

F.No.1(8)(1)/TA/2010/31  
 Ministry of Finance  
 Department of Expenditure  
 Controller General of Accounts  
 Lok Nayak Bhawan, Khan Market  
 New Delhi-110 003

Dated: 31.01.2011.

**OFFICE MEMORANDUM**

**Subject: Procedure of Payment of grants-in-aid/loans by Central Government to the Union Territories-without Legislature.**

It has been observed by this Office that the Pr.Accounts Offices/Pay and Accounts Offices of different Ministries/Departments are adopting different procedures while making payment of grants-in-aid/Loans to Union Territories(UTs) and they are not following the codal provisions stipulated in 'Chapter 8-Procedure for Inter-Governmental and Inter-Departmental Adjustments' of Civil Accounts Manual. This creates difficulties for the Central Plan Scheme Monitoring System of this Office to incorporate various modes of payment for generation of ID in the e-lekha software. The procedures relating to Payment of grants-in-aid/loans by Central Government to the Union Territories are reiterated in summarized form and given below so that the prescribed procedures are strictly complied with by all Ministries/Departments:-

Sl.No.	Categories of UTs	Mode of payment prescribed in CAM
<b># UTs with legislature</b>		
1.	Whose cash balances have been separated from that of the Union Government and separate cash balances are maintained by RBI,CAS, Nagpur. <b>(Puducherry)</b>	<b>Issue of Inter-Governmental Advices to RBI(CAS),Nagpur</b> <i>(Para 8.21.1 read with Para 8.18.1 of Civil Accounts Manual)</i>
2.	Where no separate balances with RBI <b>(Delhi)</b>	<b>Cheques/DDs</b> drawn in favour of PAO/Director of Accounts of UT irrespective of the amount of cheque. <i>(Para 8.21.1 to 8.21.3 of Civil Accounts Manual)</i>
<b>## UTs without legislature:</b>		
3.	Where accounts have been separated from Audit. <b>(Andaman &amp; Nicobar Islands, Lakshadweep and Daman &amp; Diu)</b>	By issue of Direct booking of expenditure against the final heads of account by PAOs of UTs on the basis of <b>letter of authorization</b> issued by Central Ministries/Departments. <i>(Para 8.22.2 read with Para 8.5 of Civil Accounts Manual)</i>
4.	Where accounts have not been separated from Audit <b>(Chandigarh, Dadra &amp; Nagar Haveli)</b>	On the basis of administrative approval received from Ministry, the concerned AG will classify the transactions as debit to the Major Head "8658-Suespense A/c-PAO Suespense-Transactions adjustable by the ...." and claim <b>reimbursement</b>

		<b>from PAO</b> of the Central Ministry/Department concerned and clear the suspense head on realization of the cheque. <i>(Para 8.22.1 of Civil Accounts Manual)</i>
--	--	---

- # *Payments of grants-in-aid/Loan are released only to Union Territory Governments (UTs with Legislature) through the Major Head 3602/7602 as the case may be.*
- ## *Government of India does not give any grants-in-aid/loan to UT Administration without Legislature. Instead, Budget provision is made by the Ministries/Departments under the relevant functional Major Heads of accounts in the Revenue and Capital Section of Demands for Grants.*

*H.K. Srivastav*  
31/1/2011

**(H.K.Srivastav)**

**Dy. Controller General of Accounts**

*Tele Fax: 24641731*

To

All Ministries/Departments.

All Pr.CCAs/CCAs/CAs.