

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) ¹[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 sub-ordinate 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

1. Substituted by No.FD 34 RFC 74 dt. 12.7.1978 (w.e.f. 12.7.1978).

the utilisation certificate for the total loans disbursed upto end of previous 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

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, presupposes punctual payment of the instalments, and that, if any instalment is not punctually repaid, the fixed instalment will not in the end discharge the loan.

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. ¹[Interest shall be charged at the rates prescribed by the Government from time to time for any particular loan or class of loans.]

1. Substituted by No.FD 19 TFC 84 dt. 27.12.1985.

1[

	Interest percent per annum		
	Upto 1 year	2 to 5 years	above 5 years
1	2	3	4
1. Loans for non-commercial purpose (e.g., loans for educational and Social Service Institutions).	8 ¹ / ₄	8 ³ / ₄	9 ¹ / ₄
2. Loans for infrastructure development (e.g., Water Supply, Industrial Development Corporations, Electricity Board, Karnataka Power Corporation, KSRTC. etc.)	8 ³ / ₄	9 ¹ / ₄	9 ³ / ₄
3. Loans for Commercial and Industrial purposes (e.g. Companies, Co-operative Processing Units etc., other than items falling under Sl.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,

* period of repayment will be limited to a maximum of 5 years.

1. Substituted by No. FD 5 TFC 83 dt. 21.8.1984 (w.e.f. 1.8.1983).

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. ¹[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. Substituted by No.FD 13 TFC 83 dt. 23.10.1983 (w.e.f. 17.5.1984).

(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.

¹[(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.

1. Amended by No. FD 1 TFC 93. dt 28-6-1996.

(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 condition.	From the dates prescribed under the relevant rules for 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.

¹[(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 ie., 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

1. Inserted by No.FD 1 TFC 93 dt. 28.6.1996

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.

¹[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:

1. Inserted by No. FD 20 TFC 83 dt. 4.9.1984 (w.e.f. 22.7.1983).

¹[(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

1. Inserted by No. FD 84 RFC 71 dt .28.11.1977.

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.

¹[(b) [An advance not exceeding ²[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 ; _____

1. Substituted by No.FD 84 RFC 71 dt. 28.11.1977 (w.e.f. 17-9-1970).

2. Substituted by No.FD 1 TFC 93 dt. 28.6.1996.

(i) ¹[Rs. 3,00,000] for the purchase of land and for construction of house.

(ii) ¹[Rs. 3,00,000] for construction of house on site already owned.

(iii) ¹[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;]

²[(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.

1. Substituted by No.FD 1 TFC 93 dt. 28.6.1996.

2. Inserted by No.FD 1 CFC 78 dt. 1. 6.1979 (w.e.f 1-1-1977).

(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.]

¹[(C) An advance equal to ²[forty month's pay] subject to a maximum of ²[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.]

²[212, 212 A xxx]

REPAYMENT

³[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)

1. Substituted by No.FD 84 RFC 71 dt. 28.11.1977 (w.e.f.17.9.1970).
2. Amended by No.FD 1 TFC 93 dt. 28.6.1996.
3. Substituted by No.FD 84 RFC 71 dt. 28.11.1977 (w.e.f. 28. 10.1969).

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	¹ [Maximum Age of the House at the time of granting loan	Period of repayment	
			Advance	¹ [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

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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:-

¹[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.]

1. Substituted by No. FD 15 TFC 85 dt. 13-10-1987.

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 ¹[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 ¹[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;

1. Substituted by No. FD 84 RFC 71 dt. 28-11-1977 (w.e.f. 28-10-1969).

(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. ¹[This provision is deemed to have come into force from 1-1-1971.

¹[(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

1. Inserted by No. FD 1 TFC 93 dt. 28-6-1996.

'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 thethe saidMortgaged in favour of the Government of Karnataka the property (describe the property) and the said deed has been registered at.....Registration Office in Book NoVolume 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) atthe day and year first above written).

Signature.

Witness :

¹[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.

1. Inserted by No. FD 20 TFC 83 dt 4-9-1984 (w.e.f 22-7-1983).

¹[(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.

1. Inserted by No. FD 1 TFC 93 dt 28- 6 -1996.

(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 ¹[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.

²[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

1. Inserted by No. FD 17 TFC 83 dt 19-12-1983 (w.e.f 8-5-1979).

2. Inserted by No.FD 20 TFC 83 dt. 4-9-1984 (w.e.f. 22-7-1983).

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

¹[(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 ²[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”.

²[(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

1. Amended by No. FD 141 RFC 72 dt. 18-5-1978 (wef 1-4-1972).
2. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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).

¹[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

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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.

¹[(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 ¹[40] per cent ¹[forty] per cent of the sanctioned advance will be payable to the applicant for purchasing a plot of land on his executing

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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.

¹[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

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

(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 or 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.

¹[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-

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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,

¹[(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 Iumpsum, 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 ¹[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 ²[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. ²[Utilisation certificates in respect of HBA/ HPA/ HRA should be recorded in the form prescribed below within a month after

1. Substituted by No. FD 16 TFC 84 dt. 18-6-1985 (w.e.f. 1-7-1983).
2. Omitted by No. FD 1 TFC 93 dt. 28-6-1996.

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.

¹[Note 2.- The levy of penal interest will not prevent the competent authority from taking disciplinary action against

1. Inserted by No. FD 6 TFC 82 dt. 4-5-1982 (w.e.f. 20-2-1978).

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.

¹[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

1. Inserted by No. FD 13 CFC 78 dt. 23-5-1979 (w.e.f. 23-5-1979).

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 "

¹[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.

1. Amended by No. FD 1 TFC 93 dt. 28-6-1996.

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.

¹[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.

²[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

1. Inserted by No. FD 20 TFC 83 dt. 4-9-1984 (w.e.f. 22-7-1983).
2. Substituted by No. FD 1 TFC 93 dt. 28- 6-1996.

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) ¹[(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 advances¹.

(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

1. Substituted by No. FD 1 TFC 93 dt. 28-6-1996.

(excepting officiating pay drawn in a leave vacancy). Advance may however, are 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 ¹[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 ²[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

1. Deleted by No. FD 1 CFC 78 dt. 1-6-1979 (w.e.f. 26-6-1978).

2. Substituted by No. FD 22 TFC 83 dt. 28-5-1984 (w.e.f. 28-6-1984).

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 ¹[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.

²(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.

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1. Substituted by No.FD 29 RFC 74 dt. 16- 11-1977 (w.e.f. 7- 3-1974).
 2. Substituted by No. FD 22 TFC 83 dt. 28-5-1984 (w.e.f. 28-6-1984).

¹[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.

1. Deleted by No. FD 1 TFC 93 dt. 28.6.1996.

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. ¹[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.”

1. Amended by No. FD 28 RFC 76 dt. 16 - 5 -1978 (w.e.f. 1.1.1971).

¹[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.] ²[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.

³[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.]

²[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”

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1. Amended by No. FD 28 RFC 76 dt. 16-5-1978 (w.e.f. 1.1.1971).
 2. Inserted by No. FD 1 TFC 93 dt. 28-6-1996.
 3. Inserted by No. FD 20 TFC 83 dt. 4-9-1984 (w.e.f. 22-7-1983).

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 ofBetween.....(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.

1. Inserted by No. FD 20 TFC 83 dt. 4-9-1984 (w.e.f. 22-7-1983).

(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 ¹[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.

¹[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.

1. Amended by No. FD 1 TFC 93 dt 28-6-1996.

¹[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”.

²[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.

1. Inserted by No. FD 13 CFC 78 dt. 23-5-1979 (w.e.f. 23-5-1979).

2. Amended by No. FD 1 TFC 93 dt 28-6-1996.

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.¹[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. ¹[The maximum limit of advance admissible is Rs.1200].

1. Amended by No. FD 1 TFC 93 dt 28-6-1996.

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 ¹[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.

¹[230 xxx]

RECOVERY

231. ²[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.

1. Amended by No. FD 1 TFC 93 dt 28-6-1996.

2. Substituted by No.FD 19 CFC 78 dt. 19-4-1979 (w.e.f. 19-4-1979).

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.

¹[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

1. Amended by No. FD 1 TFC 93 dt 28-6-1996.

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.

¹[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

1. Inserted by No. FD 12 TFC 86 dt 3-3-1988.

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. ¹[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.

²[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

1. Substituted by No. FD 4 TFC 80 dt. 12-1-1982. (w. e. f. 4-2-1982).

2. Inserted by No. FD 7 TFC 95 dt. 10-1-1996. (w. e. f. 13-9-1993).

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.]

¹[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.

1. Inserted by No. FD 1 TFC 93 dt 28-6-1996.

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)

236 -B ADVANCE FOR PURCHASE OF SOLAR COOKERS

(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, ¹[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.

1. Substituted by No. FD 13 TFC 88 dt. 18-10-1989 (w.e.f. 9-11-89).

¹[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. ²[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.

1. Inserted by No. FD 9 TFC 83 dt. 3-12-1983 (w.e.f. 23-6-1970).

2. Substituted by No. FD 13 TFC 88 dt. 18-10-1989 (w.e.f. 9-11-1989).

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..... tofor countersignature/vide Challan/bill No.....dated.....refunding the excess 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. ¹[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.

1. Substituted by No. FD 1 TFC 93 dt 28-6-1996.

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 ¹[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) ²[The Festival Advance to be granted to the Government servants shall be drawn on salary bills under the

1. Substituted by No. FD 22 RFC 77 dt. 16-11-1977.

2. Substituted by No. FD 2 TFC 88 dt. 15-5-1989 (w.e.f. 1-4-1987).

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;

¹[(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

1. Substituted by No. FD I TFC 81 dt 4-5-1982.

¹[(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.

1. Inserted by No. FD 17 TFC 92 dt 31-3-1993 (w.e.f. 6-6-1990).

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. ¹[A State Government employee and his family may avail themselves of the leave travel concession for journey to any place in India, ²[only once during his entire service]. An advance for this leave travel concession may be granted to the

1. Inserted by No. FD 3 CFC 79 dt. 30-10-1979 (w.e.f. 30-10-1979).

2. Substituted by No. FD 17 TFC 92 dt 31-3-1993 (w.e.f. 6-6-1990).

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.

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EQUIPMENT ADVANCE

¹[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.

1. Inserted by No. FD I TFC 86 dt 16-10-1986 (w.e.f 4-7-1985).

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.)

**¹["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,

1. Inserted by No. FD 16 RFC 76 dt. 21-6-1978 (w.e.f. 5-4-1976).

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 outstanding 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 ¹[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.

1. Inserted by FD 13 CFC 78 dt. 23-5-1979 (w.e.f. 23-5-1979).

¹[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.

1. Inserted by FD 13 CFC 78 dt. 23-5-1979 (w.e.f. 23-5-1979).

(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) ¹[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.

1. Inserted by No. FD 56 RFC 76 dt. 6-3-1978 (w. e. f. 6-3-78).

(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:

¹[I Non-Judicial Deposits

1. Substituted by No.FD 10 TFC dt. 21-5-1981(w.e.f. 21-5-1981).

- (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 undisbursed.

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.

1[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) Undisbursed 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

1. Substituted by No.FD 10 TFC 80 dt. 21-5-1981.

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.

¹[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.

1. Substituted by No.FD 10 TFC 80 dt. 21-5-1981 (w.e.f. 21-5-1981).

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 ¹[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

1. Substituted by No. FD 55 RFC 75 dt 12-7-1978 (w.e.f. 28-12-73).

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,

¹[(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

1. Substituted by No.FD 116 RFC 72 dt. 21-6-1978.

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.

¹[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

1. Inserted by No. FD 26 RFC 75 dt. 23-10-1978 (w.e.f. 16-11-1978).

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. ¹[(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

1. Substituted by No. FD 11 'TFC 83 dt. 29-5-1984 (w.e.f. 79-80).

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. ¹[The local cess levied under the Karnataka Village Panchayats and Local Bodies Act, 1959 is to be collected along

1. Substituted by No. FD TFC 80 dt. 26-8-1983 (w.c.f 16-4-1982).

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.

¹[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.]

1. Inserted by No. FD 12 RFC 77 dt. 19-5-1978 (w.e.f. 1-2-1977).

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 ¹[XXX] shall not be re-appropriated for meeting any other class of expenditure; and

1. Deleted by No. FD 5 TFC 84 dt. 6-9-1984 (w.e.f. 14-3-1984).

(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. ¹[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 ²[Rs.5.00 Lakhs] in each case within a grant

1. Added by No. FD 5 TFC 84 dt. 6-9-1984 (w.e.f 1-4-1980).

2. Substituted by No. FD 7 CFC 78 dt. 23-10-1978.

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 ¹[Major] head, in their departmental budgets, subject to the following conditions:

- (1) The amount transferred from or to a unit of appropriation not exceeding ²[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.

1. Substituted by No. FD 5 TFC 92 dt. 28-7-1992 (w.e.f. 1-10-1991).

2. Substituted by No. FD 12 RFC 77 dt. 19-5-1978 (w.e.f. 1-12-1974).

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.

¹[(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,

1. Added by No. FD 9 TFC 80 dt. 28-2-1984 (w.e.f. 19-4-1984).

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.]

¹[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.

1. Inserted by No. FD 18 TFC 85 dt. 3-1-1986 (w.e.f . 4-6-1984).

(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 servants 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.

¹[(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.

1. Added by No.FD 1 TFC 80 dt. 11-8-1981 (w.e.f. 11-8-1981).

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 independently 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 PH 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.

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 thereinafter 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 acknowledgement 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:

¹[CASH BOOK OF.....FOR THE MONTH OF.....

RECEIPTS

Date	Rec ipts No.	Par ticu lars of rece ipts	Salary			Contingencies		Tot al	Head of Acc ount
			Pay	Allo wan ce	T.A.	In reco upment of per manent advan ce	Adva nce Pay ments		
1	2	3	4	5	6	7	8	9	10
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

PAYMENTS

Date	Vou cher No.	Par ticu lars of cha rges	Salary			Contingencies		Tot al	Head of Acc ount
			Pay	Allo wan ce	T.A.	Out of perma nent Advan ces	Out of money drawn in antici pation of pay ment		
1	2	3	4	5	6	7	8	9	10
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

1. Substituted by No. FD 3 CFC 78 dt. 24-10-78 (w.e.f. 24-10-1978).

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.

¹[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.

1. Inserted by No.FD 15 RFC 76 dt. 30-12-1977 (w.e.f. 30-12-1977).

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 maintained in the several branches. In this abstract, the daily transactions will be entered in totals, so that the aggregate cash balance could be seen at glance.

(ii) An analysis of the balance (i.e., of permanent advances and imprests, undisbursed pay of Revenue, Education and Muzrai Establishments and other items of money which come into the Tahsildar's hands in his various capacities) should be made at the end of each month and whenever there is a transfer of charge, the individual details of items outstanding should be noted in the Cash Book (maintained in the several branches) giving reference to the date of receipt.

(iii) The inspecting officers should see whether (1) this cash abstract account has been maintained properly, (2) the details of pending items have been noted monthly and worked up to the cash balance, (3) the details on the day of inspection agree with the balance on that date, (4) there is sufficient justification for the pendency of the outstanding items and (5) amounts to be remitted to treasuries are under no circumstances retained in the office and undisbursed pay, in particular, is not retained for more than the prescribed period.

Note.- A statement of such analysis with the dates from which each item is outstanding and the reason therefor as on the date of inspection should be appended to the report.

**Abstract Cash Book or Amanath Register of the
.....Taluk Office.**

Abstract Cash Book or Amanath Register of the
Taluk Office.

Date and Particulars	Undisbursed Pay and Travelling Allowance		Imprest				Initials of Sherist edat	Remarks
	Revenue Branch	Education Department	Muzari payment	Revenue	Survey	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Opening balance		
Receipts		
Payment closing balance and so on		

(iv) The Imprest Register of the Taluk or Sub-Taluk Office will be in the following form:-

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	Description of articles Bills, Cheques R.T.R. etc)	Amount	Signature of peon	When handed over to clerk	Signature of clerk	Reference to item number in the cash book	Initials of the Officer
1	2	3	4	5	6	7	8
		Rs. P.					

CONTROL OF EXPENDITURE

346. The authority administering a grant is responsible 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- ¹[(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

1. Substituted by No. FD 25 TFC 81 (1) dt. 9-5-1984.

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.