

APPENDIX V

RULES REGULATING THE EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS

(See Para 213)

{Extract of Chapter 5 of Accounts Code, VoL 1-1953 Edition—Auditor General's Issue}

INTRODUCTORY

1. The directions in this Chapter shall regulate the exhibition of recoveries of expenditure in Government accounts.

In these directions: —

the term "recovery" means repayment by another Government department or an outside body or person of expenditure initially borne by a Government department and recorded as such in its accounts.

RECOVERIES FROM PRIVATE PERSONS OR BODIES AND GOVERNMENTS OUTSIDE INDIA

2. Recoveries from private persons or bodies (including local funds and Governments outside India) should, as a general rule, be treated as revenue and not as deduction from expenditure.

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

(ii) Recoveries of expenditure of works in progress and transactions of stock and other suspense accounts. —The technical estimates take cognizance of all anticipated receipts from sale proceeds of materials, plant, etc., received from the old structure, while the receipts under "Stock and Suspense" are by their very nature inseparable from the expenditure recorded under the main head. The recoveries falling under these two categories should, therefore, be treated as reduction of gross expenditure.

RECOVERIES BY ONE GOVERNMENT FROM ANOTHER

3. As between two or more Governments the following directions shall regulate the classification of recoveries: —

- (a) If the recoveries represent debits to another Government of: "expenditure which was so debit-able from the moment it was sanctioned, they should not be treated as revenue of the Government effecting the recoveries but as deductions from expenditure.
- (b) In the case of joint establishments, where the expenditure is not shared by two or more Governments *ab initio* but is incurred by one of the Governments and partially repaid by the others, the repayment if made while the accounts of the year are still open, should be treated as deduction from expenditure.

- (c) Recoveries of the classes falling under (a) and (b), if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue.

Exception.—In cases where the recovery is made on the basis of the calendar year instead of the financial year, the whole amount of the recovery may be treated as reduction of expenditure though a portion of it relates to expenditure incurred during the previous financial year.

- (d) Recoveries on account of commuted value of pensions effected from other Governments should be treated as deductions from expenditure.
- (e) All other recoveries should be credited as revenue of the recovering Government whenever they are received.

RECOVERIES BY ONE DEPARTMENT FROM ANOTHER DEPARTMENT OF THE SAME GOVERNMENT

4. As between different departments of the same Government, the recoveries should be treated as deduction from the gross expenditure, except such recoveries as are made by a Commercial Department, which should be treated as receipts of that department

Note. —1. The term "Recoveries by a commercial department" for the purpose of this direction shall apply to recoveries in respect of services rendered to other departments in pursuance of the proper functions for which the department is constituted, that is to say in the Post and Telegraphs, recoveries shall be treated as receipts only when they are made in respect of Postal, Telegraph or Telephone Services rendered to the other department!. "Where, however, a Commercial department acts as an agent of another department for the discharge of functions not genuine to the essential purpose of the department the recoveries shall be taken in reduction of expenditure.

- 2. Recoveries made from another department, if not effected within the account of the year in which the expenditure, was incurred, should be treated as revenue and not as deductions from expenditure, unless the letter course is authorised by provision in the budget in the estimates.

RECEIPTS AND RECOVERIES ON CAPITAL ACCOUNT

5. Notwithstanding anything to the contrary that may be provided by or under the directions in this Chapter receipts and recoveries on Capital Accounts in so far as they represent recoveries of expenditure previously debited to a Capital major head shall be taken in reductions of expenditure under the major head concerned except where under the rules of allocation applicable to a particular department, such receipts have to be taken to revenue.

SETTLEMENT OF DOUBTS OR DISPUTES

6. In case doubt or dispute, the question whether any particular recovery is classifiable as revenue or as deduction from expenditure under the directions in this Chapter will be decided by the Comptroller and Auditor General, with the approval of the President

Note.—(i) Doubts should be referred by the Railways to the Railway Board for orders.

- (ii) As the Civil Accounts Code is under revision by the Controller General of Accounts, the provisions contained in this Appendix are likely to change.
