

CHAPTER – 17
TRANSACTIONS WITH OTHER DIVISIONS, DEPARTMENTS AND
GOVERNMENTS

17.1 General Rules

17.1.1 The conditions under which one department of the public service may raise debits against another department under the same Government or any department under another Government for services rendered or articles supplied to it, are regulated by the directions contained in Chapter 4 of the Government Accounting Rules, 1990.

Note 1: Subject to such general exceptions as may be authorized by Government in the case of petty works, all charges connected with the construction and maintenance of buildings, etc for the several Civil Departments of Government will be brought to account as expenditure of the Public Works Department (Civil Works Section) or of the Civil Department concerned, according as the administration of the Works rests with the Public Works Department or is vested in, or is transferred by a general or special order of Government from the Public Works Department to the Department using or requiring it.

Note 2: The value of Public stores issued to other departments is chargeable to them.

17.1.2 The cost of the land acquired by the Civil authorities on behalf of the Public Works Department is debit to the accounts of the latter as part of the cost of the works for which the land is taken up; but when it is taken up for two or more non-commercial departments conjointly, the charge is not divided, but is wholly debit to the department for which the greater part of the land was taken up, unless there are special reasons to the contrary.

17.1.3 When a special officer is employed for the acquisition of land for the Public Works Department, the expenditure on pay, allowances, etc of the special officer and his establishment and any expenditure on contingencies is debit to the Public Works Department as part of the cost of works for which the land is acquired. 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, will be borne by the Public Works Department as part of the cost of works for which the land is acquired.

17.1.4 The licence fee of buildings hired for use as residences of Government servants of any Civil non-commercial department is chargeable in the accounts of the Public Works Department. In special cases, when the hired residences are, under the orders of Government, placed under the charge of any other department, the charges on account of rent in connection with residences will be disbursed and borne by that Department. When any land or building not belonging to the Public Works Department is hired by another department to be occupied for any other public purpose, the rent is payable by the

department concerned, and Divisional Officers do not disburse rent for such premises unless ordered by Government to do so.

17.1.5 When prison labour is employed on Public Works no charge is made by the Jail department if the convicts are employed on Jail works, but in other cases the full market value of the work performed, as certified by the Divisional Officer is charged to the Public Works Department.

17.1.6 (1) Transfer of land from one Department of the Government to another shall be on a 'no profit no loss' basis.

(2) Transfer of buildings and superstructures on such lands between Departments of the Government shall be at the present day cost minus depreciation of the structure(s) standing on the land. Valuation for this purpose shall be obtained from the Public Works Department at the time of transfer.

(3) The allotment of land to, and recovery of cost of buildings from public sector undertakings shall be at 'market value' **as defined in Paragraph -2 of Appendix-11 of General Financial Rules, 2005..**

(4) The transfer of land and buildings between the Union and State Governments shall be regulated by the provisions of Article 294, 295, 298 and 299 of the Constitution of India and subsidiary instructions issued by the Union Government which are laid down in Appendix 11 read with Rule 79(4) and Rule 279(5) of General Financial Rules, 2005.

Note 1: The term 'department' occurring in Sub-rules (1) and (2) above means a Ministry or Department of the Union Government including Defence, Railways, Posts and Telecommunications.

Note 2: Market value when applied to land may be defined as the price which the land would fetch if sold in the open market subject to the ground rent or assessment shown against it in the revenue registers, or, if no ground rent or assessment shown against it in the revenue registers, subject to a ground rent or assessment levied at the rate at which ground rent or assessment is actually being levied on similar land in the neighbourhood excluding all cases in which such similar lands in the neighbourhood are held free of ground rent or assessment at favourable or unfavourable rates of ground rent or assessment. This is the market value which has to be credited or debited, as the case may be, in the case of all transactions between the State Governments and the Union Government or between the Union Government and State Governments or the Railways.

17.1.7 Services rendered, or articles supplied, by one division to another will be **settled through Advance Payments to be classified as Stores Advance, Service Advance or Works Advance, as the case may be Procedure whereof is laid down in Appendix 7-A of C.P.W.A Code.**

17.1.8 Amounts owing by or to a department or departments of other Governments, except for the supplies arranged in exceptional cases on or after 1st July 2005 by the Department of Supply which are paid initially by the PAO(Supply), should be paid by Cheques or Bank Drafts by the Division/PAO concerned. **For inter-divisional and Inter-Departmental transactions, see Appendix 7-A and Appendix 7-C of this code.**

17.1.9 Cash recoveries made from employees, contractors, etc as also revenue realized on behalf of other Divisions, Department or Governments, should be passed on to them, the payments being made in the manner prescribed in paragraph 17.1.8. Cash obtained from banks on cheques and cash receipts including surplus cash remitted to Banks, are accounted for as remittance transactions.

17.2 ACCOUNTING PROCEDURE

17.2.1 (A) In terms of the provisions of Rule 140 of General Financial Rule,2005, Ministries/Departments have been delegated full powers to make their own arrangements for the procurement of goods. In case however a Ministry/Department does not have the required expertise, it may project its indent to the Central Purchase Organisation i.e D.G.S. & D with the approval of Competent Authority. However in exceptional cases where the material is purchased by placing indent on D.G.S.&D,the existing procedure for making payment by the PAO of Division to PAO, Supply by operating Minus Credit to Sub-head “Payment for Purchases through DGS&D” under Minor Head “129-Material Purchase Settlement Suspense Account” below the Major Head “8658-Suspense Accounts” and clearance thereunder on the adjustment of PAO Memo by the Division would continue as hithertofore. (see Appendix 7-C of C.P.W.A Code.

(B) Inter-Departmental transaction on account of supplies made or services rendered to Cabinet Secretariat and Ministry of Defence has to be settled in cash, i.e., by Cheques/Bank draft, the monetary settlement should be effected by debiting the amount due, to the Suspense Minor Head “107 Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” pending clearance on receipt of Cheque/Bank draft from the Division concerned. The detailed procedure to be followed in this regard is given in Appendix 7-C(a).

Note 1 – Such percentage charges on account of supervision and establishment and tools and plant as may be leviable under the rules, should also be included, by a transfer entry in the amount transferred. See also paragraph 14.2.5.

Note 2 – The cost of workshop jobs need not be adjusted monthly, vide paragraph 14.2.4.

Note 3 – Since all inter-divisional transactions, irrespective of the fact whether the Divisions fall within the same Circle of Account or in different Accounts Circles, are

required to be settled through “Advance Payment”, the procedure of which is laid down in appendix 7-A of this code.

17.2.2. In cases, however, in which the transactions originate in another Department of Central Government (e.g. Department of Supply) the responding transfer/adjustment should be made on receipt of intimation of the advice, from the Pay and Accounts Officer. In other cases, the Divisions should resort to direct settlement by cheques/drafts. Accordingly, the Departments rendering supplies or services to the Divisions should prepare a bill for the claims recoverable from the Divisions and send them directly to the concerned Divisional Officers for payment by cheque or bankdraft, as the case may be. This expenditure will also be accounted for by the Divisional Officers in their accounts just like any other transaction arising in their books.

17.2.3 The responding division should examine every transfer claim advised to it for adjustment/payment, but it may not reject a transfer/claim because the voucher is not in order or is wanting, nor may a transfer/claim advised be partly accepted and partly rejected: it may be rejected altogether if it does not pertain to the division: otherwise, it should be accepted provisionally in full and this dispute as to the amount or as to other particulars of the transactions, should be settled separately in consultation with the Officer who advised the transfer. See also paragraph 17.2.7.

Note – For procedure for payments against Civil Credit Notes. (Railways warrant and Railway freight credit note), see Appendix 7-B.

17.2.4 (a) When a charge is transferred to another department or Government for adjustment, the transfer is required to be supported either by the necessary vouchers, complete in all respects or by a certificate signed by the Accounts Officer of the Department originating the transfer to the effect that the payment vouchers have been duly audited and passed in accordance with the rules. Divisional Officers are, therefore, responsible for obtaining proper vouchers in support of all charges to remittance heads in their accounts.

(b) Similarly, in the case of transactions between Public Works Divisions, including the Divisions of other Governments, the system of Advance Payment should be followed. claims should be supported by all necessary vouchers, except those relating to work done for other Divisions, for which see paragraph 17.2.6(b).

Note : In the case of Stores issued from “Stock” by one Division to another Division within the same circle of account, the supplying division will issue the stores on receipt of cheque from the indenting Division as advance payment for the procurement of stores. On receipt of cheque, supplying Division will enter the cheque in the Cash book as debit to “Remittance into Bank” under the Minor Head “102-Public Works Remittances” below the Major Head “8782-Cash Remittances etc.” and credit to stock.

17.2.5 When a transaction originates in a Public Works Division, the necessary transfer or preferment of claims should ordinarily appear in the accounts of the division for the month in which the transaction occurred, but in the case of work done in workshops the cost is adjustable in accordance with the rules in paragraphs 14.2.3 and 14.2.5.

17.2.6(a) In respect of work done in a division for other departments, or Governments the procedure to be followed has been explained in Appendix 7-C or/and Appendix 7-D, as the case may be.

(b) As regards work done in a Public Works Division on behalf of another Division, including the Divisions of other Government the claims should be settled by the Divisions amongst themselves without the intervention of the **Pay and** Accounts Officer for the settlement of inter-divisional transactions, procedure for Advance Payment has already been introduced w.e.f. 1.4.1993 by doing away the operation of Suspense Head "107-Cash Settlement Suspense Account". The Requisite vouchers should, however, be sent to the **Pay and** Accounts Officer with the Monthly account, duly supported with Form CPWA 64. If, as a result of check in accounts office, it is noticed that an excess payment has been made over and above the Advance Payment the Division will claim the amount of excess from the originating Division by operating on the Suspense head "107-Cash Settlement Suspense Account", **as a special case**, treating the item as an original transaction. On the contrary, if short payments are noticed in check in accounts office, the originating Division will send a supplementary claim for the balance to the other Division.

In order to enable the Public Works Divisions to settle the excess/short payments in the manner indicated in this paragraph, the **Pay and** Accounts Officer will notify the discrepancies noticed in check in account offices both to the originating and the responding Divisions.

Note 1: For the purpose of this paragraph, work done includes jobs executed in workshops.

Note 2: In the case of works, which are assessable to percentage recoveries on account of establishment, tools and plant, etc, that amount of the estimate and appropriation for the work should be rateably broken up into two parts to represent respectively, the works expenditure and the percentage charges.

Note 3: The provision regarding audit before intimation of transfer may be relaxed in the case of any item appearing in the accounts for March and requiring adjustment with another Government (other than a Public Works Division) vide paragraph 22.4.20.

17.2.7 In cases in which transactions originate in Department of Supply, and the intimations of transfer/adjustment of debits or credits are received through the **Pay**

and Accounts Officer (paragraph 17.2.2), the Divisional Officer should examine such transfers as expeditiously as possible and report all his objections to the Pay and Accounts Officer, whether the transfer is brought to account provisionally or rejected.

17.2.8 The procedure prescribed in paragraph 17.2.7 applies *mutatis mutandis* to transfer transactions not relating to the execution of works, with (1) Ministry of Railways (2) Department of Posts and (3) Department of Telecommunications.

17.2.9 The Divisional Accountant should see that there is clear authority of the responsible disbursing officer of his division for claims/transfer advised to other divisions, departments or Governments, and that no charge advised by another division, department or Government is finally paid/adjusted until all the necessary vouchers [except those relating to work done *vide* paragraph 17.2.6 (b)] have been received and have further been completed by obtaining thereon, from the responsible disbursing officers of the division, the classification of the charge as attested by their dated initials. He should further see that when transfer/claim advised to the division for adjustment/payment is responded to provisionally, the objection raised thereon is pursued with a view to ensure speedy settlement