TYPES OF CENTRAL GOVERNMENT FUNDS

Funds of Government of India

The Indian government's funds are kept in three parts, which are listed below:

1. Consolidated Fund of India
2. Contingency Fund of India
3. Public Accounts of India

All three are described below briefly.

Consolidated Fund of India

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    - This is the most important of all accounts of the government.
    - This fund is filled by:
        - Direct and indirect taxes
        - Loans taken by the Indian government
        - Returning of loans/interests of loans to the government by anyone/agency that has taken it
  - The government meets all its expenditure from this fund.
- **The government needs parliamentary approval to withdraw money from this fund.**
- The provision for this fund is given in Article 266(1) of the Constitution of India.
- Each state can have its own Consolidated Fund of the state with similar provisions.
- The Comptroller and Auditor General of India audits these funds and reports to the relevant legislatures on their management.

Contingency Fund of India

- Provision for this fund is made in Article 267(1) of the Constitution of India.
- Its corpus is Rs. 500 crores.
- The Secretary, Finance Ministry holds this fund on behalf of the President of India.
- This fund is used to meet unexpected or unforeseen expenditure.
- Each state can have its own contingency fund.

Public Accounts of India

- This is constituted under Article 266(2) of the Constitution.
- All other public money (other than those covered under the Consolidated Fund of India) received by or on behalf of the Indian Government are credited to this account/fund.
- This is made up of:
    - Bank savings account of the various ministries/departments
    - National small savings fund, defense fund
    - National Investment Fund (money earned from disinvestment)
    - National Calamity & Contingency Fund (NCCF) (for Disaster Management)
    - Provident fund, Postal insurance, etc.
    - Similar funds
- The government does not need permission to take advances from this account.
- Each state can have its own similar accounts.

The following table summarises the three funds:

Fund	**Consolidated Fund**	**Contingency Fund**	**Public Accounts**
Income	Taxes and non-tax revenue	Fixed corpus of Rs. 500 crore	Public money other than those under consolidated fund

Expenditure	All expenditure	Unforeseen expenditure	Public money other than those under consolidated fund
Parliamentary Authorisation	Required prior to expenditure	Required after the expenditure	Not required
Articles of Constitution	266(1)	267(1)	266(2)

Types of Expenditures

Charged Expenditures

- Non-votable charges are called charged expenditures.
- No voting takes place for this amount which is spent from the Consolidated Fund of India. Parliamentary approval is not needed.
- These are paid whether or not the budget is passed.
- Emoluments, allowances and expenditure of the President and his office, salary and allowances of chairman, Deputy chairman of Rajya Sabha, Speaker, Supreme Court judges, CAG and Deputy Speaker of the Lok Sabha come under this expenditure.
- Another example of charged expenditure is debt charges of the government.
- These are not voted because these payments are deemed guaranteed by the state.
- Even though voting does not take place, discussion on these can take place in both the Houses.

Voted/Votable Expenditures

- This is the actual budget.
- The expenditures in the budget are actually in the form of **Demand for Grants**.
- The demands for grants are presented to the Lok Sabha along with the Annual Financial Statement. Generally, one Demand for Grant is presented for each Ministry or Department.

Supplementary Grants

- Supplementary grants are granted when the sum approved by the Parliament via the appropriation act for a certain service for the current financial year is found to be inadequate.

Additional Grants

- These are granted when a need has emerged for the duration of the present financial year for additional expenditure for certain new service, not considered in the budget for that year.

Excess Grants

- Excess Grant is granted when cash spent on any provision in a financial year exceeds the amount granted for that service in the budget.