

## APPENDIX VI

*(See Paragraph 215)*

### RULES RELATING TO INTER-DEPARTMENTAL TRANSFERS

(Based on Comptroller and Auditor General's direction as laid down in Chapter 4 of the Accounts Code, Vol. I, Auditor Generals Issue).

#### INTRODUCTORY

**Article 55**—1. The Directions in this Chapter shall regulate the conditions under which a department of a Government may make charges for service rendered or articles supplied by it and the procedure to be observed in recording such charges in the accounts of the Government concerned.

#### ADJUSTMENTS BETWEEN GOVERNMENTS

**Article 56**—2. In the case of transactions between two Governments, adjustments shall always be made if required by or under the provisions of the Constitution, and otherwise, in such manner and to such extent as may be mutually agreed upon by the Governments concerned.

#### ADJUSTMENTS WITH OUTSIDE BODIES

**Article 58**—3. Payment shall be required in all cases where a department of a Government renders service or makes supplies to a non-Government body or institution or to a separate fund constituted as such inside or outside the Public Account, unless Government by general or special order gives directions to the contrary. Relief in respect of payment for services or supplies given to anybody or fund, should ordinarily be given through a grant-in-aid rather than by remission of dues.

#### INTER-DEPARTMENTAL ADJUSTMENTS

**Article 59**—4. For purposes of inter-departmental payments, the departments of a Government shall be divided into Service departments and Commercial departments according to the following principles :—

**(A) Service Departments.**—These are constituted for the discharge of those functions which either *(a)* are inseparable from, and for part of, the idea of Government, or *(b)* are necessary to, and form part of the general conduct of the business of Government.

**Examples of the first class are.**—The departments of Administration of Justice, Jails, Police, Education, Medical, Public Health, Forest, Defence.

**Examples of the second class are.**—The departments of Survey, Government Printing Stationery, Public Works (Building and Roads Branch), Purchase Organisation of the Ministry of Works, Housing and Supply (Central Govt).

**(B) Commercial Departments or Undertakings.**—These are maintained mainly for the purposes of rendering services or providing supplies, of certain special kinds, on payment for the services rendered or for the articles supplied. They perform functions which are not

necessarily Governmental functions. They are required to work to a financial result determined through accounts maintained on commercial principles.

*Note.*—Government has the power in respect of these directions to decide whether a particular department or particular activities of a department shall be regarded as a Commercial department or undertaking. A list of departments and undertakings at present reorganized by the Central Government as commercial is given in the annexure to this Chapter. List of commercial undertakings of the Governments will be found in the Manuals, etc. of the Governments concerned.

**Article 60—5.** Save as expressly provided in this Chapter, a Service Department shall not make charges against another department for services or supplies which fall within the class of duties for which the former department is constituted.

The following exceptions to the rules in this Article have been authorized: —

- (a) The Forest Department may charge any other department for vegetable, animal or mineral products extracted from a forest area.
- (b) Payment must ordinarily be made for convict labour as in the case of that supplied to the Public Works and other departments of Government but, no charge shall be made for convict labour in the case of works undertaken by the Public Works Department which are treated as Jail Works.
- (c) *The* cost of additional Police Guards supplied to an irrigation or other project while under construction, may be debited to the project concerned.
- (d) The Films Division of the Government of India may charge any other Department for the cost of production of films and other services on such terms as may be settled in each case.

**Article 61—6.** A Commercial Department or undertaking shall ordinarily charge, and be charged for any supplies and services made or rendered to, or by other departments of Government This direction may be applied to particular units or particular activities of any department even though the department as a whole may not be a Commercial Department. Such a unit or activity shall ordinarily charge for its services or its supplies to, and may likewise be charged by, either the department of which it forms a part or any other department.

*Note.* —(1) Save as otherwise provided in this Chapter, service rendered by a service department falling under Clause A (a) of Article 59 in the normal discharge of its functions shall not be regarded as service rendered for the purposes of this Article.

- (2) The supply of residential accommodation by one department to the employees of another shall not for the purposes of the directions in this Chapter be held to constitute a service rendered. In all such cases, the rent charged for residential accommodation will be the rent recoverable under the rules for the time being in force from the persons actually using such accommodation.

**Article 62—7.** Where one department makes payment or renders service as an agent of another department of the same Government the principal department may, subject to such

monetary limit as may be fixed by Government in this behalf, be debited with the expenditure incurred on its behalf by the agent department.

*Note.*—(1) The cost of land acquired by a Civil department on behalf of the Public Works Departments is debitable in the accounts of the latter as part of the cost of the works for which the land is taken up; but when land is taken up for two or more Service departments conjointly, the cost is wholly debitable to the department for which the major portion of expenditure was incurred, unless there are special reasons to the contrary.

(2) When a special officer is employed for the acquisition of land for any department, the expenditure on pay, allowances, etc., of the special officer and his establishment and any expenditure on contingencies is debitable to that department as part of the cost of land. When the land is taken up by a Civil Officer not specially employed for the work, only special charges incurred in connection with the acquisition of the land on establishment, contingencies, etc., shall be borne by the department for which the land is acquired.

(3) For the purpose of this Article the Government of India have prescribed with effect from 1st October, 1966, that upto a monetary limit of Rs. 1000/- (in each case) one agent Department making payment or rendering service shall not raise debit against the principal Department.

**Article 63—8.** Without prejudice to the general principle contained in Article 60, the Defence services shall in respect of inter-departmental transactions, charge and be charged for services rendered and supplies made to or by other departments, unless in particular case or classes of cases, Government in consultation with the Comptroller and Auditor-General have decided that the interdepartmental adjustment would be unsuitable and undesirable.

*Note.*—(1) The Defence Services shall not be required to pay rent for buildings of the Central Civil Departments other than Commercial Departments and Undertakings, occupied by the Defence services for non-residential purposes, nor shall rent be charged for building of the Defence Services occupied for non-residential purposes by the Civil Departments of the Central Government other than Commercial Departments or Undertakings falling under clause \*B' of Article 59.

(2) The Defence Services also shall not be required to pay for the use of the Government Civil Aerodromes and for other incidental services rendered by the Civil Aviation Department to Indian Air Force Planes, nor shall the Civil Aviation Department be charged, as a reciprocal arrangement for use of the aerodromes of the Indian Air Force by the Civil Aircrafts.

**Article 64—9.** A branch of a service department performing duties supplementary to the main function of the department and intended to render particular services on payment may levy charges in respect of the work for which it has been constituted.

*Examples.*—Jail Manufacture, Printing (Publishing Department), Mint (Miscellaneous Services other than coinage).

**Article 65**—10. A branch of a department constituted for the subsidiary service of that department, but employed to render similar services to another department, may charge that other department, *e.g.* Workshops of a department, Dockyards.

**Article 66**—11. A regularly organized store branch of a department should ordinarily charge any other department for supplies made; but petty and casual supplies of stores may, if the supplying department consents, be made without payments.

**Article 67**—12. Notwithstanding anything contained in the directions in this Chapter, a Government may, for special reasons which shall be recorded and communicated to the Accountant General, permit inter-departmental adjustment in any case where such adjustment may be considered necessary in the interest of economy or of departmental control of expenditure.

#### GENERAL

**Article 68**—13. Where under the directions in this Chapter payment is required to be made by one department of a Government to another, such payment may, if the case so requires or if otherwise deemed necessary, include adequate charge for supervision or other indirect expenditure connected with the service or supply for which payment is made.

**Article 69**—14. Payments of amounts due by one department of Government to another shall ordinarily be made by book transfer except when such transfer do not suit the methods of accounts or of business adopted by the receiving department.

*Note.* —The Railway Department will settle payments of amounts due to or from other Governments and departments through the Reserve Bank.

**Article 71**—15. Any question of doubt or dispute arising in connection with interpretation of the directions in this Chapter will be decided by the Comptroller and Auditor General with the approval of the President.

*Note.* —Any questions of doubt or dispute should be referred to the Railway Board by the Railways.

#### ANNEXURE

List of Departments and Undertakings recognized by the Central Government as Commercial (*vide note under Article 59*).

(This List does not purport to be exhaustive and may be modified by the Government where necessary in consultation with the Accountant General).

1. Posts and Telegraphs
2. Railways.
3. Irrigation, Navigation, Embankment and Drainage Works for which capital and revenue accounts are kept
4. The Security Printing India, including the Central Stamp Store, Nasik Road

5. The Currency Note Press, Nasik Road
6. Anand Creamery (in liquidation)
7. The Biological Products Section of the Indian Veterinary Institute, Izatnagar
8. All India Radio, excepting (a) the Director General (including the Planning and Development Unit and the Staff Training Unit), (b) Research Department, (c) Monitoring Service and (d) Community Listening Scheme in Jammu & Kashmir
9. Radio Publications
10. Department of Lighthouses and Lightship
11. Government Dairy Farm, Port Blair
12. Marine Department, Andamans
  - (i) Dockyard Accounts
  - (ii) Schedule Services including ferries of A float Section
  - (iii) State Transport (Bus) Service
13. Shipping Office, Andamans
14. Forest Department, Andamans
15. Salt
16. The Overseas Communications Service
17. Land Reclamation Scheme
18. Himachal Pradesh Transport Department
19. Sirmur Rosin and Turpentine Factory
20. Purchase of Fertilizers
21. Dairy Section of the Southern Regional Station of National Dairy Research Institute at Bangalore
22. Kandla Port Organisation
23. Manipur State Transport
24. Electrical Undertakings in the Union Territories excepting N.E.F.A. and N.H.T.A.
25. Kolar Gold Mines
26. Delhi Milk Scheme.

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