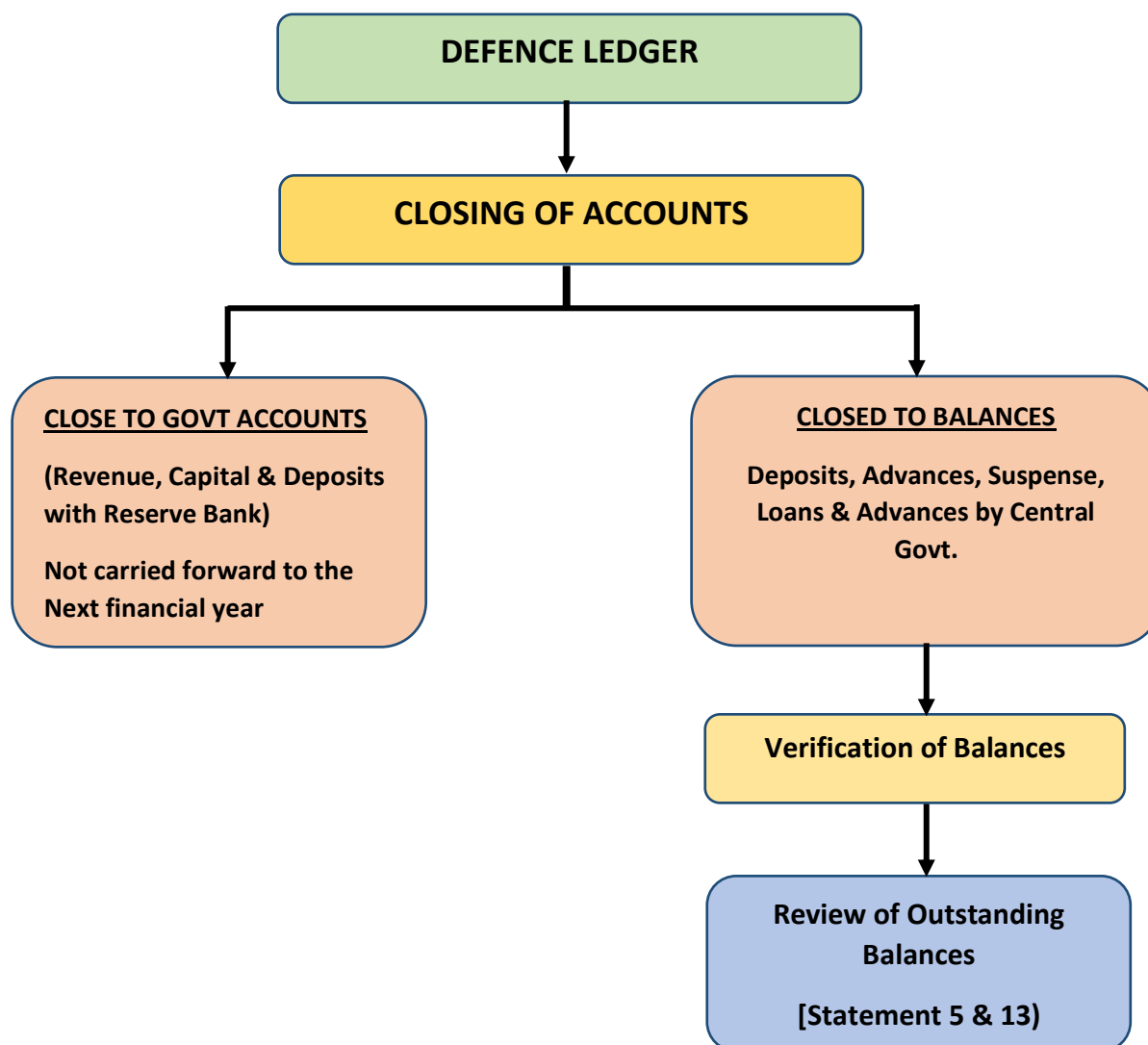
(c) **Combined Finance and Revenue Accounts pertaining to the Defence Services:** The Controller General of Defence Accounts (CGDA) prepares the portion of the same and submits it to the Controller General of Accounts (CGA) for incorporation in the Combined Finance and Revenue Accounts of the Central and State Governments in India.

*Note:-Finance Accounts contain various statements. Some of the important Statements rendered by CGDA to CGA are as under:-*

<b>Forms</b>	<b>Nomenclature</b>
(i) IGAS - III Statement No - 3 & 15	Summary of Statement of Loans and Advances by the Union Governments.
(ii) IGAS - I Statement No - 4	Guarantees Given by the Union Governments.
(iii) Statement No - 5	Summary of Balances
(iv) IGAS - II Statement No - 9	Contains Details of Total Funds released as Grants-in-Aid and Funds allocated for creation of Capital Assets
(v) Statement No - 10	The expenditure on Capital Account during and to the end of the year, is depicted minor head wise in this statement
(vi) Statement No - 11	Statement showing the Investments of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, etc., up to end of the year
(vii) Statement No - 13	Statement of Receipts, Disbursements and Balances under heads of account relating to Debt, Deposits, Remittances and Contingency



## PREPARATION OF AROB (ANNUAL REVIEW OF BALANCES)



*Note: A real-time AROB is available online showing the balances of Debt and other balanced heads.*

## Chapter 6

### Miscellaneous

67. **Cash basis of Accounts:** The transactions in Government Accounts shall represent the actual cash receipts and disbursements during a financial year as distinguished from amounts due to or by the Government during the same period.

*Exception: Book adjustments may be authorized by any rules included in this Code or Account Codes or by any general or special orders issued by Government, after consultation with the Comptroller and Auditor General [C&AG]*

68. **Currency in which Accounts are kept:** The Accounts of Government kept in India are maintained in Indian Currency.

69. **Form of Accounts-** Government Accounts are to be kept in the following three parts as per the Constitution of India:

- (a) Consolidated Fund of India (Refer Para 266 (1) of the Constitution of India)
- (b) Public Account of India (Refer Para 266 (2) of the Constitution of India)
- (c) Contingency Fund of India (Refer Para 267 (I) of Constitution of India).

70. **Special expenditure on account of field operations and special services:** Special instructions are issued, as and when necessary, by the Controller General of Defence Accounts, with the concurrence of the Ministry of Defence (Finance) for the preparation, submission and adjustment of accounts connected with field operations and special services.

71. **Write off from "balance" heads to "Government:** Ordinarily all amounts due to Government which are found to be irrecoverable shall be written off from the Debt Head of Accounts concerned to an expenditure head as a loss to Government. Similarly, any amount due by Government remaining unclaimed for such time as may be prescribed by Government may be credited as Revenue of the Government concerned by Debit to the Debt or Deposit Head concerned. Amounts outstanding due to book-keeping errors under heads which close to balance may be written off to Major Head '8680 Miscellaneous Government Account' , Minor head-102 "Write off from Heads of Accounts closing to balance" with the specific approval of the Comptroller and Auditor General.

Note 1- (A) The powers of the Comptroller and Auditor General of India, referred to above may be exercised by the Controller General of Defence Accounts, Additional Controller General of Defence Accounts and Pr. Controller/Controller of Defence Accounts in cases where the amounts to be written off do not exceed Rs. 1000/- provided that:—

- (i) The amounts written off have thoroughly been examined by the Internal Audit Sections;
- (ii) The CGDA/Addl. CGDA/PCDA/CDA is personally satisfied that the items have been outstanding for over 5 years, and that a dead end has been reached in all cases and that a write off is unavoidable; and
- (iii) The CGDA/Addl. CGDA/PCDA/CDA has also satisfied himself that the outstanding is the result of a book keeping error only.

(B) The Deputy Controller General of Defence Accounts and Additional Controller of Defence Accounts /Joint Controller of Defence Accounts may also write off the outstanding amount upto Rs. 100/- in each case under the head 'Provident Fund Suspense' subject to his having satisfied himself about the conditions (i) to (iii) in 'A' above. Items written off by the Dy. CGDA/Addl CDA/Jt. CDA shall be submitted to the next higher authority for review.

Note 2- Where it is not possible to establish that un-reconciled balances/differences under the heads of account which close to balance are either due to book-keeping errors or involve loss/receipts, the balances/differences may be written off to 'Government Account' with the approval of the Comptroller and Auditor General after obtaining the concurrence of the Government concerned.

Note 3- The amounts written off by the authorities under powers delegated to them in respect of "Provident Fund Suspense" should be reported Half Yearly to the Accounts Section of the CGDA's office by 1st May and 1st November covering the period of accounts upto 31st March and 30th September respectively. The report regarding the write off from suspense heads other than Provident Fund Suspense covering the period from 1st October to 30th September should be rendered annually so as to reach the CGDA's office by 1<sup>st</sup> of November. Nil reports will also be required in respect of write off from all suspense heads.

## 72. **Classifications of refund, recoveries and losses:**

**A Refunds of bonafide receipts and recoveries of over-payments:** The charges due to refunds of bonafide receipts, and receipts on account of recoveries of over-payments are compilable as under, irrespective of the monetary value of the items involved;

(i) **Refunds of bonafide receipts:** The amounts refunded will be compiled by deduction from the head which was over credited in the first instance, whether such refunds are made in the same year or in subsequent years.

(ii) **Recoveries of overpayments:** Recoveries of over-payments shall be credited as reduction in expenditure irrespective of the year in which such recoveries are affected.

**B Refunds of Revenue** shall as a General rule be taken in reduction of the Revenue Receipts. In so far as the Sector 'A- Tax Revenue' is concerned the refunds authorised by the income tax authorities shall be accounted for under a distinct Sub- Head (deduct refunds) below the relevant Minor Heads under the Major / Sub-Major Heads in that Sector, so that the net collection of each tax / duty (accounted for under the Minor Heads) can be readily ascertained from the accounts.

The refunds of Revenue relating to the Sector 'B-Non-Tax Revenue', and 'C-Grants-in-Aid' and Contributions may be accounted for under separate Minor Heads 'Deduct Refunds' under the Major/Sub-Major Heads falling in these Sectors, in case it is not practicable to exhibit such refunds as Sub-Heads below the programme Minor Heads.

### **C Recoveries by one government from another (within India)**

(i) If the recoveries represent debits to another Government of expenditure which was so debitible from the moment it was sanctioned, they should not be treated as revenue of the Government affecting the recoveries but as deduction from expenditure.

(ii) In case of joint establishment, where the expenditure is not shared by two or more Governments ab initio, but is incurred by one of the Governments and partially repaid by the others, the repayment, if made while the accounts of the year are still open, should be treated as deduction from expenditure.

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

## D Recoveries from Private Persons or Bodies and Governments outside India

Recoveries of expenditure for services or supplies made to non-Government parties or other Governments (including local funds and Governments outside India) shall in all cases be classified as receipts of the Government rendering such services or supplies.

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

## E Losses

(i) Classification of buildings, lands, stores and equipment Losses or deficiencies of such assets shall not be classified under a separate head, in the accounts, though they should be written off from any value or commercial account that may be maintained. If any transactions under these categories are recorded under a Suspense head in the Government accounts, losses or deficiencies relating thereto shall be written off the Suspense heads also.

(ii) Classification of losses or deficiencies of cash in hand, whether in treasuries or in departmental charge, all losses or deficiencies of this type shall be recorded under relevant separate heads in the accounts.

*Note 1:- The acceptance of counterfeit coin or notes shall be regarded as a loss of cash.*

*Note 2 :- Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be as an item of receipts.*

- a. **Irregular and unusual payments:** It shall be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example an overpayment of salary shall be debited to the head "Salaries".
- b. **Classification of inevitable losses:** Where losses are an inevitable feature of the working i.e CSD, Naval Dockyard, the major head of accounts under which the expenditure of that department is classified shall contain separate descriptive heads under which such losses shall be recorded

## 73. Compilation Reports in DAD are generated online:

- (a) **Sectional compilations:** Section wise compilation generated to exhibit the amount compiled under each code head during the month.
- (b) **Consolidated Compilation of All India Defence Services Receipts and Charges:** Shows the current and progressive figures under Major, Sub Major, Minor, Sub Head, Detailed Head and code head.
- (c) **Consolidated Compilation of RD&R Heads:** Shows the progressive figures in respect of each Controller under each R D & R Head. The total receipts and expenditure under Service Heads (Revenue/Capital Expenditure and Receipts) are transferred to the respective RD&R conversion heads (006/00 for Army, 006/01 for Navy, 006/02 for Air Force, 007/00 for Dte of Ordnance, 007/01 for R&D and 011/00 for Capital Outlay both on receipts and charges). This enables to ensure receipt and charge figures are balanced at the end of the monthly closing of account.
- (d) **Analysis of All India Defence Services Receipts and Charges:** Shows the current and progressive figures separately for each Controller and under each Code Head of Classification of Hand Book.

Note: Query Module is also available for generation of reports as per the requirement of users.

74. **Embassy Accounts**

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

75. **Accounting of pay and allowances of DAD staff and officers posted abroad:**

With effect from 18-03-2009 PCDA, New Delhi has been nominated as Proforma Controller for DAD officers and staff posted abroad in Mission/Embassies. The Controllers will forward the Last Pay Certificate of the DAD personnel to the PCDA New Delhi who are proceeding on deputation to foreign Embassies/Missions abroad.

76. **Accounting of Foreign Procurements:**

Procurements through foreign vendors are paid through Letter of Credit. Foreign transactions are presently handled by PCDA New Delhi, PCDA (Navy) Mumbai, PCDA (R&D) Bangaluru, PCDA (R&D) Hyderabad and CDA (R&D) Bangaluru.

77. **Capital Receipts during construction mainly to be utilized in reduction of Capital expenditure:**

Receipts and recoveries on Capital Account in so far as they represent recoveries of expenditure previously debited to a Capital Major Head shall be taken in reduction of expenditure under the Major Head concerned except where, under the rules of allocation applicable to a particular department, such receipts have to be taken to Revenue.

78. The sale proceeds of Government land and buildings will be credited to Major Head '4000 – Miscellaneous Capital Receipts' in all cases.

Note: The progressive capital expenditure under the specific Major Head, from which the original expenditure/investment was made, will be reduced through Prior Period Adjustment Account (PPAA) corresponding to the expenditure incurred initially.

79. **Charged Expenditure:** Payment in respect of "Charged" expenditure will not be made without the specific allotment of funds. In the absence of specific allotment of funds and in urgent cases, PCsDA/CsDA may use their personal discretion to authorize provisional payments in the absence of allotment under 'Charged Expenditure' in order to avoid 'contempt' of court. PCsDA/CsDA at the same time should show utmost promptitude in obtaining sanction for implementation of court judgments and allotment of funds under charged expenditure, under intimation to the concerned authorities at HQrs of the Commands.

However, in case where an allotment letter issued for a particular year lapses due to non-payment during that year, a fresh allotment letter has to be issued for the year in which payment is actually made

80. **Contingency Fund of India:** Expenditure met out of advances from the Contingency Fund of India should be recorded under the Major Head "Contingency Fund" with the same details as it would have been recorded if it had been met out of the Consolidated Fund India."

Payments made out of the advances drawn from the Contingency Fund will be debited to the Heads of Accounts specified under Part II-Contingency Fund of India in the Pamphlet of RDR Heads.

When an expenditure initially met out of an advance drawn from the Contingency Fund is recouped to the Fund on passing the necessary Appropriation Act, the relevant Minor Head under the Major Head 'Contingency Fund' (which was initially debited at the time of the drawal of advance) will be credited per contra debiting relevant Service Head, as Minus Debit or Plus Credit depending on whether the readjustment is made in the account of the same financial year or next financial year respectively.

81 **Object Heads:** Object heads are in use in case of Civil Organisations only covered under DDG for budgetary allocations. The list of object heads is given in Delegation of Financial Power Rules.

82 **Contribution made by government:** Article 282 of the Constitution provides that the Union may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament may make laws. The word "Grant" used here should be taken to mean not merely "Grant-in-Aid" but also other direct expenditure.

## Glossary

- 01. Proforma Account:** There is one Central Account in the books of RBI for Defence Services. This is maintained by Central Accounting Section (CAS) of RBI, Nagpur. The balances of the Defence Services have been created Proforma in the books of RBI. Any payment or receipt by Defence Services affects the Proforma Account. The Payments/Receipts made through SBI CMP Fast Plus/SBI e-MRO Portal or by any branch of SBI will be consolidated daily by SBI Government Accounts Department (GAD) and settled (put through) with RBI CAS, Nagpur.
- 02. e-MRO [e-Receipt]:** e MRO contains the details of payee, amount, purpose, in favour of which Controller etc. in respect of payments made [e-Receipt] to MoD through e-MRO portal by any individual or unit.
- 03. e-Credit Scroll:** A list containing all details of individual receipts to MoD. This is generated at SBI CMP Centre (e-focal point branch) and pushed to PRABAL portal.
- 04. e-Debit Scroll:** A list containing all details of individual payments made by MoD. This is generated at SBI CMP Centre (e-focal point branch) and pushed to PRABAL portal.
- 05. SBI CMP Rejection:** Certain transactions fail due to incorrect Account Number, IFSC, and Closed Accounts etc. SBI CMP e-focal point branch provides Minus Debit Scroll [Flag 9] for Accounting of such failed transactions in the System.
- 06. Accounting Circle:** Accounting Circle means Accounting Centre responsible for the Accounting Functions of payments/receipt transactions carried out in that area. The accounting of all payments/receipts by DAD is carried out centrally through PRABAL, under Single Accounting Circle [SAC].
- 07. e-Focal Point Branch:** SBI CMP Centre will act as link as well as e-Focal Point Branch [one point of contact]. SBI CMP is responsible to provide the details of e-Payments/e-Receipts to Pr. AO (CGDA)/PAO (PCDA/CDA).
- 08. Deduct Head:** These are separate code heads under which the receipts and recoveries are to be booked as per provisions of Defence Accounts Code
- 09. Capital Expenditure:** Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as **Capital expenditure**. Expenditure on a temporary asset, cannot, ordinarily be considered as expenditure of a Capital nature.
- 10. Revenue expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses, shall be classified as **Revenue expenditure**.  
*(Please refer Rules 29 to 31 of Government Accounting Rules, 1990 for details in r/o Revenue and Capital Expenditure).*
- 11. Deposits :** Sums which are clearly not due to Government but are held in trust, or as a security for a specific purpose. These are of following types:
- (a) Security Deposit ( Please refer Rule 200 to 216 of FR Pt 1 VOL -1)
  - (b) Lapsed Deposit(Please refer Rule 189, Central Government Account Receipts and Payment Rules, 1983)

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

**12. Advances:** Advances include all payments made in advance, which are subject to recovery or adjustment. It will not include pay, pension or travelling allowances or any other advance which is compilable to Service Heads of Accounts. These are of following types:

(a) **Permanent Advances:** advances of a permanent nature for current contingent charges will be held in the names of officers to whom they are made. They will be personally responsible for these advances until accounted for by them in the manner indicated in Pay and Allowances Regulations for the Army, Navy or Air Force as the case may be. If an advance has been allowed as a temporary arrangement, the fact will be prominently indicated against the entry in the above register and its adjustment will be carefully watched.

(b) **Civil Advances:** Money advanced for miscellaneous purposes under special authority and recoverable in cash and sums overpaid on vouchers other than those for service payments shall be adjusted under the Major Head '8550-Civil Advances'. Payments made on account of Government expenditure should not be held under 'Civil Advances' on the ground that further proceedings in audit are necessary for their final admission. This head shall cover items, which are from their inception, debts due to Government, recoverable either in cash or by deduction from Pay and Allowances. Pay and Allowances of any kind in respect of an assignable period paid before they are due, shall be debited to the same head as and when paid after they are due.

**13. Loans:** Loans refer to Payments specially sanctioned by Government subject to recovery, with or without interest. [For more details please refer to Pamphlet of RDR Heads].

**14. Recovery:** It means repayment by one Department/Government/Non-Government Party/Autonomous Body/Private Person/Private Body to another Department.

**15. Centrally Controlled Heads (CCH):** Expenditure in respect of Pay and Allowances and Pension of regular personnel of the Armed Forces, which are obligatory commitments dependent on the strength and composition of Armed Forces, and various other factors governed by the policy decisions of the Government of India, are controlled centrally by the Armed Forces Headquarters. The accounting heads, under which the expenditure of this nature is compilable, are called "**centrally controlled heads**".(See Rule 82 of FR Part 1 Vol 1, for details).

**16. Locally Controlled heads (LCH):** Other expenditure susceptible to local control handled by lower formations, are covered under "**locally controlled heads**".(See Rule 82 of FR Part 1 Vol 1, for details)

**17. Grants-in-Aid:** As a general principle Grants-in-Aid can be given to a person or a public body or an institution having a distinct legal entity and detailed guidelines in this regard are prescribed in General Financial Rule (GFR). Ministry of Defence gives grants-in-aid of recurring and non-recurring nature to the non-Governmental bodies like Jawahar Institute of Mountaineering, Pahalgam, Calicut University, Cochin University of Science and Technology(CUSAT), Kochi Centre for Techno Strategic Studies (CTESS), CARE, IIT Delhi, Vijayanta, Senior Secondary School (Eng Med), HVF Managing Committee, Avadi, Life Science Research Board (LSRB), Naval Research Board [NRB], Armament Research Board (ARMREB), CSD, Directorate of Defence Labour Procurement etc.



**18. Cash Assignment:** Cash Assignment is a letter of credit in favour of a Disbursing Officer authorising a particular Treasury Officer or the Bank to make payments demanded by him upto the limits specified therein.

**19. Charged Expenditure:** In accordance with Article 112(3) (f) of the Constitution of India, payments made in satisfaction of a judgment decree or award of any court or arbitral tribunal will be treated as expenditure "Charged" on the Consolidated Fund of India and will not be subject to vote by the legislature. All other expenditure met out of Consolidated Fund of India will be treated as Voted Expenditure. Charged or Voted expenditure shall be shown separately in the accounts as well as in the Budget Documents.

**20. Bonafide Receipts:** These are mandatory recoveries and no consent from individual/unit is required.

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