The M. P. Financial Code Vol. I, was last published incorporating the amendments upto 28th February, 1977. State Government have issued several amendments in these rules, from time to time, during the past 7 years. It has, therefore, been considered expedient to reprint the corrected edition. Accordingly the M. P. Financial Code Vol. I, as amended upto 31st December, 1984 is being published.

It is hoped that with the printing of this edition a long felt need of the various offices for having an up to date amended version of the M. P. Financial Code Vol. I would be fulfilled.

Dated the 1st February 1985.

M. R. SIVARAMAN
Secy. to Govt. of Madhya Pradesh,
Finance Department.
प्रारंभन

पूर्व में प्रकाशित मध्यप्रदेश विलायती संस्था भाग-१, २८ फरवरी १९८० तक संशोधित कर
प्रकाशित किया गया था। रस ३ वर्षों में, सर्व शासन हुआ समस्त समय पर अनेक संशोधन
आरा किये गए हैं। अतः यह आवश्यक हो गया है फक् इस पुस्तक का संस्करण पुनः
मुख्य किया जाये। तहनुसार मध्यप्रदेश विलायती संस्था भाग-२ को फिनांक २२, दिसंबर १९८२
तक संशोधित करके प्रकाशित किया जा रहा है।

२. भाषा ही फक् इस संस्करण के रूप जाने से इसके संबंधितों को शासकीय कार्य सम्पादन में
अधिक सुप्रीम दीयी।

फिनांक २२-१९८२

एम. भार. पिकालमन
सर्वेश, मध्यप्रदेश शासन,
विलायत विभाग.
CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Subject</th>
<th>Rules</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 1 — INTRODUCTORY</td>
<td>Introductory</td>
<td>. . .</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Definitions</td>
<td>. . .</td>
<td>1—3</td>
</tr>
<tr>
<td>CHAPTER 2—GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL</td>
<td>I Receipt of money</td>
<td>. . .</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>II Expenditure and payment of moneys</td>
<td>. . .</td>
<td>4—6</td>
</tr>
<tr>
<td></td>
<td>III Duties as regards accounts</td>
<td>. . .</td>
<td>6—7</td>
</tr>
<tr>
<td></td>
<td>IV Contracts</td>
<td>. . .</td>
<td>7—8</td>
</tr>
<tr>
<td></td>
<td>V Defalcations, losses etc.</td>
<td>. . .</td>
<td>8—10</td>
</tr>
<tr>
<td></td>
<td>VI Departmental Regulations</td>
<td>. . .</td>
<td>10</td>
</tr>
<tr>
<td>CHAPTER 3.—REVENUE AND RECEIPTS</td>
<td>I General</td>
<td>. . .</td>
<td>11—12</td>
</tr>
<tr>
<td></td>
<td>II Special rules for particular classes of receipts</td>
<td>. . .</td>
<td>12—14</td>
</tr>
<tr>
<td></td>
<td>III Remission of and abandonment of claims to revenue</td>
<td>. . .</td>
<td>14—15</td>
</tr>
<tr>
<td></td>
<td>IV Audit of receipts</td>
<td>. . .</td>
<td>15</td>
</tr>
<tr>
<td>CHAPTER 4.—POWER OF SANCTION</td>
<td>I General</td>
<td>. . .</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>II Powers in regard to certain special matters</td>
<td>. . .</td>
<td>16—18</td>
</tr>
<tr>
<td></td>
<td>III Communication of sanction</td>
<td>. . .</td>
<td>18—19</td>
</tr>
<tr>
<td></td>
<td>IV Indication of the source of appropriations in the sanction to expenditure</td>
<td>. . .</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>V Date of effect of sanction</td>
<td>. . .</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>VI Retrospective sanction</td>
<td>. . .</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>VII Lapse of sanction</td>
<td>. . .</td>
<td>21</td>
</tr>
</tbody>
</table>
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Subject</th>
<th>Rules</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 5.—ESTABLISHMENT</td>
<td>I Alterations of establishment</td>
<td>22-23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>II Variation in sanctioned pay of a post</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>III Transfer of office</td>
<td>23-25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV Date of birth</td>
<td>25-26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>V Leave applications</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI Annual returns of Government servants</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI Service Books</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VIII Arrear claims</td>
<td>26-28</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 6.—CONTINGENCIES</td>
<td>I Introductory</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td></td>
<td>II Powers of subordinate authorities to sanction contingent charges.</td>
<td>29-31</td>
<td></td>
</tr>
<tr>
<td></td>
<td>III Permanent advances</td>
<td>31-33</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV Control of contingent expenditure</td>
<td>33-34</td>
<td></td>
</tr>
<tr>
<td></td>
<td>V Special rules relating to particular kinds of contingencies</td>
<td>34-35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI Expenditure for other Government servants</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VII Miscellaneous</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 7.—STORES</td>
<td>I Introductory</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td></td>
<td>II Purchase and acquisition of stores</td>
<td>36-38</td>
<td></td>
</tr>
<tr>
<td></td>
<td>III Custody and accounts of stores</td>
<td>38-43</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 8.—WORKS</td>
<td>I Introductory</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td></td>
<td>II General rules</td>
<td>44-45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>III Works under the administrative control of the Public Works Department.</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IV Works under the administrative control of other civil departments.</td>
<td>45-46</td>
<td></td>
</tr>
<tr>
<td></td>
<td>V Special rules for sanitary, water-supply and electric installation to Government buildings, etc.</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VI Miscellaneous rules</td>
<td>47-48</td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Subject</td>
<td>Rules</td>
<td>Pages</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------</td>
<td>-------------</td>
<td>--------</td>
</tr>
<tr>
<td>CHAPTER 9.—MISCELLANEOUS EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I General</td>
<td></td>
<td></td>
<td>49</td>
</tr>
<tr>
<td>II Refunds of revenue</td>
<td></td>
<td></td>
<td>49–50</td>
</tr>
<tr>
<td>III Grants-in-aid, contributions, etc.</td>
<td></td>
<td></td>
<td>50–55</td>
</tr>
<tr>
<td>IV Compensation to civil officers for loss of property</td>
<td></td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>V Miscellaneous</td>
<td></td>
<td></td>
<td>55–56</td>
</tr>
<tr>
<td>CHAPTER 10.—BUDGET</td>
<td></td>
<td></td>
<td>57</td>
</tr>
<tr>
<td>CHAPTER 11.—DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Rupee Debt</td>
<td></td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>II Provident Funds</td>
<td></td>
<td></td>
<td>58–59</td>
</tr>
<tr>
<td>III Service and other funds</td>
<td></td>
<td></td>
<td>59–62</td>
</tr>
<tr>
<td>CHAPTER 12.—LOCAL FUNDS</td>
<td></td>
<td></td>
<td>63–64</td>
</tr>
<tr>
<td>CHAPTER 13.—LOANS AND ADVANCES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Introductory</td>
<td></td>
<td></td>
<td>65–66</td>
</tr>
<tr>
<td>II General rules</td>
<td></td>
<td></td>
<td>66–70</td>
</tr>
<tr>
<td>III Advances to Government servants</td>
<td></td>
<td></td>
<td>70–71</td>
</tr>
<tr>
<td>IV Interest bearing advances</td>
<td></td>
<td></td>
<td>71–85</td>
</tr>
<tr>
<td>V Interest-free advances</td>
<td></td>
<td></td>
<td>85–94</td>
</tr>
<tr>
<td>CHAPTER 14.—MISCELLANEOUS SUBJECTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Security deposits</td>
<td></td>
<td></td>
<td>95–98</td>
</tr>
<tr>
<td>II Transfer of Government land and buildings</td>
<td></td>
<td></td>
<td>98–99</td>
</tr>
<tr>
<td>III Insurance of Government property</td>
<td></td>
<td></td>
<td>99</td>
</tr>
<tr>
<td>IV Charitable endowments and other trusts</td>
<td></td>
<td></td>
<td>99</td>
</tr>
<tr>
<td>V Miscellaneous</td>
<td></td>
<td></td>
<td>99–100</td>
</tr>
<tr>
<td>Section</td>
<td>Subject</td>
<td>Rules</td>
<td>Pages</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>I</td>
<td>General</td>
<td></td>
<td>101-102</td>
</tr>
<tr>
<td>II</td>
<td>General principles of classification</td>
<td></td>
<td>102-109</td>
</tr>
<tr>
<td>III</td>
<td>General Principal of account</td>
<td></td>
<td>110-111</td>
</tr>
<tr>
<td>IV</td>
<td>Allocation of Expenditure Between Capital and Revenue</td>
<td></td>
<td>111-112</td>
</tr>
<tr>
<td>V</td>
<td>Proforma accounts</td>
<td></td>
<td>113</td>
</tr>
<tr>
<td>VI</td>
<td>Annual accounts</td>
<td></td>
<td>113</td>
</tr>
<tr>
<td>VII</td>
<td>Adjustment with other Governments departments etc.</td>
<td></td>
<td>113-117</td>
</tr>
<tr>
<td>VIII</td>
<td>Exhibition of losses in Government account</td>
<td></td>
<td>117-118</td>
</tr>
<tr>
<td>IX</td>
<td>Exhibition of recoveries of expenditure in Government accounts.</td>
<td></td>
<td>118-123</td>
</tr>
<tr>
<td>X</td>
<td>Accounting procedure of moneys paid or recoveries made under the Indian Police Act.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. The rules in this volume, which are essentially executive orders of the Governor, describe primarily the financial powers of different authorities subordinate to the State Government and the procedure prescribed, which should be followed by them in the securing and spending of funds necessary for the discharge of the functions entrusted to them. The rules and procedure relating to the payment of moneys into and withdrawal of funds from the Consolidated Fund and Public Account of the State and the control to be maintained at treasuries have been provided in the Madhya Pradesh Treasury Code, Volume I. The rules and procedure relating to the treatment of moneys before their receipt into, or after their withdrawal from the treasury or the Bank, and those for the control over receipts and disbursements of moneys and their safe custody in offices other than treasuries have been provided in these rules. In the matter of receipts, custody and disbursement of Government moneys, these rules are supplementary to treasury rules and should be applied in conjunction with them. Departmental authorities should follow these rules, supplemented or modified by the special rules and instructions, if any, contained in their departmental regulations and other special orders applicable to them.

Definitions

2. In these rules unless there be anything repugnant in the subject or context, the following terms and expressions shall have the meanings hereby assigned to them:

(1) **Accountant General** means the head of the office of audit or of accounts and audit who is subordinate to the Comptroller and Auditor-General of India and who keeps the accounts of the State and exercises audit functions in relation to those accounts on behalf of the Comptroller and Auditor-General of India.

(2) **Appropriation** means the assignment to meet specified expenditure of funds at the disposal of the assigning authority.

*Note.*—It is intended to cover all the charges including the liabilities of past years to be paid during a financial year or to be adjusted in the accounts of that year. It is operative until the close of that year. Any unspent balances lapse and is not available for utilisation in the following years.

(3) **The Bank** means the Reserve Bank of India or any office or agency of the Reserve Bank of India and includes any branch of the State Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act 1934 (Act II of 1934).
(4) Collector means the chief officer in charge of the revenue administration of a district.

(5) Competent authority means Government or any other authority to which the relevant powers may be delegated by Government.

(6) Consolidated Fund of the State means the Fund into which the revenues received by the State Government, loans raised by that Government by the issue of treasury bills, loans or ways and means advances and money received by that Government in repayment of loans are credited, and from which the expenditure of that Government, when so authorized by the State Legislature is met.

(7) The Constitution means the Constitution of India.

(8) Controlling Officer means a head of a department, or other Departmental officer who is entrusted with the responsibility of controlling the incurring of expenditure and/or the collection of revenue by the authorities subordinate to the department.

(9) Disbursing Officer means a Government servant who draws money from the treasury on bills or cheques, but excludes a Government servant who is not the head of an office and draws only his own pay and allowances finance from treasury.

(10) Finance Department means the Finance Department of the Government of Madhya Pradesh.

(11) Financial year means the year beginning on the 1st of April and ending on the 31st of March following.


(13) Governor means Governor of Madhya Pradesh.

(14) Head of a Department means an authority declared to be such by Government.

Note.—A list of heads of departments is given in the Annexure to Chapter I of the Madhya Pradesh Book of Financial Powers.

(15) Non-recurring expenditure means expenditure sanctioned as a lump sum charge, whether the money be paid as a lump sum or by instalments.

(16) Public Account of the State means the Account into which all moneys other than those pertaining to the "Consolidated Fund of the State" received by or on behalf of the State Government are credited, e.g., State Provident Funds, Sinking Funds, Reserve Funds, Deposits and Remittances, etc., and from which disbursements are made in accordance with the prescribed rules.

(17) Public works means Civil works and irrigation, navigation, embankment and drainage works.
(18) *Reappropriation* means transfer of funds from one unit of appropriation to another such unit or from one standard object of expenditure to another such object of expenditure.

(19) *Recurring expenditure* means all expenditure which is not non-recurring.

(20) *Subordinate authority* means a department of the Government, a head of department or any authority subordinate to Government.

(21) *Treasury* includes a sub-treasury.

(22) *Treasury officer* means the officer in immediate executive charge of a treasury.

(23) *Head of office* means a Gazetted officer in charge of a local office who is declared as such by the Department of the Government and who may be vested with powers of Disbursing officer.
CHAPTER 2.—GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL

SECTION I.—RECEIPT OF MONEY

General

3. All transactions to which any officer of Government in his official capacity is a party must be brought to account without delay.

4. Moneys received as dues of Government or for deposit in the custody of Government should be credited into the Treasury or the Bank, in accordance with the rules in the Madhya Pradesh Treasury Code, Volume I.

5. (1) (a) Under Article 284 of the Constitution, all moneys received by or deposited with any officer, employed in connection with the offices of the State in his capacity as such, other than Revenues or Public money raised or received by Government shall be paid into the Public Account.

(b) All moneys received by or deposited with any court, within the State territory shall also be dealt with in accordance with clause (a) of sub-rule(I).

(2) The head of account to which such moneys shall be credited and the withdrawals of moneys therefrom shall be governed by the relevant provisions of the Madhya Pradesh Treasury Code or such other general or special orders as may be issued in this behalf.

Withdrawal of Moneys from the Consolidated Fund and Public Account of the State

6. Unless otherwise expressly authorised by any law or rule or order having the force of law, moneys may not be removed from the Consolidated Fund and Public Account for investment or deposit elsewhere without the consent of the Finance Department.

Assessment, Collection and Check of Revenues

7. Subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed, collected and regularly paid into the treasury. It should maintain proper accounts of the collections, watch the progress of collections against the total demand and take prompt steps to collect all arrears. The detailed rules and procedure regarding assessment, collection, remission, etc., of revenue of the different departments are laid down in the departmental regulations of the revenue and collecting departments concerned.

SECTION II.—EXPENDITURE AND PAYMENT OF MONEYS

Essential Conditions Governing Expenditure from Public Funds

8. As a general rule, no Government servant may incur any item of expenditure from public funds unless the following two conditions are satisfied:

(a) the expenditure must have been sanctioned by a general or special order of the authority competent to sanction such expenditure; and
(b) sufficient funds must have been provided for the expenditure in the authorised grants and appropriations for the year or by a re-appropriation of funds sanctioned by the authority competent to sanction such a re-appropriation.

The two conditions are independent and it is not sufficient for only one of them to be satisfied. A Government servant must always be sure that both of the conditions are satisfied before he incurs any expenditure from public funds.

Standards of Financial Propriety

9. Every Government servant who incurs or authorises the incurring of any expenditure from public funds should see that it does not contravene the following principles, which are known as the standards of financial propriety:

(i) Every Government servant is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

(ii) The expenditure should not be *prima facie* more than the occasion demands.

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

(iv) Public moneys should not be utilised for the benefit of a particular person or section of the community unless—

1. the amount of expenditure involved is insignificant, or
2. a claim for the amount could be enforced in a court of law, or
3. the expenditure is in pursuance of a recognised policy or a custom.

(v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

Control of Expenditure

10. Each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

11. A controlling officer must see not only that the total expenditure is kept within the limits of the authorised appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. He must be in a position to assume before Government and the Public Accounts Committee, if necessary, complete responsibility for departmental expenditure and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise.
12. In the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every controlling officer must satisfy himself not only that adequate provisions exist within the departmental organisation for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of his subordinate officers and to guard against waste and loss of public money and stores, but also that the prescribed checks are effectively applied.

13. Delay in the payment of money indisputably due by Government is contrary to all rules and budgetary principles and should be avoided.

14. All charges incurred must be paid at once, and under no circumstances may they be allowed to stand over to be paid from the appropriation of another year. If possible, expenditure should be postponed till the preparation of a new budget has given the opportunity for making provision, and till the sanction of that budget has supplied means, but on no account may charge be actually incurred in one year and thrown on the appropriation of another year.

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

16. A disbursing officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorising payment of the claim in question.

SECTION III.—DUTIES AS REGARDS ACCOUNTS

17. Every Government servant whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their despatch within the prescribed date.

18. A Government servant who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them. The fact that a certificate is printed is no justification for his signing it unless it represents the facts of
the case. If in its printed form it does not represent the facts, it is his duty to make any necessary amendment which will call attention to the deviation and to give the authority concerned the opportunity of deciding whether the amendments cover requirements.

**Demand for Information by Audit**

19. It is the duty of every departmental and controlling officer to see that the Accountant-General is afforded all reasonable facilities in the discharge of his functions and furnished with the fullest possible information for which he may ask, for the preparation of any account or report, which it is his duty to prepare. No such information nor any books or other documents to which the Auditor General has a statutory right of access may be withheld from the Accountant-General.

**SECTION IV.—CONTRACTS**

**General Principles**

20. No contracts may be entered into by any authority which has not been empowered to do so by or under the orders of the State Government.

The various classes of contracts and assurances of property authorised by the Governor in exercise of powers conferred by Article 299 of the Constitution of India, to be exercised by different authorities, are specified in paragraph 25 of the Madhya Pradesh Book of Financial Powers.

Subsidiary orders of Government as to the limitation upon the powers of these authorities, the conditions under which such powers should be exercised and the general procedure prescribed with regard to such contracts, such as calling for and acceptance of tenders, etc., are laid down in the appropriate departmental regulations.

21. The following general principles have been laid down for the guidance of authorities which have to enter into contracts or agreements involving expenditure from the Consolidated Fund of the State:—

(i) The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.

(ii) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

(iii) Standard forms of contracts should be adopted, wherever possible, the terms to be subject to adequate prior scrutiny.

(iv) The terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contracts as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorised without the previous approval of the Finance Department.

(v) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Finance Department.

(vi) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases where the lowest tender is not accepted, reasons should be recorded.
(vii) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.

(viii) Even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at least a written agreement as to the price.

(ix) Provision must be made in contracts for safeguarding Government property entrusted to a contractor.

(x) When a contract is likely to endure for a period of more than five years, it should, wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months’ notice to that effect.

(xi) A person who is a near relative of a contractor should not be accepted as surety for the fulfilment of a contract by a contractor unless the officer accepting security is fully satisfied that the near relative has separate property of his own. In such a case the officer should, at least, insist on the surety filing an affidavit to the effect that he has separate property of his own.

(xii) The Comptroller and Auditor-General and under his direction other Audit authorities have power to examine contracts, and to bring to the notice of the proper authority any cases where competitive tenders have not been sought or where high tenders have been accepted, or where other irregularities in procedure have come to light.

SECTION V.—DEFALCATIONS LOSSES, ETC.

Report of Losses

22. (1) With the exceptions noted below, any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise, which is discovered in a treasury or other office or department, should be immediately reported by the officer concerned to the head of the department through his immediate official superior as well as to the Accountant-General even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; they must not be delayed while detailed enquiries are made. When the matter has been fully investigated, further and complete report should be submitted of the nature and extent of the loss, showing the errors or neglect of rules by which such loss was rendered possible and the prospects of effecting a recovery. The submission of such a report does not debar the local authorities from taking any further action which may be deemed necessary.

(2) If the irregularity be detected by Audit in the first instance, the Accountant-General will report it immediately to the administrative authority concerned, and if he considers necessary, to Government as well.

Exception.—Petty cases, that is, cases involving losses not exceeding Rs. 500 each, need not be reported to the Accountant-General unless there are, in any case, important features which merit detailed investigation and consideration.
All cases of losses in which there is a possibility of the Reserve Bank or the State Bank of India being made liable to Government should be reported to the Finance Department through the Accountant-General. If the Accountant General becomes aware of any such loss, he should also make a full report to Government.

Note 1. — See also Subsidiary Rule 4 of the Madhya Pradesh Treasury Code, Volume I.

Note 2. — Any loss in respect of stores occurring otherwise than in the ordinary course or on account of fair wear and tear, should be treated as a loss to Government within the meaning of this rule.

23. The head of the department receiving a report submitted to him under rule 22 must forward it forthwith to Government in the administrative department and another copy to the Finance Department with such comments as may be considered necessary. He should also submit a detailed report after completing such departmental investigations as may be necessary or expedient, on the causes or circumstances which led to the defalcation or loss, the steps taken to prevent its recurrence and the disciplinary or any other action proposed as regards the persons responsible.

Note.—1.—The final report on a loss or defalcation should be submitted to Government through the Accountant General as expeditiously as possible without waiting for the delivery of judgment by the court where criminal proceedings have been launched against the persons concerned.

(Finance Department endorsement No. 6115-1590-R-VI-III, dated the 3rd July 1954.)

Note. 2.—Detailed instructions for regulating the enforcement of such responsibility are embodied in Appendix I.

(Finance Department Memo. No. 2794-1805-IV-R-V, dated the 14th December 1960)

Losses due to Accidents

24. Any serious loss of immovable property, such as building, communication or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the departmental officer to the head of the Department and by the latter to Government. When a full enquiry as to the cause and extent of the loss has been made, the detailed report should be sent by the departmental officer concerned to the head of the department, a copy of the report or an abstract thereof being simultaneously forwarded to the Accountant-General.

Responsibility for Losses, etc.

25. Every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Note. 1.—Detailed instructions for regulating the enforcement of such responsibility are embodied in Appendix I.

Note 2.—Detailed instructions in regard to recoveries from pensions of any loss caused to Government by a Government servant while in service are contained in Appendix 2.

Write off of Losses, etc.

26. The powers delegated to different authorities to write off the irrecoverable value of public money or stores lost through fraud or negligence of individuals or other causes are indicated in Chapter 4.
Exhibition of Losses in Government Accounts

27. The method of showing the losses in accounts has been prescribed in Section VIII of Chapter 15 relating to Government Accounts.

27-A. Detailed instruction to be followed in respect of expenditure which has become infructuous due to abandonment of works, etc. are contained in Appendix 15.

SECTION VI—DEPARTMENTAL REGULATIONS

28. All departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of the Finance Department.
CHAPTER 3.—REVENUE AND RECEIPTS

SECTION I.—GENERAL

29. Subject to any special arrangement that may be authorised by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited in the Consolidated Fund or the Public Account.

30. A separate departmental account must be maintained by the revenue authorities concerned for the receipts under each of the major, minor and detailed heads of account. At the close of the month, a tauzi or departmental return must be prepared by the revenue authorities from the departmental registers giving the total receipts of the month according to major, minor and detailed heads of revenues. This return should be submitted to the controlling authority whose duty it is to reconcile discrepancies between the departmental and treasury accounts. Before the return is submitted to the Controlling Officer, it should be verified by the Treasury Officer with the treasury registers and the result of his verification noted at the foot of each return. If any mistake or erroneous credits are discovered in the treasury registers on comparison with the departmental returns, the Treasury Officers should make no alteration in his registers but should immediately report the discrepancy to the Accountant-General who will issue the necessary instructions in regard to the corrections to be made in the treasury accounts. The Treasury Officer should at the same time make a note of the misclassification on the departmental return for the information of the Controlling Officer.

Note 1.—It is essential that the departmental accounts of revenue should not be compiled from the returns prepared by the treasury.

Note 2.—In order to minimise the differences between the treasury figures and the departmental figures, it is essential that the chalans with which money is remitted to the treasury should bear full and correct accounts classification.

31. The Accountant-General will send to the departmental Controlling Officer a statement of receipts according to the major, minor and detailed heads of revenue brought to credit in his accounts in each month. The departmental returns submitted under the preceding rule should be consolidated by the Controlling Officer in a register so as to show the total receipts for each month classified according to the heads of account in the budget estimates. The two sets of figures should then be compared. Any discrepancy which may be found should be entered in Form No. M. P. F. C. I. and forwarded to the district officer for explanation and return through the Accountant-General. When no discrepancies are communicated to the Accountant-General in any month a certificate should be sent to him by the Controlling Officer that the two sets of returns have been compared and found correct.

32. The following dates have been fixed for the submission of departmental returns and discrepancy statement:

(1) Submission of departmental returns to Controlling Officers—At close of the month to which they relate.
Despatch of treasury figures by the Accountant-General to the Controlling Officers—10th of the second month following that to which they relate.

Discrepancy statements to be forwarded by the Controlling Officers to the District Officers—20th of the second month following that to which they relate.

Discrepancy statements with explanation of District Officer to reach the Accountant-General's office—30th of the second month following that to which they relate.

Note—The statement of treasury credits should be sent to the departmental Controlling Officer (or a Gazetted Officer nominated by him) by name and he should watch for the same. The departmental Controlling Officer should arrange to ensure that such letters are really opened by himself or the officer nominated by him.

33. Detailed rules and procedure regarding assessment, collection, remission etc., of revenue should be laid down in the departmental regulations of the revenue and collecting departments concerned.

Note—In departments in which officers are required to receive moneys on behalf of Government and issue receipts therefor in Form M. P. T. C. 6, the departmental regulations should prescribe the procedure rules for the maintenance of a proper account of these receipts, and issue of the receipt books the number of receipt books to be issued at a time to each officer and check with the officer accounts of the used books when returned.

34. No amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

35. Unless specially authorised by any rule or order made by competent authority, no sums may be credited as revenue by debit to a suspense head, the credit must follow and not precede actual realisation.

36. Heads of departments in charge of important sources of revenue should keep the Finance Department fully informed of the progress of collection of revenue under their control and of all important variations in such collections as compared with the budget estimates.

37. Forms of departmental registers and taudis relating to the heads of revenue have been separately prescribed in the various departmental manuals and the Revenue Book Circulars.

SECTION II.—SPECIAL RULES FOR PARTICULAR CLASSES OF RECEIPTS

Rent of Government Buildings, Lands, etc.

38. The detailed rules and procedure regarding the demand and recovery of rents of Government buildings and lands are contained in the departmental regulations of the departments in charge of the buildings.
CHAPTER 3

REVENUE AND RECEIPTS

When the maintenance of any rentable building is entrusted to a civil department other than the Public Works Department, the head of the department concerned will be responsible for the due recovery of the rents thereof. The procedure for the assessment and recovery of the rents of such buildings will be regulated generally by the rules applicable to residences under the direct charge of the Public Works Department.

Recoveries of Rents on Buildings and Lands

39. (a) When a public building, land or other property is let to a person not in the services of Government, the full assessed rent must be recovered in advance.

(b) The recovery of rents from Government servants occupying rentable buildings should ordinarily be made by deduction from their pay bills through the Treasury Officer or other Disbursing Officer concerned. In special circumstances, the recovery may be made in cash.

40. A tenant who is in receipt of a pension from Government should be treated as a private individual for the purpose of these rules. But if he desires to make payments by deduction from his pension, recoveries from him may be made through the Treasury Officer or other Disbursing Officer concerned on the pensioner furnishing the Departmental Officer concerned with a written request authorising such deduction. This authority should be transmitted to the Treasury or disbursing Officer with the first demand.

41. If a Government servant vacates his quarters before the last day of a month owing to his departure on transfer, leave or retirement, the demand for the rent for the broken period should be made at once in order that the amount may be recovered before his departure.

42. Pending orders on a representation against the Departmental Officer's assessment, the amount assessed must be paid by tenants on demand. Should the representation prove successful, the excess amount charged should be adjusted by a reduction in the assessment of a subsequent month, or, if this is not practicable, by an actual payment.

Fines

43. It is the duty of every court or authority having the power to fine to see that the money realised reaches the treasury and that adequate precautions are taken against double refunds of a fines or refund of fines not actually paid into the treasury. Every court maintains a register giving particulars of every fine imposed by it and no fine should be written off this register as realised until it is paid into the treasury.

44. The duty of realizing fines and of checking the receipts and refunds, rests with the departmental officers. Each court, civil or criminal, is required, to submit to the District Judge or to the District Magistrate, as the case may be, on the last working day of each calendar month, a statement showing the demand collection and balance of fines levied and written off by it as well as of the refunds therefrom, the statement being made up for the account month of the treasury or sub-treasury with which the court deals. The District Judge and the District Magistrate should each consolidate these returns into a monthly fines statement for the courts under him and for his own and forward it to the Treasury Officer.
as soon as possible after the beginning of the month, for verification of the amounts shown as remitted into the treasury with the credit appearing in the treasury account. The Treasury Officer should certify to the correctness or otherwise of these amounts. Where there is any discrepancy between a consolidated statement and the treasury account, the Treasury Officer may, if necessary, before giving his certificate, request the District Judge or the District Magistrate, as the case may be, to explain the discrepancy.

Note 1.—The statement should exhibit the amounts under each head of accounts, e.g. Magisterial fines, fines under the Prevention of Cruelty to Animals Act, etc., separately.

Compensation fines due to an injured party which are creditable to deposits and fines which are under the orders of competent authority are creditable to a municipal or local fund should be excluded from this statement.

Note 2.—Fines imposed in one districts and realised in another should be credited to the proper head of account in the district of realisation. An intimation of the realisation should be given by the recovering officer to the Court by which the fine was inflicted so as to enable it to make the requisite entries in its register of fines and monthly fine statement.

Miscellaneous Demands

Convict charges recoverable from other States

45. The cost of maintenance of prisoners from other States, who are accommodated in the Jails of Madhya Pradesh, is recoverable from the Government of the States concerned. To enable the Accountant-General to pass on the debits on this account to the Governments concerned, the Inspector-General of Prisons should furnish him before the 10th of April each year with the following information in respect of charges incurred in the past financial year:

1. Name of State from which the prisoner came.
2. Authority for admission.
3. Date of admission.
4. Name of prisoner.
5. Period for which charged (months and days).
6. Rate at which charged.
7. Total amount charged.

46. Realisation of miscellaneous demands of Government not falling under the ordinary revenue administration will be watched by the Accountant-General. Such are payments due from other States, local funds, contractors and others towards establishment charges, etc.

SECTION III.—REMISSION OF AND ABANDONMENT OF CLAIMS TO REVENUE

47. The sanction of the competent authority is necessary for the remission of, and abandonment of claims to revenue.

Note—The powers of subordinate authorities to sanction the write off of loss of revenue are indicated in the Madhya Pradesh Book of Financial Powers.
48. Head of Departments and Controlling Officers should furnish annually, by the 1st August each year, to the Accountant-General statements showing the remissions of revenue and abandonments of claims to revenue sanctioned during the preceding financial year by the competent authorities in exercise of the discretionary powers vested in them otherwise than by law or rule having the force of law. For inclusion in these statements, remissions and abandonments should be classified broadly with reference to the grounds on which they were sanctioned and the statements should give (i) total for each broad class including the amount of all cases, however, small, and (ii) brief particulars of all individual cases exceeding Rs. 1,000. Land revenue remissions need not be included in the statements.

Note.—Losses in revenue due to under assessment should also be included in the report to the Audit Officer.

SECTION IV.—AUDIT OF RECEIPTS

49. When the audit of the receipts of any department of Government is entrusted to the Comptroller and Auditor-General under the provisions of paragraph 13(2) of the Government of India (Audit and Accounts) Order, 1936, it will be conducted in accordance with the regulations reproduced in Appendix 3.
CHAPTER 4.—POWER OF SANCTION

SECTION I.—GENERAL

50. The more important of the financial powers exercised by subordinate authorities in relation to expenditure from the Consolidated Fund of the State are detailed in the Madhya Pradesh Book of Financial Powers. The financial powers exercised by subordinate authorities under the service rules are contained in the compilation of those rules.

51. The financial powers of the State Government which have not been delegated to any other department or authority vest in the Finance Department.

52. Unless otherwise provided by any special rule or order of Government, a higher authority may exercise the powers delegated to an authority subordinate to it.

SECTION II.—POWERS IN REGARD TO CERTAIN SPECIAL MATTERS

Grants of Land, Assignments of Revenue and other Concessions, etc.

53. No department or authority may, without previous consent of the Finance Department, issue any orders (other than orders in pursuance of general delegation made by or with the approval of the Finance Department) which—

(i) involve any grant of land, or assignment of revenue, or concession, grant, lease or licence of mineral or forest rights, or right to water power, or any easement or privilege in respect of such concessions; or

(ii) in any way involve any relinquishment of revenue.

(See also rule 8 of the Madhya Pradesh Business Rules, and paragraph 28 of the Madhya Pradesh Book of Financial Powers.)

Note.—The powers to execute instruments are governed by the orders given in Chapter IV of the Madhya Pradesh Book of Financial Powers and other departmental and local orders on the subject.

Write off of Losses

54. The irrecoverable value of stores or public money lost by fraud or negligence of individuals or other causes may be written off finally by Government.

Where public money or stores are lost through culpable negligence of any Government servant, Government will not agree to write off the loss without a definite expression of the opinion of the departmental authorities concerned regarding the desirability of recovering the whole or part of the loss from the Government servant or Government servants through whose negligence the loss occurred. Any proposal to remit part or whole of the sum lost in such cases must be supported by full reasons and will require the special orders of the State Government.

55. (a) Heads of Departments or other subordinate authorities have power to write off losses in accordance with the orders of delegation passed in this behalf and contained in the Madhya Pradesh Book of Financial Powers, subject to the
conditions—

(1) that the loss does not disclose a defect of system, the amendment of
which requires the orders of Government, and

(2) that there has not been any serious negligence on the part of some in-
dividual Government servant or Government servants which might
possibly call for disciplinary action requiring the orders of any higher
authority.

These orders apply also to the writing off of losses of revenue, irrecoverable
loans and advances and of deficiencies, depreciation, etc., in the value of stores
included in the stock and other accounts (see also rule 140).

Note.—The expression, “value of stores” used in this sub-paragraph should be interpreted
as meaning “Book value” where priced accounts are maintained and “Replacement value” in
other cases.

(b) All sanctions to write off should be communicated to the Accountant-
General for scrutiny in each case and for bringing to notice any defect of system
which appears to require attention.

56. The orders contained in the preceding rule do not apply to loss of cash
in treasuries, whether in the course of remittance or out of treasury balance, small
coin depot or currency chest. Individual cases of such losses should be reported
to the Finance Department and its specific approval obtained before any item can
be written off in the accounts of the State Government.

Note.—The Government of India have decided with the concurrence of the State Government
and the Comptroller and Auditor-General, that, in general, loss sustained by the Union Government
through the negligence or culpability of the staff paid for by State Government and vice versa
should be borne as they occur, i.e., by the Union Government, if the loss occurs in connection with
Central transactions and by the State Government, if it is on account of a State transaction.

In cases where recoveries are made in cash, e.g., by deductions from pay or
otherwise, from the persons responsible for a loss, the entire amount recovered
should be credited to the Government, which, under the above arrangement,
would bear the loss for this purpose. Recoveries made indirectly, e.g., by stoppage
of increment or promotion as a measure of punishment, should not be treated as
recoveries made in cash. Where the staff is paid for by one Government and the
loss is borne by another Government, a copy of the orders regarding the action
taken against the persons responsible for the loss should be communicated by the
former to the latter.

Remission of Disallowances by Audit and Writing off of Overpayments
made to Government Servants

57. As a general rule, every overpayment made to a public servant should be
regarded as a debt owed to the public, and all possible action should be taken to
recover it with despatch. The State Government may, however, waive the recovery
of an amount placed under objection by the Accountant-General or otherwise
found to have been overpaid to a Government servant, if the enforcement of the
recovery will, in the opinion of the State Government, cause undue hardship, or
it will be physically impossible to effect the recovery. All sanctions to forego re-
covery should be communicated to the Accountant-General.
58. The powers delegated to Audit Officers to waive objection to, or to forego recovery of, irregular expenditure in individual cases are laid down in paragraphs 248 to 250 of the Audit Code.

59. The waiving of the recovery of an overpayment would not be justified merely for the reasons that it was made by the disbursing officer in good faith and was drawn by the Government Servant under the reasonable belief that he was entitled to it and that the recovery would cause hardship. Before any waiver is considered, it should be established that substantial factors other than good faith or reasonable belief exist, the most important of these factors being the physical impossibility or undue hardship to the Government Servant concerned.

SECTION III.—COMMUNICATION OF SANCTION

60. Financial sanctions and orders will be communicated to the Accountant-General in accordance with the following procedure:—

(i) All financial sanctions and orders issued by a department within its own financial powers as a department of the State Government will be communicated direct to the Accountant-General by the department concerned. All other orders involving financial sanctions which may be issued by departments of the State Government after consultation with the Finance Department, i.e., sanction beyond their financial powers, will be communicated to the Accountant-General through the Finance Department.

(ii) Sanctions and orders of any other authority to which the power of sanction has been delegated will be communicated to the Accountant-General by that authority.

(iii) In cases referred to in clause (i) above, if an order sanctioning expenditure is sent to the Accountant-General direct by a Department of Government and that Department is not competent to sanction the expenditure, the Accountant-General will not act upon it but will report to the Finance Department, that such an order has been issued and will simultaneously request the Administrative Department concerned that the order may be communicated to him through the Finance Department as soon as possible.

(iv) In all orders conveying sanctions to expenditure of a definite amount or up to a specified limit, the amount of sanction should always be expressed both in words and in figures.

(v) All letters or orders conveying sanctions to expenditure, appointments, etc., must be signed by an authorised gazetted Government Servant.

Note 1.—All Financial sanctions should be prepared under the signatures of the gazetted Government servants concerned in ink and not over cyclostyled signatures and also communicated to audit with the signatures in ink.

(Finance Department endorsement No. 9412-25-36-R-VI-III- dated the 14th October 1954)

Note 2.—In cases in which the documents relating to any sanction or order are deemed secret, the Accountant-General will accept a statement of facts signed by a Secretary to Government in lieu of those documents, the signature being expressed to be made by order of the Governor.
61. All orders conveying sanction to the grant of additions 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 the reasons for the grant of special concessions or allowances should be recorded.

62. Sanctions involving any grant of land or assignment of revenue or concession, grant, lease or licence of mineral or forest rights or a right to water power or any easement or privilege in respect of such concession, or any relinquishment of revenue accorded by Government or by authorities subordinate to Government under any delegated power, should be communicated to the Accountant-General for scrutiny.

Note.—In respect of mineral concession granted by the Deputy Commissioner, he should instead of communicating each sanction, furnish to the Accountant-General a monthly statement in the appended form so as to reach him by the 10th of the month following that to which the grant relates.

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Nature of concession i.e. prospecting lease, mining lease with date of grant</th>
<th>Name of mineral</th>
<th>Period of concession</th>
<th>Name of licensee or lessee</th>
<th>Area granted</th>
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<tr>
<th>Locality</th>
<th>Tahsil and district</th>
<th>Rate Rata of half yearly rent per acre per annum</th>
<th>Rate Rata of royalty</th>
<th>Rate Rata of surface rent or acreage fee per acre per annum</th>
<th>Remarks</th>
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</thead>
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<tr>
<td>(7)</td>
<td></td>
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*Any departure from the standard rates of rents and royalties, etc. should be explained in the remarks column.

Supply of Copies of Letters, etc. to the Accountant-General

63. (i) A requisition from the Accountant-General to quote the number and date of any letter should be complied with.

(ii) When an officer is requested by the Accountant-General to supply a document for inspection or a copy of document and he is in doubt, for any reason, as to whether the request should be complied with, he should take the orders of the officer to whom he is subordinate who will, if necessary, consult the State Government. In general, however, he should supply on demand, under the signature of a responsible officer, a copy of any sanction or order issued by himself which has a financial bearing.
SECTION IV.—INDICATION OF THE SOURCE OF APPROPRIATIONS IN THE SANCTION TO EXPENDITURE

64. In all applications for sanction to expenditure it should be distinctly stated whether provision for the proposed charge has, or has not, been made in the budget estimates of the year, and, if it has not been made, whether the funds can be found by valid re-appropriation.

65. Authorities, which sanction new expenditure after funds have been communicated, should be careful to indicate the source of appropriation.

Where it is desired to sanction expenditure before funds have been communicated as may be necessary in order to avoid delay in starting work at the beginning of a new financial year or to prevent duplication of orders, the authority which does so should be careful to add the words "subject to funds being communicated in the budget of the year".

Note 1.—Vague expressions such as, "Subject to budget provision" should be carefully avoided in conveying sanctions to expenditure.

SECTION V.—DATE OF EFFECT OF SANCTION

66. Unless otherwise specially provided in the orders or rules themselves the executive orders of Government should take effect from the date of issue of the letter, memorandum or telegram in which sanction is conveyed, and statutory rules from the date on which they were passed. Similarly, sanctions of subordinate authorities will have effect from the date of the orders conveying them.

67. The general principle in all such cases should be—

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. 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 that year.

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.—See also paragraphs 13 (a) and 20 of the Madhya Pradesh Book of Financial Powers.

SECTION VI.—RETROSPECTIVE SANCTION

68. All authorities which are competent to sanction revision of pay or the grant of concessions to Government servants should bear in mind that retrospective effect should not be given to financial sanctions, except in exceptional circumstances and without the special approval of Government.

69. The State Government are averse from revising the pay of a post or granting an increase in pay to an incumbent of a post with retrospective effect and will not entertain any proposal so to revise or increase the pay except in very special cases.

Note.—The refixation of the pay of an incumbent of a post when it is discovered that the pay as originally fixed wrongly can be sanctioned by the competent authority, even if such refixation is to have retrospective effect, without reference to the State Government.
SECTION VII.—LAPSE OF SANCTION

70. A sanction for any fresh charge which has not been acted on for a year must be held to have lapsed unless it is specifically renewed.

Note 1.—This rule does not apply to a case where an allowance sanctioned for a post or a class of Government servants have not been drawn by a particular incumbent or incumbents, nor does it apply to additions made gradually from year to year to a permanent establishment under general scheme which has been sanctioned by proper authority.

Note 2.—Sanction for a Provident Fund advance will remain operative for a period of three months only. This will apply equally to non-refundable part withdrawals from Provident Funds.

71. An order of the Government of India, in the absence of any indication to the contrary in the order itself, will lapse only if and when it is superseded by an order of a later date.
CHAPTER 5.—ESTABLISHMENT

SECTION I.—ALTERATIONS OF ESTABLISHMENT

72. No permanent post under Government can be created without the sanction of Government. In respect of temporary posts powers have been delegated to Departments of Government and certain Heads of Departments and other subordinate authorities within specified limits. These powers are generally embodied in the Madhya Pradesh Book of Financial Powers.

73. All proposals for additions to establishment, whether permanent or temporary, or for any increase in the emoluments of existing posts should be scrutinised with the greatest care by Heads of Departments and other authorities concerned. In submitting such proposals, the instructions contained in the following rules should be carefully observed.

74. The scale of pay for a new post should ordinarily be the same time-scale as that already in force for post of the same class or category. When a new post proposed to be created will form an addition to a cadre, which is divided into grades, the pay of the post should ordinarily be that of the lowest grade; if a higher pay is proposed the special reasons for proposing the higher rate should invariably be stated. If there is no post in existence similar to the one proposed, the following principles should be observed in proposing a rate of pay for the new post:

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

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

75. When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposals and the conditions which have given rise to them, together with the proposition statement, if necessary, under rule 77 should be submitted to the sanctioning authority.

In this letter should be set out inter alia.

1. the present cost, either of the section or sections affected, or of the total establishment as the circumstances of the case may indicate to be necessary;

2. details of the pay of the post or posts and the number of posts which it is proposed to add or modify; and

3. as accurate an estimate as possible of the extra cost involved.

Note 1.—In determining the extra cost, allowance, whether fixed or variable, should be included.

Note 2.—The authorities submitting the proposals should take into account any claims to pensions that may arise in consequence of their proposals with reference to Article 429 of the Civil Service Regulations and certify to their having done so in their proposals.
76. If the expenditure is proposed to be incurred in the current year, the proposals should show clearly whether it can be met within the grant or appropriation of the year. If the expenditure can be met by re-appropriation, a re-appropriation statement should be submitted with the proposals.

77. Whenever any large scale or complicated proposals are made for the revision of existing or the creation of new establishments, the letter explaining the proposals should be accompanied by a proposition statement in duplicate in Form No. M. P. F. C. 2 and submitted through the Accountant-General who will verify the correctness of the statement.

78. The details to be shown in proposition statements should be determined by the following principles:

(i) The proposition statement should relate strictly to the section or part of the office affected by the proposals. As regards the other parts or sections of the office, neither details nor figures of total cost need be included.

(ii) Where a section consists of both Class III and Class IV servants, details need be given only of the class affected, if a saving of labour will result from the adoption of this procedure.

(iii) Where the pay of any post, existing or proposed, rises from a minimum to a maximum by periodical increments, the average monthly cost and not the actual or commencing cost must be given. The average monthly cost for the purpose of this rule should be calculated in accordance with one or other of the formulae prescribed in the G. I. O. below Fundamental Rules 9 (31).

(iv) The fixed allowances referred to in Note 1 below Rule 75 should be entered in the proposition statement but the variable allowances need not be included therein.

SECTION II.—VARIATION IN SANCTIONED PAY OF A POST

79. The head of an office is not at liberty to readjust the pay of Government servants by giving one Government servant more and another less than the sanctioned pay of his post, nor may he distribute the pay of an absentee otherwise than as provided in the rules governing the service to which the Government servant belongs. But in the case of non-gazetted establishments divided into separate units or cadres carrying different scales of pay, there is no objection to excess appointments being made in a lower unit or cadre against an equal or greater number of vacancies left unfilled in the higher. The liberty must, however, not be used for the purpose of increasing the numerical strength of an office. For each vacancy in a higher grade only one and not more than one extra appointment in a lower grade is admissible.

Note.—When assistance is required to complete the work of any circle on account of the incompetence or failure of the patwari to perform it, the Deputy Commissioner or Sub-Divisional Officer may appoint a gomashta and pay him such portion of the remuneration fixed for the patwari as, having regard to the period for which the gomashta was employed, he may think necessary.

SECTION III.—TRANSFER OF OFFICE

80. Every transfer of charge of a gazetted Government servant should be reported by post on the same day to the Accountant-General. When holidays...
are prefixed to leave or affixed to leave or joining time, the charge report should, unless the permission to so prefix or affix holidays has been notified in the order sanctioning the leave or of posting, be sent to the Accountant-General through the Head of the Department who should note thereon whether the conditions of Supplementary Rule 1 below Fundamental Rule 68 are fulfilled in any particular case. The report should be made in Form M. P. F. C. 3 unless any other form has been duly authorised, and should be signed both by the relieved and the relieving Government servant. A copy of the report should simultaneously be sent to the Treasury Officer and the Secretary to Government in the department concerned through the Head of office in the case of officers subordinate to him. Except in the case of first appointments, the charge reports of the members of the Madhya Pradesh Civil Service (Judicial Branch) may remain in the High Court.

In the case of those Gazetted Government servants whose pay and allowance are drawn on the establishment pay bill form the submission of charge report by them while proceeding on or returning from leave should be dispensed with. However, a gazetted officer may submit a joining report in Form M. P. F. C. 4 (in duplicate) to the concerned authority, one copy of which should be forwarded to the Drawing and Disbursing Officer duly countersigned by the said authority for regulating his salary bill. Where the transfer of charge involves assumption of possibility for cash, valuables, Stores, Secret documents etc., a Statement regarding items of charge should be prepared and submitted to the controlling officer duly signed by both the relieving and the relieved officer.

Note 1.—The condition imposed by this rule that both the relieving and the relieved Government servants must be present is not enforced (a) in the case of sub-judges transferred from one station to another, and (b) in the case of Government servants who are permitted to combine vacation with leave. In the latter class of cases, the following procedure has been laid down:—

(a) When vacation is prefixed to leave the outgoing Government servant will report before leaving headquarters, or if for urgent reasons the leave is granted during vacation as soon as it is granted, that he makes over charge with effect from the end of the vacation. The relieving Government servant will then take over charge at the end of the vacation in the ordinary way.

(b) When vacation is affixed to leave the Government servant to be relieved will make over charge in the ordinary way before the vacation, the incoming Government servant on return at the end of the vacation taking over charge with effect from the beginning of the vacation.

Note 2.—Government servants combining vacation with leave may certify to the making over or taking over charge of the permanent advance to or from the officer who has been ordered to be on duty at the Station during the vacation.

Note 3.—The copies of the charge report sent to the Accountant-General and the Secretary to Government or the High Court should contain an endorsement to the effect that a copy of the charge report has been sent to the Treasury Officer concerned.

Note 4.—In the case of transfer of charge consisting of several scattered works which the relieved and the relieving Government servants in the Public Works Department are required to inspect together by the orders of a superior officer, a copy of the charge report meant for the Accountant-General should be sent through the Superintending Engineer who will record on the charge report itself his certificate of reasonableness or otherwise of the period spent in transfer of charge.

Note 5.—Whenever there is a head of office for any particular officer, his charge report with the requisite endorsement thereon will be sent through such head of office. If there is no head of office or the officer concerned is the head of office himself he will forward the charge report with the requisite endorsement thereon himself.
81. In cases in which the transfer of charge involves assumption of responsibility for cash, stores, etc., the following instructions should be observed:

(i) The cash book or imprest account should be closed on the date of transfer and a note recorded in it over the signature of both the relieved and the relieving Government servants, showing the cash and imprest balances, and the number of unused cheques, if any, made over and received by them, respectively.

(ii) The relieving Government servant in reporting that the transfer has been completed should bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He should examine the accounts, count the cash, inspect the stores, count, weigh and measure certain selected articles in order to test the accuracy of the returns. He should also describe the state of the account records.

(iii) In the case of any sudden casualty occurring or any emergent necessity arising for a Government servant to quit his charge, the next senior Government servant of the department present will take charge. When the person who takes charge is not a gazetted Government servant, he must at once report the circumstances to his nearest departmental superior, and obtain orders as to the cash in hand, if any.

Note.—The special procedure to be followed when there is a change in the incumbency of a treasury is laid down in Subsidiary Rule 10 of the Madhya Pradesh Treasury Code, Volume I.

82. The procedure laid down in clauses (i) & (ii) of Rule 81 should also be followed in the case of Tahsildars, Naib-Tahsildars and Superintendents of Land Records (see also Subsidiary Rule 31 of the Madhya Pradesh Treasury Code, Volume I).

83. The special orders for transfer of charge between officers of the Public Works Department are contained in rules 229 to 241 of the Public Works Department Manual, Volume I.

SECTION IV.—DATE OF BIRTH

84. Every person newly appointed to a service or a post under Government should at the time of the appointment declare the date of his birth by the Christian era with as far as possible confirmatory documentary evidence, such as, a matriculation certificate, municipal birth certificate and so on. If the exact date is not known, an approximate date may be given. The actual date or the assumed date determined under Rule 85 should be recorded in the history of service, service book or any other record that may be kept in respect of the Government servant’s service under Government. The date of birth, once recorded in this manner, must be deemed to be absolutely conclusive, and except in the case of a clerical error no revision of such a declaration shall be allowed to be made at a later period for any purpose whatever.

85. (1) If a Government servant is unable to state his exact date of birth, but can state the year, or year and month of birth the 1st July or the 16th of the month, respectively, may be treated as the date of his birth.

(2) If he is only able to state his approximate age, his date of birth may be assumed to be the corresponding date after deducting the number of years representing his age from his date of appointment.
(3) When a person who first entered military employ, is subsequently employed in a Civil Department, the date of birth for the purpose of the civil employment should be the date stated by him at the time of attestation. In cases where the documents referring to the previous military service do not give the exact date of birth but only the age stated at the time of attestation, the date of his birth should be deduced with reference to that age according to the method indicated in sub-rule (2) above.

Note.—Cases in which the date of birth has already been deduced by any other method need not be reopened.

SECTION V.—LEAVE APPLICATIONS

86. Deleted.

SECTION VI—ANNUAL RETURNS OF GOVERNMENT SERVANTS

87. Early in April each year, all heads of offices should review the service books of all the employees under them. In all cases, where the service books of the Government servants due to retire from service within the next two years, have not been checked during the last three years by the Accountant-General in his office or during local audit, these service books should be sent to the office of the Accountant-General under registered cover for necessary check.

88. In April each year, each head of office should prepare a list of Government servants subject to numerical audit who are due to retire before the 31st March of the second following year and enter in it the date of compulsory retirement against the name of each individual. The list should be submitted to the appropriate authorities who will take necessary action to retire the Government servants from service on the due date or obtain sanction for their retention in service beyond that date if considered expedient in the interest of the public service.

SECTION VII—SERVICE BOOKS

89. The detailed rules regarding the maintenance of service books are contained in Supplementary Rules below Fundamental Rule 74.

SECTION VIII.—ARREAR CLAIMS

90. (1) Detailed rules regarding arrear claims are given in Subsidiary Rules 115 to 120 of the Madhya Pradesh Treasury Code, Volume I. Save as provided in those rules, no claims to pay and allowances of a Government servant which are not preferred within one year of their becoming due can be paid without a sanction from the Head of the Department.

(2) A claim for travelling allowance should be considered as falling due for payment on the date succeeding the date of completion of the journey in respect of which the claim is made and in the case of a journey undertaken to attend an obligatory examination where admissibility or otherwise of travelling allowance is conditional and can be determined after the result of the examination is declared, the time limit should be counted from the date of announcement of the result.

Note 1.—The right of a Government servant to travelling allowance, including daily allowance, is forfeited or deemed to have been relinquished if the claim for it is not preferred to the head of office or the controlling officer within one year from the date on which it became due.

*Vide F. D. Memo No. 1371/1652/RV/IV, Dt. 31-12-84.
CHAPTER 5] ESTABLISHMENT

Note 2.—If the travelling allowance claim is not preferred by the administrative authority concerned for payment within one year from the date of its becoming due, it shall not be paid unless the reasons for delay are investigated in detail by the authority competent to sanction investigation of the claims under rule 91 and a specific sanction issued by it. If the investigation shows that the claim could not be preferred in time due to administrative delay without adequate and cogent reasons, suitably action may be taken against the officer(s) concerned so that such delays do not recur in future.

91. Claims of officers, whether gazetted or not, to arrears of pay or allowances or to increments or in respect of any other payments, which have been allowed to remain in abeyance for a period exceeding one but not exceeding six years, cannot be paid except under the special orders of the Head of the Department concerned who will exercise these powers, subject to the restrictions laid down in rules 92 and 93 of the Madhya Pradesh Financial Code Volume I. The Heads of Departments can, further, delegate these powers to their subordinate authorities. In exercising the powers delegated to the authorities, they should bear in mind that the investigation of such claims often involves a large amount of labour out of all proportion to the amount or importance of the claims preferred. They should, therefore, exercise the power with caution rejecting petty and ancient claims only.

Note 1.—For the purpose of this rule, the date on which the claim is presented at the treasury should be considered to be the date on which it is preferred.

Note 2.—Delays in payment are opposed to all objectionable and when not satisfactorily explained should be brought to the notice of the Head of the Department concerned.

Note 3.—Claims to arrears of pay occasioned by a revision or a refixation of the pay of a post with retrospective effect require the sanction of the State Government.

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

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

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

94. The authority competent to sanction a belated claim should be told why he claim was not submitted when it became due.
In respect of Government servants whose pay and allowances are drawn on establishment bills by the Heads of Offices, the responsibility for making claims rests on the latter and they should invariably see that all claims are presented within one year of their falling due.

The time limits prescribed in these instructions should be calculated from the date on which the charge becomes payable. In the case of sanction accorded with retrospective effect, the charge does not become payable before it is sanctioned. The time limits should, therefore, be calculated from the date of sanction and not from the date from which the sanction takes effect.

*Vide F.D. Memo No. 1371—1652—RVIV. Dt. 31-12-84.
CHAPTER 6.—CONTINGENCIES

SECTION I.—INTRODUCTORY

95. The rules in this Chapter are supplementary to the general rules of procedure prescribed in Section V of Chapter IV of the Madhya Pradesh Treasury Code, Volume I, and have to be applied, where necessary, in conjunction with them.

96. The orders relating to the supply of articles for the public service are contained in the Store Rules in Appendix 5; and miscellaneous rules regarding contingent expenditure on certain other objects are given in Appendix 6.

97. Special rules applicable to particular departments are contained in the Manuals, Codes, etc., of the departments concerned.

98. The term 'Contingencies' covers all incidental or other expenses which are incurred for the management of an office as an office or for the technical working of the department. Expenditure on contingencies is classified in the budget mainly under the following standard objects of expenditure or units of appropriation:

(i) Wages.
(ii) Office expenses.
(iii) Payment for professional services.
(iv) Rents, Rates and Taxes.
(v) Publications.
(vi) Advertising, Sales and Publicity expenses.
(vii) Hospitality expenses.
(viii) Secret service expenditure.
(ix) Maintenance.
(x) Motor vehicles.
(xi) Other charges.

The different classes into which the contingent charges classified under the above units are further divided, incurred on public service and conditions governing them are laid down in Section V of Chapter IV of the M. P. Treasury Code, Volume I. The classification to be adopted in each department or office is regulated by general or special orders of Government. Appendix 7 contains a list of classification of contingent charges of various departments.

99. Contingent charges are to be recorded and treated in the accounts as charges of the month in which they are actually disbursed from treasury.

SECTION II.—POWERS OF SUBORDINATE AUTHORITIES TO SANCTION CONTINGENT CHARGES

100. (1) The Financial powers of subordinate authorities to sanction contingent expenditure are regulated generally by the orders embodied in Book of Financial Powers 1983 Vol. I and by such other general or special orders as may be issued by Government in this behalf.
(2) With the exception of the charges mentioned in sub-paragraph (3) below all contingent charges may be incurred on the authority of the head of the department.

Note 1.—Such authorities as have not been delegated separately greater powers, on any particular item or items of contingent expenditure by special orders of Government will exercise only those powers which have been vested in them under sub-rule 100 (1) of the Madhya Pradesh Financial Code, Volume I.

Note 2.—In the case of the Madhya Pradesh Secretariat the Chief Secretary is declared as Head of the Department with the Chief Accounts Officer as the drawing and disbursing officer in respect of pay and allowances of the Secretariat establishment (both class III & class IV Government servants) and contingent expenditure in respect of both 'Secretariat' and 'Ministers' Subject to budget provision, the powers of the Chief Secretary to sanction contingent expenditure on the items given below have further been delegated as under:

(a) The Chief Accounts Officer, Madhya Pradesh Secretariat.
   (i) Service postage stamps.
   (ii) Charges for electricity and water.
   (iii) Charges on account of telephones.
   (iv) Municipal taxes.
   (v) Charges for postage, telegrams phonograms M. O. commission, bank draft, commission.
   (vi) On items other than those mentioned above but not exceeding Rs. 500 on any single item.

(b) The Under Secretary, G. A. D. (Superintendence).
   On items other than those mentioned in (a) above but not exceeding Rs. 1,000 on any single item.

(c) The Deputy Secretary, G. A. D. Incharge Secretariat establishment.
   On items other than those mentioned in (a) above exceeding Rs. 500 but not exceeding Rs. 10,000 on any single item.

(d) The Secretary/ Special Secretary, G. A. D. Incharge Secretariat establishment.
   On items other than those mentioned in (a) above exceeding Rs. 10,000 but not exceeding Rs. 25,000 on any single item.

The Chief Accounts Officer will be the drawing and disbursing officer for all this expenditure and a certificate to the effect that necessary sanction for incurring the same has been duly obtained will be furnished by him on all such bills claiming the charges. The charges of special or unusual nature will be incurred after they are duly sanctioned by the State Government.

(3) (a) The following charges in all cases require the previous sanction of the Government:

1. Charges on account of installation of telephone and telephone rent.
2. Creation of posts of class IV servants paid from contingencies.

(b) The following charges require the previous sanction of the Government except in so far as power has been delegated to sub-ordinate authorities in the rules quoted against each:

1. Purchase of furniture, instruments and survey appliances exceeding Rs. 500 in value for each article.
(2) Rent of buildings occupied for public purposes. Paragraph 60 Appendix 6, Madhya Pradesh Financial Code, Volume II.


(4) Subject as aforesaid, the head of an office may incur or sanction expenditure on contingencies within the amount of appropriation placed at his disposal for the purposes, provided that—

(i) in cases where any special rule, restriction, limit or scale has been prescribed by competent authority regarding particular item or class of contingent expenditure, it should be strictly observed.

Note.—Special rules, restrictions, etc., prescribed by Government regarding individual items of contingencies are laid down in Appendix 6.

(ii) Contingent expenditure of an unusual character or involving departure from any general or special rule or order made by Government should not be incurred, nor should any liability be undertaken in connection therewith, without the previous sanction of Government.

(5) In respect of contract contingent charges for which a lump sum is placed annually at the disposal of a disbursing officer, no formal sanction will be required for expenditure incurred within the annual allotment, except in so far as the authority fixing the contract allotment issues direction to the contrary.

(6) The head of an office may authorise any gazetted Government servant serving under him to incur expenditure under sub-paragraph (1) above, subject to the conditions specified in Subsidiary Rule 125 of the Madhya Pradesh Treasury Code, Volume I.

101. In the case of special contingent charges for which the sanction of superior authority is necessary for incurring them, if the sanctioning authority finds it more convenient to accord his sanction by countersigning the bill in which the charge in question is included instead of forwarding a copy of his orders sanctioning the expenditure to the Accountant-General, there is no objection to his doing so, and a separate sanction, will not, in such cases, be insisted upon by the Accountant-General.

SECTION III.—PERMANENT ADVANCES

102. Permanent advances may be granted to officers who may have to make payments before they can place themselves in funds by drawing on the treasury. Examination of the account of these advances should be made by the controlling authorities whenever an office is inspected. They are subject to the following rules:—

(i) The amount of the advance will be fixed by Government except in cases falling under clause (ii).

(ii) Heads of departments may sanction the grant of permanent advances for offices subordinate to them, up to the amount advised by the Accountant-General as appropriate. The permanent advances for offices of heads of departments must, however, be sanctioned by the next superior administrative authority or the State Government.

Note.—Permanent Advance should be drawn from the head "872-Permanent Cash Imprest".
(iii) Applications for the grant or revision of a permanent advance must be submitted to the sanctioning authority through the Accountant-General who will advise as to the appropriate amount of the advance. In cases falling under clause (ii) above, if there is any difference of opinion between the Accountant-General and the sanctioning authority on this point, the matter should be referred for the orders of Government.

Note.—The applications for permanent advances should be accompanied by a statement showing month by month for the preceding twelve months the amounts of contingent bill cashed with classified details of items of expenditure.

(iv) As these advances involve the permanent retention of money outside the treasury they must not be larger than is absolutely essential.

(v) These advances should not be multiplied unnecessarily. An officer’s advance should meet the needs of every branch of his office. If he has subordinates who require petty sums he should rather spare a small portion of his own advance for their use than apply for separate advances for them, taking acknowledgments from them in the same way as he himself furnishes acknowledgments to the Accountant-General and retaining them in his office.

(vi) The advance is intended to provide, on the responsibility of the officer entrusted with it, for emergent petty advances of all kinds, though it is seldom that they will be needed for other than contingent charges; thus, if a Class IV servant is required to travel by rail, his fare must sometimes necessarily be advanced from this amount.

(vii) In the case of transfer of charges and yearly on the 15th April, each officer holding a permanent advance must send an acknowledgment to the Accountant-General of the amount due from and accountable for by himself as on the 31st March preceding. If this be not received, the Accountant-General must demand it immediately. The acknowledgment should be sent in Form M. P. F. C. 8.

(viii) The holder of a permanent advance or an imprest is responsible for the safe custody of the money placed in his hands, and he must at all times be ready to produce the total amount of the money in vouchers or in cash.

Note 1.—The cost of service books required for office establishment should be met, in the first instance, from the permanent advance of the office concerned the permanent advance being subsequently recouped from the amount realized by the sale of the books to Government servants.

Note 2.—Advances of travelling allowance on tour may be given to class IV servants employed in Divisional and Sub-divisional offices of the Public Works Department from the drawing account of the offices and treated as temporary advances.

Note 3.—Advances of travelling allowance on tour may be given to all the Government servants of the Madhya Pradesh Secretariat and Vidhan Sabha Secretariat out of the permanent advance in those cases only in which the officials whose pay is drawn on establishment pay bills are required to proceed on tour on a short notice and it is not possible to draw the advance in time from the treasury.
103. In the case of a district officer, whose permanent advance has to meet the disbursements of several departments, the contingent abstract of one department will not be as large as the total permanent advance; but on the last day of the month, and whenever charge of the office is transferred in the course of the month, the contingent abstracts of all the departments should be submitted at the same time in accordance with Subsidiary Rule 301 of the Madhya Pradesh Treasury Code, Volume I. Except under these circumstances it is not desirable that contingent abstracts should be made out for those departments in which there has been but little expenditure every time the permanent advance runs low.

Retrenchments should not, under any circumstances, be made good from the permanent advance, pending appeal or further reference as to their validity.

SECTION IV.—CONTROL OF CONTINGENT EXPENDITURE

104. For purposes of control and audit, Government will issue orders specifying the nature or object of contingent charges of particular disbursing officers which should be classed as countersigned contingent charges to be drawn and accounted for in accordance with the procedure prescribed in Subsidiary Rule 313 et seq. of the Madhya Pradesh Treasury Code, Volume I.

Expenditure incurred by a disbursing officer on objects classed as countersigned contingencies must come under the direct supervision and scrutiny of the head of the department or the controlling officer who will sign the detailed bills relating to them. Monthly detailed bills in respect of countersigned contingent charges incurred by each officer should be submitted to the controlling authority concerned, for detailed scrutiny and transmission after countersignature to the Accountant-General. Full details of such charges need not be entered in the abstract bills present for payment at the treasury.

A competent authority may in respect of specified items of countersigned contingent charges require the abstract contingent bills to be sent to the controlling authority for scrutiny and countersignature before it is presented for payment at the treasury.

Note.—The provisions of this rule do not apply to contingent charges of the offices of heads of departments and those of other offices mentioned in note below Subsidiary Rule 308 of the Madhya Pradesh Treasury Code, Volume I, which will be drawn and accounted for in accordance with the procedure laid down in the following rules.

105. No detailed bills need be submitted to a higher authority for contingent charges which are not classed as countersigned contingencies, each bill presented at a treasury should, therefore, contain full details of the expenditure, supported by necessary sub-vouchers for individual payments included in the bill.

106. The duties and responsibilities of disbursing and controlling officers with regard to contingent expenditure incurred on the public service are defined in Subsidiary Rules 290 to 293 of the Madhya Pradesh Treasury Code, Volume I. The head of each department should issue such subsidiary instructions as may be necessary for the guidance of controlling and disbursing officers subordinate to him.
107. Detailed instructions as to the general procedure for the control of expenditure against appropriation are contained in Chapter 15. The following special instructions are laid down for the control of contingent expenditure:

(i) Where the appropriation for contingent charges covers expenditure on a number of distinct and individually important objects or class of expenditure, such appropriation should be distributed by the controlling authority among the important items comprised in it. If some of the items are not important; those items taken as a whole may be treated as a single important item for this purpose. The expenditure on each important item should be watched and controlled separately against the allotment for it, especially when the charges are of a fluctuating nature. The contingent register prescribed in Subsidiary Rule 297 of the Madhya Pradesh Treasury code, Volume I, should be so designed that this can be done conveniently.

(ii) For countersigned contingencies, the monthly detailed bills provide all the information required by the controlling authority for checking the expenditure against the appropriation. If in any month, the expenditure exceeds the monthly proportion of the appropriation for the year, the disbursing officer should send a report to the controlling authority along with the detailed bill, furnishing special reasons for incurring the excess expenditure.

(iii) For non-countersigned contingencies, the controlling authority should get monthly statements from each disbursing officer of the progressive expenditure compared with the allotment under each item for which there is a specific appropriation or allotment. If the expenditure is progressing too rapidly, he should instruct the disbursing officer to curtail it to the necessary extent. He should, also during his local inspections, scrutinize the contingent registers of the offices under his control and satisfy himself generally that the charges are necessary and not excessive, the rates correct, the sanction obtained adequate, etc.

Note.—The controlling officer will be personally responsible for seeing that the subordinate officers submit the Detailed Contingent Bills on the prescribed dates.

SECTION V.—SPECIAL RULES RELATING TO PARTICULAR KINDS OF CONTINGENCIES

Contract Contingencies

108. When under any special order of competent authority a lump sum is placed annually at the disposal of a disbursing officer for expenditure on specified items of contingencies without further restrictions, the officer incurring expenditure against the lump sum allotment should be held entirely responsible for the regularity of such expenditure, and for any expenditure in excess of such allotment until the excess is sanctioned by competent authority.

Contingencies regulated by Scales

109. Contingencies regulated by scales include such charges as liveries to Class IV servants, rewards for destruction of wild animals, batta to witnesses and the like. The State Government may lay down conditions precedent to the
application of the scale making it clear whether the bill must be countersigned before or after payment and what certificates, if any, should support the bills. It should be the duty of the controlling officer to see that the charges incurred are in accordance with the prescribed scales and the conditions which govern them.

SECTION VI.—EXPENDITURE FOR OTHER GOVERNMENT SERVANTS

110. The conditions under which a department of Government may make charges for services rendered or articles supplied by it and the procedure to be observed in dealing with such charges are laid down in Chapter 15 of these rules and Appendix 14 of the Madhya Pradesh Financial Code, Volume II, and in Subsidiary Rules 332 to 336 of the Madhya Pradesh Treasury Code, Volume I. When a Government servant makes purchases or incurs expenditure through an officer in another district and the amount to be paid on account of contingent expenditure incurred in this way is not less than Rs. 50, payment may be made by Government Drafts, but otherwise every Government servant who incurs expenditure in this way must treat it as expenditure of his own office, and not demand recoupment from the Government servant at whose request he, as an agent, incurs the expenditure. The charge must, however, be taken as expenditure of the department to which the Government servant requiring the expenditure is attached and, therefore, a Government servant should address his applications for any service to the principal officer of his department in the district indented on, e.g., a police officer should ask the District Superintendent, not the Magistrate, to purchase blankets for him. The Magistrate in such a case would pass on the indent, or the voucher if he has supplied any articles, to the Police Officer, who would deal with the charge if it is less than Rs. 50 as a final one of his own office, applying to the proper authority for an extra appropriation, if his own should fall short before the end of the year. The responsibility for obtaining proper sanction should always rest with the originating Government servant.

Note 1.—This rule is not applicable when purchases are effected in the capital town of a State the cost may in such cases be sent by Government drafts if it is not less than Rs. 25, and by Postal Money Order if it is less than Rs. 25.

Note 2.—The rule does not also apply to expenditure chargeable to local funds which should always be recovered.

SECTION VII—MISCELLANEOUS

111. In any bill drawn against a sanction, the sanction should be quoted, and in the case of expenditure requiring the previous sanction of controlling Officer, the latter are required to see, at the time of countersigning the monthly bill, that the quotations of sanction where necessary have been duly made.

112. The sanction required by these rules are quite independent of any sanctions to budget estimates, or of any budget allotments. The budget estimates and allotments are merely the calculations (made and approved at the beginning of the year) of the probable amount of expenditure to be sanctioned and incurred during the year under the above or any other prescribed rules.

113. It is to be understood that the amount stated in the sanction is the limit within which expenditure is to be incurred. Officers should save as much as possible in spending money against a sanction, but the amount saved should remain undrawn and should not be considered as at the disposal of the disbursing officer for other unsanctioned purposes.
CHAPTER 7—STORES

SECTION I—INTRODUCTORY

114. This Chapter contains the general rules applicable to all departments, regarding stores required for use in the public service. Detailed rules and instructions relating to the various departments responsible for or concerned in large purchases, manufactures or consumptions of stores, are contained in the departmental regulations relating to the departments concerned.

Note.—The term 'Stores' used in this Chapter applies generally to all articles and material purchased or otherwise acquired for the use of Government, including not only expendable and issueable articles in use or accumulated for specific purposes, but also articles of dead stock of the nature of plant, machinery, instruments, furniture, equipment, fixtures etc.

115. Expenditure on stores is included under contingent expenditure (except when it is treated otherwise, e.g., stores relating to works) and subject to what is provided in the following rules, is governed generally by the rules which apply to such expenditure. The rules in this Chapter should be observed also in conjunction with those contained in Section VII of Chapter IV of the Madhya Pradesh Treasury Code, Volume I.

SECTION II—PURCHASE AND ACQUISITION OF STORES

Authorities Competent to Purchase Stores

116. Subject to any special rules or order applying to any particular department, an authority which is competent to incur contingent expenditure may sanction the purchase of stores required for use in the public service in accordance with the provisions contained in the following rules. Such purchases are also subject to the usual restrictions regarding the existence of necessary appropriation and to any monetary limits and other conditions prescribed generally or in regard to specific articles or classes of articles.

Rules and Instructions Governing the Purchase of Stores

117. (1) All purchases of stores for use in the public service should be regulated in strict conformity with the Stores Rules and subsidiary instructions issued thereunder, as contained in Appendix 5.

(2) A Government servant who buys any stores for use in the public service without calling for tenders, when he ought, according to rule and instructions contained in Appendix 5, to call for tenders is liable to be called upon by a superior authority or the Accountant-General to justify the method of purchase which he has adopted.

(3) No tenderer has any right to be told of the reasons for rejecting his tender, and the reasons for rejection should not be communicated to any tenderer.

118. Purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Requirements of the year should be estimated as far as they can be foreseen and as far as possible sufficient stock should be purchased during the cheapest season, unless the articles are such
that they are likely to depreciate or deteriorate during storage. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

Where scales of consumption or limits of stores have been laid down by competent authority, the Government servant ordering a supply should certify on the purchase order that the prescribed scales or limits are not exceeded.

119. Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

120. (1) All indents sent out to the Director-General, India Store Department, London (whether by formal indent, letter or telegram), should state clearly and accurately the grant number and the head of account to which the cost of the stores is debitable the amount of appropriation provided and an estimate of cost of each item.

The indents should be prepared in such form and in accordance with such general or special instructions as may be issued by Government in this behalf.

(2) Indents should not be sent out so late in the financial year that they cannot possibly be complied with and paid for within that year. If the Director-General receives any indent which he cannot possibly comply with before the end of the financial year, he will carry it over to the following financial year under intimation to Government.

(3) If it is essential to send out an indent to London before the sanctioned appropriation has been communicated to the authority concerned, the consent of the Finance Department should be obtained. In such cases the words, “The Finance Department has agreed to indent being executed” should be written on the indent.

(4) The purchasing officer should distinguish very carefully between stores to be bought through the agency of the Director-General, India Store Department and stores merely to be delivered to him for despatch and shipment through his agency. See also Subsidiary Rule 400 of the Madhya Pradesh Treasury Code Volume I.

Receipts of Stores

121. All materials received should be examined, counted, measured, or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government servant who should see that the quantities are correct and their quality good, and record a certificate to that effect. The Government servant receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

Issue of Stores

122. When materials are issued from stock for departmental use, manufacture, sale, etc., the officer-in-charge of the store should see that an indent in the prescribed form has been made by a properly authorised person, examine it carefully with
reference to any orders or instructions for the issue of stores, and sign it after making suitable alterations under his dated initials in the description and quality of materials if he is unable to comply with the requisition in full. He should then prepare and sign the form of the invoice attached to the indent according to the supply actually made. The indent should be returned at once to the requisitioning officer for signature. When materials are issued, a written acknowledgment should be obtained from the person to whom they are ordered to be delivered or despatched, or from his duly authorised agent. Every issue should be recorded in the stock account at the time when it is made.

In case of store issued to a contractor, the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued, including the recovery rates and the total value chargeable to the contractor.

Transfer of Charge of Stores

123. In cases of transfers, the officer-in-charge of stores should see that the stores in his custody are made over correctly to his successor and a proper receipt taken from him.

Every departmental Government servant is bound to take over charge of departmental stores which, from the death or departure of the person lately in charge or from any other cause, may be left at or near his station without adequate protection. For detailed instruction see rule 81.

SECTION III.—CUSTODY AND ACCOUNTS OF STORES

General

124. The head of an office or any other Government servant entrusted with stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from loss, damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores. He should maintain suitable accounts in respect of the stores in his charge with a view to preventing losses through theft, accident, fraud or otherwise, and to making it possible at any time to check the actual balances with the book balance and the payment to suppliers, etc.

125. The form of stock account mentioned in the preceding rule should be determined with reference to the nature of the stores, the frequency of the transaction and the special requirements of each department or office in which they are used. The same form of stock account would not be suitable both for consumable articles, such as dietary stores kept for use in a hospital or jail, and also for ordinary office furniture. Ordinarily each office should keep its stock accounts in the form and according to the instructions laid down in the departmental regulations, or by any general or special orders of the Government which apply to that particular department. If no such form and instructions have been prescribed, or even if prescribed, a competent authority has held that they are defective, then the stock accounts should be maintained in accordance with the general principles laid down in the following rules. Where audit of the accounts of stores and stock has been undertaken by the Accountant-General, he will bring to notice cases in which there is a hiatus to be filled up by the application of these rules or in which losses to Government could have been avoided by the use of these rules.
126. Separate stock accounts should be kept of—

(a) Dead stock, such as plant, machinery, furniture, equipment, fixtures; and
(b) Other stores.

Dead Stock

127. An inventory of the dead stock should be maintained in all Government offices in a form prescribed by the head of department concerned, showing the number received, the number disposed of (by transfer, sale or loss, etc.) and the balance in hand for each kind of article. A model form will be found in Form M. P. F. C. 9.

128. The instructions given below should be carefully observed by all concerned:

(i) The inventory should be priced whenever the items have to enter into the block account maintained for a Government commercial undertaking or the value of the item is necessary in order to enable Government to calculate the charge to be levied upon private persons or bodies. As regards other items, a numerical inventory would suffice except for articles costing above Rs. 25.

Note.—For the purpose of numerical inventory, articles of similar description such as tables, durries, carpets, etc., should be put into separate categories, each category comprising articles of the same measurement and make and manufacture with the same metal or wood or other material.

(ii) The inventory should ordinarily be maintained at the site of the dead stock. For example, where an office is large and the furniture, etc., is kept in several rooms, the head of the office should have an inventory of the furniture, etc., kept in each room hung up in the room and kept up to date in order to facilitate the annual verification and fix the responsibility for any loss that may occur. Whether it is desirable, in any particular case to depart from this general principle or to maintain additional consolidated inventories elsewhere should be decided on the merits of each case.

(iii) The inventory should be checked by the controlling authority or any officer nominated by him once a year and a certificate of the result of check recorded.

(iv) Articles of dead stock should be verified at least once a year and the result of verification recorded on the inventory. All discrepancies noticed must be properly investigated and brought to account immediately so that the inventory may represent the true account.

(v) When articles of dead stock, e.g., tools and plant are lent to local bodies, contractors and others, the hire and other charges as determined under rules prescribed by competent authority should be recovered regularly.

(vi) Government libraries and museums should maintain up to date catalogues as well as prescribed stock accounts and inventories.
Other stores

129. A reliable list, inventory or account of all stores in the custody of Government servants should be maintained, in a form prescribed by the head of department concerned, to enable a ready verification of stores and check of accounts at any time, and transactions must be recorded in it as they occur.

130. Priced lists, recording both quantities and values, should be maintained in cases where the stores are intended to be converted into money, or where it is desired to distribute their cost over the works, items or objects on which they are actually used.

In such cases, the expenditure on stores must be charged to stores suspense, head in the first instance.

131. Purely numerical inventories, i.e., recording quantities only will suffice for articles costing up to Rs. 25 when the articles are intended solely for the service of the department keeping them and it is not desired to distribute their cost. In such cases the expenditure on stores must be charged off finally to the service concerned.

Note.—In some cases it may be found necessary to show prices and measurements, etc., vide note below rule 128(i) against, some articles, say, when for facility for identification or other reason, it is desirable to distinguish costly articles from cheap articles bearing the same general description otherwise.

132. The lists, inventories or accounts of stores should in all cases be subject to such internal check as may be prescribed by State Government whether or not they are subject to any check by the Accountant-General. The procedure and extent of internal check should be laid down in the departmental manuals concerned.

133. A physical verification of all stores should be made at least once in every year under rules prescribed by heads of departments concerned and subject to the condition that the verification is not entrusted to a person—

(i) who is the custodian, the ledger-keeper or the accountant of the stores; to be verified, or who is a nominee of, or is employed under, the custodian, the ledger-keeper or the accountant; or

(ii) who is not conversant with the classification nomenclature and technique of the particular classes of stores to be verified.

The verification should never be left to low-paid subordinates and in the case of large and important stores, it should be, as far as possible, entrusted to a responsible Government servant who is independent of the superior executive officer in charge of the stores.

134. A certificate of verification of stores with its results should be recorded on the list, inventory or account, as the case may be, where such a verification is carried out.

135. In making a physical verification, the following instructions should invariably be observed:—

(i) verification must always be made in the presence of the officer responsible for the custody of the stores or of a responsible person deputed by him;
(ii) all discrepancies noticed should be brought to account immediately in the manner indicated below so that the book balance may be set right and the account may exhibit the true state of the stores:

(a) Any excess detected during verification should be entered in the stock account as "Receipt" with the remark "excess found on stock verification".

(b) Any deficit notice should be noted in the stock accounts in the column "Particulars of Issues" and described as "shortage found on stock verification". No entry should be made in the "Quantity" column so that the articles found short may continue to be borne on the stock accounts until the loss is adjusted either by a recovery or a sanctioned write-off;

(iii) shortages, and damages, as well as unserviceable stores should be reported immediately to the authority competent to write-off the loss.

136. Balance of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. In order to ensure the observance of this rule, a periodical inspection should be made by a responsible Government servant, who must submit a report of surplus and obsolete stores to the authority competent to issue orders for their disposal (See Rule 140). The inspection should, unless there be good reason to the contrary, be made six-monthly in the case of perishable stores and once a year in the case of other stores. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

137. Where a priced inventory is maintained, it is essential that the values recorded therein shall not be materially in excess of the market value of the stores. The head of the department concerned must issue instructions to govern—

(i) the fixation of prices with reasonable accuracy;
(ii) the periodical review and revision of rates; and
(iii) the agency to be employed in periodical revaluation.

Note.—The "market value" of an article, for this purpose, means the cost per unit at which the article or an article of a similar description can be procured at a given time at the Stores Godown, from some suitable public markets.

138. All profits and losses due to revaluation, stock-taking or other causes should be duly recorded and adjusted where necessary. Formal sanction of competent authority should be obtained in respect of losses, even though no formal correction or adjustment in the accounts is involved.

139. (1) Losses due to depreciation should be analysed, and recorded under following heads, according as they are due to—

(i) normal fluctuation of market prices;
(ii) fair wear and tear;
(iii) lack of foresight in regulating purchases;
(iv) neglect after purchase.

(2) Losses not due to depreciation should be grouped under the following heads:

(i) losses due to theft or fraud;
(ii) losses due to neglect;
(iii) losses due to an act of God and other calamities, such as fire, enemy action, etc.;
(iv) anticipated losses on account of surplus age of obsolete stores or of purchases in excess of requirements;
(v) other losses due to damage, etc.

Sale and disposal of stores and writes off of Stores

140. The previous sanction of competent authority should be obtained to the writing off of all losses, deficiencies or depreciation in the value of stores.

141. (1) Subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise, under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

(2) Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to be disposed of, i.e., whether by sale, public auction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable lists from which their disposal can be watched.

(3) When any stores become unserviceable otherwise than in the ordinary course or by fair wear and tear, (e.g., by avoidable carelessness, neglect or misuse) their value should be treated as loss to Government and in such cases the procedure for reporting and dealing with losses as contained in rules 22 to 26 should be followed.

142. Sales to private persons of stores other than those which are found to have become obsolete or unserviceable are regulated by special rules and orders applicable to particular departments. When stock materials are sold to the public or any other department or authority at their full value, a suitable percentage as determined by competent authority should be added to the book value to cover charges on account of supervision storage and contingencies. This addition may, however, be waived by the Government servant empowered to sanction the sale in the case of surplus stock which in his opinion would otherwise be unsaleable.

Opium Stock in the Custody of Treasury Officers

143. The opium in store must be kept in the treasury strong room and not elsewhere and all receipts into and issues from stock should be entered in a store register maintained for the purpose over the initials of the Treasury Officer. The
Treasury Officer should give out opium to the Treasurer as required for sale to the public, an account of opium so issued to and sold by him being kept by the Treasurer in a sub-register in suitable form to be determined by the Treasury Officer. The Treasury Officer should see that all issues to the Treasurer are entered up in the register and the proceeds of opium sold are duly credited into the treasury account. The balance of opium in the hands of the Treasurer should be checked by the Treasury Officer at least once every month. No more opium should be issued to the Treasurer than is necessary to meet current demands.

Audit of Stores and Stock Accounts

144. When audit of the accounts of stores and stock kept in any office or department is undertaken by the Controller and Auditor-General it will be conducted in accordance with the regulations embodied in Appendix 8.
CHAPTER 8 — WORKS

SECTION I — INTRODUCTORY

145. (1) The term "work" when used by itself in this chapter in a comprehensive sense applies not only to works of construction or repair, but also to other individual objects of expenditure connected with the supply, repair and carriage of tools and plant, the supply or manufacture of other stores or the operations of a workshop.

Note.—The general rules regarding the acquisition, custody and accounts of stores are included in Chapter 7 for the sake of convenience.

(2) Subject to any general or special rule or order of Government to the contrary, the term "administrative control" as applied to works implies inter alia the assumption of full responsibility for the construction, maintenance and upkeep of buildings and other works and the provision of funds for the execution of those functions (See Article 33 of the Account Code, Volume I).

146. Subject to the observance of the following general rules which are supplementary to the rules of procedure prescribed in Section VIII of Chapter IV of the Madhya Pradesh Treasury Code, Volume I, and have therefore, to be applied, where necessary, in conjunction with them, the initiation, authorisation and execution of works allotted to particular departments should be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

SECTION II — GENERAL RULES

147. Except in cases covered by any special rules or orders of Government, no work should be commence or liability incurred in connection with it until—

(i) administrative approval has been obtained from the authority appropriate in each case;

(ii) sanction, either special or general, of competent authority has been obtained authorising the expenditure;

(iii) a properly detailed design and estimate has been sanctioned; and

(iv) funds to cover the charge during the year have been provided by competent authority.

If, in any case, whether on grounds of urgency or otherwise an executive officer is required by superior authority to carry out a work or incur a liability which involves an infringement of these fundamental rules, the orders of such authority should be conveyed in writing. On receipt of such written orders or, in cases of emergency on his own responsibility, the officer may proceed to carry out the necessary work, subject to the condition that he immediately intimates to the Accountant-General that he is incurring an unauthorised liability and states approximately the amount of the liability which he is likely to incur.

148. (1) The powers delegated to various subordinate authorities to accord administrative approval and to sanction expenditure upon works are regulated by the orders contained in the Madhya Pradesh Book of Financial Powers and other specific orders of delegation.
(2) For purposes of approval and sanctions, a group of works which forms one project should be considered as one work, and the necessity for obtaining the approval or sanction of higher authority to a project which consists of such a group of work is not avoided by the fact that the cost of each particular work in the project is within the powers of approval or sanction of any authority subordinate thereto.

Note.—While no officer may sanction any estimate for a work which cannot be fully efficient unless other works are also sanctioned if the cost of all such works collectively exceeds his powers of sanction, it is not the intention that two or more works should be regarded as forming part of a group of works merely because they are of the same nature, if they are otherwise mutually independent.

149. The authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution.

150. Any development of a project though necessary while a work is in progress, which is not fairly contingent on the proper execution of the work as first sanctioned, should be covered by a supplementary estimate.

151. To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained for each locality and kept up to date. It should be prepared on the basis of the rate prevailing in each locality and necessary analysis of the rates for each description of work and for the varying conditions thereof should, as far as may be practicable, be recorded.

The rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

When works are given out on contract, the general principles laid down in rules 20 and 21 should be carefully borne in mind.

SECTION III.—WORKS UNDER THE ADMINISTRATIVE CONTROL OF THE PUBLIC WORKS DEPARTMENT

152. Provision for expenditure on all buildings, communications and other works required by civil departments, which Government have not specially allotted to such departments, should be included in the grant for “Public Works” to be administered and accounted for by Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for Public Works.

Note.—Separate grants are obtained for expenditure on Irrigation, Embankment and Drainage works in charge of the Public Works Department.

SECTION IV.—WORKS UNDER THE ADMINISTRATIVE CONTROL OF OTHER CIVIL DEPARTMENTS

153. Save where any particular department (e.g. the Forest Department) has been authorised by Government to execute all or specified classes of departmental works without reference to the Public Works Department and subject to
any special rule or order issued by Government to apply to special classes of works, all original works, and special repairs costing more than Rs. 2,500 relating to building and other works, the administrative control of which vests in other departments should be executed through the agency of the Public Works Department. In exceptional cases in which the Public Works Department is not employed for the execution of such works or repairs, the Accountant-General should invariably be consulted at the initial stage, i.e., prior to an agreement being entered into with an architect or contractor so that suitable provision may be made as far as possible for normal audit and financial control.

154. The Forest Department's works are usually executed in out of the way localities and under special circumstances with which the Forest Officers are better acquainted than the Public Works Officers. Accordingly that department executes all its own works departmentally, irrespective of cost. If the Chief Conservator of Forests wishes to entrust any work, for the execution of which the agency of the Public Works Department is considered more suitable, he should address the Chief Engineer, Public Works Department, in the matter. In the case of a difference of opinion between the two officers, the Chief Conservator of Forests should obtain the orders of Government.

155. When works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed, in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

156. Expenditure on works of petty constructions and repairs costing Rs. 5000 or less relating to buildings under the administrative control of a civil department, other than the Public Works Department, may be drawn and charged as contingent expenditure of the department concerned, provided that where any individual item of such petty works costing Rs. 2,500 or less forms part of a bigger programme, the expenditure should be treated as “works expenditure” of the department carrying out the work.

SECTION V.—SPECIAL RULES FOR SANITARY, WATER-SUPPLY AND ELECTRIC INSTALLATION TO GOVERNMENT BUILDINGS ETC.

157. Except as ordered by Government in special cases, all works and repairs in connection with sanitary, water-supply and electric installations to Government buildings should be carried out by or through the agency of the Public Works Department.

Note.—The rules relating to the provision of these installations in Government buildings occupied as residences are laid down in rules 45-A and 45-B of the Fundamental Rules and the Supplementary Rules issued thereunder.

158. Expenditure incurred by civil department in connection with these installations, where it does not exceed Rs. 2,500 may be charged as contingent expenditure of the department carrying out the work.
159. In respect of buildings available for occupation as residences capital and revenue accounts are prepared periodically by the Accountant-General in accordance with the directions given in the Account Code, Volume IV, and any further orders that Government may issue in this behalf. The capital and revenue accounts are designed to check the expenditure on and realisation of rent from residential buildings and to show the financial result of the undertaking by the Government to maintain residences for their officers. All officers concerned should furnish the Accountant-General annually with the necessary data in respect of such buildings in such form as may be prescribed by the Accountant-General.

160. Government may sanction expenditure on ceremonies connected with the inauguration of important public works, e.g., the laying of foundation stones of public buildings, the opening of canals, the opening of bridges, etc.

Note 1.—The expenditure on such functions should be limited to the minimum absolutely necessary and the Finance Department should be afforded full justification for any such contemplated outlay before any commitments are entered into with regard to it.

Note 2.—The expenditure on such functions should be debited:—

(a) in the case of Irrigation projects for which separate capital accounts are maintained, to the revenue account of the project;

(b) in the case of "other works under the administrative control of the Public Works Department to the contingencies of the sanctioned estimate.

Note 3.—The expenditure on the inauguration ceremony of a building or project after completion should be debited to "office expenses" under the concerned departmental budget.

161. The preparatory stages of a major work may take anything from three months to a year and attempts to expedite the execution of works contrary to Code rules lead to bad estimating and computing and, to actual losses of money. It is desirable that any tendency to rush the preparatory stages for works should be checked. The Chief Engineer and his subordinate, officers should accordingly take, in all cases, such time as is considered necessary, for the preparation of proper estimates, the grant of technical sanction, and the invitation and examination of tenders and refrain from entertaining request from administrative departments for special treatment. In emergent cases, however, where circumstances warrant a departure from methods laid down by the Codes, the Public Works Department may issue special instructions on a 'reference received from the administrative department concerned.

162. No building may be purchased for a public purpose without the orders of Government. In such cases the proposals should be submitted to Government by or through the Head of the Department concerned. The valuation of the sites and buildings should be made by the Revenue Department in consultation with the Public Works Department officers on any point requiring technical advice.
163. No public building which is under the administrative control of civil department other than the Public Works Department may be sold or dismantled without the previous sanction of Government in General Administration Department.

Note.—The power to sell public buildings constructed and maintained from provision made in the Police budget, and whose book value is not greater than Rs. 2,500 has been delegated to the Inspector-General of Police. Before the building is sold, the Deputy Commisioner should certify that he has ascertained, after due enquiry, that the Government building for sale is not wanted by another department and could not be conveniently utilized for any public purpose.
CHAPTER 9.—MISCELLANEOUS EXPENDITURE

SECTION I.—GENERAL

164. The term "miscellaneous expenditure" applies generally to all expenditure in the civil departments, which does not fall under the category of pay and allowances of Government servants, pensions, contingencies, grants-in-aid, contributions, stores or works.

Note.—Grants-in-aid and contributions have, however, been dealt with in this chapter for the sake of convenience.

165. Miscellaneous expenditure is subject generally to the rules of procedure which apply to contingent expenditure, except in so far as it may be governed by any special rules or orders made by competent authority.

SECTION II.—REFUNDS OF REVENUE

166. Refunds of revenue are broadly classified as—
(i) refunds to which the claimants are legally entitled, and
(ii) refunds which are made ex-gratia, Government being under no legal obligation to make them.

Note 1.—Refunds of revenues are not regarded as expenditure for purposes of grants or appropriations.

Note 2.—Remissions of revenue allowed before collection are to be treated as reduction of demands and not as refunds.

167. (a) A refund of revenue of the kind mentioned in clause (i) of the preceding rule should be sanctioned on application, provided that the claim is not barred by limitation under the Indian Limitation Act, 1908, or any other law or rule having the force of law.

(b) An application for a refund of revenue of the kind mentioned in clause (ii) of the preceding rule, should be rejected if it is received—

(i) when a notice has been issued to the party concerned, after 3 months from the date when the party received the notice.

Note.—The notice mentioned above should contain a clause specifying that the application for refund if not received within a period of three months from the date of its receipt by the party, will not be considered.

(ii) in other cases, after one year from the date of credit of the revenue to the Government.

168. Subject to the provisions of the relevant Acts and rules made thereunder, the sanction necessary for refunds of revenue will be regulated by the orders of the State Government and by departmental rules and orders contained in the departmental manuals, etc.

The sanction may either be given on the voucher itself or quoted in it, a certified copy being attached when such orders are not separately communicated to the Accountant-General.

Note.—The general procedure for refunds of revenue are given in Subsidiary Rules 417 to 421 of the Madhya Pradesh Treasury Code, Volume I.

169. Before a refund of any kind, otherwise in order, is allowed, the original demand or realisation, as the case may be, must be traced and a reference to the
refund should be so recorded against the original entry in the cash book or other
documents as to make the entertainment of a double or erroneous claim impossible.
Any acknowledgement previously granted should, if possible, be taken back and
destroyed and a note of the repayment recorded on the counterfoil of the receipt.
(See Subsidiary Rule 418 of the Madhya Pradesh Treasury Code, Volume I).

SECTION III.—GRANTS-IN-AID, CONTRIBUTIONS, ETC.

170. Grants are of two kinds, viz., (1) conditional, and (2) un-conditional.
A grant is conditional when it is given for a specific purpose and special conditions
are imposed at the time of the grant, regulating the manner in which the grant
may be expended.

A grant is unconditional when no conditions are attached to the utilisation of
the grant in the form of specification of the particular objects of expenditure or the
time within which the money must be spent or otherwise.

171. The sanction necessary for payment of grants-in-aid or contributions to
educational and other institutions, local bodies and co-operative societies and of
educational scholarships is regulated by departmental rules or orders. The follow-
ing rules contain instructions for the general guidance of subordinate authorities in
the matter of according sanctions for grants-in-aid.

Note.—For procedure regarding disbursement of grants-in-aid, contributions, scholarship
etc., at the treasury, see Subsidiary Rules, 423-428 of the Madhya Pradesh Treasury Code. Volume.

172. Unless in any case Government, direct otherwise, every order sanctioning
a grant should specify clearly the object for which it is given and the conditions, if
any, attached to the grant. In the case of non-recurring grants for specified objects,
the order should also specify the time-limit within which the grant or each instalment
of it is to be spent.

173. Unless it is otherwise ordered by Government, every grant made for a
specific object is subject to the implied conditions—

(i) that the grant will be spent upon the object within a reasonable time, if
no time-limit has been fixed by the sanctioning authority; and

(ii) that any portion of the amount which is not ultimately required for
expenditure upon that object should be duly surrendered to
Government.

174. Only so much of the grant should be paid during any financial year as
is likely to be expended during that year. In the case of grants for specific works
or services such as buildings, water supply schemes and the like, the sanctioning
authority should use its discretion in authorising payments according to the needs
of the work. The authority signing or countersigning a bill for grant-in-aid under
Subsidiary Rule 426 of the Madhya Pradesh Treasury Code, Volume I, should see
that money is not drawn in advance of requirements. There should be no occasion
for a rush for payment of these grants in the month of March.

175. Before a grant is paid to any public body or institution, the departmental
officer on whose signature or counter signature the grant-in-aid bill was drawn
should, as far as possible, insist on obtaining an audited statement of the account of
body or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. It is not essential for this purpose, however, that account should be audited in every case by the Indian Audit Department and it will be sufficient, therefore, if the accounts are certified as correct by a registered accountant or other recognised body of auditors. In the case of small institutions, which cannot afford to obtain the services of a registered accountant or other registered body of auditors, the sanctioning authority may exercise its discretion of exempting any such institution from the submission of accounts audited in this fashion.

Note 1.—The bodies or institutions which are in receipt of an annual recurring grant of Rs. 50,000 or more should in addition to the audited statement of Account, submit the following statement also to the sanctioning authorities:

(i) The receipt and payment accounts of the body as a whole for the financial year.
(ii) The income and expenditure accounts of the body as a whole for the financial year.
(iii) The balance sheet as at the end of the financial year for the body as a whole; and
(iv) Profit and loss accounts with auditors' report thereon (applicable only to Trading or Commercial organisations).

Note 2.—Provisions of Note-1 above would not be applicable to autonomous organisations who have their own statutory provisions regarding preparation and submission of accounts.

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

Note.—This order applies both to non-official institutions and to semi-official ones, such as public clubs, etc.

177. (a) Every conditional recurring grant will require a fresh sanction every year.

(b) In the case of unconditional recurring grants—

(i) if the amount of a grant is fixed for a definite term in the first sanctioning order, sanction need not be renewed until the amount is varied or the term ends;

(ii) where a definite term is not assigned to the continuance of a grant of a fixed amount, the sanctioning authority should, as soon as funds have been provided for the purpose, intimate the fact to the Accountant-General,

(iii) in all other cases, fresh sanction should be accorded every year to the continuance of a grant.

178. In the case of conditional grants, it is the duty of the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn to see (I).
at the conditions attaching to the grant are satisfied, and (2) in case the conditions are not fully satisfied to take steps to have the grant refunded to Government either in whole or in part, as the case may require. In the case of unconditional grants, the sanctioning authority should watch that the local body or institution receiving the grant continues to function actively as such.

179. On or before June 1 of the year, following that to which a grant relates, every local body or private institution which has received a conditional grant shall furnish the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn a statement showing how the grant has been expended what amount, if any, is refundable to Government and how far the conditions attaching to the grant have been satisfied. The above requirement should be mentioned in the sanction for the grant.

180. The authority making the grant shall then decide what amount, if any, must be refunded by the recipient of the grant and take steps to have the amount so refunded.

181. Where a grant is an annual one or is paid in instalments, the amount adjudged refundable to Government (Rule 180) shall be adjusted by short payment of the next instalment or grant.

Note.—Overdue instalments on account of repayments of loans taken by local bodies may also be recovered by adjustment from the grants payable to them.

182. Where a grant is annual or a non-recurring grant, has been given for one year only, the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn, shall on or before September 30, of the year following that to which the grant related, furnish the following certificates to the Accountant-General, namely :

(a) in the case of an unconditional grant that the local body or private institution to which the grant was given, did continue to function actively in the year to which the grant related ;

(b) in the case of a conditional grant, that the grant was utilized in accordance with the conditions of the grant. If the conditions of the grant were not fully satisfied the authority making the grant shall state which conditions were not satisfied and what steps he has taken or proposes to take either to have the conditions satisfied or to have any part or the whole of the grant refunded to Government.

183. Where a conditional or unconditional grant is given in instalments spread over a number of years, the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn, shall give a certificate, as prescribed in the foregoing rule, in respect of the instalment paid within the year to which it related.

184. In cases in which conditions are attached to the utilisation of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or counter signature the grant-in-aid bill was drawn should be primarily responsible for certifying to the Accountant-General, where necessary, the fulfilment of the conditions attaching to the grant, unless there is any special rule or order to the contrary. Before recording the certificate, the certifying officer should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose, he may require the submission to him at suitable intervals of such reports, statements, etc., in respect of the expenditure from the grant, as may be considered necessary.
185. (1) Government grants to local bodies may be either for general purposes, or for specific objects. The former are an addition to the resources of the local body, and no action is necessary to discover whether they are expended on the object for which they are intended. The object of these instructions is to ensure that grants for special purposes are expended within a reasonable time on the object for which they were given.

(2) Form of sanction.—The order sanctioning a grant should state clearly the object for which it is given and the period within which it is to be expended. Only so much of the grant should be paid during any financial year as is expected to be expended during that year, or where the grant is dependent on similar expenditure by a local body, only so much of the grant should be given which bears the same proportion to the total grant as the expenditure expected to be incurred during the year does to the total expenditure.

(3) Time of payment of grants.—Grants for or in aid of recurring expenditure such as the salary of teachers should be paid in two equal portions. The first should be made as soon as possible after the opening of the financial year and the second, half way through the year. Grants for specific works, as such buildings should be paid as soon as the local body, or the agency entrusted with the execution of the work is ready to start operations. It is not necessary, however, particularly in cases where the project is a large one, e.g., water works schemes, that the whole grant should be paid at the start. The head of the department concerned should use his discretion in regulating payments according to the needs of the work. Heads of departments should review all grants which have not been expended by the end of August, and if there is reason to believe that the full grant cannot be utilised by the end of the financial year, the grant should be reduced accordingly and budget provision proposed for the balance in the budget of the following year. There should be no occasion for a rush of payments of these grants in the month of March.

(4) Procedure for watching expenditure of grants.—The responsibility for seeing that grants are expended on objects for which they were given devolves upon the head of the department in which the grant was sanctioned. Ledger accounts are already maintained by heads of departments for works entrusted to janapada sabhas in the Form appended to Finance Department letter No. 3431-2664-X of 17th September 1926. Similar ledger accounts should also be opened for other local bodies to whom Government grants are given. As soon as work is completed, or at any time during the progress of the work if, as a result of the scrutiny of the ledger accounts or for any other reason he thinks fit, he shall ask the Deputy Commissioner, under the powers conferred by section 60 of the Local Self-Government Act and section 52 of the Central Provinces and Berar Municipalities Act, to inspect the accounts appertaining to the work. The Deputy Commissioner, who may for this purpose apply to the Accountant-General for assistance from a member of the local audit staff, or the Executive Engineer for technical advice, shall report the total of the expenditure actually debited to the work in the accounts of the local body and shall bring to the notice of the head of the department concerned any items which appear to be wrongly debited to the work and any other matters that he may think fit. If the work has been completed any balance of the grant remaining over should be refunded to Government, or deducted from the next grant made to the local body. Ordinarily, it is not expected that the Deputy Commissioner will enter into a detailed scrutiny of the accounts such as
occurs at audit, but he will satisfy himself that sums debited to the work have \textit{prima facie} been correctly debited. The necessity of asking for assistance from a member of the local audit staff will, therefore, be the exception rather than the rule.

(5) Grants are sometimes given for recurring expenditure, e.g., on salaries in such cases the head of the department concerned shall forward to Finance Department a certificate after the close of each financial year that the staff maintained has been not less than that on which the grant has been calculated, or that if it has been less, steps are being taken to adjust the difference.

(6) \textit{The function of audit.}—It is not suggested that the scrutiny by the Deputy Commissioner prescribed above shall take the place of the investigation of the local fund audit staff. The local fund auditor, after auditing the accounts of any local body will, when that body is in receipt of a Government grant, report whether the grant has been spent according to the terms attached to it or on the particular purpose for which it was given. In addition to this, he will send an annual certificate to the Accountant-General to the effect that he is satisfied, so far as test audits show, that grants made to local bodies, where accounts come under investigation are being expended on the purpose and in accordance with the conditions of the grants. This certificate will be forwarded by the Accountant-General to Finance Department. In order to enable the local audit staff to carry out these duties, copies of all orders sanctioning grants to local bodies will be sent to the Accountant-General.

(7) \textit{Failure to spend grants and diversion to other purposes.}—Grants that have not been spent or savings accruing from grants should be refunded to Government. All budgets of local bodies should show in their estimated opening and closing balances the amount of any Government grants unexpended at the beginning and end of the financial year. Such amounts shall not be taken into consideration in determining whether the closing balance exceeds the minimum balances prescribed. All such budgets shall be forwarded by the Local Self-Government to Finance Department for scrutiny. When Government grant has been diverted to a purpose other than that for which it is given, a report should be made, to Government by the head of the department concerned as soon as the diversion is discovered, and all such reports shall be examined in Finance Department. The sum diverted will be recovered by refund, or by reduction of future grants, and in cases which appear to call for special action, future grants may be reduced to a greater extent than the amount of grant so diverted. It will not, however, be necessary for the head of a department to report to Finance Department cases, in which recurring grants have not been fully expended, provided that action is taken to adjust the account.

(8) These rules do not apply to transferred works executed on behalf of the Public Works Department by local bodies.

\textbf{Grants to Local Bodies in aid of Works designed for the Benefit of the Inhabitants of Local Areas}

186. The following are the general principles laid down in the matter of grants to local bodies in aid of works designed for the benefit of the inhabitants of local areas:

(i) \textit{As a general rule the entire cost of local undertakings should be borne by the rate-payers who benefit thereby;
(ii) The assistance of Government, when required, will usually be given in the form of loans; and

(iii) When the cost is too heavy to be wholly borne by the local body even with the assistance of a loan and the work is nevertheless so important and useful that it ought not to be postponed, a grant-in-aid of a portion of the cost will be given by Government from its accumulated surplus, if it has such a surplus.

Whether the conditions indicated in (iii) above are in any given case fulfilled is a question of fact for the determination of the state Government. In considering the financial position of a local body, special regard should be paid to the existing condition of local taxation within the area. If such taxation is not at or near, its maximum, that fact should in itself suggest the inference that a grant may not actually be necessary or, if necessary, that it should be limited amount. The possibility of increasing existing taxation to its full reasonable extent should, therefore, always be carefully considered before assistance is asked for from Government.

**Expenditure from Discretionary Grants**

187. When under orders of competent authority, an allotment for discretionary grants is placed at the disposal of a particular officer, the expenditure from such grants will be regulated by general or special orders of the State Government, specifying the objects for which the grants can be made and any other condition that should apply to them. Such grants must be non-recurring, i.e. not involving any future commitments. See paragraphs 46 and 47 of the Madhya Pradesh Book of Financial Powers.

**Other Grants**

188. Grants, subventions, etc., other than those dealt with in the foregoing rules can be made under only special orders of Government.

**SECTION IV.---COMPENSATION TO CIVIL OFFICERS FOR LOSS OF PROPERTY**

189. (1) All cases in which it is proposed to grant compensation to any civil officers for the accidental loss of his property should be referred to Government for orders through the administrative department concerned.

(2) Compensation will not ordinarily be granted to a Government servant for any loss to his property which is caused by an act of God, as earthquake, floods, etc. or which is due to an ordinary accident, which may occur to any citizen, e.g. loss by theft or as the result of railway accident, fire, etc. The mere fact that it the time of the accident, the Government servant is technically on duty or is living in Government quarters in which he is forced to reside for the performance of his duties will not be considered as a sufficient ground for the grant of compensation. These points should be borne in mind while submitting proposals to Government.

**SECTION V.---MISCELLANEOUS**

Disbursement on behalf of the Defence Department

190. Disbursements for the purchase of, and compensation for, lands taken for military purposes, and for compensation for loss of crops and damage to lands,
require to be vouched by the bills and receipts of the payees and the original authorities (or certified extracts therefrom) under which the expenditure is incurred.

191. A civil officer required to supply carriage to troops on the march will advance to the owners half the hire for the whole journey, and on making over the carriage to the military authorities will recover from the requisitioning Supply and Transport Officer the amount so advanced. If the advance cannot conveniently be drawn from the permanent advance of the civil officer, an abstract bill may be drawn on the treasury, the amount of the bill and the subsequent recovery being taken to the head "Advances Recoverable".

Note.—Similarly, when a civil officer is required to supply articles to troops on the march in case where the articles are perishable, i.e., sheep, fowls, eggs, milk or where shops cannot be opened at the encamping ground, he will himself purchase the provisions intended for meeting the cost from his permanent advance or drawing it on an abstract bill.
Responsibility for the Preparation of the Budget Estimates

192. The responsibility for the preparation of the statement of estimated revenue and expenditure under Article 202 of the Constitution of India which is laid before the Vidhan Sabha in each year, as well as any supplementary estimates or demands for extra grants, lies with the Finance Department. The material on which such estimates are based is obtained by that department from the departments concerned, which are responsible for the correctness of the material itself. The Accountant-General is, however, responsible for rendering such assistance in the preparation of the budget estimates as may be settled in consultation with the Finance Department, and is bound to supply any information in connection with the budget estimates which he is in a position to furnish, and to offer any opinion or advice in connection therewith which may be required by Government.

The heads of departments and other subordinate authorities are responsible for the submission of correct detailed estimates punctually on the dates fixed by the Finance Department.

193. Detailed rules regulating the procedure for preparation of budget estimates and also the rules for control of expenditure and for sanction of re-appropriations are contained in the Madhya Pradesh Budget Manual (under preparation).
CHAPTER 11.—DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT

SECTION I.—RUPEE DEBT

194. The management of the Public Debt of the State and the maintenance of accounts relating thereto are vested in the Central Public Debt Office, which is managed on behalf of Government by the Reserve Bank. Certain functions of the Central Public Debt Office are entrusted to the Public Debt Office at Madras, Bombay and Delhi which are managed by the local offices of the Reserve Bank. A substantial part of the work, however, falls on treasuries and sub-treasuries.

195. The procedure to be followed in treasuries and other Government offices in dealing with securities of rupee loans issued by Government and in making payment of interest in respect thereof is regulated by the provisions of the Indian Securities Act (Act X of 1920), as amended from time to time, and the Statutory Rules (Indian Securities Rules), issued thereunder. Detailed rules, based mostly on the Statutory Rules referred to above, and the supplementary orders issued by Government from time to time are to be found in the Government Securities Manual issued by the Reserve Bank under the authority of the Government of India.

Note.—Unless there be anything repugnant in the subject or context, and without prejudice to the provisions of the law, and the statutory rules mentioned above, the rules in the Government Securities Manual in so far as they deal with the procedure relating to disbursement of money from, and payment of money into, the Consolidated Fund are to be regarded as rules framed under Article 283 of the Constitution of India Likewise, the rules in the Manual which prescribed the form of initial accounts to be kept at treasuries in respect of payment of interest on Government Securities, repayment of principal of terminable loans, receipt of subscriptions to new loans and of other allied transactions and the form in which the account of such transactions are to be rendered to be the Accountant-General, should be regarded as directions given by the Comptroller and Auditor-General of India with the approval of the President of India and will be subject to any directions contained in this behalf in Volume II of the Account Code.

196. Treasury bills are special forms of Government securities, which are issued and repaid under special rules and orders made by Government in this behalf. (See also Subsidiary Rules 517 and 518 of the Madhya Pradesh Treasury Code, Volume I).

SECTION II.—PROVIDENT FUNDS

197. The term “Provident Funds” is strictly applicable to all “Provident Funds” within the meaning of the Provident Funds, Act, 1925 (XIX of 1925), as amended, which have been constituted for the benefit of Government servants. The procedure relating to the recovery of subscriptions to, and withdrawals from, such funds will be regulated strictly in accordance with the provisions of the respective Provident Funds Rules and the subsidiary instructions contained in Section III of Chapter VII of the Madhya Pradesh Treasury Code, Volume I.

198. The legal aspect of the provisions in the Provident Fund Rules has been dealt with in the “Memorandum Explanatory of Government Provident Fund Rules vis-a-vis the law on the subject” which has been prepared by the Government of India in consultation with their legal advisers and reproduced in Appendix A.
Part II of the Madhya Pradesh General Provident Fund Rules. The memorandum, as stated in the preface thereto, is not exhaustive and exceptional cases may arise which are not covered by the instructions in the memorandum but it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

199. The following instructions should be carefully observed by heads of offices with a view to the correct preparation of the Fund Schedules referred to in Subsidiary Rule 526 of the Madhya Pradesh Treasury Code, Volume I:

(i) A complete list of subscribers to each fund should be maintained in each disbursing office in the form of the schedule.

(ii) Each new subscriber should be brought on this list and any subsequent changes resulting from his transfer or in the rate of subscription etc., clearly indicated.

(iii) Except where it is otherwise provided in the rules of the fund concerned or by special orders of Government, changes in the monthly rates of subscription will be permissible only from the first of April each year, i.e., with effect from the pay for March drawn in April.

(iv) When a subscriber dies, quits the service or is transferred to another office, full particulars should be duly recorded in the list.

(v) In the case of the transfer of a subscriber to another office, the necessary note of transfer should be made in the list of both the offices.

(vi) From this list the monthly schedule to be appended to the pay bill should be prepared and agreed with the recoveries made before the submission of the bill to the treasury for payment.

(vii) The list of subscribers to Postal Life Insurance Fund should be maintained in a register and not in the Form M. P. T. C. 61. The proforma of the register and instructions for its maintenance and preparation of the monthly Schedules to be attached to the pay bills, are given in the Annexure to this chapter for the guidance of drawing and disbursing officers. The register should be preserved for a period of ten years after the close of the year to which it relates.

SECTION III.—SERVICE AND OTHER FUNDS

Indian Civil Service Family Pension Fund
Superior Services (Indian) Family Pension Fund
Indian Civil Service (Non-European Member) Provident Fund Postal Insurance Fund

200. Contributions, donations, etc., recoverable, and pensions and other benefits payable, in respect of the funds specified above will be regulated in accordance with the rules of the respective funds and the subsidiary instructions contained in Section III, Chapter VII of the Madhya Pradesh Treasury Code Volume I.
201. Subscriptions to family Pensions or other fund not under Government management may not be received in cash or by deduction from pay or pension bills except under special orders of Government. (See Subsidiary Rule 525 of Madhya Pradesh Treasury Code, Volume 1).

Note.—It must be distinctly understood that in the case of the General Family Pension Fund, the Hindu Family Annuity Fund and the Bengal Christian Family Pension Fund, Government exercises no supervision over the management of the funds and is in no way responsible for their solvency.

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

203. The deposit accounts of these funds on the Government book will be credited with interest at such rates and at such intervals as may be prescribed by Government in each case.

Note.—Except in the case of the Bengal Uncovenanted Service Family Pension Fund, an important difference with regard to interest is made between subscriptions paid by deductions from pay bill and subscriptions paid in cash, no interest being allowed for the month of payment on cash subscriptions received after the 4th of the month, whereas subscriptions deducted from a bill bear interest as though they had been received on the 1st of the month.

ANNEXURE

Procedure for recovery and accounting of P. L. I. Premium

All the drawing officers should maintain in the form enclosed a corrected and up to date register of policy holders under their control. The name of the policy holders should be noted in alphabetical order according to sur-names, 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 in the case of policy holder having more than one policy. On receipt of an intimation from the Director, Postal Life Insurance, Calcutta, about the issue of a policy in favour of 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 incashment the bill clerk should check up the recoveries shown in the bills on account of Postal Life Insurance 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 nothing of P. L. I. recoveries in a wrong column of the pay bill. The 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, 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 insurants 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 or the official being on leave without pay, should be included in the current month's schedule with necessary remarks noted against their names. Similarly, the remark 'New Policy' or 'Transferred from................office' should be given in the schedule against the names of insurants entered for the first time in the current month. Reasons for short or excess recovery should be noted briefly in the Remarks column. In short schedule of Postal Life Insurance 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.

4. In case of double recoveries or late recoveries, the reasons for late withdrawal of pay or pension together with an indication of the month of pay or pension from which premium has been recovered, should be recorded in the Remarks Column. This information is absolutely necessary to determine the liability of the insurant to pay fine or interest and the currency of the policy.

5. Though each policy of the insurant will be entered separately in the register and the schedule, the total amount recoverable monthly from each policy holder on account of all policies should be shown in the register by bracketing all the policies. This will serve as a guide for preparation of monthly bills, where recoveries, in respect of each policy cannot be shown separately. This total in the register should be kept corrected up-to-date on additions of new policies and exit of old ones.
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Amount actually recovered
CHAPTER 12.—LOCAL FUNDS

Introductory

204. (a) The transactions of local funds (as defined in Subsidiary Rule 600 of the Madhya Pradesh Treasury Code, Volume I) are not included as such in the Public Account, except in so far as their cash balances may be deposited with Government under Subsidiary Rule 602 of the Madhya Pradesh Treasury Code Volume I, and accounted for under the deposit head “Deposits of Local Funds”. The function of Government in regard to such deposits is that of a bank. (See Subsidiary Rule 604 of Madhya Pradesh Treasury Code, Volume I).

(b) The main classes of local funds in the State have been enumerated in Subsidiary Rule 691 of the Madhya Pradesh Treasury Code, Volume I.

205. The Financial transactions between Government and local bodies are governed by the following rules, by Subsidiary Rules, 602 to 614 of the Madhya Pradesh Treasury Code, Volume I, and by such other general and special orders as may be issued by Government in this behalf.

Grants to Local Bodies

206. The payment of various classes of grants to local bodies will be governed by the general instructions contained in rules 170 to 186 and by such special orders as may be issued by Government in regard to each class of grant.

Loans to Local Bodies

207. The detailed procedure to be followed in connection with the grant of loans to local bodies will be regulated by the provisions of the Local Authorities Loans Act and other special Acts and by rules made thereunder (see also Rule 217).

Charges recoverable from Local Bodies

208. Unless any of the following arrangements have been authorised by Government, a local fund should be required to pay in advance the estimated amount of charges to be incurred or cost of services to be rendered by Government on account of the Fund:

(i) Payments as made by Government may be debited to the balances of the deposits of the local fund in Government books;

(ii) recovery from the local fund may be postponed till the time when Government has to make payment for the charges;

(iii) payments may be made as advances from Government funds in the first instance, pending recovery from the local fund.

Note.—In cases where a local fund has to pay for medicines supplied, but its liability cannot be accurately known within the year owing to the account of supplies not being available from the Supplying Department by the 31st March, the local fund concerned should be required to pay during March a sum roughly estimated as the value of the medicines, any short or excess recovery being readjusted in the following year. (See also paragraph 434 of the Medical Manual).
209. Any amount due to Government by a local body, including any amount overdue for payment in respect of a loan, is subject to recovery by adjustment from any non-statutory grant sanctioned for payment to it. The authority signing or countersigning a bill for such a grant should see that this rule is observed as far as practicable.

Revenue Collected on behalf of Local Bodies

210. Proceeds of taxes, fines or other revenues levied or collected by Government may not be appropriated direct to a local fund without passing them through the accounts of payments into and withdrawals from the Consolidated Fund of the State, whether or not such taxes, fines, etc., are earmarked from the start for the purposes of the fund.

211. Subject to the provisions of relevant Acts and Rules made thereunder adjustments with local bodies in respect of revenue and other moneys raised or received by Government on their behalf will be made in such manner and on such dates as may be authorised by general or special orders of Government.

Use of Service Postage Stamps

212. Service Postage Stamps may not be used by a local fund officer or any Government officer acting in a capacity connected with a local fund (such as, President or Secretary of a local fund committee), but they may be used on the correspondence of a public officer acting as such, even though the correspondence relates to the affairs of a local body.

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

Audit of Accounts

213. Subject to the provisions of any law or rule having the force of law, the accounts of local bodies will be audited by the Indian Audit Department under general agreement reached between Government and the Comptroller and Auditor General. The agreement extends also to the accounts of other non-Government bodies or institutions, which, under any general or special order of Government, have to be audited through Government agency.

Elimination of Paisa

214. Except in respect of dues fixed by or under any law or under any special order of Government, financial transactions between Government and local bodies should be rounded off to the nearest five paisa, 3 paisa and over being treated as five paisa and amounts less than that being omitted.
CHAPTER 13.—LOANS AND ADVANCES

SECTION I.—INTRODUCTORY

215. Broadly, the recipients of loans and advances made by the State Government fall under the following categories:

(i) Municipalities, Municipal Corporations and other local bodies,
(ii) Panchayati Raj Institutions;
(iii) Public Sector and other Undertakings;
(iv) Co-operative Institutions;
(v) Cultivators; (Farmers)
(vi) Port Trusts;
(vii) Other parties; and
(viii) Miscellaneous loans.

The different categories of recipients mentioned above are assigned distinct sub-heads so as to identify the schemes for which loans are made.

A.—Loans and Advances bearing Interest

(i) Loans to Local Funds, Private individuals, etc. These comprise—

(1) Loans to Municipalities;
(2) Loans to Janapada Sabhas and other Local Funds Committees;
(3) Loans to Land holders and other Notabilities;
(4) Advances to cultivators under the Land Improvement Loans Act, the Agriculturist Loans Act or any other Act; and Loans under the Co-operative Credit Societies Act;
(5) Advances under special laws (e.g. Loans granted under the State-Aid to Industries Act);
(6) Miscellaneous Loans and Advances.

(ii) Advances to Government servants. These comprise—

(1) Advances for construction, purchase or repairs of house;
(2) Advances for the purchase of motor conveyances;
(3) Advances for the purchase of other conveyances.

B.—Interest free Advances

(i) Advances repayable—comprising mostly miscellaneous advances to Government servants for various public purposes:

(ii) Permanent advances.
216. The rules in this Chapter should be observed generally by all departments, etc., in making loans and advances of public money, unless there be any special rule or order of Government to the contrary.

SECTION II—GENERAL RULES

Sanction

217. Except as otherwise provided in any departmental rules or orders, loans and advances to local funds and private individuals, etc., under 215 require the sanction of Government. Advances to Government servants are regulated by rules in Sections III to V of this Chapter. Detailed rules relating to permanent advances are contained in rule 102.

Estimates

218. Provision should be made in the Budget for all loans and advances which can be foreseen. Estimating and controlling officers should make timely estimates both of the gross advances and recoveries of the coming year and include them in their annual estimates for submission to the proper authorities concerned.

Conditions of Repayments

219. Recovery of amounts advanced to Government servants is governed by the detailed instructions laid down in rules, 235, 240, 256, 264 and 265, et. seq.

220. The following general instructions apply to all loans and advances to local bodies, etc., other than advances to cultivators, etc., which are governed by Special rules, and subject to the Provisions of relevant Acts or rules made there under the conditions under which the loans are granted should be regulated accordingly:

(i) A specific term should be fixed which should be as short as possible within which each loan or advance should be fully repaid with interest due. The term may in very special cases extend to 30 years.

(ii) The term is to be calculated from the date on which the loan is completely taken up or declared by Government to be closed.

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

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

221. 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 an 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 capital to begin. The Accountant-General will bring to notice any delay that appears to him to require this remedy and he will take this step whether there are any dates fixed for taking of instalments or not.

Note 1.—If, in any case particular dates have been fixed for the payment of interest or the repayment of instalments of a loan, then such repayments should not begin until the second of 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 the 31st
March and the interest to be payable on the 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 equal periodical
instalments, by which an advance is repaid with interest, pre-supposes punctual payment of the
instalments, and that, if any instalment is not punctually repaid, the fixed instalment will not in
the end discharge the loan.

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

Interest

223. 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 should be calculated as number of days \( \times \) yearly rate of interest unless any other method

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of Calculation is prescribed in any particular case or class of cases.

224. Interest will be charged yearly or half-yearly or as the Government
may determine and be calculated on each instalment of the loan from the date on
which the loan was actually disbursed. The rate of interest to be charged on loans or
instalments of loans granted will be fixed each year with due regard to the rate at
which the Government borrows or can borrow in open market; or the rate at which
the loans are received from Government of India or other financial institutions
allowing for a service charge of up to one per cent. above the rate of interest at
which the loan was taken if so decided to be fixed; or in relation to bank rate of
lending or adhoc rate so negotiated.

Note.—The interest should be calculated and recovered in whole rupees
Accordingly, the amount of 50 paise or above may be treated as one rupee and the
amount less than that omitted.

225. Interest received on loans and advances should be credited to consol
dated fund of the State.

Default in Payment

226. (1) Any default in the payment of interest upon a loan or advance, or
in the repayment of the principal, will be promptly reported by the Accountant
General to the authority which sanctioned the loan or the advance. On receipt of
such a report, the authority concerned should immediately take steps to get the
default remedied.

Note.—The responsibility of the Accountants General under this rule refers only to the loans
the detailed accounts for which are kept up by him.

(2) The authority which sanctions a loan may in so far as the law allows,
enforce a penal rate of compound interest upon all overdue instalments of interest
or principal and interest or on the whole amount advanced or on such portion
thereof as the Government may decide. If a penal rate is enforced, it should not except under special orders of Government be less than $2\frac{1}{2}$ % of the rate of interest fixed for the loan advanced.

**Irrecoverable Loans and Advances**

227. Government or any subordinate authority to whom power has been delegated can remit advances which are found to be irrecoverable. (See Rule 55).

Note.—Irrecoverable loans and advances written off under the orders of the competent authority should be debited to the minor head “Irrecoverable Loans—Written Off” under the various Major/Sub-Major heads depending on the purpose for which the loans and advances were granted. Where the function or purpose cannot be identified with any major head it should be debited to the above minor head under “269-Miscellaneous General Services”.

228. In respect of Revenue and other advances, for the detailed control, accounting and supervision of which departmental officers are responsible it is the duty of the departmental authorities concerned, as soon as any such advance is ascertained to be irrecoverable, to take the necessary steps to get it written off the accounts under the sanction of competent authority, and to advise the Accountant-General, in order that he may make the necessary adjustment in the accounts, and direct its being written off the treasury plus and minus memorandum. Irrecoverable advances written off should nevertheless be registered by the departmental authorities in a separate account or record, in order that any possible eventual recovery may be made. Such eventual recovery should be treated as revenue without affecting the plus and minus memorandum.

**Accounts and Control**

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

In the case of revenue and other advances mentioned in Subsidiary Rules, 621 and 629 of the Madhya Pradesh Treasury Code, Volume I, the responsibility for supervision, accounting and control devolves upon the departmental authorities and detailed rules and instructions governing them are contained in the departmental regulations.

Note 1.—In the case of loans to private individuals under any schemes, the detailed accounts of such loans shall be maintained by the departmental authorities instead of by the Accountant-General. The departmental authorities will also be responsible to watch their recovery and to see that the conditions attached to each loan or advance are fulfilled. The Accountant-General will continue to maintain detailed accounts and watch recovery and fulfillment of the conditions in case of loans to institutions and organisations, etc.

Note 2.—The Departmental officers shall intimate to their respective Head of Department, Government in administrative department by the 30th June each Year, the position of arrears in respect of all third party loans and advances referred to in this rule with interest due thereon except departmental loans and advances granted to departmental offices under paragraph 1 of Subsidiary Rule 629 of the Madhya Pradesh Treasury Code, Volume I in Form M.P.F.C. 10-A. The Head of Department on receipt of the information from each of the subordinate departmental officers, shall compile and consolidate the information in the aforesaid form and forward the same to the Accountant-General not later than 31st July each year.
(2) (a) In respect of loans, the detailed accounts of which are maintained in the Audit Office, the sanctioning authorities should furnish to the Audit the utilisation certificates in respect of each individual case. Where the accounts of the loanees are audited by the Departmental Auditors, e.g., Examiner of Local Fund Accounts as in the case of loans to local bodies or by the Registrar of Cooperative Societies in respect of loans to co-operative institutions, the sanctioning authorities should furnish the utilisation certificates to Audit for the total amount of loans disbursed to these bodies/institutions for the various purposes during each year.

(b) In respect of loans, the detailed accounts of which are maintained by the departmental offices, consolidated utilisation certificates except in respect of loans to individuals should be furnished to Audit by the Heads of the Departments or the Chief Controlling Officer administering the loan, for the total amount of loans disbursed each year. The certificate so furnished should specifically indicate the year-wise break up of the loans disbursed and loans for which utilisation certificates are furnished. The consolidated certificates so furnished by the Heads of Departments/Chief Controlling Authorities to Audit should also cover the loans sanctioned by their subordinate officers under the powers delegated to them.

(c) The authority competent to sanction the loan shall be primarily responsible for certifying to the Audit the fulfilment of the conditions attached to the loan, unless there is any special rule or order to the contrary.

(d) The certificate referred to above should be furnished in such form as may be prescribed by the Audit. Before recording the certifying officer should take steps to satisfy himself that the conditions, on which the loan was sanctioned, have been or are being fulfilled and the loans, have been utilised for the purpose for which they are given. For this purpose, he may require submission to him at suitable intervals, of such reports, statements, etc. as will establish the utilisation of the loan for purposes for which it was sanctioned. The loanees institution may also be required to furnish a certificate from its auditors to the authority which sanctioned the loan that the conditions attached to the loan have been or are being fulfilled. The certificate should give details of the breaches, if any, of those conditions.

(e) The certificate of utilisation of the loan should be furnished to the Audit in every case of loan made for specific purpose, even if conditions are not specifically attached to the loan. The utilisation certificates are not, however, necessary in cases where loans are sanctioned not for any specific purpose or subject but take the shape of a temporary financial aid as in the case of assistance to public bodies or private institutions to tide over a temporary financial crisis.

(f) The utilisation certificates should be furnished within a reasonable time after the loan is paid to the institution. The target dates, for submission of utilisation certificates should, as far as possible, be not later than 18 months from the date of sanction of the loan. In respect of loans, the detailed accounts of which are maintained by the Departmental Officers and where consolidated utilisation certificates are to be furnished to the Audit, the period of 18 months should be reckoned from the expiry of the financial year in which the loans are disbursed. The consolidated utilisation certificates in respect of such loans paid each year should therefore be furnished not later than September of the second succeeding financial year. The target dates as specified should be rigidly enforced and extension should be allowed in very exceptional circumstances. No further loans should be sanctioned unless the sanctioning authorities are satisfied about the proper utilisation of the earlier loan sanctioned to an institution, etc.
Returns

230. (1) The Accountant-General will submit for review by Government an annual statement showing the details of outstanding loans and advances borne on his books under the head “Loans and Advances by the Government”. The statement will be submitted in Form M. P. F. C. 10 not later than the 30th September of the following year.

(2) In the case of advances written off against Consolidated Fund of the State a monthly statement should be submitted by the sanctioning authority to the Finance Department to watch the progress of expenditure against the grant voted by the Vidhan Sabha.

SECTION III.—ADVANCES TO GOVERNMENT SERVANTS

General

231. The following rules regulate the grant of advances to Government servants and others. In cases not covered by these rules or by rules in sections I and II of this Chapter, advances cannot be made except under the special orders of the State Government.

Note.—Before sanctioning an interest bearing optional advance to a Government servant a certificate regarding the availability of funds should be obtained from the Finance Department and the order sanctioning the advance should specifically state the date on which the Finance Department certified the availability of funds. It should also be specifically mentioned in the sanction that an advance should be drawn within the financial year in which the sanction is issued, and that the sanction would otherwise lapse with the close of the financial year.

232. It is not permissible to sanction an advance which involves a breach of any of the basic principles laid down in rule 9.

233. Simple interest will be charged on advances granted to Government servants for house building, purchase of motor cars, motor cycles or other conveyances. The rate of interest is fixed from time to time with reference to the borrowing rate of the State Government. (The interest will be calculated on balances outstanding on the last day of each month).

Note 1.—In case where the pay bills for a month are disbursed before the end of the month, an instalment in payment of an advance received through the pay bill will be taken as having been refunded on the first of the following month, the normal date for the disbursement of pay.

Note 2.—When an advance is drawn in more than one instalment, the rate of interest recoverable will be determined with reference to the date on which the first instalment is drawn.

Note 3.—In cases where the amount of outstanding advance is to be adjusted from the death cum-retirement gratuity of a Government servant, the interest should be calculated only up to the date of his retirement or of death of the Government servant, whichever be earlier.

234. Rule 236 to 272 do not ordinarily apply to Government servants who are not in permanent Government employ. As the pay of such Government servants does not constitute adequate security for a loan, advances should not ordinarily be granted to them. In special cases, however, if the circumstances admit of the provision of adequate security, advances may be granted in accordance with the terms of these rules to officiating or temporary Government servants without any substantive appointment under general or special sanction of the Finance Department.
235. All advances are subject to adjustment by the Government servants receiving them, in accordance with the rules applicable to each case. When an advance is adjustable, by recovery, the amount to be recovered monthly should not be affected by the fact of the borrowing Government servant going on leave of any kind with leave salary or his drawing subsistence grant. The sanctioning authority may, in exceptional cases order a reduction in the amount of the monthly instalment provided that in the case of interest bearing advances to Government servants the whole amount due should be completely recovered within the period originally fixed.

Note.—The register of advances and recoveries made should be maintained in Form M. P. F. C. 30.

SECTION IV. — INTEREST BEARING ADVANCES

Note.—Administrative departments of Government may sanction advances under sub-sections (1), (2), (3) and (5) of this section to Government servants under their administrative control, in accordance with these rules.

Sub-section (1) — House Building Advances

236. (a) Advance may be granted to permanent Government servants if applicant, his wife/husband/minor children do not own a house in the town/urban agglomeration where the house is proposed to be constructed or acquired with the advance from the Government and who have rendered at least five years service and who desire to build houses for occupation by themselves, at any place within the State where no houses are available, or where house rent is exceptionally high.

236. (b) Advances may also be granted to such temporary Govt. servants who have rendered at least eight years service and who submit surety in form MPFC-2 of such two permanent Government servants from whom a recovery can be made if occasion arises.

Note 1.—In the case of All India Service Officers, advances are permissible for house building for occupation by themselves even out side the State anywhere in India.

(Finance Department Memo. No. 2411-CR-229-IV-R-7-61, dated the 3rd October 1961).

Note 2.—(i) The Government servants who will be sanctioned house building advances will be required to give an assurance to the effect that Government would have a right to inspect the house during its construction.

(ii) The Government servants will have to inform the Government at the time of construction and completion of the house or when any alteration is carried out therein.

Note 3.—Advance may be granted only once in whole service for the purchase of plot and construction/purchase of house, even if the previous advance with interest is repaid in full.

237. (a) All such advances must be bona fide required for the purpose of building suitable houses for the personal residence of the Government servants concerned, and if more is advanced than shall be actually expended for the purpose the surplus shall be refunded to Government.
(b) Utilisation of advance for a purpose other than that for which it is sanctioned shall render the Government servant liable to disciplinary action under the Madhya Pradesh Civil Services (Classification, Control and Appeal) Rules, 1965 apart from his being called upon to refund to Government forthwith the entire advance drawn by him together with interest accrued thereon.

(c) If the loanee fails to repay the whole amount together with interest the outstanding balance shall be recoverable as “arrears of land revenue”.

238. The advance should be drawn by instalments, the amount of each instalment being such as is likely to be required for expenditure in the next three months. Satisfactory evidence should be produced to show that the amount of the instalment has been actually utilized for the purpose for which it was drawn before the next instalment is paid.

Note 1.—The controlling authority will be held responsible for seeing that satisfactory evidence is furnished timely.

Note 2.—House building advance should not be allowed to be drawn by or paid to Government servants in full in one instalment. It shall be payable in three instalments in the manner indicated below—

(a) An amount not exceeding 30 per cent. of the advance sanctioned to a Government servant for construction of a house will be payable to him on his mortgaging in favour of Government the land purchased by him along with the house to be built thereon.

(b) An amount not exceeding 40 per cent. of the advance will be payable when the construction of the house reaches plinth level.

(c) The balance of the sanctioned advance will be payable when the construction of the house has reached roof level, provided the sanctioning authority is satisfied that the development of the area in which the house is built is complete in respect of amenities such as water supply, street lighting, road, drainage and sewerage.

Note 3.—Bills for second and subsequent instalments should be supported by certificates to the effect that the previous instalment of the advance has been actually utilized for the purpose for which it was drawn. At the end of three months from the date of drawal of the last instalment a further certificate should be sent to the Accountant-General to the effect that the amount of the last instalment of the advance has been actually utilized for the purpose for which it was drawn. The controlling authority referred to in Note 1 shall be responsible for giving the certificate prescribed herein.

239. (a) An advance shall not exceed sixty months’ pay (ninety months’ pay in old scales) of the Government servant to whom it is made or Rs. 1,25,000 whichever is less. Not more than one advance shall be made.

239 (b) An advance up to ten months’ pay or Rs. 25,000 whichever is less, may also be given, where considered necessary, for the purpose of land on which to construct the house if the other conditions laid down in rule 236 are satisfied. The Government servant should sign an agreement in form M. P. F. C. 11 at the time of taking an advance for the purpose of land and the amount should not exceed what is required for the purpose. A mortgage deed in form M. P. F. C. 12 should be executed before any further advance is drawn for the purpose of constructing the house. The mortgage deed must be registered within four months of its execution. If a Government servant, after obtaining an advance for the purpose of land, does not ask for additional amount for construction of a house thereon, he should be asked to mortgage the piece of land purchased as a security to the Governor within one month from the date of execution of an agreement in form MPFC-11.
In order to save Government from loss, the applicant's title to the property should be carefully examined by the sanctioning authority and the instructions laid down in appendix-9 should be followed.

239. (c) The advance granted to the Government servant on a plot purchased by taking advance from Government for construction of a house shall not exceed his sixty months' pay (ninety months' pay in old scales) or rupees 1,25,000/- whichever is less after deducting the actual amount so granted to the Government servant for purchase of the plot.

Note 1.—Every Government servant applying for advances for house building or for purchase of site should furnish a certificate with his application stating that no previous advance has been drawn from Government for building a house or purchasing a site, and this certificate shall be countersigned by the sanctioning authority in token of his acceptance of the statement and forwarded to the Accountant-General along with the order sanctioning the advance.

Note 2.—In case the amount of loan originally sanctioned is enhanced or the mode of repayment is changed consequent upon the age of superannuation being raised from '55 to '58 year the mortgage deed will be executed in Supplementary Mortgage Deed Form as contained in Madhya Pradesh Financial Code, Volume II.

240. (a) (i).—The advance will be recovered by deduction of monthly instalments from the pay of the Government servant as under:

If the applicant is due to superannuate—

(a) After 20 years

(b) After 10 years but not more than 20 years.

(c) within 10 years

The repayment shall commence from the month following the completion of the house or 12 months from the date on which the first instalment of the advance was paid to the Government servant, whichever is earlier. The advance together with interest thereon be repaid in full by equal monthly instalments within a period not exceeding 25 years. The principal amount of advance shall firstly be recovered in not more than 216 monthly instalments and then interest in not more than 84 monthly instalments.

(ii) The Government in administrative department may permit a Government servant, who is due to retire within 20 years of the date of application for the grant of an advance and who is eligible for the grant of gratuity or death-cum-retirement gratuity, to repay the advance with interest in convenient monthly instalments during the remaining period of service provided he agrees to the incorporation of suitable clause in the prescribed Agreement and Mortgage Deed Forms to the effect that the Government shall be entitled to recover the balance of the said advances with interest remaining unpaid at the time of his retirement or death preceding retirement from the gratuity that may be sanctioned to him. The amount of instalment shall not be less than the amount of monthly instalments on the basis of repayment within a period of 20 years.
(b) An advance taken for the purchase of a site will be recovered in monthly instalments equal to “One seventy second” part of the total advance from the pay bills of the Government servants concerned.

(c) The authority sanctioning an advance may, however, permit recovery to be made in a smaller number of instalments if the Government servant receiving the advance so desires.

(d) The amount of interest calculated in accordance with rule 233 will be recovered in one or more instalments, each such instalment not being appreciably greater than the instalments by which the principal was recovered. The recovery of the interest will commence from the month following that in which the whole of the principal has been repaid.

Note 1.—The amount of the advance to be recovered monthly should be fixed in whole rupees. When the amount of an advance is not exactly divisible in equal monthly instalments the fraction should be adjusted in the first instalment, for example, “a house building advance” of Rs. 20,000 to be repaid in 180 instalments should be recovered as follows:

"First instalment of Rs. 131 and the remaining 179 in instalments of Rs. 111 each.”

Note 2.—The whole of the principal of an advance and interest which remain unpaid at the time a Government servant leaves the service, whether voluntarily or involuntarily, become due at once, and should as far as possible be recovered in one instalment from the Government servant’s pay, allowances or other dues. The balance must be paid by the Government servant in cash at once and if this is impracticable, a consent should be obtained from him before retirement for recovery being effected by deduction from pension at the usual rate.

Note 3.—If a Government servant dies while in service, the balance of the amount of advance will be recovered in the same monthly instalments, from members of his family in which it was being paid by the Government servant prior to his death. In the case of a gazetted officer it will be the responsibility of the Head of Department to obtain information of balance of advance and interest thereon from the Accountant-General, Madhya Pradesh and arrange for recovery of monthly instalments from the family of the deceased Government servant. The amount of instalments should be arranged to be credited directly in the treasury by challan to be prepared in triplicate every month and information of such recovery should be furnished quarterly to the administrative department which sanctioned the advance. Till information of balance of advance is received from Accountant-General, Madhya Pradesh, the Head of Department will arrange for recovery on the basis of information available in his office. In the case of non-gazetted Government servants this action shall be taken by the Head of office who will furnish the information quarterly to the administrative department concerned through his Head of Department.

If the instalment of advance is not paid by any family continuously for 6 months then the balance of advance together with interest thereon shall become payable in one lumpsum and administrative department should arrange for its recovery immediately.

241. In order to secure Government from loss consequent on a Government servant dying or quitting the service before complete repayment of the advance with interest accrued thereon in accordance with rule 233 the house so built, together with the land it stands, upon, must be mortgaged to Government, by whom the mortgage will be released on liquidation of the full amount of the advance and the interest accrued thereon.

Note.—The mortgage bond will be prepared in Form M. P. F. C. 13 and the reconveyance in Form M. P. F. C. 14. The mortgage deeds executed in connection with these advances should remain in the custody of the sanctioning authority.

Mortgage deeds executed for securing repayments of house-building advances made to Government servants are exempted from stamp duty.

242. The Government servant must satisfy the sanctioning authority regarding his title to the land upon which the house is or is proposed to be built.
CHAPTER 13

LOANS AND ADVANCES

75

Note 1.—This rule does not preclude the grant of an advance to a person who does not possess full proprietary rights in the land upon which he intends to build provided the sanctioning authority is satisfied that the applicant has a lease of which the unexpired portion is of a term and value sufficient to justify the grant of the advance and that there is no danger of the lease lapsing or of Government being unable to dispose of it should it become necessary to foreclose the mortgage. In examining the mortgagor’s title care should be taken to see that the lease does not prevent any subdemise by the lessee (the mortgagor). The mortgage bond in such cases will be prepared in form M. P. F. C. 15.

Note 2.—In cases in which ground rent, municipal taxes and similar dues are payable to local authorities on account of land taken on lease, the sanctioning authority may, at its discretion, ask the Government servant taking the advance to produce for inspection receipts for these payments, within fifteen days of their falling due. If the sanctioning authority finds that such dues have not been paid by the borrower, steps may be taken to recover the said dues including interest thereon, if any, from the pay of the Government servant concerned for payment to the parties concerned.

Note 3.—The applicant’s title to property should be examined by the Law Department of Government before the advance is actually paid. It should be seen that, in the case of a house-building advance, he had undisputed title to the land on which it is proposed to build and that, in the case of an advance for the purchase of a house, he will obtain such title as soon as the purchase price is paid; that there will be no legal obstacle in either case to the property being mortgaged to Government and that Government will have the right of foreclosing on the conditions mentioned in the mortgage bond.

Note 4.—The head of the office should send to the Accountant-General either in the bill in which the advance is drawn, or separately, to the effect that the mortgage bond in Form M. P. F. C. 13 has been executed by the Government servant and that it has been duly registered.

243. A Government servant quitting or removed from the station where he has built a house, before the whole amount due has been liquidated will continue liable to the deductions of his monthly instalment until the advance with interest accrued thereon in accordance with rule 233 has been repaid; but, with the special sanction of the State Government, he may be allowed to clear off at once the whole amount due; or to transfer it to any Government servant of his own or higher rank, the future deductions being made from the pay of such Government servant.

244. In circumstances other than those mentioned in rule 243, a Government servant may not, without the previous sanction of Government, transfer a house for which he holds an advance from Government. If he makes such a transfer, Government may order the recovery of the whole outstanding advance with interest.

245. Applications for advances should be made, through the applicant’s departmental superior, who will record his opinion as to the necessity for the assistance solicited. The applicant must certify that the sum is to be expended in building only, and pledge himself that, should there be any surplus funds after the house is completed, they will be at once refunded to Government.

Note 1.—Applications for an advance for building purposes should in all cases be accompanied by a report from the departmental superior of the applicant which should state clearly besides his opinion as to the necessity for the assistance solicited:

(1) Whether any previous advance has been made to the applicant, and if so, when, and whether such advance has been fully liquidated or not;

(2) whether the applicant holds a permanent post under Government or is merely on probation; and

(3) Whether the advance, if sanctioned, should be made in one or more instalments.

Note 2.—The departmental officer should certify that either no houses are available locally, or that house rent is exceptionally high.
246. The last-pay certificate granted to a Government servant in receipt of an advance must specify the original amount of such advance, the amount repaid and the balance together with interest accrued thereon in accordance with rule 233 remaining due.

247. House-building advances are admissible to more than one Government servant of a joint Hindu family for building one and the same house, but each of those Government servants should execute a mortgage bond separately, mortgaging his own interest in the house and in the land it stands upon. Each bond should, moreover, be attested by the remaining lessees and the attestation clause should show that the attesting person has due knowledge of the contents of the document.

Advance for the purchase of a house

248. An advance may be made to a Government servant for the purchase of a house including the cost of effecting repairs and improvements to it; the general principles of the preceding rules being applicable, and the officer being required, in addition to a mortgage-deed, to deposit with Government satisfactory evidence of a clear title to the house:

Provided that advance may be sanctioned to a Government servant for purchasing a house from a Development Authority, Town Improvement Board, Housing Board or any other local authority on hire purchase basis, subject to the condition that the authority or board concerned agrees that the State Government shall have rights of first mortgage on the house.

The form of certificate prescribed vide M. P. F. D. memo No. D-227-C R 284-76-R-IV, dated 12-2-76, replaced by following certificate:

FORM OF CERTIFICATE

Housing Board.

Certified that Shri ........................................ has been registered in .................................. Housing Board for allotment of ............. type house under Higher-purchase scheme or land required under the Land Acquisition Act or allotted by Government of ........................................ for .................................. Housing Board.

It is further certified that the land on which the house is proposed to be built at ................................ together with the house so built are free from all encumbrances. The house is being purchased under Hire purchase scheme and agreed that the Board shall have no objection in mortgaging the said property to the Government of Madhya Pradesh and the Government shall have rights of first mortgagee in the property.
The details of the house proposed for sale are as below:

1. Area of plot.
2. Cost of Land.
3. Probable cost of construction.
4. Total probable amount to be paid by the purchaser.
5. Plinth Area.
6. Location.

If it is any other scheme indicate the name of the scheme.

Signature and seal of the Competent authority of the Housing Board.

Note.—If house is purchased not from the Housing Board, but from a Development Authority, Town Improvement Board or any other local authority, the name of that organisation should be substituted in place of the Housing Board.

Note 1.—The advance may be drawn in full at once, but satisfactory evidence must be produced before the Accountant-General to show that the amount advanced for the purchase has been spent within three months of its drawal and the amount advanced for repairs or improvements within a further period of two months. A certificate to this effect from the head of the office in the case of non-gazetted Government servant and the controlling officer in the case of gazetted Government servant will ordinarily suffice. The repayment in this case shall commence with the first issue of pay after the advance is taken.

Note 2.—The head of the office should record on the bill a certificate to the effect that he has secured and retained with him an agreement in Form M. P. F. C. 11 signed by the applicant pending execution of the final mortgage bond in Form M. P. F. C. 13 after the house is actually purchased. The facts of execution and registration of the latter bond should also be intimated to the Accountant-General as soon as possible.

Advance for liquidating a private loan taken for purchase of land for building a house or purchase of a house.

249. An advance may also be given for the purpose of repaying a private loan taken by a Government servant expressly (i) for the purchase of land for building a house or (ii) for the purchase of a house, provided—

(1) that the usual conditions specified in rules 236 to 248 are satisfied;

(2) that the applicant has through his private loan acquired an unenumbered title to the land or the house purchased; and
(3) that the original loan for the purchase of the land or the house, as the case may be, was taken not more than 12 months before the date of receipt of the application for an advance to discharge the private debt.

Advance for repairs to houses

250. An advance may be made under the following rules to a Government servant to enable him to effect repairs to his house:

(1) An advance may be made only if (i) the repairs are required to make the house habitable, (ii) they are not in the nature of ordinary repairs, and (iii) they involve an outlay large in comparison with the value of the house.

(2) Not more than one advance is admissible in respect of the same house.

(3) No advance shall exceed fifteen months pay of the Government servant to whom it is made, and it will be drawn as laid down in rule 238.

(4) An advance may be made to a Government servant to repair a house who has not taken advance for purchase/construction of house in the past.

(5) Subject to the above, the general principles of rules 236 to 248 shall apply, the maximum period for repayment of such advances being five years.

(6) An advance may also be made to a Government servant for the purposes of additions and alterations to his house who has not availed of facilities of advance for purchase of land or house or Construction of a house from the Government, subject to entitlement. The maximum amount of advance amount, subject to entitlement, shall be rupees 50,000 (Fifty thousand).

Note.—The detailed procedure to be followed in dealing with applications for advances for the construction, purchase or repair of houses is given in Appendix 9.

Sub-section (2).—Advances for the Purchases of Motor Cars.

251. An advance may be granted to a Government servant whether permanent or temporary and who has completed three years of service for the purchase of a motor car if considered that it is in the interest of the public service and that the Government servant should use a car in the discharge of his duties.

Note 1.—No advance will be granted to a low paid Government servant drawing pay of less than Rs. 1,750 per mensum (inclusive of dearness allowance) for whom the keeping of a car is considered to be an extravagance. This restriction will not apply to officers who are required in the interest of public service to maintain a motor car for the maintenance of which a conveyance allowance is granted to them under the prescribed rules. Also no advance will be granted to one who
requires the car as a means of locomotion and not for performance of specific Government duties.

Note 2.—The grant of an advance for the purchase of a second hand motor car is also permissible.

Note 3.—Before recommending the grant of an advance for the purchase of a motor car there should be an assurance on record that the conveyance has not been purchased already and paid for in full. The Government servant to whom an advance is sanctioned, or, in the case of a non-gazetted Government servant the head of the office concerned, should certify on the bill on which the advance is drawn either that the advance is not being drawn for a conveyance which has already been purchased and paid for or that the advance claimed in the bill is not more than the minimum amount required to meet the balance of the price of the conveyance, if the conveyance has been paid in part. A Government servant who purchases a motor car after he applied for an advance and arranges to pay for it by raising a temporary loan, may also be permitted to draw the advance subject to other conditions being satisfied provided the conveyance has been purchased within three months of applying for an advance.

(Finance Department Memoranda Nos. 2823-2042-R-VI-IV- and 8756-1632-R-VI, III dated the 6th April 1950 and 12th August 1955, respectively).

252. The total amount to be advanced to a Government servant shall not exceed Rs. 32,000 or twenty months' pay, or the anticipated price of the car, whichever is less. If the actual price paid is less than the advance taken, the balance should forthwith be refunded to Government.

253. The grant of an advance to a Government servant who proceeds on deputation or leave out of India and desires to purchase a car abroad, either for use during deputation or for bringing it over to India, is not permissible.

254. A Government servant who is or is about to proceed on leave for whom an advance has been approved will not be allowed to draw the advance earlier than a week before the expiry of the leave.

255. A fresh advance shall not be sanctioned until after the lapse of five years from the date on which the last advance was drawn.

256. Recovery of the advance shall be effected from the pay bill of the Government Servant concerned by deducting in one hundred twenty monthly instalments. It will commence from the first issue of pay after the advance is drawn. A Government servant may, however, if he so desires, be permitted to repay the advance in a smaller number of instalments, or, he may pay more than one instalment at a time. The amount of interest calculated in accordance with rule 233 will be recovered in one or more instalments, each such instalment being not appreciably greater than the instalments by which the principal was recovered. The recovery of interest will commence from the month following that in which the repayment of the principal has been completed.

Note 1.—The amount of the advance to be recovered monthly should be fixed in whole rupees in the manner indicated in note I below rule 240 (d). The provisions of Note 2 and 3 of that rule will also apply.

Note 2.—If it is not possible to recover the whole amount of advance and the interest thereon before retirement of a Government servant, the balance and the interest be recovered from the amount of his Death-cum-retirement Gratuity provided the Government servant gives his consent in writing at the time of application for the advance.
257. Except when a Government servant proceeds on leave not being leave on average pay not exceeding four months (or privilege leave, earned leave not exceeding 120 days or any other leave which is treated as equivalent to leave on average pay not exceeding four months) or retires from service, or is transferred to an appointment the duties of which do not render the possession of a motor car necessary, the previous sanction of the State Government is necessary to the sale by him of a car purchased with the aid of an advance with which interest accrued has not been fully repaid. If a Government servant wishes to transfer such a car to another Government servant who performs the duties of a kind that renders the possession of a motor car necessary, the State Government may permit the transfer of the liability attaching to the car to the latter Government servant provided that he records a declaration that he is aware that the car transferred to him remains subject to the mortgage bond and that he is bound by its terms and provisions.

258. In all cases in which a car is sold before the advance received for its purchase from Government with interest accrued thereon has been fully repaid, the sale-proceeds must be applied, so far as may be necessary, towards the repayment of such outstanding balance. Provided that when the car is sold only order that another car may be purchased the State Government may permit a Government servant to apply the sale proceeds towards such purchases, subject to the following conditions:

(a) the amount outstanding shall not be permitted to exceed the cost of the new car;

(b) the amount outstanding shall continue to be repaid at the rate previously fixed;

(c) the new car must be insured and mortgaged to Government as required by these rules.

259. A Government servant who draws an advance for the purchase of a motor car is expected to complete his negotiations for the purchase of, and pay finally for the car, within one month of 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 refunded to Government. This condition should always be mentioned in letters sanctioning such advances.

260. At the time of drawing the advance, the Government servant should be required to execute an agreement in Form M. P. F. C. 16 and, on completing the purchase, he should further be required to execute a mortgage bond in Form M. P. F. C. 17 hypothecating the car to the Governor as security for the advance. The cost price of the car should be entered in the schedule of specifications attached to the mortgage bond.

Note.—Mortgage deeds executed by Government servants for securing the repayment of advances received from Government for the purpose of purchasing a motor car or a motor cycle or their own use are exempted from stamp duty chargeable under the Indian Stamp Act.

261. When an advance is drawn, the sanctioning authority should furnish to the Accountant-General a certificate that the agreement in Form M. P. F. C. 16 has been signed by the Government servant drawing the advance and that it has been examined and found to be in order. The sanctioning authority should see that the conveyance is purchased within one month form the date on which the advance is drawn and should submit every mortgage bond promptly to the Accountant-General for examination before final record.
CHAPTER 13]

LOANS AND ADVANCES

The agreement as well as the mortgage bonds should be kept in the safe custody of the sanctioning authority. If after complete recovery of the advance together with interest, the mortgagor asks for the return of the mortgage bond it should not be returned to him but retained in the custody of the sanctioning authority and only a certificate in the following form may be issued:

Certificate

"Certified that the advance of Rs. .................................................. drawn by Shri .................................................. for the purchase of motor car/cycle has been fully repaid by him together with an interest thereon and the mortgage bond executed by him has been discharged."

262. (1) The car must be insured against full loss by fire, theft or accident. Insurance on owner-driven or other similar qualified terms is not sufficient for the purpose of this rule. Insurance policies at a reduced rate of premium may, however, be accepted as adequate in the case of motor cars where

(i) the owner of the car undertakes to meet the first Rs. 50 or so of a claim preferred against an insurance company in the event of an accident, or

(ii) the car is not insured against accident for any season of the year during which it is not in use but is stored in a garage.

(2) Such insurance should be effected within one month from the date of purchase of the car. The insurance cover (and not the insurance policy) should be sent to the Audit Office for reference and return.

(3) On receipt of the certificate prescribed in rule 261, the Accountant General will obtain from the Government servant drawing the advance, a letter in Form M. P. F. C. 18 to the Motor Insurance Company with which the motor car is insured to notify to them the fact that Government is interested in the insurance policy secured. He will himself forward the letter to the Company and obtain their acknowledgment. In the case of insurances effected on annual basis, this process should be repeated every year until the advance has been fully repaid to Government.

(4) Contravention of these orders will render the Government servant liable to refund the whole of the amount advanced with interest accrued unless, good reason is shown to the contrary. The amount for which the car 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 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.

263. Advances to Government servants in foreign employ should be granted from the funds of the foreign employer, and when the latter desires to make such an advance, he should apply to Government for the necessary sanction. If, the sanction is accorded, it will be subject to the proviso that the advance by the foreign employer shall be regulated by the same conditions as would apply if the Government servant were serving directly under Government. In special cases, however, where a Government servant’s services have been lent to a Municipality whose financial position will not permit of the advance, the advance may, under special orders of Government, be met from Government funds, provided that the
Government servant's duties are such as to render the possession of a motor car practically a necessity.

Sub-section (3)—Advances for the Purchase of Motor Cycles.

Rule 264. An advance may be granted to a Government servant for the purchase of a motor cycle subject mutatis mutandis to the conditions laid down in rules 251 to 263, provided that—

1. the pay of the Government servant is not less than rupees 750. This minimum limit of pay does not apply to Government servants who are required in the interest of the public service to maintain a motor cycle and are granted a conveyance allowance for this purpose under the prescribed rules.

2. the amount of the advance does not exceed Rs. 8,000 or ten months pay of the Government servant or the anticipated price of the motor cycle, whichever is less.

3. the recovery is made by deducting monthly instalments equal to 1/80th part of advance from the pay bill of the Government servant concerned.

Sub-section (4)—Advances for the Purchase of Bicycles

265. Heads of the Departments and Collectors are authorised to sanction advance for purchase of new bicycles to Government servants under their control subject to the following conditions:—

1. An advance may be granted to permanent Government servants drawing pay not more than Rs. 1300 p.m. (exclusive of dearness allowance) when the Head of the department or the collector, as the case may be, is satisfied that the possession of a bicycle will add to the efficiency of the Government servant concerned.

2. The total amount of the advance will be limited to Rs. 500 or four/Six months' pay of the class II/III/IV Government servant, respectively, or the anticipated price of the bicycle, whichever is less. If the actual price of the bicycle is less than the advance taken, the balance should forthwith be refunded to Government.

3. Within one month after drawing the advance, the Government servant should furnish the sanctioning authority with a certificate giving full particulars of the bicycle and the cash receipt obtained for the amount actually paid for it, failing which the full amount drawn together with interest thereon for one month shall be refunded forthwith.

4. Recovery of the advance shall be effected in twenty-four monthly instalments commencing from the first issue of pay after the advance is drawn.

Note 1.—The amount of the advance to be recovered monthly should be fixed in whole rupees in the manner indicated in Note 1 below rule 240 (d).
Note 2.—If a Government servant dies while in service the balance of the amount of advance together with interest will be recovered in the same monthly instalments, from members of his family, in which it was being paid by the Government servant prior to his death. If the instalment of advance is not paid by any family continuously for six months then the balance of advance together with interest thereon shall become payable in one lumpsum and the Head of Office should arrange immediately for its recovery.

(5) A second or a subsequent advance should not be granted until after the lapse of three years from the date on which the last advance was drawn.

Note.—In order to enable the Accountant-General to watch in audit that this requirement is complied with, the sanctioning authority should furnish a certificate to the effect that no advance for the purchase of a bicycle was granted to the Government servant concerned during last three years either in the sanction itself or on the bill while drawing the advance.

(6) The advance will bear interest at the rate prescribed by Government from time to time.

(7) The bicycle purchased with the advance will be considered to be the property of Government until the advance with the interest accrued thereon in accordance with Rule 233 is fully repaid.

(8) In making an application for an advance the Government servant will state what means of conveyance he possesses. In sanctioning the advance the sanctioning authority should satisfy himself that the applicant does not already possess a serviceable bicycle.

The sanctioning authority should scrutinise all applications properly and consolidate their requirements of funds for cycle advances for a month and then send to the Finance Department a monthly list of cases for earmarking funds in Form M. P. F. C. 19. A certificate to the effect that for all bicycle advances sanctioned one month ago proper cash receipt have been obtained examined and found in order should also be recorded at the foot of this statement.

266. Advances for the purchase of bicycles may also be granted to temporary Government servants inclusive of Class IV service subject to the conditions laid down in rule 265 and further subject to the following additional conditions:

(1) The temporary Government servant must have put in at least three year's continuous service.

(2) The sanctioning authority must satisfy itself that the temporary Government servant is likely to continue in service till such time as the advance is completely recovered with interest.

(3) In the event of the temporary Government servant being discharged before the advance is fully recovered the balance of the advance together with interest must be recovered in one lump sum before discharge.

(4) Before the advance is drawn, the surety of a permanent Government servant must be produced who should execute a surety bond in Form M. P. F. C. 20 and it should be deposited with the sanctioning authority.
Sub-section (5)—Advances for the purchase of other conveyances.

267. An advance may be granted to a Permanent Government servant for the purchase of a means of conveyance, other than a motor car or a motor cycle or a bicycle, subject to the following conditions:—

(1) An advance will be allowed only when the post held entails duties involving touring.

(2) The total amount to be advanced should not exceed two month's pay or Rs. 250 whichever is greater and should be limited to the anticipated price of the conveyance. If the actual price paid is less than the advance taken the balance should forthwith be refunded to Government.

(3) Other conditions laid down in rule 265 will also apply.

Sub-section (6)—Advances for the purchase of grains.

267-A. Advances may be granted to Class III and Class IV Government servants as also to gazetted officers in receipt of basic pay not exceeding Rs. 1100, per month (exclusive of special pay, personal pay) from the Consolidated Fund of the State for the purchase of foodgrains. Advances shall be granted on the following terms and conditions:

(i) The amount of advance in each case shall be Rs. 250. The advance shall be granted on the security in Form No. M. P. F. C. 20 of a permanent Government servant in the cases of temporary and quasi-permanent Government servants. Heads of the Offices may grant the advances out of the allotment placed with them for the purpose. In case of Gazetted Officers who are themselves Heads of Offices and are also eligible for grant of advances, the advances may be granted by the Heads of the Departments. An advance may be granted once in a year and may not be granted until entire balance of previous advance alongwith interest due, had been repaid.

(ii) The advance shall be recovered in ten equal monthly instalments. The recovery of the instalments shall commence from the pay of the month following that in which the advance was received. The amounts of instalments to be recovered monthly should be fixed in whole rupees. The recovery of the interest shall be made in one instalment in the month following that in which principal was recovered.

(iii) The advance may be drawn from the following head of account:

"Demand for Grant No. 6—Expenditure pertaining to Finance Department-Major Head-766-Loans to Government servant, etc.-e-Other advances-Grain Advances".

(iv) Each Head of the Department will send his demand to the Finance Department for allotment of funds required for his Department. All such demands for the ensuing year should reach in the Finance Department by 15th of March in each year. Finance Department would allot necessary funds from the relevant budget head for the purpose of grain advance to each Department. Heads of the
Departments will allot funds out of this allotment to the Heads of offices under their control to enable them to sanction and make payment of advances to the Government servants according to their demands. The allotment will lapse with the close of the financial year and the sanctions would also be deemed to have been lapsed with it. In the new sanctioning grain advances, each Head of the Office/Head of the Department must certify that complete recovery of the previous advance with interest accrued thereon, has been made from the Government servant to whom grain advances are being sanctioned now.

(v) The amount of advance shall be disbursed by the Head of the Office after drawing the same on the Form No. M. P. T. C. 76. In case of Gazetted Officers to whom such advances will be sanctioned, the amount may be drawn from the treasury on this form in enclosing therewith a copy of such sanction.

(vi) After grain advances are sanctioned, it will be the responsibility of the Heads of the Offices to keep a special watch on the regular recovery of the advances and to effect recovery of the amounts of interest in time after computation of the same in accordance with the rules. It will also be their responsibility to ensure that drawings from this head are not exceeded than the amount of allotment made to them and that a detailed account of advances and recoveries in respect of each Government servant is maintained in a subsidiary register in Form M. P. F. C. 31.

(vii) The application be made by Government Servant in Form No. M. P. F. C. 32.

(viii) In order to enable the Finance Department to exercise proper control on this head of account, the Accountant General, Madhya Pradesh will communicate the figures of expenditure and recoveries to the Finance Department in the second week of each quarter of July, October and January respectively”.

SECTION-V-INTEREST-FREE-ADVANCES

Sub-section (1)—Advances on Transfer

Advances may be made to a Government servant including one officiating in a higher post under orders of transfer (including transfer for the purpose of deputation for training) to the extent of pay that he is in receipt of immediately before transfer or the pay that he will be entitled to after transfer, whichever is less, plus the travelling allowance to which he may be entitled under the rules in consequence of the transfer. Such advances may be sanctioned by the Principal District Officer in the department concerned or by any other subordinate officer to whom the power may be delegated.

The advances should be recorded on the Government servant’s last pay certificate. The advance of pay should be recovered from the pay of the Government servant in not more than three monthly instalments, the recovery commencing from the month in which the Government servant concerned draws a full months pay or / and leave salary on joining his new post. The advance of travelling allowance should be recovered in full on submission of the Government servant’s travelling allowance bill.
Note 1.—No advance of pay is admissible in case of mutual transfers.

Note 2.—Authorities competent to sanction advances under this rule may sanction such advances for themselves also.

Note 3.—An advance under this rule is also admissible to a government servant who receives orders of transfer during leave.

Note 4.—This rule 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 5.—When a single lump sum advance is drawn to cover the travelling expenses of both 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. In case a Government servant has in drawn an advance in excess of the probable amount of travelling allowance claim (i.e., for family and personal effects when these are not being moved along with him to the new station), the difference should be recovered from him immediately from his pay bill as laid down in S. R. 205 of Madhya Pradesh Treasury Code, Volume I, instead of the recovery being postponed for adjustment from subsequent travelling allowance claims. Drawing Officers and Controlling Officers should particularly bear in mind that they should neither draw nor sanction advances in excess of the probable transfer travelling allowance claims and should not also delay the submission of such claims.

(F. D. Em. No. 11424-1603-R-VI-III, dated, the 31st August, 1956).

Note 6.—The advance of pay under this rule 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 certificates showing that no advance was drawn at the old station.

Note 7.—The amount of the advance, to be recovered monthly should be fixed in whole rupees, the balance being recovered in the last instalments.

Note 8.—In a case where an advance is sanctioned to a temporary Government servant the advance will be subject to the further condition that—

(a) the Government servant concerned furnishes suitable personal security from a permanent Government servant in the Form M. P. F. C. 20 before the advance is sanctioned, and

(b) the sanctioning authority satisfies himself before granting an advance that the Government servant concerned is not likely to be discharged or likely to leave service suddenly, before the advance is fully recovered.


Note 9.—An advance of travelling allowance under this rule 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 a gazetted Government servant and Head of the Department concerned in respect of a non-gazetted or Class IV servant provided in the latter case of 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 on the same basis as for a permanent Government servant provided surety from a permanent government servant is obtained.

Note 10.—Advances of pay and travelling allowance may be made from Government treasuries under the above rule to the Assistant Medical officers on their reversion from foreign service
CHAPTER 13]

LOANS AND ADVANCES 87

Note 11.—(i) A Superintending Engineer or a Divisional Officer of the Public Works Department (including an officer of the rank of Divisional officer not actually holding charge of a division) may, grant advances under this clause to any officer under his jurisdiction including himself.

(ii) Heads of Government educational institutions who are also drawing officers are authorised to grant such advances for themselves and for other Government servants under their control.

Note 12.—An advance of pay equal to half a month’s pay may be granted to non-gazetted establishments of the Ministers, Deputy Ministers and the Military Secretary to the Government Governor proceeding to or returning from Pachmarhi, provided that no advance may be granted to a person who has drawn pay fifteen days or less prior to the date of his departure. This advance will be recovered in one instalment from the next pay bill.

Note 13.—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 a lump by sending a cheque or Demand Draft in favour of the Accounts Officer on whose books the advance is originally booked.

Note 14.—In the case of Government servant and the members of his family completing the journey on two different dates, T.A. claims in respect of the journeys performed by the Government servant and/or his family members should be considered as falling due on the date succeeding the date of completion of each individual journey. Similarly, the T.A. claims in respect of the transportation of personal effects should be considered as falling due on the date succeeding the date on which the personal effects are actually delivered to him.

268-A. The procedure to be followed for account of advances on account of pay and travelling allowances granted to a Government servant on transfer and adjustments thereof is indicated below:

(i) Transfers from one service Department to another within the same Government:

(a) The advances on account of pay and (transfer) travelling allowances paid to a Government servant on transfer will be borne by the Department making the payments (which will be the Department from which he is transferred), and debited by that Department to the final head of account under which its pay and travel expenses are ordinarily classified.

(b) In the case of advance of pay the recovery will be effected by the Department to which the Government servant is transferred, and accounted for as minus-debit under the relevant expenditure head for pay of that department, irrespective of the year in which the recovery/adjustment is made.

(c) As regards travelling allowances, the amount actually payable to the Government servant normally will be more than the advance on this account drawn by him earlier. In such a case the net amount only paid to him on account of (transfer) travelling allowance, will be debited to the relevant head for travel expenses of the Department to which he is transferred. Where, however, the advance of transfer travelling allowance drawn turns out to be more than the amount actually due to him on this account, the recovery of the excess amount when effected will be adjusted by minus-debit to the expenditure head by the same Department, just as for advance of pay.
(d) Thus, while the payment of the advances, will be adjustable by the Department from which the Government servant is transferred, all subsequent transactions connected with the recovery/adjustment of these advances will be accounted for by the Department to which he is transferred. The latter Department will also watch as well as ensure timely adjustment/recovery of the advances.

(ii) Transfers to and from a Commercial Department (Railway or Posts and Telegraphs)/Defence Department, or a departmental Commercial undertaking and from one Government to another—

Such transfers can be either from the parent (lending) Government/Department to another (borrowing) Government/Department or transfers to parent (lending) Government/Department. In these cases the transactions will be accounted for as follows:

(a) In the case of transfer of a Government servant from his parent (lending) Government/Department, the debits on account of advances of pay and transfer travelling allowances will be passed on to the Government/Department to which he is transferred for adjustment under the appropriate final head of account in its books. The recovery of advances of pay effected by the Department will be adjusted as minus-debit under the same head under which the advance of pay was classified, irrespective of the year in which the recovery is made. As regards transfer travelling allowance, the net amount paid, if any, after adjustment of the advance will be debited to the head under which the advance was classified. Recovery, if any, effected out of the advance will be adjusted as minus debit under the same-expenditure head, just as for pay.

(b) In the case of retransfer of the Government servant to his parent Government/Department, the debit on account of advance of pay paid to him will be passed on to the parent Government/Department for adjustment in its books in the manner indicated in the preceding paragraph (a). As regards transfer travelling allowance, the borrowing Government/Department on making payment of the advance will adjust the debit under the relevant final head of account in its books. The further payment made or recovery, if any, effected by the lending Government/Department, on receipt of the final claims relating to the journey made on transfer will be remitted by it for being debited or minus debited, as the case may be, in the books of the borrowing Government/Department in the manner indicated in the preceding paragraph (a) in regard to transfer travelling allowance.

Sub-section (2).—Advance on proceeding on Deputation outside India

269. An advance may be granted to Government servants proceeding on deputation outside India, subject to the following conditions:

(1) The period of deputation is not less than one month.

(2) The amount of advance is limited to a month’s pay of the officer and is recovered in not more than three monthly instalments, and
(3) In the case of temporary Government servants, surety from a permanent Government servant is obtained in Form M.P.F.C.20 before the advance is sanctioned.

(Finance Department Memorandum No. 3260-R-2264-R-VI-III, dated the 12th March, 1966),

Sub-section (3).—Advances on Return from Leave or Deputation out of India

270. An advance may be granted to a Government servant on return, from leave or deputation elsewhere than in India, Ceylon, Nepal, Burma, Aden, Pakistan and foreign possessions in India, of an amount not exceeding two months substantive pay or Rs. 5,000 whichever is less, provided that the leave was not leave on average pay not exceeding four months or any other leave equivalent thereto (e.g., privilege leave, earned leave not exceeding 120 days or any other leave which is treated as equivalent to leave on average pay not exceeding four months) and that no advance was drawn under rule 268.

Note.—The advance under this rule may be drawn on the authority of the Principal District Officer from any treasury in Madhya Pradesh specified by him. Such advances are recoverable in monthly instalments of one-third of pay fixed in whole rupees.

Sub-section (4).—Advances for Journeys on Tour

271. Advances for journeys on tour may be made under the rules specified below:—

(1) To a Government servant, other than an inspecting officer, for himself or an Assistant or Deputy, proceeding on tour, up to an amount sufficient to cover for a month his contingent charges, such as those for the hire of conveyances or animals for the carriage of records, tents or other Government property, subject to adjustment upon the Government servant's return to headquarters or 31st March, whichever is earlier.

Note.—Advances under this sub-clause may be granted by heads of offices, but they should not be applied to the expenditure of any gazetted Government servant, except that of a Government servant of the Forest Department, which is meant to be covered by his travelling allowance.

(2) To non-gazetted Government servants proceeding on tour or to class IV servants accompanying officers on tour, by the head of their office, of an amount sufficient to cover their personal travelling expenses for a month, subject to adjustment on return to headquarters or 31st March, whichever is earlier.

(3) (a) To any gazetted Government servant on his countersignature if he himself is the controlling officer or in other cases on the countersignature of his controlling officer of an advance sufficient to cover his travelling expenses for journeys on duty outside his district, subject to adjustment in the travelling allowance bill on return to headquarters or 31st March, whichever is earlier.

(b) To any gazetted Government servant, on the countersignature of his controlling officer, of an advance sufficient to cover his travelling expenses for journeys on duty outside the State, subject to adjustment in the travelling allowance bill on return to headquarters or 31st March whichever is earlier.
Note 1.—A second advance cannot be granted to a Government servant under this rule until an account has been given of the first.

A Government servant who has taken an advance under this rule 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 remained unadjusted.

Note 2.—Subject to the restrictions specified above, advances under this rule may be granted in all cases of journeys in respect of which travelling allowance is admissible as for a journey on tour.

Note 3.—An advance of travelling allowance under this rule may be sanctioned to a temporary Government servant without insisting on a surety from a permanent Government servant by the sanctioning authority in respect of a gazetted Government servant (for journeys on duty outside the State) and by the Head of the Department concerned in respect of non-gazetted or Class IV servants. The advance should be restricted to cover travelling expense for journeys on duty outside the State of the Government servant concerned and in regard to non-gazetted and Class IV servants the condition laid down vide Note 9 under rule 268 will also apply. 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 4.—Where after drawal of an advance under rule 271 of the Madhya Pradesh Financial Code, Volume I, a Government servant has not submitted the adjustment bill in due time and consequently his right to T. A. claim stands forfeited under Note 1 of rule 90 of the Madhya Pradesh Financial Code, Volume I, the advance to drawn shall be recovered from his pay bill or any other dues in one instalment by the authority competent to sanction such an advance.

In the case of Gazetted Officers who draw pay and allowances on the authority of Accountant-General, Madhya Pradesh departmental authorities can not effect such recoveries, unless the retrenchment slip is issued by the Accountant-General. The Accountant-General can not issue retrenchment slips even if the wanting T. A. adjustment bills are not received by him within one year of the date of the completion of journey because the Accountant-General will not be in a position to know which T. A. bills are pending with the heads of offices or the controlling officers for adjustment. In order to overcome this difficulty all controlling officers or heads of offices should maintain a register indicating:

(1) S. No.,
(2) Name of the Officer to whom the T. A. advance has been sanctioned,
(3) The quantum of advance,
(4) Number and date of orders sanctioning the advance,
(5) The date on which the adjustment bill has been submitted,
(6) The reasons for not submitting the bill immediately on completion of journey or by 31st March whichever is earlier,
(7) Whether the time limit has expired and if so whether audit has been requested to issue retrenchment slips,
(8) Remarks, if any.

This register should be checked every month by the controlling or Head of Office as the case may be, and in cases, where in their opinion
the provision of Note I under rule 90 of the M. P. Financial Code, Vol.I becomes applicable i.e., T. A. advances remain pending adjustment for more than one year, the Accountant-General should be asked to issue the necessary retrenchment slips to the Treasury Officer concerned.

272. The controlling officer, while sanctioning tour advance will keep in mind that the advance requested is just sufficient to meet the travelling expenses and this facility is not being abused by drawing advances in excess of actual requirement.

273. Advances may be granted by the Deputy Commissioner to a Treasury Officer, or District Superintendent of Police, for expenses connected with a remittance of treasure, to be adjusted when the duty is completed.

Advances for remittance of treasure should be charged in the cash book and list of payments and should not be entered in the register of advances. They are drawn on abstract contingent bills and are adjusted by submission to the Accountant-General of detailed bills. No countersignature is necessary. If the total of the final bill be more than the advance, it should be presented, supported by the requisite sub-vouchers, at the treasury for payment of the net amount due after deducting the advance. If the total be less than the amount of the advance, the excess should be refunded into the treasury at once, and the fact noted in the bill, which should also be submitted to the Accountant-General with the necessary sub-vouchers for audit. These charges are borne either by the State Government or the Reserve Bank of India according as the remittance is of the kind mentioned in Note 1 or Note 2 below S. R. 661 of the Madhya Pradesh Treasury Code, Volume I.

Sub-section (5).—Other Advances

274. Advances are permissible for expenditure on law suits to which the Government is a party. Such advances may be sanctioned by the Deputy Commissioner or by the head of the department in consultation with the Law Department of Government.

275. The advances mentioned in rules 271, 272 and 274 are treated as final charges, not as advances recoverable, and are to be drawn and accounted for as travelling expenses or contingent charges of establishments.

276. *DELETED

Sub-section (6).—Tour Charges

277. The procedure detailed below should be followed by all Government servants incurring tour expenditure in the drawing and accounting of tour charges:

(1) Expenditure on contingencies to be incurred by Government servants while on tour should ordinarily be met out of the permanent advance of the head of the office. If the balance in the permanent advance is insufficient at the time, or if the permanent advance is not large enough to meet the demand the amount required may be drawn on an abstract bill from along with other contingent charges, i.e., as an additional item in the bill for recoupment of the permanent advance or separately as may be found necessary.

(2) If the amount required for tour charges is paid from the head of the offices permanent advance, it should subsequently be recouped by drawing a contingent bill from the treasury, in the usual manner.

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*Vide F. D. Memo No. 579/R/V/IV/84 dated 1-6-84*
(3) At the end of each month, or if a Government servant returns to headquarters earlier, on his return to headquarters, the touring Government servant should furnish to the office for incorporation in the monthly detailed contingent bill a statement of expenditure incurred out of the advance with supporting vouchers.

(4) Any balance remaining out of the amount drawn from the treasury for expenditure on tour should either be refunded in cash in to the treasury and the refund shown in the monthly detailed bill or short drawn in the next contingent bill. If the touring Government servant does not return to headquarters by the end of the month in which the tour charges are drawn, and the tour is continued over the following month, a supplementary detailed contingent bill should be submitted in respect of the balance in hand either by the end of the next month or on his return to headquarters, whichever is earlier.

(5) When the amount for tour charges is paid out of the permanent advance, the balance, if any, left at the end of the tour should be returned to office.

(6) In the case of tour charges drawn from the treasury by heads of departments or other Government servants, who are themselves controlling officers in respect of their contingent expenditure, no monthly detailed contingent bill is necessary. It is sufficient if the necessary vouchers and details are furnished to the audit office as soon as possible after the amount is drawn. If any balance left after expenditure is refunded in cash into the treasury, the fact should be intimated to the Accountant-General in forwarding the vouchers and sub-vouchers to him.

(7) Advances for travelling expenses (which should not except as provided in clause (vi) of Rule 102 be allowed to be met out of the permanent advance) should be drawn on travelling allowance bill forms as hitherto, showing the amount drawn for each individual separately.

(8) The charges drawn for contingent expenditure should be clearly described in the bill as “tour charges” and the advance for travelling allowance as an “advance for travelling allowance” and a certificate recorded that the previous advance drawn on (here enter date) has been accounted for as required by Note 1 to rule 271 (3).

(9) The advance for travelling allowance should be adjusted by travelling allowance bills duly countersigned by controlling officers, so as to enable the Accountant-General to see that the advance originally drawn for each individual was not in excess of requirements and that it was not drawn from the treasury when it was not required for immediate disbursement.

(10) The amounts drawn as tour charges for contingent expenditure on tour or as advances of travelling allowance must be accounted for on return of the Government servants to headquarters, or on the 31st the March, whichever is earlier.

Note 1.—For the purpose of the above rule, a Government servant should not be held to have returned to headquarters if the interval between any two journeys during the same touring season is less than a week.

Note 2.—Tour charges paid to Inspector of Excise on special duty in the Jabalpur district for detection of charas smuggling may be adjusted once a year on the 31st March.

Note 3.—This rule has been relaxed in the case of Government servants of the Settlement Department who have been permitted to adjust their tour charges on their return to headquarters or the 30th June whichever is earlier.
(11) All contingent expenditure on tour charges will be entered in the contingent register and that on account of travelling allowance in the travelling allowance register.

Note 1.—In cases in which the above procedure is likely to cause delay in payment, the Deputy Commissioner may authorize bills of tahsildars and naib-tahsildars for tour charges to be paid at a sub-treasury without being first endorsed for payment by the district treasury officer. The district treasury officer, however, should see that the bills in question are countersigned by the Deputy Commissioner (or by one of his authorized gazetted assistants) before the bills are incorporated in the district treasury accounts.

Note 2.—Sub-divisional officers in the Public Works Department are declared as drawing and disbursing officers for the purpose of drawing from the treasury advances of travelling allowance for their subordinate staff.

278. Advances connected with the tour expenses of the Governor are drawn by the Military Secretary from any district treasury or sub-treasury. Treasury officers have no concern with the adjustment of these advances; they should be charged separately in the cash book and list of payments.

278-A. The bill for tour advance should be endorsed by the Military Secretary to the Governor in favour of the Tahsildar concerned who should draw the amount and should pay for everything as it is collected for Rasad. The proper market prices being fixed and duly paid for all that is used should be sold and proceeds credited against the advance along with the money realised in payment for what is bought by the camp people. Precaution should be taken to see that not more than what is reasonably necessary for Governor's Camp supplies is purchased so that there is no waste and occasions for writing off losses do not normally arise.

Sub-section (7).—Other Miscellaneous Items of Advances

Advances for the erection of plague huts

279. Rules governing the grant of these advances are given in Appendix 6.

Advances to patients proceeding to Centres for anti-rabic treatment.

280. DELETED

Sub-section (8).—Advances on account of travel concessions during regular leave to the All India Service Officers serving in the State

280-A. (1) An advance may be granted to the officer concerned to enable him to avail himself of the travel concessions. The amount of such advance in each case will be limited to four-fifths of the estimated amount which the officer concerned would have to be reimbursed in respect of the cost of the journeys both ways to the home town and back.

(2) Where an officer concerned and/or members of his family avail themselves of leave travel concessions separately i.e., at different times, the advance should be drawn separately to the extent admissible.

(3) The advance may be drawn for both the forward and return journeys of the officer concerned and/or the members of his family at the time of the commencement of the forward journey, provided that the period of leave taken by the officer concerned or the period of anticipated absence of the members of his family does not exceed three months or 90 days.
(4) Where the period of leave or period of anticipated absence exceeds three months or 90 days, the advance can be drawn for the forward journey only.

(5) Where an advance has been drawn for both the forward and return journeys and latter it became clear that the period of absence of officer or his family from headquarters is likely to exceed three months or 90 days, one-half of the advance should be refunded to the Government forthwith.

(6) Officers who are their own controlling officers for travelling allowance purpose may sanction the advance for themselves. In the case of others, the sanction of the Controlling Officer concerned would be required.

(7) The account of the advance drawn for leave travel journeys will be rendered after completion of the journeys in the same way as for an advance of travelling allowance on tour.

(8) The advance will have to be refunded forthwith if the outward journey is not commenced within 15 days of the grant of the advance.

(9) The travelling allowance claim in adjustment of the advance drawn should be prepared within one month of the completion of the return journey.
CHAPTER 14.—MISCELLANEOUS SUBJECTS

SECTION I.—SECURITY DEPOSITS

281. Rules regarding the security of treasurers in district treasuries and sub-treasuries and the form of security bond to be executed by treasurers are given in Subsidiary Rules 20 to 23 of the Madhya Pradesh Treasury Code, Volume I. The following instructions apply generally to securities to be taken from other officials entrusted with the custody of cash or stores.

282. Except where exemption may be made by special or general orders of Government, every cashier, store-keeper and other subordinate who is entrusted with the custody of cash, stores or other valuables should be required to furnish security, the amount being regulated according to circumstances and to local conditions in each case under the orders of the head of the department, and to execute a security bond setting forth the conditions under which Government will hold the security and may ultimately refund or appropriate it.

283. (a) The security of a Government servant should ordinarily be furnished in the form of cash payments, which should be credited to the Public Account of the State. (See Treasury Rule 8 of the Madhya Pradesh Treasury Code, Volume I).

(b) A Post Office Savings Bank Pass Book for a deposit made may also be accepted as security, provided that the depositor has signed and delivered to the Postmaster a letter in the prescribed form as required by the Post Office Savings Bank Rules.

(c) The Security may also be accepted in form of the following—

(i) Post Office Cash Certificates;
(ii) National Savings Certificates;
(iii) 10-year Treasury Savings Deposit Certificates;
(iv) 12-year National Plan Savings Certificates;
(v) 10-year Defence Deposit Certificates; and
(vi) 12-year National Defence Certificates.

In such cases, the certificates should be formally transferred to the departmental authority which takes the deposit with the sanction of the Head Postmaster and should be accepted at their surrender value at the time of tender.

(d) Promissory notes and stock certificates of the Central Government or a State Government may also be accepted as a form of security. This security, should be accepted at 5 per cent. below the market price, or at the face-value whichever is less, and should be dealt with in accordance with the rules in Chapter IX of the Government Securities Manual.

Note.—Investments in the National Plan Loan in the form of Government Promissory Notes, come within the purview of this rule and can, therefore, be accepted as security.
283. (e) A fidelity Guarantee policy of the Life Insurance Corporation of India may be accepted as security provided that —

(1) the Employees take fidelity Insurance Policies at their own expense;

(ii) this form of security is not accepted from a private party.

(iii) when the Security is furnished in the form of fidelity Guarantee Policy the authority who accepts Security under Rule 282, shall see that the Government servant pays the premium necessary to keep the policy alive on the due dates. If the Government servant fails to deliver the premium receipt to the departmental authority in time, he should be removed from his post at once.

284. (a) When a Government servant who has furnished security takes regular leave or is deputed to other duty, the Government servant who is appointed to officiate for him for a period not exceeding four months may be permitted by the head of the department or the Deputy Commissioner, as the case may be, to furnish personal security instead of cash or other kinds of securities. The amount of personal security should be fixed with due regard to the amount of cash likely to be handled by the officiating incumbent.

(b) Government servants drawing pay of less than Rs. 380* per mensem may be permitted, in cases where they are required to furnish security, to give personal instead of cash security. [Pay means "pay" as defined in F. R. 9 (21) (a) and excludes "dearness pay."]

(c) In cases where personal security is furnished, the solvency of the surety should be verified before its acceptance by the head of the department or the Deputy Commissioner, as the case may be. They should be responsible for verifying the continued solvency of the sureties once a year.

(d) When a security bond is taken which binds a party or his surety for payment of compensation to Government in the event of the party's failure to fulfil the terms of the bond, it should be verified before the surety is accepted that the person offering surety has sufficient property in India.

Note 1.—The form of the cash security bond is contained in Form M.P.F.C. 21.

Note 2.—The form of personal security bond is contained in Form M. P. F. C. 23.

Note 3.—Rules regarding the security to be furnished by the Nazarat and Court officials, e.g., nazirs, naib nazirs, bailiffs, sale amins, process-servers and process-writers are given in Part VI—1 of Rules and Orders (Civil).

Note 4.—Judicial moharrirs of courts where there is no nazir or naib-nazir and who are holding charge of small contingent advances and of fines, are exempted from furnishing security.

285. Ordinarily a Government servant is required to furnish the whole of the security at once on appointment but the head of the department may, at his discretion permit the security to be furnished in instalments by monthly deductions at the rate of 10 per cent. of the Government servant's salary. The deduction so made shall be credited to the Public Account of the State [see rule 283 (a)] or in the Post Office Savings Bank Accounts to be opened for this purpose, which

* vide F. D. memo No. 579/RV/IV Dt. 1-6-84.
should be pledged to the departmental authority who takes the security \(\text{(according to the Post Office Savings Bank Rules).}\) The pass book should be kept in the safe custody of the departmental authority as per rule 286 (a). Until the full amount of the required security is thus made up, the Government servant shall bind himself personally and furnish a solvent surety.

Note 1.—The form of temporary Security Bond with surety when the security money is to be recovered in monthly instalments from pay is contained in Form M. P. F. C. 22.

Note 2.—The provisions of clauses (c) and (d) of the preceding rule apply to the security bond prescribed in the rules.

286. (a) The personal security bonds, deposit receipts of the State Bank and the Post Office Savings Bank Pass Book taken as security should be kept in the safe custody of the departmental authority who takes the security.

(b) Post Office Cash Certificates, Government Promissory Notes and National Savings Certificates deposited as security should be lodged for safe custody with the district treasury.

Note 1.—All Part Office Savings Bank, Pass Books should be sent to the post office as soon as possible after the 15th June of each year, so that the necessary entries on account of interest may be made on them.

Note 2.—In respect of the deposit receipt of the State Bank, the depositor should receive the interest, when due, direct from the Bank on a letter from the pledgee authorising the Bank to pay it.

287. A security deposit taken from a Government servant should be retained for at least six months from the date when he vacates his post, but a security bond should be retained permanently or until it is certain that there is no further necessity for keeping it.

288. Without the special orders of the head of the department, or the Deputy Commissioner, as the case may be, no security deposit should be repaid or retransferred to the depositor, or otherwise disposed of, except in accordance with the terms of his security bond or agreement. A departmental authority on returning any security to the depositor should invariably obtain his acknowledgment duly signed and witnessed. When an interest bearing security is returned or retransferred, the acknowledgment should set forth full particulars of the security.

289. When a private person or firm contracts with Government to supply stores or execute a work, he or it should, unless exempted by special orders of Government, be required to give security for the due fulfilment of the contract and suitable provisions regarding the security should be incorporated in the agreement.

290. (a) In all contracts entered into on the part of Government, under which sums of money are payable by contractors, adequate security should, wherever possible, be taken for sums being paid as soon as they fall due, and where personal security is accepted, the continued solvency of the surety should be verified at least once a year. Where the circumstances are such that surety cannot conveniently be furnished, the contractor should be required to pay the sums due on the contract quarterly in advance; and the instalment on account of each quarter should be paid at least a month before the beginning of that
quarter for which the advance payment is required. In default, the contract should at once be cancelled and new arrangements be made, so that, as far as possible Government may be protected from loss.

(b) These orders apply not only to Government leases and contracts, but also to similar engagements on the part of local bodies, in cases which are not specially provided for in the departmental rules. What has to be specially guarded against is overlooking the demand outstanding on account of contracts till the end of the year for which they are current, by which time heavy balances are liable to accrue and it may become impossible to secure an adjustment.

Note 1.—Debentures of the M. P. Housing Board should be accepted as earnest money deposit by all Government Departments when it is required of a third party for the performance of any contract.

Note 2.—The units of Unit Trust of India which have been made a "trustee security", under section 20 of the Indian Trusts Act, 1882, may be accepted as a form of security which contractors and others can furnish to Government departments for fulfilling the terms of their contracts with the Government.

Note 3.—Guarantees and fixed deposit receipts etc. tendered by banks under the 'Bank Guarantee Schemes' adopted by the State Government vide Finance department circular memo Number 2171-545-IV-R-V, dated 6-9-62 and other instructions issued from time to time in the matter, may also be accepted as security which contractors and others can furnish in lieu of cash deposit or Government securities as cover to Government departments for fulfilling the terms of their contracts with the Government. The interest accrued on these deposit receipts etc. shall be received by the depositors direct from the bank on a letter from the pledgee authorising the bank to pay it.

SECTION II.—TRANSFER OF GOVERNMENT LAND AND BUILDINGS

291. Except as expressly provided otherwise in any rule or order made by Government, no land belonging to Government may be sold or made over to a local authority, private party or institution for public, educational or any other purpose, except with the previous sanction of Government.

292. When any land or building is transferred from one department of Government to another, the transfer should be free of all charges. When, however, the property is transferred to or from a commercial department, the transfer shall be effected on the following basis:

(a) no charge when the property is borne in the books at no value, and
(b) book value or market value, whichever is less, when the property is valued in the books.

293. When any immovable public property is made over to a local authority for public, educational or any other purposes, the grant should be made expressly on the conditions, in addition to any others that may be settled that the property shall be liable to be resumed by Government if used for other than the specific
purposes for which it is granted and that should the property be at any time resumed by Government, the compensation payable therefor shall in no case exceed the amount (if any) paid to Government for the grant, together with the cost, or their present value at the time of resumption, whichever may be less, to any buildings erected or other works executed on the land by the local authority.

Note 1.—Transfer or gift of Government property, of a value exceeding Rs. one lakh to outside parties, institutions, etc., should be made only after it is brought to the notice of the Vidhan Sabha by a suitable mention of it in the Explanatory Memorandum of the Budget.

Note 2.—In case of urgency, where it may not be possible to wait till the matter is brought to the notice of Vidhan Sabha through the Explanatory Memorandum on the annual Budget, arrangements may be made for entrusting the management of the property to the body or institution but the formal transfer of the title to the property should be effected only after mention is made in the Explanatory Memorandum as stated above.

Note 3.—When Government property is transferred to an autonomous organisation suitable safeguards should be imposed to provide that it should not be encumbered or eliminated by the recipient of the property without prior approval of the Government.

294. The transfer of land and buildings between the Central Government and the State Government is regulated by the provisions of Articles 256, 257 and 298 of the Constitution of India and subsidiary instructions issued in this behalf by the Central Government which have been reproduced in Appendix 10.

SECTION III.—INSURANCE OF GOVERNMENT PROPERTY

295. (1) The normal policy of Government is not to insure their properties, and no expenditure should be incurred without the prior consent of the Finance Department on the insurance of any Government property.

(2) It is only in respect of the property which is exposed to damage on account of its inflammable nature or its being easily exposed to damage or destruction (each case being examined on its merits in consultation with Commerce and Industry Department), that insurance should be taken up.

(3) Whenever it is decided to insure Government property, it should be insured with the Indian Insurance Company's Association Pool, Bombay.

SECTION IV.—CHARITABLE ENDOWMENTS AND OTHER TRUSTS

296. Detailed instructions relating to charitable endowments and other trusts are embodied in Appendix 11.

SECTION V.—MISCELLANEOUS

Payment of Arrear Claim to Persons not in Government Service

297. The provisions of rule 91 apply Mutatis-mutandis to old claims preferred against Government by persons not in Government service.
Note.—Regarding claims of Government against Railways for over charges and claims of Railways against Government for under charges, see S. R. 120 of the Madhya Pradesh Treasury Code, Volume I.

Supply of Forms

298. The Controller, Govt. Printing and Stationery, M. P., Bhopal maintains stocks of standard forms which are prescribed for use by Government offices, and which are to be printed and supplied by Government. Heads of offices and other Government officers should send their indents to him subject to the observance of the procedure prescribed in the Stationery and Forms Rules.

Destruction of Official Records connected with Accounts

299. The general rules on the subject are contained in Appendix 12. Special rules applicable to particular departments are prescribed in the respective departmental manuals.

Erasures

300. Erasures and over-writing in any account, register, schedule or cash book are absolutely forbidden, if any correction is necessary the incorrect entry should be cancelled neatly in red ink, and the correct entry inserted. Each such correction, or any interpolation deemed necessary should be authenticated by the head of the office setting his dated initials against each. For instructions regarding corrections and alterations in a bill or a cheque see S. R. 121 (iii) and S. R. 146 of the Madhya Pradesh Treasury Code Volume I.
CHAPTER 15—GOVERNMENT ACCOUNTS

SECTION I.—GENERAL

Form of Accounts

301. The form in which and the general principles and methods according to which the accounts of Government should be kept have been prescribed by the Comptroller and Auditor-General of India with the approval of the President of India and the main directions in respect thereof are contained in Volume I of the Account Code. Volumes II and III of that code embody the directions of the Comptroller and Auditor-General of India regarding the form of initial and subsidiary accounts to be kept in treasuries and by officers of the Public Works and Forest Departments. Detailed rules and instructions relating to the forms of the initial and subsidiary accounts to be kept and rendered by officers of the technical departments such as the Public Works and Forest Departments, whose accounts are not finally settled through the treasury accounts, are laid down in the departmental regulations relating to the departments concerned.

Major, Minor and other Heads of Accounts

302. The structure of the accounts consists mainly of the following units of classification:—

(a) Major heads.
(b) Minor heads.
(c) Sub-heads.
(d) Detailed heads or objects of expenditure.

Intermediate heads of accounts known as sub-major heads are sometimes introduced between a major head and a minor head under it when the minor heads are numerous and can conveniently be grouped together under such intermediate heads. In similar circumstances minor heads are divided into sub-heads (group heads).

303. A list of authorised major and minor heads of account is given in a separate publication named “List of Major and Minor Heads of Accounts of Central and State Receipts and Disbursements” issued by the Comptroller and Auditor-General of India. The introduction of any new major or minor head as well as the abolition or changes of nomenclature of any of the existing heads requires the approval of the Comptroller and Auditor-General.

The opening of a new sub-head or a detailed head in the demands for grants will be sanctioned by the Finance Department according to administrative requirements after consultation with the Accountant-General. As regards heads of expenditure, the sub-divisions of minor heads will follow as far as possible the sub-heads and other units of appropriation selected by the Finance Department for demands, for grants and appropriation accounts.
304. In the matter of accounting and for control of expenditure, the nomenclature of the budget-cum-accounts heads should be strictly followed by departmental officers. Whenever provision made in the budget estimate or in any order of appropriation does not conform to the prescribed head or unit, the corresponding receipt or expenditure should be accounted for against the particular head or unit under which the provision has been made or the appropriation has been communicated by competent authority unless there be strong reasons for a contrary course, e.g., when such accounting would be contrary to law. All such cases should be brought to the notice of the Finance Department, so that in the estimates of the following year the error may be rectified, unless the Finance Department agrees to give effect to the correct classification in the accounts of the current year because of the magnitude of the amounts involved, or because the misclassification affects the accounts of commercial departments or allocation between Capital and Revenue heads.

305. Changes in nomenclature of accounts or budget heads or in the classification of receipts or expenditure will not be introduced except under special orders of the Finance Department.

306. Expenditure which under the provisions of the Constitution is subject to the vote of the Legislature shall be shown in the accounts separately from expenditure which is “charged” on the Consolidated Fund of the State. The expression “charged” or “voted” shall be appended to the heads concerned to distinguish the two categories of expenditure.

Responsibility of Departmental Officers

307. Every officer responsible for the collection of Government dues or expenditure of Government money should see that proper accounts are maintained in such form as may have been prescribed for all financial transactions of Government with which he is concerned and render accurately and promptly all such accounts and returns relating to them as may be required by Government, the Accountant-General or the Controlling Authority concerned. It is essential that all accounts should be so kept and the details so fully recorded and that the initial records of payments, measurement and transactions in general are so clear, explicit and self-contained as to be producible, where necessary, as satisfactory and convincing evidence of facts.

Note 1.—The classification on bills should be recorded by the drawing officer, similarly the classification on challans should be recorded by the officers responsible for the collection of Government dues and making the remittance to the treasuries. The classification in the accounts may at the outset follow the budget, but the matter should be referred to Government for orders in any case of doubt.

Note 2.—The responsibilities of disbursing officers, controlling officers and heads of departments, in regard to the control over expenditure incurred against the grants allotted to them are laid down in the Budget Manual.

SECTION II.—GENERAL PRINCIPLES OF CLASSIFICATION

308. As a general rule, the classification of transactions in Government accounts, shall have closer reference to the function, programme and activity of the Government and the object of the revenue or expenditure, rather than the department in which the revenue or expenditure occurs. For example, expenditure incurred by the Public Works Department on the construction of a Hospital shall be debited as expenditure under the major head “280-Medical” or “480-
Capital Outlay on Medical” as the case may be, and not to the major head for “Public Works”. This principle is however subject to such exceptions as may be authorised specially in any individual case or a class of cases e.g., receipts representing “Interest” are shown under “049—Interest Receipts” and expenditure on the maintenance and repairs of non-residential Buildings under the administrative control of the P.W.D. are shown under the Major Head “259—Public Works” irrespective of the functions to which they relate.

Important General Orders governing Classification

Pay and allowances (other than Travelling Allowance) of Government servants.

309. Following the principles in Article 308, the pay and allowances of Government servants shall be classified in accounts as part of the scheme, activity or organisations (sub-head) under a programme (Minor head) below a function (major/sub-major head) to which the service of the Government servant closely relate. Where, however, it is not possible to classify at the initial the pay and allowance of Government servant or servants under a single sub-head, because of the overlapping nature of the duties of such Government servants which extend to several activity programme, functions, etc., the charges may be classified initially as part of the scheme or activity or organisation to which the major portion of the work of the Government servants relate. A suitable prorate allocation of such expenditure should however be made in all such cases as far as possible.

(2) The transit pay and allowances of a Government servant proceeding to join an office whether on first appointment, or on transfer, either permanently or as temporary measure, or on reversion from one department to another, should, in the absence of special orders to contrary be debited to the office to which he is proceeding.

Note.——The transit pay and allowances, both ways, of a Government servant transferred from one Government to another or to foreign service will be adjusted in such manner as may be mutually agreed upon by Governments concerned or as may be laid down in the appropriate Service Rules.

Travelling Allowances

310. The travelling allowance of a Government servant shall be classified in the accounts in accordance with the following rules——

Save as provided below and subject also to the Directions given by the Comptroller and Auditor-General to regulate adjustment between different departments of Government, the travelling allowance of a Government servant on whatever duty he may be employed shall be debited to the same head as his pay,—

In the following cases, the travelling allowance of a Government servant may be debited to a head different from that to which his pay is debited,—

(1) in case where a Government servant is required to travel on duty connected with an outside body or fund;

(2) when Government considers it necessary to show separately the cost of a special service; and

(3) in cases covered by general or special orders of Government authorising a deviation from the general rule.
Expenditure of Public Works

311. Expenditure on public works where the works are under the administrative control of the P. W. D. shall be classified in accounts, according to the following principles:

(i) Expenditure on the construction of Government non-residential building, for administrative and office purposes was distinct from that on the construction of buildings for functional purposes like schools, colleges, hospitals etc., will be accounted for under the major head "259—Public Works" or "439—Capital Outlay on Public Works" as the case may be.

(ii) Expenditure on the construction of building for purely functional purposes, such as those for schools, colleges, hospitals etc., will be accounted for under the major head closely connected with the functions, such as "277—Education/477—Capital Outlay on Education Art and Culture", "280—Medical/480—Capital Outlay on Medical" etc., as the case may be.

(iii) Expenditure on maintenance and repairs of all Government non-residential buildings whether for administrative, office or functional purpose will however, be accounted for under the major head "259—Public Works" and other buildings which exclusively relate to functions under "General Service".

(iv) Expenditure on Government residential buildings will be accounted for under the major head "283—Housing" "483—Capital Outlay on Housing" in the Revenue or Capital section as the case may be, in the sector "Social and Community Service".

(v) Expenditure on roads and bridges, being in the nature of communications services, will be accounted for under the major head "337—Roads and Bridges/537—Capital Outlay on Roads and Bridges" in the revenue or capital sections as the case may be in the sub-sector "Transport and Communications" of the sector "Economic Services".

Note 1.—Where the building etc., are not under the administrative control of the P. W. D it is open to Government to prescribe that expenditure on construction and repairs up to certain monetary limits, may be incurred by the Civil Departments (i.e. department other than the Public Works Department) concerned in such cases where the expenditure can be identified with the programme (Minor Head) relating to the function (Major Head) it should be accounted for under the detailed head 'work' below the minor head. Where the minor head is not identifiable it should be classified under the residuary minor head "other expenditure" of the relevant major head.

Note 2.—Expenditure on the staff quarters (construction as well as maintenance) forming part of a scheme or project such as those of Doctors or Nurses in a hospital will normally be accounted for under the programme under the relevant functional head 'Medical' in the example cited above and not under the Major Head 'Housing'. If however, Government finds it difficult for administrative reasons, to follow this principle, in the case of maintenance expenditure, the expenditure on maintenance may be debited to 259—Public Works. As a corollary the rent receipt will go to 073—Housing in such cases.

Contributions made by or to Government

312. (a) Contributions made by the Central or the State Governments to District Boards, Municipalities, etc., or vice versa shall be debited as expenditure or shown as receipts (as the case may be) under the head of account most closely
connected with the object for which the contributions are made. Thus, a grant for the construction of a school shall be debited to “277—Education” grant for construction of a drainage system to “282 Public Health, Sanitation and Water Supply” and a grant for the construction of a road to “337 Roads and Bridges” and a grant given for general purposes, such as a grant to make good a deficit or as compensation for revenue resumes, shall be classified under “363 Compensation and assignments to Local Bodies and Panchyati Raj Institution”.

Note 1.—If the financial assistance given by the Central or State Government to a local body does not take the form of a grant of cash, but of expenditure in the Public works Department equivalent to the whole or a part of the cost of work constructed by the department on behalf of the local body concerned, the contribution thus made should be debited as expenditure under the detailed head “Contributions” below the relevant minor/major head corresponding to the programme/function closely connected with the object of the assistance.

Note 2.—A contribution paid by a local body or private party with the express object of meeting the whole or a part of the cost construction by the Public Works Department of a specified work which is eventually to be the property of Government should be credited as revenue receipt of the Government relevant to the function/programme closely connected with the object for which the contribution is made.

(b) Article 282 of the Constitution provides that the Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not now with respect to which Parliament or the Legislature of the State, as the case may be, may make law, the word ‘Grant’ used here should be taken to mean not merely ‘Grant-in-aid’ but also other direct expenditure.

Refunds of Revenue

313. Refunds of revenue shall, as a general rule, be taken in reduction of the revenue receipts. In so far as the sector “Tax Revenue” is concerned, the refunds shall be accounted for under a distinct sub-head below the relevant minor heads under the major/sub-major heads in that sector, so that the net collection of each tax/duty (accounted for under the minor heads) can be readily ascertained from the accounts.

The refunds of revenue relating to the Sectors “Non-Tax Revenue” and “Grants-in-aid and contributions” shall however be accounted for under a separate minor head “Deduct Refunds” under the major/sub-major heads falling in these sectors, unless it is not practicable to exhibit such refunds as sub-heads below the programme minor heads themselves.

Classification of transactions under “Civil Advance”

314. (a) Money advanced for miscellaneous purposes under special authority and recoverable in such and sums overpaid on vouchers other than those for service payments shall be adjusted under the head “850-Civil Advances”. Payments made on account of Government expenditure should not be held under “Civil Advances” on the ground that further proceedings in audit are necessary for their final admission. This head shall cover items which are from their inception debts due to Government recoverable either in cash or by deduction from pay and allowances. Pay and allowances of any kind in respect of an assignable period paid before they are due, shall be debited to the same head as and when paid after they are due.
(b) (i) Advances of pay and travelling allowance in transfer should be
debited to the final head of account and not to CCivil-Advances”. The debit
should be borne by the department which makes advances. The recovery of
pay and travelling allowance advances on transfer will, irrespective of the year
of recovery, be treated as minus expenditure. The recoveries will be accounted
for under the head of account to which the expenditure of the department to which
the Government servant is transferred is debited.

(ii) However, in the case of transfer of Government servant from one
Government to another or within the Central Government to or from the
Railways, P. & T. Defence Departments the advice of debit representing the
advance of pay and travelling allowance on transfer should be passed on to the
Government Department to which the Government servant proceeds for classi-
fication in accordance with (i) above.

Advances for law suits shall be debited to the functional expenditure head
concerned. Refunds of amounts remaining unspent out of these advances shall be
dealt with as cash recoveries, and adjusted in accounts, in accordance with
provisions of Article 22 of Account Code, Vol. IV.

Classification of transactions under “suspending”

315. Items of receipts and payments which cannot at once be taken to a
final head of receipt or charge owing to lack of information as to their nature or
for any other reason may be held temporarily under the head “Suspense Account”
in the sector “L” suspense and Miscellaneous” of the accounts. A service receipt of which full particulars are not given must not be taken to
the head “Suspense Account” but should be credited to the minor head “Other
Receipts” under the revenue head to which it appears to belong pending eventual
transfer to the credit of a proper head on receipt of detailed particulars. The
charges under the head “Suspense Account” will consist not only of items for which
full particulars have not been given which will enable the audit Office properly
to classify them, but also charges written back on disallowance from Exchange
Accounts or charges disallowed from the Inward Settlement Accounts, which are
not susceptible to official adjustment against some other head. If however, the
only point of doubt in respect of any charge is whether it should be treated as
Central charge or as pertaining to a State, it should not be treated as Central charge
or as pertaining to a State, it should not be debited to “Suspense” but should be taken
to a proper service head of account, and shown as pertaining to the Government
which actually incurred the expenditure pending final decision of the question of
which Government should bear the charge.

Note—No sum shall ordinarily be credited to Government by debit to a suspense head;
credit must follow and not precede actual realisation.

IMPORTANT SPECIAL ORDERS GOVERNING CLASSIFICATION OF
CERTAIN INDIVIDUAL TRANSACTIONS

Cost of acquisition of land.

316. Cost of land acquired for any specific work or a project shall be recorded
as part of the cost of the works or of the project under the relevant functional
major/minor head. The expenditure on acquisition of land by the Public work
Heads to which creditable

(i) when the cost of the land was originally debited to, or remains at the debit of the capital account of any project, or under-taking for which regular Capital and Revenue accounts are kept or was originally met from the revenue account of such projects or undertaking.

(ii) When the cost was originally debited to a Capital expenditure head outside the Revenue Accounts, even though no regular Capital and Revenue accounts are kept for the work covered by the Capital Expenditure.

(iii) When the cost was originally debited, within the Revenue section of the accounts, to any service or revenue department for which no Capital and Revenue accounts are kept.

(iv) When the cost was not so debited:—

(a) the rights of the Government in agriculture land not covered by clause (b);

(b) Nazul lands in the Uttar Pradesh, the Punjab and the Madhya Pradesh or elsewhere the lands in the Punjab equipped at the cost of State revenue for resale for building purposes;

The Capital or Revenue Account the project, as the case may be according to the allocation rule applicable to the Department concerned.

The Capital expenditure head originally debited.

The receipt head relating to the Department concerned, or, in the case of department not having a corresponding receipt head “068–Miscellaneous General Services-Sale of land and property”.

“105--Agriculture -Other receipts”.

“068–Miscellaneous General Services-Sales of land and Property”.

*In the case of land acquired by Government on payment for Companies, Railways, or of Government land made over to such Railways by other Government Departments or Railways where the cost was originally debited to “350- subsidised Companies Land” the sale proceeds are creditable to “150-Subsidised Companies” on the receipt.

I. SCHEDULE

Sale-proceeds of land, etc.

<table>
<thead>
<tr>
<th>Heads to which creditable</th>
<th>(i) when the cost of the land was originally debited to, or remains at the debit of the capital account of any project, or under-taking for which regular Capital and Revenue accounts are kept or was originally met from the revenue account of such projects or undertaking.</th>
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<td>(ii) When the cost was originally debited to a Capital expenditure head outside the Revenue Accounts, even though no regular Capital and Revenue accounts are kept for the work covered by the Capital Expenditure.</td>
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<td>(iii) When the cost was originally debited, within the Revenue section of the accounts, to any service or revenue department for which no Capital and Revenue accounts are kept.</td>
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<tr>
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<td>(b) Nazul lands in the Uttar Pradesh, the Punjab and the Madhya Pradesh or elsewhere the lands in the Punjab equipped at the cost of State revenue for resale for building purposes;</td>
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317. The classification of the sale-proceeds of Government land and building shall be regulated in accordance with schedule given below:—

Sale-proceeds of Government land and buildings

Department for general purposes shall be recorded under the head “259-Public-Works-Other Expenditure/459-Capital outlay on Public Works-Acquisition of Land”, as the case may be.
Heads to which Creditable

(c) In all other cases:—

(i) If sold in the Public Works Department; The functional receipt major head concerned or the head “059-Public Works”.

(ii) if sold in the Defence Departments; The major heads “069—Defence Services—Army”, “070—Defence Services—Navy” or “071—Defence Services—Air Force” as the case may be.

(iii) If sold by Civil Agency. The functional receipt major head concerned or “068—Miscellaneous General Services”.

II SCHEDULE

Sale proceeds of buildings (including the actual areas occupied by or auxiliary to a building).

Heads to which creditable

(i) When the cost of the building was originally debited, to, or remains at the debit of, the Capital Account of a project undertaking for which regular Capital and Revenue Accounts are kept or was originally met from the Revenue Account of such project or undertaking. The Capital or Revenue Account of the project, as the case may be, according to the allocation rules applicable to the Department concerned.

(ii) When the cost of the building was originally debited to a Capital expenditure head outside the Revenue account, even though no regular Capital and Revenue Accounts are kept for the work covered by the Capital expenditure. The Capital expenditure head originally debited.

(iii) When the sale affects Irrigation, Navigation Embankment and Drainage works for which Capital Accounts are not kept. "133. Irrigation, Navigation, Drainage and Flood Control Project B. Irrigation Projects(Non-Commercial or D. Navigation) Projects (Non-Commercial) or F. Drainage projects (non-commercial) or G. Flood Control and antisea erosion projects" as the case may be.
Heads to which creditable

(iv) Where the sale is of buildings the cost of which was originally debited, within the revenue section of the accounts, to any service or revenue department for which no capital and revenue accounts are kept.

"The receipt head relating to the function to which the cost of the building was initially debited" or in cases where there is no corresponding receipt head to the head "068—Miscellaneous General Services—Sale of land and property".

(v) In all other cases:

(i) If sold in the Public Works Department;

(ii) if sold by Civil Agency.

Municipal rates and taxes.

318. Municipal rates and taxes on Government buildings shall be adjusted as follows:

(a) As a general rule, municipal rates and taxes on a non-residential building utilized for functional purposes, such as for schools, colleges or hospital if paid by the relevant departments dealing with those functions, would be adjusted in accounts as part of the sub-heads minor heads concerned relating to the function, under the detailed head "Rent, Rates and Taxes". Where, however, the whole or a part of the tax is paid by the Public Works Department in administrative control of the building the payments may be debited to the maintenance estimates of the building concerned viz, "259 Public Works—Maintenance and Repairs" in terms of Rule 31f (3).

(b) Taxes on non-residential buildings occupied by Departments other than the Defence Department, if paid by a department nominated by Government in this behalf and not passed on to the occupying departments shall be debited to "265. Other Administrative Services—Other expenditure".

(c) Taxes on residential buildings, if payable by Government shall be debited to the maintenance estimates of the buildings under the head "283. Housing-C—Government Residential Buildings-Maintenance and repairs or 259 Public Works," in the case the Government has decided to debit maintenance expenditure to this head.

Note.—In cases where the whole or any portion of the taxes which by local rule or custom are ordinarily leviable from the tenant, is paid by a Department of the Government such payments are treated as part of Contingent expenditure of the department.

(d) Taxes both on residential or non-residential buildings owned or occupied by the Defence Departments shall be debited to the Defence Services Estimates.
SECTION III.—GENERAL METHODS OF ACCOUNTING

Accounting for Transactions Pertaining to more than One Major Head of Account

319. For the sake of convenience or for other special reasons, receipts or charges pertaining to more than one head of account may be booked in the first instance under one of heads concerned but the portion creditable or debitable to the other head or heads involved should be transferred from the former head to the latter before the accounts of the year are closed. A few cases in which this procedure is authorised are cited below:

(1) Where the charges for the supply of water from Irrigation canals are consolidated with the Land Revenue demand, the consolidated rates are in the first instance credited to the head "029-Land Revenue" and an approximate amount calculated as the share due to Irrigation is transferred to Irrigation Revenue head.

(2) Interest paid by Government on loans is taken initially under the head "249—Interest on Debt and Other Obligations" and necessary transfers from this head are made subsequently in respect of amounts debitable to Commercial Departments.

(3) The Establishment and Tools and Plant charges of Public Works Divisions are in the first place booked under a single major head subject to final apportionment among the several major heads concerned by credit to 049—Interest Receipts.

Record of Capital Expenditure in accounts

320. The following principles shall govern the record of capital expenditure in accounts:

(i) The Central Government and the State Governments should prescribe definite criteria for classifying an item of expenditure as pertaining to 'Revenue' or 'Capital' taking into account the nature and the magnitude of the expenditure involved. The source of financing (whether revenue budget or capital budget) should follow this classification.

(ii) All items of expenditure to be met from revenue according to the criteria indicated in (i) above should be initially and finally debited to Revenue (and it is not permissible to debit such expenditure temporarily to a capital head) pending its write back to revenue over a period of years.

(iii) The detailed rules by which allocation of expenditure between Capite and Revenue in Commercial departments and undertakings should be determined, shall be such as may be made by Government, after consultation with the Comptroller and Auditor General.
Accounting for Transactions relating to Schedule Areas

321. Receipts and expenditure pertaining to Scheduled Areas in a State, vide article 244 (1) of the Constitution shall be accounted for under the same major and minor heads under which corresponding receipts and expenditure pertaining to other areas of the State are accounted for, but the receipts and expenditure of the former kind may be shown in the accounts separately from the latter if Government so desires.

Accounting of Commercial Undertakings

322. Where any undertakings of Government are conducted on commercial lines, the essential formalities of commercial accounts should, if Government so desires, be strictly observed. In such cases, separate commercial accounts of the undertakings shall be kept outside the regular Government account. Gross receipts and expenditure of commercial undertakings shall be accounted for under the appropriate major and minor heads in the same way as ordinary receipts and expenditure of Government. The heads of accounts should, as far as possible, be common to the Government accounts and the General Ledger maintained at the undertaking and should be selected with due regard to the principles of Governmental and commercial accounting so that the monthly classified account of income and expenditure of the undertaking may be prepared readily from the General Ledger maintained at the undertaking.

Workings Expenses of Commercial Departments

323. As a general rule all expenditure pertaining to a department should be recorded on the expenditure side of the account. In the case of recognised commercial departments, however, it is permissible to take "Working Expenses" on the receipt side as deductions from gross receipts.

SECTION IV.—GENERAL PRINCIPLES OF ALLOCATION OF EXPENDITURE BETWEEN CAPITAL AND REVENUE

324. The guiding principles of allocation of expenditure between Capital and Revenue are as under:

(1) Expenditure of a capital nature shall broadly by defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of extinguishing or reducing recurring liabilities.

(2) It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring the expenditure. Expenditure by Government on Grants-in-aid to local bodies or institutions for the purpose of creating assets which will belong to these local bodies or institutions cannot legitimately be considered as capital expenditure.

(3) Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

(4) Expenditure of a capital nature shall be distinguished from Revenue expenditure both in the Budget Estimates and in Government accounts, subject to the principles laid down in Rule 320.
(5) Capital should bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It should also bear charges for such further additions, and improvements as may be sanctioned under rules made by competent authority.

(6) Subject to (7) below, revenue should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as under rules made by Government are debitable to the revenue account.

(7) In the case of works of renewal and replacement which partake both of a capital and revenue nature, the allocation of expenditure should be regulated by the broad principle that Revenue should pay or provide a fund for the adequate replacement of all wastage or capital grants and that only the cost of genuine improvements, whether determined by prescribed rules or formulas or under special orders of Government may be debited to Capital.

325. Deleted.
326. Deleted.
327. Deleted.

Interest on Capital

328. Except in special cases regulated by special orders of Government, interest at the rates specified below should be charged in the accounts of all commercial departments or undertakings for which separate capital and revenue accounts are maintained within the Government accounts. The charge should be calculated on the direct capital outlay to end of the previous year plus half the outlay of the year itself, irrespective of whether such outlay has been met from ordinary revenues or from other sources—

(i) For capital outlay met out of specific loans raised by Government, at such rate of interest as may be prescribed by Government having regard to the rate of interest actually paid on such loans and the incidental charges incurred in raising and managing them.

Note—By specific Loans are meant loans that are raised in the open market for a specific purpose which is clearly specified in the prospectus and in regard to which definite intimation is given at the time of the raising of the loans that for the purpose accounts they are to be regarded as specific loans.

(ii) For capital outlay provided otherwise interest should be charged at the average rate of interest to be determined each year by the Accountant General with the approval of the Government.

329. When under any special order of Government, charges for interest during the process of construction of a project are temporarily met from capital, the writing back of capitalised interest should form the first charge on any capital receipts or surplus revenue derived from the project when opened for working.
CHAPTER 153

GOVERNMENT ACCOUNTS

SECTION V.—PROFORMA ACCOUNTS

Subsidiary Accounts of Government Commercial Undertakings

330. When the operations of a department include undertakings of a commercial or quasi-commercial character, and the nature and scope of the activities of the undertaking are such as can not suitably be brought within the normal system of Government account, the head of the undertaking should be required to maintain such subsidiary and pro forma accounts in commercial form as may be agreed between Government and the Comptroller and Auditor-General. The methods and principles in accordance with which such accounts are to be kept, including inter alia the basis to be adopted for valuation of assets and for allocation of expenditure between capital and revenue accounts and the extent to which provision should be made in these accounts for bad debts, depreciation and other forms of indirect charges, e.g., cost of management and supervision, audit charges, interest on capital expenditure, etc. will be regulated by orders and instructions issued by Government in each case. Where the commercial accounts are maintained for the purpose of assessment of the cost of an article or service, the head of the undertaking should see that adequate regulations are framed with the approval of Government in order to ensure that the cost deduced from the accounts is the accurate and true cost. He should also arrange to obtain the orders of Government regarding the nature and form of subsidiary accounts and statements, if any, which should be appended to the Appropriation Accounts of each year, and submit such Accounts and statements to the Accountant-General on such date as may be required by him.

Other Pro Forma Accounts

331. Pro forma accounts of regular Government Workshops and Factories will be kept in accordance with the detailed rules and procedure prescribed in the departmental regulations. Pro forma accounts of Irrigation, Navigation, Embankment and Drainage works and of Government residential buildings will be prepared by the Accountant-General in accordance with the instructions contained in Chapter 21 of the Account Code, Volume IV.

SECTION VI.—ANNUAL ACCOUNTS

332. The annual accounts of receipts and disbursements of the State Government are submitted to Government by the Comptroller and Auditor General of India in the form of the Finance Accounts, Appropriation Accounts and Report thereon. These constitute the published account of Government.

The Finance Accounts deal with the accounts of Government as a whole including transactions relating to debt, deposits, advances, suspense and remittance accounts which do not strictly fall within the scope of the Appropriation Accounts.

333. Deleted.

SECTION VII.—ADJUSTMENTS WITH OTHER GOVERNMENTS, DEPARTMENTS, ETC.

Adjustments with the Government of India and Other State Governments

334. Subject to the relevant provisions of the constitution of India, the principles and procedure set out in the following paragraphs will be followed for
settlement of inter-Governmental transactions on account of supplies made or services rendered by one Government to another:

(1) In all cases of claims for an amount not exceeding Rs. 1,000 in each case, no monetary settlement will be resorted to. However in respect of the following claims monetary settlement should be made irrespective of the amount:

(i) claims relating to commercial departments/undertakings of a Government, which are required to work to a financial result, for service rendered or supplies made to or by them; and

(ii) incidence of charges, viz., leave salary, pension, etc., arising out of inter-Governmental deputations of individual Government servants which will continue to be regulated by the rules laid down in Appendix 3-B to Account Code, Volume I.

(2) For transactions above the limit of Rs. 1,000 and where the supplies/services are to be paid for irrespective of any monetary limit, the settlement will be made through cheques/bank drafts by the supplied Government. The procedure to be followed for making the monetary settlement in these cases (i) between the State Government inter-se and (ii) in respect of supplies/services to a Central Government Department will be as indicated below:

(i) Between the State Government inter-se:

The concerned officer of the Government in receipt of the supplies or services will present a bill at the Treasury for the cost of services or supplies, alongwith the accepted invoice and a requisition for a bank draft in favour of the officer concerned in the supplying Government and remit the bank draft so obtained to the later who will present it at the Treasury for encashment and crediting to the proper head of account.

(ii) Between a State Government and a Central Government Department (including Defence, Railways and Posts and Telegraphs Departments, besides Civil):

The Department of the Central Government which received the supplies/services will present a bill alongwith the accepted invoice to its own Accounts Officer concerned who will make the payment by cheques/bank drafts drawn in favour of the officer concerned of the supplying Government, in settlement of its claims.

In the reverse case of supplies/services rendered by a Central Government Department the cheques/bank drafts received by it from the supplied Government will be presented by it to its Accounts Officer for encashment and credit to the proper head of account. In case the departmental Officer is himself in account with a branch of the bank, the cheque/bank draft will be remitted by him to the bank with challan showing particulars of the Head of account for credit to Government account.
(3) These instructions will not apply to payments to be made to suppliers arranged by the Department of supply in the Ministry of Supply and Rehabilitation, for purchases made by the State Governments etc., through the Directorate General of Supplies and Disposals or for the settlement of claims relating to the supplies made to the various Governments/Departments by the Medical Stores Depots."

335. A period of three years has been accepted by the Central Government and other State Governments and the State Government of Madhya Pradesh for re-audit of past transactions involving errors in classification.

This limitation should be regarded as a convention rather than a rigid accounting rule.

336. Payment made by the Government of India on account of the cost of functions entrusted to the State Government under Article 258 of the Constitution are treated as contribution from the Government of India and credits to the State revenues as grant-in-aid from the Central Government. Expenditure incurred by the departments of the State Government on functions entrusted to them for execution under Article 258 (i) of the Constitution would be included direct in the State Budget.

Note.—This does not apply to the expenditure on National High Ways.

337. No inter-Governmental adjustments can be carried out after the 15th April on which date the books of the Bank are closed for the month of March. Every endeavour must, therefore, be made to settle as far as possible all transactions with the Government of India or other State Government before the close of the year.

Adjustments with Foreign Governments Outside Bodies, etc.

338. Payment must be required in all cases in respect of services rendered to any Foreign Government, or non-Government body or institution, or to a separate fund constituted as such either inside or outside the Public Account, unless Government by general or special order gives directions to the contrary. Relief in respect of payment for services rendered or supplies made to any outside body or fund should ordinarily be given through a grant-in-aid rather than by remission of dues. [See Paragraph 3 below Direction II of Appendix 14].

Inter-Departmental Adjustments

339. The inter-departmental adjustments will be done as indicated below:

(a) The commercial departments or undertakings as are authorised to draw cheques should settle the bills in respect of services rendered or supplies made to it through cheques and conversely the amount due to such commercial departments or undertakings from other departments should be settled through bank drafts.

(b) The commercial departments or undertakings which are not vested with cheque drawing powers should settle the payments for services and supplies or the amounts due by them through bank drafts.
(c) In cases of transactions between two service departments of the same Government which do not involve manufacturing or production or supply of articles, there will not be any monetary or accounting settlement except where fees are levied under a particular enactment. In the case where such fees are levied, these should be settled in cash or through bank draft.

(d) In cases of transactions between two service departments of the same Government where manufacturing or production or supply of article or repairs operation are involved and the existing principles require settlement, and adjustments may be done away with, if the cost of service or supplies is Rs. 250 or less in each cases. In respect of transactions above the said limit, the present rule of adjustment should continue. The adjustments should not, however, be made by book transfer through the agency of the Accountant-General but by cash-settlement as indicated below:

(i) As soon as the supplies are made, the supplying officer will send the invoice (indicating the head of account to which the amount should be credited) to the supplied officer. Immediately on receipt of invoice the supplied officer should verify the supplies and present a bill at the treasury with the invoice and challan in quadruplicate for payment by transfer credit to the head indicated in challan. The Treasury Officer will retain the original copy of the challan, return the duplicate and triplicate copies to the supplied officer who will keep one for his record and send the other to the supplying officer. The 4th copy will be attached to the relevant schedule of receipts as a supporting document and sent to the Accountant-General to enable him to verify and take the recovery to the proper head of account.

(ii) The Public Works, Forest and other departments vested with cheque drawing powers should settle the claims through cheques.

(iii) The system of book adjustment by the Accountant General of customs duty assessed and levied by the Customs Department on goods imported by the Central and State Government departments on the basis of monthly statement of bills of entry by crediting the “Customs” Receipt and debiting the amount to Consignee Department is dispensed with and the Customs duty assessed and levied by the Customs Department is to be settled as below:

(1) In case the consignees are State Government Departments, the duty is to be settled either by bank drafts or by cheque if the Department has got the cheque drawing powers.

(2) To avoid delay in the matter of settlement of customs duty, the consignee Department is to settle the 90% of the total claim immediately on receipt of bill of entries from the customs authorities subject to the adjustment of the balance in due course.
CHAPTER 15

GOVERNMENT ACCOUNTS

Adjustment of Pensionary Charges of Certain Commercial Departments

340. The pensionary liability of commercial departments and undertakings, for which *pro forma* commercial accounts are maintained outside the regular Government accounts, is assessed on a contribution basis at rates fixed by Government, the actual method of adjustment in the regular Government accounts being determined in consultation with the Accountant-General. As regards other departments and undertakings, for which no regular commercial accounts are maintained either within or outside the regular Government accounts but which are allowed to charge for their products or services rendered, the pensionary liability is taken into account in the estimate of overhead charges and manufacturing costs for the purpose of calculating the issue price of goods manufactured or fees for services rendered, the calculation being made at rates prescribed for the purpose by Government.

SECTION VIII.—EXHIBITION OF LOSSES IN GOVERNMENT ACCOUNTS

Receipts

341. (a) If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side as a specific loss.

(b) If money due to Government has actually reached a Government servant and is then embezzled, stolen or lost, even though it may not have reached the treasury and thus have passed into the Consolidated Fund or the Public Account, it should be brought as a receipt into the Consolidated Fund or the Public Account, as the case may be, and then shown on the expenditure side by record under a separate head as a loss.

Note 1.—Where losses of public money are wholly or partially met by non-issue of pay or pension and the Account Department authorizedly applies the unissued amount to meet the public claim, the resultant balance of the claim alone should be treated as a loss, the emoluments due being debited to the pertinent head of account as if they had been drawn and used by the Government servant concerned in paying the public claim.

Note 2.—The term “Government servant” used in this rule includes persons who, though not technically borne on a regular Government establishment are duly authorised to receive money on behalf of Government.

Buildings, Lands, Stores and Equipments

342. Losses or deficiencies need not be recorded under a separate head in the accounts, though they should be written off any value or commercial account that may be maintained. If any transactions under these categories are recorded under a Suspense head in the Government accounts, losses or deficiencies relating thereto must be written off the Suspense heads also.

Cash in Hand, whether in Treasury or Departmental charge

343. All losses or deficiencies should be recorded under separate heads in the accounts.

Note 1.—The acceptance of counterfeit coins or notes is regarded as a loss of cash.

Note 2.—Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be shown as an item of receipt.
Irregular or Unusual Payments

344. Irregular or unusual payments should be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example, an overpayment of pay shall be debited to the head "pay". Similarly, an excess payment for bricks manufactured shall be debited to the work for which the bricks are used. It is only when special heads exist in the accounts for recording such charges as compensation for damages, irrecoverable temporary loans written off and the like, that unusual or extraordinary payments shall be separately recorded.

Inevitable Losses

345. Where losses are an inevitable feature of the working of a particular department, the major head of account under which the expenditure of that department is recorded shall contain separate descriptive heads under which such losses may be recorded.

346. When a loss occurs, whether of money due to Government referred to in rule 341 (b) or of cash in hand referred to in rule 343, a bill showing the nature of the loss should be prepared at once and presented at the treasury. In the case of loss of revenue receipts, the bill shall be paid by transfer credit to the relevant revenue head of account, while in the case of other losses of cash the bill may be cashed for recouping the loss. Loss of money due to Government, or of cash in hand should be debited in the Accounts as "contingent charge" of the department or office concerned. Only losses of Government money shall be debited to State Revenue and no part of the losses of revenues of local or other funds, collected through the agency of Government servants shall be so debited.

347. All losses in respect of stores should be duly recorded in stock accounts and the formal sanction of the competent authority should be obtained for writing them off or dealing with them otherwise, even when no formal correction or, adjustment in the accounts is necessary.

348. If after incorporation in the accounts of the amount of a loss in the manner described above, a partial or full recovery of the amount is made from the party at fault it shall be credited into the treasury and be adjusted in the accounts by the Accountant-General by reduction of expenditure or as departmental revenue according as the recovery is made in the same financial year or subsequent years. For this purpose, the amount of the recovery should be shown, as an unclassified item in the relevant schedule by the Treasury Officers.

349. The procedure shall also apply to the Forest and Public Works Departments with the exception that instead of the adjustment being made at the treasury it shall be carried out in the departmental accounts.

SECTION IX.—EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS

350. The rules in this section are directions relating to Accounts classification issued by the Comptroller and Auditor-General and are, therefore, binding on the State Government.

351. In these rules, the term "recovery" means repayment by another Government department or an outside body or person of expenditure initially borne by a Government department and recorded as such in its accounts.
Recoveries from Private Persons or Bodies and Governments Outside India

352. Recoveries from private persons or bodies (including local funds and Government outside India) should, as a general rule, be treated as revenue and not as deduction from expenditure.

Exceptions

(i) Recoveries of expenditure on works in progress and transactions of stock and other suspense accounts—

The technical estimates take cognizance of all anticipated receipts from sale proceeds of materials, plant, etc., received from the old, structure, while the receipts under “Stock and Suspense” are by their very nature inseparable from the expenditure recorded under the main head. The recoveries falling under these two categories should therefore be treated as reduction of gross expenditure.

Recoveries by One Government from Another

353. The recovery of expenditure for services or supplies made to other Governments should be treated as revenue receipts of the State Government.

Recoveries by One Department from Another Department of the Same Government

354. As between different departments of the same Government the recoveries should be treated as deduction from the gross expenditure, except such recoveries as are made by a Commercial department, which should be treated as receipts of that department.

Note 1.—The term “recoveries by a commercial department” for the purpose of this direction shall apply to recoveries in respect of services rendered to other departments in pursuance of the proper functions for which the department is constituted that is to say in the case of Posts and Telegraphs Department, recoveries shall be treated as receipts only when they are made in respect of Postal, Telegraph or Telephone services rendered to the other departments. Where, however, a commercial department acts as an agent of another department for the entry discharge of functions, not german to the essential purpose of the department, the recoveries shall be taken in reduction of expenditure.

Note 2.—Recoveries made from another department if not affected within the accounts of the year in which the expenditure was incurred, should be treated as revenue and not as deduction from expenditure, unless the latter course is authorised by provision in the budget estimates.

Receipts and Recoveries on Capital Accounts

355. Notwithstanding anything to the contrary that may be provided by or under the directions in this chapter, receipts and recoveries on Capital Account in so far as they represent recoveries of expenditure previously debited to a Capital major head shall be taken in reduction of expenditure under the major head concerned except where under the rules of allocation applicable to a particular department, such receipts have to be taken to revenue.
Settlement of doubts or disputes

356. In case of doubt or dispute, the question whether any particular recovery is classifiable as revenue or as deduction from expenditure under the Directions in this Chapter will be decided by the Finance Department in consultation with Accountant-General.

357. Deleted.

358. Deleted.