

BHARAT SCHOOL OF BANKING

PUBLIC FUNDS

Sources of Public / Government Funds

Government earns revenue from both tax and non-tax sources as follows -

1. Tax revenues -

- Taxes levied on the incomes and wealth accumulation of individuals, as well as, corporations
- Taxes on the goods and services produced
- Taxes on exports and imports

2. Non-Tax revenues -

- Government-owned corporations, or Public Sector Undertaking (PSU) incomes
- Inter-governmental aids
- Central bank (RBI) revenue and capital receipts in the form of External loans and debts from international financial institutions, etc.

Accounts of government

The accounts of government are kept in three parts, as follows -

1. Consolidated Fund of India (Article 266(1) of Constitution)

This is the chief account of Government of India.

All **revenues** received by means of **taxes**, like Income Tax, Customs, Central Excise, etc. and **non-tax revenues**, like income through government business, PSUs, etc. are credited into the Consolidated Fund of India. Loans raised by issue of Treasury Bills are also credited to this account.

The government meets all its **expenditure**, including loan repayments, etc. from this fund.

Note that, no amount can be **withdrawn** from this fund without the **authorization** of the **Parliament**. The **Comptroller and Auditor General of India (C&AG)** audits these funds and reports to the relevant legislatures on their management.

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2. Contingency Fund of India (Article 267(1) of Constitution)

This account is set up for the purpose of meeting **unforeseen expenditure**, like **natural disasters**, etc., which are resumed to the fund to the full extent as soon as **Parliament** authorized additional expenditure. Thus, this fund acts like an **imprest account** of Government of India.

This account is held on behalf of **President**, by the **Secretary of Ministry of Finance, Department of Economic Affairs**.

Note that the **corpus** of this fund is currently **Rs. 500 crore** (In 2005, it was raised from **Rs. 50 crore** to **Rs. 500 crore**)

3. Public Account of India (Article 266(2) of Constitution)

All other public moneys, **other than** those covered under **Consolidated Fund of India**, received by or on behalf of the government of India are credited to the **Public Account of India**.

The transactions under **debt, deposits** and **advances** in this part are those in respect of which, government incurs a **liability** to **repay** the money received or has a claim to **recover** the amounts paid. e.g., Provident Fund, Pension Scheme, etc. of government is stored in this account.

The **receipts** under Public Account do not constitute normal receipts of government. **Parliamentary Authorization** for payments from the Public Account is therefore not required.