

Government Accounting Reforms : An Overview

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Committee on Public Finance and Government Accounting
The Institute of Chartered Accountants of India
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New Delhi

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Email : cpf_ga@icai.in

Website : www.cpfga.icai.org

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Foreword

In recent times, there has been a paradigm shift in the priorities of Public Finance Management from identifying resources for public scheme funding to fiscal prudence, efficiency & transparency in public spending. These shifts in priorities have been reflected in nationwide initiatives like the Pradhanmantri Jan Dhan Yojana, Digital India and Make in India. Therefore, there is a felt need for a shift in Financial Reporting to be in synchronisation with the shift in priorities of Public Finance.

The Government accounting system in our country is rule based and follows primarily, cash basis accounting. The reforms in our country can be achieved at two stages, firstly, improvements in the existing cash basis accounting system so that accounting reflects true and fair value of government's financial position and secondly, facilitating an eventual migration to accrual basis accounting for devising systematic mechanism for better financial management.

If we wish to be part of this transition, we have to be more proactive. Since the principles of accrual accounting being followed in commercial entities cannot be transposed in their entirety in Government accounting because of the differences in their objectives, a transition to modified accrual accounting has been suggested as a way forward.

This Compilation on Government Accounting Reforms: An Overview suggests that a move to accrual accounting is a supportive component in a set of broader public sector reforms that requires strong political support, sustained growth over a period of several years and involves a significant investment of human and financial resources. It needs to be actively promoted at the level of policy makers and senior officials.

I compliment CA Vijay Garg and the Secretariat of the Committee for conceptualizing and bringing out this compilation.

I sincerely hope this compilation would be useful to the stakeholders and would find a warm acceptance among the members and other interested readers.

New Delhi
February , 2015

CA. K. Raghu
President

Preface

The Government accounts are maintained in cash which is consistent with the basis of budgeting adopted by the Government. It has been felt that earlier Government accounts were prepared to satisfy legal requirements rather than serve as a key source of financial decision-making for stakeholders. But in recent times the need for reform in government accounting originates from the realization of the limitations of the existing system. The key limitations can be categorized into technical, operational and technological issues.

Reforms in Government financial management systems and processes are becoming critical in response to increasing demands for greater transparency and accountability in the management of the public finances. It is high time and the most appropriate time to introduce accrual accounting and the way in which the introduction is to be planned.

This Compilation gives an insight taking a holistic approach considering all issues and their interrelationships and suggesting the long overdue reforms in this sector. It provides the background information on various issues; flags issues and the possible course of action for the efficient management of public finances.

The proposed changes will bring about a sea change in the system, and, therefore, will involve far-reaching implications as regards concepts, the grasping of the fundamentals and also the considerable task of implementation across the departments / Governments.

The Institute has always been the torch bearer of the virtues of transparency and integrity and has duly been recognised as Partner in Nation building. With this compilation, we have been vigilant to ignite the process of government accounting reforms and rendered expert opinions for implementing the same.

I wish to express my deep gratitude to CA. K. Raghu, President and CA. Manoj Fadnis, Vice-President for their guidance and encouragement for the initiatives of the Committee. I must also thank all my colleagues on the Committee for their untiring efforts in supporting the Committee's activities. I also wish to place on record my appreciation for the good work done by

Dr. Nikhil Saket, Secretary, Committee on Public Finance and Government Accounting and his entire team in bringing out this compilation.

I am confident that this Compilation on '**Government Accounting Reforms: An Overview**' would be extremely useful to all concerned.

New Delhi
February, 2015

CA Vijay Garg
Chairman, CPF&GA

Acknowledgement

Transition to Accrual Accounting in Government Departments is a critical task. In order to achieve this, one should first understand the structure of Public Accounts and various issues involved in the conversion. Fundamental rethinking into the entire gamut of matters relating to Government Accounting is necessary to radically re-engineer the system for improved financial management.

In the light of this background, the Committee on Public Finance and Government Accounting has taken this initiative to bring out a compilation on "Government Accounting Reforms: An Overview" with a view to highlighting major issues and providing an outlook for better understanding of Government Accounts. This compilation is an attempt to address the issues in government accounting by critically examining reforms, state government accounting, modernized Government Accounting in India etc.

The Committee on Public Finance & Government Accounting, ICAI is happy to express its gratitude to everyone who supported it in bringing out this compilation. I am thankful for their aspiring guidance, constructive sharing of their true and illuminating views on a number of issues related to the compilation.

I express my warm thanks to the authors Govind Bhattacharjee, Dr. Suwendu Bose, Dr. Pradeep Kumar Singh and the Committee for their papers/ articles that have been published in this volume. I would also like to acknowledge Dr. Nikhil Saket, Secretary, Committee on Public Finance and Government Accounting and other officials of the committee who assisted in bringing out the compilation.

February, 2015

CA Vijay Garg
Chairman
CPF&GA

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Abbreviations

ASLBs	Accounting Standards for Local Bodies
CGDA	Controller General of Defence Accounts
CGA	Controller General of Accounts
C&AG	Comptroller & Auditor General
FMIS	Financial Management Information Systems
GAAP	Generally Accepted Accounting Practices
GASAB	Government Accounting Standards Advisory Board
GFMS	Government Financial Management Information System
IGAS	Indian Government Accounting Standards
IGFRS	Indian Government Financial Reporting Standards
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IMF	International Monetary Fund
LMMHs	List of Major and Minor Heads
NMAM	National Municipal Accounts Manual
NMAVMM	National Municipal Asset Valuation Methodology Manual
RAB	Resource Accounting & Budgeting
ULBs	Urban Local Bodies
ARF-ICAI	Accounting Research Foundation

DoP	Department of Posts
ESA	European System of Accounts
SNA	System of National Accounts
COA	Chart of Accounts
KMC	Kolkata Municipal Corporation
MoU	Memorandum of Undertaking
NACAS	National Advisory Committee on Accounting Standards
SRD	Strengthening Rural Decentralization

Reforms in Government Accounting: Accounts of State Governments

Govind Bhattacharjee¹

Public account by its very structure has created lot of distortions in the government accounting system and such distortions have jeopardized the management of our public finances. In the interest of efficient management of public finances, it is time to rethink the whole structure of Government accounts, and separate the public account from the cash balance of the Government. That will be possible only when the public account is freed from Government controls and separated from the Government accounts.

Government accounts are at present being compiled on cash basis as opposed to accrual basis as applied to commercial organisations. The Comptroller & Auditor General of India has certain constitutional and statutory responsibilities in relation to the accounts of State governments. The paper first discusses these responsibilities of the Comptroller & Auditor General of India before dealing with the structure of Government accounts and the distortions created therein by the Public Account. It then discusses some of the reforms initiated in public accounting by the Government Accounting Standards Board before highlighting the anomalies created by Public Account in the Government accounting system in particular and public finance in general. Inconsistency in the proposed Government Accounting Standard IGAS-10 on Public Debt and Other Liabilities is discussed at length before the paper concludes with some recommendations regarding public account.

¹Author is a Director General at the Office of the Comptroller & Auditor General of India. Views expressed are strictly personal.

Mandate of Comptroller & Auditor General of India in Relation to Government Accounts

Under Article 150 of the Indian Constitution, the accounts of the Union and the States shall be kept in such form as the President may on the advice of the Comptroller & Auditor General (C&AG) of India, prescribe. Article 279 requires the C&AG of India to ascertain and certify the 'net proceeds' of the taxes and duties to be distributed between the Union and the States.

The Comptroller & Auditor General's Duties, Powers and Conditions of Service Act 1971 (C&AG's DPC Act), enacted in accordance with Article 149 of the Constitution, enumerates the powers and duties of the CAG with regard to the accounts of the Union and States. Section 10 of the Act states that C&AG of India shall be responsible for compiling the accounts of the Union and of each State from the initial and subsidiary accounts rendered by treasuries, offices or departments responsible for the keeping of such accounts. Section 11 of the Act mandates the C&AG of India to prepare and submit annual accounts of receipts and disbursements of the Union and States/Union territories as well as Annual Appropriation Accounts. Section 12 of the C&AG's DPC Act mandates the C&AG to provide information and to render assistance in preparation of annual financial statements of the Governments from the accounts which are maintained by him.

CAG is thus constitutionally and statutorily responsible for prescribing the format in which the Government accounts will be kept and also for preparation of the accounts of the State Governments.

Structure of Government Accounts

The accounts of the Government are kept in three parts: Consolidated Fund, Contingency Fund and Public Accounts. All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans go into one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India. All expenditure of the Government is also made from this fund which requires legislative approval, and such approval is obtained through the budget. The Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen

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expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund. All other transactions, e.g. receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution.²

Structure of Consolidated Fund

The Consolidated Fund is again classified into Revenue and capital Accounts; the receipts into the revenue account of the Government come from (i) tax revenues which includes the states own tax revenues and its share of the divisible pool Central taxes as determined by the Finance Commissions, (ii) non-tax revenues and (iii) Central grants for plan and non-plan purposes, plan grants coming under recommendations of the Planning Commission and non-plan grants under recommendations of the Finance Commissions. The receipts into the capital account comprise the (i) public debt receipts from within the state (internal debt) as also from the Centre, (ii) dividends and profits of state public sector undertakings and the proceeds of their disinvestment, if any and (iii) recovery of the principal amounts of loans and advances made by the State. Under article 293 of the Constitution, a State cannot raise resources from outside the country; thus any grant coming to the State from external agencies like World Bank etc. for any development project has to come via the intermediation of the Centre. The revenue and capital receipts together constitute the total receipts into the Consolidated Fund.

General Services

- Administrative Services
- Police, Jails, Judiciary, Secretariat
- Fiscal Services
- Interest Payment

² Structure and Form of Government accounts, CAG's Report of State Finances, 2012-13 for the Government of West Bengal. , Pp 66.

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- Pension
- Social Services**
- Education, Culture and Sports
- Health and Family Welfare
- Sanitation and Drinking Water Supply
- Nutrition
- Urban Development
- Welfare of SC/STs
- Economic Services**
- Agriculture and Animal Husbandry
- Irrigation and Flood Control
- Roads and Bridges
- Transport and Communication
- Power and Energy
- Rural Development
- Industry and Minerals

The expenditure under the revenue account is of maintenance nature incurred to run the day-to-day administration of the State and to maintain as well as to provide public goods and services as also to maintain the public assets already created by the State, classified under three services, General, Social and Economic Services, besides for making grants and compensations to various bodies and authorities including the Panchayati Raj Institutions and Urban Local Bodies. Expenditure from the Capital Account is incurred for creation of capital assets under the above three services (capital outlay) and also to repay the principal amounts of loans borrowed by the State, while the interest is paid from the revenue account under General Services. Non-tax revenues of the states are also raised from these services.

Expenditure under the three services is classified into development and non-development expenditure; the expenditure on General Services, being spent basically on the administration of the State is called non-developmental expenditure, while expenditure on Social and Economic Services qualifies as developmental expenditure.

Structure of Public Account

There are five major heads of accounts under the Public Account: (i) Small Savings, Provident Fund and Other Accounts (ii) Reserve Funds (iii) Deposits and Advances (iv) Suspense and Miscellaneous and (v) Remittances. These accounts basically comprise funds that do not belong to the Government, but which the government holds in trust and manages on behalf of their owners who can be ordinary people or government contractors or anyone, and sometimes even the Government itself when it holds taxpayers' money outside of Consolidated Fund. Once some money gets parked in the public accounts, the legislative process of voting the appropriations and exercising controls over the use of those appropriations through examination of audit reports by the Public Accounts Committee cease to operate in respect of these funds. Some of these funds are interest bearing on whose balances the Government has to pay interest from the Consolidated Fund using taxpayers' money - others may not carry any interest liability.

The first three of these accounts deal with receipts and payments in respect of which the Government is liable to repay the moneys received or has a claim to recover the amounts paid. In respect of these transactions, the Government acts as a banker, receiving amounts which it later repays and paying out advances which it subsequently recovers. Provident Funds of Government Employees, Deposits of Local Funds, Reserve Funds Deposits made by outside agencies, Departmental Advances, etc. fall under this category. Balances in these accounts constitute a part of the overall financial liabilities of the Government, a proposition whose logic is not beyond doubt. The other financial liabilities of the Government being its public debt liabilities and contingent liabilities on account of outstanding guarantees given to public sector entities and public bodies/ authorities.

The other two accounts – Suspense and Remittances - are used only for adjustment purposes; all initial debits or credits to these accounts are made pending final adjustments and cleared eventually by mutual adjustments once their final destinations are traced. Suspense temporarily accommodates all governmental/ inter-governmental/ departmental transactions pending availability of the requisite details in corresponding vouchers/ challans that would identify their final destinations. It also includes temporary investments of cash balances in short term loans or Government securities at nominal rates of interest. Remittances concern intra- and inter-Governmental cash

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remittances between its various departments / ministries and also between the RBI and the various Governments and Government Departments.

The most important of these accounts is of course the "Small Savings, Provident Funds and Other Accounts" that includes a number of interest bearing obligations in respect of provident fund contributions of all Government and non-Government employees and some other contributions. Government has to pay interest on moneys deposited in these funds at the prescribed rates, and in return can use this money for investment in specified Government securities; such investments can eventually be channelled for development purposes for which the funds provide a ready source of capital at the disposal of the Government. Because of this reason, the logic of including these balances in the Government's total financial liabilities along with outstanding public debt is perhaps understandable, but the logic behind including the balances of other heads of Public Account in the Government's total liability is often baffling. For example, the Reserve Funds are created by debit to the Consolidated Fund to create reserves which are assets, e.g. for the renewal/ replacement of assets of Governments/ parastatals (Depreciation Reserve Funds of Government Commercial Concerns), for amortization of loans raised by the Government (Sinking Funds) and for other specific and sometimes esoteric purposes, such as Hindu Religious and Charitable Endowment Fund, Famine Relief Fund, various Development and Welfare Funds, State Roads and Bridges Fund, Calamity Relief Fund, State Disaster Response Funds etc. Some of these funds - like the Sinking Fund, Calamity Relief Fund or State Disaster Response Fund etc. - have been created as per recommendations of the successive Finance Commissions. But these are shown as Government's funds liabilities to the respective funds. Some of these are interest bearing and some are not, and all these funds are managed by the Government usually through the Secretaries / Principal Secretaries of the concerned Departments/ Ministries. The Government creates these funds out of taxpayers' money and then pays interest to these funds again by using taxpayers' money; it also controls the use of these funds through its administrators who are its own bureaucrats, but without any accountability to the Legislature, as these funds are maintained outside the Consolidated Fund. Many of these funds also remain inoperative for a number of years. For our analysis, thus only the balances under the Small Savings and provident Fund have been considered as liability of the Government.

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The Deposit head under 'Deposits and Advances' includes sums deposited with Government in the daily course of business by members of the public, e.g. deposits made in connection with revenue administration, deposits made in civil and criminal courts, security deposits taken from government servants/ contractors when required, public works and earnest money deposits, deposits made by electoral candidates, deposits of local funds of municipalities and panchayats, electricity boards, housing boards, universities etc. Like the reserve funds, some of these again carry interest liability while others do not; but all these are included in the Government's total financial liabilities. Civil Advances relate to interest free temporary advances including advances of a permanent nature held by Government officers to enable them to incur contingent expenditure in the day to day administration like the Permanent Cash Imprest.

Distortions in Accounting System Created by the Structure of Public Accounts

It is to be understood that all these accounts stand merged in the cash balance of the Government - none of these accounts have separate funds maintained in their names anywhere; they lose their individual identities by being part of the cash balance which represents the combined balances in the Consolidated Fund, Contingency Fund and Public Account. Public Account balances, being part of the cash balances of the Government, thus inflate them and also make the cash management of the Government fraught with risks.

The way these accounts are maintained, especially the interest bearing ones, again defies all logic. For example, there is one fund created in 1999 under the Small Savings called the National Small Savings Fund (NSSF) to which all public deposits under the Central Government's small savings schemes are credited. States have to borrow 80% of the accumulated balances under this fund mandatorily (and hence pay interest to the Centre), with the option to go up to 100%. This borrowing, strangely, is based on availability rather than requirement. NSSF was established in 1999 in the Public Account for crediting collections from all small savings (PPF, NSC, KVP etc.). Balance of this fund is invested in Central and State Govt. Securities and States were allowed to borrow 80% from this fund initially. Since 2002-03, the net collections are being invested only in State Govt. Securities and thus States are forced to borrow the entire proceeds. But the responsibility to repay to

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the investors lies with the Centre and these schemes are linked to tax deductions under sec 80 C of the Income Tax Act 1961. They carry interest at higher than the market rates and these rates are administered by the Centre.

Provident Funds, the most important constituent of the Public Accounts of the states, are unfunded debt of the State Governments carrying higher than market rates of interest. The net proceeds are entirely available to the states and though the Centre has the ultimate responsibility to repay the amounts to the depositors, it has no control over the loans taken by the states or their ability to repay the same. For these reasons, earlier, that is prior to 2009-10, the balances under Small Savings, Provident Fund and Other Accounts used to be in the total outstanding liability of the state governments and other public account balances were excluded as they had the effect of distorting the actual liability carried by the States. These balances did not often represent any real liability; further, their effect would show up in higher cash balances of the state governments leading to a position where most states have surplus cash balances and yet resort to heavy borrowings, the surplus cash being invested under Cash Balance Investment Accounts.³

Government Accounting Standards Board and Accounting Reforms

The Office of the Comptroller and Auditor General of India constituted Government Accounting Standards Board (GASAB) in August 2002 for establishing and improving governmental accounting standards for Union and the State Government accounts. The mission of the Government Accounting Standards Advisory Board (GASAB) is to formulate and recommend Indian Government Accounting Standards (IGASs) for cash system of accounting and Indian Government Financial Reporting Standards (IGFRS) for accrual system of accounting, with a view to improving standards of Governmental accounting and financial reporting which will enhance the quality of decision-making and public accountability.⁴

³ In another paper to be published in the Indian Economic Journal of the Indian Economic Association, in its Issue 61(1), this author has shown the effect of public account balances in generation of huge surplus cash by the States by more than Rs 1.41 lakh crore.

⁴ http://www.icai.org/post.html?post_id=1529

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GASAB has the following responsibilities:

- To formulate and improve standard of Government accounting and financial reporting in order to enhance accounting mechanisms.
- To formulate and propose standards that improve the usefulness of financial reports based on the needs of the users.
- To keep the standards current and reflect changes in the Governmental environment.
- To provide guidance on implementation of standards.
- To consider significant areas of accounting and financial reporting that can be improved through the standard setting process.
- To improve the common understanding of the nature and purpose of information contained in financial reports.

Government of India, Ministry of Finance, has notified only three standards under the IGAS series so far: *(For Reference, these standards are detailed at the end in **APENDIX-A**)*

- Guarantees given by Governments: Disclosure Requirements (IGAS 1)
- Accounting and Classification of Grants-in-aid (IGAS 2)
- Loans and Advances made by Governments (IGAS 3)

Three more standards already approved by the Board are under the consideration of Government of India:

- Foreign Currency Transactions and Loss/Gain by Exchange Rate Variations (IGAS 7)
- Government Investments In Equity (IGAS 9)
- Public Debt and Other Liabilities of Governments: Disclosure Requirement (IGAS 10)

As far as accrual based Accounting Standards IGFRS series is concerned, the following five standards have been approved by the Board but are yet to be notified by Government of India:

- IGFRS 1: Presentation of Financial Statements
- IGFRS 2: Property, Plant & Equipment

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- IGFRS 3: Revenue from Government Exchange Transactions
- IGFRS 4: Inventories
- IGFRS 5: Contingent Liabilities (other than guarantees) and Contingent Assets: Disclosure Requirements

Other Reforms

Migration to accrual based accounting, whenever that takes place, will constitute a major accounting reform towards modernisation of Government accounts in India. The Ministry of Finance, Government of India constituted an Apex Committee in 2007 to function as the nodal agency for overseeing the implementation of transition from Cash based to Accrual based accounting in the Government. The GASAB Secretariat has prepared three Key documents in this regard, namely, Operational framework of Accrual basis of Accounting in Government of India, Roadmap and Transition path for Accrual Accounting, and Operational Guidelines for Accrual based Financial Reporting in Government. The transition is to be carried out in five phases spread over ten to twelve years. At the Union level pilot studies have been initiated in the Department of Posts and Ministry of Railways. At the State level, though the Departments that have been identified, pilot studies have been completed only in six States.

Inconsistency in IGAS 10

As stated above, IGAS 10, the Accounting Standard relating to Public Debt and Other Liabilities of Governments: Disclosure Requirement, is still under consideration of the Government. However, the Government Accounts, both at the Union as well as at the State levels, have already incorporated these proposed standards and liabilities are shown accordingly. However, this standard has its own limitations.

Under Article 292 of the Constitution, the executive power of the Union extends to borrowing upon the security of the Consolidated Fund of India within such limits as may be prescribed by Parliament by Law. Article 293(1) of the Constitution provides a similar provision in respect of State Governments. The Fiscal Responsibility Legislations (FRBM Acts) enacted by the Union and each state place the limits upon their borrowing powers, defined in terms of an upper limit of the ratio of their Gross Fiscal Deficits (GFD) to their Gross State Domestic Products (GSDP). States were given

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various fiscal incentives under recommendations of the 12th and 13th Finance Commissions for keeping their fiscal deficits within the limits defined in their FRBM Acts.

The objective of the proposed IGAS 10 is to lay down the principles for identification, measurement and disclosure of public debt and other obligation of Union and the State Governments including Union Territories with legislatures in their respective financial statements. It ensures consistency with international practices for accounting of public debt in order to ensure transparency and disclosure in the financial statements of Government for the benefit of various stake holders.⁵

The proposed IGAS 10 shall apply to the financial statements prepared by the Union and State Governments and Union Territories with legislature. The IGAS also covers "other obligations", but does not include in its ambit, guarantees and other contingent liabilities and non-binding assurances on behalf of the Government.

The disclosure requirement under this IGAS requires that the financial statements of the Union Government, State Governments and the Union Territories with legislature shall disclose the following details concerning Public Debt and other obligations:-

- (a) the opening balance, additions and discharges during the year, closing balance and net change in rupee terms with respect to internal debt;
- (b) the opening balance, additions and discharges during the year, closing balance and net change in rupee terms with respect to external debt, wherever applicable;
- (c) the opening balance, receipts and disbursements during the year, closing balance and net change in rupee terms with respect of other obligations.

The Financial Statements of the Union Government and the State governments shall disclose the following details regarding servicing of debt and related parameters for the current year, preceding year and net change in rupee terms with respect to –

- (a) Interest paid by the governments on public debt, small saving, provident funds, and reserve funds and on other obligations.

⁵<http://www.gasab.gov.in/igas.aspx>

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- (b) Interest received on loans to State and Union Territory Governments, departmental Commercial Undertakings, PSUs and other Undertaking including Railways, Post & Telegraph.
- (c) Interest received on other Loans, from investments of cash balances and other items.

External debt of the Central Government shall be classified according to source indicating the currency of transaction. Measurement of face value shall be in respect of both the currency of agreement and Indian rupees. It should also disclose the outstanding in terms of exchange rate prevailing at the end of the accounting period.

Format for disclosure is appended to the IGAS in the form of Tabular Statements which basically include the following elements under Public Debt which is always included in the Consolidated Fund:

A. Internal Debt

- Market Loans
- Treasury Bills
- Securities issued to International Financial Institutions
- Bonds
- Ways and Means Advances
- Special Central Government Securities against Small Savings
- Others

B. External Debt (computed at historical exchange rates)

- Loans from Foreign countries
- Loans from Multilateral Agencies and other Institutions
- Others

Under Other Liabilities included in the Public Accounts, the disclosures of opening balance, receipts and disbursements during the year and closing balances are required to be shown for each of the following heads of Public Accounts:

- Small Savings, Provident Funds, etc.

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- Reserve Funds bearing interest
- Reserve Funds not bearing interest
- Deposits bearing interest
- Deposits not bearing interest

The public account by its very structure creates a large number of distortions and anomalies in the Government accounts as explained in the succeeding paragraphs.

1. Fictitious Liability

As explained earlier, many of these do not represent any real liability, and including them in liabilities has the effect of introducing distortions in the accounts. While some accounts (e.g. provident fund) may represent a real liability, the liability is actually that of the Central Government, while the balances are available to the States for borrowing. The debt is thus guided by availability rather than need for funds. This creates its own distortions in turn, as states often borrow unnecessarily, and as a result build up reserves of surplus cash. If they could use the available cash judiciously, they would be in a position to limit their borrowings to that extent.

2. Interest to be paid on public account balances from the Consolidated Fund

Merging of the public accounts into the cash balance creates further distortions; these balances get invested in Treasury Bills with the RBI, earning 5% interest while the actual interest liability of the State Government on these accounts is much more, hence the Government loses money on that account. It is to be noted that interest liability is paid from the Consolidated Funds, even on public account balances in respect of all interest bearing accounts. Hence public account creates a liability for the exchequer, even though the legislature has no control over it, as balances in the public account, being only held in trust by the Government, is not votable, neither is the interest on their account.

3. Funds under Public Account created by transfer from Consolidated Fund

Often, funds are transferred out of the Consolidated Funds and kept in the Public Account, outside the constant watch of the auditor and the legislature. Thus funds transferred from the Consolidated Fund to the Personal Deposit

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accounts in the Public Account to avoid lapse, funds transferred to various reserve funds – many of which bear interest, balances in numerous deposit accounts, many of which become inoperative over a period of time, continue to distort not only the accounts but also the public finances. The composite state of Andhra Pradesh, before its division into two successor states, used to have more than one lakh Personal Deposit accounts; even after the division, it has more than 72,000 PD accounts. Of the 40 Reserve Funds maintained by the West Bengal Government, more than half are inoperative; same is the situation with many states. These reserve funds are administered by Secretaries of concerned departments and are vulnerable to misuse also. No country outside the subcontinent has such a convoluted system of public accounting.

4. Over-borrowing by States and Surplus Cash Balance

As already referred, structure of the public account and their merger with the cash balance leads to the problem of over-borrowing by the States. RBI is the banker to any Government and besides the State's deposits with RBI, the cash balance of the State also comprises the investments held in the Cash Balance Investments Account, cash and permanent advances for contingent expenditure with Departmental officers plus the investments of Earmarked Funds under the Reserve Funds. Under agreements with the RBI, every State Government has to maintain a minimum cash balance with it (*about Rs 2-3 crore*). If the actual cash balance falls below the agreed minimum on any day, the deficiency is made good by taking normal and special ways and means advances/overdrafts and if there is any surplus above the specified minimum, it is automatically invested in 14-day Intermediate Treasury Bills (ITBs) of the Government of India that carried 5% interest (2011-12) This rate is significantly lower than that paid on the market borrowings by the States and hence constitutes a negative carry for them. RBI also conducts weekly / fortnightly auctions of treasury bills for maturity periods of 91 days, 182 days or 364 days (Auction Treasury Bills or ATBs) that carry slightly higher rates of interest. Since states can invest the surplus cash only in ITBs or ATBs, they earn lower returns on these investments compared to the interest they pay on their market borrowings; ideally, they should then use their surplus cash balances to meet their GFD financing requirement and thereby curtail their market borrowings.

The surplus cash balance is the difference between the total financing raised by the states (net of all repayments and disbursements) through borrowing

Reforms in Government Accounting: Accounts of State Governments

under the Consolidated Fund plus the surplus in the Public Account less their GFD requirements. While the borrowing under Consolidated Fund can be adjusted according to the needs, the surplus in Public Account is totally beyond Government's control, and this is what leads to over-borrowing.

But the most perilous and unpredictable consequence of this huge cash surplus would be its impact on the Union finances, because all cash surpluses from the States invested in treasury bills are automatically available to the Central Government and constitute part of its total financial liability. This is a huge reservoir of resources and the temptation to indulge in populism at the cost of these funds is often irresistible, even if we have to ignore their inflationary potential. If these surpluses could be utilized pragmatically to finance the fiscal deficits of the States, the public finances in our country would be a different story altogether.

5. Anomaly arising out of suspense and miscellaneous and remittances balances being kept outside the scope of IGAS-10

It is to be noted that two components of Public Account, (1) Suspense and Miscellaneous and (2) Remittances we have discussed earlier are not included in the Other Liabilities, for reasons not very well understood. Though both these accounts are of interim, adjustment nature, they hold transactions pending their final identification and consequent credit/ debit to a particular head of account, or to cash. Hence these transactions are as much a part of the accounts as any other; their exclusion thus is not supported by a sound logic.

The logic gets further twisted when we take into account the fact that the entire balance of public account, including the suspense and remittance balances, is taken into account while financing the fiscal deficits of the States. Fiscal deficit is financed by the net borrowing on the Consolidated Fund, together with the net balance available under all public account heads taken together plus the net changes in cash balance of the State. This would create an unresolved anomaly if these two heads of public account are not taken into account while determining the other liabilities of the Government.

6. Application of new definition of Other Liabilities in Government accounts

It is to be noted that with effect from 2009-10, the new definition of the outstanding liabilities of the Government as per IGAS-10 has already been applied in preparation of Government Accounts, even though this standard is yet to be notified by the Ministry of Finance, Government of India. Earlier the

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total liabilities of the Government used to comprise the public debt of the Government, that is, internal debt of the Government plus loans from the Centre, besides the public account liability in the form of loans from small savings and provident fund and other accounts only. As per the new proposed accounting standard, Other Liabilities of the Government are now being shown as inclusive of all public account balances, minus the Suspense and Miscellaneous and Remittances balances. This has the effect of depicting the liabilities that may not represent the actual liability of the Government.

Recommendations

1. The above anomalies will continue to distort the Government account and public finances of the States as well as the Union Government until the public account is completely separated from the Government account. It is high time the Public Account funds were separated from the cash balances and their management entrusted to professional managers relatively free from Government control. That would need appropriate institutional and administrative mechanisms to be set up for the purpose, without any Constitutional amendment being needed for the purpose.
2. The Government may constitute a committee consisting of representatives from all stakeholders like the State Governments (at least some of them), RBI and Comptroller & Auditor General of India as well the Controller General of Accounts to consider separation of public accounts and taking it outside of Government control in a phased manner.
3. It is important to appreciate that efficient debt management requires equally effective cash management which will not be possible till the time the cash balances are separated from public account. At the same time, since on many public account heads, the Government carries an interest liability, it is imperative that these funds be deployed in such a manner as earn the maximum return without compromising the safety of money that belongs to the public. Since these funds are not taxpayers' funds, it is improper to make the taxpayers' shoulder the burden of paying interest on these funds. These funds should be deployed in such a manner as to make them self-sustaining in discharging their interest and other obligations.

State Government Accounting and Financial Management – Due for Reform

Dr. Suwendu Bose¹

Reforms in Government's financial management systems and processes are becoming critical in response to increasing demands for greater transparency and accountability in the management of the public's finances. There are a number of issues and challenges associated with the Government Financial Management and accounting system. Even now the State Governments as well as the Central Government follow cash basis of accounting whereas rest of the modern world shifted to accrual basis of accounting long time back. Hence, the State Governments' financial and accounting systems also got affected due to this. There is an immediate need for moving from cash basis of accounting to accrual basis of accounting. However, a cautious yet committed approach for a phased transition, which will enable the changes in financial management and accounting system proposed to keep pace with other organisation initiatives of modernisation has been set in motion by the State Governments. This will help in developing a participatory approach for effecting the changes, a consultative environment vis-à-vis the CAG's office, Central and other State Government, build consensus for proposed regulatory changes at the national level and complete the process of modernising methods in line with international best practices.

Reforms to Government's financial management systems and processes are becoming critical in response to increasing demands for greater transparency and accountability in the management of the public's finances. The current financial management systems in Government are not providing timely and accurate financial information for statutory reporting requirements and for

¹ Suwendu Bose, M.Sc (Tech), MBA, PGDBL (NUJS), Ph.D. is an Associate Professor (Finance) of International Management Institute, Kolkata. The opinions expressed by the writer in this paper are strictly the opinions of the writer, not necessarily of the institution he belongs to.

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decision making in such critical areas as budget planning and management, procurement and asset management.

The Financial Management functions in the Government encompass budget formulation, allotment of funds in accordance with the expenditure budgets, control of expenditure and management of receipts.

Suggested corrective actions provided in this paper have been confined to systemic and procedural issues and do not cover policy issues like size of sustainable fiscal deficit, tax rates, size of the resources being allocated to different sectors, cost of borrowings, etc.

Emerging Key Issues in State Government's Financial Management

Revenue deficits

A wide gap between Revenue Expenditure and Revenue Receipts necessitating fairly large borrowings to meet the Revenue Deficit is leading to compounded and prohibitive increase in interest payment. Inadequate recovery of the cost of services being rendered by the Government and arrears in taxes appear to be the main factors affecting Revenue Receipts.

Result oriented expenditures

The following expenditures have substantial impact on the demand for resources of any State, hence these may require close look and critical examination:

- Assistance to Local Bodies, educational and other institutions, Investments in equity of undertakings that are unable to pay adequate return or are not paying any return. Already there is substantial erosion of Government equity in a number of undertakings.
- Loans to units that are unable to service the loans.

Resources locked in delayed projects

Delays in completion of a number of projects funded by the States are leading to substantial non-performing capital expenditure. The resources of the States are spread over too many projects and there seems to be a need for more emphasis on completing certain projects rather than having too many incomplete projects.

Overexposure of the State to financial risks

Clearly defined limits for raising Public Debt and issue of Guarantees by the State against borrowings by Government Companies and Undertakings and strict adherence to the limits would help the State to prevent overexposure to financial risks.

Historical and demand driven budgets

The estimates submitted for framing the budgets are predominantly historical, meaning that generally the estimates are prepared taking past expenditure as the base and adding a certain percentage for escalation/inflation. The main challenge appears to be departmental acceptance of a system of demanding resources based on the activities undertaken. In view of the above approach, the budgets should be demand-driven rather than mission- or performance-driven.

Supplementary provisions and utilisation thereof

In certain years, the supplementary provisions in relation to the Budget Estimates are very high. On the other hand, there are a fairly large number of cases where supplementary grants remained grossly underutilised or were not utilised at all. The main challenges are more realistic estimation of expenditure and effective utilisation of funds.

Resource-based budgeting

The emphasis in budgeting and operations seems to be expenditure-oriented rather than being resource/asset creation-oriented. This has an adverse impact on capital formation.

Linkage of expenditure incurred with actual physical progress of work

Interactions with some of the departments raise the apprehension that the Performance Budgets are being used mainly for the purpose of obtaining budget allocation for the departments and not so much to establish accountability for the money spent.

Recurrent cost implication of capital projects

The recurrent cost implications of capital projects sanctioned under Plan Expenditure are normally not undertaken. At the time of sanction of capital

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projects, the cost of maintenance and operation and the sources for financing the maintenance and operation of the projects on its completion are generally not identified. This has resulted in burgeoning maintenance and operational liability on the departments once the Plan Projects are completed, without adequate provisioning being made for them in the budgets, leading to their poor maintenance.

Unutilised funds parked under Personal Ledger Accounts (PLA)

The transfer of funds to the PLA is booked as expenditure though actual expenses may not have been incurred. This leads to over reporting of expenditure.

Control over expenditure

In respect of a number of Grants, expenditure is substantially more than provision in the Appropriation Act. Besides, there are a fairly good number of cases where expenditures have been incurred without any provision in the Budget or Appropriation Act.

Timing of inflow of funds

We understand that due to time lag in passing the budget, adequate funds for Plan Expenditure are not available to some of the high spending departments like Public Works in the first quarter of the financial year. Also, due to late release of funds for the last quarter, the departments are unable to actually utilise those funds by the end of March.

Delegation of financial powers

Adequate and proper delegation of financial power, including power for re-appropriation of budgets, backed by well-defined accountability is the need of effective and efficient functioning of the departments entrusted with the responsibility of implementing the policies, plans and programs of the Government. Over-centralisation of power and high degree of rigidity in the system could be counterproductive, particularly where large and complex schemes/projects are to be implemented.

Emerging Key Issues in State Government Accounting System

Duplication in voucher level computerisation being carried on in Treasuries and AG's Office

The Treasuries are sending all the vouchers alongwith the hard copy of the reports to the AG's office periodically. The AG's office does the full voucher level entry again to prepare the monthly and yearly accounts. The same voucher level accounting is being done both at the treasury level as well as the AG's office level, resulting in some duplication of accounting effort.

Quality of Accounting

- **Reconciliation**

The financial reporting system as prescribed by the Budget Manuals does not prevent the returns and statements from being compiled and forwarded except after full reconciliation; this affects the quality of accounting.

- **Incomplete information**

Incomplete information, inconsistent classification of major heads and non receipt of vouchers from the treasuries; results in obstacles and requires reconciliation, which also affects the quality of accounting.

Cash Basis of Accounting

Since the basis of accounting followed by the Government is cash basis, the benefits of accrual accounting are not present e.g. asset linked accountability, accounting of unrealised Government revenues and evaluation and disclosure of Government liabilities. Accrual accounting results in accounting measurements based on the substance of transactions and events, rather than merely when cash is received or disbursed, and thus enhances their relevance, neutrality, timeliness, completeness, and comparability.

Need for Resource Accounting

The present accounting information provided by the financial statements reflect only cash surpluses / deficits and do not reflect the impact of current consumption on the stock of net assets held by the Government. Present focus is on cash spent and segregation of expenditure (capital / revenue)

rather than on resources consumed or assets created. The need for resource accounting as a first stage in transition from cash basis to accrual basis therefore assumes great importance.

Rationalisation of account heads

Further rationalisation of account heads may be needed below the minor head level in the interest of consistency, better disclosure and cost control.

Suggested Corrective Actions for State Financial Management and Accounting System

Budget Formulation

- Existing budget formulation process should be reoriented

Existing budgeting process should be reoriented after the necessary amendment of the Budget Manual.

The details of the proposed budget formulation process are explained in the following steps.

Step 1 : Aggregate expenditure ceiling should be fixed centrally prior to formulation of detail budget

In order to maintain overall fiscal discipline the aggregate expenditure is required to be contained within the limit of fiscal prudence determined by the resources available and fiscal deficits acceptable under the policy formulated by the State.

Enhancement of Medium Term Fiscal Framework (MTFF)

In order to integrate the annual budgets with the MTFF, the following additions / modifications in the fiscal projections under MTFF are being suggested.

- (i) The fiscal projections should be updated annually and be presented to the Legislature along with the annual budget proposals.
- (ii) The projections of tax revenue receipts should show major components like trade tax and excise duty
- (iii) The projections of resources from the Centre should have details like borrowings, grants in aid and share of central taxes

State Government Accounting and Financial Management – Due for Reform

- (iv) To facilitate linkage the summarised position of budget as contained in the Annual Financial Report and the MTFF may be presented in the same format.

Hence, the suggestion is to develop a Medium Term Expenditure Framework that should

- Link resource allocation to the sector priorities and policies
- Provide a realistic framework for budgeting
- Provide a predictable policy and resource frame which facilitates advance planning
- Set expenditure aggregates and ensure that those are sustainable over the medium term
- Protect high priority expenditure

Step 2: Allocation of plan expenditure ceiling by Planning Department

The State Planning Department prepares Annual Plans. Outlays by sectors, major and minor heads and against each minor head by schemes are provided through the Annual Plan. The scheme of financing the Plans is also provided in the Plan document.

Step 3: Primary distribution of aggregate non-plan expenditure ceiling to be done centrally

The framework proposes that an aggregate expenditure ceiling for non-plan expenditure should be set by the FD and as the sectoral and functional allocation of resources is a policy issue, the primary allocation of the ceiling to sectors, grants and functions (up to 6 digits) should be done centrally by FD through pre-budget interactions with the Administrative Departments.

Step 4: Detailed plan and non-plan budgets to be formulated in the departments

It is proposed that based on the primary distribution of aggregate non-plan expenditure ceiling (covered in Step 3), the HoDs will prepare the detail non-plan expenditure proposals for the departments using inputs from divisions/units.

Based on the information on plan outlay received from the Planning Department the HoD would also finalise the plan expenditure budget proposals for the department and then compile the overall budget proposal

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for the department. Expenditure budget provision for schemes/works should be made in the department that is required to execute the scheme/work. FC of the department should play an active role in finalising the budget proposals.

Budget Operation

A. Re-appropriations

- *Re-appropriation rules should be liberalised*

Powers for re-appropriation between standard objects, with the exceptions mentioned below, should be delegated to the HoDs and the DDOs executing projects/works and the DDOs collecting revenue.

Exceptions: For HoDs standard objects under groups Salary

- Grants-in-aid & Scholarship/stipend
- Investment Repayment of loans etc.
- Retirement Benefits

Exceptions: For DDOs standard objects under groups

- Salary
- Grants-in-aid & Scholarship/stipend
- Investment Repayment of loans etc.
- Retirement Benefits
- Capital works, supplies etc.

B. Supplementary Demands

- **The need for initiating supplementary demands by departments should be eliminated by timely identification and surrender of savings, and better use of re-appropriation power**

Effective and meaningful periodical review of expenditure by HoD and also by the head of the Administrative Department would enable identification of savings and timely surrender.

In case of any emergency, the demands for supplementary grants should be initiated by the FD.

Expenditure Control

- **Head-wise control should be established for expenditure out of CCL**

A standardised format for exercising expenditure control at bill passing stage should be developed for use by the divisions/units. The format should show the account head-wise balance against CCL as well as budget allotment after each bill is passed and an entry is made in the register.

- **In case of high spending departments, the annual budget should be divided into quarterly and monthly budgets at the beginning of the year.**

The monthly/quarterly budgets should be communicated by the department to the Administrative Department and the FD. The reporting and review of expenditure should be in relation to the budget for the reporting period to make them more relevant.

Financial Assistance and Grants

A strong financial control mechanism should be established in the organisations/ institutions receiving financial assistance of substantial magnitude

Total Guarantee Exposure of the State and Maintenance of Outstanding Guarantee Record

There should be a ceiling on total guarantee exposure of the State with proper recording of guarantees being furnished and discharged.

Role of Finance Controllers in the Expenditure Control Process

The FC should be empowered and made responsible for all the financial operations in the department including budgeting and expenditure control.

Integrated Computerised Financial Management and Accounting System

The financial management and accounting should be fully computerised in the departments

Expenditure on Developmental Work

- **The reliability of project estimates should be enhanced**

For all major projects involving engineering/construction work, detailed appraisal and sanction should be based on Detailed Project Report (DPR) formulated after thorough examination of the ground conditions and after preparation of detailed designs and estimates for the project.

- **Comprehensive assessment of risks should be undertaken**

Risk assessment should be an integral part of formulation and appraisal of medium term and long term projects in order to enable due consideration of the risks by those who take the decision for investment in the project.

- **Adequate and timely release of funds should be ensured**

The functional department proposing the project and PFAD appraising the project must ensure that the project fits into the Five-Year Plan and adequate resource provision exists in the Plan.

- **The cost estimates for projects should be revised in time**

Mandatory review of the project cost when 50% of the approved amount has been spent should be introduced. The review should be a detailed one enabling reasonably correct estimation of the balance amount required for completing the project.

- **Accountability for securing project objectives should be established**

Within the framework of the schedule of activities for the project aiming at timely completion, annual targets of progress of each of the activities and budgets for expenditure should be set and the executive responsible for performing the activities should be made accountable for achievement of the annual targets.

Revenue Estimation and Recovery

A. Tax Revenue Estimation

- There should be a well-defined transparent methodology for estimating tax collection. To ensure legitimacy as well as ownership, the methodology should be developed with the participation of the Finance

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Department, Administrative Department and the relevant tax department.

- The target setting process should be supported with an accountability framework by introducing a performance evaluation system.

B. Incentives-linked to performance

The part of the Tax Department's expenditure budget that is not related to fixed/committed expenses could be linked to actual collection of taxes in the previous year so that higher collections would imply higher budget allocations. During the workshop, the participants mentioned that this kind of an incentive was likely to enhance the performance of the department.

C. User Charges

User charges should be updated in line with the reform measures initiated by the Government

D. Limiting exposure to financially weak units

As these defaults are caused due to the weak finances of the units, for a sustainable solution, measures should be taken for the revival of these financially weak units. At the same time further disbursement of equity or loans to these units should be limited to the amount that is essential for revival of the units under a time bound scheme.

Cash Management

A. Cash planning

- **One time budget allotment to the DDOs executing projects/works**

The process of allotment and distribution of the budget in parts should be done away with. After the Appropriation Act is passed, the budget should be communicated to the departments and the departments in turn should communicate it to their divisions/units.

- **Planned release of funds under Cash Credit Limit (CCL) mode**

The existing system of fund release for payments through Treasuries may continue in case of payments through the CCL mode.

The cash balancing by the Budget Directorate should not be based on the overdraft and ways and means facility available to the Government. These

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facilities should be used for absorbing unforeseen shortfall in revenue collection.

B. Idle Funds

The options that may be considered by the Finance Department for minimising idle funds in case of payments through departmental PLAs are given below:

- (i) Discontinue the system of having bank accounts and making all payments from treasuries.
- (ii) Allow only small payments up to a certain limit directly from bank account, with all other payments being made from the treasury.

C. Management of External Aid

- Utilisation of external aids and withdrawals to be co-ordinated under the Planning Department

There should be proper monitoring of all externally aided projects by a cell under Planning Department. The Finance Controller of departments undertaking projects that are externally funded should make monthly reporting of physical and financial progress of such projects to the cell and ensure that the utilisation Statements of funds drawn are submitted to the cell in time. This would enable the Planning Department to submit a consolidated Statement of drawals and utilisation with necessary details to Finance Department within the allowable time limit for uninterrupted release of funds and further allotment of external aid.

Accountability

A. Performance of the departments and units under the departments should be evaluated against targets on a regular basis

There should be accountability for results through specification of performance targets and evaluation of performance, (besides controlling expenditure).

B. Departmental Accountability and Basis of Accounting

- **Departmental Annual Reports**

The need for Departmental Annual Reports arises because of the following reasons:

State Government Accounting and Financial Management – Due for Reform

- There has been a change in the role of the Government. The conventional operating style for Government is in the process of undergoing changes to more flexible, relevant and result-based structures.
- There is increased public expectation from the Government. The public wants the Government to perform better and ensure transparency in sharing information.
- There has been a shift in both public and Government attitude from general administration to a focused approach on efficiency in operations. The Governments round the world are also focusing on efficiency rather than merely being an expenditure machine.
- There is a demand for greater accountability. Thus the government today has to be more cautious and result-oriented in spending.
- Departmental Annual Reports are the results of operating performance. To enable them to be meaningful, it is necessary to be clear about certain fundamentals. In the process of modernisation and keeping in mind the changing role of the Government and increased public expectations, the concepts of departmental efficiency, departmental accountability and departmental transparency have to be kept in mind while designing such reports.
- The Government should initiate the process for issuing Departmental Annual Reports in the short to medium term, and should instruct the departments accordingly. The reports should be made available to the public through sale and should also be posted on the web.

C. Absence of Resource Based concept in Accounting

There is a need to consider the introduction of resource- based concepts in accounting which would be the base for recording and reporting on actual financial performance as opposed to merely cash performance as at present.

It is also important to recognise the significance of the constraints imposed by the need to upgrade skills and financial systems and the need to obtain Parliamentary approval for the change. This is a matter that would eventually affect all the States in India, which means that it may not be feasible to make the total change in the short term even when all the pre-conditions have been satisfied. .

Conclusions

This is the most appropriate time to introduce accrual accounting and to plan the way in which the introduction is to be implemented. State Financial Management also needs to be modernised. However, there is scope for considerable improvement in the enhancement and up- gradation of existing cash based system, which will be the launching platform for transition to full accrual- based accounting system in future.

It is true that moving directly from cash to accrual basis in the Government accounting or implementation of modernisation of financial management system is not generally desirable within a very short span of time, as it requires a modification in the basis of accounting method, policies, procedures, personnel skills and commitments, regulatory framework and organisation set up.

Since the proposed changes will be a sea change in the system, it will involve far-reaching implications as regards both concepts: the grasping of the fundamentals as also the considerable task of implementation across the departments / Governments. This will only be possible if:

- There is internal capability to comprehend and institutionalise the change
- The appropriate regulatory modifications are effected
- There is a high level of commitment to this effect both at the national and State levels.

Hence, a cautious yet committed approach for a phased transition is advisable, which will enable the changes in financial management and accounting system proposed to keep pace with other organisation initiatives of modernisation set in motion by the State Governments. This will help in developing a participatory approach for effecting the changes, a consultative environment vis-à-vis the CAG's office, Central and other State Government, build consensus for proposed regulatory changes at the national level and complete the process of modernising methods in line with international best practices.

Government Accounting in India: Cash Basis to Accrual Accounting — Contemporary Issues

Dr. PRADEEP KUMAR SINGH¹

Abstract

The preparation of government accounts in India is governed by the Government Accounting Rules, 1990 framed under Article 150 of the Constitution of India. As per the Government Accounting Rules, 1990, the accounts are to be maintained on Cash basis. This system recognizes a transaction when cash is paid or received. But it does not give a realistic account of government's financial position because it lacks an adequate framework for accounting of assets and liabilities, and depicting consumption of resources. The present system does not reflect accrued liabilities arising from the gap between commitments and transactions of government on the one hand and payments made on the other. Because of these shortcomings the Twelfth Finance Commission recommended introduction of accrual accounting in Government accounting system. The Government has accepted the recommendation in principle and asked Government Accounting Standards Advisory Board (GASAB) in the office of the Comptroller and Auditor General of India to draw a roadmap for transition from cash to accrual accounting system and to prepare an operational framework for its implementation.

So far twenty one State Governments have agreed in principle to introduce accrual accounting. Keeping these argument in mind this research article is an effort to elaborate needs for accrual accounting in India, legal aspect related to accrual accounting, deficiency of present accounting system in

¹ The Author is Assistant Professor in Department of Commerce, Mahatma Gandhi Government Arts College (affiliated to Pondicherry University, Pondicherry)

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India, basic requirement for accrual accounting, international status regarding adoption of accrual accounting, and key challenges for conversion of accounting.

Key Words: Accrual accounting, Cash Accounting, Government Accounting Standards Advisory Board, General Purpose Financial reporting.

Introduction

The Government accounts and financial reporting currently followed in our country derive their 'substance and form' largely from the accounting procedures introduced during the British rule.¹ The accounting system prevailing in Government of India and the states is essentially cash based. The preparation of government accounts in India is governed by the Government Accounting Rules, 1990 framed under Article 150 of the Constitution of India. As per the Government Accounting Rules, 1990, the accounts are to be kept on Cash basis.² This system recognizes a transaction when cash is paid or received. However it does not give a realistic account of government's financial position because it lacks an adequate framework for accounting for assets and liabilities, and depicting consumption of resources. Moreover capital expenditure (expenditure on the creation of new assets) under the cash system is brought to account only in the year in which a purchase or disposal of an asset is made. This is not an effective way to track assets created out of public money. The present system does not reflect accrued liabilities arising from the gap between commitments and transactions of government on the one hand and payments made.

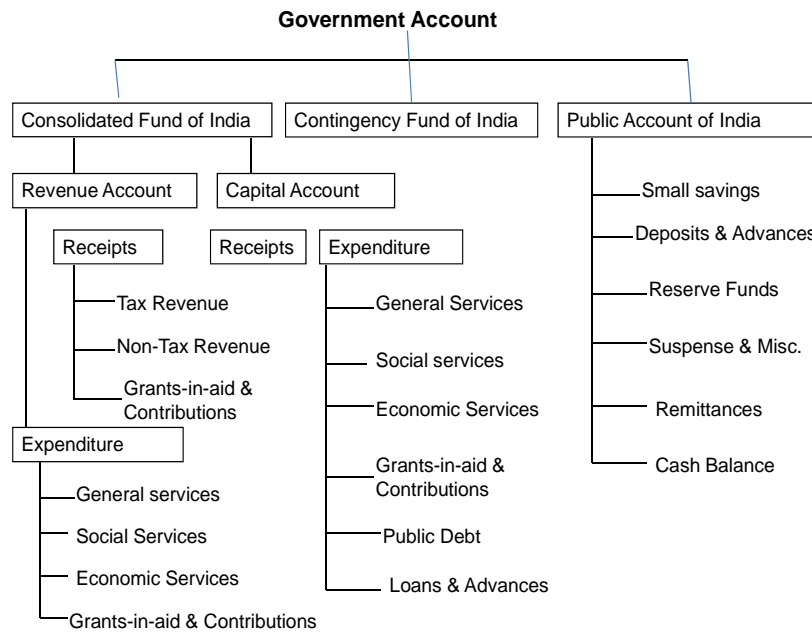
The Twelfth Finance Commission recommended introduction of accrual accounting in Government system. The Government has accepted the recommendation in principle and asked Government Accounting Standards Advisory Board (GASAB) in the office of the Comptroller and Auditor General of India to draw a roadmap for transition from cash to accrual accounting system and to prepare an operational framework for its implementation. So far twenty one State Governments have agreed in principle to introduce accrual accounting. Exhibit I shows the structure of budget and accounts of

¹ Kaushik, K.P. (2006). Government Accounting: Recent Trends and Direction for India. The Chartered Accountant, 54 (07),1020

² A Study on Gap Analysis of Indian Government Accounting with International Standards, A Research Study by GASAB Secretariat, p 3

Indian government. Technically, it is divided in three parts, namely, Consolidated Fund of India, Contingency Fund of India and Public Accounts of India. These heads are again divided in various sub heads for the smooth operation and controlling of accounts. Again, all these expenses are divided in plan and non- plan expenditure for various developments.

Exhibit I Structure of Budget & Accounts



Plan & Non- Plan Expenditure Heads Of Development

Under government accounting system entire expenditures are divided in two parts; plan and non plan expenditure:

Plan expenditures are; Investment outlays to replace worn out or over-aged capital stock, New development programmes or projects or schemes on capital account which involves creation of assets, New development programmes or projects or schemes on capital account, Spill over schemes or previous plan to be completed.

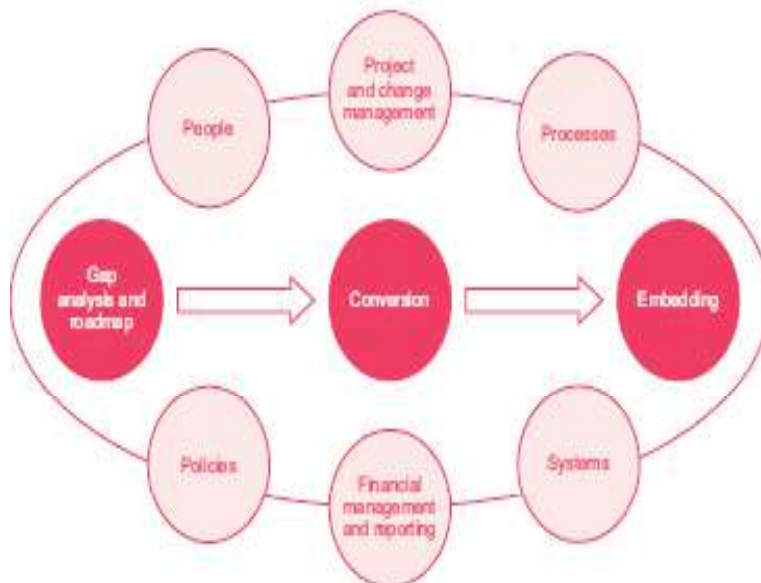
Non-Plan expenditure is: All expenditure connected with the maintenance of development schemes completed during the Five Year Plan period, and all expenditure connected with the maintenance of existing institutions and establishments

Legal Aspect of Accrual Basis of Accounting

We need accrual accounting in government organization because two legal aspects. First, in the year 2001, a Bench of the Hon'ble Supreme Court of India ordered that the Municipal Corporation of Delhi (MCD) and the New Delhi Municipal Corporation (NDMC) maintain accounts as per the mercantile system (accrual system) of accounting and declared that necessary amendments to the regulations could be made by the Government of India, for the purpose. Because of that judgement, these bodies have been gradually moving towards conversion of their accounts from cash basis to accrual basis of accounting system so that transparency of accounts should be maintained.

Second, in the year 2002, budgetary provisions for fiscal 2002 recommended that the Development Authorities and Housing Boards be brought under the tax net and, therefore, amended Section 10 (20A) of the Income-tax Act, 1961. This has also given rise to cause for concern to a large number of such bodies in the country. In order to determine income tax liability, accounting on the accrual system became an essential requirement. Under cash system it is difficult to determine actual income. Exhibit II indicates conversion process for accrual accounting; it indicates various dimensions and elements of conversion.

Exhibit II: Conversion process for Accrual Accounting



Source: PWC Global Survey on accounting and reporting by central government, towards new era in government accounting and reporting, April 2013, p25.

Accrual Accounting

It is a system of accounting in which transactions are entered in the books of accounts, when they become due. The transactions are recognised as soon as a right to receive revenue and/or an obligation to pay a liability is created. The expenses are recognised when the resources are consumed and incomes are booked when they are earned. Therefore, the focus is on the recording of flow of resources i.e. labour, goods, services and capital. The related cash flow may take place after some time (of event), or it may or may not take place in the same accounting period.

Cash Accounting

In this system of accounting transactions are recorded when there is actual flow of cash. Revenue is recognised only when it is actually received. Expenditure is recognised only on the outflow of cash. No consideration is given to the "due" fact of the transaction. This system of accounting is simple to understand and as such needs less skill on the part of the accountant. Its whole focus is on cash management. The recognition trigger is simply the flow of cash. Budgetary and legislative compliance is easier under this system.

Deficiencies in the Present Government Accounting System

Presently cash basis system is followed by all governments in India. The following are the weakness of current system of government accounting in India.

- Cash transactions do not capture timing of the action or the impact of the economy. Revenues and expenses are recognized when received or paid respectively without regard to which period they belong to.
- Non-monetary flows are not recorded because the focus is on cash management rather than resource flow.

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- The accounts do not include receivable or payables and the financial statements give revenue receipts rather than revenue earned and expenses paid rather than expenses incurred.
- No information about capital work-in-progress like dams, power plants, roads and bridges etc., is available.
- It gives wrong picture about advance tax, as advance tax receipts are recognized as income.
- Under government accounts, assets are shown at book value and do not take into account depreciation in their value as per current market rates. Assets and liabilities are not integrated with the accounts.
- No disclosure is made about contingent assets and liabilities which are in the form of various commitments.
- No information is provided about existing net liabilities of public enterprises and agencies outside the government, although the later cannot escape such liabilities.
- It provides room for fiscal opportunism e.g., tax revenues can be collected in excess during a particular period followed by high incidence of refunds together with interest, payments can be easily deferred and passed on to the next financial year, revenue due in the future could be compromised by providing for one time payments.
- The present Accounting and financial reporting of Government is weak because expenditures and receipts are recognized and reported when actually paid or received and not when due or accrued.
- Present system of financial reporting does not report about accrued expenses and revenues , e.g., actual position of assets (current assets including receivables, inventories etc) and liabilities (e.g., current such as payables and pension liability),depreciation and appreciation (land) not available, No comprehensive information is available about government liabilities (pensionary commitments, interest due, bills payable, depreciation for replacement of assets etc.) and provisions against future liability not available.

Effective Management of Public Expenditure: Report

Prime Minister's Economic Advisory Council (PMEAC) Chairman C Rangarajan, who head a high level committee set up by the Planning Commission suggested measures for effective management of Public

Expenditure. The committee consisted of 18 members and mainly focused on the anomalies and inconsistencies that arise out of the present classification of expenditure into Plan and Non Plan expenditure categories. The expert committee has submitted its report to the Prime Minister and the draft paper approved on August 20, 2011. The following are the key points of this report:

- The committee has suggested the abolition of the Plan and Non-Plan expenditure, and suggested to convert from input-based budgeting to the budgeting linked to outputs and outcomes.
- They suggested classification of expenditure into *capital and revenue*. Capital will account for all the developmental expenditure like investment. Expenditure on salary for government employees, interest payments and subsidy outgo will be placed under revenue expenditure.
- The committee also suggests the need to classify revenue expenditure by end use for the purpose of Fiscal Responsibility and Budget Management (FRBM).
- The committee recommended amendments to the FRBM Act, which lends some rigidity to the concept of revenue deficit, to provide scope for adjustment. An 'adjusted revenue deficit' may be considered for FRBM compliance, adjusting the revenue deficit to the extent of grants for creating assets.
- The committee also suggested a proper framework for taking a comprehensive view of the total transfer of resources from the Centre to the States, including ensuring its accounting and reporting in a uniform manner.

Conversion of Cash to Accrual System of Accounting

In India conversion of cash to accrual system passes through different modify version of accounting, some are discussed as follows:

- **Pure Cash-based:** In this system, a transaction is recognised and recorded when cash is paid or received. Only actual payments and receipts are accounted for.
- **Modified Cash Basis:** In this system the basis for recognition of income and expenditure continues to be cash. However, the books of accounts are kept open for a specified period after the end of the year for

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adjustments of certain cash flows that relate to the reporting period but occur after the end of the year. There is also some disclosure on the lines of accrual accounting.

Exhibit III: Different form of Cash Accounting & Accrual System of Accounting

Cash accounting	Modified cash accounting	Modified accrual accounting	Accrual accounting
Cash payments and receipts are recorded as they occur.	Cash receipts and disbursements committed in the budget year are recorded and reported until a specified period after year-end.	Accrual accounting is used but certain classes of assets (e.g. fixed assets) or liabilities are not recognised.	Transactions and economic events are recorded and reported when they occur, regardless of when cash transactions occur.

Source: PWC Global survey on accounting and reporting by central government, towards new era in government accounting and reporting, April 2013.

- Modified Accrual Basis: Under this system, the criteria for recognition of income and expenditure are the same as accrual accounting, but with some exceptions. Certain types of assets and liabilities may not be recognised.
- Pure Accrual Basis: All transactions are recognised and accounted for when the transaction takes place irrespective of the actual payment or receipt of the consideration. All assets and liabilities that have been created or have arisen in the usual course are also accounted, irrespective of the payments and receipts of cash.

Basic Requirement for Accrual Accounting

1. The accounting heads are restructured based on accrual system of accounting. The existing heads are either modified or dropped keeping the requirements of the accrual system in view.

2. Development of suitable formats for different incomes and expenditure.
3. Necessary changes in accounting policies for recognition of revenue and capital.
4. Accounting manual has to be developed showing system of codification of accounts, forms, formats and general accounting policies.
5. Proper training of key employees and development of basic skills related to accrual system of accounting.
6. Proper I.T infrastructure for reporting and development.

8. IMPACT OF ACCRUAL SYSTEM OF ACCOUNTING

As accrual system of accounting is adopted by the government system, following will be the positive impact on accounting and reporting.

- Improved governance, Transparency of financial position, better control over assets, consistency, increasing the confidence of all stakeholders and availability of more accurate information for decision-making to all stakeholders.
- Financial Statements prepared by following accrual basis of accounting provide authentic and accurate information on government position, managing cash position and financing requirements, financial decision-making, accurate information on revenues and expenses, cash flow and management, resulting in better flow of resources in the economy and generally better economic performance.

International Experience

As per the report of Government Accounting Standards Advisory Board¹, the following countries have moved over to **accrual accounting and accrual budgeting**: Australia, New Zealand, The Netherlands (in the process of introducing full accrual budgeting) Sweden (in the process of introducing full accrual budgeting), Switzerland (in the process of introducing full accrual budgeting)

The following countries have adopted **full accrual accounting but follow cash-based budgeting**: Canada (While the federal Government adopts cash budgeting, several Canadian provinces have adopted accrual budgeting),

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Japan, United States, Italy, United Kingdom, Portugal (provides additional accrual information along with the budgets), Azerbaijan, Uzbekistan.

Exhibit IV: Status of accounting global level

Country	Status		
	Full Cash Basis	Combination of Cash and Accrual Accounting	Full Accrual Basis ¹
Australia			✓
Austria	✓		
Belgium	✓		
Cambodia		✓	
Canada			✓
Colombia			✓
Czech Republic	✓		
Finland		✓	
France			✓
Germany	✓		
Greece	✓		
Hungary	✓		
Iceland		✓	
India	✓		
Indonesia		✓	
Ireland		✓	
Israel		✓	
Jordan		✓	
Kenya	✓		
Mexico		✓	
Morocco	✓		
Netherlands	✓		
New Zealand			✓
Norway	✓		
Slovak Republic	✓		
Slovenia	✓		
Suriname	✓		
Sweden		✓	
Turkey	✓		
United Kingdom			✓
United States			✓

Source: Government Accounting Standards Advisory Board secretariat (2010) India journey to Government Accrual Accounting, April p14.

The following countries have set in motion the **process of moving over to an accrual based accounting system**: France, Fiji Islands, Indonesia, Marshall Islands, People's Republic of China, Philippines, Republic of Korea, Sri Lanka, and Mongolia. Exhibit IV indicates the status of accounting system adopted at global level.

It shows that most of the countries are in favour of conversion to accrual system of accounting. It will take some more time for shifting from full cash to full accrual system.

Present Position in India

The development in adoption of accrual accounting in India is basically affected by IPSASs. India had taken into consideration of role, progress, issues and challenges in IPSAS when adopting the accrual- basis accounting.

The accrual accounting reformation was initiated in India in 2008. In the year 2009, Government's Comptroller and Auditor General (CAG) had formed a Government Accounting Standards Advisory Board (GASAB). A report had been submitted to Government of India in which the adoption of accrual based system of accounting had been recommended. Twenty one State Governments of India have expressed their willingness to move in the direction of accrual based accounting. Various steps has been taken by the Government of India in the development towards adopting the accrual accounting, such as giving instruction to Autonomous Institutions and Universities to prepare their accounts on format-basis set by Controller General of Accounts (CGA) which is in line with the requirements of accrual accounting.

Other than that, a committee and the Government Accounting Standards Board have been set up to develop the framework and to examine the technical feasibility of changing the Government accounting system to accrual system. In addition, seminars and workshops have been conducted by CGA of India to facilitate national consensus on the adoption of accrual accounting.

The Way Ahead for Accrual Based Accounting in India

The GASAB roadmap to introduce accrual accounting system envisages a transition period of 10 to 12 years divided into several stages. The operational framework details the plan of transition encompassing accounting and treatment of assets, liabilities, revenue and expenses and the final accounts of the Government consistent with the provisions of the Constitution¹. Various phases are as follows:

1. First phase between 2011-12 and 2012-13

- An apex body at the Finance Ministry level consisting of key stakeholders from the Union and State level for coordinating, supervision,

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decision making and managing the implementations has to be established.

- Task-based groups should be constituted in every entity to pioneer the transformation process in a timely basis.
- Revamping of accounts chart in order to incorporate accrual accounting requirements.
- Expansion of an IT-enabled integrated financial management system and capacity building in terms of human resources.
- Centrally Sponsored Scheme for Treasury Modernization released by MoF preparing an accounts module and budget module benefiting the main features of accrual accounting.
- Identification and evaluation of assets and liabilities and consolidation of assets categorically.

2. Second phase between 2013-14 and 2014-15

- Appraisal of historical assets, Provision of depreciation, Realization of expenses and payables, Recognition of revenues and receivables.

3. Third phase from 2015

Preparation of the financial statements including statement of financial position, financial performance, cash flow statements, variations in assets and liabilities, appropriation accounts, accounting policies and notes to the financial statements, and management and discussion analysis report that have been required for General Purpose Financial reporting (GPFR).

Key Challenges for Conversion in India

Presently there are 29 states and one Central Government along with 7 Union Territories exists in India. Nearly 30 different rules and regulation are in practice related to government accounting along with the support cash basis of accounting and budgeting. While conversion of cash system to accrual system of accounting, following issues and challenges are among the authorities, and regulators;

- Identification of Assets, Physical Assets; Financial Assets, Assessing Liabilities is difficult task.

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- Development of the accounting principles, policies and standards, formulating accounting systems and process is difficult for country like India.
- Making changes to accounting rules and the various formats of accounts is time consuming task.
- Creating new account heads and revising the chart of accounts.
- Assessing the "as-is" situation in various departments from an accounting perspective
- Training of key employees in particular and other staff in general is difficult task.
- Evaluating the Information Technology capabilities of the various Government entities with respect to accrual accounting and new process.
- Organizational structure for coordinating implementation under new accounting system.
- The reconciliation of accrual financial statements with cash budgets.,
- The presentation of financial statements and the level of note disclosures.
- Identifying the requirements of financial reporting in international treaties, agreements and contracts,
- Cost of conversion and whether state government will bear or central government,

Conclusion

As we know, currently, Indian government is following cash system of accounting, there are various advantages associated to accrual system of accounting for government system. It is right time to convert cash system to accrual system so accountability and responsibility can be determined in systematic way. At the same time government accounting will be with latest reporting and disclosure practices as per the international requirement. There are many difficulties and issues involved in this process. But if the government is adopting it in a phased manner over a span of 10 years, it is useful for all the stakeholders in the country.

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Modernization of Government Accounting in India: Current Situation, Issues and Outlook

Prepared by Committee Secretariat

Abstract

Our present government accounting system in the Union Government and the States derives its form and substance largely from the cash-based book keeping procedures introduced during British times. The preparation of government accounts in India is governed by the Government Accounting Rules, 1990 framed under Article 150 of the Constitution of India. Only the actual receipts realized and the payments made during the year are recorded. Government Accounting Standards Advisory Board (GASAB) has two fold objectives, one affecting improvement in the present cash based accounting system, and two, facilitating eventual migration to accrual-based accounting. GASAB at its Fifteenth meeting held on 30th July 2008 took a landmark decision to develop Accrual-basis Accounting standards for Government.

Introduction

Government is generally concerned with provision of public goods and services to citizens, provision of social welfare, macro-economic management of the economy, management of its assets and liabilities and economic prosperity of its people. Consequently, in a democratic society like ours, the citizens deserve a fair account of how their money is being used by the Government and how effectively the financial affairs of the economy are being managed by the Government. People are now vigilant about their rights and therefore expect transparency & accountability in governance, which would only be brought out by government accounting reforms which is the need of hour in most of the developed & developing nations across the world. The requirement of having an accrual accounting in government set up has highlighted a prominent issue of non-existence of standardized global framework for the adoption and implementation of accrual government accounting.

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The Constitution of India under Article 150 provides for the manner in which the accounts of the Government have to be kept. The Article also provides for creation of a Consolidated Fund of India, Contingency Fund and Public Account but does not specify any basis of accounting to be followed for keeping books of accounts.

The Indian economy is on move and witnessing the process of globalisation and economic liberalisation since 1991, which has lead to the increase in the activities of the Government concurrently and has brought a change in the philosophy or role of the Government including Local Bodies. Despite phenomenal growth of receipts and expenditure during past over 65 years, matching developments in the fields of governmental accounting and financial reporting are not experienced.

Literature Review

Accounting reforms in developing countries have generally relied on explanations that emphasise the economic rationality of accounting policy-makers. Anglo-Saxon accounting policies stated a "logical guide" for developing countries as they reduce the cost of capital, lower investment risk and promote a more efficient allocation of economic resources and higher rates of economic growth (Graham and Wang 1995: 150; see also Han 1994). At the same time, traditional accounting is seen as being incompatible with the changing business environment and in conflict with the goal of economic development (Chow et al 1995; Graham and Li 1997). The only precondition for reforms is the existence of policy-makers to overcome the cultural obstacles to reform and put considerations of efficiency above everything else.

Increasing convergence with accrual basis of accounting over the last two decades around the world and changes in public sector accounting and financial reporting systems have underlined the need for a review of existing Government accounting practices in India as well.

The information provided under cash accounting is easy to compile and understand, and historically, the requirements of users. However, today the users of financial statements are demanding more information on assets and liabilities and the impact of current consumption of assets on the overall financial position. Cash accounting and accrual accounting not only differ in the way transactions are recognized and reported, but also in their consequences for internal organization, control and audit management, and the role and "position" of the accountant.

Limitations of Cash Based Accounting System

The main criticism of the Cash system is that it cannot be used either for meaningful cash management or rational resource allocation and lacks transparency. The system also suffers from a lack of uniformity in measurement norms and inadequacy in disclosure standards in financial statements.

No disclosure regarding contingent assets and contingent liabilities which may turn into committed ones on account of guarantees given or letter of comforts issued by the government can be made. The concept of 'matching' i.e. expenses of a specific period should be set off against the revenue of the same period is completely ignored.

Financial information is often communicated through financial reports. The objectives of accountability and transparency in the financial reporting by government cannot be attained under the traditional method of accounting i.e. Cash Basis of Accounting presently in use by the government in India and this is the main constraint to their strong financial management and transparency in their financial reporting.

Keeping in view the limitations of the cash based accounting, it is imperative to introduce generally acceptable accounting practices and disclosure norms in accounting for government so as to bring the concepts of accountability and transparency in its financial reporting system itself.

International Perspective

The Accrual- based Accounting was first adopted in Chile in mid-1970s under the Pinochet regime. New Zealand followed suit in 1990 and the US Federal government moved to accrual- based accounting in 1997, but US State and local governments are only now making the change. By the year 2000, only three other central governments had adopted the accrual basis for their annual financial accounts. Also by 2000, eight of the 30 most developed countries – members of the OECD – had not adopted accrual based accounting for any aspect of their public sectors. The UK government moved to accrual- based accounting in 2001–2002 and Canada did so in 2002-2003.

Many developing countries have strengthened their accounting regulations as part of broader programs of market-oriented regulatory reforms. The extent of their achievement has varied from country to country—the capitalist economies of East Asia (South Korea, Taiwan, Singapore, Hong Kong, Indonesia, Thailand, Malaysia, and the Philippines), for instance, have gone much further than their

Government Accounting Reforms : An Overview

socialist neighbours (China, Vietnam); there has nevertheless been a broad shift towards accounting reforms throughout the developing world (**Nobes 1995; Ma 1997; Pacter 1998; Roberts et al 1995**). In most cases, the central element of this process has been the introduction of International Accounting Standards (IASs), although in some countries—such as the Philippines—it has been the introduction of US standards.

Cash accounting has been the primary method used in the public sector for many years and remains in place for many governments. An increasing number of governments are now using accrual-based accounting frameworks, while others still follow hybrid approaches that can be classified as either modified cash accounting or modified accrual accounting. Over half (54%) of the countries follow the cash or modified cash basis of accounting, while only 46% follow the accrual or modified accrual basis. Thirty-seven countries have expressed an intention to move to accrual accounting over the next five years, bringing the total adoption rate to 63%. Adoption of the accrual basis of accounting will provide better information for planning, and management purposes.

Transition to Accrual Accounting

One of the areas engaging the attention of the Ministry of Finance is the way forward in strengthening the financial reporting framework for the Government. The Government Accounting Standards Advisory Board (GASAB) has formulated and recommended the Indian Government Accounting Standards (IGAS) for cash system of accounting and Indian Government Financial Reporting Standards (IGFRS) for accrual system of accounting. The adoption of these standards will improve the overall standards of Government accounting and financial reporting which, in turn, will enhance the quality of decision-making and public accountability. There is a need to strengthen this process so that we are at par with other countries in the matter of accounting standards.

Some of the major reforms suggested are summarized below:-

Year 2001- The Eleventh Finance Commission recommended double entry book keeping system. The Supreme Court opined that the accounts of Local Bodies should be in the accrual format.

Year 2002 - Constitution of Government Accounting Standard Advisory Board (GASAB) under C&AG to draw up a detailed roadmap and operational framework for implementation of accrual accounting system in India.

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The fiscal responsibility and budget management Act at the centre and state levels prescribe maintenance of asset register.

Year 2004- The Twelfth Finance Commission recommends the introduction of accrual based system of accounting in Government.

Year 2009- Thirteenth Finance Commission supported the bubble up approach of accrual accounting reforms. Fourteenth Report of 2nd Administrative Reforms Commission endorses these reforms.

Year 2011- Apex Committee for implementation and transition to accrual based accounting system in government was constituted. As of 2011, 48 Urban Local Bodies in 17 states had switched over to accrual based accounting. 4 States – Gujarat, Karnataka, Kerala and West Bengal have adopted accrual accounting for Panchayati Raj Institution.

Stages in moving towards accrual accounting

There is a strong need for harmonised accruals-based public sector accounting systems for the purposes of fiscal surveillance. The proposed way forward is a balanced approach that builds on existing achievements and is a three-stage process:

- **A Preparatory Stage**, that includes public debates, to create the necessary momentum and gain co-ownership on the project to move towards harmonised accrual accounting principles within the country,
- **A Development Stage**, to put in place the practical arrangements for the new regulatory framework, including synergies and cooperation with the IPSASB or equivalent, and
- **The Implementation Stage-** The full benefits of implementing accrual accounting based on IPSAS or equivalent can only be captured as part of a wider finance reform.

The conversion to accrual accounting project has to be implemented over several years. National (local government and social security funds) and international experience indicate that a time period of about 8 to 10 years is needed to change the accounting system and fully implement the necessary reforms.

Once the standards have been drawn up and adapted, the implementation of accrual accounting should provide managers with actual management costs.

Issues involved in Transition

Some of the issues involved in transition are listed below :

- Since the transition phase is multiyear project so it is important to see distortions do not develop due to prolonged implementation schedule.
- Accrual basis of accounting will supplement the cash system and this is necessary to retain the embedded elements of the latter that serve the legislative and budgetary reporting requirements. Current reforms are to be positioned within the existing constitutional provisions.
- Accounting and budgeting reforms are to be conceived in an integrated manner and positioned clearly as part of a wider public sector management reform programme.
- Commitment of the executive and sense of ownership of the reform process by the management in the departments and ministries would very much be needed. Constituting a High Level Committee at the national level as a nodal agency could be helpful in facilitating an integrated approach towards reforms.
- Need for capacity-building and training in accrual accounting amongst various accounting departments of the Government of India and in the States cannot be over emphasised.
- Migration to accrual accounting must be informed by a carefully laid- out uniform operational framework so that the final accounts of the Governments, both the Union and the respective States and the Union Territories with Legislature, fall within a uniform reporting framework.
- Some of the implementation issues that currently engage attention includes :
 - Creation of Asset Register for listing, grouping and valuation of assets.
 - Preparation of revised Chart of Accounts for devising classification system for capturing accrual transactions.
 - Devising new accounting policies and accounting standards for laying down principles of recognition, measurement and disclosure.
 - Reflection of liabilities including long-term pensionary liabilities besides current liabilities.

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- Valuation of heritage assets.
- Environmental resources.
- Social security benefits.
- Defense equipments.

Status of implementation of accrual based accounting and adoption of IPSAS by different countries-

Name of the Countries	Level of the Government
Australia	State, Federal and Local Governments
Canada	State, Federal and Local Governments
Finland	Government agencies and whole of Government
France	Local Governments
Germany	Some Government Organizations
Ireland	Pilot Project For Selected Government Departments
Italy	Local Governments
Malaysia	Local Governments
Netherlands	Government agencies and Local Governments
New Zealand	National and Local Governments
Sweden	Central Government agencies and Local Governments
Switzerland	Local Governments
Tanzania	Local Governments
United Kingdom	Local Governments
USA	Federal Government

Conclusion

An increasing number of governments and government entities have realized the need for transparent accounting and are therefore adopting, or considering the adoption of, the accrual basis of accounting. The Government accounting reforms vis-a-vis concomitant budgetary reforms are very complex and may take a few years for implementation. Modernizing the public accounts by moving towards accrual accounting is crucial to give a better picture of the asset base and financial situation of the public sector.

Government Accounting Reforms : An Overview

Accrual system of accounting in Government will be better-positioned to assess their financial performance and financial position. Accrual system of accounting will help in preparing the position of assets and liabilities of the government, which is not possible under the current system. This would help in better fund management and evaluation of performance of various departments. Further, accrual system of accounting would help in estimating cost of services more appropriately, which could form a crucial input for managerial decision-making. The migration to the accrual basis is a major project involving many challenges and issues both technical and cultural.

Lastly, one may mention that the developments in government accounting excite all finance professionals in the government. Central Government and the State Governments encourage the change to accrual accounting and the ICAI would actively participate in supporting the change process. These changes require people to move outside their comfort zone, to learn new things and think differently, and it challenges the logic previously applied to a given situation. Creative synergy is required for bringing about the participation of various stakeholders in the change process. The positive spin-offs would only be perceptible in the medium term. Professional bodies like ICAI must have the vision to support the change with the professional inputs.

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Appendix-A

MINISTRY OF FINANCE
(Department of Economic Affairs)
(BUDGET DIVISION)

NOTIFICATION

New Delhi, the 20th December, 2010

S.O. 2979(E).—In exercise of the powers conferred by article 150 of the Constitution, the President of India, on the advice of the Comptroller and Auditor General of India, hereby makes the following accounting standard namely:— Indian Government Accounting Standards, Guarantees given by Governments: Disclosure Requirements relating to the form of accounts of the Union, States and Union Territory Governments (with legislature).

2. The Indian Government Accounting Standards specifies the disclosure requirements in the Financial Statements of the Union and the State Governments of Guarantees given by Governments, namely:—

Guarantees given by Governments:
Disclosure Requirements

Introduction.—

A. (1) The Union Government and the State Governments give Guarantees for repayment of borrowings within such limits, if any, as may be fixed upon the security of the Consolidated Fund of India or of the State, as the case may be, in terms of articles 292 and 293 of the Constitution. Guarantees are also given by the Union Government for payment of interest on borrowings, repayment of share capital and payment of minimum annual dividend, payment against agreements for supplies of materials and equipments on credit basis on behalf of the State Governments, Union territories, local bodies, railways, government companies or corporations, joint stock companies, financial institutions, port trusts, electricity boards and co-operative institutions. Guarantees are also given by the Union Government to the Reserve Bank of India, other banks and financial institutions for repayment of principal and payment of interest, cash credit facility, financing seasonal agricultural operations and for providing working capital in respect of companies, corporations, co-operative societies and co-operative banks. Further, guarantees are also given in pursuance of agreements entered into by the Union Government with international financial institutions, foreign lending agencies, foreign governments, contractors and consultants towards repayment of principal, payment of interest and payment of commitment charges on loans. The Union Government also gives performance guarantees for fulfilment of contracts or projects awarded to Indian companies in foreign countries as well as foreign companies in foreign countries besides counter-guarantees to banks in consideration of the banks having issued letters of credit to foreign suppliers for supplies or services rendered by them on credit basis in favour of companies or corporations. Furthermore, guarantees are given by the Union Government to railways, and electricity boards for due and punctual payment of dues and freight charges by the companies and corporations. Similarly, Guarantees are also given by the State Governments and Union Territory Governments (with legislature).

(2) As the statutory corporations, government companies, co-operative institutions, financial institutions, autonomous bodies and authorities are distinct legal entities, they are responsible for their debts. Their financial obligations may be guaranteed by a Government and thus the Government has a commitment to see that these are fulfilled. When these entities borrow directly from the market, it reduces a Government's budgetary support to them and the magnitude of a Government's borrowings. However, it adds to the level of Guarantees given by the Governments. In consideration of the Guarantees given by the Governments, the beneficiary entities are required to pay guarantee commission or fee to the Governments. The Guarantees have an important economic influence and result in transactions or other economic flows when the relevant event or conditions actually occur. Thus, Guarantees normally constitute contingent liability of the Governments.

B. Objective.—

The objective of this Standard is to set out disclosure norms in respect of Guarantees given by the Union, the State Governments and Union Territory Governments (with legislature) in their respective Financial Statements to ensure uniform and complete disclosure of such Guarantees.

C. Scope.—

- (1) This Standard applies to preparation of the Statement of Guarantees for inclusion and presentation in the Financial Statements of the Governments. Financial Statements should not be described as complying with this Standard unless these comply with all its requirements.
- (2) The Authority in the Government which prepares the Statement of Guarantees for inclusion and presentation in the Financial Statements shall apply this Standard. The Accounting Authority is responsible for inclusion and presentation of the Statement of Guarantees in the Financial Statements as provided by the Authority in the Government.

4821(GIT)10-2

D. Definitions.—

In this Standard, unless the context otherwise requires, -

- (a) **Accounting Authority.**—means the Authority which prepares the Financial Statements of the Government;
- (b) **Authority in the Government.**—means the tracking (monitoring) unit or Authority for Guarantees and in its absence, the Ministry or the Department of Finance, as the case may be;
- (c) **Automatic Debit Mechanism.**—means the arrangement whereby the Government's cash balance is affected on a specified date or on the occurrence of specified events to meet certain obligations arising out of Guarantees given by it;
- (d) **Financial Statements.**—mean the Annual Finance Accounts of the Governments;
- (e) **Guarantee.**—means an accessory contract, by which the promisor undertakes to be answerable to the promisee for the debt, default or miscarriage of another person, whose primary liability to the promisee must exist or be contemplated; and
- (f) **Structured Payment Arrangement.**—means the arrangement whereby the Government agrees to transfer funds to the designated account in case the beneficiary entity fails to ensure availability of adequate funds for servicing the debts, as per stipulations.

E. Disclosure.—

- (1) The Financial Statements of the Union Government, the State Governments and the Union Territory Governments (with legislature) shall disclose the following details concerning class or sector of Guarantees in the format specified in paragraph M:
 - (a) maximum amount for which Guarantees have been given during the year, additions and deletions (other than invoked during the year) as well as Guarantees outstanding at the beginning and end of the year;
 - (b) amount of Guarantees invoked and discharged or not discharged during the year;
 - (c) details of Guarantee commission or fee and its realisation; and
 - (d) other material details.
- (2) The Financial Statements of the Union Government, the State Governments and the Governments of Union Territories (with legislature) shall disclose in the notes the following details concerning class or sector of Guarantees:
 - (a) limit, if any, fixed within which the Government may give Guarantee;
 - (b) whether Guarantee Redemption or Reserve Fund exists and its details including disclosure of balance available in the Fund at the beginning of the year, any payments made and balance at the end of the year;
 - (c) details of subsisting external foreign currency guarantees in terms of Indian rupees on the date of Financial Statements;
 - (d) details concerning Automatic Debit Mechanism and Structured Payment Arrangement, if any;
 - (e) whether the budget documents of the Government contain details of Guarantees;
 - (f) details of the tracking unit or designated authority for Guarantees in the Government; and
 - (g) other material details.

F. The Financial Statements disclose whether details of Guarantees are published in the annual budget presented to the Parliament and State Legislature, as the case may be.

G. In order that a proper database is maintained for all Guarantees annually sanctioned, annulled and outstanding, a tracking unit for Guarantees is usually designated in the Ministry or Department of Finance in the respective Governments. The Financial Statements disclose the details concerning the tracking unit for guarantees or any concerned authority in charge of this responsibility.

H. Many Governments have set up either a Guarantee Redemption Fund or a Guarantee Reserve Fund. Some Governments have made arrangement for Automatic Debit Mechanism for discharging the obligations arising out of such Guarantees executed by the Government. There are also Structured Payment Arrangements. The Financial Statements disclose full details concerning these arrangements.

I. When Guarantees are invoked and payments made, the payment is treated as loan to the beneficiary on whose behalf the Guarantees were given and recoveries there-against are monitored. The expenditure, loan and recoveries are distinctly classified in the Financial Statements. If, in due course, the whole or part of the loan amount is finally held to be

irrecoverable, the same is adjusted (a) where a Guarantee Reserve Fund exists, by debit to such Fund and (b) where the Guarantee Reserve Fund does not exist, by debit to "Irrecoverable loan written off" under the function for which the loan has been guaranteed and where the purpose cannot be identified, by debit to "Miscellaneous General Services".

J. For the purposes of paragraphs E and M the class or sector under which disclosure in the Financial Statements of the Union Government, the State Governments and Union Territory Governments (with legislature) shall be made are as below:—

Class

- (i) Guarantees given to the Reserve Bank of India, other banks and financial institutions for repayment of principal and payment of interest, cash credit facility, financing seasonal agricultural operations and for providing working capital to companies, corporations and cooperative societies and banks;
- (ii) Guarantees given for repayment of share capital, payment of minimum annual dividend and repayment of bonds or loans, debentures issued or raised by the statutory corporations and financial institutions;
- (iii) Guarantees given in pursuance of agreements entered into by the Government of India with international financial institutions, foreign lending agencies, foreign governments, foreign contractors, foreign suppliers and foreign consultants towards repayment of principal, payment of interest or commitment charges on loans and for payment against supplies of material and equipment or for services rendered;
- (iv) Counter-guarantees to banks in consideration of the banks having issued letters of credit to foreign suppliers for supplies made or services rendered;
- (v) Guarantees given to Railways/State Electricity Boards and other entities for due and punctual payment of dues by companies or corporations;
- (vi) Performance guarantees given for fulfilment of contracts or projects awarded to Indian companies or corporations in foreign countries;
- (vii) Performance guarantees given for fulfilment of contracts or projects awarded to foreign companies or corporations in foreign countries;
- (viii) Any other.

Sector

- (i) Power;
- (ii) Co-operative;
- (iii) Irrigation;
- (iv) Roads and Transport;
- (v) State Financial Corporations;
- (vi) Urban Development and Housing;
- (vii) Other Infrastructure;
- (viii) Any other.

Effective date.—

K. This Indian Government Accounting Standard becomes effective for Financial Statements covering periods beginning on or after 1-4-2010 for class-wise disclosures in the Financial Statements of the Union Government and sector-wise disclosures in the Financial Statements of the State Governments and Union Territory Governments (with legislature).

L. Sector-wise disclosures for each class, as per the format specified in paragraph M are encouraged to be made in the Financial Statements of the Union Government as well as the State Governments or Union Territory Governments with legislature.

Sector (No. of Guarantees within bracket)	Maximum amount guaranteed during the year (Rs.)	Outstanding at the beginning of the year (Rs.)	Additions during the year (Rs.)	Deletions (other than invoked) during the year (Rs.)
1	2	3	4	5
Invoked during the year (Rs.)	Outstanding at the end of the year (Rs.)	Guarantee Commission or fee (Rs.)	Other material details	
Discharged	Not Discharged	Receivable	Received	
6	7	8	9	10
				11

Formats for disclosure

M Formats for class-wise and sector-wise disclosures in the Financial Statements of the Union Government and the State/UT Governments respectively are given below:

Class-wise details : For Guarantees

Class (No. of Guarantees within brackets)	Maximum amount guaranteed during the year (Rs.)	Outstanding at the beginning of the year (Rs.)	Additions during the year (Rs.)	Deletions (other than invoked) during the year (Rs.)
1	2	3	4	5
Invoked during the year (Rs.)	Outstanding at the end of the year (Rs.)	Guarantee Commission or fee (Rs.)	Other material details	
Discharged	Not Discharged	Receivable	Received	
6	7	8	9	10
				11

Sector-wise details for each Class : For Guarantees

Class and Sector (No. of Guarantees within bracket)	Maximum amount guaranteed during the year (Rs.)	Outstanding at the beginning of the year (Rs.)	Additions during the year (Rs.)	Deletions (other than invoked) during the year (Rs.)
1	2	3	4	5
Invoked during the year (Rs.)	Outstanding at the end of the year (Rs.)	Guarantee Commission or fee (Rs.)	Other material details	
Discharged	Not Discharged	Receivable	Received	
6	7	8	9	10
				11

By Order of the President of India
SHAKTIKANTA DAS, Jt. Secy.



भारत का राजपत्र The Gazette of India

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अधिसूचना

नई दिल्ली, 19 मई, 2011

का.आ. 1113(अ).— भारत के संविधान के अनुच्छेद 150 द्वारा प्रदत्त अधिकारों का उपयोग करते हुए, भारत की राष्ट्रपति, भारत के नियंत्रक और महालेखापरीक्षक की सलाह पर एतद्वारा निम्नलिखित लेखांकन मानक तैयार करती है, अर्थात्- भारत सरकार लेखांकन मानक (आईजीएएस)2, - "सहायता अनुदान का लेखांकन और वर्गीकरण।"

2. भारत सरकार लेखांकन मानक, (आईजीएएस)2, - "सहायता अनुदान का लेखांकन और वर्गीकरण।" में ग्रांटर तथा ग्रांटी दोनों के तौर पर सरकार के वित्तीय विवरणों में सहायता अनुदान के निम्नलिखित लेखांकन और वर्गीकरण के सिद्धान्तों का निर्धारण किया जाता है, अर्थात्-

"सहायता अनुदान का लेखांकन और वर्गीकरण"

मानक जिसे बड़े तिरछे टाइप में सेट किया गया है, उसे इस मानक में व्याख्यात्मक पैराग्राफ के परिप्रेक्ष्य में पढ़ा जाए, जो प्लेन टाइप में है और "भारत सरकार लेखांकन मानक से संबद्ध आमुख" के परिप्रेक्ष्य में है। भारत सरकार लेखांकन मानक, गैर भौतिक मदों के संबंध में लागू होने के लिए अभिप्रेत नहीं हैं।

1797 GI/2011

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प्रस्तावना

1. सहायता अनुदान सहायता, दान अथवा अंशदान के स्वरूप में किए जाने वाले भुगतान हैं जो एक सरकार से दूसरी सरकार, निकाय, संस्थान अथवा व्यष्टिकों को किए जाते हैं। सहायता अनुदान किसी संस्थान को सहायता के प्रयोजनार्थ विशिष्ट उद्देश्यों के लिए दिए जाते हैं जिसमें परिसंपत्तियों का निर्माण भी शामिल है। सहायता अनुदान का सामान्य सिद्धान्त है कि यह किसी व्यक्ति अथवा सार्वजनिक निकाय अथवा संस्था को जिसकी अपनी विधिक प्रास्थिति है, को दिया जा सकता है। ऐसे सहायता अनुदान नकद अथवा पण्य में दिया जा सकता है जिसे प्राप्तकर्ता एजेंसियों द्वारा अपने प्रचालन अथवा पूंजी व्यय की आवश्यकता की पूर्ति के लिए किया जाता है।

2. सहायता अनुदान संघ सरकार द्वारा राज्य सरकारों को दिया जाता है और राज्य सरकारों द्वारा स्थानीय निकायों को संविधान के अंतर्गत स्थानीय सरकार के कार्यों के निष्पादन हेतु दिया जाता है। यह भारत में शासन प्रणाली पर आधारित है जिसके तीन स्तरीय पैटर्न हैं, शीर्ष पर केन्द्र सरकार, मध्य में राज्य और जमीनी स्तर पर पंचायत राज संस्थाओं और शहरी स्थानीय निकायों सहित स्थानीय निकाय हैं, सरकार के इन तीन स्तरों का लेखा पृथक होता है और परिणामस्वरूप सरकार के प्रत्येक स्तर पर परिसंपत्तियां और देयताएं पृथक-पृथक दर्ज की जाती हैं। केन्द्र सरकार द्वारा राज्य सरकारों को जारी किए गए सहायता अनुदान संविधान के अनुच्छेद 275 और 282 के अनुसार भारत के समेकित निधि से भुगतान किया जाता है। केन्द्र सरकार केन्द्रीय आयोजना स्कीमों और केन्द्रीय प्रायोजित स्कीमों के अंतर्गत राज्य/संघ राज्य क्षेत्र को सहायता अनुदान जारी करती है। कमी-कमी केन्द्र सरकार राज्य सरकारों को निधियां पास-श्रु अनुदान के रूप में संवितरित करती है जो स्थानीय निकायों को पारित किए जाते हैं। केन्द्र सरकार द्वारा जिला ग्रामीण विकास एजेंसियों और अन्य विशिष्ट एजेंसियों को जिसमें ग्रामीण विकास, ग्रामीण रोजगार, ग्रामीण आवास, अन्य कल्याणकारी योजनाएं और सड़क निर्माण जैसे अन्य पूंजीगत निर्माण कार्य योजनाएं शामिल हैं, को सीधे भी निधियां जारी की जाती हैं। इसी प्रकार, राज्य सरकारें एजेंसियों, निकायों और संस्थाओं जैसे विश्वविद्यालयों, अस्पतालों, सहकारी संस्थाओं और अन्यो को सहायता अनुदान संवितरित करती है।

3. संविधान का अनुच्छेद 243 पंचायतों तथा नगरपालिकाओं को ऐसी शक्तियां और प्राधिकार देता है जिससे वे क्रमशः ग्यारहवीं और बारहवीं अनुसूची में सूचीबद्ध मामलों के संबंध में स्वशासी संस्थानों के रूप में कार्य करने में समर्थ होते हैं। संविधान राज्य सरकार को यह प्राधिकार भी देता है कि वे पंचायतों और नगरपालिकाओं को, जैसी कि कानून में व्यवस्था है, ऐसे सहायता अनुदान प्रदान करने की व्यवस्था करें। राज्य सरकारें एजेंसियों, निकायों और संस्थानों को जो विशिष्ट विधिक इकाई हैं, को भी सहायता अनुदान संवितरित करती है।

उद्देश्य

4. इस मानक का उद्देश्य ग्रांटर तथा ग्रांटी दोनों के रूप में सरकार के वित्तीय विवरणों में सहायता अनुदान के लेखांकन और वर्गीकरण के सिद्धान्तों को निर्धारित करना है। इस मानक का उद्देश्य सरकार के वित्तीय विवरणों में उपयुक्त प्रकटन के जरिए सहायता अनुदान के लेखांकन तथा वर्गीकरण के उपयुक्त सिद्धांतों के अनुपालन में सामने आने वाली किसी कठिनाई के समाधान हेतु व्यवहार्य समाधान भी निर्धारित करना है।

कार्यक्षेत्र

5. यह मानक केन्द्र सरकार और राज्य सरकारों में उनके द्वारा प्राप्त अथवा प्रदत्त सहायता अनुदान के लेखांकन और वर्गीकरण में लागू है। वित्तीय विवरणों को इस मानक की अनुपालन के रूप में वर्णित तब तक न किया जाए जब तक कि वे उसमें निहित सभी अपेक्षाओं की पालना नहीं होती। इस मानक में उपर्युक्त पैरा 2 में उल्लिखित पास-थ्रू अनुदान के मामले सामने हैं

परिभाषा

6. निम्नलिखित शब्दों का उपयोग इस मानक में विशिष्ट अभिप्राय के साथ किया गया है जब तक कि वे संदर्भ से अन्यथा अपेक्षित न हों :

लेखांकन प्राधिकारी वह प्राधिकारी है जो सरकार के वित्तीय विवरणों को तैयार करता है। वित्तीय विवरण से अभिप्राय सरकारों के वार्षिक वित्तीय लेखों से है।

सहायता अनुदान एक सरकार (ग्रांटर) से दूसरी सरकार, निकाय, संस्थान अथवा व्यक्ति (ग्रांटी) द्वारा दान अथवा अंशदान के स्वरूप में नगर अथवा पण्य रूप में भुगतान, निधियों का अंतरण है।

सरकार का अभिप्राय सरकार के सभी विभागों और मंत्रालयों को एक साथ लेने से है, भले ही वे केन्द्र सरकार हों अथवा राज्य सरकार अथवा विधान मंडल सहित संघ राज्य क्षेत्रों के।

स्थानीय निकायों में संविधान के अनुच्छेद 243 और अनुसूची 12 के उपबंधों के अंतर्गत पंचायती राज संस्थाएँ और शहरी स्थानीय निकाय शामिल हैं।

पास-थ्रू अनुदान का अभिप्राय केन्द्र सरकार द्वारा राज्य सरकारों को कोई अंतिम गारंटी के संबंध में अंतरण हेतु प्रदत्त सहायता अनुदान है।

मान्यता

7. नकदी सहायता अनुदान को ग्रांटर की बही में मान्य किया जाएगा जबकि नकद संवितरण होता है। नकदी सहायता अनुदान ग्रांटी बही में मान्य होगा जबकि नकद प्राप्ति होती है।

8. पण्य सहायता अनुदान जिसका मूल्य पैरा 12 में उपलब्ध है उसे ग्रांटर की बही में मान्य किया जाएगा जबकि ग्रांटी द्वारा उनकी प्राप्ति होती है। पण्य सहायता अनुदान जिसका मूल्य पैरा 12 में उपलब्ध है उसे ग्रांटी की बही में मान्य किया जाएगा जबकि ग्रांटी द्वारा उसकी प्राप्ति होती है।

लेखांकन तथा वर्गीकरण

9. किसी ग्रांटर द्वारा ग्रांटी को संवितरित सहायता अनुदान ग्रांटर के वित्तीय विवरणों में राजस्व व्यय के रूप में वर्गीकृत तथा लेखांकित किया जाएगा, इसमें उस उद्देश्य को ध्यान में नहीं रखा जाएगा जिस हेतु सहायता अनुदान के रूप में निधियों का संवितरण किया जाता है और जिसे ग्रांटी द्वारा व्यय किया जाना है, इसमें पैरा 13 में संदर्भित मामले शामिल नहीं हैं।

10. केन्द्र सरकार से राज्य सरकारों को पास-शु अनुदान के स्वरूप की सहायता अनुदान को अंतिम गारंटी के लिए संवितरित किया जाएगा और जिसे केन्द्र सरकार और राज्य सरकारों दोनों के वित्तीय विवरणों में राजस्व व्यय के रूप में वर्गीकृत तथा लेखांकित किया जाएगा, इसमें उस उद्देश्य का ध्यान नहीं रखा जाएगा जिसके लिए ऐसे अनुदान अंतिम गारंटी द्वारा व्यय किए जाते हैं, इसमें पैरा 13 में संदर्भित मामले शामिल नहीं हैं।
11. सरकार द्वारा प्राप्त सहायता अनुदानों को अपने वित्तीय विवरणों में राजस्व प्राप्तियों के बतौर वर्गीकृत तथा लेखांकित किया जाएगा जिसके लिए सहायता अनुदान के रूप में प्राप्त निधियों को उपयोग में लाया जाना प्रस्तावित है, इसमें पैरा 13 में संदर्भित मामले शामिल नहीं हैं।
12. पण्य सहायता अनुदान का निम्नानुसार मूल्य निर्धारण अथवा प्रकटन किया जाएगा:
- (क) पण्य सहायता अनुदान जो उपभोज्य वस्तुओं के स्वरूप की हैं अथवा ग्रान्टर द्वारा एक करोड़ रूपए से कम राशि के मूल्य की हैं, उसे उपयुक्त प्रमात्रा में दिखाया जाए,
- (ख) प्राकृतिक आपदाओं अथवा आपातकालीन उद्देश्यों से संबद्ध पण्य सहायता अनुदान को उपयुक्त प्रमात्रा में दिखाया जाए। यह प्रकटन उसके मौद्रिक मूल्य के अतिरिक्त हो।
- (ग) अन्य मामलों में पण्य सहायता अनुदान ग्रान्टर द्वारा प्रदत्त लागत के अनुसार आंकी जाएगी। ऐसे मामलों में जहां ग्रान्टर लागत को सूचित करने में असमर्थ हो, वहां सहायता अनुदान के बाजार मूल्य का उपयोग किया जाएगा।
- (घ) बाजार मूल्य बाजार में प्रचलित मूल्य होगा और इसके अभाव में उसकी प्रतिस्थापन लागत अथवा उसी आयु की सदृश्य परिसंपत्तियां, शर्त और उद्देश्य होंगे।
13. परिसंपत्तियों के सृजन के प्रयोजनार्थ सहायता अनुदान पर होने वाला व्यय को सरकार के वित्तीय विवरणों में पूंजी लेखा शीर्ष में डेबिट नहीं किया जाएगा, इसमें ऐसे मामले शामिल नहीं हैं जो राष्ट्रपति द्वारा भारत के नियंत्रक और महालेखापरीक्षक की सलाह पर विशिष्ट रूप से प्राधिकृत हों।
14. सहायता अनुदान ग्रान्टर के वित्तीय विवरणों में राजस्व व्यय के रूप में वर्गीकृत और लेखांकित होते हैं, इसमें ग्रान्टी द्वारा इसके अंतिम अनुप्रयोग को ध्यान में नहीं रखा जाता। यह स्थिति उन मामलों में भी सही बैठती है जहां सहायता अनुदान का उपयोग ग्रान्टी द्वारा परिसंपत्तियों के निर्माण के प्रयोजनार्थ किया जाता है सहायता अनुदान की प्राप्तियां ग्रान्टी सरकार के वित्तीय विवरणों में राजस्व प्राप्तियों के बतौर समझी जानी अपेक्षित होती हैं।
15. विभिन्न अनुदानग्राहियों द्वारा सहायता-अनुदान स्थायी परिसंपत्ति यथा-भूमि के रूप में भी पाए जाते हैं। आम तौर पर ऐसे सहायता अनुदानों का मूल्यांकन बाजार कीमतों के आधार पर किया जाना चाहिए तथापि यदि बाजार मूल्य उपलब्ध न हो तो ऐसी स्थिति में इन्हें अनुदानदाता द्वारा आकलित लागत मूल्यांकन के आधार पर उपयोग में लाया जाना चाहिए।
16. पास-शु- अनुदान सामान्यता अंतिम अनुदान ग्राही को अंतरित किए जाने के लिए मध्यवर्ती अनुदानग्राहियों को प्रदान की जाती है, जैसा कि पैरा-10 में बताया गया है। ऐसे सहायता अनुदान को अनुदानदाता तथा अनुदानग्राही दोनों के ही हिसाब में राजस्व व्यय के रूप में अभिलेखित किया जाता है।

उद्घोषणा

17. सहायता अनुदान के वर्गीकृत होने तथा अनुदानदाता के लिए राजस्व व्यय के रूप में अभिलेखित होने की स्थिति में अनुदानदाता की वित्तीय विवरणी में अनुदानग्राही (ग्राहियों) को जारी की गई कुल निधियों की प्रमात्रा तथा वित्तीय वर्ष के दौरान जारी की गई सहायता-अनुदान में से पूंजीगत आस्तियों के सृजन के लिए आर्बटित निधियों का पूरा उल्लेख मानक के पैरा-25 में यथानिर्दिष्ट प्रपत्र पर होना चाहिए।
18. इस मानक के पैरा-20 में यथानिर्दिष्ट इन अनुदानों के सिवाय पैरा-25 में यथा निर्दिष्ट प्रपत्र में सहायता अनुदान के बारे में सूचना दी जाएगी।
19. अपवादस्वरूप, विशेषकर भारत के नियंत्रक एवं महालेखापरीक्षक की सलाह पर राष्ट्रपति द्वारा प्राधिकृत स्थिति में, जैसाकि इन मानक के पैरा-13 में संदर्भित है, पैरा 25 में दर्शाए गए प्रपत्र में निहित नोट के अनुरूप उद्घोषणा की जाएगी।
20. वस्तुगत रूप में दिया गया सहायता-अनुदान इन मानक के पैरा-12 में दर्शायी गई शर्तों के अनुरूप मात्रात्मक संदर्भों में घोषित किया जाएगा। अनुदानग्राही द्वारा अनुदान प्राप्त करने के समय अनुदानदाता द्वारा अपनी वित्तीय विवरणी में वस्तुगत रूप से प्राप्त सहायता-अनुदान को घोषित किया जाएगा। इसी प्रकार अनुदानग्राही द्वारा अनुदान प्राप्त करते समय अपनी वित्तीय विवरणी में भी इस वस्तुगत सहायता अनुदान को घोषित किया जाएगा।
21. पैरा 17 और 18 में अपेक्षित ब्यौरे पूंजीगत आस्ति के सृजन के लिए अदा किए गए प्रचालन व्यय के प्रदत्त भागों को अलग करते हुए राजस्व शीर्ष के नीचे उप वर्गीकरण के द्वारा सहायता-अनुदान के भुगतान एवं प्राप्ति लेखांकन वर्गीकरण द्वारा उपलब्ध कराए गए हैं। इससे लेखांकन प्राधिकरणों को जारी किए गए सहायता-अनुदानों की प्रमात्रा को स्पष्ट रूप से चिन्हित करने और प्रचालन व्यय की भरपाई करने में मदद मिलेगी तथा स्वयं लेखांकन अभिलेखों के लिए पूंजीगत आस्ति के सृजन में भी सहायता मिलेगी।
22. पैरा-20 में यथापेक्षित ब्यौरे सरकार के संबद्ध विभागों/मंत्रालयों द्वारा संग्रहीत और समेकित किए जाएंगे और अनुदानदाता (सरकार) के लिए संबद्ध लेखांकन प्राधिकरण द्वारा उपर्युक्त घोषणा प्रपत्र में प्रस्तुत करने के लिए समेकित किए जाएंगे।
23. अनुदानदाता द्वारा पूंजीगत आस्ति के सृजन के प्रयोजन से अनुदानग्राही को दिए गए सहायता-अनुदान की व्याप्ति का अभिनिश्चय करने के लिए अनुदानदाता की वित्तीय विवरणी सहायता-अनुदान के रूप में जारी की गई कुल निधियों तथा पैराग्राफ-25 में यथानिर्दिष्ट प्रपत्र में वित्तीय विवरणी के परिशिष्ट के रूप में वित्तीय वर्ष के दौरान अनुदानग्राही द्वारा पूंजीगत आस्ति के सृजन के लिए आर्बटित निधियों का ब्यौरा घोषित होगा। इससे पारदर्शिता बढ़ेगी और अनुदानदाता की वित्तीय विवरणी में सूचना घोषणा में सुधार होगा। इस तरह की घोषणाओं से सरकारी निधियों की मदद से चलने वाली विभिन्न अनुदानग्राही संस्थाओं द्वारा शुरू की गई भावी प्रमुख निर्माण गतिविधियों की प्रमात्रा का अंदाजा लगाने में प्रयोक्ताओं को मदद मिलेगी।

1797 GI/11-2

प्रभावी तिथि

24. 1.4.2011 से लागू अवधि के कवर करने वाली वित्तीय विवरणियों के लिए यह भारतीय सरकारी लेखांकन मानक प्रभावी होंगे। घोषणा के प्रपत्र।

25. सुझाया गया प्रपत्र नीचे दिया गया है।

वर्ष के दौरान सहायता-अनुदान के रूप में जारी कुल निधियों तथा आस्तियों के सृजन के लिए आर्बटित निधियों को दर्शाने वाला विवरण।

(लाख रूपए)

अनुदानग्राही का नाम/श्रेणी	सहायता अनुदान के रूप में जारी की गई कुल निधियां			कॉलम-2 के तहत जारी की गई कुल निधियों में से पूंजीगत आस्तियों के सृजन के लिए आर्बटित निधियां		
	(1)	(2)		(3)		
	आयोजना	आयोजना-भिन्न	कुल	आयोजना	आयोजना-भिन्न	जोड़
राज्य सरकार (2)						
केन्द्रशासित सरकारें (2)						
शहरी स्थानीय निकाय (3)						
पंचायती राज संस्थाएं (4)						
सार्वजनिक क्षेत्रीय उपक्रम (5)						
गैर सरकारी संगठन (एनजीओ)						
स्वायत्तशासी निकाय						
सहकारी समितियां तथा सहकारी संस्थाएं						
सांविधिक निकाय तथा विकास प्राधिकरण						
अन्य						

(1)

अपेक्षित सूचना का ब्योरा इस मानक के पैरा 18 में यथानिर्धारित उपयुक्त वर्गीकरण उपलब्ध कराकर लेखांकन रिकार्ड से तैयार किया जाएगा।

(2)

केवल केन्द्र सरकार के मामले में प्रयोज्य

(3)

शहरी स्थानीय निकाय- इस श्रेणी में नगर निगम, नगरपालिकाएं, अधिसूचित क्षेत्र प्राधिकरण और सद्स्थ संस्थान, चाहे किसी भी नाम से जाने जाएं, शामिल होंगे।

(4)

पंचायती राज संस्थाएं- इस श्रेणी में जिला परिषद (जिला पंचायत), खंड पंचायत और ग्राम पंचायत चाहे किसी भी नाम से जाने जाएं, शामिल होंगे।

Government Accounting Reforms : An Overview

[भाग II—खण्ड 3(ii)]

भारत का राजपत्र : असाधारण

7

(5)

सार्वजनिक क्षेत्र उपक्रम- इस श्रेणी में सांविधिक निगम, सरकारी कंपनियां और अन्य संयुक्त स्टॉक कंपनियां शामिल होंगी।

टिप्पणी:

(क) : पण्य प्रदत्त अनुदानों का मूल्य निम्नलिखित प्रारूप में दिखाया जाएगा:
पण्य में सहायता अनुदान के कुल मूल्य का ब्यौरा तथा पूंजी परिसंपत्ति स्वरूप की पण्य में सहायता अनुदान के मूल्य का विवरण

(लाख रूपए)

ग्रांटी नाम/श्रेणी	पण्य सहायता अनुदान का कुल मूल्य	पूंजी परिसंपत्ति स्वरूप की पण्य में सहायता अनुदान का मूल्य
(1)	(2)	(3)

अथवा

ग्रांटी नाम/श्रेणी	प्रमाणात्मक संदर्भ में पण्य में सहायता अनुदान का प्रकटन
(1)	(2)

(6)

अपेक्षित सूचना का ब्यौरा संबद्ध विभागों/सरकार के मंत्रालयों द्वारा संग्रहित और संकलित किया जाएगा और संबद्ध लेखांकन प्राधिकारी द्वारा उपर्युक्त प्रकटन फार्मेट तैयार करने हेतु ग्रांटर (सरकार) के लिए समेकित किया जाएगा।

[फा. सं. 1(17)-बी(एसी)/2002-वॉल्यूम-III]

भारत की राष्ट्रपति के आदेश से
शक्तिकान्त दास, अपर सचिव

MINISTRY OF FINANCE
(Department of Economic Affairs)
(BUDGET DIVISION)
NOTIFICATION

New Delhi, the 19th May, 2011

S.O. 1113(E).— In exercise of the powers conferred by article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, hereby makes the following accounting standards, namely,- Indian Government Accounting Standards (IGAS)2,- "Accounting and Classification of Grants- In- Aid."

2. The Indian Government Accounting Standards, (IGAS) 2-“Accounting and Classification of Grants- In- Aid”, prescribes the principles of following accounting and classification of Grants-In-Aid in the Financial Statements of Government both as Grantor as well as Grantee, namely,-

“Accounting and Classification of Grants-in-aid”

The Standard, which has been set in bold italic type, should be read in the context of the explanatory paragraphs in this Standard, which are in plain type and in the context of the “Preface to Indian Government Accounting Standards”. The Indian Government Accounting Standards are not intended to apply to immaterial items.

Introduction

1. Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets. The general principle of grants-in-aid is that it can be given to a person or a public body or an institution having a legal status of its own. Such grants-in-aid could be given in cash or in kind used by the recipient agencies towards meeting their operating as well as capital expenditure requirement.

2. Grants-in-aid are given by the Union Government to State Governments and by the State Governments to the Local Bodies discharging functions of local government under the Constitution. This is based on the system of governance in India, which follows three-tier pattern with the Union Government at the apex, the States in the middle and the Local Bodies (LBs) consisting of the Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs) at the grass root level. Accounts of these three levels of Government are separate and consequently the assets and liabilities of each level of government are recorded separately. Grants-in-aid released by the Union Government to the State Governments are paid out of the Consolidated Fund of India as per Articles 275 and 282 of the Constitution. The Union Government releases grants-in-aid to the State/Union Territory Government under Central Plan Schemes and Centrally Sponsored Schemes. Sometimes, the Union Government disburses funds to the State Governments in the nature of Pass-through Grants that are to be passed on to the Local Bodies. Funds are also released directly by the Union Government to District Rural Development Agencies (DRDAs) and other specialized agencies including Special Purpose Vehicles (SPVs) for carrying out rural development, rural employment, rural housing, other welfare schemes and other capital works schemes like construction of roads, etc. Similarly, the State Governments also disburse Grants-in-aid to agencies, bodies and institutions such as universities, hospitals, cooperative institutions and others.

3. The Article 243 of the Constitution endows the Panchayats and the Municipalities with such powers and authorities to enable them to function as institution of self-government in relating to the matters listed in the eleventh and the twelfth schedule respectively. The Constitution also authorizes the State Governments to provide for making such grants-in-aid to the Panchayats and the Municipalities as may be specified in the law. The State Governments also disburse Grants-in-aid to agencies, bodies and institutions having a distinct legal entity.

Objective

4. The objective of this Standard is to prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee. The Standard also aims to prescribe practical solutions to remove any difficulties experienced in adherence to the appropriate principles of accounting and classification of Grants-in-aid by way of appropriate disclosures in the Financial Statements of Government.

Scope

5. *This Standard applies to the Union Government and the State Governments in accounting and classification of Grants-in-aid received or given by them. The Financial Statements should not be described as complying with this Standard unless they comply with all the requirements contained therein. This Standard encompasses cases of Pass-Through Grants mentioned in paragraph 2 above.*

Definitions

6. *The following terms are used in this Standard with meaning specified, unless the context otherwise requires:*
Accounting Authority is the authority which prepares the Financial Statements of the Government.

Financial statements mean the Annual Finance Accounts of the Governments.

Grants-in-aid are payments, transfers of funds, in cash or in kind, in the nature of donations or contributions by one government (grantor) to another government, body, institution or individual (grantee).

Government means all departments and ministries of a Government taken together, whether of the Union Government or State Government or Union Territory Government with Legislature.

Local Bodies include Panchayati Raj Institutions and Urban Local Bodies under the provisions of Article 243 and Schedule 12 of the Constitution.

Pass-Through Grants means grants-in-aid given by the Union Government to the State Governments for transfer to an ultimate grantee.

Recognition

7. *Grants-in-aid in cash shall be recognised in the books of the grantor at the time cash disbursements take place. Grants-in-aid in cash shall be recognised in the books of the grantee at the time cash receipts take place.*

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8. *Grants-in-aid in kind where value as in paragraph 12 is available shall be recognized in the books of the grantor at the time of their receipt by the grantee. Grants-in-aid in kind where value as in paragraph 12 is available shall be recognized in the books of the grantee at the time of their receipt by the grantee.*

Accounting and Classification

9. *Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee except in cases referred to in paragraph 13.*

10. *Grants-in-aid, that are in the nature of Pass-Through Grants, from the Union Government to the State Governments to be disbursed to ultimate grantee shall be classified and accounted for as revenue expenditure in the Financial Statements of both the Union Government and the State Governments irrespective of the purpose for which such grants are to be spent by the ultimate grantee except in cases referred to in paragraph 13.*

11. *Grants-in-aid received by a Government shall be classified and accounted for as revenue receipts in its Financial Statements irrespective of the purpose for which the funds received as grants-in-aid are proposed to be utilized, except in cases referred to in paragraph 13.*

12. *Grants-in-aid in kind shall be valued or disclosed as per the following:*

(a) *Grants-in-aid in kind in the nature of consumables, or of value as given by the grantor of less than Rupees one crore must be disclosed in appropriate quantitative terms,*

(b) *Grants-in-aid in kind relating to natural calamities or emergency purpose must be disclosed in appropriate quantitative terms. This disclosure is in addition to the monetary value thereof,*

(c) *In other cases, grants-in-aid in kind would be valued as per cost given by the grantor. In cases where the grantor is unable to indicate the cost, the market value of the grants-in-aid would be used,*

(d) *Market value would be the value prevailing in the market and in the absence thereof the replacement cost of the same or similar assets of same age, condition and purpose.*

13. *Expenditure on Grants-in-aid for the purpose of creating assets shall not, except in cases specifically authorized by the President on the advice of the Comptroller and Auditor General of India, be debited to a capital head of account in the Financial Statements of the Government.*

14. *Grants-in-aid are classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of its ultimate application by the grantee. This position holds true even in those cases where Grants-in-aid are utilized*

by the grantee for the purpose of creation of assets. Receipts of grants-in-aid are also required to be treated as revenue receipts in the Financial Statements of grantee Government.

15. Grants-in-aid are also received in kind by various grantees in the form of permanent assets like land. Normally, such grants-in-kind should be valued at current market prices. However, in case of non-availability of market prices, cost incurred by grantor may be used as the basis of valuation.

16. The Pass-Through Grants are normally given through an intermediate grantee for transfer to ultimate grantee. Such Grants-in-aid are also accounted for as revenue expenditure both in the books of grantor and the intermediate grantee as stated in paragraph 10.

Disclosure

17. *Where grants-in-aid given is classified and accounted for as revenue expenditure by the grantor, the Financial Statements of the grantor shall disclose quantum of total funds released to the grantee(s) and funds allocated for creation of capital assets out of the Grants-in-aid released during the financial year in the format prescribed in paragraph 25 of this Standard.*

18. *Information regarding Grants-in-aid in the format prescribed in paragraph 25 shall be generated from the accounting records except for such grants as mentioned in paragraph 20 of this Standard.*

19. *Exceptional cases specifically authorized by the President on the advice of the Comptroller and Auditor General of India, as referred to at paragraph 13 of this Standard, shall be disclosed by way of note to the format prescribed in paragraph 25.*

20. *Grants-in-aid in kind shall be disclosed in quantitative terms as per paragraph 12 of this standard. Grants-in-aid in kind shall be disclosed in the financial statements of the grantor at the time of their receipt by the grantee. Grants-in-aid in kind shall be disclosed in the financial statements of the grantee at the time of their receipt by the grantee.*

21. The details required in paragraphs 17 and 18 shall be provided for by the accounting classification of receipt and payment of grants-in-aid through sub-classification below revenue head by distinguishing grants paid for operating expenditure from those paid for creation of capital assets. This would enable the accounting authorities to clearly identify quantum of funds released as grants-in-aid and meant to be utilized for meeting operating expenses and for creation of capital assets from accounting records itself.

22. Details of information required in paragraph 20 will be collected and compiled by respective departments/ministries of Government and consolidated for grantor (Government) by the concerned Accounting Authority for preparation of above disclosure format.

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23. In order to ascertain the extent of Grants-in-aid disbursed by the grantor to the grantee for the purpose of creation of capital assets, the Financial Statements of the grantor shall disclose the details of total funds released as Grants-in-aid and funds allocated for creation of capital assets by the grantee during the financial year, in the form of an Appendix to the Financial Statements in the format prescribed in paragraph 25. This will enhance transparency and lead to improved disclosure of information in the Financial Statements of the grantor. Such disclosures shall also enable the users of Financial Statements to assess the quantum of future capital formation activity to be undertaken by different grantees supported by funds from the Government.

Effective Date

24. *This Indian Government Accounting Standard becomes effective for the Financial Statements covering periods beginning from 1.4.2011. Format for Disclosure*

25. Suggested format is given below:

Statement Containing Details ⁽¹⁾ of Total Funds Released During the Year _____ as Grants-in-aid and Funds Allocated for Creation of Assets

(₹. in lakhs)

Name/ Category of the Grantee	Total Funds Released as Grants-in-aid			Funds Allocated for Creation of Capital Assets out of Total Funds Released Under Column No. (2)		
	(1)	(2)		(3)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
State Government ⁽²⁾						
Union Territories Government ⁽²⁾						
Urban Local Bodies ⁽³⁾						
Panchayati Raj Institutions ⁽⁴⁾						
Public Sector Undertakings ⁽⁵⁾						
Non-Governmental Organisations (NGOs)						
Autonomous Bodies						
Co-operative Societies and Co- operative Institutions						
Statutory Bodies and Development Authorities						
Others						

⁽¹⁾ Details of information required will be generated from the accounting records by providing appropriate sub-classification as stipulated in paragraph 18 of this standard.

⁽²⁾ Applicable in case of the Union Government only.

⁽³⁾ Urban Local Bodies – This category will include Municipal Corporations, Municipalities, Notified Area Authorities and similar institutions, by whatever name called.

⁽⁴⁾ Panchayati Raj Institutions – This category will include entities like Zilla Parishads (District Panchayats), Block Panchayats and Gram Panchayats (Village Panchayats), by whatever name called.

⁽⁵⁾ Public Sector Undertakings – This category will include statutory corporation, Government Companies and other Joint Stock Companies.

Note:

(a) Value of grants given in kind shall be disclosed in the following format:-
Statement Containing Details of Total Value of Grants-in-aid in kind and Value of Grants-in-aid in kind being Capital Asset in Nature

(₹ in lakhs)

Name/Category of the Grantee	Total Value of Grants-in-aid in kind	Value of Grants-in-aid in kind being Capital Asset in Nature
(1)	(2)	(3)

OR

Name/Category of the Grantee	Disclosure of grants in aid in kind in quantitative terms ⁽⁶⁾
(1)	(2)

⁽⁶⁾ Details of information required will be collected and compiled by respective departments/ministries of Government and consolidated for grantor (Government) by the concerned Accounting Authority for preparation of above disclosure format.

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By Order of the President of India
SHAKTIKANTA DAS, Addl. Secy.



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असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

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अधिसूचना

नई दिल्ली, 13 फरवरी, 2012

सरकार द्वारा प्रदत्त ऋणों और अग्रिमों के संबंध में भारतीय लेखा मानक-3

का.आ. 268(अ).—(1) जबकि, संविधान की धारा 293 के खंड (2) के अंतर्गत भारत सरकार को संसद द्वारा यथानिर्धारित शर्तों या बनाए गए किसी नियम के तहत राज्यों को ऋण प्रदान करने की शक्तियां दी गई हैं, ऐसे ऋणों के प्रयोजन हेतु कोई भी राशि भारत की संचित निधि में प्रभाय होगी;

और जबकि केंद्र सरकार राज्य सरकारों को वित्तीय सहायता मुहैया करा रही हो जिसका महत्वपूर्ण हिस्सा ऋणों के रूप में हो और यह हिस्सा राज्यों को योजना तथा गैर-योजना सहायता के रूप में अग्रिम तौर पर दिया गया हो, केंद्र सरकार द्वारा विदेशी सरकारों, सरकारी कंपनियों और निगमों, गैर-सरकारी संस्थाओं तथा स्थानीय निकायों को भी ऋण दिए जाते हैं और जबकि केंद्र सरकार केंद्रीय सरकारी कर्मचारियों का वसूल किए जाने वाले अग्रिम भी प्रदान करती है;

और जबकि, राज्य सरकारें सरकारी कंपनियों, निगमों, स्थानीय निकायों, स्वायत्तशासी निकायों, सहकारी संस्थाओं, सार्वधिक निगमों, अर्ध-सरकारी निकायों तथा अन्य गैर-सरकारी या निजी संस्थानों को ऋण वितरित करती हैं और जबकि, राज्य सरकारें सरकारी कर्मचारियों को भी वसूल जाने वाले अग्रिम प्रदान करती हैं।

अब, इसलिए, संविधान की धारा 150 में प्रदत्त शक्तियों का प्रयोग करते हुए, राष्ट्रपति, भारत के नियंत्रक एवं महालेखा-परीक्षक की सलाह पर, एतद्वारा नीचे लिखे लेखामानक को बनाते हैं, अर्थात् :-

क. लघुशीर्षक.—इन लेखामानकों को भारतीय सरकारी लेखा मानक (आईजीएस) 3 कहा जाएगा।

ख. उद्देश्य.—इस मानक का उद्देश्य केंद्रीय तथा राज्य सरकारों द्वारा प्रदत्त ऋणों व अग्रिमों के संबंध में उनके अपने-अपने वित्तीय विवरणों में समग्र, सटीक और समान लेखा प्रणाली सुनिश्चित करने, और अंतर्राष्ट्रीय व्यवहार में प्रयुक्त बेहतरीन लेखा प्रणाली के अनुरूप ऋणों तथा अग्रिमों पर यथेष्ट प्रकटन सुनिश्चित करने के लिए ऋण तथा अग्रिमों के संबंध में मान्यता मापन मूल्यांकन तथा सूचना दर्ज करने के लिए प्रतिमान निर्धारित करना है।

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(1)

ग. कार्य क्षेत्र

- (1) यह मानक सरकार के वित्तीय विवरणों में समावेशन तथा प्रस्तुतीकरण के लिए सरकार द्वारा प्रदत्त ऋणों तथा अग्रिमों में लागू होता है।
- (2) वित्तीय विवरणों की व्याख्या इस मानक के अनुपालन के रूप में तब तक नहीं की जानी चाहिए जब तक कि ये सभी यहां निहित सभी अपेक्षाओं का अनुपालन न करते हों। ये मानक नकद आधार पर अनुरक्षित सरकारी लेखा हेतु ही लागू होगा।

घ. परिभाषाएं, -

इस मानक में, जब तक अन्यथा अपेक्षित न हो,

- (क) “लेखा प्राधिकरण” का अभिप्रायः ऐसे प्राधिकरण से है जो सरकार के वित्तीय विवरण तैयार करता है।
- (ख) “लेखा अवधि” का अभिप्रायः वित्तीय विवरणों में कवरित अवधि से है।
- (ग) “अग्रिमों” से अभिप्रायः सरकारी कर्मचारी को प्रदत्त ऋणों से है।
- (घ) “अग्रणीत राशि” वह निवल राशि है जो ऋणदाता द्वारा किसी खास समय पर ऋणी को दी गई है और वह ऋण की पूर्ववृत्तिक लागत को प्रतिबिम्बित करती है तथा अनुवर्ती वर्षों में नकद प्रवाह या तो पुनर्भुगतान या बट्टे खाते में जालने के कारण कम होता है या अतिरिक्त संवितरण के कारण बढ़ता जाता है।
- (ङ) “लेखा का नकद आधार” का अभिप्रायः है कि किसी व्यक्ति/संस्था का लेखा संव्यवहार वास्तविक तौर पर प्राप्त नकदी तथा वित्त वर्ष के दौरान संवितरणों को दर्शाता है, जो कि इसी अवधि के दौरान किसी व्यक्ति/संस्था द्वारा देय राशि से सुस्पष्टतः भिन्न होगा।
- (च) “प्रमारित” तथा “अभिदत्त” ऋण और अग्रिम - केंद्र सरकार द्वारा राज्य सरकारों के देय सभी ऋण तथा संघ शासित क्षेत्रीय सरकारों को देय ऋण का एक हिस्सा “प्रमारित” ऋण होता है जबकि अन्य सभी ऋण तथा अग्रिम “अभिदत्त” ऋण और अग्रिम होते हैं।

- (छ) “भारत की संघित निधि” - से अभिप्रायः भारत के संविधान की धारा 266 के खंड (1) में संदर्भित निधि से है।
- (ज) “राज्य की संघित निधि” - से अभिप्रायः भारत के संविधान की धारा 266 के खंड (1) में संदर्भित निधि से है।
- (झ) “वित्तीय विवरणों” से अभिप्रायः संबद्ध सरकार के वार्षिक वित्तीय विवरणियों से है।
- (ञ) “सरकार” से अभिप्रायः केंद्रीय सरकार या किसी राज्य सरकार या विधायिका युक्त किसी भी संघ शासित क्षेत्रीय सरकार से है।
- (ट) “पूर्व वृत्तिक लागत” - से अभिप्रायः ऋणों तथा अग्रिमों के मूलभूत अंकित मूल्य से है।
- (ठ) “ऋणी व्यक्ति” से अभिप्रायः उस व्यक्ति/सत्ता से है जिसके पक्ष में सरकार ने ऋण या अग्रिम स्वीकृत किया है।
- (ड) “ऋणी समूह” से अभिप्रायः समान प्रकृति और विशिष्टताओं वाले ऋणी व्यक्तियों/सत्ताओं के एक समूह अथवा दल से है।
- (ढ) “ऋण” का अभिप्रायः सरकार द्वारा धन, वस्तु या सेवा उपलब्ध कराते हुए प्रत्यक्ष या अप्रत्यक्ष तौर पर लाभार्थी व्यक्ति/सत्ता को सहायता मुहैया कराने से है जिस पर ऋण अनुबंध की शर्तों व स्थितियों के अनुसार सममूल्य धन तथा इस पर होने वाले ब्याज की वापस वसूली पाने का उसका अधिकार होता है।
- (ण) “मुख्य लेखा शीर्ष” - केंद्र तथा राज्यों की मुख्य तथा गौण लेखा शीर्षों की सूची के अनुसार सरकार के कार्यकलापों का प्रतिनिधित्व करता है।
- (त) “गौण लेखा शीर्ष” - केंद्र तथा राज्यों की मुख्य तथा गौण लेखा शीर्षों की सूची के अनुसार मुख्य शीर्षों में दर्शाए कार्यकलापों के उद्देश्यों को प्राप्त करने के लिए सरकार के विभागों द्वारा कार्यान्वित विविध स्कीमों अथवा कार्यक्रमों का प्रतिनिधित्व करता है।
- (थ) “उप-मुख्य लेखा शीर्ष” - केंद्र तथा राज्यों के मुख्य तथा गौण लेखा शीर्षों की सूची के अनुसार मुख्य शीर्षों के अंतर्गत सरकार के उप-कार्यकलापों का प्रतिनिधित्व करते हैं।
- (द) “गैर-योजना ऋण” से अभिप्रायः सरकार द्वारा योजना प्रयोजनों के अलावा स्वीकृत ऋणों से है।
- (ध) “योजना ऋण” वे ऋण हैं जो सरकार द्वारा योजना प्रयोजनों के लिए स्वीकृत किए गए हैं।

(न) "क्षेत्र" में केंद्र तथा राज्यों के मुख्य तथा गौण लेखा शीर्षों की सूची के अनुसार विशिष्ट कार्यकलापों अथवा सेवाओं का समूहन शामिल है।

(प) "बट्टा खाता" जब कोई सक्षम प्राधिकारी अपनी अशोध्यता के कारण या अन्य प्रकार से किसी ऋण को नहीं चुका पाता है तो ऐसी स्थिति में ऋण का वह अशोध्य भाग लेखा की ऋण शीर्ष से सरकार को होने वाली हानि के तौर पर व्यय शीर्ष में अंतरित कर लिया जाता है।

च. "शाश्वत ऋण" जहां कहीं भी यह न्यादिष्ट हो, मात्र ब्याज के भुगतान पर ही दिए जाने की जरूरत है।

छ. "अग्रिम" शब्द का अर्थ सरकारी कर्मचारियों को दिए जाने वाले ऋणों तक ही सीमित है।

छ : मान्यता, -

(1) कोई भी ऋण संवितरण संस्था द्वारा ऋण बांटने की वास्तविक तिथि से ही मान्य होगा, ऋण स्वीकार करने की तारीख से नहीं और यदि कोई ऋण किरतों में बांटा जाता है तो मूल तथा ब्याज की अदायगी के प्रयोजन से प्रत्येक किरत को एक पृथक ऋण की तौर पर माना जाएगा, सिवाय उस स्थिति के जबकि सक्षम प्राधिकारी संबंधित वित्त वर्ष की समाप्ति पर एकल ऋण के रूप में सभी किरतों के समेकन की विशेष रूप से अनुमति न दे दें।

(2) इक्विटी में तब्दील ऋण को संपरिवर्तन माना जाएगा और इससे बकाया ऋण राशि में कमी आएगी।

(3) गारंटी इनवोकेशन के कारण होने वाले ऋण ग्रहण को ऋण संवितरण माना जाएगा बशर्ते कि अन्यथा इस प्रकार से विनिर्दिष्ट न किया गया हो।

(ज) मापन और मूल्यांकन, -

(1) पूर्व वृत्तिक लागत की माप सरकार द्वारा ऋणों तथा अग्रिमों के लेखा तथा उनकी रिपोर्टिंग के आधार पर की जाएगी।

(2) जैसे ही वित्तीय विवरणों की लेखा की अंतिम तारीख होती है, अतिरिक्त संवितरण और पुनर्भुगतान या लेखा अवधि के दौरान बट्टे खाते में डालने हेतु ऋण की वहनित (कैरिंग) राशि की समीक्षा होगी।

(3) सरकार के वित्तीय विवरणों में ऋण तथा अग्रिमों के मापन तथा मूल्यांकन का आरंभिक तरीका ऋण तथा अग्रिमों की पूर्व वृत्तिक लागत को मापना होगा।

(4) आरंभिक मूल्यांकन के बाद ऋण तथा अग्रिमों वित्तीय विवरणों में कैसींग राशि में परिलक्षित होंगे।

(झ) प्रकटीकरण,-

(1) केंद्र तथा राज्य सरकारों के वित्तीय विवरण लेखा अवधि के आरंभ तथा समापन पर ऋण तथा अग्रिमों की वहन राशि का प्रकटीकरण करेंगे जिसमें अतिरिक्त संवितरण तथा पुनर्मुग्तान अथवा बट्टे खाते आदि को स्पष्टतः दर्शाया जाएगा।

(2) संगत वित्तीय विवरण में एक अतिरिक्त कॉलम भी होगा जो बकायों में ब्याज की राशि को दर्शाएगा और यह राशि ऋण के अंतर्शेष, जो कि प्रकृतितः अतिरिक्त प्रकटीकरण है, में नहीं जोड़ी जाएगी।

(3) केंद्रीय सरकार के वित्तीय विवरण को केंद्र सरकार के वार्षिक वित्त लेखों में सरकार द्वारा प्रदत्त ऋण तथा अग्रिमों शीर्षक के अंतर्गत निम्नलिखित विवरण दर्शाने होंगे।

- (क) ऋण तथा अग्रिम का सार संक्षेप जिसमें ऋणी समूहवार ब्यौरे दर्शाए गए हों;
- (ख) ऋण तथा अग्रिम का सार, जिसमें क्षेत्र-वार ब्यौरे दिए गए हों;
- (ग) सरकार तथा अन्य ऋणी संस्था से पुनर्मुग्तान का सार- संक्षेप;

(4) केंद्र सरकार के वित्तीय विवरण को केंद्र सरकार के वार्षिक वित्त लेखों में केंद्रीय सरकार द्वारा प्रदत्त ऋण तथा अग्रिमों के विस्तृत विवरण शीर्षक के अंतर्गत नीचे लिखे ब्यौरे दर्शाने होंगे -

- (क) ऋण तथा अग्रिमों का विस्तृत विवरण, जिसमें मुख्य शीर्ष तथा गौण शीर्ष-वार सभी ब्यौरे दिए गए हों;
- (ख) राज्य या केंद्र शासित सरकारों से बकायों की पुनःअदायगी संबंधी विस्तृत विवरण;
- (ग) अन्य ऋणी व्यक्ति/संस्था से पुनर्मुग्तान संबंधी विस्तृत विवरण।

(5) केंद्र सरकार के वित्तीय विवरणों में केंद्र सरकार के वार्षिक वित्तीय लेखों में "अतिरिक्त प्रकटीकरण के तहत निम्नलिखित ब्यौरा दिया जाएगा -

- (क) वर्ष के दौरान प्रदान किए गए नए ऋण और अग्रिम

(6) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में "राज्य सरकारों द्वारा प्रदान किए गए ऋण तथा अग्रिमों का विवरण" के तहत निम्नलिखित ब्यौरा दिया जाएगा।

- (क) उधारग्रहीता समूह-वार ब्यौरे को दर्शाने वाला ऋण और अग्रिमों का सार;
- (ख) क्षेत्र-वार ब्यौरे के दर्शाने वाला ऋणों और अग्रिमों का सार;
- (ग) उधारग्रहीता कंपनियों से बकाया वापसी अदायगियों का सार।

(7) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में "राज्य सरकार द्वारा प्रदान किए गए ऋण और अग्रिमों का विस्तृत विवरण" के तहत निम्नलिखित ब्यौरा दिया जाएगा -

- (क) मुख्य शीर्ष और लघु शीर्ष-वार ब्यौरे के दर्शाने वाला ऋण और अग्रिमों का विस्तृत विवरण
- (ख) उधारग्रहीता कंपनियों से बकाया वापसी अदायगियों का विस्तृत विवरण।

(8) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में अतिरिक्त प्रकटीकरण के तहत वर्ष के दौरान प्रदान किए गए नए ऋण और अग्रिम संबंधी ब्यौरा दिया जाएगा-

(9) 1. वित्तीय विवरणों में रोकड़ जमा के नए ऋण संवितरणों के द्वारा वर्ष के दौरान की गई वृद्धि और रोकड़ बाकी तक पहुंचने के लिए अशोध्य अग्रिमों की अदायगी कर अथवा बट्टे खाते आरंभ कर वहां से कटौतियों सहित लेखा अवधि के प्रारंभ और अंत के ऋणों की आवर्ती राशि दर्शाएंगा।

2. संबद्ध वित्तीय विवरणों के अतिरिक्त कॉलम, बकायों की ब्याज राशि भी दर्शाएंगे और यह राशि रोकड़ बाकी में नहीं जोड़ी जाएगी लेकिन स्वरूप में केवल अतिरिक्त प्रकटन की होगी।

10. केंद्र और राज्य सरकारों दोनों के वित्तीय विवरण निम्नलिखित तीन भागों में अपने वार्षिक वित्त लेखों में विभिन्न ऋणग्राहियों को दिए गए ऋणों और अग्रिमों का विवरण दर्शाएंगे (क) केंद्र सरकार के लिए ये "केंद्र सरकार द्वारा दिए गए ऋण और अग्रिम (ख) केंद्र सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण, और (ग) केंद्र सरकार के वार्षिक वित्त में अतिरिक्त प्रकटन।

11. राज्य सरकार राज्य वार्षिक वित्त लेखों में उसी तरह के स्तरीय प्रस्तुति होगी, अर्थात (क) "राज्य सरकारों द्वारा दिए गए ऋण और अग्रिम; (ख) "राज्य सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण और (ग) राज्य सरकार के वार्षिक वित्त लेखों में अतिरिक्त प्रकटन।

1. सरकार द्वारा दिए गए ऋणों और अग्रिमों के विवरण के रूप में पहला भाग, विभिन्न ऋण ग्राहियों से बकायों में अदायगी संबंधी संक्षिप्त सूचना के साथ वर्ष के दौरान संवितरित, अदा किए

(6) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में "राज्य सरकारों द्वारा प्रदान किए गए ऋण तथा अग्रिमों का विवरण" के तहत निम्नलिखित ब्यौरा दिया जाएगा।

- (क) उधारग्रहीता समूह-वार ब्यौरे को दर्शाने वाला ऋण और अग्रिमों का सार;
- (ख) क्षेत्र-वार ब्यौरे के दर्शाने वाला ऋणों और अग्रिमों का सार;
- (ग) उधारग्रहीता कंपनियों से बकाया वापसी अदायगियों का सार।

(7) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में "राज्य सरकार द्वारा प्रदान किए गए ऋण और अग्रिमों का विस्तृत विवरण" के तहत निम्नलिखित ब्यौरा दिया जाएगा -

- (क) मुख्य शीर्ष और लघु शीर्ष-वार ब्यौरे के दर्शाने वाला ऋण और अग्रिमों का विस्तृत विवरण
- (ख) उधारग्रहीता कंपनियों से बकाया वापसी अदायगियों का विस्तृत विवरण।

(8) राज्य सरकारों के वित्तीय विवरणों में राज्य सरकार के वार्षिक वित्त लेखों में अतिरिक्त प्रकटीकरण के तहत वर्ष के दौरान प्रदान किए गए नए ऋण और अग्रिम संबंधी ब्यौरा दिया जाएगा-

(9) 1. वित्तीय विवरणों में रोकड़ जमा के नए ऋण संवितरणों के द्वारा वर्ष के दौरान की गई वृद्धि और रोकड़ बाकी तक पहुंचने के लिए अशोध्य अग्रिमों की अदायगी कर अथवा बट्टे खाते आरंभ कर वहां से कटौतियों सहित लेखा अवधि के प्रारंभ और अंत के ऋणों की आवर्ती राशि दर्शाएंगा।

2. संबद्ध वित्तीय विवरणों के अतिरिक्त कॉलम, बकायों की ब्याज राशि भी दर्शाएंगे और वह राशि रोकड़ बाकी में नहीं जोड़ी जाएगी लेकिन स्वरूप में केवल अतिरिक्त प्रकटन की होगी।

10. केंद्र और राज्य सरकारों दोनों के वित्तीय विवरण निम्नलिखित तीन भागों में अपने वार्षिक वित्त लेखों में विभिन्न ऋणग्राहियों को दिए गए ऋणों और अग्रिमों का विवरण दर्शाएंगे (क) केंद्र सरकार के लिए ये "केंद्र सरकार द्वारा दिए गए ऋण और अग्रिम (ख) केंद्र सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण, और (ग) केंद्र सरकार के वार्षिक वित्त में अतिरिक्त प्रकटन।

11. राज्य सरकार राज्य वार्षिक वित्त लेखों में उसी तरह के स्तरीय प्रस्तुति होगी, अर्थात् (क) "राज्य सरकारों द्वारा दिए गए ऋण और अग्रिम; (ख) राज्य सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण और (ग) राज्य सरकार के वार्षिक वित्त लेखों में अतिरिक्त प्रकटन।

1. सरकार द्वारा दिए गए ऋणों और अग्रिमों के विवरण के रूप में पहला भाग, विभिन्न ऋण ग्राहियों से बकायों में अदायगी संबंधी संक्षिप्त सूचना के साथ वर्ष के दौरान संवितरित, अदा किए

गए और बट्टे खाते डाले गए ऋणों और अग्रिमों संबंधी ऋण ग्राहियों की ग्रुपवार और क्षेत्रवार सूचना दर्शाएगा।

2. सरकार द्वारा दिए गए ऋणों और अग्रिमों के विस्तृत विवरण के रूप में दूसरा भाग सरकारों द्वारा दिए गए ऋणों और अग्रिमों का मुख्य शीर्षवार और लघु शीर्षवार विवरण तथा विभिन्न ऋण ग्राही संस्थाओं से बकायों में अदायगी संबंधी विस्तृत विवरण के रूप में भी दर्शाएगा।

3.1 अतिरिक्त प्रकटनों के रूप में तीसरे भाग में वर्ष के दौरान दिए गए नए ऋणों और अग्रिमों संबंधी अतिरिक्त प्रकटन सम्मिलित होगा, परंतु इसमें सरकारी कर्मचारियों को दिए गए ऋणों और अग्रिमों को शामिल नहीं किया जाएगा।

3.2 उन ऋणों की सूचना जिनके निबंधनों और शर्तों का अभी परिनिर्धारण नहीं हुआ है, इस विवरण की टिप्पणी के रूप में भी दर्शाया जाएगा और इसमें उन ऋणों की मात्रा संबंधी विवरण भी होगा जो वर्ष के दौरान उन संस्थाओं को संवितरित किए गए जिनके पूर्व के ऋणों की वसूलियां इस संवितरण के उद्देश्य के साथ बकाया है।

3.3 मंत्रालयों और विभागों के प्रधान लेखा कार्यालय द्वारा सूचना प्रदान की जाएगी।

(12) 1. सरकार के वित लेखों में स्थित ऋणग्राही संस्थाओं के बकाया चुकोती ऋणों और उन वापसी अदायगियों को दर्शाएगा जो सरकार द्वारा जो बकाया नहीं हो सहित, संस्था को दिए गए ऋणों की कुल राशि के एवज में उनके ऐसे ऋणों और कुल बकाया राशि की संख्या के संदर्भ में मूलधन वापसी अदायगियां और ब्याज अदायगियों के रूप में है।

2. वर्ष के देय वास्तविक किरस्तों और विगत वर्षों की बकाया राशि दोनों का वास्तविक अदायगी के साथ जहां भी संभव हो प्रकटीकरण किया जाए।

(13) विवरणों में वर्ष के दौरान ऐसे उधारग्रहीता कंपनियों को प्रदान किए गए नए ऋणों की प्रमात्रा और नियमों के संबंध में विस्तृत सूचना भी दी जाएगी, जिनसे मूलधन की वापसी अदायगी और ब्याज अदायगी के जरिए पहले के ऋणों की वसूली बकाया है, को भी प्रकट किया जाएगा इसे अतिरिक्त प्रकटीकरण में प्रकटीकरण के रूप में दर्शाया जाएगा।

(14) ऋणों के रूपांतरण अथवा पुनर्संरचना अथवा पुनः अनुसूचना के मामलों में पुनर्संचित ऋण की वर्तमान ऋण समझा जाना चाहिए और इसे बकाया में होने के श्रेणी वर्ग में नहीं रखा जाना चाहिए। ऐसे ऋणों के वर्गीकरण को संशोधित नियम एवं शर्तों से शासित किया जाएगा और उन्हें बकाया के रूप में माना जाएगा। यदि और जहां तक वे तत्पश्चात ब्याज भुगतान और मूलधन की वापसी अदायगी के संबंध में और संशोधित नियम एवं शर्तों के संदर्भ में बकाया हो जाते हैं।

ज. प्रभावी तारीख,-

यह भारत सरकार लेखा मानक सरकार द्वारा मानक की अधिसूचना के पश्चात वर्ष की 1 अप्रैल से प्रारंभ होने वाली अवधि के वित्तीय विवरणों के लिए प्रभावी हो गया है।

ट. प्रकटीकरण का प्रारूप,-

केंद्र सरकार और राज्य सरकारों के वित्तीय विवरणों में प्रकटीकरण हेतु प्रारूप इस प्रकार है :

केंद्र सरकार के वित्तीय विवरण**केंद्र सरकार द्वारा प्रदान किए गए ऋण और अग्रिमों का विवरण**

खंड : 1 ऋण एवं अग्रिमों का सार : उधारग्रहीता समूहवार

(लाख रुपए)

उधारग्रहीता समूह	1 अप्रैल, 2010 को शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान वापसी अदायगी	वसूली न होने योग्य ऋण एवं अग्रिमों को बट्टे खाते डालना	31 मार्च, 2011 को शेष (2+3)-(4+5)	वर्ष के दौरान निवल वृद्धि/कमी	बकाया ब्याज अदायगी
1	2	3	4	5	6	7	8

टिप्पणियां :

- राज्य/संघ राज्य क्षेत्र की सरकारों को ऋणों के रूप में चुकाई गईलाख रुपए की कुल राशि में से, राज्य/संघ राज्य के संसाधनों के अंतर को पूरा करने के लिए स्वीकृत ऋणलाख रुपए की राशि थी।
-वें वित्त आयोग की सिफारिशों के अनुसरण में, राज्य/संघ राज्यों द्वारा की जाने वाली वापसी अदायगियों की लाख रुपए की राशि 31 मार्च, 2011 तक बट्टे खाते डाल दी गई है।
- वर्ष के प्रारंभ में, राज्य सरकारों को अर्थोपाय अग्रिमों के रूप मेंलाख रुपए का शेष स्वीकृत किया गया था। वर्ष के दौरान, राज्य सरकार को भारतीय रिजर्व बैंक से प्राप्त ओवर ड्रॉफ्टों के समाशोधन/वचन के लिए अर्थोपाय अग्रिम के रूप मेंलाख रुपए की राशि चुकाई गई। राज्य सरकारों ने वर्ष के दौरानलाख रुपए के शेष को छोड़करलाख रुपए की वापसी अदायगी की।
- शाश्वत ऋण के रूप में स्वीकृत ऋण निम्नलिखित मामले हैं।

Government Accounting Reforms : An Overview

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भारत का राजपत्र : असाधारण

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क्रम सं.	ऋणी संस्था	स्वीकृति वर्ष	स्वीकृति आदेश सं.	राशि	ब्याज दर
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(लाख रुपए)

भाग : 2 ऋण और अग्रिमों का सारांश : क्षेत्रवार

क्षेत्र	1 अप्रैल, 2010 को शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान चुकौती	अशोध्य ऋण और अग्रिमों को बट्टे खाते डालना	31 मार्च, 2011, को शेष (2+3)-(4 +5)	वर्ष के दौरान निवल वृद्धि/कमी (2-6)	बकायों में ब्याज भुगतान
1	2	3	4	5	6	7	8

टिप्पणियां : ब्यौरे के लिए राज्य सरकारों द्वारा दिए गए ऋणों और अग्रिमों के विस्तृत विवरण का भाग 1 देखें।

भाग : 3 राज्य या संघ राज्य क्षेत्र की सरकारों और अन्य ऋणी संस्थाओं के बकाया चुकौतियों का सारांश

ऋणी संस्था	31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिसमें बकाया संबंधित है	31 मार्च, 2011 को संस्था की तुलना में कुल बकाया ऋण
	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6

टिप्पणियां : ब्यौरे के लिए केंद्र सरकार द्वारा दिए गए ऋणों और अग्रिमों के विस्तृत का भाग 2 और 3 देखें।

केंद्र सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण

भाग : 1 ऋण और अग्रिमों का मुख्य और लघु शीर्षवार विवरण

कुल संवितरण राशि में से आयोजना उद्देश्य की राशि को नीचे दिए गए कोष्ठक में प्रत्येक मुख्य शीर्ष के संवितरण के कुल आंकड़ों में दिखाया गया है।

मुख्य शीर्ष	लघु शीर्ष	1 अप्रैल 2010 का शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान चुकौती	अशोध्य ऋण और अग्रिमों को बट्टे खाते डालना	31 मार्च, 2011 को शेष (3+4)-(5 +6)	वर्ष के दौरान निवल वृद्धि/कमी (3-7)	जमा ब्याज
1	2	3	4	5	6	7	8	9

(लाख रुपए)

भाग : 2 राज्य या संघ राज्य सरकारों से बकायों में भुगतान

(लाख रुपए)

राज्य या संघ राज्य सरकार का नाम	31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिसमें बकाया संबंधित है	31 मार्च, 2011 को संस्था की तुलना में कुल बकाया ऋण
	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6
राज्य अथवा संघ राज्य क्षेत्र					
अन्य ऋणी इकाइयाँ					

भाग : 3 अन्य ऋणी संस्थाओं या संस्थानों से बकायों का भुगतान

(लाख रुपए)

ऋणी संस्था	31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिससे बकाया संबंधित है	31 मार्च, 2011 को संस्था की तुलना में कुल बकाया ऋण
	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6

अतिरिक्त प्रकटन

वर्ष के दौरान दिए गए नये ऋण और अग्रिम

(लाख रुपए)

ऋणी संस्था	ऋणों की संख्या	ऋणों की कुल राशि	निबंधन और शर्तें	
			ब्याज दर	अधिस्थगन अवधि यदि हो तो
1	2	3	4	5

टिप्पणियाँ :

ऋण और अग्रिमों से संबंधित असाधारण लेन-देन दर्शाने वाले प्रकटन

- निम्नलिखित ऋण के मामलों को "स्थायी ऋण" के रूप में स्वीकृति मिल चुकी है।

(लाख रुपए)

क्रम सं.	स्वीकृति वर्ष	स्वीकृति आदेश सं.	राशि	ब्याज दर
1	2	3	4	5

- निम्नलिखित ऋणों को स्वीकृति सरकार ने दे दी है जबकि निबंधन और शर्तें अभी निर्धारित की जानी हैं :

(लाख रुपए)

ऋणी संस्था	ऋणों की संख्या	कुल राशि	शीघ्रतम अवधि जिससे ऋण संबंधित है
1	2	3	4

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3. ऋणी संस्थाओं को वर्ष के दौरान लिए गए नये ऋण और अग्रिम, जिनसे पूर्व ऋण के चुकौती बकाया के रूप में है :

(लाख रुपए)

ऋणी संस्था का नाम	चालू वर्ष के दौरान संवितरित ऋण		31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिससे बकाया संबंधित है	चालू वर्ष के दौरान संवितरण के कारण
	ब्याज दर	मूलधन	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6	7	8

राज्य सरकार अथवा विधानमंडल सहित संघ राज्य क्षेत्र की सरकार का वित्तीय विवरण

राज्य सरकार अथवा संघ राज्य क्षेत्र की सरकार द्वारा दिए गए ऋणों और अग्रिमों का विवरण

भाग : 1 ऋणों और अग्रिमों का सारांश : ऋणी समूहवार

(लाख रुपए)

ऋणी समूह	1 अप्रैल, 2010 को शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान चुकौती	अशोध्य ऋण और अग्रिमों को बढ़ते खाते डालना	31 मार्च, 2011 को शेष (2+3)-(4 +5)	वर्ष के दौरान निवल वृद्धि/कमी (2-6)	बकायों में ब्याज भुगतान
1	2	3	4	5	6	7	8

निम्नलिखित ऋण के मामलों को "शाश्वत ऋण" के रूप में स्वीकृत मिल चुकी है।

(लाख रुपए)

क्रम सं.	ऋणी संस्था	स्वीकृति वर्ष	स्वीकृति आदेश सं.	राशि	ब्याज दर

भाग : 2 ऋण और अग्रिमों का सारांश : क्षेत्रवार

(लाख रुपए)

क्षेत्र	1 अप्रैल, 2010 को शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान चुकौती	अशोध्य ऋण और अग्रिमों को बढ़ते खाते डालना	31 मार्च, 2011 को शेष (2+3)-(4 +5)	वर्ष के दौरान निवल वृद्धि/कमी (2-6)	बकायों में ब्याज भुगतान
1	2	3	4	5	6	7	8

टिप्पणियाँ : ब्यौरे के लिए राज्य सरकारों द्वारा दिए गए ऋणों और अग्रिमों के विस्तृत विवरण का भाग 1 देखें।

भाग : 3 ऋणी संस्थाओं के बकाया चुकोतियों का सारांश

ऋणी संस्था	31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिसमें बकाया संबंधित है	31 मार्च, 2011 को संस्था की तुलना में कुल बकाया ऋण
	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6

टिप्पणियाँ : ब्यौरे के लिए राज्य सरकारों द्वारा दिए गए ऋणों और अग्रिमों के विस्तृत का भाग 2 देखें।

राज्य सरकार या संघ राज्य सरकार द्वारा दिए गए ऋणों और अग्रिमों का विस्तृत विवरण

भाग : 1 ऋण और अग्रिमों का मुख्य और लघु शीर्षवार विवरण

कुल संवितरण राशि में से आयोजना उद्देश्य की राशि को नीचे दिए गए कोष्ठक में प्रत्येक मुख्य शीर्ष के संवितरण के कुल आंकड़ों में दिखाया गया है।

मुख्य शीर्ष	लघु शीर्ष	1 अप्रैल 2010 को शेष	वर्ष के दौरान संवितरण	वर्ष के दौरान चुकींती	अशोध्य ऋण और अग्रिमों को बट्टे खाते डालना	31 मार्च, 2011 को शेष (3+4)-(5+6)	वर्ष के दौरान निवल वृद्धि/कमी (3-7)	जमा ब्याज
1	2	3	4	5	6	7	8	9

(लाख रुपए)

भाग : 2 अन्य ऋणी संस्थाओं के बकायों का भुगतान

ऋणी संस्था	31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिससे बकाया संबंधित है	31 मार्च, 2011 को संस्था की तुलना में कुल बकाया ऋण
	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6

(लाख रुपए)

अतिरिक्त प्रकटन

वर्ष के दौरान दिए गए नये ऋण और अग्रिम

(लाख रुपए)

ऋणी संस्था	ऋणों की संख्या	ऋणों की कुल राशि	निबंधन और शर्तें	
			ब्याज दर	अधिस्थगन अवधि यदि हो तो
1	2	3	4	5

टिप्पणियाँ :

ऋण और अग्रिमों से संबंधित असाधारण लेन-देन दर्शाने वाले प्रकटन

- निम्नलिखित ऋण के मामलों को "स्थायी ऋण" के रूप में स्वीकृति मिल चुकी है।

(लाख रुपए)

क्रम सं.	स्वीकृति वर्ष	स्वीकृति आदेश सं.	राशि	ब्याज दर
1	2	3	4	5

- निम्नलिखित ऋणों को स्वीकृति सरकार ने दे दी है जबकि निबंधन और शर्तें अभी निर्धारित की जानी हैं :

(लाख रुपए)

ऋणी संस्था	ऋणों की संख्या	कुल राशि	शीघ्रतम अवधि जिससे ऋण संबंधित है
1	2	3	4

- ऋणी संस्थाओं को वर्ष के दौरान दिए गए नये ऋण और अग्रिम, जिनसे पूर्व ऋण की चुकौती बकाया के रूप में है :

ऋणी संस्था का नाम	चालू वर्ष के दौरान संवितरित ऋण		31 मार्च, 2011 को बकाया राशि			शीघ्रतम अवधि जिससे बकाया संबंधित है	चालू वर्ष के दौरान संवितरण के कारण
	ब्याज दर	मूलधन	मूलधन	ब्याज	जोड़		
1	2	3	4	5	6	7	8

भारत के राष्ट्रपति के आदेश से,
शक्तिकांत दास, अपर सचिव

MINISTRY OF FINANCE**(Department of Economic Affairs)****(BUDGET DIVISION)****NOTIFICATION**

New Delhi, the 13th February, 2012

Indian Government Accounting Standard 3 on Loans and Advances made by Governments

S.O. 268(E).—(1) Whereas, the Government of India has been empowered under clause (2) of article 293 of the Constitution to make loans to the States, subject to such conditions as may be laid down by or under any law made by Parliament, any sums required for the purpose of making such loans being chargeable to the Consolidated Fund of India;

And whereas, the Union Government has been providing financial assistance to the State Governments, a substantial portion of which is in the form of loans and these loans are advanced to the States both in the form of plan and non-plan assistance. Loans are also provided by the Union Government to Foreign Governments, Government companies and Corporations, Non-Government institutions and Local bodies. And whereas, the Union Government also disburses recoverable advances to Government servants;

And whereas, the State Governments disburse loans to Government Companies, Corporations, Local Bodies, Autonomous Bodies, Co-operative Institutions, Statutory Corporations, quasi-public bodies and other non-Government or private institutions. And whereas, the State Governments also disburse recoverable advances to Government Servants.

Now, therefore, in exercise of the powers conferred by article 150 of the Constitution, the President, on the advice of the Comptroller & Auditor General of India, hereby makes the following accounting standards, namely:-

- A. Short title.**—These accounting standards may be called the Indian Government Accounting Standards (IGAS)3.

B. Objective, -

The objective of the Standard is to lay down the norms for Recognition, Measurement, Valuation and Reporting in respect of Loans and Advances made by the Union and the State Governments in their respective Financial Statements to ensure complete, accurate, and uniform accounting practices, and to ensure adequate disclosure on Loans and Advances made by the Governments consistent with best international practices.

C. Scope

(1) This Standard applies to Loans and Advances given by the Government for incorporation and presentation in the Financial Statements of the Government.

(2) The financial statements shall not be described as complying with this Standard unless they comply with all the requirements contained therein. This standard shall apply only to government accounts being maintained on a cash basis.

D. Definitions, -

In this Standard, unless the context otherwise requires,-

- (a) "Accounting Authority" is the authority which prepares the Financial Statements of the Governments;*
- (b) "Accounting Period" means the period covered by the Financial Statements;*
- (c) "Advances" are loans made to Government servants;*
- (d) "carrying amount" means the net amount which the debtor owes the creditor at any point of time and it reflects the historical cost of the loan and subsequent cash flows resulting in either decrease due to repayments or write-offs or increase due to additional disbursements;*
- (e) "cash basis of accounting" means the accounting transactions of an entity represent the actual cash receipts and disbursements during a financial year as distinguished from the amount due to or by the entity during the same period;*

- (f) **"Charged' and 'Voted' Loans and Advances"** - All loans to State Governments and a part of the same to Union Territory Governments made by the Union Government are 'charged' loans whereas all other loans and advances are 'voted' loans and advances;
- (g) **"Consolidated Fund of India"** is the fund referred to in clause (1) article 266 of the Constitution of India;
- (h) **"Consolidated Fund of the State"** is the fund referred to in clause (1) article 266 of the Constitution of India;
- (i) **"Financial Statements"** means the Annual Finance Accounts of the respective Governments;
- (j) **"Government"** means the Union Government or any State Government or Government of any Union territory with Legislature;
- (k) **"Historical Cost"** is the original book value of loans and advances;
- (l) **"Loanee Entity"** is an entity in whose favor a loan or an advance is sanctioned by the Government;
- (m) **"Loanee Group"** consists of a group of loanee entities of similar nature and characteristics;
- (n) **"Loans"** are assistance by the Governments by providing money, goods or services directly or indirectly to the beneficiary entities which entails a contractual right to receive back equivalent moneys along with interest thereon, if any, as per terms and conditions of the loan agreements.
- (o) **"Major Heads of account"** represent the functions of Government as per the 'List of Major and Minor Heads of Account of Union and States';
- (p) **"Minor Heads of account"** represent various programmes or schemes undertaken by departments of Government to achieve the objectives of the function represented by the major head as per the 'List of Major and Minor Heads of Account of Union and States';
- (q) **"Sub-Major Heads of account"** represent the sub-functions of Government and are under the Major Heads and are as per the 'List of Major and Minor Heads of Account of Union and States';

- (r) ***"Non-Plan Loans"*** are the loans other than those sanctioned by the Government for plan purposes;
- (s) ***"Plan Loans"*** are the loans sanctioned by the Government for plan purposes;
- (t) ***"Sector"*** consists of a grouping of specific functions or services as per the 'List of Major and Minor Heads of Account of Union and States';
- (u) ***"Write-off"*** is when a competent authority remits or writes off any loan owing to its irrecoverability or otherwise, whereby irrecoverable portion of loan is transferred from the debt head of account to an expenditure head as loss to the Government.

E A 'Loan in perpetuity' needs only to be serviced by way of payment of interest wherever so enjoined.

F The term 'Advances' has been restricted in its meaning to denote loans made to Government Servants only.

G. Recognition, -

(1) A loan shall be recognized by the disbursing entity as an asset from the date the money is actually disbursed and not from the date of sanction and if a loan is disbursed in installments then each installment shall be treated as a separate loan for the purpose of repayment of principal and payment of interest, except where the competent authority specifically allows consolidation of the installments into a single loan at the end of the concerned financial year.

(2) The loans converted into equity shall be treated as conversion and shall lead to a reduction in the outstanding loan amount.

(3) The debt assumption due to invocation of guarantees shall be treated as disbursement of loan, unless otherwise so specified.

H. Measurement and Valuation, -

(1) Historical Cost measurement shall be the basis for accounting and reporting on loans and advances made by Governments.

(2) As of the last date of accounting period of Financial Statements, the carrying amount of loans shall undergo revision on account of additional disbursement and repayments or write-offs during the accounting period.

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(3) The method of initial measurement and valuation of Loans and Advances in the Financial Statements of the Governments is to measure at Historical Cost of the Loans and Advances.

(4) Subsequent to initial valuation, Loans and Advances will be reflected in the Financial Statements at carrying amount.

I. Disclosure, -

(1) The Financial Statements of the Union and State Governments shall disclose the Carrying Amount of loans and advances at the beginning and end of the accounting period showing additional disbursements and repayments or write-offs.

(2) An additional column in the relevant Financial Statements shall also reflect the amount of interest in arrears and this amount shall not be added to the closing balance of the loan which shall be in nature of an additional disclosure.

(3) The Financial Statements of the Union Government shall disclose the following details under 'Loans and Advances made by the Union Government' in the Annual Finance Accounts of the Union Government -

(a) the summary of Loans and Advances showing Loanee group-wise details;

(b) the summary of Loans and Advances showing Sector-wise details;

(c) the summary of repayments in arrears from Governments and other loanee entities.

(4) The Financial Statements of the Union Government shall disclose the following details under 'Detailed Statement of Loans and Advances made by the Union Government' in the Annual Finance Accounts of the Union Government -

(a) the detailed statement of Loans and Advances showing the Major Head and Minor Head-wise Details;

(b) the detailed Statement of repayments in arrears from State or Union territory Governments;

(c) the detailed Statement of repayments in arrears from other Loanee entities.

(5) The Financial Statements of the Union Government shall disclose the following details under 'Additional Disclosures' in the Annual Finance Accounts of the Union Government -

(a) the fresh Loans and Advances made during the year.

(6) The Financial Statements of the State Governments shall disclose the following details under 'Statement of Loans and Advances made by the State Governments' in the Annual Finance Accounts of the State Government -

(a) the summary of Loans and Advances showing Loanee group-wise details;

(b) the summary of Loans and Advances showing Sector-wise details;

(c) the summary of repayments in arrears from Loanee entities.

(7) The Financial Statements of the State Governments shall disclose the following details under 'Detailed Statement of Loans and Advances made by the State Government' in the Annual Finance Accounts of the State Government -

(a) the detailed statement of Loans and Advances showing the Major Head and Minor Head-wise details;

(b) the detailed Statement of repayments in arrears from Loanee entities.

(8) The Financial Statements of the State Governments shall disclose the details relating to fresh Loans and Advances made during the year under 'Additional Disclosures' in the Annual Finance Accounts of the State Government -

- (9) 1. The Financial Statements shall reflect the Carrying Amount of loans at the beginning and end of the accounting period along with the additions made during the year by way of fresh loan disbursements to the opening balance and deductions there from by way of repayments or write-off of irrecoverable advances to arrive at the closing balance.
2. An additional column in the relevant Financial Statements shall also reflect the amount of interest in arrears and this amount shall not be added to the closing balance of the loan but shall only be by nature of an additional disclosure.

(10) The Financial Statements of both the Union and the State Governments shall disclose details of loans and advances made to various loanees in their respective Annual Finance Accounts in three parts, namely (a) for the Union Government these would be 'Loans and Advances made by the Union Government'; (b) 'detailed Statement of Loans and Advances made by the Union Government'; and (c) the 'Additional Disclosures' in the Annual Finance Accounts of the Union Government.

(11) The State Government will have a similar three tier presentation in Annual Finance Accounts of the State, namely (a) the 'Loans and Advances made by the State Government'; (b) the 'detailed Statement of Loans and Advances made by the State Government'; and (c) the 'Additional Disclosures' in the Annual Finance Accounts of the State Government.

1. The first part, Statement of Loans and Advances made by the Government, shall disclose loanee group-wise and sector-wise information on loans and advances disbursed, repaid and written-off during the year along with summarized information on repayments in arrears from various loanees.
 2. The second, Detailed Statement of Loans and Advances made by the Government shall disclose the major head-wise and minor head-wise details of the loans and advances made by Governments as also detailed statements on repayments in arrears from various loanee entities.
 - 3.1 The third, Additional Disclosures, shall incorporate additional disclosures on fresh loans and advances made during the year, provided this would not cover those given to Government employees.
 - 3.2 The information on loans of which the terms and conditions have not yet been settled is also disclosed as a note to this Statement and it also contains a statement on quantum of loans disbursed during the year to those entities from which recoveries of earlier loans are in arrears along with the purpose for this disbursement.
 - 3.3 The information shall be provided by the Principal Accounts Office of the Ministries and Departments.
- (12) 1. The 'Repayments in arrears from Loanee entities' in the Finance Accounts of the Governments shall disclose loans, the repayments on which by way of principal repayments and interest payments are in arrears, in terms of the number of such loans and the total amount in arrears thereof as against the total amount of loans given by the

Government outstanding against the entity, including those not in arrear and this would help indicate the credit worthiness of the entity against which loans are outstanding.

2. Both the actual instalments due in the year and arrears of previous years may be disclosed with actual payment wherever feasible.

(13) The Statements shall also disclose detailed information on the quantum and terms of fresh loans advanced during the year to those loanee entities from which recoveries of earlier loans by way of repayment of principal and by way of payment of interest are in arrears and this would be shown as a disclosure in 'Additional Disclosures'.

(14) In cases of conversion or re-structuring or re-scheduling of loans, the re-structured loan should be treated as a current loan and not classified as being in arrear and the classification of such loans would thereafter be governed by the revised terms and conditions and would be treated as in arrear, if and when, they subsequently fall in arrears in respect of interest payment and repayment of principal with reference to revised terms and conditions.

J. Effective date, -

This Indian Government Accounting Standard becomes effective for the Financial Statements covering periods beginning the 1 April of the year after the notification of the Standard by the Government.

K. Format for disclosure, -

The formats for disclosures in the Financial Statements of the Union Government and the State Governments respectively are shown hereunder:

Financial Statements of the Union Government
Statement of Loans and Advances made by the Union Government

Section: 1 Summary of Loans and Advances: Loanee group wise

(In lakhs of rupees)

Loanee Group	Balance on April 1, 20X0	Disbursements during the year	Repayments during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (2+3)-(4+5)	Net increase/decrease during the year (2-6)	Interest payment in arrears
1	2	3	4	5	6	7	8

Notes:

- Out of total amount of ₹..... lakhs paid as loans to State/Union Territory Governments, loans granted to cover gaps in resources of the State/Union Territory amounted to ₹ lakhs
- In pursuance of the recommendations of the ...th Finance Commission, repayments by the State/Union Territories amounting to ₹ lakhs have been written off upto March 31,20X1.
- At the beginning of the year, there was a balance of ₹ lakhs sanctioned to State Governments as Ways and Means Advances. During the year, an amount of ₹ lakhs was paid as Ways and Means Advances to State Government for clearance/avoidance of overdrafts from the Reserve Bank of India. The State Governments repaid ₹ lakhs during the year leaving a balance of ₹ lakhs.
- Following are the cases of a loan having been sanctioned as 'loan in perpetuity':

(In lakhs of rupees)

Sno.	Loanee entity	Year of Sanction	Sanction Order No.	Amount	Rate of Interest
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Section: 2 Summary of Loans and Advances: Sector-wise

(In lakhs of rupees)

Sector	Balance on April 1, 20X0	Disbursements during the year	Repayments during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (2+3)-(4+5)	Net increase/decrease during the year (2-6)	Interest payment in arrears
1	2	3	4	5	6	7	8

Note: For details, refer Section 1 of Detailed Statement of loans and advances made by the Union Government.

Section: 3 Summary of repayments in arrears from State or Union Territory Governments and other Loanee entities

(in lakhs of rupees)

Loanee-Entity	Amount of arrears as on March, 31, 20X1			Earliest period to which arrears relate	Total loans outstanding against the entity on March 31, 20X1
	Principal	Interest	Total		
1	2	3	4	5	6
State/Union Territory					
Other Loanee entities					

Note: For details, refer Section 2 & 3 of Detailed Statement of loans and advances made by the Union Government.

Detailed Statement of Loans and Advances made by the Union Government

Section: 1 Major and Minor Head wise Details of Loans and Advances

Out of total disbursement, amount for plan purpose has been shown in brackets below the total figure of disbursements for each major head

(In lakhs of rupees)

Major Head	Minor Heads	Balance on April 1, 20X0	Disbursement during the year	Repayment during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (3+4) – (5+6)	Net increase/decrease during the year (3 – 7)	Interest credited
1	2	3	4	5	6	7	8	9

Section: 2 Repayments in arrears from State or Union Territory Governments

(In lakhs of rupees)

Name of the State or Union Territory Government	Amount of arrears as on March 31, 20X1			Earliest period to which arrears relate	Total loans outstanding against the entity on March 31, 20X1
	Principal	Interest	Total		
1	2	3	4	5	6
State or Union Territory					
Other Loanee entities					

Section: 3 Repayments in arrears from other Loanee Entities or Institutions

(In lakhs of rupees)

Loanee-Entity	Amount of arrears as on March 31, 20X1			Earliest period to which arrears relate	Total loans outstanding against the entity as on March 31, 20X1
	Principal	Interest	Total		
1	2	3	4	5	6

Additional Disclosures

Fresh Loans and Advances made during the year

(In lakhs of rupees)

Loanee Entity	Number of Loans	Total Amount of loans	Terms and conditions	
			Rate of interest	Moratorium period, if any
1	2	3	4	5

NOTES:

Disclosures indicating extraordinary transactions relating to Loans and Advances:

1. Following are the cases of a loan having been sanctioned as 'loan in perpetuity':

(In lakhs of rupees)				
Sl.No.	Year of Sanction	Sanction Order No.	Amount	Rate of Interest
1	2	3	4	5

2. The following Loans have been granted by the Government though the terms and conditions are yet to be settled:

(In lakhs of rupees)			
Loanee entity	Number of loans	Total amount	Earliest period to which the loans relate
1	2	3	4

3. Fresh loans and advances made during the year to the loanee entities from whom repayments of earlier loans are in arrears:

Name of the loanee entity	Loans Disbursed during the current year		Amount of arrears as on March 31, 20X1			Earliest period to which arrears relate	Reasons for disbursement during the current year
	Rate of Interest	Principal	Principal	Interest	Total		
	2	3	4	5	6		
1						7	8

Financial Statements of the State Government or Union Territory Government with Legislature
Statement of Loans and Advances made by the State Government or Union Territory Government

Section: 1 Summary of Loans and Advances: Loanee group wise

(In lakhs of rupees)							
Loanee Group	Balance on April 1, 20X0	Disbursements during the year	Repayments during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (2+3) – (4+5)	Net increase/decrease during the year (2 – 6)	Interest payment in arrears
1	2	3	4	5	6	7	8

Following are the cases of a loan having been sanctioned as 'loan in perpetuity':

(In lakhs of rupees)					
Sl.No.	Loanee entity	Year of Sanction	Sanction Order No.	Amount	Rate of interest

Section: 2 Summary of Loans and Advances: Sector-wise

(In lakhs of rupees)							
Sector	Balance on April 1, 20X0	Disbursements during the year	Repayments during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (2+3) – (4+5)	Net increase/decrease during the year (2 – 6)	Interest payment in arrears
1	2	3	4	5	6	7	8

Note: For details, refer Section 1 of Detailed Statement of loans and advances made by the State Government

Section: 3 Summary of repayments in arrears from Loanee entities

(in lakhs of rupees)

Loanee-Entity	Amount of arrears as on March, 31, 20X1			Earliest period to which arrears relate	Total loans outstanding against the entity on March 31, 20X1
	Principal	Interest	Total		
1	2	3	4	5	6

Note: For details, refer Section 2 of Detailed Statement of loans and advances made by the State Government

Detailed Statement of Loans and Advances made by the State Government or Union Territory Government

Section: 1 Major and Minor Head wise summary of Loans and Advances

Out of total disbursement, amount for plan purpose has been shown in brackets below the total figure of disbursements for each major head

(in lakhs of rupees)

Major Head	Minor Heads	Balance on April 1, 20X0	Disbursement during the year	Repayment during the year	Write-off of irrecoverable loans and advances	Balance on March 31, 20X1 (3+4)-(5+6)	Net increase/decrease during the year (3-7)	Interest credited
1	2	3	4	5	6	7	8	9

Section: 2 Repayments in arrears from other Loanee Entities

(in lakhs of rupees)

Loanee-Entity	Amount of arrears as on March, 31, 20X1			Earliest period to which arrears relate	Total loans outstanding against the entity on March 31, 20X1
	Principal	Interest	Total		
1	2	3	4	5	6

Additional Disclosures**Fresh Loans and Advances made during the year:***(In lakhs of rupees)*

Loanee Entity	Number of Loans	Total Amount of loans	Terms and conditions	
			Rate of interest	Moratorium period, if any
1	2	3	4	5

NOTES:

Disclosures indicating extraordinary transactions relating to Loans and Advances:

- Following are the cases of a loan having been sanctioned as 'loan in perpetuity' :

(In lakhs of rupees)

Sl.No.	Year of Sanction	Sanction Order No.	Amount	Rate of interest
1	2	3	4	5

- The following Loans have been granted by the Government though the terms and conditions are yet to be settled:

(In lakhs of rupees)

Loanee entity	Number of loans	Total amount	Earliest period to which the loans relate
1	2	3	4

- Fresh loans and advances made during the year to the loanee entities from whom repayments of earlier loans are in arrears:

(In lakhs of rupees)

Name of the loanee entity	Loans Disbursed during the current year		Amount of arrears as on March 31, 20X1			Earliest period to which arrears relate	Reasons for disbursement during the current year
	Rate of Interest	Principal	Principal	Interest	Total		
1	2	3	4	5	6	7	8

By Order of the President of India
SHAKTIKANTA DAS, Addl. Secy.