

Note 3.—A Deputy Commissioner or other Government servant concerned should on passing an order of refund at once issue to the payee a refund order combined with a notice inviting the person to whom the refund is to be made to receive payment at the treasury.

10-6. Subject to the provisions of rule 10-8, refunds of revenue can be drawn only on the demand and on the receipt of the person entitled to receive them after production of proper authority ; on no account may they be drawn on the receipt of a departmental officer and lodged in a deposit account pending demand.

Every refund shall be noted against the original credit in the departmental accounts or other documents in which the moneys received are entered in detail, and a certificate of such a note having been made must be given in all vouchers for refunds. A certificate should also be recorded in all such cases by the Drawing Officer that the amount was actually deposited into the treasury and has not been drawn before.

10-7. In cases where verification is not complete and satisfactory the claimant shall be required to execute a bond agreeing to make good the loss to Government, should the payment turn out to be irregular at a later stage.

10-8. The following provisions shall apply to refunds of revenue credited (other than taxes on income), where the amount involved does not exceed Rs. 100.

(i) On receipt of a refund order passed by the Deputy Commissioner or other officer concerned, the Treasury Officer may at his discretion issue a note (a) inviting the person to whom the refund is to be made to receive payment at the treasury, and (b) intimating that on failure to comply with the invitation within one month (or such longer period as may appear necessary) the amount of the refund will be remitted to the payee by postal money order at his expense.

(ii) When the payee appears in person at the treasury, the Treasury Officer should see that no avoidable delay occurs in getting the voucher

for the refund signed by the payee who may then receive the payment personally or by a duly authorised agent or by money order at his own expense. When the whole or part of the amount of a bill is remitted by postal money order, the Treasury Officer, shall if the bill is in order pass it and remit the amount to the payee after deduction of money order commission and check the same with the receipt of the Postal Department.

(iii) On receipt of the money order acknowledgement duly signed by the payee, it should be attached to the refund voucher in which the full amount of the refund and the deduction made therefrom on account of the money order commission should be clearly shown, the voucher should then be disposed off in the usual way. The Accountant General will accept such voucher with the money order acknowledgement as a valid receipt for the full amount of the refund entered therein.

10-9. The following further provisions shall apply to various kinds of refunds mentioned below :—

(i) Refunds of Land Revenue or other receipts of the Revenue Department except revenue fines are paid on the authority of the Commissioner of the Province or in the case of Leh and Kargil District on the authority of the Deputy Commissioner of the District.

¹(ii) Refunds of receipts of the Excise and ²Taxation Department shall be made by the authority competent to make such refunds under the provisions of the relevant Acts and the rules thereunder.

(iii) Judicial and Revenue fines may be refunded on the order of the Court, which inflicted the fine, or of the Appellate Court. Unclaimed property receipts may also be similarly refunded on the authority of the Court. The refund will be noted against the original credit in the Accounts Office.

(iv) In the case of Stamp Duty, whether realised in cash or stamps (in filing a case in a Court) the refund will be made on the authority and certificate of the Court or Appellate Court having power to hear the case, while in the case of spoilt stamps the refunds will be admitted on the

¹ Recast vide F. D. Notification SRO-75 dated 22-2-1971.

² Substituted for "Sales Tax" vide F. D. Notification SRO-444 dated 29-6-1972.

authority of the Deputy Commissioner of the District, provided the spoilt stamps are attached in support of the charge and are sent to the Accountant General for cancellation. Twelve paise per rupee will be deducted from the face value of the stamps in making refunds for spoilt stamps.

(v) If the amount of an examination fee, originally deposited in the treasury or any part of it, is to be refunded a certificate will be endorsed upon the original receipt by the Secretary, Jammu and Kashmir Public Service Commission, or the appropriate authority concerned, specifying the amount to be refunded; and the amount so authorised may be paid on presentation of the original receipt endorsed as above, the recipient giving his receipt below the endorsement.

(vi) The Director Sher-i-Kashmir Institute of Medical Sciences, Srinagar shall be competent to authorise refund of any part or whole sum of money deposited by a patient in advance for investigation charges or as diet money, if the service for which the sum may have been deposited may not have been rendered in full or in part for one or the other reason. Similarly bus fare deposited by the employees in the cash or by deduction from their salaries may also be refunded by the Director, where an employee (s) may not have utilised the facility.

The refund shall be authorised only after proper verification of the receipt and with the recommendations of the concerned Head of the Unit.

10-10. All other refunds not covered by any general or special orders of the Government require preaudit by the Accountant General.

III. DISCOUNT ON STAMPS

10-11. (a) Discount on stamps is allowed at prescribed rates to certain class of vendors under rules contained in J&K Treasury Code and is given by deduction from the purchase money. The full value of stamps is credited to "0030 :- Stamps and Registration Fee— Other Receipts— Sale of Stamps" and the discount debited to "2030 :- Stamps and Registration—Expenses on Sale of Stamps."

(b) For Rules regarding the custody, supply and sale of stamps and refund and renewal thereof, see J&K Treasury Code.

1. Inserted vide F. D. Notification SRO-86 dated 8-3-1985

IV. FEES TO REGISTRARS AND SUB-REGISTRARS

10-12. For fees to Registrars and Sub-Registrars see note 2 to article 50 Jammu and Kashmir Civil Service Regulations.

V. FEES TO PLEADERS

10-13. (a) Unless otherwise provided by any general or special orders of the Government, all cases of engagement of counsels to defend State cases in Courts shall require Government sanction.

(b) In cases occurring in Muffasil Courts where the Public Prosecutor cannot be present, in case of emergency, counsels may be engaged in anticipation of formal approval of the competent authority. Such approval to the engagement and fees to be paid shall subsequently be obtained and furnished to the Audit Office.

Note.—For delegation in this behalf reference may be made to Chapter 4-6 and 5-10 of Jammu and Kashmir Book of Financial Powers.

VI. SCHOLARSHIPS AND STIPENDS

10-14. (a) The payment of Government scholarships and stipends in Government and non-government institutions is regulated by the general or special orders on this subject which the Government may issue from time to time.

(b) Educational scholarships and stipends sanctioned by a competent authority may be disbursed by the Treasury Officer without specific authority from the Accountant General.

(c) Bills for educational scholarships, stipends etc. shall be presented in Form F. C. 41, or in such other form as may be prescribed by the Head of the Department after consultation with the Accountant General. In the case of payments to institutions under private management, such bill shall be prepared and vouched for by the authorities of the institutions concerned and countersigned by such Government official as may be nominated in this behalf by the Head of the Department. The orders sanctioning the payment must be quoted in each case.

(d) If any conditions are attached to the payment of scholarships or stipends, the bill must bear a certificate of the countersigning officer that he is satisfied that the prescribed conditions have been fulfilled.

VI-A NATIONAL AND NATIONAL LOAN SCHOLARSHIPS

10-14-A. The following procedure will be followed in regulating payment of National and National Loan Scholarships :—

(i) In the beginning of each financial year the Government of India will place necessary funds for payment to the scholars under the scheme of National and National Loan Scholarships at the disposal of the State Government.

(ii) The Secretary to Government, Education Department will be the Officer Incharge to operate the scheme.

(iii) The Secretary to Government, Education Department will draw the money required for disbursement of Scholarships through one or more bills and obtain Hundies/Bank drafts in favour of the heads of the institutions concerned.

(iv) The payment to the institutions will be made in advance in two instalments, the first covering disbursement to be made to scholars during the first nine months of the year and the second covering the disbursement to be made during the remaining three months. The payment of the second instalment will be made on receipt of the accounts of actual disbursement to scholars out of the first instalment as indicated in (v) below.

(v) On the administrative sanction of the Education Department the Accountant General will authorise each institution to open a personal deposit account in its name at the local treasury and the amount paid in advance will be credited by the institution to its personal deposit account. The head of the institution will draw his requirements for each month from the personal deposit account by cheques and send a certificate of disbursement made to the scholars with such other details as may be needed for the maintenance of records by the Secretary to Government, Education Department.

(vi) After the expiry of six months, the head of the institution will send an account of the disbursement made, the balance with him and the liabilities to be met. Based on this account the Secretary to Government, Education Department will in the 9th month make further advance to cover the payment for the remaining three months.

(vii) A treasury Officer will not permit any overdrawal of funds against the personal deposit account. In order to enable the Secretary to Government, Education Department, to keep a watch on drawals from the personal deposit accounts by the head of the institution, the treasury will send him monthly a simple Memo indicating the opening balance, disbursement and closing balance in each personal deposit account. The Secretary to Government, Education Department will scrutinise them and arrange for a test check of the accounts of the institution whenever considered necessary.

(viii) An account of such payments made to an institution during a year (both the first and second instalments) will be rendered by the head of the institution to the Secretary to Government, Education Department before the end of the last month of the year and any unspent balance will be refunded either by adjustment from the next years advance or by actual repayments.

(ix) The Education Department will exercise necessary check on the concerned institutions in order to ascertain that the heads of the institutions have actually disbursed the amount correctly and regularly to the scholars and that their disbursement certificates and the accounts rendered are correct.

(x) The same procedure will be followed in the case of Government institutions. In the case of such institutions, it will be subject to the condition that the personal deposit account will be closed on 31st March, transferring the unspent balance to the Consolidated fund of the State and reopening of the account on first April vide rule 13-23. The Head of the each Institution will have to render the account supported with relevant vouchers to the Accountant General monthly for audit in addition to sending the statement of scholarship disbursed to the Secretary to Government, Education Department.

(xi) In case of loan scholarships, the Secretary to Government, Education Department will be responsible for the maintenance of suitable accounts for watching their recovery.

VII. EXPENSES ON SPECIAL OCCASIONS

10-15. Expenses on special occasions such as Kashmir Festivals etc. require special grants and previous sanction to the details to the estimate by the Government. As the expenditure is generally entrusted to more than one Disbursing Officer, the following rules sanctioned by the Government should be observed for immediate record and submission of the accounts for the expenditure : —

(i) The order in this behalf shall indicate the name and designation of each officer entrusted with the special expenditure and the extent to which each such officer is to be placed in funds by the Accountant General. Sums out of that amount should be drawn from the Treasury as and when required.

(ii) A cash book in the form prescribed should be kept up showing clearly and fully all cash transactions that take place day by day. Amounts drawn from the treasury should be entered in the cash book on the receipt side and disbursements on the opposite side in the order of their occurrence, and the cash book should be closed and balanced at the end of each day, the closing balance of one month being carried forward as the opening balance of the next month. Sale proceeds of stores etc. should be credited into the treasury and not taken as receipts in their cash accounts and refund of subsidiary advance should be credited by reducing the expenditure (original debit of advance) and not as fresh receipts. At the end of each month an extract from the cash book showing the receipts and charges of the month and opening and closing balance should with all necessary vouchers be submitted to the Controlling Authority for onward transmission to the Accountant General.

(iii) Vouchers should be furnished for all items of expenditure exceeding Rs. 50. Every voucher or bill accompanying the cash account should contain the prescribed certificates printed on the Detailed Contingent Bill Form. The voucher should be numbered consecutively from the

beginning to the end of the special event in connection with which the expenditure is being incurred and their number should be quoted against the charge both in the cash book and its extract submitted to the Accountant General through the Controlling Authority. Vouchers in languages other than English, Hindi and Urdu should always be accompanied by a translation in one of these languages.

(iv) A supply of detailed contingent and travelling allowance forms should be obtained from the Manager Press and all charges should be drawn on them.

(v) When several officers are entrusted with expenditure on account of the same special event, each one will maintain his account separately in the prescribed cash book form and will send his monthly account to the Accountant General through the Controlling Officer who will consolidate the accounts at the close of the special event and send a copy of the consolidated account to the Accountant General countersigned by him in token of acceptance.

(vi) Under these rules each officer entrusted with the disbursement of public money will be responsible for the punctual submission of proper accounts which will be audited in detail on receipt, and objections communicated at once, any special feature or items, will be brought to the notice of the Controlling Officer for necessary action by him.

(vii) After the last account has been received and audited, a consolidated account will be prepared and brief report bringing to light any extraordinary or special features in the accounts will be prepared by the Controlling Authority on the basis of his own records and the objection statements issued by the Accountant General for the information of Government.

VIII. AID ON OCCASIONS OF NATURAL CALAMITIES

10-16. People who have suffered from natural calamities may be granted relief to the extent necessary in each case with the sanction of the competent authority as laid down in the Jammu and Kashmir Book of Financial Powers (Chapter 4-2 and 5-11).

IX. COMPENSATION FOR LAND

10-17 The procedure to be observed for the payment of compensation for land taken up for public purposes is regulated by the rules in Appendix (8) of this Code.

X. DISCRETIONARY GRANTS

10-18. Expenditure out of allotment for discretionary grants placed at the disposal of Governor, Chief Minister, Minister-in-charge Education, Minister for Ladakh Affairs and Deputy Commissioner, Leh and Kargil will be regulated in accordance with the rules given in Appendix (9) of this Code.

XI. GRANTS-IN-AID

10-19. Grants-in-aid or contributions to Educational, Medical and other Institutions, Local Bodies and Co-operative Societies are regulated by the detailed rules made by the Government. The following instructions are issued for the guidance of the sanctioning authorities in the matter of according sanctions to grants-in-aid, contributions etc. :—

1. Unless in any case Government directs otherwise, every order sanctioning a grant should indicate whether it is recurring or non-recurring in nature and specify clearly the object for which it is given and the conditions, if any, attached to the grant. These should be made available, as far as possible, on the basis of specific schemes drawn up in sufficient detail and duly approved by Government. In the case of non-recurring grants for specified objects the order should also specify the time limit within which the grant or each instalment of it is to be spent.

¹Government Instructions (1).—Before sanctioning grant-in-aid to private institutions, the sanctioning authority should examine that the institutions have the experience and managerial ability to carry out the purposes assigned to them. The sanctioning authority should also ensure an effective and constant check to see that the money is utilised fruitfully and applied to the purposes intended.

1. Inserted vide F. D. Notification SRO-191 dated : 15-5-1967.

¹Government Instructions (2).—Grants-in-aid may be sanctioned to meet the expenditure already incurred not earlier than a year prior to the date of issue of the sanction.

2. Only so much of the grant should be paid during any financial year as is likely to be expended during that year. In the case of grants for specific works or services such as buildings, water supply schemes and the like, the sanctioning authority should use its discretion in authorising payments according to the needs of the work. The authority signing or countersigning a bill for grant-in-aid should see that money is not drawn in advances of requirements. There should be no occasion for a rush of payment of these grants in the month of March.

²Note.—The following principles should be kept in view by the sanctioning authorities while sanctioning buildings grants to institutions, organisations etc. :—

- (i) it should be ensured that the building grant is sanctioned for the minimum area required for the purpose of the grantee institution ; and
- (ii) the order sanctioning the grant should embody such other conditions as may be considered necessary for ensuring to Government the right to claim a share of the rent where the buildings are used for purposes other than those for which the grants were made.

In order to ensure that the above conditions can in the event of their breach be enforced through a court of law, an agreement bond similar to that referred to in sub-rule 3-A should be got executed by the grantee institution.

3. Before a grant is paid to any public body or institution, the sanctioning authority should, as far as possible, insist on obtaining an audited statement of the account of the body, or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. It is not essential for this purpose, however, that the accounts should be audited in every case by the Indian Audit Department

1. Inserted vide F. D. Notification SRO-166 dated : 11-4-1970.

2. Inserted vide F. D. Notification SRO-241 dated : 01-7-1968.

and it will be sufficient therefore, if the accounts are certified as correct by the registered Accountant or by other recognised body of auditors or auditors recognised as such by the Government for the purpose. In the case of Medical and Educational Institutions this certificate will be given by the inspecting authorities of the State Medical and Education Departments respectively at the time of their inspection of the accounts of the Institution. In the case of small Institutions, which cannot afford to obtain the services of a registered Accountant or other registered body of Auditors, the sanctioning authority may exercise its discretion of exempting any such Institution from the submission of accounts.

13-A. Where there are conditions attached to a grant-in-aid the countersigning authority should see that before the grant is released, the grantee should be required to execute a bond in Form F. C. 53 with two sureties to the Governor of Jammu and Kashmir, that he will abide by the conditions of the grant by the target dates if any specified therein and in the event of his failing to comply with the conditions or committing breach of the bond, the grantee and the sureties individually and jointly will be liable to refund to the Governor of Jammu and Kashmir, the entire amount of the grant with interest thereon or the sum specified under the bond. In special cases in which such a bond is not found feasible and/or, on due consideration, the Administrative Department decide not to insist upon a bond on the above lines, it would be necessary to work out alternative arrangements in consultation with the Law Department and the Finance Department for ensuring that the interests of Government are safeguarded effectively. These instructions will not, however, apply to grants-in-aid paid to quasi-Government or Government aided organisations and local bodies.

For purposes of these rules the following types of institutions or organisations may be treated as quasi-Government and Government aided organisation :—

(i) Quasi-Government Institutions.—Institutions or organisations set up by Government as autonomous bodies either under a statute or as a society registered under the Societies Registration Act, 1998 or otherwise.

(ii) Government aided bodies.—Institutions or organisations which receive financial assistance from the Government on a regular basis (either wholly or on a fixed per cent basis) and/or ;

(i) Whose annual budget is approved by the Government, or

1. Inserted vide F. D. Notification SRO-241 dated 01-7-1968.

(ii) Government is adequately represented and associated with the Boards of Management or Committees of Management of the Institutions.

Note 1.—While obtaining the prescribed Bond, where it is necessary the requirement of furnishing two sureties in addition, need not be insisted on if the grantee institution or organisation is a society registered under the Jammu and Kashmir Societies Registration Act, 1998 or is a Co-operative Society, or is institution of standing in whose case such sureties are not considered necessary by the Administrative Department concerned.

Note 2.—To enable the audit to verify that the condition laid down above (para 3-A), has been fulfilled, a certificate to the effect that the grantee has executed the requisite bond or has been exempted from doing so after working out alternative arrangements in consultation with the Law Department and the Finance Department should be furnished along with the grant-in-aid bill duly countersigned by the officer on whose signature or countersignature the grant-in-aid bill is drawn.

4. (a) The authority sanctioning a grant while communicating the sanction to the Accountant General should state whether the audited statement of accounts has been received when required, or whether the grantee has been exempted from submitting the statement.

Note 1.—This order applies both to non-official institutions and to semi-official ones such as Public Clubs etc.

Note 2.—All sanctions should be so worded that there is a specific direction for the payment of a specified sum whenever necessary, instead of merely conveying an approval.

(b) In cases in which conditions are attached to the utilisation of a grant in the form of a specification of a particular object of expenditure or the time within which the money must be spent, or, otherwise, the departmental officer on whose signatures or countersignature the grant-in-aid bill was drawn should be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attached to the grant, unless there is any special rule or order to the contrary.

¹The certificate shall be furnished within 18 months from the date of sanction of the grant in such form as may be agreed between the Accountant General and the Head of Department concerned. Before recording the certificate, the certifying officer should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose he may require the submission to him at suitable intervals of such reports, statements, etc., in respect of the expenditure from the grant as may be considered necessary in order to check whether there have been any variations or unauthorised diversion of funds. Where the accounts of expenditure, from the grant are inspected or audited locally, the inspection or audit report, as the case may be, will either include a certificate that the conditions attaching to the grant have been or are being fulfilled or will give details of the breaches of these conditions.

²Note 1.—The utilisation certificates, as indicated above, shall not be furnished to the Accountant General in so far as different forms of maintenance grants, which include block grant, staff grant and hostel grant are concerned, as these grants are in the nature of re-imbursement of expenditure already incurred and cannot exceed three-fourths of the excess of expenditure over income. The Accountant General shall, however, during the course of audit, through his Outside Audit Department, of the accounts of the institutions receiving the grant-in-aid see that the maintenance grant has been calculated in the manner prescribed in the rules and that the grant-in-aid sanctioned is correct with reference to the records of the institution.

³Note 2.—Utilisation certificates need not be furnished in cases where the grants-in-aid are sanctioned subject to the fulfilment of certain prerequisite conditions and are in the nature of re-imbursement of expenditure already incurred. In such cases the sanction letters should specify clearly that the utilisation certificates will not be necessary.

⁴Note 3.—The utilisation certificate shall be furnished in the form "Pro-forma III" contained in annexure hereto.

1. Recast vide F. D. Notification SRO-74 dated : 22-2-1971.
2. Inserted vide F. D. Notification SRO-242 dated : 9-7-1965.
3. Inserted vide F. D. Notification SRO-166 dated : 11-4-1970.
4. Inserted vide F. D. Notification SRO-522 dated : 6-10-1980.

(c) Unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions :

(i) That the grant will be spent upon the objective within a reasonable time, if no time limit has been fixed by the sanctioning authority.

Explanation 1.—In actual practice 'reasonable time' should ordinarily be interpreted to mean one year from the date of the issue of the letter sanctioning the grant. This grant may be sanctioned to meet the requirements of a year, even extending beyond the financial year. Immediately on the expiry of period of one year from the date of sanction any unspent balance should be duly surrendered to Government.

¹[In respect of sanctions which require the grant to be utilised during a financial year the unspent balance thereof should nevertheless be duly surrendered to Government at the end of the financial year or may be adjusted by the sanctioning authority against the next year's grant, if any.

When recurring grants-in-aid are sanctioned to the same institution for the same purpose, a certificate to the effect that the unspent balance of the previous grant has either been surrendered to Government or has been taken into account in sanctioning the subsequent grant should be incorporated in the sanction letter in such cases.]

Explanation 2.—Only so much of the grant should be paid during the financial year as is likely to be expended during that year.

(ii) When, however, there is a specific provision in a sanction for any fresh charge that the expenditure would be met from the budget provision of a specified financial year sanction will lapse on the expiry of the specified financial year.

(iii) In the case of the small institutions which are entirely or mainly fed by recurring grant-in-aid from Government, recurring grants-in-aid to such institutions may be paid during the financial year if necessary in three

1. Inserted vide F. D. Notification SRO-166 dated : 11-4-1970.

instalments in the manner indicated below :—

1. The first instalment may be paid in the month of April, itself. Since in the beginning of the financial year 1/12th of the Budget is replaced at the disposal of the Administrative Departments "on account" the first instalment of the grant may be sanctioned in April to enable the institutions to meet their expenses for the month of April.

2. The second instalment may be paid in the month of May, June, August or September, after the Budget has been sanctioned by the Legislature to cover the expenses for the five months (May to September).

3. The final instalment may be sanctioned in the month of October or later to cover the expenses of the rest of the financial year.

(iv) The requirements of obtaining audited statements of accounts need not be insisted upon for sanctioning the first two instalments, if the statements are not ready. However, such statements of accounts in respect of the previous financial year, unless the institution concerned has been specifically exempted from furnishing them, should be obtained before sanctioning the final instalment.

Explanation.—The procedure outlined above will apply only to the institutions which are entirely/mainly fed by recurring grants-in-aid from Government. Where any other procedure is laid down with proper sanction and is working satisfactorily, the above procedure need not be invoked.

(v) That grants-in-aid in excess of Rs. 10,000 per annum recurring and Rs. 25,000 non-recurring shall be sanctioned by the competent authority with a specific mention in the sanction whether a grant is recurring or non-recurring and on the express condition laid down in the sanctioning order that the accounts of the institution receiving the grant shall be open for a test check by the Accountant General at his discretion to be undertaken by him in consultation with the Administrative Department concerned who will make the necessary arrangements with the institution for the conduct of such audit.

(vi) That the monetary limits prescribed above shall not, however, be treated as in any way fettering the discretion of the Accountant General in approaching Government, if in any, very special case, he considers that an audit of the recipients books, even when the amount is less, is called for.

(vii) Government at its own initiation have the accounts of the recipient body audited by the Accountant General even in respect of unconditional grants-in-aid, if and when occasion demands, to satisfy themselves generally regarding the manner in which the affairs of the recipient body are being managed.

Note.— For detailed rules for grants-in-aid to aided schools, colleges and medical institutions etc. (see separate rules governing such grants).

(d) Every grant will be operative for one year and this should be calculated from the date of the issue of sanction vide explanation under c (i) above. The sanction should be considered to have been acted upon if payment in whole or in part has been made in pursuance of the sanction within 12 months from the date of its issue. Where, however, there is a specific provision in a sanction for any fresh charge to be met from the budget provision of a specified financial year, such sanction will lapse on the expiry of the specified financial year vide c(ii) above.

(e) The following further instructions should be observed in connection with the sanction and payment of grants-in-aid to Public Bodies and Institutions :

1. Once a grant-in-aid has been sanctioned, it is the responsibility of the grantee to prepare and submit the bill to the countersigning authority for signature and Treasury Officer for payment. In no case, therefore, should the office of sanctioning authority do this work on behalf of the grantee. There should, however, be no objection to the grantee being guided in the preparation of the bill.
2. Before a bill is accepted, it should particularly be seen that the conditions, if any, attached to the grant have been accepted by the grantee without any reservation.

(f) A register of grants containing the following columns should be maintained :—

- (i) Serial Number ;
- (ii) Number and date of sanction letter ;
- (iii) Purpose of grant ;
- (iv) Conditions, if any, attached to the grant ;
- (v) Amount sanctioned ;
- (vi) Date of receipt of the bill from the grantee and its amount ;
- (vii) Whether conditions attached to the grant have been accepted by the grantee without reservation ;
- (viii) Dated initials of the countersigning authority.

1. The register should be maintained by the sanctioning authority, if the bill is to be countersigned by the same authority. If, however, the powers of countersignature of grants will have been vested with an authority other than sanctioning authority, the register should be maintained by the countersigning authority and not the sanctioning authority.

2. Columns (i) to (v) of the register should be filled in simultaneously with the issue of the order sanctioning each grant if the register is being maintained by the sanctioning authority. In those cases in which the register is to be maintained by the countersigning authority, these columns should be filled in by the countersigning authority, on receipt of his copy of sanction from the sanctioning authority. These columns should be attested by a Gazetted Officer nominated for the purpose by the countersigning authorities. The serial number should be recorded on the body of the sanction letter at the time the item is entered in the register as under :—

‘Noted at Serial No. in the Register of Grants’

3. Such a record will guard against the possibility of double payment, columns (vi) and (vii) should be filled in and attested by the Gazetted Officer concerned as soon as the bill has been received from the grantee. The bill should then be submitted to the countersigning authority with the register for countersigning the bill and for giving his dated initials in column (viii) of the register. It should also be the duty of the countersigning authority to verify that the conditions if any, attached to the grant have been duly accepted by the grantee without any reservation and that no other bill for the same purpose has already been countersigned before. Any bill received from a grantee should not be countersigned unless it has been noted in the register of grants against the relevant sanction. This would also facilitate watching of payments in instalments, if any, in the case of lump sum sanctions.

(g) In respect of grants to non-Government or quasi-Government bodies or institutions a condition may be laid down that the assets acquired out of Government grants should not without the prior sanction of Government, be disposed of, encumbered or utilised for purposes other than those for which the grants were sanctioned.

The following procedure should be followed in this regard :—

- (i) An undertaking should be obtained by the sanctioning authorities from the grantee institutions that they (the institutions) agree to be governed by the conditions of the grants which result in the creation or acquisition of permanent or semi-permanent assets.
- (ii) The grantee institutions should maintain a register in Proforma I (see Annexure to this Chapter) of permanent and semi-permanent assets acquired wholly or mainly out of Government grants. The register should be maintained by the grantee institutions separately in respect of each sanctioning authority and a copy thereof furnished to the respective sanctioning authorities annually.
- (iii) The sanctioning authorities should also maintain block accounts in Proforma II (see Annexure to this Chapter) of permanent and semi-permanent assets acquired wholly or mainly out of

Government grants. This record should be of a permanent nature and should be posted from the annual returns furnished by the grantee institutions under (ii) above.

- (iv) The register of assets and the block accounts maintained by the grantee institutions and the sanctioning authorities respectively should be available for open scrutiny by audit.

Note.—The term 'assets' used above shall mean :

- (i) immovable property ; and
- (ii) movable property of a capital nature where the value exceeds Rs. 1,000.

¹Government Instructions.—It has been decided that the library books and articles of furniture need not be taken as falling within the definition of the term "assets". It is not, therefore, necessary to include such items in the Proforma I referred to in sub-clause (g) (ii) above. An inventory of such articles should, nevertheless be maintained by the authorities and produced at the time of audit.

10-20. (1) Grants-in-aid contributions, etc., sanctioned by the Government shall not be disbursed at the treasury except under the authority of the Accountant General, but when such expenditure is sanctioned by subordinate authorities under the powers delegated to them, the Treasury Officer may make disbursements without specific authority of the Accountant General.

(2) Save as hereinafter provided bills for grants-in-aid contributions, etc. shall be presented in Form F. C. 40 unless some alternative form is authorised by departmental regulations. The orders sanctioning the payment must be quoted in each case. Unless in any case the sanctioning authority directs otherwise, the bills shall be prepared and vouched for by the grantee ; and no such bill shall be paid by the Treasury Officer unless it bears the signature or countersignature of the sanctioning

authority or such other Government official as may be nominated by it in this behalf; provided that when the sanction of the Government communicated in the form of an express order to the Accountant General to make the payment, the Accountant General may authorise the payment of the bill without requiring the signature or countersignature of a Government official.

(3) In the Public Works Department, grants-in-aid may be included in the same bill as contingent charges, but the abstract of the bill should show the total amounts for each class separately.

ANNEXURE TO CHAPTER X

(Referred to in Para 10-19)

PROFORMA I

Register of assets acquired wholly or substantially out of Government Grants
(To be maintained by Grantee Institutions)

| Serial No. | Name of the Grantee Institution |
|------------|---------------------------------------|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |

No. and date of sanction

Amount of the sanctioned grant.

Brief purpose of the grant.

Whether any condition regarding the right of ownership of Government in the property or other assets acquired out of the grant was incorporated in the grant-in-aid sanction.

Particulars of assets actually created or acquired.

Value of the assets as on.

Purpose for which utilised at present.

Encumbered or not.

Reasons, if encumbered.

Disposed of or not.

Reasons and authority, if any for disposal.

Amount realised on disposal.

Remarks.

Note 1-A separate proforma should be maintained in respect of each sanctioning authority.
Note 2-A copy of this proforma should be submitted annually to the sanctioning authority.

PROFORMA II

Block Account of assets acquired wholly or substantially out of Government Grants
(To be maintained by the sanctioning authorities)

| S. No. | Name of sanctioning authority |
|--------|-------------------------------------|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |

Name of the grantee institution.

No. and date of sanction.

Amount of the sanctioned grant.

Brief purpose of the grant.

Whether any condition regarding the right of ownership of Government in the property or other assets acquired out of the grant was incorporated on the grant-in-aid sanction.

Particulars of assets actually created or acquired.

Value of the assets as on.

Purpose for which utilised at present.

Encumbered or not.

Reasons, if encumbered.

Disposed of or not.

Reasons and authority if any, for disposal.

Amount realised on disposal.

Remarks.

ANNEXURE**PROFORMA III****Form of Utilisation Certificate**

| S. No. | Letter No. and date | Amount | Certified that out of Rs. of grants-in-aid sanctioned during the year in favour of under this department letter No. given in the margin and Rs. on account of unspent balance of the previous year, a sum of Rs. has been utilised for the purpose of for which it was sanctioned and that the balance of Rs. remaining unutilised at the end of the year has been surrendered to Government (vide No. dated :) will be adjusted towards the grants-in-aid payable during the next year..... |
|--------|---------------------|--------|---|
|--------|---------------------|--------|---|

Certified that I have satisfied myself that the conditions on which the grant-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see the money was actually utilised for the purpose for which it was sanctioned.

Kinds of check exercised.

- 1.
- 2.
- 3.

Signature

Designation

Dated

CHAPTER XI-LOCAL FUNDS**I. INTRODUCTORY**

11-1. The expression 'Local Fund' denotes :-

(1) Revenue administered by bodies which by law or rule having the force of law come under the control of Government, whether in regard to the proceedings generally or to specific matters such as the sanctioning of their budgets, sanction to the creation or filling up of particular appointments, the enactment of leave, pension or similar rules.

(2) The revenues of anybody which may be specially notified by Government, as such.

11-2. (1) The transactions of local funds, as defined in rule 11-1 above are not included as such in the Government Account, except in so far as their cash balances may be deposited with Government under rules and accounted for under the deposit head 'Deposits of Local Funds' in the 'Public Account'. The function of Government in regard to such deposits is that of a bank. The money being paid in and drawn out without specification of the nature of receipt or expenditure.

Note.—This rule does not apply if the charges of any local funds are, under any special orders, drawn from the treasury on detailed bills in which case gross amount will be charged by the Treasury Officer in the accounts, the deduction on account of income-tax, fund subscription etc., being credited by transfer in distinct entries.

(2) The main classes of local funds are :-

- (a) Municipal Funds.
- (b) Town and Bazar Funds.
- (c) Other Miscellaneous Funds.

Note.— The expression 'local body' as used in this Chapter means the authority legally entitled, or specially empowered by Government to administer a local fund as defined in rule 1-32.

II. GRANTS TO LOCAL BODIES

11-3. (a) The payment of the various classes of grants to local bodies will be governed by general instructions contained in rule 10-19 and by such special orders as may be issued by Government in regard to each class of grant.

(b) No local fund is allowed to overdraw the balance at its credit, without obtaining beforehand a loan or contribution to cover the over draft from the Government.

III. LOANS TO LOCAL BODIES

11-4. The detailed procedure to be followed in connection with the grant of loans to local bodies will be regulated by the provisions of any loans Act or any other such Act and the rules made thereunder.

IV. CHARGES RECOVERABLE FROM LOCAL BODIES

11-5. Unless any of the following arrangements has been authorised by the Government, a Local Fund is required to pay in advance the estimated amount of charges to be incurred or cost of services to be rendered by Government on account of the fund :-

(a) Payments as made by Government may be charged to the balances of the deposits of the Local Fund in Government books.

(b) Recovery from the Local Fund may be postponed till the time when Government has to make payment for the charges.

(c) Payments may be made as advances from Government funds in the first instance, pending recovery from the Local Fund:

11-6. Any amount due to Government by a local body including any amount overdue for payment in respect of a loan is subject to recovery by adjustment from any non-statutory grant sanctioned for payment to it. The authority signing or countersigning a bill for such a grant should see that this rule is observed as far as practicable.

V. POWERS OF INCURRING AND SANCTIONING EXPENDITURE

11-7. The powers of the several authorities in the matter of incurring and sanctioning expenditure in respect of Local Funds administered by Government are regulated by the following principles :-

(1) As regards funds constituted by the statute, powers of incurring and sanctioning expenditure will be regulated solely by the provisions of the statute. If the statute is silent on this point the Government as the final administrative authority will have full powers of incurring and sanctioning expenditure and of delegating such powers.

(2) As regards other funds, the authority which constituted the fund will have full powers of incurring and sanctioning expenditure and of delegating such powers.

VI. MAINTENANCE OF ACCOUNTS AT THE TREASURIES

11-8. The transactions of all Local Funds, including Municipal Councils, Town Areas, Notified Areas etc. and Cantonment Funds, if any, should be recorded in the Forms T. A. 22 and 24, but should be kept quite distinct and should pass into the treasury accounts as deposits of Local Funds and not as personal deposits.

The transactions of each fund should be entered in a separate column in the Register Form T. A. 24 which should provide a separate column for every such fund in the district. Unless the funds are very few in number there should be registers and totals for Municipal and other funds, separate from those of others.

The following instructions should also be observed by treasuries in keeping accounts of Local Funds :-

(1) Details of transactions of Local Funds should not be included in Government Account.

(2) Where the treasury business is conducted by the bank, accounts

of Local Funds are kept at the treasury, the bank receives and pays the amounts under rules and credits or debits them under their proper designation.

(3) Receipts in respect of Municipal Funds should be accepted even at a treasury or sub-treasury other than that with which the running account is kept.

(4) Unless it be expressly authorised by law proceeds of taxes, fines or other revenue levied or collected by the Government may not be appropriated direct to a Local Fund without passing them through the consolidated fund of the Government whether or not such taxes, fines etc. are earmarked from the start for the purposes of the fund.

(5) Subject to the provisions of relevant Act, and rules made thereunder, adjustments with local bodies in respect of revenue and other moneys raised or received by the Government in this behalf will be made in such manner and on such dates as may be authorised by general or special orders of Government.

11-9. No charges of any fund can be met out of the balance of another fund, and the payments of any fund must never be in excess of the balance at credit, of that fund.

VII. PLUS AND MINUS MEMORANDUM

11-10. A plus and minus memorandum should be appended to the monthly accounts showing for each local fund the balance at the beginning of the month, the amounts received and credited during the month, those paid out during the month and the resultant balance at the end of the month.

Note.—See also rule 7.92 of the J&K Treasury Code Vol. I.

VIII. VERIFICATION OF BALANCES

11-11. The balances at credit of each fund shall be verified at the end of the year by the Treasury Officer in communication with the Accountant

General on the one side, and the Government servant or committee administering the fund on the other. The balance on the Accountant General's books is the balance acknowledged by the Government and the Treasury Officer is required to follow it, and not the local accounts as his standard.

IX. ATTACHMENT ORDERS ISSUED BY CIVIL COURTS

11-12. Whenever an attachment order issued by a Civil Court against a local body is received for execution by the Treasury or Sub-Treasury Officer, the amount involved should forthwith be charged to the funds of that body and an intimation to that effect furnished to the local body concerned.

X. ADJUSTMENT OF CONTRIBUTIONS PAYABLE TO/BY LOCAL BODIES

11-13. All contributions (whether fixed or fluctuating) payable to or by such local bodies or Town and Village Area Committees as bank with Government Treasuries, are adjusted in the Account Office by book transfer credit or debit to the local bodies concerned.

11-14. Intimation of the book adjustment when made in the Account Office is given to the Treasury Officers as well as to the Presidents of the Local Bodies concerned with a view to suitable amendment of the subsidiary registers and plus and minus memoranda maintained in the treasury and for making the necessary record in the pass books of the Local Bodies affected. Whenever the balance of a Local Body is altered at the instance of the Accounts Office, necessary entries should invariably be made in the banking account in red ink so as to distinguish them from the entries relating to cash transactions and the Accounts Office letter intimating the adjustment should be quoted as authority in the banking account against the adjustment entries.

11-15. (a) Unless otherwise specified in the conditions governing the grants all fixed grants payable by Government shall be made to the Local Bodies at the beginnings of each financial year.

(b) A local body should prefer its claim for any amount which the competent authority has sanctioned for payment to it not later than the latest date specified by such authority for payment or if such authority has not specified any such date in respect of a particular payment or class of payments, within six months from the date on which the local body receives the orders, authorising the payments.

XI. MISCELLANEOUS

(a) OPENING OF NEW LOCAL FUNDS

11-16. No new fund should be opened in the Treasury Account without orders of the Accountant General.

(b) SERVICE POSTAGE STAMPS

11-17. Service stamps may not be used by a Local Fund servant or any Government servant acting in a capacity connected with a Local Fund (such as President or Secretary of a Local Fund Committee) but they may be used on the correspondence of a Public Servant acting as such even though the correspondence may relate to the affairs of a Local Fund.

Note.—Telegraphic messages the charges for which are to be borne by local funds, should be classified as Private and not 'State'.

(c) PASS BOOKS.

11-18. A pass book should be maintained for each local fund. It should be the duty of the Administrator of the fund to see that the pass book is sent to the Treasury Officer at least once a month and balanced. The pass book should remain in the personal custody of the Administrator and not of the official concerned either with the paying in or paying out of money or checking the account.

XII. AUDIT OF ACCOUNTS

11-19. Subject to the provisions of any law or rule having the force of law, the accounts of local bodies will be audited by the Indian

Audit and Accounts Department under general agreement reached between Government, and the Comptroller and Auditor General. The agreement extends also to the accounts of other non-Government bodies or institutions, which, under any general or special order of Government, have to be audited through Government agency.

11-20. Audit fees on the basis of daily rates prescribed by Government from time to time will be charged for the audit by the Indian Audit and Accounts Department, of the accounts of local and other non-Government bodies or institutions excluding such bodies or institutions, for the audit of which the rates of fees recoverable are prescribed by law or by rules having the force of law.

Nothing contained in this paragraph shall be held to override any special instructions of Government exempting any particular local body or institution wholly or partially from the payment of audit fees.

CHAPTER XII—SERVICE FUNDS

I. GENERAL RULES

12-1. The subscriber to a Fund is responsible for seeing that proper deduction is made from his bills, though for his convenience, it has been provided that the responsibility for making the necessary deductions regularly and correctly devolves upon the drawers of the bills. Also see rule 6 of G. P. Fund Rules in case of officers on leave or in foreign employ.

12-2. When a subscriber to any Fund whose subscriptions are realised by deduction from pay bills is transferred to another office or audit-circle, the fact that he is subscribing to the Fund shall be certified on the last pay certificate by noting thereon the amount of his monthly subscription and the number of his account or policy.

12-3. When a subscriber to a Provident Fund is about to retire and under rules of the Fund, the money lying at his credit become payable to him, he should make an application to the Accountant General/Head of Office/Department, as the case may be, for final payment of balance in his G. P. Fund account in the form prescribed in sub-rule 6 of rule 8 of G. P. Fund Rules.

12-4. A detailed list of the subscriptions realised in cash on behalf of each fund showing the date and amount of each receipt and the name of the person on whose behalf it is paid in, will be submitted by the Treasury Officer with the cash account. This list will be a copy of a register maintained in the Treasury.

Note.—An important difference with regard to interest is made between subscription paid by deduction from pay bill and subscription paid in cash, no interest being allowed for the month of payment on cash subscription received after the 4th of the month, whereas subscription deduction from a bill bears interest as though it had been received on the 1st of the month.

12-5. Subscription to service and other funds not under Government management may not be received in cash or by deduction from pay bills except under special orders of Government.

12-6. The deposit accounts of funds on the Government books, will be credited with interest at such rates and such intervals as may be prescribed by Government in each case.

II. GENERAL AND CONTRIBUTORY PROVIDENT FUNDS

12-7. The detailed rules to these funds are given in Appendices XVI--A and XVI-B of the K. S. Rs. Vol. II.

Note. 1.—The following instructions should be carefully observed by Heads of Offices with a view to correct preparation of fund schedules :-

- (a) A register in the form prescribed in Annexure 'B' to Chapter IV *ibid* shall be maintained in each office in accordance with the instructions laid down therein.
- (b) Except where it is otherwise provided in the rules of the fund concerned, the rates of subscription may be increased once at anytime during a financial year.
- (c) When a subscriber dies, quits the service or is transferred to another office, full particulars should be duly recorded in the register.
- (d) In the case of the transfer of a subscriber to another office, the necessary note of transfer should be made in the registers of both the office.
- (e) From this register, the monthly scheduled to be appended to the bill should be prepared and agreed with the recoveries made before the submission of the bill to the treasury for payment.
- (f) No salary or establishment pay bill shall be entertained or passed for payment at a treasury or a divisional chest unless necessary schedules of fund recoveries showing account/policy numbers against each name correctly are appended thereto.

Note 2.—Money due to Government by a deceased Government servant on account of an advance of pay cannot legally be deducted from any amount standing to the credit of such Government servant in a Provident Fund.

Note 3.—Payment of temporary advances from Provident fund will be made from the treasury on Form F. C. 43 on the authority and responsibility of the officer sanctioning the advance, without the authorisation or preaudit by Accountant General. A copy of such sanction shall invariably be attached to such bill.

Note 4.—In the case of withdrawals from the fund for financing insurance policies, the withdrawals may be made in the manner laid down in Note 3 above, the particulars regarding the policy or policies on which premium is to be paid being noted on the bills. In all cases covered by Notes 3 and 4, the drawing officer will be responsible to see that the withdrawal is covered by the balance at credit of the Government servant.

III. STATE INSURANCE FUND

12-8. For detailed rules of the fund refer to Appendices XVII and XVII (A) of the K. S. Rs., Volume II. The following rules, however, describe the procedure that should be followed at the treasuries in matters connected with the fund.

(i) RECEIPTS

12-9. Premia may be paid either in cash or by deductions from pay or pension bills. Every sum received by a treasury on account of the J&K State Life Insurance Fund, whether it represents premium, penalty or other receipt should be credited to “Part III-Public Account-S- Unfunded Debt, other Accounts, J&K State Life Insurance Fund”. Full details as to the nature of the receipt, the name of the person insured the number of the policy and the month to which the premia relates, should be given by Sub-Treasury Officers in their daily accounts and by Saddar Treasury Officers in the schedule of receipts on account of Life Insurance (Form Nos. LI-85 and LI-3 should be used separately for cash credits and deductions from pay bills).

(ii) PAYMENT OF POLICIES

12-10. Life Insurance Policies are paid on the death of the insurant and Endowment Assurance Policies either at the death of the insurant or on his attaining the age specified in his policy whichever is earlier on the authority of the Finance Department (Insurance Branch) which before ordering a payment verifies from records that the premia due on the policy have all been paid or what arrear should be deducted from the amount of the policy.

12-11. On the receipt of the order from the Finance Department (Insurance Branch) the Treasury Officer will notify its arrival to the person to whom the amount of policy is payable. Payment will be made on the payee signing a stamped receipt for the payment on the back of the order. The amount paid will be charged in the accounts to ‘Part III —Public AccountS—Unfunded Debt Other AccountsJ&K State Life Insurance Fund’. Full details should be given in the schedule of payments on account of Life Insurance. The Finance Department’s order with the payee’s receipt on the back should be forwarded to the Audit Office in support of the charge.

(iii) PAYMENT OF SURRENDER VALUE

12.12. The amount paid should be charged in the accounts to ‘Part III—Public Account—S—Unfunded Debt, Other Accounts.....J & K State Life Insurance Fund’ full details being given in the schedule of payments on account of Life Insurance forwarding with it the payees receipt duly signed and stamped, where so necessary.

(iv) REFUND OF PREMIA

12-13. (a) An over deduction or an over payment of premium is generally adjusted by an abatement of the deduction from a subsequent bill or by a short payment of the ‘premium’ in the following month. No separate charges for refund are ordinarily required or allowed.

(b) In exceptional cases, not falling within the scope of the preceding clause, refunds of premia by cash payment are permissible. When this is done the advice issued by the Finance Department (Insurance

Branch), should be checked by the Treasury Officer with the refund order presented by the claimant and if these are in order the amount should be paid and charged in the schedule of payments on account of State Life Insurance, the refund order signed by the payee on the reverse and the advice being submitted to the Finance Department (Insurance Branch) through the Audit Office in support of the charge.

Note.—All refund orders for cash payments are issued by the Finance Department (Insurance Branch) for the gross amount. The Disbursing Officer should, however, deduct from the amount to be refunded the amount of income-tax if abatement was allowed on the amount of refund when it was originally paid and note the amount deducted on the reverse of the refund order to be signed by the payee as his receipt for the amount refunded.

CHAPTER XIII—DEPOSITS

I—INTRODUCTORY

13-1. In connection with the transactions of public business, the Government receive moneys deposited with them for various purposes by or on behalf of various public bodies and members of the public, and afterwards account for them by payment or otherwise. Any department of the Government may receive such deposits; a large number of them relates to the revenue administration or the administration of justice. In relation to certain classes of deposits, e. g. deposits of Local Funds, the Government's function is merely that of a banker; in connection with certain other classes, e. g. Civil Deposits, they also control the administration of the moneys.

The transactions relating to moneys of the kinds described above are accounted for in the 'Deposit Section' of the Government accounts.

This Chapter deals with 'Civil Deposits' which include the classes of deposits closely connected with the administration of various Government Departments and controlled by the Government. These are classified according to the Department through which they are received. The usual classes are given in Section II below.

II—CLASSIFICATION OF CIVIL DEPOSITS

- 13-2
- (i) Revenue Deposits.
 - (ii) Civil Court's Deposits.
 - (iii) Criminal Court's Deposits.
 - (iv) Personal Deposits.
 - (v) Public Works Deposits.
 - (vi) Trust Interest Funds.
 - (vii) Deposits for work done for public bodies or private individuals.

- (viii) Unclaimed Provident Fund Deposits.
- (ix) Deposits of Educational Institutions.
- (x) Deposits in connection with Elections.

Note 1.—Other classes of deposits may be added under the special orders of the Government in consultation with the Accountant General.

Note 2.—Separate Registers must be kept for each class of deposits in accordance with the directions contained in this behalf in the J&K Treasury Code or under special instructions of the Accountant General.

Note 3.—In Districts and Tehsils where all branches of the Civil Administration i.e., revenue, criminal and civil are under the same officer, the system may be adopted of including all deposits of the district and subordinate courts in one register as revenue deposits.

Note 4.—All deposits must be separately paid into the treasury with challans or other documents setting forth all the particulars necessary for the entries to be made in the register of deposit receipts. Each item of receipt must be recorded in the register of receipts and each entry must be checked and initialled by the Treasury Officer.

13-3. These rules do not apply to departments which are not under the audit control of the Accountant General. Whatever sums are paid into a treasury by Government Servants of these departments or on their account must be carried to the credit of the Department concerned in the accounts.

III—REVENUE DEPOSITS

13-4. The following items may be kept in revenue deposits :—

- (a) Decree money.

- (b) Witness expenses.
- (c) Security money.
- (d) Diet expenses of Civil Prisoners for subsequent credit to Jail receipts or refund to the depositor.
- (e) Private money of Jail Prisoners.
- (f) Earnest money.

Note.—In addition to the above, Earnest Money Deposits made by intending tenderers of the Forest Department should also be credited to the Revenue Deposits. No previous authority of a Departmental Officer is necessary, but the depositor must state the designation of the officer in whose favour he makes the deposit and the designation must be stated on the receipt given by the treasury.

Explanation—For the revenue deposits the Treasury Officer keeps up detailed registers and exercises detailed checks, while for the Judicial Deposits he maintains only a Banking Account and watches that lump payments against it are not made in excess of the lump balance as its credit.

IV—CIVIL AND CRIMINAL COURTS DEPOSTS

¹[13-5. (i) The detailed registers for Civil and Criminal Courts Deposits are kept by the concerned Courts. They draw out and pay in lump sum to the Treasury and keep small balances in the custody of the Nazir of the Court.]

(ii) The methods in which the accounts of Civil and Criminal Courts Deposits are maintained is that such Civil and Criminal Courts merely bank with the treasury remitting without detail their gross deposit receipts for credit in a personal ledger, and making repayments by letters on the treasury which are taken to debit of the same personal account. These personal ledgers and the corresponding accounts and returns must be kept by the Treasury Officers in the form prescribed for personal deposits, but quite separate from those of personal deposits proper and

¹ Recast vide F. D. Notification SRO-573 dated : 11-12-1970.

they will be designated as Civil Courts or Criminal Courts deposits.

(iii) The object and effect of this arrangement is simply to relieve the Treasury Officers, of responsibility for the details of the deposit transactions, not to abolish detailed record, but to confine it to the departmental office in which registers of receipts and payments must be kept up in the same form ; and be worked on the same principle as above prescribed for the Treasury Officer's Accounts of Revenue Deposits. [The Civil and Criminal Court in this case is responsible for the submission of the statement of lapses to the Accountant General vide rule 13-20.]

Note 1.—The Treasury Officer, in sending his vouchers as the paid orders of the Civil Courts, should attach them to a covering list showing the number and amount of each.

Note 2.—Each transaction of receipt or payment of Civil and Criminal Courts deposit must be initialled by :—

- (a) In the case of High Court or District Magistrate's Court by any Gazetted Officer of the Court ; and
- (b) In the case of other Courts, by the Presiding Officer of the concerned Court.

Note 3.—Plus and Minus memorandum of the balances of the deposits should be recorded by the Judge or the Magistrate concerned upon the register of receipts.

Note 4.—[The Civil Court or Magistrate will incorporate in his own accounts and returns the deposit items of his subordinate Courts. Some subordinate Courts may keep independent accounts. Small Causes Courts will, however, keep separate accounts.]

Note 5.—In Civil Courts where numerous petty sums are received from suiters for immediate disbursement in full (as for diet, postage etc.) the detailed control may, with the approval of the Chief Judicial Authority concerned, be left with the receiving court.

Note 6.—The detailed procedure for the record of these petty deposits may be prescribed, whenever the system is permitted by the Chief Judicial Authority concerned after consultation with the Accountant General.

V—PERSONAL DEPOSITS

13-6. Special banking accounts are sometimes kept for certain classes of Deposits transactions of public or quasi-public nature (such as receipts and payments on account of wards and attached estates and estates under Government management) for which it is not necessary to treat each disbursement as made against a particular receipt. The account kept of them in the treasury is of the nature of banking deposit account. These accounts are called Personal Deposits Accounts.

Where the Government transactions are conducted through the operation of Personal Deposit Accounts it is imperative for the Administrator of the personal ledger account to compile a detailed account of the transactions each month and to forward the same to the Audit Office duly supported by vouchers so as to enable that office to incorporate the transactions in regular accounts after audit.

13-7. Save as provided therein, moneys tendered by Government Officers acting in their official or any other capacity and funds of quasi-public institutions even though like certain dispensaries which may be aided by Government may not be accepted as personal deposits at a treasury without the special permission of the competent authority for the opening of a banking account with that treasury. Such permission may not be granted except after consultation with the Accountant General and unless the authority granting the permission be satisfied that the initial accounts of moneys to be held in such Personal Deposit Accounts are properly maintained and are subject to audit.

The competent authority shall scrutinise the proposal for the opening of a personal ledger account thoroughly before referring the case to the Accountant General with a view to ensuring that the number of such account is not unnecessarily multiplied and shall further see that those cases, where the moneys can conveniently be credited to a final head of account are not referred to the Accountant General.

Note 1.—In connection with the opening of a personal ledger account for departmental purposes at a treasury the following information should invariably be furnished to the Finance Department with the proposal for communication to the Accountant General :-

- (i) nature of transactions intended to be covered by the personal ledger account ;
- (ii) the manner in which the funds will be provided for initially in the personal ledger account and in the case of personal ledger account to be opened with Government money, the major, minor and detailed heads of account to which the expenditure will be debited ;
- (iii) the head of account to which the transactions of the personal ledger account will be booked ;
- (iv) the financial limit on the individual personal ledger account ; and
- (v) the arrangements for the local audit of transactions of the personal ledger account. Information in respect of item (iii) will be supplied by the Finance Department when referring the proposal to the Accountant General.

Note 2.—The personal ledger account already opened at one treasury may not be transferred to another treasury or a sub-treasury except which the approval of the Finance Department-cum-Audit Department.

Note 3.—With the approval of the Education Department, the Accountant General will authorise the non-Government educational institutions receiving money under the scheme of National and National Loan Scholarships to open personal deposit accounts in the name of each institution at the local treasury concerned. For detailed procedure see Rule 10-14(A).

13-8. Withdrawals are made only on repayment vouchers signed by the officer at whose instance the deposit is held. Withdrawals shall on no account be allowed to exceed the balance at credit on the deposit account.

VI—PUBLIC WORKS DEPOSITS

13-9. For rules relating to the P. W. Deposits see Chapter XV of the J&K P. W. Account Code.

VII—TRUST INTEREST FUNDS

13-10. Transactions relating to interest on securities held by the Government are recorded under this head.

VIII—DEPOSITS FOR WORK DONE FOR PUBLIC BODIES OR PRIVATE INDIVIDUALS

13-11. (a) These deposits are made with the Government by Municipalities, District Boards and other Local Bodies financially independent of the Government to cover the payment of compensation for land which the Government propose to acquire on their behalf under the Land Acquisition Act. These shall be received at the treasury in accordance with the procedure laid down in para 17 of Appendix 8 referred to in Rule 10-17.

(b) The number and date of the award statement as well as the date on which the deposit was credited in the treasury accounts shall be noted on all orders and vouchers on which payments are made out of the deposit account.

(c) Deposits for works to be done on behalf of Local Bodies and other parties may be received and dealt with by the Public Works and other Departments carrying out the works, in accordance with departmental regulations.

Note.—When under departmental regulations the Local Bodies or the party concerned is authorised to pay the deposits direct in the treasury, the accompanying challan should state clearly the name of the Department to which the amount is creditable and the division and the work to which the deposit relates.

DEPOSITS OF FEES

(d) Fees received from non-Government bodies or private persons for work done for them by Government servants shall be dealt with as follows :—

(i) In cases where a Government servant is permitted to retain the whole of a fee, he should collect it himself and the Government will not be concerned with the transaction.

(ii) In cases where the fees are divisible between the Government and the Government servant concerned:—

(a) If the exact amount of the fees and the distribution of shares between the Government and the Government servant are known beforehand, the share due to the Government should be credited as miscellaneous receipts of the department to which the Government servant belongs, and the rest should be collected by the Government servant himself. The Government share should be paid into the treasury as far as possible by the body or person paying the fee ;

(b) If the amount of the fees or the shares are known only approximately beforehand, all the fees should in the first instance be paid into the treasury to the credit of the Government, as far as possible, by the body or person paying the fees. The recoveries should be credited to the appropriate deposit head, pending final settlement, when the share due to the Government should be credited as miscellaneous receipt of the department to which the Government servant belongs, and the rest should remain under the deposit head for disbursement to the Government servant in accordance with the procedure set out below :—

The Government servant himself, if he holds a gazetted post, or the head of office on behalf of a non-gazetted Government servant, must claim the amount due to him on a bill in ordinary pay bill form specifying therein the authority sanctioning the payment of fees, and forward the bill to be Accountant General

through the Treasury Officer concerned, who will furnish necessary details of the credit in the treasury accounts. The Accountant General will after verifying the credits, authorise the payment and return the bill to the Treasury Officer, who will pay it by debit to the deposit head concerned.

Note— These rules are intended to be applied to cases in which the whole or a share of the fees as such is payable to the Government servant doing work for non-Government bodies or persons. They are not applicable to cases, e.g. fees levied for overtime work in departments where it is in existence where a Government servant undertakes the work as a part of his official duties although in view of the extra work involved and in consideration of the fees realised, he is remunerated by a share out of these receipts. In the latter cases the fees realised are adjustable as departmental receipts and the disbursements to the Government servants as departmental expenditure.

IX—UNCLAIMED PROVIDENT FUND DEPOSITS

13-12. Unclaimed amounts standing at the credit of subscribers in Provident Funds under the control of the Government are transferred to this head. These deposits should thereafter be dealt with in accordance with the rules governing them.

(a) DEPOSIT OF LOCAL FUNDS

13-13. Save where it is expressly provided by any law or rule having the force of law, moneys pertaining to a Local Fund may not be received for deposit at a treasury without some general or special order of the Government. The accounts of these funds at a treasury shall be kept as a pure banking account in terms of provisions of Chapter XI of this Code.

(b) OTHER DEPOSIT ACCOUNTS

13-14. Moneys appertaining to special deposit accounts which

do not strictly fall under any of the separate classes specified above may be paid into or drawn out of the public account in accordance with such general or special directions as may be given by the Government.

X—LIMITATIONS

13-15. No moneys shall be received for deposit in the Government account unless they are such as by virtue of any statutory provision or of any general or special orders of the Government are required or authorised to be held in the custody of the Government. Every sum of money thus paid into the treasury for the purpose of safe custody and subsequent repayment must be credited at once in the books to some head of deposit and it should not be kept in a separate bag or box.

13-16. It is the business of the Treasury Officer to see that no item is credited as a deposit save under formal orders of competent authority and also, if the amount could be credited to some known head in the Government account, to make representations to the Court or authority ordering its acceptance. No sums are to be credited in any deposit register which can be carried to any other head of account; for example, revenue paid to Government on account of a demand not yet due should at once be finally carried to the proper Budget head, and may not be placed in deposit.

Note.—No transactions other than cash transactions may be accounted for in the deposit section of the Government account. Security deposits received from contractors, Government servants, etc. in forms of Government promissory notes or other property received for safe custody and return in kind should be brought on to the special register prescribed for the purposes. They should not be credited as revenue or brought on to the deposit register, even though their value is stated in money.

13-17. The treatment of the following items as deposits is prohibited :—

(a) No pay, pension or other allowance should be placed in deposit on the ground of the absence of the payee or for any other reasons.

Note.—When a pension is granted to several persons jointly it may not be drawn on the appearance of one claimant only, and payment of his computed share made, the balance being placed in deposit.

(b) No fines should be placed in deposit on the ground that appeal is pending; they should be credited at once to the appropriate head of revenue, and refunded, if necessary, on order of the appellate court. But compensation fines (including costs in criminal cases) due to an injured party, and not to Government should be kept in deposit both in appealable and non-appealable cases, till they lapse under the ordinary rule.

Note.—Fines payable to local bodies under any law, or ordered by courts to be distributed as rewards to Government servants or private persons, should not be paid at once, but kept under 'Criminal Court Deposits' till the period allowed for appeal has elapsed or if an appeal is presented, till it is decided.

(c) Refunds, whether of stamps or of other receipts, can be drawn only on the appearance and on the receipt of the person entitled to them, after production of due authority. On no account may they be charged on the receipt of an official and lodged in deposit pending demand.

13-18. (a) The net sale proceeds of unclaimed impounded cattle are to be kept in deposit for three months and if no claim be made within that time, are to be credited to the proper account.

(b) The sale proceeds of unclaimed property will be placed in deposit for two years vide section 28 Police Regulations II of 1983. The property itself will, however, be kept for six months vide section 27 (i) *ibid*. Exceptions must, however, be made in the case of property left by persons dying intestate and without heirs, which Civil Courts will secure and hold for certain periods in accordance with the law.

Note. 1.—If unclaimed property be perishable and be sold because it cannot be kept, its proceeds should be held in deposit for the period specified in sub-para (b) above. The circumstances necessitating the sale before the expiry of six months should, however, clearly be stated in the column 'Nature of Deposit'.

Note. 2.—Money belonging to prisoners in Jail should not be held for long terms by the Jail Department but should be paid into the treasury at convenient intervals. Such deposits should be classed as 'revenue deposits' and repayments should be made in accordance with the procedure laid down in Rule 13-19 (a).

Note. 3.—The Police Department should have no deposit except security and earnest money deposits, which should be paid into the treasury as Revenue Deposits; unclaimed property found by, or delivered up to a Police Officer should be made over to the Magistrate; proceeds, of sales of old stores or other Government property should be paid into the treasury for credit to Government.

Note 4.—Money belonging to the mental patients confined in a Mental Hospital shall be deposited into the treasury without undue delay, to be credited into the Government account as Revenue Deposits. Repayments of this money shall be made in accordance with the procedure laid down in note 2 to rule 13-17 (a).

XI—REPAYMENT

13-19. (a) A person claiming refund of a deposit must produce an order of the Court or authority which ordered acceptance of the deposit. This order, the Treasury Officer will compare with the entry in the register of receipts in Form T. A. 20 and if the balance be sufficient, he will take the payee's receipt, make payment and record it at once under his initials, both in the register of repayments in Form T. A. 21 from which daily total is carried to the cash book and in that of receipts, noting in both also the date and amount of the repayment. If there be not a sufficient balance at credit of the particular item the Treasury Officer will endorse this fact on the order and return it to the person presenting it. Form F. C. 34 shall be used for repayment order and voucher for deposits repaid. A deposit repayment voucher must in no case be prepared at the treasury. Order of payment should as far possible be recorded in English. As a safeguard against fraud, the authority ordering repayment shall enter the name of the payee after the words 'passed for payment' thus 'passed for payment to

(b) Earnest Money Deposits of the Forest Department will be refunded only under the authority of an order endorsed upon the original deposit receipt of the Treasury Officer, by the Departmental Officer in whose favour the deposit was made. It must be borne in mind that no part payment can ever be made. If, however, the departmental officer desires that the deposit, instead of being refunded be carried to the credit of Government he will return the receipt with this direction, whereupon the Treasury Officer will make the necessary transfer on the authority of this voucher.

Note. 1.—When at a treasury the business of which is conducted by the Bank a deposit is repaid by an order on the Bank, the entry in the register of receipt will be made when the order is issued and that in the register of repayments when the repayment is reported in the daily bank scroll. If in any case, repayment is not made on the date of the order on the Bank, the actual date of repayment should also be noted in the Register of Receipts just below the entry of the date of order.

Note. 2.—In the case of the mental patient's deposits the Superintendent incharge of a Mental Hospital will make the payments in cash to the discharged patients from his permanent advance which he should subsequently recoup by withdrawing the deposits from the treasury in the manner laid down in Rule 13-19 (a) above.

Note. 3.—No permanent advance should be given and held apart specially for the repayment of deposits; the office permanent advance may be augmented sufficiently.

¹[13-20. Unless it be otherwise provided by any law or rule or order issued by competent authority, a deposit repayment order shall remain in force for a period of three months from the date on which it was issued, after which no repayment can be made on its authority unless it is revalidated.

13-21. Deposits credited to the revenues of the State under provisions of the rule 13-22 will be repaid without sanction of the Accountant General provided the detailed accounts thereof have been maintained in the treasuries. Where no such detailed accounts are kept in respect of any item of lapsed deposit, precheck of the Accountant General will be obligatory. However, the sanction by the Accountant General will be given as a matter of course on ascertaining that the item was really received, was carried to credit as lapsed and is now claimed by the person who might have drawn it any time before the lapse.

The amount of a lapsed deposit refunded will however, be charged in the cash book as a refund and not debited to deposits. But the payment of the deposit should be recorded in the appropriate deposit register of receipts, so as to guard against a second repayment. If the payment is made after the register of receipts has been destroyed the responsibility for verifying the claimant's title to refund shall devolve upon the authority who signs the application in Form F. C. 34.]

XII—LAPSES ANNUAL ACCOUNTS

13-22. Deposits not exceeding five rupees unclaimed for one whole account year, balances not exceeding five rupees of deposits partly repaid during the year then closing, and all balances unclaimed for more than three complete account years will, at the close of March in each year, be credited to Government by means of transfer entries in the Accountant General's Office. Of deposits or balances thus lapsing the Treasury Officer must submit to the Accountant General, immediately after 31st March, a list in Form No. F. C. 35.

Note.—For the purposes of this rule, the age of a repayable item or of a balance of it is to be reckoned as dating from the time when the item or the balance, as the case may be, became first repayable.

13-23. Balances in the Personal Deposit Accounts do not lapse to Government if outstanding for more than three complete account years. In cases, however in which the Personal Deposit Accounts are created by debit to the Consolidated Fund, the same should be closed at the end of the financial year by minus debit of the balance to the relevant service

heads in the Consolidated Fund, the Personal Deposit Accounts being opened next year again, if necessary, in the usual manner. If a Personal Deposit Account is not operated upon for a considerable period and there is reason to believe that need for the Deposit Account has ceased, the same should be closed in consultation with the Officer in whose favour the Deposit Account was opened.

13-24. The application for sanction will be made, in Form F. C. 34. There must be a separate application for deposit repayable to each person, and it will be used as the voucher on which the payment is to be made and submitted to the Accountant General with the list of payments in which it is charged.

Note. 1.—Early in March the old registers of deposits should be taken up and an extract made of those of each class which would, in ordinary course, whether from age or pettiness, lapse at the end of the month. This list should then be reviewed by the Treasury Officer, and any item, which in his opinion should not be so dealt with should be struck out and at the same time (if it be an item lapsing from age) [x x x x x] full detail of the reasons why it is not to lapse being given in a covering memorandum. Similarly, if any item, is repaid in the course of the month, it should be struck out of this list at the same time as the payment is entered in the registers of receipt and repayment. On the 31st March each of these lists should be again checked with the registers of receipts, wherein its item should be marked off as having lapsed and been credited on 31st March and the total of the list should be deducted in the plus and minus memorandum from balances shown at credit of the particular class of deposits, the list itself signed by the Treasury Officer being forwarded to the Accountant General.

Note 2.—In preparing the lapsed statement the items should be entered in chronological order, and separate totals should be given for deposits relating to different years.

Note 3.—When the list of lapses is made up by the Judge or Magistrate notice of the amount must be sent by the Accountant General to the Treasury Officer to enable him to deduct the amount in the personal ledger.

¹13-25. Deleted.

13-26. A Certificate from the administrator of every personal ledger account to the effect that the balance claimed by him is of a named amount and detailing the differences between his balance and that admitted by the Treasury Officer in his plus and minus memorandum, should be transmitted along with the Clearance Register for other classes of deposits.

XIV—AGREEMENT WITH TREASURY

13-27. (a) When the different Civil Courts of a district bank with Civil Treasury the Treasury Officer may if it facilitates the comparison of the accounts, open a personal ledger account for each Court even though the deposit transaction of the subordinate Courts be brought by a superior Court in detail on its own registers.

(b) To prevent disagreement between the deposit figures reported to the Accountant General by Civil Courts and by Treasury Officers, it is necessary to arrange that the former shall report only completed transactions.

(c) The Court will submit a monthly advice list to the Accountant General of sums received and paid during the month bearing a certificate of the treasury concerned that the receipts and expenditure as shown therein have been verified.

Note.—When it is inconvenient for a claimant to proceed to the treasury to obtain repayment of a deposit, the Judge may pay him in cash, provided that there are in the Court funds sufficient whether of current deposit receipts or of the office permanent advance.

1. Deleted vide F. D. Notification SRÖ-573 dated : 11-12-1970.

In these cases, however, the gross receipts and payments taking place at the Court must be shown as remitted to and from the treasury, and the payment be supported by the paid orders. If the receipts are in excess of the payments, the excess will be remitted in cash to the treasury ; and if the payments are in excess of the receipts the treasury will pay the excess to the Court, which will thus recoup the permanent advance account.

CHAPTER XIV—LOANS AND ADVANCES

I—GENERAL

(i) SANCTIONS

14-1. A competent authority may sanction loans and advances to private individuals, local bodies and Government servants for the purposes and subject to the conditions specified in the following rules.

(ii) ESTIMATES

14-2. Provisions should be made in the Budget for all loans and advances which can be foreseen ; a timely estimate both of the advances and of the recoveries of the coming year should, therefore, be made in accordance with the provisions of the Jammu and Kashmir Budget Manual

(iii) MAIN CLASSES OF LOANS AND ADVANCES

14-3. Loans bearing interest.—

(1) Loans to municipalities and other local funds, advances under special laws and miscellaneous loans and advances.

(2) Loans to Government servants.

14-4. Advances not bearing interest—

(1) Permanent advances (for detailed rules refer to Chapter VII of this Code).

(2) Advances repayable (other advances

¹[Note 1.—(i) Advance drawal from treasury should be made only when:—

- (a) such drawal is covered under rules, (reference to the rule shall invariably be quoted by the drawing officer on the bill for advance drawal) ; or
 - (b) the drawal is made in pursuance of the terms of a contract/ agreement for supplies and services. In such cases the bill should be accompanied by a sanction for advance payment of the authority which has executed the agreement for the supply/service on behalf of the Governor. Where such authority may be the drawing authority itself it shall support the bill with a copy of the agreement or an attested copy of the relevant clauses of the agreement. It shall be assumed that the authority sanctioning/drawing such advance, has before making drawal secured the interests of Government against any risk/loss as a result of its misappropriation by the payee/firm/supplier ; or
 - (c) the drawal is made for release of railway receipt sent by the firm for the articles on despatch (in such cases the drawing officer will certify on the bill that the contractor /firm is of well known standing and an undertaking in the proper form has been obtained from the party beforehand as to secure the Government against all risk of loss in the event of articles supplied, found to be short or defective and specifications sub-standard or not conforming to stipulated terms ;
- (ii) Advances which are not covered under clauses (a), (b) and (c) above shall be sanctioned by the Government in the Administrative Department after observing the required formalities.
 - (iii) All the authorities competent to sanction/make advance drawals shall in addition, to the above conditions see that :-
 - (a) The advance drawal is made only when it is obviously necessary.
 - (b) Necessary funds to cover charges are available.
 - (c) Sanction of the competent authority to the incurring of expenditure has been obtained.

- (d) The advance drawals are not made with a view to avoid lapsing of budget grants.
- (e) Detailed accounts in support of the advance drawals are sent to the Accountant General without delay as soon as possible. For this purpose the departmental officers should obtain vouchers and other documents from the concerned quarters well in time.
- (f) The interests of the Government have been safe-guarded against all risks of loss.
- (g) In respect of an advance payment exceeding Rs. 5.00 lakhs in an individuals case, the clearance of Finance Department (Resources) has been sought immediately (two to three days) before the date of drawal.]

¹[Government Instructions :- Deleted.]

²[Exception No. 1.- The Director Central Purchase and Stores Department shall be competent to make advance payments against documents for cost. Freight and incidental charges of stores purchased within and outside the State without obtaining the prior sanction of the competent authority :

Provided that necessary provision exists in the budget and full amounts are advanced to Government owned Corporations/Undertakings like J&K Cements Limited and Steel Authority of India only, in case of purchases of Cement, Bituman and Steel. In respect of other materials, advances to the extent of 10 to 20 per cent only shall be made. Provided the same are purchased from outside the State].

³[Exception No. 2.- The Administrative Department (Education) shall be competent to sanction advance drawals of funds required for

1. Government Instructions inserted vide F. D. Notification SRO-233 dated : 19-6-1975 has been deleted vide F. D. Notification SRO-798 dated : 21-12-1976.
2. Recast vide F. D. Notification SRO-313 dated : 29-11-1995.
3. Inserted vide F. D. Notification SRO-56 dated : 6-2-1970.

meeting expenses on the deputation of N. C. C. Cadets and Officers for training in and outside the State, provided that :-

- (i) the deputation is sanctioned by the competent authority ;
- (ii) the White D. C. Bill on which such amount is drawn shows in as clear a detail as possible the expenditure to be incurred ; and
- (iii) the budget provision for the drawal is available.]

¹[Exception No. 3.-All Class I Officers (Heads of Departments) will be competent to make advance payments for purchase of journals, within the budget grants, provided that at the time of making such drawals from treasury the particulars of the journals their No. ; rate, reference to supply order, name of the firm and other allied particulars are invariably recorded in the bills and advance payments are made consistent with the provisions of agreement/supply order.]

²[Exception 4.-Deputy Director General NCC shall be competent to depute NCC Cadets/NCC Officers outside the State. He shall also be competent to draw advance amount required for deputing of Cadets/Officers outside/within the State strictly in accordance with the norms prescribed for the purpose by the Government, subject to the condition that the accounts for advance drawals so made are submitted immediately after conclusion of each camp/course according to the time norms stipulated.]

³[Exception 5.-In case of the Administrative Departments where Financial Advisor and Chief Accounts Officers (F. A. & C.A.O. have been provided in terms of Government Order No. 246-F of 1988 dated : 13-9-1988, the limit of advance drawal, without making reference to Finance Department, shall be ⁴Rs. 25.00 lakhs.]

1. Inserted vide F. D. Notification SRO-236 dated : 18-5-1970.
2. Inserted vide F. D. Notification SRO-261 dated : 3-4-1986.
3. Inserted vide F. D. Notification SRO-324 dated : 7-10-1988
4. Substituted vide F. D. Notification SRO-103 dated : 23-3-1998.

¹[Exception 5-A. The Ladakh Autonomous Hill Development Council, Leh shall be competent to make advance drawal up to Rs. 10.00 lakhs with the concurrence of Chief Controller of Finance concerned without making a reference to Finance Department.]

²[Exception 6.-All the Government Departments who are required to get their Civil Works, costing Rs. 15.00 lakhs or more executed through Jammu and Kashmir Project Construction Corporation shall be competent to release the advances for works allotted to J & K P. C.C. in the following manner and without seeking formal sanction of the Administrative/Finance Department :—

- (a) An amount equal to 25% of the total cost of the work at the time of issue of letter of intent for the works.
- (b) Thereafter, on the certificate of Managing Director J & K P.C.C. Ltd. that the previous advance of the work has been expended, a further advance amounting to 25% or more (of the total cost of work) so on till the entire amount of the contract is released to the Corporation.
- (c) Expenditure certificate against the amount of advance paid to the Corporation as certified by Financial Controller/Accounts Officer of the Corporation be submitted to the concerned Department quarterly by the Corporation.

Nothing in this rule is intended to dilute the responsibility of the concerned Drawing and Disbursing Officers to ensure that money paid by them as advance is spent properly for the specified purpose. In particular, they shall avoid transfer of funds at the close of the Financial year only with sole purpose of avoiding lapsing of funds.]

Note 2.—Although the advances to Government servants for journeys on tour and for other miscellaneous purposes are debited to the service heads concerned, they have been dealt within this chapter for the sake of convenience. (See Rule 14-25).

1. Inserted vide F. D. Notification SRO-118 dated : 2-4-1996.
2. Inserted vide F. D. Notification SRO-368 dated : 6-12-1988.

Note 3.—As the Municipal and Town Area Budgets are not subject to the vote of the Legislature, the Administrative Department (incharge Local Bodies) is competent within the meaning of Note 1 above to sanction advances but in cases in which Budget provision does not exist advances in anticipation of Budget provision may be sanctioned by the Government in Department (incharge Local Bodies) when the expenditure is of an urgent nature and cannot be postponed in public interest. In such cases it will have to be certified that provision will be got made in due course.

Note 4.—Advances to cultivators in the form of Taccavi will be governed according to Taccavi Rules.

II—LOANS TO LOCAL BODIES ETC.

(i) ISSUE OF LOAN MONEY

14-5. Unless in any case Government direct otherwise the issue of loan money shall be governed by the following rules :—

¹[1. Every loan granted to a Municipality or other Corporation will be recorded in the books of the Accountant General in post audit. Pre-audit of such loan bills is not necessary.

2. No Department or Government servant may incur any expenditure or any liability against a sanctioned loan unless he is satisfied that the amount is available out of such loan.]

²3. Deleted.

4. Funds spent under clause 2 shall reckon for interest as if they were drawn on the last day of the month in the accounts of which they are included by the spending department or Government servant.

1. Recast vide F. D. Notification SRO-483 dated : 24-11-1965.
2. Deleted vide F. D. Notification SRO-483 dated : 24-11-1965.

(ii) CONDITIONS OF REPAYMENT

14-6. Loans and advances will be usually made to local bodies under the following rules :—

(a) A specific term should be fixed which should be as short as possible, within which each loan or advance should be fully repaid with interest due.

(b) The term will be calculated from the date on which the loan is completely taken up or declared by the competent authority to be closed.

(c) The repayment of loans should be effected by instalments which should ordinarily be fixed on a half-yearly due dates for payment being specially provided.

(d) Instalments paid before the due date will be taken entirely to principal unless, of course, any interest for a preceding period is overdue.

Note 1.—When a loan of public money is taken out in instalments, the first half-yearly repayment should not be demanded until six months after the last instalment is taken, meanwhile simple interest only should be realised. But, should it appear that there is undue delay on the part of the debtor in taking out the last instalment of a loan, the Government may, at any time, declare the loan closed and order repayment of capital to begin. The Accountant General will bring to notice any delay that appears to him to require this remedy and he will take this step whether there are any dates fixed for the taking of instalments or not.

Note 2.—If, in any case, dates have been fixed for the payment of interest, or the repayment of instalments of debt, then such repayment should not begin, until the second of the half-yearly dates so fixed, after the loan has been completely taken up, simple interest only being recovered on the first half-yearly date after

the completion of the loan. For example, supposing a loan the interest on which is recoverable half-yearly to be completely taken up on 31st March, and the interest to be payable on 30th June, and 31st December, the first half-yearly instalment in repayment of principal will not be due until 31st December following. Simple interest only will be due on the intermediate 30th June.

Note 3.—Notes 1 and 2 are applicable, *mutatis mutandis* to loans the repayments of which are made by other than half-yearly instalments.

Note 4.—The calculation fixing the amount of equal periodical instalments, by which an advance is repaid with interest, presupposes punctual payment of the instalments, and that, if any instalment is not punctually repaid, the fixed instalment will not in the end discharge the loan.

(iii) INTEREST

14-7. (i) Interest should be charged at the rate provided by Government for any particular loan or for the class of loans concerned.

(ii) A loan bears interest for the day of advance, but not for the day of repayment. Interest for any shorter period than a complete half-yearly should be calculated as $\frac{\text{Number of days} \times \text{yearly rate of interest}}{365}$ unless any other method

365

of calculation is prescribed in any particular case or class of cases. The amount of interest received should be credited to the head '0049 - Interest on Loans and Advances by the State Government'.

[14-7-A. In case where on account of premature death of a Government servant it becomes necessary to recover a part of the outstanding balance of an interest bearing advance sanctioned to a

Government servant and/or interest on the amount of such advance by adjustment either against death-cum-retirement gratuity or leave salary actually drawn after the date of death of the Government servant, no interest should be charged on the amount of advance thus adjusted against death-cum-retirement gratuity/leave salary, if any, beyond the date of death of the Government servant.

Pending dues, if any, not finalized before the issue of these orders will be decided accordingly].

(iv) DEFAULTS IN PAYMENT :-

14-8. Borrowers should be required to adhere strictly to the terms settled for the loans made to them. Modifications of those terms in their favour can be made subsequently only for very special reasons.

14-9. (a) Any default in the payment of interest upon a loan or advance or in the payment of the principal, will be promptly reported by the Accountant General to Government. On receipt of such a report, the Government should immediately take steps to get the default remedied.

Note.—The responsibility of the Accountant General under this rule refers only to the loans the detailed accounts for which or kept up by him. (See rule 14-12 infra).

(b) The authority which sanctions a loan may, in so far as the Law allows, enforce a penal rate of compound interest upon all overdue instalments of interest, or principal and interest. If a penal rate is enforced, it should not except under special orders of Government be less than 8 per cent per annum.

(v) IRRECOVERABLE LOANS AND ADVANCES

14-10. A competent authority may remit or write off any loans or advances owing to their irrecoverability or otherwise.

14-11. In respect of revenue and other advances, for the detailed control, accounting and supervision of which departmental officers are responsible, it is the duty of the departmental authorities concerned, as soon as any such advance is ascertained to be irrecoverable, to take the necessary steps to get it written off the accounts under the sanction of competent authority, and to advise the Accountant General, in order that he may make the necessary adjustment in the accounts. Irrecoverable advances written off should nevertheless be registered by the Departmental authorities in a separate account or record, in order that any possible eventual recovery may be made.

(vi) ACCOUNTS AND CONTROL

14-12. (a) Subject to such general or specific directions as may be given by the Comptroller and Auditor General in this behalf detailed accounts of individual loans and advances will be maintained by the Accountant General who will watch their recovery and see that the conditions attached to each loan or advance are fulfilled.

(b) The following special procedure is prescribed for the drawing of Revenue advances which include Taccavi advances, advances under Land Improvement Acts, and any other advances which Revenue Officers are allowed or directed to make under the provisions of any law or under special orders of Government.

Note.—Taccavi works advances in the form of expenditure on Taccavi works in the Public Works Department are regulated by departmental rules. Save where the estimated cost of such works are recovered in the P. W. D. recoveries of such advances will be made by the Collector in the same way as arrears of land revenue.

(c) Advances may be issued from the treasury upon orders signed or countersigned by the Collector or other duly authorised officer. Neither the Treasury Officer nor the Accountant General will be responsible for taking further cognizance of each individual transaction after payment by a treasury beyond keeping a separate plus and minus memorandum for each