

## **THE KARNATAKA FINANCIAL CODE, 1958**

### **NOTIFICATION**

#### **No. FD I COD 58, dated 1st April 1958**

In exercise of the powers conferred by clause (2) of Article 283 of the Constitution of India and in supersession of the Rules contained in the Mysore Financial Code, Volume 1 (1952 Edition) with Appendices and Forms as contained in the Mysore Civil Account Code, Volume 1 (1927 Edition) as amended, other than the rules relating to contingent expenditure, the Governor of Karnataka, hereby makes the following rules, namely: -

### **CHAPTER - I**

#### **TITLE AND DEFINITIONS**

1. (1) These rules may be called the Karnataka Financial Code, 1958.

(2) They shall come into force on the First day of July 1958.

1-A. If the Government considers it necessary or expedient so to do for avoiding any hardship or removing any difficulty that may arise as a result of the application of these rules, it may subject to such restrictions and conditions, if any, as it may think fit to impose, dispense with or relax the provisions of any of these rules in any case or class of cases.

2. In this Code, unless the context requires otherwise the following words and phrases have the meanings hereby assigned to them: -

(1) "Accountant General" means the head of the Office of Audit and Accounts who maintains the accounts of the State and exercise Audit functions in relation to those accounts on behalf of the Government.

(2) "Abstract Bill".-A bill without details either for contingent or travelling allowance expenditure, paid at a treasury without the scrutiny and countersignature of a controlling authority, to save delay in the discharge of a claim.

(3) "Budget Calendar" means the calendar fixed by Government for the preparation of the budget estimates and for completion of the State Budget of the year (Refer to the Budget Manual).

(4) "Budget Estimates" are the detailed estimates of the receipts and expenditure of a financial year. (Refer to the Budget Manual).

(5) "Cash Order" means an order issued by a Treasury Officer for private remittances on another Treasury, of a specified amount to a specified person.

(6) "Cheque" means a written order (not expressed to be payable otherwise than on demand) addressed by a person called the "drawer" to a Bank or Treasury to pay a specified sum of money to himself or to a third party known as the "payee" and includes a demand draft drawn on any specified Bank.

(7) "Controlling Authority" means the Head of a department or other departmental officer who is entrusted with the responsibility of controlling the

incurring of expenditure and/or the collection of revenue by the subordinate authorities of a department.

(8) "Disbursing Officer" means a Government servant who draws moneys from the Treasury on bills or cheques, but excludes a Government servant who is not the Head of an office and draws only his own pay and allowances from the treasury.

(9) "Financial Year" means the year beginning with the 1 st April and ending with the following 31st March.

(10) "Government" means the Government of Karnataka.

(11) "Government Servant" means any person serving in connection with the affairs of the Government, whether remunerated by salary or not, and includes every person who is authorised to receive, keep, carry or spend moneys on behalf of Government.

(12) "Head of a Department" means any authority specially ordered by the Government to be the Head of a Department (vide Appendix 1).

(13) "Inevitable Payments" means money which is indisputably payable.

(14) "Inspecting Officer" means a Government servant who is appointed solely or mainly for performing specified duties of inspection which involve touring the State and does not include a Government servant who performs inspection duties occasionally as part of his general supervision of his subordinates.

(15) "Lapse of Grant" means the expiry at the close of the financial year of the sanctioned grant not utilised for expenditure or the unexpended portion of the sanctioned grant, except grants which are specially exempted from the rule of lapse (Refer to the Budget Manual).

(16) "Local Body" means a District Board, a Municipal Council, Village Panchayat, Trust Board, etc.

(17) "Local Fund" means:-

(1) the revenues administered by Bodies which come under the control of Government by law or rule having the force of law 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 particulars appointments. the encashment of leave, pensioner similar rules; and

(2) the revenues of any body which may be specially notified by the Government of Karnataka as such.

(18) "Major Head" means a main head of account for the purpose of recording and classifying receipts and disbursements of moneys that enter into the accounts of Government (Refer to the Budget Manual).

(19) "Miscellaneous Expenditure" means all expenditure other than that falling under pay and allowances, contingencies and works.

(20) "Proposition Statement" means a statement to be submitted to Government setting forth the financial effect of a proposal for revision of establishments.

(21) "Re-appropriation" means the transfer of funds from one head of account to another. (Refer to the Budget Manual).

(22) "Receipts of Government" means and includes all moneys received by a Government servant on behalf of the Government, not only the proceeds of taxation and the yield of ordinary revenue but also capital receipts, such as, the proceeds of sales of land; the proceeds of borrowing operations unfounded debt, and such receipts of a banking or deposit nature as by virtue of any statutory provision or of any general or special executive order of the Government have to be held in the custody of the Government.

(23) "Revised Estimates"-Refer to the Budget Manual.

(24) "Surrender of Grants" means the formal surrender of grants which are not likely to be utilised before the expiry of the year to be placed at the disposal of Government (Refer to the Budget Manual).

(25) "Treasury" means any Treasury in the State and includes a Taluk Treasury.

(26) "Treasury Officer" means the officer in immediate executive charge of a Treasury.

(27) "Unit of Appropriation" means the lowest account head under which the Government place a specific appropriation at the disposal of the spending authority concerned (Refer to the Budget Manual).

(28) "Ways and Means Estimates" -Refer to the Budget Manual.

## **CHAPTER II**

### **GENERAL PRINCIPLES AND RULES**

#### **Duties as regards accounts**

3. Every Government servant should see that proper accounts are maintained for all Government financial transactions with which he is concerned, and render accurately and promptly all such accounts and returns relating to them as may have been prescribed by Government, the Accountant General, or the competent departmental authorities.

Every Government servant should realise that the correct maintenance of his accounts is as important a part of his duties as his executive work. A knowledge of the accounts and financial rules relevant to his duties is a necessary part of the equipment of every Government servant through whose hands Government money passes, and he is expected to be sufficiently familiar with financial and account rules to keep an adequate check over the clerks or accountants in the office under his control. He should check the accounts as frequently as possible in order to see that his subordinates do not commit fraud, misappropriation or any other irregularity. The

Government will hold him personally responsible for any loss that may be found to be due to any neglect of the duties laid upon him by the provisions of this Code. The fact that a Government servant has been misled or deceived by a subordinate, will in no way mitigate his personal responsibility, since every Government servant should be familiar with the financial rules laid down by the Government and exercise a specially strict and close control over his subordinate in regard to the use of public funds and the maintenance of proper accounts.

### **RECEIPT**

4. (a) All transactions to which any Government servant in his official capacity is a party must, without any reservation, be brought to account, and all moneys received should be paid in full without undue delay in any case within two days, into a Government treasury, to be credited to the appropriate account and made part of the general treasury balance.

Note 1.- If in exceptional circumstances, the time limit of two days cannot be observed, the Heads of Departments should by specific order, extend the said time limit up to seven days. Unless the time limit is so extended by a specific order, by the Head of Department, the time limit of two days will operate.

Exception.- The provisions regarding the time limit for crediting Government money contained in clause (a) of this Article are not applicable to remittances like Land Revenue for which specific rules exist in the 'Department Manuals'.

Note 2.- The following procedure shall be observed if a Government officer receives in his official capacity, moneys which are not Government dues:-

(i) All moneys received by or deposited with any officer, other than Revenues or Public money raised or received by Government, shall be paid into the public account ;

(ii) All moneys received by or deposited with any court to the credit of any cause, matter, account or persons shall also be paid into the public account;

(iii) Moneys not being Government dues received by a Government servant in his official capacity, i.e., Poor Fund in Hospitals, Sports Fund in Educational Institution, etc., shall be deposited in the Savings Bank of the Karnataka Government/Post Office Savings Bank.

(iv) The Head of Account to which such moneys shall be credited and the withdrawal of moneys therefrom shall be governed by the relevant provisions of the Account Code, Volumes I and II, the Karnataka Financial Code, 'The Karnataka Treasury Code or such other general or special orders as may be issued in this behalf.

But accounts of such transactions should be kept distinct from those pertaining to State Funds.

### **DEPARTMENTAL RECEIPTS**

<sup>1</sup>[(b) Government dues paid in the form of cash, cheques, bank drafts, postal orders and money orders should be accepted by the Departmental Officers. The following procedure should be observed in accepting the Government dues.

**(i) Acceptance of Government dues in cash at the Departmental Counters:-**

Government dues tendered in cash may be accepted by Departmental Officers in their office upto an amount not exceeding Rs. 250/- in each case in Bangalore City and an amount not exceeding Rs. 100/- in each case in places other than Bangalore City. Wherever Departmental regulations permit acceptance of Government dues tendered in cash, exceeding Rs. 100/- in each case, the regulations will continue to apply. The Departmental authorities should receive such remittance across their counters upto one hour before the closing of the office hours. In offices where payments in cash are already being accepted beyond such hour, the existing arrangement may continue.

**(ii) Acceptance of Cheques and Bank Drafts drawn on local Banks:-**

Cheques or Bank Drafts drawn on local Banks in payment of Government dues may be accepted and instructions contained in Article 9 of Karnataka Financial Code will continue to be allowed. Cheques and Drafts should be treated as cash and entered in the Cash Book of Departmental Officers like other cash transactions.

**(iii) Acceptance of Money Orders and Postal Orders:-**

- a) When the Departmental Officers are in account with a Bank Treasury.

**(i) Money Orders:**

For all money orders payable to the same Departmental Officer, the post office will prepare each day a list in triplicate (showing the name and address of the remitter, the amount) and present to the Departmental Officer, through a Post man, a list in duplicate together with the listed Money Orders. The Departmental Officer will scrutinise the list to ensure that they are intended for him and the totals are correct and return the original to the Post Office duly corrected if necessary and with a request to pay the amount by a Crossed Cheque. The Post Offices will issue a crossed cheque and send it along with the accepted list and money orders after carrying out corrections in his copy of the list. The Departmental Officer will acknowledge the receipt of the Cheque in the original copy of the list, detach the Money Order coupons, sign the Money Order acknowledgements and return the list and Money Orders.

Thereafter the Cheque will be sent to the Bank along with the Challan duly filled in for credit to the appropriate Head of Account.

**(ii) Postal Orders:-**

On receipt of Postal Orders the Departmental Officers should prepare a list in triplicate and send to the Bank the Postal Orders together with first and second

copies of the list and the necessary challan for credit to the appropriate Head of Account.

**(iv) When the Departmental Officers are in account with the Non Bank Treasury:-**

**a) Money Orders:-**

The procedure to be followed will be the same as in the case of a Bank Treasury except that the post office will pay the Money Orders by a Treasury voucher instead of by a Cheque which will be presented by the Departmental Officer at the Treasury for adjustment by credit to the Head of Account as indicated in the Challan.

**b) Postal Orders:-**

The procedure to be followed will be the same as in the case of a Bank Treasury except that the postal orders with the list in triplicate alongwith a Challan duly noting the appropriate Head of Account is presented to the Post Offices. The Post Master after necessary check and verification will issue a Treasury Voucher for the amount of the Postal Orders and send it alongwith the copy of the list to the Treasury Officer for adjustment and return one copy of the list duly indicating thereon the voucher number and date of the Treasury Voucher.

**(v) When the Post Office is not in account with Treasury/ Bank:-**

In place where the Post Offices are not having account either with the Treasury or Bank the Departmental Officers may receive the dues remitted by Postal Orders and Money Orders and will be guided by the normal rules.

These should be treated as cash and accounted for. in the Departmental Cash Books.

5. The appropriation of departmental receipts to departmental expenditure, except when specially authorised, is strictly prohibited.

This rule is relaxed :-

(a) In regard to money received on account of the service of summons, and diet money of witnesses in Civil cases; and

(b) In cases covered by the rules in other authorised Codes.

(c) In regard to money received as daily collections at the Legislator's Home, Bangalore, for the purpose of refunding the advance of lodging charges to the occupants at the time of vacating the rooms in the Legislator's Home.

6. A Government Officer receiving money on behalf of Government must give the payer a receipt.

Note 1.- This rule applies also to moneys received by Postal Money Orders. In such cases the receipts should be despatched to the remitters by post.

Note 2.- Form K.F.C. I will be used for the purpose. Educational Institutions will use Form K.F.C.-1A. Use of manuscript forms is strictly prohibited.

Note 3.- Only Heads of Offices or Institutions are authorised to sign these receipts. With the sanction of Government Officers subordinate to them may also be authorised to sign such receipts on behalf of the concerned Heads of Offices or Institutions.

Personal Assistants to the Superintending Engineers of Circles in the Public Works and Electricity Department are authorised to sign the receipts.

Note 4.- Heads of offices or Institutions should keep a complete account of the receipt books that they have received and should be able to produce them always, used or unused. Ordinarily more than one book should not be used at one and the same time, and a new book should be brought into use only after the old one is exhausted. The Stock Register of Receipt Books should show the date on which a book was brought to use and the date on which it was completed. Before a receipt book is brought into use, the number of forms contained therein shall be counted and the result recorded in a conspicuous place in the book over the signature of the Government officer in charge of the book. Counterfoils of used receipt books shall be kept in his personal custody. The receipt books must be kept under lock and key in the personal custody of the officer authorised to sign the receipt on behalf of Government.

Note 5.-The money received should be brought into the Cash Book immediately, the receipt number being noted therein.

Note 6.-The required printed receipt books (machine numbered) should be obtained by the Head of each Department or other controlling officer and distributed to all subordinate officers a stock account thereof being maintained showing the number of the books (and number of forms contained in each) received by him and issued to each individual officer.

Note 7.-At the time of inspections it should be seen that all the receipt books supplied to each office have been accounted for properly and that the amounts received as per receipts granted have been brought to the Cash Book.

“Exception.-The provisions of this Article will not apply in the case of charges collected from occupants of Inspection Bungalows/Travellers' Bungalows/Circuit Houses, under the control of Public Works Department or other departments of Government and the Chamundi Guest House at Mysore where adequate arrangements exist to collect the charges through the prescribed registers. This exemption however, will not apply in the case of other State Guest Houses under the control of General Administration Department.”

7. No department may require that funds pertaining to it be kept apart from the general treasury balance, or, be received for safe custody and kept out of account or be received at all except under ordinary rules.

Detailed rules regarding the receipt of departmental cash chests, etc., in the treasury for safe custody and the registers to be maintained in this connection are given in Appendix II.

8. (a) Any person paying money into a Government Treasury will present with it a memorandum (challan) in duplicate (Form 2) which will show distinctly the nature of the payment, the person or officer on whose account it is made and the head of account in the Treasury accounts to which the amount has to be credited, and will thus contain all the information necessary for the preparation of the receipt to be given in exchange. Receipts for sums less than '[Rs. 2500] do not require the signature of the Treasury Officer, but only of the Accountant and the Treasurer.

<sup>1</sup>[As regards receipts for sums received by transfer in accounts which do not require the signature of the Treasurer, the Treasury Officer shall by an office order designate the person who shall attach the second signature in the case of sums under Rs. 2,500. Receipts for sums of Rs. 2,500 and over must invariably be signed by the Treasury Officer.]

Note.- Challans written/signed by Ball Pens will be accepted.

(b) As regards payment of money into a Bank Treasury, reference is invited to Section C- II of Chapter V of Karnataka Treasury Code-Volume I and Appendix IX of Karnataka Treasury Code-Volume II containing the detailed rules in the matter.

(1) Challan forms printed in both Kannada and English should be supplied by the Treasury. One copy will be returned to the tenderer duly signed as a receipt, and the other retained in the treasury for record.

(2) Duplicate challans are not required when remittances are made to the treasury for obtaining Remittance Transfer Receipts, or when such remittances are accompanied by Remittance or Pass Books in which the Treasury Officer is required to acknowledge receipt of the remittance.

(3) When money is paid by a private party into a Treasury, the copies of the challan should be initialled by the departmental officer to whose account the money is to be credited, If he is at the same station, otherwise the payment should be made in triplicate challans, one of which should be forwarded by the treasury to the departmental officer. Amounts creditable to heads falling under the group head "P. Loans and Advances by the State Government" should also be remitted in triplicate challans, one copy of which will be forwarded by the treasury to the Departmental Officer maintaining the loan accounts.

(3A) When money is paid into the Treasury, by a Government Institution to the credit of an officer of another department, in another station, duplicate challans may be presented in addition to the Remittance Book. One copy of the challans will be retained by the Treasury Officer for his account purposes. The other challan will be signed by the Treasury Officer and returned to the Government servant, who remitted the amount, for being sent to the officer to whose credit the amount was remitted. The Treasury Officer will also sign the Remittance Register of the Institution and return the same to the Institution concerned.



Note.- Depots of the Karnataka Government Road transport Department while making remittances into treasuries to the credit of the Karnataka Government Road Transport Department Remittance Head of account, may present challans in duplicate in addition to the Remittance Register. One copy of the challans will be returned to the remitter (along with the Remittance Register) for being sent to the Divisional Office.

(3B) Remittances to Treasury of amounts creditable to, 'XXI-Miscellaneous Departments' or L II Miscellaneous' and also remittances in respect of recoveries of service payments, under all heads should be supported by challans in triplicate.

Note.- In every case of recovery of over payment made in cash a challan shall be presented in triplicate containing full particulars of the number and date of encashment of the voucher and also the head of account under which the amount was originally drawn, one copy of the challan being forwarded by the Treasury to the Accountant General in support of the credits incorporated in the monthly schedule of receipts of the department concerned.

(3C) Sale proceeds and other receipts in respect of Food Supply transactions which are creditable to the P.D. Account of the Deputy Commissioner, should be supported by challans in triplicate.

(4) Special challan forms prescribed for particular receipts, such as Land Revenue, Sales Tax, Agricultural Receipts, should be used when such sums are credited.

"Note.-1 Remittances of Sales-tax should be accompanied by a Challan in quintuplicate as per Rule 60-A (3) of the Karnataka Sales Tax Rules, 1957. The copies marked 'Original' and 'Duplicate' shall be returned to the dealer duly receipted as proof of payments, of which the copy marked 'Duplicate' shall be attached by him to the return or statement to be submitted to the Assessing Authority. The third copy marked 'triplicate' shall be retained by the treasury for being sent to the audit office with monthly accounts. The fourth copy marked 'quadruplicate' shall be forwarded as soon as possible by the Treasury Officer to the Assessing Authority concerned and the fifth copy marked 'quintuplicate' to the Karnataka Government Computer Centre, Bangalore immediately after the close of the week."

Note.-2 The challan form for indenting stamps by the Licensed Vendors will be in Form KFC 2-A.

Note.-3 Remittances of major items of Excise Revenue should be accompanied by a challan in KFC-2B and of minor items in Form KFC 2-C. The Sub-treasury Officers should transmit these challan's in batches to the concerned Tahsildars every week on 3rd, 10th, 17th and 26th of each month and the District Treasury Officers to the Tahsildar of District Headquarters Taluk on 8th, 16th, 24th, and the first working day of the following month."

(5) Receipts should bear the name of the treasury and be stamped with the Treasury stamp (seal). It should distinctly show the date of issue, the designation of

the Government servant granting it and the head of account to which the amount was credited.

Each treasury will maintain two seals, one to be in the custody of the Head of the Cash Branch to be used solely on cash challans and the other to be in the custody of the Head of the Accounts Branch to be used in respect of challans tendered for receipt of money by transfer.

(6) Receipts given by a Taluk Treasury should be signed by the Shroff, the Nagadi Gumasta and the Sheristedar or the Tahsildar.

(7) In the case of remittance by Money Orders to the treasury the Money Order coupon, which contains full details of remittances will be the challan in support of the credit and a separate challan is not necessary.

(8) In the case of the amounts deducted from bills towards Court attachments, the Courts may return the deduction statements to the Treasuries alongwith the Receipt Orders noting thereon the Receipt Order number, instead of preparing separate challans therefor. The deduction statements themselves will be treated as challans by the Treasuries.

(c) All receipts (challans) must be written in figures and in words in the original and such other copies of challans in Form 2, prescribed in Article 8(a) as are required to be given to the tenderer of moneys, and signed in full over the 'Cash received/Received payment' stamp. Other copies of the challan may however, be initialled against the amount already indicated therein over the "Cash received/Received payment" stamp.

**CHEQUES TENDERED IN PAYMENT OF GOVERNMENT DUES**

(9) (1) (a) At places where the cash business of the treasuries is conducted by the Bank, cheques on local banks may be accepted in payment of Government dues, or in settlement of other transactions with the Government, if the cheques have been crossed by the drawer or the acceptance of uncrossed cheques in that class of transactions has been permitted by the Government. Until, however, a cheque has been cleared, the Government cannot admit that payment has been received and consequently final receipt shall not be granted when a cheque is tendered. A receipt for the actual cheque only may be given in the first instance, but if a person making payment in this manner so desires, a formal payment receipt shall be sent to his address after the cheque has been cleared. Collection charges of the Bank, if any, will be recovered by or under instructions of the Bank from the party presenting the cheque.

The preliminary acknowledgement of the receipt of the cheque will be given in the form below :-

"Received cheque No..... for Rupees  
..... on account of  
..... as per challan No.

Note.-1 The Reserve Bank of India, the State Bank of India and the State Bank of Mysore reserve themselves the right to refuse to accept cheques collection of which, in their opinion, cannot reasonably be undertaken and which they would not accept on behalf of their own constituents.

Note.-2 The Bank drafts issued by the State Bank of India and its subsidiaries and received as payment o Government dues, or towards other payment, may be treated as cash and final receipts granted, subject however to the condition that an indemnity bond in Form 75 of Karnataka Financial Code, is obtained from the parties to indemnify Government against any possible loss to Government.

(b) in the event of the cheque being dishonoured by the bank on presentation. the fact shall be reported at once to the tenderer with a demand for payment in cash, but the Government cannot accept any liability for loss or damage which may possibly occur as a result of delay in intimating that the cheque has been dishonoured.

(c) when Government dues which are payable by certain fixed dates are paid by cheque, the person desiring to make such payment in this manner without risk must take suitable precautions to ensure that his cheque reaches the treasury or the receiving office at the latest on the working day preceding the date on which the payment is to be made. Cheques received on the last day of payment of Government dues may be refused at the discretion of the officer to whom they are tendered and those received later will not be accepted.

Exception.- Cheques payable on demand, presented by private individuals, firms or companies in payment of Motor Vehicle taxes may be treated as cash and accepted even on the last day of the grace period. In such cases, the following endorsement should be made on the receipt in Form K.F.C.I. granted to the presenter of the cheque].

Received by Cheque No.....on  
..... Bank.

This receipt is subject to its realisation.

In the event of such a cheque being dishonoured at the bank, the owner of the vehicle on whose behalf the cheque was tendered will be subject to all penalties prescribed under the law, or the rules framed thereunder, for non-payment of the tax on or before the due date.

(2) The Government may, in relation to any particular class of transactions involving payment of Government dues issue orders varying or relaxing any of the conditions prescribed in this rule.

Note.- The term "Local Banks" as used in this rule means banks (including the Reserve Bank, the State Bank of India and the State Bank of Mysore), located in the station in which a Bank treasury is situated.

Demand Drafts shall not be distinguished from cheques for the purpose of these rules and, provided that a cheque tendered in payment of Government dues is accepted under the provisions of clauses 1 and 2 of this Article and is honoured on presentation, payment shall be deemed to have been made.

(i) If the cheque is handed over to the Government's bankers or to a Government officer authorised to receive money on behalf of the Government on the date on which it is so handed over.

or

(ii) If it is sent by post in pursuance of an instruction to make payment by post, on the date on which the cover containing it is put into the post :

Provided that where a cheque is marked as not payable before a certain date, the payment shall not be deemed to have been made until the date on which it becomes payable.

Note.- The provisions of clause (ii) above apply mutatis mutandis to payments made to the Government by Postal Money Order or by any other recognised mode of remitting money by post.

10. Special rules for the acceptance from the public of cheques, bank pay orders and bank credit challans in some departments are prescribed in their departmental regulations.

#### **CHECK OF RECEIPTS**

11. It is ordinarily the duty of the Revenue Department concerned and not of the Audit Department to see that the dues of Government are regularly paid into the Treasury. Detailed rules are given in Chapter III.

#### **CUSTODY OF MONEY**

12. Public money in the custody of departmental officers should be kept in cash chest under single or double locks as may have been prescribed in each case. The officer in charge of a chest should carefully observe any detail orders prescribed in each departmental manual regarding the arrangements for the custody of the key or keys and the proper disbursement of all moneys, and where no special orders have been laid down, he should make the necessary arrangements for the purpose. If necessary, cash chest may be lodged in the treasury for safe custody under the rules in Article 7.

13. When a large amount of cash is frequently kept in the chest, it shall be fitted with double locks of different patterns and the keys of the two locks shall be kept in the custody of two different Government servants, unless Government have given special permission in any case to dispense with this procedure.

#### **EXPENDITURE**

14. No Government servant may incur any item of expenditure from public funds unless the following two conditions are both satisfied :

(a) The expenditure must have been sanctioned by a general or special order of the authorities competent to sanction such expenditure ; and

(b) Sufficient funds must have been provided for the expenditure in Appropriation Acts for the current financial year or by a reappropriation of funds sanctioned by the authority competent to sanction such a reappropriation.

14-A. In the event of the orders communicating the allotment of funds for each year not being received before the commencement of the financial year, Drawing Officers may authorise expenditure in anticipation of funds on pay and other charges on the basis of that incurred in the last month of the preceding year.

### **CANONS OF FINANCIAL PROPRIETY**

15. Further, every Government servant who incurs or authorises the incurring of expenditure of public money shall see that it does not contravene the following principles which are termed as the canons of financial propriety and which shall be observed by all Government servants vested with powers of sanctioning expenditure :-

(1) Every Government servant should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

(2) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

(3) Government revenues should not be utilised for the benefit of a particular person or section of the community unless :-

(i) a claim for the amount could be enforced in a court of law, or

(ii) the expenditure is in pursuance of a recognised policy or custom.

(4) No authority should sanction any expenditure which is likely to involve at a later date expenditure beyond its own powers of sanction:

(5) The amount of allowances, such as travelling allowances, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole sources of profit to the recipients.

The Accountant General will bring to the notice of Government in the Finance Department breach of any of these canons.

It must be remembered that a Government servant has to satisfy not only himself but also the Audit Officer that there has been no breach of any one of these canons.

16. It is the duty of every Government servant not merely to observe complete integrity in financial matters, but also to be constantly watchful to see that the best possible value is obtained for all public funds spent by him or under his control and to guard scrupulously against every kind of wasteful expenditure from public funds.

### **RESPONSIBILITY OF TREASURY OFFICERS**

### **REGARDING PAYMENTS**

17. (a) A Treasury Officer has no general authority to deal with demands presented at the treasury, his authority to make payments being strictly limited to the rules contained in the Financial Code. If a demand of any kind is presented at a treasury, which is not provided for by the rules in the Code, or is not covered by a special or general order received from the Audit Office, the duty of the Treasury Officer is to decline payment for want of authority. A Treasury Officer has no authority, to act under an order of Government sanctioning a special payment unless it is an express order to him to make the payment, and even special orders should, in the absence of urgency, be sent through the Accountant General.

Note.-A Treasury Officer should not refuse to pay a bill merely on the ground that the drawing officer has not compiled with a final rule requiring that the particulars of the order sanctioning a charge of a certain kind should be quoted on the bill. If the drawing officer fails to obtain sanction before incurring a charge when the rules require him to obtain sanction, he alone is responsible.

<sup>1</sup>[Exception 1.- The Treasury Officers can start making payment as soon as they receive the Government Order sanctioning Dearness Allowance to the pensioners without waiting for authorisation from the Accountant General].

<sup>2</sup>[Exception 2.- Treasury Officers can start making payment as soon as they receive the Government order sanctioning Dearness Allowance to the Municipal Pensioners drawing pension from Consolidated Fund, without waiting for authorisation from the Controller of State Accounts Department.]

"17(aa) "Non-recurring Honoraria may be drawn by the Gazetted officer himself by presenting a bill in the treasury in a . simple receipt form on the authority if the sanction issued by the competent authority,, or a duly certified copy thereof appended to the bill, without the authorisation of the Accountant General, Karnataka".

(b) treasury Officers may pay on the authority of the signing or countersigning officers without any special instructions from the Accountant General, the following :-

(1) Establishment bills in respect of all old establishments irrespective of any additions and alterations that may have occurred in such establishments.

Note.- The Accountant General will not intimate to treasuries changes in the scale of establishment, such as. additions or reductions nor will he issue instructions to the treasury for the payment of the above claims.

(2) Contingent and travelling allowance bills of all old establishments.

(3) Bills for grant-in-aid, stipend, scholarship or contributions supported by a copy of the order of sanction and signed or countersigned by the competent authority of the department concerned.

(4) Advances sanctioned to Government servants whether for their personal use or public purposes, which are drawn on the bills signed or countersigned by a gazetted Government servant to which the certified copy of the original

sanctioning order is attached, a note being made in the forwarding memo to the effect that the original has been retained in the office of the sanctioning authority.

Note.- When an advance is drawn in more than one instalment it is enough if the number and date of the order sanctioning the advance already attached to the first bill are quoted in the receipt on which the second and subsequent instalments are drawn. The Treasury Officer should see that such reference is given before paying the second and subsequent instalments.

As regards House Building, Motor Car and Bicycle advances, the procedure laid down in the relevant rules will apply.

Note 1.- Whenever loans and advances are sanctioned to Government servants in relaxation of the provisions of Karnataka Financial Code, the Treasury Officers should pass such claims only on the receipt of authorisation from the Accountant General and should not pass them merely on the strength of copies of Government Orders issued in the matter, unless Government themselves have passed Orders to the effect that such payments may be made without authorisation from the Accountant General in view of urgency.

Note 2.- Reference is invited to Article 99-A in respect of personal advances granted to Gazetted Government servants.

(5) Bills for Loans and Advances to private persons granted under general rules, such as, Land Improvement or Takavi Loans and special charges, such as special advances, special loans etc., sanctioned in favour of a private individual by Government when the original order sanctioning the loans, etc., accompanies the bills.

(6) Bills for the remuneration to the Examiners in respect of the examinations of the Education Department or the Karnataka Local Service Examinations drawn in the prescribed forms and duly countersigned by the Commissioner for Examinations, Education Department or the Secretary of Karnataka Local Service Examinations {except in the case of Gazetted Government Servants - vide Note under Rule 55(26), Manual of Contingent Expenditure 1958}.

(7) Bills for remuneration for review of Text Books of non-officials and non-Gazetted Government servants, when countersigned by the Joint Director of Public Instruction or the Secretary, Text Book Committees.

(8) Bills for remuneration for setting question papers and/or Valuation of answer papers due to Gazetted Officers in connection with the various Public Examinations, whether conducted under the direction of the Karnataka Public Service Commission or the Departments themselves should be honoured at the treasuries on the basis of sanctions communicated by the Chairman/Secretary, Commissioner or Controller or other authorised Officer of the concerned examination without insisting on the authority from the Accountant General.

The Bills should be prepared in the prescribed form, separately for each Gazetted Officer and countersigned by the concerned authorities of the examinations. The Treasury Officer will record the payment individually, so as to watch the recovery of income-tax.

(9) Bills for remuneration preferred by Doctors performing operations under the Family Planning Scheme duly countersigned by the Superior Officers under whose administrative control they are working should be honoured at the Treasuries, without any authorisation from the Accountant General. The Bills containing similar claims of the District Health Officer himself countersigned by the Deputy Director of Health Services (Family Planning and Maternity and Child Health) should also be honoured at Treasuries without insisting on any authority from the Accountant General.

"9(a). Bills for honorarium of Rs.5 per visit limited to Rs. 50 per mensem to the doctors appointed as authorised Medical Attendants for attending on the Ministers and Ministers of State.

The claim of the doctors appointed as authorised Medical Attendants for payment of Honorarium may be admitted on the basis of the certificate issued by the concerned private Secretaries without the authorisation of the Accountant General".

(10) Bills for remuneration to supervisors and invigilators of departmental examinations conducted by the Public Service Commission, the Deputy Commissioners who appoint the supervisors and invigilators will draw the amounts required for disbursement of remuneration to the supervisors and invigilators as and when required, by presenting Bills at the Treasury in Form KFC-3 (Payees' Receipts) separately for Gazetted and non-Gazetted Officers. The remuneration to the supervisors and invigilators will be disbursed by the Deputy Commissioners at the end of each day of duty after the examination for the day is over, obtaining a proper receipt, duly stamped, whenever necessary. The amount will be debit to the head "Allowances and Honoraria" of the Public Service Commission. In the case of payments to the Gazetted Officers, the Treasury Officers or the Accountant General (I.R.L.A. Section), if the Officer is covered by the I.R.L.A. system, should be intimated so that action can be taken to calculate income-tax and deduct the same from the salary of the Officer.

After the Examination is over, the Deputy Commissioners will send to the Public Service Commission statement of payments so made. The receipted acknowledgements should be filed in the Office of the Deputy Commissioner and produced when required by local audit.

(11) Bills pertaining to the interest on Depreciation Fund, Reserve Fund Investments and Provident Fund investments due to the Karnataka State Road Transport Corporation, duly scrutinised and countersigned by the Departmental Officer concerned.



(c) In the cases noted below, the treasuries will make payments only on the authority of intimation issued by the Accountant General :-

(1) Changes in the pay of gazetted and other Government servants who draw separate bill for their own salaries.

(2) Establishment and contingent bills of newly opened offices.

(3) Permanent Advances for contingencies sanctioned whether by Government or by Heads of Departments under the powers vested in them.

(4) Payment on account of the Government's investments in a Company, Corporation or similar autonomous Organisation unless the Government specially direct otherwise.

<sup>1</sup>[except Government's investments in Co-operative societies.]

(d) A Deputy Commissioner may, in circumstances of urgency, by an order in writing, authorise and require a Treasury Officer to make a payment, not being a payment of pension without complying with the provisions of these rules. In any such case, the Deputy Commissioner shall at once forward a copy of his order and a statement of the circumstances requiring it, and the Treasury Officer shall at once report the payment to the Accountant General.

Note.- The need for exercising the special power under this rule should not arise at all in normal conditions. The power should be used only in real cases of urgency, e.g., floods, earth-quake and the like, and withdrawals of money, under this rule should, as far as possible, exclude all personal claims of Government Servants. The maximum amount which can be withdrawn in each case is fixed as Rs.5,000 (Rupees five thousand only).

18. <sup>2</sup>[The arrears claims of non-gazetted Government servants and contingent claims either of special nature or of periodical nature shall be authorised for payment by the authorities who are delegated powers to sanction investigation of claims. To avoid double claims and payments, the drawing officers shall make a note of the payments, in acquittance rolls, service registers, office copies of original bills and other registers kept in the office. The inspecting officers, while inspecting the offices of the drawing officer shall ensure that the procedure is scrupulously followed.

This article shall not apply to the following categories of claims: -

(a) claims on account of pensions, the payments, of which is regulated by Article 136 of K.T.C.-.

(b) claims on account of pay and allowances other than reimbursement of medical expenses of such non-gazetted Government servants whose names are not required to be shown in the pay bills in accordance with article 117 of KFC ;

(c) claims on account of interest on Government securities, and

(d) any other class of payments which are governed by special rules or orders of Government ;

(e) claims by one Department against another or by a State Government and the Central Government ;

(f) claims of Gazetted Government servants whose pay and allowances are authorised by the Accountant General.]

Note 1.- The time limit of one year prescribed in this Article should be calculated from the date on which the charge becomes payable. In the case of sanction to the claim, accorded with retrospective effect the time limit should, however, be calculated from the date of sanction only and not from the date from which the sanction takes effect.

Note 2.- A claim for an amount of fine deducted from a pay bill by the Head of an office and subsequently excused by him may, if it is preferred within one year, be paid without the sanction of the Accountant General, just as withheld pay claimed within one year of its becoming due.

Note 3.- Claims pre-audited or passed by the Accountant General but remaining unpaid after the financial year, preferred at the Treasury within the first quarter of the next financial year, need not be returned to the drawing officer for revalidation, excepting those claims coming under the purview of Note 3 below Article 305 of Karnataka Financial Code; and no revalidation by the Accountant General is necessary in cases other than those covered by Note 3 below Article 305 *ibid*, provided the payment thereof is claimed within three months from the date of enforcement.

Note 4.- Deleted.

Note 5.- The claims for arrears of pay and allowances of non- gazetted Government servants whose names are omitted from bills and which do not require pre-audit by the Accountant General, should be settled as expeditiously as possible and in any case within a year of their becoming due. Claims which are prepared after one year, require the orders regarding condonation of delay, by the Head of Department or the Government as the case may be.

Note 6.- (i) For the purpose of counting the period of one year referred to in this Article, the date on which the claim is presented at the Treasury should be considered to be the date on which it is preferred. A claim which is presented for payment within one year may be paid by the Treasury Officer in the usual way even if the period of one year elapses between the date of presentation and the date of payment, due to delay in passing the bill for payment in the treasury.

(ii) Bills which are presented within the prescribed period of one year, but are returned due to their being imperfect, etc., cannot be paid without pre audit if they are not presented after supplying the omissions or rectifying the defects, etc., within the prescribed time limit of one year from the date on which they become due. The fact that this bill was presented on the previous occasion with the prescribed time limit of one year in imperfect manner shall not exempt it from the operation of this Article.

The above principle will apply, also to the claims not exceeding <sup>1</sup>[Rs.500] presented within three years of their becoming due and do not require pre-audit by the Accountant General and also to the claims falling under Articles 20, 21, 22 and 146-A.

19. Bills on account of arrears of pay and allowances and other claims affecting the emoluments of an officer, revised with retrospective effect, do not require pre-audit before payment, if the claims are preferred at the treasury within one year of sanction.

Note 1.- When the amount involved is considerable, it should be clearly indicated on such bill whether requisite appropriation (Budget provision) exists or whether additional appropriation has been applied for.

Note 2.- In the case of claims arising from general revisions of pay scales, the rules of which provide for election of such case by individual Government servants, for the purpose of pre-audit of arrears claims, the period of one year should be counted from the date of exercise of option, or the last date prescribed for the exercise of option, as the case may be.

20. (a) Except under the special orders of Government or of some other competent authority to which the power is delegated under this Article, the Accountant General will not investigate any claim of a Government servant, whether gazetted or not, for arrears of pay or allowance or for an increment, when the claim has remained in abeyance for over a year.

Heads of Departments are authorised to sanction the investigation of arrears claims of all Government servants appointed by them. In exercising this power, they should bear in mind that the investigation of such claims often involves a large amount of labour in the Audit Office out of all proportion to the amount or importance of the claims preferred. They should, therefore, exercise the power with caution and call upon the Audit Office to report on cases in which there appears to be a prima facie reasonable claim and reasonable cause for delay. It is necessary that belated claims which are not capable of proof should be disallowed. The investigation by the heads of Departments of arrears claims of Government servants appointed by them is restricted to those claims which are not over <sup>1</sup>[six years old] When, however, the validity of an old claim is established by acceptable evidence, a report of the circumstance in which the delay occurred should be made to Government, so that suitable action may be taken to prevent the recurrence of such cases.

Note 1.- The potgi allowance due for a year may be paid by Tahsildars within twelve months after it becomes due without the sanction of the Deputy Commissioner. Deputy Commissioners are empowered to sanction the investigation of all arrear claims of pay and potgi of any amount when the period for which they have been outstanding does not exceed twenty-four months, and up to a money limit of Rs.100 when the delay in preferring the claim is not more than three years.

Claims beyond these limits, will be sanctioned by the Divisional Commissioners.

The Divisional Commissioners will obtain orders of Government in doubtful cases.

The power delegated to the Deputy Commissioners may be exercised by them in respect of Muzrai matters also, i.e., in respect of pay of Muzrai Establishment paditara and other charges, provided in the sanctioned scale of expenditure of Muzrai Institutions, and potgi of Village Officers in villages belonging to muzrai Institutions.

Note 2.- The Commissioner for Charitable Endowments is empowered to pass arrears claims of Malnad Cash Grants and Muzrai Stipends, when the delay does not exceed three years or the amount involved does not exceed Rs. 500.

Note 3.- Deputy Commissioners are authorised to sanction the investigation (i) of all arrears claims of Malnad Cash Grants not exceeding 24 months, and (ii) of arrears claims of such grants up to a money limit of Rs. 100 when the delay in preferring the claim is not more than three years.

Note 4.- In respect of arrears claims of the staff of Community Development Projects and National Extension Service, falling under this Article, the Divisional Commissioners shall exercise the power to condone the delay in preferring them, upto a period of five years.

<sup>1</sup>[Note 5.- In respect of the following claims of Non- Gazetted officers, the time limit of one year prescribed in Articles 18 and 19 of Karnataka Financial Code has to be calculated from the date of the order sanctioning the claim and not from the date from which the sanction takes effect: -

(i) Retrospective revision of pay scales;

(ii) Retrospective promotion consequent to review of promotions involving payment of arrears of salary and;

(iii) Claims which were inadmissible according to the then existing orders/rules but which were considered admissible consequent on Court decisions of revised orders issued by competent authorities and have been sanctioned with retrospective effect.

When the delay involved in settlement of the above claim computed from the date of order sanctioning the claim does not exceed six years, the Heads of Departments are authorised to condone the delay under Article 20 (a). Before issuing orders condoning the delay, the following checks should be exercised: -

(a) Claims should be scrutinised by the Financial Advisor/Chief Accounts Officer attached to Heads of Departments wherever such posts exist ;

(b) The correctness of claims should be verified with reference to original records;

(c) That the claims has not been preferred before, should be established conclusively beyond doubt with reference to original records;

(d) It should be ensured that the payment of claim will not result in wrong or double payment ;

(e) The Heads of Departments should maintain a suitable register detailing all such sanctions accorded by them.

(b) Delays in payment are opposed to all rules and are highly inconvenient and objectionable. The Heads of Offices and Departments should distinctly understand that the personal claims of Government servants under the orders of competent authority should be discharged with the least possible delay and that the provisions for entertainment of belated claims made in Articles 18, 19 and 20 above are intended for exceptional cases where from unavoidable causes, the speedy settlements of claim is rendered impossible. Every case of deferred claim forwarded for pre audit by the Accountant General under Article 18 and 19 and sanction of Government or the Head of a Department under Article 20(a) should invariably be accompanied by a clear explanation of the necessity for postponing the settlement of the claim and where the postponement was avoidable, also by a report of the names of Government servants responsible for the delay and of the action taken to prevent the recurrence of such cases.

(c) All sanctioning authorities should bear in mind the inadvisability and inconvenience of sanctioning claims with retrospective effect as it throws unnecessary burden on the Audit Office and leads to undeserved hardship on the Government servants concerned.

(d) All Promotions, permanent or officiating and other arrangements involving alterations in the pay of a Government servant should be sanctioned by the superior authorities with the greatest promptitude as soon as the occasion for the same arises. If any such arrangements are not sanctioned within the period of one year from the earliest date on which they could be ordered, they cannot be sanctioned afterwards except with the special sanction of Government which will be accorded only in exceptional cases and on satisfactory explanation being payable.

Note 1.- Heads of Departments are empowered to sanction permanent or officiating promotions and other arrangements involving alterations in the pay of Government servants within <sup>1</sup>[six years] from the earliest date on which they could be ordered. They are also empowered to sanction investigation into the claim for arrears of increments within five years of the date on which they become payable.

Note 2.- Except in the case of an increment which has been specially withheld or which is next above an efficiency bar in a time-scale which requires the specific sanction of the competent authority under Rule 52 of the K.C.S.Rs. the period of one year prescribed in Articles 18 and 20 should be reckoned from the date on which the increment falls due for payment, irrespective of the date on which the increment certificate is passed by the Drawing Officer, since that is the earliest date

on which the claim could have been put forth. Even where an increment is specifically withheld it accrues from the date on which it falls due after taking into account the period for which it is withheld. On the expiry of that period, the accrual of the increment is a matter of course. The period of one year should, therefore, be counted in such a case from the date on which the increment falls due after taking into account the period for which it is withheld.

In a case in which the increment next above the efficiency bar is to be allowed under Rule 52, K.C.S.Rs., or in which a pre-mature increment is to be granted under Rule 57 of K.C.S.Rs.. the period of one year should be counted from the date of sanction or the date of accrual of the increment, whichever is later.

In the case of an increment which can be drawn only after the increment certificate has been passed by the Accountant General in terms of Article 126 of Karnataka Financial Code the period of one year should be reckoned from the date of passing of the increment certificate by the Accountant General or from the date of accrual of the Increment, whichever is later.

(e) When old claims which cannot be verified from Government records are preferred, the Accountant General will return the papers to the party concerned with a remark to that effect. It will then be the duty of the claimant to submit the claim to Government with independent evidence of a conclusive nature.

Note 1.- As the claims under Article 20(e) will not be scrutinised by the Accountant General, it is necessary subject to such claims to a detailed scrutiny by the Heads of Departments and the Administrative Departments of the Secretariat so as to ensure that no claims which are not supported by satisfactory evidence are recommended for payment. The following procedure has therefore to be followed in such cases:

(i) All time barred claims which are more than <sup>1</sup>[6 years] old and which fall under Article 20(e) should continue to be sent to Government in Finance Department through the respective administrative Departments in the Secretariat.

(ii) Only such claims which are found to be correct in all respects beyond doubt should be recommended. Others should not at all, be entertained.

(iii) All such claims should contain the following certificate duly signed by the concerned drawing Officers:

(a) the correctness of the claim is verified with the relevant original records ;

(b) the claim has not preferred before and it is established conclusively beyond doubt, with reference to such original records, and

(c) the payment of the claim will not result in wrong or double payment.

(iv) Claims which do not satisfy the above conditions and which also pertain to the period prior to the reorganisation of States should be, however, forthwith rejected unless entertain-ment of such belated claims, in very exceptional cases, is considered absolutely necessary, since it would be difficult for Government to ensure

the correctness of such old claims and to prevent the possibility of double or incorrect payments being made on account of sanction of such old claims.

Note 2.- In all cases of arrear claims which are recommended for sanction of Government under clause (e), prior remarks of the Accountant General, regarding his inability to verify the claim should invariably be obtained and that every sanction order issued under the aforesaid clause, should quote the reference of the Audit Office wherein its inability to verify the claim is intimated.

<sup>1</sup>[Note 3.- In respect of the following claims of Non-Gazetted Officers the period of one year prescribed in Article 18 and 19 of Karnataka Financial Code has to be calculated from the date of the order sanctioning the claim and not from the date from which the sanction takes effect.

(i) Retrospective revision of pay scales ;

(ii) Retrospective promotion consequent to review of promotions involving payment of arrears of salary and ;

(iii) Claims which were inadmissible according to the then existing orders/rules but which were considered admissible, consequent on Court decisions or revised orders issued by the competent authority and have been sanctioned with retrospective effect.

When the delay involved in settlement of the above claim computed from the date of order sanctioning the claim exceeds six years, the Heads of Departments are authorised to condone the delay under Article 20(e). Before issuing the orders condoning the delay, the following checks should be exercised;

(a) Claims should be scrutinised by the Financial Adviser/ Chief Accounts Officer attached to Heads of Departments wherever such post, exist:

(b) The correctness of claims should be verified with reference to original records ;

(c) That the claim has not been preferred before should be established conclusively beyond doubt with reference to original records;

(d) It should be ensured that the payment of claim will not result in wrong or double payment ;

(e) The Heads of Departments should maintain a suitable register detailing all such sanctions accorded by them.

(f) All bills, whether payable at Bangalore or elsewhere, submitted to Government for sanction, are returned by Government with orders, to the office submitting them and only copies of the orders sanctioning the bills are sent to the Audit Office.

(g) (i) It is of the utmost importance that claims against Government should be liquidated at the earliest possible moment as belated claims cannot be effectively checked in the Audit Office.

(ii) Claims against Government, which are barred by time under the provisions contained in Section 3 read with the First Schedule of the Indian Limitation Act of 1908 or under any other provisions of law relating to limitation, should ordinarily be refused and no claim on account of such a time barred item should be paid without the sanction of Government. The onus is upon the claimant to establish a claim to special treatment for a time-barred item and it is the duty of the authority against which such a claim is made to refuse the claim until a case for other treatment is made out. All petty time-barred claims are to be rejected forthwith and only important claims of this nature considered.

(iii) It is the duty of the authority against which a claim is made to consider in the first instance the question of a time-bar before submitting it to the Accountant General for the issue of authority for payment. The Accountant General will refuse payment of all claims found to be time-barred until the sanction of Government has been obtained.

(iv) All petty claims of a Government servant not exceeding Rs. 100 and which are more than five years old, other than those that effect his pension, and all such claims for whose delayed submission an adequate explanation is not forthcoming should be rejected forthwith. In considering old claims recommended for sanction, the authority concerned will also take into account the fact that it is normally not possible owing to the limited period of preservation of records to audit claims more than six years old.

(v) The authority competent to authorise the investigation of a belated claim should be told why the claim was not submitted when it became due.

(vi) In respect of non-Gazetted Government servants whose pay and allowances are drawn on establishment bills by the Heads of Office, the responsibility for making claims rests on the latter and they should invariably see that all claims are presented within one year of their falling due. Sanctioning authorities should jealously scrutinise all old claims preferred for condonation of delay, and reject such of them in respect of which convincing reasons for the delay are not forthcoming.

#### **CONTINGENT CHARGES**

21. The liabilities incurred on account of these charges should be discharged with the greatest promptitude. In the case of payments made out of permanent advances, the amount should be recouped at once as laid down in the Manual of Contingent Expenditure ; and in other cases, the liability discharged at the earliest possible date. In either case, the liability should not be allowed to remain undischarged for over a period of one year nor should it be carried forward as a charge on the grant for the subsequent year without adequate reasons. Claims preferred within one year (even though they relate to the previous year) can be settled by the head of the office, without higher sanction. Before preferring Such claims in a subsequent year, the Drawing Officer has to ensure that sanction to the charge where necessary, continues to exist and that sufficient funds are available in



the budget. Heads of Departments can sanction on their own authority payment of claims on account of contingent charge (including supplies and services) preferred after one year of their becoming due if they are submitted in the same or the next financial year, provided funds for meeting the same are available in the budget. The general principles laid down in Article 18 will apply equally to claims covered by this Article. Clause (e) of Article 20 of the Karnataka Financial Code will also be applicable to old claims covered by this Article which cannot be verified from Government records.

Note 1.- The Heads of Departments are empowered to sanction all arrear claims of other Government departments or Government Industrial Concerns not more than three years old, subject to a monetary limit of <sup>1</sup>[Rs.3,000].

Note 2.- The Director of Public Instruction is empowered to sanction arrear claims in respect of rent when such claims are not over three years old.

Note 3.- Contingent bills not preferred for recoupment within three years should, as a rule, not be sanctioned or permitted to be encashed.

Note 4.- The claims for travelling allowance to non-officials for attending meetings and also for monthly recurring grants-in-aid will also be dealt with under this Article.

Heads of Departments are empowered to sanction arrears claims of travelling allowance to non-officials for attending the meeting, etc., when such claims are not over three years old.

Note 5.- The Director of Public Instruction is empowered to sanction arrear claims on account of fees payable to the Doctors for medical inspection of pupils, when such claims are not over one year old.

Note 6.- A claim falling under contingencies should normally be deemed to have become due immediately on completion of the relevant supply or service. In the case of claims which can be paid only on receipt of a demand therefor e.g., municipal and water taxes payable to Corporations, Municipalities, etc., and claims of the officers of the Electricity Board towards cost of electric energy supplied by them the period of one year should be reckoned from the last date fixed in such demand notices, for payment.

<sup>1</sup>["Exception.- The Director of Printing, Stationery and Publications is empowered to incur the contingent liability on account of supply of stationery and sanction payment of such contingent claims in the third financial year or later subject to Budget provision".]

### **TRAVELLING ALLOWANCE**

22. The general principles laid down in Articles 18 and 20 apply equally to claims of T.A. to Government servants in service.

The time limit of one year (Article 18) is to be counted from the date succeeding the date of completion of the journey in respect of which the claim is

made to the date of presentation of bills at the Treasury. However, in case of journeys undertaken to attend an obligatory examination, where admissibility or otherwise of the Travelling Allowance is conditional and can be determined only after the results of the examination are declared the time limit of one year is to be counted from the date of the announcement of the result.

22-A. The right of a Government servant to travelling allowance, including daily allowance, is forfeited or deemed to have been relinquished if the claim for it is not preferred to the head of the office or, the Controlling Officer or the Accountant General as the case may be, within one year from the date on which it become due.

If the T.A. claim is not preferred by the administrative authority concerned for payment within one year from the date of its becoming due wherever the claims have been preferred by the Government servants well in time it shall not be paid unless the reasons for delay are investigated in detail by the authority competent to sanction investigation of the claims and a specific sanction is issued by it.

If the investigation shows that the claim could not be preferred in time due to administrative delay without adequate and cogent reasons, suitable action shall be taken against the officer (s) concerned so that such delays do not recur in future.

In cases where T.A. advance is drawn and the adjustment bill therefor is not preferred within one year from the date the Travelling Allowance became due, the claims for T.A. will also stand forfeited and the advance of T.A. drawn shall be recovered from the pay or any other dues of the concerned officer/official in one installment by the authority competent to sanction such an advance.

Note.- <sup>1</sup>[The provisions of this Article apply to tour/Transfer travelling Allowance and Conveyance Allowance claims. But in case of journey on tour where Travelling Allowance advance has been drawn the amount of the advance drawn shall be adjusted by the end of the month succeeding the month in which the journey is completed in the final T.A. bills of the Government servant concerned.]

<sup>2</sup>[The provisions of this Article shall also apply to claims in respect of Home Travel Concession and Leave Travel Concession availed by a Government servant once in a block period of two years and <sup>1</sup>[during entire service] respectively, for which no advances are drawn and these shall be deemed to have come into force with effect from 1st August 1980. But in cases in which advance has been drawn. the adjustment bill therefor shall be preferred :-

(i) Within one year from the Date of completion of return journey when the return journey is completed between 1st August 1980 and 31st December 1980.

and

(ii) Within three months from the date of completion of return journey or 31st December 1981 whichever is later when the return journey is completed on or after 1st January 1981.

and

<sup>1</sup>[(iii) In the case of leave travel concession, the final bill in adjustment of the advance or T.A. claims for journey, if no advance is drawn shall be submitted within one month when the return journey is completed on or after 6-6-1990, along with the certificate In the following form:

**CERTIFICATE**

Certified that I and the members of my family have undertaken journey from ..... to ..... (declared place of visit) by railway / bus/sea, vide ticket Numbers ..... during the period from ..... to.....

Signature

Name

Date:

Designation:

If the adjustment bill is not preferred within the period mentioned above the claims will stand forfeited and the advance drawn shall be recovered from the pay or any other dues of the concerned officer/official in one instalment by the authority competent to sanction such an advance.]

**CLAIMS AGAINST GOVERNMENT**

23. <sup>1</sup>[Save as hereinafter provided, bills presented by a departmental Officer, personal claims preferred by a Government Officer and all cheques tendered at the Treasury or at an authorised office of disbursement shall be duly receipted for payments and stamped, where necessary. Receipts, duly stamped, where necessary, for all other payments made on bills shall be given at the time of payment.]

At places where the cash business of the treasury is conducted by the Bank, this Article shall apply subject to the provision of Section 'C' in Chapter V of the Karnataka Treasury Code, Volume 1.

Note 1.- Government servants receiving stamped documents should invariably see that all stamps affixed to such documents are promptly punched, as failure to do so affords scope for fraud and is likely to lead to loss of revenue to Government.

Note 2.- The disbursing and audit officers should see that receipts on account of partnership firms are signed by one of the partners for and on account of it as any partner of partnership firm may receive money on behalf of the firm and give valid receipts therefor. In cases where the Accountant General is unable to satisfy himself that the person giving a receipt is a partner of the firm, he may accept the certificate of the disbursing officer that payment was made to the best of his knowledge, to the correct party in the case of obscure firms which have transactions once in a way. In the case of partnership firms having frequent

transactions, they should be asked to deposit with the disbursing officer before receiving first payment, a declaration specifying the names of partners sworn to before a stipendiary magistrate and Attested by him under the seal of his court. As a rule, either the officer countersigning the bills or the Audit Officer should in every case satisfy himself that the person who has signed the bill has authority to do so and give a valid receipt.

### **PREPARATION AND FORM OF VOUCHERS**

24. The following general instructions regarding the preparation and form of vouchers should be observed:-

(a) A bill or other vouchers presented at the treasury as a claim for the payment of any amount by the Government shall contain particulars of :

- (1) the nature of the claim,
- (2) the amount claimed,
- (3) the period to which the claim relates if it arises periodically, e.g., a claim for pay and fixed allowances,
- (4) the orders sanctioning the charge, if it was incurred under special orders.
- (5) the authority for any deduction made in the bill,
- (6) the major head, minor head, sub-head and detailed account head to which the charge (or each part of it) is debitable, and
- (7) the allocation of the charge between Governments and departments, if any such allocation is necessary.

(b) Vouchers should as far as possible, be in printed forms in English or Kannada. Where no special form is prescribed, Form 3 (Payees' Receipt) should be used.

When the use of a voucher in any other language is unavoidable, a brief abstract should be endorsed in English or Kannada under the signature of the preferring officer stating the amount, the name of the payee and the nature of the payment.

All vouchers must be filled in and signed in ink.

Note 1.- Bills affixed with the facsimile signature of the authorised officer, presented by the following departments and institutions forming sub-vouchers of the Contingent Bills, may be accepted for payment, if otherwise in order:-

1. Posts and Telegraphs Department for telegram and trunkcall charges and telephones bills.
2. Public Works Department for water charges.
3. Karnataka Electricity Board for electricity charges.
4. Municipalities and Corporations for tax, water and electricity charges.

5. Air India International on account of their dues against Government (for passage fares, cargo and excess luggage charges).

Note 2.- Vouchers prepared on a typewriter where ink is used may be accepted, care being taken to reject carbon copies.

Note 3.- Bills prepared on Computers may be accepted.

Bills written/Signed by Ball Point Pens will be accepted at the Treasury/Bank provided the writings and the signature are both clear and legible.

(c) The amount of each vouchers (Rupees and Paise) should be always written in words as well as in figures. Care should be taken to have no space for interpolation. When writing the amount in words "Paise" should always be prefixed to the amount as illustrated below :

(1) Rs. 700.09 should be written as Rupees seven hundred and Paise nine only.

(2) Rs. 35.23 should be written as Rupees thirty-five and Paise twenty three only.

(d) All corrections and alterations in the total of a voucher whether made in words or figures should be attested by the full signature of the drawing officer with date as many times as such corrections and alterations are made; similarly, corrections and alterations in the orders of payment must be attested in the same way by the Treasury Officer. The space left blank either in the money column or in the column for particulars of the bill should invariably be covered by oblique lines. A note to the effect that the amount of the bill is below a specified amount expressed in whole rupees should invariably be recorded in the body of the bill in red ink. The amount so specified should be a sum slightly in excess of the total amount of the bill. Erasures and overwriting in any bill are absolutely forbidden and must be avoided; if any correction be necessary, the incorrect entry, should be cancelled neatly in red ink and the correct entry inserted. Each such correction or any interpolation deemed necessary should be authenticated by the drawing officer setting his dated initials against each.

Note.- Important corrections in all encacements for payment at the Treasuries, such as charges in the name of the payee, amount payable and the Treasury of payment, should be attested by the full signature of the drawing or countersigning officers.

(e) Except when specially ordered by the Accountant General otherwise, charges against two major heads should not be included in one Voucher but the Treasury Officer will not take exception to a voucher on this ground unless the items require different action by him, such as entry in different registers. This order does not apply to the allowances of a Government servant, or of an establishment, as in such a case the whole of the allowances, even if belonging to two or more major heads of account should be drawn on a single bill if they are chargeable wholly to the revenues of the State.

(f) Unless the Government have expressly authorised it in the case, of any specified office, no bill or other voucher and no payment order shall be signed by a clerk for the head of the office, even if it is customary for the clerk to sign letters for him when he is absent. No bill or other voucher and no payment order shall be signed with a stamp. The head of an office may authorise a gazetted Government servant serving under him to sign bills, vouchers and payment orders for him but, if he does so, he shall communicate the Government servant's name and specimen signature to the treasury or treasuries concerned. A delegation of powers of this kind shall not in any way relieve the Head of the office of his responsibilities for the accuracy of the bills, etc., and for the disposal of the moneys drawn from the treasury.

Note.- Whenever Head Accountant of the District Treasury is in charge of the District Treasury during the absence of District Treasury Officer on casual leave or on other duty such as Inspection of sub-treasuries, etc., he shall sign the bills and other vouchers of the District Treasury for and on behalf of the District Treasury Officer.

When a claimant or payee is unable to sign his name he may furnish his signature on a bill or other vouchers in the form of a mark or preferably a thumb impression. No payment shall be made on any bill or other voucher so signed unless some person known to the Treasury or Bank, as the case may be, appears with the payee and identifies him and attests his mark or thumb impression in token of its genuineness. Signatures in vernacular other than Kannada must always be transliterated.

(g) When any kind of bills is prepared in duplicate or triplicate, only one copy should be signed or countersigned in full, the other copy or copies being initialled.

(h) When the payee sends a messenger to receive payment on a voucher, the Signature of the messenger or his thumb impression, if illiterate, should also be taken on the voucher as a proof of the messenger having actually received the money on behalf of the payee.

(i) When a rule or order requires that bills of a certain kind shall be countersigned before payment, no such bill shall be presented at the treasury until it has been duly countersigned.

(j) When a bill relates to a charge incurred under a special order of sanction, the particulars of the order shall be entered on the bill, and a copy of it shall be attached to the bill and duly certified to be a true copy by the Government servant who signs the bill.

(k) Dates of payment should, whenever possible, be noted by payee in their acknowledgments on sub-vouchers, acquittance rolls. etc. If, for any reason, such as illiteracy or the presentation of receipts in anticipation of payment under Article 23, it is not possible for dates of payment to be noted by the payees, the dates of actual payment should be noted by disbursing officers on the documents under their

initials, either separately for each payment or by groups as may be found convenient.

(l) In cases in which the endorsement on a bill is unauthorised, incomplete or otherwise, irregular, the treasury officer should refuse payment of the bill and return it to the person with a memorandum explaining why payment is refused.

(m) When a bill is presented by a person who is not the drawing officer himself or his duly authorised agent (banker), he shall be required to produce a letter in Form KTC. 12, authorising him to receive payment. The signature of the messenger or his thumb impression, if illiterate, shall be taken on the bill as a proof that the messenger actually received the money on behalf of the drawing officer.

Pay to .....(designation) whose specimen signature below, is hereby attested.

Signature of Messenger,

Signature of the Drawing Officer.

Note 1.- The above endorsement should not be combined with other endorsements on the bills as for example, 'Received Payment' or 'Received content' usually recorded by the drawing officers at the end of the bill. In other words, the drawing officers' discharge should be quite separate from the authority to receive payment on their behalf.

Note 2.- The procedure laid down in clause (m) should be followed also when payment has to be made to a firm or a private party for service rendered or supplies made to Government.

### **INEVITABLE PAYMENTS**

24-A. It is an important financial principle that money indisputably payable should not, as far as -possible, be left unpaid [vide also Article 20 (b)] and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments even for the purpose of avoiding an excess over a grant or appropriation and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. It must be borne in mind that if an inevitable payment is required to be made in the absence of funds, the error lies not so much in the payment as in the entering into of the relevant liability.

Note.-When preparing Budget Estimates or applying for additional grants or appropriation suitable provision should always be made for anticipated liabilities.

24-B. A Disbursing Officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an

excess over the allotment or appropriation at his disposal he should take the orders of the administrative authority to which he is subordinate before authorising payment of the claim in question.

It is the responsibility of the administrative authority to arrange for necessary funds either by re.-appropriation or by obtaining a supplementary grant, If savings are not available within the Grant to which the payment is required to be debited or if payment cannot wait till funds are made available through supplementary estimates or if the expenditure is on 'New Service', the administrative authority should obtain necessary advance from the Contingency Fund in accordance with the Karnataka Contingency Fund Rules, 1957.

### **DOUBTFUL CLAIMS**

25. A Treasury Officer must not honour a claim which on the face of' it is disputable; he will request the claimant to refer the question to the Accountant General.

He may not undertake correspondence for a Government servant making a claim to any special allowance but will request him to address the Accountant General either direct or through his official superior.

### **VERIFICATION OF CLAIMS BY TREASURY OFFICERS**

26. It must be remembered that the Treasury Officer has to satisfy not only himself, but also the Audit Department, that the claim is valid; and has further to prove that the payee has actually received the sum charged. Careful attention must therefore be given to the rules regarding the completion of vouchers referred to in Article 24. The Treasury Officer must have sufficient information as to the nature of every payment he is making and is without excuse if he accepts a voucher which does not formally record that information.

Note.- In respect of bills prepared on Computers, the Treasury Officer may carry out only test checks of arithmetical computations.

(i) In the case of establishment bills, the Treasury Officer should see that the arithmetical computations are correct that the drawer of the bill is a Government servant who had been hitherto drawing such bills or that he has been specially authorised by the Accountant General to draw such bills and that it is countersigned by the proper authority, in cases where such countersignature is required under any rule or practice.

<sup>1</sup>[The Treasury Officers in addition, should also see that the Compulsory Life Insurance premium payable to the Karnataka Government Insurance Department are recovered at the prescribed percentage from all the officials included in the pay bill. This check should be exercised in such a way, that all the Drawing Officers whose bills are drawn at the Treasury are covered atleast once in six months. In exercising such checks, he will be assisted by the District Insurance Officer. The District Insurance Officer will intimate the cases of short deduction or non- deduction of premia to the Treasury Officer as per Article 87 of this Code and also inform the



Drawing Officer concerned. The Drawing Officer, shall be responsible for deducting the correct premium amount from the pay of the officials concerned for the month following the month in which the communication is received from the District Insurance Officer. If the Drawing Officer fails to recover the prescribed premium amount even then, the Treasury Officer will himself deduct the premium amount as mentioned by the District Insurance Officer from the pay of the official and pass the bill for the reduced amount.]

(ii) The Treasury Officer, before paying a bill of a gazetted Government servant, must see that the deductions, <sup>1</sup>[at the prescribed rate] if any, on account of insurance, etc., and those required to be made by the Accountant General or other authority have been made.

(iii) Treasury Officers, when encashing bills for Government servants at a distance from the treasury, should furnish a note explaining the amount of cash and transfer receipts, if any, issued and any deductions or alterations that may have been made in the bills presented. The note should be in bilingual form, as it is important that the guard or messenger who receives the money should ascertain that the amount stated agrees with the actual cash or transfer receipts delivered to him, and when that person is unable to read, the Treasury Officer should himself explain to him the amount entered on the note.

(iv) Any deductions made by the Treasury Officer reducing the net amount claimed on a bill should be explained in a memorandum signed by him to be given to the presenter.

#### **BILLS PAYABLE AT STATE HUZUR TREASURY**

27. All salary, establishment, travelling allowance contingent and other bills payable at Bangalore, are paid by cheques drawn on the Reserve Bank of India, Bangalore by the Treasury Officer, State Huzur Treasury, Bangalore, Similarly, such claims payable at Gulbarga, Raichur and Bidar are paid by cheques drawn on the Agency Banks by the District Treasury Officers of Gulbarga, Raichur and similarly such claims payable at Gulbarga, Raichur and Bidar. Appendix VI of Karnataka Treasury Code, Volume II details the procedure for payment of claims by cheques on Banks.

28. The special rules prescribed for withdrawal of funds from the Bank Treasuries are contained in Section C.III of Chapter V of Karnataka Treasury Code Volume I and Appendix IX of Karnataka Treasury Code, Volume II.

29. Payments of petty amounts of Rs.10 or less for remittance of money on Government account within the State, but outside the headquarters of a Government servant, or at a treasury other than the one on which he has a drawing account may be arranged for by money order, by all offices, the money order commission incurred being debited to the contingent grants of the respective offices.

#### **PAYMENTS OUTSIDE KARNATAKA**

30. Payments outside Karnataka

(a) In India-

As a general rule, all payments of Rs.50 and upwards outside the Karnataka State should invariably be arranged for, by means of Bank drafts, the Bank commission being charged to Government.

Payments of less than Rs.50 may be arranged for by means of money orders, the money order commission being charged to Government.

Note 1.- Whenever Payments are made by postal money order, separate receipts from the Payees prepared in accordance with the instructions contained in Article 24 supra should be obtained.

Note 2.- The refund of the Earnest Money Deposits (vide Article 213 of Karnataka Treasury Code) to a party outside the Karnataka State will be made by the Departmental Officer concerned by means of Bank draft by drawing the money from the Treasury, on deposit refund bill. The draft commission shall be debited to office contingencies of the Departmental officer.

(b) Outside India .-

<sup>1</sup>[In respect of payments to be arranged through an Indian Mission on behalf of a State Government in foreign currency, the State Accountant General will forward two copies of the relevant sanctions with the concurrence of Ministry of Finance issued by the State Government to the Controller of Accounts, Ministry of External Affairs. One copy of the sanction duly signed in ink should bear the special seal of authority of the State Accountant General. The sanction will either specify the exact amount payable in the designated authorised foreign currency or indicate the manner in which the amount is to be ascertained by the Mission. The Controller of Accounts, Ministry of External Affairs, will thereafter authorise the payment by forwarding the copy signed in ink bearing special seal to the concerned mission].

Note.- If payments are required to be arranged for urgently by means of Cablegrams, the charges incurred thereon will be debited to the grants of the Departments concerned.

### **DUPLICATE OF COPIES OF DOCUMENTS**

31. (a) No Government servant may issue duplicate or copies of receipts granted for money received, or duplicate or copies of bills or other documents for the payment of money which has already been paid, on the allegation that the originals have been lost. If any necessity arises for such a document, a certificate may be given that on a specified day, a certain sum on a certain account, was received from or paid to a certain person, and a fee of rupee one shall be levied for every such certificate issued to a private party.

The above prohibition extends only to the issue of duplicate on the allegation that the originals have been lost and does not apply to cases in which, by existing rules, duplicates are prepared and tendered with the originals. In the case of a bill passed by the Drawing Officer/Controlling Officer for presentation at a Treasury, but

lost either before payment or before presentation at the Treasury, the Government Officer who drew the original bill shall ascertain from the Treasury that payment has not been made on it before he issues a duplicate thereof. The duplicate copy, if issued, must bear distinctly on its face the word 'duplicate' written in red ink. The fact that a duplicate bill has been issued shall be immediately communicated to the Treasury Officer with instructions to refuse payment on the original bill, if presented.

Note.- For the purpose of this Article, the Treasury Officer on receipt of a request from any Drawing/Controlling Officer shall after due verification from his records furnish a certificate in the following form: -

"Certified that Bill No..... dated.....for Rs..... (Rupees.....)reported by (the drawing officer) to have been drawn by him on this Treasury in favour of..... .. has not been paid, and will not be paid, if presented hereafter".

(b) When a cheque is lost before payment and a duplicate is required, a guarantee in the following form should be furnished by the person in whose favour the cheque was originally issued and an application made to the officer who issued the cheque for the issue of a duplicate cheque: -

"I do hereby guarantee to make good to Government the sum of Rs..... being the amount of the cheque bearing No.....and dated.....due to .....in case a double payment is made in consequence of the loss of the original cheque. A duplicate thereof may be issued at my requests".

The Bank or the treasury drawn upon will see that the payment on the cheque originally issued is thereafter stopped.

### **CHAPTER III**

#### **REVENUE RECEIPTS AND THEIR CHECK**

##### **Departmental Revenue**

32. (a) In the case of Departmental Revenue, e.g., Land Revenue, State Excise, Stamps, Jail Receipts, Registration Receipts. Sales-Tax Receipts, etc., the duty of seeing that the dues, of Government are regularly paid into the Treasury and checked against demands, rests with the departmental controlling officers, who receive from their subordinates, accounts and returns claiming credits for the amounts paid into the Treasury and to whom the Accountant General sends for comparison with these, extracts from the accounts showing the amounts brought to credit in them.

(b) Prompt action should be taken for recovery of moneys due to Government.

Note 1.- The following dates for issue and receipt of the above return are prescribed for adoption: -

Date of despatch from the                      20th of 2nd Month  
Accountant Generals Office. following.

Date of the return by the Department after verification. 10th of 3rd Month following.

Regarding the yearly accounts. Not later than the end of June.

<sup>1</sup>[Note 2.- Each Departmental Controlling Officer should furnish a certificate to the Accountant General every month to the effect that the receipt figures according to his registers have been reconciled with those of the Accountant General. This certificate should be sent not later than 15th of the 3rd following month.

The Certificate noted below should be recorded in the monthly pay bill of each of the Controlling Officer.

"I certify that the figures of Revenue Receipt received from the Accountant General are reconciled with those received from the subordinate officers and a certificate of reconciliation due from me for the third previous month, has been furnished to the Accountant General vide No.....Date... ..

Controlling Officer.]

#### **REALISATION OF DUES TO GOVERNMENT**

33. (a) Every Government servant who is responsible for the collection of any moneys due to Government should see that demands are made at once as payments become due, that effective steps are taken to ensure the prompt realisation of all amounts due and that proper records are kept to show in respect of items of revenue whether recurring or non-recurring, the assessments and demands made, the progress of recoveries and the outstanding amounts due to Government. The controlling officer of every department of Government should closely watch the progress of the realisation of the revenues under his control and check the recoveries made against the demands.

(b) If any wrong credits are brought to notice by the controlling officer, consequent on the check of recoveries, he should at once inform the Accountant General to enable the later to effect necessary corrections in the accounts on hand. If any credits are claimed but not found in the accounts, it is usually more convenient to make enquiries first of the departmental officer.

Similarly, in the case of funds managed by Government servants, detailed accounts should be kept by them to whom the Accountant General will send monthly, for comparison and verification, the figures passing through his books. To facilitate comparison, the 'Accountant General' will enter separately the figures appearing in the Treasury cash account and the adjustments and corrections made in his office explaining the latter in the remarks column.

#### **VERIFICATION OF CREDITS**

34. Every departmental controlling officer should obtain regular accounts and return from his subordinates for the amount realised by them and paid into the treasury and consolidate the figures in a register so as to show the total receipts for each month classified according to the heads of account in the Budget Estimate.

The subordinate officers are required to send their accounts/returns only after verification of credits shown therein, with those in the treasury accounts. To ensure that this has been done they should furnish a certificate in their accounts/returns as under:

Certified that credits included in the accounts/returns have been verified and agreed with those in the treasury accounts.

(Signature.)

Note.- For detailed procedure in this behalf See Article 329 (V).

(1) It is essential that the accounts of the departmental controlling officers should not be compiled from returns of the Treasury. But the Treasury Officer is, in some cases, required to verify returns prepared for submission to departmental controlling officers. It is the duty of Tahsildars and Deputy Commissioners to have the "Demand, Collection and Balance Statement" prepared in the Accounts Department of their office independently of the Treasury Department and then get them verified with the Treasury figures.

(2) A reconciliation of departmental revenue figures with those of actual credits into the Treasuries on which the accounts of the Accountant General are based is of the utmost importance. Such a comparison is the only check on the proper realisation of departmental revenue, and every department should maintain regular accounts of revenue, which should be carefully verified every month with the credit statements received from the Accountant General.

(3) Controlling Officer should promptly compare the returns received from District Officers with those received from the Accountant General and have all difference reconciled as early as possible, in communication with the District Officers, and if necessary, with the Accountant General. This is specially important in the case of the returns for March as all corrections required in the books of the Accountant General should be effected before the accounts of the year are closed.

(4) All differences between the treasury and departmental officers' Classification Of receipts would be avoided by the latter remitting money to the Treasury with challans showing the proper heads of account.

(5) The departmental accounts should be verified with those of the Treasury only after both are independently compiled and any difference discovered in the course of such verification should be simply intimated to the department concerned and only such corrections as are warranted by details found in the challans, should be made in the treasury accounts. If the challans themselves are inaccurately

prepared, the treasury should require the departments concerned to correct them before complying with their request to alter the classification once made in the treasury accounts.

### **FINES**

35. The duty of realising fines and of checking the receipts and refunds rest with the Government servants of the departments concerned.

Each Court, Civil or Criminal, is required to submit, to the District Judge or the District Magistrate, as the case may be, on the last working day of each calendar month a statement in Form 4, of Fees, Fines, etc., realised in each Court and remitted to the Treasury during the month.

The statement should be made up for the account month of the District Treasury or Taluk Treasury with which the Court deals.

The District Judge and the District Magistrate, should each consolidate these returns into a monthly fines statement for the Courts under him, and forward it to the Treasury Officer, as soon as possible, after the beginning of the following month, for verification of the amounts shown as remitted into the Treasury with the credits appearing in the Treasury account. The Treasury Officer should certify as to the correctness of or otherwise of these amounts. When there is any discrepancy between a consolidated statement and the Treasury account, the Treasury Officer may, if necessary, before giving his certificate, request the District Judge or the District Magistrate, as the case may be, to explain the discrepancy.

(i) Compensation fines due to an injured party which are creditable to deposits, and fines which, under competent sanction, are credited to a Municipal or other Local Funds will be excluded from this return.

(ii) Fines to be credited to Municipalities or other Local Funds will be entered in separate registers for each Municipality or Fund, and when the Municipality or Fund banks with a local treasury, the amounts will be remitted by the Court direct to the Treasury for being credited to the account of such fund.

(iii) Courts realising arrears of Municipal Taxes under the Municipal Acts or fines which under any law in force are credited to municipal or other Local Funds, will furnish at the end of the month in which the realisations are effected, a statement in the prescribed form, (No.194 Criminal) to the Municipality or other body concerned.

36. A register in Form 5 will be maintained in the Offices of the District Magistrates and the District Judge, for consolidating the figures of the several Courts in each month. As the District Judge will receive statements from Courts situated in different Districts, the figures of the Courts of each District will be entered on separate pages in the register.

(1) All fines realised by the Police on warrants should be paid, as far as possible, into the Court concerned for payment into the District Treasury; but when the fine is realised in a Taluk, it must be paid into nearest Taluk Treasury and a receipt

obtained, which the police officer will send with the warrant to the Court. The Court will then enter the fine in the proper register as realised and as paid into the Taluk Treasury, sending the Taluk Treasury receipt to the District Treasury.

(2) All fines levied and confiscation ordered under the State Excise Regulations by Judicial Officers should be shown in the separate column the statement of fees and fines.

(3) When any amount is realised in any district on account of a fine imposed in another district of the State the amount should not be remitted to the Court which inflicted the fine, but should be treated for the purpose of the fines statement, as if a fine equal to the amount realised had been inflicted by the Court in which it is realised. The Court which realises the amount should send an advice of the recovery to the Court which inflicted the fine, and should also make a note of the Court to which the amount realised relates, against the credit in its fines register, and monthly statement. The Court which inflicted the fine should, on receiving the intimation, note in its fines register, and monthly statement, the amount of the recovery so advised, and the name of the treasury into which the amount was paid.

37. All fees and fines, civil or criminal, stamp penalties, deficient stamp duty, and any other items belonging to Government realised by Court will be entered in remittance books, one to be headed "Administration of Justice" and the other "Stamps", with particulars of the date of remittance, nature of item and amount. The books will be signed by the Nazir and the Judge in the proper columns and sent with the money to the treasury within two days to be credited under the proper head. The Treasurer and the Treasury Officer will sign in the proper columns and return the books, At the end of the month the entries will be totalled by the Nazir and forwarded to the treasury, where the totals will be checked with the Treasury account and signed by the Treasurer and Treasury Officer, if correct.

Note 1.- Provision of Note 1 below Article 4 are also applicable.

Note 2.- The annual Cash Balance statements of Civil Courts and the half-yearly Fines Statements of Criminal Courts will be got certified by the Treasuries before Submission to the High Court. To enable the treasuries to furnish these certificates, the Courts will furnish them with particulars of remittances and a copy of the remittance register relating to the period.

### **MISCELLANEOUS DEMANDS**

38. Miscellaneous demands of Government not falling within the ordinary revenue administration are entered by the Accountant General in a register of special recoveries and their realisation watched by him. The Departmental Officers must, however, take the initiative for the recovery of these demands.

39. In respect of supplies made or services rendered by Service Departments to Local Bodies, etc., (e.g., value of medicines supplied from the Medical, Stores value of vaccine lymph supplied from the Vaccine Institute, cost of stationery supplied from the Stationery Depot value of printing work done. at the Government Presses), the

departmental officer concerned should see that the value thereof is recovered and remitted to the Treasuries promptly. For such supplies and services, bills containing full details of the transactions, (e.g., particulars of work done or supplies made, institution to which the bill relates, etc.), should be sent to the concerned offices promptly. These bills should be numbered serially and a record of bills sent out should be maintained in Form 6. The receipt of replies from the offices concerned should be watched and necessary action taken promptly in cases of delay. A copy of this Register, i.e., a statement showing the bills sent out during each quarter (with columns of recoveries left blank) will be sent to the concerned State Local Audit Circle for taking action in cases of delayed payments.

#### **CLASSIFICATION**

40. Rules regarding the classification of receipts are found in the Budget Manual.

#### **RENTS OF PUBLIC WORKS DEPARTMENT BUILDINGS**

41. Rents due from Government servants occupying Government buildings shall be recovered regularly by deduction from the salary or establishment bills of such Government servants.

(1) Changes in the amount of rent to be paid by the occupants of Government buildings owing to increase in the capital cost of buildings, remissions, occupation for a portion if a month only or other causes will be intimated by Executive Engineers to the Government servants concerned. In the absence of such information, a Government servant, gazetted or non-gazetted, will continue to deduct from the Salary or Establishment bill, the amount deducted in the previous bill on this account.

(2) All gazetted Government servants and official superiors in the case of non-gazetted Government servants who occupy Government buildings and are liable to payment of rent therefor, should intimate to the Executive Engineer any change in their pay which may affect the rate of rent and send a quarterly report whether there is any change or not so as to, enable the Executive Engineers to levy rents in accordance with rules.

(3) When recoveries of rent are to be effected through a Treasury Officer, a demand in Form No. KFC-7 (Statement of rent recoverable in cash or by deduction from pay bills) should be sent, in duplicate, by the 25th of each month to that officer or the Accountant General in the case of officers covered by I.R.L.A. system, who will make the necessary recoveries and return one copy of the statement duly completed before the close of the following month, the other copy being attached to the bills from which the recovery has been made vide Article 274 of Karnataka Treasury Code. In the case of rents recoverable from non gazetted Government servants, whose pay is drawn by the heads of their officers on a consolidated bill cashed at the Treasury, a consolidated statement of demand, in Form No. KFC-7 will be sent to the drawing officer concerned, in duplicate, by the 25th of the month to which the demand relates, for taking similar action.



(4) When rent, for any reason, is not regularly paid by a Government servant, the Executive Engineer will intimate the concerned Treasury Officer, in the case of gazetted officers drawing their salary on such treasuries, the Accountant General, in the case of gazetted officers whose salary is drawn by the Accountant General under the I.R.L.A. system and the concerned drawing officer in respect of a non-gazetted Government servants, by a special letter to recover the rent from the salary bill, etc., of the Government servant concerned and endorse a copy of the same to the Government servant, for his information. The Treasury Officer, Accountant General or the drawing officer on receipt of such an intimation from the Executive Engineer should recover the amount from the salary bill, etc., straight-away and they should not conduct any correspondence with the tenants on the subject of their rent but should leave it to the Government servant to represent his/her case to the Executive Engineer.

(5) If the Government servant is permitted to occupy the quarters even after handing over charge of the post or does not vacate the quarters, that information should be intimated to the authority responsible for issuing the Last Pay Certificate well in time by the Public Works Department Officers. In case of late receipt of this information from the Public Works Department Officers regarding demand for rent after the issue of Last Pay Certificate, the Treasury Officer may forward the demand to the new Treasury from where the transferred officer will draw his salary. The future demand for rent upto the date he vacates the quarters should be sent to the officer who disburses his salary in respect of the post to which he is transferred. Article 275 (c) (ii) of the Karnataka Treasury Code may also be referred to.

(6) The statement of deductions to be attached to the establishment bill will be in Form 7.

(7) In order that the rents due are properly assessed, the Accountant General will send to the Divisional Officers/ officers concerned a copy of the Pay slip issued to each Gazetted Officer who is occupying a Government residential building. For this purpose, the Divisional Officer/Officer should send to the Audit Office, as soon as a Gazetted officer has occupied a building, intimation regarding the date from which rent is recoverable from that Officer. The Audit Office will then intimate the Divisional Officer/ Officer the rate of pay of the Gazetted Officer and will also continue to endorse copies of the Pay slips whenever there is a change in rate of pay when the building is vacated by the Officer, the fact should again be reported to the Audit Office by the Divisional Officer/Officer.

Each Gazetted Officer who will be occupying a Government residential building should also intimate the Audit Office the particulars of the building occupied by him, the date of occupation and the Public Works Divisional Officer/Officer responsible for watching the recovery of rent in respect of that building, as soon as he occupies the building, so that there may be no complication in regard to date of occupation, etc. On vacating the building, a similar intimation has also to be sent to the Accountant General.

## **RECOVERY OF RENTS OF RESIDENTIAL BUILDINGS IN CHARGE OF DEPARTMENTS OTHER THAN PUBLIC WORKS**

42. Heads of Department of Other Civil Departments concerned will be responsible for the due recovery of rents of residential buildings under the charge of their respective departments. The main Principle of assessment and procedure for recovery of rent of such buildings will be the same as in the case of other residential buildings in charge of the Public Works Department. Concession in the shape of reduced rents or free quarters will be governed by specific orders of Government passed from time to time.

Note.- Heads of Departments will furnish the information to the Accountant General or the Treasury Officer, as the case may be, in respect of Officers and officials occupying departmental residential buildings.

When new quarters are constructed and rent is to be recovered, the Government servant in charge will, in consultation with the Executive Engineer of the Division, Prepare a statement for the calculation of rent liveable in accordance with the rent rules for buildings in charge of the Public Works Department and obtain the approval of Government through the Accountant General.

Rents recovered on account of buildings in charge of departments other than the Public Works Department should be treated as departmental revenues and not as revenues of the Public Works Department.

Recovery of rents due on Forest Buildings are regulated in accordance with the rules contained in the Karnataka Forest Account Code.

### **VEHICLE TAX**

43. All Taxes collected under the Karnataka Motor "Vehicles Taxation Act. 1957, shall be credited to the head XI Taxes on Vehicles".

44. According to Section 20 of the Act, (i) there shall be paid to each local authority, which prior to the commencement of the Act, was being paid any amount, under the previous Acts, a sum equivalent to the said amount and (ii) there shall be paid annually to each local authority which, at the commencement of the Act, was levying tax or toll or both on motor vehicles, a sum equivalent to the average annual income derived by such local authority during the three years ending on 31st day of March 1957 from such tax or toll or both, as the case may be.

Note.- The following procedure should be followed for the payments of these compensation amounts:-

The amount payable to each Local Body under the statute shall be determined by the Commissioner for Transport and a formal sanction order issued by him. On the basis of this sanction, the Regional Transport Officer concerned will prepare a bill for the amounts due to Local Bodies under his jurisdiction and present the same to the concerned District Treasury requesting the Treasury Officer to credit the deposit account of the Local Bodies concerned with the amount due to the

particular Local Body. The Treasury Officer, shall furnish to each Local Body, a copy of its monthly transactions.

#### **REMISSIONS AND ABANDONMENT OF CLAIMS TO REVENUE**

44-A. If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side as a specific loss (vide Article 377).

Remissions and abandonment of claims to revenue shall be reported to the Accountant General in the form of an annual statement, as indicated below for inclusion in the Appropriation Accounts of Government.

(a) The statements should show the remissions of revenue and abandonment of claims to revenue sanctioned during the preceding year by competent authorities in exercise of the discretionary powers vested in them otherwise than by Law or Rule having the force of Law. For inclusion in these statements, remissions and abandonments should be classified broadly with reference to the ground on which they were sanctioned and a total figure should be given for each class. A brief explanation of the circumstances leading to the remission should be added in the case of each class.

(b) Subject to any general or special order issued by Government, individual remissions below Rs.100 need not be included in the statements.

(c) The statements for a financial year should be arranged to be sent to the Audit Office before the 1st June of the next financial year.

44-B. (1) The Electricity Tax payable to Government under the Karnataka Electricity (Taxation on Consumption) Act, 1959, shall be collected by the licences along with the cost of energy supplied, and credited to Government under the Head "XIII. Other Taxes and Duties, B, Electricity Duties, (i) Tax on consumption of Electricity".

(2) The licensees are entitled to the reimbursement of collection charges at the prescribed rates on the amount of tax collected. The charges should be claimed by them in payees receipts (Form 3 K.F.C.) which will be payable at the Treasury after they are countersigned by the Electrical Inspector to Government. The expenditure is debatable to "13-Other Taxes and Duties, Charges under the Electricity Acts-5. Other charges."

(3) The Electrical Inspector to Government will watch the prompt realisation of the tax revenue.

#### <sup>1</sup>[44-C SHARE OF ENTERTAINMENT TAX TO LOCAL BODIES

The following procedure shall be followed for the payment of share of Entertainment Tax to Local Bodies under Section 17 of the Karnataka Entertainment Tax Act 1958: -

The Commercial Tax Officer of the area concerned sanctions the payment of compensation to each local body for each quarter. He should prepare a payee's receipt for the amount payable to each local body and present the same to the

District Treasury along with a copy of his sanction order and a challan in duplicate requesting the Treasury to credit the amount of the payee's receipt to the deposit account of the local body concerned. The Treasury Officer shall furnish to each Local Body a copy of its monthly transactions.]

#### **CHAPTER IV**

#### **RESPONSIBILITIES FOR MONEYS WITHDRAWN**

#### **Treasury Officers - Responsibility of the Treasury**

#### **OFFICERS IN RECOVERING AMOUNTS DISALLOWED BY THE ACCOUNTANT GENERAL**

45. When the Accountant General disallows a payment as unauthorised, the Treasury Officer should promptly recover the amount disallowed, without regard to any representation or protest, and if the item is a recurring one, should also refuse to make similar payments in future until the Accountant General authorises him to do so; that no warning slip has been received by the Government servant retrenched, or that being received, it has been answered, are facts with which the Treasury Officer has no concern. The Accountant General is responsible for seeing that Treasury Officers carry out his instructions. His objection must prevail absolutely and immediately over every authority under the Government.

If a Treasury Officer received an order to make a recovery from the salary, etc., of a Government servant who has in the meantime been transferred to another district, he should immediately forward it to the Treasury Officer of that district. The Treasury Officer should not enter into any correspondence regarding any such recovery.

Recoveries may not ordinarily be made at a rate exceeding one third of pay unless the Government servant affected has (a) in receiving or drawing, the excess, acted contrary to orders of without due justification or (b) taken an advance for a specific purpose, not utilised it for the purpose for which the advance was sanctioned within the prescribed period and failed to refund the outstanding amount within the stipulated date.

46. Objections and orders which arise out of the examination by the Accountant General of the Treasury accounts are communicated to the Treasury Officers and departmental officers by letters, audit memoranda, or periodical objection statements. To these, the earliest attention should be given and it is most important that these objection statements should be returned punctually within the prescribed period and also that the replies to them should be such as will enable the Accountant General to adjust the items under objection without further correspondence.

47. Every Treasury should maintain a register of recoveries, in which separate pages should be set apart, as may be convenient, for each Government servant or department entitled to draw bills etc., on the treasury, As soon as any order to make a recovery is recovered, whether through an objection statement or a separate slip, an entry should be made in the register. Before any bill is passed for payment, the

register should be consulted to see whether any recovery has to be made. When any, amount is recovered, it should be duly noted in the register along with the number and date of the voucher.

48. The Treasury Officer should ordinarily recover from the next pay bill of the Government servant concerned any amount which the Accountant General orders him to recover be account of pay and similarly from the next Travelling Allowance bill any recovery ordered on account of Travelling Allowance. When, however, a recovery has to be made on account of Travelling Allowance and the Government servant concerned does not present a Travelling Allowance bill within a month, he should be requested to refund the amount at once in cash and if he fails to do so, it should be recovered from his next pay bill.

#### **DRAWING OFFICERS**

49. A Government servant supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Audit Office. In cases in which the acquittances of the actual payees are not sent for audit, the Government servant supplied with funds shall be held personally responsible for seeing that the payments are made to the person entitled to receive them.

If any doubt arises as to the identity of the Government servant by whom account of such funds shall be rendered, it should be decided by Government.

#### **DISBURSEMENTS MADE ON BEHALF OF GOVERNMENT**

50. (a) (i) Subject to the provisions of clause (b) below, a Government servant shall obtain, for every disbursement which he makes on behalf of Government including every repayment of moneys which have been deposited with the Government a voucher setting forth full and clear particulars of the claim, using as far as possible the particular form, if any, prescribed for the purpose, and shall obtain at the time of making payment, either on the voucher or on a separate paper to be attached to it, an acknowledgement of the payment signed by the payee by hand and ink. In doing so, he shall observe carefully the directions contained in Articles 23 and 24 supra in regard to the stamping of receipts and the preparation of vouchers. When possible, he shall require the payee to note the actual date of payment in his acknowledgement. When it is not possible for the payee to note the actual date of payment either because he is illiterate, or because he is required to present a signed receipt before payment is made, the disbursing officer shall enter the actual date of payment on the relevant voucher with his initials either separately for each payment or for groups of payments, as may be found convenient.

Note 1.- As adjustment bills for 'nil' amount involve no payment, it is not necessary to insist upon any acknowledgement of payment in respect of such bills.

Note 2.- A single receipt, stamped where necessary given by a payee in acknowledgement of several payments or a lumpsum payment, either in cash or by cheque, made to him, on one occasion, shall constitute a valid acquittance and the

disbursing officer, in such cases, should give cross reference on all vouchers to which the receipt relates.

(ii) If a payee is not able to write, his signature on the acknowledgment should be taken in the form of his mark or preferably by his thumb impression attested invariably by some known person.

(iii) If a payee signs his acknowledgement in a language other than in English he shall be required to write also the amount acknowledged in words in that language in his own handwriting. His acknowledgement including the amount acknowledged and any remark made by him, shall be translated into English and his signature shall be transliterated in roman characters. If a payee cannot sign his name in a script known to the disbursing officer or a member of his staff or if he can sign in a script known to one of them but cannot write the amount acknowledged in words in It, the procedure applicable when a payee is not able to write shall be followed.

Exception.- A special procedure is prescribed for obtaining the payee's acknowledgements of payment on account of the pay and allowances of Government servants-see Article 52 infra.

(b) If, in very exceptional circumstances, it is quite impossible to furnish a proper voucher with the payee's acknowledgement in support of a payment, a certificate of payment showing the particulars of the claim, signed by the disbursing officer and endorsed by his immediate superior shall be placed on record. Particulars of the claim should invariably be set forth.

Note.- Production of vouchers for cooly charges, cart or jutka hire, incurred on public service in the course of journeys by Railway or public buses need not be insisted on provided the charges are reasonable and are supported by a certificate of the Government servant incurring them that the amounts were actually paid by him for the purpose.

(c) If a disbursing officer anticipates any difficulty in obtaining an acknowledgement in the proper form from a person to whom any moneys are due he shall decline to deliver the cheque or cash to him or to make a remittance to him as the case may be, until he receives a proper acknowledgement of the payment with all the necessary particulars. Whenever a payment is made by remittance, a note of the date and mode of remittance shall be made on the bill or voucher at the time of remittance. When a remittance is made by postal money order, its purpose shall be briefly stated in the acknowledgement portion of the money order form in continuation of the entry "Received the sum specified above on....." and sufficient space shall be left below the manuscript addition for the signature or thumb impression of the payee.

(d) When an article is obtained by value payable post, the value payable cover, together with the invoice or bill showing full details of the items paid for, shall be treated as a voucher, and the disbursing officer shall note on the cover that the payment was made through the post office and includes postal commission.

(e) A disbursing officer may retain a certified copy marked "Duplicate" of a receipted voucher, when this is necessary in order to complete the record in his office, but the payee shall not be required to sign any such copy or to give a duplicate acknowledgment of the payment.

51. No voucher shall be treated as a valid voucher unless it bears a distinct pay order, specifying the amount payable both in words and in figures separately and signed or initialled, and dated by hand and in ink by the responsible disbursing officer. Cashiers and other Government servants, who are authorised to make payments on passed vouchers, shall not make any payment on a voucher unless it bears a pay order satisfying these requirements.

### **ACQUITTANCE ROLL**

52. The Head of the Office is personally responsible for all moneys drawn as pay, leave salary allowances, etc., on an establishment bill signed by him or on his behalf until he has paid them to the persons who are entitled to receive them and has obtained their dated acknowledgments, duly stamped when necessary. These acknowledgments shall be taken as a rule on the office copy of the bill. When the Head of the Office concerned considers that an establishment is so large or scattered that the payee's acknowledgments cannot without undue inconvenience be obtained on the office copy of the bill, he shall maintain a separate acquittance roll In Form 9 and obtain the Payee's acknowledgements in it.

Note 1.- A separate acquittance roll may also be maintained in every office in respect of payments (including refunds) made to private persons for which vouchers are not required to be sent to the Audit Office under the rules.

Note 2.- The acquittance rolls or office copies of bills containing acknowledgments of payees are not required to be sent to the Accountant General, but being important records they should be preserved carefully for the periods prescribed.

In respect of payments made through acquittance rolls or Office copies of bills on the pay day, the disbursement certificate which, should be recorded at foot of the last page of the acquittance roll or office copy of the bill should invariably be signed by the disbursing officer in token of the total amount actually paid. The "paid" stamp should also be affixed against the daily total shown as disbursed in the acquittance roll or office copy of the pay bill and attested by the disbursing officer.

In respect of undisbursed amounts or amounts drawn on supplemental and other bills paid subsequently the items should be stamped "paid" individually in the acquittance roll or office copy of the bill, as the case may be and attested by the drawing officer while signing the cash book.

53. The Acquittance Roll should be drawn after approval of the pay and Travelling Allowance bills by the Head of the Office.

In cases in which Government servants cannot themselves take payment at the office, stamped and signed receipts should be separately obtained from them, the signature of the agents being obtained on the letters of authority granted by the former.

This register should be examined every month by the Head of the Office or other Government servant deputed by him for the purpose, who should satisfy himself that proper receipts have been taken for all sums disbursed and that the amounts of cashed bills and payments have been posted in the cash book.

Note 1.- For amounts recovered at the time of disbursement of salary from Government servants in cash, such as recoveries on account of court attachment or on account of purchase from Jails or Industrial Institutions, a receipt should be given as required in Article 6.

Note 2.- A Bill Register, in Form No. K.F.C. 9-A, should be maintained by the all Heads of Offices who are authorised to draw moneys from the treasury on bills signed by them. The register should be reviewed monthly by the officer concerned and the result of the review recorded thereon.

#### **“PAYMENT OF LEAVE SALARY”**

54. Subject to any orders of procedure that may be specially prescribed by Government in the case of Gazetted Government employees and in the Departmental regulations in the case of a non-Gazetted Government employees, the leave salary of Government Employee shall be drawn from the Treasury or office of disbursement from which his pay was being drawn immediately before proceeding on leave. Normally, the Government employee shall make his own arrangements for getting his leave salary remitted to him. However, if the employee during the period of earned leave exceeding a month, specially requests the Treasury Officer (in the case of Gazetted Employees) and disbursing Officer (in respect of non-Gazetted employees) for the remittance of his net dues by means of demand draft, the officer concerned should arrange to send to the Government employee demand draft at par, by registered post. The charges incurred in this regard should be debited to office contingencies. In cases where a period of leave is followed by transfer, such portion of leave salary as would not be drawn at the old station may, however, be drawn at the treasury or office of disbursement from which the pay in respect of the new post is drawn.

55. If a Government servant who is entitled to receive any moneys drawn from the Treasury on his behalf fail to claim payment in person or in accordance with the preceding Article before the end of the month in which they are so drawn, the moneys drawn for him shall ordinarily be refunded by short drawing in the next bill and drawn afresh when he claims them, if the rules regarding arrears claims permit it. When the drawing officer consider that the earlier refunding of any such moneys would cause undue inconvenience, he may retain them for a period not exceeding three months, but he will continue to be held personally responsible for them and



must make satisfactory arrangement for keeping them safely. Undisbursed pay, allowances and leave salary shall not under any circumstances be placed in deposit.

56. In addition to watching, the disbursement of pay and allowances through the office copies of bills or the acquittance rolls, a register in Form No.10 shall be maintained in each office for effective watch over the disposal of undisbursed amounts. The Head of the Office should review all the undisbursed items regularly. The same register shall also be used, when necessary, for watching the disposal of the undisbursed balances, if any, of amounts, drawn on contingent bills in excess of the Permanent Advance.

Note.- In this Register, entries of the total amounts of bills or cheques and particulars of amounts undisbursed shall be made against each bill, serially, and subsequent payment thereof entered in the appropriate Columns of the Register and the Cash Book. Each such entry should be attested by the disbursing officer. From this register, an abstract of amounts of pay and allowances remaining undisbursed for 3 months should be prepared to ensure their refund either in cash or by short drawl from the next bill.

#### **CUSTODY OF VOUCHERS AND ACQUITANCES**

57. All vouchers and acquittances are important documents and shall be filed and preserved carefully in the office concerned, when they are not sent elsewhere for audit in accordance with the rules.

#### **CANCELLATION OF SUB-VOUCHERS**

58. (a) Sub-vouchers to contingent bills should be cancelled in such a manner that they cannot subsequently be used fraudulently to claim or support a further payment.

(b) Whenever a drawing officer signs a fully voucher contingent bill for presentation at the treasury for payment or a detailed contingent bill for submission to the controlling authority, he should at the same time cancel all the sub-vouchers which relate to the bill but are not attached to it or retained for record in his office. He should endorse the word "cancelled" across each such sub-voucher in red ink or by a rubber stamp, and initial it with the date. He should certify on the bill that all the sub-vouchers relating to it other than those attached to it have been so cancelled that they cannot be used again. When the amount of a sub-voucher exceeds the permanent advance, it should be cancelled in the manner described above as soon as the payment has been made and entered in the contingent register.

Whenever a controlling authority forwards a detailed contingent bill to the Accountant General, he should cancel in the manner described above, all the sub-vouchers received with the bill, but not required to be forwarded to the Accountant General and should certify on the bill that all such sub-vouchers have been so cancelled that they cannot be used again.

#### **CHECK OF CHARGES**

59. The Accountant General is responsible for the audit of all expenditure charged against Government.

If any item of expenditure is found to be irregular or in excess of what is due, he proceeds to remove the irregularity or recover the excess amount paid through the Treasury Officer, and he usually issues warning slip to the drawing officer concerned at the same time. When an item of expenditure is less than what is actually due for payment, and the amount involved is not insignificant, the Accountant General informs the drawing officer of the fact, leaving him to prefer an additional claim or not as he thinks proper.

60. Every Government servant should give proper attention to all objections and orders received from the Accountant General without any avoidable delay. If there should be any delay in attending to them, a letter explaining the cause of delay should be sent to the Audit Office.

A Register shall be maintained in each office in Form 11 for recording the objections communicated by the Audit Office. The fact that some of the objections are still under reference is no reason for keeping back the statement. Such cases may be extracted for subsequent explanation.

#### **RESPONSIBILITY OF DRAWING OFFICERS AND TREASURY OFFICERS**

61. An administrative authority should not ordinarily consider any representation or protest against a recovery ordered by the Accountant General unless the representation or protest is received within six months from the date when the Government servant making the representation received the first intimation of the order.

62. Every Government servant who draws bills for pay and allowances or contingent expenses is primarily responsible for the correctness of the amount for which each bill is drawn. If any amount is drawn in excess of what is due, the drawing officer will be required to make good the excess amount so drawn. If the excess amount cannot for any reason be recovered from the drawing officer, The Government servant, if any, who countersigned the bill will be liable to make good any loss arising from culpable negligence on his part and the Treasury Officer who passed it will be similarly liable to make good any loss arising from culpable negligence on his part. The Treasury Officer who makes payments without pre-audit will be responsible for checking any culpable errors and in the case of change of office or of rate of salary of Government servants for passing the new rate with reference to the orders directing the change.

Note 1.- The Treasury Officer is required under the above ruling to examine the accuracy of the arithmetical computations in a bill.

Note 2.- Besides gazetted Government Servant some classes of non-gazetted Government Servant, exercise the privilege of drawing bills. Each treasury Shall maintain a correct and up-to-date list of officers authorised to draw bills from the treasuries.

63. Each head of an office will maintain a register in Form 12 for all special advances drawn by him. It is the duty of every Government servant to see to the prompt adjustment of advances and items under objection outstanding against him in the books of the audit Office. If, owing to delay in dealing with the matter, any amounts become unadjustable, they will be recovered pro rata from all the Government servants during whose time they remained under objection. Cases in which adjustments of advances are unduly delayed will be reported to Government.

64. In the challan with which a cash recovery of service payment is remitted to the treasury or in the bill in which such recovery is adjusted by short-drawing, the number (sectional) and date of the objection slip of the Audit Office should invariably be entered and the nature of the original payment (Salary Bill, Travelling Allowance Bill or Contingent Bill) should also be specified. The challan presented by the Departmental Officers without the above information will be returned by the treasuries for supplying the omission.

65. The requisitions of the Audit Department for supply of information necessary for purposes of audit should be complied with by all departments promptly.

#### **CHEQUES ON TREASURIES**

66. Cheque books required by Disbursing Officers authorised to draw on Treasuries should be obtained by them from the Treasury Officers on a requisition signed by the Disbursing Officer himself.

Ordinarily not more than one cheque book will be sent at a time.

67. A separate cheque book should be used for each treasury (District or Taluk) and the drawing officer should notify to the treasury the number of the cheque book which from time to time he brings into use and the number of cheques it contains. Each cheque book must be kept under lock and key in the personal custody of the drawing officer, and when a transfer of charge takes place, a note should be recovered over the signature of both the relieved and the relieving officers showing the number of unused cheques and cheque books made over and received in transfer by them, respectively. The note should be made in the Cash Book or other permanent register in which the expenditure for which cheques are drawn is recorded.

Note.- In cases where withdrawal of funds by Cheques is no longer necessary, all the cheque forms of cheque books, which remain partly or wholly unused, shall be Cancelled by writing the word 'cancelled' prominently across each cheque form and counterfoil, with signature of the drawing officer, and thereafter returned to the Treasury Officer concerned who shall destroy them by incineration in the presence of the Director of Treasuries or the Deputy Director of Treasuries, after keeping a note of the fact in the relevant records of the treasury under proper attestation.

68. Whenever a Government servant draws a cheque other than a cheque, the amount of which is typed in words with perforated letters by a special cheque-writing

machine he shall see that it has been written across it at right angles to the type the word "under" followed by an amount a little larger than that for which he draws the cheque. No abbreviation such as 'Eleven hundred' for "One thousand and one hundred' may be used. The amount of a cheque shall be written in the manner prescribed for bills [vide Article 24 (c) supra].

Note.- Under thirty rupees will mean that the cheque is for a sum not less than Rs.29 but less than Rs.30, and similarly 'under eight hundred rupees' will mean that it is for a sum not less than "Rs.799 but less than Rs.800."

69. A common form of fraud in regard to cheques consists in altering the word "one" into "four" by prefixing an "f" and changing the "e" into an "r" as the figure can easily be altered corresponding to 4. The word "twenty" when written carelessly has also sometimes been changed into "seventy". A Government servant who draws a cheque in which the word "one" or "twenty" occurs shall therefore write the word very carefully in order to make such a fraud impossible. The Treasury Officer shall examine the words "four" and "seventy" and the corresponding figures in cheques with special care.

Note 1.- The provisions contained in Article 24(d) apply mutatis mutandis to corrections and alteration in cheques.

Note 2.- Important corrections in cheques, pay orders, encasements for payment at treasuries or Banks R.T.Rs., Cash Order, etc., such as changes in the name of the payee, the amount payable and the Treasury of payment, should be attested by the full signature of the drawers.

70. No advice of the issue of any cheque need be sent to the treasury. As a general rule, no cheque shall be issued for a sum less than Rs.10 except, when it is done in order to comply with the provisions of law or a rule having the force of law. Cheque shall be payable at any time within three months after the month of issue; thus a cheque bearing date and time in January is payable at any time up to 30th April.

Note.- If the currency of the cheque should expire owing to its not being presented at the Bank or the Treasury within the period specified above, it may be received back by the Drawing Officer, Who should then deface it and issue a new cheque in lieu of it. The fact of the defacement and the number and date of the new cheque should be recorded on the counterfoil of the old cheque, and the number, date And amount of the cancelled cheque should be entered on the counter foil of the new cheque issued. Necessary entries should be made in the relevant register.

71. When a Government servant is authorised to draw cheques on Taluk Treasuries, he should give notice to the District Treasury Officer, from time to time, of the probable amount of his drawings on each Taluk Treasury in order that funds may be provided as far as possible. Cheques drawn on Taluk Treasuries should be distinguished by different numbers and letters from those drawn against the District Treasury.

72. (a) When a Government servant draws cheques in favour of another Government servant, he shall make it payable to 'Order' only. When a Government servant draws a cheque in favour of a person who is not in Government service, he may, if the payee request him to do so make it payable to bearer. The Treasury Officer shall not cash a cheque made payable to A.B. or bearer if A.B. is a Government servant. All cheques/drafts on Banks for amounts exceeding Rs.1,000 (Rupees one thousand only) in each case, other than in payment of salary, allowances, pensions etc., of Government servants and pensioners, drawn in favour of an individual, a firm, a company, statutory body, etc., for services rendered or supplies made by them to the State Government, should invariably be 'Crossed' with the addition of the Words 'Account Payee only' between the crossings. If the amount involved is less than Rs.1,000 the Treasury Officer may decline to make any payment on a cheque payable to a person not in Government service 'or bearer' if he is unable to satisfy himself as to the identity of the person claiming payment. He may also decline to make any payment on a cheque payable to person or persons not in Government service "Or Order" if he is unable to satisfy himself as to the identity of the person claiming payment or as to the validity of the chain of endorsements, if any, by virtue of which that person has become the holder of the cheque.

"The above procedure is also applicable to the cases of cheques/drafts for amounts exceeding Rs.1,000 in each case, issued in favour of Gazetted Government servants and pensioners in payment of their personal claims. But such cheques/drafts will always be to the 'order, of the payee, and 'crossed'. The superscription 'Account Payee only' referred to above, need not however, be added thereon."

Note.- All Cheques preferred at a Government Treasury including pre-audit cheques for payments, are to be treated as non-negotiable instruments and such cheques can be endorsed only once in favour of a banker or messenger to whom the money is to be paid. The words "Contents Received' should invariably be noted on such cheques 'while receipting the same. A Bank shall not re-endorse any such cheques otherwise than to a messenger for collection only.

(b) Ordinarily a cheque is not cashed by the Treasury Officer unless it is receipted by the payee himself, or other person in whose favour it is regularly endorsed for payment. In special cases, when the Head of an Office is unable himself to receipt cheques payable to his order, owing to his being absent on tour or for other causes and when he considers that strict compliance with the ordinary rule would cause inconvenience, he may specially authorise in writing a subordinate gazetted Government servant to endorse for him cheques drawn in his favour by his official designation.

(c) When a Government servant sends a cheque to a Treasury not for cash payment, but for credit of its amount in the treasury accounts, he must, before endorsing the same add the words 'Received payment by transfer credit to 'and

should also cross the cheque if it is not already crossed. Omission to do this facilitates fraudulent appropriation of money. Treasury Officers should not make cash pavements on such cheques.

### LOST CHEQUES

73. When a drawing officer receives a report that a cheque drawn by him has been lost, he shall at once report the fact to the Treasury Officer and request him to stop payment of the cheque. The Treasury Officer shall at once examine the lists of paid cheques and, if he finds that the cheque has not been paid, take steps to stop payment. A board showing the particulars of all "stopped" cheques shall be hung up before the clerk concerned. If the cheque referred to has already been paid, such a fact may be reported immediately by the Treasury Officer to the drawing officer for taking further needful action.

The Treasury Officer shall also send the drawing officer a certificate in the accompanying form, when a cheque reported as lost has not been paid and he has stopped payment,.-

'Certified that cheque No..... dated..... for Rs ..... reported by the (Drawing Officer) to have been drawn by him on this treasury in favour of ..... has not been paid, and will not be paid if presented hereafter.....

Treasury

The ..... 19 "Treasury Officer".

Note.- The procedure to be followed by the Bank- Treasuries in the matter of issuing non-payment certificates for lost Government cheques, is as follows :-

(i) On receipt of a request for issue of a fresh cheque in lieu of a cheque alleged to have been lost, the drawing officer should send an intimation by Registered Post A.D., to the Bank regarding the alleged loss of the cheque and advise it to stop payment if the cheque alleged to have been lost is presented thereafter. A written confirmation about the Bank having recorded the 'Stop Order' should also be obtained from it. However in cases where the currency of the cheque alleged to have been lost has already expired, in terms of Article 70, at the time when the request for recording the 'Stop Order' by the Bank is made, no acknowledgment of the 'Stop Order' by the Bank, other than a postal acknowledgment due, is necessary.

(ii) The Drawing Officer should then intimate the Treasury Officer concerned, that the cheque has been lost and that the fact thereof has been intimated to the Bank and their acknowledgement obtained.

(iii) The Treasury Officer should then issue the non-payment certificate after verifying the Treasury schedules of payments.

(iv) If the currency of a cheque expires on a Saturday the Treasury Officer shall also verify the list of cheques paid for the subsequent working day of the Bank before issue of non-payment certificate wherever necessary.

(v) The party requesting for a fresh cheque in lieu of a lost one should execute an indemnity bond in Form K..F.C. No.73. However in the case of a Government Department or a Bank the execution of an indemnity bond is not necessary but a fresh cheque should be issued in its favour only on receipt of a certificate stating that it has not received the cheque alleged to have been lost or having received it, it has been lost and that it will be returned to the drawer if found later.

74. On completion of the requirements in clause (i) to (iv) of the Note below Article 73, the drawing officer shall cancel the original cheque and make the necessary entries in his accounts and may then issue another in its place.

If any "stopped" cheque is presented at the Treasury for payment, the clerk concerned shall at once bring the fact to the notice of the Treasury Officer, and the latter shall refuse payment and return the cheque to the person who presented it with the words "Payment stopped" written across it.

#### **CANCELLED CHEQUES**

75. The Drawing Officer shall cancel any cheque which has remained unpaid for twelve months from the date of issue. When a cheque is cancelled for any reason, the fact shall be recorded on its counterfoil and the cheque, if in the Drawing Officer's possession, shall be destroyed. If the cheque is not in his possession and payment has not already been stopped under the preceding rule, he shall at once request the Treasury Officer to stop payment of the cheque. If the Treasury officer then finds that the cheque has not been paid, he shall stop payment.

The cheques issued by any Treasury which are outstanding for a period of twelve months from the date of issue, should be cancelled and adjusted.

The following procedure is prescribed for the accounting of the cancelled cheques :-

(1) The Treasury Officer should prepare a list of cheques outstanding for more than twelve months from the date of issue on the 15th of May each year. This list should furnish the cheque number and date name of drawer and amount and voucher number assigned in the schedule of payment of the month concerned. Simultaneously he will prepare Alteration Memoranda, in duplicate, showing the heads of debit and credit and send the first copy to the Accountant General and the second copy to the Drawing officer concerned. The Drawing Officer will note the fact of receipt of Alteration Memoranda (with particulars of number, date and amount thereof in the office copy of the bills, if the Alteration Memoranda proposed is in order, on verification. Otherwise it is the responsibility of the drawing Officer to inform the Treasury Officer and the Accountant General for any corrections or alterations that are required before the 1st June. The second copy may be retained by the Drawing Officer.

(2) The Alteration Memoranda should be rendered to the Audit Office along with the list referred to above, in duplicate. This list should reach the Audit Office on the 1st June.

(3) The Audit Office will verify the correctness of the list with reference to the list of outstanding cheques and propose necessary adjustments immediately. After effecting this adjustment, one copy of the list noting the transfer entry numbers and date should be returned to the Treasury Officer and the Treasury Officer is required to furnish a certificate that necessary entries have been made in the relevant register.

(4) All final adjustments will be intimated to the Drawing Officer concerned by the Audit Office.

### **TRANSACTIONS WITH BANKS**

76. No Government servant may open an account with a private bank for the deposit of moneys by him in his official capacity (the Reserve Bank of India and its agencies are not private banks since they conduct cash business on behalf of the Treasuries). In cases where a Government servant is associated with a quasi-Government Body, Private Body, Institution, etc., otherwise than in his official capacity, he may deal with the moneys thereof according to the Rules or Regulations Governing Bodies or Institutions.

77. Cheques drawn on Government account on a Bank in which Government keeps money should be addressed to the Bank itself as "Bank of ....."and not to any officer thereof.

### **SPECIMEN SIGNATURES OF DRAWING OFFICERS**

78. When a Government servant, whether Gazetted or non-Gazetted, who usually draws cheques or bills or countersigns bills payable at a treasury makes over charge of his office to another he should send a specimen of the relieving officer's signature to the Treasury Officer in order that the latter may satisfy himself as to the validity of the bills presented by him. Similarly, when a subordinate Government servant is permitted to sign the establishment and contingent bills for the Head of an Office, the latter should send to the Treasury intimation of such fact as also the specimen of the signature of such subordinate Government servant who has been permitted to sign bills.

Note 1.- Only gazetted assistants may be delegated with the duty of signing bills.

Note 2.- The specimen signature of a countersigning officer is necessary only when the bills he countersigns are signed a private person and not by Government servant.

Note 3.- Treasury Officers are required to keep such slips pasted in a register for reference. Government servant who draw funds on several treasuries should send a specimen of the relieving officer's signature to each of the Treasury Officers concerned.

### **ERASURES IN GOVERNMENT RECORDS**



79. A Government servant should on no account erase or overwrite any entry in any cash book, account register, or schedule; if any correction be necessary, the incorrect entry should be cancelled neatly in red ink, and the correct entry inserted. Each Such correction or any interpolation deemed necessary should be authenticated by the Head of the Office setting his dated initials against each. Special care should be taken by the Treasury Officer as regards all vouchers and accounts showing signs of alternation and if such documents be frequently received from any office, the attention of the Head of the Office should be formally drawn to the irregularity.

**CHAPTER V**  
**PAY AND ALLOWANCES GENERAL RULES**  
**DUE DATE**

80. (a) Except as provided in clause (d) below, pay, leave salary and other monthly recurring payments, become due for payment on the expiry of the month to which they relate and no such payment should be made before the first working day of the next month and any claim relating to the last few days of the month after the submission of the bill which is subsequently, found not payable shall be refunded by short drawing the bill of the next month.

Note.- The monthly pay bills of officers and establishments payable on the first working day of the following month may be signed and presented to the treasuries concerned a few days before the last working day of the month to which they relate, as noted below, to facilitate scrutiny of the bills at the treasuries before arranging payment.

(a) State Huzur Treasury Bangalore-9 days:

(b) District Treasury, drawing cheques (other than SHT)  
- 7 clear days;

(c) Other District Treasuries - 5 clear days;

(d) Sub-treasuries-3 clear days.

(b) <sup>1</sup>[The pay and allowance of Government Servants except for the month of March shall be disbursed on the last working day of the month for which the pay and allowances are due and if the last working day in any month falls on a Bank Holiday or Saturday, the pay and allowances shall be disbursed on the working day immediately preceding such a Bank Holiday or Saturday as the case may be. The pay and allowances for the month of March shall be disbursed on the first working day of April only.]

<sup>1</sup>[Exception: In respect of offices situated in Bangalore and who draw pay by encashing cheques at the Reserve Bank of India, Bangalore, pay and allowances of Government servants except for the month of March shall be disbursed on the last two working days of the month for which the pay and allowances are due. If the last working day in any month fall on Saturday or Bank Holiday the pay and allowances shall be disbursed on the last two working days immediately preceding such a Bank

Holiday or Saturday as the case may be. The pay and allowances for the month of March shall be disbursed on the first working day of April only.

The distribution of departments detailed in Annexure-I and II. The Departments can encash their salary cheque only on the days specified in the Annexures.

### **ANNEXURE - I**

List Of Drawing Officers to Whom Salary is to be Disbursed on I Day.

#### **Name of the Department**

1. Animal Husbandary
2. Archaeology & Museum
3. Adult Education
4. Appellate Tribunal
5. Agriculture
6. Bureau of Public Enterprises
7. Bio-Gas Department
8. Co-operation Audit
9. Commercial Tax Department
10. Co-operative Department
11. D.P.A.R. Accounts
12. Election Office
13. Endowment Department
14. Enquiry Commissions
15. Excise
16. Employment and Training
17. Economics & Statistics
18. Education Department
19. Fisheries
20. Fire Force Department
21. Food & Civil Supplies
22. Government Flying Training School
23. Guest House
24. Home Guards
25. Horticulture
26. Information & Publicity
27. Industries & Commerce

28. Insurance Department
29. Judicial Department
30. Lokayuktha
31. Legislature
32. Police Department
33. Raj Bhavan
34. Treasury

## **ANNEXURE - II**

List Of Drawing Officers To Whom Salary is to be Disbursed on II Day.

### **Name of the Department**

1. Backward Class & Minorities
2. Electrical Inspectorate
3. Forest
4. Health & Medical Department
5. Kannada & Culture
6. Library
7. Mines and Geology
8. Mid-day Meals Department
9. Motor Vehicle Department
10. Marketing Department
11. Printing & Stationery
12. Public Service Commission
13. PWD/National High Way & PHE & Irrigation
14. R.D.P.R.
15. Revenue Department
16. Registration
17. Small Savings & Lottery
18. Scientific Department
19. Survey and Settlement
20. Store Purchase
21. Sericulture
22. Social Welfare
23. Technical Education Department
24. Tourism

25. Translation Department
26. Town Planning
27. Youth Services
28. Weights & Measures
29. Women & Children Welfare
30. All other Departments

(c) The payment due for a part of a month should ordinarily be made at once without waiting till the end of the month, in the following circumstances: -

(1) When a Government servant proceeds out of India on deputation or on leave other than earned leave taken by itself.

(2) When a Government servant finally quits the service of Government or is transferred to Foreign Service.

(3) When a Government servant is transferred to another Audit Circle.

(3A) When a non-gazetted Government servant is promoted as a gazetted officer or a gazetted officer is reverted as a non-gazetted Government servant.

(4) When Government so authorise specifically.

(5) <sup>1</sup>[When a Government servant is transferred within the same Account Circle from one office to another in the same or different station involving change of Drawing and Disbursing officer.]

Note 1.- In the case of Government servants transferred from or to the Bhadra Reservoir Project or Ghataprabha Project and Sharavathi Valley Hydro-Electric Project, payment of salary due for a part of a month is authorised.

Note 2.- In the case of trainees of the Central Recruits School, Bidar, leaving the School after completion of their training, drawal and disbursement of their salary up to the date of leaving the school is authorised.

(d) The last payment of salary should not be made to a gazetted Government servant finally quitting the service of Government, until the Treasury Officer has satisfied himself by reference to the Accountant General, the departmental authorities and to his own records, that there are no demands outstanding against him. In other cases, the payment may be made without reference to the Accountant General on the responsibility of Head of the Office concerned.

Note 1.- The procedure prescribed in clause (d) above, shall apply to the last payment of dues or honorarium to non-officials, including members of any Commission or Committee, whether statutory or not, as it applies to the last payment of pay or allowances to, or in respect of a Government servant who finally quits the service of the Government.

Note 2.- With a view to expediting the disposal of pension cases, the last payment of pay and allowances may be made and the last pay certificate issued

pending final assessment and realisation of outstanding demands, provided that adequate security for meeting the likely demands is taken either in cash or by a surety bond from the Government servant concerned; or by withholding a part of the gratuity payable to him in accordance with the provisions of the Karnataka Civil Services Rules.

(e) Pay and allowances of a person who is certified to be a lunatic by a magistrate should be paid in accordance with the following procedure.

(i) On receipts of information that a Government servant, not covered by the individual Running Ledger Accounts (IRLA) Scheme, has been certified to be a lunatic, the Head of the Office in which the Government servant before him being certified to be a lunatic was last employed should, on the basis of the orders issued by the appointing authority indicating the person(s) to whom and the proportion in which the pay and allowances admissible to the Government servant may be disbursed in accordance with the provisions of Section 95(1) of the Indian Lunacy Act, 1912, draw the pay and allowances of the Government servant in the appropriate bill form, gazetted or non-gazetted as the case may be, from the Treasury or other office of disbursement. The claim should be supported by all the relevant certificates which the Head of the Office is required to furnish in the normal circumstances. However, in respect of the certificates which solely depend on the personal knowledge of the Government servant and which cannot be furnished in such cases, the Head of the Office should record, if he is satisfied about the reasonableness of the claim, a certificate to the effect that the claim is not susceptible of verification but is considered reasonable. If the Government servant is invalided from service, the claim would be the last one in respect of him and the requisite payment in case he was a gazetted Government servant shall be made only after the Head of the Office has satisfied himself by reference to the Accountant General, the Departmental authorities, if any, and his own records that no Government dues are outstanding against him. In other cases payment may be made on the responsibility of the Head of the Office concerned.

(ii) The amount withdrawn in the manner stated above may be paid to the person(s) referred to in sub-para (i) above in the proportion determined by the appointing authority and receipts obtained, stamped where necessary.

(iii) In cases where payments to Government servants are made under the IRLA System and the ledger account remains open, the amounts due from or due to a Government servant may be debited or credited to that account and the credit balance left over may be paid by the Accounts Officer concerned to the person(s) by cheque or Bank draft as the case may be, after ascertaining from the appointing authority the proportion in which amount is to be paid and also the person(s) to whom it is to be paid.

When a Government servant has been invalided from service and it is found that some Government dues are outstanding against him even after the adjustment

of his claims for pay and allowances, the same may be adjusted against the amount of death - cum-retirement gratuity if any and if the same is also insufficient, the balance of the outstanding dues may be written off under sanction of the competent authority.

**PROVISIONAL PAYMENTS PENDING, RECEIPT OF SANCTION FOR  
CONTINUANCE OF TEMPORARY POSTS**

80(A) (1) Where action for the continuance of temporary posts beyond the period upto which they stand sanctioned has been taken but the competent authority has not accorded sanction, the holders of such temporary posts may draw provisionally, without any authority from the Accountant General their pay and allowances at the same rate as they were drawing in that post, for a period of three months after the expiry of the period upto which the posts had been sanctioned. The Gazetted Officer availing of the facility should attach to the bill drawing his pay and allowances a declaration by the officer who is empowered to countersign his T.A. bills, that the officer continued to hold the post and that sanction for the continuance of the post has been applied for. In respect of officers governed by the I.R.L.A. system of payments, they should forward such declarations to the Accountant General.

(2) In regard to non-Gazetted Officers holding temporary posts, the concerned drawing officers are permitted to draw their pay and allowances for a period of three months after the expiry of the sanctioned period provided the proposal for continuance of the posts have been submitted well in time and a certificate to this effect is attached to the relevant pay bills. The concerned drawing officers are also permitted to draw contingent bills towards office rent, postage, etc., without which the establishment cannot function.

(3) It will be the responsibility of the Administrative Department concerned to take timely action for issuing sanction for the continuance of temporary posts in such cases as soon as possible so as to cover also earlier periods governed by payment of provisional salary to the officers.

(4) The bills in which salary is drawn pending receipt of sanction for the post, under the provision of this Article should be marked prominently in red ink that they relate to provisional payments.

**DEATH OF PAYEE**

81. (a) Pay, officiating pay, leave salary and other emoluments can be drawn for the day of a Government servant's death; the hour at which death takes place does not affect the claim.

(b) <sup>1</sup>[Subject to the provisions of Clause (c) of Article 80, Pay and Allowances of all kinds claiming on behalf of a deceased Government servant may be paid without the production of the usual legal authority :-

(a) if the gross amount of the claim does not exceed Rs. 5,000 under the orders of the Head of the Office in which the Government Servant was employed at the time

of his death, provided that, the Heads of the Office is otherwise satisfied about the right and title of the claimant, and

(b) if the gross amount of the claim exceeds Rs. 5,000 under the orders of Head of Department on execution of an indemnity bond in Form 13 duly stamped for the gross amount due for payment with such sureties as may be deemed necessary provided that, in cases falling under clause (b) the authority mentioned in clause (a) may, subject to the condition prescribed in that clause, make anticipatory payment of an amount not exceeding Rs. 5,000.

Note 1.- Normally there should be two sureties both of known financial stability, unless the gross amount of the claim is less than Rs.7,500 in which case the authority accepting indemnity bond in Form No.13 for and on behalf of the Government should decide on the merits of each case whether to accept one Surety instead of two.

Note 2.- Obliger as well as the sureties executing the indemnity bond should have attained majority so that the bond may have legal effect or force. The bond is also required to be accepted on behalf of the Governor by an Officer duly authorised in that behalf.

(c) In case of any doubt payment shall be made only to the person producing the legal authority.

Note.- Regarding the safe custody and disposal of indemnity bonds executed by the dependents of the deceased Government servants, reference is invited to 'Note' below Rule 6 of Appendix-II.

(d) The procedure to be followed in regard to the preferment of withdrawal and disbursement of claims of deceased Government servants to the rightful claimants will be as under: -

On receipt of the claim for payment of arrears of pay and allowances on behalf of a deceased Government servant from his heir/heirs, the Head of the Office in which the Government Servant was last employed should draw the amount in the appropriate bill form from the Treasury. In case of claims of Gazetted Officers necessary authorisation should be obtained. The claims should be supported by all the relevant certificates which the Head of the Office is required to furnish in the normal circumstances. However, in respect of the certificates which solely depend on the personal knowledge of the Government servant and which obviously cannot be furnished by the Head of the office, the Head of the Office should if he is satisfied about the correctness of the claim, furnish a certificate to the effect that the claim is not susceptible of verification but is considered reasonable. In the case of Gazetted officer, the Head of office has to satisfy himself by reference to the Accountant General, the Departmental authorities and his own records that there are no demands outstanding against the deceased Government servant. In the case of other Government servants payments may be made without reference to the Accountant General on the responsibility of the Head of the Office concerned. The amount should

be disbursed to the claimant/claimants by the Head of the office of his own authority where the gross amount of the claim does not exceed Rs. 5,000 in terms of sub-rule (a) above and under orders of higher authorities if the gross amount of the claim exceeds Rs.5,000 as mentioned in Sub-rule (b) above. A formal receipt, stamped where necessary should be obtained from the claimant.

Note.- The procedure prescribed in this rule shall apply to any claim for payments of dues or honorarium payable to deceased non-officials including deceased non-officials members of any Commission/Committee whether Statutory or not as it applied to the claim for payment of pay and allowances of a deceased Government servant.

(c) In any case of doubt payment shall be made only to the person producing the legal authority.

Note 1.- Regarding the safe custody and disposal of indemnity bonds executed by the dependents of the deceased Government servants, reference is invited to "Note" below Rule 6 of Appendix II.

Note 2.- The procedure prescribed in this Article shall apply to any claim or payment of dues or honorarium payable to deceased non-officials including deceased non-official members of any Commission or Committee, whether statutory or not, as it applies to the claim for payment of pay and allowances of a deceased Government servants

#### **PAYMENT OF DUES OF A GOVERNMENT SERVANT WHOSE WHEREABOUTS ARE UNKNOWN**

82. Pay, etc., due to a Government servant whose whereabouts are unknown should not be paid till a presumption of death of the Government servant is shown to be justified. Action may be taken (when the presumption of death is shown to be justified) as described in Article 81 (b) supra, on the assumption that the Government servant is dead if any one claims the undisbursed pay, etc., in the capacity of legal heir of the Government servant.

#### **APPOINTMENTS AND TRANSFERS**

83. (a) Every order of appointment, whether to gazetted or non-gazetted posts, should give clear and specific information regarding (1) the particular sanctioned post filled up, (2) the circumstances of the occurrence of the vacancy and (3) the kind of tenure of appointment ordered substantive provisional, officiating, in charge of current duties in addition to a Government servant's own duties or in charge of current duties independently without retaining charge of a Government servant's own duties.

(b) Vacancies, permanent or temporary, will be filled up by the authorities competent to do so, only when the work of vacant appointments cannot be entrusted to other Government servants without involving extra expenditure.

(c) Transfers should be minimised as far as possible.



## **PRODUCTION OF HEALTH CERTIFICATE ON FIRST APPOINTMENT IN SERVICE**

83-A. In respect of Gazetted officers, certificates furnished by the competent authority to whom the medical certificate has been submitted should be attached to the first pay bill. In respect of non-gazetted officers, the drawing and disbursing officers should furnish such certificates along with the first pay bill of the Government servant concerned.

Where the production of the Medical Certificate has been dispensed with under sub-rule (b) and (c) of Rule 9 of the Karnataka Civil Services Rules, a certificate to this effect should be attached to the first pay bill of the Government servants concerned.

### **INCIDENCE OF CHARGE**

84. The following rules govern the incidence of cost of pay and allowances of Government servants:-

(a) The whole pay and allowances of a Government servant should be taken against the Department and the post in which he is actually serving,

(b) (i) The transit pay and allowances of a Government servant proceeding to join an office should, in the absence of special orders to the contrary, whether in respect of a particular case or class of cases be debited to the office to which he is proceeding.

<sup>1</sup>[(ii) The salary admissible for the period of joining time and the salary admissible for the period of leave of non-gazetted Government servant, who on promotion to Gazetted post avails joining time and then leave under the proviso to sub-rule (1) of Rule 83 of Karnataka Civil Services Rules before joining the Gazetted post, shall be drawn and disbursed by the drawing officer of the office in which the Government servant was working immediately before his promotion. The last pay certificate should be sent to the Accountant General's office immediately thereafter.]

Note.- Transfers to Local Funds will be treated like transfers to Foreign Service.

(c) The leave allowances of a Government servant transferred from one department to another while on earned leave, are from the date of the order of transfer, charged to the new department.

(d) When, a Government servant is transferred to another department, while on leave, other than earned leave, the transfer does not take effect until he joins his new appointment.

(e) The travelling allowance of a Government servant, on whatever duty he may be employed, is charged to the same head as his pay.

Exception.- The travelling allowance of a Government servant paid from a Local Fund may when travelling in the execution of Government duty, be paid and charged to general revenues. Similarly, the travelling allowance of a Government

servant paid from the general revenues, when travelling on duty connected with a Local Fund, may be charged to the Local Fund.

The Travelling allowance of Government servants deputed for training in connection with the Applied Nutrition Programme from various departments to the Administrative Training Institute, Mysore and Rural Development Training Centre, Dharwar, Bagalkot, Gangavathi, Mandya and Kudige, admissible as per rules in the K.C.S.Rs. both for the forward and return journeys and D.A. for the halts at the training centres shall be drawn and disbursed by the authorities of the training centres by debiting the expenditure on this account to the allotments made available by the Department of Rural Development and Co-operation.

The principle laid down in the exception applies also to Government Industrial and Commercial undertakings.

(f) The travelling allowance of a Government servant called away from his duty to give evidence in any court in his official capacity, is during the period of his absence, charged to the department which would bear the charge if the Government servant were on duty.

(g) The Government of Karnataka have entered into reciprocal arrangements with the Central Government, Government of Punjab, Rajasthan, Andhra Pradesh, Maharashtra, Madras and West Bengal in regard to the payment of expenses to the Government servants summoned by criminal Courts to give evidence in their official capacity. The effect of the arrangements will be as follows: -

(1) In criminal cases to which the State is a party, a Government servant giving evidence regarding facts of which he has official knowledge will, on production, of certificate of attendance issued by the summoning court, be paid travelling allowance by the Government under whom he is serving ;

(2) In criminal cases to which the State is not a party, a Government servant giving evidence regarding facts of which he has official knowledge will be paid travelling allowance by the summoning court according to the rules under which such Government servant draws his travelling allowance for a journey on tour, and the charges will be borne by the Central Government or any of the five reciprocating Governments mentioned above according as the Court is situated in the Union territory or in any of the State territory.

(3) When a Government servant serving in a commercial department, or when any other officer is summoned to give evidence as a technical or expert witness, the pay of the Government servant concerned for the period of his absence from his headquarters and travelling allowance and other expenses due to him will first be borne by the Government under whom he is serving and subsequently be recovered from the Central Government or any of the five reciprocating State Governments, according as, the Court in which the officer is summoned to give evidence is situated in the Union territory or in the territory of any of the aforesaid State Governments respectively.

<sup>1</sup>[(h) The Government of Karnataka have entered into reciprocal arrangements with the Governments of Tamil Nadu, Kerala and Maharashtra in regard to the payment of travelling allowance and other expenses to witnesses summoned for giving evidence in departmental enquiries:

(a) In departmental enquiries to which the State is a party, a Government servant giving evidence regarding facts of which he has official knowledge will, on production of certificate of attendance by the summoning authority, be paid travelling allowance by the Government under whom he is serving;

(b) In departmental enquiries to which the State is not a party, a Government servant giving evidence regarding facts of which he has official knowledge will be paid travelling allowance by the summoning authority according to the rules under which such Government servant draws his travelling allowance for a journey on tour and the charges will be borne by the Government of Karnataka or any of the other reciprocating Governments according as the authority is situated in this State or in the territory of the other reciprocating Governments ;

In such cases the Government servant concerned will carry to the summoning authority a certificate duly signed by his controlling officer showing the rates of travelling allowance and daily allowance admissible to him for a journey on tour. If the Government servant is his own controlling officer, the certificate will be signed by him as such.]

84-A. The incidence of pay, leave salary, allowances, pensions, etc., of Government servants deputed or transferred to or from the Central Government or the following State Governments are regulated by the provisions of Appendix 3 to Account Code, Volume I.

Note 1.- The provision of this Article is applicable to deputations and transfers effected from 1st November 1956 onwards and in respect of the following State Governments :-

1. Andhra Pradesh
2. Assam
3. Bihar
4. Gujarat
5. Kerala
6. Madhya Pradesh
7. Madras
8. Maharastra
- 8-A. Orissa
9. Punjab
10. Rajasthan

10-A. Uttar Pradesh

11. West Bengal

<sup>1</sup>[Note 2.-The provisions of Note-1 shall be applicable to a permanent Government servant of Government of India (including Union Territories) or Governments of Assam, Bihar, Maharashtra, Punjab and Rajasthan who is appointed to a post under Government of Karnataka or to a permanent Government servant of Karnataka appointed to any post under any of the Governments specified above, through open competition provided the Government servant concerned is not required to resign his previous appointment and the Government under whom he was employed prior to his appointment agrees to retain his lien until he is finally absorbed by the other Government.

(on matters covered by this Article (i.e., note-2 below Article 84-A) action taken or required to be taken in accordance with orders issued by Government in that behalf before the commencement of this Article shall be deemed to have been taken under the provisions of this Article).

<sup>2</sup>[84-B. 1. The system of allocating the liability on account of leave salary and pensionary charges in respect of both permanent and temporary Government servants who have served under the Central Government and State Government is as specified below:

(a) The liability for leave salary shall be borne in full by the Department from which the Government servant proceeds on leave whether it be his parent department or a borrowing department with whom he is on deputation.

(b) The liability for pension including gratuity shall be borne in full by the Central/State Government to which the Government servant permanently belongs at the time of retirement.

(c) The liability for Government contributions shall be borne by the parent department of the Central Government or State Government.]

(i) The last pay certificate (Form No. 14) provides for details of the fund deductions, although the officer preparing the bills is responsible for their correctness; but the officer preparing the last pay certificate is responsible not only for entering in the certificate all demands against the departing Government servant, including any made under an order of attachment of his pay by a court of law of which he may have received notice before granting the certificate, but also for passing on any of which he may afterwards receive notice, to the treasury of the disbursing office from which the Government servant will in future, draw pay.

(ii) In all cases of transfer within the same Audit Circle, the Last Pay Certificate should specify the last regular or monthly payment ; and the entire salary for the month in which transfer is made should be paid at the new treasury.

(iii) The blank spaces in the printed form of the certificate should be carefully filled up to enable the Accountant General to use and record the particulars without further reference.

(iv) The Last Pay Certificate of a Government servant who is transferred or is proceeding on leave should not be issued until the date and hour making over charge are known to the treasury or other Government servant who has to issue the certificate.

(v) A Last Pay Certificate is also necessary before the first payment of pension to a retired Government servant and should therefore be issued to a Government servant discharged on pension. The certificate should accompany the application for pension, unless the applicant continues in service after submission of his application, in which case the Accountant General in issuing orders for payment will direct that no payment is to be made until the certificate is produced.

Note.- So far as the preparation of Last Pay Certificate is concerned, the disbursing officers should be guided by the provisions contained in Appendix 4 to the Central Treasury Rules Volume II.

(vi) On reversion from a gazetted post to a non-gazetted post, the Last Pay Certificate should be sent by the treasury officer to the Audit Officer, who will countersign and transmit it to the head of office responsible for drawing pay of the Government servant as a non-gazetted officer.

#### **BOND OF INDEMNITY FOR DRAWING LEAVE ALLOWANCE, ETC.**

86. (a) Government servants often make arrangements with their agents to draw their leave or vacation allowances, pensions, etc., either granting them powers of attorney to enable them to do so, or leaving their bills ready signed in the agents' custody for presentation, the Agents in their turn giving Government a bond of indemnity (in Form No.15) as security against any loss in case of overpayment.

Note.- A register of powers of Attorney will be kept by the treasury officers in Form 16.

(b) The bond of indemnity in the case of a Firm or Bank which must be stamped, shall be in Form No.17.

(c) The authority competent to accept indemnity bond on behalf of Government shall before accepting the bond, verify that the person who signs a bond of indemnity on behalf of a Firm or Bank has authority to bind it.

(d) It is not necessary, however, for a separate bond to be entered into in the case of each individual Government servant. Agents of standing and respectability may, for this purpose, be allowed to enter into a general agreement in Form 17 covering the allowances, pensions, etc., of all their constituents.

(e) A list of Agents who have executed general bonds of indemnity under clauses (b) and (d) is contained in Appendix IV-A.

(f) Separate bonds must be executed for payments relating to or for persons whose salaries or pensions are debitable to the Central Government and those debitable to a State Government.

The applications for such bonds will be dealt with by the Government (Central or State) concerned.

### **FUND DEDUCTION**

87. Every Government servant who draws any pay bill should enter in it correctly the deductions, if any, to be made but no discretion is given to the Treasury Officer in carrying out an order received from the Accountant General or from the Secretary, Karnataka Government Insurance Department to make any particular deduction.

88. (a) Every establishment bill should contain the following certificate: -

"1. Certified that I have satisfied myself that all Government servants permanently entertained and Government servants who have already insured their lives in the official branch of the Karnataka Government Insurance Department and who have received permanent increase to their pay during the month have duly submitted their proposals for the first and further insurance respectively, or failing insurance, have contributed to the General Provident Fund as required by the rules."

<sup>1</sup>[2 Certified that the Officials / Officer whose names have been included in the pay bill have compulsorily obtained KGID policy / Additional policy according to their posts/ or necessary proposals have been sent to KGID for obtaining additional policy and policy Bond is awaited .]

(b) Heads of Offices should carefully satisfy themselves before signing the certificate of insurance in the pay bills that all Government servants permanently entertained and the Government servants who have already insured and who have received permanent increase of pay during the month to which the bill relates have actually submitted their proposals.

(c) Whenever a Government servant, whose life has been insured quits the Government service, for any reason whatever before the policy in his favour has matured, the fact should be reported to the Secretary of the Karnataka Government Insurance Department by the head of the office concerned.

### **RECOVERY OF INCOME TAX**

89. The sole authority for the recovery of Income-tax is contained in the Government of India Income-Tax Manual and rules and orders issued under it.

Treasury Officers are responsible for the deduction of Income-tax due from all gazetted Government servants who draw their pay from treasuries on separate bills and also from all pensioners and gratuitants who draw their pensions and gratuities from treasuries at the time of payment. As regards non-gazetted staff, heads of offices are responsible for the deduction of Income Tax at the prescribed rates.

## ATTACHMENT OF PAY

90. (a) The Government servants mentioned in column 2 of the subjoined table are the persons to whom notice should be given of orders of attachment of the salary or allowances of the persons named in column 1 by the Courts. The amount recovered by these Government servants should be remitted to the court concerned at the cost of the Party.

Sl. No.	Class of Judgement Debtor	Officer to whom notice of attachment should be given	
1	2	3	
1.	Gazetted Officers drawing salaries and allowances on bills from treasuries	Treasury officer concerned.	their
2.	Gazetted and other Officer whose salaries and allowances are drawn on cheque	Officers drawing cheques	
3.	Non-gazetted officers other than those referred to in 2 above	Heads of officers who draw the salaries and disburse to the officers concerned	
4.	Servants of local authorities i.e. Taluk Boards, Municipal Council, Village Panchayats. Council concerned	The Commissioner or other Chief Executive Officer of the Board or	
5.	Gazetted Officers on the University staff	Chief Pay and Accounts Officer of the University	
6.	Non-Gazetted staff of the University	Heads of the respective Institutions.	

(b) Whenever recoveries on account of Court Attachment are to be effected they should be shown as deductions in the concerned establishment or salary Bills and the drawing officers should prepare statements of deductions, separately for each court showing particulars of the suit, the name of the subordinate whose salary is attached and the amount deducted, etc. ; and attach them to the bills. In the case of recoveries on behalf of courts situated outside the station, the commission prescribed for the issue of Treasury Cash Orders should also be recovered from each individual in addition to the amounts to be credited under Judicial Deposits in accordance with the prescribed procedure.

Note.- In the case of warrants of attachments issued by officers of the Co-operative Department also the same procedure may be followed for remittances outside the station, money orders being resorted to only in the case of creditor societies not situated in Taluk or District Headquarters.

91. Recoveries relating to societies situated in the same station will, however be made in cash at the time of disbursing salary.

92. It is the duty of the Government servant receiving the attachment order to see that the amount attached is deducted from the bill and also that a record is kept of such deductions in form K.F.C. 78.

The Government servant receiving the warrant should not enter into correspondence with the court or forward any representations of the Government servants concerned in the matter. His business is merely to execute the warrant provided the amount is available. Any failure to obey the provisions of law in this respect will make the Government servant concerned personally liable to make good the loss that may be caused to Government thereby.

92-A. In cases in which a Government servant concerned does not sign the acquittance roll and intentionally allows his pay to remain undischarged, or the Government servant concerned, being a Gazetted Government servant or not being a Gazetted Government servant but being permitted to draw his pay on a separate pay bill refrains from preparing his pay bill and drawing his pay regularly, in order to evade payment on account of an attachment order issued by a Court of Law, the head of the office or, in the case of a Gazetted Government servant or of a Government servant treated in this respect like a Gazetted Government servant, the Head of the Department or such other officer whom Government may authorise, may draw the pay of the Government servant concerned in satisfaction of the attachment order, subject to the prescribed restrictions and remit the amount to the court concerned.

The amount so drawn should be treated in the accounts in the same way as pay (or leave salary, as the case may be) drawn in the normal course. Particulars of the attachment order should be cited in the acquittance rolls or the pay bills as the case may be, as an authority for the charge and the court's receipt for the amounts should be filed with the attachment register or such other suitable record as may be kept by the drawing officer.

#### **ATTACHMENT OF PAY AND ALLOWANCES, ETC., FOR DEBT**

93. The following rule's for the attachment of pay and allowances, etc., for debt in respect of State Government servants are laid down: -

(1) The wages of labourers and domestic servants whether payable in money or in kind are not liable to attachment;



<sup>1</sup>[(2) The salary of all employees of Government or of a Local Authority is not liable to attachment to the extent of the first four hundred rupees and two thirds of the remainder in execution of any decree other than a decree for maintenance:

Provided that where any part or such portion of the salary as is liable to attachment has been under attachment whether continuously or intermittently, for a total period of twenty four months, such portion shall be exempt from attachment until the expiry of a further period of twelve months and where such attachment has been made in execution of one and the same decree, shall, after the attachment has continued for a total period of twenty-four months be finally exempt from attachment in execution of that decree.

(2A) One third of the salary of all employees of Government or of a Local Authority is not liable to attachment in execution of any decree for maintenance.

(3) All compulsory deposits and other sums in or derived from Funds to which the Provident Funds Act 1925, applies, are not liable to attachment;

(4) Any allowance forming part of the emoluments of any servant of the State Government or any servant of Local Authority which the Karnataka State Government may, by notification in the Karnataka State official gazette declare to be exempt from attachment, and any subsistence grant or allowance made to any such servant while under suspension is also exempt from attachment;

(5) In sub-para (2) above, the term "salary" means the total monthly emoluments (excluding any allowances declared by Government to be exempt from attachment under the provisions of sub-para (4) above, derived by a person from his emoluments whether on duty or on leave);

(6) The following allowances payable to any servant of Government or of a Local Authority have been declared by the Karnataka Government to be exempt from attachment:-

(i) All kinds of travelling allowances.

(ii) All kinds of conveyance allowances.

(iii) All allowances granted for meeting the cost of, (a) Uniforms, and (b) Rations.

(iv) Allowances granted as compensation for higher cost of living in localities considered by the Government to be expensive localities.

(v) All house rent allowances.

(vi) All allowances granted to provide relief against the increased cost of living.

(vii) All amounts paid by way of reimbursement of medical expenses.

(7) In accordance with the above provision, the maximum amount attachable by a civil court is to be calculated thus:

If the total gross emoluments earned by the Government servant are represented by X, and the allowances declared to be exempt from attachment (Vide

clause 6) and, if the Government servant is under suspensions, any subsistence grant or allowance made to him are represented by Y, the net amount attachable, if any, is  $[(X-Y)/2]-100$ .

Note.- The revised limits referred to above do not apply to an order of attachment issued by a Court of law before 4th September 1963 if such an order specifically lays down that recovery shall be made in instalments of one-half of the salary in excess of Rs.100. In such cases any revision in the rate of attachment will require a revised order of the Court.

(8) (a) If an order of attachment against a Government servant is received before a previous order of attachment against the same Government servant has been fully complied with, the recoveries shall be made by the disbursing office so long as the total amount recoverable with reference to the attachment orders is within the maximum limits prescribed in Clause (7) above.

(b) If a new attachment order has the result of increasing the amount beyond the maximum limits prescribed, the disbursing officer shall return the attachment order to the court concerned with a statement showing :-

(i) Particulars of the existing attachment ;

(ii) Particulars of the amount with-held and paid into the court concerned up-to-date;

and

(iii) amount remaining uncovered.

(9) Any deductions which may have to be made on account of subscriptions (other than compulsory deposits) to provident funds recognised by Government, taxes on income payable by the Government servant and debts due to Government should be made from the non-attachable portion of the Government servant's salary.

#### **RECOVERY OF GOVERNMENT DUES**

94. Government servants who purchase article on credit from Departments of the State for their own use should pay for them punctually. In cases where the Head of a Department or other Government servant considers that it is necessary to recover from the pay or pension of a Government servant any amounts in adjustment of his dues to Government or to any concern belonging to Government when such dues relate to transactions in his private and individual capacity, a special reference should be made to Government. Without the special orders of Government no such recoveries can be effected from the pay or pension of the Government servant. This rule applies also to cases in which Government servants stand as security for others and the bill of charges is not paid either by them or by the purchasers.

(1) Arrears of income-tax may be recovered from the pay or pension of the Government servants concerned on requisitions from income-tax Officers.

(2) Dues in respect of sales from the Jail Manufactory may be recovered from the pay of the Government servants concerned.

(3) Whenever possible, hospital charges due to Government on account of treatment given to a Government servant or a member of his family should be recovered in advance. Where, for any reason, such charges are not recovered in advance the amount payable by the Government servant may, if the claim made by the hospital authorities is accepted by him, be recovered from his salary or pension on the requisition of the Medical Officer in charge of the hospital. Should there be any dispute as regards the amount due, a reference should be made to Government.

In cases where a patient admitted to the hospital dies before adequate arrangements are made for the payment of the charges due on his or her account, a report will be promptly submitted to Government by the Medical Officer and orders obtained regarding the recovery of these charges.

Note.- The officers in charge of the hospitals should see that arrears are not allowed to accumulate for more than a month.

#### **RECOVERIES FROM SUBSISTENCE ALLOWANCE**

94-A. (1) The permissible deductions from the subsistence allowance granted to a Government servant under suspension fall under the two categories: -

- (a) Compulsory deductions ;
- (b) Optional deductions.

(2) Recovery of the following deductions which fall under category (a) above, should be enforced from the subsistence allowance: -

- (i) income-tax and super-tax (provided the employee's yearly Income calculated with reference to subsistence allowance is taxable).
- (ii) House rent and allied charges, i.e., electricity, water, furniture, etc.
- (iii) Repayment of loans and advances taken from Government at such rates as the, head of the department may deem it right to fix.

(3) The following deductions which fall under category (b) should not be made except with the Government servant's written consent :-

- (a) Premia due on Life Assurance Policies ;
- (b) Amounts due to Co-operative Stores and Co-operative Credit Societies.
- (c) Refund of advances taken from General Provident Fund.

(4) The deductions of the following nature should not be made from the subsistence allowance :-

- (i) Subscription to a General Provident Fund.
- (ii) Amounts due on court attachments.
- (iii) Recovery of loss to Government for which a Government servant is responsible.

Note.- There is no bar to effect the recovery of overpayments from the subsistence allowance. In such cases the retrenchment order in respect of an overpayment caused to him in the past shall be issued by the Accountant General in consultation with the authority competent to place the Government servant under suspension. The suspending authority will exercise discretion to decide whether the recovery should be held wholly in abeyance during the period of suspension or it should be effected. If it is decided to effect the recovery, the rate of recovery should not, in any case, exceed one-third of the gross amount of subsistence and other allowances admissible.

#### **CHAPTER IV**

##### **BILLS OF GAZETTED GOVERNMENT SERVANTS FORM OF SALARY BILLS**

95. The claim by a gazetted Government servant for pay and fixed allowances shall be presented on a bill in Form 18. A gazetted Government servant who draws a special pay or allowance in respect of a separate office of which he is in additional charge, need not present a separate bill for it, unless it is chargeable to a Local Fund or met from some source other than the Consolidated Fund.

Note 1.- The special attention of all drawing officers is invited to the various certificates prescribed on the bill forms.

Note 2.- A Gazetted Government servant on leave preparatory to retirement or on refused leave under Rule 110 Karnataka Civil Services Rules, 1958 or any other corresponding rule or on such other leave on the expiry of which he is not expected to return to duty should record a certificate on the leave salary bill that during the period for which leave salary is drawn he was not re-employed under Government, Local Fund or Private Employer.

96. Salaries may be paid only upon the personal claim of the Government servant concerned and to his personal receipt and not otherwise, except under the special authority in each case of Government.

The Government servant may, if he wishes, send the bill or cheque with a messenger to the treasury or the Bank, requesting that the moneys be paid to him and the moneys shall then be handed over to the messenger, but only on the strict understanding that Government accept no responsibilities whatever for any fraud or misappropriation in respect of any moneys, cheque or bill handed over to the messenger.

(1) If a Government servant who draws a bill on the Treasury in respect of a personal claim signs a distinct endorsement in favour of a specified well known Bank or Agent, payment shall be made accordingly.

In cases where the payee does not find it convenient to receive payment personally, he should furnish a discharge on the bill in the proper form (Form No.

M.F.C. 19-A) before the bill is presented at the Treasury. In such cases the bill shall be returned to the person presenting it, and will be paid at the Bank in accordance with the orders of the Treasury Officer, the Bank being responsible only for strict adherence to this order and for obtaining a proper discharge from the payee/endorse of the bill in addition to his signature at the foot of the bill.

(2) A Government servant or any other single person cannot be constituted an "Agent" under Article 86 for the purpose of the above rule.

(3) The ruling in this Article applies to all payments, whether on account of salary, travelling or other allowances, except payment of remuneration under Article 17(b) (10) of K.F.C. which under the rules are made to Government servants on their personal accounts.

(4) When the endorsement on a bill is incomplete or irregular, the procedure laid down in Article 24 should be followed. When payment is made by cheque, it is not correct to disregard the endorsement on the bill and issue a cheque in favour of the drawer.

### **DRAWING OF SALARIES**

97. (a) A Government servant drawing salary for the first time from any treasury, should present with his salary bill, a Last Pay Certificate and a pay slip from the Audit Office. If he is a newly appointed Gazetted Government servant drawing his pay for the first time pay slip should be attached to his pay bill.

A fresh pay slip would also be necessary from the Audit Office whenever an officer is transferred from one post to another within the same station involving change in designation or emoluments.

Last Pay Certificate should be issued by Treasury Officers to Gazetted Officers, transferred outside the original station without any delay, to avoid hardship to officers.

(b) In the case of a Government servant newly entertained in service, the payment of his salary in accordance with instructions issued by the Audit Office is subject to the production of a certificate with the salary bill that the Government servant has submitted his proposals for insurance in the Karnataka Government Insurance Department, or is contributing to the General Provident Fund due to his inability to insure owing to overage or certified ill-health or that he has been exempted from insuring his life. Whenever his pay is permanently increased he should certify that he has submitted his proposal for further insurance or that he is ineligible under the rules for such further insurance. The treasury officer should see that these certificates are invariably furnished. The above ruling does not apply to a Government servant appointed on probation as in his case insurance is optional.

### **CONVEYANCE ALLOWANCE**

98. Government servants should certify on the salary bills that the conveyances maintained, by them, viz., ..... are in sound condition and actually in use.

Conveyance Allowance may be allowed to be drawn by a Government servant, during periods when their conveyances are under repairs, for not more than fifteen days at a time or a month on the whole in any one official year.

When the claim for conveyance allowance is based on the amount spent and this is admissible under a general or special order of Government, the following certificate should be furnished :-

"I certify that I have spent not less than the amount of conveyance allowance claimed in this bill towards conveyance charges in connection with Government work".

A certificate from the Controlling Officer in the following form should be attached to the salary bills for the month of January and July which include conveyance allowance:-

"Certified that the conveyance allowance claimed in the salary bill for the month of January/July on account of Sri/Smt./Sriyuths..... is in order and that the conditions attached to its drawal have been fulfilled".

The treasury officers will not accept or honour the salary bills for the months January and July which include the conveyance allowance but are not accompanied with the requisite certificates.

#### **ALTERATION OF PAY**

99. No Gazetted Government servant may draw an increased or a changed rate of pay, leave salary, fixed allowance, or any reward or honorarium unless the bill on which he draws it is either pre-audited by the Accountant General, or is accompanied by a letter of the Accountant General, authorising the amount to be drawn. These letters will be issued from the Accountant General's office as soon as possible ; but as delay may occur if the change is made near the end of a month, or if it takes effect from a date which cannot, immediately be ascertained, or cannot be fixed by a certificate of transfer of charge appended to the bill, Government servants shall, in the case of pay, leave salary or fixed allowances, either draw their bills for not more than old rates, or send their bills for pre-audit to the Accountant General, if they have not received his letter of authority.

Exception:- "Non-recurring Honoraria may be drawn by the Gazetted Officer himself by presenting bill in the Treasury in a simple receipt form on the authority of the sanction issued by the Competent authority, or a duly certified copy thereof appended to the bill, without the authorisation of the Accountant General, Karnataka".

<sup>1</sup>[Note.- In all cases of Training, the officer deputed for training can draw his pay and allowances on the basis of pay slip issued by the Accountant General before

his deputation, if it is certified that the officer will continue in the same post but for his deputation. In case where an officer deputed for training does not discharge statutory duties and the handing over of cash or stores is not involved and the total absence from headquarters does not exceed ten days, the handing over and taking over charge of the post is also dispensed with.]

#### **LEAVE, PROMOTION, REVERSION, TRANSFER, ETC.**

99-A. No Gazetted Officer who has relinquished charge of a post consequent on his proceeding on leave, or on training or promotion, reversion or transfer, shall draw any bill on account of his pay, allowances, leave salary, etc., for any period beyond the date of making over charge without a fresh authority from the Accountant General:

Provided that the provisions of this rule shall not apply to cases of transfers within the same Audit Circle and not involving any change in designation or emoluments of the officer concerned:

Provided further that in cases where, on the expiry of leave, an officer is appointed to the same post from which he proceeded on leave, he shall draw bills for his pay and allowances from the date of his assumption of such charge on the basis of the authority of pay and allowances issued to him by the Accountant General, before his proceeding on leave and, if such authority has been superseded on the basis of such revised authority for pay and allowances.

Note 1.- In case any bill presented at the treasury includes claims for any period beyond the date of making over charge, the Treasury Officer should, instead of returning the bill for amendment, pass for payment such portions of the claim as relates to the period up to the date and is otherwise admissible.

Note 2.- In the case referred to in the proviso to this Article, the treasury from which the officer concerned draws his claims, after transfer, shall commence making payments on the basis of the last pay certificate issued by the Treasury Officer who last disbursed the claims of the officer. For this purpose of the Treasury Officer issuing the last pay certificate, should clearly indicate therein complete information given in the authority of the Accountant General in his possession, particularly the date, if any, up to which it is effective.

<sup>1</sup>[Note 3.- In cases where a Gazetted Officer proceeds on leave for a period of 120 days, he may draw his leave salary and allowances, without an authorisation from the Accountant General, from the Treasury from which he was drawing his pay immediately before proceeding on leave, by enclosing a copy of the sanction duly signed by the sanctioning authority and the certificate of transfer charge. The correctness of the claim shall be verified by the Treasury Officer with reference to the Pay slip/ Authorisation issued by the Accountant General and with reference to the rules and orders governing leave salary and allowances . <sup>2</sup> [xx]. A copy of the Certificate of Transfer Charge should also be sent to the Accountant General.

99-B. Advances to a Gazetted Officer on transfer or on tour or of leave salary or for purposes of leave travel concessions<sup>3</sup>[or Festival Advances to such an officer] may be drawn from the treasury on the ordinary Pay Bill or Travelling Allowance Bill forms on the authority of the sanction or a duly certified copy thereof appended to the Bill, without any previous authority from the Accountant General. As regards temporary advances from the Provident Fund, attention is invited to Clause (f) of Article 325.

No other personal advance can be paid to a Gazetted Officer unless the payment has first been authorised by the Accountant General or the claim has been preaudited by him.

Note.- Sanction to personal advances may, if preferred, be obtained in the form of counter signature on the bill itself before it is presented for encashment.

### **TRANSFER OF OFFICE**

100. Every transfer of charge of a Gazetted Government servant proceeding on leave or on transfer or returning from leave (irrespective of whether such a Government servant is in independent charge of the office or attached to an office as a general or an extra assistant) should, without fail be reported by post on the same day to the Accountant General in Form-19 or in Form No.19-A as the case may be and in case of a Government servant having independent charge of a public treasury, statements of the cash balance, of the stamp, ganja and opium stores and also of the bill forms in stock, should be prepared, signed by the Government servant taking charge and forwarded to the Accountant General at the same time.

(1) This rule applies only to charges of Deputy Commissioners and Tahsildars and not to transfers of executive charge of the treasury between their subordinates; in the latter case, the fact of the transfer should simply be advised to the Accountant General.

(2) Every Government servant who is responsible for the adjustment of advances and who is transferred to another office before fully accounting for the amounts outstanding against him should leave for the information and guidance of His successor, a memorandum clearly explaining the state of accounts of each item of advance and noting the action to be taken for adjusting the outstanding amounts within the time allowed by the sanctioning authority. If he does not do so, his responsibility will not cease and his successor may not be held responsible in respect of the items not brought to the latter's notice.

(3) A statement of unadjusted advances and unremedied objections should be given by the relieved to the relieving Government servant in Forms 20 and 21 respectively.

(4) Special attention should be paid to the rule in this Article which requires reports of transfers of charge being despatched by post on the same day on which the transfer of charge is made, as any delay in reporting the dates of handing over and receiving charge of Government servants on transfer from one appointment to



another or when proceeding on leave causes inconvenience to the office of the Accountant General in auditing the pay bills of gazetted Government servants.

(5) Copies of the report of transfer of charge sent to the Accountant General, should, in future, be simultaneously sent to the Treasury Officer and the Head of the Department concerned.

In the copies of the reports sent to the Accountant General Karnataka, and the Head of the Department, a certificate to the effect that "a copy of the report of transfer of charge has been sent to the Treasury Officer .....  
.....Treasury, on ..... should invariably be recorded hereon.

### **TRAVELLING ALLOWANCE**

101. The claim for travelling allowance of each gazetted Government servant should be prepared separately and drawn in Form No. 22 which provides for the necessary details being furnished.

Note 1.- Claims relating to transfer/travel concessions should be preferred on separate bills. They should not be mixed up with those relating to tour Travelling allowance in any case.

Note 2.- Ordinarily not more than one bill will have to be preferred for the claims of a particular month in respect of a Gazetted Government servant. The bill should be countersigned by the Head of the Department or the Controlling Officer before being presented for encashment in cases in which such countersignature is required by rules.

Note 3.- Instructions for the preparation of T.A. claims are detailed in Article 138.

### **PLACE OF PAYMENT**

102. Unless ordered otherwise by Government, bills for pay and allowances are ordinarily payable at the Treasury of the Station in which the claim arises.

For drawal of leave salary by a Government employee, who signs his bills himself when claiming leave salary in respect of earned leave on average pay (other than leave preparatory to retirement), the provisions of Article 96 will mutatis mutandis apply. In the case of all other kinds of leave, such a Government employee must either appear in person at the place of payment or furnish a life certificate signed by a responsible Government Officer or some other well known and trustworthy person. If he draws his leave salary through an authorised agent, the agent must furnish the life certificate aforesaid or execute a bond to refund overpayments under the provisions of Article 86.

### **PAY TO GOVERNMENT SERVANTS IN ENGLAND**

103. If pay be due in India to a Government servant absent in England, he must make his own arrangements to receive it in India.

## **INSPECTING OFFICERS**

104. When a Gazetted Government servant, whose duty requires him to travel about or inspection, desires to receive payment of his claims at a place where he is on tour, he shall send his bill to the treasury officer at his headquarters duly receipted and stamped, and endorsed as "Pay by Bank Draft" encashable at ..... to be sent by registered post. He shall also make an application to the treasury officer, along with the bill inter alia specifying therein the address to which the Bank Draft may be sent by the Treasury Officer. The Treasury Officer shall then arrange to send the Bank Draft by registered post, the expenses incurred on postage (including registration charges) being treated as normal expenditure on correspondence of the treasury.

## **CHAPTER VII**

### **ESTABLISHMENT**

#### **SECTIONS OF ESTABLISHMENT**

105. For the purposes of audit and the preparation of pay bills, the Accountant General divides a non-gazetted establishment, when necessary, into sections in consultation with the Head of the Department or the office on the following principles:

(a) The division should be uniform throughout the State for the same classes of establishment ;

(b) The division into sections in large offices should follow the actual working arrangements of the office ;

(c) In large offices where the members of the ministerial services are arranged by classes and grades, such as Superintendent, First Division Clerks and Second Division Clerks, each class or grade may form a separate section ;

(d) An establishment consisting of a large number of subordinate Government servants, such as school masters, may be divided into sections according to the taluks or sub-divisions of a district ;

(e) Clerks, School masters, etc., should not, except in a small establishment, be combined with the last grade Government servants. Such subordinates should form a separate section, or sections unless they are very few ;

(f) In preparing pay bills, absentee statements, annual returns of establishments, proposition statements, and other similar documents, the entries should be made in accordance with the sections arranged under the provisions of this Article.

Note 1.- Parts of an establishment under the same head of an account which are charged for under different major heads should be treated as separate establishments.

Note 2.- The Accountant General issues from time to time a list of the sections fixed by him for each office and the entries in pay bills, absentee statements, annual returns of establishments, proposition statements and other similar documents should be made in accordance with the sections so prescribed.

### **ANNUAL RETURNS OF ESTABLISHMENT**

106. The directions regarding the form, preparation and submission of the annual return of establishment are contained in Appendix V.

### **ALTERATION OF ESTABLISHMENT**

107. The Head of the Department or other authority concerned should scrutinise with the greatest care every proposal for an addition to an establishment, whether permanent or temporary, or for an increase in the emoluments of an existing post. He should examine the financial implications thoroughly, and should not submit the proposal to the Government unless he is satisfied that it is essential.

108. The scale of pay proposed for a new post whether temporary or permanent, should be the same time-scale as that already in force for the posts of the same class or category, except when a different time-scale has been fixed for temporary posts in a particular department. When the new post to be created will form an addition to a cadre which is divided into grades, the pay of the post should ordinarily be that of the lowest grade, if a higher rate of pay is proposed, the special reasons for proposing the higher rate should invariably be stated. If there is no post in existence similar to the one proposed, the following principles should be observed in proposing a rate of pay for the new post :

(1) If the post is to be filled by a person not already in Government service, the pay proposed should be the minimum necessary to secure the services of a person capable of discharging efficiently the duties of the post.

(2) If the post is to be filled by a person who is already a Government servant, the pay proposed should be appropriate with reference to the nature and responsibility of the work to be done and the existing pay of Government servants whose status is such that they are considered likely to be suitable for selection for the post.

(3) In determining the cost of a scheme, allowances, whether fixed or variable, should be taken into account. When it is impossible to determine in advance the exact amount of an allowance, it will be sufficient to include as accurate an estimate as possible of the amount required for this allowance.

(4) If the expenditure proposed is to be incurred in the current year, the proposal should show clearly whether it can be met within the grant or appropriation for the year. If the expenditure can be met by re-appropriation, a re-appropriation statement in Form 22-A should also be submitted.

109. Every proposal to add to, or to make a change in an existing establishment should be explained fully in the communication addressed to the authority competent to sanction the proposal. The following information should invariably be furnished :

(i) The reasons for considering the addition or the change Proposed to be necessary,

(ii) The present cost either of the section or sections affected or of the total establishment, as the circumstances may require ;

(iii) The corresponding cost after revision ; and

(iv) The details of the number and pay of the posts, if any, which it is proposed to add to the establishment and of the number and pay of the posts, if any, of which it is proposed to change the conditions.

(1) Government servants on provincial scale, e.g., Assistant Surgeons, Police Inspectors, etc., constitute separate establishments by themselves and whenever any increase or decrease of their emoluments is proposed, the proposals should be for that class of Government servants only and for the whole State without the specification of any other class of establishment in any particular district. The same procedure should be followed in regard to gazetted Government servants.

(2) In the case of proposals which deal with the reorganisation of establishment, the Head of the Department submitting the proposal should certify that claims of pension that may arise in consequence of the reorganisation have been considered with reference to the provisions of Karnataka Service Rules, and should specify any cases in which the maximum pension ordinarily admissible will be subject to reduction under that Article.

A proposal to add to or modify an existing establishment shall be accompanied by a proposition statement in duplicate in Form 23, (1) if it involves a general revision of establishment, (2) if it cannot be set out clearly without proposition statement, and (3) when the scheme involves recurring expenditure of Rs.6,000 per annum or more.

110. No proposition statement is required in the following cases :

(i) when the new scheme proposed involves no change in establishment except the creation of a post or posts the like of which does not yet exist.

(ii) when the proposal involves only the retention without alteration of an existing temporary establishment for a further period;

(iii) When the proposal is solely for the grant of a compensatory allowance, a special pay or personal pay to a member or members of an existing establishment, or solely for a change in the designation of an existing post.

Where the proposition statements are not required under the above rules, the proposals should distinctly indicate the extra cost of Government including clearly the fixed and variable allowances attached to the appointments.

111. The following instructions should be observed in preparing a proposition statement :

(i) The statement should relate strictly to the section or part of the office affected by the proposals. No details or figures of total cost should be furnished for the other parts or sections of the office;

(ii) The latest order sanctioning the existing establishment should be quoted and not any earlier orders on the subject;

(iii) The Increase or decrease in cost involved in the proposals should be Shown against each post or class or category of posts affected;

(iv) Grand totals should be given for the number of posts in and the total cost of the several sections affected, both under the existing orders and according to the proposal made and also of the amounts under "increase or decrease per month";

(v) Pay which is not incremental should be entered in the column headed "Maximum";

(vi) In the case of a temporary establishment the period for which it is proposed that it should continue should be entered;

(vii) When the pay of any post, existing or proposed rises from the minimum to a maximum by periodical increments, the average monthly cost should be calculated according to the formulae given in Article 112 below and not the actual cost or the cost in the first year;

(viii) Fixed allowances should be entered in a proposition statement but not variable allowances, such as ordinary travelling allowance, information in regard to which should be furnished separately in the communication addressed to the authority competent to sanction the proposal.

112. The following rules should be followed in determining the average cost of appointments on progressive (time scale of pay) pay:

I. A time scale of pay raising to its maximum by five equal yearly increments is equivalent to a fixed pay equal to the minimum, plus two-thirds or if the appointment is a ministerial appointment, plus three-fourths of the difference between the minimum and the maximum.

II. When the increment is annual or biennial and the period of rise is above five years, the, following principles shall be followed:

(a) In the case of ministerial appointments, value= $\text{minimum} + (3/4 - x / 60)$  of the difference between the maximum and the minimum.

(b) In the case of other than ministerial appointments, value= $\text{minimum} + (2/3 - x / 90)$  of the difference between the maximum and the minimum.

Here x represents the excess in the period of rise in years over five years when the increment is annual, or over four years, when the increment is biennial.

III. When the increment is less than five years, the following method shall be applied:

(a) In the case of ministerial appointments, value= $\text{minimum} + (3/4 + x / 20)$  of the difference between the maximum and the minimum.

(b) In the case of other than ministerial appointments, value= $\text{minimum} + (2/3 + x / 15)$  of the difference between the maximum and the minimum.

Here x represents the deficiency required to make up five years when the increment is annual and four years when the increment is biennial.

113. No proposals for revision of establishments should be submitted after the close of the first two quarters of the official year except when called for by Government.

Note.- Verification of the proposition statement by the Accountant General will be got done in cases of very complicated establishments. The Accountant General will check only such proposition statements which have been forwarded to him for verification by Government in view of their complicated nature.

The work of verification of the correctness of the facts regarding the 'present establishment' is the function of the executive authority, and if a sanctioning authority is to exercise its functions satisfactorily, he should maintain adequate records and statistics of his own sanctions and be in possession of a full picture of the present establishment.

In respect of proposition statements not sent to the Accountant General, Karnataka, for his verification. they will be verified in the concerned Administrative Secretariat.

#### **RULES REGARDING TEMPORARY ESTABLISHMENTS**

114. The following additional rules should be observed as regards temporary establishments:

(1) A clear distinction should be maintained between temporary establishment charged to the estimate for a work and temporary establishment sanctioned for general purposes and charged to the departmental head 'Establishment'. The temporary establishment sanctioned for general purposes of control without reference to any special work should be regulated by sanctioned scales as in the case of permanent establishments.

(2) No temporary establishment should be continued in anticipation of sanction and should there be a need for renewal of sanction, application should be submitted in time so as to reach Government at least three months before the sanctioned period expires. Government servants who do not dispense with temporary establishments on the dates on which sanction expires will render themselves personally liable for the expenditure involved.

(3) In the absence of an express order specifying the period for which a temporary establishment should be retained, it should be considered to be

terminated at the end of February of the financial year in which the sanction was accorded.

#### **PLACE OF PAYMENT**

114-A. The claims on account of pay and allowances of the non-gazetted personnel should be deemed to arise at the station where the drawing and disbursing officer, who draws the claims, is stationed.

#### **MONTHLY BILL**

115. Form 24 shall be used for bills for the pay fixed allowances and leave salaries of non-gazetted Government servants drawn by the head of the office for disbursement to them. Separate bills shall be prepared in each office for each of the following classes, if it exists:

(a) Permanent Establishment.

(b) Temporary Establishment. and

(c) Government servants for whom no establishment returns are submitted and no service books are maintained.

116. With the exception mentioned in Article 117 infra the name of every substantive, officiating, or temporary Government servant on whose behalf a claim is made and his post shall be shown in column 2. Against each temporary post the number and date of the order and the name of the authority sanctioning it and the name of authority which passed the order shall be entered. The rate of pay etc., claimed shall be shown against each name in columns 3 to 8. If the payment of any claim for the month to which the bill relates is postponed, it shall not be omitted from the bill, but the amount of each claim held over for future payment shall be noted in red ink in the appropriate column and ignored while totaling the bill. Column No. 8 shall be used to show the amount actually drawn for each section. Deductions made from the pay of each incumbent shall be shown in columns 9 to 13. When pay, etc., is claimed only for part of a month, the number of days for which it is claimed shall be entered against the Government servant's name. The part of a bill relating to each section shall be marked off in red ink. The component items of an establishment bill shall be checked and the total shown in the bill shall also be checked by adding up the items. If the bill relates to a small establishment, the drawing officer shall either check it himself or leave it checked by a gazetted Government servant under his orders, before he signs it. If the bill relates to a large establishment. The drawing officer shall ensure that the whole bill is thoroughly checked by some one other than the clerk who prepared it, and shall himself check a part of the bill or arrange for a gazetted Government servant to do so, before he signs it.

117. <sup>1</sup>[The names of the following categories of Government Servants shall be omitted from Pay Bills: -

1. Head Constables,

2. Constables, and

3. Incumbents of posts carrying a fixed Pay not exceeding Rs. 500 p.m. or on time Scales of pay, the maximum of which does not exceed Rs. 500 p.m.]

(2) Incumbents of posts carrying a fixed pay not exceeding Rs.150 per month or on time scales of pay the maximum of which does not exceed Rs.150.

In all such cases, a certificate in the following form shall be furnished in the bill:

“Certified that all persons whose names are omitted from, but whose pay has been drawn in this bill have actually been employed during the month, that full details of the names of the persons concerned and the emoluments drawn for them working up to the total included in this bill have been duly shown in the office copy and that the emoluments drawn are according to the relevant rules and orders.”

Note 1.- The Drawing Officer shall have the office copy of each bill relating to these classes of Government servants prepared separately so as to show full details of names, leave etc. The total of this pay bill shall then be entered in the pay bill. The drawing officer shall verify and satisfy himself that the grand total in the office copy of the bill agrees with the total amount in the fair copy.

Note 2.- Physical fitness certificates of such of the Government servants, as are not required in the Accountant General’s Office for purposes of audit, need not be attached to the establishment pay bills sent to his office for audit.

“Note 3.- As regards claims of Government servants referred to in this Article held over for future payment, the procedure prescribed in Article 116 shall apply”.

118. The claims of Government servants whose names are omitted from the bills under Article 117 above should not be lumped together but entered as a single item in the bills. The bills in such cases should be shown separately the numbers on different rates of pay or with different designations. The claims for broken periods of a month and claims of persons on leave should also be shown separately, with particulars regarding the kind and period of leave.

Note .- The special attention of all Drawing Officers is invited to the various certificates prescribed on the bill forms.

118-A. A Certificate from the Controlling Officer in the following form should be attached to the pay bills for the months of January and July which include conveyance allowance:

“Certified that the conveyance allowance claimed in the pay bill for the month of January/July on account of Sri/ Smt./Sriyuths.....is in order and that the conditions attached to its drawal have been fulfilled.”



The Deputy Commissioner (Treasury Department) will not accept or honour the pay bills for the months of January and July which include the conveyance allowance but are not accompanied with the requisite certificates.

119. Fines imposed on Government servants (wherever permissible) for ordinary neglect of office duty are properly recoverable by stoppage from pay and consequent short drawings from establishment pay bills.

#### **ABSENTEE STATEMENT**

120. The Drawing Officers shall ordinarily attach an absentee statement in Form 25 to the monthly establishment pay bill if any person (other than the last grade Government servants) has been absent during the month on leave (other than casual leave) or deputation or suspension or without leave or if a post has been left vacant substantively whether or not any Government servant officiated in it. When signing the absentee statement, the Drawing Officer shall see that a diagonal line is drawn across the blank space, if any, below the last entry.

(1) When a Government servant is absent from any cause, such as deputation, suspension or leave, or without leave, the particulars of the absence and the arrangements made in consequence should be shown under the appropriate heads in the absentee statement. When the Government servant is on other duty or deputation, the nature of the duty or deputation with the number and date of the Government order sanctioning the deputation, should be specified. If the absence extends over a period of more than one month, the particulars thereof and of the arrangements made in consequence should be repeated in the statement for each month. When an extension of leave is granted, the fact should be stated in the column for remarks.

(2) Each chain of arrangements consequent on each absence should be separated from others by a line ruled across the absentee statement after the name of the last acting Government servant.

(3) If any Government servant is absent on casual leave he does not forfeit any part of his pay for the period of his absence, and he should not be reckoned as on leave. His name should not be included in the absentee statement, nor his absence noted in his service book.

(4) When any Government servant is granted leave who during the period of duty, immediately preceding the leave, which is taken into account for the calculation of leave granted to him served under a Local Fund, separate report should be made in the following form: -

A.B. (absent on.....) has during his service, immediately preceding the date on which he availed himself of..... which is taken into account for the calculation of leave granted to him, been employed -

1. In an office paid from the State Revenues from the .....to the.....during which he drew an aggregate salary of Rs.....

2. In an office paid from a Local Fund from the .....to the..... during which he drew an aggregate salary of Rs.....

A.B's. allowance during the leave are to be charged to Local Fund ... Rs. a month

121. (1) Establishments borne on a 'Provincial Scale' are those for which a consolidated sanction is accorded for the State as a whole without reference to the requirements of each office. Heads of Departments will, therefore, have discretion to distribute the posts to the several offices according to the exigencies of service. Posts carrying different grades of pay, should also be regarded as borne on amalgamated 'Provincial Scales' as Heads of Departments have discretion to fill up the posts from any one of the sanctioned grades.

(2) As audit in respect of the establishments on a 'Provincial Scale' is conducted separately from that of posts borne on 'Office Scales' pay and allowances of these establishments should be drawn in separate establishment bills and should not be included in the bills of other office establishments. A consolidated Absentee Statement should also be furnished to the Accountant General's Office monthly by the Head of the Department, not later than the 15th of the month following the months to which it relates.

(3) The Drawing Officers should furnish necessary information to the Head of the Department in sufficient time to enable him to prepare the consolidated Absentee Statement and sent it to the Accountant General's Office before the due date.

121-A. (1) When leave salary based on average pay is drawn in a bill for a Government servant, the bill in which it is first drawn shall be accompanied by a statement in Form 26 attested by the Drawing Officer showing the calculation by which the amount drawn on account of leave salary has been deducted. If the calculation is based on pay drawn outside the Government servant's substantive section or office, a reference to the bills in, or the office from, which such pay was drawn shall be given in the statement.

(2) If leave salary is based on actual pay and not on average pay, the Drawing Officer shall attach to the bill a certificate in one of the following forms :-

(i) If the absentee is entitled to leave under the Karnataka Leave Rules, 1957:

"That the leave salary is based on the pay of a permanent post held substantively by the absentee at the time of taking leave".

(ii) In all other cases :-

"That the leave salary claimed is admissible under (a). (a) The rule under which the leave salary has been claimed should be specified here".

121-B. A certificate to the effect that the Government servant on leave preparatory to retirement, or refused leave under Rule 11 of Karnataka Civil Service Rules, 1958, or any other corresponding rule, or such other leave, on the expiry of which he is not expected to return to duty, was not employed under Government Local Fund or a private employer during the period of such leave, should be recorded by the Drawing Officer on the bill in which leave salary for such a Government servant is drawn after obtaining from him declaration regarding non-employment.

122. The Head of an Office need not attach an Absentee Statement in Form 25 to his monthly establishment pay bill so far as it relates to any establishment, the scale of which is fixed for the State. In those cases, however, where the power to sanction leave and officiating arrangements within the office in consequence thereof has been delegated to heads of offices within the prescribed limits, the requisite Absentee Statement shall be furnished by them along with the pay bills and such vacancies and arrangements will be included in the consolidated Absentee Statement to be furnished by the controlling authority.

123. All permanent events such as deaths, retirements, permanent transfers and first appointments, which find no place in the increment certificate or absentee Statement shall be recorded in the remarks column of the pay bill. In the case of establishments on progressive pay, statement of substantive changes in Form 27-A (in the case of Government servants other than those referred to in Article 117 and Form 27-B (in the case of Government servants whose names do not appear in bills) shall accompany the pay bill.

Note .- A certificate to the following effect shall also be recorded in the pay bills.

“Certified that all Government servants referred to in Article 117 for whom increments have been claimed in the bill have rendered the required period of approved service entitling them to the increased pay drawn in the bill”.

124. When the name of a Government servant appointed permanently or on probation to a post appears for the first time in the pay bill of an establishment, the previous post in the Government service, if any, held by him shall be stated and a Last Pay Certificate attached showing the date of handing over charge, advances outstanding, etc. In the case of new appointments, the number and date of sanction creating the new appointment shall be quoted in the bill in which pay is drawn for the first time.

Note 1.- No appointment in any office will be accepted by the Audit Office or the Treasury unless the first entry of the new name in the pay bill is supported by a certificate that the rules rendered the required period of approved service entitling them to Government service have been observed.

Note 2.- If a pensioner is re-employed the fact should be stated in the bill (along with details regarding pay drawn at the time of retirement, pension and pension equivalent of Death-cum-retirement Gratuity).

### **INCREMENTS**

125. When a periodical increment is claimed on behalf of a Government servant in an establishment pay bill, an increment certificate In Form 28 shall be attached to the bill except in the case of those referred to in Article 117. The increment certificate in respect of the Drawing Officer (non-gazetted) will be passed by the next higher authority.

When an increment is due to a Government servant, otherwise than for having been the incumbent of a specified post (less periods not counting for increments as shown in the tabular portion of the certificate) an explanatory memorandum showing briefly and clearly the grounds on which the increments is clarified shall be attached to the increment certificate.

Note.- Office copies of all increment certificate including those referred to in Article 117, shall be kept for record and attached to the office copies of pay bill retained by the disbursing officer.

126. Deleted.

127. Where an increment claimed operates to carry a Government servant over an efficiency bar, the claim shall not be paid unless it is supported by a declaration from the competent authority that it has satisfied itself that the character and efficiency of the Government servant concerned are such that he is fit to cross the bar. In order to prevent the crossing of an efficiency bar becoming a mere matter of form it is imperative that every case shall be carefully scrutinised by the sanctioning authority before signing the declaration prescribed above.

### **SANCTION OF ESTABLISHMENTS, ETC.**

128. (1) The Financial Powers of the various Heads of Departments are given in the Book of Financial Powers. Officers appointed to be in charge of the current duties of a post shall be competent to exercise all administrative, and financial powers vested in the regular incumbent of that post. Such an Officer should not however modify or overrule the orders already passed by the regular incumbent of the post, except in an emergency, without obtaining the orders of the next higher authority.

(2) The powers delegated to officers subordinate to Heads of Departments are contained in the Departmental Manual or standing orders.

### **TRANSFERS**

129. The entire salary for the month in which a transfer has been made shall be drawn on the bill of the establishment to which the Government servant is transferred, after the close of the month, attaching thereto the requisite Last Pay Certificate, and not in several bills as for example, one for the salary due from the first of the month to the date on which the Government servant makes over charge

in the establishment from which he is transferred, another for the period of joining time, and a third from the date on which he joins the appointment in the establishment to which he is transferred to the end of the month.

Note.- The pay of a person, transferred from one Local Fund or Municipality to another or to a different Audit Circle, up to the date of his transfer, shall be drawn on a supplemental bill of the office from which he is transferred, and disbursed to him. His pay for the period of joining time and for the rest of the month shall be drawn in the pay bill of the establishment to which he is transferred. In respect of Government servants transferred to Local Funds the joining time allowance and travelling allowance for the forward and return journey shall be borne by the Local Body concerned.

130. (a) Transfer of Government servants from one department to another without a formal change or transfer of appointments thereby necessitating their pay and travelling allowances being debited to the department to which they belong but in which they are not working is not regular and shall not be made.

(b) In the case of a candidate who is transferred from one department to another in the exigencies of service or other circumstances by a competent authority, his lien may be retained in the former department and he may also be granted other benefits under the Karnataka Civil Service Rules; but in the case of a candidate who leaves one department and joins another as a fresh recruit in accordance with the rule of recruitment cannot be dealt with on the same footing, nor can it be treated as one of transfer, as he elects to take up the new appointment offered in the latter department of his own accord and in his own interest.

Note.- In cases where local candidates in the Departments of Government are regularly appointed in other departments, last pay certificates may also be issued even though the transfer is not in the public interest.

131. The Head of an office is not at liberty to readjust the salary of a Government servant by giving one Government servant more and another less than the sanctioned pay of his post, nor may distribute the pay of an absentee otherwise than as provided in the Karnataka Service Rules. But in the case of departments or establishments divided into grades, there is no objection to an excess appointment being made in a lower grade on an interim basis, against a vacancy left unfilled in a higher grade. This liberty must, however, not be used for the purpose of increasing the numerical strength of an office. For each vacancy in a higher grade, only one extra appointment in a lower grade is admissible. This rule is applicable to ministerial establishments also.

## **ARREAR BILLS**

132. Arrear pay shall be drawn on a separate pay bill and not in the original monthly pay bill. The amount of arrears claimed for each month shall be entered separately in the bill furnishing reference to the bill in which the amount was omitted or withheld, or in which it was recovered by deduction, if the claim relates to an allowance or special pay newly sanctioned, the name of the authority which sanctioned it and the number and date of the order sanctioning it shall be entered in the bill. Arrear bills may be presented at any time subject to the conditions prescribed (see Articles 18 and 19) and may include as many items as are necessary. The drawing officer shall certify in every arrear bill that no part of the amount claimed has been drawn previously. Only one bill is sufficient for all arrear claims of different months which are drawn at the same time, particulars of claims of different months, being however, shown separately in the bill.

(1) As the monthly bill should include the full claim for the month, whether drawn or not, no subsequent claim preferred in an arrear bill which is not covered by the amount thus shown as undrawn in the original monthly bill or by an amount refunded into the treasury or by a fine which has been remitted, will be paid without full explanation of the circumstances under which it was omitted from the monthly bill.

(2) For drawing the amount of a fine recovered by short drawing from the pay of a Government servant, no other authority than the order remitting the fine is necessary.

133. All supplemental claims should be verified thoroughly by the Drawing Officers. Such claims should invariably be noted in the original Acquittance Rolls filed in their offices and a certificate in the following form shall be recorded by them, in addition to the non-payment certificate prescribed above, in all supplemental pay bills:

‘Certified that the supplemental claims preferred above have been verified with reference to the acquittance rolls for the concerned months filed in this Office/the concerned Offices and also that they have been noted against the entries shown therein as withheld or omitted.’

Supplemental pay bills without the above certificates recorded thereon by the Drawing Officers will not be paid at the treasuries when presented for payment.

A note of the arrear bill should invariably be made in the office copy of the bills for the period to which the claim pertains over the dated initials of the drawer to the arrear bill, in order to avoid the risk of the arrears being claimed over again.

<sup>1</sup>[Note 1.- A “due and Drawn Statement” in respect of arrears of pay and allowances of a Government servant shall be prepared by the drawing and disbursing officers of the office in which the Government servant is currently working and refer it to the earlier office(s)/parent Office as the case may be for verification of the claim. The latter office after making necessary entries in their records (i.e., in the office copies of the bills) return it to the concerned drawing officer with a certificate

that the arrears relating to the Government servant have been noted in the relevant office copies of the bills. On receipt of the "Due and Drawn Statement" duly verified by the earlier/parent Office, the drawing and disbursing officer may prefer the arrear claims of the Government servant in the proper forms recording the certificate as required in Article 132, draw the bills from the Treasury and disburse the arrears to him on proper acquittance.

The expenditure in this behalf may be debited to the budget provisions of his office.

Note 2.- The claims relating to tour/transfer/travel concession from one office to another office and in respect of whom last pay certificates have been issued, should not be drawn by the office from which these officials have been transferred, even though bills for their arrears may have to be prepared by that office. Such bills should be encashed and disbursed only by the officer under whom these Government servants are actually working at the time of disbursement.

### **SERVICE BOOKS**

134. Special attention is drawn to the rules regarding service books contained in the Karnataka Service Rules. The service book is a contemporary record in minute details of the official career of a Government servant and every entry in it shall be attested by the Head of the Office each time an entry becomes necessary due to orders passed by him or any higher authority. Non-pensionable service should be distinctly shown as such in column 2 of the service books.

135. Service books shall be kept in the custody of the Head of the Office. When a Government servant is transferred to another office, his service book shall be sent to the Head of the Office to which he is transferred and not made over to him nor shall it be given to him when proceeding on leave. When non-gazetted Government servants are officiating in gazetted appointments, their service books shall be kept by the head of the office to which each such Government servant permanently belongs but when they are confirmed in such appointments their service books shall be sent to the office of the Accountant General for record.

136. Deleted.

### **TRAVELLING ALLOWANCE**

137. Travelling allowance of establishments, other than permanent or fixed allowances, shall be drawn in Form 29 setting forth the details of the journeys and explaining any divergence from the recognised route; ordinarily not more than one bill will have to be preferred for the claims of a particular month in respect of a Government servant. The bill should be countersigned by the Head of the Department or Controlling Officer before being presented for encashment in cases in which such countersignature is required by the rules. When actual expenses are drawn under the rules, details therefor should invariably be furnished in the travelling allowance bill; the travelling allowance bill will be encashed at the treasury

in which the pay bill of the establishment is encashed and the amounts distributed as in the case of establishments bills.

(1) The Government servant countersigning travelling allowance bills will maintain a register in Form 30 in which he will note the bills he countersigns.

(2) Travelling allowance bills of subordinate Government servants shall be prepared and passed through in all their stages as expeditiously as possible, and when they are delayed either in the office where such bills are prepared or in the office where bills are received for countersignature for more than a month, a note of explanation shall be added on the bills.

(3) The drawing officers shall prepare separate travelling allowance bills in respect of the non-gazetted Government servants, whose pay exceeds Rs. 200 per mensem.

Note.- The claims relating to tour/transfer/travel concession should be preferred on separate bills and should not be mixed up in one bill.

138. The rules of procedure regarding the preparation of Travelling Allowance bills are given in the Karnataka Service Rules. To facilitate audit and minimise correspondence, attention is invited to the following points:

(1) The hours at which a journey began and ended should always be noted.

(2) A certificate should always be inserted in the case of a non-gazetted Government servant other than executive making a road journey which does not exceed twenty miles to the effect that he was ordered to travel by public or hired conveyance.

(3) Whenever mileage is claimed for a journey which can be performed by rail, or partly by rail and partly by road, the claims should be accompanied by an explanation duly accepted by the controlling or countersigning officer that the road journey, was made in the interest of public service for purposes of inspection or for other causes which should be clearly stated. This concession is to be granted for the forward journey only.

(4) Claims on account of travelling allowance of Government servants summoned to give evidence must be supported by certificate from Courts in the prescribed form as specified in the Karnataka Service Rules.

(5) Such of the printed certificates in the bill as are not necessary should be scored through, and those retained should each be attested with the initials of the drawer of the bill.

(6) Purpose of journey should be specifically stated.

(7) Number of miles travelled by road whether independently or in continuation of railway journey should always be entered in column 13 of the bill.



(8) Travelling allowance should not be claimed for journeys within a radius of five miles from headquarters, nor can this distance be added on to a journey beyond it performed the same day.

(9) Mileage should not be drawn for Gazetted Officers and non-gazetted executive establishments for marches of not more than twenty miles.

(10) When mileage is claimed for the last grade Government servants, the reason for not providing them with seats in carts engaged at Government cost should be given.

(11) When Government servants are transferred, the period of transfer to the new place should invariably be stated and the pay drawn by them before and after the transfer specified. It should also be clearly noted whether the transfer is in the interests of public service or otherwise. In case of reversions, the cause of such reversion should be specified.

(12) Fractions of a mile in the total of a complete journey performed by a person should be omitted and not added on to the fraction of a mile due to another complete journey in the same month.

(13) Halts for more than ten days made at a place should always be supported by the sanction of the Heads of Departments specified in the Karnataka Service Rules.

(14) When the first item in a travelling allowance bill is a halt, the date of commencement of halt should invariably be stated.

(15) The following certificates should be furnished on the Leave Travel Concession bills by the officers concerned as indicated below with a view to satisfy that the conditions laid down in the Karnataka Civil Service Rules have been fulfilled.

**CERTIFICATE FOR CLAIMING TRAVEL CONCESSION FOR HOME VISIT**

Certified -

(1) That I and /or my family members travelled in .....class, Vide Ticket Nos..... for the outward journey and Nos.....for the return journey.

(2) That I have rendered a continuous service for not less than one year on the date of performing the journey.

(3) That I have already submitted my declaration to the effect that my home town is.....

(4) That I have not submitted any other claim so far, for the leave travel concession in respect of myself and/or my family members in respect of the block of two years 19..... and 19 .....

(5) That I have already drawn T.A. for the leave Travel Concession in respect of a journey performed by me/my wife with ..... children. This claim is in respect of the Journey performed by my wife/myself with..... children, none of whom travelled with the party on the earlier occasion.

(6) That the journey has been performed by me/my wife with children to the declared home town viz.....

(7) That my husband/wife/is not employed in Government service and that the concession has not been availed of by him/ her separately for himself/herself or for any of the family members for the concerned block of two years.

“(7) (a) Certified that my family members, in respect of whom the concession is claimed, are wholly dependent on me”.

(8) That before transfer journey I had been to home-town on..... leave exceeding/not exceeding 4 months and proceeded there from to new station.

(9) That I have been to home-town on ..... leave from tour station/headquarters and there from proceeded to headquarters/tour station.

Signature.....

Designation .....

Certified that the certificates No.2 and 3 tally with the entries made in the Service Book of Shri..... as recorded. The payment of travel concession is sanctioned in Order No.....

Certified that the..... leave applied for from ..... to ..... was refused in the interest of Public Service and that the official was informed in writing that no leave could be granted to him at any time in the calendar year in the exigencies of public service.

Necessary entries as required by Rule 551 of K.C.S.Rs., have been made in the Service Book of Shri/Smt .....

Head of Office/Controlling Officer.

Certified that the claims are in accordance with the provisions of Rules Nos. 549 and 550 of K.C.S.Rs.

Drawing Officer/Controlling Officer.

Note.- Portion not relevant should be scored out.

**DEARNESS ALLOWANCE**

139. The rules regarding the grant of Dearness Allowance to Government servants on account of increase in the cost of living are detailed in Appendix VI.

## **CHAPTER VIII CONTINGENCIES**

140. The rules relating to contingent charges are detailed in the Manual of Contingent Expenditure separately issued.

## **CHAPTER IX MISCELLANEOUS CHARGES TERM DEFINED**

141. The terms "Miscellaneous Charges" used in this Code means all expenditure other than those falling under pay and allowances, contingencies and works. Except where authorised by the rules in this Chapter and the Book of Financial Powers or other authorised Codes or by any general or special orders of Government, no miscellaneous expenditure of any kind may be incurred by any Government servant without the specific sanction of Government or the authority to whom the Government have delegated the power to sanction such expenditure. In the case of payments for which no specific forms have been prescribed, the claims should be preferred in Form 3.

### **REFUNDS**

142. The Powers of the Heads of Departments in the matter of sanctioning the several kinds of refunds and the special procedure for refunds of certain items of revenue are given in the Book of Financial powers. In cases not provided for therein, sanction of Government is necessary.

<sup>1</sup>[Note 1.- Heads of Departments, District and other Officers exercise full powers to sanction refunds of revenue. Joint Director/Controlling Officers and Deputy Director of Agriculture may sanction refund of revenue upto Rs. 5,000 in each case. Superintendent Engineers may sanction refunds of revenue upto Rs. 2,000 in each case.

Note 2.- Heads of Departments, joint Directors /Controlling Officers exercise full powers to sanction refund of wrong or excess credits and District and other Officers may sanction refund of wrong or excess credits upto Rs.500 in each case.]

143. <sup>1</sup>[(a) Every refund shall be noted against the original entry in the departmental accounts, Where all receipts are entered in detail. The voucher for refunds in Form 31 provides for a certificate of such a note to be made by the authority competent to refund the amount under his signature and he will also certify in the refund order that the refund has been noted against the original receipt entry

in the departmental account under his initials. He will also be responsible to see that no refund regarding the sum noted in the refund order has been previously granted;

(b) The departmental officers while issuing the refund orders should simultaneously issue an advice in the form No. 31-AA in duplicate to the Bank/Treasury on which the refund order is issued for payment, so that the Bank may make payment when such order is presented by the concerned party. The advice will be prepared in triplicate. One copy will be retained in the office of the Refunding Authority and two copies will be sent to the Bank/Treasury. The Bank/Treasury will return one copy of the advice to the Departmental Officer after noting the date of payment on the advice;

(c) The Competent Departmental refunding authority should also send to the concerned Bank/Treasury his specimen signature duly attested by an Officer whose signature is already lodged with the Bank/Treasury.

(d) The amount of refund should be classified under the concerned "Revenue Head" "Deduct Refund" and the debits will be included by the Bank in the payment scroll.

Note 1.- Refund of Tax Revenue such as Sales Tax. Motor Vehicles Tax etc., shall be as per Forms, procedures and provisions prescribed in the respective Acts.

Note 2.- The refunds, of sales tax are arranged by the Commercial Tax Officers or the Assistant Commercial Tax Officers by refund orders on the treasury. In the case of Bank treasuries such orders are issued on the bank direct. Advices of such orders will be prepared, in triplicate, in form No. KFC 31 -A, in respect of each refund order, one for retention in the Office of the Commercial Tax Officers or the Assistant Commercial Tax Officers concerned and the other two for transmission to the Treasury/ Bank of which one will be returned by the Treasury/Bank to the Commercial Tax Officer or the Assistant Commercial Tax Officer with the date of payment noted thereon.

The Commercial Tax Officers or the Assistant Commercial Tax Officers will intimate to the Treasury/Bank, from time to time, the designation of the Officers authorised to issue such refund orders and the numbers of the Refund Order Books that are brought into use by them.

Note 3.- Refunds of loan amounts recovered in excess are also governed by the provisions of this Article.

<sup>1</sup>[Note 4.- Refund of Court fee ordered by the Court shall be as per form, procedures and provisions prescribed in Court Fee and Suits Valuation Act and Rules and the refund need not be noted against the original credit.

144. (a) Refund bills may be presented for payment at the treasuries which received the amounts originally. Such bills when presented for payment should have recorded on them the original orders of the authority sanctioning the refund or have attached to them duly authenticated copies of the orders sanctioning of refund:

(b) In the case of refunds sanctioned by Government, it will be enough if an endorsement noting the number and date of the Government order is made on the bill itself and attested by the departmental countersigning authority concerned.

(c) As regards refunds of examination fees, a certificate should be endorsed on the original receipt by the Deputy Secretary, Karnataka Public Service Commission, specifying the amount to be refunded and the receipt returned to the party for presentation at the Treasury in which the amount was originally credited.

Note 1.- As a precaution against double refunds of Land Revenue or other receipts, the amount and the date of each refund should be noted by the Treasury Officer against the original item of credit in the Treasury Receipt Register.

Note 2.- In paying refund bills, the Treasury Officer should see that the certificate of note of refund in departmental accounts is recorded on bills before they are encashed.

144-A. Unless otherwise provided by any law or rule or departmental regulation, an order for refund of revenue shall remain in force <sup>1</sup>[for a period of 3 months after the month of issue], and no payment shall be made on its authority thereafter unless, it is got revalidated by the sanctioning authority.

<sup>1</sup>[Note.- The provisions of this Article are also applicable to the refund cheques issued by the Courts.

#### **REFUND BY MONEY ORDER**

145. Refunds of sale amounts deposited by auction purchasers, in respect of revenue sales for arrears of land revenue, may be made, when such sales are subsequently cancelled, by *Postal Money Order*, if the party claiming the refund furnishes his acquittance (stamped whenever necessary, on the sanctioned refund bill noting therein "Contents Received. Please remit the amount by money order".

146. The Treasury Officer will thereafter draw the amount from the Treasury and remit it by Money Order at the cost of the party and he will cause the postal receipts to be pasted securely to the refund voucher.

Note 1.- When a Money Order is issued, the purpose of the remittance should be briefly stated by the Treasury in the acknowledgement portion of the money order form in continuation of the printed entry "Received the sum specified on the reverse on," sufficient space being left below the manuscript entry thus made, for the signature or thumb impression of the payee.

Note 2.- 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 will then be disposed of in the usual way.

Note 3.- Such bills should be cashed and Money Order under these rules issued only in the first half of the month so that in the case of the treasury accounts

a complete voucher may be ready to accompany them. Payees' acknowledgements received after the vouchers are despatched by the Treasury Should be sent to the Audit Office, giving reference to the number, date, and of the voucher to which it relates.

Note 4.- To enable the Treasury to watch the receipt of payees' acknowledgements, all payments by Money Orders should be recorded in a register in the following form: -

Sl. No.	Date	Vou- cher No.	Postal Receipt No.	Name of Payee	Amount of Money Order	Date of receipt of	Date of affix- ing ackno- wledg- ement to the Vr. for trans- miss- ion to Audit Office	Re- marks
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**REIMBURSEMENT OF THE CHARGES UNDER THE KARNATAKA GOVERNMENT SERVANTS (MEDICAL ATTENDANCE) RULES, 1957.**

146-A. (i) Charges for treatment and ward charges should be paid by the Government servant in the first Instance and claims for the refund submitted to the Controlling Officer in the appended form\*.

(ii) Final claims for reimbursement of Medical expenses of all the Government servants in respect of a particular spell of illness should ordinarily be preferred within 3 months from the date of completion of treatment as shown in the last Essentiality Certificate issued by the authorised medical attendant concerned. The Controlling Officers are also empowered not to entertain a medical claim not preferred by a Government servant within 3 months of the completion of the treatment where they are not satisfied with the reasons putforth by the Government servant for late submission of the Medical claim or where the claim is prima facie incomplete.

The payment of arrear claim if preferred and entertained by the Controlling Officer after three months shall be governed by the provisions of Articles 18 and 20 of K.F.C. In cases where a claim is not ordinarily admissible and a special sanction is accorded for reimbursement of expenses involved in relaxation of rules, the sanction shall be deemed to be operative for a period of one year from the date of its issue.

<sup>1</sup>[Note.- In the case of prolonged illness requiring treatment for a couple of years or more and where the authorised Medical Attendant certifies in the

Essentiality Certificate that the treatment is continuing, the Government servant shall prefer the claims within 3 months from the date of incurring the expenditure.]

(iii) Officers empowered to countersign the T.A. Bills of the Government servants concerned are Controlling Officers for the purpose of these rules also.

(iv) The expenditure on account of these charges should be classified under the sub-head "Allowances, honoraria, etc cost of medical treatment' under the appropriate budget head to which the pay of the Government servant concerned is debited:

(v) Application form for claiming Refund of Medical Expenses.

1. Name and designation of the Government servant (in block letters)
2. Office in which employed.
3. Salary.
4. Place of duty.
5. Full residential address.
6. Name of the patient and his/her relationship to the Government servant.  
(Note.-In the case of children state age also).
7. Place at which the patient fell ill.
8. Nature of illness and its duration.
9. Details for the amount claimed.
10. Total amount claimed.
11. List of enclosures.

#### **Declaration to be signed by the Government Servant**

I hereby declare that the statements in this application are true to the best of my knowledge and belief and that the person for whom medical expenses were incurred is a member of my family as defined under the Karnataka Government Servants Medical Attendance Rules, 1957 and is wholly dependent upon me.

Signature of the Government servant.

Signature of the controlling officer/competent authority.

Note.- Separate form should be used for each patient.

(vi) The application form prescribed above is intended for obtaining the sanction of the competent authority for the reimbursement of the medical charges and not for drawing the amounts from the Treasury. The competent authorities should indicate their approval on the application itself for the amount reimbursable under the rules as provided for in the Karnataka Government Medical Attendance Rules. The claims relating to the reimbursement of Medical expenses should be drawn in Form 18 or 24

according as the Government servant concerned is a Gazetted or a non-Gazetted Government servant.

“Such claims of Gazetted Government servants may be drawn without the prior authority, of the Accountant General. The amount drawn in the bills must be supported by proper receipts and vouchers in all cases”.

Note 1.- The following procedure may be adopted with regard to the payment of ward charges: -

(i) Government servants of classes III and IV should produce before the Medical Officer a certificate signed by the head of Office furnishing all particulars about their appointment, pay, etc., which are necessary for allocating wards suitable to their status as well as for purposes of medical charges, in such cases the ward charges need not be collected in advance.

(ii) In case a Government servant of Class III or Class IV is not in a position to produce the certificate from the Head of Office at the time of admission, he or a member of his family may be admitted to the ward he is entitled to on his giving a written statement signed by him indicating the necessary particulars regarding his pay, post and office or department. He should be required to produce the necessary certificate from the Head of Office within 3 days of admission, failing which the ward charges, etc., shall be collected from him, subject to reimbursement later”.

(iii) In the case of Government servants belonging to classes I and II, it is enough if they produce before the Medical Officer a declaration signed by themselves furnishing the required particulars.

Note 2.- The cost of Ayurvedic and Unani medicines will also be refundable under Rule 6(2) of the Medical Attendance Rules.

Note 3.- Deleted.

### **FINANCIAL ASSISTANCE TO GOVERNMENT SERVANTS INVOLVED IN LEGAL PROCEEDINGS**

146-B. The following rules regulate the grant of financial assistance to Government servants involved in legal proceedings:

(1) Legal Proceedings in which Government servants are likely to be involved may be classified as follows:

(a) Proceedings, Civil or Criminal, by Government in respect of matters connected with official duties or the position of a Government servant;

(b) Proceedings by a Government servant against a private party or vice versa in respect of matters not connected with his official duties or position:

(c) Proceedings by a private party against a Government servant in respect of matters connected with his official duties or position;

(d) Proceedings by Government servant to vindicate his official conduct when called upon the Government to do so; and



(e) Proceedings by a Government servant to vindicate his conduct connected with his official duties or position, with previous sanction of Government, though not required by Government to do so.

2. (a) In cases falling under Rule (1) (a) supra, no financial assistance will be given for the defence of a Government servant in the proceedings. However, in the event of the proceedings concluding in favour of the Government servant, the question of reimbursement of the whole or a reasonable portion of the costs incurred by the Government servant for his defence will be considered, provided Government are satisfied, from the facts and circumstances of the case, that the Government servant was subjected to the strain of the proceedings without proper justification;

(b) In cases falling under Rule (1) (b) above, no financial assistance is admissible:

(c) (i) In cases falling under rule (1) (c) above, if the Government, on consideration of the facts and circumstances, decide that it will be in public interest that the Government servant should be defended by the Government, and the Government servant agrees to such a course, arrangements will be made for the conduct of the proceedings as if they had been instituted against the Government themselves.

This is subject to the Government servant agreeing in writing in the annexed Form to render such assistance to Government as may be required for his defence on the clear understanding that no responsibility shall attach to Government in the event of the proceedings resulting in a decision adverse to him.

(ii) If, in such cases, the Government servant proposes to conduct his defence himself the question of reimbursement of reasonable costs incurred by him therefor may be considered on the conclusion of the proceedings in his favour, the amount thereof depending on the extent to which the Court has vindicated the act of the Government servant. The conclusion of the proceedings in favour of the Government servant will not by itself justify reimbursement.

(d) In cases falling under rule (1) (d) also reimbursement will be governed by the principles laid down at clause (c) (ii) supra;

(e) In cases coming under rule (1) (e). no part of the expenses incurred by the Government servant will be reimbursed in any circumstances;

(f) The power of granting assistance under these rules is reserved with Government.

## **ANNEXURE**

(Here enter the description of the proceedings)

The Government of Karnataka having been pleased to undertake my defence in the above proceedings, I hereby agree to render such assistance to Government as may be required for my defence and further agree that I shall not hold

Government in any way responsible if the proceedings end in a decision adverse to me.

Place:

Date: Signature of the Government Servant.

### **DISCOUNT ON STAMPS**

147. The commission allowed on the gross value of the stamps indented is adjusted by book transfer on the acknowledgment furnished by the vendor. The Treasury Officers are responsible for seeing that commission is properly calculated. The District Treasury Officers should furnish the following certificate along with the connected schedule accompanying the Treasury accounts under commission vouchers.

Certified that the commission has been actually allowed to the parties to whom it was due according to the sanctioned rates and that the total amount of the commission allowed and included herein for the month agrees with that shown in the receipt schedule under XIV Stamps for the month.

148. Refund of the amount of spoilt stamps and refund of the amount of Judicial Stamps allowed by the Courts:

In respect of refunds on account of spoilt stamps, the spoilt stamps or stamp papers will be retained in the departmental office itself duly cancelled and a certificate will be recorded on the voucher that the stamps or stamp papers have been cancelled and notes of payment recorded therein.

In the case of refunds of judicial stamps allowed on court certificates, payments should be made on the court certificate itself, the receipt of the party being taken on such certificate, which should then be treated as a voucher.

Note.- The authority competent to cancel the spoilt stamps and stamp papers is also the authority competent to destroy the cancelled stamps and stamp papers.

<sup>1</sup>[Exception.- A statement of the amounts of refund under sub-rule 3 shall be sent by the Court to the Deputy Commissioner and the Officer-in-charge of Treasury at the end of every month in Form-F of Karnataka Court Fees and Suits Valuation Rules.]

### **PAYMENT TO VILLAGE OFFICERS (OLD MYSORE STATE)**

149. The remuneration to Shanbhogs and Patels shall be paid annually as a rule either during the collection season or soon after the close of the financial year for which the Potgi is due. Payments should, as far as possible, be made in cash at the headquarters of Taluks by the Tahsildar himself, and not through the agency of revenue inspectors. But Shanbhogs and patels may be allowed to pay themselves their potgi allowances out of the kandayam due by them out of the collections made by them, the amount so withheld being shown in Taluk accounts as received under "Land Revenue" and disbursed as "Potgi". A voucher in proper form should be

obtained before such an adjustment is made. These vouchers are audited in the office of the Accountant General.

(1) A permanent order is issued by the Deputy Commissioner to each Taluk in the prescribed form, showing the settled allowances payable to each village officer. It should be kept in a book form, a page being allotted to each village and each payment entered therein with date, under the initials of the Tahsildar or Sheristedar. A copy of the order book may be given to each Shanbhog or Patel concerned and if desired, the payment should be noted in his copy also. Payments should be made as parties appear, on their receipts, and the payments made should be entered in a detailed bill (Form 32) and submitted to the District Treasury, one for the payments from the 1st to the 10th and another for those from the 11th to the end of the month.

At the end of each year, an abstract should be made in the Taluk Potgi Registers showing the total settled allowances payable for the year, the payments made during the year and the balance of outstanding payments. A detailed list of outstanding payments by individuals should also be appended and the Tahsildar should certify that the analysis is correct and that he has satisfied himself that the claims have not been paid. A remark should also be made against each case as to why payment was not made during the year.

Payments against outstanding claims made after the year should be noted against the respective individuals with dates of payments, and the balance after each payment should be carried forward. Before payments are made, the Tahsildar should satisfy himself that the conditions for the non-fulfilment of which the Potgi was withheld in the first instance have since been fulfilled. A certificate should also be recorded on the bills as to why payment had been deferred originally and whether the conditions have since been satisfied.

(2) The Treasury will make no payment unless it is acknowledged in the bill itself (Form 32) by the person or persons actually entitled to it with receipt stamp where necessary.

(3) Potgi allowance should not be drawn and kept in deposit under any circumstances.

(4) The Divisional Commissioner has been empowered to sanction disbursement of Potgi according to decennial revision.

The revised Potgi will be paid from the date of introduction of the revised settlement in the case of an increase and from the date of the order in the case of a decrease.

(5) For the payment of arrears claims requiring the sanction of Government or the Divisional Commissioner, the following procedure will be followed:

The Tahsildar will submit for sanction a statement in triplicate, showing the particulars of claims, the names of claimants, the amount and the period of claim,

separately for Patels and Shanbhogs (one for each year). The sanctioning authority will keep one copy, return one to the Tahsildar and the other to the Audit Office noting thereon the sanction accorded. After receipt of sanction payments will be made direct by the Tahsildar in the manner prescribed in Rules (1) and (2) the number and date of sanction being invariably quoted on each arrears bill and the number and date of the bill being entered against the particular item in the order of sanction. No arrears bill under this procedure need be sent to the Audit Officer for pre-audit. Payments made by the Tahsildar from time to time will be admitted against the sanction communicated to the Audit Office direct by the sanctioning authority.

Sanctions not operated on in one year will lapse and will require renewal.

#### **HYDERABAD AREA**

150. Vouchers for payments made are sent to the Audit Office alongwith the Treasury accounts.

#### **OTHER AREAS**

151. In the old Bombay and Madras areas, payments made by the Revenue Department are audited by the Assistant Commissioner, and vouchers are not sent to the Audit Office and only certificates of Audit are furnished to the Audit Office.

#### **MALNAD INAM PAYMENTS**

152. Malnad Inam Payments are money grants sanctioned by Government in lieu of resumed Inam Lands. The rules regulating the grant of these cash payments are given in Karnataka Revenue Manual. These grants are drawn by the Tahsildar of each taluk in the form prescribed for drawing potgi and disbursed to the parties.

Note.- With a view to prevent double payments of arrears claims of Malnad Cash grants in respect of Muzrai institutions the following procedure will be followed:

(1) In the concerned acquittance rolls maintained in Taluk offices a detailed memo of undisbursed items out of the annual allotment should be worked out and arrears claims as they come up should be verified with reference to the relative memos and duly certified.

(2) As a sort of counter-check to the entries in the registers of the Taluk Office a copy of the lists showing undisbursed items should be furnished by Taluks annually to the Deputy Commissioner and the Commissioner for Charitable Endowments. Arrear claims as they are sent up for sanction may be disposed of with reference to the lists noting therein the dates of sanction.

(3) In the Taluk Offices, the dates of subsequent payments should be noted in the lists against the concerned Institutions.

(4) A register embodying the items contained in the lists has to be maintained in the office of the Commissioner for Charitable Endowments for checking the statement subordinate officers and verifying the correctness of old claims.

## COMPENSATION FOR LAND

153. (a) The procedure to be observed for the payment of compensation for lands taken up for public purposes under Land Acquisition Act, 1894 is regulated by the rules printed in Appendix VII.

(b) In cases of acquisition of lands for public purposes, departmental officers should see that compensation is settled before possession is taken and Land Acquisition Officers should see that payment or compensation is not delayed and possession is handed over in due course to the departments concerned in a formal manner. In cases where, in contravention of this direction, possession is taken and owing to any inordinate delay in the payment or tender of such compensation, it becomes necessary to pay interest under the Acquisition Act, the Government servant or Government servant responsible will render themselves personally liable to make good such amount.

154. Government may authorise any Land Acquisition Officer to make all or any of his payments by cheques on the Treasury, provided no inconvenience is caused to the payee in consequence of the property being situated at a distance from the Treasury.

155. (i) The cost of any special establishment entertained under orders of Government by a civil officer, is when the Government servant employed as a Public Works Disburser, chargeable to the works concerned; otherwise, it is brought to account in the Civil Department. Contingent charges follow the same rule.

(ii) When land is acquired on behalf of Companies, Local Bodies, Industrial Concerns, Electricity Board, Co-operative Institutions, Central Government Departments, etc., incidental expenses to cover Establishment and Audit charges should be recovered on the following scale:

	Establishment Charges	Audit Charges
(a) Where the cost of acquisition does not	10% on the cost of acquisition	1% on the cost of acquisition
(b) Where the cost of acquisition exceeds Rs. 50,000 but does not exceeds Rs. 1,00,000	(i) 10% on the first Rs. 50,000	Rs. 500
		(ii) 5% on the excess
(c) Where the cost of acquisition exceeds	(i) 10% on the first Rs. 50,000	

Rs. 1,00,000

(ii) 5% on the  
next Rs. 50,000  
(iii) 3% on the  
excess

Rs. 500

This levy will be made irrespective of the fact whether any special establishment is entertained or not.

Note.- Departmental charges at the rate of 1/8% of the cost of land shall be levied where the State Public Works Department render advice on acquisition of land to autonomous bodies, Commercial Departments, Central Government or other State Governments and the expenditure on such acquisition does not pass through their books.

Establishment and audit charges will not however be leviable in the following cases:

(a) Acquisition of lands on behalf of Village Panchayats and Town Panchayats inclusive of smaller Municipalities with population not exceeding 10,000;

(b) Acquisition of lands on behalf of Village Co-operative Societies;

(c) Cases where a full time Land Acquisition Officer is appointed on behalf of a Local Body, and the Local Body meets the full cost of the establishment.

Government reserve the right by a general or special order to waive the recovery of these charges. In such cases the amounts forgone will be treated as grant-in-aid under the appropriate head.

155-A. In a statutory arbitration, when an award is decreed against the Government for payment of rent compensation, etc., thus imposing an obligation to make a recurring payment, every such recurring payment would be an expenditure 'charged' on the Consolidated Fund of the State.

#### **COMPENSATION TOWARDS ABOLITION OF INAMS**

156. This is regulated accordance with the Karnataka (Personal and Miscellaneous) Inams Abolition Act, 1954 and the rules issued thereunder. The compensation payable will be payable in one or more of the following modes namely:

(i) in cash, in full or in annual instalments not exceeding ten;

(ii) in bonds either negotiable or not negotiable carrying interest at the prescribed rate and of guaranteed face value maturing with a specified period not exceeding ten year.

#### **SCHOLARSHIPS AND STIPENDS**

157. The payment of Government scholarships and stipends in Government and non-Government institutions is regulated by the general or special orders on the subject, which the Government issue, from time to time. The rules relating to the Education Department are contained in the Karnataka Educational Manual.

158. Bills for Educational scholarships, stipends, etc. in respect of Aided Institutions of the Education Department shall be presented in form No. K.F.C.32-A by the Heads of Institutions or by any other competent officer who draws the establishment bills of the Institutions, to the Inspecting Officers of the Department who will countersign and return the same for being encashed. A copy of the authority or order of sanction must be enclosed to each bill. 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.

In the case of Government Institutions, no counter-signature is necessary and Heads of institutions or other competent officers, who are authorised to draw establishment bills, may draw scholarship and stipend bills enclosing a copy, of the sanction either of the Ad hoc Scholarship Committee or the Director of Public Instruction, or in the case of stipends of trainees in Training Colleges, the Principal of the concerned college.

Note.- The Accountant General will not investigate any arrears claim in respect of scholarships or stipends outstanding for over a year after it has become due, except under the orders of Government. Government may delegate this power to Heads of Departments and other officers, subject to such conditions as they deem fit;

#### **DISCRETIONARY GRANTS**

159. Discretionary grants, wherever placed at the disposal of Governmental officers, should be spent for the objects for which such grants can be made, subject to the conditions and principles laid down by Government. Generally no recurring expenditure may be incurred under this head and it is not intended that any subscriptions of a purely private nature should be debited to it.

159-A. Discretionary grant by the Governor:

(1) These are petty grants and charitable donations given by the Governor, at his discretion to institutions of a public or quasi-public character and to individuals deserving assistance from public funds. The grant is subject to audit by the Accountant General, Karnataka, Bangalore.

(2) The Secretary to the Governor is authorised to operate on this grant under the orders of the Governor.

(3) The amount required for payment out of this grant shall be drawn on Form No. K.F.C. 3 (Payees' Receipt) furnishing full details of the amount. The payees' acknowledgements shall be sent to the Accountant General subsequently. The provisions of Article 141 of Karnataka Financial Code for the drawl of bills relating to miscellaneous charges should be followed. In exceptional cases, where a voucher cannot be obtained, the Secretary to the Governor should supply the Accountant General with his own certificate that the amount was actually disbursed to the payee mentioned in the certificate. The Accountant General, Karnataka, Bangalore, may

admit the claim on the strength of such certificates furnished by Secretary to the Governor.

160. The following Rules govern the administration of discretionary grants by the Divisional Commissioners and the Deputy Commissioners of Districts: -

(1) The Discretionary grants shall be made for general purposes of public nature calculated to be of benefit to the districts under their control:

(2) The aggregate grants made in a year shall be limited to Rs.2,000 in the case of Divisional Commissioners and Rs. 1,000 in the case of Deputy Commissioners;

(3) The grant, whether made by the Deputy Commissioner or the Divisional Commissioner or by both, shall not exceed Rs.200 in any individual case;

(4) No recurring grant shall be made;

(5) There should be Budget provision;

(6) The grants shall be confined to the objects specified below and will be subject to such further restrictions as may be prescribed: -

(i) Rewards to individuals for conspicuous aid to the Police or other officers of Government:

(ii) Rewards either in money or in the form of Jewellery or dresses-of-honour, for deeds of special merit involving Personal risk of self-sacrifice, such as rescuing life, rendering disinterested service on occasions of fire, floods or other serious calamities, removing friction between classes of people, educating and uplifting the poorest classes;

(iii) Grants-in-Aid for carrying out schemes: -

(a) Contributions to local exhibitions and Philanthropic Societies:

(b) Destruction of Water Hyacinth, Pickle pea and other noxious growth;

(c) Provision of ballast's or boats for crossing streams and canals or any other arrangements for safely crossing streams which are liable to sudden floods.

(iv) Grants in exceptional cases of individual distress;

(v) Grants for any other object, which in the opinion of the Divisional Commissioner/Deputy Commissioner is calculated to promote the public well-being and contentment.

#### **GRANT - IN - AID**

Note.-A grant-in-aid can be given only to a person or body which is independent of the State Government. Accordingly, one Department of Government cannot make a grant-in-aid to another Government Department.

161. (a) The sanction necessary for payment of grants-in-aid or contribution to educational and other institutions, local bodies and co-operative societies is regulated by the orders contained in the Book of Financial Powers and orders issued by the Government from time to time. The rules governing the payment of grants-in-



aid to aided educational institutions are found in Grants-in-aid Code of the Education Department, vide Volume III. The rules governing the payment of grants-in-aid to medical institutions-Indian Medicines as well as Allopathic, are found in Appendix VII-A of this Code. The Bills for grants-in-aid sanctioned to these institutions, should be countersigned by the authorities mentioned in these rules before encashment at the treasuries.

(b) The following instructions are issued for the guidance of sanctioning authorities in the matter of according sanctions for grant-in-aid.

(1) Unless in any case Government direct otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. 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.

Note1.- As the sanctioning authorities are normally expected to sanction the amounts expected to be utilised within that year the time limit within which the grant or each instalment of it is to be spent would be one year from the date of sanction of the grant. But, in the case of grant-in-aid sanctioned for building purposes, the period would be two years from the date of sanction of the grant and in special circumstances Government may extend the period.

Note 2.- Before sanctioning Grant-in-aid to private institutions, it should be examined that the concerned institutions have the experience and managerial ability to carry out the purposes assigned to them and a machinery is devised to keep an effective and constant check to see that the money is utilised fruitfully and applied to the purposes intended.

(2) Only so much of the grant should be paid during any financial year as is likely to be expended during the year. In the case of grants for specified 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 advance of requirements. There should be no occasion for a rush for payment of these grants in the month of March.

Note.- Grants should be made available as far as possible on the basis of specific schemes drawn up in sufficient detail and duly approved by Government.-

<sup>1</sup>[(3) (i) Before a grant is paid to any Public body or Institution the sanctioning authority shall except in cases of trading or commercial organisations, invariably obtain the following set of audited statement of account of the body or institution concerned along with the Auditor's Report thereon in order to see that grant-in-aid is justified by the Financial position of the grantee and to ensure that previous grant: if any, was spent for the purpose for which it was intended: -

(a) The receipt and payment accounts of the body as a whole for the financial year;

(b) The Income and Expenditure accounts of the body as a whole for the financial year: and

(c) The Balance Sheet as at the end of the financial year for the body as a whole.

Trading or Commercial Organisations should, however, be required to furnish the audited statement of profit and loss accounts with Auditor's Report thereon instead of the Income and Expenditure accounts statement indicated at item (b) above.

Note.- Provision of this rule will not be applicable to autonomous organisations and other institutions which are governed by separate set of grant-in-aid rules and for whom separate sets of forms of accounts have been accepted by the Government for adoption and they can continue to render accounts to the Government in the forms so approved.

(ii) It is not essential for this purpose, however that the accounts should be audited in every case by the Accountant General, Karnataka and it will be sufficient therefore if the accounts are certified as correct by a Registered accountant or other recognised body of auditors. 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 in exempting any such institution from the submission of account audited in this fashion.

Note.- No Department of Government should release grants to private bodies without satisfying themselves about the stability and capacity of the private bodies to undertake the task allotted to them.]

(4) The authority sanctioning a grant while communicating the sanction to the Account 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.- The accounts of expenditure incurred out of grant-in-aid paid by Government or Local Bodies and other institutions coming under the audit control of the State Accounts Department will be subject to audit by the department.

(5) In cases in which conditions are attached to the utilisation of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent, or otherwise, the departmental officer on whose signature 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 attaching to the grant, unless there is any special rule or order to the

contrary. "The certificate should be furnished in the form prescribed below this Article not later than 18 months from the date of sanction of the grant to the Accountant General in respect of Grant-in-aid sanctioned where conditions are attached for utilisation by the sanctioning authority". 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. 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.

### FORM OF UTILISATION CERTIFICATE

Sl. Letter No Amount Certified that of Rs.....  
 No. and date of grant-in-aid sanctioned  
 during the year..... in favour  
 of ..... under this Ministry/ 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 .....

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

Kinds of Check exercised.

- 1.
- 2.
- 3.
- 4.

5.

Signature,  
Designation,  
Date.

Note 1.- The heads of Departments should observe the following instructions in connection with the sanction of grants to private bodies and institutions.

(i) The audited statements of accounts by the grantee institution etc., should invariably be sent not later than 15 months from the date of sanction of the grant. The sanctioning authority should make it incumbent upon the grantee institutions to submit the statement within the period by incorporating a clause to this effect in the sanction order.

(ii) The utilisation certificate should be submitted to the Accountant General by the sanctioning authority, not later than 18 months from the date of sanction of the grant.

<sup>1</sup>[(iii) In all cases where the total grant / loan sanctioned to the institutions exceed Rs.25.00 lakhs in a financial year, copy of the Audited accounts of the year should also be submitted to the Accountant General within 15 months of sanction. Further, copies of Audited accounts for Subsequent two years should also be sent to the Accountant General so as to fulfil the provisions of Section 14(3) of the C & AG (D.P.C.) Act.]

Note 2.- In respect of grants-in-aid sanctioned for specific approved schemes [Vide Note below Clause (2) above] the sanction order should prescribe the submission, by the grantee, of quarterly reports indicating the expenditure on each of the objects as detailed in the scheme. These reports should be scrutinised by the departmental officer concerned to check whether there have been any variations or unauthorised diversion of funds.

Note 3.- (a) There should be a condition in the sanction order that the grantee institution should maintain a record of all assets acquired wholly or substantially out of the Government grant and subject it to the audit of the State Accounts or other Government Department to be specified in the sanction order, unless the institution is specially exempted by the sanctioning authority, under clause (3) of this Article, from the submission of audited accounts for the expenditure incurred out of the grant.

(b) There should be a further condition that the assets referred to in (a) above should not, without the prior sanction of Government, be disposed of, encumbered or utilised for purposes other than those for which the grants are sanctioned.

Explanation.- The term 'assets' used in clauses (a) and (b) of the Note, refer to (1) immovable properties and (ii) moveable properties of a capital nature exceeding Rs.500 in value in each case.

Library books and articles of furniture, do not fall within the definition of the term 'assets' but an inventory of such articles should nevertheless be maintained by the authorities and produced at the time of audit

(c) The following procedure should be adopted in regard to (a) and (b) above: -

(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 Form 32-B of the 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 Form 32-C or 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 to scrutiny by Audit.

Note 4.- The Head of every Department shall, in respect of each class of grant paid during the year, submit to Government annually, by the 15th May of the following year a performance or achievement report. The Government will review the utilisation of the grant where feasible and desirable with the assistance of some leading non-officials interested in the object or scheme and issue where necessary, suitable orders so as to regulate the payments of grants-in-aid in future. Such orders will issue in the Finance Department.

The annual reports of autonomous/statutory bodies are ordinarily laid on the table of the Legislature. In such cases, the Administrative Departments of Secretariat need not incorporate performance-cum-achievement reports in the Annual Administrative Reports. In all other cases if the Grants-in-aid exceed the monetary limits prescribed in Article 161-A of the Karnataka Financial Code, the Administrative Departments should include in their Administrative Reports a review of the utilisation of the Grants-in-Aid individually specifying in detail the achievements vis-a-vis the amounts spent, the purpose and destination of the grants. In cases where the Grants- in-aid are for amounts less than the monetary limits prescribed in Article 161-A of the Karnataka Financial Code, 1958, the administrative Department should include in the administrative reports their own assessment of the achievements or performances in a general way for facility of a complete and comprehensive study of the Grants-in- Aid by the Department.

Where the accounts of the grantee Institutions are audited by the Accountant General, Karnataka, Bangalore copies of the performance-cum-achievement reports, furnished by the grantee institutions to the administrative departments/ sanctioning authority should be made available to audit. In other cases, copies of such reports, received by the administrative department or the sanctioning authority, should be made available to audit when local audit of such grants-in-aid in the office of the administrative department or sanctioning authority is conducted or when it is called for by the Accountant General.

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

(i) Deleted.

(ii) That any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to Government.

(iii) That portion of the grant-in-aid amount to be paid to the Public Libraries in the form of reading materials may be drawn by the countersigning authorities on the detailed contingent bills and endorsed in favour of suppliers.

Note 1.- The authority sanctioning a recurring grant-in-aid to the same institution for the same purpose shall furnish a certificate in the sanction order to the effect that the unspent balance of the previous grant, if any, has either been surrendered to Government in cash or has been adjusted against the subsequent grant to which the sanction order refers.

Note 2.- The voluntary organisations receiving grant-in-aid from Government for the implementation of various programmes under the 'Public Co-operation Schemes' in respect or continuing Schemes, may retain with them at the end of the financial year, an amount of unspent balance equivalent to the estimated expenditure in the first two months of the following financial year subject to the condition that the above procedure should be followed only in exceptional hardship and this procedure should not be resorted to frequently and the unspent balance should not be carried forward as a matter of course. Amounts held in excess of the requirements for the first two months of the following year, should, without fail, be recredited to Government.

(7) Grants-in-aid in the nature of reimbursement of expenditure already incurred by the grantee may be sanctioned only to meet such expenditure already incurred not earlier than a year prior to the date of issue of the sanction.

(8) Before the grant is released, the grantee should be required to execute a bond with two sureties to the Governor of Karnataka, 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 condition or committing breach of the bond, the grantee and the sureties individually, and jointly will be liable to refund to the Governor of Karnataka the entire amount of the grant with interest thereon or the sum specified under the bond.

Note 1.- The Grantee institutions are exempted from payment of stamp duty on such bonds. The stamp duty on the bond shall be borne by Government.

Note 2.- To enable the audit to verify that this condition has been fulfilled a certificate to the effect that the grantee has executed the requisite bond or has been exempted from doing so, 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.

Note 3.- While obtaining the prescribed bond, where it is necessary, the requirement of furnishing the sureties in addition, need not be insisted on if the grantee institution or Organisation is a Society registered under the Karnataka Societies Registration Act, 1960 or is a co-operative society or is an institution of standing in whose case such Sureties are not considered necessary by the sanctioning authorities concerned.

Note 4.- In the event of the failure of the grantee to comply with the conditions or committing breach of the bond, he should be charged interest at 6 per cent per annum on the amount of grant-in-aid ordered to be refunded. A recourse to the enforcement of recovery of interest should be had in consultation with the Finance Department. A brief mention of the breach and the decision of the sanctioning authority about the charging of Interest as well as reference to the orders issued should also be made in the utilisation certificate to be furnished under Note-I of clause 5 of the above Article.

Note 5.- These instructions will not apply to the grant-in-aid paid to quasi-Government or Government-aided organisations and Local Bodies. For the purposes of the grant-in-aid the following types of institutions or organisations are treated as quasi-Government and Government aided organisations.

(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 Karnataka Societies Registration Act, 1960 or otherwise.

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

(a) whose annual budget is approved by the Government.

Or

(b) Government is adequately represented and associated with the Boards of Management or Committee of Management's of the Institutions.

(9) The following principles should be kept in view by the sanctioning authorities while sanctioning grants to Institutions, etc., for building purposes:

(a) It should be ensured that the building grant is sanctioned for the minimum area required for the purpose of the grantee institution.

(b) 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:

(c) 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 as stated in clause (8) above will also be got executed by the grantee Institutions.

<sup>1</sup>[161-A(1) Subject to the provisions of any law for the time being in force applicable to an autonomous body or authority, the audit and report on the audit of all receipts and expenditure of a body or authority substantially financed by grants or loans from the consolidated fund is entrusted to the Comptroller and Auditor General of India under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. For this purpose such body or authority shall be deemed to be substantially financed by grants or loans, if -

(a) the total assistance (Grant/Loan/Subsidy/ Rebate) paid from the consolidated fund of the State Government in a financial year is not less than Rs. twenty five lakhs and is not less than seventy five per cent of the total expenditure of that Body/Authority.

(b) notwithstanding anything contained in Clause (a), if the grants, loans, subsidies and rebates to a body or authority from the consolidated fund in a financial year are not less than Rs. one crore and previous approval of the Governor is obtained.

Note.- The test for determining whether a body / authority falls under Section 14 of the Act may be applied with reference to the normal accounting period of that body/authority.

(2) Where the receipts and expenditure of any body/ authority are by virtue of the fulfilment of the conditions, specified in sub-clause (1) above are audited by the Comptroller and Auditor General of India in a financial year, he shall continue to audit the receipts and expenditure of that body/authority for a further period of two years notwithstanding that the conditions specified in sub-clause (1) are not fulfilled during any of the two subsequent years.

(3) To facilitate the Accountant General to identify the institutions for audit under sub-clause (1) and (2) and also for conducting audit in time, all the Departments in the Secretariat shall furnish to the Accountant General (Audit-1) an exhaustive Department - wise list of sanctioning authorities who are empowered to sanction Grants/Loans/ Subsidies/Rebate etc., to the bodies/institutions/authorities during a particular financial year not later than the 1st June of the succeeding financial year. The orders sanctioning Grants/Loans/Subsidies should specify where-



ever necessary that the accounts of the autonomous bodies/authorities/institutions are subject to audit scrutiny of Comptroller and Auditor General of India. All the sanctioning authorities who are empowered to sanction Grants/Loans/Subsidies/Rebate etc., should endorse a copy of their sanction order as and when issued and also a statement of such sanction orders issued during a particular year in the following proforma to the Audit (the Accountant General (Audit-I), Bangalore) not later than the 1st June of succeeding financial year.

**PROFORMA**

Sl. No.	San ction order No. and date	Particulars of Grantee along with postal address	Amount of Grant/ Loan/ subsidry/ Rebate	Pur- pose	Con dition if any	Parti- culars of the scheme
1	2	3	4	5	6	7

(4) In addition the Grantee Institution/Authorities/ Bodies shall furnish the following information to the Accountant General:-

(i) the audited financial statement of accounts consisting of receipt and payment account; income and expenditure and balance sheet for that financial year;

(ii) a statement containing unspent balances of grant/subsidy/loan granted during the previous financial year; receipt from Government of India and State Government (in case of several State Governments, Government - wise details); the amount received as grants/loans/subsidy during that financial year from Government of India and State Government;

(iii) the expenditure incurred during the financial year (both capital and revenue expenditure excluding payments towards deposits, investments, income tax recovered, advance to staff, transfer of cash between office and bank to be specified) (to be furnished before 1st June of the succeeding financial year).

Note 1.- In the case of grants or loans not coming under the purview of Section 14, the Comptroller and Auditor General of India can still under Section 15 of the Act scrutinise the procedure by which the sanctioning authority satisfied itself as to the fulfilment of the conditions subject to which such grants or loans are given and shall for this purpose have right to access to the book and accounts of that authority or body.

Note 2.- In the other cases where the Administrative Department desire that the accounts of a body or authorities should be audited and certified by the Comptroller and Auditor General of India, they may initiate proposals for the entrustment of Audit to Comptroller and Auditor General of India under section 19

(3) and 20 of the Act irrespective of the fact whether Section 14 of the Act has been attracted (or is likely to be attracted) or not in a particular year. The accounts audited under section 19 (3) shall be submitted to the Government and are being placed before the Legislature.

(5) The orders sanctioning grants/loans/ subsidies /rebats should specify, wherever necessary that the receipts and expenditure of the assisted body/authority are subject to audit by the Comptroller and Auditor General of India. The sanctions should also indicate the responsibility of such bodies/authorities to comply with the conditions in sub-clause (4) above.]

162. The following instructions should be strictly observed in connection with the sanction and payment of grants-in-aid to public bodies or institutions or statutory bodies.

(a) Once a Grant-in-aid has been sanctioned, it is the responsibilities of the grantee to prepare and submit the bill in the form annexed to the countersigning authority for signature and the Treasury Officer for payment. In no case, therefore, should the office of the sanctioning authority do this work on behalf of the grantee. There is, however, no objection to the grantee being guided in the preparation of the Bill, such guidance taking the form of supply of blank form and indication of the particulars to be filled in.

(b) Before a bill is accepted, it should be particularly seen that the conditions, if any, attached to the grant have been accepted by the grantee without any reservation,

(c) A Register of Grants containing the following columns should be maintained:

(i) Serial No.;

(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;

(ix) Date by which audited statements of account etc., are required to be furnished by the grantee;

(x) Date by which utilisation certificate is required to be furnished by the sanctioning authority to the audit office;

(xi) Date by which audited statements of accounts are actually received. The reasons for delays in receipt of such statements as well as efforts made by the

sanctioning authority/countersigning authority to expedite submission of such statement should also be indicated in the register;

(xii) Date of submission of utilisation certificate to the audit office, in case there is delay in submission of utilisation certificate to audit, the reasons therefor should also be indicated,

(xiii) Unspent balance, if any, (Indicate whether the unspent balance has been Surrendered by the grantee institution);

(xiv) Whether the register has been reviewed by the superior officer during his periodical visits to the office of sanctioning authority. Any delay in receipt of audited statements of accounts from the grantee institutions or submission of utilisation certificate should be specifically brought to his notice with relevant reasons for the delay. The Accountant General should also be informed of the reasons for delay.

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' bill have been vested with an authority other than sanctioning authority under Article 208-A of the Karnataka Treasury Code, the register should be maintained by the countersigning authority and not the sanctioning authority.

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 sanctioning or countersigning authority, as the case may be. 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. 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 columns (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 the 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 installments, if any, in the case of lumpsum sanctions."

(d) In case the amount of grant-in-aid is considerably small and it is not convenient to follow the procedure laid down in clause (a) regarding the preparation

and presentation of a bill by the grantee, the procedure to be followed should be settled in consultation with the Audit office.

In cases where it is agreed between the sanctioning authority and the Audit Officer that grants-in-aid may be drawn by the departmental authorities on contingent bills and then paid by them to the grantees on simple receipt without requiring the latter to present a regular bill, the register prescribed in clause (c) should be maintained with the following changes:

(i) Column (vi) of the register should bear the heading "date of drawal of bill" ;

(ii) Column (viii) of the register should bear the heading "dated initials of the drawing officer":

(iii) The following two additional columns should be added in the register in such cases;

(a) Column (ix)- "Date of payment to the grantee".

(b) Column (x)-"Dated" initials of the Disbursing Officer.

**GRANTS-IN-AID BILL**

No .....

Heads of Accounts.....received the sums of Rs..... (.....) being the grant-in-aid for the period..... sanctioned by..... No.....dated..... (copy enclosed). Dated .....

Signature.

Designation.

Countersigned for Rs..... Date .....

Signature.

Designation.

For use in Treasury

Pay Rs .....(.....)

Examined.

Treasury Officer.

Treasury Accountant.

Date .....

For use in Accountant General's Office

Admitted Rs .....

Objected to Rs .....

Reason of objection.....

Auditor.

Superintendent.

Gazetted Officer.

**ADMINISTRATION AND OPERATION OF THE GRANTS PROVIDED IN THE BUDGET FOR AFFORDING RELIEF TO THE SUFFERERS IN ACCIDENTAL FIRE AND ARSON CASES.**

162-A. Following are the rules for the administration and the operation of the grants provided by Government in the budget of each year for affording relief by way of grants to the sufferers in the accidental fire cases in the State:

(1) The Divisional Commissioner shall be the Chief Controlling Authority for the administration of the funds. He will distribute the grants sanctioned in each year to the several districts.

(2) The grant need not be confined to persons paying Land Revenue to Government. Relief will be extended to all sufferers in fire accidents who are really poor and require Government help for rehabilitation.

(3) The extent and nature of relief shall have a direct bearing to the immediate needs of the sufferer with particular reference to the number of members in the family, and his minimum requirements for getting rehabilitated in his previous occupation or employment. The relief given need not necessarily be in proportion to the extent of loss sustained by the sufferers as it is neither possible nor necessary that the sufferer be given relief fully for the loss he might sustain due to the fire accident.

(4) The Tahsildar shall investigate and determine the extent and nature of relief to be given in each case with the due reference to the above factors.

(5) Each family shall be treated as a unit for purposes of the grant of relief.

Note.- 'Family' for purposes of these rules means wife or husband, legitimate children and stepchildren residing with and wholly dependent on the sufferer and includes in addition, his parents, sisters and minor brothers, if residing with and wholly dependent on him.

(6) The maximum amount of relief for any one family shall not exceed ordinarily Rs.500.

(7) The Tahsildars and Assistant Commissioners are authorised to sanction relief not exceeding Rs.50 and Rs.100 respectively, to each family. The Deputy Commissioners are empowered to sanction relief not exceeding Rs.250 and the Divisional Commissioners to sanction relief not exceeding Rs.500 to each family. Cases of relief exceeding the limit of Rs.500 shall require the sanction of Government.

(8) (a) The preceding rule is subject to the following limits:

Sl. No.	Name of the Officer	Maximum limit upto which the powers under the preceding rule are to be exercised
1.	In the case of Tahasildar	Not exceeding Rs.1,000 in any one case of accidental fire
2.	In the case of Assistant Commissioner	Not exceeding Rs.2,000 in any one case of accidental fire
3.	In the case of Deputy Commissioner	Not exceeding Rs.10,000 in any one case of accidental fire
4.	In the case of Divisional Commissioner	Not exceeding Rs.20,000 in any one case of accidental fire

(b) cases exceeding the limit of Rs.20,000 shall require the sanction of Government.

Explanatory Note.- For purposes of this Rule:

(a) One case of accidental fire shall mean one fire accident in a village or town involving one or more families:

(b) The amount noted in column (3) represents the total amount of relief that can be afforded in a fire accident.

(9) Cash relief should just cover the cost of foodgrains and clothing, if any needed immediately.

(10) Building materials may be given free according to the requirements of each case. The value of the building materials supplied from forests may be paid direct by the Revenue Department to the Forest Department. In the case of Scheduled Castes and Scheduled Tribes, the material is supplied free of cost.

(11) Cash relief sanctioned in each case shall be disbursed by the Tahsildar.

(12) Cash relief may be granted to each of the sufferers in fire accidents on the following basis:

(a) For loss sustained up to Rs.10 cash relief up to Rs.20;

(b) For loss sustained, between Rs.100 and Rs.500 cash relief of Rs.20 to Rs.50;

(c) For loss sustained between Rs. 500 and Rs. 1,000 cash relief of Rs.50 to Rs.70;

(d) For loss sustained above Rs.1,000 cash relief up to Rs.100.

(13) Cash relief at the scale laid down in rule 12 will be in addition to other reliefs that may be sanctioned by the Revenue and Forest Officers by way of grant of building materials. The total relief including the value of building materials shall not exceed Rs.500 for any one family as laid down in rule 6.

Note.- Under this rule, the value of clothes and foodstuffs to be supplied to the sufferers in addition to other reliefs by way of free grant of building materials may be adjusted towards the relief permissible only when they are paid from Government funds and not from local help or contributions.

As regards the procedure regarding grant of relief to the sufferers Government considers that no hard and fast rules can be laid down regarding the quantum of relief to be granted as the method and extent of such grant will mainly depend upon the nature and extent of loss sustained, the social and financial position of the sufferers, the amount required to provide food, clothing and temporary shelter immediately, the contributions raised from the public or charitable institutions, etc. The Revenue Officers should therefore decide the quantum of relief and the method of its distribution having regard to the circumstances of each case, keeping in view the principle that Government aid is necessarily restricted to supplementing private charity.

With regard to the supply of timber or building materials the following procedure should be observed:

(i) The Revenue Officers may grant unreserved timber from Government waste lands other than those constituted as State forests or vested in other Departments. The value of such grants should not exceed the cash relief which the Officer concerned can grant. Reserved trees should not be granted.

(ii) Where suitable timber is not available in Government waste lands under the control of the Revenue Department within reasonable reach of the person affected, the Revenue Officer will issue an authority in the Forest Department to permit removal of such timber as the Forest Department may select up to the value specified in the permit. The value of the timber granted together with cash relief, if any, should not exceed the grant admissible in the case.

(iii) On receipt of the authority from the Revenue Officers, the Forest Department will select and mark the trees which should be cut and removed by the grantee.

The expenditure on account of grant of relief to sufferers is the accidental fire should be met from the provision made under "64. Famine Relief-d Gratuitous Relief-E. Expenditure on account of Gratuitous Relief to Victims of flood, fire accidents and other natural calamities".

Note.- Grant of relief in case of the fire victims need not be confined only to sufferers in incidental fires. The relief may also be given to poor persons who suffer on account of arson provided that the relief shall not be available to persons against whom any criminal proceedings have been launched by the Police till such persons are cleared by competent Courts".

162-AA. Rules regulating the grant of relief to sufferers of flood havoc-

(1) The Divisional Commissioner shall be the Chief Controlling Authority for the administration and regulation of the relief.

(2) The following are the cases, where relief would be admissible: -

(i) Loss of human lives.

(ii) Loss of cattle.

(iii) Damage to houses.

(iv) Damage to standing crops or crops sown.

(v) Damage to other properties such as irrigation bunds, pump houses, etc.

(vi) Damage to lands by heavy deposit of silt or by erosion rendering lands unfit for cultivation.

(3) The relief and its quantum will be governed by the following conditions: -

(a) The relief will be limited to the minimum needs of the sufferer to tide over the distress with particular reference to the number of members in the family and for getting him rehabilitated in his previous calling.

(b) It should be adequate enough to make the sufferer feel that he is not left destitute and uncared for.

(c) The amount of relief should not exceed what is quite necessary to supplement private charity.

(d) The quantum of relief should be decided on without delay and dispensed quickly.

(e) It shall in no case exceed the loss sustained by the individual.

(4) In the case of loss of human lives and cattle and damage to houses, the permanent solution of shifting the houses in the low-lying areas to higher regions which can be considered free from danger of floods even during the peak years should be adopted. No relief is admissible to people who persist in residing in their places exposed to danger of floods even after they are offered sites in higher regions.

The relief in such cases will be governed by the following conditions: -

(i) Grant of building sites, free of cost, either out of available Government lands in the vicinity or by acquiring suitable lands for their rehabilitation in exchange for the abandoned sites, the cost of acquisition being borne by Government.

(ii) Grant of building materials free of cost, the extent of grant being regulated with reference to the number of members in the family of the sufferer and his need for assistance.

(iii) The materials should be supplied from the nearest Forest depots, the transportation and other incidental charges being levied from the grantees. Mafi passes to fetch such materials should not be issued.



(iv) The maximum value of building materials to be granted in any one case shall not exceed Rs.300 per house calculated at the prevailing seigniorage rates of the Forest Department.

(v) The Revenue and forest Departmental Officers who are empowered to grant building materials free shall exercise those powers in those cases also.

(5) In the case of loss of, or damage to crops, where no crop is realised, the assessment on the lands will be remitted in full.

(6) No other relief is admissible ordinarily for damage to crops or other property. Where the persons are, however, deprived of their all and are reduced to a state of destitution, relief by way of cash grant may be dispensed up to a maximum of Rs.500 per family on the following sliding scale subject to the principles enunciated in clause (3) above: -

(i) for loss sustained upto Rs.200-Full extent of the loss.

(ii) for the loss of more than Rs.200 but not more than Rs.1,000-50 per cent of the loss subject to a minimum of Rs.200.

(iii) for loss exceeding Rs.1,000-Cash relief of Rs. 500.

The cash relief indicated above will be in addition to the grant, where necessary, of building materials of the value not exceeding Rs.300 as provided in clause 4 (iv).

The overall cash relief should not exceed Rs.500 per family. Each family shall be treated as a unit for the purpose of grant of relief.

Note.- Family for purposes of these rules means wife or husband, legitimate children and step children, residing with or wholly dependent on the sufferer and includes in addition, his parents, sisters and brothers, if residing with and wholly dependent on him.

(7) The Revenue Officers competent to grant relief for victims of fire accident indicated in Article 162-A, are competent to grant cash relief in respect of flood havoc also. Cases exceeding these limits shall be submitted to Government for orders.

(8) In respect of lands damaged by heavy deposit of silt or by erosion, rendering the lands unfit for cultivation full assessment on the lands may be remitted or the period during which the lands remain unfit for cultivation. This period shall not exceed three years in any case.

(9) Where it is considered necessary, long-term relief by way of loans may be given by Tahsildars to enable the sufferers owning lands to rehabilitate in their former avocation, to the extent of loss sustained by the individual, subject to the following Conditions:

(i) The loan will be interest-free.

(ii) it shall not exceed the value of loss sustained by the sufferers or Rs. 1,000 whichever is less in any case.

(iii) The period of repayment shall not exceed 10 years.

(iv) The loan will be limited to Rs.200 per acre in the case of wet or garden lands and Rs. 50 per acre in the case of dry lands.

(10) The expenditure on account of gratuitous relief is debitable to 64. Famine Relief-D. Gratuitous Relief-E- Expenditure on account of Gratuitous Relief to victims of flood, fire accidents and other natural calamities”.

The loans sanctioned will be debited to the head. “Q. Loans and Advances by State and Union Territory Governments Miscellaneous Loans and Advances (e) Other Loans-Aid against floods, rains, fire, accidents, etc.

Note.- Damages caused due to hailstones, storms, lightning, earth quake and cyclone are also treated as natural calamities and relief to be afforded to sufferers in such calamities by way of cash grants and building materials will be as per the scales mentioned in clause (6) of Article 162-AA.

“Payment of gratuitous relief to the families of persons who loose their lives in the accidents, arson, floods, cyclones, lightening storm and hail-storm”.

162-B. The following are the rules regulating the grant or relief to the bereaved families of the persons killed in natural calamities like fire accidents, arson, floods, cyclones, lightning, storm and hail-storm: -

1. These shall be applicable throughout the Karnataka State.

2. They shall apply to all the families of persons who loose their lives in fire accident, arson and other natural calamities such as floods, cyclone, lightning, storm and hail-storm subject to the conditions noted below: -

(i) the deceased persons should have been the sole earning member of the family as per definition of family under Clause-5 of Note below Article 162-A of Karnataka Financial Code.

(ii) the income of the deceased person should have been below Rs.1,200 per annum.

3. The heirs of the deceased or killed will be sanctioned by Government a lumpsum grant of Rs.250 and monthly payment of Rs.30 for a period of five years from the date of sanction and in the event of death of the payee of the bereaved family before the expiry of five years the relief is payable to the next heir, if any, in the family in the order of merit as indicated hereunder: -

(a) (i) to the surviving widow or if there are more widows than one, all of them in such manner as Government may deem fit, if the deceased is a male member or to the husband if the deceased is a female member;

(ii) failing a widow or husband, as the case may be, to the eldest surviving son:

(iii) failing (i) and (ii), to the eldest surviving unmarried daughter;

- (iv) these failing to the eldest widowed daughter, and
- (b) in the event of no pension becoming payable under clause (a) the pension may be granted: -
  - (i) to the father;
  - (ii) failing the father to the mother;
  - (iii) failing the father and the mother to the eldest surviving brother below the age of 18.
  - (iv) these failing to the eldest widowed daughter, married sister,
  - (v) failing (i) to (iv) to the eldest surviving widowed sister;

4. The gratuitous relief amount sanctioned under this scheme will not be liable to attachment under any process of law.

5. Each Tahsildar shall make in respect of grantees in his area yearly verification of the fact that the grantee is alive. The verification shall be made by the Tahsildar once in a year and a report sent to Government (Revenue Department) through the Deputy Commissioner of the District before the end of March.

6. The District Treasury Officer/State Huzur Treasury Officer shall be the authority for the payment of amount.

7. The monthly payment shall become due for payment only on the expiry of the month to which it relates.

8. It shall be the duty of the grantee to intimate any change of his/her address to the Tahsildar who will in turn advise the District Treasury Officer/State Huzur Treasury Officer, who makes the payment.

9. Every grantee will be provided with an identification card furnishing therein his/her marks of identification, his passport size photo, the monthly gratuitous amount payable to him/her.

162-C. The rules governing the grants for construction of houses by Scheduled Castes, Scheduled Tribes, Ex-criminal Tribes and Nomadic and Semi-Nomadic Tribes are detailed in Appendix VII-B.

### **CONTRIBUTIONS**

163. As it is considered inexpedient that different departments of the State should, in their Individual names, make contributions towards one and the same object of public utility, Heads of Departments will forward to Government all applications for help for such purposes. In deserving cases, a State grant will be sanctioned in the name of Government.

## **CHAPTER X STORES**

**(The stores Purchase Rules are contained in the Stores Purchase Manual).**

### **STOCK ACCOUNTS**

164. (a) Heads of Offices and other entrusted with the care of stores of any kind, e.g., raw materials and consumable stores in all manufacturing, trading or consuming departments, apparatus, instruments, plant and machinery, office furniture, and other office stores like books, forms, stationery, safes, locks, bicycles, clocks, lamps, etc., are responsible for taking all due care for the safe custody of such articles and for maintaining suitable accounts and inventories so as to prevent losses to Government by accident, theft, fraud or negligence. For securing this object, it is important that each item of receipt and issue (or disposal) of stores should be recorded concurrently as it occurs in suitable stock registers or inventories so that it should be possible at any time to check the actual balance with the book balances. It should also be possible to check the expenditure on stores with the help of the stores records and vice versa- vide the certificate prescribed at the foot of the contingent bill forms.

(b) The exact forms in which the stores accounts described above should be kept depend on the nature of the stores, the frequency of transactions and the special circumstances of each department. Thus, the accounts to be kept for consumable stores like dietary stores in a hospital or jail of which there are numerous and varied transactions, differ very materially from those be maintained of the articles of furniture in the office.

Separate stock accounts or inventories should be maintained of-

(i) raw materials and consumable stores in all manufacturing, trading, development and other departments, and

(ii) office furniture such as chairs, tables, racks, stools, benches, trays, etc., and other office stores excluding books, forms and articles of stationery but including live-stock and other stores and movable property in the custody of each Government servant such as iron safes, locks, scales, weights, tents, machines, lamps, bicycles, clocks, etc.

165. Raw Materials and Consumable Stores.- A stock account of these stores should be maintained in the forms prescribed in the respective departmental Manuals, Codes or orders. The main features of the accounts required are the maintenance of Day Books of receipts and issues recording the transactions as they take place, and of a ledger for each kind of article showing the receipts, issues and balances.

In the case of departments for which, no specific forms or rules have been prescribed by general or special orders of Government or in any of the departmental Codes or Manuals, Forms 33 and 34 may be used.

Note.-The issue of stores should as far as possible be on indents duly passed by an authorised officer.

166. Furniture and other office stores.- In the case of office furniture and other office stores a Day Book in Form 34-A and a sample ledger account in Form 34 for each kind of article are sufficient. The form of ledger provides for noting the receipts, disposals (due to damage, loss, transfer or sale) and balances. Articles purchased or supplied should be immediately brought to account. Once a quarter, these registers should be verified and the result reported to the head of the office.

Note 1.- In the case of furniture in large offices distributed over several rooms, the head of the office may have inventories which may be in each room kept up-to-date to facilitate the annual verification of stock and to fix the responsibility for losses.

Note 2.- In the case of libraries and museums, catalogues are also maintained besides the prescribed inventories.

Note 3.- In case of forms and stationers, stock books should be kept in accordance with the stationary rules.

167. The object of the above provisions is to enable the Government servants to realise their responsibility in respect of Government property and to indicate the general and essential principles on which accounts of stock are kept. The actual system to be followed in any particular case will be depend on the circumstances of each case and where a particular system prescribed in any Manual or Code is already in force, it need not be changed. Where the existing systems are defective or where no accounts are kept at all, Heads of Departments and offices should see that the necessary accounts are kept as far as possible, in conformity with the principles contained above.

### **STORES LOST OR RENDERED OBSOLETE, SURPLUS OR UN-SERVICEABLE**

#### **Stores Lost**

168. (a) If stores are lost by fire, theft, etc., and their value becomes irrecoverable, previous sanction of the competent authority should be obtained for their write-off before the missing articles are eliminated from the store accounts, numerical or otherwise, vide Article 306. If however, the cost of missing stores is recovered fully, they may be eliminated from the accounts without an order of write-off.

<sup>1</sup>[Heads of Department may declare stores as obsolete surplus or un-serviceable and dispose them of upto Rs.1,000 each time and Rs.5,000 per annum. Joint Director/Controlling Officers may declare Stores to the extent of Rs.200 each time and rupees 1,000 per annum, as obsolete surplus or un-serviceable and dispose them of.]

Stores rendered obsolete, surplus or un-serviceable.

(b) (i) Subject to any special rules or orders applicable to any particular department, whenever stores become obsolete, surplus or unserviceable for whatever reason, they should be declared as such and disposed of by sale or otherwise under the orders of competent authority by submitting to him a survey report in Form K.F.C. 34-B. After such disposal, they may be eliminated from the accounts without an order for write-off which is required only when the stores are lost and their cost becomes irrecoverable.

(ii) Each order declaring store as obsolete, surplus or unserviceable under (b) should indicate the causes leading thereto and how the condemned stores are to be disposed of, i.e., whether by sale in public auction or otherwise or by destruction in the case of useless and irreparable materials, such an order would be sufficient to cover the loss to Government, if any. A copy of each such order should be endorsed by the competent authority to the Accountant General. The head of the office should record full particulars of all condemned stores in Form 34-B of Karnataka Financial Code from which their disposal can be watched.

Where the competent authority holds that stores have become unserviceable, obsolete, or surplus owing to negligence, fraud, etc., on the part of individual Government servants, it will be necessary to fix the responsibility for the loss and to devise measures to prevent recurrence of such cases.

<sup>1</sup>[Note.- Advertisement in news papers for disposal of Articles and empty bottles, containers etc., shall be inserted only when the amount expected to be realised by sale in public auction of condemned stores, is more than Rs.2,500/-. In other cases, local quotations may be called for from three or more known firms and also published in the office notice board. However, in respect Public Works Department and Irrigation Department the procedure prescribed in Karnataka Public Works Departmental code and Departmental Rules shall be followed.]

(iii) Where the articles are sold by public auction the head of the office or any other Gazetted Officer should invariably attend the auction and record the final bids ;

(iv) The Head of the office or any other Gazetted Officer should also be present when the article sold are released, his presence being most essential when the release of the articles takes place sometime after the auction, or when It involves processes such a weighthment, etc. ,

(v) The Sale Account should be in Form K.F.C. 34-C. It should be signed by the Officer who supervised the auction after comparing the entries made in that Account with the list of such stores in Form 34-B, vide sub-clause (ii). If the articles are released in the presence of an officer other than the one who supervised the auction, the entries in column 9 of the Sale Account should be attested by dated signature of such officer;

(vi) The sale proceeds should be treated as a miscellaneous receipt of the department concerned.

The term "value of stores" for the purpose of issue of sanction for the write-off of irrecoverable value of stores lost, or for condemnation of unserviceable, obsolete or surplus stores should be taken as (a) the book value where priced account are maintained and (b) the replacement value, i.e., market value (at the time of issue of sanction for the write-off/disposal) of an article of similar nature whether old or new where no such accounts are maintained.

### **VERIFICATION OF STORES**

169. Stores should be verified periodically in the manner prescribed for each department, in any case, at least once a year. Subject to any special rules or orders, consumable stores and raw materials should be checked annually by the Government servants in charge of them and a report of verification should be sent to the controlling authorities, who will check the inventories in the course of their inspections.

In the case of furniture and other office stores, the stock should be verified at least once a year (in April) by the head of the office or one of his Gazetted Assistants. A certificate of check should be submitted to the controlling officer, where there is one, signed by the head of the office who will be held responsible for the proper maintenance of the registers and the correctness of the verification report, whether he conducts the verification himself or entrusts it to a Gazetted Assistant.

Note 1.- When there is a separate store-keeper in charge of stores, the verification of stock prescribed in this Article should be done by another Government servant.

Note 2.- A certificate in Form 35 will also be attached to the salary bill of the Heads of offices for April payable in May. When there is a transfer of charge, a similar certificate should be attached to the first pay bill of the relieving Government servant presented for payment. Explanation for the difference in stock, if any, and action taken thereon should be furnished in these certificates.

Exception.- In respect, however of the heads of Government Colleges, the certificate in form Karnataka Financial Code 35, will be attached to their pay bills for the month of July.

Note 3.- With a view to preventing delay in the annual physical verification of stores (Stock, Tools and Plant and materials at site account including roadside materials) and the despatch of the copy of Part III (Review) relating to Stock and of the certificate relating to Tools and Plant due to the Chief Engineers concerned and of the Annual Certificate of suspense balances due to the Accountant General the certificates should be sent by the Government servants concerned along with their salary bills for July and December of each year to the effect that necessary stores verification has been carried out and returns due to the Chief Engineers and the Accountant General have been despatched on the due dates.

The form of the Certificate should be as follows:

Certified that the following returns and certificates have been submitted with this office letter No..... dated ..... to the concerned officers on the prescribed date as indicated below :-

Name of the submission	Prescribed date of	To whom submitted	returns	etc.
1	2	3		
(i) Part III Review of Register of stocks for the half year ended 30th September and 31st March	15th December and 15th July respectively	To the concerned Chief Engineers.		
		Copy to be endorsed to the Chief Engineer (Communications and Buildings).		
		To the Chief Acc-ounts Officer of the project in the case of projects having pre-audit set up		
(ii) Certificate printed in Part-III Shortages await-ing adjustments of the register of tools and plant	On or before 15th December	To the concerned Chief Engineers, copy to be endorsed to the Chief Engineer (Communications and Buildings).		
(iii) Annual Certificate of suspense balance	20th May	To the Accountant General.		

Note 4.- (i) The Executive Engineer should furnish a certificate on the pay bill for June to be encashed in July every year to the effect that the pass books or intimations in respect of all irrigation works taken up and completed during the year and for which contribution and water rates are leviable have been sent to the revenue authorities concerned in complete form.

(ii) The Tahsildars should also furnish a certificate on their pay bill for June to be encashed in July every year, to the effect that the demand has been booked in respect of all irrigation works for which pass books, etc., have been received from Public Works Department.

Note 5.- (i) Accounts in respect of receipt, issue and stock of forms and registers should be maintained and verification of their stock should be conducted properly and promptly as prescribed under the rules for printing and supply of forms and registers to Government Offices;

(ii) The forms and registers should not be used for the purposes other than those for which they have been prescribed under the rules;



(iii) The accounts maintained in respect of receipt issues and stock of forms and registers should be made available to the Audit party of the Office of the Accountant General, Karnataka, Bangalore at the time of local audit of the respective offices for verification and scrutiny as is being done in case of stationery articles, and

(iv) A certificate regarding verification of Stock Register of forms and registers, should be attached to the salary bills of all heads of offices for the month of April payable in the month of May, as is being done in case of furniture and other office stores.

The above rules are also applicable to the City Improvement Trust Boards of Bangalore and Mysore and to the Executive Engineers or the Assistant Engineers working therein who are in charge of the Stock, Tools and Plant, materials at site, etc., of the stores of the Boards concerned, the Chairman of the concerned Board exercising the powers of the Controlling Officer for granting extension of time.

170. Whenever a Government servant entrusted with the custody of stores in an office is transferred, the relieving Government servants should verify the stock of stores with the stock accounts and certify to the correctness of the stock taken over. For the purpose of this rule, the Government servant entrusted with the custody of stores is ordinarily the Head of the Office, but this duty may be delegated in large offices to a Gazetted Assistant., Manager or a recognised store keeper. When such a delegation has been made, the verification prescribed is only necessary, unless it is otherwise ordered in any case, when a Government servant to whom the duty has been delegated is transferred, and in such cases the results of verification should always be placed before the head of the office. This does not however relieve the head of the office of the responsibility for the certificate prescribed at the foot of the various contingent bills, etc., stating that the articles billed for have been brought into account, nor for general control over the proper custody and accounts of stores.

#### **DISCREPANCIES FOUND ON VERIFICATION OF STORES**

171. Deficiencies found as a result of stock verification may be due to :-

(1) incorrect or careless accounting.

(2) losses arising from fraud, theft or negligence, or

(3) unavoidable causes such as wastage, shrinkage, spilling, etc., in the cases of consumable stores such as dietary articles, chemicals and certain classes of manufactory articles.

Excesses found in stock verification may be due to incorrect or careless accounting. It will be the duty of the head of the office or institution to investigate fully into discrepancies and to report them along with the verification reports to controlling authorities with full explanation therefor and recommendations, if any, as to how the losses should be made good by recoveries from Government servants in case the loss can be traced to their culpable negligence or carelessness. The controlling authority should after such examination and investigation as the

importance of the case warrants, issue or obtain from the competent authority, orders to write off deficiencies from the account. On receipt of such orders the deficiencies will be charged in the accounts quoting the authority. The realisation of recoveries ordered should be recorded. Excesses at the time of stock taking should, after investigation, be brought on to the stock register as receipts with the remark "Excess found in stock verification." No special orders are necessary for this.

### **ANNUAL REPORT**

172. In the Annual administration report sent to Government, the Head of the Department should furnish information as regards (1) conditions in which stock registers are maintained in his office and in the offices subordinate to him, (2) result of periodical verification of stock, (3) action taken for the adjustment of deficiencies, excesses, etc., if any, noticed during stock taking.

The Head of each department should send to the Audit office annually before 1st June, a statement in the following form, showing (1) the names of institutions and offices under his charge (including Guest's Houses, etc.). (2) the dates on which stock verification reports were received by him in respect of each institution or office, (3) result of verification (excesses or deficiencies noticed), and (4) action taken in respect of excesses or deficiencies, if any, noticed during stock taking.

Serial No.	Name of the Institution or office	Date receipt of stock verification report	Name and designation of the Government servant by who stock was taken	Period covered by stock taking
1	2	3	4	5

### **Difference**

Name of article	Book balance	Balance actually counted	Excess	Deficiency	Action taken	Remarks
6(a)	6(b)	6(c)	6(d)	6(e)	7	8

Note.- Details in respect of only such of the articles thereunder differences are observed need be furnished in columns 6(a) to 6(e). When there are no difference under any of the articles in an institution, they need not be detailed but it should be noted as "Nil" in Columns 6(d) and (e).

### **STOCK ACCOUNTS OF BOOKS AND PERIODICALS**

173. All books and periodicals received in an office will be dealt with as laid in the Manual of General Circulars and Standing Orders and entered in a register in Form 36.

Every Government servant, upon receiving charge of an office to which library is Attached, must satisfy himself as to the state of the library, unless he then reports that the books are out of order, it will be assumed that he received the library in good order and he will be held thenceforth personally responsible for any defect.

All books appearing in the register of books or catalogue of the library on the 31st March of every year should be counted and examined by the heads of offices or institutions concerned or by one of their Gazetted Assistants. A certificate to this effect should be furnished by the Head of each office, every year.

### **ACCOUNTS RELATING TO MOTOR VEHICLES**

174. The following rules regulating the use of vehicles maintained in Government Commercial concerns and other Government offices are issued for the guidance of Government servants:

(1) Whenever a Car, Jeep or Bus maintained at the expenses of Government is to be used, the permission of the Chief Officer of the concern or such other Government servants to whom powers have been delegated, should invariably be obtained.

(2) The vehicle should be used only in the interest of Government work.

<sup>1</sup>[Deleted]

(3) The vehicle may be used by the Chief Officer or other Government servant permitted in this behalf to move about on inspection duty. Attention is invited to Rules 497, 527, 527(A), 527(B) and 527(C), Karnataka Civil Services Rules, 1958 regarding the travelling allowance payable when Government vehicles are used.

The Drawing officer/Gazetted Officer should furnish, in the bill containing claims for conveyance allowance, a certificate to the effect that wherever the Government conveyance was used, proportionate conveyance allowance has been deducted/will be deducted from the travelling allowance claims or, in the case of journeys within the headquarters, from the salary bill of the month.

(4) The movements of each vehicle should be recorded in a Log Book which should contain the details as indicated in the forms noted below:

The meaning of the term 'private capacity' used above is that the Government vehicles could be used even by private persons in connection with Government work. Government vehicles should not be used for purposes not connected with Government work. The vehicles can be used by Government officers or by private persons like the contractors of the Public Works Department only for Government work on payment of the hire charges fixed above.

As regards travelling allowance admissible to Government servants when means of locomotion are supplied, attention is invited to Karnataka Civil Service Rules.

"Note 1.- The Assistant Engineers and Executive Engineers incharge of a Sub-division/a division shall furnish a certificate along with their pay bills for the months of June and December to the effect that the log Books and History Registers of Machinery have been brought up to date. Without such a certificate their pay bills for the months of June and December shall not be honored by the 'Treasury Officers'.

**FORMS**

**LOG BOOKS OF GOVERNMENT MOTOR VEHICLE**

In the custody of.....  
 Type of Vehicle.. .....  
 Name of the Driver.....  
 No. of Engine..... Registration No.....

**PART - I**

Date	From	To	Num	Details	Purposes	Quantity	Intials	Intials
Time	Time	Time	ber	of	of	of	of	of
			miles	Places	Journeys	petrol	Driver	Officer
			run	Travelled	and	and	who	who
				in	the	the	in	the
				vehicle	vehicle	vehicle	vehicle	vehicle
1	2	3	4	5	6	7	8	9

Total for the month ..... Total for the month .....

N.B.- Average number of mile per gallon during the month should be worked out at the end of each month, for the purpose of the T.A. claim.

**PART - II**

**SERVICING, REPAIRS, ETC.**

1	2	3	4	5	6	7	8	9	10	11
Date of Servicing	Date on which the vehicles went out of order	Nature of repairs	Date of return of vehicle	Date of replacement of equipment	Cost of servicing	Cost of parts	Reference	Bill accepted or paid	Initials	Remarks

**PART - III**

**ACCOUNTING FOR SPARE PARTS AND ACCESSORIES**

1	2	3	4	5	6	7	8	9
Sl. No.	Name and description of spare parts and tools received or purchased	Quantity of received	Date of purchase	Quantity of issued	Date of issue	Acknowledgement of the Driver	Bal-ance	Remarks by the Officer

Note 2 .- <sup>1</sup>[(i) Any Officer to whom a Government Vehicle is attached for official work is permitted to use the vehicle for private purposes also if he so desires, subject to payment of Rs. 450/- per month for a vehicle whose H.P. exceeds 16 but below 18 and Rs. 300 P.M. for a vehicle whose H.P. is 16 or less. If the distance covered 500 KM per month, the officer, should pay charges at Rs. 2-30 per Kilometer for a vehicle whose HP exceeds 16 but below 18 and Rs, 2.00 per Kilometer for a vehicle whose HP is 16 or less.

(ii) Any Officer who does not wish to make use of the facility permitted in (i) above, may if he so desires, use the vehicle attached to him for private journeys on payment at the rate of Rs 2-30 per KM, for a vehicle whose H.P. exceeds 16 but below 18 and Rs, 2.30 per Kilometer for a vehicle whose H.P. is 16 or less. ]

(iii) The use of Government vehicle on private journeys should not interfere any way with official requirements, and official journeys should always take precedence over private ones;

(iv) The journeys from the residence of the officer to his place of work and back shall be treated as private journeys;

(v) Notwithstanding what is stated above, the use of Government vehicles, for picnic parties, pleasure trips and other similar journeys is strictly prohibited;

(vi) The Government Vehicle should not be taken on Private Journeys to places outside the Corporations / Municipal Limits of the Headquarters of the Officer to whom it is attached. The Private use of the Vehicle beyond the City / Municipal Town Limits is totally Prohibited;

(vii) The movement of each vehicle should be scrupulously entered in the log book in strict accordance with Article 174 of K.F.C. and rule 55(40) of M.C.E. The entries pertaining to each journey, whether official or private, should be verified, and initialled by the actual user within 24 hours of its performance,

(viii) Officers should not generally use Government vehicles outside the normal hours of duty of the driver, save in exceptional circumstances;

<sup>1</sup>[(ix) Vehicles should be parked, when not in use, only at the office premises/garages and not at the residence of officers].

(x) Rates applicable to diesel vehicles.- The rates fixed for the use of Government vehicles for private purposes are applicable to both diesel and petrol vehicle irrespective of the type of fuel used;

(xi) Use of Government vehicles by the officer when he is on leave:- The Government vehicle should not be taken for private purposes when the officer to whom the vehicle is attached is on leave, other than casual leave. This includes the journey under L.T.C. and other journey the officer may undertake, in his private capacity when he is on leave.

(xii) Use of Government vehicles for journeys on transfer.- Since the places to which the officer is transferred, will be outside the Municipal/Corporation limits of the post he was holding, the vehicle cannot be taken for journeys on transfer;

(xiii) Use of Government vehicles to carry tappal boxes:- (a) The use of Government vehicles occasionally by an officer to whom it is attached for carrying files/tappal boxes to the residence of the officer and back may be treated official journey to limited extent only. But such runs should not exceed eight trips in a month.

(b) In addition to above, the use of Government vehicle by the officers who may have to reach the office very early i.e., before 10 A.M. and leave the office very late

i.e. after 6.00 P.M. or on holidays in the exigencies of work is also treated as official to an extent of 6 trips per month only.

(xiv) Payment of the expenses of driver and shifting of vehicles when an officer gets transferred:- The pay of the Driver and expenditure of the Government vehicle has to be met by the concerned department from the funds allotted to that Department. Shifting of cars and drivers to the places where the officer gets transferred is not possible, for the reason that the vehicles are attached to the departments and assigned to work with the officer while occupying a particular post and hence, when the officer is transferred to some other department the vehicle and driver do not go with the officers

(xv) Heads of Account to which the charges for the private use of vehicles to be credited:- Every Department has its own credit heads, under which there is a minor head 'Other Receipts' to which all the credits which are not classified under any particular head may be credited. Since the receipts for private use of Government vehicles are not comparatively huge, they could be conveniently credited to the minor head 'Other Receipts' of the concerned Departments.

(xvi) The aforesaid amendments shall be deemed to have come into effect from the dates indicated below against each.-

Paras (i) and (ii)	...	from 1.12.1980	
(iii) to (ix)	...	from 18.01.1978	
(x) to (xv)			
Excepting para (xiii)	...	from 4.10.1979	
Para (xiii) (a)		from 4.10.1979	(b)
from 28.11.1980			

## **CHAPTER XI WORKS**

175. The duty of constructing and maintaining Government buildings used or intended for any purpose in connection with the administration of the State on behalf of the departments of Government concerned, devolves on the Public Works Department except in so far as Government have assigned such a work to the department using or requiring such buildings. Works assigned to departments other than the Public Works Department are of two kinds, viz :-

(i) Works of petty constructions and repairs of buildings under the administrative control of the Public Works Department.

(ii) Works connected with buildings under the administrative control of departments other than the Public Works Departments, i.e., buildings which are not borne on the registers of the Public Works Department, e.g., certain buildings of the Forest, Agriculture and other departments.

Note.- The Head of each department will keep a register of all buildings under his control.

176. All expenditure on works assigned to Civil Departments will be met out of the budget provision of the departments concerned. The powers of officers to sanction expenditure on works assigned to the civil departments and executed by them are contained in the Book of Financial Powers.

Note.- The execution of works by the Forest Department is regulated by the rules contained in the Karnataka Forest Account Code.

177. The following are the rules and conditions governing the execution, by civil departments, of works of petty construction and repairs of buildings under the administrative control of the Public Works Department :-

(1) Expenditure on construction and repairs executed by civil departments will be treated as contingent expenditure of the department incurring it and classified as petty construction and repairs, when the amount does not exceed Rs.250. Construction and repairs costing more than Rs.250 will be treated as Public Works expenditure.

(2) The execution of works described in rule,(1) above should involve:

(a) no structural alterations to buildings in charge of the Public Works Department : and

(b) the repairs to roofs should be confirmed to only trifling items.

In other words, civil offices may carry out only ordinary repairs which do not affect the capital value of buildings in charge of the Public Works Department, all structural alterations and additions, irrespective of the amount of their cost, being executed by or with the approval of the Public Works Department Officers in charge.

(3) Civil Officers should seek the assistance of Officers of the Public Works Department whenever, they consider that the works undertaken by them under these rules require professional supervision.

(4) Rules 1 to 3 above do not apply to buildings, the maintenance and repairs of which irrespective of the cost, devolve on the Public Works Department, (e.g., Official residences, Public Office Buildings, etc.)

178. Preparation of estimates.- No work may be started unless as complete an estimate as possible with a detailed explanation of the work and the necessary for the same has been prepared by the officer requiring the work, and has been duly



sanctioned by the competent authority with due regard to the appropriations of the year.

Note.- When it is proposed to make a lumpsum payment for any work on items of work, only Such descriptions and details as are necessary to justify the estimate should be given in it.

179. Sanctions for work- Copies of sanction should be communicated to the Audit Office by the sanctioning authority, except when bills are drawn or countersigned by the sanctioning authority itself.

180. Methods of execution.

(1) After the necessary sanction has been obtained for an estimate and an appropriation has been allotted for the work or a group of such works by the competent authority, the work may be executed in one of the two ways, (i), departmentally, all materials being purchased by the department and labour being engaged at daily or weekly rates, or (ii) the work may be executed through a piece-worker or a contractor.

(2) Special care should be taken to see that the rates and amounts fixed upon are economical with due regard to the quantities and the nature of the work.

(3) Attention should also be paid to the principles regarding the invitation of tenders.

(4) When only materials are purchased from a supplier and labour is engaged departmentally, the Stores Purchase Manual contains full instructions as to the Procedure to be followed for the supply of materials. As regards measurements of quantities see Article 183.

(5) If a work is proposed to be executed through a contractor who supplies his own materials and labour, it is important to adopt the measures necessary to secure Government against loss. Written agreements (and securities too, if need be) should be taken in a manner similar to the Public Works Department.

Note.- As works involving technical skill or professional supervision should be entrusted to the Public Works Department, the simpler class of works assigned to civil officers should not ordinarily require elaborate and complicated agreements.

181. Preparation and payment of bills.- Charges on account of petty works and repairs carried out departmentally should be drawn on in bills in Form No, 37. The details regarding the name of work, serial number of the bill for a work, the number and the date of the last bill, the number and date of orders sanctioning the work and the amount of sanctioned estimate should be entered on the bills in the spaces for the purpose. A full description of each item of charge, together with details, where necessary, as to the rates and quantities should be given and sub-vouchers should be attached for payments over Rs.25.

Charges for labour should be supported by a certificate to the effect that laborers were actually entertained and paid on muster rolls maintained in accordance with the rules. These muster rolls should be submitted to audit whenever called for.

In all cases in which no special procedure or forms have been prescribed either in the departmental Manuals or by orders of Government, civil officers proposing to execute works on contract will use the forms prescribed for the Public Works Department.

Note.- Advances to contractors are, as a rule prohibited.

182. Muster rolls.- For work done by daily labour, the officer in immediate charge of the work will prepare a muster roll which is the initial record of labour employed each day on a work. It must be written up daily by the officer in immediate charge of the work. Muster rolls should be prepared in accordance with the following instructions :-

(i) One or more muster rolls should be kept for each work but muster rolls should never be prepared in duplicate.

Note.- All entries in muster rolls should be made in ink.

(ii) Wages may be paid more than once a month and the period covered by each payment may be determined locally; but separate muster rolls must be prepared for each period of payment;

(iii) The daily attendance and absences of labourers and the fines inflicted on them should be recorded daily in Part 1 of the muster roll in such a way as (1) to facilitate the correct calculation of the net wages of each person for the period of payment, (2) to render it difficult to tamper with or to make unauthorised additions to, or alterations in, entries once made, and (3) to facilitate the correct classification of the cost of labour by works and subheads of works where necessary.

Note - Superior officers should, as frequently as possible, test-check the attendance of labourers.

(iv) After a muster roll has been passed by the officer authorised to draw the bill for works expenditure, payment thereon should be made as expeditiously as possible. Such payment should be made or witnessed by the official of the highest standing available, who should certify to the payments individually or by groups, at the same time specifying, both in words and figures, at the foot of the muster roll, the total amount paid on each date. If any items remain unpaid the details thereof should be recorded in Part II, the register of arrears, before the memorandum at the foot of the muster roll, is completed by the person who made the payment.

(v) Unpaid items should subsequently be carried forward from muster roll to muster roll until they are paid, the payments being recorded and certified in Part II, in the same way as payments of current items.

(vi) In the muster roll should be recorded the progress of work done by the labour shown thereon in all cases where such work is susceptible of measurement. If

the work is not susceptible of measurement, a remark to this effect should be recorded.

(vii) Paid muster rolls need not pass beyond the office of the responsible disburser.

183. Measurement Books.- Payments for all work done otherwise than by daily labour and for all supplies are made on the basis of measurements recorded in measurement books. The measurement book is the original record of actual measurement or count. The descriptions must be lucid so as to admit of easy identification and check. A reliable record is the object to be aimed at as it may have to be produced as evidence in a court of law. The measurement books should, therefore, be considered as very important account records.

Note.- Whenever measurement books change hands even if it is only from one office to another situated within the same building, the receipt of the books should be acknowledged in writing by some responsible person of a grade not inferior to that of a clerk.

In recording detailed measurements, the following general instructions should be carefully observed. See also instructions printed in the measurement book :

(i) The topmost lines under columns 1 to 4 on each page of a measurement book should invariably be filled in the field. None of the lines should be left blank. Any lines not required should be carefully scored through in order to prevent additional entries being made later on. Detailed measurements should be recorded only by the disbursing officer or such duly authorised executive subordinate in charge of the work, as has been supplied with a measurement book for the purpose. These detailed measurements should, as far as possible, be test-checked by the superior officers.

(ii) All measurements should be neatly taken down in a measurement book and nowhere else.

(iii) Each set of measurements should commence with entries stating :-

(1) In the case of bills for work done :-

(a) Full name of work as given in the estimate,

(b) Situation of work,

(c) Name of contractor,

(d) Number and date of his agreement, if any, and

(e) Date of measurement :

(2) In the case of bills for supply of materials. -

(a) Name of supplier,

(b) Number and date of his agreement, if any, or order,

(c) Purpose of supply, and

(d) Date of measurement:

and should end with the dated signature and designation of the person making the measurements. A suitable abstract should then be prepared which should collect, in the case of measurements for work done, the total quantities of each distinct item of work.

(iv) As all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately. If the measurements are taken in connection with a running contract account, on which work has been previously measured, he is further responsible -

(1) that reference to the last set of measurements is recorded, and

(2) that, if the entire job or contract has been completed, the fact is recorded prominently just above his initials. If the measurements taken are the first set of measurements on a running account, or the first and final measurements, this fact should be suitably noted against the entries in the measurement book. The signature of the contractor or his agent should be obtained in the measurement book after each set of measurements, with the addition, "I accept the measurements". In the case of illiterate men, their marks should be attested by an independent witness.

(v) At the time of payment, the officer authorising payment should cross out every page containing the detailed measurements of the work of supplies Paid for by a diagonal red ink line and should record a reference to the number and date of the voucher or sub-voucher on the abstract of measurements.

(vi) Entries should be recorded continuously in the measurement book. No blank pages may be left and no page be torn out. Any pages left blank inadvertently must be cancelled by diagonal lines, the cancellation being attested.

(vii) No entry may be erased. If a mistake is made it should be corrected and dated by the responsible officer. When any measurements are cancelled, the cancellation must be supported by the dated initials of the officer ordering the cancellation or by a reference to his orders initialled by the officer who made the measurements. In either case the reason for the cancellation be recorded.

(viii) Entries should, if possible, be made in ink; when this is not possible, pencil entries should not be inked over. Entries in the "contents or area" column should be made in ink in the first instance.

(ix) Each measurement book should be provided with an index which should be kept up-to-date.

(x) The measurement book should be made available for the inspection of the Accounts Officer, when necessary.

184. Completion reports.- on the completion of a work in accordance with the sanction, a completion report should be prepared and forwarded to the Audit office through the sanctioning authority. It should show the name of the work, sanction number and date, amount of sanction and the actual expenditure incurred. The expenditure in excess of the sanctioned estimate should be explained in the completion report and sanction of the authority competent to incur the total expenditure obtained and recorded.

184-A. The special procedure prescribed by Government for the construction of school buildings undertaken under the cheap design scheme is detailed in Appendix VIII.

184-B. The Accounting procedure for the guidance of officers employed in the execution of National Extension Service and Community Development Works, is detailed in Appendix IX.

184-C. In case of Drinking Water Wells, where water is not tapped at the expected depth or the water tapped is brackish or otherwise not potable, they shall be abandoned with specific sanction as under:-

1. The Well proposed to be abandoned shall be inspected by the Assistant Commissioner and the views of either the Assistant Engineer or the Geologist be obtained, before the inspection is taken up;

2. The Deputy Commissioners of the Districts may order write off of the infructuous expenditure on such abandoned Wells upto and inclusive of Rs.2,000 (Rupees Two thousand only) and the Divisional Commissioners upto and inclusive of Rs.5,000 (Rupees Five Thousand only);

3. The Deputy Commissioner and the Divisional Commissioner shall send a list of such cases to Government after the close of each quarter with reasons for abandonment of Wells.

4. The above proviso applies to Drinking Water Wells executed under all Schemes and where the Deputy Commissioner and the Divisional Commissioner is satisfied that the infructuous expenditure could not be forestalled.

**CHAPTER XII**  
**LOANS**  
**SANCTION**

185. The special sanction of Government is required to the grant of a loan which is of an unusual nature or is not covered by any general order of Government.

The rules regarding the grant of loans to Local Bodies, Co-operative Societies and private individuals are contained in the respective departmental manuals or standing orders. The Department which grants the loans should maintain the accounts relating to it. In cases where coercive processes are necessary for the recovery of the arrears, the Deputy Commissioners of the districts should be addressed,

Note.- Government servants are strictly prohibited from standing surety to loans taken from Government by private individuals under the above rules.

**ESTIMATES**

186. Provision should be made in the estimates for all loans which can be foreseen. A timely estimate both of the advances and of the recoveries of the coming year should be made by the heads of departments for all loans given in their departments and communicated to Government in the Finance Department in time for entry in the estimates.

**CONIDITIONS FOR THE GRANT OF LOANS**

187. Except in cases where special rules are laid down the following are the rules under which loans are usually granted:-

(a) A specific term should be fixed, which should be as short as possible, within which each loan should be fully repaid, with interest due. The term may, in very special cases extend to thirty years.

(b) The term is to 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 in instalments (fixed on half-yearly or yearly basis) due dates for payment being specially prescribed.

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

(e) Every order sanctioning a loan/advance should issue in Form No. K.F.C. 37-A.

187-A. (i) In cases of loans, sanctioned by Government the detailed accounts of which are maintained by the Audit office, the concerned Chief Controlling Officer has to furnish the utilisation certificate to the Audit office.

(ii) In the case of loans sanctioned by Government where departmental authority viz., Controller, State Accounts Department, Registrar of Co-operative Societies etc., audits the accounts of loanees, the sanctioning authority, may either furnish the Utilisation Certificates on the basis of the Audit report of departmental

Auditors or may forward the Audit certificate of the departmental Auditors, certifying to the proper utilisation of the loans.

(iii) With a view to watch utilisation certificates in such cases in audit, every order of Government sanctioning the loan should specify clearly the object for which it is given, conditions if any attached to the loan, the time limit within which the loan or each instalment of it is to be spent and the period within which the utilisation certificate should be furnished and the authority by whom the certificates, etc., should be furnished.

(iv) <sup>1</sup>[where the detailed accounts of the loans are maintained by the Departmental authorities, a consolidated utilisation certificate should be furnished to Audit by the Heads of Departments or Chief Controlling Officers administering the loans for the total amount of the loans disbursed during each year for different purposes including the loans sanctioned by their subordinate officers under the powers, if any, delegated to them. This certificate will not cover the loans to individuals for which utilisation certificates need not be furnished to the Audit Officer/Accounts Officer. The sanctioning authority is however responsible to see that the loans are utilised for the purpose for which they are sanctioned. The consolidated utilisation certificate should indicate the yearwise and objectwise break up of loans disbursed and the loans for which utilisation certificates are furnished. This certificate should show the loans disbursed separately for each sub-head of account to facilitate verification by the Audit Officer/Accounts Officer.]

(v) With a view to enable the Head of the Department/Chief Controlling Officer to furnish consolidated certificate to audit covering the loans sanctioned by the subordinate officers under the powers delegated to them the following procedure should be followed :

As the loans are sanctioned for different purposes and that the utilisation of the loans may take some time depending on the nature of loan, a certificate by the disbursing officer to the Controlling authority should be furnished within one year of the sanction of the loan. The Disbursing officer should furnish the utilisation certificate for the total loans disbursed upto end of pcevious year to the Controlling authority on the 1st April of second following year, viz., for the period ended 31st March 1966 the Certificate to be furnished on 1st April, 1966 may cover loans disbursed during the year 1964-65 and the amount for which utilisation certificate has been furnished. On the basis of the certificates received from the Disbursing officers, the Controlling Authority should furnish a certificate to the Chief Controlling Authority who in turn should furnish consolidated certificate to audit by 30th April every year after duly reconciling the figures reported by all the Controlling Officers with the final figures of expenditure, booked in the Audit Office during the year for which certificate is furnished.

(vi) Each authority sanctioning the loan or responsible for maintaining the detailed accounts of such loans should maintain a register to record the sanctions accorded and to watch the receipt and despatch of the utilisation certificate with suitable columns.

In the case of loans sanctioned by Government, the detailed accounts of which are maintained by the Audit office, the concerned Chief Controlling Officer who has to furnish the utilisation certificate to the Audit Office should maintain the register.

Note.- The Chief Controlling Officers should furnish the utilisation Certificates to audit in Forms 'B' and 'C' shown in the "Annexure". The certificate in Form 'B' is to be furnished in respect of the loans, the detailed accounts of which are kept by the Accountant General's Office, while the certificate in Form 'C' is to be furnished in respect of the loans, the detailed accounts of which are kept by the departmental officers.

**ANNEXURE**

**FORM 'C'**

"Form of Utilisation Certificate"

Certified that out of the loan of Rs..... sanctioned during the year..... an amount of Rs ..... has been utilised for the purpose for which it was sanctioned. Out of the balance an amount of Rs.....remaining, unutilised at the end of the year has been surrendered to Government, thereby leaving an amount of Rs..... for which utilisation of the loan is yet to be verified. (Details of loan(s) for which utilisation is yet to be verified and those for which utilisation has been verified are enclosed in proforma I and II respectively).

2. Certified that I have satisfied myself that the conditions on which loan was sanctioned have been fulfilled and that I have are being fulfilled

exercised the following checks to see that the money was actually spent for the purpose for which loan was made.

Kinds of checks exercised.

- (1) .....
- (2) .....
- (3) .....
- (4) .....
- (5) .....

Signature.. ... ..

Designation ...

Date ... ..

**PROFORMA I**

(2) Statement showing details of loan (s) for which utilisation is yet to be verified.

Sl.	Year	No.	Desig	Name	Amount	Purpose	Major	Re
-----	------	-----	-------	------	--------	---------	-------	----



No.	and date of letter sanctioning the loan	nation of officer sanctioning the loan	and address of the loanee	Rs.	for which loan is sanctioned	Head marks of Account		
1	2	3	4	5	6	7	8	9

**PROFORMA II**

(3) Statement showing details of loan (s) in respect of which utilisation has been verified.

Sl. No.	Year	No. and date of letter sanctioning the loan	Desig nation and address of officer sanctioning the loan	Name and address of the loanee	Amount Rs.	Purpose for which loan is sanctioned	Major Head marks of Account	
1	2	3	4	5	6	7	8	9

**FORM B**

(Form of Certificate to be furnished in respect of loans referred to in Article 187-A of K.F.C. 1958).

(1) Certified that out of the loan of Rs ..... sanctioned under ..... dated..... in favour of..... during the year..... an amount of Rs..... has been utilised for the purpose for which it was sanctioned, and that balances of Rs..... remaining unutilised at the end of the year ..... has been surrendered to Government will be adjusted towards the loan payable during the next financial year.

(2) Certified that I have satisfied myself that the conditions on which the loan was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually spent for the purpose for which the loan was made :-

Kinds of checks exercised.

- (1) .....
- (2) .....
- (3) .....
- (4) .....
- (5) .....

Signature .....

Designation.....

Date .....

**CONDITIONS OF REPAYMENT**

188. 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 authority sanctioning the loan may, at any time, declare the loan closed and order repayment of principal to begin. The Accountant General will bring to notice any delay that appears to him to require this remedy and he should take this step whether there are any dates fixed for the taking of instalments or not.

Note 1.- If, in any case, particular dates in the calendar have been fixed for the payment of interest, or for the repayment of instalments of loan then such repayments will 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 2.- The instructions are applicable mutatis mutandis to loans, the repayments of which are made by other than half-yearly instalments.

Note 3.- It must be remembered that the calculation fixing the amount of periodical instalments, by which a loan is repaid with interest, pre supposes 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.

**FORMS OF DRAWING AND REPAYING**

189. On the vouchers on which a loan is drawn the authority sanctioning such a loan must be quoted.

In repaying a loan, the memorandum presented at the Treasury must invariably state the original date and amount of the loan or otherwise give sufficient particulars for its identification. If the amount repaid includes interest as well as principal, the interest must be separately specified; and if the payment is a fixed periodical amount including both interest and principal, the orders fixing the amount should be quoted.

### INTEREST

190. <sup>1</sup>[Interest shall be charged at the rates prescribed by the Government from time to time for any particular loan or class of loans.]

<sup>1</sup>[

		Interest percent per annum			
		Upto 1 year	2 to 5 years	above 5 years	
	1	2	3	4	1. Loans for non-
commercial	8 1/4	8 3/4	9 1/4		
purpose (e.g., loans for educational and Social Service Institutions).					
2. Loans for infrastructure		8 3/4	9 1/4	9 3/4	development (e.g.,
Water Supply, Industrial Development Corporations, Electricity Board, Karnataka Power Corporation, KSRTC. etc.)					
3. Loans for Commercial and Industrial purposes (e.g. Companies, Co-operative Processing Units etc., other than items falling under SI.No.4)		12 1/2	13	13 1/2	
4. Loans to Government Companies Undertaking and Co-operative Processing Units for their working capital or for assistance to cover cash deficit or for Bridge Finances.		15 1/2	15 1/2		

The higher rate of interest fixed in the order sanctioning the loan shall not be reduced even though the loan is repaid earlier than the period prescribed,

Note.- Any rate of interest fixed in the order sanctioning the loan, which is below the prevailing economic rate fixed from time to time under this Article should

be treated as concessional rate of interest and token provision should be made in the respective major Heads of Accounts to cover subsidies to be sanctioned and for obtaining the specific approval of the legislature for the grant of the concession.

191. 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 year will be: (Number of days 365 X yearly rate of interest).

Note 1.- No moratorium should ordinarily be allowed in respect of interest payable on loans.

Note 2.- In cases where moratorium for the repayment of loans is allowed, there should be specific provisions in the orders sanctioning the loan for the repayment of interest during the period of moratorium, unless moratorium is also allowed for interest, at the rates specified and for the levy of penal interest for defaults in payment of interest.

### **DEFAULTS IN PAYMENT**

192. Any default in the payment of interest or in the repayment of principal of any loan should be promptly reported by the Audit office to the Head of the Department concerned or Government whichever sanctioned the loan, who on receiving such a report, will take steps to remedy the default.

Note 1.- The responsibility imposed on the Audit Office by this rule refers only to the loans, detailed accounts for which are kept by that office.

Note 2.- When the due date of repayment of any instalment of principal or interest on loans sanctioned by Government, falls due on Sunday or any other holiday, the recovery may be made on the next working day following the holiday. In case, however, the principal or interest is repayable on the 31st March of a year and if that day happens to be a holiday, the recovery should be made on the immediately preceding working day.

193. Penal interest at 4 percent per annum above the ordinary rate of interest applicable to the loan shall be levied on all overdue instalments of principal and interest or annuity, as the case may be".

194. Government reserve to themselves the right to vary the above rates of ordinary and penal interest in particular cases according to circumstances.

Note.- When penal interest is remitted later under orders of Government, the order refers only to the waiving of the "Penal Interest" and it does not include the ordinary interest as well.

195. Borrowers should be required to adhere strictly to the terms settled for the loans made to them and modifications of those terms in their favour can be made subsequently, only for every special reasons.

196. Interest (both ordinary and penal) should be charged till the mortgaged properties are brought to sale and the proceeds credited against the dues. The department concerned should, however, see that there is no undue delay in bringing the properties to sale.

Exception.- The principle of Damdupat shall be applied to the following kinds of loans. According to this principle the amount of interest recoverable at any one time cannot exceed the principal.

(1) Loans under the Karnataka Land Improvement Loans Act, 1963 and Rules thereunder.

(2) Loans under the Karnataka Agriculturists' Loans Act, 1963 and Rules thereunder, and

(3) Loans under the Karnataka Non-Agricultural Loans Act, 1958 and Rules thereunder.

197. (a) Government may, in any case, if It thinks fit to do so, remit the payment of interest falling due in the ordinary course or permit the postponement of an instalment in repayment of principal.

(b) Interest necessarily runs upon instalments postponed according to the above rule ; And it is in the discretion of Government to decide whether such interest shall be at a penal rate or at the rate which the loan ordinarily bears. Such discretion will be exercised with due regard to the distinction between a default occurring by want of proper arrangements or provision and a default arising from unavoidable circumstances.

Note.- When the recovery of loan instalments in respect of (1) Loans under the Karnataka land Improvement loans Act, 1963, (2) Loans under the Karnataka Agriculturists Loans Act, 1963, (3) Loans under the Karnataka Non-Agricultural Loans Act, 1958, (4) Loans for sinking Irrigation wells and (5) Interest free loans to the sufferers of floods, rains, fire accidents and other natural calamities is suspended on account of unfavourable seasonal conditions, no penal interest should be levied on such suspended instalments. The ordinary interest, however, must be recovered on such suspended instalments and penal interest should be levied on overdue arrears of loans except during the suspended period.

198. Land Improvement and Takavi Loans will be paid by the Treasury, on loan orders drawn by the Deputy Commissioner of the district or other duly authorised Government servant sanctioning the loan.

### **ACCOUNTS AND CONTROL**

199. The responsibility for supervision, accounting and control devolves upon the departmental authorities and detailed rules and instructions governing them are contained in the departmental manuals or regulations. The departmental authority will be solely responsible for the maintenance of detailed accounts of all loans authorised by them to effect reconciliation with the balances in the books of the Accountant General. They are also responsible for the exercise of proper scrutiny in the matter of the timely collection of the instalments of repayments as they fall due, and for forwarding the periodical returns to the head of the department and the Accountant General.

200. Takavi Loans are made direct to the parties concerned on Loan Orders issued by the competent authority in their favour on Government treasuries. The Loan Order which provides for the acknowledgment of the payee being obtained thereon in the presence of the authority issuing it will be in form K.F.C. 3-A. The form has three foils, the counterfoil, the Loan Order and the advice to the Treasury, all of which will be completed simultaneously. The first foil will be retained as office copy, the second will be handed over to the loanee after obtaining his acknowledgment on the office copy and the third sent simultaneously to the Treasury Officer concerned direct, for reference at the time of payment on the loan order.

Note.- The forms will be machine numbered at the press. The officer issuing the loan order should keep a stock account of such forms and keep the unused forms in his personal custody as in the case of blank cheques.

201. For transactions relating to the loans, the Treasury should maintain plus and minus Memoranda wherever prescribed in which advances should be debited and all recoveries credited. These plus and minus memoranda should be forwarded with the monthly Treasury accounts to the Accountant General, whose care it will be that they accurately represent the debits, credits and balances that pass through his accounts.

Note 1.- Every Government servant should see that the debits and credits made to his accounts accurately correspond with those which enter his own registers and returns. He should obtain from the Treasury a copy of the plus and minus memorandum with which he is concerned. He should point out to the Accountant General any errors noticed therein to enable him to take needful action for effecting necessary corrections.

Note 2.- Special care should be taken in paying recoveries into the Treasury in the case of the loans under the old rules and the amount of interest and of principal recovered should be separately and distinctly credited, as the former must not and the latter must be credited in the plus and minus memorandum.

202. The Heads of departments should obtain from subordinate officers periodical returns regarding the progress of recovery of loans and review them.

203. In the annual Administration Report sent to Government the Head of the department will also briefly review the progress of recoveries and outstandings in respect of these loans.

204. (a) Government or any subordinate authority to whom power has been delegated, can remit loans which are found to be irrecoverable.

(b) In the case of all loans, it shall be the duty of the departmental authorities, as soon as any such loan is ascertained to be irrecoverable, to cause the amount of it to be written off the accounts under proper sanction and to advise the Accountant General, in order that he may charge off the amount as expenditure. Such irrecoverable loans should nevertheless be registered by the departmental authorities in a separate account or record, in order that any possible eventual recovery may be made ; but they will not affect the accounts and any recoveries will be taken as revenue.

## **PERIODICAL REVIEW**

205. <sup>1</sup>[The Accountant General will submit to the Government a statement in form No.80 showing the details of outstanding State loans borne on his books as on 31st March each year. This statement should be sent not later than the following 30th September and should indicate the aggregate of outstanding balance of loans, details of defaults, if any, in repayment of Principal and/or interest and the earliest period to which the default pertains against each private Sector, Public Sector, Co-operative and other institution etc., where, however, detailed accounts are not required to be maintained by the Accountant General the statement should contain departmental authority-wise aggregate balances of outstanding loans. Copies of the statement should be sent to both the Administrative Department concerned and Finance Department.]

## **ANNEXURE**

With a view to ensure timely recovery of the loan instalments and guard against balances becoming irrecoverable it is necessary that grant of loans to the public bodies and individuals should, in future, be regulated strictly with reference to certain basic requirements.

2. Before, therefore applications for loans are considered the following requirements should be fulfilled :

(1) The loan applied for should be for an object recognised by Government, as reflected in the relevant rules. Applications for new types of loans, not covered by such rules, should be rejected.

(2) The following information or documents should invariably be furnished in each application for loans:-

(i) Statement of profit or loss or income and Expenditure of the applicant for the last three years ;

(ii) his main source of income,

(iii) the source from which the loan will be repaid, adhering to the terms and conditions of the loan ;

(iv) the security offered for the loan, a certificate of its valuation and a non-encumbrance certificate furnished by competent authority of Government.

(v) the amount of loans, if any, taken by the applicant so far from Government and other sources, indicating the purpose, terms and conditions;

(vi) the amounts outstanding against such loans, indicating the amounts overdue, if any, with reasons, for non-payment.

3. With reference to the above information, confidential enquiries should be made by the Officer competent to deal with the loan application to judge the performance of the applicant in regard to previous loans drawn by him. If it is found that such performance is not satisfactory or any of the particulars furnished in the loan application do not accord with facts, application for such loans should be refused.

4. An application for loan must be considered primarily on the basis of the repaying capacity of the applicant. This calls for a close scrutiny of his financial position.

5. No loan should be sanctioned relying on the anticipated income, as it has been observed that anticipation's do not materialise in many cases.

6. The responsibility of the Officer sanctioning the loan does not end with its sanction after satisfying the fulfillment of the above conditions. He has also to watch the prompt repayment of the loans. This has to be ensured by a periodical review of all outstanding loans and by taking suitable action promptly where necessary, for ensuring punctual repayments.

7. It would be necessary to obtain information periodically regarding the financial position of a loanee so long as the loan granted to him is not repaid fully. For this purpose, a clause should be inserted in all loan agreements vesting in Government, the power to call for the accounts of any year of the loanee at any time and to depute on their behalf an officer to inspect the books of accounts of the applicant, if necessary.

8. Loans should not ordinarily be sanctioned at concessional rates of interest. If any concession is considered necessary as in the case of loans granted in scarcity conditions, it should be in the form of subsidy after the loan is fully repaid.

### **CHAPTER XIII**

#### **ADVANCES**

#### **SANCTION**

206. Rules regulating the grant of advances to Government servants and others are laid down, in the following Articles. Government may sanction special advances for other purposes also and when Government grant a special advance, they specify in their order the conditions subject to which it is granted.

206-A. Permanent officers of the Central and other State Governments, while on deputation for service under the Karnataka State Government, are also eligible for the grant of the following types of advances under this Chapter ;

- (1) Advances for the purchase of Motor Cars or Motor cycles;
- (2) Advances for the purchase of bicycles;
- (3) Advances on transfer; and
- (4) Advances for journey on tour.

207. The rules relating to advances to Government servants do not apply to Government servants who are not in permanent Government employ. Temporary Government servants may be allowed these advances, Subject to such conditions as may be prescribed towards security, etc., in the rules relating to them.



208. When by an order of Government an advance is directed to be given to a Government servant, the order will invariably specify the purpose for which the advance is given and the period within which it should be adjusted and be communicated to the Accountant General.

Note 1.- No advance will be sanctioned by Government which is (a) of an unusual nature or (b) devoted to objects outside the ordinary work of administration.

Note 2.- Where a Government servant has already drawn any advance admissible under the existing rules or has stood surety to some one else who has drawn such advances, he is prohibited from standing surety again unless the advance has been repaid in full, and a certificate to that effect is obtained from the Audit office and produced.

Note 3.- Advance for Travelling Allowance of Establishment which is to be deducted from Travelling Allowance bills is to be separately sanctioned and separately drawn from advance for contingent expenditure. Advances drawn should be adjusted from the respective Travelling Allowance and Contingent bills to the extent of amounts actually expended for such purposes and only the balance refunded in cash to the Treasury.

208-A. Interest/Penal interest is leviable only up to the date of termination of service of a Government servant in respect of an advance or part of it outstanding against him on that date and is recoverable along with the advance or part of it out of the insurance amount at his credit in the official branch of the Karnataka Government Insurance Department or his death-cum-retirement gratuity.

Interest (both ordinary and penal) should be charged on balances of advances and/or interest remaining for recovery either from the Government servant or his heirs after adjustment of the DCRG Insurance amount and any other amounts due, from the date of termination of service of a Government servant until the outstanding amounts are fully recovered. In this Chapter, except when the term 'Interest' is used in contradistinction to 'Penal Interest', 'Interest' includes 'Penal Interest'.

#### **DATE OF DRAWAL**

208-B. Advance shall be deemed to have been drawn:

(a) On the date of issue of the cheque where it is paid through personal cheque drawn in favour of the Government servant ; and

(b) On the date of disbursement, where it is disbursed in cash as in the case of non-gazetted Government servants.

Note 1.- The provisions of this rule will apply inter alia for the following purposes :-

(i) for determining the date of recovery of the first instalment of repayment ;

(ii) for determining the date of completion of negotiations for purchase of houses/conveyances ;

(iii) for furnishing particulars of house/conveyance purchased and the relevant document connected therewith ;

(iv) for calculation of interest.

Note 2.- Where the advance is disbursed by the Head of Office to non-gazetted Government servants, the date of disbursement shall be promptly intimated to the Audit Officer. The Head of the office should ensure that the time lag between the date of drawal of money from the treasury and its disbursement to the borrower is reduced to the minimum. If any delay is apprehended, the amount shall be credited back to the treasury or the cheque got cancelled.

Note 3.- In the case of a cheque drawn in favour of a Government servant, interest is payable from the date of issue of the cheque. However, where a cheque is drawn in favour of a departmental officer and is endorsed to an actual payee, interest is payable by the actual payee from the date the cheque is handed over or is despatched to the actual payee.

### **INTEREST**

208-C. (a) Simple interest at such rates as may be fixed by Government from time to time shall be charged on interest bearing advance granted to Government servants. Such interest shall be calculated from the date of drawal of the advance and on the balances outstanding on the last day of each month.

Note.- In case of recovery of instalments through the pay/ leave salary bills, if the Government servant concerned is unable to present his/her claim in time for certain administrative reasons or for want of payslip from Audit Office, the deductions should be deemed to have been made in the month following the month to which the pay/leave salary relates irrespective of the actual date of its drawal.

(b) The higher rate of interest fixed in the order sanctioning the advance notwithstanding the drawal of the advance in instalments, shall not be reduced even though the advance is repaid with interest earlier than the period prescribed.

<sup>1</sup>[(c) Interest on advances granted to officers borne on the All India Services Cadres will be at the rate prescribed by the Government of India.

Note.- In the cases where the principal has been repaid in one lumpsum, the interest shall be calculated upto the date, previous to the date of repayment, in accordance with the principal contained in Article 192 *ibid*.

### **PENAL INTEREST**

208 D. (a) Penal Interest at 50 % of the normal rate of interest on overdue monthly instalments, of principal or interest or both shall be recovered in addition to the normal rate of interest otherwise leviable.

(b) The following are the types of non-compliance with the rules and the dates from which penal interest is leviable:-

Type of Non-compliance	Date of levy of penal interest
1. In the event of default in payment of instalments towards repayment of advanced.	From the date of default.
2. In the event of delay in Compliance with the prescribed	From the dates prescribed under the relevant rules for

condition. completion of the  
transaction.

3. In the event of non-utilisation of the advance for the purpose for which it was sanctioned or any other cases of non-compliance with or contravention of the conditions prescribed in the rules. From the date of drawal of the advance.

Note.- The levy of penal interest is in addition to the action taken to get the principal amount refunded in full in case of non utilisation of the advance or delay in compliance with the prescribed condition. The levy of the penal interest will not prevent the Government from taking disciplinary action against a Government servant for wilful disregard of the Rules.

(c) The authority sanctioning advance for the purchase of motor Car/Cycle should also ask the Government servant concerned to produce the Registration Book of the vehicle within one month from the date of purchase of the vehicle or within two months from the date of drawal of the advance, whichever is earlier to show that the vehicle purchased by him has actually been transferred in his name by the competent authority failing which he shall be liable to pay the penal interest on the entire amount of advance from the date of drawal to the date of submission of the registration book. In case it is established that the delay in submitting the registration book is not attributable to the Government servant the penal interest may not be charged for the late submission of the registration book for the period of such delay.]

### **HOUSE BUILDING ADVANCES**

209. Advance may be granted for the following purposes:

(a) Constructing a new house (including acquisition of a suitable plot of land for the purpose), either at the place of duty or where the Government servant proposes to settle after retirement.

(b) Purchase of a ready-built house either at the place of duty or at the place where the Government servant proposes to settle after retirement;

(c) Repairs to houses owned by Government servants including extension or enlargement or improvement thereto ;

(d) To redeem a non-Government loan or loans already drawn to purchase a ready built house or to construct a house on a site possessed, either at the place of duty or at the place where the Government servant proposes to settle after retirement. "Provided that no advance will be granted for redeeming a loan taken from the Karnataka Housing Board".

Provided that when in cases falling under clauses (a) to (d), the place where the Government servant proposes to settle after retirement is outside the State, the Government of the State within whose jurisdiction the place is situated has entered into reciprocal agreement for verification of title deeds.

Provided further that the Government Servant receiving the advance agrees to bear the cost, if any, of verification of the title deeds.

Note.- Advances for House building/House purchase/ House Repairs to Government servants may also be sanctioned by Government or by the Head of the Department as the case may be, for building/purchasing/repairing a house in any place situated in the States of Andhra Pradesh, Tamill Nadu, Maharashtra, Kerala and the Union Territory of Goa, Daman and Diu.

<sup>1</sup>[(e) Advance may be granted to employees of State Government who desire to purchase ready built "flats" or "apartments" meant for bonafide residential purposes, subject to the following conditions.

(i) Employees who are eligible for the advance should purchase the flat or apartment.

(a) from Public Housing Agencies including co-operative Societies.

(b) on outright sale basis i.e., strictly on cash down basis.

(ii) Security :-

(a) The borrower of the advance offering additional security, in the form of KGID (Policies) or LIC and PLI (surrender 'values')

(b) in addition to the above, the borrower of the advance shall offer two collateral securities of appropriate status from permanent government servants so as to cover in full the balance of advance i.e., advance sanctioned minus value of additional security offered by the Advance.

(iii) Other conditions shall be as per rules under this code below House Building Advances.

209 A. Government servants who have been allotted ready built houses of houses under construction by the Karnataka Housing Board under HUDCO Scheme or under similar schemes of other Development Authorities or Statutory Bodies set up or constituted, as the case may be by the State Government, Central Government or other State Government may be sanctioned House Purchase Advance subject to the following conditions :-

(i) The amount of advance shall be sanctioned and the same shall be released in such instalments as may be stipulated in the respective scheme under which the house is allotted and an application for sanction of advance is made or subject to a maximum of five instalments whichever is less. Sanctioning authorities shall indicate the details of the scheme including the details of amount sanctioned, the amount of each of the instalments to be released, the number of instalments are to be released as per the schemes.

(ii) The maximum amount of advance shall be limited to the cost as stated in the allotment order issued under the scheme or the maximum amount admissible on the date of original sanction of House Purchase Advance under the rules whichever is lower and the difference, if any, being met by the Government servant concerned.

(iii) The application of HPA should be accompanied by no objection certificate and a true copy of certificate of allotment of house issued by KHB or the concerned authority making the allotment of house, agreeing to permit the allottee Government Servant to mortgage the property to Government as security in respect of the HPA to be sanctioned by Government.

(iv) The usual restrictions relating to the net take home salary shall be kept in view while sanctioning the advance and the amount of advance shall be limited accordingly.

(v) The total amount sanctioned may be revised by the sanctioning authority in case there is any modification in the cost of the house subsequent to allotment on account of escalation or reduction in cost of construction or structural variation in the construction and where such revision results in the enhancement of the amount sanctioned earlier it shall be limited to the maximum amount as may be admissible under the rules as on the date of original sanction of HPA and such enhancement shall also be subject to the condition relating to net take home salary.

(vi) Where the advance is released in one lumpsum the normal rules of recovery of HPA shall apply and where the amount sanctioned is released in more than one instalment the recovery shall commence from the month following the 23rd month in which the applicant has drawn the first instalment or the month following the month in which the final instalment has been drawn whichever is earlier. The total period of recovery shall be as per rules.

(vii) The applicant shall execute an agreement in form No.41 of Karnataka Financial Code before drawing the first instalment and shall mortgage the property to Government within one month from the date of drawal of final instalment.

(viii) The applicant shall furnish additional securities in terms of assured value of KGID Policy or surrender value of LIC Policy to an extent of 50 % of the advance.

All other conditions laid down in Karnataka Financial Code for sanction of HPA shall apply to the advances sanctioned under this Article (effective from 18-11-1980)]

### **ELIGIBILITY**

210. Advance under these rules may be granted to the following categories of Karnataka Government Servants:

(a) Permanent Government servants;

(b) Karnataka Government servants, not falling in category (a) above, who have rendered at least five years continuous service, provided the sanctioning authority is satisfied that they are likely to continue in the service of the Karnataka Government till the advance is fully repaid.

Note 1.- Officers of the I.C.S., I.A.S. or I.P.S. cadre who are permanently allotted to the Karnataka State are also eligible for the grant of advances under these rules.

<sup>1</sup>[Note 2.- The Judges of the High Court of Karnataka are also eligible for the grant of advances under these rules. Government shall be the Competent Authority to sanction the advance. However the provision of Article 214 (b) 1 shall not be applicable to the High Court Judges.]

(c) Government servants who have drawn loans under the Low Income Group Housing Scheme are not eligible for advance under these rules either for constructing or for purchasing a house;

(cc) Government servants who have stood surety to another Government servant for an advance under these rules and have not been released from their suretyship are not eligible for advance under these rules,

“(ccc) Government Servants, who have been allotted by the Karnataka Housing Board a ready-built house, shall not be eligible for an advance under these rules to purchase such house, if they are eligible for a loan from the Karnataka Housing Board”.

(d) In cases where both the husband and wife happen to be State Government servants and are eligible for grant of advance under these rules. It should be admissible to only one of them:

<sup>1</sup>[(dd) Neither the applicant nor the applicant's wife/husband/minor child must be the owner of a house already. This condition may be relaxed by Government in exceptional circumstances for example, where the applicant or the applicants wife/husband/minor child owns a house in any place other than the place where he/she desires to settle after retirement or where the applicant happens to own a house jointly with other relations etc., and he/she desires to build and or purchase a separate house for his/her bonafide residential purpose where he/she desires to settle down after retirement.]

(e) The State Government servants governed by the Payment of Wages Act, 1936, are not eligible for grant of advances under these rules.

#### **AMOUNT OF ADVANCE**

211. (a) Not more than one advance may be ordinarily granted under these rules to a Government Servant during his entire service, Advances for effecting repairs may, however, be granted in addition to or otherwise, provided the advance drawn either for construction. or purchase has been fully repaid and a certificate to that effect obtained from the Accountant General.

Exception.- In exceptional cases of real hardship Government may, however. sanction a second advance for the construction or purchase of a house and for effecting extensions or repairs to houses, if Government are fully satisfied about the need and justification for second advance.

The grant of second advance is also subject, to the following conditions:

1. The Government employees applying for second advance should specifically indicate to the satisfaction of the sanctioning authority the reasons for selling the house constructed or purchased out of the first advance.

2. The first advance should have been completely repaid with interest.

3. No such second advance shall be given, while a Government employee retain the house purchased or constructed out of the first advance.

4. Every application for such second advance, shall be carefully scrutinised by the Finance Department in consultation with the General Administration Department and specific Government Order issued, in each such case Indicating the reasons and justification for the sanction.

Note.- The sanctioning authorities may enhance the amount of House Building Advance sanctioned by them subject to the following conditions: -

(a) The amount after enhancement shall not exceed the amount admissible under the rules on the date of the original sanction.

(b) That the request for enhancement is made before drawal of the final installment, and

(c) Only one such enhancement for the completion of the building shall be sanctioned.

<sup>1</sup>[(b) [An advance not exceeding <sup>2</sup>[70 months Pay] subject to a maximum of the following amounts and limited to the actual expenditure involved may be granted. The ceiling limits indicated below include also the cost of stamp paper and registration charges for executing the mortgage deed ;

(i) <sup>1</sup>[Rs. 3,00,000] for the purchase of land and for construction of house.

(ii) <sup>1</sup>[Rs. 3,00,000] for construction of house on site already owned.

(iii) <sup>1</sup>[Rs. 3,00,000] for the purchase of ready built house. In the case of purchase of ready built house, the appropriate authority shall satisfy himself by obtaining a certificate from the Officer of the Public Works Department not below the rank of an Executive Engineer as to the class and normal useful age of the house. Applications for House Purchase Advance should be accompanied by a certificate regarding the age of the house and the normal useful age from the competent Public Works Department Officer. Ready built houses are classified into six categories depending on the normal useful age of the house as indicated in Article 213.

Advances shall not be granted for purchase of house whose age is more than 25 years;]

<sup>2</sup>[(bb) An additional Advance for House Building/House Purchase shall be granted to the Government employees as follows: -

(a) 15 months Basic Pay, subject to a maximum of Rs. 80,000 including the amount sanctioned at clause (b) above.

(b) The rate of interest on this additional amount of advance shall be at 10.5 per cent per annum.

(c) In case of misuse of the additional advance for non-residential purposes viz., for building shops, office, etc., the interest shall be at 16 per cent per annum.

(d) The additional advance shall apply only to such of the Government employees to whom House Building/House Purchases are sanctioned on or after 1st December 1978.]

<sup>1</sup>[(C) An advance equal to <sup>2</sup>[forty month's pay] subject to a maximum of <sup>2</sup>[Rs. 1,20,000] in the case of repairs, improvements, or extension to an existing home.]

Note.- The term 'PAY' means the substantive pay of the Government servants. Advance may, however, be reckoned on the basis of the pay drawn by a Government servant holding a post on a non-substantive tenure provided the Head of the Department certifies that there is no likelihood of the Government servant reverting from the non-substantive appointment. Special Pay (duty allowance) personal pay and Dearness pay, Dearness Allowance if any, may also be taken into account for the purpose of determining the amount of advance.]

<sup>2</sup>[212, 212 A xxx]

### REPAYMENT

<sup>3</sup>[213. Advances granted to a Government servant under these rules for purchase or construction of a house along with interest thereon shall be repaid in full by monthly instalments within a period not exceeding 25 years, or before the date of retirement whichever is earlier. The recovery of the advance shall be made in not more than 216 monthly instalments (in 18 years), and interest shall be recovered in not more than 84 monthly instalments (in 7 years). In the case of House Repair Advance, the principal is recoverable in not more than 96 (ninety six) monthly instalments (in 8 years) and the interest in 24 (twenty four) monthly instalments (in 2 years) thereafter:

Provided that in the case of purchase of ready built house of a Class and maximum age specified in column (1) and (2) respectively of the table below, the advance and the interest thereon shall be repaid within the respective periods specified in the corresponding entries in column (4) and (5) thereof: -

Class of House	Normal useful age of the House	<sup>1</sup> [Maximum Age of the House at the time of granting loan	Period of repayment Advance	<sup>1</sup> [Interest
1	2	3	4	5
Class-I	100 Years	40 Years	15 Years	5 Years
do II	100 Years	35 Years	15 Years	5 Years
do III	66 Years	30 Years	15 Years	5 Years
do IV	66 Years	25 Years	15 Years	5 Years



do V    20 Years        5 Years        12 Years        3 Years  
do VI    15 Years        3 Years]        9 Years        3 Years]

Provided further that in the case of Government servants with less than 25 years service before the date on which they attain the age of superannuation, recovery may be permitted at a rate not less than the amount of monthly instalment on the basis of repayment in a period of 25 years.

Recovery shall be effected by deduction of the monthly instalments as prescribed by the rules or as may be fixed by Government from time to time from the pay or salary bill of the Government servant concerned the head of the office or the Accounts Officer concerned as the case may be. The amount of interest calculated at the rates sanctioned by the Government for the advance shall be recovered in one or more instalments, such an instalment being not appreciably greater than the instalment by which the principal would be recovered. The recovery of interest shall commence from the month following that in which the repayment of the principal would be completed. The actual number of instalments in which the principal has to be recovered shall be determined by the appropriate authority and incorporated in the order sanctioning the advance. In the case of Gazetted Officers, the Accountant General will fix the actual number of instalments in which the principal and interest have to be recovered. It is the responsibility of the grantee to ascertain from the Accountant General about the interest due on the advance to pay it in instalments as prescribed.

In the case of non-gazetted Government servants, the responsibility for calculations of interest and its recovery rests with the Head of Office who draws and disburses their pay and allowances.]

Note 1.- (i) The amount to be recovered monthly shall be fixed in whole rupees, except in the case of the last instalment when the remaining balance including any fraction of a rupee shall be recovered.

(ii) Recovery of advance granted for constructing a new house: -

<sup>1</sup>[Irrespective of the fact whether an official owns a plot or not and notwithstanding the drawal of the second and third instalment of the advance, the recovery shall commence from the 24th month after the date on which the first instalment was drawn or from the pay of the month following the month in which completion report is submitted by the Government servant whichever is earlier.]

Recovery of advance granted for repairing, improving or enlarging an existing house:- Recovery shall commence from the sixth month following the date of drawal of the advance.

Recovery of advance granted for purchasing a ready built house:- Recovery shall Commence with the first issue of pay following the month in which the advance is drawn.

(iii) It will be open to Government servants to repay the amounts in a shorter period if they so desire; in any case the entire advance shall be repaid in full with interest thereon before the date on which they are due to retire from service.

(iv) In order to avoid undue hardship to a Government servant who is due to retire within <sup>1</sup>[25 (twenty-five)] years of the date of application for the grant of an advance, the sanctioning authority may permit him to repay the advance with interest in convenient monthly instalments (the amount of which shall not be less than the amount of monthly instalments on the basis of repayment within a period of <sup>1</sup>[25 years], during the remaining period of his service, provided he agrees to the incorporation of a suitable clause in the prescribed Agreement and mortgage deed to the effect that the Government shall be entitled to recover the balance of the said advance with interest remaining unpaid at the time of retirement.

(a) from out of the insurance amount in the Official Branch of the Karnataka Government Insurance Department.

(b) from out of the insurance amount due on policy or policies assigned in favour of Government at the time of grant of advance when the policy or policies so assigned are taken out in company or companies other than the Karnataka Government Insurance Department;

(v) In case the Government servant does not repay the balance of the advance due to Government on or before the date of his retirement, it shall be open to Government to enforce the security of the mortgage at any time thereafter, and recover the balance of the advance due together with interest and cost of recovery, by sale of the house or in such other manner as may be permissible under the law.

(vi) In the event of death of a Government servant in service before repayment in full of the principal of House Building/House Purchase/House Repair Advance drawn by him and/or interest due thereon, the entire interest including penal interest in cases where recovery of interest has not commenced or the balance amount of unrecovered interest including penal interest in cases where interest has partially been recovered upto the date of death, shall be waived. <sup>1</sup>[This provision is deemed to have come into force from 1-1-1971.

<sup>1</sup>[(vii) The Heads of Departments can refund excess amount recovered towards HBA/HPA/HRA including interest on the basis of the intimation by the Accountant General.

Exception.- The Accountant General is empowered to make refunds as above in respect of Gazetted Officers whose pay and allowances are authorised by him and in whose cases detailed accounts are maintained by him, under intimation to the Head of the Department.]

Note 2.- The Period of recovery of the advance drawn together with interest thereon in respect of the State Government servants who have been appointed to A.I.S. Cadres shall be extended to the age of superannuation namely, 58 years and the instalments of recovery already fixed shall be revised after obtaining a deed of

rectification from them in annexed form 'Deed of Rectification' subject to the maximum period /monthly instalments prescribed ibid.

**ANNEXURE**

Deed of Rectification

THIS DEED is made on the.....day of.....between.....(hereinafter called "the Mortgagor") of the one part and ..... (hereinafter called the "Mortgagee") of the other part.

WHEREAS by a deed of Mortgage dated the .....the said .....Mortgaged in favour of the Government of Karnataka the property (describe the property) and the said deed has been registered at.....Registration Office in Book No ..... .Volume No..... Pages ..... to ..... being serial No..... for the year..... (hereinafter called "the principal deed".) And whereas the principal deed requires rectification in the manner hereinafter appearing. NOW THIS DEED WITNESSETH that the principal deed shall be rectified and corrected in the following manner, namely,-

"In page.....line..... of the principal deed for the words"....."insert the words "....."

That as rectified and modified as aforesaid the principal deed shall remain in full force and effect.

IN WITNESS Whereof, the said.....has hereto signed (or put his signature, or set his hand) at .....the day and year first above written).

Signature.

Witness :

<sup>1</sup>[Note 3.- The recovery of instalments in respect of advances sanctioned to the Judges of the High Court of Karnataka shall be so fixed that the advance sanctioned together with interest thereon is recoverable in full before the retirement of judges.]

**SECURITY**

214. (a) In order to secure Government from loss consequent on a Government servant dying or quitting the service before complete repayment of the advance with the interest accrued thereon, the house built or purchased or repaired together with the land on which it stands must be mortgaged to Government, and the mortgage will be released on liquidation of the full amount of the advance together with interest thereon.

Note 1.- The mortgage bond will be prepared in Form No. 38 and reconveyance in Form No.39.

Note 2.- It is not compulsory to use the reconveyance Form in all cases.

Note 3.- (i) In case the mortgagee wants permission to raise a second loan by mortgaging his house built or purchased or repaired out of an advance sanctioned under the rules, such permission may be granted by the authority sanctioning the advance subject to the condition that the second mortgage of the house will be without prejudice to the prior right of Government over the property which has already been mortgaged to Government and subject to the further condition that such permission can be given only for purposes of effecting extensions or repairs to the house and not for any other purposes.

<sup>1</sup>[(ii) Permission may be granted to Government servants to raise second loan from non-government agencies for purposes of House Purchase Advance only in order to enable them to complete the execution of the sale deed, registration and mortgage the property to Government subject to the following conditions :-

(a) After the sale deed is executed, the possession of the property should be taken and it should be mortgaged to Government first and,

(b) After the property is duly mortgaged to Government the second mortgage may be executed in favour of the non-government agency.

(iii) Government servants may be permitted to raise second loan by mortgage of house built/purchased/ repaired out of advance sanctioned by Government subject to the following conditions:-

(a) The maximum limit of the second loan or advance from non-government sources should not exceed Rs 40,000 /- This limit should be incorporated in the order according permission.

(b) Requests for permission for raising second loans or advances through the execution of second mortgage shall be considered only after the second instalment of the first advance has been drawn and fully utilised for the approved purpose.

(c) Permission may be granted only for (1) completing the constructing of the house in the advance sanctioned by Government is found to be inadequate, (2) effecting extensions or repairs to the house already purchased / build /repairs out of the Government advance.

(d) The rules to take home salary should be strictly adhered to, while granting permission to raise a second loan. While calculating the gross emoluments  $7\frac{1}{2}$  percent of the loan to be taken on the basis of second mortgage may be included for purposes of determining his eligibility.

(e) Plans and estimates approved by the Corporation or local body must accompany the application for grant of permission to raise second loan.

(f) Not more than one such permission may be granted.]

Note 4.- The Head of the Department <sup>1</sup>[including the Officer next below the Head of Department,] when the advance is sanctioned by Government, and the

sanctioning authority, in other cases (hereinafter called the 'Appropriate Authority') is competent to sign the agreement, the mortgage deed, etc., on behalf of the Governor of Karnataka.

Note 5.- When the applicant for the advance happens to be the Head of the Department himself, the agreement, the mortgage deed, etc., will be signed on behalf of the Governor of Karnataka by such authority as the Government may direct.

Note 6.- Whenever the amount of loan originally sanctioned is enhanced, a supplementary mortgage bond should be obtained in Form No. KFC 38-A.

<sup>2</sup>[Note 7.- The house constructed / purchased by the Judges of the High Court of Karnataka shall be insured with the General Insurance Corporation of India or any of its subsidiaries immediately after its construction/purchase and the insurance should be against losses due to fire, flood, earthquake or lightning and the insurance certificate shall be sent to the sanctioning authority along with the completion report. The insurance policy shall contain a specific note that the Governor is interested in the policy amount that may become payable in the event of the happening of any of the contingencies specified above. The house shall be insured for a sum not less than the amount of the advance sanctioned and shall be renewed till the advance is fully repaid to Government. An annual certificate shall be furnished that the house continues to be insured for a sum not less than the sum due to Government.

When any of the advances under Article 209 has been fully repaid and a certificate to that effect has been obtained from the Accountant General the Mortgage deed may be returned to the Mortgagor superscribing thereon the words "The mortgage money is fully received. The document is returned."

In case, the mortgager wants a reconveyance, it should be done at the cost of the mortgagor.

(b) In addition to the above,

(1) The applicant must have insured his life in (a) the Official Branch of the Karnataka Government Insurance Department, or (b) the Hyderabad State Life Insurance Fund, or (c) the Life Insurance Corporation of India. In the first two cases, the value of the policy should not be less than 25 per cent of the advance applied for and the policy should be free from encumbrances and should be pledged to Government. In the last case, the surrender value of the policy should be not less than 25 per cent of the advance applied for and the policy should be got assigned in favour of Government.

OR

<sup>1</sup>[(2) The applicant should furnish the collateral security of another permanent State Government servant who is not subordinate to him and has insured his life in the Official Branch of the Karnataka Government Insurance Department or

Hyderabad State Life Insurance Fund or Life Insurance Corporation of India <sup>2</sup>[on Postal Life Insurance] to an extent mentioned in clause 1 “.

Condition:

(iii) “The liability of the Surety will continue till the Site and house to be built thereon/house to be purchased is mortgaged to Government or till the advance together with the interest due thereon is repaid to Government whichever happens earlier”.

<sup>2</sup>[(iv) The LIC and PLI policies may be released only if the entire amount of advance sanctioned and the interest accruing thereon can be recovered through the instalment fixed before the date of superannuation]

Condition:

(v) “ In the case of House Repair Advance the House to which the House Repairs are to be effected, is offered as security, and as such it is not necessary to take additional Security if the value of the house given as security is equal to or greater than the amount of the advance applied for”.

Condition:

(vi) “In case where Government employees permanent or temporary have drawn advances for purchase/construction of houses and have not mortgaged the property with security as indicated in the orders sanctioning the advances the authority concerned should take action to get the deed executed or advances refunded with penal interest and if the employees fail to comply with the requirements suitable action should be taken for official misconduct and violating the terms of the advance”.

A permanent Government servant standing as surety to the applicant for an advance should execute a surety Bond in the prescribed form (Form No. 40).

<sup>1</sup>[Note 1.- Heads of Departments may release the Insurance Policies of the KGID or in the L I C or PLI which are given as an additional collateral security for sanction of HBA / HPA / HRA by government servants subject to the following conditions]:-

(i) The house constructed, purchased or repaired out of the Government advance should have been mortgaged to Government under a registered Mortgage Deed.

(ii) The release of the policy or policies would not take away the right conferred in rule 24(2) of the Karnataka Government Servants (Compulsory Life Insurance) Rules, 1958 to the recovery of the balance of the house building or house purchase or house repair advance outstanding if any, with accrued interest from amounts due under the policies.

“Note 2.- The Collateral security of a Government Servant who has put in more than five years of continuous service (other than as a local Candidate), shall be

treated as that of a permanent Government servant for the purpose of this Article, provided it is certified by the competent authority that there is no prospect of his discharge from service and that he satisfies the other conditions laid down. The competent authority should also certify that the said Government Servant, who has agreed to be the collateral security for the advance, would also continue in service till the advance is repaid in full with interest or till the loanee mortgages the house in respect of which the advance is sanctioned, whichever is earlier".

In the event of the said Government Servant tendering resignation, it should be open to the competent authority not to accept the resignation and take suitable action to get the penal clauses in the agreement executed fully.

<sup>1</sup>[(c) House purchase advance may be sanctioned to Government servants by taking additional securities as under:-

(a) If the applicant hold KGID policy and LIC or PLI policies (surrender value) equal to 50 % of the advance admissible

(b) If the applicant does not hold any KGID, LIC or PLI policies or holds KGID, LIC or PLI Policies less than 50 % of the advance admissible then the collateral security of another Government servant who holds KGID, LIC or PLI Policies (surrender value) should be offered to such an extent that both put together will be equal to 50 % of the advance admissible].

#### **MODE OF DISBURSEMENT**

215. The mode of disbursement of the advances sanctioned is as follows:

(a) For a house building advance where a plot of land is to be acquired-

(i) First instalment- An amount not exceeding <sup>1</sup>[40] per cent <sup>1</sup>[forty] per cent of the sanctioned advance will be payable to the applicant for purchasing a plot of land on his executing an agreement in the prescribed form for the repayment of the advance. The land must be purchased and sale deed in respect thereof together with title deeds, encumbrance certificate, etc., produced within two months of the date of drawal of the first instalment before the Appropriate Authority, failing which the applicant shall be liable for refund of the entire amount together with interest thereon.

(ii) Second instalment- An amount equal to 40 percent (forty per cent) of the advance sanctioned will be payable to the applicant on production of the plans approved by the Corporation or Municipality or the Local Body concerned together with a probable estimate of the building proposed to be constructed. The Appropriate Authority will get the mortgage deed executed in favour of Government before authorising payment of the second instalment.

(iii) Third instalment- An amount equal to 40 per cent (forty per cent) of the advance sanctioned will be payable after the construction of the building has reached the roof level.

Note 1.- If an applicant draws a lesser amount than the ceiling fixed for the first or the second instalment under sub-clause (i) or (ii), he will be allowed to draw

the difference between the amount drawn and the maximum permissible for any instalment along with the subsequent instalment.

<sup>1</sup>[Note 2.- Government servants who have been sanctioned loans under these rules to whom sites are allotted by the BDA, CITB, Mysore or other Trust Boards in the State are required to produce the possession certificates, sale deeds and encumbrance certificates, within a period of six months from the date of drawal of first instalment provided that (1) the BDA / Trust Board authorities certify that the Government servant has been allotted a site and that he has deposited an amount not less than the amount of the first instalment drawn by him and (2) the Government servant produces proof in the form of receipt from the BDA/Trust Board authorities to show that an amount not less than the amount of first instalment of HBA have been deposited by him with BDA / Trust Board and payment towards the value of the site allotted to him, within two months of the drawal of the first instalment.]

(b) For a house building advance where the applicant already owns a plot:

The advance will be paid in two instalments -

First instalment - 50 per cent (Fifty per cent) of the advance sanctioned will be payable on the applicant producing title deed of the land, plan as approved by the Corporation, Municipality or other Local Body concerned together with estimate of probable expenditure for construction of the building and on execution of the mortgage deed in favour of Government.

Second instalment - The balance of 50 per cent (fifty per cent) of the advance will be payable after the building has reached the roof level.

Note.- If an applicant draws a lesser amount than the maximum fixed for the first instalment under this clause, he will be allowed to draw the difference between the amount drawn and the maximum permissible for that instalment along with the second instalment.

(c) For a House Purchase Advance - The amount of advance sanctioned will be payable in one lumpsum on the applicant executing an agreement in the prescribed form (Form No.41) for the repayment of the loan. The acquisition, of the house must be completed and the house mortgaged to Government within one month of the drawal of the advance, failing which the Appropriate Authority should take necessary action for the recovery of the entire advance together with interest accrued thereon, unless an extension of the time limit is granted by the sanctioning authority.

Note.- The extension of time granted by a sanctioning authority should not exceed a month.

Exception.- In respect of houses purchased from the Karnataka Housing Board, the acquisition of the house and the mortgage of the same to Government, must be completed within four months of the drawal of advance.

(d) Advance for House Repairs, etc.- The advance sanctioned will be paid in one Lumpsum on production of plans and estimates by the applicant and on execution of



a mortgage in favour of Government. A period of six months from the date of drawal of the advance is allowed for effecting repairs and extensions to the existing house from the advance sanctioned.

### **PROCEDURE**

216. Applications for advances under: these rules should be made in the prescribed form (Form No. 42) in duplicate and submitted to the sanctioning authority through the proper channel. The following documents should accompany the applications:

(1) A declaration in regard to house property, if any owned by the applicant;

(2) In cases where the applicant happens to be in possession of land and desires to build a new house on it, a copy of the title deed or other proof of the applicant having clear title to land along with the site plan. -

(3) In cases where the applicant is not in possession of the land, a declaration to the effect that he proposes to acquire the plot with the object of constructing a house thereon, together with title deed encumbrance certificate or other proof that the title is clear and marketable provided however, that the Government may, in its discretion allow such reasonable time as it deems fit to produce the title deed, encumbrance certificate or other proof of title.

(4) In cases where the advance is required for the purchase of ready-built house, particulars of the house proposed to be purchased, such as the area of the plot, the built-up area, the locality, annual municipal assessment, name and address of the owner and approximate price expected to be paid, a declaration that the applicant has satisfied himself that the transactions would result in his acquiring an undisputable title to the house. A declaration from the owner to the effect that the property is free from encumbrance (supported by an encumbrance certificate obtained from the Sub-Registrar of the area concerned) should be obtained and furnished with the application.

Note.- If the house to be purchased is situated in an urban area, the applicant should furnish data/documents regarding the valuation of the existing house to the satisfaction of the Heads of Departments who will furnish a certificate in the following form while forwarding applications for grant of Advance for the purchase of houses.

“I am satisfied on the basis of the data provided by the applicant that the valuation of the existing property as shown in column 5(e) of the application fairly represents the current market value of the existing house”.

In so far as properties situated in rural areas are concerned, the applicants should furnish a certificate from the Revenue Officer concerned (not lower than the rank of Tahsildar).

(5) In cases where the applicant requires advances for repairs, a copy of the title deed, establishing that the applicant possesses indisputable title to the property and a plan effecting improvements to the house.

(6) Particulars regarding Life Insurance Policies and Gratuity or Death-cum-Retirement Gratuity.

(7) A declaration that he/she has not drawn any loan under the Low Income Group Housing Scheme.

(8) A declaration that his wife/her husband is not a State Government servant or (where she/he is a State Government servant) that she/he has not drawn any advance under these rules or under the Low Income Group Housing Scheme.

(9) The Head of office recommending the grant of House Building/House Purchase/House repair advance should satisfy himself by examining the title deeds and other documents:

(a) If the advance is for building a house on a plot already owned, that the applicant possesses a clear title to the site on which he proposes to build a house;

(b) If the advance is for building a house after acquiring a plot or for the purchase of a house, that the plot or the house proposed to be purchased is free from encumbrances and that the prospective seller possesses clear title to it;

(c) if the advance is for repairing, improving or extending a house that the applicant possesses clear title to the land and the house existing thereon which is to be repaired, improved or extended;

(d) and obtain a certificate from, the Insurance Department and /or the Life Insurance Corporation of India and/or the Accountant General about the policy numbers held by the Government servant, amounts assured and the surrendered value at credit and/or the amounts which may be regarded as available on account of gratuity or death-cum-retirement gratuity of the Government servant.

(10) The Head of office will, thereafter, forward the application to the sanctioning authority with his certificate that the applicant is eligible for the advance and that he is prepared to abide by the conditions and rules laid down therefor. On examining the application and on the recommendation of the head of office. the sanctioning authority may sanction an advance under these rules subject to the availability of funds.

Note 1.- Before sanctioning, or forwarding to Government for sanction the application for advance, the Appropriate Authority will, scrutinize the applications and satisfy itself the correctness of the facts etc., stated therein. I will also examine the title deeds etc., furnished to make sure that the applicant possesses a clear title to the property in question.

Besides the title deeds, encumbrance certificates, etc., the applicant shall also obtain a certificate from the Government pleader and failing that from the Revenue Officer of the place where the property is located, certifying after investigation from the records of the Sub-Registrar, Revenue Authorities and the Court and from the information gathered from the Government servant and others that the property in the hands of or to be acquired by the Government servant is

his/her absolute and not joint family property and is free from encumbrances and attachments and that the holder has a clear and marketable title to the property. The certificate shall be in the following form-

"It is certified after investigation from the records of the Sub-Registrar.....and the relevant revenue and court records and from the information gathered from the sworn declaration made by.....and that the plot No. measuring..... Square yards at..... within the limits of.....is the absolute property of Sri/Smt..... Son/ daughter of Sri..... and not joint family property. The said property is free from encumbrances and attachments and Sri/Smt..... has a clear and marketable title to the property".

Exception.- The certificate referred to in Note 1 need not be insisted upon by the sanctioning authorities concerned when the Government servant has been allotted a newly constructed house/flat, for which the advance is sought by the Government Servant such as a State Housing Board, City Improvement Trust Board. In such cases it is only necessary that the applicant produces a certificate from the selling agency to the effect that the land on which the house/flat has been constructed is un-encumbered.

<sup>1</sup>[Note 2.- Heads of Departments can sanction these advances to all categories of Government servants under their control except to the officers borne on All India services. On the advance being sanctioned a copy of the order shall be communicated to the Accountant General and another to the applicant (effective from 19-7-1982)].

Note 3.- Where the Head of the Office and the sanctioning authority are one and the same, it is not necessary to furnish the recommendatory part of the certificate at page 7 of the application form.

216-A. (1) House Building Advance under these Rules may also be granted to Government servants eligible under Article 210 for the purpose of acquiring suitable sites on lease-cum-sale basis from the City Improvement Trust Boards and constructing new houses thereon or for purchasing ready built houses on lease-cum-sale basis from the City Improvement Trust Boards.

(2) A Government servant who has been allotted a site or a ready built house on lease-cum-sale basis, applying for an advance under clause (1) should before executing the mortgage deed, produce a letter of consent from the City Improvement Trust Boards concerned agreeing to the mortgage of the site or the ready built house, as the case may be to Government.

(3) As security for an advance under this Rule, a mortgage deed, in Form K.F.C. 42-A shall be executed by the Government servant.

"Note.- Advances for purchase of ready built houses allotted on lease-Cum-sale basis by the Karnataka Housing Board or the city improvement Trust Board may be granted:

(i) Government servants who are eligible for an advance equal to the cost of the house allotted; and

(ii) Government servants eligible for an advance less than the cost of the house allotted, provided such allottees have paid the difference in the cost of the house allotted to the Housing Board or the City Improvement Trust Board, as the case may be, before their applications for the advance are considered".

216-B. (1) Advances, if otherwise admissible, may also be sanctioned to a Government servant.

(i) for construction of a new house on a land: or

(ii) for repairing a house,

<sup>1</sup>[(iii) for purchase of house allotted by the Karnataka Housing board to the husband / wife the other spouse need not be Government servant.]

belonging to his or her, wife or husband as the case may be, provided that the wife or husband is willing to mortgage the land or house in favour of the Governor of Karnataka as security for repayment of the advance. The application for advance in such cases shall be accompanied by an agreement executed by the wife or husband undertaking to execute mortgage deed when the advance is sanctioned.

(2) The provisions of Articles 212,213, 214, 215 and 216 shall mutatis mutandis apply for advances under sub-clause (1).

### **GENERAL RULES**

217. (1) (a) On receipt of the order sanctioning the advance, the Government servant to whom the advance is sanctioned will arrange to complete the prescribed formalities such as execution of agreement on requisite stamp paper, Mortgage Deed, Surety Bond, Undertaking in the prescribed forms, assignment of life insurance policy or policies, etc. (wherever necessary) before the appropriate authority and furnish to him a payee's receipt in Form 3 for his certificate to the effect that the necessary agreement and/or mortgage deed, undertakings, assignment of policies, etc., have been executed.

(b) In the case of advances sanctioned to non-gazetted Government servants, the Head of the office, who draws the pay of the Government servant receiving the advance, will make a note in the Registers of his office of the details of advances sanctioned and the amount authorised to be drawn on payee's receipts either in lumpsum, or in instalments, and furnish a certificate that such a note has been made in the relevant payee's receipts, before they are sent to the Treasury Officer concerned for payment. He will thereafter, arrange to make necessary deductions, monthly, from the pay drawn for the debtor.

(2) The Treasury Officers are authorised to make payments on such payee's receipts provided ;

(i) in the case of advances drawn by non-gazetted Government servants in lumpsum or in instalments, the payee's receipts or the payee's first receipt as the case may be, bears a certificate of the appropriate authority to the effect that the necessary agreement or/and mortgage deed undertakings, assignments of policies, etc., have been executed and also a certificate of the Head of the office who draws the pay of the Government servants receiving the advance, that a note has been made in the Registers of his office of the details of advance sanctioned and the amount authorised to be drawn.

(ii) in the case of Gazetted Officers and in other cases where the advances are sanctioned by Government, the payee's receipts authorised for payment by the Accountant General;

(iii) in the case of drawal of second and subsequent instalments of advances by non-Gazetted Government servants, the relevant payee's receipts bears a certificate of the appropriate authority to the effect that he has satisfied himself that the land has been purchased/that the amount previously drawn has been fully spent on the building and that the present instalment may be paid.

Note 1.- Certificate of having executed the mortgage deeds, in cases of House Purchase Advance shall be sent to the Audit Office as soon as these are executed by the loanees subsequent to the drawal of the advance, within the time limit prescribed under clause (c) of Article 215 of Karnataka Financial Code.

Note 2.- In the case of Gazetted Officers also, the Payees receipts for drawal of second or subsequent instalments of the advance will bear the Certificate referred to above. These payees receipts should be forwarded to the Finance Department which would note the release of the amount of instalment and pass on to the Accountant General for authorisation.

(3) The Last Pay Certificate granted to Government servants who have taken advances, should specify the original amount of such advance, the amount repaid, and the balance remaining due.

(4) The Head of the Office concerned should maintain; a register showing the names of Government servants under him to whom House Building/House Purchase/House Repair Advances have been granted and should arrange to get from them quarterly statements of the progress of construction.

When no such statements are received for a period of <sup>1</sup>[two years], or when the reported progress is so un-satisfactory as to amount to a breach of the terms of the advance, the Appropriate Authority may order the recovery of the balance outstanding at the time, by deduction from the pay of the Government servant concerned or otherwise, and in cases of deliberate use of the money for purposes other than house building with penal interest <sup>2</sup>[xxx] at such rate as may be fixed by Government from time to time. If satisfactory reasons are furnished to the authority sanctioning the advance for the non-compliance of the conditions on which the advance was sanctioned, that authority may order that the entire advance is not

refundable, but only penal interest on the advance may be recovered upto the date of compliance. However, such penal interest may not be enforced if the non-compliance is due to the circumstances beyond the control of the Government Servant. <sup>2</sup>[Utilisation certificates in respect of HBA/ HPA/ HRA should be recorded in the form prescribed below within a month after the completion of the constuction, purchase, improvement, repairs of a house. The utilisation certificates in respect of advances sanctioned to Class "C" and "B" officials for House Building / House Purchase / House Repair need not be transmitted to the Accountant General but should be filed in the offices of Heads of Departments who maintain the detailed accounts of advances and should be made available during the local audit conducted by Accountant General.

The utilisation certificates in respect of advance sanctioned to the Class A and B Officers should continue to be sent to the Accountant General within a month after the completion of the construction, purchase, improvement, repairs of a house.]

"The advance of Rs.....drawn by Shri/ Shrimathi.....  
.of..... of sanctioned in No..... by ..... has been fully and properly utilised by him/her for the construction/purchase of the house at No..... and that the construction has been completed according to the specifications or that the purchase of the house has been completed within one month form the date of the drawal of the advance as stipulated in Rule No.....

(Sd.) Designation.

Note 1.- In order to minimise the chances of inaccurate certificate being sent in, the Appropriate Authority should make proper arrangements to have the houses of persons taking House Building advances inspected periodically during construction by responsible Government servants. The result of such inspection should be noted in the register mentioned above.

<sup>1</sup>[Note 2.- The levy of penal interest will not prevent the competent authority from taking disciplinary action against a Government servant for flagrant breach of willful disregard of the rules governing grant of advances for House Building/House Purchase/House Repair.]

(5) Whenever deductions are made in an establishment pay bill on account of House Building/ House Purchase/House Repair Advance, Treasury Officers may decline to cash the bill if it is not accompanied by a statement giving particulars of the deduction.

(6) Wherever Government servants who have drawn House Building/House Purchase/House Repair Advance, are transferred, absent on leave with or without allowances, retired or dismissed, heads of offices responsible for the preparation of their establishment pay bills will furnish a clear statement of such changes in the statement of recoveries of House Building/House Purchase/House Repair Advances

that accompany such bills, and note in the case of transfers, whether the deductions for instalments have been duly noted in the Last Pay Certificates granted by them.

(7) Whenever any irregularity in the recovery of monthly instalments or their non-recovery is not explained, the establishment pay bills should be returned by Treasuries uncashed for supply of omissions.

(8) Heads of Offices should give prompt and timely intimation to the Accountant General of the death or retirement of Government servants against whom house building/house purchase/house repair advances are outstanding, with details of the amounts due by them as soon as any such occurrence takes place among the members of their establishments. They should also intimate whether the Government servants have insured their lives, and if so, whether the fact of their being indebted to Government has been noted in the casualty reports sent to the Secretary of the Karnataka Government Insurance Department so that necessary steps may be taken for the speedy adjustment of the amounts due to Government.

(9) The title deed, agreement, mortgage bond and other documents will be kept in safe custody by the Appropriate Authority till such time as the entire amount of advance together with interest thereon is fully repaid, a certificate to that effect being obtained from the Accountant General, before reconveyance of the property to the applicant is given effect to. The Appropriate Authority should release such bonds soon after the loans are cleared, the Head of Office concerned where he is not himself the Appropriate Authority, being responsible to take the initiative in the matter.

<sup>1</sup>[Note.- The Head of the Department, when the advance is sanctioned by Government and the sanctioning authority in other cases (hereinafter called the "Appropriate Authority") competent to keep the title deed, agreement, mortgage bond and other documents in safe custody on behalf of the Governor of Karnataka.]

(10) In the case of Government servants drawing a pay not exceeding Rs.300 the encumbrance certificate to be furnished by the mortgagors will be obtained free of cost and in other cases the parties are required to produce the encumbrance certificates at their own cost, if any.

(11) Deleted.

(12) A Government servant quitting or removed from the station where he has built a house, before the whole amount of the advance has been liquidated, will continue to be liable to the deduction of his monthly instalment until the advance has been repaid but with the special sanction of Government he may be allowed to dispose of the house provided he is thereby enabled to clear off at once the whole amount due or to transfer it to any Government servant of his own or higher rank, future deductions being made from the pay of such officer provided that the latter does not owe to Government any amount on account of a house building loan which he might have obtained previously, after obtaining agreement, mortgage deed, etc., in the prescribed form.

Note.- In case, however, of Non-Gazetted Government servants, as the advance is to be drawn in pay bill form, the words. "Payees Receipt" wherever it occurs in this Article may be read, as " Pay Bill Form "

### **<sup>1</sup>[MOTOR CONVEYANCE ADVANCES]**

#### **PURPOSE FOR WHICH ADVANCE MAY BE GRANTED**

218. An advance may be granted under these rules for the following purposes:

(a) Purchase of a Motor Car,

or

(b) Purchase of a Motor Cycle.

#### **ELIGIBILITY**

219. Advances under these rules may be granted to the following categories of Government Servants;

(a) Permanent Government servants;

(b) Karnataka Government Servants not falling in category (a) provided the sanctioning authority is satisfied that they are likely to continue in the service of the Karnataka Government till the advance sanctioned is fully repaid.

Note 1.- Officers of the I.C.S., I.A.S., or I.P.S. Cadre who are permanently allotted to the Karnataka State are also eligible for the grant of advances under these rules.

<sup>1</sup>[Note 2.- The Judges of the High Court of Karnataka are also eligible for the grant of advances under these rules. Government shall be competent Authority to sanction the advance.]

An advance for the purpose of motor car will be given only when " the Heads of Departments"/Government consider that it is in the interest of the public service that the Government servant uses it in the discharge of his duties.

<sup>2</sup>[A State Civil Service Officer drawing pay in the scale of pay applicable to KAS (Group 'A' Senior Scale Post) /an IAS Officer of the Karnataka Cadre drawing pay in the Senior Scale and other Government servants drawing a pay of Rs 3500/- per month and above, shall be eligible for an advance for the purchase of a Motor Car. A Government servant including an officer of the all India Services borne permanently on the State cadres of the IAS/IPS/IFS drawing Rs 3,500/- or more per month and executive subordinate who need a motorcycle for the discharge of their executive duties may be granted advance for purchase of motorcycle / scooter.]

219-A. Advances to Government servants in foreign employ should be granted from the funds of the foreign employer, and when the latter desire to make such an advance he should apply to the Appropriate Authority for the necessary sanction. If the sanction is accorded, it will be subject to the proviso that the advance by the foreign employer shall be regulated by the same conditions as would apply if the Government servant were serving directly under Government. In special cases,



however, where a Government servant's services have been lent to Local and other bodies under the control of Government, whose rules do not permit the grant of motor car or motor cycle advance or whose financial position will not permit the same, the advances may under special orders of the Appropriate Authority be met from the Government Funds.

Note.- This does not apply to Government servants transferred to the Government of India or other States in respect of which reciprocal arrangements for the grant of advances by the foreign employer exist.

#### **AMOUNT OF ADVANCE**

220. (a) <sup>1</sup>[(i).- In the case of purchase of a Motor Car, an advance equal to 35 months pay or Rs.1,20,000 or the price of the car to be purchased whichever is least may be sanctioned as first advance, and Rs 1,20,000 less the profit earned on the sale of the previous vehicle purchased with a Government loan (i.e., the excess of the sale proceeds over the price paid at the time of purchase) or 35 months pay or the price of the car to be purchased whichever is least may be sanctioned as subsequent advances'.

(ii) An advance equal to 12 months pay subject to a maximum limit of Rs 20,000/- for purchase of a new or used vehicle may be granted for purchase of Motorcycle /Scooter.]

In both these cases, the total amount to be advanced will not exceed the anticipated price of the car or motor-cycle. If the actual price paid is less than the advance taken, the balance must be forthwith refunded to Government.

Note 1.- The term 'Pay' means the substantive pay of the Government servant. It also includes officiating pay (excepting officiating pay drawn in a leave vacancy). Advance may however, be reckoned on the basis of the pay, drawn by a Government servant holding post on a non-substantive tenure provided the head of the department certifies that there is no likelihood of the Government servant reverting from a non-substantive appointment. Special pay (duty allowance) and <sup>1</sup>[xx] if any, may also be taken into account as pay for the purpose of fixing the amount of the advance.

Note 2.- The expression 'actual price' occurring in line 3 of para 2 of this Article may include the price of essential accessories to be purchased along with the Motor Car/Motor Cycle, e.g., Spare Wheel, Tyre and a tube, pillion seat in a scooter. It does not include, the cost of non-essential accessories like radio in a car, plastic covers, etc., which the customer purchases of his own volition. Insurance and Registration charges which are incurred for running the motor car/motor cycle are not also included in the 'actual price' of the vehicle.

Note 3.- The expression 'actual price' mentioned in this Article would cover in the case of first purchase, the following items.

(i) The cost of transportation of the conveyance up to the place of duty of the Government servant concerned at the time of purchase irrespective of whether the transport is arranged by the distributors or by the officer himself,

(ii) The <sup>2</sup>[Sales Tax] actually paid.

(b) Advances under these rules may be given as often as necessary in the Public interest. A Government servant who has taken an advance will, however, not be entitled for a fresh advance before the previous advance and interest due thereon is fully repaid. In the case of second and subsequent advances, there should be ordinarily an interval of at least <sup>1</sup>[four years] between the previous advance and subsequent advance. Government may relax this limit in special cases.

Note.- The advance is not admissible to a Government servant who has a service of 18 months prior to the date of his retirement. The advance sanctioned to a Government servant can be availed of only if he can purchase the vehicle and complete the transaction 12 months prior to the date of his retirement.

<sup>2</sup>[(c) (1) Maximum amount admissible for a second and subsequent advance shall be 16 months' pay limited to a sum of Rs. 16,000 (Rupees Sixteen thousand only) for the purchase of a Motor Car and Rs.2,500 (Rupees Two thousand and five hundred only) for the purchase of a Motor Cycle/Scooter respectively. It is further limited to the differences, between the cost of the vehicle to be purchased and the sale proceeds of the vehicle purchased out of the previous advance left over after its repayment with interest thereof.

(2) These orders shall not apply to cases where the previous advance with interest has been fully repaid. In such cases, the second and subsequent advance limited to Rs. 16,000 (Rupees Sixteen thousand only) for the purchase of Motor Car and Rs.2,500 (Rupees Two thousand and five hundred only) for the purchase of a Motor Cycle/Scooter, can be drawn in full, irrespective of the amount, the Government servant gets on the sale of his/her old vehicle after repayment of the previous advance, with interest thereof.

<sup>1</sup>[221 xxx  
221-A xxx]

### **REPAYMENT**

222. (a) The advance granted to a Government servant under these rules, together with the interest thereon, shall be repaid in monthly instalments within eight years. Recovery will commence with the first issue of pay after the advance is drawn. Recovery will be made by deduction in monthly instalments as prescribed by the rules or as may be fixed by Government from time to time, from the pay or salary bill of the Government servant concerned, the deduction being made by the head of the office or the Accounts Officer concerned as the case may be. The recovery of interest will commence from the month following that in which the repayment of the principal has been completed. In the case of motor car advance, the principal is recoverable in not more than 84 instalments and the interest in not more than 12 instalments thereafter, and in the case of motor cycle advance, however, the principal is recoverable in not more than 66 monthly instalments and the interest in not more than 6 monthly instalments. thereafter, the amount of

instalment of interest, in either case, being not appreciably greater than the amount of instalments towards principal.

(b) The actual number of instalments in which the principal has to be recovered and the amount thereof and the number of instalments in which the interest has to be recovered will be determined by the appropriate authority and incorporated in the order sanctioning the advance. It is the responsibility of the grantee to ascertain from the Accountant General about the interest due on the advance and to pay it in the number of instalments prescribed.

In the case of non-gazetted Government servants, the responsibility for calculation of interest and its recovery rests with the Head of office, who draws and disburses their pay and allowances.

Note 1.- The amount of the advance to be recovered monthly should be fixed in whole rupees, except in the case of the last instalment when the remaining balance including any fraction of a rupee should be recovered.

Note 2.- In order to avoid undue hardship to a Government servant who is due to retire within (eight) years of the date of application for the grant of motor car advance, the sanctioning authority may permit him to repay the advance with interest in convenient monthly instalments the amount of which shall not be less than the amount of monthly instalment on the basis of repayment within a period of eight years during the remaining period of his service, provided he agrees to the incorporation of a suitable clause in the prescribed Agreement and Mortgage Deed to the effect that the Government shall be entitled to recover the balance of the said advance with interest remaining unpaid at the time of retirement. <sup>1</sup>[xx]

(a) from out of insurance amount in the Official Branch of the Karnataka Government Insurance Department.

“(aa) From out of the insurance amount due on policy or policies assigned in favour of Government at the time of grant of advance when the policy or policies so assigned are taken out in a Company/Companies other than the Karnataka Government Insurance Department. The surrender value of the Policy/Policies so assigned to Government shall not be less than the balance of the advance that would be outstanding on the date of retirement of the Government Servant on Superannuation.”

<sup>1</sup>[Note 3.- In the event of death of a Government servant in service before repayment in full of the principal of Motor Car/ Motor Cycle/scooter purchase Advance drawn by him/her and/ or interest due thereon, the entire interest including penal interest in cases where recovery of interest has not commenced or the balance amount of unrecovered interest including penal interest in cases where interest has partially been recovered upto the date of death shall be waived by the authority, which sanctioned the advance.] <sup>2</sup>[This provision is deemed to have come into effect from 7-5-1977.]

Note 4.- The period of recovery of the advance drawn together with the interest thereon in respect of the State Government servants who have been appointed to A.I.S. cadres shall be extended to the age of their superannuation namely 58 years and the instalments of recovery already fixed shall be revised after

obtaining a deed of rectification from them in the annexed form " Deed of Rectification" subject to the maximum period/ monthly instalments prescribed ibid.

(b) Deleted.

<sup>3</sup>[Note 5.- The recovery of instalments in respect of advances sanctioned to the judges of the High Court of Karnataka shall be so fixed that the advance sanctioned together with interest thereon is recoverable in full before the retirement of the judges.]

<sup>2</sup>[Note 6.- The Heads of Departments may refund the excess amount recovered towards HMA including interest on the basis of intimation by the Accountant General"

Exception : The Accountant General may refund the excess amount recovered towards conveyance purchase advances and interest thereon in respect of Gazetted Officers whose pay and allowances are authorised by him and in whose cases detailed accounts are kept by him, under intimation to the Head of the Department].

**ANNEXURE**

**DEED OF RECTIFICATION**

This Deed is made on the..... day of .....Between.....(hereinafter called " the Mortgage") of the one part and ..... (hereinafter called the "Mortgage") of the other part.

Whereas by a deed of Mortgage dated the ..... the said..... mortgaged in favour of the Government of Karnataka the property (describe the property) and the said deed has been registered at.....  
.....I..... Registration Office in Book No..... Volume No.....Pages..... to ..... being serial No. .... for the year.....

(hereinafter called "the principal deed") And Whereas the principal deed requires rectification in the manner hereinafter appearing Now This Deed witnesseth the principal deed shall be rectified and corrected in the following manner, namely.-

In page..... line ..... of the principal deed for the words " " insert the words "..... "

That as rectified and modified as aforesaid the principal deed shall remain in full force an effect.

In Witness whereof, the said..... has hereto signed (or put his signature, or set his hand) at ..... the day and year first abovewritten.

Witness:

Signature

### **SECURITY**

223. (a) in order to secure Government from loss, the conveyances purchased will have to be mortgaged to Government, and the mortgage will be released on liquidation of the full amount of advance together with interest thereon.

Note 1.- The mortgage bond will in Form No.43.

Note 2.- Mortgage deeds, agreements and surety bonds executed by the State Government servants in favour of the State Government are exempt from payment of stamp duty.

Note 3.- The appropriate authority when the advance is sanctioned by Government and the sanctioning authority in other cases (hereinafter called the "Appropriate Authority") is competent to sign the Agreement, the mortgage deed, etc., on behalf of the Governor of Karnataka.

Note 4.- When the applicant for the advance happens to be the Head of the Department himself, the agreement, the mortgage deed, etc., will be signed on behalf of the Governor of Karnataka by the appropriate authority.

Note 5.- The Agreements and Mortgage Deeds should be produced for scrutiny during the Local Audit of the office of the appropriate authority.

(b) In addition to the above, the applicant must cover the vehicle with a comprehensive risk policy with the Karnataka Government Insurance Department.

Note.- In case the vehicle is not eligible for comprehensive cover on account of its age it should be insured against fire and theft risk in addition to third party insurance.

(c) Such insurance should be effected from the date of purchase of the conveyance and the fact intimated to the Appropriate Authority, who will obtain from the Government servant drawing the advance, a letter (in the form hereinafter prescribed) addressed to the Insurance Department with which the vehicle is insured to notify the fact that Government is interested in the insurance policy secured. He will then forward the letter to the department and obtain acknowledgement. In the case of insurance effected on annual basis, the process should be repeated every year until the advance is fully repaid to Government.

(2) The Appropriate Authority should furnish to the Accountant General a certificate to the effect that borrower has comprehensively insured the vehicle with the Karnataka Government Insurance Department for an amount not less than the outstanding amount of advance together with interest accrued thereon, and that the insurance company has been notified about the Interest of Government in the policy. In case of Insurance effected on annual basis, this procedure should be repeated every year until the advance has been fully repaid to Government.

Note 1.- In case the vehicle purchased by the Government servant is a second hand one and it has already a comprehensive risk insurance cover which is

still in force, the Government servant shall re-insure the vehicle with the Karnataka Government Insurance Department from the date of expiry of that policy. In such a case the provisions of the above clause shall be followed at the time of such re-insurance. The interest of Government in the vehicle should however be got noted in the old policy immediately on purchase, by addressing the insurer (including in that term a private Insurance Company), through the Appropriate Authority. If the vehicle has not been insured for comprehensive risk, at the time of purchase, the Government servant should insure the vehicle in the Karnataka Government Insurance Department according to the above clause.

Note 2.- When re-insurance of the vehicle falls due, if the Government servant is working outside the State either on transfer or on deputation, the same may be effected with any local insurer of repute subject to the interest of Government in the vehicle being got noted therein through the Appropriate Authority.

(3) Where the Insurance Department does not issue a fresh policy every year and the original one in which a clause that the Government is interested in the insurance policy secured, already stands inserted as renewed, it is not necessary to repeat the above procedure. The appropriate authority should, however, ensure that the original policy has been renewed by the Insurance Department and the relevant clause regarding the interest of Government in the policy already stands included in the original policy and that Government servant has insured the vehicle without break in the period of insurance in the Insurance Department for an amount not less than the outstanding amount of advance Plus interest thereon compulsorily until the advance is fully repaid to Government. A certificate to this effect has to be sent to the Accountant General thereafter.

(d) Contravention of these rules will render the Government servant liable to refund the whole of advance drawn with interest accrued thereon unless satisfactory reason is shown to the contrary. If satisfactory reasons are furnished to the authority sanctioning the advance for the non-compliance of the conditions on which the advance was sanctioned, that authority may order that the entire advance is not refundable upto the date of compliance. However, such penal Interest may not be enforced if the non-compliance is due to the circumstances beyond the control of the Government Servant. The amount for which the conveyance is insured during any period should not be less than the outstanding balance of the advance with Interest accrued at the beginning of that period and the insurance should be renewed from time to time until the amount so due is completely repaid. If at any time and for any reason, the amount insured under a current policy is less than the outstanding balance of the advance, including interest already accrued, the Government servant should refund the difference to Government. The amount to be refunded must be recovered in not more than three monthly instalments.

**FORM OF LETTER INTIMATING THE SECRETARY, KARNATAKA GOVERNMENT  
INSURANCE DEPARTMENT GOVERNMENT'S INTERESTS IN INSURANCE  
POLICIES OF MOTOR CARS. ETC.**

From

.....

To

.....

Through the Accountant General.

Dear Sir,

I am to inform that the Governor of Karnataka is interested in Motor Car/Cycle insurance policy..... secured in your Company and to request that you will kindly insert a clause to the following effect in the policy.

Form of clause to be inserted in the insurance policy

1. It is hereby declared and agreed that Mr.....(the owner of the Motor Car/Cycle hereinafter referred to as the insured in the Schedule to this policy) has hypothecated the Car/ Motor Cycle to the Governor of Karnataka (hereinafter called the Governor) as security for an advance for the purchase of the Motor Car/Cycle and it is further declared and agreed that the Governor is interested in any monies which but for this endorsement would be payable to the said Mr..... (the Insured under this policy) in respect of the loss or damage to the said the Motor Car/Cycle which loss or damage is not made good by repair, reinstatement or replacement) and such monies shall be paid to the Governor as long as he is the mortgagee of the Motor Car/Cycle and his receipt shall be full and final discharge to the Company in respect of such loss or damage.

2. Save as by this endorsement expressly agreed nothing herein shall modify or affect the rights or liabilities of the insured or the Company respectively under or in connection with this policy or any term, provision or condition thereof.

Yours faithfully,

224. The motor car or motor cycle shall not be sold before the advance with interest has been fully repaid. In case the vehicle is to be sold before the advance together with interest is fully repaid, then the previous permission of the appropriate authority sanctioning the advance should be obtained. In case such sale is permitted, the sale proceeds must be applied, so far as may be necessary towards the repayment of outstanding balance, provided that when the car or motor cycle is sold only, in order that another car or motor cycle may be purchased, Government or the appropriate authority may permit the Government servant to apply the sale proceeds towards such purchase, subject to the following conditions.

(1) The amount outstanding shall not be permitted to exceed the cost of the new car or motor cycle.

(2) The amount outstanding shall continue to be repaid at the rate previously fixed: and

(3) The new car or motor cycle shall be purchased within a period of one month from the date of sale of the vehicle and the new vehicle shall be insured and

mortgaged to Government within that period; failing such completion within the said period the outstanding advance with Interest thereon shall forthwith be refunded to Government.

Note.- The mortgage bond will be in Form No. K.F.C. 43-A.

### **PROCEDURE**

225. (a) Application for advance should be made in Form No.44. Heads of Departments can sanction Motor Car/Cycle Advances in the case of both Gazetted and Non-Gazetted Officers except to themselves. In their cases, the said advances will be sanctioned by Government in the Finance Department. Application for second advances should be sent through the Accountant General, who will forward them to the Heads of Departments with a certificate that the previous advance has been fully adjusted. The Heads of the Departments or the Finance Department of Government as the case may be, will sanction an advance subject to availability of funds.

(b) On the advance being sanctioned a copy of the order will be communicated to the Accountant General Karnataka, the Departmental officer and the applicant.

(c) All payments on account of advances sanctioned by the Appropriate Authority under normal rules for the purchase of motor conveyances to Gazetted and non-gazetted officers will be made by the Treasury Officer after receipt of a copy of the sanction order endorsed to him and on bills accompanied by the certificates referred to in clause (e) of this Article.

Note 1.- In respect of officers paid under the I.R.L.A. System, the payees receipt should be sent to the IRLA Section of the Audit Office instead of to the Treasury.

Note 2.- The order sanctioning the advance should be sent to the Audit Office and a copy shall be endorsed to the Treasury or the IRLA Section of the Audit Office. The other provisions relating to furnishing of the stamped receipt on completing the purchase of the vehicle, information on hypothecating the vehicle and the insurance of the vehicle will continue to be sent to the Audit Office as required under sub-para 2 and 3 of clause (e) of Article 223 and 225 (e) of this Code.

Note 3.- Officers drawing the advance and the concerned Heads of Departments are responsible for the correct drawal of advances after ensuring that all conditions prescribed in this Code regarding the drawal of such claims are satisfied.

Note 4.- In respect of Officers/Officials who are in foreign service and who have been sanctioned conveyance advances under special orders of Government as per Articles 219-A *ibid*, specific authorisation from the Accountant General is necessary.

(d) A Government servant to whom an advance is sanctioned for the purchase of a motor car/cycle is expected to complete his negotiations for the purchase and to pay finally for the motor car/cycle within one month from the date on which he draws the advance: failing such completion and payment, the full amount of the advance drawn with interest thereon for one month must be forthwith refunded to Government. At the time of drawing the advance, the Government servant will be



required to execute an agreement in Form No.45 and on completing the purchase, he will further be required to execute a mortgage bond in form No.43 hypothecating the motor car/ cycle to the Government of Karnataka as security for the advance. The agreement and the mortgage bond will be got executed by the Appropriate Authority.

Note.- Government servants should draw the advances sanctioned to them only after they have received a written assurance from the dealers that the supply is likely to be made within one month. A certificate to this effect in the form mentioned below should be recorded on the bill for drawal of the advance. In the event of delay in supplying the Vehicle despite the written assurance from the dealer, the Government servants should apply for extension of the time limit within the permissible period of one month and seek permission for retaining the advance for a further period which should be specified. Each such request should be supported by a letter from the dealer, indicating the likely period of supply and such request will be considered on merits.

"I have obtained a written assurance from the dealer that the supply is likely to be made within a month. Copy of the letter from the dealer in this regard is attached to the Bill".

(e) Advances sanctioned will be passed for payment by the Treasury Officers on presentation of payees receipts containing a certificate from the appropriate authority concerned to the effect that the necessary agreement has been executed. The appropriate authority should also see that the Motor Car/Motor Cycle is purchased within one month from the date on which the advance is drawn and he should get the mortgage bond executed within this period, and he should furnish <sup>1</sup>[in respect of Class A and Class B officers only]. to the Accountant General a certificate with a copy to the Secretary, Karnataka Government Insurance Department to the effect that the borrower has purchased the vehicle in time and executed the mortgage deed hypothecating the vehicle to Government for the loan.

<sup>1</sup>[Note.- Utilisation certificates in respect MCA sanctioned to Class C and D officials need not be transmitted to the Accountant General. but file in the offices of the Heads of Departments who maintain the detailed accounts of the advance and made available during the local audit conducted by the Accountant General.]

(f) A certificate has to be furnished by the Government servant drawing the advance in the first salary bill after one month from the date of drawing the advance to the effect that the firm's receipt in respect of the purchase of the motor car/cycle has been sent to the Audit office.

(g) The agreements and mortgage bonds should be kept in safe custody by the Appropriate Authority. When the advance has been fully repaid, the bond should be returned to the Government servant concerned, duly cancelled, after obtaining a certificate from the Accountant General to the effect that the advance together with the interest thereon has been completely repaid.

Note 1.- When second hand cars or motor-cycles are purchased out of advances granted by Government, receipts from more than one firm or individual,

evidencing the fact of purchase and making the vehicle road worthy may be admitted in audit as satisfactory proof that the amount drawn as motor conveyance advance has been correctly utilised.

<sup>1</sup>[Note 2.- The Head of the Department, when the advance is sanctioned by Government and the sanctioning, authority in other cases (hereinafter called the "Appropriate Authority") is competent to keep the Agreement and mortgage bonds in safe custody on behalf of the Governor of Karnataka.]

(h) A Government servant, who purchases a motor car or motor cycle after he applies for a Government advance and arranges to pay for it by raising a temporary loan, may also be permitted to draw the advance subject to the other conditions being satisfied.

Note.- In case, however, of non-Gazetted Government servants, as the advance is to be drawn in pay bill form the words "Payees Receipt wherever it occurs in this Article may be read as "Pay bill Form".

## **<sup>2</sup>[225-A. ADVANCE FOR PURCHASE OF MOPEDS / CYCLE FITTED WITH POWER PACKS**

Government servants drawing a basic pay of Rs 1,500 or more per month are eligible to purchase new or used mopeds/ cycles fitted with power packs and they would be eligible for an advance for this purpose subject to the following condition;

(i) The advance would be limited to an amount equal to 8 months basic pay or Rs, 7,500 whichever is less.

(ii) The recovery of principal amount shall be in not more than 50 months and interest in 10 months.

(iii) such other conditions are as applicable for grant of MCA under this code are also applicable.

## **225-B. MOTOR VEHICLE REPAIR ADVANCE**

Government servants owning Motor Cars may be sanctioned an advance known as 'Motor Car Repair Advance' not exceeding Rs 5,000/- (Rs Five thousand only) at a time subject to the following conditions:

(i) Motor Car Repair Advance is admissible twice in the entire service with an interval of atleast three years between the first/second or subsequent advances and the Motor Car Repair Advance.

(ii) The need and extent of repairs should be certified by the RTO concerned.

(iii) The amount of advance is limited to actual expenditure incurred as per vouchers produced from reputed dealers and service agencies.

(iv) The application for Motor Car Repair Advance must be accompanied by a clearance certificate, issued by the Accountant General, Karnataka, Bangalore in respect of advance previously drawn.

(v) The principal is recoverable in 50 (fifty) equal monthly instalments and the interest in 10 (ten) equal monthly instalments.

(vi) Valid securities should be furnished in respect of the advance sanctioned.

Other conditions regarding grant of first or subsequent Motor Car Advance shall apply equally in this case also.]

## **BICYCLE PURCHASE ADVANCES**

### **ELIGIBILITY**

226. Advances may be granted for the purchase of bicycles to all permanent non-gazetted Government servants in receipt of pay not exceeding Rs.<sup>1</sup>[1,500] per month, including the Dearness pay, if any.

227. Temporary non-gazetted Government servants may also be granted advances for the purchase of bicycles subject to the following conditions:

(i) They should have put in a service of not less than two years and the Head of the Department should certify that there is reasonable prospect of the Government servant continuing in service till complete repayment of the advance.

(ii) The conditions prescribed in Art. 226 above should also be satisfied;

(iii) In addition to the mortgage of the bicycle the borrower has to furnish the collateral security of a permanent Government servant who has not less than 3 years of service to attain the age of superannuation and who has not stood surety to any other Government servant.

Note 1.- If a Government servant has stood surety to any other Government servant but the liability under the suretyship has been completely cleared, he will be deemed to have not stood surety to any other Government servant for the purpose of this rule.

Note 2.- Furnishing of collateral security of a permanent Government servant is not necessary in the case of Government servants who are regularly recruited and who have put in not less than 'three years' service and who have also insured with the Karnataka Government Insurance Department.

### **AMOUNT OF ADVANCE**

228. <sup>1</sup>[The maximum limit of advance admissible is Rs.1200].

### **NUMBER OF ADVANCES**

229. Advance under these rules may be granted to Government servants eligible for the advance subject to the following conditions:

(i) The number of advances to be granted under this Article shall be <sup>1</sup>[Not more than three] during the entire service of a Government servant. There should be an interval of not less than five years between two consecutive advances, the period of five years being counted from the date of drawal of the previous advance, provided that the previous advance together with interest due thereon, has been fully repaid;

(ii) The Government servant, if he is a class IV servant, should have a service of at least three years before attaining the age of superannuation. In the case of other category of non-gazetted Government servants, they should have a service of at least two years before attaining the age of superannuation.

<sup>1</sup>[230 xxx ]

### **RECOVERY**

231. <sup>2</sup>[The advances is recoverable in 20 monthly instalments and the interest in 2 monthly instalments] from the pay bill of the Government servant drawing advance and the recovery commences from the 1st of the month following the month in which the advance is drawn. The recovery of interest will commence from the month following that in which the repayment of the principal would be completed. The actual amount and number of monthly instalments in which the principal and interest have to be recovered will be determined by the Heads of Departments. The calculation of interest due will be made by the head of office and its recovery effected by him.

Note 1.- The amount of advance to be recovered monthly should be fixed in whole rupees, except in the case of the last instalment when the remaining balance including any fraction of a rupee should be recovered.

<sup>1</sup>[Note 2.- In the event of death of a Government servant while in service, the interest, or balance of interest payable on the Cycle Purchase Advance shall be waived by the sanctioning authority].

### **SECURITY FOR THE ADVANCE**

232. Personal security of the Government servant and the bicycle purchased (and also the collateral security of another permanent Government servant in respect of advances granted to temporary Government servants) will form the security for the advance.

### **PROCEDURE**

233. (i) Application for advances will be made in Form No. 46 and submitted to the sanctioning authority through the head of the office in which the applicant is employed. The Heads of Departments may sanction the second and subsequent advances after ensuring themselves from the detailed accounts maintained by the head of office that the advance previously drawn has been completely repaid together with interest and penal interest, if any, except in cases where discrepancy in the balances noted in the books of the audit office and the departmental balances (found noted in column 12 of Form No. KFC 49 enclosed to the pay bills) has been pointed out by the audit office.

Note.- Where a Government servant who has drawn an advance for the purchase of a bicycle, is transferred from one establishment to another after completion of the recovery of the advance with interest thereon, if any, and applies to the latter for the grant of a similar advance, he should furnish in his application for the grant of such an advance, a certificate to the effect that he had not drawn the

advance applied for prior to his transfer within the period of five years. Such a certificate may be test checked by the head of office where it is considered necessary.

(ii) The sanctioning authority will be the Head of the Department concerned:

(iii) A Government servant to whom an advance is sanctioned for the purchase of a bicycle is expected to complete his negotiations for the purchase and to pay finally for the bicycle within one month from the date on which he draws the advance and produce the cash receipt obtained for the amount actually paid for it to the head of the office, failing such completion and payment, the full amount of the advance with interest accrued thereon for one month must be forthwith refunded to Government. At the time of drawing the advance, the Government Servant will be required to execute an agreement in Form No.47 and on completing the purchase he will further be required to execute a mortgage bond in Form No.48 hypothecating the bicycle to the Government of Karnataka as security for the advance.

Note.- Mortgage deeds, agreements and surety bonds executed by the State Government servants in favour of the State Government are exempt from payment of stamp duty.

(iv) Advances sanctioned will be authorised for payment by the treasury on presentation of pay bill Forms signed by the head of the office and when they are accompanied by a certificate from the head of the office in which the applicant is employed to the effect that the necessary agreement in Form No.47 has been executed. The head of the office should also see that the bicycle is purchased within one month from the date on which the advance is drawn and he should get the mortgage bond executed within this period and he should also furnish to the Accountant General a certificate to the effect that the mortgage bond has been got executed and that the borrower has produced the receipts in respect of the purchase of the bicycle;

(v) The agreement and mortgage bonds should be kept in safe custody by the head of the office, and when the advance has been fully repaid, the bonds should be returned duly cancelled, after satisfying himself that the advance together with the interest thereon has been completely re-paid and a clearance certificate to that effect has been obtained from the Accountant General.

(vi) The head of the office will be responsible to see that the recoveries are made promptly and regularly each month in the establishment pay bills as per rules.

### **ADVANCES ON TRANSFER**

234. Advances may be made to a Government servant under orders of transfer involving a change of station up to an amount not exceeding one month's pay which he is in receipt of Immediately before his transfer or the pay he is entitled to after the transfer, whichever is less, plus the traveling allowance to which he may be entitled under the rules in consequence of the transfer. Such advances may be sanctioned by the head of the office or by any other subordinate officer to whom the power may be delegated.

The advances should be recorded on the Government servants last pay certificate. The advance of pay should be recovered from the pay of the Government servant in not more than six monthly instalments, the recovery commencing from the month in which the Government servant concerned draws a full month's pay

or/and leave salary on joining his new appointment. The advance of travelling allowance should be recovered in full on submission of the Government servant's travelling allowance bill.

Note 1.- Authorities competent to sanction advances under this Article may sanction such advances for themselves also.

Note 2.- An advance under this article is also admissible to a Government servant who receives order of transfer during leave.

Note 3.- This article does not preclude the grant of a second advance to a Government servant to cover the travelling expenses of any member of his family who follows him within six months from the date of his transfer and in respect of whom an advance of travelling allowance has not already been drawn.

Note 4.- When a single lumpsum advance is drawn to cover the travelling expenses both of the Government servant himself and of his family, it may be adjusted by the submission of more than one bill if it so happens that the members of the Government servant's family do not actually make or complete the journey with him. In such a case the Government servant should certify on each adjustment bill submitted by him that a further bill in respect of travelling allowance of the members of his family (to be specified) who have not yet completed the journey will be submitted in due course and is expected to include an amount not less than the balance of the advance left unadjusted in this bill.

Note 5.- The advance of pay under this Article may be allowed to be drawn at the new station soon after the arrival of the Government servant there, on production of the last pay certificate showing that no advance was drawn at the old station.

Note 6.- The amount of the advance to be recovered monthly should be fixed in whole rupees, the balance being recovered in the last instalment.

Note 7.- An advance of one month's pay may be granted under this Article to Government servant deputed for training to Training Institutions within India and returning therefrom after training.

<sup>1</sup>[Subject to the following conditions, namely: -

(i) That the minimum duration of training shall be for a period, of one month or more; and

(ii) During the period of training the trainee shall be on training outside the Headquarters.]

Note 8.- Advances to Government servants on transfer to foreign service may be sanctioned by the authorities that are competent to sanction the transfer. The reimbursement of the advance to Government by the Foreign Employer should be made in lump by sending a cheque or Demand Draft in favour of the Accountant General, Karnataka, Bangalore.

Note 9.- Advance of pay are not admissible under this Article to Government servants in respect of transfers, made at the request of the Government servants concerned.

Note 10.- Subject to production of surety from a permanent Government servant, advances may be sanctioned under this Article to temporary or officiating Government servants. The following certificate should, however, be recorded on the bills in all such cases:-

"Certified that surety from permanent Government servants has been obtained in respect of advances on transfer sanctioned to the temporary or officiating Government servants."

Note 11.- In the case of Government servants who are (i) quasi-permanent. (ii) on probation against permanent posts and (iii) on contract, such advances may be granted without production of surety of a permanent Government servant. However, in the case of Government servants on contract the sanctioning authority should make sure, before the advance is sanctioned, that the advance can be recovered/adjusted before the expiry of the contract of the Government servants concerned.

Note 12.- An advance of travelling allowance under this Article may be made by the competent authority to a temporary Government servant without insisting on a surety from a permanent Government servant provided it is restricted only to cover conveyance charges on account of the Government servant concerned, his family and his baggage to the new station. The competent authority to do so will be the sanctioning authority in respect of the gazetted Government servant and the Heads of the Departments concerned in respect of a non-gazetted or class IV Government servant, provided in the latter case the Government servant concerned has completed one year's service and is not likely, in the opinion of the Head of the Department, to be discharged within three months of the receipt of the advance. This does not preclude sanctioning of the advance of pay and travelling allowance to a temporary Government servant provided the surety from a permanent Government servant is obtained.

Note 13.- The Civil Engineers of the Government of Karnataka. who are deputed for military Training/Service under the compulsory Liability Scheme are eligible for the following facilities,-

(i) An advance equal to one month's pay as well as an advance of T.A. by the parent civil departments to the Officer at the time he is released from the civil post for deputation to the army and these advances are recoverable under the normal rules by the Controller, Defence Accounts (Organisation) and credited to the parent department.

(ii) At the time of reversion of the officers after completing the tenure with the Military authorities one month's advance of pay and advance of T.A. by C.D.A. (0) to be recovered subsequently under the normal rules by the parent departments and credited to the C.D.A. (0)

235. Deleted.

236. <sup>1</sup>[Advances of Pay and Travelling Allowance to Government servants on Transfer/Tour/ L.T.C. etc., should be accounted for under the same head of account to which the Government servant's pay and allowances are debited.

The advance of travelling allowances, are usually adjusted in the final travelling allowance bills of the Government servants concerned. In case where the final travelling allowance bills are so adjusted towards an advance, the drawing officers should enclose to the bill a statement in Form 49 (suitably adopted in the case of advances drawn and repaid by gazetted officers) to facilitate adjustment in the books of the Audit Office.

Where, however, the unutilised advances of travelling allowance are repaid in cash by the Government Servants concerned the amounts should be credited to the head to which it was originally debited.

<sup>2</sup>[236-A. Salary advance for the period of training.- Advance of salary for the full period of training to the State Government officers including all India service officers borne on the cadre of Karnataka, deputed by the State Government for attending training courses abroad, the duration of which is more than 3 months, shall be paid in one lump and it shall be adjusted in one lump after completion of the training against the salary admissible for the period of training abroad. No interest shall be charged on the above advance. The expenditure towards advance of salary shall be met out under the Head of Account to which the pay and allowances of the officer are debited.]

<sup>1</sup>[236- A. ADVANCE FOR PURCHASE OF SOLAR WATER HEATER SYSTEM

(a) Advance may be granted to employees of State Government who desire to purchase residential Solar Water Heaters for benefit of residential purpose subject to the following conditions.

(b) Eligibility:

(i) A permanent Government servant or

(ii) a temporary Government servant who has completed a continuous service of not less than five years, provided the sanctioning authority is satisfied that he is likely to continue in service till the advance sanction is fully repaid, who is residing in a house owned by him or by his spouse, or intends to stay in the said house after retirement.

(iii) A Government servant who is staying in the house of his parents or parents-in-law.

(iv) Government servants belonging to all India Services who are permanently allotted to Karnataka State are also eligible for the Advance subject to fulfillment of the conditions mentioned above.

(c) An advance equal to eight months pay subject to a maximum of Rs 5,000 may be granted for the purpose subject to the conditions that the amount to be sanctioned is restricted to the anticipated price of the Solar Heating System.



Note 1.- The term "Pay mentioned above shall mean "Pay" as defined in Rule 8 (32) of KCSR.

Note 2.- The anticipated price shall include the price of an auxiliary electrical heating system and taxes if any payable thereon.

Note 3.- If the actual price of Solar Water Heating system costs less than the advance sanctioned, the balance must be forthwith refunded to Government.

(d) Security:

(1) The Solar Heating System purchased by the advance shall be considered as the property of Government, till the advance with interest is fully repaid. A proviso to this effect should be included in the order sanctioning the advance.

(2) A Government servant who draws an advance for the purpose should, within one month from the date of drawal for the advance, furnish a certificate, giving full particulars of the Solar Heating System purchased out of the advance and produce cash receipt thereof.

(3) The outstanding balance, the advance with interest remaining unpaid, if any, at the time of retirement or death of the Government servant shall be recovered from the arrears of salary, DCRG, Insurance amount from KGID, the amount due under the Karnataka State Employees Group Insurance Scheme or General Provident Fund.

(e) Repayment:

(1) The advance sanctioned to a Government servant shall be recovered from the salary in such number of monthly instalments as he may elect, but such number shall not be more than that indicated below:

(i) Principal ... 50 instalments

(ii) Interest ... 8 instalments

(2) The recovery of the amount of advance shall commence from the first issue of pay after the advance is drawn.

(3) The monthly instalment of recovery of advance/interest could be fixed in whole rupees, except in the case of the last instalment, when the remaining balance, including any fraction of a rupee should be recovered.

(f) Sanctioning Authority:

The authority competent to sanction the advance shall be the Head of the Department, However, wherever the Government servant himself is the Head of the Department, the authority competent to sanction the advance shall be the Government in the administrative department concerned.

(g) Procedure : Application for sanction of advance shall be made in the prescribed form No. 81 (effective from 1.4.1982)

(a) advance may be granted to employees of State Government who desire to purchase a Solar Cooker for bonafied domestic use subject to the following conditions:

(b) Eligibility:

(i) Must be a permanent Government servant or

(ii) a temporary Government servant who has completed a continuous service of not less than 5 years, provided the sanctioning authority is satisfied that he is likely to continue in service till the advance sanction is fully repaid.

(c) Amount of Advance:

Rs. 300/- (Rupees three hundred only) or the cost of a Solar Cooker whichever is less.

(d) Security:

(i) The Solar Cooker purchased from the advance shall be considered as the property of the Government till the advance with interest is fully repaid. A Provision to this effect should be included in the order sanctioning the advance.

(ii) A Government servant who draws an advance for the purpose should, within one month from the date of the drawal of the advance furnish a certificate giving full particulars of the Solar Cooker purchased from the advance and produce a cash receipt there of, to the authority who sanctioned the advance.

(e) Repayment:

(i) The advance sanctioned to a Government servant shall be recovered from the salary in such number of monthly instalments as he may elect, but such number shall not exceed the number of instalments indicated below :

(a) Principal ... 10 instalments

(b) Interest ... 1 instalments

(ii) The recovery of the amount of advance shall commence from the first issue of pay after the advance is drawn.

(iii) The monthly instalment of recovery of advance/interest shall be fixed in whole rupees,

(f) Sanctioning Authority :

The authority competent to sanction the advance shall be the Head of the Department However, wherever the Government servant himself is the Head of the Department, the authority competent to sanction the advance shall be the Government in the administrative department concerned.

(g) Procedure:

Application for sanction of advance shall be made in the form KFC 82.

Note.- In the event of death of a Government servant in service before repayment of principal and interest on the advance for the purchase of Solar Cooker

drawn by him the balance of interest due from him at the time of his death shall be waived (Effective from 1-4-1983).]

### **ADVANCES FOR JOURNEYS ON TOUR**

237. Advances may be made under the rules specified below: -

(i) To a Government servant, for himself or an Assistant or Deputy, proceeding in tour, up to an amount sufficient to cover for a month his contingent charges such as those for the hire or conveyance or for the carriage of records, tents or other Government property, <sup>1</sup>[Subject to the condition that the amount of advances granted shall be adjusted by the end of the month succeeding the month in which the journey is completed in the final TA bills of the Government servant concerned.]

Note 1.- Advances under this rule may be granted by heads of offices but they should not be applied to the expenditure of any Gazetted Government servant, which is meant to be covered by his travelling allowances.

<sup>1</sup>[Note 2.- Advances under this rule shall be restricted to full Railway/Bus/Air Fare plus 90% of the probable daily allowance. mileage and incidental charges.]

(ii) To a Government servant, proceeding on tour, of an amount sufficient to cover his personal travelling expenses for a month. <sup>2</sup>[Subject to the condition that the amount of advance granted shall be adjusted by the end of the month succeeding the month in which the tour is completed in the final TA bills of the Government servant concerned.]

(iii) To a Government servant, proceeding on a prolonged tour in the interior places which are difficult of access, of an amount sufficient to cover contingent charges in terms of rule (i) above and personal travelling expenses in terms of rule (ii) above for six weeks. Subject to the condition that the amount of advance granted shall be adjusted by the end of the month succeeding the month in which the tour is completed in the final bill of the Government servant concerned.

Note 1.- Advances under Rules (i), (ii) and (iii) which are drawn in the month of March may be adjusted on completion of the journey or by the 30th April, whichever is earlier.

The expression 'personal travelling expenses' in rules (ii) and (iii) should be taken to include not only the daily allowance, but also the road mileage and the fares and incidentals for the journeys both ways. The daily allowance may be calculated for the likely period of halt at an out-station, not exceeding 30 days or six weeks in any case, as the case may be.

Note 2.- Advances for journeys on tour including those outside the State under competent sanction may be granted as follows: -

(a) Advances under Rule (ii) may be granted by heads of offices to officers subordinate to them.

(b) Advances under Rule (ii) may be sanctioned to themselves by all officers specified in Appendix V to the Karnataka Civil Services Rules 1958.

(c) Advances under Rule (ii) to heads of offices who are not their own controlling officers may be sanctioned by the respective controlling officers.

(d) Advances under Rule (iii) may be granted by Heads of Departments.

Note 3.- A second advance cannot be made to a Government servant under this Article until an account has been given of the first. A Government servant who has taken an advance under this Article for any particular journey may not take payment on travelling allowance or other bills drawn in respect of the same journey while the advance or any portion of it still remains unadjusted.

The following certificate should invariably accompany the bill for T.A. advances: -

(i) In Bills for T.A. advances for establishments.-

Certified that in no case a second advance has been drawn in this bill without getting a full account of the previous advances drawn.

(ii) In Bills for T.A. advances of Gazetted officers.-

Certified that this is the first advance or certified that the previous advance of Rs..... drawn by me on..... has been fully accounted for Vide., T.A. bill for (Gross) Rs..... (Net) Rs..... cashed on...../vide my letter No..... dated..... forwarding my T.A. bill for Rs..... to .....for countersignature/vide  
Challan/bill No.....dated.....refunding the exc-ess in cash / by short drawn.

Note 4.- Subject to the production of surety from a permanent Government servant, advances under this Article may be sanctioned to temporary or officiating Government servants.

Note 5.- In the case of Government servants who are (i) quasi-permanent; (ii) on probation against permanent posts, and (iii) on contract, such advances may be granted without production of surety of a permanent Government servant. However in the case of officers on contract the sanctioning authority will make sure, before the advance is sanctioned, that the advance can be recovered/adjusted before the expiry of the contract of the Government servant concerned.

Note 6.- An advance of travelling allowance under this Article may be sanctioned to a temporary Government servant without insisting on a surety by the sanctioning authority, in respect of gazetted Government servant and by the Head of the Department concerned in respect of non-gazetted Government servants or class IV servants, provided in the latter case the Government servant concerned has completed one year's service and is not likely, in the opinion of the Heads of the Departments, to be discharged within 3 months of the receipt of advance. The advance should be restricted to a month's pay of the Government servant

concerned. This does not preclude sanctioning of an advance on the same basis as for a permanent Government servant provided surety from a permanent Government servant is obtained.

Note 7.- Subject to the restrictions specified above, advances under this Article may be granted in all cases of journeys in respect of which travelling allowance is admissible as for a journey on tour.

Note 8.- Government may sanction advance of travelling allowance to non-official members of Committees and Commissions appointed by them. These advances should not, however, be granted as a matter of course. In exceptional cases where it will be hard for the members to meet the expenses of long and expensive journeys, advances may be allowed on receipt of a written undertaking in the form given below on condition that second advance is not allowed until the first one is adjusted and that the amount of advance is accounted for and adjusted on return from tour or on 31st March, whichever is earlier.

Form of agreement for adjustment or refund of advance of travelling allowance given to non-official members of Committees and Commissions appointed by the Government of Karnataka.

I.....member of the.....Committee/Commission appointed by the Government of Karnataka, having received a sum of Rs ..... (Rupees in words) an advance from the Government for performing certain journeys connected with my duties as member of the aforesaid Committee/Commission, hereby agree that the amount shall be adjusted against my travelling allowance bill immediately after the completion of the specified journeys and that I shall forthwith refund to the Government any portion of the advance not so adjusted. If for any reason, the specified journeys are not performed, I hereby agree to refund forthwith to the Government the entire sum of the advance on demand.

Revenue Stamp.

Signature of Member.

### **FESTIVAL ADVANCES**

238. <sup>1</sup>[1. Advances may be sanctioned to defray the expenses of important festivals to a Government servant including an Officer of the All India Services borne permanently on State Cadres of the IAS / IPS / IFS irrespective of the pay drawn by him and similar categories of Staff in commercial undertaking subject to the following conditions:

(i) The amount of advance will be 75 % of the basic pay rounded to the nearest multiple of Rs 10. and subject to a maximum of Rs.1000. The advance shall be available only once in a financial year.

(ii) The advance shall be recovered in ten equal monthly instalments, the first instalment commencing from the month following the month in which the advance was drawn.

(iii) This advance is also admissible to the work-charged staff who are entitled to pension or contributory provident fund benefits but not to the staff paid from contingencies].

(iv) The advance may also be granted to temporary staff subject to their furnishing surety from permanent Government servants in Form No.74.

Note.- Furnishing of collateral security of a permanent Government servants not necessary in the case of Government servants who are regularly recruited and who have put in not less than three year's service and who have also insured with the Karnataka Government Insurance Department.

In the case of the temporary staff who have completed two years of continuous service, the sanctioning authority may at its discretion, dispense with this requirement. The advance will not, however, be admissible to the temporary staff who are not likely to continue in service for a period of at least one year beyond the month in which the advance is drawn.

(iv-A) Work-charged establishment of P.W.D. may also be sanctioned festival advance under this Article subject to furnishing necessary surety in case of such work charged staff who are not eligible for gratuity: The surety may be either of regular Government servants or the work charged staff who are entitled for gratuity. The concerned disbursing officer will be responsible for the recovery of the advance so granted.

The festival advance granted to work charged establishment should be debited to a new suspense head 'Advances to workmen' to be opened in the accounts of the works concerned for this purpose and the recoveries should also be credited to the same suspense head. The concerned divisional officers should also maintain a Register and Broad sheet of these advance in Form KFC-77 to provide a link with the amount outstanding in the works account and also to watch that recoveries are effected promptly and that dues are not allowed to accumulate without effective action. The register should invariably be reviewed by the departmental officers also.

(iv-B) The Advance may be granted to Local Candidates also provided they furnish surety of a permanent Government servant.

(v) The advance will be admissible only to those who are on duty or on leave on average or full pay or on maternity leave at the time of drawl of the advance.

(vi) The advance will be admissible only for one festival <sup>1</sup>[during the Financial year]. The Head of the Department will be competent to fix the festivals for this purpose, after taking into consideration the importance attached locally to the festivals and the representations of the recognised service associations, if any.

(vii) No festival advance should be granted unless the earlier advance granted for the purpose has been repaid in full.

Note.- The Drawing Officer should record the following certificate on each bill for drawl of festival advances:

“Certified that no festival advance is drawn in this bill in respect of any person who has not completely repaid the festival advance previously paid to him/her.”

(viii) The advance should be drawn with previous sanction and disbursed not earlier than a fortnight and not later than the day (the first day) of the festival.

2. The authority competent to sanction these advances will be the head of office or the Head of the Commercial Undertaking. If the head of office is a non-Gazetted Government servant, he can sanction such an advance for himself also.

3. The following will be the procedure for maintaining the accounts of the festival advances.-

(i) <sup>2</sup>[The Festival Advance to be granted to the Government servants shall be drawn on salary bills under the detailed head ‘Pay of Officers/Pay of Staff’ to which their Pay and Allowances are normally debited. The recoveries shall be shown as deduction in the pay bills. Such recoveries will be taken as reduction of expenditure by the Controlling Officer/Drawing and Disbursing Officer / Accounts Officer concerned while compiling the accounts.]

(ii) Separate bills should be drawn by the drawing officers for these advances. These bills should indicate on the covering page the major head of account under which the pay and allowances of the establishment are debited. So as to enable the treasury officers to include the vouchers in the schedules of payments of the Departments concerned.

(iii) The recoveries of the advances paid to Government servants will have to be watched by the heads of offices concerned by maintaining registers in Form 49-C for noting the advances and the repayments.

(iv) The Accountant General’s Office will maintain account for festival advances drawing officerwise treating each drawing officer as a loanee in respect of the total advances drawn by him every month. The advances drawn by a drawing officer will be posted as a lumpsum against his account and the total amount recovered by him will be credited to his account in one lumpsum. The balance struck in his account will have to be reconciled with the balance according to the books of the drawing officer.

(v) For the above purpose, each drawing officer will be required to send to the Audit Office by 15th of every month an abstract in the new Form No. KFC 49-B showing the opening balance, debit (representing the net result of advances drawn by him, balances of advances transferred to his office through L.P.C. in respect of officials transferred and balances of advances transferred to other offices), credits and closing balance. The balance shown in the abstract will have to be reconciled with the balances shown in the books of the Audit Office.

(vi) In order to exhibit the recoveries in respect of officials transferred to and from the office of drawing officer, the schedules of recoveries should be prepared in three parts as shown in the new Form No. KFC 49-A.

Note 1.- In the case of the staff of the establishment of Public Works and Forest Department if any, who are included in work charged establishment and

whose pay bills are not encashed at the treasuries, the Divisional Officers will attach the Statement in Form 49-A along with the monthly accounts. Instead of giving a reference to the number and date of the Treasury vouchers, the particular item of the Divisional Accounts in which the debit or credit stands included should be indicated.

Note 2.- To enable the Drawing Officers to furnish the necessary particulars in the monthly statement prescribed herein, all heads of offices should note in the Last Pay Certificate the total amount of the advance and the number and date of the Treasury voucher in which the amount was originally drawn as well as the amount outstanding for recovery on the date of transfer.

### **LEAVE SALARY ADVANCE**

238-A. Government servants (including temporary Government servants) proceeding on leave for a period of not less than 30 days at a stretch may be granted one month's leave salary in advance (excluding allowances) subject to the following conditions:

(i) The advance should be restricted to the net amount of leave salary for the first month of leave after deductions on account of provident fund, insurance, repayment of advances, house rent, income-tax, etc. The deductions may be effected from the leave salary or duty pay which the Government servant will draw during the major portion of the month.

(ii) The advance should be adjusted in full in the pay bill in which the leave salary for the period in question is claimed. In cases where the advances cannot be so adjusted in full the balance will be recovered from the next payment of pay or/and leave salary.

(iii) The advance may be sanctioned by the head of office or by any other subordinate officer to whom the power is delegated by Government. In the case of gazetted Government servants necessary details of net leave salary may not be available with heads of offices and in such cases the leave salary advance may be sanctioned after ascertaining the deductions to be made, with reference to the previous pay bill of the officers concerned. Further deductions to be made in respect of advances if any, the recovery of which has not commenced before the person proceeds on leave but falls due during the currency of the leave or deductions to be made in respect of any other event which comes to notice (e.g., taking insurance, court attachment, etc.) are also to be taken into account to the extent Information is readily available.

(iv) Officers who are Heads of Offices may sanction the advance to themselves.

(v) The advance should be sanctioned in whole rupees.

(vi) The amount of advance should be debited to the head of account to which the leave salary of the Government servant concerned is debitable.

(vii) In the case of Gazetted Government servants, the advance can be granted without the leave eligibility report from the audit officer, in case where it is clear that one month's leave is at the credit of the officer. The audit officer's report should, however, be awaited where information regarding the eligibility to leave is not available with the head of office and also in doubtful cases.



(viii) The advances sanctioned should be treated as advance in lieu of leave salary and there is no necessity for issue of any separate authority from the Accountant General for the drawal of such an advance by Gazetted Government servant.

(ix) Government servants drawing leave salary advance, who resume duty before expiry of the leave period for which the leave salary advance has been drawn, should refund the entire leave salary advance before they are permitted to resume duty.

#### **LEAVE TRAVEL CONCESSIONS-GRANT OF ADVANCE**

238-AA. Advances may be granted to the Government servants to enable them to avail of the travel concessions, subject to the following conditions: -

(a) The amount of advance in each case is limited to four-fifths of the estimated amount which Government would have to reimburse in respect of the cost of journey both ways to the home town and back;

(b) Where the Government employee and members of his family avail themselves of leave travel concession separately, i.e, at different times, there would be no objection to the advance being drawn separately to the extent admissible and permitting adjustment of claims separately. Where, however, a consolidated advance is drawn the Government employee in respect of the members of his family the adjustment claim should be prepared in a single bill;

(c) The advance may be drawn for both the outward and return journeys of the Government employee and/or the members of the family at the time of commencement of the outward journey, provided the period of leave taken by the Government employee or the period of anticipated absence of the members of family, does not exceed three months or 90 days. Where the period of leave or the period of anticipated absence exceeds the limit, the advance can be drawn for the outward journey only. Where an advance has been drawn for both the outward and the return journeys and later become clear that the period of absence of either the employee or the employee's family from Head Quarters is likely to exceed the limit, one half of the advance should be refunded to Government forthwith;

(d) The advance in respect of temporary Government employees and their family will also be sanctioned subject to the production by them of surety of a permanent Government employee;

(e) Officers who are their own controlling officer for travelling allowance purposes may sanction the advance to themselves. In case of others, the sanction of the Controlling officer concerned would be required;

(f) The advance will have to be refunded forthwith if the outward journey is not commenced within 30 days of the grant of advance;

<sup>1</sup>[(g) The claim in adjustment of the advance drawn by Government employees should be preferred: -

(i) Within one year of the date of completion of return journey, when the return journey, is completed between 1st August 1980 and 31st December 1980; and

(ii) Within 3 months of that date or before 31st December 1981, whichever is later when the return journey is completed on or after 1st January 1981; and

<sup>1</sup>[(iii) In the case of leave travel concession, the final bill in adjustment of the advance or TA claims for journey, if no advance is drawn shall be submitted within one month, when the return journey is completed on or after 6-6-1990, along with the certificate in the following form :

#### **CERTIFICATE**

Certified that I and the members of my family have undertaken journey from ..... to..... (declared place of visit) by railway/bus/sea, vide ticket numbers ..... during the period from..... to .....

Signature:

Name:

Designation:

Date:

(h) The account of advance drawn for leave travel journey will be rendered after completion of the journey in the same way as for an advance of Traveling Allowance on tour;

(i) The adjustment of advance will be watched through objection book by the Accountant General Karnataka, Bangalore;

(j) The procedure for the grant of advance for Leave Travel concession to an officer on deputation who, immediately on reversion to his parent office, wished to proceed on leave and to join the parent office on the expiry of such leave shall be as follows:

(1) In the leave application of the reverting officer, the fact that he would be availing of the Leave Travel Concession during the period of leave will have been mentioned by him. The borrowing department may, while forwarding the leave application to the lending Department for sanction, inform the latter Department that, in the event of leave being sanctioned they would sanction the advance to the extent admissible under and subject to the conditions laid down in Clause (h) above. On receipt of intimation regarding sanction of leave, the controlling officer for T.A. Purposes in the Borrowing Department, in respect of the Officer availing of the leave Travel concession may sanction the advance and endorse a copy to the lending Department, which will keep a watch on the Adjustment of Leave Travel Concession Advance.

(2) The Procedure in (1) above may be made applicable, in the event of the reverting officer applying for leave and intending to avail of during the leave, the leave Travel Concession himself or with any or all members of his family. If, during the period of leave in question, any or all members of his family above intended to avail of the concession and not the Government servant himself, even then the procedure at (1) above may also be made applicable.

(3) The Leave Travel Concession advance granted by the borrowing Department will be adjusted against the account of the Department/Office which is ultimately liable to bear the expenditure on account of the L.T.C. availed of by the Government servant concerned and/or his family.

(k) The expenditure on this account may be debited to the detailed head "other charges" under the major head concerned.

238-A.B. <sup>1</sup>[A State Government employee and his family may avail themselves of the leave travel concession for journey to any place in India, <sup>2</sup>[only once during his entire service]. An advance for this leave travel concession may be granted to the Government servants to enable them to perform the journey subject to the following condition:

(a) A Government employee will be eligible for an advance against the claim for leave travel concession for a journey to any place in India. The advance will be limited to 4/5th of the estimated amount which Government would have to reimburse in respect of the cost of journey to and from the place of visit.

(b) The conditions for grant of advance will be the same as are applicable to the advance for leave travel concession to Home Town.]

#### **ADVANCES FOR THE CONDUCT OF LEGAL PROCEEDINGS**

238-B. (a) An Interest free advance not exceeding Rs.500 or three month's substantive pay to enable a Government servant to meet the expenses of his defence in legal proceedings against him falling under the provisions of Article 146-B (1)(c).

(b) An Interest-free advance of an amount considered by Government as necessary to enable a Government servant to meet the expenses of legal proceedings of the nature referred to in Article 146-B (1) (d) and (e).

(c) These advances will be payable on the execution of a bond in the Annexed Form.

In the case of an advance granted under clause (a), the amount less the amount reimbursable, if any, by Government under clause 2-c (ii) of Article 146-B will be recovered by deductions from pay in suitable monthly instalments fixed by Government.

In the case of advance granted under clause (b) the amount of the instalments of recovery, their number and periodicity will be fixed by Government.

#### **ANNEXURE**

By this Bond I..... (here give the name and other particulars of the Government servant including post held by him) acknowledge myself bound to the Government of Karnataka in the sum of Rs.....(here enter a sum representing double the amount advanced) to the said Government.

Now the above written Bond is conditioned to be void in case the above bounden (Government servant), his personal representatives or any person shall, on demand, pay to the said Government or its representatives, assigns or their attorney

authorised to receive the same, the said sum of Rs.....but in the event of the above bounded (Government Servant) or his personal representatives or any person acting for and on his behalf failing to pay the said sum on demand, the above written bond shall remain in full force and effect.

Dated this the.....day of.....197

Witnesses:                      Signature, of the Government Servant.

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

### **EQUIPMENT ADVANCE**

<sup>1</sup>[238-C Interest free equipment advance shall be sanctioned to the officers including All India Services Officers and Employees belonging to the various Services who are posted to New Delhi or to other places outside the State for work whether in connection with the Union Government or the State Government.

The advance to be sanctioned shall be equal to five months pay subject to a maximum of Rs.6,000/-

The repayment shall be in 24 (Twenty Four) equal monthly instalments.

The recovery shall be made from the salary bills and credit passed on to the Accountant General (Accounts), Karnataka.

The expenditure shall be debited to the Head of Account "766-Loans to Government Servants-5. Other Advances-I Equipment Advance. Advances to Government servants posted for work outside the State.

- 1. A.I.S. Officers
- 2. Gazetted Officers
- 3. Non-Gazetted Officers"]

### **ADVANCE OF COMPASSIONATE OR DEATH-CUM-RETIREMENT GRATUITY**

239. (a) Heads of Departments are authorised to sanction to the families of Government servants in permanent or temporary employ (excluding members of the work charged establishment and daily rated staff) who have rendered not less than five years' continuous qualifying service and who die while in service (whether on duty or on leave with or without pay) an advance equal to two months' pay on the basis of the pay last drawn, subject to a maximum of Rs.500, if in the opinion, of the Head of the Department the family concerned has been left in indigent circumstances by the death of the Government servant on whom it was dependent and it was in immediate need of the financial assistance. The term "pay" for this purpose means "both substantive and officiating pay".

Note.- In the case of non-gazetted Government servants the Gazetted Heads of offices who draw their pay and allowances can also sanction the above

advance. In the case of non-Gazetted Heads of offices, the next Gazetted Officer may sanction the above advance.

(b) In the case of all Government servants who have not exercised nominations for the payment of Death-cum- Retirement Gratuity, the Head of the Department should obtain from them declaration regarding the member of the family who would receive payment of the amount admissible in paragraph (a ). The amount of advance will be adjusted against the Compassionate Gratuity or any other payment which may later on be sanctioned to the family of the Government servant.

(c) In the case of Government servants, who have nominated the members for Death-Cum-Retirement Gratuity, payment should be made only to the person or persons nominated by him to receive Death-Cum-Retirement Gratuity in the proportion to which they are entitled.

(d) In all cases, an undertaking should be taken from the person or persons concerned before the payment is made, that he or they agree to the amount being deducted from the Compassionate Gratuity or Death-Cum-Retirement Gratuity or any other amount ultimately payable to him or them.

(e) The payment made under this Article should be debited to "S. Deposits and Advances-Part III Advances not bearing interest-Advances repayable-Civil Advances (e) O.B.A. (i) Civil treasuries' since April 1950 [Advances of Pay to families of Government servants who die while in service) (new head of account to be opened). The sanction order communicated by the Head of the Department should contain the following particulars-

1. Name of the Government servant.
2. Designation and office in which working.
3. Pay last drawn
4. Length of qualifying service put in.
5. Amount of advance sanctioned.
6. Name of the payee.

Copies of sanction should be sent to the Audit Office. Heads of Offices will draw the money required on establishment pay bill forms enclosing copy of the sanction and disburse them to the payee specified in the sanction order, The fact of payment of advance in this behalf should be noted in the Last Pay Certificate sent with the Compassionate Gratuity/Death-Cum-Retirement Gratuity and papers relating to similar other payments sent to Audit Office.

(f) Heads of Departments should see that the advance is adjusted as early as possible and in any case within a period of six months from the date of sanctions if the amount of Compassionate Gratuity or Death-Cum-Retirement Gratuity or similar other payment is less than the advance initially sanctioned and if this balance is eventually treated as irrecoverable the same should be debited to "57.

Miscellaneous- (c) irrecoverable temporary loans and advances written off, under special orders of Government.

(g) Every order sanctioning payment under this Article should be endorsed to the Finance Department of Government, Administrative Department of Government concerned (in addition to the Accountant General, Karnataka, Bangalore.)

### **<sup>1</sup>["ADVANCES FOR MEDICAL TREATMENT IN FOREIGN COUNTRIES"]**

1. 239A. The Special Advance for Medical treatment in Foreign Countries may be granted to the Government Servants subject to the following conditions:

(a) The certificate from the Director of Health and Family Welfare Services/Medical Board to the effect that the Government servant concerned needs treatment abroad as such facility is not available in India. Further, the Director of Health and Family Welfare Services is also required to indicate the approximate amount required to meet such medical treatment abroad.

(b) The total amount of special advance shall be seventy five times of the total emoluments of concerned Government Servant or Rs.75,000 whichever is less limited to the amount indicated by the Director of Health and Family Welfare Services as being the approximate expenditure for the treatment.

(c) The advance shall carry interest at Rs.7 per cent annum.

Penal Interest on overdue monthly instalments of principal or interest or both shall be recovered in addition to the normal rate of interest other-wise leviable at a rate of 4 per cent above the ordinary rate of interest applicable to the advance.

(d) The advance together with interest shall be recovered in convenient monthly instalments before the Government Servant retires on Superannuation or within a period of 20 years as the case may be.

(e) In case of death in transit in Air, the Insurance of about Rs.1 lakh payable to the family of the Government servant, shall be adjusted towards the outstanding advance and the balance paid to the family of Government servant.

(f) In case the Government servant dies after drawal of such advance in India or foreign country, the amount of advance outstanding shall be recovered by adjustment out of the amounts due to (i) Karnataka Government Insurance Department Policies (ii) Life Insurance Corporation of India policies and (iii) Family Benefit Fund. The balance, if any, may be waived.

(g) The Government servant is required to give an undertaking in writing to the Government to the effect that he will refund the advance with interest and to assure the Government that he shall definitely return to India after recovery from the illness.

(h) The wife and/or husband/in whose favour the insurance policies of the Government servant have been nominated should give an undertaking in writing to the Government to the effect that all amounts due on the Karnataka Government Insurance Department/Life Insurance Corporation of India Policies and amount of

Family Benefit Fund shall be adjusted towards out-standing advance granted to the husband or wife as the case may be.

(i) The special advances may be sanctioned by Government in the Finance Department in case of Gazetted Officers and Heads of Departments in the case of Non-Gazetted Officers.

(j) The advance should be debited to the head "766 Loans to Government Servants-5 other advances.

II. Other Miscellaneous Advance as follows:-

(i) Advances for Medical Treatment in Foreign Countries (Gazetted Officers).

(ii) Advances for Medical treatment in Foreign Countries (Non-Gazetted Officers)."

### **OTHER ADVANCES**

240. Advances may also be made under the rules specified below:-

(a) To a Treasury Officer for expenses connected with a remittance of treasure to be adjusted when the duty is completed.

The detailed procedure for drawing and adjusting of such advances is as follows:-

The amount required for cart hire, packing and other charges should be drawn in separate Abstract Contingent Bills by the deputy Commissioners, clearly noting therein the purpose for which the advance is required and the name of the treasury to which remittances are sent. District and Taluk Treasury Officers can draw upto a limit of Rs.100 only. Detailed bills for all amounts drawn in a month duly countersigned by the Deputy Commissioner should be sent to the Accountant General as soon as the duty is completed, and in any case, within one month of drawing the advance. Unspent amounts, if any, should either be remitted to the treasury in cash or short drawn from the next Abstract Contingent Bill. Amounts remitted in cash should be credited to "Recoveries of Service Payments" under "Debts, Deposits and Advances" in the treasury accounts. Details of amounts so refunded should be furnished in the detailed bill sent to the Accountant General. In no case should the unspent amount of an advance drawn for a particular remittance be utilised for advance required for another remittance.

Note.- The detailed bill for charges incurred in connection with the remittance of treasure from one treasury to another will be prepared in the form prescribed, separate bills being drawn for charges connected with the remittances within the district and those relating to remittances beyond the district.

(b) For Law suits to which Government is a party- Expenses connected with the institution, defence, and the conduct of any suit or proceeding should be met by the department concerned, from out of its budget grants. Advances of money necessary for the initial and subsequent expenses of a suit or proceeding should be made by the Department, after obtaining sanction of the Head of the department.

(c) The Deputy Commissioners of Districts when they consider Government aid is called for to enable Government servants belonging to all departments of Government to readily evacuate their houses in towns or villages declared or suspected to be plague Infected, at once, Advance of a month's pay to such Government servants up to a maximum of Rs. 30 may be allowed. The advance is recoverable in three equal instalments and the sanction of advance should be communicated to the Audit office.

#### **OTHER ADVANCES**

241. Besides these, amounts drawn by Government officers for the purchase of stores and other articles for sale to the public are accounted for under advances heads in accordance with the prescribed special rules.

#### **CUSTODY OF MORTGAGE BONDS**

242. All mortgage bonds pertaining to house building and motor car advance will remain in the safe custody of the <sup>1</sup>[Appropriate authority] and those relating to bicycle and other Advances will remain in the custody of the head of the office till the loans are finally discharged. They have to be returned duly cancelled to the parties concerned, when the advance is fully repaid to Government after ascertaining from the Accountant General in doubtful cases the fact of the advance having been adjusted in full.

<sup>1</sup>[Note.- The Head of the Department, when the advance is sanctioned by Government and the sanctioning authority in other cases (hereinafter called the "Appropriate Authority") is competent to keep the Mortgage Bonds in safe custody on behalf of the Governor of Karnataka.]

#### **CONDITION OF REPAYMENT**

243. All advances are subject to adjustment by the Government servants receiving them in accordance with the rules applicable to each case. Every advance must be adjusted by the end of the month succeeding the one in which the advance is drawn, where the date within which adjustment should be made is not prescribed in the order itself.

When it is found that any advance cannot be adjusted within the time fixed, sanction of Government or other authority sanctioning the advance should be obtained for extension of time by a definite period for adjustment.

#### **FORMS OF DRAWING AND REPAYMENT**

244. (a) In the vouchers on which advances are drawn, the number and date of the order sanctioning them must be quoted.

(b) A personal advance to a Government servant may be repaid either in cash or by deduction from his salary bill. Repayments of advances by deduction in pay bills should be supported by the schedules of recoveries of advances in Form 49: separate schedules being attached for different types of advances. In repaying an advance in cash, the memorandum presented at the treasury should state the original place, date and amount of the advance or otherwise give sufficient



particulars for its identification. Remittance of the amount to the particular treasury where the advance was made is not necessary.

(c) In order to ensure that acceptance of balance of individual Government servants are received by the Accountant General in all cases promptly and the discrepancies pointed out are reconciled as and when they come to his notice, the following procedure should be followed;

(i) The drawing officer should without fail indicate the balance outstanding after each month's recovery in the column already provided for in Form 49. The bills that do not contain the above information should not be passed by the treasuries but should be returned with objection to furnish the above information.

(ii) The drawing officers should prepare an extra copy of the recovery schedule relating to the pay bill for the month of February each year and get it circulated amongst the loanees concerned and obtain their acceptance or other remarks to the balance struck therein and attach the same to the pay bill for the month of March encashable in April in addition to the monthly recovery schedule for the month of March. Without the copy of the schedule for the month of February alongwith the acceptance or other remarks of the loanees concerned, the pay bill for March should not be passed by the treasuries, but should be returned with an objection. Simultaneously, the acceptance of the loanees or their remarks should be noted in the respective loan registers of the office of the drawing officer and thereafter a certificate to the effect that the acceptance have been so noted in the office loan registers in all cases, should be furnished in the schedule containing the acceptances of the loanees before enclosing the same to the pay bill for March payable in April.

#### **IRRECOVERABLE ADVANCES**

245. Sanction of Government or other competent authority should be obtained to write off personal advances when they are found to be irrecoverable by reason of the persons to whom the advances were made being no longer in the service of Government.

#### **LOAN SCHOLARSHIP AND OTHER EDUCATIONAL ADVANCES**

245-A. The rules relating to Loan Scholarship and other Educational advances are detailed in Appendix X.

### **CHAPTER XIV - BILLS AND REMITTANCES**

#### **GENERAL EXPLANATION**

246. Orders from one treasury upon another for payment can be obtained through Remittance Transfer Receipts, under the terms and conditions stipulated below :

R.T.Rs. can be issued for public purpose only from and to the non-banking treasuries having no currency chests. They can also be issued to the public as and

when requested subject to the conditions that previous sanction of the Finance Department is obtained for issue of R.T.Rs. for amounts larger than Rs.1,000 on sub-treasuries and Rs.3,000 on District Treasuries in each individual case on payment of premium at the rates prescribed in Article 250(3). The Treasury Officers should clearly indicate in red ink at the top of the R.T.Rs. issued as well as on their counterfoils, the fact of having been issued at par or on premium.

247. The person who draws (i.e., issues or grants a bill) is called the drawer; the person on whom it is drawn (and who will have to pay it) is the drawee; the person to whom the bill is granted is the remitter; the person to whom it is payable is the payee.

248. (a) Remittance Transfer Receipts are 'not negotiable' and are only payable to or on the receipt of the person named therein as payee; but payment will be made if so desired on the endorsement thereon, in favour of a recognised bank or any other treasury in the State, for credit to a particular head in the Treasury accounts. In all such cases of endorsements, the bills should also be crossed to avoid fraudulent payments in cash. Payment will also be made only by transfer credit to an account and not in cash on the endorsement of the Gazetted Assistants of Government officers, when they are duly authorised by the latter.

#### **MONEY LIMIT OF REMITTANCE TRANSFER RECEIPTS**

249. No transfer receipt should be granted for less than Rs.5 (Rupees five) save for public purposes.

Note.- For rules regarding the issue of Remittance Transfer Receipts in payment of contingent charges incurred in another district, see the Manual of Contingent Expenditure.

#### **ISSUE OF REMITTANCE TRANSFER RECEIPTS**

250. (1) Remittance Transfer Receipts are issued by Treasury Officers to Government servant in all Departments at par for remittance to be made by them in their official capacity in payment of any service rendered to Government or in pursuance of their official duties. The purpose of the Remittance Transfer Receipts must be clearly stated in the application.

Explanation.- The words 'Government servants' mentioned above, include the Central Government servants also.

(a) Government servants requiring Remittance Transfer Receipts on public service will send with the cash a formal application certifying that the bill is wanted exclusively for public purposes and describing the object of the remittance. If the Treasury Officer doubts whether the object is really public he should state his doubt to the applicant. On grant of a transfer receipt, its number should be noted on the application which should then be pasted in a rough file book of such application arranged in the order of receipt. Questionable grants should be reported to the Accountant General with a view to the issue of instructions for future guidance;

(b) Remittance for purpose of the Municipal and District Fund and such other funds as may be determined from time to time by Government for this purpose are regarded as for bonafide public purposes.

(2) Under this rule, Remittance Transfer Receipts can be issued at par in the following cases :

(a) Land and Excise Revenue.- To Government servants for purposes of remitting the arrears recovered in one taluk by coercive measures for another taluk outside the District ;

(b) Public Works.- To Executive Engineers for payments to be made outside their divisions but only on public service and not for private purposes of the convenience of contractors. When purchases are effected or work is done by one division on account of another the adjustment will be made by book transfer.

Note.- Refund of earnest money deposited by contractors is treated as a public purpose.

(c) Industries and Commerce Department.-

(i) in favour of the following Government servants on the State Huzur Treasury in payment of supplies:

(1) General Manager, Government Soap Factory.

(2) Superintendent, Central Industrial Workshop.

(ii) In favour of the Assistant Superintendent, Government Silk Weaving Factory, Mysore, on the Mysore District Treasury, for remittance of sale proceeds of the silk fabrics realised by the Arts and Crafts Depot, Bangalore;

(iii) Visveswaraiah Iron and Steel Works.- For payment for supplies, etc., made by the Visveswaraiah Iron and Steel Works, Bhadravati, Remittance Transfer Receipts may be issued by all treasuries in favour of the General Manager of the Works payable either at the District Treasury, Shimoga or Taluk Treasury, Bhadravathi.

(iv) Manager, Badanaval Spinning circle, payable at the Nanjangud Taluk Treasury.

Note.- The Assistant Director of industries and Commerce (General) is empowered to endorse an R.T.R. drawn in favour of the Director of Industries and Commerce in Karnataka, Bangalore.

(d) Preliminary purchase money relating to loans for purchase of machinery.- In favour of the Director of Industries and Commerce for amounts of preliminary purchase money paid by applicants for loans for purchase of machinery under the Hire Purchase System and received at Treasuries;

(e) Receipts on account of the Bank of Mysore, Ltd.-

Amounts tendered by the public to a District or Taluk Treasury where no branch or agency of the Bank exists, for remittance to the head office of the Bank will be accepted and Remittance Transfer Receipts issued at par, subject to the condition (i) that the amount of each Remittance Transfer Receipt is not less than Rs.100 and (ii) that the total amount of the Remittance Transfer Receipt applied for

from any Treasury in any one month does not exceed Rs.5,000. The same facility will be afforded to the Bank at any Government Treasury, if convenient to the treasury ;

(f) Deleted;

(g) Local Bodies.- Amounts due to one Local Body recovered by another may be remitted by the latter to the former obtaining Remittance Transfer Receipts from the Treasury.

(h) Muzrai Funds.- For remittance of amounts realised and payments to be made in Taluks other than the one in which the accounts of the institution are maintained.

(i) Permanent Advance.- To Government servants for remitting sub-impressts to subordinate Government servants ;

(j) Batta to witnesses, tom tom charges decree amounts, etc.- To Civil Courts for remitting the amounts received by one Court for another, on account of batta to witnesses, tom tom charges, decree amount, etc.

For remittance to Civil Courts of sums of Rs.25 and above recovered by the Amins or Summons peons of civil courts in execution of decrees in the outlying village.

(k) Court Attachments.- To Taluk Treasury Officers at District Headquarters for remitting amounts recovered from salary and establishment bills towards court attachments, to the District Treasury for credit to the Judicial Deposits account of the concerned courts;

(l) Pay and Allowances (Civil Officers).- The remittance of pay and allowance is not ordinarily a bonafide public purpose, but a Remittance Transfer Receipt may be granted for the remittance of the pay and allowances of a Government servant not working at the place in which his pay is drawn;

(m) Family Remittance (Police).- To Police Officers and Policemen, for remitting money to their families,

(n) Subscription for a Public or Quasi-Public Purpose.- If Government is desirous of facilitating the collection of subscriptions for any public or quasi-public purpose in which it is interested, it may allow the issue of one transfer receipt a month from any Treasury to the local Secretary or Treasurer of the fund or institution for the purpose of remitting subscriptions to the central body.

(i) Subscription of the Karnataka State Literacy Council.- One R.T.R. per month may be issued at par by all the Treasuries except the Mysore District and Taluk treasuries to the local Collector of subscriptions of the Karnataka State Literacy Council for transferring the same to the Chairman of the said Council at Mysore.

(ii) Contributions towards the Vokkaligara Sangha, Bangalore.- Sums paid as contributions towards the Vokkaligara Sangha, Bangalore, may be received and remitted by means of Remittance Transfer Receipts under the following conditions:

(1) District Treasuries may receive the subscriptions due to the Sangha and issue transfer receipts.

(2) Only one Remittance Transfer Receipt a month may be issued by each District Treasury receiving the subscriptions.

(3) As only one receipt could be issued each month, the Sangha should arrange for the collection of subscriptions due to it in each District through its agents and remit the amount to the District Treasury once a month on any day convenient to them.

(4) The name of the Agent-only one, the remitter in each district should be intimated, to the District Treasury concerned.

(5) Transfer receipts may be drawn only on the State Huzur Treasury and in favour of a specified functionary of the Sangha, who should promptly cash the receipts.

(ii) The Mysore Provincial Shanbhog's Conference.- The sums contributed towards the funds of the Conference may be received in the State Treasuries and transfer receipts for remittance of the collections to Bangalore issued on the following conditions;

(1) Only one transfer receipt a month may be issued by each treasury receiving subscriptions.

(2) As only one receipt could be issued each month, the conference should arrange for the collection of sub-scriptions due to it in each taluk through its agents and remit the amount to the District or taluk treasury once a month on any day convenient to them.

(3) Transfer receipts should be drawn only on the State Huzur Treasury, Bangalore, and in favour of the honorary Secretary of the conference who should promptly cash receipts.

(4) The President of the conference should intimate direct to each District or Taluk Treasury, as the case may be, the name of the local agent appointed for the collection of the subscription in that taluk and for obtaining Remittance Transfer Receipts.

(iv) Mysore Boy Scouts Fund.- Donations and subscriptions in aid of the fund may be received at all treasuries and Remittance Transfer Receipts issued in favour of the Chairman, Headquarters Executive Committee, Bangalore.

(v) Karnataka Police Sports Association, Bangalore.- Remittance Transfer Receipts will be issued at par by all District and Taluk Treasuries except Bangalore, in favour of the Secretary of the Association for remitting subscriptions realised, the number of Remittance Transfer Receipts to be issued from any treasury being limited to one per month;

(vi) Indian Red Cross Society, Bangalore.- Not more than one Remittance Transfer Receipt per month may be issued by Treasuries for transferring subscriptions collected from Village Panchayats to Indian Red Cross Society in favour of the Honorary Secretary of the Society at Bangalore;

(vii) For remittances on behalf of the Employee's Provident Fund.- For transfer of cash for credit to the Fund where there are no banking facilities afforded by the Reserve Bank of India or the State Bank of India.

(o) Remittances between the officers of the Karnataka State Road Transport Corporation, which are made through R.T.Rs.

(p) <sup>1</sup>[Life Insurance Corporation:- Remittance Transfer receipts may be issued in favour of the Life Insurance Corporation in respect of life insurance Corporation Premia Collections]

(3) The following rates of premium are recoverable in all cases of issue of R.T.Rs. other than for public purpose:

1. For sums upto Rs.50			0-06	Paise
2. For sums in excess of Rs. 50 upto and including Rs. 100			0-12	"
3. do	Rs.100	"	Rs. 150	0-19 "
4. do	Rs.150	"	Rs. 200	0-25 "
5. do	Rs.200	"	Rs. 250	0-31 "
6. do	Rs.250	"	Rs. 300	0-37 "
7. do	Rs.300	"	Rs. 350	0-44 "
8. do	Rs.350	"	Rs. 400	0-50 "

and so on (i.e., 0-06 paise for every Rs.50 or fraction thereof).

251. The issue of Remittance Transfer Receipts for revenue and receipts noted below received is one taluk on account of another is strictly forbidden:

(1) Registration Memo Fees.- These remittances should be credited at once to the proper head in the Treasury at which they are tendered, the District Registrars, on account of whom these amounts are received, being given the necessary intimation to make needful entries in their accounts.

(2) Sale proceeds of Timber, Sandalwood, etc.- These sums should be accompanied by a requisition from the Assistant Conservator or other Forest Officer by whom the sales were conducted for credit to 'Forest Remittances' Advice of such credits will be sent to the District Forest Officer concerned clearly specifying the name of the purchaser or other person by whom the amounts were tendered and also the number and date of the advice or remittance challan issued by the District Forest Officer to enable the latter to make necessary entries in his books.

(3) Land and Excise Revenue.- Challans in duplicate containing full particulars should invariably accompany, when any Land and Excise Revenue belonging to one taluk is tendered for receipt into a treasury in another taluk in the same district. The sum should then be credit to the proper head of account due intimation of the credit being sent to the Tahsildar of the taluk concerned through the Deputy Commissioner of the District.

In the cases mentioned above, the demand, collection and balance statements of the taluk to which the revenue belongs will include the amounts collected elsewhere on its behalf, while the taluk in which the moneys are actually received and credited will omit the same from its demand collection and balance statements.

The difference between the demand, collection and balance statements and the treasury credit should be explained by footnotes in the demand, collection and balance statements.

(4) Sums tendered in adjustment of advances.- The practice of issuing Remittance Transfer Receipts for sums tendered in adjustment of advances, except in the case of permanent advance should be discontinued. Challans tendered with such sum should clearly specify whether the original advance was made from the permanent advance or otherwise. The challans should also furnish the name of the treasury from which, and the month in which the original advance was drawn, the aggregate amount thereof, and the balance, if any, due after deducting the amount tendered. The amounts so tendered should be credited to " Advances recoverable or other appropriate head, and a schedule of such sums with full particulars and the original place of debit should accompany the treasury cash accounts monthly.

For the issue of the intimation referred to above to other taluks, etc., Form 50 should be used.

252. Deleted.

#### **ISSUE OF DUPLICATES OF REMITTANCE TRANSFER RECEIPTS**

253. When satisfactory evidence has been given that a remittance transfer receipt has been either lost or destroyed, and an application is made within a reasonable period after issue and of course, therefore, before it has lapsed, a duplicate may, without reference to the Accountant General, be granted to the party who obtained the original, or to the payee, or the legal representative of either but to no other person. If the remittance transfer receipt is not presented for payment within three months, it will be necessary for the applicant to produce a certificate of non-payment from the drawee, the issue of this certificate will of course, be no bar to the payment of the lost bill, if presented before the duplicate is paid.

Note 1.- In the case of a lost Remittance Transfer Receipt issued to the public, application for a 'duplicate' should be made, within a reasonable time, i.e., within a period of lapse and with the counterfoil of R.T.R. attached to the application. Though Government do not guarantee to compensate for the value of a lost R.T.R. they will be prepared to institute reasonable enquiries and after obtaining satisfactory proof of non-payment of such a R.T.R. from the treasury drawn upon, the issuing treasury will grant duplicate on payment of a second commission.

Note 2.- when a Remittance Transfer Receipt is proved to have been lost in transit from the issuing treasury, a duplicate Remittance Transfer Receipt may be issued as a special case free of commission provided that a non-payment certificate

is obtained from the paying treasury and that the paying treasury is instructed not to encash the original Remittance Transfer Receipt lost in transit.

Note 3.- Duplicate of Remittance Transfer Receipts will be issued to the public in lieu of lost ones when the counterfoils of the original Remittance Transfer Receipts are also lost by the parties, on payment of a second commission and on furnishing a guarantee in the following form by the parties concerned.

"I do hereby guarantee to make good to Government the sum of rupees..... being the amount of Remittance Transfer Receipt bearing No..... and dated ..... due to..... in case a double payment is made in consequence of the loss of the original Remittance Transfer Receipt. A duplicate thereof may be issued at my request".

### **CANCELLATION AND REFUND**

254. A Remittance Transfer Receipt can be paid at the treasury if presented within three months after the month of issue or renewal.

255. No Remittance Transfer Receipt can be cancelled without surrender of the whole set. Thus, if a duplicate or a triplicate has been issued, the bill can be cancelled only if the original, together with the duplicate (and the triplicate if issued) are surrendered. Consequently, no refund can be made on a lost Remittance Transfer Receipt, a duplicate must be obtained and payment taken at the Treasury drawn on.

256. All parts being surrendered, a Remittance Transfer Receipt may be cancelled and its amount refunded at the discretion of the Treasury Officer, on the application of the remitter, provided the R.T.R. is not lapsed to Government.

257. Although no difficulty should be made about the cancellation of Remittance Transfer Receipt, it must be clearly understood that they can be cancelled only as on indulgence and for cause shown. No premium which has been levied can be refunded.

Note.- If alteration of the name only of the payee is required by the remitter, it will suffice for the drawer to alter the name in the remittance transfer receipt initiating the correction.

258. Deleted.

### **EXCHANGE**

259. (a) A treasury Officer will grant a transfer receipt in exchange for one drawn on him (1) if on the public service, only if the payee be a public officer and requires the receipt to be exchanged for reasons to be stated in his application: (2) if for a private remittance, only if the payee has been removed to the neighbourhood of a Treasury different from that originally drawn on.

Note.- A remittance transfer receipt is said to be exchanged when the payee, being unable to appear and take payment in cash, applies for a new one, endorsing the original "Received payment by transfer receipt on .....". If he can appear and take payment in cash, his obtaining a



new remittance transfer receipt with the cash paid on the old one is a matter to be disposed of under ordinary rules.

(b) Deleted.

### **TRANSFER RECEIPTS TO POLICEMEN**

260. In the case of policemen's remittances, the Commanding Officer will forward the Remittance Transfer Receipts to the payee direct. Descriptive rolls of the payees duly filled in and signed will at the same time be sent to the treasury officers concerned.

(1) The Commanding Officer in the case of a policeman, is the District Superintendent of Police. There is no objection, if such a course is preferred, or is required by departmental rules, to his sending the Remittance Transfer Receipt to the District Superintendent of Police of the district in which the payee resides, who will deliver it to the payee after satisfying himself as to his identity.

(2) These Remittance Transfer Receipts are payable to the parties described in the roll. In cases of doubtful identity, payment may be made on proper security at the discretion of the treasury officer.

(3) These Remittance Transfer Receipts also are current for three months and may be cancelled as provided for in Article 254.

261. Deleted.

## **CHAPTER XV - CHARITABLE ENDOWMENTS**

### **ACCEPTANCE OF DEPOSIT**

262. The following are the rules under which Government accept the deposit of moneys in the Government treasuries by private gentlemen who wish to secure permanent income for the charities which they have already established or contemplate establishing within the State.

I. No deposits will be accepted for sums below Rs.1,000 or above Rs.1,00,000.

II. The rate of interest for such deposits which shall be payable half-yearly shall be fixed by Government from time to time. In cases in which Government have committed themselves to allow higher rates permanently, such rates are to be continued.

III. Deposits will be received only on behalf of benevolent, charitable or educational institutions or objects of a kind, which may be considered legitimate objects of public expenditure, Government reserving to themselves the right to determine, in each case, whether the charity on behalf of which application is made is of a character that deserves encouragement.

IV. The person wishing to make a deposit under these rules shall execute a document to binding himself, his heirs, executors or administrators, and the trustees, managers or agents appointed by him or them, (a) not to demand at any time the whole or any portion of the principal of the sum deposited, (b) not to use the interest payable by Government for any purpose other than the one specified, and (c) to keep and maintain a true and correct account of the expenditure of the interest drawn in such form and with such details as Government may from time to time prescribe. The account shall be open to the inspection of a Government servant or Government servants deputed for the purpose by Government from time to time. Whenever it be found that the interest paid on the deposit has not been used for the benefit of the institution named Government may withhold the payment of interest unless and until the depositor, his heirs, executors, or administrators or his or their trustees submit a scheme of management to the satisfaction of Government. The document to be executed by persons making deposits under the above rules will be in Form 51 and the accounts to be maintained by the Managers on account of Charitable Endowment Funds will be prepared in Form 52.

V. An annual report on the administration of the charity accompanied by abstracts of the accounts referred to in rule IV in such form and with such details as Government may from time to time prescribed, shall be submitted in respect of cash deposit to which the benefit of the order is extended.

VI. Government are at liberty at any time to terminate the system of receiving deposits as above for charitable purposes.

263. (a) The Commissioner for Charitable Endowment is authorised to accept Charitable Endowments under the above rules.

The minimum amount of endowment for acceptance by the Muzrai Commissioner is reduced to Rs.250 subject to the understanding that the other conditions laid down in the Charitable Endowment Rules are satisfied.

Sums of Rs.250 and above may be accepted as Charitable Endowments in multiples of Rs.50 (Rupees fifty).

(b) Deputy Commissioners of Districts are empowered to deal with and to accept all cases of Charitable Endowments of Rs.250 and above up to Rs.1,000 only subject to the conditions laid down in the Charitable Deposit Rules, cases of one thousand rupees and above being dealt with by the Muzrai Commissioner.

264. The Director of Public Instruction is empowered to accept all charitable Endowments for educational purposes for which no special rates of interest are expected subject to a minimum of Rs.250 in each case.

#### **PAYMENT OF INTEREST**

265. Interest on these deposits is payable in July and January of every year and is paid on bills (Form 53) countersigned by the Deputy Commissioner or other Government servant authorised to countersign such bills.

1. Bills claiming payment of the half-yearly interest due should, in the first instance, be presented by the managers of the institutions to the countersigning officer with a report on the condition of the institutions concerned, The Manager or the Managing Bodies of the Charitable Endowments should submit to the Government servants who countersign the bills for interest on the endowments, an annual report on the administration of the charity and a brief statement of the accounts as required by the agreements executed by them on or before the 15th of January every year. No bill for interest should be countersigned after that date except on the receipt of the annual report referred to above and after the countersigning officer has satisfied himself that the interest drawn previously has been properly utilised or accounted for. A certificate to this effect should be recorded on the bill by the countersigning officer.

2. In case the Deputy Commissioner or other Government servant is satisfied that the affairs of the institutions are systematically mismanaged, he may refuse to countersign the bills so submitted, a written notice to this effect being immediately sent to the Managers of the Institutions concerned.

3. The Deputy Commissioner by himself or through his sub-division officer should, whenever possible, enquire into the conduct of such institutions and once a year at least examine in detail the accounts maintained by their Managers. Any case of systematic mismanagement should immediately be taken notice of and remedial measures adopted.

Note.- Arrear claim of interest on Charitable Endowment Deposits which are more than 3 years old shall require sanction of Government and those within three years may be sanctioned by the concerned Heads of Departments.

## **CHAPTER XVI - DEPOSITS**

### **DEPOSITS**

266. In connection with the transaction 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 repayment or otherwise. Any department of the Government may receive such deposits; a large number of them relate 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 Government sometimes decide to set aside sums from the revenues of a year or a series of years to be accumulated as a "fund", the balance at the credit of which is held as a deposit and expended on specified objects. They also receive contributions from other sources to some such funds which they administer.

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.

### **DIFFERENT CLASSES OF DEPOSITS**

267. Deposits proper are classified according to the departments through which they are received. The usual classes are:

- <sup>1</sup>[I Non-Judicial Deposits
  - (i) Revenue Deposits
  - (ii) Other Departmental Deposits
  - (iii) Deposits under various central and State Acts.
  - (iv) Security Deposits
- II Judicial Deposits]

Another important class is Personal Deposits for which special forms are provided and the account kept of them in the treasury is of the nature of a banking deposit account, necessary detailed accounts being maintained by the Administrators of deposit accounts.

Other classes may be added under the orders of the Accountant General; the account of these are kept by separate items.

### **LIMITATIONS**

268. It is the duty of the treasury officer to see that no item is credited as 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 head of account and should not be shown as deposits:-

Note.- Government Promissory Notes or other security deposits (not being cash) received from revenue farmers, contractors or other parties, must, on no account, be credited to deposits.

(a) Items of the following nature should be credited as revenue of the department concerned and should not be shown as deposit:

(i) Land Revenue collected in one taluk on account of another and revenue received by postal money order. Such remittances should be accompanied by a memorandum giving full particulars of the amount due and of the properties on account of which payment is made;

(ii) Proceeds of sales of Government property rights, etc., such as land, amarai, hulbanni building site, or lease of salt-pans, fishery, lime quarries, and fines levied for unauthorised cultivation or appropriation of land in the Revenue Department;

(iii) Sale proceeds of minor forest produce, fuel, sandalwood, tangadi bark etc., in the Forest Department;

(iv) Tree tax, Registration fees on arrack shops, sale proceeds of date trees and khist amount of excise shops in the State Excise Department;

(v) Receipts for which full particulars are not known should be credited as "Miscellaneous Receipts" of the department concerned or under "LII Miscellaneous-Miscellaneous Receipts" and adjusted if necessary, to the proper heads subsequently.

(b) the treatment of the following items as deposits is prohibited:

(i) Pay and Allowances.- No pay, pension or other allowance or any other money drawn from the treasury should be placed in deposit on the ground of the absence of the payee or for any other reason. The pay of no individual in an office should be drawn till the claimant appears.

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.

(ii) Fines.- No fines should be placed in deposit on the ground that appeal is pending; they should be credited at once to Government, and refunded if necessary, on the orders 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 as per Article 281 infra;

(iii) Refunds.- Refunds whether of stamp or of other receipts, can be drawn only on the appearance and on the receipt of the person entitled to them after the production of due authority. On no account may they be charged on the receipt of a Government servant and lodged in deposit pending demand;

(iv) Imprest on account of Municipal, District Fund and other Works.- This should not be credited to deposit in the treasury accounts and operated upon as a current account;

(v) Contributions towards the Construction or Repairs or equipment of Schools, Dispensaries, or other Government Institutions.- These should be credited into the appropriate final revenue heads concerned not kept under deposits;

(vi) Fines out of which rewards are payable,

(vii) Rewards to informers;

(viii) Advances made by land-holders to pay the surveyors engaged in the partition of their estates.

269. (a) The net sale proceeds of impounded cattle are to be taken in deposit for three months, and if no claim be made within that time, are to be credited to the

proper account. In the case of distrained cattle, the sale proceeds should be kept in deposit, pending confirmation of the sale.

(b) The sale proceeds of unclaimed property are not to be placed in deposit at all; the property itself is to be kept for six months, but money realised by sale is to be placed at once at the disposal of Government, and should be taken to the credit of "Administration of Justice". Exception 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.

(1) If unclaimed property be perishable and be sold because it cannot be kept, its proceeds should be held for six months in deposit but the circumstances should be clearly stated under "Nature of deposit".

(2) Money belonging to prisoners in jails should not be held by the jail authorities for long terms; but should be remitted to the treasury to the credit of the Personal Deposit Account of the Superintendent of the jail concerned within a month of collection. Separate Ledger Accounts should be maintained in this behalf by the jail authorities for convicts and under-trails.

(3) The Police Department should have no deposits; property found by, or delivered up to a police officer should be made over to the Magistrate for deposit; proceeds of sale of old stores or other Government property should be paid into the treasury for credit to Government; no pay, reward or other Allowance payable to a police officer should be held undischarged.

270. The funds of quasi-public institutions, even when aided by Government as dispensaries are, may not be placed in deposit without the special sanction of Government. Nor can any jewels or other property received for custody and restoration in kind be brought on the deposit register, though the value may be stated in money.

Note.- Funds of quasi-public institutions can be placed in the Savings Bank and operated upon under Savings Bank Rule.

### **<sup>1</sup>[NON-JUDICIAL DEPOSITS]**

271. (1) Revenue Deposits.- The following come under this minor Head: -

(a) Sale proceeds of lands sold for arrears of revenue until the sale is confirmed.

(b) Undischarged Compensation for lands whenever any amount of compensation for lands is tendered for Deposit (Judicial or Non-Judicial) a receipt in the Form prescribed under the Rules in Appendix-VII should invariably be sent to the Accountant General.

(c) Fees for survey of waste lands pending sale.

(d) Receipt of estate under attachment or about to be sold for arrears of Revenue.

(e) Sale proceeds of land or other property sold under Act VIII of 1865 which are not at once paid to the land holder concerned.

(f) Crop attachment fees recovered under Section 147 (c) of the Land Revenue Code.

(g) All moneys due to inamdars on account of compensation and interest thereon, when it is not possible to pay these amounts on appointed dates for several reasons like court attachment etc.

(h) Tree planting Deposits.

(i) Money received from Government Servant of the Central Government for payment to certain claimants in Karnataka, e.g., compensations to ryots for evacuating villages or for damage due to land under cultivation during artillery field firing may if necessary be held in deposit under this head.

(2) Other Departmental Deposits.- The following come under this minor head.-

(a) Amounts due to deceased patients in Hospitals pending payment to the rightful claimant.

(b) Sums due to contractors on closed accounts of works of the Civil Departments.

Note.- Sums of money tendered by private persons or corporate bodies as reward for detection of crime or other good work may be accepted by the Superintendent of Police and Deposited in the Treasury under this head.

After the disposal of the case to which the reward refers, the Superintendent shall withdraw the money from the Treasury and if the rewards has been earned distribute it, provided that before making the distribution he shall obtain the sanction of the competent authority to the payment of reward. If the reward is not earned by any one, the Superintendent shall refund the money to the depositor.

(3) Deposits under various Central and State Acts.-

(a) All moneys paid by or recovered from parties under several Sections of the Karnataka Tenancy Act, 1952.

(b) Moneys received in the process of execution of decree under the Karnataka Co-operative Societies Act by the Officers of the Co-operative Department.

(c) Deposits under Central Labour Act.

(d) Deposits made by consumers in pursuance of Section 24 (2) of the Indian Electricity Act 1910 in favour of the Government Electrical Inspector.

(4) Security Deposits.-The following come under this Minor Head and are grouped under appropriate detailed heads mentioned below.-

(i) Security Deposits obtained from Government Servants who are in charge of cash, stores, etc.,

(ii) Earnest Money Deposits.-

(a) Security Deposits in case of arrack and toddy contractors for the due performance of the conditions of the contractors entered into by them and the initial deposits made by intending bidders at auction sales of Excise Opium Privileges.

Note.- Selling Officers are authorised to receive the initial deposits return those of unsuccessful bidders at the close of the days sale and remit to the Treasury, the initial and further deposits made by successful bidders. Deposits of unsuccessful bidders which are not returned at the close of each day's sale will also be credited to the Treasury.

(b) (1) Earnest money deposited direct by tenderers.

(2) Earnest Money Deposits received from intending tenderers of the Civil Department.

Exception.- Earnest Money Deposit received by the Director, Stores Purchase Department and the Director of Health and Family Welfare Services from various firms and manufacturers of drugs and from suppliers should be accounted for under a personal deposit account. Such deposits received through the inter-State Suspense Account also should be dealt within the same way.

Unclaimed deposits outstanding in their personal deposit account will lapse under the rules applicable to the judicial deposits. For this purpose the period will count from the date of deposit in case of unsuccessful tenderers and from the date of receipt of completion certificate from the intending departments in the case of successful tenderers. The accounting procedure prescribed for Judicial Deposits in Appendix-XI will apply to these deposits also.

(c) Cash Deposits of contractors as security for execution of works of the Civil Departments.

(iii) Other Security Deposits.-

(a) Security Deposits furnished under the Karnataka Entertainment Tax Act, 1958.

(b) Earnest Money Deposits by the Trainees of Sericulture Training school, Channapatna.

(c) Money tendered at Jails towards the Security Deposits for the release of prisoners on parole or furlough by officers incharge of lockups and Superintendent, Borstal School may be deposited in the Treasury under the head Security Deposits.

(d) Security Deposits payable under the Karnataka Sales Tax Act, 1957.

(e) Security Deposits furnished under Motor Vehicle Act, 1939 (Central Act, 4 of 1939).

(f) Security Deposits realised by the Police Department under the Motor Vehicle Tax Act.

(g) Deposits of lease and licence holders in the Geological Departments.

(h) Caution Money Deposit of House Surgeons and interneers (Medical Department).

(i) Initial Deposit by the loanees under the scheme for issue of tractors and other implements on Hire Purchase System.



## **<sup>1</sup>[NON-JUDICIAL DEPOSITS - REPAYMENT]**

272. A person claiming refund of a deposit must produce an order of the court or other authority which ordered acceptance of the deposit; the Treasury Officer will compare this order with the entry in the register of receipts 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 (Form 54) from which a 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.

Note.- Unless it be otherwise provided by any law or rule or order issued by competent authority, deposit re-payment 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.

Note 2.- If an order of attachment is served on the treasury officer by a Court, payment of a deposit to the extent of attachment may be made to the Court, on demand, through a refund order passed by the court or if a copy of the attachment order is attached to the bill.

### **FORM OF VOUCHERS**

273. Every order issued by a court or other authority for the payment of money from a treasury shall be in English, unless the presiding officer is not acquainted with that language in which case it may be in Kannada. If the disbursing officer does not understand English and the Government servant ordering the payment does the order for payment shall be both in Kannada and in English.

Form 55 has been prescribed for the payment order and voucher for deposits repaid.

Note.- The practice of issuing orders in Kannada, for payment of money wherever it is in vogue, may be continued.

274. At the time of inspection of treasuries a certificate must be recorded on the extract register of receipts. of district and sub-treasuries by every officer inspecting the district and sub-treasuries that he has himself carefully examined the register and that entries are made with the utmost care and regularity.

### **CLEARANCE REGISTER**

275. (a) In April of each year, the outstanding balances in the receipt register of the second preceding year, which are not reported for lapse under Article 278 should be transferred to a Clearance Register in Form 57 with suitable changes in the headings, with a view to repayments during next two years being recorded on it by the district treasury in the columns provided for the purpose. To this Clearance Register should also be transferred any items in the last preceding Clearance Register but one that are for special reasons not allowed to lapse to Government

under rules while the bulk of the outstanding in it so lapses. Thus the statement as on 1st April 1955 should include: -

(1) Items (if any) reserved from lapsing under Articles 278.

(2) Deposits of 1953-54.

(b) Old items thus transferred from one Clearance Register to a second one should be carefully watched by the treasury officer and must, in the ordinary course, lapse at the end of two years for which the latter is current. They cannot be allowed to be carried to a third Clearance Register without the special sanction of the Accountant General.

(c) In the treasury, the payments of its entered in the Clearance Register should be recorded in the Clearance Register as well as in the Register of Receipts against the original credits as required under Article 272.

276. At the foot of each Clearance Register, a memorandum in the following form should be appended and the total amount agreed with the closing balance in the Plus and Minus memorandum of March allowing for lapses: -

	Balance on the 31st March of last year but three			000
Do	do	two	000	
	Do	do	one	000
	Do	last year		000
		Total		000

277. 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 his outstanding cheques in order to explain the difference between his balance and that admitted by the treasury officer in his Plus and Minus memorandum should be transmitted along with the Clearance Registers for other classes of deposits.

#### **LAPSES - ANNUAL ACCOUNT**

278. Deposits not exceeding five rupees unclaimed during the whole of a financial year, balances not exceeding, five rupees in each case of deposits partly repaid during the year then closing and all deposits unclaimed for more than three complete financial years, shall at the close of March in each year, be credited to Government by means of transfer entries in the Audit office. Of deposits or balance thus lapsing, the treasury office must forward to the Accountant General not later than 1st of May, a list in the Form 58. For the purpose of this Article, the age of a repayable item or of a balance of it may be reckoned as dating from the time when the deposit or the balance, as the case may be, was initially deposited except that in case of deposits the detailed accounts of which are maintained by the departments themselves and not by the treasuries, the age of any repayable item shall be reckoned with reference to the provisions in the concerned departmental regulations.

(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 the 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) entered on the first page of the Annual Clearance Registers for that class, full details 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 of March, each of these lists should be again checked with the Register of Receipts, wherein its item should be marked off as having lapsed and been credited to Government on 31st March and the total of the list should be deducted in the Plus and Minus memorandum from balance shown at credit of the particular class of deposits, the list itself, signed by the treasury officer, being forwarded to the Accountant General.

(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.

(3) The following instructions which are explanatory of the above rules are inserted for the information and guidance of Treasury Officers: -

(1) All deposits will lapse at the close of the first, the second, the third or the fourth account year of deposit. In no case may they be retained in the deposit registers for more than three account years subsequent to the year of deposit except when specially reserved.

(2) In the case of deposits exceeding five rupees,

(a) If they are partly repaid in the year of deposit and the balance is thereby reduced to five rupees or less, the balance will lapse at the close of that year, i.e., the year of deposit.

(b) If the balance after repayment or repayments be reduced to five rupees or less in the first or the second account year following the year of deposit, the balance will lapse at the close of the first or the second account year following the year of deposit, respectively.

(c) In all other cases, in which either no repayment is made or the balance after repayment exceeds five rupees the deposits or the balances of deposits, as the case may be, will lapse at the close of the third account year following the year of deposit.

(3) In the case of deposits not exceeding five rupees they will lapse at the close of the first or the second year of deposit as detailed below. In no case will these deposits be retained in the deposit registers for the second account year following the year of deposit.

(a) If no repayment be made in the year of deposit and also in the year immediately following, the amount will lapse at the close of the latter year.

(b) If a repayment be made in the year of deposit, the balance will lapse at the close of the year I.

(c) If no repayment be made in the year of deposit and one is made In the year immediately following, the balance will lapse at the close of the account year following the year of deposit.

(4) The annual account of lapses should be very carefully prepared. A careful observance of the instructions contained in this Article will facilitate the preparation of this account. The Treasury Officers should simply deduct the total amount of lapses from the Plus and Minus memorandum, subject to any amendment that may be made by the Accountant General and not to make. any transfer adjustment of it in their account, as this is made by the Accountant General after the statements have been verified by him.

279. (1) Deposits, the detailed accounts of which are not kept at the Treasury and which are credited to Government under the preceding article cannot be repaid without the sanction of the Accountant General who will authorise payment on ascertaining that the item was really received and was carried to the credit of the Government as lapsed and that the claimants' identity and title to the money are certified by the officer signing the application for refund.

(2) Deposits, the detailed accounts of which are kept at the treasuries and which are credited to Government under the preceding Article may be refunded without the sanction of the Accountant General. The Treasury Officer, shall before authorising refund in such cases ascertain that the item was really received and is traceable in his records, was carried to the credit of the Government as lapsed and was not paid previously and that the claimant's identity and title to the money are certified by the officer signing the application for refund.

Note.- The sanction/payment authority issued by the Accountant General in cases covered by the, provision of sub-rule (1) above will be valid for three months from the date on which it is issued after which no payment can be made on its authority unless it is revalidated.

280. The application for sanction will be made in Form 9. There must be a separate application for deposits repayable to each person and it will be used as the voucher on which payment is to be made and forwarded to the Accountant General with the list of payments in which it is charged.

#### **JUDICIAL DEPOSITS**

281. The following items are included in this class of deposits: -

- (1) Sums received in civil courts in satisfaction of decrees.
- (2) Sale proceeds of intestate, property.
- (3) Security amounts.

(4) Compensation fines and costs due to an injured party and not to Government, In cases subject to appeal, till the period allowed for presenting the appeal has elapsed, or if an appeal be presented, till it is decided.

Note.- The fine should either be paid to the rightful claimant if claimed, or continued in deposit till they lapse under the ordinary rule.

(5) Sale proceeds of perishable property unclaimed for six months.

(6) Sale proceeds of property attached for evading warrants for two years.

(7) Printing, typing and translation charged deposited in the High Court.

(8) Value of unused copying sheets returned by the Court to the Treasury.

282. (a) There are two methods in which Judicial Deposits accounts (i.e., the accounts of Civil Court and of Criminal Court deposits) may be kept.

(b) In the first of these each deposit is separately paid into and drawn from the treasury upon documents passed by the presiding officer and setting forth particulars necessary for the entries in the receipt register. In this case, the registers of receipt and repayment are kept, and the monthly and annual returns and lapsed lists forwarded by the treasury officer, In the manner prescribed above, for Revenue Deposits, although the sets of registers and returns must all be kept separate from those of the revenue deposits for these, no further instructions are necessary.

Note 1.- This method is not desirable if the judge or Magistrate is a separate officer and has to keep a separate set of deposit accounts for his own purpose.

Note 2.- Money recovered under Article 90 by treasury officers by deduction from the salary bills of Gazetted Government Servants and also the amounts deducted from the establishment pay bills under warrants of attachments received from courts should be dealt with as under;

In the case of deductions on behalf of courts situated in the same station, the amounts will be credited to Judicial Deposits direct in the treasury as soon as they are recovered from the pay bills and intimation of recovery and credit given to the courts concerned the same day to enable them to note the transactions in the courts' registers and for issue to the Treasury of a formal receipt order relating to the particular recovery or a general order authorising credit of the amounts recovered to judicial deposits.

In the case of deductions on behalf of courts situated outside the station, the treasury officers will issue crossed Treasury Cash Orders for the attached amounts in favour of each court and send the same to the concerned court with the statement of deductions. The commission recovered will be credited to "LII-Miscellaneous - Miscellaneous-Premium on Supply Bills."

Cash Orders issued in favour of Co-operative Societies under Note to Article 252 need not be crossed at the issuing treasury unless requested by the respective purchasers.

283. (a) According to the other method, the Civil Courts and Magistrates merely bank with the Treasury, remitting without detail their gross deposit receipts for credit

in a personal ledger and making repayments by cheques on the treasury which are taken to debit of the same personal accounts. 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 Deposit paper, and they will be designated as Civil Court or Criminal Court deposits.

Note.- The treasury officer, in sending as his vouchers paid orders of the Civil Courts, should attach them to the covering lists showing the number and amount of each.

(b) 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 prescribed above for the treasury officer's accountants of revenue deposits. The Civil Court or Magistrate in this case is responsible for the monthly detailed returns to be dispatched to the Accountant General (although the vouchers are sent by the treasury officer), for the quarterly certificate, and for the annual clearance registers and statement of lapses.

(c) The Civil Court or Magistrate will incorporate in his own accounts and returns the deposit items of his subordinate courts. It may, however, be arranged that some subordinate courts should keep independent accounts and forward their returns direct to the Accountant General.

Note.- Each transaction of receipt or payment of Civil and Criminal Court deposit must be initiated by-

(a) Judge or Magistrate, and

(b) in the case of the High Court by a Gazetted Government servant of the court.

Note 2.- The Plus and Minus memorandum of the balance of deposit should be stated by the Judge or Magistrate upon the Register of receipts transmitted to the Accountant General.

(d) When the different Civil Courts of a district bank with the treasury, the treasury officer may, if it facilitate 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 registers.

(e) 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. A Civil Court does not usually receive money but gives the intending depositor an order to the Treasury Officer to accept it; and though recording the issue of this order in a court register with sufficient detail, it will not bring the item on the deposit register till the Treasury Officer advises receipt. Similarly it will ascertain from the treasury at the close of the month which of its payment warrants have been cashed and detail at foot of its extract register of repayments, the warrants which are unpaid deducting their total from the total of the extract.

(f) The Treasury Officer will furnish the court with copies of schedules of receipts and payments at the close of each month. The court will furnish a reconciliation memorandum to the Accountant General, Karnataka, Bangalore showing reasons for difference between court figures and Treasury figures under receipts and payments during the month.

1. When it is inconvenient for a depositor to proceed to the Treasury with the Court's order to lodge his deposit, it may be received by the Court, and afterwards forwarded to the Treasury, Courts in the same town with a treasury or sub-treasury should make remittances daily; if at a greater distance, they should remit frequently at fixed intervals. Similarly, when it is inconvenient for a claimant to proceed to the Treasury there, 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 receipts or of the office permanent advance.

2. In these cases, however, the gross receipts and payments taking place at the court must be shown as remitted to and received from the treasury, and the payments 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. No permanent advance should be given and held apart specially for the repayment of deposit; the office permanent advance may be augmented sufficiently.

(g) When the list of lapses is made up by the Judge or magistrate, notice of the amount must be sent to the Treasury Officer to enable him to deduct the amount in the personal ledger.

284. Judicial deposits will be paid into the treasury by the party concerned, who will present with the money, an order of the court in the below noted form.

To

The Treasury Officer in-charge of the

Sir,

Please receive from..... or bearer the sum of Rs ..... and credit the same under the head "Judicial Deposits", granting a receipt on this memo, on account of Original Suit No. of 19..... The Treasury Officer will enter the particulars in a deposit register similar to that in use for other deposits and will write a receipt across the aforesaid order returning it to the party for delivery to the Court. In recording the transactions in the deposit registers, each receipt should be entered as a separate item, in the name of the party (not the Government servant) presenting it and the entries in column "Nature of Deposits" (this applies to Revenue Deposit also) should invariably be sufficiently clear to explain why the amounts are brought under deposits. Treasury Officers should invariably enter below the name of the court on the order of which the deposit is received, the name of the person on whose account it is received. The number and date of the order and of the suit should also be entered in the deposit register if any of them are omitted in the court

receipt order, the order should be returned to the party presenting it for getting the omission supplied by the court. The Courts are not permitted to club together amounts tendered by different parties and deposit them as one item. When a repayment has to be made, the Judge will by a cheque, direct the treasury officers to make payment to the proper party or parties. The cheque will be paid after credit is found in the judicial Deposit register of the treasury and will be the Treasury Officer's vouchers for the charge to Judicial Deposits.

Note 1.- The treasury seal should invariably be affixed to acknowledgments given for moneys sent with receipt orders.

Note 2.- Cheques for sums exceeding rupees twenty granted to parties applying for refunds of Civil Court Deposits should bear a receipt stamp unless the Court drawing the cheque has endorsed a certificate of having taken a separate stamped receipt for the sum.

Note 3.- Regarding currency cancellation and issue of new cheque, the procedure detailed in Articles 70, 73 to 75 of Karnataka Financial Code will apply.

285. The judicial deposit transactions of the Court in the old Mysore State are conducted in accordance with the rules contained in Appendix XI.

### **PERSONAL DEPOSITS**

286. In cases where the ordinary system of accounting is found not suitable for the transaction, the opening of Personal Deposit Accounts may be resorted to only with the special permission of Government. Such permission may not be granted except after consultation with the Accountant General and unless Government is satisfied that the initial accounts of moneys to be held in such Personal Deposit Accounts are properly maintained and are subject to audit.

The Personal Deposit Account can be operated upon by the Administrator of that Account only after he has been placed in account with the concerned Treasury/Treasuries by the Accountant General.

The remittances to the treasuries are made without details and withdrawals are made only on cheques signed by the Administrator. Each Administrator is furnished with a monthly extract of his account as appearing in the Treasury subsidiary register, on the fifth of the succeeding month.

Note.- Whenever there are Banking Treasuries the above transactions relating to Personal Deposit Accounts will be conducted at the Bank.

286-A. Balance in Personal Deposit Accounts do not lapse to Government under Article 278 if outstanding for more than three complete account years. Except where by law or rules having the force of law, Personal Deposit Accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, Personal Deposit Accounts created by debit to the Consolidated Fund should be closed at the end of the financial year <sup>1</sup>[in regard to the transfer of unspent balances in the Personal Deposit Accounts to the



Consolidated Fund at the end of the each financial year, the Administrators of the Personal Deposit Accounts should make sure that the Personal Deposit Accounts are closed by intimating the balances in the Personal Deposit Accounts on 31st March each year to the Treasury Officers for transferring such balances to the Consolidated Fund and for reopening the Personal Deposit Accounts, if necessary with 'nil' balances during the next Financial Year. The balances at the end of the Financial year should be credited as a minus debit to the head of account to which the accretion to the Personal Deposit Account was originally debited at the time of its creation/revival. If, under extraordinary circumstances, the adjustment is carried out in the next financial year, the balances should be credited to the relevant Revenue Head. If the Administrators fail to take action in this regard, the Treasury Officers should effect necessary adjustments in the accounts with reference to the balances in their books.

As the Administrators are responsible for intimating the balances in their Personal Deposit Accounts as on 31st March each year, cheques issued by them prior to 31st March but not encashed before that date, would have been debited to their Personal Deposit Accounts by them and the Treasury Officers will have no difficulty in honouring such cheques when presented subsequently. However, in cases when the Personal Deposit Accounts are closed by the Treasury Officers unilaterally due to the failure of the Administrators of Personal Deposit Accounts to intimate the figures, the Administrators should make necessary provision of funds in the subsequent year to meet the liability on account of such uncashed cheques also.

When the Treasury Officers initiate adjustment in the event of default on the part of the Administrator of personal Deposit Accounts such adjustment will be made on a simple Payees' Receipt.]

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 has been opened.

287. Petty items tendered by parties on account of batta to witnesses, postage, diet money to civil debtors, copyists fee, etc., are received in cash by the *nazir* of Civil Courts and credited in the cash book and any amount in excess of his cash security is remitted to the Treasury with a single receipt order without details to be credited to a separated head "Personal Deposit Account". These receipt orders will not give details, but only show the lumpsum sent for credit. The receiving Court, however, should record and deal with these petty deposits with the same care and formality as others. It should enter all receipts and payments in detail in the cash book specially maintained for the purpose. From the cash book, daily totals, would be carried into a register of the ledger form in which daily balance would be struck; monthly totals of receipts and of payments should be noted on the Plus and Minus memo forwarded to the Accountant General in the form prescribed by the High Court and lapses periodically reported.

Note 1.- The detailed instructions regarding these petty deposits are prescribed by the High Court in communication with Accountant General.

Note 2.- Witness batta, warrant fee. etc., received from the parties and credited to deposit will be kept under deposit alone and will not lapse to Government till the expiry of three months from the deposit of disposal of the concerned case.

**FEES RECEIVED FROM NON-GOVERNMENT BODIES OR PRIVATE PERSONS  
FOR WORK DONE FOR THEM BY GOVERNMENT SERVANTS.**

287-A. (1) 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.

(2) 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 before hand, 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 be collected by the Government servant himself. The Government share should be paid into the treasury as far as possible by the body or persons paying the fee;

(b) If the amount of the fees or the share are known only approximately before hand, 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 the 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 1.- 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 over-time 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 servant as departmental expenditure.

Note 2.- This rule deals only with accounting procedure and does not authorise payment of any portion of fees to any Government servant unless it is covered by special order of Government.

## **CHAPTER XVII - LOCAL AND OTHER FUNDS**

### **EXPLANATION**

288. The expression "Local Fund" means:

(i) 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 or particular appointments, the enactment of leave, pension or similar rules.

(ii) The revenues of any body which may be specially notified by Government as such.

Note.- Wherever there are specific provisions in the Rules of the local bodies or specific orders of Government for opening of accounts in Treasuries for conducting the transactions of the funds, the Deposit Account can be operated upon by the administrator of the local fund/funds, only after he has been placed in account with the concerned Treasury/Treasuries, by the Accountant General.

289. The transitions of all Local Funds of which Government desire that there shall be a separate balance, will be entered in the treasury in subsidiary registers prescribed for the purpose which will have one column for every such fund in the district.

290. The account of a Local Fund at the treasury is ordinarily a mere banking account, money being paid in and drawn out without specification of the nature or receipt or expenditure. The treasury officer need only see that the voucher for payment is in proper form and signed by the Administrator of the fund or any person duly authorised by him and that the amount does not exceed the amount at credit of the banking account.

In the case, however, of funds wherein the procedure of paying in and drawing money is the same as in the case of Government accounts and the same forms of vouchers are used, the treasury officer should scrutinise and pass the vouchers, as though they are vouchers in respect of claims on Government and should also see that the amount demanded is at the credit of the fund, wherever individual balances are kept.

If the charges of any Local Fund are drawn from the treasury on detailed bills, the gross amount should be charged in the accounts, the deductions on account of life Insurance, etc., being credited by transfer in district entries.

### **RECEIPT AND PAYMENTS**

291. (a) Municipalities are ordinarily obliged to place their funds in a Government treasury or a bank or branch bank used as a Government treasury, if there is one in or near the municipality.

(b) No Local Fund is allowed to overdraw the balance at its credit and no advance to cover such overdrafts will be sanctioned by Government;

(c) The transactions of all local funds, including municipal funds, should be recorded in the form used for personal deposits, but must be kept quite distinct, and must pass into the cash account as deposits of Local Funds, and not as Personal Deposits,

(d) The transactions of each fund should be entered in a separate column in the treasury register which allows one column for every such fund in the district. Unless the funds are very few in number, it is most convenient to have registers and totals for Municipal and District Board Funds separate from those of other funds.

### **PLUS AND MINUS MEMORANDUM**

292. Treasury officer should append a plus and minus memorandum 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, and those paid out during the month and the balance at the end of the month. In the case of Local Funds, which have not got an individual balance but only a balance for the whole State, the balance column need not be filled up.

Note.- Treasury Officers should forward with their monthly accounts, plus and minus memos showing the transactions of the different Municipalities and Local Bodies banking with them and the closing balances at their credit.

(a) All adjustments between general revenues and funds administered by separate administrations such as Municipal and District Funds should be made by the local Bodies concerned and not by the Account Office, actual payments being made into the Treasury by means of cheques, crossed by the drawers. In the case of other funds also, adjustments to their credit or debit should similarly be made, as far as possible, by or with the knowledge of the administrators of the funds,

<sup>1</sup>[(b) Whenever an amount due to Government by a Local body is not paid within a reasonable time after the receipt of requisition therefor the Accountant General will, in the case of Loans and dues the recovery of which is watched by him advise the local body concerned under intimation to the Divisional Commissioner concerned in respect of Town Municipal Councils and Government in the Housing and Urban Development Department in other cases. Similar action, under intimation to the Accountant General also, will be taken by the Heads of Departments in the case of

dues the recovery of which is watched by them. The Government in the Housing and Urban Development Department in respect of all local bodies except Town Municipal Councils and the Divisional Commissioner concerned in respect of Town Municipal Councils, will issue warning slips to the Local Bodies under intimation to the Accountant General. If no orders for staying the recovery are received by the Accountant General by 15th March from Government or the Divisional Commissioner as the case may be, the Accountant General will issue instructions (based on the warning slips issued earlier) to the Treasury to effect the recovery of the said amounts by reducing the balances of the Local bodies concerned. The Treasury Officer will, in such cases, effect the necessary adjustments in his accounts for March of that year.]

Note 1.- Simultaneously with the issue of crossed cheques for amounts due to Government under standing rules and also for supplies made by Government Departments, the local bodies will send intimation thereof [containing full details as regards (i) requisition number and date, (ii) bill number and date, (iii) nature of payment and (iv) period to which it relates, etc.,] to the Government servant of the Government Department at whose instance crossed cheques are issued and whose claim is settled to enable the latter to post and keep up-to-date the demand register maintained by him.

Note 2.- Health Cess collected by the municipalities and Local Bodies should be remitted to the Treasuries once a month if the amount collected is Rs.100 or less and if it is more than Rs.100 it should be remitted weekly or fortnightly.

Whenever an amount due to Government by a local body is not paid within a reasonable time after the receipt of requisition therefor, the Accountant General will, after the issue of a warning slip to the local body concerned, authorise the treasury officer to debit the amount in the Pass Book of the local body and reduce the balance at its credit. The Treasury Officer will in such cases effect necessary adjustments in the Treasury accounts.

Note 1.- Any amount due to Government by a Local Body including any amount overdue for payment in respect of a loan granted by Government, is subject to recovery by adjustment from any non-statutory grant sanctioned to the local body.

<sup>1</sup>[Note 2.- Whenever an amount pertaining to the Account of a Local Fund held at a Treasury is attached by a Court of Law, an amount equal to the amount attached, shall not be allowed to be withdrawn by the Administrator of the Local Fund. On receipt of a payee's receipt, duly signed and tendered by the Presiding Officer of the Court along with a copy of the attachment order, the Treasury Officer may withdraw the amount specified therein from the Account of the Local Fund concerned and remit the same to the said Court in satisfaction of the attachment order.]

(c) All payments to municipalities and local bodies by Government will be made by the Accountant General either on a pre-audited bill or by sending advice to the Treasury.

Note 1.- In respect of payment of the collection charges of Health and Education Cesses on Municipal revenue, pre-audit by the Accountant General, Karnataka is not necessary.

Note 2.- Bills for payment of compensation amount due to the local bodies, under the Karnataka Motor Vehicles Taxation Act, 1957, countersigned by the Commissioner of Transport, do not require pre-audit by the Accountant General (vide Note to Article-44).

Note 3.- Payment of municipal surcharge (stamp duty) payable to Local Bodies will be authorised for payment by the District Registrar, by sending advice to the treasury concerned (without pre-audit or authorisation by the Audit Office). This payment will be arranged for quarterly and the collection charges will be deducted from the duty realised and only net amount will be arranged to be paid.

Note 4.- Payment of compensation to local bodies, in lieu of Magisterial fines will be authorisation for payment by the District Judge by sending advice to the treasuries concerned (without pre-audit or authorisation by the Audit Officer). In regard to adjustment of compensation at the treasuries the treasury officers shall be guided by the provisions of Article 17, Karnataka Financial Code.

(d) The following procedure should be followed by local bodies in drawing grants sanctioned by Government for public improvements:

(i) Expenditure will, in the first instance, be incurred by local bodies out of their own funds and at the end of the month, a bill for the Government share of expenditure incurred in accordance with the order sanctioning the grant will be sent to the Audit office for pre-audit and authorising payment of the amount. Expenditure incurred in excess of the Government grant for the year for particular works will not be passed without the special orders of Government;

(ii) In cases in which the works are entrusted to the Public Works Department for execution, the local body will place its portion of the estimated amount with the Executive Engineer concerned by a crossed cheque on the treasury, in favour of the Executive Engineer. On receipt of intimation that this amount has been received from the local body, the Executive Engineer will be authorised to incur expenditure both against the amount paid by the local body and the Government grant. The amount paid by the local body will, as usual, be kept under "Public Works Deposits-Contributions". The expenditure incurred by the Executive Engineer every Month will be deposited to "Public Works Deposits-Contributions" and "50. Public Works-Grants-in-aid" in the proportion prescribed by Government in the order sanctioning the project. The Executive Engineers will, under no circumstances, incur expenditure in excess of the Government share of the estimate and the grant for the year.

(e) All payments arranged for by the Accountant General on behalf of Municipalities and Local Bodies at places outside the State will be held by him under "Advances Recoverable" and intimation of payment sent to the Presidents or Vice Presidents concerned on receipt of which they should draw crossed cheques on the Treasuries with which they bank and send them to the treasuries for adjustment by

debit to the Municipalities or Local Body by per contra credit to "Advances Recoverable", Payments within the State and at places other than those where the treasuries with which the bank are located, should be made by obtaining Bank drafts or Remittance Transfer Receipts.

### **VERIFICATION OF BALANCES**

293. <sup>1</sup>[(a) In addition to the Treasury, the Accountant General will maintain detailed accounts for each local body having banking accounts with more than one treasury. In the case of those local funds having banking account with only one treasury the detailed account will be maintained only by the Treasury and the Accountant General will not maintain local body-wise accounts. In the former case the treasury will verify the balances with those booked by the Accountant General and accept balance in Accountant General's books acknowledged by Government at the end of the year, after reconciling the differences, if any. In the case of the local funds having accounts in only one treasury, the balance as per treasury accounts will be final. The Administrator of each local fund will be supplied with a pass book by the treasury, which should be produced for updating at least once, a quarter. The first withdrawal in every quarter will not be allowed by the Treasury without production of the pass book. At the end of each quarter the Treasury Officer will communicate the balance to the Administrator of the fund who will intimate his acceptance of the balance to the Treasury.]

(b) The reconciliation of their balances with those of banking accounts maintained in Treasuries is the work of Municipalities and Local Bodies.

294. Presidents of Municipalities and District Boards will send only monthly cash accounts to the Controller, State Accounts Department all other accounts, vouchers and statements being retained in the offices of the President or the Vice President as the case may be, properly arranged and kept ready for audit on the spot by the local auditors of the State Accounts Department. The income and expenditure as entered in the cash account should be verified with the treasury pass book memo and an explanatory memo reconciling the differences between the cash account and the treasury accounts sent with the former.

### **SUBMISSION OF ESTIMATES**

295. The estimates of the revenue and expenditure of several funds dealt within this Chapter should be prepared by the offices controlling the administration of the fund in consultation with the Controller, State Accounts Department, if necessary, and sent up through that officer to Government for scrutiny and orders.

### **DISTRICT FUNDS**

296. <sup>1</sup>[The local cess levied under the Karnataka Village Panchayats and Local Bodies Act, 1959 is to be collected along with the Land Revenue to which it relates and remitted to the treasury under the head of account "VI Local Cess' under '029 Land Revenue- I Land Revenue" in the same challan which land revenue is remitted. The Treasuries shall credit the amounts to this head of account and show them in the Receipt Schedule of '029-Land Revenue'. A copy of the receipt Schedule with the challan should be sent to the concerned Tashildar/Deputy Commissioner.

The Deputy Commissioner shall personally calculate the amount due to the Taluk Development Boards and Village Panchayats, draw the amount on a payee's Receipt by debit to the head "029-Land Revenue-1. Land Revenue-IV - Deduct Amount Payable to Local Bodies on account of land and other cesses collected on their behalf" and the Treasury Officer will credit these amounts by transfer adjustment to the accounts of the Taluk Development Boards and Village Panchayats concerned.

The other cesses collected along with the Land Revenue are adjusted to the credit of the concerned "Local Bodies" in the treasury accounts, at the end of each month.]

### **DISTRICT IRRIGATION CESS FUNDS**

297. These are formed from a cess of one anna levied on each rupee of survey assessment on wet and garden lands and acreage cess recovered from ryots in lieu of their liability to maintain tanks. The funds are administered by the Public Works Department.

(1) The district will be the unit for the administration of the Irrigation Cess Fund.

(2) There will be separate accounts in the Accountant General's books, on account of the Irrigation Cess Fund of each district.

(3) An account will be maintained in the Accountant General's Office of the receipts and expenditure of the funds and an extract sent to the Deputy Commissioners of the district is concerned monthly for obtaining their acceptance and verification.

Note.- The maintenance expenditure to be met from the Irrigation Cess Fund, should pertain only to minor irrigation works (non-commercial) costing less than Rs. 5 lakhs each.

### **MUZRAI FUNDS**

298. The transaction pertaining to Muzrai Funds are of a banking nature. The accounting and audit procedure prescribed for the transactions under Muzrai Funds are detailed in Appendix XII.

299. The local audit of the accounts of the major and minor Muzrai Institutions maintained in taluk and other offices as well as that of ledger accounts in the office of the Commissioner of the Charitable Endowments will be conducted by the State Accounts Department.

300. The duties of the Commissioner of the Charitable Endowments, the Controller, State Accounts Department and Treasury Officers are summarised below: -

(a) Muzrai commissioner.- Maintenance of ledger accounts relating to General Muzrai Fund, Muzrai Establishment Fund and Chattram Savings Fund, transmission of monthly plus and minus memoranda to the Controller in respect of these funds, preparation of budget, investment of funds and other administrative duties, reconciliation of balances with the Accountant General's books and inspection of accounts of Muzrai Institutions.



(b) Controller, State Accounts Department.- Half yearly local audit of ledger accounts maintained in the Muzrai Commissioner's office local audit of institution funds in respect of major and minor institutions in the district taluk and other offices. The Controller, State Accounts Department, will also conduct pre-audit of bills relating to payments to be made by the Muzrai Commissioner out of the ledger account under his direct charge and investigation of arrear claims ordered by Government from time to time.

(c) Treasury officer.- The schedules of paid cheques should be prepared in triplicate by the treasuries, one copy of the schedule being sent to the Accountant General along with the paid cheques. Another copy of the schedule accompanied by the challans may be sent to the Controller, State Accounts Department, with a certificate to the effect that the figures shown in the schedules agree with those in the treasury cash accounts sent to the Accountant General. The Treasuries should also prepare a plus and minus memo in duplicate in respect of each of these ledger accounts as prescribed in article 113 of the Karnataka Treasury Code and forward them to the Accountant General, Karnataka, Bangalore, and the controller, State Accounts Department, Bangalore, after reconciling the figures shown therein with those shown in the pass books of the respective ledger accounts.

#### **MYSORE UNIVERSITY FUND**

301. All grants made by Government from time to time and all sums paid or endowments made by private persons or Local Bodies for the proposes of the University together with all fees received and rents, profits and other income derived from the property and funds vested in the University shall form the "Mysore University Fund" which shall be at the disposal of the University to be employed for any of the purpose mentioned in the Mysore University Regulations or in the Ordinances of the University.

(1) All charges relating to the University including the constituent colleges will be debited to this fund.

(2) All moneys received on account of the Mysore University shall be remitted to the Treasury for credit to the Head of Account "T. Deposits and Advances Part II Deposits not bearing interest-C-other Deposit Account - Education Funds - Mysore University Funds". Funds for expenditure shall be drawn from the Treasury on pre-audit cheques issued by the Bursar of the Mysore University.

(3) All transactions in the Treasury relating to the University should be recorded by the Treasury in a separate schedule.

The receipt and payment schedules referred to above should be prepared in triplicate, one copy thereof being retained as Treasury record, the second copy with challans sent to the Bursar of the Mysore University immediately after the close of the month, and the third copy with vouchers sent to the Accountant General along with the Treasury accounts for the month.

(4) Payments to other Government departments for supplies made or services rendered, will be in cash and not by book transfer.

(5) The Accountant General sends monthly to the Bursar of the Mysore University not later than the 15th of the second month following a consolidated statement showing, by districts, the credits and debits to the University Fund. A Plus and Minus memo showing the opening balance, receipts and payments and the balance at the close of each month is also sent by him to the Bursar.

(6) Government servants travelling in connection with the Mysore University work will draw travelling allowances at the rates ordinarily allowed to them under the Mysore Service Rules and retired Government servants at the rate admissible for non-official gentlemen.

The whole amount so drawn will be charged to the University, provided that if a Government servant combines a journey for University duty with inspection or other duty pertaining to his office, the whole amount should be charged to general revenues.

(7) Where the University officer travels entirely on Government duty (unconnected with the University), the whole amount of the travelling allowance to be paid to him will be charged to Government (General Revenues). When a University officer combines University duty with Government duty the whole amount will be charged to the University.

(8) The accounts of the Mysore University shall be audited concurrently by the Auditor, University of Mysore i.e., by the Assistant Controller, State Accounts Department, deputed by the Controller, for the purpose. The Bursar of the Mysore University shall forward to the Auditor, the monthly accounts of the Mysore University within the 20th of the following month.

Note.- The above provisions apply mutatis mutandis to other Universities like Bangalore University, Karnataka University and University of Agricultural Science.

## **CHAPTER XVIII - POWERS OF SANCTION**

### **SANCTION TO EXPENDITURE**

302. (a) Sanction to any given expenditure becomes operative as soon as funds have been appropriated to meet the expenditure, and does not become operative until funds have been so appropriated.

(b) Sanction to recurring expenditure covering a specified term of years becomes operative when funds are appropriated to meet the expenditure of the first year and remains in operation for each year of the specified term subject to appropriation in such years.

(c) When any authority accords sanction for expenditure of a definite amount and up to a specific maximum limit, the amount should always be expressed both in words and figures.

### **COMMUNICATION OF SANCTION**

303. (a) A copy of every order sanctioning expenditure should be communicated to the Audit department by the authority which accords sanction. If the sanctioning authority is the Government the copy of the order intended for the Audit department should be sent to it through the Finance Department in all cases in which that department has to be consulted.

(b) All orders sanctioning the revision of salaries and establishments and other permanent charges and any expenditure involving a debit against the next years grant will either issue from the Finance Department, or be communicated through that department, if issued by another department.

(c) Whenever the Accountant General is of opinion that any proceedings of a Department of Government transgresses any financial rule or orders, he will represent the same to that department, and if he does not finally acquiesce in the correctness of the decision of that department, he will refer the question for the orders of Government in the Finance Department.

(d) As the pay and allowances of gazetted Government servants are subject to a system of personal audit, orders affecting the personal emoluments, postings, leave, etc., of these Government servants only need be communicated to the Audit office by the sanctioning authorities. Information required for audit of pay and allowances of subordinate establishments should be given in pay bills and absentee statements, by the authorities preparing these documents, who are responsible to see that orders of competent authority are obtained in each case.

Note.- If an order affecting a Gazetted Government servant is notified in the gazette separate intimation to audit, by letter, is not necessary except in cases of urgency.

(e) As different sections in the office of the Accountant General are entrusted with Gazetted and Non-gazetted audit, the Departments of Government should invariably issue separate orders in respect of gazetted and non-gazetted staff. There may be some difficulty in adopting the above procedure in respect of new and expansion schemes requiring the creation of both gazetted and non-gazetted posts. Even in such cases, a separate order regarding Gazetted posts has to be issued and in the general order dealing with both these classes, special reference should be made to the separate orders issued. In such cases there will be no need to repeat the details of the scheme in both the orders.

303-A. All orders conveying sanction to the grant of addition to pay such as special pay and compensatory allowance, should contain a brief but clear summary of the reasons for the grant of the addition so as to enable the Accountant General to see that it is correctly classified as special pay or compensatory allowance, as the case may be. In cases, in which an official record in an open letter is considered

undesirable, the reasons for the grant of such additions to pay should be communicated confidentially to the Accountant General. A similar procedure should also be followed in all other cases in which the rules require that reasons for the grant of special concessions or allowances should be recorded.

#### **DATE OF EFFECT OF SANCTION**

304. Unless otherwise expressly ruled or unless the contrary appears from the context, a sanction of Government or other authority has effect from the date of the order conveying the sanction.

Note 1.- Orders sanctioning the creation of temporary posts, should, in addition to the sanctioned duration of the post, invariably specify the date from which it is to run, whether it be the date of entertainment or otherwise.

Note 2.- When sanction to temporary posts is accorded for a financial year, such sanction shall be deemed to be effective for the period from 1st March to end of February of that financial year.

#### **LAPSE OF SANCTION**

305. A sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of sanction.

Note 1.- This Article does not apply to a case where an allowance sanctioned for an appointment or a class of Government servants has not been drawn by a particular incumbent of the appointment or a particular set of Government servants, nor does it apply to additions made gradually from year to year to a permanent establishment under a general scheme which has been sanctioned by proper authority.

Note 2.- Sanction accorded for starting of New Medical Institutions or Public Health Centers may be held to be in force for a period of two years.

Note 3.- Wherever sanctions to expenditure if Rs.5,000 and more debitable to service heads contain a specific clause, that the charge should be met from the budget provisions of a specified financial year, the sanctions should be treated as lapsed if the expenditure is not incurred before the close of that financial year. If the expenditure is to be incurred during the next year, a renewal of the sanction would be necessary. This restriction is not applicable to sanctions to loans and advances and items which are accountable under the section 'Public Account.'

Note 4.- A sanction for a Provident Fund Advance will remain operative for a period of three months and should be deemed to have lapsed after that period unless it is specifically renewed by the sanctioning authority.

Note 5.- In the case of purchase of stores, a sanction shall be deemed to have been acted upon if tenders have been accepted or indents placed for the stores within one year of the sanction, regardless of the dates of actual settlement of the claim.

#### **WRITE OFF OF LOSSES**

306. (a) The power to write off the irrecoverable value of stores, of public money lost by fraud or the negligence of individuals or other cause is vested in Government. Heads of Departments will report to Government in the Administrative Department concerned all such cases furnishing details as to the nature and extent of the loss, the circumstances which rendered the loss possible, how far it was due to defect of system of supervision, and how it can be amended and the Government servants that were responsible for the negligence. Should any delay be apprehended in enquiring into the matter for the purpose of eliciting correct information, a preliminary report should invariably be forwarded at once.

(b) All sanction to write off under this Article should be communicated to the Accountant General with a full statement of the circumstances of each case. The Accountant General will thereupon scrutinise each such case and bring to notice any defect of system which appears to require attention.

Note.- This Article applies also to irrecoverable advances.

(c) The Powers of writes off delegated to certain Government servants are given in the Book of Financial Powers. They should be exercised only in cases where the loss does not disclose (i) a defect of the system the amendment of which requires the orders of higher authority, or (ii) serious negligence on the part of some individual Government servant or servants, which might possibly call for disciplinary action requiring the orders of higher authority,

Note 1.- This Article applies also to losses of revenue and irrecoverable loans and advances.

<sup>1</sup>[Note 2.- Heads of Department may write off stores or Government money lost, items of Departmental Revenue and amount of loans and advances found irrecoverable to the extent of Rs.1,000 each time and Rs.1,00,000 per annum.

Joint. Director/Controlling Officer may write off the stores of Government money lost, items of Departmental Revenue and amount of loans and advance found irrecoverable to the extent of Rs.200 each time and Rs.1,000 per annum.]

### **REMISSION OF DISALLOWANCES**

307. An order of disallowance issued by the Audit office in respect of salaries of all Government servants has reference to the materials placed before it at the time of issue of the disallowance order. If, after receipt of the order of disallowance, the Government servant preferring the claim is able to give a satisfactory explanation, the Audit office will consider such explanation and on being satisfied with it, it will take action to withdraw the order of disallowance and admit the claim. But in cases where the Audit office holds that the explanation offered is not acceptable, the power of remitting the disallowance is reserved by Government in the Finance Department. Reference on the subject should be made to the Finance Department of Government and the following particulars furnished:

1. When the pay or allowances disallowed were drawn.
2. When were they disallowed by the Audit Office.

3. Was the amount disallowed drawn by the Government servant under a reasonable belief on his part that he was entitled to it.

4. What is the amount disallowed and what are the grounds for remitting the disallowance.

Note.- Whenever representations are made to Government regarding objections raised by the Accountant General, Heads of Departments and Deputy Commissioners should invariably send a copy of the Accountant General's objection memo with their representation for the information of Government.

In the case of payments on account of personal claims which are placed under objection more than a year after the date on which they are disbursed, the Accountant General before demanding recovery, will refer the matter to Government.

The orders sanctioning write off should invariably contain a clause that any sums which are subsequently found due to the person concerned will be adjusted against the amounts written off.

Note.- The following procedure should be adopted when amounts of over payments written off on the ground of a Government servant being no longer in service, are to be set off against amounts subsequently found due from Government to the Government servant, like refund of excess recovery of house rent etc.

(i) Non-Gazetted Government servants.- Such re-funds are normally made only through the officer under whom the Government servant concerned served last, and the officer concerned should ensure that overpayments, if any, already written off are set off against such amounts.

(ii) Gazetted Government servants.- The Head of the Department under whom the retired Gazetted Government servant was last serving and through whom such refunds should be made should satisfy by obtaining if necessary the required information from the concerned officers that no claim due from the retired Gazetted Government servant had been written off on account of his being no longer in Government service. if any such claims had been written off, they should be adjusted against the refunds due. The Head of the Department Office at whose initiative such writes-off are sanctioned should maintain appropriate indexed records to Facilitate such adjustments.

Note 2.- In cases where the amount of over-payment is written off merely because the person concerned is no longer in Government service and not on any other ground, as for example, that its recovery would cause hardship to the individual concerned, the dues, which may accrue to him during the period of his re-employment subsequently under Government, may be adjusted against the amount written off.

In the terms of re-employment of a retired Government servant a condition should invariably be inserted to the effect that any amounts of overpayments pertaining to the pre-retirement period, including the amounts written off on the ground that he was no longer in Government service, would be recoverable by adjustment of the pay and allowance admissible to him during the period of re-employment.

It will be the duty of the office re-employing a retired Government servant to make an enquiry from the office where he was formerly employed whether any amount is recoverable in terms of paragraph 1 of this Note. Such an enquiry will have to be made immediately after a person is re-employed. The final payment to the re-employed person on the termination of his re-employment should not be made unless the re-employing office has ensured that no amounts are adjustable as above.

Note 3.- The Accountant General is competent to exercise full discretion to determine the rate of recovery of overpayments less than one year old, detected by him subject to the maximum limit (i.e., one-third of the pay) fixed in Article 45.

### **ADDITIONAL GRANTS AND REAPPROPRIATIONS**

308. Without the previous sanction of the Finance Department:

(i) No reappropriation may be made to meet any expenditure which is likely to involve further outlay in a future year;

(ii) No reappropriation from a grant for non-recurring expenditure is permissible in order to provide for additional recurring expenditure:

(iii) Savings on salaries <sup>1</sup>[XXX] shall not be re-appropriated for meeting any other class of expenditure; and

(iv) Lumpsum grants included in the Budget for specific purposes, as for instance, the revision of a particular establishment or the construction of a new work, shall not be diverted to other purposes.

309. No reappropriation may be made from one grant voted by the Legislature to another such grant. <sup>1</sup>[as also from "Revenue Heads of Account" to capital Heads of Account (including loan heads of account) under a grant and vice versa].

310. An excess over a grant voted by Legislature requires the vote of the Legislature. Should any necessity arise for charges for which no appropriations are made in the Budget, it should be foreseen as early as possible and proposals submitted to Government for obtaining a supplementary grant at the next session of the Legislature.

Note.- It shall be the duty of the Head of every Department to watch the progress of expenditure on all heads of charges under him with a view to see that the sanctioned grants are not exceeded and that if an excess is for unforeseen reasons, unavoidable, prompt action is taken for applying for a supplementary grant as soon as possible after the probability of an excess is foreseen.

311. Reappropriation within a grant voted by Legislature are regulated as under:

(a) The Finance Department shall have power to sanction any reappropriation within a grant from one Major, Minor, or Subordinate head to another, and

(b) The Departments of Government other than the Finance Department shall have power, to sanction any re-appropriation not exceeding <sup>2</sup>[Rs.5.00 Lakhs] in each case within a grant between heads subordinate to a Major head which does not involve the undertaking of a recurring liability. (Vide also Article 308).

Note 1.- A recurring liability means a payment which extends beyond the year in which it is sanctioned.

Note 2.- Subject to the restrictions laid down in Article 312 and clause (b) supra there is no objection to an Administrative Department sanctioning any number of reappropriations within a Major head so long as the amount of each such reappropriation does not exceed Rs.20,000.

312. Funds allotted for charged items of expenditure may not be reappropriated to meet voted items and funds allotted for voted items may not be reappropriated to meet charged items.

Note.- The distinction between the voted and charged items or expenditure is shown in the Budget Estimates by printing the words 'charged' against such heads.

313. (a) No reappropriation may be made in respect of expenditure on an item of 'NEW SERVICE' unless the same is authorised by the Legislature.

(b) The redistribution of a provisional appropriation for a particular purpose by the Head of a Department or other competent authority and his subordinate is not a re-appropriation.

(c) No reappropriation may be made without the sanction of the Legislature so as to increase the expenditure on an item the provision for which has been specifically reduced by a vote of the Legislature.

(d) Excesses and deficiencies not exceeding Rs.50 under any particular detailed head need not be regularised provided that a voted grant as a whole is not exceeded. Exceptions should however, be made in the case of-

- (1) Heads under which no provision at all exists, and
- (2) items specifically reduced by the Legislature.

Any excesses under such heads or items will be dealt with under clauses (a) and (c) and will require the sanction either of the Finance Department or the legislature.

314. The Heads of Departments have power to sanction reappropriation of grants from one unit of appropriation to another within the same <sup>1</sup>[Major] head, in their departmental budgets, subject to the following conditions:

(1) The amount transferred from or to a unit of appropriation not exceeding <sup>2</sup>[Rs.1,00,000 per annum per detailed head.]

(2) Funds allotted for planned items should not be diverted for non-planned items.

(3) The transfer of funds should not involve the undertaking of a recurring liability.

- (4) The allotment for secret service expenditure should not be increased.

Note 1.- The above power does not apply to Heads of Departments who are not also Chief Controlling Officers.



Note 2.- The Heads of Departments and the Chief Controlling Officers should surrender the anticipated savings in the funds provided for their Departments, immediately when they are foreseen and no savings should be held in reserve for meeting future possible excesses.

### **DELEGATION OF POWERS**

315. The Financial powers delegated to Heads of Departments are given in the Book of Financial Powers.

## **CHAPTER XIX - SERVICE FUNDS**

### **GENERAL RULES**

316. Subscription to the insurance of provident fund of Government can be received from such Government servant as are either required or permitted by the rules of the fund to subscribe to it, the recoveries being made ordinarily by deduction from monthly pay or salary bills.

317. The recovery of insurance premia from pay or salary should be made on receipt of instructions from the Insurance Department and should not be discontinued till so advised by the Insurance Department.

318. The subscriber is himself responsible for seeing that proper deductions is made from his bills though, for his convenience it has been ruled (vide Article 87) that the responsibility for making the necessary deductions regularly and correctly devolves upon the drawers of the bills.

319. A subscriber to a fund, when paying his subscription, whether his subscriptions to the fund are recovered by deduction from bills, or paid in cash, must specify the number of his account or of his policy, as the case may be, and give all necessary particulars, and when the subscription is paid for the first time, he should further quote the rule or special authority under which the subscription may be received from him.

320. Whenever a subscriber to any fund, whose subscriptions are realised by deduction from bills, is transferred to another office, the fact that he is subscribing to the fund should be certified to in his Last Pay Certificate, by noting thereon the amount recoverable monthly and the number of his account or policy.

321. To each salary and establishment bill should be attached, a statement in the prescribed form furnishing details of deductions made in the bill on account of each fund. In departments in which salaries are drawn by cheques on Treasuries, a separate cheque will be drawn simultaneously for the subscriptions due from the staff of each office and sent to the treasury for transfer credit to the funds concerned. The detailed statement referred to above should accompany each such cheque.

Note 1.- The recoveries of premia made from policy holders of the Karnataka Government Insurance Department through their salary or establishment pay bills must be credited to the treasuries then and there, and the Insurance Department has the right to demand interest due on any recoveries actually made but not remitted to treasuries.

Note 2.- In the case of premia or subscriptions realised in cash, the challan with which the amount is presented at the treasury, should contain all the information required in the above statement.

Note 3.- Whenever a subscriber is transferred, promoted, degraded, dismissed or absent on leave or whenever his appointment under Government is affected in any other manner, such changes should be specially noted in the remarks column of the statement.

Note 4.- The premium recovery statements in respect of the Official Branch and the Hyderabad State Life Insurance Fund Branch will be in forms Nos. K.F.C. 60-A and K.F.C 60-B respectively.

322. A detailed list of the subscriptions realised in cash, on behalf of each fund showing the date and amount of each receipt, the name of the person on whose behalf It is paid and the number of account or policy will be sent by the Treasury Officer with the cash account. This list will be a copy of the register maintained for the purpose in the treasury.

#### **STATE LIFE INSURANCE FUND - OFFICIAL BRANCH**

323. The payment at treasuries of claims on the Insurance Funds of the Official and Motor Branches, is authorised by the Insurance Department in each case, by cheques.

324. (a) The first premium on each policy should always be paid in cash by the insured. Subsequent premium shall be payable in advance and will be recovered monthly by deduction from the pay of the insured.

Note.- In the case of policy holders who retire on pensions before their policy or policies mature, premium may, with their consent, be recovered from their pensions and credited in cash.

(b) When the insured is absent on duty or is on leave with allowance, the premium shall be realised when such leave allowances are drawn. If he should obtain leave without allowances or be suspended from service, the premium, if not otherwise recovered, shall be a debt on his policy carrying interest at 5 per cent per annum compounded half-yearly and shall be recovered as arrears from his future pay, if any, in instalments not exceeding 5 per cent of such pay;

(c) Payment which is made on a cheque shall in the case of the Official Branch be subject to deduction of any amount that may be due to Government by the insured.

Note 1.- The provision to the effect that "deduction of any amount that may be due to Government by the insured" appearing above should be understood as

applying only to the amounts payable by an insured to Government in his official capacity and not to those which he may owe to Government as a private person.

Information about dues to Government by the insured should be furnished to the Secretary, Government Insurance Department promptly by the Heads of Departments and other officers concerned.

(d) Detailed rules regarding the State Life Insurance Fund are published separately by the Insurance Department and they may be referred to for further details.

(e) Before sanctioning increments to Government servants, the head of an office should satisfy, himself that compulsory insurance has been effected as required under the rules of the Official Branch. The Heads of Departments should enforce the rules strictly, Government servants should not be allowed to evade compulsory insurance by merely submitting proposals without undergoing the required medical examination immediately thereafter; disciplinary action should be taken if it is found that the delay extends over three months. Officers of the Insurance Department may visit all offices and check how far the rules regarding Insurance of Government servants are being followed by an examination of copies of establishment bills, Scheduled of Establishment and other connected records.

<sup>1</sup>[(f). Under Article 26 read with Article 87 of this code the Treasury Officers are responsible for seeing that the deductions towards insurance premium at the prescribed rates are correctly made by the Drawing Officers in the bills as mentioned by District Insurance Officers from the pay of the officials concerned. In the case of non-deduction or short deduction of Insurance premium from the pay of any official, the District Insurance officers will inform the Drawing officers concerned who shall be responsible for deducting the correct premium amount from the pay of the officials concerned for the month, following the month in which the communication is received from the District Insurance Officers. If the Drawing officer fails to recover the prescribed premium even then the Treasury Officer will himself deduct the premium amount as mentioned by District Insurance Officer from the pay of the official and pass the bill for the reduced amount.]

<sup>1</sup>[324-A. The Karnataka State Employees Group Insurance Scheme in force from 1st January 1982 is compulsory to all State Government employees. The scheme intends to provide for the State Government Employees, at a low cost and on a wholly contributory and self financing basis, the twin benefits of an insurance cover, to help their nominees in the event of death in service and a lumpsum payment to augment their resources on retirement. The Director of Small Savings is the Administrator of the scheme. The scheme is governed by the Karnataka State Employees Group Insurance Scheme Rules 1981 and transactions of the scheme are carried out in the forms/schedules prescribed. The Treasury Officers shall maintain a schedule of receipts and payments under the Group Insurance Scheme in K.T.C. Form 73 and 74 respectively and furnish the particulars of receipts and payments in

Annexure-B and D mentioned in the accounting procedure of the scheme to the Administrator of the scheme.]

### **GENERAL PROVIDENT FUND**

325. (a) The Fund is a general fund open to all Government servants.

(b) Subscription to the fund is compulsory in the case of permanent Government servants who are under the conditions of their service required to insure their lives in the Karnataka Government Insurance Department but are unable to do so, owing to overage or certified ill health; in other cases, it is optional.

(c) An optional subscribed may discontinue his subscriptions or resume payment again if he chooses, subject to the following conditions;

(1) A Government servant who chooses to discontinue or to resume payment may do so only from the beginning of a new official year.

(2) The privilege of discontinuing payment and resuming payment will not be allowed more than three times.

(3) No refund of amounts already subscribed and at his or her credit can be made except on retirement or death, or under special sanction of Government, in accordance with rules 15, 18 and 24 of the General Provident Fund Rules.

(d) The monthly rate of subscriptions shall be an amount expressed in whole rupees not less than 6 per cent of emoluments, the rate of emoluments for this purpose being those drawn on 31st March of the financial year preceding. The monthly rate shall remain fixed throughout the financial year. Subscription during leave of any kind is optional.

(e) Subscriptions are ordinarily recovered by deduction from pay or salary bills but they may be made by remittance in cash to the Treasury when a Government servant is on foreign service or on leave.

(f) Payment of temporary advances will be made by the treasury on the authority and responsibility of the officer sanctioning the advance, without authorisation or pre-audit by the Accountant General.

(g) Final withdrawals will be passed by the Accountant General.

<sup>1</sup>[(h) For improvement in the maintenance of Provident Fund Accounts the following checks shall be exercised by the Drawing Officers.

### **CHECK LIST FOR DRAWING OFFICER GENERAL**

1. No recovery towards subscription for Provident Fund should ordinarily be made unless an Account number has been allotted by the Accounts Officer.

2. The account number allotted must invariably be quoted in full with all prefixes in the Provident Fund schedule and in the pay bill every month.

3. If it becomes essential to make recovery towards provident fund without the Account number having been received due to delay in sending the application or making the allotment.-

Note in the remarks column of the pay bill and schedule "New Subscriber Account No. called for from the Accountant General vide No ..... .. date ....." note the number of times the recovery has been made without Account No. e.g., Shri Ramalal, Rs.50 3rd recovery New Subscriber etc., ..... This will facilitate adjustment of all credits when account number is allotted. P. F. Schedule Preparation.

4. Prescribed form may be used. The names should be listed in three paras, A, B and C.

Part 'A'.- Should contain the names of regular employees of the office having the same prefix to their number e.g., PH MHD, GA, etc.

The name should be listed in ascending order of account numbers.

The names should not be incomplete or abbreviated e.g., Ram Kumar Sharma should not be written as Ram Kumar, R. K. Sharma or Ram K. Sharma.

Part B.- Should contain the names of persons who have come on transfer from some other offices and whose names appear for the first time in the schedule/pay bill and who have the same prefix as the persons in Part A.

Their names should be listed in the same manner as those of in Part A. Against each name, in the "Remarks column" the office from which the subscriber has come on transfer, should be invariably stated.

These names will move to part A in subsequent month of, if the schedules are printed or cyclostyled, when the revised schedules are printed/cyclostyled.

Part C.- Should contain the names of new subscribers from whom recoveries have been made without allotment of Account numbers. As stated earlier, the Remarks column should contain a note 1st, 2nd, 3rd etc., recovery, New subscriber. Account No. called for from the Accountant General vide No ..... dated .....

These names will also move to Part A when Account numbers are allotted.

5. P.F. Schedule with names in Part A should be printed or cyclostyled half years/yearly to ensure neatness and to prevent copying error in Account numbers.

6. When a subscriber in Part A is transferred to some other office, a note should be made in the "Remarks column" of the office to which transferred. No amount will, of course, be shown under "Amounts" column. The name will be deleted when the schedule is next printed/cyclostyled.

7. If the rate of subscription varies from the previous month reason therefor must be indicated in the "Remarks column".

8. Total of the schedule should be done independ- ently and tallied with the total of the pay bill. It should be written both in words and figures.

9. Separate schedules must be prepared for different series. For example, if a pay bill contains the names of subscribers, who belong to, say normally GA series, but have subscribers on deputation from other offices having number in P H and MED

series, the main schedule of GA series will be prepared as in Para 4 above. Then, there will be two more schedules, one for subscribers of PH series and the other MED series.

10. Separate Schedules must also be prepared for persons whose credits are adjustable by an Accountant General other than the A.G of the State.

11. Each column of the schedule has been prescribed for a specific purpose. They should be properly filled in. Recovery of subscriptions and advances should be shown separately and in the case of advances, the number of instalments recovered should be indicated.

### **DEBIT VOUCHERS**

12. The Account number of the subscriber should be carefully checked in all cases where advances or part/final withdrawals are made. There is serious risk of Frauds Overpayments if account numbers are incorrectly quoted in payment vouchers.

Please remember incorrect preparation of schedules will cause harassment and hardship to subscribers.

Wrong Account Numbers in Debit Vouchers may result in fraud or overpayment of a Large Amount.

Ask for allotment of Account numbers three months in advance.]

(i) Detailed rules are found in the Karnataka General Provident Fund Rules.

326. The General procedure laid down above applies to other Provident Funds also.

### **PROCEDURE FOR RECOVERY AND ACCOUNTING OF POSTAL LIFE INSURANCE PREMIA**

326-A. All the drawing officers should maintain in the form enclosed a corrected and up-to-date register of Policy holders under their control. The names of the Policy holders should be noted in alphabetical order according to surname, leaving sufficient space between two entries to enable 'new comers' name being inserted in the right place. A separate entry should be made in the Register for each policy. On receipt of an intimation from the Director, P.L.I., Calcutta about the issue of a policy in favour of a subscriber authorising the drawing officer to commence recovery from pay or on receipt of a Last Pay Certificate in respect of the subscriber, transferred from another office, the drawing officer should make a note of the particulars of the policy in the register. The name of the office from which the subscriber has been transferred should invariably be noted in the remarks column. Whenever a subscriber is transferred to another office or his policy is discharged his name should be scored out from the register, giving necessary remarks regarding discharge of policy or indicating the office to which the insurant has been transferred as the case may be.

2. After the preparation of the monthly bill but before its encashment, the bill clerk should check up the recoveries shown in the bills on account of P.L.I. with the register to see that the recovery has been made from all the subscribers and the correct amount has been recovered. This check will discover the cases of omissions to make recovery as well as cases of amounts of the recovery shown in the bills should be posted in the monthly column in the register with proper reference to the bills or the vouchers reasons for short or excess or non-recovery being briefly noted in the remarks column. Extracts of this register should then be made out in the schedules. The Schedule should be attached to the relevant bills in support of the recoveries.

3. While taking extracts it should be seen that the names of those insurance from whom recoveries were made in the previous months but no recoveries have been made during the current month either on account of transfer or discharge of that policy or on account of leave salary being not drawn the official being on leave without pay, should be included in the current months schedule with necessary remark noted against their names. Similarly, the remark, 'New Policy' or 'Transferred from.....office' should be given in the schedule against the names of insurance entered for the first time in current month. Reasons for short or excess recovery should be noted briefly in the remarks column. In short, the schedule of P.L.I. recoveries to be attached to the bills would be a record not only of those from whom the recovery has actually been effected but also of those from whom recovery was being effected previously but has not now been effected.

In case of double recoveries of late recoveries, the reason for late drawl of pay or pension, together with an indication of the month of pay or pension, from which premium has been recovered should be recorded in the Remarks column. This information is absolutely necessary to determine the liability of the insurance to a pay fine or interest and the currency of the policy.

4. Though each policy of the insurance will be entered separately in the register and the schedule, the total amount recoverable monthly from each policy holder on account of all policies should be shown in the register by bracketing all the policies. This will serve as a guide for preparation of monthly bills where recoveries in respect of each policy cannot be shown separately. This total in the register should be kept corrected up-to-date on additions of new policies and exit of old ones.

**PROFORMA OF THE REGISTER OF POLICY HOLDERS**

Serial No.	Policy No.	Name of the Policy holder	Designation	Monthly premium rate
1	2	3	4	5

**AMOUNT ACTUALLY RECOVERED**

Ap ril	May	Ju ne	Ju ly	Aug ust	Se pt em ber	Oc to ber	No ve m ber	De ce m ber	Jan ua ry	Fe b ru ary	Ma rch	Re ma ys
6	7	8	9	10	11	12	13	14	15	16	17	18

## **CHAPTER XX - MAINTENANCE OF CASH AND OTHER ACCOUNTS IN GOVERNMENT OFFICES**

327. The procedure regarding the maintenance of cash and other accounts in Government offices, in general, is detailed in this Chapter.

### **CASH TRANSACTIONS IN GOVERNMENT OFFICES**

328. Every Government servant is responsible for the safe custody of money received by him from the public for payment into treasury or from the treasury on cheques or bills, and should maintain such Accounts, as may have been prescribed, for watching the correct disposal of the money, e.g., by payment into treasury, disbursements of pay, etc., among the staff, and for checking the cash balance in his office.

Moneys not being Government dues received in his official capacity, i.e., Poor Fund in hospitals, Sports fund in Educational Institutions, etc., shall be accounted for in sets of books separate from the Cash Book.

Note 1.- The procedure to be followed in dealing with the moneys which are not Government dues is laid down in Article 4.

Note 2.- Procedure to be followed regarding the recoveries from the salaries of Government servants on account of dues of Co-operative Societies is laid down in Article 348.

329. Save as otherwise expressly provided in these rules or in any authorised departmental regulations, the following rules shall be observed by all Government officers who are required to recoveries and handle cash: -

(i) Every officer receiving money on behalf of the Government should maintain a cash book.

(ii) All monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

(iii) The cash book should be closed regularly and completely checked. The cash balance should be checked with the figures shown in the cash book everyday by the ministerial head of office. The Head of the office should verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book, and initial it as correct;

(iv) At the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. The certificate should also be recorded on the monthly cash account, primary abstract or account current, where such account, abstract or account current is required to be



submitted to the superior officers. Such certificate must be signed by the head of the office who should invariably date the signature.

It is necessary that the cash be counted at convenient intervals, and in any case at the end of each month, as this affords an independent check on the accuracy of the posting. The results of such counting should be recorded in the Cash Book (specifying the actual cash and also the outstanding balances of imprest and temporary advances), in the body of the Cash Book so as not to interfere with the up-to-date totals ; the actual balance of cash in the cash chest or box should be stated invariably in figures as well as words. A certificate of reconciliation of the book balance with the actual one should be recorded below the closing entries of each month.

(v) When Government moneys in the custody of a Government officer are paid into the treasury or the bank, the head of the office making such payments should compare the Treasury Officer's or the banks receipt on the challan or his pass book with the entry in the Cash Book before attesting it and satisfy himself that the amounts have been actually credited into the treasury or the bank. When the number of payments made in a month is more than ten and the total amount involved therein exceeds Rs.1,000, he should as soon as possible after the end of the month, obtain from the treasury a consolidated receipt for all remittances made during the month which should be compared with the postings in the Cash Book.

Note 1.- Notwithstanding the provisions of this clause, the head of office may, at his discretion, obtain a consolidated treasury receipt irrespective of the number of payments made in month and the total amount involved therein.

Note 2.- The consolidated treasury receipt, which is merely a statement showing the amounts remitted on different dates during the month, under each head of account, should be compiled initially by the departmental office. The Treasury Officer will merely certify the total credit thereafter verification. For this purpose a clerk should be deputed to the treasury on a date fixed by mutual arrangement. The head of office should however, record a certificate in the Cash Book to the effect that the consolidated treasury receipt contemplated in this note has been obtained and verified with the entries in the Cash Book.

Note 3.- No Challan purporting to contain the acknowledge- ment of a Treasury or a Bank for receipt of money should be acted on by any Government officer unless credit for the money is first traced in the treasury accounts. For this purpose the provisions of Note 2 above apply also to money remitted by private parties on behalf of Government officers, mutatis mutandis.

Note 4.- With a view to ensure that this work is not neglected in any case, the following certificate should be furnished by all Gazetted heads of offices in their monthly pay bills. In the case of non-gazetted head of offices, the certificate should be recorded on the establishment pay bill in which their pay is drawn:

"I certify that I have satisfied myself in the manner laid down in Article 329 (V), Karnataka Financial Code that all Government moneys remitted to the Treasury/Bank by me or on my behalf during the second previous month have actually been credited in the treasury accounts".

(vi) An erasure or over-writing of an entry once made in the cash book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen

through the incorrect entry and inserting the correct one in red ink between the lines. The head of the office should initial every such correction and invariably date his initials.

(vii) A Government officer who handles Government money should not, except with the special sanction of the head of the office, be allowed to handle also in his official capacity money which does not belong to the Government. Where under any special sanction, a Government officer deals with both Government and non-Government money in his official capacity, the Government money should be kept in a cash box separate from the non-Government money and the transactions relating to the latter should be accounted for in a separate set of books and kept entirely out of the Government account.

(viii) The employment of peons to fetch or carry money should be discouraged. When it is absolutely necessary peons of some length of service and proved trust worthiness should only be selected and, in all cases, when the amount to be handled is large, one or more guards should be sent to accompany the messenger.

Note.- The duties imposed by clauses (ii) to (vi) of this rule on the head of the office may be entrusted to a subordinate gazetted officer nominated by the head of the office for the purpose.

330. In all Government offices, a Government servant of sufficient status should be entrusted with cash and the work relating to cash transactions, and the following registers should be maintained.-

- (1) Cash Book for entering daily receipts and payments of all kinds.
- (2) General Ledger or Classified Abstract of monthly totals of the cash book.
- (3) Remittance book for the amounts remitted to the treasury. (Form 61).
- (4) Acquittance Roll.
- (5) Order Book for contingent charges.
- (6) Contingent Register.

Note 1.- The term 'Cash' includes specie, currency Notes, Cheques, Demand Drafts and Remittance Transfer Receipts, issued or endorsed in favour of a departmental officer. Government securities are not to be treated as cash.

Note 2.- Cheques or Remittance Transfer Receipts received by Government servants for credit to Government, should invariably be crossed and the following endorsement should be made on each of them, before transmission to treasuries:-

"Received payment by transfer credit to ..... (Head of Account)."

Note 3.- Cheques of private individuals if accepted in payment of Government dues or in settlement of other transactions in accordance with the provisions of Article 9 of Karnataka Financial Code, should be treated as cash and entered in the cash book in the ordinary way just like other cash transactions when they are sent to the Bank for encashment, they should be shown in the disbursement

column as "Remittance into Treasury". If the cheques so received be numerous, they may initially be entered in a "Register of cheques received and adjusted" in Form No, K.F.C. 76 and only the daily totals of receipts and remittances entered in the cash book. This register will also facilitate the watching of the clearance of the cheques.

Note 4.- When cheques of private individuals are accepted under the provisions of Note-3, above, the following endorsement should be made on the receipt Form KFC 1 granted to the presenter of the cheque.

"Received by cheque No..... on ..... Bank. This receipt is subject to its realisation".

Note 5.- When any such cheque is dishonoured by the Bank on which it is drawn, the credit previously afforded in the account in respect of the cheque should be reversed by showing the amount in the cash book as a minus entry on the date of receipt of intimation of dishonour, the fact of dishonour being entered against the original credit and initiated to the tenders also as soon as possible".

### CASH BOOK

331. The Cash Book shall be a substantially bound volume containing a sufficient number of pages to record at least one year's transactions. It shall be carefully examined with regard to the numbering of pages the (page numbers being printed) before being brought into use. The book should be in the following form:

<sup>1</sup>[CASH BOOK OF.....FOR THE MONTH OF.....

#### RECEIPTS

Date	Receipts No.	Particulars of receipts	Salary		T.A.	Contingencies			Total	Head of Account
			Pay	Allowance		In receipt	Advance	Payments		
1	2	3	4	5	6	7	8	9	10	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	

#### PAYMENTS

Date	Voucher No.	Particulars of charges	Salary		T.A.	Contingencies			Total	Head of Account
			Pay	Allowance		Out of permanent	Out of money drawn in	Anticipations of pay		

ment

1	2	3	4	5	6	7	8	9	10
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

The cash book has to be written up from day to day, the entry relating to each item of receipt or expenditure being made simultaneously with the transaction. The balance on hand at the beginning of each day being brought forward on the receipt side, the sums received during the course of the day are entered on the receipt side in the order of their receipt while on the expenditure side money spent is entered item by item, noting against each item the corresponding voucher number. The cash book should be closed at the end of each day and the balance struck. At the end of the month, after the transactions of the last day of the month are over, the cash book should be closed, as usual, as at the end of each day, and the particulars of items (heads of account) working up to the cash balance should be given in detail.

332. When a deficiency is found in the cash balance of any day, it should be made good at once by the person responsible for it and the closing cash balance of the day should be the full balance including the amount lost and made good. If, however, for any exceptional reasons the amount of the deficiency is not made good immediately, it should be treated as a Miscellaneous advance recoverable from the person responsible, on a voucher signed by the Head of the Office. When any excess is found, it should at once be credited to the treasury under Revenue Deposits as cash found surplus in chest, pending enquiry and disposal. In either case, a note, should be made in the cash book.

If the investigation does not establish beyond doubt that the excess is due to any particular person, it should be credited to Government under "LII Miscellaneous". If the amount is proved to be payable to any particular person, the refund should be made under the orders of the Government servant Competent to sanction refunds.

333. Deleted.

334. Deleted.

335. Deleted.

#### **RULES REGARDING THE SAFE CUSTODY OF CASH**

336. Public money in the custody of Government Departments shall be kept in strong treasure chests and secured by two locks of different patterns. All the keys of one lock should be in the custody of the gazetted Government servant, who is in charge of cash. All the keys of the other lock should be in the possession of the cashier. This disposition of the keys is for the definite purpose of ensuring that the chest should never be opened or closed, without both the custodians being present.

When there are no double locking arrangements for the cash chests, the cash should invariably be lodged in the inside drawers, the keys of which should be with the gazetted Government servant in-charge of cash, and the outer keys of the chest with the cashier.

337. Heads of Departments may authorise a departure from the letter of Article 336 in any individual case in which either the amount of cash handled by the departmental officer, or the extent of insurance provided, or any fidelity guarantee policy taken out by the office cashier, or any other special consideration, may be held to justify the adoption of a simpler and less costly arrangement without impairing the safety of Government money.

338. When the Government servant in charge of cash is on tour or on leave, he should hand over the keys of the cash chest together with the contents to any other responsible Government servant.

#### **CUSTODY OF DUPLICATE KEYS OF CASH CHESTS**

339. The duplicate keys of cash chests of Government offices should be deposited in sealed packets in the Government Treasuries with which the offices transact.

Once a year, in April, and also whenever the charge of an office is transferred, the duplicate keys should be sent for, examined and returned to the treasuries in fresh sealed packets.

340. The following rules in regard to the custody of padlocks and duplicate keys of cash chests, etc., of Government Departments are laid down:

If a padlock becomes unserviceable or cases to be required or if any one of the keys belonging to it is lost, the circumstances shall be reported to the Head of the Department concerned, who shall pass orders regarding the disposal of the padlock and keys. No padlock, of which a duplicate key has been lost, shall be continued to be used in the same district.

No local mechanic shall ever be allowed to repair a padlock or to make a new key for a padlock.

<sup>1</sup>[Note.- If the key of a Padlock/safe is lost the entire locking arrangements may be got replaced by the supplier firm/any other reputed firm and the previous lock and Keys should not be made use of].

341. Government servants in all departments, will be responsible to account satisfactorily for Government moneys coming into their possession and will also be held personally liable for excess payments made or extravagant expenditure incurred by them or for loss caused to Government by their negligence.

342. Recoveries from pay on account of court attachments should be passed through the cash book and should also be entered in a detailed subsidiary register in the form given in Article 347.

343. (i) An Abstract Cash Book in the following form, should be maintained in each Taluk Office in addition to the separate Cash Book or Imprest Register



bala-  
nce  
and  
so on

(iv) The Imprest Register of the Taluk or Sub-Taluk Office will be in the following form: -

**“IMPREST REGISTER OF THE.....TALUK OFFICE**

Imprest held Rs..... drawn from the .....  
Treasury ..... as per

**Particulars of Expenditure**

Date	Voucher	To whom paid and Particulars	Revenue Contingen- cies	Remittance Charges	Bandh account	Tank maintenance works	Distress
			Rs.	Rs.	Rs.	Rs.	Rs.

**Particulars of expenditure Particulars of recoupment**

Record of rights	Lock up charges	Miscellaneous (Inam advance Malnad Improvement charges, etc.,)	Amount of each voucher	Initials of the Tahsildar or Sheristedar	Date No. of the bill	Amount of the detailed bill	Initials of the Tahsildar or Sheristedar
			Rs.			Rs.	

344. If any new kinds of expenditure other than those mentioned in the form are met out of the imprest necessary additional columns should be opened in the Imprest Register.

The amount spent should be recouped as often as necessary and at least at the end of each month. There should be separate bills for the charges relating to different classes of expenditure (booked under different major heads). The number,

date and amount of the recoupment bill, should be noted against each item. If any item of expenditure is to be recouped by cash recovery, the date of recovery and item number in the cash book should be noted against the item concerned.

An analysis of the balance of the Imprest Register (giving details of items working up to the difference between the imprest held and the balance of imprest on hand) should be prepared at least once a month.

At the time of inspection of the Taluk Offices the Inspecting Officers will examine the Imprest Register, along with the Abstract Cash Book, Acquittance Roll, etc., and see that the Imprest Register is maintained properly and the imprest is recouped promptly.

Note.- Amanath cash of the Tahsildar's office and maintenance of the Tahsildar's Imprest Register and Cash Book should on no account be entrusted to the Treasury Sheristedar. This should be maintained in the Taluk Office by the Tahsildar, and only the Amanath box kept in safe custody in the Treasury, under the rules in force.

345. Cash Received and Dispatched Book.- Every office dealing with cash should maintain a small note book in the form given below in which the Government servant in charge of money will enter items as he hands over money, cheques, R.T.R's. and bills for encashment, to the peon and obtain his signature against the entry. The Government servant will similarly sign in the book when he receives money from the peon. For amounts handed over to the clerk, the latter's signature will be taken and it will be seen that these amounts are brought to the cash book promptly.

**FORM**

Date	Descri ption of arti cles Bills, Cheq ues R.T.R. etc)	Amo unt	Signa ture of peon	When hand ed over to clerk	Signa ture of clerk	Refere nce to item number in the cash book	Initi als of the Offi cer
1	2	3	4	5	6	7	8

Rs. P.

**CONTROL OF EXPENDITURE**

346. The authority administering a grant is respon- sible for watching the progress of expenditure on public services under its control and for keeping the expenditure within the grant. In order that, that authority may discharge the said



responsibility efficiently and that it may be in a position from month to month to estimate the likely-hood of savings and excesses over grants and appropriations, the following procedure, is laid down: -

Note.- In the following rules competent authority refers to the authority who under the provisions of the Karnataka Budget Manual is ultimately responsible for the control over expenditure against the grants / appropriations for which he is the estimating officer and who is required to reconcile the departmental figures under the grant / appropriation with the corresponding figures booked by the Accountant General and to furnish to the Accountant General certificate of final reconciliation. It includes the Head of the Department and the Secretaries to Government functioning in the capacity of Heads of Departments.

(1) The competent authority will be responsible for controlling expenditure from grant or grants of its disposal and will exercise control through the Controlling Officers, if any, and the drawing officers subordinate to that authority.

(2) Control over expenditure under the several sub-heads of grant / appropriation must be exercised, with reference to the amount of grant as it stands from time to time. It is the duty of the competent authority to distribute the voted grant or, in the case of charged expenditure, the amount of appropriations, as provided for in the schedule to the Appropriation Act among the various controlling and drawing officers subordinate to it, wherever this has not been done by the Finance Department, taking into account lumpsum cuts, if any, made by the sanctioning authority, That authority must similarly distribute any increases or reductions subsequently authorised in the grant / appropriation or in any part of it, whether the alteration is due to a supplementary grant / appropriation, lumpsum reduction, or re-appropriation. When making the distributions, that authority must invariably communicate to the officer concerned the complete accounts classification of each item distributed including the major, minor, sub and detailed heads of account. Such distribution is, however, not essential in the case of provisions for pay of officers and of establishments. In making a distribution, it is always open to the competent authority to keep, a portion of the grant as an un-distributed reserve in its own hands.

Note.- The expenditure on works or other items, drawn on cheques should be similarly watched but in the manner prescribed for such class of expenditure.

(3) The following procedure must be followed by drawing, controlling and chief controlling officers in drawing moneys on bills from the Treasury for expenditure and for maintaining and rendering the accounts thereof- <sup>1</sup>[(i) (a) Every Officer drawing bill for encashment at a Treasury should invariably attach a Bill presentation Slip to each bill. These slips (in Form No. KTC 65-A) will be machine numbered and will be bound in machine numbered book having a specific number of forms. These books will be in the custody of Treasury Officers and will be supplied to the Drawing Officers on indents. The Drawing Officer will have to keep a stock book of such bill presentation slip books and each slip has to be accounted for. For every such bill presented through a messenger the Drawing Officer should see that the Counterfoil of the slip is returned by the messenger or if the bill is passed the same day the cheque for the amount or cash is brought and delivered to him. If the bill is objected

to, by the Treasury Officer he will get back the bill with the objection slip. This procedure will be followed in all banking Treasuries and non-banking treasuries whether the cheque system is in vogue or not. In places where the treasury is a banking treasury and the cheque system is not. in vogue, the bill presentation slip will be presented to the bank before cash is received. Pension bills of pensioners,- pay bills of Gazetted Officers and bills drawn by persons other than the drawing officer such as Grant-in-aid bills etc., need not however be accompanied by the bill presentation Slip.

(b) Every Drawing Officer is responsible for maintaining a Register of Bills for encashment in Form No. K.F.C. 62-A (revised) in which all bills presented to the Treasury whether payable to him or not should be entered. He will also be responsible to see that the particulars such as voucher Number and date of encashment of the bill referred to in column (14) of the Register of Bills are invariably obtained and regularly noted in that Register. by deputing his official to the Treasury for the purpose at least twice by the 15th and the 25th of each month. The Treasury Officer should render necessary assistance to such staff deputed by the Drawing Officers by furnishing the relevant particulars.]

Exception.- In respect of bills relating to interest on Charitable Endowment Deposits, noting of account classification such as budget allotment up-to-date expenditure, etc., is not necessary.

Note 1.- The Treasury Officer will initial the entries in the Encashment Register or Bills in token of the payments made on the day of passing the bills for payment or disbursement by cash as the case may be.

Note 2.- The Drawing Officers are responsible to see that the particulars such as voucher No. and the date of encashment of the bill referred to in column (12) of the Encashment Register are invariably obtained and regularly noted in that Register by deputing his official to the treasury for this purpose at least twice by the 5th and the 25th of each month. The Treasury Officer should render necessary assistance to such staff deputed by the drawing officers by furnishing relevant particulars.

(ii) Except in the case of bills for the pay of officers or of establishments and for allowances drawn with pay, the drawing officer must enter on each bill and in Encashment Register of Bills in Form 62-A, the progressive total of expenditure up-to-date under the sub-head or sub-heads to which the bill relates, including the amount of the bill on which the entry is made.

(iii) Every drawing officer and in respect of his own expenditure from portions of the grant retained in his own hands, every controlling officer, or the competent authority, must maintain a separate register in Form K.F.C. 62-B, for each minor or sub-head of account with which he / it is concerned. In this must be entered the necessary particulars of the charge drawn on each bill under the appropriate primary unit and detailed head.

Note.- Accounts drawn in pay bills of officers will not appear in this register, except in the case of Plan Schemes entitled to Central assistance [vide sub-rule (xi) infra].

(iv) Before the tenth day of each month, an extract of the entries in this register so far as they relate to bills actually cashed at the treasury during the preceding month, must be sent in full detail by every drawing officer, other than a controlling officer, or the competent authority, to the controlling officer. As certain of the entries in each month will relate to bills which were not actually cashed before the end of that month, the copy sent will include a few entries of the previous month and exclude a few made in the month for which the return is submitted. If there be no entries in the register in any month, a 'nil' statement must invariably be sent.

(v) In order to watch the receipt of the returns prescribed in the foregoing sub-rule, the controlling officer must maintain a broad-sheet in Form K.F.C. 62-C, in which a serial number will be allotted to each individual drawing officer. This broad-sheet must be carefully watched and reminders sent, if any returns are not received by the 10th of the month. Since the accuracy of the controlling officer's accounts will depend to a large extent, upon the timely receipt of all returns.

(vi) On receipt of the returns from drawing officers, the controlling officer must carefully examine them and satisfy himself: -

(a) that the accounts classification has been properly given,

(b) that progressive expenditure has been properly noted and the available balances worked out;

(c) that expenditure up-to-date is within the grant: -

(d) that the returns have been signed by the drawing officer's and if he finds defects in any of these respects, he must take immediate steps to rectify them.

(vii) When all drawing officer's returns for a particular month have been received and found to be in order, the controlling officer must prepare a statement in Form K.F.C. 62-D, in which he will incorporate:

(a) the totals of the figures supplied by drawing officers;

(b) the totals taken from his own registers in Form K.F.C. 62-B; and

(c) the totals of adjustments under the various detailed heads which will be communicated to him by the Accountant General on account of transfer entries and expenditure debited to the grant through accounts current. If the controlling officer is not the competent authority, he must forward to the latter authority, a copy of this statement, supporting it by the copies of Form K.F.C. 62-B, submitted by drawing officers and by an extract of the month's entries in the register in Form K.F.C.62-B maintained in his own office. This should be done not later than the 5th of the second following month.

If any adjustment communicated by the Accountant General affects the appropriation at the disposal of a subordinate drawing officer, the fact that it has been made, must be communicated by the controlling officer to the drawing officer concerned.

(viii) On receipt of all the necessary returns, the competent authority must prepare an account in Form K.F.C. 62-E showing the complete expenditure from the grant at his disposal up to the end of the month concerned. The figures of expenditure upon pay of officers and establishments and upon allowances drawn with pay will be communicated to him by the Accountant General as prescribed in sub-rule (xi) below:

(ix) By the 25th June each year, the competent authority must forward to the Accountant General a copy of his account for April in Form K.F.C. 62-E. In subsequent months, it will suffice to send by the same date an abstract of the expenditure up-to-date under the various heads of disbursements in three columns showing:

- (a) expenditure up to the end of the preceding month;
- (b) expenditure during the month just concluded; and
- (c) total expenditure up-to-date, being the total of (a) and (b).

The subsidiary record in Forms K.F.C.62-B, K.F.C. 62-D will be retained by the competent authority in his own office, unless in any case the Accountant General requires that the whole or any part of them should be sent to him with the statement.

(x) (i) The competent authority and the Accountant General will be jointly responsible for the reconciliation of the figures in the accounts maintained by the competent authority with those booked in the Accountant General's books. Unless in any case there are special rules or orders to the contrary, the reconciliation should be made monthly, the initial responsibility resting with the competent authority. The reconciliation need not be very close; its extent should be determined by the following considerations:

(a) that the account figures finally published will be those maintained by the Accountant General; and

(b) that the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure.

<sup>1</sup>[Note:- Reconciliation of expenditure by the departmental officers on various types of pension under the major head of account 2235 Social Security and Welfare is not necessary.]

(ii) The detailed procedure for effecting the reconciliation between departmental figures in Form K. F. C. 62-E and those in the books of the Accountant General will be as under:

The departmental competent authority should send a clerk of its office to the Accountant General's Office with the departmental registers not later than the 25th of the second following month. That clerk should, with the assistance of the Accountant General's staff, compare the departmental figures with those recorded in the Accountant General's books. The clerk will prepare in duplicate, a statement of discrepancies <sup>2</sup>[in Form 79] showing, separately, the adjustments to be made in the Accountant General's books and those to be made by the departmental competent authority in its books. The Accountant General's office will keep one copy of it, and the other will be taken by the clerk for the use of the department. The departmental competent authority after effecting necessary adjustments should inform the Accountant General that this has been done.

The Accountant General will likewise make necessary adjustments in his books and inform the departmental competent authority to that effect. The latter should then send a certificate to the Accountant General stating that the figures in its registers have been reconciled with those of the Accountant General. This certificate should be sent not later than the 15th of the 3rd following month.

(xi) Expenditure on pay of officers and establishments is not, as a rule, liable to violent fluctuation. Moreover, the provision for such expenditure is frequently not distributed among drawing officers. It is, therefore, unnecessary to watch such expenditure through the forms and registers prescribed in sub-rules (iii) to (vii) above. The figures of such expenditure drawn in pay bills of officers and establishments will be communicated monthly by the Accountant General to the competent authority, which must enter them in its account in Form K.F.C. 62-E and watch the progress of expenditure against the grant.

Exception.- In the case of Plan Schemes entitled to Central assistance with reference to actuals, account of expenditure on pay of officers and establishments also should be kept and rendered to the controlling officers in Form K.F.C. 62-B to enable the figures being reconciled with those of the Accountant General.

(xii) The competent authority and the controlling officers under it must further take steps to maintain a careful watch over expenditure incurred from time to time on important non-recurring items, such as grants and contributions, purchase of rations and purchase of uniforms. In some cases, the competent authority may prefer to keep the entire grant under its own control and to order disbursing officers who wish to spend money against it to apply to it for a special allotment. In other cases, that authority may prefer to distribute the grant and to order its drawing officers to report expenditure against it through their monthly accounts. Whatever method it adopts, it is essential that it should keep itself informed not only of the actual expenditure against such grants, but also of the liabilities which have been incurred and must ultimately, be met from them. Without such information, no adequate control over expenditure can be exercised.

(xiii) To keep himself informed of the liabilities which must ultimately be met from the grants, every controlling officer should obtain from his subordinate officers a monthly liability statement in Form K.F.C.62-F and 62-F.I. This statement should be compiled from a register in similar form kept by the drawing officers and should be furnished commencing from the month of October in each financial year. The controlling officer also should maintain a Liability Register in the same form in which the particulars furnished in the monthly statement of sub-ordinate officers will be consolidated.

(4) As regards expenditure in Public Works and Forest Departments, drawn on cheques, the following procedure should be followed:

A-Public Works Department.- (i) The Divisional or other officer should prepare a monthly statement in Form K.F.C. 62-G for each major head of account. This statement should show the various minor and detailed heads (primary and secondary units of appropriation) and individual works for which specific appropriation has been sanctioned by a higher authority, as well as the appropriation therefor, as modified from time to time. In case of works for which a lumpsum appropriation has been placed at the disposal of the Divisional or other officer, only the total expenditure thereof and the lumpsum appropriation may be shown. The expenditure incurred under each primary and secondary unit and under any work or item requiring a specific appropriation should be posted in the relevant column. In the case of suspense heads, the debits and credits will be shown separately to facilitate reconciliation. Undischarged liabilities and anticipated credits should be separately necessary in the column provided for the purpose, as it is necessary to take them into account in reviewing the progress of expenditure vide paragraph 40, Karnataka Public Works Account Code.

(ii) The statement referred to above should be completed within a week of the date fixed for the closing of the Divisional accounts and a copy forwarded to the Superintending Engineer with such proposals as the Executive Engineer, may think necessary for the re-appropriation of funds or for the surrender of probable savings. The Divisional Officer should attach special importance to these statements after the first six months of the year.

(iii) The Superintending Engineer should after a thorough review of the statements received from the Divisional Officers, take such action as he considers necessary without delay and consolidate the statements of the Divisional officers in Form K.F.C. 62-H in order to review the progress of expenditure of the circle as a whole against the appropriations placed at his disposal. Thereafter he should reconcile the circle statement with the accounts received from the Audit Office. Any corrections found necessary in the figures furnished by the Divisional Officers should be incorporated in the circle statement and communicated also to the Executive Engineer;

(iv) The Superintending Engineers concerned, should furnish to the Accountant General for every month, a certificate in the following form not later than the 15th of the 3rd month, following:

“Certified that the figures of work expenditure under Grant No..... Major Head ..... for the month of ..... have been verified and reconciled with those of the Accountant General and that suitable action has been taken in respect of all cases of excesses over grants/ allotments noticed or anticipated.”

(v) The reconciled statements of Superintending Engineers will, thereafter be sent to the Chief Engineer for his information and return, indicating points requiring his orders.

B-Forest Department .- (i) The District Forest Officers and other disbursing officers should send to the Conservator of Forests, or other controlling officer concerned a progressive statement of expenditure for each month compared with the appropriations in Form K.F.C. 62-G, so as to reach him not later than the 15th of the succeeding month. This statement should be compiled from the monthly divisional accounts forwarded to the Accountant General. In respect of individual works sanctioned by a higher authority, the statement should also furnish the progress by each work,

(ii) The Conservator should after check of the statements consolidate them including the figures of expenditure incurred by him directly, in a progressive statement of expenditure in Form K.F.C. 62-H for the whole circle;

(iii) Each Conservator receives from the Accountant General, monthly, a summary of expenditure under the several heads of account, the figures of which should be reconciled by him with those worked out in the statement referred to above;

(iv) In other respects the procedure applicable to the works expenditure of the P.W.D. will apply mutatis mutandis;

(v) After reconciliation, and after taking such action as he considers necessary in respect of savings or excesses, he should send the statement to the Chief Conservator of Forests for information and return. The latter will review the statements and issue such instructions to the subordinate officers as he considers necessary.

(5) Under the procedure prescribed in these rules, the competent authority or a controlling officer should be in a position from month to month to estimate the likelihood of savings or excesses and to regularise them in accordance with the instructions on the subject. The processes involved should receive the personal attention of the competent authority and Controlling Officer and must on no account be left to be conducted entirely by subordinate officers.

(6) The control of expenditure is very important and to ensure that the work is not lost of sight or neglected, all drawing officers other than subordinate controlling and chief controlling officers, should furnish a certificate in the following form on their monthly pay bills;

"I certify that a copy of the expenditure account in Form K.F.C. 62-B due from me for the previous month under the provisions of Article 346 of K.F.C. was furnished to..... on ....."

(7) All Gazetted Officers whether they are drawing officers or merely drawers of their own bills, should furnish this certificate. In the case of Gazetted Officers who are working under heads of offices, information of the amounts drawn by them on their own bills towards their personal claims relating to other than pay and allowances drawn with pay, is required by the heads of offices who keep an account of the expenditure covered by such bills and, therefore, such officers should also render an account of the expenditure and record in their pay bills the certificate prescribed in para (6) above. In the case of officers drawing their pay and allowances along with those of their establishment, the certificate will be furnished in the establishment pay bill itself.

(8) in order that the work in the offices of the subordinate controlling and chief controlling officers may also be attended to with proper expedition, subordinate controlling and Chief Controlling Officers (including Heads of departments) should furnish a certificate in the following form in their monthly pay bills;

"I certify that the expenditure statement in Form K.F.C. 62-D due from me for the second previous month under the provisions of Article 346 K.F.C. was forwarded to my Controlling / Chief Controlling Officer in my Memo No. .... dated ....."

.....  
Subordinate Controlling Officer.

I certify that the statement of expenditure in Form K.F.C. 62-E/abstract of expenditure relating to the grants and appropriations under my control as also the certificate of reconciliation due from me for the third previous month under Article 346 - K.F.C. were furnished to the Accountant General in my Memo Nos..... dated .....

Chief Controlling Officer.

(9) Non-furnishing of the above certificate or the furnishing of a modified certificate in the pay and establishment bills of the kind referred to above will be considered is an omission on the part of the officers Concerned and the bills returned by the Treasuries for supplying the omission. Where this certificate cannot be



furnished for valid reasons, the bills may be encashed with the previous specific sanction of the immediate superior officer.

Note .- The certificate is prescribed in order that these returns may be sent systematically from month to month to the authorities concerned without giving room for reminders which cause unnecessary work and delay all round.

**DEDUCTION FROM BILLS**

347. (a) A register should be maintained in every office for noting the deductions on account of each fund;

(b) A proper record of personal advances (noted below drawn and repaid by non-gazetted Government servants should be kept in all offices in a register in the following form;

1. House Building advances.
2. Loan scholarship and other Educational advances.
3. Bicycle advances.
4. Other Advances.
5. Miscellaneous advances such as value of sites due.

Register of.....Advances  
 Case No .....  
 Designation of Appointment.....  
 No. and date of Government or other Order sanctioning the  
 advances.....  
 Amount of advance taken .....  
 No. of instalments.....  
 Amount of each Instalment.....  
 Date from which recovery begins.....

**PARTICULARS OF RECOVERY**

**Reference to Credit**

Month from the bill for which amount is short drawn	Date of Credit in recovered in cash	Amount recovered	Remarks such as explanation for non-recovery in particular months reference to communication with which extract was sent on transfer of Government
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servants, reference, to  
communication with  
which acknowledgment  
for outstanding  
balance at close of  
each official year was  
received and returned  
to Accountant General.

Note.- A separate register for each kind of advance is not necessary but a separate sheet may be allotted in the register for each individual who has drawn any advance.

Whenever a Government servant is transferred to another office, an extract from the register relating to his advance account should be sent to the new office along with the Last Pay Certificate.

(c) Detailed statements of such deductions in the prescribed form, should also accompany each bill. As regards deductions on account of advances, the statement should contain the following particulars:

1. Month of original advance.
2. Treasury and Office where the advance was drawn and disbursed.
3. Amount of advance.
4. Amount recovered up to the end of previous month.
5. Amount recovered in the current month
6. Number of instalments.
7. Balance recoverable.

(d) In departments in which salaries are drawn by cheques on treasuries, a separate cheque will be drawn for the above deductions and sent to the treasury for transfer credit. The detailed statements referred to above should accompany each such cheque.

In the case of Commercial Undertakings which render each account, a separate cheque need not be drawn for the above deductions, the detailed accounts of which are maintained by the Audit Office. The deductions including those on account of State Life Insurance and Provident Funds, House Building Advances, etc., should be taken as Contra receipts directly to the heads concerned through the cash account. Schedules giving particulars of names, advance, policy Nos., month of recovery, etc., should accompany the cash accounts in support of the credits.

348. (a) Any Government servant who is a member of a Co-operative Society registered under the Karnataka Co-operative Societies Act, 1959, may execute an agreement in favour of the Society providing that the officer disbursing his pay shall

be competent to deduct from the salary payable to him by the Government such amounts as may be specified in the agreement and to pay the amount so deducted to the Society in satisfaction of any debt or other demand owing by the member to the Society. On the execution of such an agreement, the disbursing officer shall, if so required by the Society by a requisition in writing and so long as such demand or any part of it remains un-paid make the recoveries in accordance with the agreement and pay the amounts so recovered to the Society, at the earliest opportunity and in any case within fourteen days from the date of the deduction as required in Sections 34 and 109 of the Karnataka Co-operative Societies Act, 1959, after deducting the remittance charges, if any.

Note.- In the case of Gazetted Government servant the requisition from the Co-operative Society will be sent to the Treasury Officer through the Accountant General.

(b) Such recoveries are subject to the following conditions:

(i) that the Government servant is employed within the territorial jurisdiction of the State, and

(ii) that where the whole or a part of the attachable portion of the salary of the Government servant concerned is already under attachment, the recoveries on account of the demands from Co-operative Societies shall be made from that portion of his salary as is not liable to attachment under the provisions of the Code of Civil Procedure, 1908;

(c) The deductions will always be made in cash by the disbursing or the Treasury Officer. The amount thus recovered should be paid to the Co-operative Society concerned without undue delay after deducting the remittance charges, if any.

As regards the remittances of collections at the place of encashment, the societies themselves should arrange to receive them.

In case where the Government servant concerned intentionally allows his pay to remain undisbursed or undrawn, with a view to evading payment on account of the dues of a Co-operative Society, the procedure laid down in Article 92-A will apply mutatis mutandis.

The amount recovered shall be treated in the accounts in the same way as salary paid to the Government servant concerned, the particulars of the requisition received from the Co-operative Societies being cited in the pay bill or the acquittance roll, if one is separately maintained in accordance with Article 52 *ibid*, as authority for the charge. A brief note of the Society's receipt should also be kept in the Office copy of the Pay bill or the acquittance roll concerned and the societies actual receipt should be recorded separately in a Guard file. The acquittance from the payees shall be for the gross amount, that is for the amount including the dues of the Co-operative Society though only the net amount after recovering the dues is payable.

(d) (i) The recoveries from the salaries of the non-gazetted Government servants and the corresponding payments to the Societies should be shown on the receipt and payment sides of the cash book maintained by the heads of offices as the transactions occur;

(ii) The amounts recoverable from the salaries of the Gazetted Officers will be intimated by the Accountant General and on the basis of this intimation the Treasury Officers should effect the recovery. The amounts recovered by the Treasury Officers from the salaries of the Gazetted Government servants and others who draw their own bills, shall be, remitted to the Society by means of Postal Money Order less remittance charges. In the case of treasuries issuing cheques on Banks, the Treasury Officer should draw cheques in favour of the Co-operative Societies.

348-A. (i) Any person who is an employee of the State Government or a Local Body and who has been granted assistance by way of loan or hire purchase by the Housing Board under Low Income Group Housing Scheme or under any other approved schemes and any person who has been allotted any Board premises for rent, has to execute an agreement in favour of the State Government or Local Authority, as the case may be, under or by whom he is employed, authorising it to deduct in cash, from the salary or wages payable to him at the time of disbursement of the pay and allowances of the person such amount as may be, specified in the agreement and to remit the amount so deducted to the Karnataka Housing Board in satisfaction of instalments due by him to the Housing Board.

(ii) On the execution of such agreement, the State Government or Local Authority, as the case may be, shall if so required by the Board by requisition in writing, make the deduction of the amount specified in the requisition from the salary or wages of the employee specification the requisition and remit the amount so recovered in cash to the board ;

(iii) In regard to accounting of such deductions, the procedure detailed in clause (c) of Article 348 should be followed.

**CHAPTER - XXI**  
**RESPONSIBILITIES FOR LOSSES OF PUBLIC MONEY OR PROPERTY**  
**LOSSES OF PUBLIC MONEYS OR PROPERTY**

349. Government will hold a Government servant personally responsible for any loss sustained by Government through fraud or negligence on his part and also for any loss through fraud or negligence on the part of any other Government servant to

the extent to which it may be shown that he contributed to the loss by his own action or negligence. (See Article 2).

350. The cardinal principle governing the assessment of responsibility for such losses is that every Government servant should exercise the same vigilance and care in respect of all expenditure from public funds under his control as a person of ordinary prudence would exercise in respect of the expenditure of his own money. (Vide Canons of Financial Propriety-See Article 15).

351. A Government servant who has to arrange for public moneys to be carried from one place to another by a messenger should take all reasonable precautions to prevent any loss in transit due to misappropriation of the moneys by the messenger or any other cause. He should pay due regard to all relevant factors including the status of the messenger employed and the distance over which the money has to be carried. For this purpose he should use only permanent Government servants whom he knows to be reliable. When the amount to be carried is considerable, he should not entrust it to a single low paid subordinate.

352. One important method by which Government endeavor to minimise the risk of losses and ensure that it shall be possible to recover the amount of any loss that may be sustained is the taking of adequate security from certain Government servants who are entrusted with the custody of handling of Government cash or stores and from contractors who supply stores or execute works for Government. The following Articles contain the rules relating to (i) security deposits and (ii) the action to be taken when any loss of public moneys or property occurs.

#### **Security Deposits**

353. Every Cashier, Store-keeper, Sub-keeper and any other subordinate who is entrusted, whether permanently or temporarily with the custody of Government cash or stores, should ordinarily be required to furnish security and to execute a security bond in Form No. 68 setting forth the conditions under which Government hold the security, and may ultimately refund or appropriate it. A reference to each such bond should be recorded in the Register of Security Deposits. This register should be in Form 64 except when some other form is specially prescribed in the rules or orders applicable to any department. The amount of security to be furnished by each such Government servant should be fixed with due regard to circumstances and local conditions in accordance with the rules contained in the departmental Code or Manual concerned and the relevant special orders of Government, if any. If a case arises which does not fall clearly within the provision of any existing rule or order, the head of the office should report the circumstances in full and obtain the specific orders of the Head of the Department or other prescribed authority as to whether security should be taken and if so for what amount.

Note 1.- Drivers of Government motor vehicles should furnish security deposit amounting to Rs. 200 each and recoveries may be permitted to be made in monthly instalments of not less than Rs. 4 This does not apply to the drivers of the police and Fire Force Department.

Note 2.- The total amount of undisbursed pay and allowance with the cashier at any time, should not be disproportionate to the amount of security furnished by him.

Note 3.- The cashiers should be well conversant with the rules contained in the Financial Code.

Exception 1.- In the Department of Public Instruction, teachers collecting fees from students or holding charge of stores, libraries, science laboratories, sports articles, etc., wardens dealing with stores and cash belonging to the hostels, clerks and managers in institutions dealing with cash, stores, libraries, etc., are exempt from furnishing security. In all such cases, the heads of institutions shall be entirely responsible for the safety of cash or other Government property.

Exception 2.- The Commercial Tax Inspectors of the Commercial Taxes Department are exempted from furnishing Security Deposit and Executing Security Bonds provided that the Department ensures that collections made by them are promptly remitted to the Treasury on the same day of their collections or taken to the custody of the head of Office in case of non-remittance on the same day.

354. When a Government servant who has furnished security takes leave other than casual leave or is deputed to other duty, the Government servant who is appointed to officiate for him should be required to furnish the full amount of security prescribed for the post unless competent authority has authorised a relaxation of the rules regarding security applicable to his case.

Note .- The Heads of Departments shall be competent to authorise a relaxation in such cases, if the circumstances warrant provided (i) they are satisfied that there is no risk involved (ii) such relaxation is authorised only in the case of permanent or quasi-permanent Government servants, and (iii) the period of officiating arrangement does not exceed four months in any case.

#### **FORMS AND CONDITIONS OF SECURITY**

355. The security taken from a Government servant or a contractor should be in one of the following forms subject to the following conditions:

#### ***Forms Conditions***