

Exam Note - GAR 1990

Preamble - In exercise of the powers conferred by Article 150 of the Constitution, the President on the advice of the Comptroller and Auditor General, hereby makes the following basic rules relating to the form of accounts of the Union and States. This compilation incorporates also the general principles of Government accounting laid down by the Comptroller and Auditor General for the guidance of Government Departments, namely:-

Chapter I - INTRODUCTORY

Short Title and Commencement.

These rules may be called the "GOVERNMENT ACCOUNTING RULES 1990" and will come into force with effect from 1st April, 1990.

Definitions

- (a) **'Accountant General'**, means the Head of an Office of Accounts subordinate to the Comptroller and Auditor General of India.
- (b) **'Bank' means** any branch of the State Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (2 of 1934), any branch of a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) which is authorised to transact Government business as agent of the State Bank of India, or any branch of a bank as may be appointed by the Reserve Bank of India as its agent under the provisions of sub-section (I) of section 45 of the Reserve Bank of India Act, 1934 (2 of 1934);
- (c) **'Chief Accounting Authority'**, means the Secretary of a Ministry or Department of the Government of India in which the Departmentalised System of Accounting has been introduced and in the case of a Union Territory with separated accounts, its Chief Secretary/ Chief Commissioner.
- (d) **'Civil Accounts Officer'**, means an Accounts Officer subordinate to the Comptroller and Auditor General, or a Principal Accounts Officer and or Pay

and Accounts Officer functioning under the Scheme of Departmentalisation of Central Government (Civil) Accounts or under separated accounts set up of a Union Territories, Government or Administration as the context may imply. The expression 'Civil Accounts Office' should also be construed accordingly.

(e) **'Comptroller and Auditor General'** means the Comptroller and Auditor General of India appointed under article 148 of the Constitution of India.

(f) **'Controller General of Accounts'** means the Controller General of Accounts in the Ministry of Finance (Department of Expenditure), who *inter alia*, is responsible for prescribing the form of accounts of the Union and States, and to frame, or revise, rules and Manuals relating thereto on behalf of the President of India in terms of article 150 of the Constitution of India, on the advice of the Comptroller and Auditor General of India.

(g) **'Consolidated Fund'** means the Consolidated Fund of India or of a State, referred to in clause (1) of article 266 of the Constitution, or of a Union Territory Government, referred to in Section 47 of the Union Territories Act, 1963, or all the three, as the context may imply 'Contingency Fund', means the Contingency Fund of India established in pursuance of clause (1) of article 267 of the Constitution or the Contingency Fund of a State established in pursuance of clause (2) of article 267 of the Constitution, or the Contingency Fund of a Union Territory Government established in pursuance of Section 48 of the Union Territories Act, 1963, or all the three, as the context may imply (Appendix-1).

(h) **'Defence Department'** means that Department of the Central Government, whose expenditure is met from the Demands for Grants relating to Defence Services.

(i) **'Government'**, means the Central (Union) Government or a State Government, or a Union Territory Government, or all the three, as the context may imply.

(j) **'Public Account'** means the Public Account of India or the Public Account of a State referred to in clause 2 of Article 266 of the Constitution or both as the context may imply (Appendix 3).

(k) **'Reserve Bank'** means any office or branch of the Banking Department, of the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).

- (l) **'State'**, except where it appears otherwise from the context, refers to a State included in the First Schedule to the Constitution.
- (m) **'the Constitution'**, means the Constitution of India.
- (n) **'Treasury'**, includes a sub-treasury.

Articles of the Constitution etc. to be kept in view in devising the form of accounts

The form of accounts of the Union, States and Union Territory Governments shall be devised keeping in view the provisions of various articles of the Constitution and Sections of Union Territories Act, 1963, and in particular, of those indicated and reproduced in Appendix I to these rules.

Annual Accounts

Every year, from the accounts compiled by the authorities authorised to maintain the accounts of Central Government, State Governments and Union Territory Governments, accounts showing under the respective heads the annual receipts and disbursements for the purpose of Union of each State and of each Union Territory having a Legislative Assembly (including Appropriation Accounts) are to be prepared and got certified by the Comptroller and Auditor General of India. The reports of the Comptroller and Auditor General relating to these accounts shall be submitted to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, who shall cause them to be laid before the Houses of Parliament, Legislatures of the States and of Union Territories respectively.

Issue of Subsidiary Instructions

Subsidiary instructions that would be necessary for carrying into effect the provisions of these rules, and in particular, instructions for opening new heads of accounts or modification of the existing ones or instructions relating to the content and manner of maintenance of accounts, -will be issued by the Central Government in the Ministry of Finance on the advice of the Comptroller and Auditor General of India, in the form of executive orders, indicating wherever necessary, the types of cases in which the advice of the Comptroller and Auditor General could be assumed to have been obtained.

Chapter 2 - GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS

Agreements of the Central Government with the Reserve Bank

The Central Government has entered into an agreement with the Reserve Bank of India by virtue of which the general banking business of the Government (in which business is included the receipt, collection, payment and remittance of moneys on behalf of the Government) is carried on and transacted by the Reserve Bank in accordance with and subject to the provisions of the agreement and of the Reserve Bank of India Act, 1934, and also in accordance with and subject to such orders as may, from time to time be given to the Reserve Bank by the Central Government.

Account of the Central Government with the Bank

(1) Each office or branch of the Reserve Bank or bank handling transactions of the Ministries, Departments of the Central Government shall maintain **separate accounts in respect of each Ministry and Department** banking with it and render an account of the transactions to the Pay and Accounts Officer of the concerned Ministry and, or Department, at such intervals as may be prescribed by the Government, together with all the supporting challans, paid cheques. These transactions shall also be routed through the banking channel prescribed by the Reserve Bank of India, to facilitate their incorporation in the books of the Reserve Bank of India, Central Accounts Section, at Nagpur which is responsible for keeping a complete account, of receipt and payments (including inter-Governmental adjustments and adjustments *inter se* of Defence, Railways and Posts—other than Telecommunications) on account of the Central Government.

(2) The transactions of Railways, Posts, Telecommunications and Defence Department arising at offices and branches of the Reserve Bank and State Bank of India, acting as agent of the Reserve Bank shall be distinguished from other Central transactions in the initial accounts and classified separately in the books of the Reserve Bank.

Each office and branch of the Reserve Bank entrusted with the work shall furnish to Accounts Officer concerned of the Railways, Postal, Telecommunications and Defence Department, as the case may be, daily scrolls relating to the transactions pertaining to