

Types of Central Government Funds

There are three types of funds of the Central Government - Consolidated Fund of India (Article 266), Contingency Fund of India (Article 267) and Public Accounts of India (Article 266) mentioned in the Indian Constitution. The topic, 'Types of Funds in India' comes under GS-II - Indian Polity syllabus of the [IAS Exam](#). This article will provide you important facts about these three types of 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

- 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. It is in the nature of an imprest (money maintained for a specific purpose).
- The Secretary of, 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 established under Article 267(2)

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 audit of all the expenditure from the Public Account of India is taken up by the CAG

The following table summarises the three funds:

Fund	Consolidated Fund of India	Contingency Fund of India	Public Account of India
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)

Controller General of Accounts (CGA)

The CGA is the Principal Accounting Adviser to the Government of India. The office is in the Department of Expenditure, Ministry of Finance, GOI.

- CGA is responsible for establishing and maintaining a technically sound Management Accounting System.
- It also prepares and submits the accounts of the Central Government.
- It is also in charge of the exchequer control and internal audits.

Read more about the [Controller General of Accounts - CGA](#) on the given link.

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.

The expenses charged on the Consolidated Fund of India are given in the table below. Aspirants should know these as questions from this can be asked in UPSC Prelims.

Expenses Charged on Consolidated Fund of India
<p>The following expenses are charged on the Consolidated fund of India:</p> <ul style="list-style-type: none">• President's Emoluments and allowances and other expenditure relating to his office• Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of the Lok Sabha - Salaries and allowances• Salaries, allowances and pensions of the Supreme Court's judges• Pensions of the High Courts' judges• Comptroller and Auditor General of India's salaries, allowances and pensions• Salaries, allowances and pension of the chairman and members of the Union Public Service Commission• Administrative expenses of the Supreme Court, the office of the Comptroller and Auditor General of India and the Union Public Service Commission including the salaries, allowances and pensions of the persons serving in these offices• The debt charges for which the Government of India is liable, including interest, sinking fund charges and redemption charges and other expenditure relating to the raising of loans and the service and redemption of debt• Any sum required to satisfy any judgement, decree or award of any court or arbitral tribunal• Any other expenditure declared by the Parliament to be so charged

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 the cash spent on any provision in a financial year exceeds the amount granted for that service in the budget.

UPSC Questions related to Types of Funds of Govt. of India

Who controls government money in India?

The Ministry of Finance is the apex controlling authority.

Who holds the Contingency Fund of India?

The Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs holds the Fund on behalf of the President of India.

Who gets salary from Consolidated Fund of India?

Salary and Allowances of the President, Speaker / Deputy Speaker of Lok Sabha, Chairman/ Deputy Chairman of Rajya Sabha, Salaries and Allowances of Supreme Court judges, Pensions of Supreme Court as well as High Court Judges, Salaries and Allowances of CAG, Lok Pal.

Who prepares the budget in India?

The Ministry of Finance prepares the budget.