

F.No. 1(17)/2013-E-II(A)
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 01st January, 2014

Subject:- Misclassification with Object Heads under the same section of the Grant-Clarification reg.

In a recent report the C&AG has pointed out huge misclassification of Rs. 69,759.64 crore by central Govt. Ministries/ Departments during the financial year 2011-12. [Report No-1 of 2013 (Financial debit), paragraph 4.19]

In this context, attention is invited to Rule 74 of GFRs pertaining to conformity of budget head with rules of classifications. This Rule stipulates that Budget Heads exhibited in estimates of receipts and expenditure framed by the Govt. or in any appropriation order shall conform to the prescribed rules of classifications. In this regard Rule 8 of the DFPRs lays down the classification 'Object Head' wise, which is an inclusive definition/description of the respective object heads, to be followed by the concerned Ministries/Departments, with the financial sanctions being scrutinized at least at two levels, namely, by IFD under the Financial Adviser while considering the proposal and the PAO under the CA/CCA while releasing the funds under the respective head of accounts. In case of any ambiguity as to the correct classification, this Ministry is required to be approached, which will decide the matter in consultation with the Office of the CGA. However, in case no clarification is sought, it will be presumed that no doubt as to the appropriateness of the booking of an expenditure under the respective Object Head is encountered and that all instructions are being complied with in letter and spirit.

All Ministries/Departments may ensure that expenditure is booked to the correct code head.

Ratan P Watal
(Ratan P Watal)

Secretary Expenditure

1. All Secretaries to the Government of India
2. Financial Advisers of Ministries/Departments
3. CGA