

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

THE SUNDARAMURTI COMMITTEE CONSTITUTED FOR REVISION OF LIST OF MAJOR AND MINOR HEADS OF ACCOUNTS OF UNION AND THE STATES SUBMITS ITS REPORT TO THE UNION FINANCE MINISTER; ACCOUNTING CLASSIFICATION CODES REVISED AND TO BE IMPLEMENTED WITH EFFECT FROM FINANCIAL YEAR 2013-14

New Delhi: January 25, 2012

The Chart of Accounts of Government of India as indicated in the List of Major and Minor Heads of Accounts (LMMHA) of Union and States has been revised by a Committee constituted under the Chairmanship of Shri C.R.Sundaramurti, Controller General of Accounts (CGA). The Committee submitted its report to the Union Finance Minister Shri Pranab Mukherjee in his office here today. The Committee had representation from Budget Division, Planning Commission, Office of the C&AG, National Institute of Public Finance and Policy (NIPFP), a few State Governments and it worked in synergy with the High Level Expert Committee on ‘Efficient Management of Public Expenditure’ under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime-Minister. Beside the Chairman Shri C.R.Sundaramurti, the members of the Committee include Shri S.K.Das, Additional Secretary(Budget), DEA, Shri T.K.Pandey, Advisor(FR), Planning Commission and Shri H.S.Das, Principal Finance Secretary, Government of Assam.

The LMMHA, which indicates the accounting classification of receipts and disbursements, is prescribed under the constitution and is maintained by the Controller General of Accounts on the advice of the Comptroller & Auditor General of India (CAG). The Committee was constituted in June 2010 with the primary purpose to develop a revised Accounting Classification Structure which could cater to emerging needs of better planning of resources, more effective monitoring of public spending and availability of more useful accounting and financial information for better decision making.

The Committee has recommended rationalization and reorganization of the existing account classification and has proposed a multidimensional classification framework which has seven mutually exclusive segments with their own individual hierarchical structures. The proposed structure is in line with the recommendations of the Expert Group constituted some year back to review the classification system for government transactions also known as ‘Lahiri Committee’.

The Sundaramurti Committee has undertaken a complete review of the existing account heads with a view to align them with the Head of Development classification used by the Planning Commission which could be used as a very effective tool for macro level planning and sectoral analysis.

The Sundaramurti Committee has standardized Programme and Scheme codes across National and Sub-national governments.

The Sundaramurti Committee has also done standardization of coding of all such entities which are recipient of Public fund, as channels of Public delivery. These would facilitate tracking of flow of funds under a Programme/Scheme from one level of governance to another level of administrative entities (including recipients).

The proposed classification structure provides for capturing expenditure on special thrust area of Government policy objectives such as development of Women, Schedule Castes (SC), Schedule Tribes (ST), Below Poverty Line (BPL) population etc. This would further help government in more effective planning for resource allocation and monitoring of public spending in these areas of Socio-economic importance.

The Sundaramurti Committee has also revised the object heads which represent the economic character of expenditure.

The said Committee has also recommended capturing the geographical location of spending.

An administrative segment to identify administrative responsibility has also been recommended by the Committee to enhance accountability.

The multidimensional structure of the classification would provide greater flexibility to Budget division and the Ministries in budget management and budget execution.

The revised Accounting classification Codes which is being perceived as a milestone in the area of accounting reforms is proposed to be implemented with effect from the Financial year 2013-2014. It would prove to be a very effective management tools to National and Sub-national Governments for better planning, allocation and application of resources, and more effective monitoring of public spending. The proposed accounting classification structure will provide a foundation for a more robust Public Financial Management which could be used for enforcing more transparency and effectiveness of Public delivery channels of the Government.

DSM/SS