What is Consolidated Fund of India? The Consolidated Fund of India includes revenues, which are received by the government through taxes and expenses incurred in the form of borrowings and loans. It represents one of the three parts of the Annual Financial Statement with the other two: the Contingency Fund and Public Account. All government expenditures are met by consolidated funds except a few made by contingency fund or public fund. The Consolidated Fund of India was created under Article 266 of the Constitution. It is also considered as the most important part of the financial statement. Similar to the Centre, every state has its own Consolidated Fund as well.

What goes into Consolidated Fund of India?
All the government revenue generated from taxes, asset sale, earnings from state-run companies, etc go into the Consolidated Fund of India. The fund gets money from:

Revenue earned in direct taxes such as income tax, corporate tax, etc
Revenue earned in indirect taxes such as GST
Dividends and profits from PSUs (Public Sector Undertakings)
Money earned through government's general services
Disinvestment receipts
Debt repayments
Loan recoveries
Keep in mind that no money can be withdrawn from the Consolidated Fund of India, without the government securing the approval of the Parliament

Parts of Consolidated Fund Of India

The Consolidated Fund of India is divided into five parts namely:

- Revenue account (receipts)
- Revenue account (disbursements)
- Capital account (receipts)
- Capital account (disbursements)
- Disbursements charged on the Consolidated Fund.

Charged Expenditures on Consolidated Fund of India

The disbursements charged on the Consolidated Fund or Charged Expenditures are non-votable charges. No voting takes place for the withdrawal of these expenditures from the Consolidated Fund of India. These charges have to be paid whether the Budget is passed or not.

The expenses under this category include salaries and allowances of:

- the President
- the Speaker
- the Deputy Speaker of the Lok Sabha
- Chairman and Deputy Chairman of the Rajya Sabha
- salaries and allowances of Supreme Court judges
- pensions of Supreme Court and High Court judges

Consolidated Fund vs Contingency Fund

The Contingency Fund stores money for some of the urgent or unplanned expenditures of the government. The President gives advance nod for a particular sum of money to be stored in the Contingency Fund for emergency uses. Note that the CAG, or the Comptroller and Auditor

General, is responsible for audit of receipts and expenditure from the Fund and also of the states.

Consolidated Fund of State

Under Article 266 (1) of the Constitution of India, a Consolidated Fund of State (a separate fund for each state) has been established. The Consolidated Fund receives all state government revenues as well as all loans raised by the issue of treasury bills. It also receives internal and external loans and all money received by the State Government in repayment of loans.

Who controls the consolidated fund of the state?

Governor of the State

As the nominal head of the state, appointed by the President of India, the Governor of the state has to lay down the annual financial statement before the house or houses of the State Legislature. It has a detailed account of the estimated receipts and expenditure for that year. Thus, the Governor has effective control over the Consolidated Fund of the state.

Note: : The State budget comprises the Consolidated Fund, the Public account and the Contingency Fund. The Consolidated Fund itself contains two parts— the revenue account and the capital account.