

APPENDIX-2

For revised coding pattern of Major and Minor heads of Accounts and revised classification list of Public Works Receipts & Disbursements, List of Major and Minor Heads of Account of Union and States and Government Accounting Rules 1990 may be referred to.

Statement A

Main classification of Expenditure pertaining to Irrigation, Navigation, Embankment and Drainage Projects.

All work of Irrigation, Navigation, Embankment, Drainage and Water Storage are primarily classified into the following two sections:

- A. Irrigation Works – The section includes Water Storage Works also.
- B. Navigation, Embankment and Drainage Works – This section includes receipts and charges relating to water ways, navigable canals, embankments and other agricultural and drainage works undertaken primarily not for irrigation purposes but for general improvement of the country or for general administrative purposes.

2. Works for either of the two classes mentioned above are classified further into:-

- 1. Productive and
- 2. Unproductive
- 3. To admit of a new work being classified as a productive Public Works, the following conditions must be satisfied:-

(a) There must be good reason to believe that the revenue derived from it will, within ten years after the probable date of its completion, repay the annual interest on capital invested calculated at “such rates as may be determined by the Government from time to time under para 4(1) below”, but in preparing a project for sanction no deduction is to be made from the total capital outlay on account of anticipated excess of revenue over similar interest.

Note 1 – Capital invested includes (1) direct charges (2) indirect charges and (3) all arrears of simple interest, if any, i.e., balance of total interest over total net revenue.

Note 2 – Betterment Levy is taken in reduction of indirect capital expenditure in the proforma account of the project viz.

- (a) Financial Forecasts, Administrative Accounts etc. although it is treated as indirect receipt for the purpose of general account.

- (b) It must be susceptible of having clear Capital and Revenue Accounts of it kept.
- (c) Its classification as a productive Public Works must be authorized by competent authority.

4. The rule for determining (1) whether a work which has been classified as productive, shall continue to be so classified and (2) whether an unproductive work may be reclassified as productive are as follows:-

I. Every Irrigation, Navigation, Embankment or Drainage work (Commercial) should, until ten years after the date of the closure of its construction estimate, be classified as productive if the net revenue anticipated from it appears likely to repay on the expiry of that period the annual interest charges on the capital invested (including direct and indirect charges and arrears of simple interest), calculated at such rates as may be determined by the Government from time to time. Conversely, if it is not expected to yield the relevant return, it should be classified as unproductive. If, however, at any time during the period of construction, or within ten years of the closure of its construction estimate, it becomes apparent that a work originally classified as productive will not actually be remunerative according to the criterion prescribed above, it should be transferred from the productive to the unproductive class; and similarly if it becomes obvious during the same period, that a work sanctioned as unproductive will actually prove remunerative the transfer of the work from the unproductive to the productive class may be effected.

II. Every work classified in accordance with Rule No.1 above will retain its classification unchanged during the eleventh, twelfth and thirteenth years after the closure of its construction estimate.

III. If any irrigation, navigation, embankment or drainage work (commercial) which is classified as productive fail at any time after the expiry of ten years, from the date of the closure of its construction estimate, in three successive years to yield the relevant return prescribed in Rule I above it should be transferred to unproductive class. A work classified as unproductive which succeeds in yielding, in three successive years, the relevant return prescribed for a productive work, may, on the same principle, be transferred to the productive class.

IV. If an existing irrigation, navigation, embankment or drainage work be extended or improved, the criterion of productivity prescribed in Rules I and II above shall be applied to the whole system, including such extension or improvement, **as if such extension or improvement**, had been executed simultaneously with the original work. As an exception to this rule, if any extension be, owing either to its nature or magnitude, such as may reasonably be considered to be a separate project and if it be susceptible of having clear capital and revenue accounts kept of it, as distinct from those of the project as a whole, it should be treated as a separate project and in that case the conditions relating to the original projects and not those relating to extensions and improvements shall be applicable. In all such cases separate capital

and revenue accounts should be maintained for the extension in order to enable the productivity test to be periodically applied.

V. The Local Administration may postpone the transfer of a work from one class to the other in cases in which it is satisfied that its success or failure is due to purely transitory causes.

5. The transfer of a work from the productive to the unproductive category or vice versa will affect the recording of all future transactions in connection with it. No adjustment will be made in the general account in respect of past transactions but the necessary transfer will be effected by the **Pay and** Accounts Officer in the Proforma Accounts of works in question.

6. The Principles to be observed in deciding whether an item of expenditure should be charged to Capital or to Revenue are as follows:-

(a) Capital bears all charges for the first construction and equipment of a project, as well as charges for **intermediate** maintenance of **the work while not yet** opened for **service** and **bears also** charges for such subsequent additions and improvements as may be sanctioned under rules by competent authority. It may also bear charges on account of restoration of damages caused by extraordinary casualties, such as flood, fire, etc and such charges should be recorded under a separate head "Extraordinary Replacements".

(b) Revenue bears all charges for maintenance and working expenses which embrace all expenditure for the working and upkeep of the project, as also for such renewals and subsequent replacements, and such additions improvements or extensions, as it may be considered desirable to charge to Revenue, instead of increasing the capital cost of the undertaking.

(c) In the case of renewals and replacements of existing works, if the cost really represents an increase in the capital value of the system and exceeds the cost of the original work by Rs.1,000/- the cost of the new work should be divided between the Capital and Revenue, the portion debited to the latter account being the cost of the original work, which should be estimated if the actual cost is not known, and the balance charged to capital. In other cases, the whole cost of the new work should be charged to Revenue. Thus a renewal which does not represent a substantial improvement of the original work, but which is in all material essentials the same as the latter, although it may exceed the cost of that work by more than Rs.1,000/- should not be charged to Capital but to the Revenue account.

d) When the construction estimate of a project (commercial) is closed, the expenditure on works of additions, extensions or improvements will be charged thus:-

(i) Estimates exceeding Rs.1,000/-, for (1) works which are in themselves directly remunerative, such as new distributaries, mills or works for increasing the canal

discharges, and (2) works which are necessary for the full development of a project but which are not in themselves directly remunerative, shall be charged to the Capital account.

(ii) Estimates amounting to Rs.1,000 or under shall be charged to the Revenue Account.

(iii) All estimates for works which neither **are** remunerative in themselves or considered necessary for the development of the project shall be charged to the Revenue account.

(e) Where outlay is of a nature which under these rules does not appertain to Capital, it is not, under any circumstances and whatever its magnitude, to be charged to Capital.

7. Works expenditure which, under the foregoing rule is chargeable to the Capital account will be classified under the project which is treated as a minor head under the major head “4701-**Capital outlay on Major and Medium Irrigation**” or “4801-**Capital outlay on Power Projects**”. That which is chargeable to the Revenue account will fall under the **object** head “Extensions and Improvements” or “Maintenance and Repairs” of the division “Working Expenses” of the Major head “2701-**Major and Medium Irrigation**”, according as the expenditure pertains to the category of “Works” or “Repairs” as per prescribed classification.

8. The expenditure on productive works is recorded in two sections, separately for capital and revenue charges. For Unproductive works also, the arrangement is similar where it is desirable and possible to maintain accounts on a quasi-commercial basis. When however, a work of this class, is too small to make it worthwhile to maintain a separate account of it on such a basis, all expenditure on it is treated as a revenue charges, the work being classified as non-commercial. In the category of unproductive works, is also included “Miscellaneous expenditure” upon the preliminary survey of new projects and also for the cost of famine surveys required for the preparation of famine programmes.

STATEMENT – B

Detailed classification of Works Expenditure pertaining to Irrigation, Navigation, Embankment and Drainage Works.

1. Works expenditure of Irrigation, etc. major head falls under one or others of the major heads “Works”, “Extensions and Improvements”, and “Maintenance and Repairs”. Each of these minor heads is divided into **sub-heads** (1) Head Works (2) Main Canal and Branches (3) Distributaries (4) Drainage and Protective Works (5) Water courses (for “Works only) (6) Special Tools and Plant (for “Works” only) and (7) Losses on Stock. Under the minor head “Maintenance and Repairs” an eighth head “Compensation”, may be opened. The detailed heads subordinate to these heads are enumerated in Statement C.

2. All works expenditure relating to Main Canal and Branches may be divided into (1) Main line of a canal, (2) each of its branches separately that relating to distributaries may be grouped for the distributaries belonging to the main line of the canal and to each of its branches separately.

3. In connection with these sub-divisions, the following points should receive special attention (a) When land is taken up for two or more of these sub-divisions at the same time, its cost must be divided in the best way practicable (b) In the case of Storage Projects all works connected with supply channels to feed the head reservoir come under Head Works (c) Water-power installations at the head works of a canal, head locks and head regulators of main and branch canals, fall under “Main Canal and Branches”, (d) When a Canal or a distribution channel therefrom and a drainage in connection with it, are planned simultaneously and the two works intersect, the cost of the crossing should be charged to “Drainage and Protective Works” and (e) Building required for the general purposes of a Canal system such as workshops, headquarters, station, etc are chargeable to “Main Canal and Branches.”

4. For rules relating to Water-course, Special Tools and Plant and Losses on Stock, see Appendix 3 and paragraph 7.1.4 and 7.2.37 respectively. The head “Water-courses” is not necessary in the case of the minor head “Extensions and Improvements” and “Maintenance and Repairs” The head ‘Losses and Stock’ is intended for all general losses on stock which cannot be attributed to any work, the accounts of which are open. The head special Tools and Plant is further sub-divided into three detailed heads namely (i) Gross Expenditure (ii) Deduct recoveries (iii) Net expenditure, the first of which is intended for collection of the aggregate cost of the special Tools and Plant at one place and the second for the record of the recoveries on account of special Tools and Plant which are taken in reduction of expenditure.

Statement C

Enumerating the detailed heads referred to in paragraph 1 of the Statement B and detailing the works and services, the charges whereon are classified thereunder.

General Remarks – The detailed heads in this list may be varied under the orders of the Local Administration to suit the circumstances of each project. Combined works falling under two or more heads e.g., combined bridges and falls or combined falls and regulators should be classified according as which aspect of the work predominates.

A. Preliminary Expenses

Surveys and preliminary investigations – This head does not appear under “Extensions and Improvements”, nor under “Maintenance and Repairs.”

B. Land

Compensation for taking permanent or temporary possession of land required for the purposes of the work.

The term “Compensation” includes the following, besides the payment for the land itself – (1) payments for buildings, trees, crops, etc and (2) cost of special land acquisition establishment when it is chargeable to the Public Works Department, vide paragraph 17.1.3. Sale proceeds of wood, building materials etc. obtained on cleaning of land should be taken in reduction of the charge, if realized before the accounts of the estimate for the acquisition of the land have been closed, vide paragraph 3 of Statement E. If any buildings acquired with the land are used as residences or otherwise let out they should be brought on the Register of Licence Fees of Buildings and Lands, Form CPWA 49, and licence fees/rents realized should be treated as ordinary licence fees/rent receipts.

C. Works

All construction works, whether of earthwork or a masonry, etc, excluding works falling under the head I – Navigation and K – Buildings in all cases and under L – Earthwork where this is maintained as a separate detailed head. Ordinarily, the group head C – Works takes the place of such of the heads, D,E,F, F(1), G,H,J and L as are not separately provided for.

D. Regulators

Works (other than escapes and escape heads) for the regulation of supply.

E. Falls

Falls and rapids other than those required to maintain the depth of water for navigation purposes.

F. River and Hill Torrent Works

Aqueducts, superpassages, culverts, siphons, inlets, outlets and cross drainage works generally, when such works are in connection with river and hill torrents.

F.(1) Other Cross Drainage Works

Cross drainage works of the classes referred to under the head “F – River and Hill Torrent Works” when such works are in connection with drainage other than that from river and hill torrents.

G. Bridges

Bridges, both road and railway, for crossing the canal, including subsidiary works, e.g., approach roads, fencing gates, ghats, steps, etc.

H. Escapes

Masonry and earthwork connected with escapes (including escape heads).

I. Navigation

Locks at head work and on the canal; separate navigation channels and weirs designed for maintaining the requisite depth of water for navigation purposes.

J. Mills

Water power plant (if a permanent fixture) and buildings in connection with such plant, also sluices and channels conducting water to and from the same.

K. Buildings

Permanent and temporary buildings (including staff quarters, offices workshops, stations, etc., but excluding buildings for water power) and station drainages, roads, gardens enclosure-walls, conservancy works, etc., pertaining to buildings individually or collectively. In the case of maintenance and repairs, this head includes also taxes payable by Government and rents and buildings hired by Government.

L. Earthwork

Excavation and embankments for the channels, and its side roads and service roads, protective work for the bed and sides, trimming turfing or revetting slopes, retaining walls for embankments.

L(1) Boundary and Service Roads

This head may be opened to record the expenditure on side roads and service roads separately if it is not proposed to classify it under “L-Earthworks”.

M. Plantations

All regular plantations, including the cost of clearing land, transplanting soil and planting trees. Gardening charges in connection with buildings do not fall under this head.

N. Tanks and Reservoirs

Earthwork, masonry, etc on tanks and reservoirs (e.g. tail tanks) in connection with canals other than tanks chargeable to “Head Works” in the case of storage projects.

O. Miscellaneous

Works and services not falling under any other detailed head. Includes (1) experiments; (2) Works in connection with irrigation outlets not debitable to the head “Water-courses”; (3) distant marks; (4) boundary pillars. Also Minor works constructed on the bank of canals or distributaries for the direct delivery of water. Includes also in the case of original works and of extensions and improvements, charges for compensation not debitable to any other detailed head.

P. Maintenance

All repair works prior to the opening of the revenue account for the project or the section concerned. This appears only under “Works”

STATEMENT D

Showing the detailed classification of the minor head “Establishment”.

This minor head is primarily divided as follows:-

Name of Sub-Division	Remarks
I Chief Engineer II. Special Officers	For Consulting Architect and other special officers whose jurisdiction extends beyond a single circle of superintendence or other unit prescribed for the pro rata distribution of establishment charges. (Fees recovered from outside bodies and other departments of the Union Government for services rendered by this establishment are taken in reduction of the charges under the sub-division)
III Superintending Engineer	Includes also special officers, if any, not falling under sub-division II
IV Executive V Medical	Establishment charges of workshops for which capital accounts are kept should be kept distinct from other charges, and recoveries on account of work done in such workshops (for outside bodies and other departments of the Union Government should be taken in reduction of the charges).
VI Special Surveys	Establishment; employed on large surveys for new Irrigation, Navigation, Embankment or Drainage Projects.
VII Special Revenue	Establishment employed entirely on the revenue management of Irrigation, Navigation, Embankment and Drainage Projects and on assessment, etc., of revenue; includes also Plantation, Steamer and Water-Regulation Establishment, etc. and charges debited by the Civil Departments for collection, etc of revenue.
VIII Deduct Recoveries	For credits of all kinds on account of (i) proceedings or (ii) lumpsum recoveries for work done, but excluding (a) fees for services rendered by special officers and (b) recoveries for work done in workshops, when such credits are

	adjustable as reduction of expenditure in accordance with the rules regulating the treatment of recoveries of expenditure in the accounts of the Public Works Department.
IX Lumpsum charges creditable to other Governments, Departments etc	Debits of the major head on account of establishment charges in cases in which such charges are not adjustable in the accounts of any particular work.
X Pensionary Charges	This Sub-division relates only to the major heads "2701" and "4701"

2. The sub-division I to VII have, below them, the following heads, with such **object** heads as may be prescribed locally:-

- (a) Pay of Officers
- (b) Pay of Establishment
- (c) Allowances, Honoraria, etc
- (d) Other Charges
- (e) Deduct-Recoveries. For use only under Sub-division IV (Workshop Section)

An additional head, "Bonus", may be opened, where necessary, for bonus paid **to the eligible employees.**

The Heads (b) and (c) include also the charges on account of Divisional Accountants posted by the **Pay and Accounts Officer.**

Note:- The general principles regulating the classification and incidence of Pay, Allowances, Leave Salaries, etc of Government servants are contained in Government Accounting Rules 1990.

STATEMENT E

Treatment of recoveries of Expenditure in the accounts of the Public Works Department.

1. The general directions for regulating the exhibition of recoveries of expenditure in Government account are given in Chapter 5 of the Government Accounting Rules 1990. The following paragraphs indicate their application to Public Works transactions.
2. The general rule is that, subject to the provisions of Rule 54 of Government Accounting Rules 1990, all recoveries of expenditure will be taken as reduction under the concerned Service head irrespective of whether they relate to overpayments pertaining to the current year or to any previous year.
3. As an exception to the general rule in paragraph 2 above, recoveries under stock and other suspense account should be treated as reduction of gross expenditure.

The recoveries of expenditure on work in progress comprising, inter-alia, sale proceeds of surplus materials and plant acquired specially for any work or of materials received from dismantled structures, may likewise be treated as reduction of expenditure, irrespective of whether the estimates for the works made allow for such recoveries or not. See also paragraph 22.2.9.

4. Subject to the provisions of Rule 5, recoveries on account of establishment and tools and plant charges should be treated as follows:-
 - (i) Recoveries of establishment charges on percentage basis:- These recoveries, in so far as they are effected from other departments of the Union Government, should be adjusted by deduction from expenditure under the minor head "Directions and Administration". Recoveries on account of works carried out on behalf of private parties or Local funds or other Governments, however, should be treated as revenue receipts.
 - (ii) Recoveries of tools and plant charges on percentage basis:- Recoveries from other Departments of the Union Government should be adjusted as reduction of expenditure under the minor head "Tools & Plant". All other recoveries should be treated as revenue receipts under the major head concerned.
 - (iii) Pro-rata share of the charges for joint establishment and tools and plant:- The pro-rata shares calculated at the end of the year should be treated as reduction of expenditure under the minor head "Direction and Administration" and "Tools and Plant" respectively of the major head to which the total charges were debited in the first instance (see also Rule 5 of Appendix 4).
 - (iv) Recoveries on account of charges for leave and pensions:- When the recoveries on account of establishment charges include, as a distinct and separate factor, an element of the charges for leave and pensions, the portion of the recoveries representing leave should be treated as revenue receipts under the Public Works major head concerned. Recoveries on account of pensionary contributions should in the case of 'Civil Works' be credited to "0071 – Contributions and Recoveries towards Pension and Other Retirement Benefits" while such recoveries in the case of the Irrigation Department should be credited to the Irrigation Major head concerned as receipts or recoveries of expenditure, accordingly as they relate to Revenue or Capital Major Head. In cases, however, in which the rates for leave and pension contributions are combined, the recoveries in the case of Civil Works, should be taken to "0071 – Contributions and Recoveries towards Pension and Other Retirement Benefits", while such recoveries in the case of Irrigation Department should be credited to the Irrigation Major heads concerned as revenue receipts.
5. Notwithstanding anything contained in these rules, receipts and recoveries on Capital Account in so far as they represent recoveries on expenditure previously debited to a capital major head, should be taken in reduction of expenditure under the major head concerned. For convenience of accounting they should be treated as revenue receipts in the first instance and booked as "Receipts and Recoveries on Capital Account." At the end of the month they should be deducted from the account of the division or sub-division of the major head concerned in a lumpsum.

6. The recoveries of expenditure which are finally creditable as revenue receipts, should be recorded under the minor head "Recovery of Percentage charges" of the major head "0059" or "0071" as the case may be, while those which are adjustable in reduction of expenditure under the capital major head, should be posted as "Deduct – Establishment charges transferred pro rata to other capital Major Heads" under the minor head "Direction and Administration" of the capital major head concerned.

Note - Receipts on account of sale proceeds of land, buildings, special tools and plant or other assets purchased or constructed as the cost of special project may be at the discretion of the Government be taken in reduction of expenditure under the appropriate sub-heads subordinate to the capital major head concerned.

7. Recoveries on account of cost of audit and accounts:- These recoveries, when they are made in connection with work done for Railways, Defence Services, Postal or Telecommunication Department should be treated as reduction of expenditure under "2016 – Audit". In the case of work done for non-Government bodies or individuals, such recoveries should be adjusted as receipts under the minor head "Fees for Government Audit" subordinates to the major head "0075 – Miscellaneous Administrative Services."

Note – If under the Note below Rule 7 of Appendix 4, the per percentage charges for work done in workshops of a quasi commercial character for other Divisions and departments both under the Union Government and other Governments, include recoveries in respect of audit and accounts charges; such recoveries should not be credited to "2016 – Audit" or "0075 – Miscellaneous Administration Services – Fees for Government Audit", except in the case of works covered by this rule.