Public Funds in India- All You Need to Know

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Introduction

- Public Funds in India are the Accounts for the path of different transactions in which the Government role is like a banker.
- These Public Funds are also called Public Account.
- All the public Funds which are received under the behalf of the Government of India or Government of States must be stored or credited to the Public Account.
- These Public Account Funds are defined in the Article 226 (2) of the Indian Constitution.
- These Public Funds do not belong to the Government and have to be paid back to the legal owner of that money.

Objectives

- Main objective of this Public fund is to provide help to the public through different goods and services.
- Services for the community which includes health services, public safety, food program, children program, insurance etc.

Sources

- Funds generally comes in this Public Account from the following sources.
- Saving bank account of different departments and ministries.
- Provident fund of Government employee.
- National Investment fund
- National small saving fund
- Defense fund
- National calamity and contingency fund (NCCF)
- Reserve fund deposit made by outside agencies

Structure and Process

- There are five main Accounts comes under this Public funds which are small saving, Provident fund, Reserve fund , Deposit and advances, Remittance.
- Such funds do not belong to the Government but Government holds it for managing it for their owners.
- Owners of this funds are anybody like ordinary people , government contractors or maybe even government itself.
- Small saving, provident and Reserve fund accounts are generally used for dealing with receipts and payments for which the Government has to repay the money received from owner.
- The other deposit, advances and remittance Accounts are used only for the adjustment facility.
- The most important Account among these are small saving, provident funds and other Account for which the Government has to pay certain interest on that fund deposited with the decided rate.
- By providing interest to the owner of that funds Government invest such fund for some Government securities which are used for development purposes.
- These Public funds are managed by different secretaries or principal secretaries of that department or ministries.

- The Fund created by Government is generally out of taxpayer's money and then Government pays interest for that fund by using taxpayer's money.

Restrictions

- There are some restrictions while using this funds.
- Public Funds need to be used for public Funds only so that it will benefit the country.
- Because maximum number of fund comes from the taxpayer's who wants to know that there money goes back for the Community development or not.
- Such funds are not used to support the operations of private business or for establishing the private business.

Review

Funds	Income Source	ParliamentaryAuthorizations	Article ofConstitution
Consolidated fund	Tax and Non tax revenue	Required prior to expenditure	266 (1)
Public Funds	Public money other than consolidated fund	Not required	266(2)
Contingency fund	Fixed money of 500 crore	Required after the expenditure	267(1)