



सिविल लेखा नियम पुस्तिका
Civil Accounts Manual

(संशोधित प्रथम संस्करण 2002)
(Revised First Edition - 2002)
Volume 1

वित्त मंत्रालय, व्यय विभाग, महालेखा नियंत्रक,
नई दिल्ली द्वारा जारी किया गया

ISSUED BY THE MINISTRY OF FINANCE,
DEPARTMENT OF EXPENDITURE,
CONTROLLER GENERAL OF ACCOUNTS, NEW DELHI

सिविल लेखा-नियम पुस्तिका CIVIL ACCOUNTS MANUAL



Payments

(संशोधित प्रथम संस्करण)
(REVISED FIRST EDITION)

महा लेखा नियंत्रक, वित्त मंत्रालय, व्यय विभाग द्वारा जारी की गई
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Controller General of Accounts

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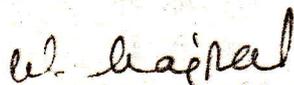
PREFACE

The Civil Accounts Manual contains detailed instructions and procedures relating to payments made by Pay and Accounts Officers and by cheque drawing DDOs of Civil Ministries/Departments of the Central Government and accounting, compilation, consolidation of annual accounts and inter-departmental, inter-governmental adjustments and ancillary matters which are required to be followed by Accounts Offices. These instructions cover most of the facets thereof and include standardised forms of various accounts registers/records/returns to be maintained and or submitted by such offices. Due to passage of time, a number of changes have arisen necessitating their inclusion in the provisions of the Manual to cope with the needs of time. This revised edition incorporates all correction slips and related Office Memoranda issued so far.

2. Three new chapters relating to Bank Reconciliation – Expenditure Account Transactions and Revenue Accounts of CBEC and CBDT have been introduced and these will help in the understanding of the reconciliation process of Expenditure and Receipts Accounts of CBEC and CBDT with Public Sector Banks and Reserve Bank of India.

3. This manual is brought out in diglot form as envisaged under Article 343 of the Constitution of India. While every effort has been made to make the Hindi translation correspond to its English text as closely as possible, the English text may be referred to where the meaning is not clear from the translation. Any errors or inaccuracies coming to the light may kindly be brought to our notice, so that these are corrected in the next edition.

Dated : 11th January, 2002
New Delhi


(USHA SAHAJPAL)
Controller General of Accounts

THE ABBREVIATIONS USED IN THE MANUAL MAY BE READ AS FOLLOWS :

A.A.	....	....	Appropriation Accounts
A.G.	....	....	Accountant General
A.O.	....	....	Accounts Officer
C.A.	....	....	Controller of Accounts
C.A.A.	....	....	Chief Accounting Authority
C.C.A.	....	....	Chief Controller of Accounts
C.C.S.	....	....	Central Civil Services
C.&A.G.	....	....	Comptroller & Auditor General of India
C.D.A.	....	....	Controller of Defence Accounts
C.B.D.T.	....	....	Central Board of Direct Taxes
C.B.E.C.	....	....	Central Board of Excise & Customs
C.G.A.	....	....	Controller General of Accounts
C.T.Rs.	....	....	Compilation of Central Treasury Rules
D.C.R.G.	....	....	Death cum Retirement Gratuity
D.A.	....	....	Director of Audit
D.D.O.	....	....	Drawing and Disbursing Officer
D.D.S.&R.	....	....	Debt, Deposit, Suspense and Remittances
D.E.A.	....	....	Department of Economic Affairs
F.A.	....	....	Financial Adviser
F.A. & C.A.O.	....	....	Financial Adviser and Chief Accounts Officer
J.A.O./Jr.A.O.	....	....	Junior Accounts Officer
Jr. Acctt.	....	....	Junior Accountant
J.E.	....	....	Journal Entry
L.M.M.H.	....	....	List of Major and Minor Heads of Account
O.B.	....	....	Objection Book
P.A.C.	....	....	Public Accounts Committee
P.A.O.	....	....	Pay & Accounts Office/ Officer
Pr.A.O.	....	....	Principal Accounts Office/ Officer
P.S.B.	....	....	Public Sector Bank
R.B.I.	....	....	Reserve Bank of India
S.C.T.	....	....	Statement of Central Transactions
S.P.E.	....	....	Special Police Establishment
T.D.S.	Tax deducted at source
T.E.	Transfer Entry
T.O.	Treasury Officer
U.Cs.	Utilisation Certificates

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CHAPTER 1

BROAD FEATURES OF THE DEPARTMENTALISED ACCOUNTING SYSTEM

1.1 GENERAL

1.1.1 In exercise of the powers conferred by the 1st Proviso to sub-section (1) of Section 10 of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971 (56th of 1971), the President, after consultation with the C&AG of India has relieved the latter from the responsibility for compiling the accounts of the Union Government (Civil) in a phased manner from 1st April, 1976 onwards, and from the responsibility for compiling the accounts relating to taxes, duties and other receipts and deposits realised or refunded under any law for the time being in force and administered by the Department of Revenue and Banking including the Central Board of Direct Taxes and the Central Board of Excise and Customs with effect from 1st April, 1977. With the issue of these Presidential notifications and as on 1st April, 2001, the Comptroller and Auditor General of India stands relieved of the responsibility for compiling the accounts of Central Civil Ministries/Departments and Union Territory Administrations except accounts pertaining to:-

- (i) Indian Audit and Accounts Department; and
- (ii) Union Territory Administrations of Chandigarh and Dadra and Nagar Haveli.

1.2 ORGANISATION OF CONTROLLER GENERAL OF ACCOUNTS

1.2.1 An organisation functioning under the Controller General of Accounts has been created in the Department of Expenditure of the Ministry of Finance. A copy of the Presidential Notification dated the 27th September, 1980 in regard to the functions of the C.G.A. as incorporated in the (Allocation of Business) Rules, 1961 is appended as Appendix '1'. The C.G.A will have responsibility for establishing and maintaining a technically sound accounting system in the Departmentalised Accounts Offices. He will, on behalf of the Ministries and Departments, liaise with the Budget Division and the Comptroller and Auditor General of India in accounting matters. He will provide necessary directions in accounting matters to the Ministries/Departments and will issue general instructions about the system and form of accounts and procedures for accounting of receipts and payments. In order to maintain the requisite technical standard of accounting in the Departmentalised Accounts Offices, he will have powers to inspect the offices, and will be expected with his staff, to ensure that accounts are maintained accurately, comprehensively, and in a correct manner. He will also be required to ensure that data and information are supplied in time to the concerned Ministries. Cadre management in respect of Group 'A' and Group 'B' officers of these Offices will vest in him. He will have a coordinating and innovating role in the introduction of Management Accounting system in the various Ministries/Departments.

1.2.2 In the discharge of these functions, he will also have special responsibility for:-

- (i) Coordination with the Ministries in the administration and interpretation of Rules regarding Group 'C' and Group 'D' staff of the Central Civil Accounts Service;
- (ii) Holding of Departmental examinations to maintain the requisite standard of technical expertise for accounting work in the Ministries and Departments;
- (iii) Revising Treasury Rules, Account Codes and provisions of General Financial Rules in so far as they relate to the form and system of accounts etc., consequent upon Departmentalisation of Accounts and the use of the services of the Public Sector Banks in place of treasuries for collecting receipts and making payments.

1.2.3 Consolidation of monthly Civil Accounts of the Union Government from the monthly accounts submitted to him by various Ministries and Departments has also been entrusted to him with effect from 1st April, 1977. Further, the responsibility for preparation of annual accounts including summary Civil Appropriation Accounts showing under the respective heads, the annual receipts and disbursements for the purpose of the Union Government has been entrusted to him after relieving Comptroller and Auditor General of India of the responsibility in consultation with him under Section 11 of C&AG's (D.P.C) Act, 1971 vide Ministry of Finance order No. 1(12)-B(AC)/78 dated the 20th June, 1978.

1.2.4 The C.G.A/Addl.CGA/Jt. C.G.A.(s)/Dy. C.G.A.(s) have also been authorised to authenticate all orders and other instruments concerning the C.G.A's organisation vide Ministry of Home Affairs notification No. F.23/5/78-public dated the 22nd September, 1978, as amended from time to time.

1.3 MAIN FEATURES OF DEPARTMENTALISATION OF ACCOUNTS

1.3.1 The Secretary of the Ministry/Department concerned shall be the Chief Accounting Authority for the Ministry/Department and he will discharge his functions through and with the assistance of the Financial Adviser/Pr.CCA/CCA/CA of the Ministry/Department concerned.

The Head of Accounting Organisation is Pr. CCA/CCA/CA/AG as the case may be.

1.3.2 The Financial Adviser/Pr. CCA/CCA/CA, for and on behalf of the Chief Accounting Authority shall be responsible for:

- (a) arranging all payments through the Pay and Accounts Offices/Principal Accounts Offices except where the Drawing and Disbursing Officers are authorised to make certain types of payments (vide Chapter 3).

Note: Any addition proposed to the list of cheque drawing D.D.Os included in the Scheme of Departmentalisation of Accounts of a Ministry/Department would require the specific approval of the Controller General of Accounts, Ministry of Finance.

- (b) compilation and consolidation of accounts of the department and their submission, in the form prescribed, to the Controller General of Accounts; preparation of Annual Appropriation Accounts for the Demands for Grants of his Ministry/Department, getting them duly audited and submitting them to the CGA, duly signed by the Chief Accounting Authority.
- (c) arranging internal inspection of payment and accounts records maintained by the various subordinate formations and Pay and Accounts Offices of the Department, and inspection of records pertaining to transaction of Government Ministries/Departments, maintained in Public Sector Banks.

1.3.3 A Principal Accounts Office will function under a Principal Accounts Officer of the Ministry/Department concerned which shall be responsible for:-

- (a) consolidation of the accounts of the Ministry/Department in the manner prescribed by CGA;
- (b) preparation of Annual Appropriation Accounts of the Demands for Grants controlled by that Ministry/ Department, submission of Statement of Central Transactions and material for the Finance Account of the Union Government (Civil) to the Controller General of Accounts;
- (c) payment of loans and grants to State Government through Reserve Bank of India, and wherever this office has a drawing account payment therefrom to Union Territory Governments/ Administrations;
- (d) preparation of manuals keeping in view the objective of management accounting system if any, and for rendition of technical advice to Pay and Accounts Offices, maintaining necessary liaison with CGA's Office and to effect overall coordination and control in accounting matters.
- (e) Maintaining Appropriation Audit Registers for the Ministry/Department as a whole to watch the progress of expenditure under the various Grants operated on by the Ministry/Department.

1.3.4 Pay and Accounts Offices will make payments pertaining to respective Ministries/Departments and in certain cases payments will be made by the departmental Drawing and Disbursing Officers (D.D.Os) authorised to draw funds, by means of cheques drawn on the offices/branches of Reserve Bank of India, State Bank of India and its subsidiaries or of the Public Sector Bank that may be accredited for handling the receipts and payments of the Ministry/Department. These payments will be accounted

for in separate scrolls to be rendered to the Pay and Accounts Offices of the Ministry/Department concerned.

1.3.4.1 Each Pay and Accounts Office or Drawing and Disbursing Officer authorised to make payments by cheques, will draw only on the particular branch/branches of the Reserve Bank of India/ State Bank of India or its subsidiary or the Public Sector Bank with which the Pay and Accounts Office or the Drawing and Disbursing Officer as the case may be, is placed in account. Out station payments, if any, shall be made in accordance with the provisions of para 1.6 et seq.

1.3.4.2 All receipts of the Ministry/Department shall also be finally accounted for in the books of the Pay and Accounts Office.

1.3.4.3 The specific approval of the C.G.A. Ministry of Finance would have to be obtained in connection with any proposal for creation (or reorganisation) of a new Pay and Accounts Office or for adding to the list of cheque drawing DDOs included in the Scheme of Departmentalisation of Accounts of a Ministry/ Department.

Note: As regards opening of bank account, the Head of the Accounts Organisation of the Ministry/Department may directly approach the RBI, Department of Government and Bank Account,(Central Office),Bombay(and not the accredited Public Sector Bank).

- (i) for opening bank account in favour of the PAO being newly constituted or of the DDO to whom the cheque drawing powers are decided to be given, as long as the account is to be opened in the accredited bank nominated for the Ministry/Department; and
- (ii) for opening account from a specified date, in a different branch of the accredited bank because of certain administrative reasons like proximity of the branch etc. and simultaneously closing the account in the other branch. In such cases it should be ensured that the reference to the Reserve Bank of India, Bombay contains full particulars of the Pay and Accounts Officer under whose jurisdiction the cheque drawing DDO will function or other relevant details such as the previous account number and location/address of branch bank etc.

However, whenever (a) a branch of another bank is proposed to be utilised at the same station where a branch of the accredited bank is already handling the transactions of the Ministry i.e. two banks are proposed to handle the transactions at the same station; and (b) the accredited bank is required to be changed, the proposal should be invariably referred to the Controller General of Accounts, Ministry of Finance who would process them further after necessary examination.

1.4 DETAILED PROCEDURE IN REGARD TO BANKING ARRANGEMENTS FOR PAY AND ACCOUNTS OFFICES.

1.4.1 Under the departmentalised accounting system, the receipts and payments of each Ministry/Department of the Government of India are handled by the Reserve Bank of India or the Public Sector Banks (including State Bank of India and its subsidiaries) nominated for the particular Ministry/Department by the Reserve Bank of India, in accordance with the memorandum of instructions reproduced in Appendix '2'.

1.4.2 The Accounts Officer -in-charge of the Pay & Accounts Office will send to the branch of the bank with which he is placed in account, the specimen signature of the Accounts Officer/ Officers and the officer or any other person who is authorised to sign as second signatory in terms of OM NO.1(3)/95/TA/Pt. file/575 dated 27-7-98, duly countersigned by an independent officer, preferably higher in rank, whose signature is available in the bank. When there is a change in the incumbency of any of the officers authorised to sign the cheques, the specimen signature of the incoming officer should be attested in the same manner and forwarded to the bank.

1.4.3 The Principal Accounts Officer will obtain supply of cheque books required for use by the Pay and Accounts Offices from the Central Stamp Store, Nasik Road and make arrangements for their distribution to the Pay and Accounts Offices. The detailed procedure in this regard is prescribed in Government of India, Ministry of Finance (Department of Expenditure) OM No. E.2(12)/76-sc/1490-1503 dated the 16th August, 1976 (Appendix 3).

1.4.4 The officer authorised to sign cheques will intimate to the paying branch of the bank the number of the cheque book and the number of the cheque forms included therein whenever a new cheque book is brought into use. The bank will keep a record of these particulars for verifying the genuineness of the cheques presented.

1.4.5 If a P.A.O. goes on leave, a substitute is to be provided. If, however, it is not administratively convenient to post a substitute for short spells of leave but there is another P.A.O. available, in that office, that P.A.O. can be authorised to sign the cheques. If there is no other P.A.O. on the strength of that office, the P.A.O. going on leave has to ensure that payments of important nature are not pending. Being a man stationed locally, cheques of urgent nature can be signed by him even at his residence. If, however, he goes out of station and no substitute is arranged in his place and there is need for making arrangements for drawal of cheques even during the short absence of the P.A.O., the Principal Accounts Officer may, for the specified period of the absence of the P.A.O., authorise the senior most Assistant/Junior Accounts Officer to sign cheques. The bills passed and cheques issued during the period of absence of P.A.O. should be reviewed by the regular incumbent after his return or by the full time substitute posted in his place. For this purpose, a certificate should be sent by the P.A.O. to the Principal Accounts Officer that the bills passed/cheques issued during the period of his leave/leave of his predecessor, have been checked.

Regis. Sec.

277-A

Government of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts
 Lok Nayak Bhawan, Khan market
 New Delhi 110 003

F. No. 1(1)/2002/TA/ 61

Dated : 23-1-2004



Correction Slip No.2 of Civil Account Manual (Revised First Edition)
 is sent herewith for information and necessary action.

(ROKHUM LALREMRUATA)
 Asstt. Controller General of Accounts

To

1. Chief Controllers/Controllers/Dy. Controller of Accounts of Ministries/Department of Government of India.
2. Controller of Aid, Accounts and Audit, New Delhi
3. Controller of Accounts, Delhi Administration, Delhi
4. Dy. DG, Postal/Accounts, New Delhi (5 Copies)
5. Director, Development Accounting, Railway Board, New Delhi
6. CGDA, R.K. Puram, New Delhi
7. PAO, Lok Sabha/Rajya Sabha/President's Secretariat
8. PAO, Ministry of Defence, R.No.304D, I Block, Sena Bhawan, N.D/.
9. Pr.AO(Audit), Office of DACR, New Delhi
10. Budget Section, Ministry of Finance, (DEA), North Block, New Delhi.
11. Dy. D.G. Telecom Accounts, Sanchar Bhawan, New Delhi
12. Director of Accounts, Cabinet Sect. East Block IV R.K. Puram, New Delhi (5 copies)
13. Cabinet Sect. EA I Wing R.No.199, South Block, New Delhi
14. Director General(PAF), Post, R.No.223, Dak Tar Bhawan, New Delhi
15. Institute of Govt. Accounts and Finance, Office of the CGA, Block No.IV, Old JNU Campus, New Delhi
16. PAO, Govt. Link Cell, Office of CGA, Ministry of Finance(Exp.), Ist Floor, New Secretariat Building, Opp. VCA Ground, Civil Lines, Nagpur.
17. C&AG, of India, Bahadur Shah Zafar marg, New Delhi (60 Copies)
18. PAO, Pondicherry, Pondicherry.
19. Director of Accounts, Goa Panaji.
20. Director of Accounts and Budget, A & N Admn, Port Blair.
21. Reserve Bank of India, Mumbai
22. Reserve Bank of India, Central Accounts Section, Nagpur.
23. Dy. Director, National Institute of Management and Accounting Ayuth, Meerut Cantt.
24. M/s Swami Gitanjali, 14, Kustain Beach, St. Santh one, Madras.
25. Director, Lal Bahadur Shastri National Academy of Administration, Mussoorie.
26. PAO(CGA) Office of CGA
27. All Group Officers/Branch Officers/All Sections of office of CGA.

Correction Slip to the Civil Accounts Manual (first revised edition. Vol.1)

CORRECTION SLIP NO.2

Page No.6

Para No.1.5.1

★ (i) The following may be added at the end of the sub-Para (1) of Para 1.5.1
of Civil Accounts Manual (revised first edition . Vol.1)

“ In all such cases, in addition to the name of payee, his/her/their bank
account number and bank code number will also be mentioned in the cheques”

1.4.6 The name of the Min./Deptt. of the Govt. of India, the name of the station, name of the office/ name and branch of the bank may be got printed on MICR cheques and the designation of the officer/officers signing cheques, D.D.O. and bank code number etc. may be affixed by means of rubber stamps on the cheque foils. In the case of non-MICR cheques, all the above particulars may be affixed by means of rubber stamps.

1.5 CATEGORIES OF CHEQUES AND THEIR USE

1.5.1 NEGOTIABLE-For personal payments to gazetted officers on account of personal claims, to contractors and suppliers and to public sector companies, corporations etc. These will be drawn as payable to or order of the 'Payee'. As a safeguard against fraudulent payment all non-salary cheques in excess of Rs. 500 and salary cheques in excess of Rs. 1000 shall be crossed and marked 'Account Payee'.

If in exceptional circumstances, a cheque in favour of a private person or a Government servant is not crossed in this form at the request of the payee, payment will be made only to the payee, on identification, or to a person holding letter of authority from the payee, whose signature must be verified and after identifying the messenger, or to the payee's banker on certifying that the amount has been placed to his credit. It should, however, be ensured that no payee makes it a practice to get uncrossed cheques in his favour as a matter of course.

★(i) added vide C.S. No.2.

1.5.1.1 It shall be permissible to pay the salaries and allowance etc. of the non-gazetted Government servants by cheques, if the non-gazetted Government servants agree in writing to their salaries and allowances being paid by cheques. →

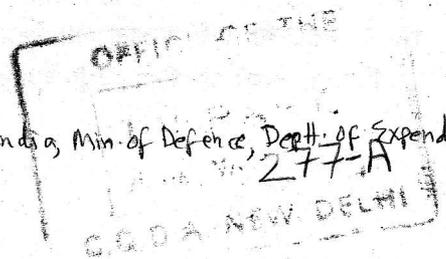
added → "In all such cases, in addition to the name of payee, his/hers/their bank account number and bank code number will also be mentioned in the cheques."

1.5.1.2 All officers and staff drawing salary by cheques, who desire to receive their salary in cash may be permitted to do so, and payments may be made to them in cash in the same manner as is being done in the case of non-gazetted establishment. Payments other than of salary will also be made by the same mode of payment as salary. However, in cases where salary is paid in cash, other payments like House Building Advance etc. may be made by cheques if these are large and are specifically required in writing to be made by cheques.

All officers and staff drawing salary and other payments by cheque shall also have an option to get their salary/ leave salary only credited directly to their bank account opened in the vicinity of their office on exercising option in writing in March every year authorising their Drawing and Disbursing Officer to credit the salary/ leave salary in their bank account and also authorising that bank to receive salary/leave salary on their behalf. The Pay and Accounts Officer has to issue a consolidated cheque in favour of bank branches specified by the D.D.O. concerned and deliver it to the D.D.O. with a list of employees included in the cheque indicating accounts numbers, at least two days in advance so as to enable him to pass it on to the bank and the later to credit the amount to the respective account of the employees on due date. Clear cut instructions should be issued to the bank so that the amount is neither credited to their account prior to the date on which payment is due, nor is delayed.

★(i) added vide C.S. No.2 dt. 27/01/04

[Authority: F. No. 1(1)/2002/TA/61, Govt. of India, Min. of Defence, Dept. of Expenditure, C (NA, New Delhi)]



1.5.1.3 In cases where the working of any bank accredited to a Ministry or Department is affected by go-slow etc. and timely payment of salary and other payments is likely to be delayed, the officers and staff getting salary by cheques may be issued 'open' cheques instead of 'Account Payee' cheques even when the amount to be paid in a case exceeds Rs. 1,000/-. For this purpose, the existing provisions contained in this sub-para. may be relaxed by the Chief Controller/Controller of accounts with the approval of the Financial Adviser in respect of payments to be made at the headquarters of the Ministry/Department. At other places, similar action may be taken by the concerned Pay and Accounts Officer with the approval of his Head of Department, subject to the condition that whenever such relaxation is granted, a report to that effect is immediately furnished to the Chief Controller/ Controller of Accounts.

1.5.1.4 'Open' cheques will invariably be made over to the individual payees through the concerned Drawing and Disbursing Officers who would be responsible for obtaining their acknowledgement in the register by providing the following columns (i) date (ii) name of the officer (iii) number of the cheque (iv) amount (v) bill number and date against which amount received and (vi) acknowledgement as prescribed in para 5 of Ministry of Finance, Department of Economic Affairs, OM No.F.10 (9)-B(TR)/76 dated the 28th February, 1976.

1.5.1.5 Acquittance for payments made to Government employees should be obtained in accordance with the provisions of Rule 92 of Central Government Account (Receipts and Payments) Rule, 1983.

1.5.2 NON-TRANSFERABLE - These cheques are meant for payment to the payee who is a Government officer for disbursement of salaries etc. of office establishment and for office contingencies. These cheques will be drawn in favour of the Payee by his official designation and will contain the superscription 'Not Transferable' on the top and will be drawn as payable to the payee only and not 'to order'. These cheques are not negotiable and payments will be made only to the Payee or to his messenger holding a letter of authority on proper identification.

1.5.3 NOT NEGOTIABLE AND NOT PAYABLE IN CASH - CREDITABLE TO GOVERNMENT ACCOUNT ONLY -

These cheques will contain the superscription 'Government Account'. These are meant for payment of inter-departmental or inter-governmental claims.

1.5.4 In the case of cheques drawn in favour of government officials [cheques mentioned in paragraph 1.5.2], the specimen signatures of these officers will be supplied to the bank in advance and care will be taken by the bank to see that the signature given as discharge on the cheque agrees with the specimen signature on record.

1.5.5 All payments on account of settlement of inter-governmental and inter-departmental transactions (i.e. other than payment of loans and grants-in-aid to State

Governments and to Union Territory Governments/Administrations and supply debits referred to in para 8.8 of Chapter 8) irrespective of location of the payer vis-a-vis payee offices, will be arranged only by issue of cheques of the category specified in para 1.5.3 above and not by demand drafts.

Note:- Reserve Bank of India, Central Office, Bombay in their letter No. 2669/GA 64(12)/79-80 dated the 12th May, 1980 addressed to all the Public Sector Banks transacting Government business, have requested them to encash outstation cheques of category mentioned in para 1.5.3 above viz. 'Government Account' at par.

1.6 BANK DRAFTS

1.6.1 Payment by bank drafts to outstation payees by Pay and Accounts Offices is permissible in the following types of cases:-

- (a) all cases where payments have to be made by bank drafts either under the provisions of any law, or other legal or contractual obligations;
- (b) payment towards pay and allowances and other personal entitlements of outstation establishments, and contingencies etc. relating to outstation offices bank drafts required in favour of drawing and disbursing officers of outstation offices to enable them to make disbursements of pay and allowances and other personal entitlements of staff, office contingencies etc. in cash will be drawn in favour of the D.D.O. by designation and bear the superscription 'not transferable' and the word 'ONLY' should be added after the designation of the 'Payee'.
- (c) Public Sector Undertakings and corporations (Other than local bodies) set up by Government should open bank accounts at the station where the Pay and Accounts Office concerned is located, in order to facilitate payment to them by crossed, negotiable cheques only. Wherever this is not possible, payments may be arranged by crossed demand draft(s).
- (d) Payments to semi-Government/private institutions/ private companies/individuals, etc. not covered under (a) to (c) above and located at outstations by crossed bank draft.

1.6.2 Bank drafts for the regular monthly pay and allowances of establishment will be superscribed 'Not to be presented before.....' [the earliest date on which the payment can be made under Rule 64 of C.G.A.(Receipts & Payments) Rule, 1983.]

1.6.3 For obtaining the bank drafts required for outstation payments, the Accounts Officer of the Pay and Accounts Office will present a requisition in Form SY 288 duly supported by a statement in duplicate showing the particulars of the bank drafts required along with a Cheque of category I (Negotiable) for the total amount drawn in favour of the bank(name of the bank to be indicated as payee). If any special

superscription is required to be made in the draft such as 'Account payee', 'Account Government only', 'Not Transferable' or 'Not to be presented before.....', a specific request to this effect should be sent with the requisition. When drafts are required in favour of drawing and disbursing officers of outstation offices to enable them to make disbursement in cash of pay and allowances of staff, office contingencies etc., the draft should bear the superscription 'Not transferable' and the word 'ONLY' should be added after the designation of the payee. A register of requisition of bank drafts shall be maintained vide para 2.3.4. of chapter 2 of this manual.

1.6.4 PAYMENT BY MAIL TRANSFER

1.6.4(i) It has been decided in consultation with Reserve Bank of India that Public Sector Banks will also extend to the Departmentalised Central Government Ministries/Departments the facility of remittance of funds to Semi-Government/Grantee Institutions through Mail Transfers free of charge under their own remittance facilities scheme. This will be in addition to the existing facility of payment through Demand Drafts.

1.6.4(ii) In order to enable the Pay and Accounts Office to arrange remittance by Mail Transfer, the Drawing and Disbursing Officer will submit the bill with an endorsement that the payment may be arranged by Mail Transfer. He will also indicate the account number and name of the Branch Bank through which the payment is to be remitted. The Pay and Accounts Office will intimate the particulars of cheque number and date so that the Drawing and Disbursing Officer could complete his records and watch the acknowledgement from the grantee institution.

1.6.4(iii) This facility will be available only for Autonomous Bodies/Public Sector Undertakings and Grantee Institutions for payment of grant-in-aid and will not be applicable for suppliers and other private parties.

1.7 PAYMENT BY AUTHORITY

Whenever payments are to be authorised on the paying authorities abroad, the P.A.O. concerned will issue the authority which will be countersigned and embossed with special seal by the Principal Accounts Office and forwarded to the authority who will make the payment. Necessary authority letters authorising the officer in the Principal Accounts Office to sign such letters, his specimen signatures and special seal should be sent to all concerned. If in any Ministry, such payments have to be frequently authorised by a particular P.A.O. the said P.A.O. may be authorised as a standing arrangement to directly issue the authority duly embossed with special seal.

1.8 ISSUE OF FRESH CHEQUES IN LIEU OF LOST CHEQUES

The procedure prescribed in Rule 48 of C.G.A.(R and P) Rules, 1983 and inserted as para 2.4 of Chapter 2 of this Manual, shall be followed for the issue of a fresh cheque in lieu of a cheque issued earlier but reported to have been lost.

1.9 PAYMENT SCROLLS

1.9.1 The payment scroll will be prepared by the paying branch of the bank in quadruplicate in Form Annexure A to Appendix 2, separately for each account holder. As and when cheques are passed for payment, the cheques will be entered in the scroll. Each day's scroll will be given a running serial number for the accounting year 1st April to 31st March. The serial numbers on the payment scrolls will bear prefix DMA(E) The scroll will be totalled at the end of the day. For the detailed procedure to be followed by the banks, Appendix 2 to this Chapter may be referred to.

1.9.2 After the books of the branch have been balanced with reference to the total of day's scrolls, two copies of the scrolls along with the relative paid vouchers will be sent by them to the designated 'Focal Point' branch (and not to PAO) with a forwarding Memo on a day-to-day basis. One copy of the scrolls will be sent direct by them to the D.D.O. concerned. The fourth copy of the scroll will be retained by the branches for their records. The Focal point will receive from dealing branches linked to it, two copies of scrolls along with paid cheques attached to the original scroll. It will consolidate the transactions of the various dealing branches including its own and prepare a Main scroll in triplicate separately for each Ministry/Depts. Two copies of the main scroll along with the original copy of the scroll with the relative instruments received from various dealing branches will be forwarded to the concerned PAO on day-to-day basis. While furnishing the daily memo in Annexure 7, to the Link Cell, the Focal point branch should furnish a certificate to the effect that necessary scrolls/paid cheques/etc. have already been submitted to concerned Govt. Officials.

The PAO, on receipt of copies of Main scroll and supporting documents will certify and return the duplicate of the scroll within 24 hours to the 'Focal Point' branch after verification. The Pay and Accounts Office will conduct the following checks:-

- (i) Whether the cheque is one that was issued by that Pay and Accounts Office.
- (ii) Whether the payment recorded in the scroll tallies with the amount shown on the paid cheque.
- (iii) Whether the payment shown in the scroll and on the cheque tallies with the amount passed for payment on the related voucher and with the entry in the Register of Cheques Delivered (Form CAM-11). The entry in the latter register will be simultaneously ticked off and the date of encashment also noted therein.

Note:-The checks at (i) and (ii) above are to be exercised scrupulously under the P.A.O's personal supervision.

1.9.3 Any discrepancy noticed by PAO should be promptly taken up with the Focal Point branch for carrying out the correction by means of an "Error Scroll". Sometimes, a Focal Point Branch serving more than one Pay and Accounts Office may

include in the scroll, cheques of another PAO/Deptt./Ministry. In such cases after verifying scrolls with reference to cheques issued by him, he should return the cheque not pertaining to his office and request the bank to revise the bank scroll by an 'error scroll'. The PAO, while returning the cheque to bank, may also send a copy of the reference to the PAO to whom the cheque pertains giving full particulars thereof to enable the latter to keep a record of its encashment and pursue the matter with his Focal Point Bank for inclusion of the cheque in his scroll. This will also avoid the possibility of issue of duplicate cheques in lieu of such cheques.

The Focal Point branches will also render receipt scrolls to the PAO along with challans. The entries in respect of receipt scrolls will be reconciled in the accounts in the manner laid down in para 1.10.2 et seq.

1.9.4 The Pay and Accounts Office in account with a public sector bank, i.e. other than Reserve Bank of India shall post the total of each day's payments and receipts as per the payment/receipt scrolls (excluding discrepant items, if any) in the Register of Public Sector Bank Suspense (Form-C.A.M. 17). Separate folio may be opened for entering scrolls pertaining to P.A.O. and each cheque drawing D.D.O.

1.9.5 The Pay and Accounts Officer will tally the monthly gross payments/receipts worked out in this register with the gross amount derived from the monthly statements of disbursements and receipts received from all concerned bank(s) and record a certificate in this regard in the register. Thereafter he shall take the figures of payments and receipts for each month to the account head "8658-Suspense Accounts-Public Sector Bank Suspense" on the appropriate side i.e. credit and debit sides respectively in the Classified Abstract.

1.9.6 The idea behind opening the minor head 'Public Sector Bank Suspense' with effect from 1st April, 1977 is to exhibit in accounts, the difference between amounts of Central Government (Civil) transactions occurring in Public Sector Banks which are included in Government Accounts and the amounts actually adjusted by the Reserve Bank of India, Central Accounts Section, Nagpur against the Central Government on the basis of advices received from the link branches of Public Sector Banks through designated offices of Reserve Bank of India. The progressive balances outstanding on credit and debit sides under the minor head 'Public Sector Bank Suspense' in the books of the Principal Accounts Officer concerned will represent respectively the payments and receipts of the Ministry/Department handled by its accredited Public Sector Bank for which either settlement remains to be effected between the Public Sector Bank and the Reserve Bank of India or non clearances therefrom by the Principal Accounts Offices due to non-receipt of monthly statement(s) of transactions from the R.B.I., Central Accounts Section, Nagpur before close of the monthly accounts of relevant month. Causes for such non-settlement will generally be (i) delay in receipt of memorandum of transaction(s) by link banks from branch banks, (ii) delay or omission on the part of link banks in including the amounts of branch bank's memorandum in their daily advice to Reserve Bank of India, (iii) difference between amounts indicated in branch bank memo (which gets reflected in the focal point bank memo) and the

correct amounts of cheques paid/ receipt challans scrolled,(iv) Delay or omission on the part of Link Cell to settle the transactions with RBI(CAS),Nagpur and (v) erroneous classification of transactions of a Ministry Department against another Ministry/Department in its advice(s) by a branch or link bank of a Public Sector Bank which handles transactions of more than one Ministry/Department.

Similarly, in the monthly Civil Accounts of the Government of India consolidated by the Controller General of Accounts, progressive figures of credit and debit balances outstanding under the head 'Public Sector Bank Suspense' will give a total picture thereof relating to all Civil Ministries/Departments put together.

1.9.7 Clearance from the suspense head as above by transfer to the head "8675.Deposits with Reserve Bank-Central Civil-(PSB)" shall be made by the Principal Accounts Office on receipt of intimation of the monthly figures from C.A.S. of Reserve Bank of India, Nagpur as indicated in detail in para 1.12.7 et seq.

1.9.8 The Pay & Accounts Officer in account with a branch of the Reserve Bank of India as primary banker shall post the total of the day's payments/receipts as per the scrolls, in the Register of Reserve Bank Deposits (Form CAM-17). The monthly totals of receipt and payment scrolls as worked out in this register will be taken to the classified Abstract as debit and credit respectively under the head of account "8675-Deposits with Reserve Bank- Central Civil-Reserve Bank Headquarters"

1.10 RECEIPT SCROLLS

1.10.1 Receipts of Ministries/Departments will normally be received in the form of cheques on local banks or demand drafts, drawn in favour of the Pay and Accounts Officer or cheque drawing D.D.O. as the case may be. Receipts in cash will, however, be accepted by cheque drawing D.D.Os. or other departmental officers subject to the provisions of Rule 18 of Central Government Account(R and P) Rules,1983.

1.10.2 The receipts thus accepted will be remitted into Government account which is held by P.A.O. or by a cheque drawing officer in the relevant branch of the bank accredited to the Ministry /Department concerned. Challan forms shall be used showing particulars of cash / cheque/ demand draft deposited and the classification relevant thereto, in triplicate, where the cheque drawing D.D.O. remits. The receiving bank will prepare daily Receipt scrolls (Annexure-4) in quadruplicate separately for each account holder. The serial numbers on the receipt scroll will bear prefix DMA (R). The serial number of the entry in the scroll will be recorded on the corresponding challans for the purpose of identification. After the day's accounts are balanced, two copies of the scrolls along with relative challans will be sent to the designated Focal point branch with a forwarding memo (Annexure 5) on a day-to-day basis. One copy of the scroll will be sent direct by them to concerned D.D.O. The Fourth copy of the scroll will be retained by the receiving branch. Based on the challans received by him the

departmental officer will prepare a weekly statement of receipt giving the number and date of the challan, name of the depositor and amount deposited. He will also check the entries in the copy of the scrolls with entries in the statement of receipts and reconcile with the bank any discrepancy detected, under advice to the PAO. He will also send to his PAO, a monthly bank reconciliation statement in Form CAM-22.

The Focal Point branches will consolidate the transactions of the various dealing branches including its own and prepare a main scroll in triplicate (Annexure 6) separately for each Ministry/Deptt. Two copies of the Main scroll along with the original copy of the scroll with the relative instruments received from various dealing branches will be forwarded to concerned PAO for verification as in the case of payment scrolls.

1.10.3 The Pay & Accounts Office will, on receipt of bank scrolls, check the entries in the scrolls with the challans attached thereto and after proper linking, shall pass them on to the compilation section for posting the total receipts as per scrolls in the register of Public Sector Bank suspense or Reserve Bank Deposits as the case may be, maintained in form C.A.M.-17 and also for compiling the challans to the receipt heads concerned. He will also watch receipt of reconciliation statement from the cheque drawing DDOs to ensure that all the amounts credited by them have been correctly entered in the scrolls received by him. He will also watch whether credit is given in bank scrolls for all the cheques/bank drafts sent to the bank by him for credit into Government account, and take appropriate action in respect of those outstanding, in consultation with the bank. If any of outstanding bank drafts happens to be one that was received from a Departmental Officer (without cheque drawing powers) stationed at an outstation, he would have to keep the latter informed and/or arrange for further action being taken with the party concerned through the latter.

1.10.4 Departmental officers who are other than the cheque drawing DDOs situated at the same station as the Pay and Accounts Officer shall remit the collections received in cash or local cheque/demand draft into the bank in which the Pay and Accounts Office holds an account duly supported by challans. He will also send to the Pay and Accounts Office a weekly list of remittances into the bank to enable the Pay Accounts Officer to watch receipt of corresponding credits in the bank scrolls received by him. The Pay and Accounts Office shall intimate to the Departmental Officer for further action, details of cheque(s)/bank draft(s) remaining outstanding or dishonoured at the end of the month subsequent to that in which the latter had reported it (them) as remitted to the Bank. Departmental Officers situated at a station other than that of the Pay Accounts Office, shall obtain receipts in the shape of demand drafts drawn in favour of the Pay & Accounts Office and payable at the latter's station and where he is empowered to receive cash, shall convert the same into a demand draft drawn in favour of his P.A.O. and remit the same to the latter for crediting into Government account. If under the provisions of any Rule/Act, the receipts of a department are at present required to be remitted by the public by means of demand draft drawn in favour of departmental officers and such an officer happens to be a non-cheque drawing officer, he should endorse it in favour of the pay and Accounts Officer of his Department for crediting it

into the Government account held by the latter. Reserve Bank of India have clarified that there is no legal bar to a crossed cheque/demand draft drawn in favour of departmental officer and bearing the endorsement 'Account Payee' being endorsed by him in favour of his Pay and Accounts Officer for this purpose.

Even category III cheques/drafts bearing the endorsement "Not negotiable and not payable in cash-creditable to Government account only" drawn in favour of Chief Controller/ Controller/ Dy. Controller of Accounts i.e. Principal Accounts Officer, could be endorsed by him in favour of a P.A.O. under him for crediting to Government account.

Note:- Receipts relating to Direct Taxes (Income tax, Corporation tax) and Indirect Taxes (customs and excise duties etc.) administered by Central Board of Direct Taxes/Central Board of Excise and Customs will, however, be credited/remitted into the Reserve Bank of India and other nominated branches of Public Sector Banks using challan forms specifically prescribed under the relevant provisions of the schemes of revenue collections of Central Board of Direct Taxes/Central Board of Excise and Customs with effect from 1st April, 1977.

1.11 REGISTER OF VALUABLES

Bank drafts or cheques received in the Pay and Accounts Office should be entered in the Register of valuables (Form CAM-16) immediately on receipt and then sent to the Bank for credit to Government account with a credit slip on the next working day. In order to reduce clerical work in this respect in cases of heavy receipt of valuables from outstation, non-cheque drawing D.D.Os, the covering list of valuables received from them may be pasted in the register after checking each entry in the list with the valuables enclosed therewith. The register should be closed every fortnight and bank drafts/cheques for which the corresponding credits in the bank scrolls are not forthcoming should be investigated.

1.12 ADVICES ON RESERVE BANK OF INDIA (CAS) NAGPUR AND OPERATION & CLEARANCE OF THE MINOR HEAD, RESERVE BANK SUSPENSE (C.A.O.) ETC:

1.12.1 Payments of loans and grants to State Governments and repayments of loans/payment of interest by State Governments are effected by the issue of advices to the Central Accounts Section of R.B.I., Nagpur by various Principal Accounts Offices etc. in terms of the procedure prescribed in Chapter 8. Advices issued by a Pr.A.O. to R.B.I.(CAS), Nagpur in this connection for effecting monetary settlement through its books will be given the same treatment in accounts as is given to cheques issued, except that the head '8658-Supense Accounts-R.B. Suspense (C.A.O.)' instead of the head '8670-Cheques and Bills' will be operated upon for affording contra credit. This suspense head will also be cleared with a minus credit as soon as relevant intimation (clearance memo) is received from R.B.I., C.A.S., Nagpur about having effected the settlement in the manner indicated in para 1.12.3 et seq.

1.12.2 Intimations received by a Principal Accounts Office from the RBI(CAS), Nagpur about credit having been afforded to the Ministry's/Department's account based on advices from Accountants General etc. will be dealt with in the same manner as receipt scrolls from banks (without supporting details which would be awaited from the Accountant General concerned) and the head "Reserve Bank Suspense (C.A.O)" minus debit will be operated upon. On receipt of details from the A.G., the suspense head should be cleared through a transfer entry, affording debit to it with per contra credit to the final head (s). This procedure of operating on Reserve Bank Suspense (C.A.O.) may be adopted in respect of all such clearance memos received irrespective of whether particulars are received and complied, or not.

1.12.3 Form of register of Reserve Bank Deposits-Part II (CAM 17A) has been devised for use in the manner indicated in the other sub paras of this para and in the next para. However, Principal Accounts Offices which are not concerned with the operation of remittances heads need not open columns meant for indicating contra effect against Major Heads 8786 to 8789 (viz. columns 7 to 10).

All advices for payments of the type referred to in para 1.12.1. above should be entered in a register in form CAM 65 and they should be submitted for signatures along with the register. Monthly total under column 3 of the register should be entered as credit against the head '8658 Suspense accounts-Reserve Bank Suspense (Central Accounts Office)' in the classified/consolidated abstract. Also, full classification of the final head(s) to which the payment is debitible should be indicated/pasted on a spare copy of each advice, and passed on to the Compilation Section along with the daily memorandum of advices issued, for posting in the compilation sheet etc. As soon as clearance memos are received from the RBI, their particulars should be entered in form CAM 17A. Total amount under column 12 thereof will have to be reckoned for posting against the said suspense head in the classified abstract as responding minus credit.

Clearance memos received in the type of cases referred to in para 1.12.2 are to be entered in form CAM 17 A and credit afforded to the said suspense head to the extent of the monthly total under column 6 of the register and T.Es proposed in all cases on receipt of particulars from AGs in the manner indicated in para 1.12.2.

The total receipts and disbursements under columns 5 and 11 of the said register will be reckoned for the purpose of entry on the appropriate side of the classified abstract/consolidated abstract against the head of account "8675-Deposits with Reserve Bank-Central Civil-Reserve Bank, Central Accounts Office". Ordinarily, no balance should remain outstanding under the head 'Reserve Bank Suspense' at the close of the accounts of a financial year.

1.12.4 In the cases of operation of remittances heads by Supply accounts and External Affairs Offices etc. referred to in paras 8.8.1 and 8.9.1 et seq, the original adjustment of debit against these heads would have arisen at the time of compilation of the payment vouchers in a manner similar to adjustment under 'PAO Suspense', dealt with in para

8.2.1 with the difference that the settlement will be by issuing advices on RBI, CAS, Nagpur instead of by asking for a cheque. The responding stage commences with the issue of an advice to RBI(CAS)Nagpur. The advices may be entered in a separate register in form CAM 65. When the clearance memo is received from RBI, Nagpur, it should be entered in C.A.M.17A so as to give responding minus debit to the relevant remittance head from the monthly total there under and the corresponding debit would form part of the figure to be reckoned against the head '8675-Deposits with Reserve Bank - Central - Civil - Reserve Bank (CAO).

Ordinarily, no balance should remain outstanding under these remittances heads at the close of the accounts of a financial year.

1.12.5 Monthly totals under columns No. 5 & 11 should be tallied and reconciled with monthly report adjustments submitted by R.B.I.(CAS), Nagpur vide portion (i) of para 1.12.6 et seq.

1.12.6 On receipt of the daily intimations of receipt and payment relating to each Ministry/Department from the Link Cell of the Public Sector Bank, the Central Accounts Section of RBI, Nagpur, will effect necessary settlement and, inter alia, work out daily balance of the Govt. of India. The Central Accounts Section, Reserve Bank of India, Nagpur shall maintain a separate proforma account styled "Departmentalised Ministries' Account" (with details in respect of each Ministry/Department) in the General Ledger. The Central Accounts Section, R.B.I., Nagpur shall furnish Ministry-wise/Department-wise balance for each month to the concerned CCA/CA of the Ministry/ Department indicating (i) adjustment effected by the Central Accounts Section, Reserve Bank of India, Nagpur on the basis of advices received from the Pr. Accounts Office in terms of para 1.12.1 and from As.G in terms of para 1.12.2 read with paras 8.2 & 8.15, and from Railways in terms of para 8.13.1 etc. and (ii) balances (total receipt/payment) transferred from Reserve Bank of India offices representing transactions during the month in respect of that Ministry/Department as reported by (a) branch of RBI acting as primary banker and (b) by nominated office of RBI effecting settlement with the Head of Office, (Designated Link office of PSB) and the net balance of that Ministry/Department calculated therefrom, vide Reserve bank of India circular No. 2036/GA-64 (12)-77/78 dated the 21st March, 1978.

1.12.7 The Principal Accounts Officer will be responsible for clearance from the Public Sector Bank Suspense head with reference to the figures reported by Central Accounts Section, Reserve Bank of India, Nagpur under (ii) (b) above. The clearance will be effected by means of a transfer entry by affording against the suspense head 'Minus debit' to the extent of the total receipts shown in the report, and 'Minus credit' to the extent of the total disbursements shown, with contra entry against the head 8675-Deposits with Reserve Bank-Central Civil-Reserve Bank (PSB) on the appropriate side.

1.12.8 The Principal Accounts Officer will also be responsible for effecting the necessary agreement of these figures in the Ministry/Department wise balances with the figures under the Reserve Bank Deposits/Public Sector Bank Suspense heads appearing

in the monthly account rendered by them to the Office of the Controller General of Accounts.

The Differences detected during the course of agreement of the figures under "8675 Deposits with Reserve Bank- Central- Civil" (all the sub-heads) and amounts outstanding "Public Sector Bank Suspense" should be got analysed and settled before the accounts of the year to which they pertain are closed. In exceptional cases where this has not been achieved, the matter should be pursued to its finality even thereafter, and adjustments that may be required should be incorporated in the accounts which are open.

Note:- The final adjustment for transferring the amount from the head '8675-deposits with Reserve Bank' to '8999-Cash Balance' will be done by the C.G.A.

1.12.9 The responsibility for effecting reconciliation between the net increase/decrease in the balance of the Central Government as a whole with Reserve Bank as reported by the Reserve Bank and the net results of the credits/debits to the head 'R.B Deposits' reported in the accounts rendered by the various Principal Accounts Officers will be that of the Office of the C.G.A.. In effecting such reconciliation, the effect of the transactions taking place at the Banking treasuries as well as the Centre-State adjustments advised by Accountants General etc. will also be taken into account.

1.13 EXPENDITURE CONTROL

1.13.1 One of the important duties of each Pay and Accounts Office, as a prelude to the introduction of Exchequer Control (which will require a law to be enacted under Article 149 of the Constitution) is to see that no payment is made in excess of budget allotment unless it is covered by an advance from the Contingency Fund.

1.13.2 Since under the new system, all payments are closely related to appropriation at the very points authorising such payments, chance for error in classification requiring rectification through transfer entries in accounts are considerably reduced, if not totally eliminated.

1.13.3 Copies of all sanctions and orders signed in manuscript to be acted upon by the Pay and Accounts Office will either be addressed to him or endorsed to him by the authority competent to accord sanction, indicating, inter-alia, the head of account under which the payment is to be classified and also quoting reference to the U.O. No. under which sanction of the Ministry of Finance/Financial Adviser was taken wherever necessary.

1.14 EXPENDITURE ON DEPARTMENTALISED ACCOUNTS ORGANISATION

1.14.1 The following principles should be adopted for classifying the expenditure on departmental accounts organisation:

- (a) The expenditure on a Pay and Accounts Office, which is exclusively dealing with a separate identifiable organisation will be treated as regular expenditure of the organisation without operating separate minor heads for this purpose. For example, expenditure on PAO (DGTD), will be debited to '2852-Industries-A General-Direction and Administration; that relating to PAO (SALT) will be debited to '2852-Industries-B Large and medium industries-Consumer Industries'; that on PAO (Tourism) to the head '3452-Tourism-Direction and Administration'.
- (b) In respect of separated accounts organisation of the Department of Supply and which has been functioning even before 1.4.76, the old classification may be continued for the present (This will not apply to Pay and Accounts Offices of Food, Rehabilitation, Works and Housing or Agriculture Ministries);
- (c) Expenditure on special accounting organisations already set up before departmentalisation, for example, FA&CAO, Dandakaranya, FA Tuticorin Harbor Project, etc., will also continue to be classified as at present;
- (d) The expenditure on all other Pay & Accounts Offices as well as Pr. Accounts Offices of all Ministries/Departments including Internal Audit Wings set up under the Departmentalisation scheme will be classified under the minor head 'Secretariat' below the appropriate Major head viz., '2052-Secretariat-Services' or '2251-Secretariat-Social and Community Services' or '3451-Secretariat-Economic Services', as the case may be.

1.14.2 Budget provision will also be made according to the principles set forth above. In the case of (a) above, the provision will be included in the total provision for the organisation. In the case of (b) and (c) above the present system of budgeting will be continued. In respect of (d), budget provision will be included in the Secretariat Demands for Grants of the concerned Ministries or Departments.



APPENDIX '1' TO CHAPTER I

(Referred to in Para 1.2.1)

NOTIFICATION NO. CD-896/80

Dated 27th September, 1980
issued from Rashtrapati Bhawan, New Delhi

2. (C) Under the heading **MINISTRY OF FINANCEE (VITTA MANTRALAYA)**, under the sub-heading **B-DEPARTMENT OF EXPENDITURE (VYAYA VIBHAG):-**

- (a) entry 5 shall be omitted;
- (b) for entry 7A, the following entry shall be substituted, namely:-

"7A Organisation of the Controller General of Accounts dealing with

- (i) General principles of Government accounting relating to Union or State Governments and form of accounts, and to frame or revise rules and manuals relating thereto;
- (ii) Reconciliation of cash balances of Union Government with Reserve Bank in general and, in particular, of Reserve Bank Deposits pertaining to Civil Ministries or Departments;
- (iii) Overseeing the maintenance of adequate standards of accounting by Central Civil Accounts Offices;
- (iv) Consolidation of monthly accounts, preparation of review of trends of revenue realisation and significant features of expenditure etc. and preparation of annual accounts (including Summary Civil Appropriation Accounts) showing under the respective heads, the annual receipts and disbursements for the purpose of the Union Government;
- (v) Administration of Central Treasury Rules;
- (vi) Co-ordination and assistance in the introduction of management accounting system in Civil Ministries or Departments;
- (vii) Cadre Management of Group 'A' (Indian Civil Accounts Service) and Group 'B' Officers of the Central Accounts Offices: and
- (viii) Organising of training and examination for the Central Civil Accounts Staff belonging to Group 'C' and 'D'.

APPENDIX '2' TO CHAPTER-1
(REFERRED TO IN PARA 1.4.1 & 1.5.1)

Memorandum of instructions on banking and accounting arrangements in connection with receipts and payments on Government account by public sector banks under the scheme of departmentalisation of accounts.

* * * * *

A scheme for the decentralisation of accounts of the individual Ministries/ Departments of the Government of India was introduced in three phases with effect from 1st April, 1976. Under the scheme of departmentalisation of accounts, the responsibility for maintenance of accounts at all levels was transferred from Accountants General to Integrated Financial Advisers of the Ministries/Departments. The arrangements in connection with payments and receipts of Government by public sector banks under the scheme of departmentalisation of accounts are indicated in this Memorandum for guidance of all concerned.

Note: Detailed Memorandum of Instructions outlining the banking and accounting arrangements in connection with the receipt of income tax and other direct taxes, central excise duties, and payment of civil pensions under the scheme for collection of taxes, dues etc. of scheme for payment of pension through public sector banks have been issued separately.

2: The Integrated Financial Adviser of the Ministry/Department will make budget allocations to various wings, departments or formations under his jurisdiction, on the strength of which the Accounts Officers in charge of Pay and Accounts Offices issue letters of credit, assigning the amounts allotted to Drawing and Disbursing Officers, quarterly or at other intervals as may be convenient, sending the necessary intimation directly to the concerned branches of public sector banks with whom the Department or Ministry is banking. Payments on behalf of a drawing and disbursing officer served by a branch during a specified period will not exceed the amount of assignment or letter of credit. Accounts opened by the branches on the strength of letters of credit assigning limits for drawing are known as "assignment accounts" or "letter of credit accounts". Some of the Government officers may be allowed, as far as the paying bank is concerned, to operate on Government Account without limit of account. Such accounts are known as "drawing accounts". There is a third type of Government account known as "Personal Ledger Account". These are of the nature of regular current accounts opened in the name of Government Officers for the purpose of booking receipt and drawings, the essential condition being that drawings are restricted to the balance in the account.

3. The concerned branch will maintain a ledger in form as per Annexure-1 for assignment or letter of credit account of each drawing and disbursing officer for whom the branch will be acting as banker. For personal ledger accounts, form as per Annexure-2 will be used. Full particulars such as the name of the account, the date of

opening the account, name and designation of the officials authorised to operate on the account, a reference to the letter from which the authority is derived, the amount of the assignment or letter of credit and the number of the cheque book and the number of cheque leaves which will be used for operation on the account will be recorded at the top of the first page of the account under the authentication of an authorised official of the bank. The essential particulars relating to the account will be carried over to subsequent folios under the initials of the checking official.

4. The specimen signature of officials authorised to operate on the assignment or letter of credit accounts or drawing accounts will be obtained on sheets prescribed by the bank for the purpose. If specimen signatures are furnished on letters, they will be cut out and pasted on cards. The specimen signature should invariably be attested by another Government Official, by one whose specimen signature is already recorded with the bank. If this is not possible, the specimen signature should be got attested by the Reserve Bank. Where a fresh specimen signature is furnished due to a change in the incumbency of the drawing official, incoming official's specimen signature should be duly attested by the relieved official.

5. Government Departments maintaining accounts with the bank will make use of their own cheque forms for drawing on the accounts. For this purpose, the Pr.CCA/CCA/CA will make an annual or half-yearly assessment of the total number of cheque books required for his Ministry and either place a consolidated indent or authorise a senior officer in each department of the Ministry to place an indent for his department with the Deputy Controller of Stamps, Central Stamp Stores, Nasik, giving detailed instructions in regard to the distribution of the cheque books to various Pay and Accounts Officers or Drawing and Disbursing Officer as the case may be. The Drawing Officer will intimate to the branch concerned the number of the cheque book and the number of the cheque forms contained therein, whenever a new cheque book is brought into use. The signature on such advices will be verified by the authorised official of the branch and the particulars of the cheque book will be noted in the relative ledger under his initials, suitable remarks being made on the advices at the same time.

6. While passing Government cheques, apart from the checks and precautions usually exercised by banks, the following points will be observed:-

- (i) Signature appearing on the cheques should be carefully scrutinized and compared with the specimen signature of the authorised official record with the bank.
- (ii) Different periods of currency are prescribed for different classes of cheques in the Treasury Rules and these are usually printed on the cheques themselves. It should be ensured that a cheque presented is current in accordance with the period applicable to it.
- (iii) In order to ensure that fraudulent and unauthorised cheques are not presented, each drawing officer will draw cheques only on one branch of a bank specified

in this behalf by the integrated financial adviser or by any other person nominated by him.

- (iv) As a further safeguard against fraudulent payments and with a view to protecting the interests of Government, any cheque in respect of the salary or pension of any person for an amount of Rs. 1000/- or more and any other cheque in respect of any expenditure other than the salary of an office employee or contingent expenditure for the office if it is in excess of Rs.500/- will be marked "Account Payee".
- (v) If a cheque is for an amount which is smaller than the amounts mentioned above and is not crossed in this form, it will be paid only to the payee on identification, or to his banker on a certificate from the banker that the amount has been placed to the payee's credit, or to a person holding a letter of authority from the payee, after the payee's signature on the letter has been certified and the messenger has been duly identified.
- (vi) Inter-departmental and inter-governmental adjustment will be made by means of cheques. In all such cases, the cheques will be superscribed with the words "Account Government". Where a cheque is superscribed with the words "Account Government", the amount of the cheque should not be paid in cash and the drawee bank should ensure that the proceeds are paid to the credit of the Ministry, department or office of the Government concerned, either with itself or with another bank in the public sector conducting business on behalf of that Ministry, department or office as the case may be.
- (vii) When amounts are required by officers of the Government to enable them to make disbursements of pay and allowances of non-gazetted staff and contingent or other expenditure in cash on behalf of Government, the cheque will be superscribed with the words "not transferable". Where a cheque is superscribed with the words "not transferable", the proceeds may be paid in cash, care being taken to ensure that payment is made either to the payee himself on identification or to his authorised agent being a person holding a letter of authority from him or to the payee's banker. It should be borne in mind that payment can be made to a person holding a letter of authority from the payee only if the latter's signature is known to the bank or he can be identified to the paying bank and also that payment can be made to the payee's banker, only on his furnishing a certificate that the amount has been placed to the payee's credit. A transfer of the cheque by endorsement in such cases should not be allowed under any circumstances.
- (viii) The amount assigned or the amount mentioned in the letter of credit should not be exceeded at any time by reason of the payment of any cheque.

As Government cheques are issued in favour of individuals, private firms, joint stock companies and quasi-public bodies, it is essential that the staff attending to the

payments should be fully conversant with the nature of endorsements to be made on the cheques by each class of payees. Unless it is proved that payment is made in due course i.e. in good faith and without negligence, the bank cannot secure the protection afforded by Sections 85 and 85A of the Negotiable Instruments Act.

7. In the case of cheques drawn in favour of Government Officials, the specimen signatures of the latter should be supplied to the bank in advance and care should be taken by the bank to ensure that the signature given as discharge on cheques agrees with the specimen on record. The specimen signatures of the payee officials will not be recorded along with those of the drawing officials. They will be kept in separate files, alphabetically arranged according to departments to facilitate the verification of endorsements on cheques or signatures on other documents, if any, as and when this may be required.

8. One or more counter clerks conversant with endorsement and the signatures of the Government officials concerned, depending upon the volume of work involved, will be posted to receive cheques drawn on Government account and tendered over the counter for payment in cash. The counter clerk will examine the cheque and, if he finds it prima facie in order and properly endorsed, add his initials on the left hand bottom corner of the cheque and issue a token to the tenderer after recording its number on the cheque. He will then pass on the cheque to the ledger clerk. The ledger clerk will examine the cheque with reference to the various points detailed in paragraph 6 above and if it is found to be in order, will post the cheque in the relative account in the ledger as also in the payment scroll. After entry in the scroll, the cheque will be branded with the pay cash stamp and the serial number of the entry in the scroll recorded on it above the stamp. The ledger and scroll with the relative cheques will be put up to the authorised passing official and the passed cheque will be sent to the cash payment counter for the payment of cash against the surrender of the tokens issued.

9. (i) Cheques on Government account may be tendered with pay-in-slips or challans, for credit of some other account maintained at the branch, in which case the transactions will be only a transfer transactions. Cheques on Government account may also be received through clearing. In all these cases, the cheques will be examined with reference to the various points detailed in paragraph-6 above, posted in the ledger accounts and payment scroll and duly passed by the passing official.

(ii) Payment scrolls will be prepared in quadruplicate in the form set in Annexure 3.

10. RECEIPTS ON BEHALF OF GOVERNMENT.

Receipts on behalf of Government departments will be dealt with as under:-

(a) The depositor will deposit the amount of dues payable to any department or formation of the Ministry with the branch of the public sector bank, with which

the department or formation of the concerned Ministry is banking. The deposit will be accepted in cash or by means of a cheque or draft, along with the appropriate challans in duplicate or triplicate or quadruplicate as required.

- (b) Before a deposit on Government account is accepted, the accompanying challans will be carefully scrutinised to see that they are properly filled in. The scrutiny of the challans will be attended to by the counter clerk in the case of those accompanied by cheques or drafts and by the receiving teller in the case of those tendered with cash. The scrutiny will be conducted with special reference to the following points:-
- (i) that the proper challan form in duplicate, triplicate or quadruplicate as required has been used.
 - (ii) that all the columns which are required to be completed by the tenderer have been filled in and that the remitter's signature with his full address and the date of the remittance are furnished thereon. (The amount to be deposited is recorded in both words and figures by the tenderer in the challans.)
 - (iii) that the correct head of account to which the amount should be credited in Government account is clearly written on the challan, either by the remitter or the departmental officer on whose account the amount is deposited.
 - (iv) that where the challans are accompanied by cheques or drafts, the latter are drawn or are endorsed in favour of the concerned branch,
 - (v) that the particulars of the cash or cheques or drafts are entered on the reverse of the challans in the space provided thereon and
 - (vi) that the amounts creditable to different heads of accounts are not entered in the same challan.
- (c) After scrutinising the challan and satisfying himself that the amount of cash, cheque or draft as tendered agrees with the amount shown on the challan, the receiving counter clerk or teller will issue a paper token to the depositor to facilitate delivery of the receipted challan to him. In the case of challans accompanied by cheques or drafts, the counter clerk will indicate on the token the date on which the receipted challan will be available for delivery to the depositors. Paper tokens of different colours, serially numbered, may be used for tenderers of cheques or drafts or cash as the case may be. The token number will be recorded at the time of its issue on the receipt portion/copy of the challan to facilitate delivery of receipted challans to depositor.

- (d) All receipts on account of Government will be entered in a receipt scroll in quadruplicate in the form set out in Annexure 4, with separate column for cash, transfer and clearing. Challans with cheques or drafts will be entered in the clearing column of the scroll as on the date on which the proceeds of the cheques or drafts are expected to be realised. A separate scroll will be prepared for each department or formation of the Ministry, and for each major head of account, if required by the department or formation of that Ministry. The serial number of each entry in the scroll will be recorded on the corresponding cheque for the purpose of identification. Each day's scroll will also be given a running serial number for the accounting year from 1st April to 31st March, separate serial numbers being given to scrolls of each account to facilitate detection of any omission in submitting the daily scrolls. All copies of the challans will be branded with a suitable receipt stamp containing the name of the bank, branch and centre and in the copy/copies of challans meant for the tenderer the amount should be written in words and figures and that challan(s) should be signed in full. However, the bank official may only initial against the amount already indicated in the body of other copies of challan(s). As regards Government Departments, the initials and Cash Received stamp of the bank affixed on the challan should be adequate in view of the additional check available in the receipted scrolls. The receipted challans will thereafter be handed over to the counter clerk for delivery to the depositors against surrender of the paper tokens issued earlier. The scroll will be totaled after the close of business every day by the receiving branch concerned and the books of the branch balanced for the day with reference to the totals of the day's scrolls and the other transactions of branch. Every depositor will be submitting in the normal course a copy of the challan to the concerned departmental officer. On the basis of these challans, the departmental officer will prepare a weekly statement of receipts giving the number and date of the challan, name of the depositor and the amount deposited and forward the same to the designated Pay and Accounts Officer. The departmental officer will also check the entries in the copy of the scroll received by him with the entries in the statement of receipts and reconcile any discrepancy detected with the bank under advice to the Accounts Officer, Pay and Accounts Office. (Please see Annexure 15 for additional precautions to be exercised while passing instruments).

11. Under the revised procedure introduced with effect from 1st May, 1989, all the existing branches of the accredited banks nominated under the erstwhile procedure continue to handle the transactions of the concerned Ministry/departments in the usual way. The Pay and Accounts Officer/Drawing and Disbursing Officers continue to be in account with same dealing branch as hitherto. The dealing branches are however, now linked to the newly designated 'Focal Point' branch of the accredited bank for the purpose of reporting. The Focal Point branch would invariably be a branch designated as such by the accredited bank at a centre where the PAO is situated. The Focal Point branch should preferably be situated nearer to the place of office of the PAO so that unnecessary correspondence may be avoided and better rapport established. The revised procedure is outlined in the following paragraphs:-

(I) DEALING BRANCHES.

The dealing branch will continue to maintain the accounts of the DDOs/PAOs and prepare daily payment and receipt scrolls (Annexure-3 and 4) in quadruplicate separately for each account holder. Each day's scroll will be given a running serial number for the accounting year from 1st April to 31st March, separate serial numbers being given to scrolls of each account. These serial numbers on the scrolls shall bear prefix DMA (E) for payments and DMA (R) for receipts. The serial numbers of the entry in the scroll will be recorded on the corresponding cheques/challans for the purpose of identification. After the books of the branch are balanced with reference to the total of day's scrolls, two copies of scrolls along with relative challans/paid cheques will be sent by them to the Focal Point branch with a forwarding memorandum (Annexure -5) on a day-to-day basis. One copy of the scroll will be sent direct by the dealing branch to the concerned DDO. The fourth copy of the scroll will be retained by the branch for its own record. The dealing branch will not report/furnish any documents direct to the PAO. No Datewise Monthly Statement will be prepared by the dealing branch.

(II) FOCAL POINT BRANCH.

- (a) The Focal Point branch, in addition to acting as a dealing branch, will also be responsible for prompt and accurate accounting of the transactions reported to it daily by all the dealing branches linked to it.
- (b) The Focal Point branch will receive from dealing branches linked to it, two copies of scrolls along with challans/paid cheques attached to the original scroll. It will separate the original and duplicate copies of scrolls and subject them to careful scrutiny for accuracy. It will consolidate the transactions of the various dealing branches including its own and prepare a Main Scroll in triplicate (Annexure-6) separately for each Ministry/Department giving the totals of all accounts separately for which scrolls have been received from each branch. Two copies of the Main scroll alongwith the original copy of the scroll with relative instruments received from various dealing branches will be forwarded to the concerned PAO on day-to-day basis. The duplicate copy of the scrolls without instruments, received from the dealing branches will be stitched and retained by the Focal Point branch for its record. Simultaneously, the aggregate of the receipts and payments arrived at in the main scroll will be incorporated in a daily memorandum (Annexure-7) and same will be reported to its link cell at Nagpur on a day-to-day basis. The daily memorandum by the Focal Point branches of SBI are however sent to SBI, Governments Accounts Department, Bombay on a day-to-day basis. While furnishing the daily memorandum in Annexure-7 to the link cell/SBI,GAD Mumbai as the case may be, the Focal Point branch is also to furnish a certificate to the effect that necessary scrolls/paid cheques/challans, etc. have already been submitted to the concerned Government officials. The report in Annexure-7 is to be sent through

telex/telegram, if the net amount is Rs.1 lakh and above. A 'nil' advice is to be sent where there are no transactions to report. The Main scroll submitted to PAO as well as the Memo/Nil advice to link cell should bear a serial number in consecutive order for the year from 1st April, to 31st March.

- (c) Since the challans/paid cheques are important documents evidencing payments into/withdrawal from Government account, utmost care has to be exercised by the dealing branch/focal point branch to ensure that no challans/paid cheques are lost/misplaced while handling the documents. However, in the event of loss/misplacement of documents during transit, a certificate in Annexure- and Annexure- should be prepared by the Focal Point branch in lieu of lost challans/paid cheques in consultation with the dealing branch and attach it to the copies of relevant scrolls. The certificates should be serially numbered, separately for challans and paid cheques and number indicated against the entry in the relevant scrolls. A record thereof should be maintained by the Focal Point branch. If the lost/misplaced challan/paid cheque is recovered subsequently, it should also be forwarded to the concerned departmental officer separately citing a reference to the relative certificate. (It should be ensured that reimbursement are claimed by focal point branches only after the relative documents are submitted to the government accounting authorities.)
- (d) The PAO, on receipt of copies of Main Scroll and supporting documents, will certify and return the duplicate copy of the scroll within 24 hours to the Focal Point branch after verification. The Focal Point branch should keep a watch on the prompt receipt of the certified copy of the scroll from the PAO
- (e) The Focal Point branch should ensure that:-
 - (i) the mistakes/discrepancies pointed out by PAO are rectified after proper verification through error scroll, where necessary, as per the procedure,
 - (ii) the missing challans/paid cheques are submitted to PAO directly,
 - (iii) the copies of Main Scrolls duly verified by PAO are kept on its record,
 - (iv) the mistakes/discrepancies in scroll, resulting from erroneous entry of credit or debit, will be rectified by withdrawal of erroneous credit or debit by minus credit or minus debit as the case may be and not by passing contra debit/credit adjustment by the banks.
- (f) Methodology to be followed for adjustments of wrong debits/credits.
 - (i) the original transaction, which was booked wrongly may be shown as minus figure under the relevant column in the Error scroll and then the correct transaction may be entered. The total figures as appearing in the Error scroll under Receipt and Payment Columns, i.e. minus or plus,

may be incorporated in the relevant scroll of the department for the day. Suitable remarks may also be made in the office copy of the original scroll against the relevant entry for which adjustment has been carried out. The aggregate Receipts and Payments figures of the scroll, minus or plus as the case may be, after adjustment of the error, may be reported to the Focal Point branch. The Focal Point branch will incorporate the receipt and payment figures of the dealing branch, as they appear on the branch scroll viz. Either minus or plus in the Main Scroll and the aggregate Receipt and payment figures, either minus or plus, arrived at in the Main Scroll should be reported to Reserve Bank for settlement through link cell at Nagpur or SBI, GAD, Mumbai as the case may be.

- (ii) For the purpose of inter bank settlement the minus receipts may be treated as 'Payment' and the minus payment as 'Receipt' and the branch account may be credited and debited accordingly.
- (iii) When the totals of receipt and payment transactions arrived at in the Main Scroll reveal a minus figure, it/they should be reported as such. However, for purpose of inter branch adjustments/settlement the minus receipt and minus payments may be taken as payment and receipts respectively. An illustration of the minus adjustments is furnished below:-

ILLUSTRATION:

A branch of the bank had effected receipt transactions of Rs. 1,54,000 and payment transactions of Rs. 2,60,000 on 5th March in respect of PAO 'B'. These transactions had been wrongly reported as Rs.5,14,000 (R) and Rs. 6,20,000 (P). Corrections were carried out by bank on 9th March. The receipt & payments transactions of PAO 'B' at that branch on that date were Rs. 48,00,000 (R) and Rs. 78,00,000(P). Adjustment entries would appear in the scroll as under:-

Particulars in Error Scroll.

	Receipts	Payments
Correct transaction of 5 th March	1,54,000	2,60,000
Withdrawal of wrong figures reported		
On 5 th March	<u>(-)5,14,000</u>	<u>(-)6,20,000</u>
Total	<u>(-)3,60,000</u>	<u>3,60,000</u>

These minus figures will be adjusted in the Day's Scrolls (Receipt or Payment as the case may be) on 9th March as under:-

	Receipts	Payments
Total transactions of the day (as shown		
In the respective Scrolls)	48,00,000	78,00,000
Adjustment of error as shown in		
Error Scroll.	<u>(-)3,60,000</u>	<u>(-)3,60,000</u>
Total	<u>(+)44,40,000</u>	<u>(+)74,40,000</u>

(g) The Focal Point branch will also prepare in quintuplicate, the Datewise Monthly Statements (DMS) (Annexure -8) of the respective Ministry/Department and submit four copies thereof to concerned PAO for verification latest by the 3rd of the following month, retaining the fifth copy as office copy. Two copies of the monthly statement will be returned by the PAO duly verified to the Focal Point branch within 3 days of receipt thereof. Out of the two certified copies so received by the Focal Point branch, one copy will be retained by the Focal Point branch and the other will be forwarded to its link cell at Nagpur so as to reach the later by 10th of the following month. In case of Ministries/Departments banking with SBI, however, the Focal Point branch will send the certified copy of DMS to SBI, Government Accounts Department, Mumbai by 10th of every succeeding month.

(h) The Focal Point branch will be responsible for reconciliation of accounts with the respective PAO and settle any discrepancy pointed out by him. The adjustments on account of discrepancies/errors pointed out by the PAO will be incorporated in a separate error scroll and reported to PAO/link cell (or SBI, GAD, Mumbai as the case may be) for accounting.

Note: Out of the two copies, original copy of DMS will be retained by the PAO for his record and the duplicate duly verified sent to his Principal Accounts Office/Controller of Accounts latest by 8th of the following month.

(III) LINK CELL AT NAGPUR (IN CASE OF MINISTRIES/DEPARTMENTS BANKING WITH PUNBLIC SECTOR BANK OTHER THAN SBI.

(a) The link cell of the bank at Nagpur on receipt of daily advices/telegrams/telex from various Focal Point branches will decode them and report them through Daily Memo (Annexure-7) to RBI, Central Accounts Section, Nagpur which will generate daily statements and simultaneously carry out necessary

adjustments both in Government and bank accounts. The link cell while furnishing the daily memo in Annexure -7 to CAS, Nagpur will also furnish a certificate to the effect that relevant documents have been submitted by its Focal Point branches to the respective Government officials. Two copies of the relative daily statements will be sent by CAS, Nagpur to link cell of the bank which will retain one copy and return the other to CAS duly verified. Link Cell will maintain PAO-wise records of transactions/adjustments made. Link Cell will verify the data in the statement as furnished by CAS, with reference to branch memo/advices. Discrepancy, if any will be pointed out to CAS, Nagpur for rectification in the subsequent statement. RBI, CAS, Nagpur will also generate on behalf of the link cell of banks, monthly statements showing transactions (1) PAO wise date-wise (Annexure -11) and (2) Ministry/Department-wise PAO-wise (Annexure-12). Two copies of PAO-wise statement will be forwarded to the link cell by RBI, CAS, Nagpur. One copy of the statement will be furnished to the PAO by the Link Cell by 5th of the following month retaining the other copy as its record. As regards Ministry-wise statements, one copy of the statements will also be furnished to the link cell by RBI,CAS. The RBI, CAS, Nagpur will send one copy each of monthly statement, PAO-wise and date-wise, i.e. (Annexure-11) and (ii) Ministry wise PAO-wise i.e. (Annexure-12) along with consolidated monthly statement to the CCA/CA of the Ministry/Department by 15th of the following month.

Note:- The arrangement of generating monthly statement by CAS, Nagpur on behalf of link cell is a purely temporary measure. Link Cells will be required to take over their work when they are computerised.

(b) Link Cell will also prepare separate statements (Annexure - 10) for adjustment of discrepancies reported by Focal Point branch and furnish them to RBI, CAS, Nagpur for adjustment in Ministry's Accounts. RBI, CAS will process them, PAO-wise on the computer and furnish two copies to Link Cell. One copy will be retained by it and the other will be returned to RBI, CAS, Nagpur.

(IV) **S.B.I., GAD, Mumbai (In CASE OF MINISTRIES/DEPARTMENTS BANKING WITH SBI).**

(a) On receipt of daily memorandums/telegrams in respect of transactions from various Focal Point branches, the Government Accounts Department, Mumbai will consolidate the position and report the consolidated figures (receipt/payments separately) to RBI. Central Accounts Section, Nagpur for eventual settlement. SBI, GAD, Mumbai while reporting the consolidated figure to RBI, CAS, Nagpur will also furnish a certificate to the effect that relevant documents have been submitted by its focal point branches to the respective Government officials.

(b) SBI, GAD, Mumbai will prepare four copies of monthly settlement statement as per Annexure-11 and forward three copies thereof to RBI, CAS, Nagpur for

verification before 5th of the succeeding month. RBI after verification will forward one copy (alongwith the monthly closing balance statement) to each Principal Accounts Office of the Ministry/Department, one copy to SBI, GAD, Mumbai and retain one copy for their record.

- (c) SBI,GAD, Mumbai will also prepare four copies of monthly settlement statement PAO-wise showing transactions date-wise (Annexure- 11) and forward original copy to respective Principal Accounts Office, duplicate/triplicate copy each to the respective PAO and Focal Point Branch(s) and retain the fourth copy for their record.
- (d) SBI, GAD, Mumbai will also prepare monthly settlement statement in duplicate as per Annexure -12 and forward one copy thereof to respective Principal Accounts Office of the concerned Ministry/Department.
- (e) SBI,GAD, Mumbai will furnish to CAS, Nagpur daily the Ministry/Department-wise transactions statement. At the end of the month SBI will furnish to CAS, Nagpur (PAO-wise monthly statement of transactions and Ministry-wise/Department-wise monthly statement of transactions to enable CAS, Nagpur to submit consolidated monthly statement to Controller of Accounts.

(V) **SELF MONITORING**

Link Cell at Nagpur will also receive a copy of certified DMS from its Focal Point branch latest by the 10th of the following month. On receipt, thereof, the link cell should compare entries of receipts and payments in respect of each PAO date-wise with reference to amounts put through as shown in Annexure-8. In case if finds that the amount as shown in the DMS and as appearing in Annexure-8 differs it should adjust the difference in the daily advice for the next day showing corrections distinctly giving a reference to the date of each transactions. This will ensure settlement of accounts on self reconciliation basis. In doing so, it should keep a note of corrections in the DMS so that, if later, the same discrepancy is pointed out by the Focal Point branch at the instance of PAO, double adjustments is avoided. A similar procedure should be adopted by SBI, GAD, Mumbai.

(VI) **MARCH RESIDUAL TRANSACTIONS :-**

- (a) The transactions relating to Ministries/Departments, reported by the Focal Point branch to Reserve Bank of India, Central Accounts Section, Nagpur during the month of April may include transactions affected by the dealing branches pertaining to the month of March (or, in exceptional cases, earlier).

- (b) The transactions pertaining to a financial year are required to be adjusted to the extent possible, in the account of that year itself. As such, the transactions effected during the month of March should be expeditiously advised by the dealing branches to the Focal Point branch to enable the later to report the same to RBI, CAS, Nagpur through the link cell. In particular, the transactions taking place from 15th March till the end of the month should be reported by telex/telegram. As regards residual March transactions which could not be reported to RBI during the concerned financial year, the Focal Point branch should segregate from 1st April, all the transactions pertaining to the previous financial year and prepare separate Main scroll for (a) the residual transactions pertaining to March or earlier (i.e., during the earlier financial year) (b) current transactions i.e., those effected from the 1st April onwards. The main scroll for March transactions prepared from 1st April to 25th April should be distinctly marked as March Residual-1, March Residual-2 and so on up to March Residual-25. Focal Point branch should report these transactions to the Link Cell in separate Daily Memo. i.e., one for March and the other for April transactions. This procedure of reporting should continue up to and including of 25th April, and all transactions thereafter advised by the dealing branches will be reported in the usual manner and adjusted in the accounts of month of report at CAS, Nagpur. The same procedure should also be followed by the link cell in reporting these transactions to RBI, CAS Nagpur. The Focal Point branch should also furnish two separate monthly statements, one pertaining to "March Account" clearly marked as such, covering transaction relating to the period up to 31st March but reported during 1st to 25th April and the other covering the April transactions (which may include transactions of the previous month/s reported after 25th April) as usual. The monthly statement pertaining to the "March Account" should be sent to the concerned Pay and Accounts Officer latest by the 30th April. The statement relating to the month of April should be sent latest by the 3rd of the following month in the normal course.

(VII) **RESERVE BANK OF INDIA OFFICES.**

With the introduction of revised procedure from 1st May, 1989, RBI offices ceased to be the designated offices for settlement of DMA transactions handled by accredited banks. RBI offices, will however, continue to handle the transactions of Ministries/Departments accredited to them either exclusively or concurrently with SBI in the usual way. The RBI offices will follow the procedure applicable to the dealing branches and Focal Point branches as the office function both as dealing branch and Focal Point branch in respect of those Ministries/Departments for which they are acting as bankers. Each office of the Bank will act independently and render accounts to Pay and Accounts Officer. The transactions effected by them in respect of the accredited Ministries/Departments will be accounted for by them in their books and the balances, in Departmentalised Ministries' Accounts reported to CAS, Nagpur through telegram/telex daily. The offices render scrolls, etc. to the Pay and Accounts Officer/Drawing and Disbursing Officer on daily basis, submit Date-wise Monthly

statements to Pay and Accounts Officer for verification/certification and also attend to reconciliation work thereof . RBI offices should telex the PAO-wise monthly receipts and payments of each Ministry/Department to CAS, Nagpur immediately after the month-end transfer of balances followed by detailed monthly statement.

(VIII) **RECONCILIATION.**

(a) Efforts should be made to verify the scrolls promptly, if any discrepancy is detected, the same should be got settled by personal contact. If the scrolls are verified correctly, the DMS would become only a copy of verified figures and would not pose any problem subsequently.

(b) the reconciliation work will be done in two parts:-

First part will be reconciliation between the accounts rendered by the dealing branches to focal Point branch. This will be the responsibility of the concerned Focal Point Branch.

Second part will be reconciliation from the level of Focal Point Branch onwards right up to the stage of transactions put through. This will be the responsibility of PAO and Focal Point branch concerned.

12. **TURN OVER COMMISSION.**

The Link Cell of the bank will arrange to submit claims, Ministry-wise-/Department-wise, for turnover commission on Government transactions settled with RBI, CAS Nagpur to that office on quarterly basis for settlement. They have to ensure that adjustments on account of discrepancies of transactions originally reported are furnished in separate statements. It should also ensure that adjustments of discrepancies are correctly taken into account for arriving at total Government turnover and there is no double claim of turnover commission on account of such adjustments.

13. **RECOVERY OF INTEREST ON DELAYED REMITTANCES:**

Government of India levy interest on remittance delayed for credit to Government account and on excess/double reimbursement obtained by banks. In view of this, dealing branches/Focal Point branches and Link Cell should ensure that the transactions are reported promptly and correctly to avoid payment of interest (please see Annexure-14 for detailed procedure for recovery of interest from public sector banks).

14. Job cards No.1,2 and 3 have been given at the end for the guidance of banks for branch level receipts, branch level payments and focal Point branch level procedures.

15. It will be desirable for every bank transacting any business under the arrangements referred to in this memorandum to open currency chests at centres where

receipt and payment transactions on Government account under this scheme are likely to be handled.

16. It may be necessary for the Comptroller and Auditor General of India to undertake a percentage audit of the transactions under this schemes. It is, therefore, suggested that as far as possible the books and ledgers connected with Government transactions may be segregated and maintained separately.

ANNEXURE I
(Vide paragraph 3 to Appendix 2)

ASSIGNMENT/LETTER OF CREDIT ACCOUNT LEDGER

(1) Name of the account (in full)..... (7) Amount assigned.....

(2) Address..... (8) Particulars of cheque books in use

(3) Account opened on

(4) Reference

(5) Cheques will be signed by

(6) Special instructions, if any

Date of entry No. of book No. of cheque forms

Date	Particulars of withdrawals	Particulars of cheque	Disbursements	Progressive total	Initials	Remarks
			Rs. <u> </u> P. <u> </u>			
			Rs. <u> </u> P. <u> </u>			

No. _____ Date _____

ANNEXURE - 3

Statement - 1

Payment Scroll

Name of Bank

Code No.

Dealing Branch

Code No.

Sr. No.
Date :

Head of A/c. (PAO) Code No.

Name of Drawer :
(i.e. PAO/DDO)

Sr. No.	Cheque		Amount			Progressive Total		Initials
	No.	Date	Cash Rs.	Clearing Rs.	Transfer Rs.	Rs.	P.	

ANNEXURE - 4

Statement - 2

Receipt Scroll

Sr. No.

Date :

Name of Bank.....

Code No.

Dealing Branch

Code No.

Head of A/c. (Min./Deptt./PAO)

Code No.

Sr. No.	Name of Depositor	Head of A/c. as mentioned in Challan	Amount			Progressive Total		Initials
			Cash	Clearing	Transfer	Rs.	P.	
			Rs.	Rs.	Rs.	Rs.	P.	

ANNEXURE - 5
Statement - 3

Daily Advice of Transaction (To be submitted by dealing branches to Focal Point Branch) in respect of Union Ministries' Transactions -- (Expenditure Accounts)

Name of the PAO :

Code No. . . .

To

The Branch Manager

.....
.....

Name of Ministry/Deptt. :

Code No. . . .

Date :

Sr.No.

Name of Dealing Branch :

Code No. . . .

Receipts
Rs.

Disbursements
Rs.

Branch Manager

The Receipt/Payment Scrolls alongwith receipted challans, paid cheques etc. must be attached to this advice.

ANNEXURE - 6
Statement - 4

MAIN SCROLL -- UNION MINISTRIES' EXPENDITURE ACCOUNTS

Name of Focal Point Branch : Code No.....
Name of PAO :Code No.....Running Sr. No.....
Name of Ministry/Deptt.....Code No..... Date:

Sr. No.	Name of Dealing Branch	Date of Transaction at dealing branch	Receipts Rs.	Payments Rs.	Remarks
Sub-Total					
Transactions of Focal Point Branch					
Grand Total					

1. To be prepared in triplicate
2. Two copies -- original with scrolls and paid cheques/receipted challans and duplicate without documents to be submitted to PAO on a day-to-day basis.
3. Duplicate copy duly verified by PAO, to be obtained by the Focal point branch on a day-to-day basis.
4. Third copy to be retained as office copy.
5. Scrolls of dealing Branches with documents to be attached to original Main Scrolls should be in the same order in which entries are listed in this Main Scroll.
6. The Grand Total of receipts and payments should be reported to Link Cell, Nagpur on a day-to-day basis.

Branch Manager

Branch Seal

ANNEXURE - 7
Statement - 5

Daily Memo
TRANSACTIONS ON BEHALF OF RBI
(Government transactions)

Sr. No.....

Date :

Name of Bank : Code No.....

Name of Focal
Point Branch : Code No.....

Receipts	Code No.	On a/c. of	Code No.	Disbursements
		Central Govt.		
		Railways*		
		Postal Accts.*		
		Defence*		
		Telecomm*		
		DMA*		
Total Receipts		Total		Total Disbursements
		Net Receipts/ Disbursements		
		Check Total		

Telegraphed

Not Telegraphed

Branch Manager

*Name of Ministry/Dept. (Minor) Accounts and Code No.

Receipts Disbursements

(In Quintuplicate)

ANNEXURE - 8
Statement - 6

Union Ministries' Expenditure Accounts -- Month Statement
Of Receipts and Disbursements for the Month of20.....

Name of Bank Code No.
Name of Focal Point Branch Code No.
Name of PAO Code No.
Name of Ministry/Deptt..... Code No.....

Date	Receipts Rs.	Disbursements Rs.	Initials Supv. Official	of
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26.				
27.				
28.				
29.				
30.				
31.				
Total				

.....20.....

Branch Manager

Instructions for compilation of the form :

- (i) To be prepared in Quintuplicate.
- (ii) Four copies to be sent to Pay & Accounts Officer concerned and fifth copy to be retained at the Branch.
- (iii) Two copies will be received back from Pay & Accounts Officer duly certified. One certified copy should be forwarded by the Branch to Link Cell, Nagpur so as to reach them on or before 10th of the following month. The other verified copy be filed.

Note : To be compiled and handed over to PAO for verification latest by the 3rd of the following month.

ANNEXURE - 9

Statement - 7

Transactions on account of Departmentalised Ministries' Accounts

(Union Ministries' Expenditure Accounts)

Sr. No.....

Date

Name of Bank : Code No. :

--	--	--

Name of Focal

Point Branch : Code No.:

--	--	--

Month of Account
(Applicable for residual
March Account only)

--

Receipts

Code No. of

Disbursements

Ministry

P.A.O.

Total

Net Receipts/
Disbursements :

Net amount may be credited/debited to DMA by contra debit/credit to our Current Account No. I maintained with you.

Officer-in-Charge of Link Cell

ANNEXURE - 10
Statement - 8

Transactions of Union Ministries' Expenditure Accounts
Amendment Statement -- Receipts/Disbursements*

Name of Bank :

Code No. :

--	--	--

Serial No. :

Date :

Please amend the entries against the following heads of accounts as indicated below :

Name of Focal Point Branch	Code No.	Mini/ Deptt.	Code No.	Name of PAO	Code No.	Date of transactions	Original amount Rs.	Amended amount Rs.
----------------------------	----------	--------------	----------	-------------	----------	----------------------	---------------------	--------------------

Officer-in-Charge of
Link Cell

* Amendment to Receipts & Disbursements should be reported in separate statements.

ANNEXURE - 11

Statement - 9

Settlements made by on account of
(Name of Bank)

Union Ministries' expenditure Account transactions

PAO-wise, date-wise for the month of

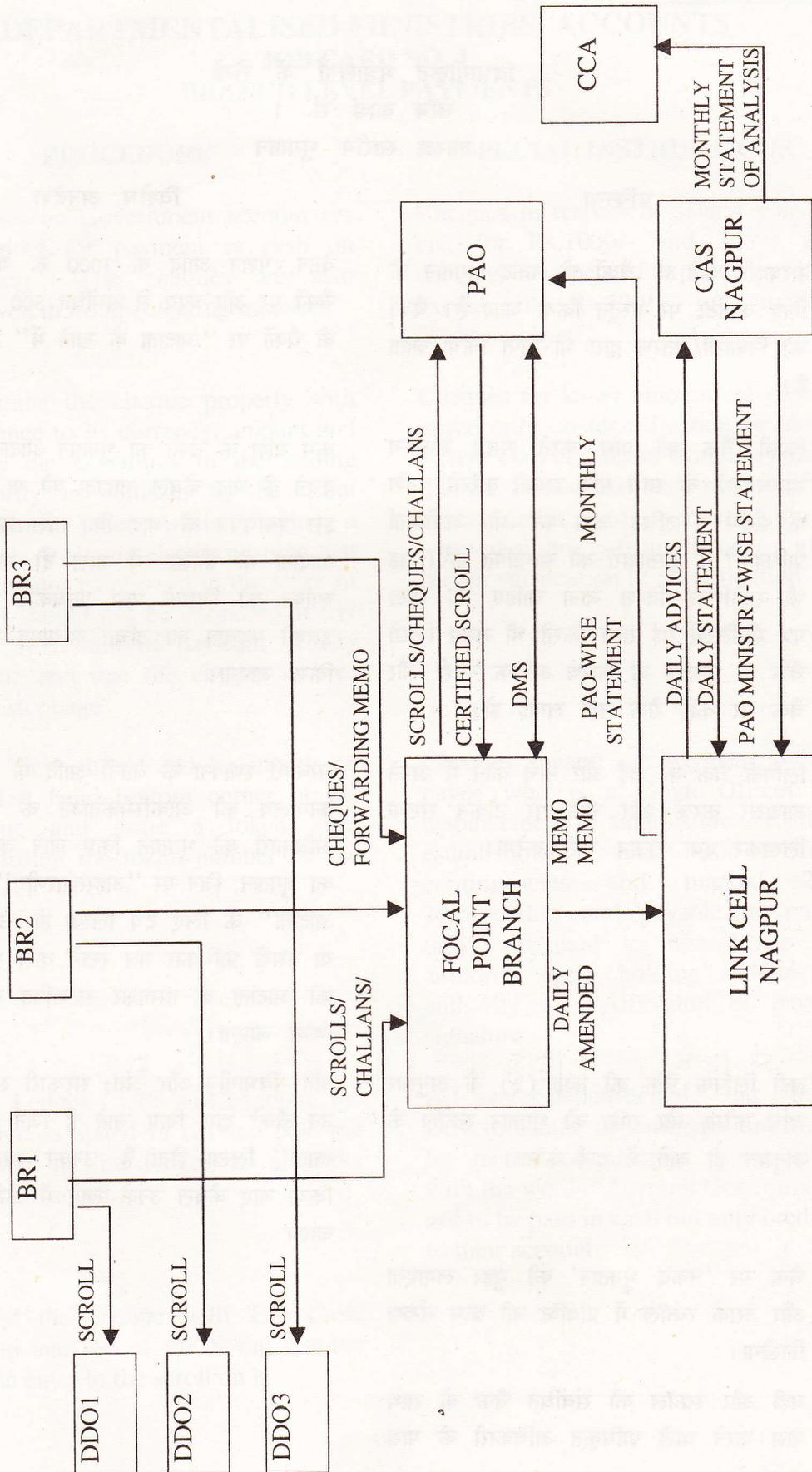
Name of Ministry/Deptt.: Code No.: Name of Focal
Point Branch :

Name of P.A.O. : Code No.

Code No.

Date of Transactions	Date of settlement with RBI, CAS, Nagpur	Amount settled	
		Receipts Rs.	Payments Rs.

**FLOW OF DATE IN RESPECT OF UNION MINISTRIES'/DEPARTMENTS
EXPENDITURE ACCOUNTS UNDER REVISED SCHEME**



DEPARTMENTALISED MINISTRIES' ACCOUNTS

JOB CARD NO. 1

BRANCH LEVEL PAYMENTS

PROCEDURE

1. Cheques on Government account are presented for payment in cash on counter. The cheques are also received through clearing/transfer.
2. Examine the cheque properly with reference to its currency, amount and verify the signatures of the issuing authority in addition to the usual precaution taken while passing a cheque. It should also be ensured that the amount mentioned in the letter of credit should not be exceeded at any time by reason of payment of any cheque and that the cheque is 'free from stoppage'.
3. The clerk should add his initials on the left hand bottom corner of the cheque and issue a token after recording the token number on the cheque.
4. The Ledger Clerk will examine the cheque as stated in (2) and post the amount in the ledger as also the payment scroll.
5. Brand the cheque with 'Pay Cash' stamp and record the Serial number of the entry in the scroll on it.

SPECIAL INSTRUCTIONS

Cheques in respect of salary, pension etc. for Rs.1000/- and above and cheques in respect of expenditure, if in excess of Rs.500/-, are marked "account payee".

Cheques for lesser amount are paid to payee only on identification or to his banker on a certificate from the banker that the amount has been placed to the payee's credit or to a person holding a letter of authority from the payee, after proper verification of identification.

Cheques meant for payment to the payee who is a Govt. Officer for disbursement of salaries etc. of office establishment and for office contingencies and marked 'Not Transferable' and payable to 'payee only' are paid to himself or his authorised agent holding a letter of authority on verification of payee's signature.

All inter-departmental and inter-Governmental adjustments are made by means of cheques superscribed with the words "Account Government" not to be paid in cash but only credited to their account.

6. The ledger and scroll alongwith the relative cheques to be put up to the authorised passing official and the passed cheques to be sent to cash payment counter for payment of cash against the surrender of the token issued. The cheques received through clearing/transfer are similarly scrutinised and passed by the authorised passing office.

7. Payment scrolls to be prepared in triplicate or quadruplicate as the case may be in form Annexure - 3.

8. Serial number of each entry in the scroll to be recorded on the cheque.

9. Each day's scroll to be given a running serial number from accounting year 1st April.

10. Total the scroll at the end of each day and balance the books with reference to the totals of the scrolls.

11. All paid cheques are noted individually in the payment Register, where following details are recorded.
(1) Date of payment (2) No. of cheques (3) Amount of cheques.

12. On the next day, the original and duplicate copies of scrolls with the cheques attached to the original copy of the scroll alongwith a forwarding Memo in Annexure 5 to be sent to the designated Focal point branch. If a DDO is in account then the triplicate copy will be forwarded to him, the quadruplicate being retained for record.

Give the prefix 'DMA (E)' for serial numbers on the scroll.

If the dealing branch and the focal point branch are not at the same centre, sent the scrolls/cheques, etc. by Registered Post.

JOB CARD NO. 2
BRANCH LEVEL RECEIPTS

PROCEDURE

SPECIAL INSTRUCTIONS

1. Counter Clerk will accept the receipts in the form of cash/cheque/ draft alongwith the challans in duplicate/ triplicate/ quadruplicate as the case may be.

(a) Following things are to be checked in the challan.

- (1) Amount (2) Name and address of the depositor (3) Head of account (4) That the proper authority has authorised the bank to accept money (5) The amounts to be credited to more than one head of account are not included in the same challan.

(b) In the case of cheque/draft, it should be checked that

- (1) The cheques/drafts are in favour of the PAO maintaining account with the bank. If not, they should be properly endorsed.
- (2) In the case of account payee cheques, special endorsement is required authorising the bank to collect and credit the amount to the account the concerned of PAO.

2. In the case of challans accompanied by cheques/drafts, acknowledgement is given on the triplicate/quadruplicate copy of challans as a token of receipt.

3. Enter in a Receipt scroll in triplicate or quadruplicate in form Annexure - 4.

4. Record the serial number of the entry in the scroll on the right hand top corner of the challan.

5. Give running serial number for the accounting year from 1st April to each day's scroll

The banks will not have to receive amounts from members of public unless the relative supplementary memorandum of instructions on banking and accounting arrangements of the concerned ministry provides for this.

Give the prefix 'DMA(R)' for serial numbers on the scroll.

6. Brand all copies of the challans with a suitable receipt stamp containing name of the bank, branch and centre and only one copy of challan to be returned to the depositor will be signed in full by an authorised official.
7. Receipted challan may be handed over to counter clerk for delivery to depositor.
8. Total the scroll at the end of each day and balance the books with reference to the totals of the scrolls.
9. All receipted challans are noted individually in the receipt Register wherein the name of the depositor, his address, amount and date of receipts are written.
10. On the next day, the original and duplicate copies of scrolls with the challans attached to the original copy of the scroll to be sent to the designated Focal Point branch. If a DDO is in account, then the triplicate copy will be forwarded to him, the quadruplicate being retained for record.

JOB CARD NO. 3
FOCAL POINT BRANCH

PROCEDURE

SPECIAL INSTRUCTIONS

1. On receipt of two copies of scrolls alongwith challans/cheques attached to the original scroll, separate original and duplicate copies of the scrolls and subject them to careful scrutiny for accuracy.
 2. Consolidate the transactions of the various dealing branches including your own and prepare a Main Scroll in triplicate in Annexure - 6 separately for each Ministry/ Department giving total transactions of each branch.
 3. Forward 2 copies of the Main Scroll alongwith original copy of the scroll with the relative instruments received from various dealing branches to the Pay and Accounts Officer on a day-to-day basis.
 4. Stitch and retain the duplicate copy of the scroll without any instruments received from the branches for your record.
 5. Incorporate the aggregate of the receipts and payments arrived at the Main Scroll in the Daily Memo (Annexure -7) and report to your Link Cell at Nagpur on a day-to-day basis.
 6. Keep a watch on the prompt receipt of the certified copy of the scroll from the PAO.
- Give a serial number in consecutive order to the Main Scroll.
- (a) Give a serial number in consecutive order to the Memo/Nil advice.
 - (b) Send the report to your Link Cell through telex/telegram, if the net amount is Rs.1 lakh and above.
 - (c) Send a 'Nil' advice if there are no transactions to report.
- Ensure that --
- (a) the mistakes/discrepancies pointed out by PAO are verified after proper verification through error scroll.
 - (b) missing challans/paid cheques are submitted to PAO directly.

(c) the copies of the Main Scrolls duly verified by the PAO are kept on the record of the branch.

7. Prepare in quintuplicate the date-wise monthly statements (DMS) in Annexure 8 and submit four copies thereof to the concerned PAO for verification by 3rd of the following month. Retain the fifth copy as office copy.

8. On receipt of 2 copies of verified DMS from the PAO, forward one copy to your Link Cell at Nagpur before 10th of the following month and retain the other copy on your record.

Prepare separate set of scrolls for March Residual transactions upto 25th of April. Report these transactions in a separate Daily Memo to Link Cell during the above period.

ANNEXURE 15

Additional precautions to be exercised while passing various instruments for payment.

- (1) It should be ensured that the instrument presented for payment is genuine, valid and outstanding.
- (2) Stoppage, if any, should be verified with reference to the stop list.
- (3) The signature of the drawing officials on the instruments should be verified by the passing officials before passing the instruments for payments with reference to the specimen signatures of the authorised officials on record.
- (4) The specimen signature cards of the DDOs should be maintained with the care. These cards should be indexed, classified account-wise, periodically updated and invariably held in the custody of passing officials. To ensure quick access to specimen signatures it would be advisable to allot serial numbers to the various specimen signature cards and arrange the cards in serial order. The said numbers whenever allotted to the DDOs may be intimated to the concerned Government Department and they may be requested to clearly indicate the names and designations of the signing officials and to quote the number allotted to them below their signatures on the instruments (and advices) to facilitate identification of the signatures.

APPENDIX '3' TO CHAPTER I

(Referred to in Para 1.4.3)

INSTRUCTIONS REGARDING THE PROCEDURE FOR INDENTING SAFE-CUSTODY, ISSUE AND ACCOUNTAL OF CHEQUE BOOKS IN THE DEPARTMENTALISED ACCOUNTING SYSTEM.

It has been decided after consultation with the Comptroller & Auditor General of India that the following procedure will be followed in regard to indenting, safe-custody, issue and accountal of cheques/cheque books in the Ministries/Departments in which the Departmentalised accounting system has been introduced.

2. ANNUAL INDENT

The supply of cheque-books of different varieties required for making payments by the Pay & Accounts Officers and cheque drawing departmental officers will be made by the Controller of Stamps, Nasik Road. For this purpose all the Pay and Accounts Offices should intimate their requirements of cheque books including the requirements of cheque-drawing officers in their jurisdiction, for the next financial year to the Pr.CCA/CCA/CA of the concerned Ministry/Department before the 15th January every year.

3. ASSESSING THE REQUIREMENTS

The annual requirements should be based on the average of the actual consumption of cheque forms during the preceding calendar year i.e. from January to December of the previous year. Additional provision may be made while preparing the indent for extra requirements which can be anticipated during the next financial year. The stock in hand as well as the requirement of cheque books for the remaining three months of the current financial year, should also be taken into account. To the requirements so worked out, a reserve stock of cheque books equal to approximately three months' requirement, should be added, to meet unforeseen requirements and to safeguard against delay in printing, transmission etc.

4. PREPARATION AND SENDING OF CONSOLIDATED INDENT BY PR.CCA/CCA/CA.

Based on requirements intimated by all the Pay and Accounts Officers, a consolidated annual indent will be prepared by the Financial Adviser through the Pr.A.O. indicating the requirements of different varieties of cheque books and sent to the Controller of Stamps, Nasik Road by the end of January every year. Specimen signatures of an Officer in the Principal Accounts Office will be sent to the Controller of Stamps, Nasik Road by the Chief Controller of Accounts.

The total requirements of cheques of each Ministry/Department will be sent by the Press to the indenting officers of the Ministry/Department concerned who will in turn have to despatch the requisite number of cheques to different PAOs/Cheque drawing DDOs (including those at outstations under their control). The name of the

Ministry/Department/ Organisation/PAO and also the name of the branch of the bank will have to be stamped by means of a rubber stamp, on the cheques before issue.

5. ACCOUNTING VERIFICATION OF SERIAL NUMBER ETC.

The cheque books received from the Controller of Stamps, Nasik Road will contain machine-numbered cheque forms. On receipt of the bulk supply of cheque books, they should be carefully scrutinised under the supervision of the officer-in-charge to see that each book contains the number of cheque forms specified therein, and that serial numbers printed thereon are in consecutive order. The actual counting of the cheques and the checking of their serial numbers may be done by the Junior Accountants of the Sections who will sign each book in full in token of having conducted the check. The cheque-cashier and the officer-in-charge, will test check 10 per cent and 5 per cent respectively, of the cheque books checked by the Junior Accountants and should sign in the books so test checked by them.

There is no objection if the Principal Accounts Office, immediately on receipt of the cheque books, supplies these cheque books in the same sealed packets as received from the Security Press, to the different P.A.Os under its control as per their indents processed and consolidated by the Pr.A.O. It shall then be the responsibility of the receiving PAO to open the packets and verify the correctness of cheque-leaves/cheque books as per instant orders and take the cheque books on stock. In case any discrepancy is noticed by the PAO on receipt of the packets the PAO should bring it to the notice of the Pr.A.O. immediately, who shall take up the matter with the India Security Press from whom the cheque books are received.

The cheque books received in excess of the annual requirements of the PAOs would, however, continue to be retained in the Pr.A.O. who shall verify the correctness of the cheque books/cheque leaves and take them on stock.

6. CUSTODY AND STORAGE

The cheque books will remain in joint custody of the cheque-cashier and the officer in charge. The stock of blank cheque books should be stored in a steel almirah with double lock of which one key should be kept by the Officer in Charge and other by the Cheque-Cashier. The duplicate set of keys will be kept in an envelope duly sealed by the Officer in Charge and the Cheque Cashier, in the custody of the Head of the Office/Principal Accounts Officer. In the case of an outstation Pay & Accounts Office comprising only one Accounts Officer, the duplicate set of keys duly sealed in a cover, may be kept in the relevant branch of the bank with which the PAO is in account.

Note :- If the double lock system for custody of cheque books is not feasible in any office owing to the smallness of the establishment or lack of facilities, the cheque books should be in the custody of the Head of the Office under lock and key. The Head of the Office will be responsible for their safe custody and issue, to the Cashier as and when required, of the required number of chequebooks.

7. STOCK REGISTER OF CHEQUE-BOOKS

A Stock Register of Cheque Books/Forms should be maintained to keep an account of the receipts, issues and balance of cheque books/forms (Form CAM 1). Each morning, the Cheque-Cashier should take such cheque books from the Officer in Charge, as are likely to be used during the course of the day and should remain responsible for their use and return of the balance at the close of the day. Another register should be maintained by the cashier for showing the cheque forms received by him each day and those returned by him. The entry should be made by the Cashier with his dated initials in this register.

8. ISSUE OF CHEQUE BOOKS TO DRAWING AND DISBURSING OFFICERS

The Drawing and Disbursing Officers vested with cheque drawing powers, will requisition their requirement of cheque books from the concerned Pay and Accounts Office. The latter will supply to the DDO the minimum number of cheque books, sufficient for his requirement for three months. Issue of such books will also be entered in the stock Register of Cheque books.

In cases where the power of drawal of funds by cheque(s) is withdrawn from any cheque drawing DDO, all the unused forms from partly used cheque books with that officer shall be defaced by writing the word 'cancelled' promptly across each cheque form and its counter-foil (but without the signature of the Drawing Officer) and returned to the Pay & Accounts Officer concerned who shall destroy them after keeping a note in the relevant records. All unused cheque books with such an officer shall , however, be returned by him to the Pay & Accounts Officer without any cancellation. Such cheque books shall be taken into stock in the Stock Register of cheque books held by the Pay & Accounts Officer and shall be re-issued to any other Cheque Drawing DDO under his account control or to his own office.

If and when a Pay & Accounts Office is wound up, all partly used/wholly unused cheque books in the custody of that office shall be returned along with a complete accountal of cheque books so remaining as per the Stock Register, to the Principal Accounts Office , which shall in turn take action on the same lines as indicated in the above sub-para.

9. DAILY ACCOUNT OF CHEQUE FORMS USED

An account of cheque forms used daily should be maintained by the Cashier in (Form CAM 2) and submitted to the Officer in Charge at the time of closing of the accounts daily. In this register the cheque numbers used during the day should also be noted.

10. ACCOUNT OF CHEQUES BY D.D.Os

The Drawing and Disbursing Officers enjoying cheque drawing powers will also maintain the account of cheque books and the cheques used daily in the same form as detailed in para 7 and 9.

11. STOCK TAKING AT THE CHANGE OF THE OFFICER IN CHARGE

Every six months, in April and October, stock taking of the cheque books should be done by an officer other than the officer-in-charge (cheques) and a certificate of physical count recorded by him in the stock register. This stock taking should also be done whenever there is a change of the officer in charge (cheques) and the relieving officer should initial the entry in respect of each of the cheque book noted in the Form CAM 2 and sign a certificate in the Stock Register in the following form :-

"Received the current cheque books as indicated by my initials in the register of account of cheque forms and the unused cheque books from to as entered in the Stock Register"

Note:- In the case of a Pay & Accounts Office comprising only one Accounts Officer, half-yearly physical verification of stock of cheque-books may be arranged as indicated below:-

- (a) if at any station, there is more than one such Pay & Accounts Office functioning under a Principal Accounts Officer, mutual physical verification may be entrusted among those Pay & Accounts Offices;
- (b) if at any station, there is only one such Pay and Accounts Office under a Principal Accounts Officer but there are Pay and Accounts Offices functioning under other/another Principal Accounts Officer, the Principal Accounts Offices by mutual consultation could arrange for the physical verification between their Pay & Accounts Offices;
- (c) if a single such Pay & Accounts Office is located at any station, then the physical verification may be conducted by the Inspecting Officer of the internal inspection party entrusted with the inspection of that office or by any other gazetted officer (including Dy. Controller of Accounts, Controller of Accounts , or Chief Controller of Accounts) who visits the office on any official work.

In the case of a cheque drawing D.D.O. the physical verification can be entrusted either to the Inspecting Officer of the internal inspection party conducting the normal inspection of his office or be any gazetted officer of his Department who visits that office on any other official work.

12. INTIMATION TO BANK REGARDING USE OF CHEQUE BOOKS

Before the cheque books are actually brought into use, during a particular period, the officer in charge (cheques) shall send intimation in Form CAM 3 to the bank upon which he draws the cheque, notifying the serial numbers of the cheque books and the number of cheques contained therein.

The Drawing and Disbursing Officers authorised to issue cheques will intimate the cheque numbers etc. to the bank as well to the Pay and Accounts Office.

13. xxxxxx not printed

14. Whenever facilities are available, cheques will be written by means of cheque perforating machines which will use indelible chemical ribbon, to give adequate safeguards against fraudulent alteration in the cheques. The cheque forms for this purpose will have to be obtained, not in the form of bound books but in the form of rolls. The indent for such rolls should be made separately from that for bound cheque books and separate account of such cheques should be maintained.

15. Whenever cheques in book form are used, the details of the payee, the amount and date should be filled in the counterfoil.

(Vide Ministry of Finance, Department of Expenditure, Special Cell OM NO.F.2(27)/76-SC dated 14.5.1976, D.O. letter No.F.2(12)/76-Spl.Cell 1490-1503 dated 16.8.1976 and CGA's OM No.S.11019/App.4/78/TA/4652 dated 28.7.1979).

CHAPTER 2

PRE-CHECK PAYMENT PROCEDURE IN THE CENTRAL CIVIL ACCOUNTS OFFICES WHERE SCHEME OF MERGED DRAWING AND DISBURSING OFFICERS HAS NOT BEEN INTRODUCED.

2.1 The following procedures will be observed in the presentation, processing and passing of claims against Government presented to Pay and Accounts Offices for payment.

2.1.1 Subject to the provisions contained in the Central Government Account (Receipts & Payments) Rules, 1983 (in particular Rules 29 to 36) about general procedures relating to presentation of claims for withdrawal from Government account being observed, bills which should only be claims and not acknowledgements will be presented by the claimant at the bill counter of the Pay and Accounts Office, either in person or through a messenger, or through a bank or other authorised agent, or by post. Subject to the instructions contained in paras 1.5.1 to 1.5.5 of Chapter I, every bill should bear an endorsement showing:-

- (a) the party, the person, bank or authorised agent in whose favour the cheque or demand draft is to be drawn;
- (b) whether the cheque/demand draft is to be open or a crossed one.

Note: Open cheques are not to be sent by post.

2.1.2 Note 1 (a) under Rule 64 of C.G.A.(R & P) Rules, 1983, provides that monthly salary bills should reach Pay and Accounts Offices by the 20th of the month to which they relate. Except in unavoidable and urgent cases, bills other than monthly salary bills should not be submitted to Pay and Accounts Offices during the last week of a month.

2.2. TOKENS

2.2.1 Except in the case of bills received by post, one metal token bearing a number is given against each bill to the person who presents it by the clerk termed as 'counter clerk' authorised to receive the bill in the Pay and Accounts Office. This token number is noted by him on the bill before it is transmitted to the concerned pre-check payment section through a Bill Diary (CAM 4). The token number thus recorded on each bill should be noted on the cheque prepared for payment after the bill is passed. The 'Counter clerk' will hand over the cheque to the person who presents the metal token as well as gives details of the amount and of the payee of the bill. (If a bill is returned unpassed, the token will be taken back from the messenger simultaneously while handing over the bill). The receipt and issue of tokens is recorded in a Register of Tokens (CAM 5). The 'counter clerk' should verify daily, the stock of tokens in-hand after taking into account the un-redeemed tokens. This verification is intended as a purely numerical check to see that for the number of tokens that are NOT in-hand, an equal number of bills exist in the office. A certificate of this verification should be recorded in the Register of Tokens and should be put up to the Assistant/Jr. Accounts Officer/Asstt. Accounts Officer.

2.2.2 The Assistant /Junior Accounts Officer should daily see that for the bills paid during the day by cheques and bills returned unpassed, corresponding tokens are received back. A certificate to this effect should be recorded by him in Form CAM 6 and submitted to the Pay and Accounts Officer in-charge.

2.2.3 On the 20th of each month, a detailed census of all tokens in hand should be taken by the Assistant/Junior Accounts Officer in Form CAM 7 after making necessary enquiries from the Payment Section in Form CAM 8 and the result reported to the Pay and Accounts Officer.

2.2.4 The procedure to be followed for issue of cheques in cases where the metal token issued to the presenter of a bill is lost will be as follows:-

- (a) A note of the loss of token(s) should be kept in the Token Register showing the token number which has been lost. This should be done under the attestation of the Pay and Accounts Officer.
- (b) The number of tokens lost should be subtracted from the total number of tokens in stock. The cost of token recoverable may be decided upon by the Ministry/Department concerned.
- (c) The following precautions should be taken while handing over cheques in cases where the token is not produced:-
 - (i) Where the payment is due to a DDO by 'Not Transferable' cheques or "Creditable to Government Account only" cheques, the request for issue of the cheque(s) should come from the DDO concerned in writing and his signature should inter-alia be verified before delivering the cheque(s) to the DDO or his messenger.
 - (ii) Where 'Negotiable' cheques have to be issued on account of personal claims or claims of contractors/ suppliers, the same should be crossed and marked 'Account Payee' and no open cheque under this category should be issued where a token has been lost. The written request from the DDO for the issue of cheque(s) in all cases of lost tokens should clearly indicate the fact of loss of token(s) and the cheque(s) should be delivered only after verification inter-alia of the signature of the DDO or his messenger.

Note: In the case of small Accounts Offices dealing with a limited number of drawing officers, the Financial Adviser of the Ministry/Department concerned at his discretion may prescribe a simpler procedure in lieu of the token system.

2.3 SCRUTINY AND PAYMENT PROCEDURES

2.3.1 Bills should be passed for payment and cheques issued within seven working days of their receipt. Efforts should be made for passing the bills within a shorter interval and bills indicated as 'Immediate' by a D.D.O. should be attended to urgently and cheques issued on the same or the next day. The checks which are to be exercised

on the bills by the payment section have been indicated in Chapter 4 dealing exclusively with this aspect.

2.3.2 Specimen signatures of officers drawing pay, contingent, grants-in-aid etc. bills should be obtained and pasted on the pages of the payment register set apart for the purpose and attested by the Pay and Accounts Officer in ink. The signature on each bill should be verified by the Senior Accountant/Accountant concerned with reference to the relevant specimen signature.

2.3.3 After duly examining the bills from various angles and recording precheck encasement and amount passed for payment (in words and figures) on each bill, the Senior Accountant/Accountant should submit them to the Pay and Accounts Officer through his Assistant/Junior Accounts Officer along with the concerned 'DDO wise Bill Passing-cum-Expenditure Control Register' in Form CAM 9. The Pay and Accounts Officer will examine the bills, compare the signature of the drawing officer with his specimen signature and after satisfying himself of the correctness of the charges, tick off relevant entry and affix initials in the register and approve the encasement of pass orders on the bill for payment, over his full dated signature. The bills so passed will immediately thereafter be made over to the cheque section by the payment section.

2.3.4 Payments in respect of outstation establishments will be made by bank drafts. The provisions of para 1.6.1 to 1.6.3 of Chapter 1 are relevant for the purpose. The bank drafts required should accordingly be obtained from the relevant branch of the bank with which the Pay and Accounts Office is in account, by sending a requisition in Form SY 288 (to be had from the bank) along with a statement in duplicate showing the particulars (designation of the drawing and disbursing officer in whose favour the bank draft is required, and the amount of each bank draft required and also the total number of bank drafts required) Any correction in the statement should be properly attested by the PAO /Cheque drawing DDO. If any special superscription is required to be made in the draft such as 'Account Payee', 'A/c Govt. only', 'Not transferable' etc. it should be specifically mentioned in the statement. Requisition for cancellation of the bank drafts already obtained and issue of fresh drafts in lieu of the cancelled one should be sent separately to the banks and not to be included in the Statement requiring fresh demand drafts. All such requisitions sent to the bank should be entered in the Register of Bank drafts (Form CAM 12) and their receipt from the bank and despatch to the payees concerned should be watched through this Register by PAO/Cheque drawing DDO. The bank while issuing bank drafts will return one copy of the Statement to the PAO /Cheque drawing DDO. The bank draft should be sent to the party concerned by Registered Post with a forwarding letter in Form CAM 13 and receipt of acknowledgement should be watched. Cancellation of Demand Draft or corrections thereof, are also to be noted in CAM 12 against the original entry.

2.3.5 The cheque writer will prepare a cheque for the net amount. When two or more bills are payable to the same person, it will be convenient to issue a single cheque for the total amount, though the particulars of each bill should be entered at the appropriate stage, separately in the register of cheques delivered. The cheque writer will note the number of the cheque conspicuously on the bill, enter its details in the Register of the Cheques Drawn (Form CAM 10) and submit the cheque and the bill

along with it to the Pay and Accounts Officer and also to the second officer authorised to sign the cheques, wherever required, through the Assistant/Junior Accounts Officer. The Pay and Accounts Officer signing the cheque will tick the cheque number, see that the amount of cheque agrees with the amount passed for payment and then sign the cheque after defacing the pay order given earlier. The passed bill together with the cheque will be returned to the Cheque Section which will affix the date on the cheque at the time of its delivery. Immediately after the delivery/despatch of the cheque, the Cheque Section will attach the payee's acknowledgement, if received by then, to the bill, stamp it as paid, write the voucher No. on the upper right hand corner of the bill and enter details of payments for each day on a separate page in the Register of Cheques Delivered (form CAM 11). The register may be prepared with second and third perforated copies for each page, to be utilised for making two carbon copies thereof meant to serve as "Daily Memorandum of Pre-check Payments by the PAO". The form of the acknowledgement should be "Received by cheque Rs.....from thein payment of Bill No.....dated.....on account of" and its receipt should be watched in all cases.

If the crossed cheque/demand draft is sent by post, the Cheque Section will despatch the valuable by Registered Post and watch receipt of the printed acknowledgement which will be sent along with the covering memo (Form CAM 13) with which the valuable is despatched.

- 2.4 PROCEDURE FOR ISSUE OF A FRESH CHEQUE IN LIEU OF A LOST ONE

2.4.1 If the Pay and Accounts Officer of a departmentalised accounts office is approached with the request that a fresh cheque, in lieu of the one issued by him earlier but since lost, may be issued, the Pay and Accounts Officer shall proceed with such a request in the manner stated below:

- (i) The Pay and Accounts Office should send an intimation by registered post, A,D, to the bank drawn on, regarding the alleged loss of the cheque and advice it to stop payment if the cheque alleged to have been lost is presented for payment thereafter. If the currency of such a cheque has not expired in terms of Rule 45 of the C.G.A.(R &P)Rules,1983, at the time of sending such an intimation, the bank shall acknowledge in writing in the following form, that it has kept a note of the 'Stop Payment Order'.

"We acknowledge receipt of your letter No.....dated.....and advise having noted to stop payment of cheque No..... dated..... for Rs.....(Rupees.....) favouring..... In this connection, it is certified that cheque No..... dated.....for Rs.....reported by the drawing officer to have been drawn by him on this bank in favour ofwill not be paid, if presented thereafter".

In case, however, the currency of the cheque alleged to have been lost has expired when the intimation regarding loss of cheque is sent to the bank, no acknowledgement of the 'Stop Payment Order' may be insisted upon from the bank.

The postal acknowledgement may be treated as sufficient for the record of the Pay & Accounts Office.

- (ii) The Pay and Accounts Officer should satisfy himself with reference to the records maintained in his office viz. the payment/error scrolls received from the paying bank register of cheques delivered, etc. that the payment of the cheque in question has not been made. If the currency of the lost cheque expires on Saturday, the pay and accounts officer shall also verify the payment scroll for the subsequent working day of the bank.
- (iii) The party requesting for the issuance of a fresh cheque in lieu of the lost one should execute an indemnity bond in the form as per 'GAR 12'. However, in the case of a Government department/Public Undertaking wholly owned by Government or the bank, the execution of such an indemnity bond is not necessary but a fresh cheque should, in these cases, be issued only on receipt of a certificate that the cheque alleged to have been lost was not received by them or having received the same, it was lost and further that it will be returned to the Pay and Accounts Office if found afterwards.
- (iv) On completion of the requirements in clauses (i) to (iii) above, the Pay and Accounts Officer may issue a fresh cheque in lieu of the lost one under intimation to the DDO and /or payee. He should also keep a suitable note on the spare leaf provided in M.I.C.R. cheque book/counterfoil (where MICR cheques have not so far been introduced), as the case may be of the lost cheque and against the relevant entries in the register of cheques delivered and paid voucher(s) regarding the issue of a fresh cheque in lieu of the lost one.

2.4.2 If the original cheque is found to have been paid afterwards, the P.A.O. will take up the matter with the paying branch telegraphically and place the amount paid under the head "Suspense Account(Civil)- Cheques cancelled but paid" till the matter is investigated and the amount recovered or written off. The paid cheque will also be removed from the payment scroll and kept in personal custody of the P.A.O. till then. In case the fact of such payment is noticed by the D.D.O., he will report the matter immediately to the paying branch and inform the P.A.O. accordingly by a telegram for further action. In regard to similar provisions for cheque drawing D.D.Os Para 3.5.1(xii) of Chapter 3 may be referred to.

2.5 PROCEDURE FOR RETURNING BILLS UNPASSED

2.5.1 If for any reason it becomes necessary to return a bill unpassed, it should be returned to the bill counter with a Half Margin Memorandum (Form CAM 14) giving the reasons for returning the bill. A separate communication will be sent to the drawer of the bill asking him to collect the bill from the Bill Counter after surrendering the token. In the case of bills received through post, the bill with the half margin memorandum will be sent by registered post.

2.5.2 In the case of minor omissions/inaccuracies noticed, the amounts considered inadmissible may be disallowed and the bill passed for the admissible amount.

Simultaneously an intimation may also be sent to the drawer of the bill intimating the amount disallowed and the reason for the disallowance.

2.6 CLOSING OF THE DAY'S TRANSACTIONS

2.6.1 At the end of the day, the Pay and Accounts Officer should take up the register of cheques drawn along with the cheque book, see that the number of the cheques are serially entered in the register and verify that no more cheques have been removed than those accounted for in the register. He should initial the spare leaf of the cheque book/counterfoil of the first unused cheque, as the case may be. (the first to be used on the next day) and by turning back to the last initial, will be able to ascertain how many cheque forms have been actually used during the day. However, at the end of the financial year he should also intimate his Pr.A.O., the total number of cheques issued on the last day, total amount thereof and the number and amount of the last cheque, under each category. This intimation should reach (telegraphically from outstation Pay & Accounts Officers) the Principal Accounts Officer not later than the 1st working day of the next financial year.

2.6.2 The entries in the register of cheques delivered should be totalled up at the end of each day. The vouchers will be transmitted along with the second and third perforated carbon copies of the relevant day's page of the register to the Accounts Section for detailed compilation.

2.6.3 On receipt of details of cheques encashed as per payment scrolls received from the Bank, the corresponding cheque numbers should be ticked of in the Register of Cheques Delivered. From unticked entries in the register of cheques delivered a list of outstanding cheques should be prepared every month in the Pay and Accounts Office. The total amount of such outstanding cheques at the end of the month should be reconciled with the balance outstanding under the suspense head "PAO Cheques".

Note:-If any cheque appears to be outstanding for an unduly long period, necessary enquiries should be made for non-encashment thereof and if it cannot be traced, payment should be stopped and the charge which it represents cancelled and adjusted.

2.6.4 A register known as "Accounts Officer's Check Register" (Form CAM 15) will be maintained personally by the Pay and Accounts Officer showing the total daily issues and encashments of cheques and the balance of unpaid cheques at the end of each month which should be compared with the total of the cheques outstanding as per the list of outstanding cheques. The balance at the end of each month should also be independently tallied with the amount outstanding under the suspense head "PAO-Cheques".

2.6.5 Any cheque remaining unencashed for 3 months should be pursued at once. The particulars of such cheques remaining outstanding for more than 3 months shall be noted in a separate register with the following particulars viz.

- (1) Cheque no. and date
- (2) Voucher no. and date

- (3) Drawee's name
- (4) To whom delivered / despatched
- (5) Date of delivery / no. of date of forwarding letter
- (6) Particulars of payment (HBA, GPF, Contingency, salary etc.)
- (7) Remarks, if any.

The cheques pending shall be referred to the concerned authority/ person etc. for finding out as to whether the cheque has been got encashed and if so, to give the date of encashment with requisite particulars.

- (i) In cases, where the party / person concerned intimates non-receipt / loss of cheque the PAO shall issue duplicate cheque after following the procedure laid down in para 2.4.
- (ii) In case efforts of the PAO to trace the cheque after one year, it shall be reported to CCA /CA with full facts and the amount shall be written back in the accounts.
- (iii) In case, where the cheque was issued to another Accounts Officer in inter-departmental settlement for clearance of the balance under 'PAO Suspense' etc. the matter shall be investigated to find whether it would result in the missing credit/ debits of GPF, HBA etc. In such cases, the matter shall be pursued with the concerned Accounts Officer at a higher level to find out the whereabouts of the cheque. In case, the efforts taken in this regard do not work out, the amount shall be written off to the MH-8680-Misc. Govt. Accounts after following the procedure laid down in Rule 38 of Govt. Accounting Rules, 1990, with the approval of the competent authority.

(Authority- No.1(2)/94/TA/110 dated 10-4-95.)

2.7 Procedure for issue of fresh cheque in lieu of cancelled/ time barred cheque

2.7.1 Revalidation of the time-barred cheque by PAO/ cheque drawing DDO is not permissible irrespective of the date of its drawal. Fresh cheques will be issued in all such cases.

The time barred cheque received back by the PAO should not be destroyed but it should be cancelled under his signature. The cancelled cheque should be treated as a voucher/ sub-voucher for issuing fresh cheque in lieu thereof and the fact of issuing fresh cheque should be noted on it. The amount of the time barred cheque (i.e. voucher) should be classified as (-) credit below the head "8670-Cheques & Bills-PAO Cheques" in terms of para 5.11 of C.A.M. Entries regarding cancellation of old cheque with voucher number of the fresh cheque, etc. should be noted on the counterfoil/ record slip of the old cheque book.

CHAPTER 3

PROCEDURE TO BE FOLLOWED BY DRAWING AND DISBURSING OFFICERS AUTHORISED TO DRAW CHEQUES (CHEQUE DRAWING DDOs)

3.1 DELEGATION OF CHEQUE DRAWING POWERS TO DRAWING AND DISBURSING OFFICERS.

3.1.1 As a general rule in the departmentalised system of accounting, all payments are to be made only by the Pay and Accounts Offices of the Ministry/Department after proper pre-check. However, as a partial exception to this rule, the drawing and disbursing officers of offices which are not located at the same station where the Pay and Accounts Office is located, may be delegated powers with the prior approval of the Controller General of Accounts to draw funds directly from the local branches of the Public Sector Bank, accredited to the ministry/ department by means of cheques for arranging payments of the categories specified in para 3.1.3.

The proposals for delegation of cheque drawing powers to Drawing and Disbursing Officers who are not located at the same station as, or near about, the Pay and Accounts Office, should be submitted to the Controller General of Accounts after due scrutiny and keeping in view the need to restrict the number of cheque drawing DDOs. Cases of delegation of cheque drawing powers to the DDOs may be forwarded when it is inescapable, with the recommendation of Chief Controller/ Controller of Accounts. In cases where the head of accounting organisation is a Deputy Controller of Accounts, the proposal should be routed through the I.F.A. The following information should invariably be furnished while submitting the proposal to the Controller General of Accounts:

1. The complete designation and address of the Drawing and Disbursing Officer.
2. The name of the Pay and Accounts Office under whose payment control the DDO is.
3. Total number of staff under the payment control of the DDO.
4. The Budget Grant for the relevant year.
5. The distance from the nearest cheque drawing D.D.O.
6. Distance from the Pay and Accounts Office.
7. The average number of bills submitted to the PAO for pre-check during the preceding one year.

The head of the accounts organisation may directly approach the Reserve Bank of India, Department of Government Account, Central Office, Mumbai for opening the bank account in respect of the new cheque drawing DDO. No request for opening such an account will be sent by the head of accounts organisation unless

the approval of the Controller General of Accounts has been received for delegating cheque drawing powers to the DDO. However, in case of opening of assignment accounts in respect of cheque drawing powers given to the divisional officer in terms of the C.P.W.A. Code in the Public Works Department, such approval is not necessary but a copy of the request made to the R.B.I. should be endorsed to the Controller General of Accounts.

3.1.2 Every Government Officer who is authorised to draw cheques on a bank shall send his specimen signature and also the signature of the second signatory to the Bank, duly countersigned by an independent officer, whose signature is available with the bank. When the first signatory is relieved, the specimen signature of the new incumbent and also that of the second signatory shall be countersigned by the relieved officer. In this connection cheque drawing DDO may follow the instructions as prescribed for the Pay and Accounts Officer (vide para 1.4.2 of CAM)

3.1.3 Cheque Drawing DDOs are permitted to make payments of the following categories of bills:

- (a) Pay and allowances including wages and medical claims - both advances and final bills;
- (b) Travel expenses;
- (c) Office contingencies;
- (d) Advances from the provident funds for all categories ;
- (e) Withdrawals from G.P. Fund and final withdrawals of accumulations in the fund for group 'D' government servants;
- (f) Payments arising under the Deposit Linked Insurance Scheme to group 'D' government servants;
- (g) All short term loans and advances to government servants (i.e. those recoverable in less than 60 instalments).

Payments of advances will be made after sanction of the competent authority is obtained , a copy of which should be sent to the Pay and Accounts Officer.

Bills for all other kinds of payments like payments of long-term loans and advances and for withdrawals from provident fund (in respect of Government servants other than Group 'D') under Rules 15 and 16 of General Provident Fund (Central Services) Rules, 1960 or corresponding provisions of other Provident Fund Rules, will be presented to the Pay and Accounts Office concerned for pre-check and payment by bank drafts. Such payments should not be made by the D.D.Os by issue of cheques against their assignment.

In so far as the Executive Engineers functioning as cheque drawing D.D.Os under Central Public Works Department and departments for which the provisions of

Central Public Works Account Code are authorised to be followed, are concerned, the purposes detailed in the Central Public Works Account Code may be deemed to be those approved by the Controller General of Accounts. However, in the case of a Public Works Division, if an officer other than the Executive Engineer is declared as a drawing and disbursing officer for the purpose of not only drawing the bills for pay and allowances etc. of the establishment of the Public Works Division but also for drawing bills for works and ancillary payments, such DDOs working on the public works system may be delegated powers to draw cheques for works and ancillary payments in addition to the categories of payments mentioned above, with the prior approval of the Controller General of Accounts, in respect of the said division or divisional office.

(Authority : Note under rule 11(2) of C.G.A. (R&P) Rules 1983).

Note : 1 In the case of certain departments, the drawing and disbursing officer may also be delegated powers for drawal of cheque for limited purpose with the approval of the Controller General of Accounts for making payments of certain specified nature.

Note: 2 The term 'office contingencies' referred to above should be interpreted in a restricted way so as to cover only those items which would fall within the sanctioning power of the D.D.O as well as certain periodical payments such as rent, rates and taxes, electricity, water and telephone charges and other day-to-day office expenses.

Note: 3 Cheque drawing D.D.Os are not authorised to issue cheques for drawal of advances in term of Rule 34(3) (v) of G.P.F. (CS) Rules, 1960 Bills for the purpose, duly supported by formal sanction of the competent authority, will have to be forwarded to the PAO for payment after pre-check.

Note: 4 In the case of provident fund advances paid by the drawing and disbursing officer, a statement of the amounts paid and the particulars of the sanction, names of the subscribers, their account numbers, etc. should be forwarded to the P.A.O every month to enable the latter to ensure that the debit vouchers are received and posted in the accounts of the subscribers and that the debits adjustable by Accounts Officers of other Departments/Governments are passed on to them without fail.

3.1.4 In some cases the cheque drawing D.D.O. will also be permitted (by the head of department in consultation with the Principal Accounts Office) to make payments on account of pay and allowances and office contingencies etc. as explained above of one or more offices, in addition to his own, situated in the same station or near about. The heads of such offices will present such bills to the designated cheque drawing D.D.O for payment. Any such arrangement made should be intimated to the CCA and appropriate code numbers obtained for the concerned DDOs.

3.2 QUARTERLY ASSIGNMENT.

3.2.1 No expenditure can be incurred out of the Consolidated Fund in anticipation of passing of the appropriation (vote on account) act or the appropriation act relating to

the budget of a financial year . The letter of credit to be opened in favour of a cheque drawing DDO at the beginning of the financial year will cover the amount for which vote on account has been obtained.

After the appropriation act is passed by Parliament and assented to by the President, the budget allotment is communicated by the IFA.

On the basis of the budget allotment communicated by the Financial Adviser, the Head of the Department, through the Pay and Accounts Office at the headquarters will make distribution of the allotment among the drawing and disbursing officers under his control. On the basis of the allotments for the Drawing and Disbursing officers with cheque drawing powers and the net cash requirement for disbursement of pay and allowances, T.A., contingencies etc. intimated by the D.D.Os, the Pay and Accounts Office will determine the amount of assignment for every quarter of the financial year. While determining the assignment for each quarter, the PAO will also take into account the anticipated drawals on account of advances and withdrawals from GPF for which DDOs are authorised to issue cheques. Thereafter, the Pay and Accounts Officer will authorise the paying branch of the bank by means of a letter of credit, to make payment on the cheques drawn from time to time by the concerned Drawing and Disbursing Officer during the said quarter, not exceeding the limit specified in the Letter of Credit. While issuing the Letter of Credit for the first quarter of the financial year after the appropriation act is passed , the PAO will take into account the letter of credit issued earlier on the basis of the "Vote on Account".

The paying branch is responsible to ensure that at no time the amount assigned in the letter of credit is exceeded by the payment of any cheque. The fresh letter of credit issued after expiry of the period prescribed in the earlier letter of credit will be treated as an addition to the unspent balance of the earlier letter of credit except in respect of the first quarter as stated above. The Pay and Accounts Officers, while communicating the assignment for the second and subsequent quarters should indicate not only the amount assigned for that quarter, but also the progressive total of assignments upto the end of the quarter so that the bank is enabled to ensure that the total cumulative drawals from the beginning of the year do not exceed the total progressive assignments. However, the unspent assignment for the last quarter of the financial year is not to be carried forward to the first quarter of the next year.

The cheques actually issued during the last quarter but presented for payment during the next quarter (within the period of validity) will be taken by the banks against the assignment of the year in which they were drawn and not against the assignments of the year in which they are paid.

The D.D.O should keep a close watch over the drawals and should take prompt action for the renewal of the letter of credit by assignment of additional funds by Pay and Accounts Office. The system of quarterly allotment will also apply to disbursing officers functioning on Public Works Divisional Pattern.

3.2.2 A drawing officer in whose favour an assignment account has been opened in the accredited bank is not permitted to draw the whole amount and place it in a

separate account in the bank or in a private account.[Rule 50(2) of Central Government Account(Receipts and Payments)Rules 1983).

Note: It is also not permissible to draw cheques and deposit the amount in the department's cash chest at the end of the year for the purpose of showing the full amount of the grant as utilised. (Note below Rule 50(2) of CGA(R&P)Rules ,1983.)

3.2.3 The procedure prescribed in paragraphs 1.4 to 1.6 of Chapter 1 regarding sending of specimen signature, supply of cheque books, the different classes of cheques etc., and procedure for obtaining bank drafts will also apply to drawals by cheque drawing DDOs.

3.3 PROCEDURE FOR PAYMENT

3.3.1 The bills relating to the classes of payments referred to in para 3.1.3 above will be prepared in accordance with the rules and procedures prescribed in Central Government Account (Receipt and Payments) Rules 1983/G.F.Rs. etc. and presented to the officer authorised to issue cheques. In so far as the bills of his own office are concerned, the cheque drawing D.D.O. will ensure that to the extent possible the bills are got checked independently by a person other than the one responsible for the preparation of the bills.

3.3.2 The bills received for payment from D.D.Os who are attached for payment with the cheque drawing DDO will be verified to make sure that they relate only to the classes of payments which the D.D.Os are empowered to make by issue of cheques, and bills which do not fall under these categories, if received, will be returned to the D.D.Os concerned for sending them to the Pay and Accounts office for pre-check and payment. After this preliminary verification, the bills will be entered in the "Register of Bills Received" (Form CAM 18) and will be subjected to relevant checks enumerated in part III and section I of part IV of the Central Government Account (Receipt and Payment) Rules, 1983 and Chapter 4 of this manual. Besides, it will also be ensured that the quarterly assignments as intimated by Pay and Accounts Office in respect of each office are not exceeded, through the "Register of Cheques Issued" (Form CAM 19). The PAO shall also maintain a suitable register in respect of each DDO to ensure that the drawals are not in excess of the assignment. This register should be posted from the weekly accounts of the D.D.Os and also reconciled with the bank scrolls.

Inter-alia, the bills shall be arithmetically checked and examined with a view to seeing that the claim is admissible, the authority is good, the signature and countersignature where necessary are genuine and in order, and corrections, if any, have been duly attested. After satisfying himself in all respects, the cheque drawing officer will sign the pay order on the bill showing the amount for which the bill is passed in words and figures and deface the Pay Order. The cheque will then be prepared for the net amount of the bill. (The provisions contained in Rule 42 of CGA(R & P) Rules, 1983 should be observed while writing cheques). The number and date of all cheques issued are noted by the cheque drawing officer in the 'Register of Cheques Issued' (Form CAM 19) he will attest the entry at the time of signing each

cheque . The entries in this register will then be subjected to check by another officer (preferably a Gazetted Officer) with reference to the 'pass order' in the paid voucher. The register should be closed on the same day by striking the totals of Col. 7. Instructions given in para 2.6.1 of this manual will also be complied with .

3.3.3 The cheque Drawing D.D.O. at the end of the financial year should intimate his Pay and Accounts Officer, the total number of cheques issued on the last day, total amount thereof, and the number and amount of the last cheque under each category. This intimation should reach (telegraphically from outstation Cheque Drawing DDOs) the Pay and Accounts Officer not later than the 1st working day of the next financial year to enable him to send a consolidated statement to the Pr. Accounts Office.

3.4 LIST OF PAYMENTS AND BANK RECONCILIATION

3.4.1 In terms of the procedure for reporting and accounting of transactions, the dealing branch of the bank will send a copy of the daily scroll to the cheque drawing DDO.

3.4.2 The scrolls received from the bank should be checked with reference to the Register of Cheques Issued as to the number and the amount of cheques paid. Date of encashment should be noted in the relevant column of the register of cheques issued. A Bank Reconciliation Statement (Form CAM 20) should be drawn up every month explaining the difference between total payments made as per the bank scroll and the total payments during the month as per the register of cheques issued, indicating the details of the cheques issued during the month but not encashed, and cheques issued in earlier weeks cashed during the month. Discrepancies, if any noticed in the scrolls should be taken up with the bank immediately. The bank reconciliation statement will also be sent to the Pay and Accounts Officer .

3.4.3 The drawing and disbursing officer shall prepare a List of Payments in triplicate (Form CAM 21) at the end of every week. Two copies of the list of payment accompanied by the paid vouchers should be sent to the Pay and Accounts Office on the due dates as mentioned below:

1st to 7th by the 9th of the month
8th to 14th by the 16th of the month
15th to 21st by the 23rd of the month
22nd to the end of the Month...DAILY

Last day's scroll by the 3rd of the following month.

The DDOs shall prepare a bank reconciliation statement every month and send it to the PAO. A similar reconciliation statement in respect of receipts shall be sent (Form CAM 22).

Note :-Sub-vouchers upto Rs. 500/- in value shall be retained by the cheque-drawing officers in their offices vide Rule 111(3) Central Government Account (Receipt and Payment) Rules,1983 and these would be examined at the time of internal/local audit of their initial records.

A certificate would have to be recorded by him on each contingency bill to the effect that sub-vouchers of value upto Rs. 500 numbering from Sub-Voucher.....to Sub-voucher..... have been retained in his office.

3.4.4 In the case of officers rendering accounts on the Public Works/Forest system, the due dates for submission of compiled accounts to the Pay and Accounts Office, shall be the 7th of the succeeding month.

3.5 CHEQUE BOOKS--CUSTODY OF - PRECAUTIONS.

3.5.1 Cheque books will be supplied to cheque drawing DDOs by the Pay and Accounts Offices concerned. The following instructions contained in Central Government Accounts (Receipts and Payments) Rules,1983 should be carefully observed by the cheque drawing officers:-

- (i) an account of cheque books and of cheque forms used daily will be maintained by the cheque drawing DDOs in the same form as detailed in paras 7 and 9 of Annexure 3 of chapter 1 of this manual.
- (ii) Cheque books shall on receipt be carefully examined by the drawing officer who should count the number of forms contained in each and record a certificate of count on the fly-leaf. (Rule 40 of Central Government Account(Receipts and Payments) Rules,1983.
- (iii) Cheque books must be kept under lock and key in the personal custody of the drawing officer who, when relieved shall take receipt for the exact number of cheques made over to the relieving officer. (Rule 40(2) of Central Government Account (Receipts and Payments) Rules,1983).
- (iv) The cheque drawing DDOs will notify the dealing bank on which he draws cheques , as well as the Pay and Accounts Officer , the number of each cheque book which from time to time he brings into use and the serial numbers of cheque forms it contains . The bank will keep a record of the particulars for verifying the genuineness of the cheques presented for encashment Rule 39 of CCA(R&P) Rules,1983).
- (v) The loss of cheque books or a blank cheque form shall be notified promptly to the branch of the bank with whom the disbursing officer concerned has a drawing account. (Rule 41 of C.G.A.(R&P) Rules,1983).
- (vi) In the absence of a specified request to the contrary from the payee, cheques drawn in favor of corporate bodies, firms or private persons shall be crossed. Subject to any instructions received from the payee a cheque shall be crossed "& Co." with the addition of the words "Not negotiable" between the crossing. Where the payee is believed to have a banking account, further precaution shall be adopted where possible by crossing "----- & Co." by quoting the name of the bank through which the payee will receive payment and by adding the words "A/c payee only--not negotiable". This rule shall apply to all cases where the use of crossed cheques is prescribed {Rule 44 of C.G.A.(R&P) Rules,1983}.

- (vii) All cheques should be written and signed in indelible ink only {note 4 below Rule 42 of C.G.A.(R&P) Rules,1983}.
- (viii) All cheques, irrespective of the category, drawn for Rs.10 lakhs and above shall bear two signatures. The Head of the accounting organisation shall nominate another gazetted officer /senior most non-gazetted officer, as second signatory for this purpose. (O.M. No. 1(3)/95/TA/Pt.file/578 dated 27.7.98)
- (ix) All corrections and alterations in a cheque shall be attested by the drawing officer with his full signature [Rule 43 of Central Government Account (Receipts and Payments), Rules,1983].
- (x) Cheques shall be payable at any time within three months after the month of issue; thus a cheque bearing any date in January is payable at any time upto 30th April.

If the currency of a cheque should expire, it may be received back by the cheque drawing DDO. Revalidation of a time barred cheque is not permissible irrespective of the date of its drawal. For the procedure of cancellation of the time barred cheques and issue of fresh cheque in lieu thereof, the provisions of Para 2.7.1 may be strictly followed. In the event of non-return of the time-barred cheque to the drawer, the drawer should on the expiry of the prescribed period of three months after the month of issue of the cheque require the payee either to return the cheque for cancellation/issue of fresh cheque in lieu thereof. (Rules 45 and 46(2) of C.G.A.(R&P) Rules ,1983).

- (xi) When it is necessary to cancel a cheque before its issue, its cancellation must be recorded with dated signature on the counterfoil of non-MICR cheque/ loose leaf in case of MICR cheque, as the case may be, and the cheque must be destroyed. In cases where it is issued and withdrawn, i.e. , a fresh cheque is not required to be issued , the cheque should be defaced as above and forwarded to the P.A.O.. Simultaneously , the entries in the accounts should be suitably reversed (Rule 47 of C.G.A.(R&P) Rules,1983).
- (xii) If a request is received by the cheque drawing DDO for issue of a fresh cheque in lieu of a cheque which is alleged to have been lost , within a period of one year from the date of issue of original cheque, he should send an intimation by registered post (acknowledgement due) to the bank drawn upon regarding the alleged loss of the cheque and advise it to stop payment if the cheque is presented for payment thereafter. If the currency of the cheque has not expired at the time of sending such an intimation, the bank shall acknowledge in writing in the form given in para 2.4.1 of chapter 2 of this manual. In case, however, the currency of the cheque, alleged to have been lost, has expired when the intimation regarding the loss of the cheque is sent to the bank, no acknowledgement of the 'stop payment order' may be insisted upon from the bank; the postal acknowledgement may be treated as sufficient for the record of the cheque drawing DDO. On receipt of acknowledgement from the bank the

cheque drawing DDO will send a copy thereof to the Pay and Account Office for issue of a non-payment certificate.

On receiving a copy of this acknowledgement from the said D.D.O., the PAO concerned will, after verification of his relevant records i.e. Register of Cheques delivered, etc. and after keeping a suitable note against the relevant entry in that register, issue a non-payment certificate to the D.D.O. in the following form:-

"Certified that cheque No.....dated.....for Rs.....reported by.....(the drawing officer) to have been drawn by him on.....branch of.....bank in favour of.....has not been paid".

The D.D.O. will note particulars of the non-payment certificate received by him against the relevant entry in the office copy of the list of payments, to indicate that the original cheque has not been paid and it has been 'stopped' from payment. A similar note will also be made by him on the counterfoil of that cheque and office copy of the relevant paid voucher before issuing a fresh cheque in lieu thereof. Provisions of para 2.4.1 (iii) of Chapter 2 will be followed for the purpose of issue of a fresh cheque and the number and date of the fresh cheque will also be noted on the list of payments, paid voucher and counterfoil of the old and cancelled cheque. While the paying banks need not thus issue 'non-payment certificate' there will be no change in their responsibilities in regard to lost cheques. All usual precautions will continue to be exercised by them with a view to ensuring that a cheque in respect of which advice has been received is not subsequently paid. If the original cheque is found to have been paid afterwards, the DDO will report the matter immediately to the paying branch under telegraphic intimation to the P.A.O.[Rule 48 of Central Government Account(Receipt and Payment),Rules,1983].

3.6 RECEIPT SCROLLS.

Procedure laid down in para 1.10 of this manual should be followed.

3.7 ACTION IN PAY AND ACCOUNTS OFFICE ON PAYMENT SCROLLS

One of the two copies of the lists of payments will be used as 'Register of Cheques Delivered' in the Pay and Accounts Office. (These copies should be kept in a guard file in the Pay and Accounts Office). The second copy with paid vouchers will be sent to Compilation Section. After the receipt of the Payment scroll and paid cheques from the bank, the procedure laid down in para 1.9 of Chapter 1 should be followed mutatis mutandis.

CHAPTER 4

PRINCIPLES AND PROCEDURES OF PRE CHECK AND POST CHECK TO BE CONDUCTED BY PAY AND ACCOUNTS OFFICES

4.1 INTRODUCTORY

4.1.1 Bills presented to Pay and Accounts Offices are required to be passed for payment after pre-check.

4.1.2 It is the duty of the Pay and Accounts Officer to see that the incurring of expenditure from the Consolidated Fund of India is governed by the following essential conditions:-

- (i) that there is provision of funds authorised by the competent authority fixing the limits within which expenditure can be incurred;
- (ii) that the expenditure incurred conforms to the relevant provisions of the Act, Constitution and of the laws made thereunder and should also be in accordance with the financial rules and regulations framed by the competent authority and
- (iii) that there exists sanction, either special or general, accorded by the competent authority authorising expenditure.

4.2 CHECK AGAINST PROVISION OF FUNDS

4.2.1 Articles 112 to 116 of the Constitution contain the important financial provisions which describe the control which Parliament exercises over expenditure from the Consolidated Fund of India.

4.2.2 No expenditure incurred from the Consolidated and Contingency Funds of India on or after 1st April of a financial year, under the provisions of Articles 114 to 116 and 267(1) of the Constitution, will be protected by law unless authorised by an Appropriation Act passed in accordance with the provisions of Article 114. All disbursements from the Consolidated Fund during a financial year, which are not authorised by the Annual Appropriation Act passed by the Legislature before the close of the year, will, therefore, be challenged by Audit as unauthorised expenditure, until regularised by an Appropriation Act. This should be borne in mind by the Pay and Accounts Officers.

4.2.3 The check against provision of funds should be directed primarily to ascertaining that the money sought to be expended is to be applied to the purpose or purposes for which the Grants and Appropriations specified in the Schedule to an Appropriation Act passed under Article 114 of the Constitution were intended to provide and that the amount of expenditure against each Grant or Appropriation does not exceed the amount included in that Schedule.

Note:- The term 'Appropriation' as used in this paragraph and elsewhere in this Manual stands for sums required to meet "charged" expenditure as specified in the Schedule to an Appropriation Act passed under Article 114 of the Constitution. A gist of the classification so far issued on the types of transactions that could be treated as 'charged' expenditure under the provisions of the Constitution is included as Appendix "B" to this chapter.

4.2.4 The pre-check to be applied to all payments by the departmentalised Accounts Offices includes a check against provision of funds also. It is an important part of the functions of the Accounts Office to see that no payment is made in excess of the budget allotment. In order to exercise an effective check in this behalf, a separate register (D.D.O-wise Bill Passing cum Expenditure Control Register-Form CAM-9) should be maintained in the Accounts Office for each drawing officer and by sub-heads and units of appropriation so as to ensure at the time of passing each bill that the amount of the bill under check is covered by budget allotment. If the amount of any bill leads to excess over the budget allotment or is not covered by an advance from the Contingency Fund, the Accounts Officer should decline payment under advice to the authority controlling the grant so that the latter could arrange for additional funds. An Appropriation Audit Register (Form CAM 62) shall be maintained.

Note:- In cases where payment of a bill/claim would lead to excess over the provision under any unit of appropriation, the payment may be made by the Pay and Accounts Office only on receipt of an assurance in writing from the Ministry/Head of Department controlling the grant that the expenditure involved is not on a New Service or New Instrument of Service; that necessary funds to accommodate the expenditure will be provided for in time by issue of re-appropriation order etc. that a note to the effect has been kept for further action, and that the Grant as a whole (i.e. separately under Revenue and Capital Sections) is not likely to be exceeded. This applies in respect of any new item of expenditure provision for which does not exist in the Budget (as distinct from expenditure on "NEW SERVICE" or "New Instrument of Service" not provided in the Budget) as well as in cases where the existing provision is not sufficient to cover the payments.

If such a contingency in regard to inevitable payment of a bill should arise towards the close of financial year (inter- alia in view of G.I decision No. 3 under Rule 75 of G F.Rs) and the grant as a whole is likely to get exceeded thereby, orders of the F.A. on behalf of the Chief Accounting Authority would have to be sought.

In case the additional funds required are to be made available merely by re-allocation (and not by re-appropriation) of savings, if any, under the same sub-head of appropriation, the related claim will be passed for payment only after additional funds therefor are allocated in writing by the controlling officer.

4.3 SCRUTINY OF DISTRIBUTION OF GRANTS APPROPRIATION, CHECK OF REAPPROPRIATION ORDERS, AND SCRUTINY WITH REFERENCE TO THE GUIDELINES ON "NEW SERVICE"/"NEW INSTRUMENT OF SERVICE"

4.3.1 While scrutinising orders relating to allotment and reappropriation of funds, provisions of Rules contained in sections V and VI of Chapter 5 of the General Financial Rules and Rules 7 to 10 of the compilation of Delegation of Financial Powers Rules 1978, as amended from time to time, may be kept in view. It may also be checked whether relevant orders are issued by the competent authority and that the total of the allotments among various controlling and disbursing officers does not exceed the funds duly provided under the relevant head and further that reappropriation orders are free from arithmetical inaccuracies etc. and contain full reasons for the reappropriations.

4.3.2 Ministry of Finance (Department of Economic Affairs) O.M. No. F.7(15)-B(RA)/82 dated 13th April, 1982 containing guidelines on the above subject are reproduced in the Appendix "A" along with the annexures thereto. The provisions thereof may be kept in view while exercising check of sanction etc. and pre-check of bills.

4.4 CHECK OF SANCTIONS FOR EXPENDITURE

4.4.1 Under Article 77(3) of the Constitution the power to sanction expenditure from the Consolidated Fund of India and the Contingency Fund of India including the power to dispose of property and stores belonging to the Central Government is vested in the President whose sanction, given directly or by authorities to whom the necessary powers have been delegated is necessary before expenditure can be incurred from that Fund. The extent and conditions of delegation of financial powers to different authorities are contained in the Delegation of Financial Powers Rules as amended and modified from time to time.

4.4.2 The responsibilities of the Accounts Office in regard to check of sanctions is to see that:

- (a) The sanction conforms to the relevant provisions of the Constitution and of the Laws and Rules made thereunder and is also in accordance with the financial rules, regulations and orders issued by a competent authority either in pursuance of any provisions of the Constitution or of the Laws and Rules made thereunder or by virtue of powers formally delegated to it by a higher authority.

Note:-The rules, regulations and orders against which check is conducted, mainly fall under the following categories-

- (i) rules and orders regulating the powers to incur and sanction expenditure from the Consolidated Fund of India and the Contingency Fund of India;
- (ii) rules and orders dealing with the mode of presentation of claims against Government, withdrawing moneys from the Consolidated Fund, Contingency Fund and Public Account of the Government of India, and in

general the financial rules prescribing the detailed procedure to be followed by Government servants in dealing with Government transaction and

- (iii) rules and orders regulating the conditions of service and pay and allowances and pensions of Government servants.
- (b) the authority sanctioning the expenditure is competent to do so by virtue of the powers vested in it by the provisions of the Constitution, laws, rules or orders thereunder or by rules of delegation of financial powers made by a competent authority; and
- (c) the sanction is definite and needs no reference either to the sanctioning authority or to any higher authority.

4.4.3 In the check of sanctions from the point of view of competency of the sanctioning authority the following guiding principles should be observed:-

- (a) If the sanctioning authority is vested with full powers in respect of certain classes of expenditure the sanction accorded under such powers should not be questioned except on grounds of propriety. When objection is raised against a sanction on grounds of propriety, the Accounts Office should explain to the sanctioning authority why the sanction is considered open to objection. Ordinarily, the occasion for raising objections on grounds of propriety should arise only rarely as it is primarily the responsibility of the sanctioning authority to satisfy itself about the propriety of the sanction. It is only in cases of blatant or gross violation of accepted principles of financial propriety that objections can be legitimately taken by the Accounts Office. Even in such cases the Accounts Office should not stop the payment but should report the matter to the Financial Adviser through the Principal Accounts Officer for such action as the Financial Adviser may consider necessary. In the case of sanctions issued by the Ministry with the concurrence of the Financial Adviser, it is not open to the Accounts Office to raise objections on grounds of propriety.
- (b) The Pay and Accounts Officer should bring to the notice of the competent authority any expenditure which does not seem to be covered by the terms of the Article, Section, rule or order quoted as justifying it, and which has been incurred by placing upon the Article, Section, rule or order an interpretation which may seem to it not to be a natural, plain, or reasonable interpretation. In the case of regulations framed by a department of Government, the Pay and Accounts Office will accept what the department consider to be the correct interpretation of its own regulations, provided that such interpretation is not opposed to the ruling of any superior authority, or contrary to any established financial principle or rule. Such discretionary power of interpretation does not, however, give a department a free hand to interpret its rules to suit particular cases in other than a natural or reasonable manner. So long as a rule or regulation remains unamended, the department is bound by it and the rules should be carefully adhered to. The Pay and Accounts Office should bring to the notice of his Pr.A.O. or of Financial Adviser through the Pr.A.O. cases where rules and regulations are found to have

been observed merely in the letter but not in the spirit; for example, sanctions and orders for the grant of special pay or other allowances or concessions which are in conflict with the broad spirit or main principles of the relevant service rules.

- (c) If the sanctioning authority is vested with powers which may be exercised subject to the fulfillment of certain conditions, the sanction can be accepted if the sanctioning authority certifies that the prescribed conditions have been fulfilled. Similarly, where the sanctioning authority is vested with powers which can be exercised provided due regard is paid to certain criteria, sanctions accorded under such powers cannot be challenged unless the disregard of the criteria is considered so serious as to make the sanction perverse. In such cases it is the duty of the Accounts Officer to report the matter to the Financial Adviser through the Principal Accounts Officer for final decision.
- (d) For the purpose of financial sanctions a group of works which forms one project shall be considered as one work and the necessity for obtaining the sanction of a higher authority to a project is not avoided on the ground that the cost of each particular work in the project does not require such sanction.

4.4.4 Sanctions with a long period of currency (inter -alia orders for delegation of financial powers) as well as sanctions of a permanent nature should be scrutinised carefully and reviewed periodically so that if there is any reason to think that the sanctioning authority concerned should be invited to review the sanction, such action may be taken.

4.5 CHECK OF CLASSIFICATION IN ACCOUNTS

4.5.1 The transactions dealt with in the departmental accounts organisations should be classified in accounts strictly under the Major and Minor Heads shown in the List of Major and Minor Heads of Account as corrected from time to time. The detailed classifications below the Minor Heads will be as shown in the Detailed Demands for Grants.

4.6 ALLOCATION OF EXPENDITURE BETWEEN CAPITAL AND REVENUE

4.6.1 The classification of expenditure as Capital or Revenue will broadly depend on the following conditions:-

- (a) Capital expenditure may be generally defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of reducing recurring liabilities.
- (b) It is not essential that the concrete assets should be productive in character or that they should even be revenue producing. A productive asset may be considered as one which produces sufficient revenue to afford a surplus over all charges relevant to its functioning. It may on rare occasions be necessary and justifiable to treat as capital a scheme not commercially remunerative but involving large expenditure, say for the construction of a new city.

- (c) It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring the expenditure. Expenditure by Government or grants-in-aid to local bodies or institutions for the purpose of constructing assets which will belong to these local bodies or institutions cannot legitimately be considered as capital expenditure.
- (d) Expenditure on a temporary asset cannot ordinarily be considered as expenditure of capital nature.

4.6.2 When it has been decided that the expenditure on a scheme for creation of a new or additional asset shall be classed as 'Capital' the following are the main principles applicable to the treatment of expenditure in the accounts:-

- (a) Capital bears all charges for the first construction of a project as well as charges for intermediate maintenance of the work while not yet opened for service and bears also charges for such further additions and improvements as may be sanctioned under rules made by competent authority.
- (b) Subject to (c) below, revenue bears all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as under rules made by competent authority are debitable to the Revenue Account.
- (c) In the case of works of renewal and improvements which partake both of capital and revenue nature, it is impracticable to draw a hard and fast line between what is properly debitable to capital or revenue. Allocation in such cases is made by detailed rules and formulae devised by the executive authorities, which are applied in estimates and accounts to determine the allocation of expenditure between capital and revenue. These rules and formulae must necessarily be based upon some general principle of sound finance, which should aim at an equitable distribution of burdens between present and future generations.
- (d) In theory it is legitimate to make capital bear the charges for interest on money borrowed to finance the construction of a new project before the project becomes revenue earning. In fact, a Government project is only part of the operations of Government and it may be sound financial administration to meet interest charges from other revenue during the process of construction. The charge of interest to capital in Government accounts is justified only when there would be undue disturbance in the Government's budgetary position by taking interest to revenue. The writing back of capitalised interest should be the first charge on any capital receipts or surplus revenue derived from a project when opened for working.
- (e) Capital receipts in so far as they relate to expenditure previously debited to capital accruing during the process of construction of a project should be utilised in reduction of expenditure. Thereafter, their treatment in the accounts may depend on circumstances, but except in the case of recovered stores in Railways and the Posts and Telecommunications Departments or as otherwise provided in the rules

of allocation applicable to a particular Department; they should never be credited to the ordinary revenue account of the undertaking.

4.7 ACCOUNTAL OF TRANSACTIONS UNDER RESERVES AND RESERVE FUNDS

4.7.1 Any device of rendering grants non-lapsing by withdrawing amounts to a fund is contrary to the strict theory of Parliamentary financial control. However, such a course is adopted with the cognizance and approval of the Parliament to constitute a specific reserve or reserve fund. These reserves or reserve funds may be classified under the following three categories according to the sources from which they are fed:-

- (i) funds accumulated from grants made by another Government and at times aided by public subscriptions, e.g., Fund formed from subvention from the Central Road Fund; Fund for Economic Development and Improvement of Rural Areas;
- (ii) funds accumulated from sums set aside by the Union or State Governments from the Consolidated Fund of India or the Consolidated Fund of the State, as the case may be, to provide reserves for expenditure to be incurred by themselves on particular purposes, e.g., the various Depreciation or Renewals Reserve Funds created in respect of commercial departments and undertakings;
- (iii) funds accumulated from contributions made by outside agencies to the Union or State Governments, e.g. deposit account of grants made by the Indian Council of Agricultural Research; deposit account of grants made by the Indian Central Cotton Committee.

4.7.2 The main principles which would govern the procedure for accountal of expenditure met from reserves or reserve funds and its exhibition in estimates and accounts are set out below:-

- (i) A grant to the Union or State Government by another Government should be treated as ordinary revenue of the recipient Government irrespective of whether the grantor Government retains control over the expenditure from the grant or not.
- (ii) A grant from an outside agency to the Union or a State Government made without reserving control over the expenditure therefrom should also be treated as ordinary revenue of Government.
- (iii) Where reserves are created out of the grants mentioned in sub-paras (i) and (ii) above and also out of moneys set aside by the Union or State Government from the Consolidated Fund of India or the State, as the case may be, the transfers to and the expenditure from the reserves are required to be voted by the Parliament/Legislature (or shown as 'Charged').

4.7.3 The method of accounting which, having regard to the aforesaid principles, should be applied to the reserves mentioned in para 4.7.1 above will be as follows:-

The grants from outside agencies who do not retain control over the expenditure met therefrom and the grants from other Government will, in the first instance, be taken to the relevant receipt head of account of the Government. Simultaneously, an amount equivalent to the grant received and credited to the receipt head will be transferred to the relevant head in the Deposit section of accounts by debit to the service major head concerned. In the case of fund referred to in (ii) of para 4.7.1 above, the amounts set aside by the Union/State Government from the Consolidated Fund of India/State to provide reserves for expenditure to be incurred by themselves on particular purposes should likewise be taken to the Deposit head opened for the purpose. In both cases, in order to bring the expenditure from the Fund into the Appropriation Accounts, the expenditure should be accounted for under the relevant service head of expenditure under which provision of funds has been made and an equivalent amount will be credited to the service head concerned by transfer from the Deposit Head concerned as shown as a deduct entry thereunder.

4.7.4 The principles and procedure prescribed in this paragraph do not apply to transactions pertaining to Famine Relief Funds and Sinking Funds for loans which are governed by special arrangements.

4.7.5 Contributions towards share capital in non-departmental commercial and Industrial undertakings will be recorded under the concerned Programme Minor Heads below relevant functional Major Head of Account. Loans paid to these undertakings will be classified similarly under the concerned Programme Minor Heads below the relevant functional Loan Major Head of Account.

4.8 CLASSIFICATION OF AID MATERIALS & EQUIPMENTS RECEIVED FROM ABROAD.

4.8.1 The value of materials, equipments and other commodities received from foreign countries etc., as aid, without involving any cash inflow or outflow should be taken as a receipt under Major Head "1606-Aid Materials and Equipments" by a corresponding debit to the Major Head '3606-Aid Materials and Equipments". When the material or equipment are allocated for use by Government departments or given as grants-in-aid to private bodies etc. the value thereof should be debited to the relevant Major Head concerned relieving the initial debit under the Major Head '3606' by a deduct entry. The same procedure should be followed in the case of transfer of such material by Central Government to State and Union Territories as grants or loans and the debits in Central Government accounts should be to the Major Heads for grants-in-aid/loans and advances to State Governments and Union Territory Governments. When, however, the aid material is sold, the sale proceeds should be credited as a receipt under the Major Head relevant to the function for which the material etc. is received. The value of technical services or cost of experts deputed by foreign agencies at their own cost, does not have to be incorporated in Government Accounts.

4.8.2 Cash grants, as distinct from commodity or other assistance in kind received from external sources (like foreign governments, international bodies, agencies etc.) are to be accounted for only by the Controller of Aid Accounts and Audit, Department

of Economic Affairs, Ministry of Finance in his books under the relevant minor heads below the major head "1605-External Grant Assistance". In case Ministries/Departments receive such cash grants, the same should be passed on to the Controller of Aid Accounts and Audit for final account in his books. Copies of letter of agreements exchanged between Ministries/Departments and donor countries in regard to cash grants, technical assistance/aid in the form of aid materials and equipments etc. should also be endorsed to him simultaneously so that he may be able to issue suitable accounting procedure for the same.

4.8.3 Some agreements like those under Colombo Plan require the value of the aid material received (i.e. counter-part funds generated) to be exhibited in a Fund Account, so as to be released in due course for utilisation on agreed projects. In such cases, it would be sufficient, if a Proforma Account of the Aid received and expenditure therefrom on the agreed projects is kept by the Department concerned, avoiding reflection of the transactions under such Funds in Government Accounts.

Note:- Government have even decided to waive the requirement of maintenance of Proforma Accounts for Food Aid which had been received from Canada under the Colombo Plan and from Australia under the Technical Co-operation Assistance Programme.

4.9.1 Apart from the general principles set forth above and such other general or special orders as may be issued from time to time, the main duty of the Pay & Accounts Office in check of classifications would be to see that the expenditure is classified and recorded under the grant and the sub head under which the provision for expenditure was made in the Budget Estimates.

[Authority : Para 6.7.5(b) to Second Report of the Team on Reforms and Structure of Budget and accounted by Government.]

4.10 GENERAL CHECKS TO BE EXERCISED IN RESPECT OF BILLS SUBMITTED FOR PRE-CHECK.

4.10.1 The following checks will be exercised on all classes of bills:

- (a) that bills are prepared in the prescribed form, signatures are genuine and that the bills are in original; that a brief abstract is given in the official language authorised for the purpose under the signature of the drawing officer on all vouchers prepared in any other language; that signatures, if not in the authorised script, are transliterated and that sub-vouchers contain notes of dates of payment;
- (b) that the details work up to the totals and that the totals are in words as well as in figures,
- (c) that they bear a 'pass order' signed by the drawing and disbursing officer;
- (d) that there are no erasures, and that any alterations in the total are attested by the officer concerned as many times as they are made,

- (e) that no payment is made on a bill or order signed by a subordinate instead of head of the office himself or on a voucher or order signed with a stamp, and that copies of sanctions are certified by the sanctioning officer or by an authorised gazetted Government servant,
- (f) in all cases in which it is prescribed that agreement should be effected between the different documents, that the fact of the agreement should be noted on both the documents and the note initialed by Accountant who makes the agreement,
- (g) see that fund and Income-tax deductions have been correctly made.

Note: In respect of the pay bills of his own establishment and pension bills paid by him after pre-check the Pay and Accounts Officer acts as the officer responsible for recovering income-tax on the income chargeable under the head 'salaries' and is, therefore, under a statutory obligation to deduct, at the time of payment, income-tax on the amount payable at the rate applicable to the estimated income of the assessee under the head "Salaries". In respect of other bills, the Pay and Accounts Office is not responsible for checking the correctness of the Income-tax deductions but whenever such bills come under his scrutiny in the course of audit, he should always see that deductions of income-tax are not omitted in cases where such deductions should clearly be made,

- (h) that no bills for any pay or allowances not claimed within two years (vide Rule 83 of General Financial Rules) of its becoming due are admitted without the sanction of the competent authority,
- (i) see that the stores are purchased through the agency of the purchase organisation of the Department of Supply of the Central Government when this is required by the orders of the Government,
- (j) that in the case of contingent bills sub-vouchers as required under the rules are attached;
- (k) that the classification noted in the bill is correct with reference to the nature of the transactions and that an item which should be charged on the Consolidated Fund of India is not classified as Voted and vice versa.

4.10.2 The following essential checks will be exercised in respect of the various categories of bills. These checks are only illustrative and not exhaustive.

4.11.1 CHECK OF ESTABLISHMENT PAY BILLS

- (i) the bills have been signed by Drawing & Disbursing officer and his signature tallies with the signatures in the register of specimen signatures.
- (ii) the bills have been prepared with due regard to Rule 33 of Central Govt. Account (Receipt and Payments) Rules 1983.

- (iii) that the arithmetical calculations of the bills are correct.
- (iv) that the absentee statement, where required is duly filled-in or a 'no leave' certificate is furnished.
- (v) that the enhanced pay of officiating Government servants is in accordance with the rules.
- (vi) that in case of any names appearing for the first time in the pay bills last pay certificate is furnished for a Government servant transferred from another establishment or health certificate is furnished in case of a person newly appointed except where such health certificate is not required to be furnished under the rules of Government.
- (vii) that the dates of making over and receiving charge are stated and joining time is correct.
- (viii) that the increment drawn is supported by an increment certificate and if the increment carries a Government servant beyond the efficiency bar, the declaration of fitness to cross the bar is furnished.
- (ix) that the number of persons for whom pay or leave salary has been drawn does not exceed sanctioned strength of the establishment. For this purpose, the numerical check of drawals against sanctioned number of posts should be done. Detailed instructions for doing numerical check has been given in paras 4.11.4 to 4.11.8.
- (x) where arrears are drawn, a certificate is recorded by Drawing and Disbursing officer stating that necessary note has been made in original bills from which the claim is omitted.
- (xi) that the remarks showing how the claims have been affected by death, retirement, permanent transfers, first appointment etc. are entered in detail.
- (xii) that in the case of establishments under which names of Government servants are not required to be indicated the certificate prescribed in Rule 66 of Central Govt. Accounts (Receipt and Payments) Rules, 1983 is furnished.
- (xiii) the admissibility of special pay, personal pay and various allowances claimed in an establishment bill should be scrutinised with reference to the rules or orders in force. A note of special pay admissible should be kept in the "Fly Leaf of Payment Register" (Form CAM 23) wherever maintained, against the name of the incumbent concerned. In case the changes in pay are not properly explained in the remarks columns of the pay bill, the amount may be kept in objection and the details called for separately. The pay bill need not be returned unpassed on this account.

4.11.2 CHECK OF INCREMENT CERTIFICATES

Increment certificates should be examined to see that the increment claimed is according to rules and supported by facts stated and has actually accrued. This should

be examined with reference to the entries in the "Fly Leaf of Payment Register where one is required to be maintained. It should also be seen:-

- (i) that the increment granted is admissible under F.Rs. 22-27 and 29.
- (ii) that the period of suspension is not treated as duty except in the circumstances explained in F.R. 54.
- (iii) that when an increment claimed operates to carry a Government servant over an efficiency bar, the increment certificate is supported by declaration from the authority empowered to allow the increment that it has satisfied itself that the Government servant in question is fit to cross the efficiency bar.
- (iv) that a proper note of the increment is recorded in Fly Leaf of Payment Register wherever it is maintained, over the initials of Asstt. Accounts Officer/Jr. Accounts Officer.

4.11.3 CHECK OF LAST PAY CERTIFICATES

- (a) The last pay certificates (in form GAR 2) are issued by Drawing and Disbursing officers in the event of transfer of a Government servant to another post or office under the jurisdiction of another drawing officer.
- (b) In checking these certificates, it should be seen:-
 - (i) that the certificate is in the prescribed form and has been properly drawn up;
 - (ii) that the extent of joining time availed of and the joining time pay are in conformity with Central Civil Services (Joining Time) Rules 1979 as amended from time to time.
 - (iii) that no compensatory allowance is drawn during joining time except as provided in S.R. 7-C; and
 - (iv) that pay or leave salary, if due for a period prior to joining time is drawn according to rates noted in the last pay certificate.

Note:(1) The term 'undisbursed pay and allowance' includes nothing except pay and allowances drawn and due to an employee, but for some reasons not paid

(2) Undisbursed pay and allowances may be retained by the Drawing Officer for a period not exceeding 3 months, provided suitable arrangements exist in his office for the safe custody of the money. The undisbursed pay and allowances should be refunded by short drawals from the bills and may be taken in reduction of expenditure under various detailed heads, if these are refunded in the same account year. Such recoveries pertaining to previous year shall be recorded under distinct minor head 'Deduct Recoveries of overpayments' below the concerned major/sub-major head in the Appropriation Accounts.

(3) The refunds against the undisbursed pay and allowances should be noted against the short drawals in the original bills without affecting S.L.O.

4.11.4 The Pay & Accounts Office shall maintain an Establishment Check Register (Form CAM 24) separately for each DDO under his payment and accounting control. All sanctions for creation of posts will be noted in this register in the relevant columns. In view of the issue of Min. of Personnel, Public Grievances & Pension (Dept. of Personnel & Training) O.M. no. 18011/1/86-Estt.(d) dated 28-3-88 confirmation is made only once in the service of an official which will be in the entry grade subject to the fulfillment of the conditions prescribed and this issue has been delinked from the availability of vacancies in the permanent posts in the grade. Therefore, the check to be exercised by the PAO may be limited to watch against the total number of posts sanctioned, the total number of persons in each section of establishment who are (i) drawing duty pay and (ii) are on leave including extraordinary leave or under suspension.

4.11.5 They are indicated in the bills under the letters D(Duty) and L (Leave or Suspension) and the totals under 'D' and 'L' in respect of each section of establishment posted in the relevant sub-columns of the monthly column in the register, broken periods of less than a month being indicated by giving the number of days within brackets.

4.11.6 The posting in the register will include the number for whom claims have been shown as held over in the monthly bill. This is necessary to ascertain the total number of persons entertained during a month. When the posting of all bills pertaining to an establishment in the register has been completed, a total should be struck against each section.

4.11.7 Though it is the primary duty of the D.D.O. to obtain the sanction for extension/continuance of the temporary posts well in time, it is equally the responsibility of the P.A.O. to ensure that salary claims are not entertained and paid as a matter of course even beyond the date of expiry of the sanctioned post.

In cases where the sanction for the continuance of a temporary post otherwise a part of regular establishment and continued from year to year is not forthcoming even after three months from the date when it expired, payments should be made only after obtaining the prior specific approval of the Financial Adviser. In cases of posts sanctioned for a specific period, payment beyond the specific period should be made only with the approval of the Financial Adviser, if sanction for continuation of post is not available. This would apply mutatis- mutandis to Cheque Drawing D.D.Os.

4.11.8 The P.A.O shall also maintain, wherever required, a "Fly Leaf of Payment Register" (Form CAM 23) wherever necessary wherein details like the name of the incumbent, his pay, special pay, personal pay etc. shall be noted. The increments drawn or any changes in the pay as indicated in the pay bills should be noted in this register. Similarly all cases of death, retirement, resignation and permanent transfer out of the establishment as also important events like suspension, withholding of increment, crossing of efficiency bar etc. shall be noted in this register under the attestation of the Asstt. Accounts Office/Jr. Accounts Officer.

4.12 CHECK OF PAY FIXATION CASES

4.12.1 From 1st April, 1976 the distinction between gazetted and non-gazetted staff in regard to maintenance of service records, determination of entitlements (including pay fixation) and drawal of entitlements has been dispensed with and Heads of Offices have been made responsible for these- vide O.M. No. F.10(9)-B(TR)/76 dated 28-2-76 and O.M. No. F-3(1)E.IV-(A)/76 dated 17-3-76. It would not, therefore, be necessary for the authorities responsible for pay fixation to consult the Pay and Accounts Offices in respect of cases of pay fixation with reference to normal rules. However, in specially difficult or complicated cases, there is no objection to the Ministry consulting the Controller of Accounts concerned, if considered necessary. Cases requiring fixation of pay in relaxation of the normal rules should be referred to the authority competent to relax the rules through the Internal Finance Section of the Ministry and not to the Controller of Accounts. The scrutiny of pay fixation cases done by the departmental offices with reference to the initial records in the departmental offices concerned should be done on a test check basis by the Internal Check Organisation of the Departmental Accounting Organisation.

4.13 CHECK OF OVERTIME ALLOWANCE CLAIMS

4.13.1 The grant of overtime allowance will be regulated in accordance with the orders contained in the Min. of Finance, Deptt. of Expenditure O.M. No.15011/2/EII(B)/76 dated 11/8/76 as amended from time to time. The following checks should be exercised in respect of bills in which overtime allowance is claimed.

- (i) that the drawing officer has furnished the requisite certificates as prescribed in this O.M. alongwith the bills duly signed by him.
- (ii) that the categories of staff for whom overtime allowance is claimed, are eligible for the same.
- (iii) that the claims are made at the prescribed rates.

Note: Objection should not be taken to the grant of overtime allowance for a particular item of work which has been ordered by competent authority in public interest.

4.14 CHECK OF CHILDREN EDUCATION ALLOWANCE, TUITION FEES

4.14.1 The concession regarding the grant of children's education allowance to Central Govt. employees whose pay is debitible to Civil Estimates has been introduced by the Government of India with effect from 1st March, 1962 on the recommendations of the Pay Commission. It is now regulated by the orders contained in the Ministry of Finance (Deptt. of Expenditure) O..M. No. 12011/I/EII (B)/76 dated the 25th August, 1976 as amended from time to time. The claim of this allowance in respect of non-gazetted establishment should be admitted by the PAO on the strength

of the certificates from the drawing officers as prescribed in this Office Memorandum.

4.14.2 All Central Government Servants, as defined in Rule 2 of the CCS (Educational Assistance) Orders, 1988, shall be eligible to draw children's educational allowance, reimbursement of tuition fee and hostel subsidy paid by them for and on behalf of their children for education in India in recognised Middle, High/Senior Secondary Schools in accordance with Government of India, Department of Personnel & Training O.M. No.21011/21/88-Estt.(Allowances) dated the 17th October, 1988, as amended from time to time.

4.15 CHECK OF TRAVELLING ALLOWANCE BILLS

4.15.1 In checking the bills of travelling allowance the undermentioned checks may be exercised in order to see:-

- (i) that the journey was actually performed;
- (ii) that it was necessary, and authorised by general or special orders;
- (iii) that no bill has been submitted for it before;
- (iv) that the amount drawn is correct with reference to rates and general conditions.

In this connection it may be added that it is the duty of the controlling officer before signing or countersigning a travelling allowance bill, to scrutinise carefully the distances entered therein, but the amount claimed for the journey performed by railway and air where authorised specially, should be checked by the PAO with the help of the Railway time table and by the scheduled rates charged by the Indian Air Lines or Air Transport Company;

- (v) that the bills are prepared strictly in accordance with the provisions of Rule 90 of Central Govt. Account (Receipt and Payments) Rules 1983;
- (vi) that the dates and hours of the commencement as well as end of the journeys (where necessary) and the purpose of journey are clearly stated in the columns provided for the purpose in the travelling allowance bill-form;
- (vii) that the bills are countersigned in all cases except where specifically authorised otherwise (see S.R. 191-193); and that the prescribed certificates have been furnished by the D.D.O.;
- (viii) that the instructions for preparing travelling allowance bills as printed on the form of the T.A. Bill are duly complied with and irrelevant certificates scored out;
- (ix) that the claims for the conveyance of motor-cycles, bicycles etc; during tour are supported by special orders of the authority competent to pass such orders, as required under S.R.81(a);

- (x) that in case of journeys performed by road between places connected by rail, the charge for travelling allowance is supported by an order of the competent authority under S.R 31;
- (xi) that the claims for travelling allowance for journeys performed to give evidence in a court under S.R. 154 are supported by the necessary certificates (a) of attendance and (b) non-payment of expenses by the court;
- (xii) that in the case of bills for journeys on transfer, the claims are supported by:-
 - (a) the certificates showing the members and relationship of claimant's family and the age of his children vide S.R.116(d);
 - (b) the declaration of actual expenses incurred in transportation of personal effects, conveyances etc; vide S.R.116(e);
 - (c) the certificate from the Controlling Officer that the charges on account of the personal effects have been scrutinised by him and that he is satisfied that these are reasonable; and
- (xiii) that the charges have been classified according to the principles laid down in Rule 67 of the Government Accounting Rules, 1990.

GENERAL CHECK POINTS

4.15.2 The following are some points which will be useful in scrutinising travelling allowance bills.

(A) Road Mileage

- (i) Is inadmissible in addition to (a) permanent travelling allowance, (b) conveyance allowance and (c) contingent charges claimed towards taxi/scooter hire charges separately for transportation of official records.
- (ii) Short journeys within a radius of 8 kilometers of headquarters should not be added to journeys made on the same day beyond 8 kilometers radius for the purpose of arriving at the distance travelled on that day.
- (iii) Fraction of a kilometer should be omitted in the total of a bill for any journey.

(B) Daily Allowance

- (i) See that the officer reaches a point outside the radius of 8 kilometers from his headquarters.
- (ii) See that the hours of departure from and arrival at headquarters are shown when daily allowance is claimed.

(iii) is inadmissible in the following cases.

- (a) when joining first appointment
- (b) when on transfer
- (c) when on leave
- (d) in addition to permanent travelling allowance vide A(i) above
- (e) in addition to railway fare or actual expenses
- (f) within a radius of 8 kilometers vide B (i) above .
- (g) for halts at headquarters

(C) Conveyance Allowance

- (i) See that there is sanction of the competent authority
- (ii) See to the specific terms of sanction, if any

(D) Railway Journeys

- (i) Check fare with fare tables and see that they are not charged at a higher rate than admissible.
- (ii) Time of departure on and arrival from a railway journey should be stated on the bill when it is preceded or followed by a halt for which daily allowance is claimed.

(E) Travelling allowance is inadmissible

- (a) on proceeding on leave
- (b) on rejoining from leave
- (c) during leave of any kind
- (d) on dismissal from public service; and
- (e) in case of transfer at the officer's own request or for misconduct.

Note:- The cancellation/reservation charges on unused air/rail tickets may be preferred by the claimants in T.A. bill form and should be classified under the head "Travel Expenses".

[Authority: Min. of Fin. Deptt. of Exp. O.M.No.19028/1/78-E-IV(B) dated 18.2.1981]

4.16 LEAVE TRAVEL CONCESSION TO CENTRAL GOVERNMENT SERVANTS

4.16.1 The grant of travelling concession to Central Govt. servants serving at places distant from their homes for journeys to and from their homes as also to a place anywhere in India once in a block of four years during leave shall be regulated in accordance with the C.C.S.(Leave Travel Concession) Rules, 1988, as amended from time to time.

4.17 CLASSES OF CONTINGENCIES

4.17.1 The actual classification of contingent charges is determined by the orders of the Government. It will be found, however, on consideration of the dominant

conditions governing the particular expenditure that all contingencies will fall into one or other of the following five classes-

- (a) Contingent charges met from a lump sum grant placed at the disposal of a disbursing officer for expenditure at his discretion, on certain specified objects. Such charges are known as Contract Contingencies and generally consist of charges, the annual incidence of which can be averaged with reasonable accuracy.
- (b) Contingent charges in respect of which scales have been laid down by competent authority. Such charges may be designated Scale Regulated Contingencies.
- (c) Contingent charges whether recurring or non-recurring which cannot be incurred without special sanction in each case of superior authority. These may be termed Special Contingencies.
- (d) Contingent charges, which though they may be incurred without special sanction, require the approval and countersignature of superior authority before they can be admitted as legitimate expenditure against the Consolidated Fund of India. Countersignature is ordinarily obtained after the bills are paid, but in rare cases it is necessary before payment. Such charges are known as Countersigned Contingencies.
- (e) Contingent charges which require neither special sanction nor countersignature, but may be incurred by the disbursing officer on his own authority, subject to the necessity of accounting for them. Such contingencies may be termed Fully Vouched Contingencies.

4.17.2 In checking contingent bills, it will be seen that

- (i) each class of expenditure:
 - (a) is a proper charge against the grant or appropriation concerned and is covered by provision of funds
 - (b) has received such sanction as is necessary
 - (c) has been incurred by a Government servant competent to incur it.
- (ii) such vouchers as are required to be enclosed have been submitted keeping in view provisions of Rule 111(c) of Central Govt. Account (Receipt and Payments) Rules, 1983
- (iii) the certificates required under the Financial Rules have been recorded
- (iv) the rates are apparently not extravagant and the expenditure is not prima facie more than the occasion demands
- (v) that the bills are in proper form and that the classification is correctly recorded therein

4.18.1 CHECK OF SPECIAL CONTINGENCIES

(a) In respect of special contingencies, the principle duty of the Pay and Accounts Officer is to watch the expenditure against the necessary sanction of superior authority. For this purpose a register should be maintained (Form CAM-25) in which every order sanctioning special expenditure, should be entered as soon as it is received and, as each charge comes up for check a note of the bill in which it is included, and of the fact that it has been checked, should be made in the final columns. Where expenditure against a lump sum sanction is incurred in instalments, the progressive outlay must be watched against the sanctioned total.

When an order of sanction contains no indication of the amount or limit of expenditure sanctioned, enquiry should be made from the authority which issued it, and charges should not be admitted until complete sanction is received.

(b) In preparing the register of Special Charges the following instructions should be followed:-

- (1) Separate pages should be set apart for different classes of expenditure and for different officers incurring expenditure.
- (2) When opening a new register orders which are still in force should be carried forward into it from the old register along with progressive expenditure so far incurred there against.

Note 1.- The sanctions entered in the Register of Special Charges will not be confined to sanctions of contingent charges proper. Special sanctions of refunds, advances and the like also will be recorded in this register and the charge admitted according to the method prescribed in this paragraph.

Note 2.- The entries of payments made in the "Register of Special Charges" should be attested by the P.A.O. as he passes each bill for payment.

4.19 CHECK OF COUNTERSIGNED CONTINGENCIES.

A-Bills countersigned after payment-

4.19.1 In the case of bills countersigned after payment, the money is actually drawn on an abstract bill, and the approval of the superior authority as indicated by its countersignature, is subsequently received by the Pay and Accounts Officer on the monthly detailed countersigned bill. Both the abstract bill and the detailed monthly bill require scrutiny in the Pay and Accounts Office.

4.19.2 While checking abstract contingent bills, it should be seen whether the officers drawing abstract bills are, in all cases, authorised to do so. Asstt. Accounts Officer/Jr. Accounts Officer should ensure that the amount drawn on an abstract contingent bill is placed under objection. Objections regarding want of detailed bills, vouchers, subvouchers etc; should be pursued vigorously. Cases in which detailed bills are not furnished within the normal period prescribed in Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 should be reported to the Controlling Officer by name and thereafter, if necessary, the matter should be reported first to the

Head of the Department by name and that failing to produce the desired result, the matter should be reported to the Pr. Accounts Office.

4.19.3 Adequate cautions should be exercised in passing detailed bills which are supported by invoices which are found to be old compared to the date of drawal of the abstract bill.

4.19.4 On receipt of detailed adjustment bills, they should be carefully checked on the points indicated in paragraph 4.17.2. In addition it should be seen:-

- (1) that the bill is duly countersigned wherever so required;
- (2) that the charges included in it cover the amounts drawn in lump sum and are classified as in the abstract bills; differences or disallowances should be noted for recovery and adjustment should be made, if necessary on account of misclassification.

4.19.5 Except on points covered above the Pay and Accounts Officers should not disallow any items included in a countersigned bill which are within the powers of sanction of the countersigning officer. He should however, draw the attention of the latter to any expenditure which seems questionable or in comparison with like charges elsewhere, excessive in respect of rate, price or amount and may, if he deems it advisable, specially address the Department on the subject.

4.19.6 When the Accountant has completed his check and has ticked off each item supported by a voucher in token of his having seen and passed the bill, he should record his enforcement passing the bill or objecting to it, upon the bill itself. He should then make the corresponding or partial adjustment both in the register and the Objection Book (Form CAM-26) taking steps to remove any objection still outstanding.

B-Bills countersigned before payment

4.19.7 Where countersignature is required before payment, there will be no abstract bill but payment will be made on a detailed bill. In that case, the detailed bill may be entered in and submitted along with the 'Special Charges Register'. Accountant will, of course, make no entry in the 'Objection Book' unless some item in the detailed bill itself is objectionable.

4.20 CHECK OF FULLY-VOUCHED CONTINGENCIES

4.20.1 Payment of fully-voched contingencies will be made on detailed bills. No registers need be maintained for the record of these bills except in cases where the Pay and Accounts Office is requested by the Government to check the charges of individual disbursing officers against a lump sum appropriation placed for the purpose at the disposal of a single higher authority. The actual check should be conducted as in the case of bills countersigned before payment.

4.21 PERIODICAL CHARGES REGISTER (FORM CAM-27)

4.21.1 Sanctions to recurring contingent charges are noted in the Register of Periodical Charges, each payment as it is checked being posted with the necessary reference in the appropriate monthly columns. Ordinarily the register should be used only in cases in which sanctions other than those of the disbursing or countersigning authorities are involved.

Note 1.-The pay of the contingency paid staff need not be entered in the Register of Periodical Charges.

Note 2.-Periodical charges such as water, conservancy taxes etc, do not require the sanction of a higher authority when they are assessed by competent authority and the assessment is certified by a Public Works Divisional Officer or the departmental officer concerned according as the buildings are or not borne on the books of the Public Works Department. Such charges should not, therefore, be entered in this register.

4.22 CONTINGENT CHARGES FOR WAGES OF MAZDOORS AND PAY AND ALLOWANCES OF STAFF PAID FROM CONTINGENCIES

4.22.1 Contingent charges on account of wages of Mazdoors engaged on manual labour and paid at daily or monthly rates should be admitted in Pay and Accounts Office on the authority of a certificate signed by the disbursing officer to the effect that the mazdoors were actually entertained and paid. Contingent charges on account of pay and allowances of all other staff paid from contingencies should be admitted in the Pay and Accounts Office on the authority of the certificate regarding entertainment, disbursement etc, prescribed in Central Government Account (Receipt and Payments Rules, 1983).

4.23 TRUNK CALL BILLS

4.23.1 Offices/Officers provided with telephones are responsible for all trunk calls which may be made from their telephones. Even if some of the items in bills received from the Posts and Telecommunications Department, pertain to unavoidable private calls of officials and they have to be paid in full.

Simultaneously, arrangements should be made for suitable recovery from the official (s) for the private calls (s), and the amounts duly accounted for.

4.23.2 P.A.O. should check that bills for trunk calls are supported by the certificate under the procedure prescribed for the purpose, that the trunk call or calls were made for official purposes, and that in respect of exceptions mentioned therein, indication is given about recovery thereof effected/being effected.

4.23.3 Recoveries made from Government officials on account of private calls may be adjusted in reduction of expenditure and not credited as revenue receipts in Government accounts. (Authority : C.G.A's File No. S. 14011/1/79/TA)

4.24 FEE FOR ENGAGEMENT OF LAWYERS

The following points may be borne in mind while passing such bills:-

4.24.1 Ministry of Law should invariably be consulted by the Department concerned in regard to the fees of lawyers proposed to be engaged except in cases in respect of which standing arrangements have been made (e.g. cases handled by the Central Government Solicitors at Bombay and Calcutta or by Standing Counsels of the Income Tax Department) and in cases where lawyers are engaged on scales of fees fixed by the High Court concerned.

4.24.2 Serial No.9 of the Annexure to Schedule V of the Delegation of Financial Powers Rules 1978 indicates the extent to which various authorities have been delegated powers to incur expenditure on payment of legal charges either on account of fees to barristers, pleaders etc, or the institutions of law suits or prosecution cases etc, as well as in connection with arbitration cases. It should be seen that the sanctions to the expenditure on legal charges etc, conform to the limits prescribed therein.

4.25 CANCELLATION OF SUB-VOUCHERS

4.25.1 The general instructions regarding the cancellation of sub-vouchers attached to contingent bills in order to prevent their misuse are laid down in Rule 109 of the Central Govt. Account (Receipts and Payments) Rules, 1983. Sub-vouchers required to be sent to the Pay and Accounts Officer are not to be cancelled either by the drawing officer or the controlling officer, as the duty of canceling these sub-vouchers and keeping them in proper custody to prevent their fraudulent use devolves on the Pay and Accounts Officer. All sub-vouchers received in the F.A.O. should be cancelled by means of a rubber stamp or in hand under the dated initials of the Accountant concerned. In the case of vouchers selected for post audit and reviewed by the cancellation should be attested by the A.A.O. also.

4.26 Chapter 10 of this Manual deals with the important aspects of loans and advances, grants-in-aid, guarantees given by the Government and investment made by the Government. These should be kept in view before accepting any sanction for payment.

4.27 GRANTS-IN-AID BILLS

4.27.1 In checking the sanctions for grants-in-aid it should be ensured that:-

- (a) sanctions have been accorded by a competent authority in terms of the relevant DFP Rules;
- (b) sanctions are so worded that there is a specific direction for the payment of the specified amount, instead of merely conveying an approval for the sanction of the grants-in-aid;

- (c) they indicate invariably, whether the grants-in-aid are recurring or non-recurring.

4.27.2 A 'Register of Payment of Grants-in-aid' shall be maintained (Form CAM-28). All sanctions should be noted in this register under proper attestation and the bills received against such sanctions should also be submitted after exercising necessary checks, along with the register and the fact of passing of the bill noted therein.

4.27.3 In the case of grants-in-aid bill, it should be seen that the prescribed certificates have been recorded on the bills where the power of sanctioning the grants-in-aid is delegated to the subordinate authority subject to the previous fulfillment by the grantees of certain conditions. For example, grants may be made to educational institutions which reach specified standards in respect of number of scholars, methods of instruction and the like. In such cases, if the orders sanctioning the grant quote the relevant rules, such bill should ordinarily be accepted on the expressed or implied certificate of the sanctioning authority that the prescribed conditions have been fulfilled.

4.27.4 It should be watched that grants are not, except in special circumstances, paid in excess of actual requirements of the grantee for the financial year or say, for the period of one year from the date of issue of the letter sanctioning the grant and that any general or special orders for releasing a particular grant in instalments are complied with. The extent of the check of the expenditure from a grants-in-aid by the grantee depends on whether the grant is conditional or unconditional. Where no condition is attached to a grant, no enquiry need be made as to the manner in which the grant is utilised by the grantee. Wherever conditions are attached to the utilisation of a grant (in the shape of specification of the particular objects on or the time within which the money must be spent) the receipt of formal utilisation certificate from the sanctioning authority should be watched through the said register.

4.28 SCHOLARSHIP BILLS

4.28.1 In the case of those stipends and scholarships which are considered to be important in view of their value or governing conditions or other similar considerations, the check should be conducted by numbers only.

4.28.2 Check by numbers will consist in seeing that:-

- (i) the sanctioned scale is not exceeded,
- (ii) there is no excess over the total amount sanctioned for the scholarship, and
- (iii) the scholarships are drawn only for the period for which they are sanctioned.

4.28.3 The bills for educational scholarships, stipends etc., should be checked with a view to see that they have been drawn in accordance with the procedure laid down in the relevant Treasury Rules etc., and that necessary certificates showing that the prescribed conditions have been fulfilled, are furnished along with the bill or separately, as may be necessary.

4.28.4 Scholarship bills should be posted in the register in Form CAM-28 in the same manner as Register of Grants-in-aid except for the column meant for watching receipt of utilisation certificates.

4.29 LOANS AND ADVANCES BILLS

4.29.1 In respect of loans and advances to public sector undertakings, autonomous bodies etc., the sanctions should be examined and the reasons for any unusual conditions included therein, if any e.g., remission of interest in an individual case, should be enquired. It has to be seen that the conditions of repayment of loans and advances are complied with by the debtor and the Pay and Accounts Office should exercise a close watch over repayment of principal and realisation of interest. In reviewing the outstanding loans and advances, special attention should be directed to irregularities in payments, acknowledgement of balances and unrealisable and doubtful assets. During the pre-check of a loan or advance bill, it should be seen that:-

- (a) the amount claimed is in accordance with the sanction order, and
- (b) the conditions to be fulfilled before payment, if any, are actually fulfilled and a certificate to that effect is recorded on the bill.

For watching the recovery of loans, Loan Register(s) are to be maintained (Form CAM 29)

4.29.2 The responsibility for calculation of interest on interest bearing advances, recoverable from the loanee Government servant will be that of the head of office/drawing and disbursing officer both for gazetted and non-gazetted Government servants. The heads of offices would, however, be responsible for obtaining mortgage bonds and agreements and ensuring that necessary insurance, as required under the rules, is effected.

4.29.3 Pay and Accounts Officers will be responsible for (a) checking the correctness of the interest recovered by the drawing and disbursing officer, and (b) confirmation of the correctness of the balances as shown in the recovery schedules and pointing out discrepancy, if any, to the concerned drawing and disbursing officer.

(Authority : Ministry of Finance (DEA) O.M. No. F. 10(9)-B(TR)/76 dt. 1.11.1976)

4.30 LONG TERM ADVANCES TO GOVERNMENT SERVANTS i.e. ADVANCES RECOVERABLE IN NOT LESS THAN 60 MONTHLY INSTALMENTS

4.30.1 Advances drawn must be checked in full. It should be seen:-

- (i) that every advance has been sanctioned by competent authority in accordance with the rules governing it;

- (ii) that the amount drawn does not exceed the amount sanctioned and permissible under the rules;
- (iii) that it is properly recorded;
- (iv) that repayments are regularly made as required by rules and are duly accounted for in the books of the accounts office;
- (v) that the balance outstanding at the close of each financial year is communicated to and accepted by the Government servant. For this purpose, a statement of outstanding balances should be furnished to the D.D.O. concerned with the observation that non-receipt of any comments within two months would be treated as acceptance of balance by the D.D.O./Govt. servant concerned;
- (vi) that in case the repayment of the advance is neglected and/or irregular the matter is reported to the sanctioning authority; and
- (vii) that the certificates regarding availability of funds have been issued by the competent authority before issue of sanction and incorporated in the sanction.

4.30.2 The recovery of the advances should commence with the first issue of pay, leave salary or subsistence allowance as the case may be after the advance is drawn (Rule 202 of General Financial Rules Revised and Enlarged, 1963).

4.30.3 It should be ensured that a certificate signed by the sanctioning authority to the effect that agreement in Form G.F.R. 22 or G.F.R. 23, as the case may be has been signed by the Government servant drawing the advance and that it has been examined and found to be in order, is attached to the bill for drawal of Motor Car Advance.

4.30.4 The grant of House Building Advance shall be governed by the H.B.A. Rules.

4.30.5 For watching the recoveries of these advances a Register and Broadsheet of Advances for HB/MC/and Interest thereon, should be maintained by the P.A.O. (Form CAM-30). Separate pages will be allotted to record advances sanctioned to Government servants in various offices. All the recoveries effected from establishment bills should be noted based on the schedule of recoveries in the respective pages of the broadsheet which should be totaled every month and agreed with the ledger figures in the Compilation Section. Any discrepancy between the two sets of figures should be noted and analysed on separate pages set apart at the end of the register, to watch that they are eventually resolved and reconciled. This monthly verification indicating progressive differences and their reconciliation shall be submitted to the PAO every month by 20th of the second succeeding month. An example illustrating the manner in which recoveries of HBA/MCA are to be posted in the respective Broadsheet and calculation of interest thereon, is given in Appendix 'C' to this chapter.

4.31

CHECK OF CONTRACTS

4.31.1 It is an important function of the Pay and Accounts Officer to examine contracts or agreements for works or supplies entered into by departmental authorities on behalf of Government.

4.31.2 Concerned executive authorities who enter into contracts for works or supplies will also be entirely responsible to watch their fulfillment.

4.31.3 The following fundamental principles are laid down by Government for the guidance of authorities authorised to enter into contracts or agreements involving expenditure from Consolidated Fund of India. These are financial rules but they also indicate the points which should be kept in mind by the Pay and Accounts Officers in scrutinising contracts :-

- (a) The terms of a contract must be precise and definite, and there must be no room for ambiguity or misconstruction therein;
- (b) As far as possible, legal and financial advice should be taken in the drafting of contracts before they are finally entered into;
- (c) Standard forms of contracts should be adopted wherever possible, the terms being subjected to adequate prior scrutiny;
- (d) The terms of a contract once entered into should not be materially varied without the previous consent of the competent financial authority;
- (e) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority;
- (f) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited, and in cases where the lowest tender is not accepted, reasons should be recorded;
- (g) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration, in addition to all other relevant factors;
- (h) Even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at least a written agreement as to price;
- (i) Provision must be made in contracts for safeguarding Government property entrusted to a contractor;
- (j) When a contract is likely to endure for a period of more than five years, it should, wherever feasible include a provision for an unconditional

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- (i) Provision must be made in contracts for safeguarding Government property entrusted to a contractor;
- (j) When a contract is likely to endure for a period of more than five years, it should, wherever feasible include a provision for an unconditional

power of revocation or cancellation by Government at any time after the expiry of six months notice to that effect; and

The Pay and Accounts Officers have power to examine contracts and to bring to the notice of the proper authority any cases where competitive tenders have not been sought, or where high tenders have been accepted, or where other irregularities in procedure have come to light.

4.31.4 Deviation from contracts requires authority not inferior to that required for the original contract. The Pay and Accounts Officer should also see that any payments outside the strict terms of the contract or in excess of contract rates are not made without the consent of the competent financial authority.

4.31.5 Copies of all contracts and agreements for purchases of Rs. 50,000 and above should invariably be obtained and examined, and the payments regulated in accordance with them (but see Note below). For this purpose a Register in Form CAM-31 should be opened to record particulars of the contracts or agreements and the payments made there against.

Note- Copies of all contracts irrespective of their monetary value (except those relating to contingent or miscellaneous expenditure) of the Director General, Supplies and Disposal and the Food Department of the Government of India are however, to be invariably furnished to the Pay and Accounts Officers concerned.

4.31.6 When payments included in contingent bills are made at certain contract rates which are not required to be communicated to the Pay and Accounts Officer, a certificate should be obtained from the competent authority to the effect that the claim is correct with reference to such contract rates.

4.32 PROCEDURAL INSTRUCTIONS FOR THE CHECK OF CONTRACTS AND AGREEMENTS AND CONTRACTOR'S BILLS

4.32.1 Check of Contracts and Agreements, Tenders etc:- The general checks to be exercised are indicated in the earlier paragraph. Other checks are detailed below:-

4.32.2 In scrutinising an Acceptance of Tender it should be seen:-

- (i) that the particulars regarding quantity and rates are furnished and the prices stipulated are firm. Particulars of the contracts providing the price variation clause or provisional rates, should be further examined;
- (ii) that there is no omission of any important clause e.g. date and place of delivery, despatch instructions, name of consignee, etc;
- (iii) that it is signed by an authority which is competent to enter into the contract. In case the signature on the order is that of an authority who is not competent to enter into the contract a certificate to the effect that the purchase has been

approved by the competent authority, is recorded thereon mentioning also the designation of the authority whose approval has been obtained.

Note- In the copies of Acceptances of Tender, Supply Orders etc., all the sheets containing rates, prices and other important conditions should be signed in ink by the purchasing officer concerned.

- (iv) the provision for the payment of sales tax, excise duty, should be checked with reference to the instructions issued by the Government from time to time. Vague provisions, such as, "Sales tax will be paid, if legally leviable" should be objected to and the contracting officers asked to state in definite terms whether sales tax, excise duty, etc. are payable and if so at what rate and on what amount; and
- (v) that the contract has been signed for and on behalf of the President of India.

4.32.3 All contracts and agreements required to be checked should be reviewed by the Asstt. Accounts Officer/Jr. Accounts Officer and submitted to the Pay and Accounts Officer for further review. Before checking purchase bills, the Pay and Accounts Officer should satisfy himself that the sanctions and agreements were properly checked and bear suitable endorsement of check and review.

4.32.4 Cases of the type mentioned below may, if necessary, be scrutinised carefully:-

- (i) inclusion of any new item of expenditure not originally contemplated in a contract;
- (ii) extension in the date of delivery in contract where higher prices have been allowed on account of early delivery of stores;
- (iii) Compensation allowed to firms in respect of contracts;
- (iv) any extraordinary stipulation in a contract even if it is sanctioned by Government etc;
- (v) any special and apparently objectionable procedure of purchase, inspection and payment sanctioned by Government etc;
- (vi) all contracts on cost plus profit basis;
- (vii) all contracts with private firms to act as Government stockists; and
- (viii) all sanctions to ex-gratia payments.

4.33 CHECK OF BILLS FOR SUPPLY OF STORES AGAINST CONTRACTS, PURCHASE ORDERS AND AGREEMENTS ETC.

4.33.1 The following checks are prescribed in respect of bills for purchase of stores:-

- (i) that there is provision of funds authorised by the competent authority;

- (ii) that there exists sanction either special or general accorded by the competent authority authorising expenditure;
- (iii) that the purchases are made economically and in accordance with the rules and orders made by competent authority;
- (iv) that the rates mentioned in the bill agree with those shown in the purchase orders;
- (v) that certificates of quality and quantity are furnished;
- (vi) that the purchases have not been split up so as to avoid the necessity of obtaining the sanction of higher authority; and
- (vii) in regard to stores purchased through the agency of DGS&D, debits for which are raised by the Department of Supply, it should be ensured by the Pay and Accounts Officers that the debits accepted are proper charges against the work, office or other expenditure unit under their control and that the supply has been duly sanctioned. For debits for advance claims not supported by consignee receipt certificates, the PAOs should take adequate and prompt action to get the consignee receipt and settle the discrepancy or deficiency, if any, mentioned in the receipt certificate in consultation with the consignee.

Note: (a) The scrutiny mentioned at (i), (ii), (iv) & (v) above is to be exercised at the time of pre-check or post-check with reference to sanctions and supply orders required to be communicated to the PAOs.

(b) The checks at (iii) and (vi) above are to be exercised at the time of internal audit of records of the departmental authorities.

(c) The requirements indicated at (vii), in regard to debits for stores purchased through the agency of D.G.S.&D. are to be applied at the time of adjustment of the debits to final heads of accounts by the PAOs.

4.33.2 According to Chapter 8 of G.F.Rs, the responsibility of maintaining numerical and value accounts of stores and undertaking the physical verification of stores is that of the departmental officers. The rules referred to prohibit physical verification of stores by persons not conversant with the classification, nomenclature and technique of the particular classes of stores. Accordingly the departmental Pay and Accounts Organisation (including internal Audit) are not required to maintain the numerical and value accounts of stores or to conduct physical verification of stores and stock. During internal check it should, however, be ensured that a certificate of physical verification is recorded periodically by the responsible authority, that the system of verification adopted is adequate and proper, that the staff employed for physical verification are independent of those responsible for the physical custody of the stores or for keeping accounts thereof and that excesses and shortages found on physical verification are properly investigated and adjusted or written off under orders of competent authority.

4.33.3 Where a 'period' or 'value' account is maintained it will be the duty of the Accounts Officer to see, during internal check that

- (i) the stores are priced with reasonable accuracy and the rates are reviewed from time to time, are correlated with market price and revised wherever necessary
- (ii) the value accounts tally with the accounts of works and of departments connected with the stores transactions, that the total of the value account tallies with the outstanding amount in the general accounts and that the numerical balance of stock materials is reconcilable with the total of 'value' balances in the accounts at the rates applicable to various classes of stores and (iii) steps are taken for the adjustment of profits or losses due to revaluation, stock taking or other causes.

4.34 REFUNDS OF REVENUE

4.34.1 The procedure for payments of refund of revenue will continue to be governed by the provision of Rule 139-144 of Central Govt. Account (Receipts and Payments) Rules, 1983 but the bills for refund of revenue will be presented to the concerned P.A.Os to whom the departmental officers are linked. The P.A.O. will, before making payments, verify the original credit from his records and also keep a note of the refund against the original credit.

4.34.2 In the case of refunds of revenue which were originally deposited before the date of departmentalisation of accounts and accounted for by the treasuries, the departmental officers will first send the bills to the concerned treasury officers for verifying the original credit with reference to the details in columns 4 & 5 of the refund bill (TR Form 41) and for affixing their signature in column 6 in token of having done so. The bills after certification by the treasury officer should be presented by the departmental officers to the concerned P.A.Os for making payment. The P.A.Os will ensure that the above requirements have been complied with.

4.35 MISCELLANEOUS BILLS

4.35.1 Medical bills are checked with reference to medical attendance rules to see that essentiality certificate, sub-vouchers etc. have been attached to the bills. It should be seen that the inadmissible medicines have been excluded from the claim, the treatment is not for a continuous period of more than 10 days and the bill has been countersigned by the controlling Officer.

4.35.2 All bills relating to advances and withdrawals from Provident Fund should be checked with reference to rules relating to the Fund and the amount at the credit of the subscriber in his account.

4.36 FINAL POST CHECK OF BILLS PAID AFTER PRE-CHECK

4.36.1 The Pay & Accounts Officer will ensure that in respect of all payments made after pre-check, a final receipt for the full amount passed has been received and attached to the bill in the prescribed form. This check may be conducted at the end of each month. For this purpose, the PAO should nominate a JAO or a Senior

Accountant who should check that the acknowledgement is attached to each bill and record a certificate to this effect in a Register (Form CAM-32) to be opened for this purpose. This register should also be made available to audit.

4.37 POST CHECK OF BILLS PAID BY CHEQUE DRAWING D.D.Os.

4.37.1 In the case of bills paid without pre-check by the Drawing and Disbursing officers having cheque drawing powers, in addition to the general checks mentioned in para 4.10 above and check against provision of funds referred to in para 4.2 above, the following checks will also be exercised at the time of conduct of post-check:-

- (i) that the vouchers are duly supported by acknowledgement of the payees;
- (ii) that they are stamped as "Paid"
- (iii) that unless otherwise provided in the rules revenue stamps are affixed to all vouchers whose net amounts exceed Rs. 500 and the stamps are duly cancelled; and
- (iv) that the vouchers bear voucher Nos. as given in the list of payments.

4.37.2 The detailed instructions explained above for the checks of various categories of bills shall also be kept in mind at the time of conducting post-check of vouchers to be received from the cheque drawing DDO.

4.38 MERGED DDO SCHEME

In terms of instructions contained in Ministry of Finance, Department of Expenditure O.M. No.F.1(4)-E(Coord)/86 dated the 12th February, 1986, the functional and day-to-day administrative control of the Cash Branch/DDO at the secretariat level (to be called as Merged DDO in comparison with other DDO's) in each Ministry/Department, except in the Ministry of External Affairs, would vest in the respective CCA/CA/Dy.CA who will ensure proper discharge of all items of work entrusted to the Cash Branch/DDO (i.e. Merged DDOs) and exercise all financial powers (already vested in them as Head of the Department/Head of the Office) in relation to the Merged DDOs in the same way the powers are exercised in relation to the Pay and Accounting Organisation. With these revised arrangements, the records maintained by the merged DDOs will become full-fledged accounts records thus eliminating the need for maintenance of duplicate accounts records in Pay & Accounts Office. The procedure prescribed in para 4.2.4 above would not be applied in Departmentalised Accounts Offices in respect of heads of accounts operated by the merged DDOs as under the merged DDO scheme the responsibility for expenditure control would be exclusively that of merged DDOs. The accounting procedure detailed below would be followed by the Pay & Accounts Offices in respect of claims of merged DDOs.

- i) Pay Bills will be prepared by merged DDOs as at present. Salary drawal for each month may be noted in the PBR leaving at least one line between entries for two months. Schedules for Provident Fund, long-term advances etc., which are now prepared for facilitating maintenance of broadsheets by the

Pay & Accounts Offices need not be prepared and attached with bills any more. The PBR itself will take the place of detailed ledger for the Fund, Advances etc. accounts. Such schedules need be prepared only in those cases where the credits have to be passed on for adjustment in other accounting circles. Schedules for licence fees and PLI will continue to be prepared unless orders to the contrary are issued. Copies of sanctions for creation/extension of posts, appointment orders/transfer orders in respect of fresh appointees/transferees and LPCs need not be attached with the pay bills but maintained in the Cash Section. Similarly, certificate regarding receipt of health certificates in respect of fresh appointees need not be given in the body of the bill. Increment certificates need not be prepared and attached with the bills though approval for release of increments may be obtained from administrative wing and kept on record.

ii) Bills will continue to be submitted to the PAO as at present. It will be the responsibility of the merged DDO alone to ensure that no claims are presented to the PAO in respect of staff in excess of the sanctioned strength. This will be test-checked by the internal audit at regular intervals. In the salary bills, details of sanctioned posts, reference to sanctions etc., need not be indicated.

iii) Along with the merger of DDO functions with the departmentalised accounts set-up, a certain measure of integration and rationalisation of work between the conventional DDO functions and PAO functions is to be introduced. For this purpose, the pre-check before payment will be exercised in the Cash Branch itself, separately, through a Checker or Examiner functioning on behalf of the Pay & Accounts Officer. He can be either a Senior Accountant or other senior official considered suitable for the work. All bills after preparation will be subject to check by him to ensure that they are prima facie in order and arithmetically correct.

Any other information found necessary should be verified with reference to record available on the spot. Any omission found will be got completed then and there. The Examiner will thereafter write the pay order on the bill. The Pay & Accounts Officer will supply to the Examiner a cheque book with a separate serial number under usual intimation to the bank, so that along with the pay order, the cheque can also be written up. The checked bill bearing the pay order encasement and the cheque book will be sent to the PAO in a box under lock and key for signing the pay order and the cheque. The passed bill will be retained by the PAO and the cheque will be returned in the box to the Examiner for delivery to the DDO. The intention is to reduce, as much as possible the time lag and superfluous movement of men and records between the DDO and the PAO. With this system, the use of brass tokens will not be required. While sending passed bills to the PAO, the Examiner will prepare a covering schedule in duplicate, in the form CAM-11 (Register of cheques delivered) which will be amended, as shown in Appendix 'D' to this Chapter. The PAO will retain one copy of the schedule along with the paid bills & return the other copy to the Examiner who will take the initials

of the DDO thereon after delivering the cheques to him. The retained copy of the schedule will serve as list of payments.

iv) Responsibility for expenditure control in regard to the heads of account operated by the merged DDO will be exclusively that of the DDO. The PAO need not maintain any record for this purpose. Inward accounts received by the PAO from other accounting circles for adjustment against the heads under the control of the DDO may be adjusted by the PAO if the claim is prima facie in order; only in case of doubts, need be refer the case to the DDO for clarification/acceptance. Inward accounts adjusted by PAO should be intimated to DDO for incorporation in the Expenditure Control Register. PAO will be responsible for securing reconciliation of expenditure with the DDO.

v) In respect of long-term advances, the opening balances to be taken in the PBR as on 1.4.86 will be reconciled balances. Where the balances have not been reconciled, recoveries should continue to be made with reference to the outstanding balances as per DDO books and attempts made to complete the reconciliation as speedily as possible. For recovery of interest, the calculations need not be sent to the PAO for checking. The various certificates prescribed for rendition to the Pay & Accounts Office in relation to various long-term advances need not be submitted to the PAO any more.

vi) In the case of transfer of Government servant either to or from the control of the merged DDO, transfer of balances relating to long term advances will be effected in the manner applicable to GPF balances (see chapter 6). Monthly proving of payments and recoveries and annual agreement will also be done by the DDO in the manner prescribed for GPF.

vii) In regard to short-term advances, the existing procedure will continue.

viii) In the case of Government servants on deputation/foreign service in whose cases recoveries on account of GPF subscriptions, long term advances, leave salary and pension contribution etc., are received in the form of cheques/drafts by the PAO, the existing procedure of their accounting will continue. However, the PAO should intimate to the DDO full details of the recoveries received and brought to account by him. The responsibility for watching these recoveries/contributions will be that of the DDO. Recoveries which are in arrears as on 1.4.86 will continue to be watched by the PAO until final settlement. In respect of Government servants on deputation, individual folio will continue to be maintained in the PBR by the DDO.

When intimation of recoveries is received from the PAO, details will be noted in the PBR in the Section "Deductions/Recoveries" against the relevant months changing the column headings suitably, if necessary. Claims submitted by the DDO to the PAO towards

payment/reimbursement of leave salary of the deputationist may be noted in the Section "Amount due" in the PBR. DDO will be responsible for reporting the amount of leave salary and pension contribution payable by the borrowing organisation at the time of drawing up terms and conditions of foreign service. Certificate regarding recovery of contributions will be recorded in the Service Books by the DDO.

ix) The procedure for transfer and accounting of GPF balances in respect of the staff at Secretariat level to the merged DDOs is prescribed in chapter 6.

x) The following registers presently maintained by the PAO may be discontinued in relation to the merged DDO :-

Sl.No.	Name of the Record	Form No.
1.	Token Register	CAM-5
2.	Certificate of Tokens	CAM-6
3.	Token Census Register	CAM-7
4.	Enquiry regarding Token numbers outstanding Pre-check Bill	CAM-8
5.	DDO wise Passing-cum-Expenditure Control Register	CAM-9
6.	Bill Return Memos	CAM-14
7.	Fly-Leaf of Payment Register	CAM-23
8.	Establishment check register	CAM-24
9.	Register of special charges	CAM-25
10.	Objection Book	CAM-26
11.	Register of periodical charges	CAM-27
12.	Register & broad sheet for long term advances	CAM-30
13.	Register of final postcheck of pre Checked Bill	CAM-32
14.	General Index Register	CAM-45
15.	Stock Register of insurance policies (provided there is no policy to be reassigned to the beneficiary)	CAM-45
16.	Register of details of matured policies *	CAM-46
17.	provident fund ledger folio	CAM-47
18.	Broad-sheet of provident fund	CAM-48
19.	Register of GPF missing credits/debits	CAM-50
20.	Register of final payment cases	CAM-51
21.	Memorandum calling for particulars of Government servants placed on foreign service	CAM-57

APPENDIX "A" to Chapter 4
(Referred to in para 4.3.2)

No. F. 7(15)-B (RA)/82
Ministry of Finance
Department of Economic Affairs
New Delhi, the 13th April, 1982

OFFICE MEMORANDUM

Subject : Revised guidelines on 'New Service'/'New Instrument of Service'.

The financial limits to be observed in determining cases relating to 'New Service'/'New Instrument of Service', prescribed in this Ministry's O.M. No. F.8(60)-B/69 dated the 27th July, 1970 have been reviewed in pursuance of the recommendations of the Public Accounts Committee (Seventh Lok Sabha) in their 41st report. The revised limits which have been drawn up in consultation with the Comptroller and Auditor General of India and have been approved by the Public Accounts Committee in their 70th report are annexed.

2. As the Ministry of Agriculture, etc. are aware, the term 'New Service' appearing in article 115(1)(a) of the Constitution has been held as referring to expenditure arising out of a new policy decision, not brought to the notice of Parliament earlier, including a new activity or a new form of investment. Likewise, relatively large expenditure arising out of important expansion of an existing activity is treated as a 'New Instrument of Service' which is a slight variant of the term 'New Service'. The basic principle is that no expenditure can be incurred from the Consolidated Fund of India on a 'New Service'/'New Instrument of Service' without prior approval of Parliament through a Supplementary Grant. That is to say, the powers of Ministries/Departments to re-appropriate savings available under some sub-head(s) in a Grant for meeting additional requirements under other sub-head(s) within that Grant are subject to the aforesaid limits. As any non-observance of these limits reflects laxity in financial control, Ministries/Departments are requested to ensure strict adherence of these instructions in examining proposals for augmentation of sanctioned provisions.

3. Where in an emergent case of 'New Service'/'New Instrument of Service' it is not possible to wait for prior approval of Parliament, the Contingency Fund of India can be drawn upon for meeting the expenditure pending its authorisation by Parliament. Recourse to this arrangement should normally be taken only when Parliament is not in session. Such advances are required to be recouped to the Fund by obtaining a Supplementary Grant in the immediately next session of Parliament. However, when Parliament is in session, a Supplementary Grant should preferably be obtained before incurring any expenditure on a 'New Service'/'New Instrument of Service'. That is to say, recourse to contingency fund of India should be taken only in cases of extreme urgency; in such cases the following procedure recommended by the Sixth Lok Sabha Committee on Papers Laid on the table in their 4th Report should be observed.

"As far as possible, before such withdrawal is made, the concerned Minister may make a statement on the floor of the Lok Sabha for information giving details of the amount and the scheme for which the money is needed. In emergent cases,

however, where it is not possible to inform the Members in advance, the withdrawal may be made from the Contingency Fund and soon thereafter a statement may be laid on the Table of the Lok Sabha for the information of the Members".

It has been suggested by the Rajya Sabha Secretariat that the above procedure may also be observed in Rajya Sabha.

4. The following checks may be observed by the Ministries/Departments to ensure that any expenditure likely to attract limits of 'New Service'/New Instrument of Service' is not incurred by re-appropriation.'

(i) A specific certificate should be recorded in each case involving augmentation of sanctioned provision by the IF/Budget Section of the Ministry/Department on receipt of related proposals, to the effect that the proposed augmentation attracts / does not attract limits of 'New Service'/New Instrument of Service'. Where the proposal is held to attract these limits the procedure indicated in paragraphs 2 or 3 above will, depending upon the circumstances of the case have to be followed.

(ii) Subject to Paragraph 5 below, the Pay and Accounts Officers should examine each expenditure sanction from the "new Service'/New Instrument of service' angle, especially those involving investments, loans, grants-in-aid, subsidies, new works, etc. All doubtful cases should be put to the Controllers of Accounts/Financial Advisers.

If in any exceptional case, the expenditure, whether partly or fully, on a 'New Service'/New Instrument of Service' has been incurred inadvertently and this fact comes to notice within the financial year, an advance from the Contingency Fund should be obtained during the year itself to cover the expenditure already incurred as also for the expenditure likely to be incurred before a Supplementary Grant for that service becomes available.

5. Having regard to the volume of Government transactions it is not possible to list out those which are not attracted by 'New Service'/New Instrument of Service' limits. Broadly, however, expenditure on normal activities of Government (such as normal administrative expenditure - including that resulting from reorganisation of Ministry/Departments, holding of conferences, seminars, exhibitions, surveys, feasibility studies, etc., assistance to foreign Governments, contributions to international bodies and transfers to State and Union territory Governments) is not attracted by the limits of 'New Service'/New Instrument of Service'. Further, these limits are applicable only to expenditure which is subject to vote of Parliament.

6. It should be noted that additional expenditure to the extent mentioned in column 2 of the annexed statement can be met by re-appropriation, subject to report to Parliament, only if savings are available in the relevant grant; otherwise a Supplementary Grant has to be obtained.

Report to Parliament should ordinarily be made through the ensuing batch of supplementary demands and failing this by adding an Annexure in the Detailed Demands of Ministry/Department for the ensuing year. Where possible a suitable mention of such cases may be made in the Notes on Demands for Grants of the Ministry/department. Mere exhibition of augmented provisions in the Revised Estimates included in the Demands for Grants will not be adequate to meet the requirement.

7. Where a doubt arises about the application of limits of 'New Service'/New Instrument of Service', a reference may be made to the Budget Division for clarification.

8. A mention may also be made here about the 'New Service' Annexure which is appended to the main Demands for Grants. The purpose of this Annexure is somewhat different. It is intended to bring to the notice of Parliament the details of new schemes i.e. schemes for which the Budget includes provision for the first time so that these can receive special attention of Parliament. These schemes are normally to be taken up after the passing of Budget; the Vote on account provisions are not intended to be utilised therefor. In cases of urgency, expenditure on a 'New Service' during Vote on Account period can, therefore, be incurred only by obtaining an advance from the Contingency Fund in the manner recommended by the sixth Lok Sabha Committee on the Papers Laid on the Table, mentioned in paragraph 3 above. Such advances will be resumed to the Contingency Fund on enactment of Appropriation Act in respect of expenditure for the whole year.

ANNEXURE to O.M.No. F7(15)-B(RA)/82 dated 13.4.82 Financial limits to be observed in determining cases relating to 'NEW INSTRUMENT OF SERVICE'

Nature of transactions	Limits upto which expenditure can be met by re-appropriation of savings in a Grant subject to report to Parliament	Limits beyond which prior approval of Parliament is required for expenditure from the Consolidated Fund
1	2	3
1. CAPITAL EXPENDITURE		
A: Departmental Undertakings.		
(i) Setting up a new undertaking or taking up a new activity by an existing undertaking.	--	All cases
(ii) Additional investment in an existing undertaking	Above Rs.50 lakhs but not exceeding Rs.1 crore	Above Rs.1 crore
B: Public Sector Companies/Corporations		
(i) Setting up of a new Company, or splitting up of an existing Company, or amalgamation	--	All cases

1	2	3
of two or more Companies, or taking up a new activity by an existing Company.		
(ii) Additional investment in/loans to an existing company		
(a) Where there is no Budget Provision	Above Rs.10 lakhs but not exceeding Rs.20 lakhs	Above Rs.20 lakhs
(b) Where Budget Provision exists for investment and/or loans		
Paid up Capital of Company		
Upto Rs. 1 crore	Above Rs.10 but not exceeding Rs.20 lakhs	Above Rs.20 lakhs
Above Rs.1 crore and upto Rs.25 crores	Above Rs.1 crore but not exceeding Rs.2 crores	Above Rs.2 crores
Above Rs.25 crores and upto Rs.100 crores	Above Rs.5 crores but not exceeding Rs.10 crores	Above Rs.10 crores
Above Rs. 100 crores	Above Rs.7.5 crores but not exceeding Rs.15 crores	Above Rs.15 crores

Note 1: In computing additional requirements for applying the above limits, loan and capital investments, over and above the budget provisions therefore, should be taken together.

Note 2: For additional fund requirements of term lending institutions which are under the audit of the Comptroller and Auditor General of India, the limits will be twice those specified above.

Where an institution does not have paid up capital, the limits will be applied with reference to Central loans outstanding against it at the end of the previous financial year.

Note 3: For financing projects under construction, within the approved cost estimates already brought to the notice of Parliament, augmentation of budget provisions beyond the monetary limits prescribed above will be permissible subject to availability of savings in the Grant. A report of such cases to Parliament will, however, be necessary.

Note 4: Short term (working capital) loans, repayable within five years, will not be treated as 'New Instrument of Service' but will require to be reported to Parliament.

C: Port Trusts, Delhi Municipal Corporation, Khadi and Village Industries Commission, Tea Board and Coffee Board.

Loans :

The limits prescribed for public sector companies will apply with reference to central loans outstanding against them at the end of the previous financial year

D: Private sector Companies/private Institutions:

(i) Investments to be made for the first time except in Units coming under Government Management with the approval of Parliament.

--

All cases

(ii) Additional investments in or loans to an existing company/institution private sector units coming under Government Management with the approval of Parliament

Above Rs.50 lakhs but exceeding Rs.1 crore

Above Rs.1 crore

Note 1 : While applying these limits loans and capital investments are to be taken together.

Note 2 : In the case of loans to statutory and other public institutions (other than those mentioned under item C above) substantially financed by grants-in-aid from Government e.g. University Grants Commission, Indian Institute of Technology and joint sector enterprises, limits as applicable to private sector companies/institutions should be applied.

1	2	3
---	---	---

Note 3 :Where there is no Budget provision for investment/ loans to a company/institution, prior approval of Parliament will be necessary for investment/loans exceeding Rs.10 lakhs except in the case of units brought under Government Management.

E : Expenditure on new Works (Land, Buildings and/or machinery	Above Rs.10 lakhs but not exceeding Rs.50 lakhs	Above Rs.50lakhs
--	---	------------------

II. REVENUE EXPENDITURE

F: Grants-in-aid to statutory and other public institutions :

- | | |
|---|--|
| (i) Institutions in receipt of grant-in-aid upto Rs.1 crore | Rs.10 lakhs |
| (ii) Institutions in receipt of grant-in-aid of more than Rs. 1 crore | 10% of the budget provision or Rs.2 crores, whichever is less. |

Note 1: These limits will apply with reference to moneys disbursed by an individual Ministry/ Department and not by the Government as a whole.

Note 2: The above limits will also apply to institutions which are substantially financed by grants-in-aid from Government and to public sector undertakings in receipt of grants-in-aid.

Note 3: Where a lump sum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to releases to such institutions within the budgeted provision. The details will, however, be reported to Parliament.

G: Grants-in-aid to private institutions other than for Export promotion Schemes

- | | | |
|--------------------|----|-------------------|
| (i) Recurring | -- | Above Rs. 5 lakhs |
| (ii) Non-recurring | -- | Above Rs.10 lakhs |

Note 1 : In the case of recurring grants exceeding Rs. 5 lakhs per annum the financial implications should be reported to Parliament where the grant is to be made for 2 years or more.

Note 2 : The limits for non-recurring and recurring grants-in-aid will apply with reference to moneys disbursed by an individual Ministry/Department and not Government as a whole.

Note 3 : Where a lumpsum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to releases to such institutions within the budgeted provision. The details will, however, be reported to Parliament.

H : Subsidies and Grants under Export Promotion Schemes

The budget provision should be split up as under :-

(i) Product Pro-motion and Commodity Development (this sub-head will accommodate payments of cash compensatory support on all items of exports including textiles).

(ii) Grants-in-aid to Export Promotion and Market Development Organisations (this sub-head would accommodate grants to Export Promotion Councils and other organisations like Trade Development Authority, Indian Institute of Foreign Trade, etc. for their establishment expenditure as well as development activities and also to recognised export houses for specified export promotion activities).

(iii) Export Credit Development (This sub-head will cover payments made to commercial banks towards interest subsidy under the Export Credit Subsidy Schemes).

Limits for augmentation of total provision under the Export Promotion Schemes :

Above Rs. 50
lakhs but not
exceeding Rs.
2 crores

Above Rs.2
crores

1	2	3
I : Food Subsidy	Above Rs. 50 lakhs but not exceeding Rs. 2 crores	Above Rs.2 crores
J : Other subsidies	..	Above Rs.10 lakhs
K : Payments against cess collections	Limits as applicable to grants-in aid to statutory or Public Institutions will apply	
L : New Commissions or Committees of Enquiry	..	Above Rs.4 Lakhs (total expenditure)
M : Write off of Government loans	Above Rs.50,000 but not exceeding Rs. 1 lakh (individual cases)	Above Rs.1 lakh (individual cases)

Note : This limit will also apply where it is decided to sanction grant to a private institution/individual for repayment of loan.

N : Other cases of Government expenditure

Each case to be considered on merits.

O : Deptt of Posts, Deptt. of Telecommunications, Railways, Defence

The aforesaid limits, including those relating to works expenditure, will also apply to these Departments subject to considerations of security in the case of Defence.

Note 1 : For investment in Ordnance Factories, the limit of Rs.1 crore mentioned in item A(ii) will be applicable with reference to investment in all the factories as a whole.

Note 2: Civil Works, which do not form part of any project of the department undertakings (Ordnance Factories) should be treated as ordinary Defence works. As such, prior approval of Parliament will be necessary if the cost of individual works exceeds Rs.50 lakhs and in cases where the individual works cost Rs. 10 lakhs or more but not exceeding Rs. 50 lakhs, a report to

Parliament will be required. A list of such works should, however, be supplied to Director of Audit, Defence services.

APPENDIX 'B' TO CHAPTER 4
(Referred to in Note below para 4.2.3)

Types of transactions treated as Charged expenditure :

1. A question was raised whether, in a case in which an appeal has been filed against the decree of a lower court, a deposit of the decretal amount made in the court, should be treated as a Deposit in the Public Account or as a payment charged on the Consolidated Fund of India under article 112(3)(f) of the Constitution of India.

It has been decided that, in the absence of a stay of execution of the decree, the Deposit should be deemed to be in satisfaction of the decree. If, however, deposit of the decretal amount has been made by way of security for staying the execution of the decree, or as a condition precedent to the grant of a stay order under orders of the Appellate Court, the payment made in pursuance of the said order is only a deposit and cannot be said to have been made in satisfaction of the decree passed by the lower court. The fact that the Court may allow the decree-holder to withdraw the amount so deposited by the Government does not alter this position. Consequently, the provisions of article 112(3)(f) of the Constitution would not be attracted in such cases. The amount, being in the nature of a deposit in the court, would not constitute 'expenditure' of the Government and should be classified under the head "8674-Security Deposit made by Government" in Section "L-Suspense and Miscellaneous" in the Public Account of India - the debit under this head being cleared after the amount is recovered if and when the appeal is decided in favour of Government. Where, however, the appeal is dismissed and the decree becomes final, the amount deposited in the Court would thereupon constitute payment made to satisfy the decree and, consequently, the debit under this head should then be cleared by transfer to the final head, as Charged expenditure, and covered by appropriate provision of funds or, in anticipation thereof, by an Advance from the Contingency Fund of India, as may be necessary.

[Ministry of Finance No. F1(44)-B/56 dated 16.5.56, F.1(66)-B/57 dated 21.11.57 and F.1(52)-B/68 dated 31.1.69]

2. In cases of arbitral awards/decrees against State Governments in disputes arising out of the acquisition of land, buildings and property for Union purposes, since the award/decreed is against the State Government and the liability for the initial payment in satisfaction of the award/decreed devolves on the State Government, the expenditure should be charged on the Consolidated Fund of the State under article 202(3) (e) of Constitution. The subsequent reimbursement by the Central Government would be merely an inter-governmental adjustment which does not attract the provisions of article 112(3)(f) of the Constitution, since such an award/decreed is not enforceable against the Central Government.

[Ministry of Finance No. F.2(43)-B/59 dated 12.9.59]

3. There are cases in which security deposits of contractors are appropriated by Government towards liquidated damages. In such cases, if recovery made from the contractor on this account has to be refunded as a result of the levy of compensation in terms of the agreement having been held by the arbitrator as not justified, the refund should be treated as expenditure charged on the Consolidated Fund under article 112(3)(f) of the Constitution.

[C & AG letter No. 1267-AC/178-63 dated 24.9.63]

4. Where a Court award is for a composite amount which is not capable of being split up as "Refunds of Revenue" and "Other Expenditure", the entire amount of award should be treated as "Charged" expenditure.

Where an award is exclusively for the refund of security deposit or other revenue, the refund should not be treated as "charged" expenditure but accounted for as a refund of deposit or revenue, as the case may be, under "Deduct-Refunds".

Where an award is specific about the components of the award (e.g. refund of security deposit plus cost) or is for a composite amount which is capable of being split up as "Refunds" and "Other expenditure", the components are to be accounted for individually as "Refund" of deposit or revenue and as "Charged" expenditure respectively.

[C & A G's letter no. 437-AC/131-65 dated 18.5.66]

5. The Ministry of Law have advised that, for the purposes of article 112(3)(f) of the Constitution, a tribunal must be constituted by the State (and not merely by an agreement of parties) and must be invested with the States' inherent judicial (as distinguished from purely administrative or executive) powers and the trappings of a court. Accordingly, an arbitrator appointed under Section 10A of the Industrial Disputes Act, 1947 or a private arbitrator to whom a dispute is referred under an arbitration agreement under the Arbitration Act, 1940 is not a tribunal within the meaning of article 136 of the constitution. Consequently, payment in satisfaction of the award of such an arbitrator cannot be treated as expenditure "Charged" on the Consolidated Fund. However, in cases where such an award by a private arbitrator is filed in a court and a decree is obtained in terms of the award, the expenditure required to satisfy the court decree will be expenditure charged on the Consolidated Fund.

[Ministry of Finance No. F. 1(124)-B/64 dated 13th November, 1964].

6. The award of a collector under the Land Acquisition Act is not an award of court nor can it be considered as an award of arbitral tribunal. While making an award under Section 11 of the Act, the collector merely acts as an office of the Government making enquiries in order to determine the compensation payable. Payment of such awards should, therefore, be treated as voted item of expenditure.

[Ministry of Finance No. F.1(4)-B/66 dated 19th April, 1966]

7. A case arose in which an award was decreed against the Government for payment of rent in respect of certain requisitioned property. It has been held that where an award imposes an obligation to make a recurring payment, every recurring payment including those beyond the date of the award would be expenditure "Charged" on the Consolidated Fund under article 112(3)(f) of the constitution.

[Ministry of finance No. F.1(124)-B/64 dated 20th April, 1965]

8. Pension payments in the under-mentioned cases are required to be treated as "Charged" expenditure in terms of the various provisions of the Constitution shown against each;

Article of the constitution

(a) Judges of the Supreme Court/ Federal Court/High Courts	112(3)(d)
(b) Comptroller & Auditor General of India	112(3)(e)
(c) Officers and servants of the Supreme Court	146(3)
(d) Persons serving in the Comptroller and Auditor General's Office	148(6)
(e) Officers and servants of High Courts	229(3)
(f) Members and staff of U.P.S.C. and State Public Service Commissions	322

The pensions payable to or in respect of the Judges of Supreme Court, Federal Court and High Court, the Comptroller and Auditor General of India and members of the Public Service Commissions (both Union and States) do not present any problem and they are required to be "Charged" on the Consolidated Fund of India or the States, as the case may be. In the case of officers and staff of the Courts, Public Service Commissions and comptroller and Auditor General of India, however, it is not possible to follow a uniform procedure in all cases in view of the difference in the wording of the relevant articles of the Constitution. Having regard to the Constitutional provisions, the entire pension of the officers and staff of the High Court, Supreme Court, UPSC and State Public Service Commissions should be treated as "Charged" expenditure only in cases in which the employees hold a lien on a post in these organisations, or in the case of temporary employees, if they do not hold a lien on a post in any other organisation.

In the case of the office of the C.&A.G., however, in view of the working of article 148(6) of the Constitution, pension of all officers and staff serving in that office immediately before retirement or proceeding on leave preparatory to retirement from that office should be treated as "Charged" expenditure irrespective of the office or service to which they belong.

A Pension will either be wholly charged or wholly voted and the fact the same is allocable between different Governments or Departments, service under one or more of which does not by itself qualify for a "Charged" pension, should not make any difference.

[Ministry of Finance No. F. 1(79)-B/64 dated 1-10-1965]

9. Under article 112(3)(a) of the Constitution of India, the emoluments and allowances of the President of India and "other expenditure relating to his Office" shall be expenditure charged on the Consolidated Fund of India. It has been held by the Ministry of Law that it would not be proper to exclude pension, gratuity etc. payable to retired employees or their families from being a charged expenditure on the Consolidated Fund of India, only because those particular items were not specifically referred to in the above clause of the Constitution. It has, therefore, been held that the expression "other expenditure relating to his office" referred to in this clause includes also pension, gratuity etc. It has been further held that pensions,

gratuity etc. in respect of persons who have served the President's Secretariat before retirement, or who retire while serving the President's Secretariat, should be treated as 'Charged' expenditure, only if the employees hold a lien on a post in the President's Secretariat or, in the case of temporary, employees, if they do not hold a lien on a post in any other organisation.

[Ministry of Finance U.O. No.F.7(14)-B(D)/77-KW dated 10.5.78 and F.3(102)-B(AC)/78 dated 27.8.79; the Ministry of Law, Justice & Company Affairs U.O. No. 23037/78 dated 19.5.78; and the CAG's U.O. Note No.1514-AC/142-78 dated 13.8.79]

APPENDIX 'C'
(Referred to in para 4.30.5)
ILLUSTRATIVE EXAMPLE

Register and broadsheet of advances for H.B./Motor Car etc. and interest thereon for the year

Year	Sl. No.	Name of the Government servant	No. & Date & Substance of the order & the amount sanctioned	Rate of Interest drawn	Amount	Amount received in Rupees												Total recoveries during the year	Balance of Principle at the end of the year carried forward		
						April	May	June	July	August	Sept. '82	Oct. '82	Nov. '82	Dec. '82	Jan. '83	Feb. '83	March '83			March (Final) '83	
1982-83	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	
		20 Instalments of Rs. 1,000/- each	Interest 5%	Rs. 20,000 during 9/82							1,000/ 20,000	1,900/ 19,000	1,000/ 18,000	1,000/ 17,000	1,000/ 16,000	1,000/ 15,000	14,000		6,000/ 1,19,000	14,000/ 1,19,000	
1983-84						April '83	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan. '84	Feb. '84	March '84	March (Final)			
						1000	1,000/ 12,000	1,000/ 11,000	1,000/ 10,000	1,000/ 9,000	1,000/ 8,000	1,000/ 7,000	1,000/ 6,000	1,000/ 5,000	1,000/ 4,000	1,000/ 3,000	2,000			12,000/ 90,000	2,000/ 2,09,000
1984-85						April '83	May														
						1000	#														

* Instalment in repayment of advance recovered through the pay bill will be taken as having been recovered on the first of the following month in terms of Govt. of India's decision No. 1 and 2 below Rule 198 of G.F.Rs.

NIL/NIL from principal but interest instalment payable.
+ Total of progressive reduced balances for the 3 years = 1,19,000+90,000+1,000 = Rs. 2,10,000
Interest Due : Formula (1) based on total of reduced progressive balance : 2,10,000 x 5/1,200 = Rs. 875 OR
Formula (2) i.e. of arithmetical progression when recoveries are regular : $20,000 \times [(20+1)/2] \times [5/(100 \times 12)] = \text{Rs. } 875$

Appendix "D"
(Referred to in sub-para(iii) of Para 4.38)

REGISTER OF CHEQUES

Date(separate sheet for each day)

Sl. No.	Cheque No.	To whom issued	Amount Rs.	Bill No.	Initials of PAO	Voucher No.	Signature of DDO for receipt of cheques
1	2	3	4	5	6	7	8

Note : Preparation of list of outstanding cheques at the end of the month, remaining unpaid, will be done by the P.A.O.

CHAPTER 5

COMPILATION, CONSOLIDATION OF ACCOUNTS, PREPARATION OF 'LEDGER' AND SUMMARY OF BALANCES.

5.1 COMPILATION OF VOUCHERS IN THE ACCOUNTING SECTION

5.1.1 On receipt of the daily memorandum of pre-check payments (i.e. carbon copies of the relevant page of the register of cheques delivered) along with the vouchers from the cheque Section, the Accounts Section should verify whether all the vouchers mentioned in the daily memorandum have been received and whether the amount and total are correctly entered. (When a cheque is issued in lieu of a time-barred cheque, the latter duly cancelled should be treated as the voucher bearing classification minus credit 8670-Cheques and Bills etc. thereon, for issuing a fresh cheque in lieu of the cancelled one.) After this verification, one copy of the daily memorandum shall be returned to the Cheque Section as acknowledgement for the vouchers received. Similar action should be taken when a copy of the list of payments along with paid vouchers is received from the Cheque Section, as per the procedure mentioned in para 3.4 of Chapter 3 of this Manual. If any voucher is found to be missing, the fact should be entered in the relevant memo/list of payments and efforts should be made to trace it/obtain it. If it is not traced/obtained before the month's posting is completed, the amount of the voucher should be posted against the sub head "Challans/Vouchers Suspense" under the major/minor heads "8658-Suspense Accounts-Suspense Account (Civil)".

5.1.2 The grand total of the amounts of cheques delivered during the entire month as derived from the said memos/lists of payments for that month should be posted on the credit(receipt) side against the inner column 'Original' under the minor heads 'PAO Cheques' and 'Departmental Cheques' respectively under the major head '8670-Cheques and Bills' in the classified abstract.

5.1.3 The vouchers should be compiled on the same day on which they are received from the Cheque Section. They should be posted in the Compilation Book or Compilation Sheet (Form CAM 33). Separate sheets should be used for the vouchers passed by the P.A.O. and for those passed by Cheque Drawing D.D.Os. The gross amounts indicated in the voucher against various units of appropriation or public account etc. should be posted against the concerned heads; deductions/ recoveries shown in payment vouchers will be compiled under each relevant head such as income-tax, surcharge, licence fee, recovery of house building advance, motor car advance, G.P. Fund contribution etc. or 'PAO Suspense' head etc. where a credit is adjustable finally in the books of another accounts authority. The recoveries of overpayments whether made in cash or by short drawal from a bill, shall be taken in reduction of expenditure under various detailed heads, if they are refunded in the same account year. Such recoveries pertaining to previous year(s) shall be recorded under a distinct minor head, "Deduct Recoveries of Overpayments" below the concerned major/sub-major-head. The P.A.O. should also ensure each day that the total amount of cheques delivered during the day and the amounts appearing under the

head 'PAO Cheques' in the compilation sheet agree and similarly that the total amount of cheques issued by Cheque Drawing DDOs each week tallies with the amounts appearing under the head 'Departmental Cheques' for that week. Correctness of posting of each voucher in the compilation sheet should be checked by tallying the total of the debits under various detailed heads with the total of the credits which represents the deductions/recoveries plus the net amount of the voucher.

5.1.4 At the end of each month, it should also be ensured that the grand total of the debits for all the vouchers together in the compilation sheet(s) set apart for the PAO's vouchers (and separately for each Cheque Drawing DDO's vouchers) agree with the grand total of the credits therein.

Note: The effect of payments of outstation pay bills by bank drafts is that the bank would account for the payment of salary for March in its daily scroll for March itself on the day on which it issues the bank drafts. The P.A.O. would debit the net amount for which the bank draft has been issued to the suspense head 'Outstation Pay Bills for March' under the minor head 'Suspense Accounts (civil)' below the major head '8658 Suspense Accounts' per contra credit to the minor head 'PAO cheques' below the major head '8670 Cheques and Bills'. While the minor head 'PAO - Cheques' would be cleared by minus credit per contra credit to the minor head 'P.S.B. suspense' below the major head '8658-Suspense Accounts' or to the head '8675 - Deposits with Reserve Bank Central (civil)' as the case may be, on receipt of the payment scroll from the bank, in March itself and the debit under the suspense head would be cleared by the PAO in April by debiting the head salaries for the gross amount and minus debiting the head 'Outstation pay bills for March' and crediting the relevant receipt/recovery heads of accounts, by proposing transfer entries in the first week of April to ensure prompt clearance of the suspense head.

5.2 COMPILATION OF RECEIPTS

5.2.1 On receipt of the receipt scrolls from the bank(s) alongwith challans, the entries should be tallied with the individual challans and totals should be checked. If any challans are found to be wanting, the absence thereof should be specifically noted in the register in form CAM.17 (i) for being obtained from the bank and (ii) for being exhibited in the accounts against the sub head "Challans/Vouchers Suspense" under the major/minor head '8658-Suspense Accounts' etc at the end of the month, if still awaited. This suspense head would be cleared by minus credit on receipt of the challan by classifying the same under the relevant receipt/refund head of account.

5.2.2 The receipts should be compiled in Compilation Sheet(s) (separate sheet or portion being utilised for booking credit against each bank account) under the relevant major, minor and sub/detailed-heads of accounts. At the end of each month, it should be ensured that the grand total of the credit in the compilation sheet tallies with the grand total of the amount of all the receipt scrolls together as posted in the register (Form CAM 17) referred to in para 1.9.4 of Chapter 1 of this Manual.

Insert the following as a note below this Para :-

Note : As far as transfer entries in the CPWD are concerned, they are governed by provisions of Chapter 8 of CPWA code.

to various other provisions

5.2.3 Notwithstanding the above instructions, separate procedure for compilation if any, prescribed by CBDT/CBEC in regard to compilation of accounts for revenue collected under the provisions of their schemes would continue to be followed by them.

5.3 TRANSFER ENTRIES

5.3.1 Transfer Entries, which are entries intended to transfer an item from one head of account to another, are necessary:-

- (a) in order to correct an error of classification in the original accounts;
- (b) in order to adjust by debit or credit to its proper head, an item outstanding under a Debt, Deposit or Remittance head;
- (c) to effect periodical adjustments such as :
 - (i) annual adjustment of interest payable on the accumulations/accretions of G.P.Fund/C.P.Fund etc. by debiting the major head '2049 - Interest payments' and crediting the heads '8009-State Provident Fund-G.P.Fund/C.P.Fund etc.
 - (ii) adjustment by Pr.A.O. to transfer/clear the amount from the minor head 'Public Sector Bank Suspense' below the major head '8653- Suspense Accounts' to major/minor heads '8675-Deposits with Reserve Bank-Central (civil)' etc.
- (d) to arrange payments of grants in aid/loans to state governments/union territory governments etc.

Transfer entries should be prepared in the Form CAM-34. On one side of every transfer entry, there should be only one major head but there may be a debit or credit to various other heads or vice-versa. In a transfer entry all particulars explaining both the nature of the adjustment and the grounds for the correction must be clearly stated.

Note → As far as transfer entries in the CPWD are concerned, they are governed by provision Chapter 8 of CPWA Code.

5.3.2. A list of adjustments which have to be made periodically should be maintained in order to ensure that they are regularly made.

S.No.1

5.3.3. If an item which properly belongs to a revenue or expenditure head is wrongly classified under another revenue or expenditure head in the accounts, the error may be corrected at any time before the accounts of the year are closed by proposing a transfer entry; but after the accounts are closed, no correction is admissible, it being sufficient to make a suitable note of error against the original entry. If, however, the error affects the receipts and disbursements of another Government or the transactions of a commercial department, it should be corrected by transfer in all cases as soon as the error is discovered. Corrections or transfers affecting capital major heads which do not affect the accounts of other governments, should be effected by merely altering the progressive figures and on 'proforma' basis for purposes of Statement No.12 of Finance Accounts, that is, without passing debit and credit entries through the accounts of the year's financial transactions. This would avoid unnecessary inflation of the actual expenditure appearing in the accounts of the year in which the misclassification etc. was detected.

5.3.4 An error which affects a debt, deposit, suspense or remittance head must be corrected by transfers, however, old and small it may be. If the accounts of the year in which the error takes place are not closed, the correction should be made by the removal (through minus entry) of the item from the head under which it was wrongly taken to that to which it properly belongs.

For example a debit amounting to Rs. One lakh representing house-building advance has wrongly been booked under 'Motor Car Advance' below the major head '7610-Loans to government servants etc.'. As the accounts of the year are yet open, the correction may be made by debiting the head 'House Building Advance' and withdrawing the same by minus debit to the head 'Motor Car Advance' below the major head '7610-Loans to government servants etc.' in the same year in which the error has crept in.

If the accounts of the year in which the error takes place are closed, then the following procedure may be adopted:

- (i) an item taken to one debt, deposit, suspense or remittance head instead of another the correction should be made by transfer from the one to the other.
- (ii) an item credited to a debt, deposit, suspense or remittance head instead of to a revenue head; or debited to a debt, deposit, suspense or remittance head instead of to an expenditure head-the correction should be made by transfer to the head under which it should originally have appeared;
- (iii) an item credited to a revenue head instead of to a debt, deposit, suspense or remittance head-correction should be made by debiting refunds and crediting the proper head; e.g. Transactions relating to 'Central Government Employees Group Insurance Scheme' below the major head '8011-Insurance and Pension Funds' have wrongly been credited to the minor head 'Government Employees Insurance Schemes below the major head '0235-Social Security and Welfare', the corrections after the close of the year would be as under:

Dr

Major Head 0235 - Social Security and Welfare
Sub-major Head 60 - Other Social Security and Welfare
Programmes
Minor Head 105- Government Employees Insurance
Schemes
Deduct - refunds

To

Major Head 8011 - Insurance and Pension Funds
Minor Head 103 - Central Government Employees Group
Insurance Scheme

Cr.

and

- (iv) an item debited to an expenditure head instead of to a debt, deposit, suspense or remittance head-correction should be made by debiting the

Incc the authority quoted in last sentence to this Para as to read
fers in the accounts of works in the Central Public Works Dept. are
erred by the provisions of Para 8.1.2 to 8.1.5 of CPWA code)

appropriate head and crediting the relevant receipt head; in the case of department not having a corresponding receipt head, to the M.H.0075-Misc. General Services.

However, when the correction affects a head for which budget provision is obtained, the correction/transfer may be effected by affording plus credit or minus credit under the head concerned, without affecting the actual expenditure (i.e., debit side of the head) for the year.

(Ci) Replace the authority vide C.S.No.1

(Errors in the accounts of works in the Central Public Works Deptt. are governed by the provisions of ~~article 200 of Account Code Vol. III~~)

Para 8.1.2 to 8.1.5 of CPWA code)

5.3.5 All transfer entries prepared during a month should be entered in the Transfer Entry Number Book (Form CAM 35). The effect thereof should be reflected in the monthly accounts of that month after preparing a 'Summary of Transfer Entries' (Form CAM 36) as described in the next sub para.

5.3.6 As and when approved, transfer entries should be posted individually into columns 1 and 2 of Form CAM-35 against the respective heads of account affected. After all the T.Es. for the month are, thus entered, the total effect against each head of account separately under debit and credit columns should be worked out and posted into money columns 5 and 6 respectively of that form. Thereafter the grand total under columns 5 and 6 should be worked out and agreed with the grand total under columns 1 and 2 respectively to serve as a cross check. The figures appearing in columns 5 and 6 against each head of account should be posted against the corresponding head of account in the departmental classified abstract in the appropriate column. In case a bound book is not used for entering each year's monthly Summary of T.Es, then at the end of the year the monthly sheets of the document should be arranged in the order of the months and bound into a convenient volume.

5.4 PREPARATION OF DEPARTMENTAL CLASSIFIED ABSTRACT

5.4.1 The Departmental Classified Abstract (Forms CAM 37 and CAM 38) will be maintained separately for each month in two parts-Part I for receipt (credit) entries and Part II for booking disbursement (debit) entries, pertaining to revenue, capital accounts, debt, deposits, suspense and remittance transactions. Some heads are shown therein so as to serve as specimen. Various major heads along with their minor heads and sub/detailed heads will be typed or printed one below the other in the classified abstract indicating distinctly therein the parts "Consolidated Fund", "Contingency Fund" and "Public Account". Separate columns will be opened in the abstract, one for recording the transactions of the P.A.O. and one for each Cheque Drawing DDO (including Public Works Divisional Offices, Forest Offices, if any) and one for reflecting the effect of transfer entries. (If need be, a separate classified abstract may be maintained for incorporating accounts of Divisional Officers wherever they are large in number.) Entries will be made therein against each head of account by posting the figure of total for the month as compiled in the separate compilation sheet(s).

) Replace the authority vide C.S.No.1

5.4.2 Before Divisional accounts are incorporated, they have to be checked with the supporting schedules etc. The particular item in the Divisional accounts reading 'Cash Balance diminished/increased' and appearing respectively on the receipt/payment side of the account will be posted in the classified abstract against the head "8671-Departmental Balances Civil-P.W. Cash Balance" on the corresponding side.

5.4.3 Posting against the minor head "Public Sector Bank Suspense" (under the major head 8658-Suspense Accounts) and Head 8675-Deposits with Reserve Bank-Central-Civil-R.B. H. Qrs. should be made for the gross amount on the appropriate side, i.e. credit and debit respectively; as per the totals of receipt & payment scrolls as worked out in the Register in Form CAM 17 mentioned in paras 1.9.4 and 1.9.8 of this manual. The effect of transfer entries, if any, should also be posted in this abstract under the relevant column.

5.4.4 Figures against the inner column "Original" under the minor heads 'PAO Cheques' and 'Departmental Cheques' (under the major head 8670-Cheques and Bills) in Part I of the abstract should be entered by the following the procedure laid down in para 5.1.2 ante. Clearance under these minor heads should be indicated against responding minus from the monthly total of the amounts in the payment scrolls separately relating to the bank account held by the PAO and by each cheque Drawing DDO as extracted from the register in form (CAM-17) in the manner referred to in paras 1.9.4 and 1.9.8 of Chapter 1 of this Manual.

5.4.5 The grand total in Part I of the abstract should tally with the grand total in Part II thereof if postings are made correctly.

5.4.6 After the postings in the compilation sheets and the classified abstract are completed, they should be submitted to the Assistant/Junior Accounts Officer who will carefully test check the postings. The Assistant/ Junior Accounts Officer and Accounts Officer shall personally check the correctness of postings in respect of items over Rs. 25,000 and Rs. 1,00,000 respectively under any detailed head of account and trace the entry in the classified abstract. However, in respect of postings of challans (Receipts) relating to the Central Board of Excise and Customs, the extent of checking of correctness of postings by concerned AAO/JAOs and Sr.AO/AOs are relaxed so as to excise checks to the following extent:-

AAO/JAO-- All items over Rs. 20,000 and 50% of the items above Rs.10,000 but below 20,000.

Sr.AO/AO-- All items above Rs.50,000

5.5 CHECKS TO BE EXERCISED BY THE PAOs

Each PAO shall satisfy himself that no voucher/challan has been omitted to be posted during compilation by scrutiny of :-

- (i) Compilation sheets to see that (a) the checks prescribed in para 5.1.4 ante are exercised, and (b) the total number of vouchers/challans posted in them each month is equal to the number of vouchers/challans accompanying the daily memos/lists of payments and receipt scrolls for that month, and

(ii) the figures posted in the classified abstract under the following heads-which are drawn from source other than the compilation sheets to see that:-

- (a) postings under the major head 8670-Cheques and Bills (both original and responding) are correct figures by counter-checking them with the monthly totals of columns 2 and 3 of the PAO's check register (in FORM CAM-15) required to be maintained by the PAO personally.
- (b) the postings against the minor head "Public Sector Bank Suspense" and/or under the head "Deposits with Reserve Bank-Central Civil-Reserve Bank Headquarters" against the major head "8675 Deposits with Reserve Bank" are correct and drawn from the total in the register in from CAM-17.
- (c) the posting against the sub-head "Challans/Vouchers Suspense" under the major head '8658 Suspense Accounts' etc, is correct and supported by necessary details as required to be maintained vide paras 5.1.1. and 5.2.1. ante.
- (d) the grand total of Part I of the abstract tallies with the grand total of Part II thereof for each month.

5.6 CONSOLIDATED ABSTRACT

5.6.1 The Consolidated Abstract should also be maintained in two parts, Part I for recording the receipt (credit) transactions and Part II for recording disbursement (debit) transactions for each year as in the form CAM-39. Separate columns for each month's transactions and progressive total upto the end of each month should be opened therein by placing inner sheet(s). Major/Sub-major/minor/ sub/detailed heads shall be entered therein in the same sequence as in the classified abstract and monthly total from the latter shall be posted against each of the head of account under the appropriate monthly column and progressive total upto end of the month will be struck.

Note: A combined register representing the classified abstract as well as consolidated abstract may be maintained by any PAO if this is found convenient when the number of Cheque Drawing DDOs functioning under him is small by opening necessary inner sheets.

5.7 RENDITION OF MONTHLY ACCOUNTS BY PAY AND ACCOUNTS OFFICES

5.7.1 Each Pay and Accounts Office shall send by the 7th of the following month to its Principal Accounts Office, a monthly account in computer format prescribed by the Controller General of Accounts separately for each ministry/department. The account shall show the monthly as well as progressive figures of receipts and payments against the final level of classification. The expenditure shall further be exhibited grant-wise against each primary unit of appropriation showing Plan and Non Plan, Voted and Charged expenditure separately. At the end of the account, a proof sheet shall be attached showing Grant-wise/Major head-wise totals (separately

for Plan and Non-Plan, Voted and Charged Expenditure) with grand totals to ensure that the total of receipts agree with the total of payments i.e. the account is balanced.

5.7.2 On receipt of Pay & Accounts Office monthly accounts in the Principal Accounts Office, they will be checked especially to detect prima-facie errors in classification. The Principal Accounts Office will consolidate the Pay and Accounts Office Accounts on computer through the software package 'Contact' and print on the computer an abstract group minor head-wise totals for the purposes of appropriation control. Certain checks are to be exercised to ensure that all the transactions of each P.A.O. are compiled on the Computer and the amounts of each transaction properly classified and taken on the computer. These checks are listed in Annexure-A-Part I.

After the proof sheet has been reconciled (as detailed in Annexure-A-Part I), a floppy containing the Consolidated accounts for the Controller is to be created using the "clear files" option of 'Contact' and sent to C.G.A.'s office by the 20th of the following month. The format of the forwarding letter should be as given in the Annexure-A-Part III.

5.7.3 The Chief Accounting Authority of the Ministry/ Department may require Principal Accounts Office/Pay and Accounts Offices functioning under him, to render accounts showing expenditure against grants/units of appropriations in such form as may be required.

5.8 SUBMISSION OF MONTHLY ACCOUNTS BY THE PRINCIPAL ACCOUNTS OFFICE OF THE MINISTRIES/DEPARTMENTS TO THE CONTROLLER GENERAL OF ACCOUNTS.

(i) For Civil Ministries :

Consolidated Monthly accounts from Principal Accounts Office to Controller General of Accounts - 15th of the following month.

(ii) For Non-Civil Ministries and U.T. Administrations :

17th of the following month.

5.9 STATEMENT OF CENTRAL TRANSACTIONS AND JOURNAL ENTRIES

5.9.1 A Statement of Central Transactions will be prepared by each Principal Accounts Office at the end of every financial year representing the progressive effect of all the transactions during the year upto and including March (supplementary transactions and prepared only with minor head-wise details under different major heads concerned and showing charged, voted, Plan and Non-Plan expenditure distinctly. No alterations should be made in the classified abstract or consolidated abstract of any month after they have been closed. When errors are discovered in the same year involving a correction by transfer of amount from one minor head to another under the same major head or from one major head to another after the Statement of Central Transactions is prepared and submitted, necessary corrections termed Journal Entries (in short J.Es) should be proposed by using the same form as for transfer entry and supported by a "statement of effect of the corrections" wherein the amount of each correction and amount, after the correction, are to be indicated

against the concerned heads. Corrections between detailed heads under the same minor head may be carried out by P.A.Os by making plus and minus entries against the affected heads keeping a note of error in such cases in the relevant ledger.

5.9.2 All Journal Entries should be serially numbered for easy identification and signed by the head of the Accounting Organisation viz., CCA/CA/Dy.CA/AG as the case may be. Approval of the C.G.A. should be obtained therefor for incorporation in the accounts. The Principal Accounts Office should also apprise concerned P.A.O. of the details of J.Es accepted by the C.G.A. for incorporation in the accounts, in so far as they affect the figures held in the books of each such P.A.O. to enable the latter to prepare his ledger etc. on the basis of the updated data.

5.10 LEDGER OF BALANCES UNDER DEBT, DEPOSIT, SUSPENSE & REMITTANCE HEADS.

5.10.1 (a) The monthly figures posted in the various broadsheets pertaining to debt, deposit, suspense and remittance heads will have to be compared with the figures of that month's transactions under relevant heads in the monthly account for verifying that the two sets of figures tally; discrepancy if any, between the two should be analysed forthwith to set right any unposted item or misclassification.

(b) The two heads of account '7810-Inter-State Settlement' (Sector G) and '7999-Appropriation to Contingency Fund' (Sector H) are not of the nature of debt, deposit, suspense or remittance heads and are also to be closed to Government Account annually vide para 5.11. Balances under debt, deposit, suspense and remittance heads are to be individually closed to balance (as per para 5.9.2), except that balances under the head '8680-Miscellaneous Govt. Account' are to be closed to Govt. Account annually and those under '8675-Deposits with Reserve Bank' held in the books of Principal Accounts Offices should be closed annually to Govt. Account, but those in the books of the Controller General of Accounts are to be transferred to the head '8999-Cash Balance', every month.

5.10.2 The 'Ledger' for Debt Deposit Suspense and Remittance heads closing to balance viz. those under Sectors E, F, I, J, K, L, (excluding major heads '8675 -Deposits with Reserve Bank and "8680-Miscellaneous Government Account and "M" of the List of Major and Minor Heads of Account may be prepared half-yearly for the first six months from April to September after the accounts of September are closed and thereafter quarterly from October to December and from January to March including March Supplementary by using proforma-Form CAM-40. It will be prepared by P.A.C.s upto sub/detailed heads, as may be necessary, based on the figures of first six months and subsequently for the two quarters, and sent to Principal Accounts Office so as to reach by 5th November, 5th February and 5th July of each year respectively. Amounts of balances adopted/transferred, if any, on "Proforma" basis in terms of provisions of para 16.4 of Chapter 16 will be clearly indicated in the relevant columns of Forms CAM-40 & 41. Amounts adopted on transfer consequent on the Departmentalisation of Accounts from Accountants General would have to be exhibited similarly in the Ledger of the respective year in which the 'Proforma' transfer was effected. Principal Accounts Office will prepare a 'Ledger' comprising the transactions of all "P.A.Os" under his jurisdiction put together, with minor head-

wise details only on the basis of figures furnished by the PAOs periodically. The Ledger will be submitted to the respective CCA/CA for review by 10th November, 10th February and 10th July of each year. A copy of the Periodical Statement together with the comments of the respective CCA/CA with action initiated to liquidate huge outstanding balances and to wipe out adverse balances under various Debt, Deposit Suspense and Remittance Heads should be sent to the Finance Accounts Section of the Controller General of Accounts by 15th November, 15th February and by 15th July respectively each year for regular monitoring. It may be ensured that the progressive figures appearing during the course of the year tally with those appearing in the Statement of Central Transactions including the effect of all Journal Entries incorporated therein. Balances under the head "Public Sector Bank Suspense" need not be included in the 'Ledger' to be maintained by P.A.Os, since clearance against this head for adjustment against the head "Reserve Bank Deposits" is carried out only in the Principal Accounts Office. A sector-wise abstract of balances figuring in the 'Ledger' will be prepared thereafter by the Principal Accounts Office in form CAM-40.

5.11 COMPUTATION OF GOVERNMENT ACCOUNT

5.11.1 Progressive figures as at the end of each year under the heads falling under sectors A, B, C, D, G & H appearing under the Consolidated Fund as well as under the major heads 8675-R.B.D. and 8680-Miscellaneous Government Account under Sector 'L' under the Public Account are to be closed to Government and not carried over to the following year. The total of the progressive figures to the end of each year under them is to be worked out to arrive at the balance under "Government Account" in the manner shown in Annexure "C". The closing balance under "Government Account" will have to be carried over to the statement "Summary of Balances" described in the next paragraph and as shown in the illustrative example.

5.12 SUMMARY OF BALANCES

5.12.1 A statement called "Summary of Balances" is to be prepared comprising sector-wise balances etc. in the proforma indicated in Annexure "B". The closing balances under "Government-Account" and the closing balance under various debt, deposit, suspense and remittance heads which close to balance are to be entered therein. The total under each of the two sides (Debit and Credit sides) of the statement should be equal.

5.12.2 The statement prepared for the transactions of Government of India as a whole by the C.G.A. will form Statement No 5 of the Finance Accounts.

5.13 ILLUSTRATIVE EXAMPLE

5.13.1 An illustration for the preparation of Sector-wise 'Ledger', Sector -wise "Government Account" and Sector-wise "Summary of Balances" is appended at Annexure B. Though amounts are shown therein to the nearest crore of rupees, in actual accounts they have to be shown upto a unit of rupee.

5.14 SUBMISSION OF MATERIAL FOR STATEMENT No.5 OF FINANCE ACCOUNTS TO C.G.A.

5.14.1 PAOs should submit to the Principal Accounts Office (say by the 10th October every year), a copy of the 'Ledger' with only minor head-wise figures. The Principal Accounts Office will tally the figures in the 'Ledger' (except under P.S.B. Suspense) as prepared by it from its S.C.T. with the total for all its PAOs and prepare a statement of "Summary of Balances". A copy each of the Sector-wise 'Ledger', 'Government Account' and 'Summary of Balances' will be sent by each Principal Accounts Office to the CGA's Office every year by the date prescribed by the latter.

5.15 PROFORMA CORRECTIONS

5.15.1 "Proforma" corrections to balances of earlier years (in cases where provisions of Rule 38 of Government Accounting Rules, 1990 are not attracted), wherein either (a) a head closing to balance vis-a-vis a head closing to Government Account are involved or (b) correction of a balance under a head (closing to balance) purely as an accounting device is involved, are to be effected by affording relevant contra effect to "Government Account" referred to above. Approval of the C.G.A. is required to be obtained in each case for the incorporation of any such 'Proforma' correction(s) or of any other type, indicating full background/justification therefor.

5.15.2. Expenditure incurred under the Consolidated Fund of India and booked to the correct heads is also accounted for in the Appropriation Accounts and forms part of the balances under "Government Account" or under Loan, debt, etc. heads in the Finance Accounts.

Certain types of decisions taken by Government occasionally, affect such balances (which represent progressive effect of bookings during earlier years) and necessitate alteration in the figures of balances exhibited in the "Ledger of Balances", Finance Accounts, etc. For this purpose, the device of "Proforma Correction" is adopted so as not to have to pass the old transactions of expenditure, etc. once again through the monthly accounts/S.C.T. of the year whose accounts are open at the time the relevant Government decision is taken.

The following are some main types of situations in which "Proforma corrections" are required to be MADE :-

- (i) Whenever a decision is taken by Govt. (i.e. Ministry/Department concerned in consultation with the Budget Division of the Department of Economic Affairs, C.G.A. and on the advice of the C. & A.G.) to change classification of a specific type of transaction from a head closing to "Government Account" or to balance under a Loan, Debt, etc. head to another Loan, Debt, etc. head which closes to balance. The decision would imply that the aggregate effect of transactions booked during earlier years under the relevant affected head would have to be transferred to the new head selected for the purpose. An example of this type is of consolidation of loans given to States, as a result of recommendation of the Finance Commission, which involves transfer of aggregate balances from Minor Heads under relevant sub-Major heads to

various Minor Heads under the new Sub-Major Head e.g. "F-Pre 1984-85 Loans" below the Major Head "7601-Loans and Advances to State Governments."

- (ii) Based on decisions of Government, Controller of Aid Accounts and Audit as well as Railway Board effect certain increases or decreases in the opening balances of heads of accounts operated upon exclusively by them, without routing adjustments through the monthly accounts or Statement of Central Transactions of the year for which the Finance Accounts are under preparation.
- (iii) If and when under special orders of Government, a Government aided institution is taken over without any cash outgo for being run as a Departmental Undertaking, balances pertaining to its liabilities, namely, loans and advances borrowed by it and assets and investments owned by it, are taken under the relevant head of account with a contra entry against "Government Account" and or loan head under which loans may have been given to it earlier. Similarly, where a Departmental Undertaking is converted into a Company or Corporation, etc. the balance (or progressive capital expenditure under various capital expenditure heads) pertaining to the Undertaking, would need re-classification under the appropriate heads in the light of the change in status of the Undertaking. In such cases also, "Proforma corrections" of the balances under relevant heads would be necessary.
- (iv) Whenever a decision is taken by Central Govt. for conversion of a Grant-in-aid given during any earlier financial year to a State Govt. or U.T. Govt. into a loan; or a loan given into a Grant-in-aid with retrospective effect, after issuing necessary sanction therefor and including necessary explanation in the notes on Demands for Grant concerned. In the former type of cases, the progressive figure under the Major Head "7601" (see Para 10.8.7 as well) -Loans and Advances to State Governments" will be increased through a "Proforma correction" after affording contra credit for a corresponding amount under "Government Account". This will have to be reflected in the ledger of balances "Form CAM-41", "Government Account" (Form CAM-42) and in the material for Finance Accounts to be submitted to CGA. A note should also be kept in the loan register indicating briefly the terms and conditions of the repayment of loan. In the case of retrospective conversion of a loan given earlier into a Grant-in-aid, the relevant sanction order should indicate the treatment to be given to the portion of loan which had already been repaid and also to the interest paid to Central Govt. by the recipient of the loan. "Proforma correction" would similarly be required so as to decrease the progressive figure under the relevant Minor Head under the Major Head "7601-Loans and Advances to State Governments" by affording contra debit to "Government Account" in the documents referred to above.
- (v) Paras 10.8.5 and 10.8.6 envisage the raising of or lowering down of balance under the two Minor Heads "Advances for purchase of other conveyances" and "Other advances", by Principal Accounts Offices, wherever necessary, with the approval of the C.G.A. To give effect to this, they would have to effect proforma corrections to the closing balance(s) against the affected head(s) in

their ledger of balances in form CAM-41 reflecting contra effect in their "Government Account" in form CAM-42 and in the material for Finance Accounts to be submitted to C.G.A.

5.15.3 Adjustments relating to "Proforma Corrections" in respect of the type of transactions referred to in para 5.15.2 should not be passed through the regular monthly accounts or appear in the Statement of Central Transactions, nor should the opening balances be corrected with a foot note. But a full account of such adjustments under an account named "Prior Period Adjustment Account" should be submitted with the material for the Union Govt. Finance Accounts. [Annexure C to this Chapter provides illustration with Part I containing three different examples falling under this account. Part II indicates the manner in which the first example is to be reflected in the material for the affected statements for Finance Accounts, and part III indicates entries generated by the said first example in the computation of closing balance of "Government Account" entering material for the Summary of Balances (Statement No. 5) of the Finance Accounts.

The effects of these adjustments should be incorporated in the material for relevant statements of Finance Accounts distinctly in a separate line under the opening balance of the concerned minor head below the relevant major head, with the nomenclature "Prior Period Adjustment Account". The net effect of these adjustments on "Government Account" would have to be worked out for arriving at the balance as on 31st March, thereunder, for purposes of insertion against this head in the material for Statement No. 5 Finance Accounts.

Annexure - A
(Refer Para 5.7.2)

Procedure for consolidation of Controller accounts on Computer.

PART-I: Checks to be exercised to ensure reconciliation between the figures of the Pr. AO and PAOs.

1. The proof sheet (summary of Grant-wise, Category-wise, Major-Headwise totals) appearing at the end of the PAO accounts is to be compared with the proof sheet (Control Totals) as printed through the computer.

This check is exercised to ensure that the grant-wise, category-wise, major head-wise figures are exactly the same as indicated by the PAO in the proof sheet besides the totals tallying there should not be an interchange between Plan and Non-Plan, voted and charged between figures appearing in the PAOs proof sheet and the computer generated control totals.

Two copies of this verified control totals should be prepared. One copy is to be retained in the Pr. AO for record and the other duly signed by the Pr.A.O. should be sent to the CGA's office alongwith the floppy containing the consolidated accounts.

(2) To ensure accurate classification below major head level - every quarter a progressive PAO-wise account should be generated through the computer and despatched to the PAOs for confirmation. Corrections, if any, will be incorporated as per procedure indicated in Annexure-A-Part II.

At the close of the March accounts, only the last quarter's reconciliation remain. Corrections, if any, for this quarter can be incorporated in one of the supplementary accounts and communicated to the office of the CGA on floppies as in the case of normal monthly accounts.

A certificate signed by the Pr. AO indicating that the figures for the quarter have been tallied with the PAOs, is to be sent to the CGA's office along with the accounts for the month following the end of the quarter. (The certificate for the quarter ending June will be sent in August along with the July accounts).

Part - II. Procedure for carrying out corrections in the Controller's Monthly accounts.

Corrections to the transactions of the previous months will be incorporated in the current monthly accounts by the PAOs concerned. These corrections will be entered through 'CONTACT' like normal transactions at the end of PAO's accounts. A list of these PAO-wise/ month-wise corrections carried out will be forwarded along with the accounts. No manually prepared correction cards will be sent to the office of the CGA.

PAOs accounts which have been excluded from the preceding month's accounts will be entered in the following month. Details of such accounts should be forwarded along with the floppy.

PART - III . Contents of the forwarding letter of the Monthly accounts.

The forwarding letter accompanying the floppy containing the monthly accounts should invariably contain: -

1. A certificate to the effect that the grant-wise , category-wise and major head-wise figures of each PAO have been compared with the proof sheet attached by the PAOs at the end of the booklet;
2. A list of PAOs which have been excluded from the monthly accounts; otherwise a 'NIL' statement;
3. PAO-wise, month-wise details of accounts pertaining to previous months included in the present month or a 'NIL' statement.
4. PAO-wise, month-wise details or corrections to the accounts of preceding months which have been carried out in the present month.

ILLUSTRATIVE EXAMPLE LEADING TO PREPARATION OF "SUMMARY OF BALANCES"

1. DATA FOR THE ILLUSTRATION

Supposing transactions arising during 1990-91 are as at (a) to (f) below, receipt of balances on 'proforma' basis as per Para 16.4 of Chapter 16 of this Manual as at (g), and opening balances as on 1.4.90 as at (h) below:

(a) Receipts (Revenue) received during the year :

April, 1990	3460
May, 1990	3461
February, 1991	3459
March, 1991 (including supplementary)	3463

Progressive Total (including JEs)	13843
-----------------------------------	-------

Total of Sectors A+B in the S.C.T. to be carried to Government Account [Form CAM-42]

(b) Expenditure (Revenue) incurred during the year

April, 1990	3353
May, 1990	3352
February, 1991	3354
March, 1991 (including Supplementary & JEs)	3355

(Progressive Total (including JEs)	13414
------------------------------------	-------

Total of Sectors A+B+C+D in the S.C.T. carried to Government Account [Form CAM-42]

(c) Expenditure (Capital) incurred during the year :

April, 1990	560
May, 1990	561

February,1991 559

March,1991 563
(including Supplementary)

Progressive Total(including JEs) 2243

Total of Sectors A+B+C+D in the S.C.T. carried to Government Account [Form CAM-42]

(d) DDR Transactions(Receipts) during the year :

Sector	April,90	May,90	February, 91	March,91 (including JEs etc.)	Progressive total (including JEs) as per SCT under respective sector carried to Sector-wise Ledger Form CAM -41
E	4602	4601	4603	4602	18408
F	572	573	571	572	2288
I	816	817	816	818	3267
J	151	151	153	151	606
K	583	584	585	583	2335
L	105	106	105	107	423
M	16	16	16	16	64
TOTAL	6845	6848	6849	6849	27391

(e) DDR Transactions (Payments) during the year :

Sector	April,90	May,90	February, 91	March,91 (including JEs etc.)	Progressive total (including JEs) as per SCT under respective sector carried to Sector-wise Ledger Form CAM -41
E	3374	3373	3375	3374	13496
F	1038	1040	1038	1039	4155
I	459	458	459	461	1837
J	126	127	126	126	505
K	555	556	555	556	2222
L	173	172	175	174	694
M	40	40	41	41	162
Total	5765	5766	5769	5771	23071

Sector	Categories
F. Loans & Advances	(i) Loans & Advances to State & U.T. Governments (ii) Other Loans
J. Reserve Funds	(a) Reserve Funds bearing interest Gross balance Investment (b) Reserve Funds not bearing interest
K. Deposits & Advances	(a) Deposits bearing interest Gross balance Investment (b) Deposits not bearing interest (c) Advances
L. Suspense & Miscellaneous	(a) Coinage Accounts (b) Suspense Gross balance Investment (c) Other Accounts Gross balance Investment Accounts with Govts. of Foreign countries.

Note : (2) In the illustration, for the sake of simplicity, all figures are shown in crores of rupees only, though these documents are to be prepared up to unit of rupee and transactions under (a) to (f) of the data are shown as though they occurred during 4 months only.

Note : (3) For the sake of simplicity in the illustration, the transactions/balances in only one Pr.A.O. and its effect reflected in the CGA's office are indicated though the portion of the data showing receipt of balances on 'proforma' basis during the year from a different Pr. Accounts Office presupposes the existence of another Pr. Accounts Office whose balances should have also formed part of the balances held in the books of the CGA but not specifically indicated in the illustration.

Note : (4) For the sake of simplicity, it has been assumed that the entire balance under 'PSB Suspense' has been cleared and transferred to the head '8675-Deposits with Reserve Bank' by the Pr.A.O., before close of the accounts.

II. SECTORWISE ABSTRACT (LEDGER) OF DDR HEADS CLOSING TO BALANCE COMPUTATION OF "GOVERNMENT ACCOUNT" AND STATEMENT OF "SUMMARY OF BALANCES".

The above documents as in the books of Pr.A.O. and the last one as in the books of CGA adopting the assumed data are as shown in CAM-41,42 & 43 and Summary of Balances. The figures adopted by the Pr.A.O. on 'proforma' basis are shown distinctly in italics in these forms for early tracing.

[The table content is extremely faint and illegible due to low contrast and scan quality. It appears to be a ledger or summary of balances with multiple columns and rows of data.]

ANNEXURE 'C'
(Referred to in para 5.15.3)
Illustrative Example

PART I. Prior Period Adjustment Account

Sl. No.

- | | | | |
|----|-------------------|--|-----------------------------------|
| 1. | Dr.
0.10 crore | 7601-Loans and Advances to State Government
-Loans for Central Plan Schemes
-Fisheries-Inland Fisheries
To
Government Account
Reasons for the 'P.P.A.A.':-
Decision of Govt. vide sanction No.dated to treat a grant-in-aid of Rs.0.10 Crore (booked to head '3601' which is closed to Govt. Account) given to State 'A' during 1981-82, as a loan with retrospective effect. (This will affect material for Statements No.13, 15 &5). | Cr.
0.10 Crore |
| 2. | Dr.
33 Crores | 7053-Loans for Civil Aviation
-Aerodromes and Air Route Services
To
Government Account
Reason for the 'P.P.A.A.' :-
Decision of Government to book expenditure on debentures to a loan head instead of to the investment head (viz. Major Head 5053 which is closed to Govt. Account) as was the earlier practice. (This will affect material for Statements No.10, 13 & 5). | Cr.
33 Crores |
| 3. | Dr.
12 Crores | 4858-Capital outlay on Engineering Industries and Ship building Industries.
04-Ship building Industries
To
4858-Capital outlay on Engineering Industries
05-Aircraft Industries
Reasons for 'P.P.A.A.' :-
Decision of Govt. to book outlay on investment in Garden Reach Ship builders and Engineers Ltd. to the former head instead of to the latter head as was the earlier practice. Both the heads affected close to Govt. Account. (This will affect material for Statement No.10 | Cr.
12 Crores
(minus debit) |

only but will not affect 'Government Account').

Part II - Entries relating to Serial No.1 of Part I

	Amount On 1-4-00	Receipts	Disburse- ments	Account as on 31-3-01
(a) Entries under material for Statement No.15 of Finance Accounts, 1986-87				
7601-Loans and Advances to State Governments	Dr. O ₁	R ₁	D ₁	O ₁ +P ₁ +D ₁ -R ₁
Prior Period Adjustment Account	Dr. P ₁			=0.10 crore
	0.10 crore			
(b) Entries under material for Statement No.17 of the Finance Accounts				
7601-Loans and Advances to State Governments				
-State of 'A'				
-C Loans for Central Plan Schemes				
-Fisheries-Inland Fisheries	O ₂	R ₂	D ₂	O ₂ +P ₂ +D ₂ +R ₂ +P ₂
Prior Period Adjustment Account	P ₂			Rs.0.10 crores
	0.10 crore			

Part III - Entries for Computation of closing balance of GOVERNMENT ACCOUNT as on 31.3.01 on account of Serial No.1 of Part I.

FORM CAM 42

Sector	Dr.	Cr.
Opening balance as on 1.4.00 (excluding the Prior Period Adjustment Account)	0	
Net effect of Prior Period Adjustment Account		33.10
Adjusted Opening balance as on 1.4.00	0-33.10	
A + B Receipts(Revenue)		
A+B+C+D Expenditure(Revenue)		
A+B+C Expenditure(Capital)		
G(M.H.7999) D.D.R. Heads(closed to Govt. Account).		

L(M.H.8675
& 8680)

Net effect of balances adopted/
transferred proforma reversing its side

Total	$O+T_1$	$T_2+33.10$
Closing balance transferred to Summary of balances	$O+P+T_1+T_2$ -33.10	

O = Opening Balance

P = Prior Period Adjustment Account

T1 = Total under Col. Dr. excluding (a) Opening balance and (b) Prior Period Adjustment Account.

T2 = Total under Col. Cr. excluding figures relating to net effect of balances adopted/transferred proforma and also excluding Prior Period Adjustment Account.

[Authority : 1(14)/83/TA and 1(14)/86/TA]

CHAPTER 6

MAINTENANCE OF PROVIDENT FUND ACCOUNTS

6.1.1 With the departmentalisation of accounts in the Ministries/Departments of the Government of India, the responsibility for maintenance of Provident Fund Accounts of:-

- (a) All regular employees of Ministries/Departments;
- (b) Those on deputation from other Central Ministries/ Departments;
- (c) All regular employees on foreign service with Public Sector Undertakings, Corporations, etc., and
- (d) All regular employees on deputation with Railways/ Defence/ Posts/ Telecommunications Departments and other State/Union Territory Governments or Administrations, except Group 'D' staff and employees covered by the 'Merged DDO scheme' will devolve on the departmentalised Pay and Accounts Offices of the Ministry/Department concerned. These accounts will be maintained under hand posting system. The G.P.F. accounts of All India Service Officers borne on State cadres and Officers of State Governments/ Railways/ Defence/Posts and Telecommunications Departments shall be maintained by the Accounts Officer of their respective Government/ Departments. The G.P.F. accounts of All India Service Officers borne on Union Territory cadre shall be maintained centrally by the Pay and Accounts Office, Delhi Administration, No. VI, Tis Hazari (Treasury Building) to whom the credit and debit shall be passed on by cheque, duly supported by schedules/vouchers.

6.1.2 G.P. Fund Accounts of Group 'D' employees and the employees covered by the "Merged DDO" scheme will continue to be maintained by the Head of Offices. The drawing officers are required to furnish along with bills for Group 'D' staff, certificates showing the total amount of Provident Fund subscription deducted from each bill. The Pay and Accounts Offices will maintain on the basis of these certificates a DDO-wise broad-sheet and effect agreement between broad-sheet and account figures.

6.2 NOMINATIONS

6.2.1 As soon as a Government servant starts subscribing to the Fund, the Pay and Accounts Office should endeavor to ensure that the subscriber furnishes a nomination in the prescribed form as required under the rules of the Fund.

6.2.2. The nomination, on receipt, should be scrutinised to see that it is complete and is drawn up in accordance with the provision of the rules regulating the Fund. On acceptance of the nomination a suitable note in that regard shall be made at the top of the account of the subscriber in the ledger folio which shall be carried forward to new

ledger folio and also in the General Index Register. Acknowledgement shall also be sent to the subscriber through his office. The nomination shall be filed in a General File of Nominations which shall be kept in the personal custody of the officer-in-charge of the Fund Section. A physical verification of the nominations shall be conducted at least once in 3 years and a record of its actual conduct shall be kept in the General Index Register. The entry in the General Index Register regarding receipt of nominations shall be attested by the officer-in-charge over his dated initials. Whenever a revised nomination is received from a subscriber, the superseded one would be cancelled and returned to the subscriber.

6.2.3. As soon as each final payment is made, a record to that effect should be made on the nomination over the initials of the Accounts Officer and such nomination should be removed from the guard file and placed in chronological order of payment in a separate guard file. A nomination filed with the Accounts Office is one of the most important documents and serves the same purpose as a will of the subscriber and, therefore it should be preserved most carefully by the Accounts Officer and transferred to the other Accounts Officer whenever the subscriber's account is transferred from one circle to another.

6.3 SUBSCRIPTIONS

6.3.1 When a subscription is made for the first time or a revised rate is adopted, it should be seen that the amount of subscription is within the minimum and maximum limits prescribed under the relevant rules of the Fund.

6.4 ADVANCE FROM THE FUND [RULE 12 OF GPF (CS) RULES] AND CORRESPONDING PROVISION IN CPF (INDIA) RULES

6.4.1 Check of advance from the Fund consists in seeing the following points:-

- (i) that the advance has been sanctioned by the competent authority;
- (ii) that the amount sanctioned is covered by the balance at the credit of the subscriber;
- (iii) that the conditions under which the advances can be granted under the relevant rules of the Fund are fulfilled; and
- (iv) that recoveries on account of principal are being made regularly.

6.4.2 The cheque Drawing and Disbursing Officers of Ministries/ Departments are also authorised to make payments of advances out of Provident Fund after sanction of the competent authority to the advance is obtained, a copy of which is also to be sent to the Pay & Accounts Office vide Note 4 below Para 3.1.3 to Chapter 3. In such cases, on receipt of sanction, full particulars of the sanction should be noted in the ledger folio by the P.A.O. Receipt of the statement of the amounts paid and particulars of the sanction, names of the subscribers, the account numbers etc. expected to be forwarded by the Cheque Drawing D.D.O. to the P.A.O. every month under provisions of the para quoted above should be watched so as to enable the

P.A.O. to ensure that the debit vouchers are received and posted in the accounts of the subscribers and that the debits adjustable by Accounts Officers of other Departments/Governments are passed on to them immediately.

Note: In respect of All India Service officers on deputation to the Central Government, the Pay and Accounts Officer of that Ministry/Department will make payment of the GPF advance / part final withdrawal from GPF on the basis of sanction issued by the competent authority in the Central Government and classify the same under the Major Head 8658-P.A.O. Suspense etc. The P.A.O. will raise a debit against the A.G. concerned for getting reimbursement.

However, in the case of All India Service Officers on deputation to autonomous bodies/public sector undertakings under the Central Govt., the PAOs should not be involved. The autonomous bodies/public sector undertakings will make payment of the GPF advance/withdrawals sanctioned by the respective Ministries controlling the autonomous body/P.S.U. to the subscribers and claim reimbursement from the State Accountant General concerned.

As regards other officials of state governments/ autonomous bodies on deputation to the Central Government, the concerned state government/ autonomous body only can grant advances/ withdrawals to such deputationists, unless the concerned state government/ autonomous body has delegated powers to the central government departments for grant of advances/withdrawals from provident fund to such deputationists. Information as to whether a certain state government or autonomous body has delegated such powers to the central government departments should be ascertained by the concerned central government department by writing to the state government/autonomous body. It should, however, be noted that even if such powers have been delegated by a state government/ autonomous body to central government departments, the provident fund rules of the concerned state government/ autonomous body should be followed in granting advances/withdrawals to such deputationists from their provident fund accounts.

6.4.3 An instalment towards an advance should be recovered from the pay of the month following the month in which the advance was drawn.

6.4.4 The Accounts Officers are not empowered to disallow an advance sanctioned by the competent authority. In cases where the sanction does not conform to the rules, objections should be pursued initially with the sanctioning authority till the defects are removed and a revised sanction is issued. If an advance has been granted to a subscriber and drawn by him and the advance is subsequently disallowed before repayment is completed, the whole or balance of the amount withdrawn shall forthwith be repaid by the subscriber to the Fund or in default be ordered by the Accounts Officer, to be recovered by deduction from the emoluments of the subscriber as per the provisions in Rule 13(5) of the GPF(CS) Rules.

6.5 WITHDRAWAL FROM THE FUND [RULE 15 OF GPF(CS) RULES] & CORRESPONDING PROVISION IN CPF (INDIA) RULES

6.5.1 Check of withdrawal from the Fund for the purposes specified in Rule 15 of GPF Rules and corresponding provisions in the CPF Rules shall consist in seeing that:-

- (i) withdrawal has been sanctioned by the competent authority;
- (ii) the amount is covered by the balance at the credit of the subscriber; and
- (iii) the sanction is in conformity with the rules of the Fund.

6.5.2 Sanction after being scrutinised as above, shall be entered in the "Remarks" column of the ledger folio. Payments against such sanctions will be made only after pre-check of the bill by the P.A.O.

6.5.3 Final withdrawal of the entire balance in the account at the time of quitting service should be authorised by the P.A.O. and paid only after pre-check by the P.A.O. in accordance with the procedure laid down in G.I. M/Per. & Trg. O.M. No. 13(3)/84-Per dated 12.6.1985 (incorporated as G.I. Decision No. 2 below Rule 34 of G.P.F. (CS) Rules, 1960. The progress of settlement of final payment cases should be watched through a Register of Final Payment Cases (Form CAM-51). The receipt of the certificate of actual disbursement to the correct payee, to be submitted by the D.D.O, will be watched by the P.A.O. through the Register of Settlement of Final Payment Cases.

6.5.4 In the case of final withdrawal of part of the balance for specific purposes, the sanctions will be scrutinised by P.A.O and entered in the 'Remarks' column of the Ledger card/Folio. Such payments will also be made only after pre-check by the P.A.O. Advances sanctioned by the competent authority in terms of rule 34(3) of the G.P.F.(CS) Rules, after forwarding the application for final payment to the Accounts Officer shall also be paid only after pre-check of the bills by the P.A.O.

6.6 TRANSFER OF G.P. FUND ACCOUNT

6.6.1 In respect of transfer from one Pay and Accounts Office to another whether within the same Ministry or to a different Ministry, the transfers will be settled by issue of cheque of the category "Government Account-Not payable in cash", drawn in favour of the Accounts Officer to whose circle the Government servant has been transferred by debiting major head "8009- State Provident Funds".

6.6.2 The transfer of GPF balances from one PAO to another in respect of an account arising consequent on transfer of the subscriber would not be accompanied by the original ledger folio/ card maintained by the PAO. Only an extract therefrom, duly attested by the Pay and Accounts Officer, and indicating the following details, shall be appended in such cases:-

- (i) Closing balance as on 31st March of the preceding financial year (this should also include interest as on that date, bonus, if any, credited to the subscriber's account as per the extant orders and any other amounts such as A.D.A. etc. not payable in cash but creditable to G.P.F.);
- (ii) Subscriptions and repayment of temporary advance monthwise, and amount such as A.D.A. etc. Credited to the GPF account during the relevant months of the year;
- (iii) Temporary advance/ part final withdrawal, if any, with amount drawn and month of drawal during the relevant months of the year;
- (iv) Balance as at the end of the relevant month (this should be equal to the cheque enclosed or the proforma statement, as the case may be);
- (v) Details of temporary advance(s) and withdrawal(s) paid during the preceding three years ; or a certificate regarding 'nil' drawal, as the case may be ; and
- (vi) Closing balance in the account as on 31st March of the three preceding financial years.

In respect of any debits/credits missing for the post - departmentalised period, the details of such cases should also be furnished but the transferer PAO shall be responsible for taking necessary action to trace out the missing credits / debits and to pass on the same to the new PAO.

6.7 MAINTENANCE OF G.P. FUND ACCOUNT

6.7.1 The accounts of subscribers shall be maintained in a Ledger Folio (Form CAM-47), one complete folio being allotted to each subscriber. The receipt and acceptance of nominations should be noted at the top of this folio and entries should be duly attested under the dated initials of the Sr./Accounts Officer. The entries relating to name, No., etc. and the fact of discontinuance of subscription should be attested by the Assistant/Jr. Accounts Officer. All the opening entries in the new ledger folio namely, subscription, opening balance, advance outstanding, acceptance of nominations should be attested by the Assistant/ Jr. Accounts Officer. When the account of the subscriber is closed, the date of and the reason for the closure shall be noted in the ledger folio as well as in the Index Register under the dated initials of the A.A.O./J.A.O.

The reasons for the closure like retirement, resignation, quittal, transfer out of accounts circle etc. shall be noted by using a rubber stamp, prominently in the ledger card, indicating also, the amount of final payment made to the subscriber or balance transferred to the Pay and Accounts Officer in each case.

6.7.2 The ledgers which are important original records should be treated as confidential documents and kept under lock and in almirah. The ledgers may be taken out whenever necessary. Before leaving office, dealing hands should ensure that all the ledger are placed back in the almirah.

6.7.3 The following are the source from which the ledger accounts should be posted:-

- (a) Provident Fund schedules attached to pay bills paid by P.A.Os or D.D.Os having cheque drawing powers;
- (b) Schedules for cash deposits made by the subscriber at the banks;
- (c) Schedules supported by vouchers of withdrawals from Provident Fund; and
- (d) Details of debits and credits to Fund appearing otherwise in accounts, for example, transfer adjustments, inward accounts, etc. The Schedules and debit vouchers should be made over by the Compilation Section to the Fund Section alongwith a covering statement after (i) verifying that the subscriptions/refunds shown in the schedules agree with those shown in the bills, (ii) effecting an agreement of the total credits and debits as per the covering statement, with the figures in the classified abstract.

6.7.4 In respect of All India Service Officers borne on State/ UT cadre and officers of State governments/ Railways/ Defence/ Posts and Telecommunications shall be maintained by the Accountant General/ Accounts Officer of their respective Government/Deptt. The credits representing the contribution and recovery of advances shall be remitted monthly to the respective AG of the State/ Accounting authority by the departmentalised Pay & Accounts Officer concerned by issuing cheque in his favour. Cheque along with the GPF schedules, in original shall be forwarded to them by Registered Post and its acknowledgement watched. The Pay & Accounts Officer shall also while preparing and sending, an annual statement as prescribed in Para 6.9.2 incorporate the details of payments of part-final withdrawals/advances, if any paid during the year.

6.7.5 GENERAL INDEX REGISTER (FORM CAM-44)

An entry regarding allotment of Account Number should be made in the General Index Register (Form CAM-44) and in the alphabetical Index Register maintained, the entries in the General Index Register being made serially in the order of receipt and acceptance of application for enrolment to the Fund. The designation of the subscriber should invariably be noted in the relevant column in this register. When the names are identical, the name of father of the subscriber or in the case of female married subscriber, the name of husband should be ascertained and noted in this register. The entries in this register shall be attested by the Asst./Jr. Accounts Officer, who shall be responsible to keep this up-to-date.

6.7.6 The disbursing officers are required to attach to the Establishment Pay Bill, a schedule in form No. TR 56 showing the No. of the account, the name and pay of the subscriber, the rate of subscription, the amount realised towards refund of withdrawal, if any, made.

6.7.7 On receipt of schedules and vouchers in the Fund Section, the Sr.Acctt/ Accountant should proceed to post the figures in the ledger folio of the subscriber. He should take out a schedule and the amount shown therein as subscription/refund of advance should be posted in the ledger folio of the subscriber in the relevant column provided against the column of the month of the account. After the credit is posted in the ledger, the letter 'P' should be marked against the amount in the schedule indicating that item has been posted in the ledger folio. This process should be continued till the entire posting work is completed.

6.7.8 In cases where the recovery of the subscription/ refund relates to some previous months, the month to which the credit pertains should also be noted in the ledger folio. In case of recoveries on account of arrears of dearness allowance, etc., the details thereof should also be noted in the relevant column of the month of account.

Note:1 The name, designation and Account No. shown in the schedule should be tallied with those shown in the ledger folio. Any discrepancy/omission shall be pointed out to the D.D.O concerned.

Note:2 The deductions for April every year should be checked with reference to the rate of pay drawn by each subscriber on March, 31st preceding. Similar check should be made on deductions made for the first time in a year during the course of the year.

Note:3 In the case of cash deposits of subscription, refund of advance, the date of receipt must invariably be noted in the ledger folio.

Note:4 In the case of subscription paid in subsequent months, it should be verified that the amount subscribed agrees with the rate adopted in the first month of the year except when the rate is altered during the course of the year under the rules of the Fund.

6.7.9 If any credit/debit cannot be posted in the ledger folio for want of correct Account No., name, etc. it should be encircled and the word 'M' recorded against it which would indicate that it is not being posted. Such items should then be posted in the Explanation Sheet of Differences of the broad-sheet with sufficient particulars in the broadsheet itself so as to enable action being taken for its subsequent clearance without reference to the original records.

6.7.10 Posting should also be made of items which are cleared from the Explanation Sheet of Differences of previous months. The month to which the credit pertains should invariably be noted in red ink against the month in which the credit is adjusted. In cases where the Account No. and the name do not tally with each other, a reference should be made to the Alphabetical Index Register to ascertain the correct Account No. and items posted in the ledger folio. The payment vouchers which relate to drawal of temporary advance from the G.P. Fund by the Cheque Drawing D.D.Os shall also be posted in the proper cage of ledger folio.

6.7.11 After postings in the ledger are completed, the figures entered in the ledger account of the subscriber should be carried over to the relevant broadsheet.

6.8 BROADSHEETS (FORM CAM-48)

6.8.1 A broadsheet in Form CAM-48 should be maintained for each convenient group of ledger accounts. In order to verify the postings made in the ledger with the monthly account, the figures entered in each ledger folio should be posted in the broadsheet against the respective account number. Thereafter, page-wise totals of credits and debits should be struck in the broadsheet, these totals are to be carried over to the consolidated sheet and final totals struck. This will represent the total of the amount posted in the ledger folio and it should agree with the total of the schedules except for the amount kept as unposted in the Explanation Sheet of Differences. If there is no such agreement, the broadsheet should be checked with the original schedules. This should be done by ticking the amount shown in each schedule against individual account numbers with the corresponding figures posted in the broadsheet.

6.8.2 Broadsheet should be closed on or before 2nd of the second succeeding month following that to which the transactions relate and submitted to the officer in charge for review, i.e. broadsheet for April should be closed and submitted to the Accounts Officer by 2nd June.

6.9 ANNUAL CLOSING OF ACCOUNT

6.9.1 After the accounts for March (Supplementary) are closed, the balance at the credit of each subscriber as on 31st of March, including interest for the year should be worked out in the ledger as well as in the broadsheet. The total of closed balances shown in the broadsheets should be reconciled with total figures under concerned head of account in the accounts of the year. The individual closing balances in the broadsheets should also be verified with those in the ledger folio before they are carried over to the next year's ledger folio and broadsheets as opening balances. The balances so carried forward should be attested by the Assistant/Junior Accounts Officer (in-charge).

6.9.2 Statements of Subscriber's Annual Accounts should be prepared in Form CAM 49 and despatched to the subscribers not later than 31st July each year. The accounts statements should be sent to the respective heads of offices who should be called upon to send a certificate that all the account statements sent to them have been received and delivered to the subscribers. A strict watch should also be kept over the receipt of acknowledgements of balances by the subscribers.

6.9.3 On receipt of any representations from the subscribers alongwith certificates of the deductions pointing out any mistake in the annual statement of account, immediate action should be taken to locate the missing credit/debit and to adjust them in the subscriber's account.

6.9.4 An annual review of Provident Fund accounts should also be conducted after the despatch of annual accounts mainly to see that there are no cases of omission to open ledger accounts or maintenance of duplicate account for the same subscriber; to

examine generally that credits appear in all the months and reasons for non-recovery or irregular recovery of advances and subscriptions are properly recorded in the ledger folio and that the balances are correctly carried forward from year to year. A detailed re-check of the postings, especially the debits should also be conducted in such a way that at least one month's credit postings and all the 12 months debit postings are checked fully. This review should be got done by staff independent of maintenance of broadsheets and may be entrusted to the Internal Audit Wing.

6.10 REGISTER OF MISSING CREDIT/DEBIT (FORM CAM-50)

6.10.1 With a view to locating readily the wanting credit(s)/debit(s) in the P.F. Account of subscribers, all the ledger folios shall be reviewed twice a year (September and March) by the Asst./Jr. Accounts Officer. He should enter in the Register of Missing Credits/Debits cases in which credits and debits have not appeared in the respective ledger folios and institute an enquiry immediately to trace them. The unposted items lying in the relevant broadsheets should also be scrutinised for this purpose. In respect of subscribers whose credits are normally received from other Accounts Offices, reference should be made to the concerned office to intimate the particulars of the outward account in which the credits/debits are passed on. In other cases, the Drawing and Disbursing Officers should be requested to intimate the particulars of the bills in which the subscriptions were recovered or the amount was drawn on account of temporary withdrawals from Provident Fund Account.

6.10.2 The Register of Missing Credit/Debit shall be closed every month and submitted to the Accounts Officer on the last working day of the month indicating the action taken in respect of each item.

6.11 TRANSFER OF GPF BALANCES IN RESPECT OF STAFF UNDER THE JURISDICTION OF MERGED DDOs AND RECONCILIATION OF GPF BALANCES MAINTAINED BY MERGED DDOs.

Under the scheme of merged DDOs introduced in terms of Ministry of Finance, Department of Expenditure O.M. No.F.1(4)-E(Cood)/86 dt. 12.2.86 (reproduced as Para 4.38 of Chapter 4 of this Manual) the responsibility of maintenance of GPF accounts of the staff at Secretariat level stands transferred to merged DDOs who will however function under the control of CCAs/CAs/Dy.CAs. The following procedure of transfer of GPF balances to merged DDOs and reconciliation of GPF balances with merged DDOs with those appearing in monthly Accounts maintained by PAOs shall be followed from 1.4.86.:-

- (i) After closing of the accounts and issue of annual accounts statements for 1985-86, the PAO will report to the merged DDO the balance at the credit of each subscriber under the latter's control. He should also give an extract of the accounts of three years alongwith the Nominations of the subscribers. If there are any missing credits, in the account of any subscriber for any period prior to 1.4.86, the full months to which they relate should also be indicated against each name by the PAO while transferring the balances to the DDO. The new account No. given by the merged DDO for the subscriber should be noted by the PAO in the PF ledger of each subscriber for future reference.

(ii) Final settlement/removal of missing credits for any period prior to 1.4.86 either for the pre-departmentalisation period or for the Post-departmentalisation period, will be the responsibility of the PAO. For this purpose, a control register may be opened in respect of all the accounts transferred to the merged DDOs showing the original GPF Account No., the Account No. allotted by the merged DDO and the months for which credits were missing upto 31.3.86. Missing credits will be cleared by the PAO with reference to this control register. The method of clearing missing credits will be either by operating "Provident Fund Suspense" after accepting the collateral evidence where applicable, or by rectification of mis-classification or by actual recovery of amount. Since missing credits are adjusted in the accounts, full details of adjustment i.e. T.E. Number, month, name of subscriber, account number, month to which the credit relates etc. should be reported to the merged DDO to enable him to note it in his PBR and allow interest (including arrears thereon) correctly. Similarly, unposted items, if any, outstanding in the PAO's which are found to relate to the accounts transferred to the DDO, should continue to remain in the PAO's books until clearance. As soon as the identity of the amount is established alongwith the name of subscriber, account number etc., the particulars should be reported by the PAO to the DDO alongwith the month of recovery to which the unposted items relate, so that the merged DDO will note that amount in the PBR quoting advice of PAO as authority.

(iii) For transfer of GPF balances from the PAO to the merged DDO, account adjustment should be made. The intention is that the balances of subscribers relating to the merged DDO should be available separately from the balances of subscribers belonging to non-merged DDOs, under the same PAO. If there are 5 DDOs under a PAO and out of them 2 DDOs are affected by the merger scheme, the balances relating to the two merged DDOs should be available separately from the balances relating to the non-merged DDOs. For this purpose, the DDOs may be referred to as merged DDO-X, merged DDO-Y and non-merged DDOs. If the present total of GPF balance under a PAO is Rs.1 Lakh (as per Ledger, CAM 40) and after the merger scheme comes into force the GPF balances relating to the subscribers under different DDOs are, say, Rs.10,000/- for merged DDO-X, Rs.20,000/- for merged DDO-Y and Rs.70,000/- for non-merged DDOs, the adjustment in accounts will be done as below:-

Debit		Credit
-----		-----
Rs.1,00,000	8009 State Provident Fund -General Provident Fund (Others)	
To	8009-State Provident Fund -General Provident Fund (Others)	
	Merged DDO-X	Rs.10,000
	Merged DDO-y	Rs.20,000
	Non-Merged DDOs	Rs.70,000

(iv) Maintenance of detailed accounts in the form of Provident Funds Ledgers and/or broad sheets shall be discontinued in Pay & Accounts Offices in respect of such Secretariat staff whose GPF balances stand transferred to merged DDOs. Monthly and annual reconciliation sheets, Annexure I & II to this chapter from the merged DDOs. This proving will be secured by the DDO by maintaining a reconciliation sheet.

(v) In the case of officials coming on transfer under the control of the merged DDO, during the course of a year, such transfers can be of two kinds, namely:-

- (i) DDOs involved in the transfer being under different PAOs either in the same Ministry or different Ministries, and
- (ii) DDOs involved in the transfer being under the same PAO in the Ministry/Department.

In respect of category (i) above, the transfer of GPF balance will be done by monetary settlement. When the transfer advice is received by the PAO alongwith cheque, he should forward the transfer advice to the merged DDO (under whom the Govt. servant has come on transfer) intimating the month in which the cheque has been adjusted in the accounts. (The DDO will note the GPF balance at the close of the last financial year as well as outstanding advances, in the appropriate columns in the PBR. Subscriptions recovered in various months during the course of a year from 1st April upto the month of transfer will also be noted in the Section "Deductions/recoveries" in the body of the PBR under the appropriate column indicating the month to which each recovery relates i.e. the entry will be made as though the transactions has occurred under the merged DDO).

In respect of category (ii) above, the transfer will be effected by transfer entry. The transfer entry will be prepared treating each DDO under the PAO (whether covered by the merger scheme or not) as a separate detailed Head under the same Major Head "8009-State Provident Fund-General Provident Fund-Others" as already mentioned above. Action for transfer of balance in this case will be initiated by the merged DDO who will allot a fresh GPF account No. to the incoming Government servant and immediately furnish details of the transferred Government servant to the PAO so that he may transfer the balance to the merged DDO.

Sanctions for temporary advances and part-final withdrawals from the GPF will continue to be obtained as before and sent to the Cash Branch. Until such time as outstanding balances as on 31st March of the immediate last financial year are reported to the DDO by the PAO and taken in the PBR, copies of these sanctions may continue to be attached to bills submitted to the PAO for payment so as to enable the latter to ensure that the amounts drawn on the bill are covered by the balance at credit. Once the balances are transferred, there is no need to attach copies of sanctions with the claims.

- vii) Interest credited in each GP Fund Account should be posted in Annexure II meant for annual agreement of balances. The totals of these two columns in Annexure II would be obtained by the PAO from merged DDOs for accounting adjustment. Annual agreement of balances will be done by completing the other columns in Annexure II.
- viii) When the Fund account is to be closed due to the retirement, resignation, death etc. of an employee, the merged DDO will work out the amount admissible to the subscriber and have the calculations checked by the Examiner. He will present a bill to the PAO for payment given proper classification, for GPF and deposit-linked insurance, where applicable. The amount of interest and bonus allowed at the time of closing may be noted in Annexure II as stated above.
- ix) When a Government servant is transferred from the merged DDO to another DDO either under the same PAO or outside, the LPC for the outgoing Government servant will be issued in the normal manner. For the transfer of GPF account, extracts of previous three years accounts and details of recoveries made during the current year will be reported to the PAO together with the nomination. The PAO will make suitable account adjustment, if the DDO under whose control the Government servant has been transferred is under the same PAO , or will carry out monetary settlement if the DDO under whom the Government Servant has been transferred is in another accounting circle.

6.12 BROADSHEET OF GROUP 'D' GOVERNMENT SERVANTS

6.12.1 The G.P. Fund Accounts of Central Government Group 'D' employees and employees covered by the "Merged DDO Scheme" are maintained by Heads of Offices. The P.A.Os should maintain broadsheets Heads of Office-wise for tallying monthly figures of credits posted from consolidated certificate of deduction attached to individual pay bills and from vouchers for temporary and final withdrawals with those shown in the accounts and also for tallying the figures with the annual statements of credits and debits furnished by Heads of Departments. Interest creditable for each year should be incorporated in the accounts on the basis of statements furnished by Heads of Offices. Internal Audit Wing should check periodically the state of maintenance of G.P. Fund accounts of Group 'D' staff by the Heads of Offices.

ANNEXURE I

Monthly reconciliation sheet (Referred to in para 6.11(iv))

I. Amount posted in PBR as per salary bills

Bill No.	Amount (Rs.)	
XXXXXXXXXXXXX	XXXX	
XXXXXXXXXXXXX	XXXX	
Total	_____	(A)
Amount booked in accounts by PAO against the above vouchers.	_____	(B)
Difference* (A-B)	_____	
*To be set right by PAOs.	_____	

II. Amount posted in PBR as per PAOs advice.

Date of advice	Amount (Rs.)	
XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	
XXXXXXXXXXXXXXXXX	XXXXXXXXXXXXX	
Total	_____	(C)
Amount adjusted in accounts by PAO- through transfer entries	_____	
Credit scrolls	_____	
Total	_____	(D)
Difference***** (C-D)	_____	

- (a)*** To be set right by DDO if any advice has been left out to be posted in PBR.
- (b) Action to be taken by PAC in respect of his advices where the amount actually adjusted in accounts differs from the amount advised to the DDO.
- (c) Unposted items as on 31.3.86 intimated by PAO to merged DDO for posting in PBR. This will remain as difference and is to be paired with outstanding items in PAOs books.

For debits: Similar analysis to be done

ANNEXURE II
(Referred to in para 6.11 (iv))

ANNUAL RECONCILIATION OF BALANCE

For the financial year _____

Acc. No.	Opening Balance (Rs.)	Subscriptions (Rs.)	Interest (Rs.)	Total (Rs.)	Withdrawals (Rs.)	Closing Balance (Rs.)
1.	2.	3.	4.	5.	6.	7.

Total

1. Total under Col.2 should agree with the closing balance of previous year.
2. Total under Col.3 should agree with the total of (A) and (C) in the monthly reconciliation sheets for the twelve months
- (3) Total under Col.4 should agree with the amounts booked in the accounts for the year under 'Interest on CPF' and "Bonus".
4. Total under Col.6 should agree with the totals of debits shown in the monthly reconciliation sheets.
5. Total under Col.7 should agree with the balance against the DDO shown by PAO in ledger CAM-40.

CHAPTER-7

PROCEDURE FOR FINALISATION, AUTHORISATION AND ACCOUNTAL OF PENSION PAYMENTS AND PAYMENTS FROM THE COMPASSIONATE FUND.

7.1 SETTING UP OF CENTRAL PENSION ACCOUNTING OFFICE

7.1.1 A Central Pension Accounting Office has been established with effect from 1st January, 1990 for payment of Central (Civil) Pensions and Pension to Freedom Fighters, etc. and the accountal thereof. With the establishment of the Central Pension Accounting Office, the Comptroller and Auditor General of India has been relieved of the responsibility of compiling and accountal of Central (Civil) Pensions and Pensions to Freedom Fighters from the financial year 1990-91 as indicated in Annexure 'A'

7.2 APPLICABILITY OF PENSION RULES

7.2.1 The pension rules applicable to the various categories of pensioners will be as under:-

	Category of pension	Pension Rules Applicable
1	Civil Pensioners of Central Govt. retiring from Civil Ministry/Departments (other than Railways, Post, Telecommunications and Defence)	Central Civil Services (Pension) Rules, 1972.
2	All India Service Pensioners belonging to Union Territory Administration.	All India Service (Death-Cum-Retirement Benefits) Rules, 1958.
3	High Court Judges	The High Court Judges (Conditions of Service) Act, 1954.
4	Supreme Court Judges	The Supreme Court Judges (Conditions of Service) Act, 1958.
5	Chairman/Vice- Chairman/Members of Central Administrative Tribunal.	Central Administrative Tribunal (Salaries and Allowances and Conditions of Service of Chairman/Vice- Chairman/Members) Rules, 1985.
6	Central Freedom Fighters.	i) Central Govt. Freedom Fighters Scheme, 1972. ii) Swatantrata Sainik Samman Pension Scheme, 1980.
7	Members of Parliament.	Salary, Allowances and Pension of Members of Parliament, Act, 1954.
8	Former Presidents of India.	President's (Emoluments and Pension) Act, 1951 as amended from time to time.

7.3. Determination and Authorisation of the Amounts Of Pension and Gratuity.

7.3.1 In order that pension payment is made expeditiously, the Head of Office of the Ministry/ Department undertakes the work of preparation of pension papers, with reference to the provisions of the rules applicable, two years before the date of superannuation and complete the pension papers eight months prior to the date of retirement of Govt. Servant and forward the same to the Accounts Officer alongwith Service Book duly completed/upto-date and any other documents relied upon for the verification of service but not later than six months before the date of retirement of the Govt. servant.

7.3.2 The Accounts Officer concerned, after applying the requisite checks, prepares Pension Payment Order in the proforma given in CAM-52. The pensioner's portion as well as disburser's portion should be got printed in book form with a thick cloth bound cover.

7.3.3 Central Pension Accounting Office will furnish to each Department annually a list of running serial numbers to be allocated to pension payment orders issued on and after 1st January 1990. These numbers are to be used only up to 31st December each year. The serial numbers of Pension Payment Orders remaining unused with PPO Issuing Authorities on 31st December will stand frozen. The details of frozen numbers should be intimated to the CPAO by the end of January every year. However, the new numbers supplied by Central Pension Accounting Office will be allocated in respect of Pension Payment Orders issued on and after 1st January each year irrespective of actual date of retirement. The criteria for issuing new serial numbers will be the date of issue of Pension Payment Orders and has no relevance to the date of retirement or date of commencement of pension. The system followed for allotment of numbers is that each PPO comprises of 12 digits- first five digits indicate the code number of PPO Issuing Authority under which it has been rendering accounts to the Controller General of Accounts, next two digits show the year of issue, next four digits indicate the sequential number of the PPO and last digit as check digit for the purpose of computer. For example, PPO bearing number 709659101302 means that PPO has been issued by AG Madhya Pradesh. It has been issued in the 1991 and it is 130th PPO issued by that PPO issuing authority. The Accounts Officer concerned after allocating the PPO number out of the list of PPO numbers supplied by the Central Pension Accounting Office, will enter the same in the Register in Annexure of the proforma given in CAM-52B Terminal Benefits Register.

7.3.4 In order that pension is disbursed to the pensioner on due date, the various authorities involved will observe the following time schedule.

	Name of the Authority	Time Schedule
1	PPO Issuing Authority	Despatch/Delivery of PPO by the Accounts Officer to the Central Pension Accounting Office in case of payment through Authorised Public Sector Bank or to the pensioner opting to draw pension from Departmentalised Pay

		and Accounts Office, on the last working day of the month preceding the month of retirement.
2	Central Pension Accounting Office	Despatch of PPO by Central Pension Accounting Office to Link Branch of Public Sector Bank by 20 th of the month of retirement.
3	Link Branch	Despatch of PPO by Link Branch to paying Branch by 23 rd of the month of retirement.
4	Paying Branch	Paying Branch will complete all formalities and ensure that the pension has been credited to the pensioner's account on due date.

7.3.5 The PPC Issuing Authority, Central Pension Accounting Office and Link Branches will keep the pensioner informed of the issue of PPO and about its subsequent movements at all stages.

7.4 Authorities Competent to issue Pension payment Orders.

7.4.1 The authorities who are competent to issue PPOs to various categories of pensioners are indicated below:-

	Category of pensioners	Authority by whom the PPO to be issued.
1	Central Govt. (Civil) employees retiring/dying from Ministries/ Departments and their family members.	Respective Pay and Accounts Officer of the Ministry/Department.
2	(a) Pensioners (including All India Service Officers borne on U.T. cadre) belonging to U.T. Administration. (i) Whose accounts have been separated from Audit. (ii) Whose accounts have not been separated from Audit.	Respective Pay and Accounts Officer of the Union Territory. Respective Accountant General of the Union Territory.
	(b) Pensioners belonging to All India Service (U.T. cadre) and retiring from U.T. Governments with legislatures. (i) Whose accounts have been separated from Audit. (ii) Whose accounts have not been separated from Audit.	Respective Pay and Accounts Officer of the Union Territory. Respective Accountant General of the Union Territory.
3	Supreme Court Judges and Chairman/Vice Chairman/Members of C.A.T.	Respective Pay and Accounts Officer of the Supreme Court /Tribunal.
4	High Court Judges	Respective State Accountants General.

5	Central Freedom Fighters	Pay and Accounts Officer (Pensions and Misc.) Ministry of Home Affairs.
6	Ex- Members of Parliament	Respective Pay and Accounts Officer of Lok Sabha/Rajya Sabha Secretariat.

Note: In cases where the original PPOs were issued by the Accountant General before departmentalisation, amendments to PPOs revising the original pension will be issued by the concerned departmentalised PAO.

7.5 Mode of Disbursal of pension and Transmission of pension payment orders.

7.5.1 The disbursement of pension relating to Central Civil Pension/All India Service Officers borne of U.T. cadres/Supreme Court and High Court Judges/Central Freedom Fighters/Chairman/Vice Chairman/Members of CAT/Ex-Members of Parliament/the Ex-President of India will be authorised only through four channels viz.:

- (i) Public Sector Bank.
- (ii) Pay and Accounts Offices.
- (iii) Money Orders and
- (iv) Treasuries (For High Court Judges only).

So far as disbursal of pension through Public Sector Banks is concerned, the Chief Controller/Controller/Deputy Controller of Accounts in charge of the Accounting Organisation, Accountants General and Director of Accounts, as the case may be, will forward for the first time the 'Facsimile of Special Seal' and specimen signatures of the Accounts Officer entrusted with the issuing of PPOs to the Central Pension Accounting Office. Subsequently, in the event of a change in the incumbency of the nominated Accounts Officer, the specimen signature of the new officer will be sent to the Central Pension Accounting Office duly attested by the relieved officer.

7.5.2 All PPOs and subsequent amendments to PPOs issued by PPO issuing authorities will be sent to the Central Pension Accounting Office under Special Seal Authority for arranging payment through Public Sector Banks irrespective of whether payment is to be made through Public Sector Bank at the same station or at out station. These PPOs will be sent to Central Pension Accounting Office under the forwarding letter in Annexure H & H-1 to this Chapter.

7.5.3 The Central Pension Accounting Office will enter the particulars thereof viz. PPO No and date, class of pension, name of pensioners, Department/Ministry in which pensioner was last serving, Accounts Officer issuing PPO with Code No., date of retirement of pensioner, date of commencement of pension, gross amount of monthly pension, commutation of pension, family pension, reduced amount of monthly pension etc, in the Central Data Bank and transmit the PPO to the link Branch of the Public Sector Bank for arranging payment through the paying Branch desired by the pensioner.

7.5.4 The detailed instructions to be followed by Public Sector Banks in crediting pension into the pensioner's account, keeping records of PPOs received from Central Branch to paying Branch, keeping the pensioners informed of the movement of pensionary documents, duties and functions of paying Branch before starting payment, functions of Link Branch for obtaining reimbursement of payment made, reimbursement to Public Sector Banks, certificates to be furnished by the pensioners, procedure for transfer of pension payments from one branch/Bank to another, payment of relief to pensioners and payment of family pension etc. have been incorporated in the book, titled 'Scheme for Payment of Pensions to Central Govt. Civil pensioners by Public Sector Banks'.

7.5.5 In order to ensure that arrears of pension becoming due to pensioners on account of delayed finalisation of pension cases or for other reasons for long time, say more than one year, have been correctly worked out and paid to the pensioners in accordance with the provisions of the various rules and orders applicable to the pensioners; the same will be paid by the Pay and Accounts Offices as indicated in Annexure D. Only current monthly pensions payable will be authorised the Public Sector Banks by transmitting the PPOs to Central Pension Accounting Office in accordance with the procedure outlined in para 7.5.2 above.

7.5.6 In case the pensioner opting to draw pension through Public Sector Bank dies before the PPO is sent to Central Pension Accounting Office, payment of arrears of pension to the heirs of deceased Pensioner will be made by Pay and Accounts Office and that PPO will be sent to CPAO for authorising family pension only to the family of deceased Govt. Servant.

7.5.7 The Pay and Accounts Officer of the Department/ Ministry will arrange to issue the necessary Pension Payment Order to the pensioner who desires to draw pension directly from the concerned Pay and Accounts Office. The disbursement of pension will be made normal by the Pay and Accounts Office by cheque or demand draft by booking the expenditure to the final head of account in his books. In case of disbursement of pension by money order, the procedure prescribed in Annexure 'B' shall be followed.

7.5.8 Since a Central Data Bank is to be constructed in the Central Pension Accounting Office, all PPO issuing authorities will furnish an abstract of PPO in the format as indicated in Annexure 'C' to this chapter in respect of pensioners who desired to draw pension through Pay and Accounts Offices or Money Order. This abstract is required to be sent to the Central Pension Accounting Office at the time of issuing the PPO. However, at the time of making monthly payment of pension or payment of arrears of pension as indicated in para 7.5.5 above, the pension disbursing authority will prepare a schedule of payments in the format as shown in Annexure 'D' to this chapter and send the same to the Central Pension Accounting Office by 10th of each month. In case a schedule in any particular month has undergone a change, compared to the preceding month due to change of class of pension or entitlement or non-release of pension for want of submission of any certificate by the pensioner as required under the rules or death of pensioner or for any reason, a mention of the

5,

same will be made in the remarks column of schedule indicating authority or detailed reasons thereof. The timely submission of schedule of payment will be watched by Pension Disbursing Authority through Calendar of Returns.

7.6 DISBURSAL OF PENSION TO THE EXISTING PENSIONERS THROUGH TREASURIES

7.6.1 The existing arrangement for drawal of pension from the treasury counters by the existing Central Civil pensioners and Central Freedom Fighters where PPOs were issued before 1st January, 1990 will continue to be followed. The settlement of payments made on this account will be in the manner indicated in para 7.11.2.

7.6.2 In respect of existing pensioners drawing pension through treasury counters, all amendments to PPOs received from PPO issuing authorities prior to 1st January, 1990 will be transmitted by Central Pension Accounting Office to the Treasury Officers under Special Seal Authority. An impression of special seal together with specimen signatures of Pay and Accounts Officers of Central Pension Accounting Office who have been authorised to forward the papers to Treasury Officer have been forwarded for the first time to the Comptroller and Auditor General of India for onward transmission to the Accountant General for counter signature and forwarding the same to the Treasury Officers. In the event of a change in the incumbency of the Pay and Accounts Officer of Central Pension Accounting Office, the specimen signature of the new officer will be sent to the Treasury Officer duly attested by the relieved officer. The Treasury Officer will keep the specimen signatures of Pay and Accounts Officers and the impression of the Special Seal so received on their records.

7.6.3 The window of payment of pension through the Treasuries in respect of the PPOs issued on and after 1st January, 1990 has totally been closed pursuant to the instructions of the Comptroller and Auditor General of India.

7.7 PROCEDURE FOR SWITCHOVER OF PAYMENT CHANNEL

7.7.1 A switch-over of payment is permissible in the following cases:-

- (i) Treasury Officer to authorised Public Sector Bank.
- (ii) Pay and Accounts Office to Public Sector Bank.
- (iii) One Pay and Accounts Office to another of the same Ministry/Department at a different station.

7.7.2 The applications for switch over by the existing pensioners will be made in duplicate as given in Annexure 'E' to the Pension Disbursing Authority in all the cases mentioned in para 7.7.1 above who will forward the same to Central Pension Accounting Office through the nominated Pay and Accounts Officer after embossing the same with the Special Seal except in the case of Treasury Officers who will send the PPOs and other documents direct to the Central Pension Accounting Office. Before sending the PPOs and other supporting documents to Central Pension Accounting Office, it will be seen that:

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- (i). PPOs are corrected up to date and all amendments to the PPOs are accompanied with the disburser's portion of the PPO.
- (ii). Basic pension before commutation, reduced pension after commutation and the commuted value of pension paid have been distinctly shown.
- (iii). Revised family pension has been shown in the PPO.
- (iv). Name of the department from which the pensioner retired has been distinctly indicated in the disburser's portion of the PPO.
- (v). Details of the payments made are enclosed with the PPO.
- (vi). A certificate to the effect that with payment of pension has been made up to the month and that PPO consists of continuation sheets have been recorded.
- (vii). In the event of replacement of the original Disburser's portion of PPO, a certificate is to be recorded indicating the manner in which the original disburser's portion of the PPO has been disposed of with a view to eliminating the chances of misuse of the original disburser's portion by any unscrupulous person.

7.7.3 A switch over of payment of pension from Public Sector Bank to Treasury or from Pay and Accounts Office to Treasury or from one treasury to another is prohibited in view of the provisions contained in para 7.6.3 Supra.

7.8 COMMUTATION OF PENSION

7.8.1 Commutation of pension is governed by the Central Civil Services (Commutation of pension Rules 1981. These Rules are applicable to all Government Servants who are entitled to Pension under Central Civil Services (Pension) Rules 1972. Commutation of pension is allowed either on medical examination or without medical examination as specified in the Rules. However, a Government servant against whom departmental or judicial proceedings have been instituted, cannot avail of commutation benefit during pendency of such proceedings. A fraction not exceeding forty percent of pension is to be commuted by the Government servant. If the fraction of pension to be commuted results in a fraction of rupee, such fraction should be ignored. The commuted value of the pension shall be worked out with reference to the Table of the values prescribed from time to time and applicable to the applicant on the date on which the commutation becomes absolute. The commuted value shall be expressed and paid in whole rupee.

7.8.2 In case a Government servant retiring on superannuation desires authorisation for payment of the commuted value of the pension at the time of the issue of the pension payment order and applies for commutation along with the pension papers not later than three months before the date of retirement, the Accounts Officer shall authorise the Head of the office to draw the amount of the commuted value of pension by submission of a bill to him. On receipt of such a bill the Accounts Officer will issue a cheque/draft superscribed not payable before the date following the date of retirement of the pensioner. The Accounts Officer shall also indicate in the PPO the fact that the commuted value of pension has been authorised separately for payment through the Drawing and Disbursing Officer and that the monthly pension has correspondingly been reduced from its inception (the gross pension and the amount commuted shall continue to be exhibited on the PPO).

7.8.3 In a case where the pensioner has been drawing pension through the Public Sector Bank and the Government servant retiring on superannuation has not been paid commuted value of the pension by the Head of the office on the basis of authorisation issued by the Accounts Officer, the lump sum payment of partly commuted pension becoming due would be made on receipt of authorisation in letter form as shown in Annexure 'I' from the Pay and Accounts Officer or the Ministry/Department or the Accounts Officer of the Ministry or the Department of the Union Territory Government/Administration through a separate authority letter. The payment Authority will be communicated to the concerned paying branch through Central Pension Accounting Office in accordance with the procedure indicated in para 7 of the Scheme for Payment of Pensions to Central Government Civil Pensioners by Public Sector Banks.

7.9 ALLOCATION OF THE LIABILITY ON ACCOUNT OF PENSIONARY CHARGES OF GOVERNMENT SERVANTS

7.9.1 The system of allocation of pensionary liability on account of pensionary charges of Government Servant who has rendered service under more than one department among the Departments of the Government of India including Railways, Post, Telecommunications and Defence Department as well as Union Territory Governments with or without legislature has been dispensed with. Accordingly, the liability for pension including gratuity will be borne in full by the Department to which the Government Servant permanently belongs at the time of retirement.

7.9.2 With effect from 1st April 1987, the liability for pension including gratuity will be borne in full by Central/ State Government to which the Government servant permanently belongs at the time of retirement. Accordingly, now no recovery of proportionate pension will be made from Central/State Govt. under whom he had served.

7.9.3 Allocation of pension should continue to be made in those cases where pension had been sanctioned prior to 1.4.87. Further, in respect of pension cases where allocation of pension is governed by the provisions of the State Act, 1953 and the States Reorganisation Act, 1956, allocation of pension between the States concerned will continue to be made.

7.10 PAYMENT OF PENSIONS TO STATE GOVERNMENT EMPLOYEES AND ALL INDIA SERVICE OFFICERS SETTLED IN THE UNION TERRITORY

7.10.1 The pensioners belonging to the State Governments and All India Service Officers residing in the Union Territory of Delhi have been permitted by the Delhi Administration to avail themselves of the facility of drawing their pensions through Public Sector Banks in the Union Territory of Delhi. The Controller of Accounts, Delhi Administration will, in such cases, issue necessary authorisation/instructions to the concerned Public Sector Banks for payment of pension to individual pensioners. The reimbursement to the bank will be made by Delhi Administration in the first

instance. The payments thus made will be distinctly shown by the bank in the payment scroll of Delhi Administration. Thereafter, the Controller of Accounts, Delhi Administration will raise necessary debits against the concerned State Govts/Union Territories for obtaining reimbursement of the amounts so paid from the concerned Accounting Authority of State Government/Union Territory.

7.11 PAYMENT OF PENSIONS TO CENTRAL CIVIL PENSIONERS/ CENTRAL FREEDOM FIGHTERS

7.11.1 Payment of through Public Sector Banks

After authorising pension payments through Public Sector Banks as prescribed in the "Scheme for Payment of Pensions through Public Sector Banks", the concerned Public Sector Bank would arrange to make payment of pension by credit to the Saving Bank/Current accounts of the pensioners. On receipt of debit advice and scrolls supported by necessary documents from the Reserve Bank of India/State Bank of India or its subsidiary banks transacting Govt. business at the District Head quarters, the Central Pension Accounting Office will check the scrolls, with the reference to Central Data Bank created for the purpose and check the authenticity of the amounts paid. After carrying out necessary checks of scrolls and supporting documents, the amount paid by PSBs to Central (Civil) Pensioners/Central Freedom Fighters will be debited to the major head '2071 - Pension and other Retirement Benefits; 01 Civil' and major head '2235 - Social Security and Welfare - 60 - other Social Security and Welfare Programmes - 107- Swatantrata Sainik Samman Pension Scheme respectively per contra credit to major head "8675 - Deposits with Reserve Bank: 101

Central Civil" if the reimbursement is made to the Public Sector Bank by the branch of the Reserve Bank of India. If the reimbursement is made to Public Sector Bank by the State Bank of India or its subsidiary transacting Govt. business at district head quarter, the Central Pension Accounting Office will initially credit the major head '8658 suspense Account- 108-Public Sector Bank Suspense....." (Name of the PSB). On receipt of date-wise monthly statement from GAD Mumbai in case of reimbursement made by the State Bank of India or on receipt of date-wise monthly statement from the concerned link cell at Nagpur in case of reimbursement made by the subsidiary of the State Bank of India transacting Govt. business at District Head quarter, the suspense head will be cleared by minus (-) credit to the head '8658 Suspense Account - 108 - Public Sector Bank Suspense (Name of the PSB) by per contra credit to the head '8675 Deposit with Reserve Bank - 101 Central Civil.

7.11.2 Payment at Treasury Counter

The amount of pension paid at Treasury counters will initially be debited in the 'State Section' of Treasury Accounts under the head '8658 Suspense Accounts; 101 - Pay and Accounts Office Suspense - Transactions adjustable by Pay and Accounts Officer - Central Pension Accounting Office. On receipt of Treasury accounts in respect of such transactions the State Accountant General will book the expenditure in State Section of his accounts under the above suspense head and raise a debit claim of the pension paid through treasuries on monthly basis against the Central Pension Accounting Office duly supported by schedule of payment in

Annexure 'D-1' for settlement by cheque/demand draft. The Treasury Offices will send the paid vouchers directly to the Central Pension Accounting Office.

On receipt of the claim from the State Accountant General, the Central Pension Accounting Office will conduct prima facie checks to ensure that all pension vouchers relate to it and thereafter the Central Pension Accounting Office will generate a Register of Inward claims in Annexure 'F'. Column 1 to 7 of the Annexure shall be filled up through Computer System. Thereafter a voucher shall be prepared for making payment to the State Accountant General by a category 'C' cheque by debiting the amount to the final heads of account as indicated in para 7.11.1 above by per contra credit to the major head '8670 cheques and Bills 102 – PAO cheques'. The cheque with a forwarding letter in Form CAM 54 shall be forwarded to the A.G. concerned. The balance under 'PAO cheques' will be cleared by the Central Pension Accounting Office subsequently on receipt of payment scroll from the bank by affording credit to the major head '8675 – Deposits with Reserve Bank 101 – Central Civil'.

Note: For Central Govt. Civil pensioners and Central Freedom Fighters availing the facility of drawal of pension at Treasury Counters of A.G. (A. & E.), West Bengal, the accounting procedure will be the same as mentioned in Para 7.11.2 above.

7.12 ACCOUNTAL OF PENSIONS TO HIGH COURT JUDGES

7.12.1 The channels through which pension is drawn by retired High Court Judges are as under:

1. Public Sector Banks.
2. Treasuries.

For accounting adjustment of pensions paid to the retired High Court Judges through the Public Sector Banks, the procedure as laid down in para 7.11.1 above will be followed mutatis mutandis.

For pension paid through the counters of treasuries, the procedure as laid down in para 7.11.2 above will be followed mutatis mutandis. The schedules of payment sent in support of the debit claims would be prominently marked 'Pension to High Court Judges'. The claim for reimbursement of pension paid to retired High Court Judges shall be raised separately from similar other claims in respect of pension paid to Central (Civil) pension and to Freedom Fighters.

7.12.2 RECOVERY OF AMOUNT OF PENSION PAID TO HIGH COURT JUDGES IN TERMS OF ARTICLE 290 OF CONSTITUTION OF INDIA

In terms of Article 290 of the Constitution of India, the charges for the payment of pension to the retired High Court Judges are to be borne by the respective State Governments. After reimbursement to PSBs on account of pension paid through

the Public Sector Banks to the retired High Court Judges and reimbursement of the claims received from the State Accountants General on account of payment of their pension at State Treasuries, the scrolls/schedules of payment/vouchers shall be segregated State-wise and monthly as well as quarterly statements shall be generated on computer by the Central Pension Accounting Office. The figures appearing therein shall be reconciled monthly with the figures booked by Computer System from both the sources indicated in para 7.12.1. The CPAO will then take action to claim reimbursement of the reconciled figures as generated through Computer by debiting the same to the head '8658 Suspense Accounts' – PAO Suspense – Transactions adjustable by A.G.' by per contra credit to the minor head '106 pensionary charge in respect of the High Court Judges recovered from State Governments' subordinate to sub-major head '01 Civil' under major head '0071 contributions and Recoveries towards pension and other Retirement Benefits. The CPAO will thereafter send an outward claim to the Accountant General concerned on quarterly basis viz. for the quarters ending June, September and December in Annexure 'G' supported by schedule of payment in Data Input Sheet. The claims for January and February will however, be sent on monthly basis. In respect of transactions relating to the month of March, the debit shall be raised on weekly intervals against the A.G. concerned. In case of transactions arising on or after 25th March, telegraphic advices shall be sent to the A.G. concerned.

On receipt of cheque/demand draft from the A.G. concerned, a note shall be kept in column 6 of statement in Annexure 'G'. The cheque/demand draft will be remitted to the bank along with challan. On receipt of clearance memo from the bank, the Central Pension Accounting Office will prepare D.I. sheet debiting the major head '8675 Deposits with Reserve Bank, Central – Civil' by per contra minus debit to '8658 Suspense Account - PAO Suspense- transactions adjustable by A.G.

7.13 PAYMENT OF PENSION IN NEPAL

7.13.1 The following procedure will be followed for payment of pensions in Nepal:-

(A). Payment of Defence pensions will be made by the Military Attache to the Indian Mission in Kathmandu on the basis of authority from Controller of Defence Accounts concerned and the expenditure would be booked under the head '8658 – Suspense Account. PAO Suspense – transactions adjustable by Chief Controller of Defence Accounts (Pensions) Allahabad and included in the monthly cash account of the Embassy rendered to the Chief Controller of Accounts, Ministry of External Affairs. The Schedule with supporting vouchers will, however, be sent by the Military Attache in Kathmandu directly to the Chief Controller of Defence Accounts (Pensions) Allahabad for necessary adjustment to the final head. A copy of the Schedule will be attached to the cash account by the Embassy to enable the Chief Controller of Accounts, Ministry of External Affairs to effect monetary settlement with the Chief CDA (Pensions), Allahabad.

Note: The Chief Controller of Defence Accounts (Pension) Allahabad will also accept debits for payments other than pensions based on authorities issued by various C.D.As.

(B). (i) In respect of pension/gratuity payments to the personnel of Assam Rifles, the PAO Assam Rifles, Ministry of Home Affairs, will forward the PPOs under Special Seal Authority to the Central Pension Accounting Office which after creating master data in the computer will forward the same under Special Seal Authority direct to the Mission in Kathmandu. The specimen signature of the PAO in the CPAO and impression of his Special Seal for the first time will be forwarded to the Mission through the Chief Controller of Accounts, Ministry of External Affairs,. Subsequently, in the event of the change in the incumbency of the PAO of the Central Pension Accounting Office, the specimen signature of the new officer will be sent duly attested by the relieved officer.

Note: The payment of pension to ex-servicemen of Assam Rifles may be made through sub-post office at Vijaynagar in Arunachal Pradesh as a special case. The debit on this account will be passed on by the Director of Postal Accounts to the PAO, Assam Rifles Shillong who after reimbursing the same will debit it to the final head of account in his books.

(ii). In respect of other Central Govt. Deptts. the PPOs under the Special Seal will be sent to Central Pension Accounting Office which, after creating Central Data Bank in the computer, will send the same to the Mission in Kathmandu.

(iii). These pension/gratuity payments will be adjusted to the final head under the major head "2071 - Pension and other retirement benefits" in the books of Chief Controller of Accounts, Min. of External Affairs. Transactions relating to payments other than pension pertaining to Central Civil Ministries/ Departments, etc. appearing in the Cash Account of Embassy of India, Kathmandu, will be settled with the concerned PAOs by the Chief Controller of Accounts, Min. of External Affairs.

(iv). The Chief Controller of Accounts, M/o External Affairs, will send the vouchers relating to such payments pension and gratuity both in respect of Assam Rifles Personnel as well as other Central Govt. Deptt. pensioners along with certified lists of payments to the Central Pension Accounting Office for post check and record in his office and for producing them to Statutory Audit Parties, whenever required.

(v). The procedure prescribed in (iii) & (iv) above will also be applicable to payments which continue to be made based on pension payment orders issued under Special Seal by erstwhile Accountant General, Central Revenues prior to Departmentalisation of Union Govt.(Civil) Accounts.

(vi). Pension Payment Orders issued by the State Accountants General in respect of State Govt. pensioners will be routed through the Chief Controller of Accounts, Min. of External Affairs to the Mission in Kathmandu for arranging payments. Vouchers relating to such payments received along with the monthly cash account from the Mission by the Chief Controller of Accounts, Ministry of External Affairs will be accounted for under '8658 - Suspense Accounts - PAO Suspense. Transactions adjustable by State A.G'. as usual and forwarded to the Accountants General concerned for obtaining reimbursement.

7.14 PAYMENT OF PENSION TO CENTRAL CIVIL PENSIONERS IN SIKKIM

7.14.1 The pension to Central Civil Pensioners will be disbursed in Sikkim, in future, only through State Bank of India, Sikkim. The detailed procedure to be followed, in such cases, will be the same as outlined in para 7.5 above.

7.14.2 Finance Dept. of the Govt. of Sikkim will continue to make payment of pensions to the existing Central Civil Pensioners and after making payment will claim reimbursement from the Central Pension Accounting Office duly supported by relevant vouchers and other documents. On receipt of the claim and after necessary scrutiny thereof, the Central Pension Accounting Office will reimburse the amount by Demand draft drawn in favour of Secretary, Finance Deptt. Govt. of Sikkim, Gangtok and account for the debit under the final head of account.

7.15 ACCOUNTAL OF PAYMENT OF PENSION TO FOREIGN PENSIONERS IN INDIA

7.15.1 Broadly speaking the following categories of foreign pensioners who are Indian nationals are receiving payment of their pension in India:-

- a) Burma Civilian Pensioners/Family Pensioners
- b) Singapore Pensioners
- c) Sri Lanka Pensioners
- d) Pakistan Civil Pensioners/Family Pensioners.

7.15.2 Burma Civilian Pensioners/Family Pensioners

In the case of Burma Government pensioners who are Indian nationals, necessary sanction/PPO will be issued by the Accountant General, Burma and sent to the Accountant General of the state where the pensioners intend to receive their pension. The pensioners will draw their pensions from the Treasury offices. The expenditure on this account will be debited by the State Accountant General against the major head '8679 - Account with Government of other Countries - Government of Burma'. The State Accountant General will send a debit claim to the Accountant General Burma duly supported by paid vouchers. Simultaneously he will also send necessary advice to the Reserve Bank of India, Central Accounts Section, Nagpur for obtaining necessary reimbursement from the foreign Government. On receipt of necessary reimbursement advice from the RBI, CAS, Nagpur, the transitory head of account 8679 - Account with Government of other Countries will be cleared and paired off by the state Accountant General.

The State Accountants General will also be responsible for issuing necessary amendment to the Pension Payment Orders in cases where the Burma Civilian Pensioners/Family Pensioners are drawing their pensions from treasuries located under their jurisdiction. In the case of pensioners drawing their pension from treasuries located in Union Territories, the work of issue of amendments, etc. will be undertaken by the Pay and Accounts Officer, Department of Economic Affairs, New Delhi.

In the case of Burma Government pensioners who are drawing their pensions from Treasury offices in Union Territories (with/without legislature), the Accountant General or Pay and Accounts Officer (where the accounts have been departmentalised) will raise necessary debit against the Pay and Accounts Officer (Foreign claims), Department of Economic Affairs, New Delhi. After making reimbursement to the Accountant General or Pay and Accounts Office of the Union Territory, as the case may be, by debit to the transitory head of Account '8679 - Accounts with Govts. of other countries', the Pay and Accounts Officer, Department of Economic Affairs, New Delhi will send an advice to the Reserve Bank of India, Central Accounts Section, Nagpur for obtaining necessary reimbursement from the foreign Government. The debit lying under the head 8679 - Account with Governments of other Countries will be cleared by the Pay and Accounts Officer, Deptt. of Economic Affairs on receipt of advice of reimbursement from the RBI, CAS, Nagpur.

In order to mitigate the hardship of the Burma Civilian pensioners/family pensioners, the Government of India have sanctioned to them ad-hoc ex-gratia allowance and relief on pension as admissible to Central Govt. pensioners with effect from 1.6.87. The ex-gratia allowance will be sanctioned by the A.G. concerned under whose jurisdiction the pensioner was receiving pension. The extra liability on this account will be debited by the State Accountant General in State Section of his account under the head '8658 Suspense Accounts' and settled with the Pay and Accounts Officer, Central Pension Accounting Office, in terms of Art. 5.17 of Account Code for Accountants General.

7.15.3 Singapore/Sri Lanka Pensioners

In the case of Singapore and Sri Lanka Pensioners, sanctions/Pension Payment Orders giving name of the pensioner, his full postal address, PPO No., amount of basic pension and any other relief on pension, etc. (both in foreign currency as well as in Indian currency with rate of exchange applicable) will be communicated by the foreign Governments to the Pay and Accounts Officer, Deptt. of Economic Affairs with copy to the Accountant General or Pay and Accounts Officer (where the accounts have been departmentalised), as the case may be, of the State/Union Territory in whose jurisdiction the pensioner is residing and intends to draw pension. On receipt of sanction/PPO as above, the Pay and Accounts Officer, Department of Economic Affairs will issue necessary Special Seal Authority to the Accountant General or the Pay and Accounts Officer concerned, as the case may be, with copy to the Foreign Government as well as to the pensioners. After making payment, the Treasury Officer will send the pension vouchers to the Accountant General with his monthly cash account. The Accountant General will debit the expenditure in state Section of his accounts under the head '8658 Suspense Accounts - Pay and Accounts Office Suspense' and claim reimbursement from the Pay and Accounts Officer, Department of Economic Affairs. Similarly, the Pay and Accounts Officer of the Union Territory (where the accounts have been departmentalised) will claim reimbursement after debiting the expenditure to the above suspense head by sending a reimbursement claim to the Pay and Accounts Officer, Deptt. of Economic Affairs. On receipt of such claims from the Accountant General or the Pay and

Accounts Officer, as the case may be, the Pay and Accounts Officer, Deptt. of Economic Affairs will reimburse the claim as above by debiting a transitory head '8679 Accounts with Government of other Countries' and prefer a claim duly supported by the paid vouchers, against the foreign Government. The foreign Government on receipt of such claims makes reimbursement by demand draft in favour of the Pay and Accounts Officer, Economic Affairs after exercising necessary checks. The head '8679 Accounts with Government of other Countries' is cleared when the credit on account of the demand draft appears in the bank scroll.

In fresh cases arising in future, the Pay and Accounts Officer, Deptt. of Economic Affairs will arrange to make payment of such pensions directly by crossed cheque/bank draft on receipt of a pre-receipted bill.

7.15.4 Pakistan Civil Pensioners/Family Pensioners

In the case of Pakistan (including Bangla Desh) Civil Pensioners/Family Pensioners, the following two types of payments are made on behalf of Pakistan/Bangladesh:-

(i) **Provisional pension under Indo-Pak Provisional Payment Scheme.**

Pensions under Indo-Pakistan Provisional Pension Payment Scheme are sanctioned by the officer in charge 'Central Claims Organisation under the Rehabilitation Division of Ministry of Home Affairs (previously Ministry/Department of Rehabilitation). On the basis of such sanctions, the Pay and Accounts Officer (Rehabilitation) will authorise the State Accountant General concerned to make payment after due verification of the identity of the person. After making payment by debiting the Suspense head 8658 Suspense Accounts – PAO Suspense, etc., the Accountant General prefers an outward claim duly supported by the paid vouchers to the Pay and Accounts Officer (Rehabilitation) who will reimburse the claim by debit to the Suspense head '8658- Suspense Accounts- payment on behalf of Pakistan/transactions on behalf of Bangla Desh for eventually raising of a debit against the foreign governments. The above suspense head would be cleared on receipt of reimbursement from the foreign governments.

(ii) **Provisional pension under the Ad-hoc payment scheme of Department of Rehabilitation.**

In the case of Government pensioners and the pensioners of former princely states and of local bodies who migrated to India from West Pakistan after 31st Nov. 1960 and before the 1st April 1967, the Government of India sanctioned provisional payment of pension till an agreement is reached with Government of Pakistan for acceptance of the liability and transfer of their pension to India.

The pension in these cases will be authorised by the Ad-hoc Committee in the Central Claims Organisation to the Pay and Accounts Officer (Rehabilitation) who will arrange payment through the Accountant General of the State where the applicant desires payment. After making payment, the State Accountant General will obtain reimbursement from PAO (Rehabilitation). These payments are debited to the head 6235 – Loans for Social Security and Welfare – Rehabilitation – Displaced persons

from former West Pakistan by the Pay and Accounts Officer (Rehabilitation). At present there is no agreement with the Government of Pakistan for reimbursement of claims under the Ad-hoc payment scheme. Payment made in such cases will be centralised in the books of Pay and Accounts Officer (Rehabilitation) till an agreement is reached.

There was no Family Pension Scheme at the time of the partition of the Country. The families of retired employees who migrated to India after partition were not sanctioned any Family Pension in the event of death of the pensioners. Government has now decided that cases of family pension may be divided into two categories:

- (i) Cases where the name of the authority which had issued the PPO was known, and
- (ii) Others where no such details were available.

The procedure for finalising the cases of above categories will be as follows:

- (i) If the Accountant General's office had issued the Pension Payment Order, the Accountant General concerned may issue authority to sanction ex-gratia family pension on the basis of the following documents:-
 - (a). Succession certificate from a Court, or
 - (b). Affidavit shown before a Magistrate, or
 - (c). Affidavit of the claimant on a plain paper supported by any two documents which may be acceptable to the Head of the Deptt./Pension Sanctioning Authority.
- (ii) In other cases where no details are available, it will be the responsibility of the Settlement Commissioner, Rehabilitation Division to process the cases for payment of ex-gratia family pension. On the basis of the sanction received from the Settlement Commissioner, the PPO will be issued by the PAO (pension and Misc.), Ministry of Home Affairs, New Delhi.

The extra liability on this account will be debited by the Accountant General to major head 8658 Suspense Accounts – PAO Suspense etc. and settled with the Pay and Accounts Officer, Central Pension Accounting Office.

In fresh cases arising in future, the Pay and Accounts Officer (Rehabilitation) will arrange payment of such pensions by crossed cheque/bank draft on receipt of pre-receipted bill from the beneficiary. The first payment in such cases will be made after proper verification on the basis of descriptive roll received from the Officer in charge (claims) alongwith the sanction letter.

7.15.5 ICS Family Pension Fund (Transferred)

The basic pension and graded relief admissible to Family Pensioners are communicated by Govt. of U.K. Based on such communications, the payment of Family Pension will be arranged by the Pay and Accounts Officer, Department of Economic Affairs, New Delhi. The total expenditure involved is initially booked under '8658 – Suspense Accounts – Pay and Accounts Officer Suspense'. After close of the financial year, reimbursement of the expenditure so incurred against ICS Family Pension Fund (Transferred) will be claimed from Govt. of U.K. through a Proforma Account, detailing therein name of such pensioner and details of payment made. No vouchers will however, be sent in support of the claim. On receipt of the Proforma Account from the Pay and Accounts Officer, Deptt. of Economic Affairs, the Govt. of U.K. will reimburse the claim by means of a demand draft. The above Suspense head will be cleared by minus debit when the credit in account of the said demand draft appears in bank scrolls.

7.15.6 ICS Family Pension Fund (Untransferred)

In this case the sanctions are issued by the Ministry of Home Affairs. Based on such sanctions payment will be made by the Pay and Accounts Officer, Dept. of Economic Affairs. In respect of this category of Family Pension, only basic pension is paid by the Govt. of U.K. The relief/graded relief on pension in these cases is still lying under the Suspense head till a decision is taken in this regard.

7.15.7 ICS Family Pension (Non-European Members)

In these cases also, necessary sanction is issued by the Ministry of Home Affairs. The payment of Family Pension will be made by the Pay and Accounts Officer, Dept. of Economic Affairs by debiting the major head '2071- Pensions and other Retirement Benefits; 01 – Civil; 200 other Pensions – Pensions under the ICS (NEM) Family Pension Fund'. In all these categories of ICS Family Pension Funds, payments will be made quarterly in advance i.e. for the quarters ending March, June, September and December. Necessary sanction giving therein the amount of pension admissible for the quarter in question will be sent to the widow and on receipt of duly pre-receipted bill from the pensioner, payment will be made by means of demand draft.

7.16 PAYMENT FROM COMPASSIONATE FUND OF GOVT. OF INDIA

7.16.1 Awards for payments from the Compassionate Fund fall under two categories namely:-

- a). Lump sum payments;
- b). Recurring payments to be made at quarterly intervals, in arrears.

7.16.2 In cases, where the award is for a lump sum amount, payment shall be made by crossed cheque/bank draft to the beneficiary after proper identification by the Pay and Accounts Officer of the Administrative Ministry/ Department on the basis of the

sanction issued by the Ministry/Department with the concurrence of the Establishment Division of the Ministry of Finance and bill in the Form CAM-67 submitted by the Drawing and Disbursing Officer. A descriptive roll of the beneficiary will be enclosed with the sanction. The expenditure on this account will be classified under major head '2235 – Social Security and Welfare – other Social Security and Welfare Programmes – Other programmes – Payment from the Compassionate Fund'.

7.16.3 In cases where the award is of recurring nature and the payments are to be made at quarterly intervals, in arrears, the Administrative Ministry/Department will issue sanction as above. The sanction will be noted by the Pay and Accounts Officer in a separate Register to be maintained in Form CAM-25. At the time of first payment, a descriptive roll of the beneficiary will be sent along with the sanction. The PAO will make payment by crossed cheque/bank draft to the beneficiary on the expiry of each quarter to which the payment relates on submission of a pre-receipted bill in Form CAM-67 after proper identification. The payment will be debited to the head indicated in para 7.16.2 above. The payment through Public Sector Bank is not permitted in these cases.

7.17 POST PAYMENT CHECKS

7.17.1 The Central Pension Accounting Office will conduct post checks of payments of pension through the Computer System and any irregularities noticed during the course of post check will be communicated to the pension disbursing authority who will be responsible for carrying out necessary rectification. The rectification of irregularities will be watched by the Central Pension Accounting Office through the "Objection Book".

7.17.2 The concerned Accountant General (Audit) will also conduct audit of pensionary payments in such manner and to such extent as the Comptroller and Auditor General of India may prescribe from time to time. The accounts, records and registers maintained in the branches of Public Sector Banks making pension payments and also in the Link Branches shall be open to audit by the Comptroller and Auditor General of India or any person appointed by the Government in this regard.

(To be published in the Gazette of India part II Section-3, Sub-section ii)

Ministry of Finance
Department of Economic Affairs
Budget Division

.....

New Delhi the 31st December, 1990.

NOTIFICATION

No.F.1(19)-B(R)/90 : In exercise of the powers conferred by the first proviso to sub-section(1) of Section 10 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (56 of 1971) and in partial modification of the order of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. F.1(15)-B(AC)/76 dated 8.9.1976, the President, after consultation with the Comptroller and Auditor General of India, hereby relieves the Comptroller and Auditor General from the responsibility for compiling the accounts of:

- (a) The Ministry of Finance relating to pensions: and
- (b) The Ministry of Home Affairs relating to pensions to freedom fighters.

This order shall come into force with effect from the financial year 1990-91.

By order and in the name of the President.

Sd/-
(Smt. Janaki Kathpalia)
Officer on Special Duty (Budget)

To

The Manager
Government of India Press
New Delhi.

ANNEXURE -B
(Para 7.5.7)

Procedure for Payment of Pensions through Postal Money Orders

The payment of pension may be made by postal money order at the option of the pensioners, where the amount of monthly pension including relief on pension does not exceed Rs. 2000/-! Where this mode of payment is adopted, the detailed procedure given in part V Section IV of CTRs in general and Rule 360 therein in particular will be followed by the Pay and Accounts Officer mutatis mutandis. Some of the important instructions on payment of pension through postal money order are as under:-

1. The pensioner who elects to have his pension paid by money order should present in person to the Pay and Accounts Office with a declaration to this effect with his copy of the PPO. The pensioner should be identified as per procedure laid down in rule 356 of CTR Vol. I. A separate file headed "Pension payable by money order" should be opened by the PAO and the declaration should be pasted in this file.

2. Purchase of postal money order forms and their accounting

The money order forms (like service postage stamps) may be purchased in accordance with the instructions contained in Rule 123 of Central Govt. Account (Receipts and Payments) Rule, 1983 and the cost may be debited to the head "Cost of Remittances by Money Orders" under the MH "2071 - Pensions and other Retirement Benefits". Money orders forms will be purchased from nearest Post Office on payment by Cheque and a stock register of money order forms will be maintained by the Pay and Accounts Office and an account of receipt and issue of M.O. forms will be kept therein. The stock of the forms will be verified half yearly in August and February each year. Account of the M.O. forms will be submitted to the PAO on 15th of each month. Half yearly stock verification report should be submitted to CA/Dy.C.A. as the case may be. The submission of the register will be watched through Calendar of Returns. At the time of second half yearly stock taking i.e. in the month of February the cost of money order forms utilised for remitting pension to pensioners drawing pension in excess of Rs. 1,500/ P.M. plus relief thereof admissible from time to time may be debited to the head "Pension and Other Retirement Benefits" by minus debit to the head "Cost of Remittance by money order" where it was initially debited.

3. Payment of Pension

Pension up to Rs. 1,500/- plus relief in pension admissible from time to time may at the request of the pensioner be remitted by postal money may at the request of the pensioner be remitted by postal money order at the cost of Govt. M.O. commission charges being shown as a distinct item in the pension bill and debited to the minor head "Other Expenditure" under-"2071 - Pensions and Other Retirement Benefits".

In respect of other pensioners drawing pension in excess of Rs 500/- the charges of remittances will be deducted from the amounts of pension. The deduction on account of M.O. Commission and cost of M.O. should be shown at the foot of the M.O. form the information of the recipient.

In order to facilitate, as far as practicable, receipt by the pensioner of his pension on the first of the next month the Pay and Accounts Officer should arrange remittance of pensions through postal money order during last week of the month which pension relates, superscribing the same as "Not payable before the first proximo". However, in respect of pensions for the Month of March remittance should be arranged on or after the 1st day of April but not later than 10th of April.

The Pay and Accounts Office will prepare one cheque for the total amount of the bill in favour of the Post Master of nearest post office. A list in duplicate showing the amount to be remitted in each case which will be the amount of pension less money order commission will be prepared. All the Money Order forms duly filled in and marked prominently on the top of the M.O. form to be paid to the payee only" and signed by PAO should then be sent in bulk to the nearest post office along with the cheque and the list indicating the details of Commission charges, etc.

4. Watching of Acknowledgement

In order to minimise the risk of fraud, the PAO should compare the signature on the money order receipt every month with the pensioners' signature on the money order receipt every month with the pensioner's signature available on record or on the disburser's portion of the PPO as per provision of rule 360 of CTR Vol. I. Next pension bill should not be drawn in respect of the pensioners till their acknowledgement is received. A reference to the pensioners to the effect that acknowledgement of the pension sent by M.O. for the month of has not been received should be made and formal receipt watched. The certificate stipulated in rule 360 (ix) of CTR Vol.1 that the PAO has satisfied himself that all pension indicated in the Schedule for the previous month have been paid to the proper person and that he has obtained all money order receipts in support of these payments and filed them in his office should be recorded in the Schedule for each month.

The various other checks prescribed in Rule 360 of CTRs Vol. 1 and other rules should be exercised while making payment by Money orders.

ANNEXURE 'C'
(Para 7.5.8).

ABSTRACT OF PENSION PAYMENT ORDER (CIVIL PENSIONER).

PENSION PARTICULARS:

1. PPO NUMBER
2. NAME OF PENSIONER
3. DATE OF BIRTH OF PENSIONER
4. CLASS OF PENSION
5. ACCOUNTS OFFICER ISSUING PPO
6. DEPARTMENT/MINISTRY IN WHICH PENSIONER WAS LAST SERVING
7. BASIC PENSION
8. PROVISIONAL PENSION (IF ANY)
9. DATE OF COMMENCEMENT OF PENSION
10. PRESENT ADDRESS OF PENSIONER

COMMUTATION PARTICULARS, IF ANY:

11. AMOUNT OF COMMUTED PENSION
12. DATE OF COMMUNICATION OF PENSION
13. RESIDUAL PENSION PAYABLE AFTER COMMUTATION AND DATE FROM WHICH PAYABLE

FAMILY PENSION PARTICULARS, IF ANY:

14. NAME OF RECIPIENT OF FAMILY PENSION AND HIS/HER AGE
15. RELATIONSHIP WITH DECEASED GOVT. SERVANT
16. FAMILY PENSION AT ENHANCED RATE : AMT.....FROMTO
17. FAMILY PENSION AT NORMAL RATE : AMT.....FROM.....TO.....

ANNEXURE 'D'
(PARAS 7.5.5 & 7.5.8)

SCHEDULE OF PENSION PAYMENTS FOR THE MONTH OF

NAME OF PAY AND ACCOUNTS OFFICE.....

CODE NO. OF PAY AND ACCOUNTS OFFICE.....

Name of the pensioner	Name of Pension Payment Order	Period for which the pension is paid	Amount of pension			Recovery of over payment, if any	Income Tax deducted	Net amount paid	Allocation of pension	Remarks
			Basic pension	Personal pension	Dearness Relief					
1	2	3	4			5	6	7	8	9

ANEXURE D-1

(PARA 7.11.2)

ABSTRACT OF SCHEDULE OF PAYMENT OF PENSIONS

Sl. No.	Name of Treasury	Month to which pension relates	Superannuation & Retirement Allowance	Family Pension
1	2	3	4	5

High Court Judges	Pensions to legislators (Member of Parliament)	Central Freedom Fighters Pension	Commuted value of pension	Gratuity
6	7	8	9	10

Allocation of pension (if any)		Others (specify Category)	Gross Total	Income Tax Recovered	Net Amount paid.
Nomenclature of Government	Amount of Pension				
11	12	13	14	15	

**APPLICATION FOR DRAWAL OF PENSION THROUGH
PUBLIC SECTOR BANK
(TO BE SUBMITTED IN DUPLICATE)**

To

The Pension Disbursing Officer (Exact designation
Of the Officer to be indicated)
(Place).

Sir,

I opt to draw my pension through Public Sector Bank and give below the
necessary particulars to enable you to make arrangements in this regard:

1. PARTICULARS OF PENSIONER:

- (a) Name
- (b) PPO No
- (c) Present Address.....
.....

2. PARTICULARS OF THE AUTHORISED PSB

- (a). Name
- (b). Branch where payment desired

3. *Pensioner's S.B./Current Account No. at the Branch to which pension is to
be credited.

Yours faithfully,

Place:

Date:

(Pension)

*(Not 'joint' or 'either or survivor' account)

Pensioner's Specimen Signature.....

FOR USE IN THE OFFICE OF THE PENSION DISBURSING AUTHORITY.

Forwarded to the Central Pension Accounting Office for transmission to Link Branch of PSB(Name of Branch). The Disburser's half of PPO of Shri/Smt./Km..... bearing No. is (are) sent herewith.

The pensioner has been paid pension @ Rs. p.m. and dearness relief thereon @ Rs..... p.m. for the period up to the month of

Pension due from the month of is to be arranged by the Bank.

(Pension Disbursing Authority)
(with Name & Seal)

Station :

Date :

ANNEXURE 'F'
(PARA: 7.11.2)

REGISTER OF INWARD CLAIMS.

Sl. No.	No. & Date of letter with which account was received	Name of AG from which received	Period of Accounts	Debits	Credits	Net Debit
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Particulars of Cheque sent to AG	Amount	No. & Date of letter forwarding Cheque/ Draft to AG	Date on which Cheque appeared in Scroll	No. & Date of Register sending DISO	Remarks
(8)	(9)	(10)	(11)	(12)	(13)

ANNEXURE 'G'
(PARA 7.12.2)

STATEMENT OF OUTWARD ACCOUNTS IN RESPECT OF HIGH COURT JUDGES.

Sl. No.	Name of A.G. against which pension is adjustable	Period to which pension relate	Amount	No. & date of letter forward ing claim	No. & date of cheque received	Date of Scroll for credit of cheque	Initials of the A.O.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ANNEXURE 'H'
(PARA 7.5.2)

Registered A/D (if sent by post)

Office of the Pay and Accounts Officer
Department of
Ministry of.....
.....

To

The Pay and Accounts Officer,
Central Pension Accounting Office,
Ministry of Finance
Govt. of India
Trikoot-II, Bhikaji Cama Place
R.K. Puram, New Delhi -- 110066.

Sir,

A Pension Payment Order in favour of
Shri/Smt.....
.....details of which are given below is
forwarded herewith for arranging payment.

Details

1. PPO No. & date
2. Category of pension.....
3. (a) Amount of Basic pension Rs.....
(b) Family pension in the event of death of pensioner.....

Enhanced Rate up to

Normal Rate Rs.

with effect from.....

4. Date of commencement of pension
5. Name of Bank
- Branch
- Location and Code No.....
- Account No.....
- Distt.
- State

6. * Commutation not applied for /Commutation already paid/being authorised through DDO/Commutation authorised simultaneously through a separate letter.

Conditions attached to pension payment may be made subject to the conditions specified in the PPO as well as in the CCS (Pension) Rules and Treasury Rules.

* Strike out whichever is not applicable.

Yours faithfully,

PAY & ACCOUNTS OFFICER

- Encl: 1. PPO (Pensioner & Disburser's portion).
2. Photo.
3. Specimen signature slip
4. Option of the pensioner indicating Name and full address of the Authorised Public Sector Bank.

Deptt./Ministry

To

The Pay and Accounts Officer
Central Pension Accounting Office
Ministry of Finance
Department of Expenditure
Trikoote-II, Bhikaji Cama Place
R.K. Puram
New Delhi- 110066.

Subject: Revision of pension of Shri/Smt.....
holder of PPO No.....

Sir,

I request you to make arrangement for carrying out the modification in both the halves of the said PPO as detailed below:

- (a). Revised pension Rs
.....
(Rupees.....)
effective from
- (b). Revised pension commuted Rs.
(Rupees)
- (c). Revised Reduced
Pension after commutation Rs.....
(Rupees)
effective from
2. (a). Differential commuted
value paid or being
arranged through Pay
and Accounts Office Rs.....
(Rupees.....)
- (b). Differential commuted
value of pension
payable by the bank Rs.....
(Rupees.....)

(a) or (b) whichever is applicable should be filled up. The other column should be prominently marked as 'Not applicable').

3. Additional amount of Death-cum retirement Gratuity payable by the bank due to revision (this column is to be prominently marked as 'not applicable' if additional amount of gratuity is arranged through Pay and Accounts Officer concerned or no Death/Retirement gratuity is payable as a result of revision) Rs..... (Rupees.....)

* 4. Revised Family Pension.

(a). At enhanced Rate Rs. (Rupees.....) up to

(b). At normal Rate w.e.f. Rs.

4. Details of Disbursing Bank.

- (i). Name of Bank
- (ii). Branch and Code No. (if any).
- (iii). Account No.
- (iv). Deptt.
- (v). State.

Yours faithfully,

Pay and Accounts Officer.

In case the family pension does not undergo any change as a result of revision of pension, the words "No change" should be inserted in column No. 4. In case family pension is not admissible, the words 'Not applicable' should be inserted in this column.

ANNEXURE 'T'
(PARA 7.8.3)

Office of the Pay and Accounts Officer
Deptt./Ministry.

Regd. AD (if sent by post).

To

The Pay and Accounts Officer,
Central Pension Accounting Office
Govt. of India, Ministry of Finance
Trikoort -II, Bhikaji Cama Place
R.K. Puram, New Delhi -110066.

(Authority for Commutation).

Subject: Commutation of pension of Shri/Smt./Kum.....
holder of PPO No.

Sir,

I request you to make arrangement for payment of commuted value of pension amounting to Rs.....(Rupees.....) in respect of PPO mentioned above by carrying out the modifications in both halves of PPOs as detailed below:-

1. (A) Basic Pensions Rs.....
(Rupees..... only)

(B) Pension Commuted Rs.....
(Rupees.....only)

Reduced pension payable after
Commutation Rs.....
(Rupeesonly)

2. Details of Disbursing Bank:

- (i). Name of Bank.....
- (ii) Branch, location and Code No. (if known)
- (iii) Account No.
- (iv) Distt.....
- (v) State

3. * Already drawing pension from the Bank indicated at 2 above/pension being authorised simultaneously.

Note:

- (I) Reduced monthly pension after commutation will take effect from the date commuted value is credited into the pensioner's Account by the Bank.
- (II) Pension/provisional pension, if paid, may be adjusted suitably.
- (III) Dearness Relief to be allowed as admissible from time to time.

* Strike out whichever is not applicable.

Yours faithfully,

Pay and Accounts Officer
(Signature with Special Seal Authority).

CHAPTER 8

PROCEDURES FOR INTER-GOVERNMENTAL AND INTER-DEPARTMENTAL ADJUSTMENTS.

8.1 GENERAL

The inter-departmental/inter-governmental transactions will be settled by the following different procedures:-

- (i) Direct booking of expenditure against the Demands for Grants of the functional Ministry.
- (ii) Issue of advices to RBI, CAS, Nagpur
- (iii) Cash settlement.

The system of issue of advices to Central Accounts Section, RBI, (CAS), Nagpur for inter-governmental adjustments will be applicable in respect of adjustments for which a system of settlement is specifically prescribed in paragraphs 8.8, 8.9, 8.12.1, 8.13.1, 8.18.1 and 8.21.3 below:

The detailed procedure of direct booking of expenditure by the agent Ministry against the Demand for Grants of the functional Ministry has been given in Para 8.5 below.

8.2 TRANSACTIONS ARISING IN THE ACCOUNTS OF THE PAY AND ACCOUNTS OFFICE WHICH ARE ADJUSTABLE BY THE ACCOUNTS OFFICER OF ANOTHER GOVERNMENT/DEPARTMENT ON CASH SETTLEMENT BASIS.

8.2.1 Such transactions should be initially adjusted by the Pay and Accounts Office in whose books the transactions originate under the suspense head "8658-Suspense Accounts - Pay and Accounts Office Suspense-Transactions adjustable by...." (name of Accounts Officer/Authority concerned)-such sub heads may be opened to record distinctly transactions adjustable by different Accounts Officers/Authorities. These transactions should be posted daily in the Outward Claims Register (Form CAM 53), separate folio being used for each Accounts Officer/Authority, by P.A.O. after daily compilation is completed. The closing should be done at the end of each month for the purpose of cash settlement except for transactions arising in March, in regard to which para 8.4.1 may be referred to. P.A.Os of the Department of Supply, are however, required to maintain separate subsidiary registers as hitherto on account of the heavy volume of such transactions, and enter weekly totals in the outward subsidiary claims register for effecting weekly settlement. If the account closes with some amount due to the other party, a bill should be prepared for the net amount due and sent to the cheque section for obtaining a cheque in favour of the Accounts Officer of the Government/Department concerned. (The classification on the bill will be shown as P.A.O. Suspense minus credit.* The original credit balance under the suspense head will be automatically cleared when this voucher is compiled in the

accounting section). The cheque will be sent to the other party concerned along with necessary schedules and vouchers in support of the transactions (Form CAM 54). The receipt of acknowledgement of the cheque by the other party should be watched and the acknowledgement when received should be noted in the register. In the converse case i.e., when payments on behalf of the other Government/Department are more than their receipts during the month, the schedules with supporting vouchers etc. should be sent to the other accounts officer and a cheque demanded from the latter. On receipt of the cheque from the other party, it will be sent to the bank for collection. The outstanding debit (original) under the suspense head will be cleared on receipt of the credit through the bank scroll by affording a minus debit (responding).

Note 1:- The recoveries from salary bills on account of income tax, and surcharge and licence fee (rent) for government quarters will not be passed on to the Accounts Officers of the concerned Ministry/department. These recoveries will be credited to the appropriate final heads of accounts in the books of Pay and Accounts Office and included in the final compiled account rendered to the Principal Accounts Officer. The accounts rendered by the Principal Accounts Office of the Ministry/Department to the Controller General of Accounts, will also include the credits adjusted under these heads. A statement in the prescribed form will be sent every month by the Principal Accounts Officer to the Income-tax Officer, Salary Circle by the due dates prescribed. The schedule of recovery of licence fee will be sent to the Assistant Director of Estates concerned by the P.A.O. concerned in the form prescribed by the former.

Note 2:- The following recoveries arising in salaries etc. bills in the books of Accounts Officers of the Central Civil, Defence, Railways, Posts, Telecommunications and U.T. Governments/Administrations will also be adjusted to the final head of account by their Accounts Officers so as to reduce inter-departmental adjustment:-

- (a) Central Government Employees' Insurance Scheme , 1977.
- (b) Central Government Employees' Group Insurance Scheme , 1980.
- (c) U.T. Government Employees' Group Insurance Scheme, 1984.
- (d) A.I.S. Officers borne on U.T. cadre and subscribing to the A.I.S. Officers (Group Insurance Rules, 1981).
- (e) Postal Life Insurance Premia recoveries.

The above transactions arising in the books of Railways (including their own employees) would be settled with the P.A.O. (Exp.) for the first two schemes, with the P.A.O., U.T. Govt/Admn. from which the employee had come for the scheme under Sl. No. (C) and with the P.A.O. (Delhi Admn.) for the scheme at Sl. No. (D) above. The schedules of recovery of Postal Life Insurance Premia in the format supplied by the Director, P.L.I., Calcutta indicating therein the transfer-in and transfer-out cases along with a monthly statement of booked figures may be sent to the Director, PLI, Calcutta.

Relevant transactions relating to such deputationists will also be included in the statistics to be furnished under the schemes at Sl. No.(b) and (d) above by the Accounts Officers of Central Civil, Railways, Defence, Posts, Telecommunications, U.T. Government/Administration.

Subscriptions under the All India Service Officers (Group Insurance) Rules, 1981, recovered from an All India Service Officers borne on a state cadre but serving on deputation with Government of India or U.T. government / administration shall be passed on to the accounts officer of the parent state government and will not be included in the statistics of borrowing ministry/department.

Note 3:- Recoveries on account of Provident Fund (e.g. of officers belonging to All India Services) or loans and advances which are adjustable in the books of Accounts Officers of other Governments/Departments, will be initially booked under the suspense head (PAO Suspense) and cleared by remittance of cheque/draft as per the procedure prescribed in this paragraph.

Note 4:- In respect of employees taken on foreign service from the public sector undertakings, autonomous bodies, institutions etc. recoveries on account of their contributions to the Contributory Provident Fund maintained by such bodies and other recoveries like installments of repayment of conveyance advance, house building advance, etc. drawn by them from their parent organisation, which are adjustable finally in the books of these bodies, shall not enter the accounts of government. These recoveries shall not be entered in the body of the bills. The drawing and disbursing officer concerned shall prepare and attach a separate schedule relating to such amounts required to be remitted to the parent body, by indicating such recoveries only on the outer cover of the bill as 'payable to Organisation (name of the body to be indicated)' and seek a crossed cheque / bank draft, as the case may be, in favour of the organisation for being despatched to it. The P.A.O. shall pass the bill and issue one cheque for the net amount of the salary payable to the employee (or if cash is payable to the employee, include it in the amount of the cheque in favour of the D.D.O.) and another in favour of the parent organisation specified in the bill which shall be despatched by the D.D.O. to the organisation with a covering letter indicating the name of the employee and details of the recovery against which the cheque is forwarded.

Note 5:- Payment on account of cost of stores supplied/ services rendered by D.G.S. & D. to various ministries/ departments other than those mentioned in para 8.8 below are made by the Department of Supply, classifying the payment under the head "P.A.O. -Suspense". All such payments are eventually to be accounted for against the grants controlled by the respective ministries/ departments receiving the stores. This is achieved when reimbursement is made to the P.A.O., Department of Supply on receipt of claims for the payment made initially. It is necessary that both parties take prompt action to adjust all such claims in order to avoid initial savings and subsequent excesses under the grants, and to avoid amounts, mounting under "P.A.O. -

Suspense", thereby rendering clearance of outstandings under the head difficult.

8.3 TRANSACTIONS ARISING IN THE BOOKS OF ACCOUNTS OFFICERS OF OTHER GOVERNMENTS/DEPARTMENTS WHICH ARE ADJUSTABLE IN THE BOOKS OF THE PAY AND ACCOUNTS OFFICES ON CASH SETTLEMENT BASIS.

8.3.1 Such transactions may represent either recoveries and receipts initially accounted for by the Accounts Officer of the other department or Government or payments made by other Government/Department which are finally adjustable in the books of the Pay and Accounts Office. In the former case the other Accounts Officer will send to the Pay and Accounts Office a cheque for the amount of receipts/recovery along with supporting schedules etc. (Form CAM 54). On receipt of the cheque or draft, the P.A.O. will send it to the bank for credit to Government account along with a challan showing the classification of the receipt or recovery and credit the final head of account at the time of compiling the account on receipt of the bank scrolls.

8.3.2. In the latter case i.e. when payment has been made by another department of Government, an account with supporting vouchers will be received from the other party along with a claim for reimbursement. On receipt of the claim the P.A.O. will examine the claim to see whether prima facie it pertains to the Department under his payment control and if necessary consult the Departmental officer. If it pertains to his department, he will have a bill prepared for the amounts duly classified to the under final head, pass it and send the bill to the cheque section just as in the case of a bill presented at the bill counter of the Pay and Accounts Office. The cheque section will issue the cheque and send the paid voucher to the accounting section alongwith other vouchers paid during the day. The debit will be classified under the final heads at the time of compiling vouchers received from the cheque section of the Pay and Accounts Offices as in the case of other payments. The cheque will be despatched by the cheque section to the Accounts officers of the Government or Department concerned alongwith a forwarding letter (Form CAM.56) giving reference to the number and date of the letter with which the claim was received.

8.3.3. Specimen entries of the accounts adjustments to be made in the books of the Pay and Accounts Office on account of Inter-departmental and Inter-Governmental transactions are given below:-

(a) Recovery of Rs 500 made from pay bill towards Provident Fund subscription adjustable in the books of another Accounts Officer:-

First Stage:-When the recovery is effected it will be classified under "8658-Suspense Accounts-PAO Suspense-Transactions" adjustable by 'X' P.A.O. Rs. 500/- (Credit)-Original.

Second Stage:- When the cheque is issued in favour of other accounts officers:- (schedule of Dr./Cr. in Form CAM 54 received, serving the purpose of a bill).

"8658-Suspense Account-PAO Suspense-Transactions" adjustable by 'X' P.A.O.-Rs. 500/- (Minus credit)-responding, To "8670-Cheques and Bills-PAO Cheques" Rs.500/--(credit). The credit under PAO cheques will be cleared on receipt of the bank scroll indicating payment of the cheque.

- (b) Payment made by the Pay and Accounts Office on behalf of another Government/Department-Payment will be initially debited to "8658-Suspense Accounts-PAO Suspense etc". The account of the payment will be sent to the other Accounts Officers concerned for reimbursement. On receipt of the cheque from the other party, it will be sent to bank for credit to Government. On receipt of the bank scrolls with this credit the item will be classified as minus debit under the suspense head referred to above.
- (c) Recovery made by other Accounts Officer which is adjustable in the books of the Pay and Accounts Officer-On receipt of the cheque along with supporting schedule, it will be sent to bank for collection along with challan showing final classification of the receipt. On receipt of the bank scrolls the credit will be taken to final head. The head "PAO Suspense" is not operated.
- (d) Payment made or services rendered by another Government or Department adjustable in the books of Pay and Accounts Officer:-
 - (i) If the accounts received from the other Accounts Officers are found to be prima facie adjustable in the books of PAOs during the course of preliminary checks, the PAOs should reimburse the full amount claimed by the Accounts Officers within a period of 7 days of the receipt of the account without waiting for the detailed audit of the vouchers. The payment so made will be classified under the suspense head "Suspense Accounts (Civil)-unclassified suspense " in the first instance wherever the P.A.O. feels it necessary to consult the Departmental Officer; otherwise he could adjust it to the final head of account and intimate the Departmental Officer.
 - (ii) In the former case the P.A.Os will communicate the details of the debits received by them to the concerned Departmental officers for acceptance. On receipt of their acceptance, the P.A.Os will relieve the suspense head by per contra debit to the final heads of account.
 - (iii) If on receipt of the remarks of the Department it is found that the transactions are not to be adjusted in the books of the P.A.Os they may be redebited to the originating Accounts Officers in the accounts for the month on hand and all the supporting vouchers etc. received should also be returned.
 - (iv) The PAO must keep a close watch over clearance of the transactions recorded under the suspense head and reasons for delays for over a month should be thoroughly investigated and appropriate action taken.

8.3.4 A Register of Inward Claims (Form CAM 55) should also be maintained for watching the settlement of accounts and claims from other accounts offices. Separate folios should be used for claims received from different Governments/Departments. As regards form of register of Outward claims and procedure relating thereto, refer to para 8.2.1. For watching clearance and settlement of inward/outward claims, P.A.O. Suspense broadsheet should be maintained (Form CAM 64).

8.3.5 Outward claims of Pay and Accounts Offices to be settled with State Accountants General may be raised directly against them by the Pay and Accounts Offices; but outward claims (other than those relating to expenditure etc. on National Highways) of State Accountants General to be settled with Pay and Accounts Offices may, as a special arrangement, be routed through concerned Principal Accounts Offices.

Outward claims in respect of G.P.F. pertaining to State Government/ U.T. employees on deputation with Central Government will be settled by Central PAOs directly with the authority nominated by the State/U.T. Government for the maintenance of G.P.F. accounts of its employees, without the intervention of the A.G., wherever a State Government/U.T. Government has taken over the work relating to maintenance of G.P.F. accounts from the I.A. & A.D.

8.4 PROCEDURE FOR SETTLEMENT OF TRANSACTIONS ARISING IN THE MONTH OF MARCH.

8.4.1 Normally, reimbursement of transactions arising during a month (last week of a month in the case of Pay and Accounts Officer of Supply Department) should be claimed by the first week of the following month. But, in order to bring to account all the transactions arising in the month of March during the same financial year in the books of the concerned Accounts Officers, all Pay and Accounts Officers/State Accountants General/ Railway/ Defence/ Posts/ Telecommunications Accounts Officers should endeavor to settle transactions arising during the first 3 weeks of March by raising debits (duly supported by vouchers/schedules etc.) at weekly intervals against the Accounts Officers concerned. The Accounts Officers, receiving the debits should ensure that such claims are responded to and settled immediately on receipt of the claims by issuing cheque. In respect of debit/Payment arising on or after 25th of March of a year on account of services rendered/supplies effected, telegraphic intimation should be sent by the Accounts Officer in whose circle it arose, to the concerned Accounts Officer indicating the net amount of claim to be reimbursed, and briefly indicating the nature of the transaction and the latter shall immediately arrange to send cheque to the former, by placing the amount thereof under the Suspense head ("Suspense Accounts (Civil)- Challans/Vouchers Suspense" in the case of departmentalised Pay and Accounts Officers) pending receipt of vouchers and documents in support of this debit. As payments against such telegraphic intimations are envisaged to be made even where details are not received by the responding Accounts Officers, the Accounts Officer who raises the telegraphic debit should take utmost care that the telegraphic advice is sent to the correct Accounts Officer for the correct net amount and he should invariably ensure the despatch of supporting vouchers/schedules etc by speed post on or before the 10th of April of the succeeding financial year. On receipt of vouchers etc, the responding Accounts Officer should

adjust the debit to the final heads of accounts concerned before the accounts for March (Supplementary) are closed clearing the Suspense head.

8.4.2 In spite of adhering to the procedure indicated in para 8.5.1 there might be cases where the debits may not reach the concerned Accounts Officer well in time to enable him to issue cheque/demand draft on or before 31st March of the same year. In such cases where the debits supported by the vouchers are received in the succeeding financial year but before March (Supplementary) accounts are closed, the Accounts Officer to whom the debits pertain shall accept and respond to the inward claim of debit by issuing a cheque and debiting the suspense head P.A.O. suspense in the accounts of the year in which the debit is received. Simultaneously a transfer entry shall be inserted in the March (supplementary) accounts of the preceding year to which it pertains by debiting the final head of expenditure concerned and minus debiting the head 'P.A.O. Suspense', so as to incorporate the expenditure in the accounts (including Appropriation Accounts) of the year in which the payment was made to the parties concerned by the outward claim originating Accounts Officer. This would avoid lapse of funds in the Demand for Grants of the consignee concerned.

8.4.3 The procedure as above would also be applicable for adjustment of miscellaneous receipts appearing in the books of an Accounts Officer but requiring final account in the books of another Accounts Officer.

8.5 SETTLEMENT OF INTER DEPARTMENTAL TRANSACTIONS THROUGH BOOK ADJUSTMENT i.e. WITHOUT RESORTING TO CASH SETTLEMENT

In respect of the programmes/ activities for which one Ministry /Department utilises the services of another Central Ministry /Department as its agent for executing the activity the Financial Adviser /Chief Controller of Accounts/Controller of Accounts of the functional Ministry / Department would issue annual budget allocation letter (indicating the amount approved in the Budget for the year for the programme / activity assigned to the agent / executing Department) after obtaining necessary financial sanctions. This would constitute authorisation for the executing Ministry /Department to incur expenditure upto the limits specified above. The amount so allocated will not be available for re-appropriation by the functional Ministry/ Department except with the concurrence of agent Ministry/ Department. A copy of such sanction would be endorsed to the Accounts Officer of the functional department to enable him to keep a note of this in the Expenditure Control Register maintained by him. The functional Ministry /Department would also communicate the Computer Code number relating to the heads to the Pay & Accounts Office of the agent Ministry.

The expenditure should be incurred by the executing Ministry /Department subject to observance of normal procedure of sanctions. The Pay & Accounts Office of the agent Ministry will book the expenditure under the relevant expenditure head against the Demands for Grants of the functional Ministry/Department. The Accounts Officer of the agent Department would furnish monthly and progressive figures of expenditure to the Accounts Officer of the functional Ministry / Department to enable the latter to monitor the flow of expenditure on the programme /activity. The

Accounts Officer of the agent Ministry will in no case honour any claim which would result in excess over the amount authorised by functional Department. Annual reconciliation of expenditure will be conducted by the two Accounts Officers through the Statement of Central Transactions.

8.6 PROCEDURE FOR RECOVERY OF COST OF WORK DONE IN THE C.P.W.D./OTHER DEPARTMENTS FUNCTIONING ON THE PUBLIC WORKS PATTERN ON BEHALF OF OTHER GOVERNMENTS/DEPARTMENTS

8.6.1. The expenditure incurred by the Divisional Officers on behalf of other Civil Ministries/ Departments (provision for which has not been made under the Grants of C.P.W.D. but under the Grant of the Ministry /Department) will be directly booked under the final head in terms of the procedure mentioned in para 8.5. The expenditure incurred on behalf of non-civil Ministries / other Governments will be booked under the Suspense head "8658-Suspense Accounts-107-Cash Settlement Suspense Account.

8.6.2. The Divisional Officer will send the vouchers in support of the charge to the work concerned, in the normal manner as in respect of other works expenditure, to his Pay and Accounts Officer, and the vouchers will be subject to post check in the prescribed manner in the Pay and Accounts Office concerned.

8.6.3. A claim for reimbursement of the monthly expenditure will be made simultaneously by the Division against the Accounts Officer of the non-civil ministry/department concerned or Accountant General of the state as the case may be, duly supported by an attested copy of the Schedule of Works Expenditure (without any supporting vouchers) in Form CPWA 64. The Accounts Officer /Accountant General concerned will settle the claim within one week of receipt of the claim on the basis of this in accordance with the instructions contained in Para 8.3.3 (d)(i) above.

8.6.4. As the claims for March will be received by Accounts Officers of the non-civil Ministries only after the expiry of the financial year, the procedure of operating the Suspense head as detailed in para 8.4.2 ibid shall be followed for the accountal of the expenditure in the concerned year itself.

8.6.5. In the month of March, the Divisional Officer will send an extra copy of the Schedule of Works Expenditure to his Pay and accounts Officer who will certify that the total expenditure for the year shown in column 7 against the work concerned is correct and forward this certified Schedule to the concerned Pay and Accounts Officer/Accountant General.

8.6.6 Any excess/short payments which come to light as a result of the post check of the Divisional Accounts will be communicated by the Pay and Accounts Officer to the division originating the debit for rectification of the resultant charge in the subsequent month's accounts.

8.6.7 It will be the responsibility of the Division originating the debits to watch the realisation of the payments from the concerned Pay and Accounts Office/State Accountants General and clear the suspense head in its books.

8.6.8 The Division would also watch that the expenditure incurred on the work does not exceed the administrative approval, technical sanctions and appropriation of funds, originally sanctioned or subsequently revised.

Note: So far as works expenditure incurred by the C.P.W.D. in Nepal on behalf of the Ministry of External Affairs is concerned, the reimbursement of the expenditure will be claimed and received by the Pay and Accounts Office, C.P.W.D. Food Zone, New Delhi instead of by the C.P.W.D. Divisions direct.

8.7 The procedure explained above will also be followed for settlement of transactions arising on account of execution of civil works by the Departments of the Government (which function on the lines of C.P.W.D., but the Divisional Officers have no cheque drawing powers and all their claims are subject to precheck and payment by the P.A.Os.) on behalf of other Governments/Departments with the modification that instead of operating the minor head "Cash Settlement Suspense Account", the minor head "PAO Suspense" will be operated in their books.

8.8 SETTLEMENT OF DEBITS ON ACCOUNT OF SUPPLIES EFFECTED

SUPPLIES AND DISPOSAL ARRANGED BY THE DEPARTMENT OF SUPPLY.

8.8.1 The Chief Controller of Accounts, Department of Supply and his branch offices at Mumbai, Kolkata, Chennai, etc. have been authorised to recover the cost of stores for which they initially made payments and remit net payable proceeds of disposals by directly advising the Reserve Bank of India (C.A.S), Nagpur to effect transfer of funds to the account of that Department from that of State Governments, Defence, Railways, Posts and Telecommunications. The following heads of accounts are operated by the Organisation of Chief Controller of Accounts, Department of Supply:-

- (a) 8786-Adjusting account between Central and State Governments-in respect of supplies to State Governments;
- (b) 8787-Adjusting Account with Railways-in respect of supplies to Railways;
- (c) 8788-Adjusting Account with Posts for supplies to Deptt. of Post;
- (d) 8789-Adjusting Account with Defence-for supplies to Defence Department; and
- (e) 8795-Adjusting Account with Telecommunications for supplies to Deptt. of Telecommunications.

Note: As the banking business of Governments of Jammu and Kashmir and Sikkim is not conducted by the Reserve Bank of India, recoveries on account of supplies

to these state governments will be effected by operating on the major etc. Head "8658 - Suspense Accounts - P.A.O. Suspense - Transactions adjustable by" and raising an outward claim against the Accounts Officer / authority concerned for reimbursement by cheque / bank draft.

8.8.2 The Pay and Accounts Officer (Supply) will send weekly advices to the Central Accounts Section, Reserve Bank of India, Nagpur and send a copy of this advice duly supported by vouchers and other necessary details to the Accounts Officers of the Departments of the consignee concerned. They shall ensure that such advices are sent telegraphically to the Central Accounts Section, Nagpur so as to reach them by the 25th of following April in respect of payments effected during the close of a financial year.

8.8.3 If any erroneous debit is passed on by the Pay and Accounts Officer (Supply) to any Accounts Officer, the latter may reverse adjustments through the Central Accounts Section of the Reserve Bank of India, Nagpur by operating on the head of account as indicated below:-

- (i) the Accountants General shall operate on the relevant remittance head indicated in 8.8.1 (a) above;
- (ii) Railways/Defence/Posts/Telecommunications Accounts Officers shall operate on the Major etc. heads 8658-Suspense Accounts-Suspense Account (Railways/Defence/Posts /Telecommunications)-Reserve Bank Suspense.

The number and date of the relevant debit advice issued by the Reserve Bank of India (Central Accounts Section, Nagpur) shall be quoted in all such correspondence.

8.8.4 On receipt of the copy of the debit advice from the State Accountant General or Railway/Postal/Defence Accounts Officer, the Pay and Accounts Officer (Supply) will make the following adjustments in his books:-

- (a) If the advice is not accompanied with relevant vouchers:

The amount will be debited to the suspense minor head 'Suspense Account (Civil)-Vouchers Suspense' by per contra credit to the minor head 'Reserve Bank Suspense - Central Accounts Office'. Subsequently, on receipt of vouchers relating to the rejected claims, the amount will be debited to the concerned head viz. 8786/8787/8788/8789/8795, in case the debit is found to be pertaining to other State Govts./Railways/Posts/Defence Accounts Officers or to 8658 Suspense Accounts-PAO Suspense, in case the debit is found to be adjustable in the books of other Central Pay and Accounts Officers by relieving the minor head 'Suspense Account (Civil)-Vouchers Suspense'. On receipt of clearance Memo from Reserve Bank of India, the minor head "Reserve Bank Suspense - Central Accounts Office" will be cleared by minus credit to 'R.B. Suspense-Central Accounts Office' by per contra credit to the Head '8675 - Deposits with Reserve Bank-101-Central (Civil)'.

- (b) If the advice is accompanied with relevant vouchers:

The amount will be debited to the adjusting heads or to 'PAO Suspense' as above by per contra credit to the head 'Reserve Bank Suspense-Central Accounts Office'. The latter head will be cleared on receipt of clearance memo from the Reserve Bank of India, Central Accounts Section by per contra credit to the head 8675 - Deposits with Reserve Bank - central-civil.

The debit will subsequently be raised against the concerned Accounts Officers afresh by advising the Central Accounts Section, R.B.I., Nagpur or by raising an outward claim as the case may be.

8.9 SETTLEMENT OF TRANSACTIONS ARISING IN MISSIONS/POSTS ABROAD

8.9.1 In respect of payments made abroad by Indian Missions, which require cash settlement with other accounts authorities, the Disbursing Officers should send to the Pay and Accounts Officer, Ministry of External Affairs, schedules and vouchers on a weekly basis, so that he could promptly claim reimbursement thereof.

8.9.2 Transactions of the State Government taking place at High Commission of India, London and Embassy of India, Washington shall be settled in cash by the Chief Controller of Accounts, Ministry of External Affairs with the Accountants General of the States concerned by operating on the head "8658-Suspense Accounts-PAO Suspense-transactions adjustable by.....(name of the Accountant General concerned)".

8.10 SETTLEMENT OF DEBITS RELATING TO CUSTOMS DUTY ETC.

8.10.1 The procedure to be followed for realisation of customs duty on goods imported by the various Governments/ Departments has been laid down by the Department of Revenue and Banking.

8.10.2 Under the procedure, there will be no system of book transfers and the Department importing goods shall pay the customs duty by cheque drawn in favour of the Chief Accounts Officer of the Customs House concerned.

8.10.3 Customs duty on foreign post-parcels and mail would continue to be collected by the Postal Department in cash/by cheque after assessment of duty payable, by Customs Officers in Foreign Post Offices. A monthly statement of such duty assessed and collected will be prepared by the Foreign Post Office concerned and sent in duplicate to the Customs Officer in charge of the Foreign Post Office for verification who shall return one copy to the Post Office after checking and send the duplicate copy to the Pay and Accounts Office concerned. The Pay & Accounts Officer shall watch receipt of the amount from the Director of Accounts (Postal), Nagpur.

(Authority:-Para 22.1 and 22.2 of Scheme for collection of Revenue and payment of refunds etc. in the C.B.E.C.).

8.11 SUPPLIES MADE BY THE MEDICAL STORES DEPOTS OF MINISTRY OF HEALTH & FAMILY WELFARE TO STATE AND U.T. GOVERNMENTS.

8.11.1 The procedure to be followed for settlement of claims relating to supplies made by the Medical Stores Depots under the Ministry of Health and Family Welfare to various Governments has been prescribed separately by the Department of Health of that Ministry.

(Authority:-Pr.A.O. Min. of Health & F. W. OM No. 25021/1/78-79/CDN/M.S.Depot/1582 dated 25-2-81).

8.12 SETTLEMENT OF TRANSACTIONS BY RAILWAYS/ DEFENCE/POSTS/ TELECOMMUNICATIONS AMONG THEMSELVES ETC.

8.12.1 Transactions between Defence/Railways/Posts will be settled among themselves by sending advices to the Central Accounts Section, Reserve Bank of India, Nagpur.

8.13.1 The transactions specified below appearing in the books of Railways which require to be credited to Central Revenues under Ministry of Finance (Department of Economic Affairs etc.) will be settled by the Railway Board by sending necessary advice to the Central Accounts Section, Reserve Bank of India, Nagpur.

- (a) Dividend payable in lieu of Tax on Railways passenger fares, by Railways every month to Central Revenues and creditable to Ministry of Finance, Department of Economic Affairs.
- (b) Loans from General Revenues to Railways and recovery of interest on such loans including repayments of such loans and recovery of interest on loans and advances to employees of Railways-adjustable by Department of Economic Affairs.

8.14.1 The Controller General of Accounts may authorise on the merits of each case, proforma adjustments (i.e. without effecting monetary settlement through the Central Accounts Section, Reserve Bank) to be effected through the Finance Accounts in the type of cases and circumstances indicated below:

- (a) Cases in which normal mode of settlement is through RBI, CAS, Nagpur i.e. (i) settlements between Railways, Posts, Telecommunications and Defence departments inter se; and (ii) Settlements between Railways, vis-a-vis C.C.A., Ministry of Finance, Department of Economic Affairs and Expenditure and C.C.A., C.B.D.T. as envisaged in para 8.13.1 but where the settlement could not be effected before 25th April;
- (b) Aggregate amount of the transactions to be adjusted between the accounting units under them is not less than Rs. 5 lakh gross credit or gross debit; and

- (c) The proposal reaches the Controller General of Accounts before the date prescribed for the purpose, in the time schedule for the closing of the annual accounts laid down by him.

8.14.2 Thus, payment of dividends by Railways to Central Revenues and interest on State Railway Provident Fund balances shall be settled on 'proforma' basis outside the books of the Reserve Bank of India, as it is not in practice possible to calculate the amount and effect monetary settlement of these transactions before 25th of April of each year.

8.15 SETTLEMENT OF TRANSACTIONS BETWEEN CENTRAL GOVERNMENT AND STATE GOVERNMENTS

8.15.1 In all cases of claims for an amount not exceeding Rs. 1000 in each case for transactions on account of supplies made or services rendered by one government to another, no monetary settlement will be resorted to. However, in respect of the claims relating to commercial departments/undertakings of a Government, which are required to work to a financial result, for services rendered or supplies made to or by them, the monetary settlement shall be carried out irrespective of the amount involved.

8.15.2 For transactions above the limit of Rs. 1000 and where the supplies/services are to be paid for irrespective of any monetary limit, the settlement will be made through cheques by the supplied Government. The procedure to be followed for making the monetary settlements in these cases, in respect of supplies/services to a Central Government Department (including Defence, Railways, Posts and Telecommunications besides Civil) will be as indicated below:-

8.15.3 The Department of the Central Government which received supplies/services will present a bill alongwith the accepted invoice to its own Accounts Officer concerned who will make the payment by cheques drawn in favour of the officer concerned of the supplying Government, in settlement of its claims.

8.15.4 In the reverse case of supplies/services rendered by a Central Government Department the settlement will be in cash. The cheques received by it from the supplied State Government will be presented by it to its Accounts Officer for encashment and credit to the proper head of account. In case the departmental officer is himself in account with a branch of the bank, the cheque will be remitted by him to the bank with a challan showing particulars of the head of account, for credit to Government account.

Note:- Ministry of Finance, Department of Economic Affairs O.M. No. F.1(57)-B/74 dated 12.10.1976 lays down the procedure to be followed for settlement of inter-governmental transactions (i) between state Governments inter-se, (ii) between State Government on the one hand and Central Government-Railways, Defence, P&T., Civil Ministries/Departments on the other and (iii) between Central Civil on the one hand and Railways/Defence/P&T: on the other. The provisions of this O.M. would be an additional permissible method of settlement available for the purpose in cases where the debit does not

originate in the books of the Accounts Officers concerned. In all cases where the debit for the supply made and services rendered by a Central Government Department vis-a-vis a State Government (referred to in (ii) above) and between a Central Civil Ministry/department versus Railways or P.&T. or Defence (referred to in (iii) above), originate in the books of an Accounts Officer, the Accounts Officer shall raise the debit against the Accounts Officer of the supplied department who shall effect necessary settlement by issue of cheque. In such cases the procedure of cash settlement only between the executive authorities concerned shall not be applicable.

8.16.1 The Union Territory Governments will also follow the procedure indicated in para 8.15 as may be applicable to them for settlement of their inter-governmental transactions arising out of services rendered or supplies made by/to them.

8.17.1 Even at present, some miscellaneous receipt and certain payment transactions (viz. payment of interest / repayment of principal on discharge of Central Government securities and pensions including pensions to freedom fighters etc.) take place at State treasuries. These transactions have to be accounted for by the treasuries in the State section of accounts under the head "8658-Suspense Accounts-PAO suspense - Transactions adjustable by the Pay & Accounts Officer, Department of". The Accountants General of the State concerned is required to pass on the debits for these payments supported by schedules, vouches etc. to the Pay & Accounts Office of the Ministry/ Department concerned for cash settlement by issue of cheque in the usual manner.

Payments of Central Civil pension made at the treasury counters at the Principal Director of Audit (Central), Calcutta are booked under the final head of account in the Central section in their books and accounts are submitted to the Controller General of Accounts.

8.18.1 Ministries/Departments of Central Government will arrange payment of loans and grants-in-aid as well as payment of States' share of income-tax, Union excise duty, etc. through their Principal Accounts Officers. On receipt of sanction orders from the Ministry/Department, the Principal Accounts Officers will arrange to afford credit to the balance of State Government (except Jammu and Kashmir & Sikkim) by debit to their Ministries/departments accounts through the Reserve Bank of India (C.A.S), Nagpur. The Principal Accounts Officer will pass an entry in his books debiting the appropriate final heads of account, (e.g. major heads 3601, 3602, 7601 etc.) and crediting "8658-Suspense Accounts Reserve Bank Suspense-Central Accounts Office.". A copy of the advice will also be sent to the A.G. concerned or the Chief Accounting Authority of the State, in cases where the accounts have been departmentalised or separated from audit to enable him to make the necessary adjustment in the accounts of the State Government. On receipt of the clearance memo from the Central Accounts Section of the Reserve Bank of India, the suspense head mentioned above will be cleared by minus credit by per contra credit to "8675-Deposits with Reserve Bank-Central-Civil". The Principal Accounts Officer should ensure that the amount shown and debited in the monthly account sent by the Reserve Bank of India tallies with the amount of the advice sent by him. For detailed procedure in this connection refer to Annexure 1 to this Chapter.

8.18.2 Repayment of loans and payment of interest thereon by the State Governments (except Jammu and Kashmir and Sikkim) in respect of loans received from the Government of India will be arranged by the State Accountants General or the Chief Accounting Authority of the State irrespective of its designation, in cases where the accounts have been departmentalised or separated from audit, by issuing suitable advice to the Reserve Bank of India (C.A.S.), Nagpur to credit the account of the Ministry/Department of the Central Government by debit to the State balance.

8.18.3 When State Governments (except Jammu and Kashmir and Sikkim) have to refund unspent amounts of old loans, the payment thereof will be arranged by the State Accountants General by issue of advice to Reserve Bank of India (C.A.S., Nagpur) to credit the balances of the Central Ministry/Department by debiting the State balances".

8.18.4 While State Accountants General are not authorised to debit the Central Government by sending advices to the R.B.I., as an exception, they have now been permitted, to withdraw amounts erroneously credited to Central Government towards repayment of loans or interest in an earlier advice by sending another advice to R.B.I. (C.A.S.), Nagpur to debit the Central Government provided that such advice contains the following certificate:-

"Certified that this advice represents the withdrawal of an earlier erroneous credit to the Central Government, by debit to State Government and does not represent withdrawal of payments already made which were due to the Central Government by State Government. Necessary details of earlier erroneous advice(s) now being withdrawn are being furnished to the CCAs/CAs concerned separately".

8.18.5 The Principal Accounts Offices of the Ministry/Department are responsible for maintenance of detailed accounts of the loans sanctioned by the Central Government to the State Governments and watching recovery of instalment of principal and interest.

8.18.6 As the banking business of the Government of Jammu and Kashmir is not conducted by the Reserve Bank of India, for payments of loans/grants to that Government the Principal Accounts Officer of the Ministry/Department concerned on the basis of sanction issued by the competent authority, will issue a crossed 'Account Payee' cheque drawn in favour of the Secretary to the Government of Jammu & Kashmir, Finance Department and send the same to the branch of the Jammu & Kashmir Bank Ltd., at Baba Kharag Singh Marg, New Delhi for credit to the account of the Jammu & Kashmir Government with Jammu & Kashmir Bank Ltd. An intimation of payment, along with necessary particulars will also be sent to the Secretary, Finance Department, Jammu & Kashmir and to the A.G., Jammu & Kashmir simultaneously. The Jammu & Kashmir Bank's branch at New Delhi will arrange for crediting the amount to Jammu and Kashmir Government's account and for clearing the cheque through usual banking channels.

8.18.7 A copy of each of the sanction order for payment of loan/grant issued by the Ministry/Department may be sent to the Accountant General, J & K, Srinagar/Sr. Dy. A.G., Jammu by name with full particulars of payments like cheque/bank draft No.

and letter No. with date under which the payments were remitted. A check list of all sanctions issued and acted upon during each quarter ending June, September, December and March of every Financial year would also be sent by name to the authorities as above by the 15th of the following month.

8.18.8 As the banking business of the Government of Sikkim is also not conducted by the Reserve Bank of India, the payment of loans/grants to the Government of Sikkim will be regulated by the procedure prescribed hereunder:-

- (a) The Ministries/Departments of the Government of India will send to their Principal Accounts Officers, necessary sanctions for payments of grants and loans to the Government of Sikkim and endorse copies of these to the Finance Department of Government of Sikkim as well as to the Accountant General, (Central), Calcutta.
- (b) On the basis of the sanctions issued by the competent authorities, the Principal Accounts Officer will make the payment to the Government of Sikkim by a bank draft in favour of the Secretary, Finance Department, Government of Sikkim, Gangtok drawn on the State Bank of India. He will send intimation to A.G. (Central) Calcutta regarding the remittance and a quarterly list as laid down in para 8.18.6.
- (c) The Principal Accounts Officer should account for the transactions under the final heads.
- (d) While forwarding the draft to the Government of Sikkim, the Principal Accounts Officer should furnish to the Sikkim Government the full particulars relating to the payments in question with a copy to the Accountant General (Central) Calcutta.

8.18.9 For repayment of loans and payment of interest by Jammu and Kashmir and Sikkim Governments whose banking business is not conducted by the Reserve Bank of India, the system of direct payments by bank drafts in favour of the concerned Principal Accounts Officers (or specified P.A.O. where former does not operate a drawing account) will be followed.

8.19 ARRANGEMENTS FOR CREDIT TO CENTRAL GOVERNMENT OF INCOME TAX DEDUCTED AT SOURCE (TDS) FROM THE SALARY AND OTHER BILLS OF STATE GOVERNMENTS.

8.19.1 Consequent upon departmentalisation of receipts accounts of Union Govt. (Civil), the income tax recoveries effected from the bills paid by treasuries/State Government Pay and Accounts Officers/other State Government departmental offices rendering compiled accounts to the Accountants General shall be classified under the Minor head "TDS Suspense" below the Major head "8658 Suspense Accounts" in the State Section of accounts. The credit to this head will be afforded by transfer credit even at the time of recording pay order as per the provisions of Article 26 of Account Code Volume II. These offices should also maintain details of credit to the suspense

head as above under the various major, minor and detailed heads of account relating to deductions of income tax at source like "0020" , "0021", etc.

8.19.2 The Accountant General, will consolidate for the State Circle as a whole monthly, the amounts thus shown under TDS Suspense by these authorities. A cheque for the total amount booked under TDS Suspense shall be sent by him, after the monthly accounts are closed, to the Zonal Accounts Officer concerned duly supported by a statement in duplicate showing the figures pertaining to each treasury/ PAO/ Departmental officer rendering compiled accounts etc. On receipt of the cheque and realising the same through the accredited bank, the Zonal Accounts Officer of the CBDT will straightaway classify the credits to the relevant major, minor and sub-heads of accounts on the basis of the source at which the deduction has been made as indicated by the Accountant General in the statement referred to above by keeping in view the guidelines prescribed in CGA's O.M. No. S. 11024/1/80/TA/2457 dated 24th June, 1980.

8.19.3 Accountal of income tax deducted at source from interest on central government securities paid at state treasuries.

Payment of interest on Central Government securities can take place at State treasuries even after departmentalisation of Union Government Accounts (Civil). The claim for reimbursement on account of this payment shall be prepared by the Accountant General on net basis (i.e. after deduction of income tax deducted at source) and settlement of such claims shall be effected by the Principal Accounts Officer, Department of Economic Affairs. The Accountant General would furnish the following information to the Principal Accounts Officer, Department of Economic Affairs:-

- (a) Gross amount of the interest paid.
- (b) Amount of income tax etc. deducted from such payment and
- (c) Net amount for which claim preferred.

8.19.4 On receipt of the above claim, the Principal Accounts Officer, Department of Economic Affairs shall reimburse to the Accountant General, the net amount and credit the income tax deducted at source to the concerned final head of account in his books after booking the gross amount of the interest payment on Central Government securities against the relevant interest head of account.

8.19.5 The income tax deducted at source from State Government securities either at the treasuries or at Public Debt Offices of the Reserve Bank of India, would be classified under suspense head TDS Suspense in the State Section of accounts. The procedure prescribed in para 8.19.1 and 8.19.2 above shall be applicable for the passing on of the credit to the Zonal Accounts Officer of CBDT and its final accountal in his books.

8.20 SPECIAL PROCEDURE FOR SETTLEMENT OF TRANSACTIONS RELATING TO NATIONAL HIGHWAYS.

8.20.1 The following procedure has been laid down in connection with the reimbursement of claims on behalf of State Govts./UT Govts. pertaining to constructions and maintenance of National Highways by them on agency basis:

- (i) The expenditure will be incurred by the Executive Engineers of the State P.W. Divisions from the State balances and exhibited in the monthly compiled accounts submitted by them to the State Accountant General.
 - (ii) On receipt of monthly compiled account from the Divisions the Accountant General initially adjust the expenditure in the State section of his books under the head of account "8658-Suspense Accounts- P.A.O. Suspense-Items adjustable by Pay Accounts Office (NH), Ministry of Surface Transport". After consolidation, the Accountant General will send to the P.A.O. (NH), Ministry of Surface Transport the monthly statement of receipts (if any) expenditure on National Highways with all schedules, vouchers, supporting documents etc. for claiming reimbursement.
 - (iii) on receipt of the monthly statement of receipts and expenditure on National Highways from the Accountant General as stated in (ii) above the P.A.O. (NH) in the Office of the Chief Controller of Accounts, Ministry of Surface Transport will reimburse the expenditure to the State A.G. concerned by cheque / demand draft after exercising the checks prescribed.
 - (iv) The amounts outstanding in the Accountant General's books under the Suspense head mentioned in sub-para (ii) above will be cleared, on receipt of cheque / demand draft from the Pay & Accounts Office. (NH).
- (Authority: CAG of India's letter no. 402-AC/192-71 dated 19-3-77.)

8.20.2 The procedure to be followed with regard to settlement / reimbursement of transactions relating to National Highways for the month of March will be as follows:-

- (i) The Divisions incurring the expenditure on National Highways would intimate the weekly expenditure figures distinctly under the Major Heads " 3054" and "5054" to the Accountant General by telegram.
- (ii) These figures will be consolidated Major-Head wise and intimated by the A.G. to the Pay & Accounts Officer (National Highways) every week unaccompanied by vouchers.
- (iii) The Pay & Accounts Officer (National Highways) would settle the claim relating to the first three weeks of March by forwarding cheque as usual without insisting on the vouchers.
- (iv) In respect of the expenditure incurred during the fourth week of March a telegraphic advice would be sent by the Accountant General to the Pay & Accounts Officer (National Highways) by 29th or 30th March and the P.A.O. would settle this claim by a telegraphic transfer.
- (v) For the residual expenditure incurred during March and not covered by telegraphic advice as in preceding sub-para, claim for reimbursement of expenditure would be preferred (supported by vouchers etc.) by the A.G. by the 15th April which will be settled by the Pay & Accounts Officer by cheque as usual. At this stage all the vouchers, supporting documents etc. for the

entire claim of March would be sent to the PAO (NH) after duly reconciling the claims already preferred with the expenditure booked in the accounts of March. Readjustments if any, found necessary, will be made by the PAO (NH) while making reimbursement, under advice to the A.G.

- (vi) The payments so made by the Pay & Accounts Officer (National Highways) would be adjusted initially under the suspense head "8658- Suspense Accounts-P.A.O. Suspense" pending receipt of supporting vouchers /schedules from the A.G. This head would be cleared by P.A.O. (NH) on receipt of the requisite documents by debiting to final heads of account before he closes March (Sy) accounts.
- (vii) In the weekly / telegraphic advices, the As.G. would invariably indicate distinctly the reimbursement sought in connection with maintenance and construction works on National Highway under the Major heads "3054" and "5054" respectively.

8.20.3 While the accounting procedure prescribed in paras 8.20.1 and 8.20.2 may continue, in order to deal with the problem of late receipt of monthly compiled accounts in some states resulting in late reimbursement of expenditure incurred by the State Public Works Divisions, the procedure of reimbursement would be supplemented by "On-Account" payments to States /Union Territory Governments. Payments will be released in quarterly instalments for which formal sanction would be issued by the Ministry of Surface Transport. Payment for the first quarter would be released soon after the 'Vote -on account' is passed by the Parliament. Funds for the second and third quarters will be released on the basis of the actuals in the previous quarter, as reported by the State Governments, and the likely expenditure in the succeeding quarter. Such "On Account" release of funds would also take into account the recoveries (actual and likely) from the State Governments under the Major head "3054-Roads & Bridges-Other receipt. Such recoveries relate to hire charges of the Central machinery and equipment which are to be recovered from contractors, etc. and classified under the Major head 3054-Roads and Bridges -Other receipts." The sanctions would indicate the head of account to which payments are to be debited as per budget provision. All "On-account" payments will be released to the State Governments and Union Territories through Accountant General concerned through cheque only and will be debited by the Pay & Accounts Officer, (National Highways), Ministry of Surface Transport, to the final head of accounts viz. 3054-Roads and Bridges and "5034-Roads and Bridges etc. as the case may be.

The State Accountants General will initially adjust on account advance as Receipt in the State books under the "8658-Suspense Account-P.A.O. Suspense" and will be cleared by minus credit to the suspense head to the extent claim is rendered to the respective Pay & Accounts Officer (NH). While for the first three quarters advance payments will be made upto 100% of anticipated expenditure projected by the State Governments less the unspent balance out of the advance paid in the previous quarter, the advance thus paid will be subject to adjustment by the R.P.A.O.s on receipt of monthly account from the State Accountant General under the normal procedure mentioned in para 8.20.1.

To ensure prompt and periodical adjustment of "On account" payments made above, the Regional Pay & Accounts Officers (NH) will maintain register in the form

Annexure I to this Chapter. The columns may be opened in the register keeping in view the requirements of the Pay & Accounts Office. For example, the columns relating to adjustment maybe opened on the right side page of the register, whereas columns relating to "On account" on the left side page of the register. The registers should be closed every month indicating the total amount of advance paid during the year, the amount adjusted and the balance outstanding against the relevant heads of accounts.

[Authority:- CCA, Ministry of Transport, Dept. of Surface Transport's letter no. PAO/NH/2/ Revised Accounting Procedure /86-87/2600-17 dated 19-12-86.]

8.21 TRANSACTIONS RELATING TO PAYMENT OF LOANS/GRANTS BY CENTRAL GOVERNMENT TO UNION TERRITORY GOVERNMENTS (WITH LEGISLATURE)

8.21.1 Though the Union Territory Governments (with legislature) have separate Consolidated Funds of their own, they have no separate balances with the Reserve Bank of India and hence the procedure in para 8.18.1 above does not apply to them. The normal procedure of settlement in cash will be followed for the payment of loans and grants to U.T. Government (with legislature) and repayment of loans and payment of interest, as described below.

- (i) The Ministries/Departments of the Government of India will address to their Principal Accounts Officer the sanctions for payment of grants/loans to the Union Territory Governments (with Legislature) and endorse copies thereof to the Finance Secretaries and Accountants General/Accounts Officer/Director of Accounts of the Union Territory Governments.
- (ii) On the basis of the sanction issued by the Ministry/Department, the Principal Accounts Officer of the Ministry/Department will make the payment to the Union Territory Governments by a cheque drawn in favour of the Accountant General/Pay and Accounts Officer/Director of Accounts in the Union Territory concerned. While forwarding the cheque, the Principal Accounts Officer should furnish the full particulars relating to the payment and also endorse a copy of the forwarding letter to the Finance Secretary of the Union Territory Government concerned. The Principal Accounts Officers should account for the payments under the grants-in-aid/loan heads of account.
- (iii) The Accounts Officer of the Union Territory government will on receipt of the cheque take immediate action to credit it into the bank and account for the receipt under the concerned head in the account of the Union Territory maintained by him. The receipt of the cheque should be promptly acknowledged.

8.21.2 The Accounts Officers of the Union Territory Governments will be responsible for initiating action for repayment of loans and advances and payment of interest. The repayment of loans and payment of interest by the Union Territory Governments will be arranged by sending cheques in favour of the Principal Accounts Officer of the Ministry/Department concerned which sanctioned the loan. The Ministry/Department should communicate to the Accounts Officers of the U.T.

Governments the designation and address of the principal Accounts Officer in whose favour the cheque should be drawn. On receipt of the cheque the Principal Accounts Officer should send it immediately to the bank for credit to the account of the Ministry/Department alongwith a challan showing the details of classification, etc. and on receipt of the bank scroll, take the credit under loan/interest heads.

8.21.3 In case the amounts involved in the payment of loan or grant are substantial, i.e. over Rs. 1 crore, a slightly different procedure will be followed. Instead of sending a demand draft, the Reserve Bank of India, New Delhi will be advised by the Principal Accounts Officer of the Ministry/Department sanctioning the loan or grant to transfer the amount by telegraphic transfer to the bank at the headquarters of the Union Territory Government concerned, with a specific instruction to ensure that the debit to the account of the Ministry by the former bank and the credit to the government accounts by the latter takes place with the least possible time lag. A similar procedure will be followed in the case of repayments by the Union Territory Governments also where the amount involved is more than Rs. 1 crore. The underlying intention behind this arrangement is that as both the debits and credits are taken ultimately to the Central Government cash balance, the transfer should not result in heavy depletion of the cash balance, till the receiving bank affords credits to Government account.

8.21.4 The Principal Accounts Offices of the Ministry/Department are responsible for maintenance of detailed accounts of the loans sanctioned by the Central Government to the Union Territory Governments and watching recovery of instalment of principal and interest.

8.21.5 Procedure stated in paras 8.19.3 to 8.19.5 above would also be applicable to the Union Territory Governments and also to Union Territory Administrations whose accounts have not been separated except that the Minor head "TDS Suspense" below the major head "8658-Suspense Accounts" shall be operated in the Central Section of books of the Accountant General.

8.22 PROCEDURE FOR DRAWAL BY UNION TERRITORY ADMINISTRATIONS AGAINST DEMANDS FOR GRANTS OF CENTRAL MINISTRIES/DEPARTMENTS (OTHER THAN THE AREA DEMAND) FOR WHICH PROVISION DOES NOT EXIST IN THE UNION TERRITORY BUDGET, AND CASH SETTLEMENT THEREFOR.

8.22.1 In the case of Union Territory Administration (i.e. Union Territory Governments without Legislature) loans or grants are not given by Government of India under the major heads 7601,3601 etc., but budget provision is made by the Ministries/Departments under the relevant functional major heads in the Revenue and Capital sections of the Demands for Grants and relevant departmental officers are authorised to incur expenditure debitible to these Demands for Grants. In such cases, each withdrawal from the Union Territory by the departmental officer of the Union Territory Administration would be backed by the administrative approval and expenditure sanction accorded by the main Ministry/ Department concerned. Based on such sanction and administrative approval, the Union Territory Administration

would also issue necessary expenditure sanction classifying the transactions as debitable to the head "8658-Suspense Accounts-PAO Suspense-Transactions adjustable by the" quoting reference to the sanctions accorded by the Central Ministry/Department for enabling the withdrawal. The Accountant General would claim reimbursement in the usual manner from the Pay and Accounts Officer of the Ministry/Department concerned of the Central Government and clear the suspense head on realisation of cheque.

8.22.2 In the case of Union Territory Administrations whose accounts have already been separated, the Pay & Accounts Officer of the Central Ministry / Department concerned will book the expenditure directly against the Demands for Grants of the Ministry/Department by adopting the procedure prescribed in para 8.5 above.

8.23 PROCEDURE FOR ADJUSTMENT OF ITEMS OF CENTRAL CIVIL RECEIPTS/EXPENDITURE ARISING IN THE BOOKS OF POSTS, TELECOMMUNICATIONS AND DEFENCE DEPARTMENTS.

8.23.1 In respect of transactions for which the relevant Civil Ministry/Department does not have to maintain detailed individual-wise account of the receipts and payments arising in connection with any scheme/subject etc. applicable to all the employees of the Government of India including Civilians paid out of Defence Estimates, Posts and Telecommunications (e.g.0020-Corporation Tax; 0021-Taxes on Income other than Corporation Tax; 0075-Other Administrative Services- Other Services-Passport and Visa fees; 2047-Other Fiscal Services; 2049-Interest payments and 7610-Loans to Government servants, etc.) such transactions would be finally accounted for under the concerned Major etc. (Civil) heads of account in the books of Posts, Telecommunications and Defence Departments.

Note-Although individual-wise account is maintained in the cases of licence fee (Rent) for Government quarters forming part of General Pool accommodation (managed by the Director of Estates) no monetary settlement is to be effected. Such recoveries are required to be booked directly against the final head in the books of Posts/Telecommunications/ Railways.

[Authority: Principal Accounts Office, Min. of Urban Development, New Delhi's OM No. G-25011/1/91-92/ Pr.A.O./ T&C/293 -98 dated 9th April, 92.]

8.23.2 The receipts/payments relating to civil estimates under the Major Heads 0059 - Public Works, 0075 - Misc. General Services, 0210 - Medical and Public Health; 0216 - Housing, 2052 - Sectt. General Services, 2059 - Public Works, 2216 - Housing, 4059 - Capital Outlay on Public Works and 4216 - Capital Outlay on Housing shall be adjusted to the final head in the books of the Defence Department without carrying out any monetary settlement thereof with the concerned Civil accounting authority. The accounts consolidating authority of these departments shall render a monthly statement of receipts/payments including progressive figures for that financial year to the Controller of Accounts of the Ministry/Department concerned with that scheme/subject, and also furnish figures under the relevant minor head or budget sub-head to the Computer Cell of C.G.A's organisation while submitting the monthly accounts. For example, the statements in respect of Corporation Tax and Income Tax

recoveries are to be rendered to the C.C.A., C.B.D.T; those in regard to receipts/payments under Government Employees' Insurance Scheme (under Major Heads 0235 and 2235) or Loans to Government servants (Major Head 7610 etc.) to C.A. Ministry of Finance, etc. Budget forecast for the receipt/expenditure based on actuals etc. have to be furnished by Postal Board, Telecom Board and F.A. Defence, to the respective Civil Ministry/Department in connection with the preparation of Budget Estimates/ Revised Estimates as well as for the administration/control of the relevant composite Demand for Grant. The accounts authority in the Central Civil Ministry/Department shall watch the receipt of such monthly/annual etc. statements and take the figures into account for computing the expenditure figures for the preparation/finalisation of Appropriation Accounts for the relevant Demands, for Grants under his accounting control etc.

ANNEXURE 1 TO CHAPTER 8

(Refer para 8.18.1)

DETAILED INSTRUCTIONS IN REGARD TO THE PROCEDURAL ASPECTS RELATING TO ACTION IN THE MINISTRY/DEPARTMENT AND THEIR PRINCIPAL ACCOUNTS OFFICES AND ACCOUNTANTS GENERAL OFFICES

A.- Payment of loans/grants to State Governments by the Central Government

(i) The Ministries/Departments of the Government of India should endorse copies of the sanctions for payment of loans and grants to the state Governments, to the Principal Accounts Officer of the Ministry/Department. Finance Department of the State and the A.G. of the State Government concerned.

(ii) On receipt of the sanction, the Principal Accounts Officer of the Ministry/Department concerned would directly advise the Central Accounts Section of the Reserve Bank of India, Nagpur immediately (in any case within two days at the most) for crediting the balance of the State Government by debit to the balance of the Central Government. Simultaneously the Principal Accounts Officer will pass an entry in his books debiting the appropriate final head of Account e.g. Major Heads 3601,3602,7610 etc. and crediting "8658-Suspense Accounts-Central Accounts Office R.B. Suspense". Such advices may be sent by Fax followed by post copies through Speed Post on the same or next day of advice.

(iii) A copy of the advice at (ii) above alongwith a copy of the sanction should be sent by the Principal Accounts Officer of the Ministry/Department to the Deputy Accountant General by name and the Finance Departments of the State Government concerned. Full particulars, i.e. the no. and date of the sanction, the scheme for which loan/grant etc. has been sanctioned, amount etc. should be indicated clearly in the advice.

(iv) On receipt of the advice from the Principal Accounts Officer of the Ministry/Department in Central Accounts Section, Nagpur, the Reserve Bank of India will credit the balance of the concerned State Government and pass on the debit through the Reserve Bank of India Central Account to the office of the RBI maintaining the accounts of the Ministry/Department, giving reference to the no. and date of the advice. Copies of the clearance memorandum after making the adjustments should be sent by the Central Accounts Section of the RBI, Nagpur to the concerned State Accountant General and to the Principal Accounts Officer of the Ministry/Department concerned, giving particulars of the advice on the basis of which the adjustments have been carried out.

(v) On receipt of the clearance memorandum from the Central Accounts section of the Reserve Bank of India, Nagpur the Suspense Head mentioned at (ii) above will be cleared by the Principal accounts Officer of the Ministry/Department by minus credit by per contra credit to the head '8675 Deposits with Reserve Bank-Central-Civil-Reserve Bank-Central Accounts Office'.

(vi) The office of the Reserve Bank of India maintaining the accounts of the Ministry/Department, will include the debit advised by the Central Accounts Section of the Reserve Bank of India, Nagpur as a distinct item in the monthly statement sent to the Principal Accounts Officer. The Principal Accounts Officer should ensure that the amount debited in the monthly account sent by the R.B.I. tallies with the account of the advice sent by him to the Central Accounts section of the R.B.I. at Nagpur. CCA/C.A. should also review the Register of Advices maintained by Pr. Accounts Office on 10th of each month.

(Authority:-Ministry of Finance (Deptt. of Exp.) O.M. NO. F2(45)/76-SC dated 22-2-1977 on file No. T-14013/1/78/MFCGA/Codes).

Note:-"The procedure for release of ways and means advance by the Plan Finance Division of the Ministry of finance to the State Governments has been discontinued and from the financial year 1977-78 onwards the Ministries themselves will release funds to the State Governments directly for the centrally sponsored schemes and others administered by them and maintain all the necessary accounts. As the Ministries, themselves will be directly releasing the funds to the State Governments, their Principal Accounts Officers would arrange to make the payment of loans and grants on this account also in accordance with the procedure prescribed in the Ministry of Finance, Deptt. of expenditure Special cell O.M. No. F.2(45)/76-Special Cell dated 22-2-77 reproduced as Para A above).

(Authority:-MOF (DE) O.M. No. 10 (1)-PFI/76 dated 22.1.1977 and G-26035/1/77-MF-CGA dated 17.5.1977 on file No. T-14013/6/78/MF-CGA/Codes).

B.- Repayment of Loans and payment of interest thereon by State Governments in respect of Loans from Central Government

(i) The Accountant General of the concerned State Governments will as before arrange for such payments on the due dates by issuing advice to the Central Accounts Section of the R.E.I. at Nagpur for crediting the balance of the Central Government by debit to the balance of the State Governments concerned.

(ii) The advices sent by the State Accountant General to the Reserve Bank of India should clearly indicate the name of the Ministry and Department and the principal Accounts Officer, in whose books the amounts are creditable. Copies of the advices sent by the Accountants General to the Central Accounts Section of the R.B.I. should invariably be endorsed to the Principal Accounts Officer of the Central Ministry/Department in whose accounts the amounts are adjustable, as indicated in the form given below together with a statement, giving the following information.

(i) No. and date of the sanction for the original Loan

(ii) Amount of the Loan.

(iii) Rate of interest applicable.

(iv) Repayment of Principal.

(a) Date on which due;

(b) Amount of repayment;

- (c) Reasons for delay, if any.
- (v) Payment of interest.
 - (a) Date on which due;
 - (b) Account paid and rate at which calculated;
 - (c) Reasons for delay, if any.

(iii) On receipt of the advice from the Accountant General, the Central Accounts Section of the R.B.I. will debit the balance of the concerned State Government and pass on the credit to Central Government through the Reserve Bank of India Central Account to the Office of the Reserve Bank of India maintaining the account of the Ministry/Department concerned, supported by full particulars relating to the advice. A copy of the clearance memo after making the adjustment should also be sent to the Principal Accounts Officer of the Ministry/Department concerned supported by full particulars relating to the advice.

(iv) On receipt of the copy of the advice from the AG referred to in para (ii) above, the Principal Accounts Officer will take credit under the appropriate loan/interest head by contra debit to Reserve Bank Suspense. On receipt of the clearance memo from the R.B.I. the Principal Accounts Officer should link it with the copy of the advice received from the Accountant General and clear the suspense head by per contra debit to the head 8675-Deposits with Reserve bank-Central-Civil-(CAS)."

(v) The office of the Reserve Bank of India maintaining the accounts of the Ministries/Departments will include the credit passed on by the Central Accounts Section in the periodical statements of accounts rendered to the Principal Accounts Officer. It should be ensured by the Principal Accounts Officer that the relevant credits appear in these statements as early as possible after receipt of clearance memo from the central Accounts Section.

(vi) Though the State Accountants General will be initiating action as above for repayment of loans and advances and payment of interest, the Principal Accounts Officer of respective lending Ministries/departments, will be responsible for maintaining necessary loan ledgers and ensuring that the central loans and advances to the states are repaid in the manner prescribed on due dates and payment of instalments of interest are also made correctly and on due dates. The detailed accounts of the loans will be kept by the Principal Accounts Officers as required in para 8.18.5 of this chapter. Cases of default or delay in repayment of loans or payment of interest should be promptly taken up with the Governments concerned. The position should also be reported to the Controller General of Accounts, Ministry of Finance in such form and at such intervals as may be prescribed by him.

[Authority:- MOF (Department of Expenditure) O.M. No. F. 2(45)/76-Special Cell dated 11-1-1979 on File No. T-14013/1/78-MF-CGA/Codes]

TABLE
(See Part 'B' above)

Nature of loan	Central Ministry/Department in whose accounts repayments of Principal and interest are to be adjusted.
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A. In respect of loans as were outstanding at the end of 1978-79

- | | |
|---|---|
| (a) Consolidated Rehabilitation Scholarship loans | (i) Department of Rehabilitation in respect of loans for relief and rehabilitation of displaced persons, repatriates etc.
(ii) Ministry of Education and Social Welfare in respect of loans under National Loan Scholarship Scheme.
(iii) Department of Revenue and Banking (Revenue Wing) in respect of loans for relief of displaced gold smiths. |
| (b) Other Consolidated loans | Ministry of Finance, Department of Economic Affairs. |
| (c) Loans against net collection of Small Savings collections | Ministry of Finance, Department of Economic Affairs. |
| (d) Other Loans
(i) Bhakra Nangal Project
(ii) Hira Kund Stage-I (Orissa) | } Ministry of Energy (Department of Power) |

B. In respect of loans sanctioned in 1979-80 or thereafter

- | | |
|--|---|
| (e) Various categories of Plan/Non-Plan loans and Ways and Means Advance | Ministry/Department which sanctioned the loans and advances |
|--|---|

CHAPTER 9

RECOVERIES, PAYMENTS AND ACCOUNTING FUNCTIONS ARISING IN RESPECT OF CENTRAL GOVERNMENT EMPLOYEES SENT ON FOREIGN SERVICE/DEPUTATION

9.1 INTRODUCTORY

9.1.1 Foreign service means service in which a Government servant receives his pay with the sanction of Government from any source other than the Consolidated Fund of India or Consolidated Fund of a State or Consolidated Fund of a Union Territory. [F.R.9(7)]

9.1.2 Foreign Service resolves itself into two main divisions, namely, 'Foreign Service in India' and 'Foreign Service out of India' according as the Foreign employer is in or out of India. The country of employment of the lent officer DOES not alter or determine the character of the foreign service.

9.1.3 Deputation of Government servants on foreign service terms to Public Sector Undertakings / autonomous bodies either on the basis of circulars / requests from these organizations or Public advertisements is ordinarily not permissible barring certain exceptions on the needs of the borrowing organizations concerned. As such it should be ensured that cases of deputation on foreign service terms to Public Sector Undertakings / autonomous bodies are governed by the orders on the subject issued by Government from time to time.

9.2 PENSION/LEAVE SALARY CONTRIBUTIONS

9.2.1 The following contributions are recoverable in case a Government servant, irrespective of whether he is holding a substantive post permanently, or officiating therein or is holding a temporary post, is transferred on Foreign Service by the competent authority:-

(a) Pension contributions as embodied in FR 115(a)

(b) Leave salary contribution in case the Foreign Service is in India. [FR.115(b)]

The contributions, as above, shall be paid by the Government servant himself unless his foreign employer consents to pay them. They shall not be payable during leave taken while on foreign service.[FR.115(c)]

Contribution for leave salary or pension, due in respect of a government servant on foreign service, may be paid annually within fifteen days from the end of each financial year or at the end of the foreign service, if the deputation on foreign service expires before the end of the financial year, and if the payment is not made within the said period, interest must be paid to government on the unpaid contribution, unless it is specifically remitted by the President, at the rate of two paise per day per Rs.100/- from the date of expiry of the period aforesaid upto the date on

which the contribution is finally paid. The interest shall be paid by the government servant or the foreign employer according as the contributions are paid by the former or the latter.

9.2.2 PAY/DEARNESS PAY TO BE RECKONED FOR CALCULATION OF LEAVE SALARY/PENSION CONTRIBUTIONS-

Pension contributions should be based on the maximum of the pay, as defined in Rule 9(21)(a)(i) of the Fundamental Rules, of the post held by the Government servant in his parent department at the time of his proceeding on Foreign Service or to which he may receive proforma promotion while on foreign service.

9.2.3 The rates of pension contribution payable during foreign service have been revised by the Ministry of Finance, Department of Expenditure O.M. no. F-3(39)-e(3)/81 dated 29th July 1982. These revised rates are applicable from 1st July 1982 (please see annexure 'A' to this chapter for the rates). Whenever the dearness allowance and additional dearness allowance etc. are ordered to be treated as pay for the purpose of calculating average emoluments for pension, the pension contribution payable in respect of a government servant during the active period of his foreign service should be based on the maximum of the pay as defined in para 9.2.2 plus the dearness pay, additional D.A., interim relief etc., appropriate to such a maximum (with effect from such date as may be notified by Government).

9.3 MAINTENANCE OF LEAVE ACCOUNT, GRANT OF LEAVE AND LEAVE SALARY PAYMENTS ETC. WHILE ON FOREIGN SERVICE

9.3.1 A proforma leave account of the Government servant concerned will be maintained by the foreign employer and for this purpose an extract of the leave account shall be supplied to him by the head of office of the parent department. The foreign employer will determine the leave admissible to the Government servant concerned and sanction it under intimation to the head of office and the Pay and Accounts Officer and also arrange for the payment of the leave salary to the official. He shall claim reimbursement of the leave salary so paid from the Head of Office at half yearly interval. For this purpose, he will send necessary claims to the head of office indicating details of the official on foreign service, nature and period of the leave sanctioned, rate of leave salary and amount of leave salary paid. This statement shall be sent for the period ending 30th September and 31st March of each year. The Head of Office shall verify the claims preferred by the foreign employer and arrange to reimburse the amount by means of a cheque/bank draft within a month of receipt thereof by submitting a bill to the Pay and Accounts Officer concerned.

9.3.2 The leave salary so paid shall be debited to the functional expenditure head of the Department concerned. In the case of All India Service Officers borne on Union Territory Cadre, if payments are made at combined rates for both pensions and leave salaries, such contributions shall be debited to the functional head to which the salary of the officer is debitable. In case the leave salary contribution is paid separately, it would be debited to Major head '2070 -Other Administrative Services', Minor head '800 - Other Expenditure'.

9.3.3 The monthly rate of leave salary contribution in respect of all classes of government servants (including group 'D') governed by the Central Civil Service (Leave) Rules is 11% of pay drawn while in foreign service.

Note: If the foreign employer pays the contributions then leave salary contribution would be worked by applying the percentage on the pay actually drawn in foreign service. If the contributions are paid by the government servant himself, the leave salary contribution should be calculated on the net pay drawn during foreign service. (Net pay means the pay that would be left after meeting the pension and leave salary contributions. In such cases the percentage of leave salary contribution is not applied directly on the actual pay drawn during foreign service, but an element of compensation is taken into account for both the contributions before percentage for leave salary contribution is calculated.)

The following three different formulae could be applied in each of the three possible situations :

(A) Where the pension contribution alone is paid by the government servant:-

$$L = (F - P) \times R/100$$

(B) Where the leave salary alone is payable by the government servant:-

$$L = F \times R/(100 + R)$$

(C) Where both (pension and leave salary) contributions are payable by the government servant.

$$L = (F-P) \times R/(100 + R)$$

Here 'L' stands for leave salary contribution.

'F' stands for pay actually drawn in foreign service.

'P' stands for the pension contribution payable by the government servant.

'R' stands for the rate of leave salary contribution payable by the government servant.

9.3.4 Incidence of compensatory allowance payable during leave taken while on foreign service. The entire expenditure on account of any compensatory allowance(s) for the period of leave taken by a government servant during or at the end of Foreign Service shall be borne by the foreign employer. Conditions to that effect should be specifically incorporated in the terms of foreign service to be mutually settled by the government department and the autonomous body etc. However, the incidence of expenditure on account of dearness allowance on leave salary payable to a government servant who retires/dies in harness while on foreign service, shall be paid to him/legal heirs by the parent department as part of cash equivalent of leave salary of unutilised leave admissible to him/her at the time of his/her retirement/demise.

[Authority (i) Ministry of Finance(Deptt. of Expenditure) O.M.No.F8(4)-E.III/79 Dated 25.1.1980 & of even No. /82 Dated 10.1.1983.

(ii) Ministry of Finance (Deptt. of Expdr.) O.M .No. 21011/21/81- E.II(B) Dated 10.8.1981.]

9.4 PAY AND ACCOUNTS OFFICE SPECIFIED FOR THE PURPOSE

9.4.1 The "specified" Pay and Accounts Office in the context of various payment and/or accounting functions relating to Central Government employees, which arise while they are on foreign service or on deputation to the State Governments, Defence, Railways, Department of Posts, Department of Telecommunications, Union Territory Governments/ Administrations shall be:-

(I) The Pay and Accounts Office of the concerned parent Ministry/Department in respect of employees belonging to any particular Ministry/Department (i.e. not borne on a Centrally administered cadre). The corresponding DDO may be associated in matters involving DDO's responsibilities.

Note 1: In accordance with para 6.1.1. of this Manual, the said P.A.O. is also responsible for the maintenance of their G.P. Fund accounts.

Note 2: An employee who proceeds on foreign service or on a deputation referred to above, while on deputation to another Central(Civil) Ministry/Department without actually reverting to the parent Ministry/Department. is deemed notionally to have reverted to the parent Ministry/Department before proceeding on the foreign Service/deputation purposes of these provisions also.

(II) PAO of the Ministry/Department in which the Officer served before proceeding on foreign service deputation, in respect of an Officer belonging to a Centrally administered cadre such as the Indian Civil Accounts Service and Indian Economic Service etc. (The corresponding D.D.O may be associated in matters involving D.D.Os responsibilities).

(III) The "specified" Pay and Accounts Office will perform functions indicated below:-

(i) in respect of Central Civil employees on foreign service:

(a) of watching recovery of foreign service contributions from the foreign body and credit to Government; or arrange payment of any arising in terms of main para Nos. 9.3.,9.5 and 9.7 etc of this Chapter.

(b) of watching receipt of contributions under the Central Government Employees' Insurance Schemes of 1977 or 1980 as the case may be, and payments arising thereunder and reporting statistics pertaining thereto and

(c) all other residuary payments/accounts work, such as payment and recovery of instalments of long term advances and interest thereon, cash payment in lieu of unutilised earned leave, which are required to be handled by Central Government Accounts authorities.

- (ii) in respect of employees on deputation to Defence, Railways, Posts, Telecommunications, U.T. Governments and Administrations, of watching recoveries of long term advances and interest thereon, if any, handling pre-check payments of such advances and inclusion thereof in the accounts functions as at (a) above will not arise in the case of such deputations.

(IV) Recoveries on account of subscriptions to the General Provident Fund in respect of All India Service Officers borne on the Union Territory Cadre, effected while they are on foreign service or on deputation with the Government of India (including Railways, Defence, Department of Posts and Department of Telecommunications) would be passed on to PAO NO.VI Tis Hazari under the Controller of Accounts, Delhi Administration, as he is required to maintain their GP Fund accounts. This PAO will also act *** as the 'specified' PAO in respect of functions similar to (a) & (c) above, arising in connection with UT Cadre A.I.S. Officers. but recoveries under the AIS (Group Insurance) Rules, 1981 effected while they are on deputation as above, would be finally accounted for and adjusted in the books of the Accounts Officer of the Central Government Department concerned.

*S.11044/1/78/TA/804 dated 23-2-1980.

**S.11031/1/78/TA1/1264 dated 14-6-1978.

***D.O. No.S. 11034/1/79/TA/536 dated 5-2-1980 to C.A. Delhi Administration.

9.4.2 Copies of the orders transferring the Government servant to other Governments on Deputation or on foreign service or on reversion therefrom shall be endorsed to the Pay and Accounts Officer concerned by the Ministry/Department.

9.4.3 DUTIES OF THE PAY AND ACCOUNTS OFFICE

On receipt of orders regarding deputation of Government servants to foreign service, the Pay and Accounts Office will take steps mentioned hereafter:-

- (i) Check that the sanction has been accorded by the competent authority and that the terms of foreign service are in conformity with the provisions of Appendix II A to FR Volume II.
- (ii) Call for the following particulars in Form CAM 57 relating to the Government servant concerned:-
- (a) Date on which he made over charge of his duties under Government;
- (b) Date on which he assumed charge of his duties in the foreign service;
- (c) The post and the time scale of pay of the post held by him at the time of proceeding on foreign service or to which he may receive proforma promotion while on foreign service;
- (d) Head of account to which his pay was debitible prior to his transfer; and

(iii) Maintain a register of foreign service contributions as indicated below:

(a) Every entry in this register shall be attested by the P.A.O.

(b) The register should be reviewed by the P.A.O. once a year, say, in the last week of April to ensure that foreign service contributions are received in respect of Government servants noted therein and the foreign employer/Government servant was reminded to send the contributions, and penal interest levied according to rules in cases of default.

9.5 MAINTENANCE OF REGISTER OF RECOVERIES OF FOREIGN SERVICE CONTRIBUTIONS

9.5.1 A Register (Form CAM 58) shall be maintained by each Pay and Accounts Office for watching recoveries of leave salary and pension contributions entering therein ancillary data in respect of Government servants on foreign service. The date of relief from the Government Department, date of assumption of office in foreign service and other particulars for effecting recovery of foreign service contributions, and all orders received in respect of the Government servant relating to the period of service with foreign employer (including about grant of leave and type of leave) as well as date of his return from foreign service, shall be made in this register.

9.5.2 The amounts of monthly contributions payable by the foreign employer or the official, as the case may be, shall be worked out by the Pay and Accounts Office and intimated to the foreign employer or the Government servant as the case may be, for payment thereof under intimation to the Head of office of the Government servant. The amount thus calculated with particulars of foreign service shall be noted in the Register under attestation of the Accounts Officer. As the rate of pension contribution depends on the length of service rendered under Government and the rate of leave salary contributions depends on the pay drawn by the Government servant while on foreign service, a suitable note regarding date of increment and the length of service of the officer shall be noted prominently in the said register. When the officer reverts from foreign service, his account of contributions should be verified to see that the contributions have been recovered fully upto the date of reversion; if not, balance short paid, or due, shall be claimed immediately from the foreign employer concerned.

In cases of transfer to foreign service where the foreign service contributions are payable by the government servant (transferee) himself, it shall be necessary to secure a letter addressed to the foreign employer from the transferee, to pay to the Government of India from his salary a specific monthly sum towards his foreign service contributions which he himself has to pay. The foreign employer would thus be held responsible for making such deductions and remit them by demand draft/cheque to the Pay and Account Office of the parent department of the transferee.

In the case of government servants on deputation/foreign service from Union Ministries/Departments where the merged D.D.O. scheme has been introduced from

1.4.1986 or thereafter, and the recoveries on account of G.P.F. subscriptions, long-term advances, leave salary and pension contributions etc. are received in the form of cheques/drafts by the P.A.O., the existing procedure of accounting of these valuables will continue. However, the P.A.O. should duly intimate to the D.D.O., full details of the recoveries received and brought to account by them. The ultimate responsibility for watching the recoveries/contributions will be that of the concerned D.D.O. Recoveries which were in arrears as on 1.4.1986 will continue to be watched by the P.A.O. until final settlement thereof.

In respect of government servants on deputation, individual folios will continue to be maintained in the Pay Bill Register in the section 'deductions/recoveries' against the relevant month changing the column heading suitably, if necessary. Claims submitted by the D.D.O. to the P.A.O. towards payment/reimbursement of leave salary of the government servants on foreign service should be noted in the section 'amount due' in the pay bill register. The D.D.O. will be responsible for reporting the amount of leave salary and pension contribution payable by the borrowing organisation at the time of drawing up terms and conditions of foreign service certificate regarding recovery of contribution will be recorded annually in the service book by the D.D.O. of the lending ministry/department.

9.5.3 It has been decided that these contributions should be rounded off to the nearest rupee, fractions equal to 50 paise or more being rounded off to the next higher rupee.

[Government of India, Ministry of Finance OM No. F.1(5)-E.III(B)/69 dt. 19-5-1969 and 2nd February, 1970].

9.5.4 ENTRIES IN SERVICE BOOKS TO BE MADE BY P.A.O.

Whenever a Government servant is transferred to foreign service the Head of Office/Department must send the Service Book to the P.A.O. If it is not received, the PAO will initiate action therefor. He will note therein the fact of the transfer on foreign service over the signature of Pay and Accounts Officer, inter-alia, indicating the orders sanctioning the transfer, the effect of transfer in regard to leave admissible during foreign service and any other particulars considered necessary. The service book will, thereafter be returned to the Head of Office of the parent department or office from which it was received. On retransfer of the Government servant from foreign service to Government service, the service book will have to be sent to the PAO (or called for by him, if not received) and necessary entries (including the fact of recovery of leave Salary and Pension contributions) recorded therein over the signature of the Pay and Accounts Officer.

[Authority: Supplementary Rule 203].

9.6 HEADS OF ACCOUNTS FOR CREDIT OF LEAVE SALARY/PENSION CONTRIBUTIONS

9.6.1 Contributions towards leave salary and pension when recovered together shall be credited to Government under the head "0071-Contributions and Recoveries

towards pension and other retirement benefits-101-Subscriptions and Contributions". When leave and pension contributions are recovered separately, the latter is to be credited to the head mentioned in previous sentence but recovery of leave salary contribution is to be credited to the receipt head corresponding to the functional head to which the establishment relates, or where there is no corresponding receipt head, to the minor head 'Other Receipts' under the residuary receipt major head in the respective sectors. Leave salary contributions received in respect of All India Service Officers shall, however, be credited to the minor head "800-Other Receipts" below the sub-major head '60-Other Services' under the major head '0070-Other Administrative Services'.

9.6.2 Penal interest on arrears of contributions towards leave salary and pension of Government servants on foreign service shall be credited to the head of account to which the contributions are credited.

9.7 DISCHARGE OF LIABILITY IN REGARD TO EARNED LEAVE DUE TO A GOVERNMENT SERVANT DEPUTED TO A PUBLIC SECTOR UNDERTAKING ON HIS FINAL ABSORPTION THEREIN.

9.7.1. Under the provisions of O.M., No. 28016/5/85-Estt(C) dated 31st January 1986 issued by Government of India, Deptt. of Personnel and Training, as amended from time to time, Government shall pay a lump-sum amount equal to leave salary for the earned leave due to the Government servant deputed to Public Undertaking on the date of his permanent absorption therein. Half-Pay leave at his credit will stand forfeited.

The pensionary liability in respect of the Government servants who got permanently absorbed in Public Sector Undertakings / autonomous bodies shall be discharged by the Department concerned as per the instructions / procedure contained in Govt. of Finance, Ministry of Finance OM No. 26(18)-EV (B)/75 dated 8-4-76 and the subsequent orders issued on the subject by the Dept. of Personnel & Trg. and Department of Pension & PW from time to time.

9.7.2. The procedure to be followed in this regard by authorities is outlined below;-

With the departmentalisation of accounts in the various Ministries of the Government of India, and with the issue of Ministry of Finance, Department of Economic Affairs, Budget Division OM No F.10(9)-B(TR)76 dated 28-2-1976, the Heads of Offices are to determine the entitlement of pay and allowances to all staff including gazetted officers, and the Pay and Accounts Officers are to maintain only the record to watch the recovery of leave salary and pension contributions from the autonomous body/organisation. As and when a Government servant deputed on foreign service to a Public Undertaking opts for permanent absorption therein, the Head of Office of the parent department of the employee shall work out the leave at the credit of the Government servant on the date on which he is permitted to get absorbed into the Public Undertaking and work out the amount of corresponding leave salary under the relevant rules. Simultaneously, he should ascertain from the Pay and Accounts Officer concerned whether foreign service contributions have been recovered upto date from the Public Undertaking. On receipt of this information the

Head of Office would prepare a bill towards the lump-sum leave salary (less amount of foreign service contribution not realised, if any) and present it to the concerned Pay and Accounts Officer. The cheque for the amount drawn in favour of the Government Servant received thereagainst, shall be sent to the Undertaking, under intimation to the employee concerned. A note of the payment shall be kept in the Service book of the employee by the Head of Office, and similar note shall be kept by the Pay and Accounts Office concerned in the relevant register of foreign service contributions.

9.7.3 The expenditure on payment of the lump-sum leave salary will be debit to the head of account to which the leave salary of the Government servant would have been debit in the normal course.

9.8 SIMPLIFICATION OF ADJUSTMENT ON ACCOUNT OF ALLOCATION OF LEAVE SALARY AND PENSIONS BETWEEN DEPARTMENTS OF CENTRAL GOVERNMENT/UNION TERRITORY GOVERNMENTS AND ADMINISTRATIONS

9.8.1 The system of allocation of leave salary and pension among the departments of Government of India including Railways, Defence, Posts, Telecommunications and also Union Territory Government/Administration stands dispensed with from 1st January, 1978 and this dispensation is applicable to all cases of leave salaries paid and pensions sanctioned on or after that date.

[Authority: (I) Ministry of Finance (Deptt. of Expr.) Special Cell O.M.No.F.2(117)/76-SC Dated 26.12.1977 & (II) C.G.A.'s O.M.No. S-11031/1/78/TA/725 Dated 23.2.1979]

9.9 DEPUTATION OF CENTRAL GOVERNMENT OFFICIALS TO STATE GOVERNMENTS AND VICE-VERSA

9.9.1 In respect of government employees (temporary/permanent) moved from Central Government to State Government and vice-versa in terms of Govt. of India, Department of Personnel & Administrative Reforms letter No.3(20)/Pen(a)/79 dated 31.3.1982 read with the provisions contained in Appendix V-BII and III to the Government Accounting Rules, 1990, the system of allocation of pension/leave salary etc. has been dispensed with.

The liability for pension including gratuity is to be borne in full by the Central/State Government to which the government employee permanently belongs at the time of retirement.

9.9.2. The liability for leave salary is to be borne in full by the department from which the government servant proceeds on leave, whether it be his parent department or a borrowing department with whom he was on deputation at the time of proceeding on leave.

9.9.3 CONTRIBUTORY PROVIDENT FUND

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The liability for government contribution will be borne by the parent department of the central/state government and no share of contribution will be recovered from any borrowing department.

9.9.4 In the case of state government servants (mainly All-India Service Officers) on deputation to the centre, central government shall pay an ad-hoc grant to each state government in lieu of the recovery of pension contributions.

9.9.5 In respect of All India Service Officers borne on State Cadres but serving on deputation with a Department of Central Government including Railways, Defence and Posts and Telecommunications Departments, recoveries on account of G.P.Fund and under the Group Insurance Scheme applicable to AIS Officers shall be passed on to the State Accountant General concerned.

However, in respect of All-India Service officers borne on cadres of states which have taken over the work of maintenance of G.P.F. accounts of its employees from the I.A. & A.D., recoveries on account of G.P.F. will be passed on directly to the authority nominated by the state government for the maintenance of G.P.F. accounts, without the intervention of the state A.G. concerned.

9.9.6 In the case of officers on deputation to the Central Civil Ministries/Departments from State Governments, Union Territory Governments and Administrations, Posts, Telecommunications, Railways and Defence annual statement of subscription to G.P.F. & recovery of temporary advances from the G.P.F. account and recoveries on account of house building advance and motor car advance sanctioned by the parent department shall be furnished by the Pay and Accounts Office to each individual officer through head of office in form CAM-66. This will be prepared on the basis of entries in the Register of Outward claims maintained in form CAM-53. A copy of the statement shall also be simultaneously sent to the accounts officers of the official concerned by the 31st August each year. This statement could be used by the Accounts Officer of the parent department to adjust missing credits, if any, in his account without having to correspond with the Principal Accounts Office/Pay and Accounts Office of the Central Government ministries/departments.

This procedure may be followed mutatis mutandis by the Accounts Officer of the State Government borrowing the services of Central Govt. employees (including Union Territory) Governments and Administrations, Posts, Telecommunications, Railways and Defence and the Pay & Accounts Offices of the parent department.

9.10 PAYMENT OF PENSION/C.P.F. CONTRIBUTIONS AND/OR G.P.F. SUBSCRIPTIONS/ SUBSCRIPTIONS UNDER THE CGEGIS, 1980 AND/OR REPAYMENT OF LOANS AND ADVANCES DURING THE PERIOD OF FOREIGN SERVICE OUT OF INDIA.

9.10.1 Pay and Accounts offices shall watch that Govt. servants proceeding on foreign service out of India, make remittances of Pension/C.P.F. contributions and/or G.P.F. subscriptions and repayment of loans and advances regularly during the period of their foreign service out of India, according to the procedure laid down in the Ministry of Finance (Department of Expenditure) O.M. No. F. 8(8)-E.III/81 dated 22nd September, 1981 as amended from time to time.

(Authority : Ministry of Finance (Department of Expenditure) O.M. No F 8(8)-E. III/81 dated 22-9-1981 read with O.M. No. E.III/82 dated 11.5.82).

ANNEXURE "A"
(Referred to in para 9.2.3.)

Rates of monthly contribution for pensionary benefits payable during active foreign service in respect of:-

Year of Service	Group 'A' Employees	Group 'B' Employees	Group 'C' Employees	Group 'D' Employees
(1)	(2)	(3)	(4)	(5)
0-1 Year	7% of the maximum monthly Pay of the post in the officiating/substantive grade, as the case may be, held by the officer at the time of proceeding on foreign service	6% of the maximum monthly Pay of the post in the officiating/substantive grade, as the case may be, held by the officer at the time of proceeding on foreign service	5% of the maximum monthly Pay of the post in the officiating/substantive grade, as the case may be, held by the officer at the time of proceeding on foreign service	4% of the maximum monthly Pay of the post in the officiating/substantive grade, as the case may be, held by the officer at the time of proceeding on foreign service
1-2 Year	7% do	6% do	6% do	4% do
2-3 "	8% do	7% do	6% do	5% do
3-4 "	8% do	7% do	7% do	5% do
4-5 "	9% do	8% do	7% do	5% do
5-6 "	10% do	8% do	7% do	6% do
6-7 "	10% do	9% do	8% do	6% do
7-8 "	11% do	9% do	8% do	6% do
8-9 "	11% do	10% do	9% do	7% do
9-10 "	12% do	10% do	9% do	7% do
10-11 "	12% do	11% do	10% do	7% do
11-12 "	13% do	11% do	10% do	8% do
12-13 "	14% do	12% do	10% do	8% do
13-14 "	14% do	12% do	11% do	8% do
14-15 "	15% do	13% do	11% do	9% do
15-16 "	15% do	13% do	12% do	9% do
16-17 "	16% do	14% do	12% do	9% do
17-18 "	16% do	14% do	13% do	10% do
18-19 "	17% do	15% do	13% do	10% do
19-20 "	17% do	15% do	13% do	10% do
20-21 "	18% do	16% do	14% do	11% do
21-22 "	19% do	16% do	14% do	11% do
22-23 "	19% do	17% do	15% do	11% do
23-24 "	20% do	17% do	15% do	12% do

24-25 "	20%	do	17%	do	16%	do	12%	do
25-26 "	21%	do	18%	do	16%	do	12%	do
26-27 "	21%	do	18%	do	16%	do	13%	do
27-28 "	22%	do	19%	do	17%	do	13%	do
28-29 "	23%	do	19%	do	17%	do	13%	do
29-30 "	23%	do	20%	do	18%	do	13%	do
Over 30 Year	23%	do	20%	do	18%	do	14%	do

CHAPTER 10

LOANS, ADVANCES, GRANTS-IN-AID, GUARANTEES AND INVESTMENTS

10.1 GENERAL

10.1.1 Sanctions are issued by Ministries/Departments relating to loans and grants-in-aid in accordance with the guidelines provided in chapter 11 of the General Financial Rules, and advances to Government servants in accordance with Chapter 14 thereof. Some loans and advances are sanctioned by Government under special laws, others for special reasons or as a matter of recognised policy.

10.1.2 General guidelines and instructions in regard to the interest rates to be charged, period of repayment to be fixed for loans to different parties, and for various purposes in respect of public sector projects in particular, etc. are contained in Ministry of Finance (Budget Division) O.M. No. F.14 (17)-B(SE)/79 dated 28-6-1980 as amended from time to time. (Annexure 'A' to this Chapter). These may be kept in view by Accounts Offices while scrutinising the sanctions for loans. In the case of loans the detailed accounts of which are required to be maintained by the Pay and Accounts Office, that office should see that the conditions of repayment thereof are complied with by the loanee and should exercise a close watch over repayment of principal and realisation of interest. In the case of loans to public sector undertakings, statutory bodies, institutions etc. (other than State/U.T. Govts.) the Accounts Officer maintaining the detailed account shall issue notices a month in advance of the due date of repayment vide Note 4 below Government of India decision 1 below GFR 155(2). Any default in payment, either of principal or of interest by all loanees should be reported without delay to the authority which had sanctioned the loan or the advance. If that authority enforces any penal interest upon the overdue instalment of interest, or principal and interest it shall be the duty of the Pay and Accounts Office to watch its recovery.

10.2 CLASSIFICATION

10.2.1 Loans to State governments are debitable to the major head "7601-Loans and Advances to State Governments" and are treated as 'charged' items of expenditure. Other loans (but not advances to Government servants) are debitable to any of the heads from "6202-Loans for Education, Sports, Art and Culture to 7605-Advances to Foreign Governments", and also "7615-Miscellaneous Loans" as is found suitable for the purpose. Advances to Government servants are debitable to the major head "7610-Loans to Government servants, etc."

10.3 PROCEDURE FOR PAYMENT OF LOANS AND ADVANCES SANCTIONED BY CENTRAL GOVERNMENT

10.3.1 Paras 8.18.1 to 8.18.9 and 8.21 of Chapter 8 deal with the detailed procedure to be followed for the payment of loans and grants-in-aid to State Governments and Union Territory Governments and Administrations.

10.3.2 Payment of loans and advances to parties other than State/U.T. Governments and Administrations shall be made by the drawing officers of the Ministries/departments sanctioning payment of loans and advances. The drawing officer shall present to the Pay and Accounts Office concerned, a bill on a simple receipt in a form similar to form T.R. 42 duly supported by a copy of the sanction for such payment. he shall also record on the bill, after due verification, a certificate to the effect that the conditions specified in the sanction have been satisfied and/or that a formal undertaking/agreement has been obtained from the loanee concerned. The Pay and Accounts Office will forward to the drawing officer a crossed cheque drawn in favour of the party concerned, and the DDO will deliver it to the loanee and obtain his acquittance (duly stamped wherever necessary) and pass it on to the P.A.O

[Authority:-Para 1 of Ministry of Finance (DEA) O.M. No. F.10(41)-B/64 dated 12-5-1970]

10.4 PROCEDURE FOR REPAYMENT OF THE LOANS AND ADVANCES AND INTEREST THEREON

10.4.1 Paras 8.18.2, 8.18.9 and 8.21.2 of Chapter 8 deal with the procedure to be followed for repayment of loans and payment of interest by State Governments and U.T. Governments.

10.4.2 The procedure indicated below shall be followed for the repayment of principal and/or interest payment on the loans and advances referred to in para 10.3.2 by the borrowers e.g. Public Sector Units, Statutory bodies, Institutions, Societies, Private Sector concerns and individuals:-

(a) Payment of interest and/or principal shall be tendered on or before the due date, at the specified New Delhi main branch office of the Public Sector Bank accredited to the Ministry/Department which sanctioned the loan or its successor on whose books the accounts of the loans in question are maintained.

(b) The payment will be made in cash or by cheque/draft drawn on a scheduled bank in Delhi/New Delhi in favour of the Public Sector Bank branch (mentioned in sub-para (a) above). The payment will be accompanied by a memorandum or challan in duplicate, giving the following details:-

(i) Name of the loan sanctioning ministry/Department (or its successor as the case may be);

(ii) Number and date of the sanction letter with the loan amount sanctioned;

(iii) Amount due for payment, separately for interest and principal and the head(s) of account to which the dues are to be credited in the Government account. Separate cheques/drafts and challans should be submitted for payment of principal and interest; and

(iv) Due date of payment.

Note : In order that Government may get relevant credit by the due date cheque/draft should be so tendered at the bank as to give enough time for its clearance on or before the due date by the bank.

(c) Outstation loanees may arrange to tender payment of dues together with memorandum/challan in duplicate through their bank to the public sector bank branch at New Delhi mentioned in (a) above ensuring that payment is tendered at the aforesaid public sector bank branch by the due date; and

(d) The receipt of cheque/draft tendered in payment of dues will be acknowledged by the public sector bank through a paper token immediately and after realisation of the cheque/draft, duplicate copy of the challan will be given to the tender.

The Public Sector Bank collecting the dues shall arrange prompt credit thereof to Central Government account and send to the Pay and Accounts Officer of the Ministry/Department in accordance with the general instructions issued for handling receipts and payments of the Ministry/Department.

[Authority: Ministry of Finance, department of Economic Affairs, O.M. No. F. 10(7)-B(TR)/76 dated the 21st June, 1976]

10.4.3 The repayment of loan shall be watched in accordance with the terms of the sanction read with Government of India decision No. 1 below GFR 156(2). Normally, the repayment of a loan shall commence from the 1st anniversary date of its drawal in the specified number of annual equal instalments of principal. While a suitable period of moratorium towards repayment of principal might be permitted/sanctioned by Govt., no moratorium shall be allowed in respect of payment of interest.

10.4.4 Interest shall be recovered from the loanees at the rates prescribed by Government from time to time and calculated in accordance with the principle laid down in Rule 156(2) of GFRs. Instructions issued by the Ministry of Finance (Budget Division) from time to time prescribe the rates of interest to be charged from statutory bodies, corporations etc. may also be referred to for this purpose in case of doubt.

10.4.5 When the due date of repayment of any instalment of principal or interest on a loan advanced to a State Government/any other party, falls due on a Sunday or other holiday, no interest need be charged for the day or days for which the recovery gets postponed on this account. However, if the principal or interest is repayable on the 31st March of a year and if that day happens to be a holiday the recovery should be made on the immediate preceding working day.

[Authority: Govt. of India, Ministry of Finance, O.M. No. 13(10)/W&M/62 dated 23-7-1963]

10.5 LOAN REGISTERS AND BROADSHEETS

10.5.1 The sanction orders for payment of loans should be generally scrutinised and details of the amount sanctioned, the authority sanctioning the loan and the conditions of each loan should be noted in a Loan Register (Form CAM 29) in the page assigned to it under the attestation of the Accounts Officer. Separate pages should be allotted for each loan, and repayments and receipt of interest amounts should be

noted/watched against each loan (or instalments of drawal thereof, wherever a loan is not drawn in one lump sum). It should be seen that a specific provision for levying penal interest in the event of default in the repayment of principal and/or payment of interest thereon the due dates exists in all sanctions in accordance with Rule 161(2) of GFRs.

10.5.2 A Broadsheet (Form CAM 59) shall be maintained major and minor head-wise (separately for debits and credits) to reconcile the payments and recoveries of the loans arising during each month, with the accounts figures.

10.6 UTILISATION CERTIFICATES

10.6.1 Receipt of a utilisation certificates from the loan sanctioning authority shall be watched in all cases of payment of loans for specific purposes or in cases where conditions like specification of the particular object on or the time within which the loan must be spent are stipulated in the sanction order for the payment of loan. Utilisation certificates are not required to be submitted in cases of (a) where the loans are sanctioned for giving temporary financial aid to public undertakings etc. to tide over a temporary financial crisis; (b) the loans are intended for financing of their approved capital outlay and (c) loans given to State Governments and Union Territory Governments.

10.6.2. Para 5.15.2 may be referred to in connection with retrospective conversion of a loan given to a State or Union territory Government into a grant-in-aid.

10.7 LONG TERM ADVANCES TO GOVERNMENT SERVANTS

10.7.1 Long term interest-bearing advance to Government servants, namely, House Building Advance, Motor Conveyance which are recoverable in not less than 60 instalments shall be paid only after pre-check of the bills by the concerned Pay and Accounts Office. The PAO shall keep a note of such payments in a Register (Form CAM 30) prescribed for the purpose and note therein the repayment thereof. The payments and recoveries noted in this register shall be reconciled monthly with the figures compiled in the monthly accounts, and discrepancies, if any, shall be rectified. For calculation of interest para 4.29.2 may be referred to.

10.7.2 In the case of Central Government employees transferred from one Ministry/Department to another under the Government of India, including on deputation basis, the balances outstanding against the Government servant at the time of such transfer shall be effected by monetary settlement through exchange of 'C' category cheques in the manner envisaged in paras 16.4.1 and 16.4.2.

It should be ensured by the transferee PAO, on receipt of the claim from the transferor PAO, that the cheque of the 'C' category-Govt. A/C -not payable in cash' is issued in favour of the latter. Transferee PAO shall classify and book the paid amounts as minus credit and not debit to Major/Minor Heads '7610-Loans to Govt. Servants-HBA/MCA' per contra credit to Major/Minor Head '8670-Cheques and Bills-PAO Cheques.

10.7.3 Provisions of the All India Services (House Building Advances) Rules 1978 (notified in D.P.A.R.'S No. 29012/1/75-AIS(II) dated 31-5-1978) are applicable to All India Service Officers. In the case of an All India Service Officer borne on State cadre but on deputation with the Central Government, Autonomous Bodies, Public Sector Undertakings etc. owned or controlled by the Central Government, application for house building advance at the rates and subject to the conditions as per the House Building Advance Rules of the Government of India shall be processed and advance sanctioned by the State Government concerned on whose cadre he is borne. The advance shall be drawn by the drawing and disbursing officer of the department of parent Government which had issued the sanction and payment will be made by that DDO to the officer concerned by bank draft through the DDO of the office in which the officer is presently working under the Central Government. The recoveries (credits) from pay bills will be passed on by the Central Pay and Accounts Office concerned to the Accountant General of the State concerned on cash settlement basis in the usual manner.

[Authority: D.P.A.R. letter No. 14018/3/80-AIS(II) dated 4-5-1981 read with Min. of Fin. (Deptt. of Exp.) Spl. Cell O.M. No. F-4(9)/76SC dated 11.3.1977]

A similar procedure will also be followed for the drawal and payment of other types of advances, if any, sanctioned by State Government to its officers on deputation with the Central Government Departments. For drawal of temporary advances and part final withdrawal from the G.P. Fund, refer Note below Para 6.4.2. In regard to sanction and payment of conveyance advance, refer Rule 191 and explanation there under of General Financial Rules.

10.8 SHORT-TERM ADVANCES TO GOVERNMENT SERVANTS

10.8.1 Under the provisions of para 187 of General Financial Rules, Heads of Offices are responsible for the recovery of the advances granted in accordance with the provisions of the rules contained in Chapter 14 *ibid* alongwith interest, if any, recoverable and to ensure that the conditions attached to each advance are fulfilled. The Head of Office shall also maintain detailed account of short-term advances granted to Government servants which would include not only advances granted to Govt. servants which are recoverable in less than 60 instalments but also recovery of advance of pay/TA on transfer, tour advance and advance for Leave Travel Concession etc. Detailed procedure to be followed for the maintenance of records relating to short term advances by heads of offices, and submission of periodical returns to Pay and Accounts Offices have been spelt out in Chapter 14 to General Financial Rules and Annexure "A" thereof.

10.8.2 Pay and Accounts Office should watch for the receipt of the monthly abstracts each month from every drawing and disbursing officer and check them in regard to the certificates and for arithmetical accuracy, tally the opening balance with the closing balance shown in the abstract of the provision month, check all accretions with the relevant vouchers relating to advance paid and recoveries effected through the establishment pay bills for the month respectively. The Bill Passing cum Expenditure Control Register shall be used effectively to conduct reconciliation of accounts figures with departmental figures for all units of appropriation including

those relating to the three minor heads "Advances for Purchase of other Conveyances", "Festival Advances", and "Other Advances" with reference to entries in the monthly abstracts and discrepancies, if any detected, should be pointed out to the drawing and disbursing officer concerned for rectification.

There is a distinct minor head with the nomenclature "Festival Advance" under the major head '7610-Loans to Government Servants etc.' Of all loans and advances to Government servants, the maximum budget provision is made under the minor head "Festival Advances". No interest is also recoverable in respect of this type of advance. Also, generally, all employees drawing the advance repay it in the maximum permissible instalments (viz. 10 at present). Therefore, Pay & Accounts Offices could easily carry out a cross check (so long as the rate and number of instalments for repayment or not varied) based on data available with them as to whether total or recoveries effected on this account during any month by a D.D.O. is to the extent actually required to be effected etc, so as to facilitate conduct of further probe in cases of large variations etc. Distortions, if any, could be only on account of (i) non-recovery from persons on extraordinary leave during the month or double instalment recovery from persons returning from such leave; or (ii) due to cases of 'transfers in' and transfers out' of persons (who have the advance outstanding) from or to another Central Government Department on deputation/reversion from deputation, which would also be rare. Cross check as follows could be exercised either in respect of individual D.D.Os or for all D.D.Os together:-

The total recovery effected (by a D.D.O. or group of D.D.Os) during any one month should be $\frac{1}{10}^{\text{th}}$ of the total advance drawn and paid (by the same D.D.O. or same group of D.D.Os) during the preceding ten months.

A similar cross-check can be effected by a Principal Accounts Office for all the D.D.Os put together, provided that the transactions of no D.D.O. were left out of the compilation for the period.

10.8.3 Payment of such advances need not be noted in the objection book or other records/registers by the P.A.O to watch recovery from individuals vide Note below para 10.8.7 infra.

10.8.4 During the course of internal inspections of the office of drawing and disbursing officers concerned, internal check parties shall, however, verify by referring to the vouchers etc. through which the advances were drawn that payment entries are made properly in the Pay and Bill Register and that recoveries are being effected regularly from the Government servant concerned and check the correctness of the entries in the monthly abstracts of recoveries, especially entries to 'transfers in' and 'transfers out' cases.

10.8.5 Differences are likely to arise between accounts figures of balance in the books of a P.A.O under the respective minor heads and balances held by his DDOs in their books and reported through the monthly abstracts on account of persons who have balances outstanding against them getting transferred away or coming on transfer from/to the DDO's offices and these would be accounted for against entries under columns 3 & 5 of the monthly abstracts. But such differences under the accounting circle of a Pr. A. O would normally be small due to compensating effect as it is observed that Group C & D staff who are entitled to short-term advances are

transferred mostly between DDOs/branches of one and the same Civil Ministry/Deptt. whose accounts are managed by Pay and Accounts Offices functioning under a single Principal Accounts Office. Instances of transfer of such staff between DDOs linked with Pay and Accounts offices functioning under different Pr. A.Os are very rare and arise probably only if and when CSSS, CSCS etc. staff working in the Secretariat are transferred among different Ministries/Deptts. Therefore, the present system of DDOs indicating in the L.P.Cs the outstanding balance of such advances for necessary recoveries by their counterparts in civil Ministries/Deptts. without effecting inter-departmental adjustments among themselves to pass on credits would be continued.

10.8.6 In order to rectify the slight variations that may have arisen on account of the transfers 'in' and 'out' cases between balances indicated by DDOs as recoverable in the monthly abstracts and the accounts figures held in the books of P.A.Os/Pr. A.Os, it would be necessary to introduce the concept of 'raising up' or 'lowering down' of the account balances held in the books of Pay and Accounts Offices and Pr.A.Os so as to bring them on par with the ground balances with the DDOs. For this purpose, after the close of the accounts every year, each PAO should send to his Pr.A.O. by the date to be prescribed by the latter (a) a report indicating therein the figure as per his account (Book Section) as on the last day of the financial year, (say 31-3-1982 to start with) under the three minor heads referred to above and total of the ground balances (i.e. closing balance indicated in the abstracts of February, 1982 plus payments minus repayments in cash during March, 1982) held by all DDOs put together as on that date (b) a certificate that the monthly abstracts for and upto February, 1982 have been checked through the process of having verified the successive monthly abstracts for all the preceding months of the year as prescribed in para 10.8.2 above and (c) recommendation in regard to the extent of 'proforma' correction needed. Each Pr.A.O will similarly send the report and recommendation in respect of his entire accounting circle to the Controller General of Accounts while submitting material for Statement No. 17 of the Finance Accounts.

10.8.7 CGA's office would, thereafter, compare the total of the accounts figures separately under the three heads held by all Pr. Accounts offices with the total of the ground balances indicated by them as held by the DDOs under them and after satisfying that the totals agree, the CGA would accord sanction for each Pr.A.O to raise/lower the figures, as the case may be, to come to the level of total of the figures of ground balances held by DDOs within the circle as 'proforma' correction. The figures appearing against these three minor heads in the Finance Accounts for Union Government as a whole prepared by the C.G.A would not be affected but it would only enable individual Pr.A.Os/P.A.Os to up-date their accounts figures.

Note:- As the DDO/head of office is responsible for watching prompt recovery/adjustment of all types of short-term advances, the PAO need not note payment of advances on tour, transfer etc. in the Objection Book.

10.9 GRANTS-IN-AID

10.9.1 Grant-in-aid can be given only to a person or a body which is independent of the Government. One department of the Government cannot make a grant-in-aid to another department of the same Government. An organisation set up by a

Government resolution or by an executive order does not have separate legal status of its own and functions only as a limb of the Government. Therefore, Government cannot give grant to such an organisation.

10.9.2 Instructions regarding conditions etc. for the sanction of grant-in-aid to public bodies, institution et. are contained in rules 148 to 151 of the General Financial Rules. These should be kept in mind at the time of checking the sanctions for payment of grants-in-aid. The provisions of para 427 of Chapter 4 of this Manual may be kept in view for scrutinising the sanctions and for maintaining the relevant register(s).

10.9.3 Grants to local bodies, institutions etc. can be divided into two categories, namely,

- (a) Grants for general purposes; and
- (b) Grants for specified purposes.

No conditions are attached to grants for general purposes and the lumpsum as sanctioned by Government are paid to local bodies. In such cases the Pay and Accounts Office is not concerned with the manner in which the grant is utilised by the grantee. Accordingly, no utilisation certificate is to be called for in such cases. Grants for specified purposes should state clearly the object for which they are given and the period within they should be expended. Normally, grants made by a sanctioning authority are required to be utilised within one year after the date of issue of the sanction. Hence utilisation certificate should ordinarily be due after a period of roughly 1½ years from the date of sanction of the grant. A formal utilisation certificate about the proper utilisation of the grant from the administrative/technical and financial point of view should be arranged to be furnished by the administrative authority to the Pay and Accounts Office. Normally, the certificate should be based on debtors' statement of accounts and the reports regarding performance or achievements of the grantee institutions vis-a-vis the objects and conditions of the grants.

10.9.4 In respect of grants given by Central Government to State Governments, the following procedure is to be followed in regard to submission of utilisation certificates:-

- (a) Utilisation certificates need not be furnished by the Ministries/ Departments of the Central Government, where the expenditure out of the central grants is incurred by the State Governments direct.
- (b) Where such expenditure is incurred by the State Governments through local bodies or private institutions, utilisation certificates should be furnished by the State Governments concerned.

10.9.5 In respect of grants to non-government or quasi-government bodies or institutions, the Central Government have decided that where assets are to be acquired wholly or substantially out of Government grants, it should be laid down that assets should not, without the prior sanction of Government, be disposed of or utilised for purposes other than those for which the grants were sanctioned. The Pay and Accounts Offices have, therefore, to watch compliance with such conditions.

10.9.6 The Register (Form CAM 28) prescribed as 'Register of Grants-in-aid' may be utilised for entering payments relating to scholarships and for watching/noting receipt of utilisation certificates wherever necessary.

10.9.7 Para 5.15.2(iv) may be referred to in connection with retrospective conversion of a grant-in-aid given to a State or Union Territory Government into a loan.

10.10 GUARANTEES GIVEN BY CENTRAL GOVERNMENT

10.10.1 Article 292 of the Constitution empowers the Union Government to give guarantees in respect of loans raised by others within such limits as may be fixed from time to time by an Act of Parliament. Such guarantees constitute contingent liability of the Government.

10.10.2 All cases of guarantees outstanding at the end of a calendar year are required to be reported to Budget Division by Financial Adviser of the concerned Ministry/Department. All Payments made in pursuance of the guarantee should also be reported. For this purpose, a proforma has been prescribed in the O.M. No.F.12(1)-B(SE)/84 dated 28.1.1984 issued by the Ministry of Finance (Department of Economic Affairs, Budget Division). According to the said O.M., the report is required to reach Budget Division by the 2nd Week of January each year for incorporating in the Explanatory Memorandum on the Budget.

10.10.3 When guarantees are invoked, the expenditure involved should be treated as loan to the persons/parties on whose behalf the guarantees were given and recoveries thereagainst should be watched. Both the expenditure and recoveries, if any, should be classified in the Government account under a distinct sub-head "Loans on invoking guarantees given by Government" under the relevant loan major heads exhibiting the name of the loanee as a detailed head. If in due course, the whole or a part of the loan amount is finally held to be irrecoverable, the same should be adjusted in the manner indicated below:-

- (a) Where a guarantee Reserve Fund already exists, the amount of loan held to be irrecoverable should be adjusted by debit to the Fund by following the accounting procedure prescribed for accountal of expenditure financed from reserve Funds, vide para 3.4 of the general Directions contained in the List of Major and Minor Heads of Account.
- (b) Where a guarantee Reserve Fund does not exist, the amount of loan held to be irrecoverable should be adjusted under the minor head "Irrecoverable Loans written off" under the major/sub-major head relevant to the purpose/function for which the loans etc. had been granted. Where, however, the loan cannot be identified with any purpose/function, the amount should be adjusted under the aforesaid minor head under the major head "2075-Miscellaneous general Services", vide para 3.3 of the General Directions contained in the List of Major Heads of Account.

(Authority: Ministry of Finance (DEA) O.M. No. F.1(34)-B(AC)/76 dated the 8th August, 1979.)

10.10.4 Data in regard to issue of guarantees would not be susceptible of check by the accounts office. The information relating to the guarantees outstanding at the end of a financial year required for statement No. 5 of the Finance Accounts of the Union Government shall be called for from the Finance Wing of each Ministry/Department, (which shall be responsible for its correctness) so as to reach the concerned Chief Controller/Controller of Accounts duly confirmed by the 21st April of each year. The latter in turn would arrange to furnish the same to the Finance Accounts Section of the Office of the Controller General of Accounts latest by 31st May each year. Each return sent by the Chief Controllers/Controllers of Accounts will also show the guarantees, if any, invoked during the year. As all payments arising as a result of guarantees being invoked are to be treated as loans, the figures of amounts paid included in the Statement should be based on the accounts figures booked by Pay and Accounts Officer concerned.

10.10.5 As a measure to boost the confidence of Banks/Financial Institutions in Government Guarantees, a Fund called 'Guarantee Redemption Fund' has been created for redemption of Guarantees given by the Union Government to Central Public Sector Undertakings, Financial Institutions etc.

In order to meet the contingent liability occurring each year arising out of guarantees being invoked by PSBs, an amount to be decided would be provided each year under the head 'Transfer to Guarantee Redemption Fund' below the Major Head '2075-Misc. General Services' in the statement of Budget Estimates. When the guarantees are invoked by Public Sector Banks against various PSUs, such expenditure may be shown under the loan head concerned in the respective grants of the administrative Ministry/ Departments with an equivalent amount shown thereunder as 'Transfer from Guarantee Redemption Fund'. The recovery from the fund will offset the expenditure provision under the loan head and be reflected in the 'demand for grants' of the Ministry/Department concerned as such. The netting will produce fiscal deficit neutral effect.

The Fund will be fed by annual allocation to be made by Ministry of Finance. The Administrative Ministry/Deptt. will work out terms and conditions of the loan in respect of invoked guarantee amounts and make necessary provision in the detailed demand for grants under loan after consulting/obtaining necessary approval from Ministry of Finance.

The amount provided as 'Transfer to the Fund' will be accounted for under a distinct sub-head 'Transfer to Guarantee Redemption Fund' below the Minor heads '797-Transfer to Redemption Fund/Deposit Account' under the Major head '2075-Misc. General Services' with contra credit to the Major Head-8235- General and other Reserve Fund-117- Guarantee Redemption Fund. The amount provided under the loan head will be accounted for at Sub-Head level as "Loans on invoking guarantees given by the Government" with the name of the loanee placed at detailed head level. Recovery from the Fund will also be accounted for under the loan head as ~~Deduct~~

entry below minor head '901- Deduct- amount met from Guarantee Redemption Fund'.

[Authority-File No. 1(10)(10)/2001]

10.11 INVESTMENTS

10.11.1 Investments are made by Government mostly in public sector undertakings or statutory corporations. In addition to the scrutiny of the sanctions for payment on the lines specified for check of sanctions for payment of loans, and making payment of bills, the Pay and Accounts Office shall also ascertain that Government has actually received shares against the investment(s) made by Government in the concerned company. A record of investments made by Union Government in statutory corporations, public sector companies, other joint stock companies, cooperative banks and societies etc. shall be kept in a "Register of Investments" (Form CAM-60). This register shall be maintained by the Principal Accounts office or by the Pay and Accounts Office responsible for release of funds for investments and receipt of dividend shall also be watched through this register.

10.11.2 For maintaining the register, the following information would also be obtained from the Ministry/Department concerned.

- (a) Whether share scrips for full value invested have been issued by the company etc. concerned to the Government in the name of the President of India.
- (b) Name and designation of the officer responsible for the safe custody of share scrips.
- (c) Whether the share scrips are in the custody of the officer or kept in the public sector bank with which the Ministry/Department is in account or have been kept in stock with the Reserve Bank of India (Public Debt Office).
- (d) Whether the physical existence of the share scrips is verified periodically.
- (e) Details of the dividend declared by the companies.
- (f) Full particulars regarding realisation of dividend from the company and their credit to Government account and also verification of the actual credit of the amount in Government account.

10.12 PERMANENT ADVANCES

10.12.1 Permanent advance is normally granted to officers who have to make payment before they can place themselves in funds by drawing money from the Pay and Accounts Office subject to the provision of Rule 90 of GFRs.

10.12.2 A note of each item of permanent advance given to various authorities shall be kept in the "Register of Permanent Advances" (Form CAM-61). If the amount of an advance is increased or reduced during the course of a year, the amount in the column for the current year should be altered in red ink as soon as payment of the

increased advance is made or credit representing difference due to reduction is received from the officer concerned. The amount of the advance outstanding as on 31st of March each year should be entered in the money column for the subsequent year.

10.12.3 Sanctions for permanent advance accorded by Heads of Departments are to be scrutinised to see;

- (i) that the officer sanctioning the advance is a recognised head of department;
- (ii) that the advance is intended not for the own office but for his subordinate office;
- (iii) that the advance has been sanctioned keeping in view the provisions of GFR 90.

10.12.4 Acknowledgements from the officers holding permanent advance shall be obtained as on 31st March in the month of April and the aggregate of the outstandings should be worked out from the Register of Permanent Advances and tallied with the ledger balance.

ANNEXURE A TO CHAPTER 10
(Referred to in Para 10.1.2)

MOST IMMEDIATE

No. F.4(17)-B(SE)/79
Government of India
Ministry of Finance
Department of Economic Affairs

Delhi, the 28th June, 1980

OFFICE MEMORANDUM

Subject:- Loans and advances by the Central Government-Interest rates and other terms and conditions.

Reference this Ministry's Office Memorandum No. F.14(17)-B(SE)/79 dated the 27th March, 1980, on the subject mentioned above.

A. INTEREST RATES

1.1 The Central Government's lending rates for State and Union Territory Governments, public sector enterprises and other parties have been reviewed. It has been decided that the rates indicated in paragraph 3 below will be applicable to loans to be sanctioned from 1st July, 1980 and these will remain in force until 30th June, 1981, unless revised earlier.

.....Paras 2,3 and 4 not printed.....

B. OTHER TERMS AND CONDITIONS

The instructions issued from time to time have been updated in the following paragraphs for facility of reference.

5. PAYMENT PERIOD

5.1 The period for the repayment of loans should be fixed with due regard to the purpose for which they are advanced and it should be restricted to the minimum possible. Normally no loan should be granted for a period exceeding 15 years. Where a longer period for repayment is sought, prior concurrence of the Budget Division in this Department will be necessary for fixing the period unless already obtained for a particular category of loans or the period has been prescribed by instructions issued by this Ministry earlier. In no case, however, the period of the loan should exceed 30 years.

5.2 A suitable period of moratorium towards repayment might be agreed to in individual cases having regard to the projects for which the loans are to be utilised. However, no moratorium should ordinarily be allowed in respect of interest payment on loans.

5.3 The repayment on a loan should normally commence from the first anniversary date of its drawal or on expiry of the period of moratorium, as the case may be. The recovery should ordinarily be effected in annual equal instalments of principal.

5.4 In the case of loans to State Governments, sanctioned on or after 1st April, 1980, the arrangements for payment of annual instalment of principal and interest will be as under:-

(i) Block loans for State Plan Schemes and other Plan loans (including loans for Centrally Sponsored Schemes) but excluding loans for relending to industrial and commercial undertakings and individuals:-These loans when drawn in instalments, will be consolidated and deemed to have been drawn as on 1st October in each year. The period of these loans will continue to be 15 years, repayments being made in 15 annual equal instalments together with interest on the outstanding balance commencing from the following year. The amounts annually payable (by way of principal and interest) would be recovered in the four equal instalments on 1st July, October, January, and March each year.

(ii) Small Savings Loans:-The loans advanced during the year will be consolidated as on 1st October each year. The period of the loans will be 25 years including an initial moratorium of five years towards repayment of principal during which interest will be recovered in four equal instalments on 1st July, October, January and March each year. On expiry of the period of moratorium, the loans will be recovered in 20 annual equal instalments, the amount annually payable (by way of principal and interest), being recovered in four equal instalments on the 1st of July, October, January and March each year.

(iii) In the case of loans to State Governments, of which terms of repayment include consolidation as on 1st of October each year (viz. Block loans for State Plan Schemes and other Plan loans as also loans out of small savings collections), consolidation will be done separately for (A) Loans advanced during the month of April and May, 1986 and (B) loans drawn from 1st June, 1986 onwards at revised rates of interest. But for this, there will be no change in the manner of calculation of interest and its recovery on recovery of principal.

(iv) Other Loans:-The terms of repayment of these loans will be as laid down from time to time.

5.5 In the case of public sector projects:

(a) for new installations or expansion of existing institutions:

(i) The terms and conditions of loans should be fixed with reference to financial picture presented in the approved project report. (Once the pattern is settled, there should be no change excepted with the specific concurrence of this Department for reasons to be stated in writing).

(ii) The capital requirements of a project should include adequate provisions for interest payment on borrowings during the period of constructions (as specified in the Project Report). The interest on loans due during the period of construction will be allowed to be capitalised to the extent of the provisions made for this purpose in the approved project report. In other words, while interest on loans advanced to an undertaking during the period of construction will be notionally recovered by allowing its capitalisation, the payment of interest should effectively commence after the construction period is over.

(iii) The repayment of principal should ordinarily commence one year after the project commences production, the number of instalments being determined with reference to the financial projections and repaying capacity specified in the project report. Requests for further moratorium will be considered only in exceptional cases

where the project report has specified any special circumstances that may necessitate a longer period of moratorium and has indicated clearly what staggering of repayment would be needed over the necessary break period. The period of loans sanctioned against capitalised interest during the period of construction may also be on the same terms and conditions as are applicable to loans provided for financing the project costs.

(b) In other cases: A suitable period of moratorium subject to a maximum of five years from the date of drawal of the loans may be allowed for the repayment of instalments of principal, having regard to the nature of the project, the stage of construction etc. The period of moratorium should not, however, extend in any case, beyond two years from the date of project going into production, or in the case of programmes of expansion, beyond two years from the date of expanded project coming into operation.

(c) For meeting working capital requirements: (i) The undertakings are expected to obtain their cash credit requirements from the State Bank of India/Nationalised Banks by hypothecating their current as-sets (such as, stock of stores, raw materials, finished goods, work in progress, etc) and where the entire working capital requirements cannot be raised in this manner by seeking a guarantee from Government. Accordingly, request from public sector undertakings for funds for meeting working capital requirements should be considered only to the extent the same cannot be had from the State Bank of India/Nationalised Banks.

(ii) The period of repayment of working capital loans should preferably be restricted to two or three years. In no case, however, the period of these loans should exceed 5 years.

6. REPAYMENT BEFORE DUE DATE

6.1 Any instalment paid before its due date may be taken entirely towards the principal provided it is accompanied towards interest due upto date of actual payment of instalment; if not the amount of the instalment will first be adjusted towards the interest due for the preceding and current periods and the balance if any, will alone be applied towards the principal. Where the payment of the instalment is in advance of the date by 14 days or less, interest for the full period (half year or full year as the case may be) will be payable.

7. PENALTY CLAUSE

7.1 In terms of Rule 161(1) of the General Financial Rules (GFRs) the loan sanctions/agreements should invariably include a penalty clause providing for levy of a higher rate of interest in the event of default in repayment of instalment(s) of principal and/or interest. The higher/penal rate of interest should not be less than 2.75 percent above the normal rate of interest at which a loan is sanctioned.

7.2 It should be clearly understood that the disallowance of rebate of quarter per cent in interest rate; mentioned in para 3.4 above in the event of delay in payment would not be a sufficient penalty for the default.

7.3 The interest rates should be appropriately indicated in the Annexure in the loan sanctions (see paragraph 11 below). In the loan agreements with private parties (co-

operative societies, statutory bodies other than Public Sector enterprises, private concerns, individuals, etc.) the interest clause should be included as illustrated below; the illustration refers to a loan carrying normal rate of interest at $10\frac{1}{2}$ per cent per annum.

Illustration "The loan will carry interest at 13 per cent per annum payable annually. Provided however, that in the event of prompt payment of instalment(s) of principal and /or interest by the due date. the rate of interest in relation to the said instalment(s) will be reduced to $10\frac{1}{2}$ per cent per annum."

8. DEFAULTS IN REPAYMENT/INTEREST PAYMENT

8.1 In the event of a default the recovery of interest at penal rate may not be waived unless there are special reasons justifying a waiver; a decision in the regard should be taken at an adequate level on the advice of the Financial adviser. Even in such cases, a minimum of $\frac{1}{4}$ percent should be recovered from the defaulting party as penalty.

8.2 Where administrative Ministry/Department is satisfied having regard to the circumstances of a case that penal interest need not be recovered the borrower should invariably be asked in accordance with the provisions of GFR 161(3) to pay interest at the normal rate prescribed in the loan sanction on the overdue amount for principal and for interest) from the due date of payment upto the date of the settlement of the default. The recovery of additional interest should not be waived except where the period of default is very short e.g. a few days. However such a waiver would not entitle the borrower to rebate on delayed payments.

8.3 It should be noted that in the case of public sector enterprises, the penal rate of interest is chargeable on the overdue instalments of principal and/or interest from the due date of their payment to the date preceding the date of actual payment. In other cases covered by the illustration in paragraph 7.3, however, interest at higher rate is to be calculated on:

(i) Outstanding balance of the loan from the date of payment by the borrower of the instalment previous to the defaulted one till the due date of payment, plus

(ii) Compound interest on the instalment of principal, if any, in default and the interest worked out as per (i) above to be calculated from the due date of payment till the date preceding the date of actual payment.

8.4 Whenever a fresh loan is to be sanctioned to a borrower who has earlier defaulted, the loan sanctioning authority must consider the question of recovery of defaulted dues. Where, for any special reasons, recovery of defaulted dues is not proposed to be enforced, the reasons must be recorded in writing and, in important cases, the Financial Adviser should bring them to the notice of Secretary (Expenditure), Ministry of Finance, before sanctioning any fresh loan.

9. REQUESTS FOR MODIFICATION OF TERMS OF LOANS

9.1 Under GFR 155(2) borrowers are required to adhere strictly to the terms settled for loans made to them and modifications of these terms in their favour can be made subsequently only for very special reasons. Requests for modification of terms may

relate to increase in the period of a loan or of an initial moratorium period towards repayment or waiver of penal interest or reduction in or waiver of normal rate of interest. The procedure of dealing with request for waiver of penal interest has already been dealt with in paragraph 8. Cases involving other modification in repayment terms should be considered with the Budget Division in this Ministry. In referring such cases the impact of the modifications on the estimates of repayment/interest which have gone into the Budget and Government's resources position should be succinctly brought out by the administrative Ministry.

9.2 In examining proposals for modification of the period of the loan, the interest rate at which the loan was sanctioned should also be reviewed as in case the period is extended, the interest rate would correspond to the longer term as if the loan had been sanctioned for the extended period ab initio.

In the case of a loan of which repayment has already commenced the revised rate of interest should be applied ad initio only to residuary portion of the loan outstanding on the date of extension of its period.

9.3 Requests for waiver of recovery of normal interest (either for a specified period or for the entire period) on a loan which was originally sanctioned at normal rate of interest, will attract the provisions of Government of India's decision (2) below G.F.R. 156(2) and should be dealt with accordingly.

10. LOANS SANCTIONED AT CONCESSIONAL RATES

10.1 In cases where loans are to be sanctioned at a concessional rate, the instructions contained in Government of India decision (2) below GFR 156 (2) have to be observed. In such cases, payment of subsidy (to cover the concession viz, differences between normal rate and concessional rate) should be made condition upon prompt repayment of principal and payment of interest thereon by the borrower.

10.2 In cases where loans are sanctioned interest free (e.g. loans to technical educational institutions for construction of hostels) prompt repayment should be made a condition for the grant of interest free loans. That is to say, the sanction letter in such cases should provide that in the event of any default in repayment, interest at rates prescribed by Government from time to time will be chargeable on the loans.

10.3 Similarly in the case of interest free loans to departmental canteens where subsidy is also provided to meet running expenses, the sanction letter should stipulate that in the event of any default in repayment, the defaulted due would be recovered out of the subsidy payable.

11 MISCELLANEOUS

11.1 A standard form prescribed for issue of loan sanctions (Appendix-I) should ordinarily be followed.

11.2 The date of drawal of loan by the borrower will be date on which he received cash, cheque or bank draft from the drawing and disbursing officer. It should be ensured that the time lag between the date of obtaining the cash/cheque/bank draft and

its disbursement/delivery/despatch to the payee is reduced to the minimum. When the cheque or bank draft is sent through post, the date of posting should be treated as the date of disbursement of the loan. The drawing and disbursing officer should invariably intimate the date of payment to his Accounts Office to enable the latter to make a suitable note in his records.

11.3 In the case of loans sanctioned to parties other than State and Union Territory and foreign Government and Government servants, the borrower should tender the amounts due on or before the due date, at the New Delhi Head Office/main Office of the public sector bank accredited to the Ministry/Department which sanctions the loan, in cash or by cheque or draft drawn on any scheduled bank in Delhi/New Delhi in favour of the said PSB Branch. The payment should be accompanied by a memorandum or challan in duplicate indicating (a) name of the loan sanctioning Ministry/Department; (b) No. and date of the loan sanction letter and the loan amount sanctioned; (c) amount due for payment separately for interest and principal and the head(s) of account to which the dues are to be credited in the Government Accounts; and (d) due date of payment. The borrowers should be asked to tender separate cheque/drafts and challans for payment of principal and interest.

Outstation loanees are required to arrange payment of the dues through their bank ensuring that the Memorandum/challan and the cheque/draft reaches the aforesaid PSB Branch in New Delhi by the due date.

11.4 Ministries/Departments are required to keep close watch on timely repayments of loans advanced by them and recovery of interest thereon. Note (4) below GFR 155(2) provides for a notice to be given to the borrowers a month in advance of the due date of payment of instalment of the principal and/or interest thereon. Such notices may be sent in the form given in (Appendix II). The borrower should not, however, be given any advantage in the event of non-receipt of such a notice.

Repayments/interest payments due from the loanees should also be reviewed, at least quarterly, and, where any default has occurred, a fresh notice should be served on the borrower to arrange payment with penal/higher rate of interest in the form set out in Appendix III.

11.5 Individual cases relating to terms and conditions of loans may not be referred to the Department of Economic Affairs (Budget Division) unless it is proposed to deviate from those laid down in this Office Memorandum.

12 MONTHLY REPORTS OF DEFAULTS TO BE SUBMITTED TO BUDGET DIVISION

A monthly report of defaults of principal & Interest in the form set out in Appendix IV should be sent by Ministries/Departments to Budget Division by the end of the month following the month to which the transactions relate.

Sd/
(A.S.Ray)
Deputy Secretary(Budget)

All Ministries, etc....

FORM OF SANCTION LETTER

To

(In case of State and Union Territory Government to be addressed to

- i) Chief Controller of Accounts/Controller of Accounts concerned
 - ii) Secretary of the Administration Department of the State/UT Government)
- (in other cases to be addressed to :

- i) The borrower
- ii) Controller of Accounts of the Ministry/Department of.....)

Subject:-

Sir,

I am directed to convey the sanction of the President to the payment of loan of
 Rs.------(in figures)-----
 -----(in words) to-----

- 1 The essential details are given in the Annexure to this letter.
- 2. (Conditions of fulfilment of which loan is to be sanctioned e.g., those given in Government of India's decision) below rule 158 of G.F.R. to be inserted, if necessary)---
- 3. This sanction has been accorded in accordance with the rules/principles laid down with the previous consent of the Ministry of Finance and that the rate of interest on the loan and period of repayment thereof have been fixed in accordance with the existing instruction issued by them.

Yours faithfully,

()

No.-----dated-----

Copy to the Accountant General concerned in the case of State and union territory Government only).

Annexure to the Ministry/Department of -----
 -----letter No.-----dated-----

LOANS AND ADVANCES BY CENTRAL GOVERNMENT

- 1. Name of the Borrower-----
- 2. Amount sanctioned (in words & figures)
 Rs.------(in figures)
 Rupees-----
- 3. Sanction valid upto -----
- 4. The purpose of loan -----
- 5. Payable in cash or by adjustment -----
- 6. Plan/Non-Plan (in the case of Plan category of Plan) -----

- 7. Grant & Sub-head under which amount sanctioned is debitable _____
- 8. Progressive amount of loan sanctioned to the borrower to date in the financial year _____
- 9. Period of loan _____
- 10. Moratorium to words repayment, if any _____
- 11. Date and year from which repayment to commence _____
- 12. Mode of repayment _____
- 13. Interest:
 - (i) For loans to State Government, Union Territory Government & Public sector enterprises:
 - a) normal rate _____
 - b) Penal rate of interest in events of defaults in repayment/interest interest _____
 - c) Mode of recovery of interest _____
 - (ii) For parties other than State Government, Union Territory Governments and Public Sector Undertakings: Mode of recovery of interest _____

Signature _____
 (Seal of the Sanctioning Authority)

NOTICE

No.-----

OFFICE OF THE CONTROLLER OF ACCOUNTS
MINISTRY/DEPARTMENT OF -----

New Delhi, dated the -----

To

Subject:- Repayment of loan and payment of interest thereon.

Dear Sir,

According to the terms of the loan of Rs.-----sanctioned to you vide Ministry/Department of -----letter No.-----dated -----the annual repayment instalment and/or interest thereon, detailed below, will become due on -----

(i) Repayment Rs.-----

(in words and figures)

(ii) Interest Rs.-----

(in words and figures)

2. Please arrange the payment by the due . It should be noted that the amount of interest has been calculated on the assumption that payment will be arranged promptly, otherwise it will be revised upwards in accordance with the terms of the loans.

3. The amount due-----

(New Delhi head office main office of the Public Sector Bank(PSB)-----

-----accredited to the Ministry/Department)---

-----in cash or by cheque or draft drawn of any scheduled bank/New Delhi in favour of the aforesaid PSB Branch. The payment should be accompanied by a memorandum or challan, in duplicate, giving the following details:-

(i) Name of the Ministry/Department -----

(ii) Name of the Borrower -----

(iii) No. and date of the loan sanction letter with the loan amount sanctioned -----

(iv) Amount due for payment, separately for interest and repayment -----

(v) Due date of payment -----

(vi) The head of the account indicated below, to which the amounts will be adjustable in Government accounts, should, be included in the challan:-

Head of Account

(i) Instalment of Principal

(ii) Interest

4. Separate cheque/draft and challans should be submitted for payment of principal and interest.

5. For outstation loanees, payment of dues together with memorandum/challan is to be arranged through their bank to the aforesaid PSB branch in new Delhi by the due date.

Yours faithfully

Accounts Officer

APPENDIX-III

IMPORTANT NOTICE

No.-----

OFFICE OF THE CONTROLLER OF ACCOUNTS
MINISTRY/DEPARTMENT-----

New Delhi, dated.....

To

Subject:- Repayment of loan and payment of interest thereon.

Dear Sir,

I am to state that the payment of Rs.-----and
Rs.----- (as detailed below) representing principal and interest
respectively, which fell due on ----- in respect of loans mentioned
thereagainst, has not so far been arranged by you.

Loan sanction No. & Date

(i) Principal-----

(ii) Interest-----

2. Please arrange to deposit the aforesaid amount to the account of the
Government of India within 10 days of the issue of this letter, failing which other
measures would be initiated.

In case of the payment in question has already been made to the
Government, particulars of the cheque/demand draft and the date of deposit the
.....(Name of Public Sector Bank branch) be indicated
immediately.

Yours faithfully,

Accounts Officer

MONTHLY REPORT
 DEFAULTS IN REPAYMENT OF LOANS AND PAYMENT OF

INTEREST

Organisations	Repayment of Loans 1986-87				Payment of Interest 1986-87			
	Defaults upto 31.3.86	Current due for 1986-87	Due upto the end of	Actual repayment upto	Defaults upto 31.3.86	Current due for 1986-87	Due upto the end of	Actual repayment upto
			Month	Month			Month	Month

State Government*

PSUs*

Other Parties*

* States, PSUs or other parties where the cumulative defaults exceed Rs.1 crore may be identified separately.

Other may be grouped.

Remarks: Reasons for default and action taken may be indicated.
