

Loan Manual
CHAPTER I

GENERAL

Classes of and Sanctions to Loan

1.1 Loans and Advances are divided into two main classes viz :-

1. Loans and Advances by the Central Government.
2. Loans and Advances by the State Government.

The procedure for adjustment of loans from the Government of India and other autonomous bodies of the State Government and their repayment as well as accounting thereof is dealt with in the manual of Book Department. This Manual deals with the instructions to be followed in the Loan Sections for maintenance of the accounts of loans and Advances granted by the State Government, watching the recoveries thereof and allied work.

1.2. Loans and Advances by State Government

The Government grants loans and advances under the following main heads :

1. Loans to Municipalities, Autonomous bodies etc (including advances to cultivators).
2. Loans to Government Servants.
3. Advances repayable.

1.3. With effect from 1st April 1974 Loan Major Heads have been made to correspond with the functional Major Heads in the Capital Account with Minor Heads under each to correspond with to functional programmes for which the loans are granted. Loans which cannot be identified with any programme or which are with reference to several programmes under a function are accommodated under a residuary Minor Head. The Major Heads under which loans are sanctioned by the Government of Assam are indicated in Appendix I.

1.4. The Loan Sections are responsible for the check of all loan payments against the sanctions and for watching of their recovery and repayments, maintaining Broadsheets in the prescribed forms for that purpose. The present distribution of work among the three sections is indicated in the Annexure to this Chapter.

1.5. Calendar of Returns

The due dates prescribed for watching various items of work in the Loan Sections' Calendar of Returns are indicated in Appendix II to this Manual.

1.6. (a) General nature of the work of Loan Sections – Government sanctions Loans and Advances to Public and Quasi-Public Bodies and to individuals. Some of these Loans and Advances are sanctioned under special laws, others for special reasons or as a matter of recognized policy. Except in the case of Loans and Advances sanctioned under special laws or in respect of which Government has issued any

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general rules or orders. Audit may require that the reasons for sanctioning it as well as the conditions on which it is sanctioned are stated in full in the orders sanctioning the Loans or Advances. Audit may also enquire the reasons for sanctioning it as well as the conditions on which it is sanctioned are stated in full in the orders sanctioning the loans or advances. Audit may also enquire the reasons for any unusual conditions like remission of interest in an individual case. In the case Loans, detailed accounts of which are kept in this office, it should be seen that the conditions of repayment of loan or advance are complied with by the debtor and should exercise a close watch over repayment or principal and realization of interest, if any. In reviewing the outstanding Loans and Advances, special attention should be paid to irregularities in repayment, acknowledgement of balances and unrealizable and doubtful assets.

(b) Any default in payment, either of principal or interest, of Loans and Advances, the detailed accounts of which are kept by the Loans Section, should be reported without delay to the authority which sanctioned the loan or advance. If that authority enforces any penal interest upon the overdue instalments of interest or principal and interest, it will be the duty of the Loans Section to watch the recovery.

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CHAPTER II

LOANS AND ADVANCES

Section A : Loans to Government Servants

2.A.1. A record of interest bearing advances to Government Servants viz., House Building (other than House Building advances paid from provident Funds), Motor Car etc. advances sanctioned and paid under proper authority should be kept in Form 8, which should be regulated with reference to the rules governing such advance. Other advances recoverable in not less than 60 instalments and their recoveries will be recorded in Form 9. The payments and recoveries shown in the Broadsheets should be reconciled monthly with the figures shown in the Detail Book, any discrepancies between the two sets of figures being noted on separate pages, which should be set apart at the end of the broadsheets in order that their eventual adjustment may be watched. The fact of this monthly verification should be recorded on the broadsheet itself month by month at the time of its submission to the Branch Officer.

2.A.2. Loans and Advances to Government Servants can be broadly divided into two categories – those bearing interest and those not bearing interest.

The Interest bearing advances are :

1. Advances for the purchase or construction of houses.
2. Advances for purchase of Motor conveyances.
3. Advances for purchase of other conveyances.

2.A.3. Detailed Accounts should be maintained in this Office in respect of interest bearing advances recoverable in 60 or more monthly instalments for both Gazetted and Non-Gazetted officers in respect of 1 above and for Motor Car advance only.

2.A.4. A Loan ledger containing full details of loans sanctioned and disbursed, such as recovery particulars of principal and interest is required to be maintained by the sanctioning authority. But in case of Loans granted by the Government, the ledger is to be maintained by the head of Department concerned.

2.A.5. Each Head of Department and the Departments of the Secretariat is required to prepare monthly statements of disbursements and recoveries of loans made under each detailed head of account under their jurisdiction and reconcile those figures with the figures booked in this office. They should also furnish reconciliation certificates to this office in respect of transactions for each month in the same manner as they are issuing reconciliation certificates in respect of other items of expenditure pertaining to them.

2.A.6. General – A certificate should be furnished to this office by the authority competent to sanction the advance to the effect that the borrower has purchased vehicle/site constructed the house, hypothecated it to Government in time and comprehensively insured it for an amount not less than the outstanding amount of advance together with interest accrued and that the Insurance Company has been notified about the interest of Government in the policy.

In case of purchase of conveyances, the bills and cash receipts would also be furnished to this office for scrutiny.

Section B : Loans and Advances to Local Bodies, Autonomous Bodies etc.

2.B.1. Detailed Accounts of individual loans sanctioned by the Government of Assam should be maintained in this office for the following categories of loans :

Major Head	Details
6202	Loans for Education, Sports and Culture.
6215	Loans for Water Supply & Sanitation.
6216	Loans for housing.
6217	Loans for Urban Development.
6225	Loans for Welfare of S.C, S.T & O.B.C.
6235	Loans for Social Security and Welfare.
6245	Loans for Relief on account of natural calamities.
6401	Loans for Crop Husbandry.
6402	Loans for Soil & Water Conservation.
6403	Loans for Animal Husbandry.
6404	Loans for Diary Development.
6405	Loans for Fisheries.
6406	Loans for Forestry and Wildlife.
6408	Loans for Food Storage & Warehousing.
6416	Loans for Agricultural Financial Institutions.
6425	Loans for Co-operation.
6801	Loans for Power Projects.
6851	Loans for Village & Small Industries.
6860	Loans for Consumer Industries.
6885	Loans for Other Industries & Minerals.
7610	Loans to Govt. Servants etc.
7615	Miscellaneous Loans.

2.B.2. In case of other loans only lump sum Broadsheets need to be maintained e.g., Loans to individuals other than Government Servants under the head of account “Loans for housing”, Taccavi Loans, Cyclone Loans M.H. 6245 Natural Calamities Loans, Loans to Refugees, Margin money or Interest free S.T. Loans given to private industrialists, entrepreneurs, etc.

2.B.3. The Departmental officers should maintain Detailed Accounts of the Loans and Advances sanctioned whether the accounts maintained in this office are in detail or in lump sum.

(G.O. Ms. No. 164, Fin. (EC II) Deptt. Dated 09.06.1969)

Section C : General

2.C.1. The procedure outlined in paragraph 2.A.5. is also applicable to loans mentioned in this section.

2.C.2. All Heads of Departments and the Secretariat Departments concerned should send to this office by 30th June each year, an Annual Statement in the form prescribed

containing information about the outstanding balances, arrears of principal and interest and steps taken for recovery of arrears etc.

2.C.3. The departmental balances as stated in the Annual Statement are not to be adopted straightaway, to correct the A & E office figures. Instead, the reconciliation of the two sets of figures should be pursued to its logical conclusion. However, in exceptional cases, where the Accountant General (A & E) is satisfied that in respect of any particular class of transactions, the records of this office are incomplete or unreliable, parties of AG (Audit) may be got entrusted with check of the departmental figures to the extent possible from the local records and such records as may be available in this office and then arrive at a reasonably correct figure for adoption in the books of this office. In each such case, the position should be reported to the Comptroller and Auditor General of India from time to time. His approval should be obtained in the eventuality of adoption of figures so arrived at as final figures in the books of this office. For this purpose, the following information should be furnished to him.

- i) Circumstances in which this office records continued to be defective and the specific nature of the defects.
- ii) Period over which the defects continued to exist.
- iii) How and when the defects came to notice.
- iv) Measures taken, if any, to set right the defect.
- v) Action taken to verify the departmental figures and arrive at a figure which may be considered to be reasonably correct.

(C & A.G's letter No. 2199-Com/80-65 dated 24.12.1965. File No. TM/8-24/65-66).

CHAPTER III

SANCTIONS AND VOUCHERS

Section A : Sanctions for loans to Government Servants.

3.A.1. The sanctions should be scrutinized to see :-

- (i) that the number of instalments in which the advance is proposed to be recovered, the amount of instalments, the rate of interest etc. are specified in the sanction order and are in order with reference to the orders on the subject.
- (ii) that in case of Government servants due to retire within a short period, the number of instalments proposed for recovery of the advance is so fixed as to effect complete recovery of the advance and interest due thereon before the date of retirement or alternatively, an appropriate clause is included in the sanction order to effect that the outstanding balance of advance with the interest accrued on the advance is recoverable from the Death-cum-Retirement Gratuity of the Government Servant.
- (iii) That the G.P. Fund A/c No. mentioned in the sanction.

3.A.2. The sanction for repayment of the amount paid in excess of principal/interest should be accorded by the authority competent to sanction the original loan after verifying from the authority responsible to maintain detailed accounts that such refund is due to the loanee. The sanction order should mention that such verification has been done. No further authority for payment is required to be issued from this office.

The amount is drawn by, the Drawing and Disbursing Officers by presenting a bill in the form of a simple receipt (separately for principal and interest) along with a copy of the sanction order at the treasury.

The classification on the bills for withdrawal on account of excess recovery of loan and interest should be “Minus Credit” to the head of account to which the excess recovery was credited and “Deduct Refund” under appropriate Minor Head under the major head “0049 – Interest” respectively.

3.A.3. In case of loans where the detailed accounts are maintained in this office, details of sanction order for refund should, after proper audit, be noted in the BROADSHEET against the loanee’s name. On receipt of the voucher, the voucher number and date should be recorded in the BROADSHEET under the attestation of the Branch Officer.

(Lr. No. 1833-TA II/288-69 dated 06.10.1970 of the Comptroller & Auditor General of India and O.O No. TM I/Code I/12-4/70-71/226 dated 02.04.1971 in file 12-4/70-71)

Section B : Sanctions for loans to Local bodies etc.

3.B.1. During the scrutiny of sanctions it should, inter alia, be seen that –

- (i) except in the case of Loans and Advances made under special laws or general rules or orders made by Government, the reasons for granting the loans and advances as well as the conditions on which they are sanctioned are stated in full in the sanction order itself. Reasons for any unusual condition like remission of interest etc., in any individual case should be enquired into promptly.

(Para 6.1 of the M.S.O (A & E) Vol.I)

- (ii) there is no tendency to grant further loans for the same purpose to a loanee who already has substantial unutilized balance out of the previous loans.

(Based on Para 6.3 of the M.S.O (A & E) Vol.I)

- (iii) in case of loans to anybody or authority which would come under the ambit of Section 15 of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 the sanction order stipulates that the Indian Audit and Accounts Department shall have the right to access to their books of accounts after giving reasonable notice.

(Special Cell No. 3-1/AG. A.P.I, dated 21.09.1974).

3.B.2. The details of the sanction order should be noted in the index of the Subsidiary loans Register and a page should be allotted in the Register for each loan for which individual account is required to be maintained in this office.

3.B.3. In case of sanctions for repayment of loans by adjustment, a transfer entry should be proposed to debit the expenditure head of account concerned and to credit the loan head of account or interest head of account, as the case may be, as envisaged in the sanction order.

3.B.4. The details of orders sanctioning loans to anybody/authority should, as and when the orders are received either in advance or along with the voucher, be noted in the Register of Loans sanctioned by the State Government, under the attestation of the Section Officer. (See Appendix III). The Section Officer and Branch Officer in charge should ensure that the File/Record order is not given to any sanction/order unless the details thereof are noted in the Register.

3.B.5. The Register should be submitted to the Branch Officer on the second of every month. If there are no entries in the Register in a month, the word "Nil" should be written in the inspection memo over the initials of the Section officer.

Section C : Sanctions for write off.

3.C.1. Write off of loans sanctioned under National Loan Scholarship :

Loans sanctioned under National Loan Scholarship are written off in the following cases, by Government of Assam with the concurrence of Government of India.

- (1) If the recipient takes to teaching profession.
- (2) If the recipient renders combatant service with Defence Services.
- (3) If the recipient dies.

In such cases, adjustments are to be proposed on receipt of the sanction of the Government of Assam by crediting the head of Account “6702-Loans for Education, Art & Culture etc.” by per Contra Debit to 2702-Education etc.

Book II Section shall be kept informed of adjustment made so that consequential adjustments can be made by them between Central and State Accounts.

Write off of Taccavi Loans

3.C.2. Taccavi Loans. Officials of the Revenue Department (R.D.O., Collector and Commissioner of Land Revenue) periodically write off taccavi loans given to various loanees whose landed possessions are one acre and below, under certain circumstances. The Commissioner has been requested to consolidate such write off orders for all the Districts and send to this office, the particulars for adjustment. The sections making the adjustments should ensure that suitable budget provision exists, to carry out such adjustments under the concerned Service Heads.

3.C.3. As and when a case of waiver of recovery of balance of advance is put up to Branch Officer/DAG (Accounts)/Accountant General (A & E) for acceptance, the details thereof should be noted in the Register of write off sanctioned by Government.

(G.O. Ms. No. 171 Fin and Plg (Fin. A & L) Dept., dated 4-7-1975 and O.O. No. I/II/16-15/77-78/18 dated 11-5-1977)

Section D : Check of Vouchers.

3.D.1. The vouchers and schedules received in Loan II Section from Treasuries for which Broadsheets are maintained in Loan I and Loan II Sections should be sent, after voucher wise and schedule wise check, to the concerned Loans Sections before the end of the first week of the second succeeding month, by the Loan II Section and Book figure verification shall be given by Loan II Section before the end of the second succeeding month along with an endorsement to the letter to the DDO, addressing them

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for wanting schedules and vouchers. Pursuance should be made by the Broadsheeting sections (Loan II) in respect of schedules. In respect of vouchers, however, Loan II Section has to pursue keeping them under Objection. The vouchers and schedules from PAOs/ACs etc. will be received by Loan II Section.

3.D.2. Before posting of vouchers the relevant registers should, inter alia, be seen –

- (i)
 - (a) That the loan/advance is sanctioned by the competent authority in accordance with rules governing it ;
 - (b) that the advance is drawn within the time limit prescribed in the rules or the sanction order but, in any case, not later than the close of the financial year as the sanction lapses by the last day of the financial year ;
 - © that the amount drawn does not exceed the amount sanctioned.
- (ii) that in case of vouchers relating to House Building Advances, the Cheque/Demand Draft was issued in the name of the vendor only.
- (iii) G.P. Fund A/c No. & Loan A/c No. copied in the Broadsheet & Ledger.

CHAPTER IV

MAINTENANCE OF BROADSHEETS

Section A : General

4.A.1. The vouchers in support of payments and schedules in support of recoveries effected at Treasuries and the Offices where bills are drawn by cheque should be received in Loan sections from Loan II Compilation Section by 25th of the succeeding month.

The Vouchers and Schedules duly checked should be arranged according to Major Head of Account and the total of challans/schedules/vouchers should be agreed with Book figures before their transmission to Loan Sections by the Loan II Compilation Section and the fact of check recorded in suspense slip/Schedules.

4.A.2. Before taking up posting of credits/debits in the Broadsheet, the Accountant concerned should ensure that the totals of the schedules/vouchers are correct and that they agree with the amounts shown in the abstract of recoveries/payments furnished by the Loan II Compilation Section. In case of any discrepancy, the matter should be taken up immediately with Loan II Compilation Section.

Section B : Loans and Advance to Government Servants.

4.B.1. A record of interest bearing advances to Government servants viz, House Building (other than House Building Advances paid from Provident Funds), Motor Car etc. advances sanctioned and paid under proper authority should be kept in form & which should be regulated with reference to the rules governing such advance. Other advances recoverable in not less than 60 instalments and their recoveries will be recorded in Form 9.

4.B.2. Whenever a voucher is received in the name of the loanee and other details of payment that should be noted in the relevant columns of the broadsheet. The Name and Designation of the loanee should simultaneously be written in the Alphabetical Index Register giving reference to the broadsheet, Page number thereof and the serial number of the loan account in the Broadsheet. On receipt of requisition the vouchers are to be sent to audit.

4.B.3. Each credit in the schedule/challan/transfer entry should be posted in the Broadsheet against the name of the loanee and the Ledger figure, explaining the differences between Broadsheet should be noted in the schedule against the loanee's name simultaneously.

4.B.4. After posting debits and credits for each month the total should be struck in the last page and reconciled monthly with the Book figure, explaining the differences between Broadsheet figures and Book figures. In other words, the sum total of all the unposted debits and credits representing the difference between the Book and Broadsheet figures should be detailed item-wise separately for departmental recoveries, challans and transfer entries.

4.B.5. Action should immediately be taken to clear these unposted items. The necessity for keeping an item unposted may generally arise :

- (i) when credits/debits relating to other Heads of accounts are erroneously credited/debited to this head of accounts (These should be cleared by proposing transfer entries to credit/debit the amounts to the correct head of account).
- (ii) when schedules/challans/details of transfer entries/vouchers are not received , the matter should be taken up with Loan II Compilation Section, PAO/the section which proposed the transfer entry. If necessary, the departmental officers concerned should be addressed.
- (iii) when excess recoveries are made, the departmental officers concerned should be addressed to state the circumstances in which the excess recovery was made and on receipt of satisfactory reply, action has to be taken to refund the excess recovery according to Rules.
- (iv) when credits precede debits (this generally happens in case of Officers who are transferred from one audit circle to another during the period of recovery), the credits should be posted in the Broadsheet, pending receipt of the debit and the matter taken up with the Accounts Officer concerned. A note to this effect should be made in pencil in the broadsheet.

4.B.6. The broadsheet should be closed, showing the year wise analysis of differences between Book and Broadsheet figures, both for debits and credits. The closing of the Broadsheet for a month should be submitted to the Branch Officer on the last working day of the second succeeding month and to the Group Officer on the next day.

4.B.7. The Section Officer/AAO should check 25% of credits posted in the broadsheet each month with reference to schedules etc., and attest the postings in token thereof. The posting of debits should, however, be checked and attested cent per cent by the Section Officer/AAO.

4.B.8. The Book figures in the Broadsheet should be got attested by the Section Officer of Loan II Compilation Section.

4.B.9. At the end of a financial year, the details of the outstanding should be transposed to a new Broadsheet and the opening balance therein should be attested by the Section Officer/AAO in token of verification of their agreement with the closing balances in the Old Broadsheet.

4.B.10. The Branch Officer should ensure that the section has analysed the differences between the Book and Broadsheet figures and that proper action as detailed in Para 4.B.5 has been taken in respect of all unposted credits/debits.

4.B.11. The Broadsheet should be reviewed while reconciling the balances with those in the schedules of recoveries from the Pay for the month of February, to locate missing credits in the loanee's accounts. These missing credits should be traced in accounts to

the extent possible with reference to schedules, pay vouchers, treasury accounts and other records and posted in Broadsheet.

4.B.12. To ensure that the balances outstanding in the broadsheet agree with the balances outstanding in the books of the Drawing and Disbursing Officers and is accepted by the loanee, it should be seen :

- (i) that the monthly recoveries of advances are supported by schedules of recoveries of advances in the form prescribed by Government (In case the schedules of recoveries are not received in this form the attention of the Drawing Officers may be drawn to the Government orders),
- (ii) that the balances shown as outstanding in the monthly schedules of recoveries agree with those in the Broadsheet and that, in case of any discrepancy, the matter is taken up with the Drawing and Disbursing Officers concerned immediately after every closing of the Broadsheet,
- (iii) that the schedules of recoveries of advances made from the salary bills for the month of February every year contain a certificate to the effect that the balances shown as outstanding therein have been accepted by the Government Servants concerned, and
- (iv) that the Drawing and Disbursing Officers are informed of the correctness of the balances shown as outstanding in the schedules of recoveries made from salary bills for the month of February or of the discrepancies noticed and requisite information is called for to reconcile the discrepancies.

Section C : Loans and Advances to Local Bodies etc.

4.C.1. Subsidiary Loan Register in Form A & B as provided vide Para 6.4 of M.S.O (A & E) should be maintained to watch the regular repayment of both principal and interest instalments relating to all loans sanctioned by the State Government to Public/Quasi-Public/Private bodies and individuals, the detailed Accounts of which are required to be maintained in this office.

Immediately on receipt of a sanction for a loan to a local body for which this office is to maintain Detailed Accounts, besides taking a note of the loan in the Subsidiary Loan Register, an entry is to be made in the Register of Loan Demands (vide Chapter 9).

4.C.2. Further, a broadsheet in Form 8 and 9 as provided in Para 6.16 of M.S.O (A & E), Vol.I should be maintained to effect reconciliation between the Ledger figures and the total of amounts posted in the Subsidiary Loan Register. The Ledger figure in the Broadsheet should be got attested by the Section Officer of Loan II Compilation Section.

4.C.3. The credits/debits received in accounts should then be posted in the Subsidiary Loan Register giving cross reference to the page of Subsidiary Loan Register in the challan/schedule/voucher. Credits which are not supported by then sanction number,

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date of loan, nature of loan, number of instalment etc., should not be posted in the Subsidiary Loan Register until and unless all these particulars are called for and received.

4.C.4. The credits/debits posted in the Subsidiary Loan Register should then be posted in the Broadsheet. The Broadsheet should never be posted directly from the challans/schedules/vouchers because such direct posting would defeat the very purpose of the Broadsheet viz., ensuring that all the credits/debits received are either posted in the Subsidiary Loan Register or kept unposted.

4.C.5. The difference between the Ledger figure and Broadsheet figure should be analyzed and the details of unposted items noted at the end of the Broadsheet small number of pages being set apart for this purpose.

Action should be taken immediately to clear the unposted items of credit/debit by initiating correspondence or by proposing necessary Transfer Entries in respect of misclassifications. In case the difference is on account of want of debit in the accounts, action should be taken to trace the debit by initiating correspondence or by proposing Transfer Entry, as the case may be.

Similarly, in the case of credit not received in the month of account in which it is due, the loanee should be addressed at once for particulars of repayment. All debits/credit posted in the Subsidiary Loan Register should be got attested by the Section Officer. The Ledger figures in the Broadsheets should be got attested by the Section Officer of Loan II Compilation Section. The Subsidiary Loan Register should be submitted to Branch Officer along with the Broadsheet for general review to ensure that the Broadsheet/Subsidiary Loan Register are maintained in accordance with the foregoing instructions.

Section D : Maintenance of Lump sum Broadsheet

4.D.1. In the case of loans where Detailed Accounts are maintained by the Departmental Officer, skeleton Broadsheet in Form 8 and Form 9 (as provided vide Para 6.16 of M.S.O (A & E), Vol.I) is maintained by this office in which credits/debits appearing in the Plus and Minus Memorandum attached to the Treasury Account are posted. Before posting, it should be ensured that the figures in the Plus and Minus Memorandum are correct with reference to schedules and vouchers received with the Treasury Accounts.

Twenty five per cent of the credits posted in this Broadsheet are to be attested by the Section Officer.

4.D.2. At the beginning of a financial year, a new broadsheet should be opened and the closing balances in the old Broadsheet should be transposed to the new one. The Section Officer should attest the correctness of the opening balances in the New broadsheet with reference to the closing balances in the old one.

4.D.3. The designation and address of the departmental authority maintaining the detailed accounts should be noted in the lump sum broadsheet against each category of loan. This information should also be copied along with the balances.

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The Departmental Officers are required to maintain a detailed account of loans and advances sanctioned by the Government irrespective of whether the Accountant General is maintaining accounts of individual loans in some of these cases. The compilation and maintenance of loan accounts as well as the reconciliation of

departmental figures with those of the Accountant General (A & E) in respect of loans and advances sanctioned by the State Government excluding those granted to Government servants would be the responsibility of the departmental officers as per instructions issued in Government Order.

(G.O.Ms .No. 164, Finance (E.C.II) Dept. dt. 9th June, 1969)

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CHAPTER V

ADJUSTMENT OF MISSING CREDITS

5.1 In respect of the refractory items, the Drawing Officers concerned should be addressed in the form of letter given in Appendix IV. Immediately on receipt of particulars of the missing credits, action should be taken to trace and adjust them to the account of the loanee, after rectifying the misclassification, if any.

Note : Delays noticed on the part of the departmental authorities or other respondents should demi-officially be brought to the notice of the higher authorities.

5.2 Missing credits which defy all efforts to trace them in accounts in this office, may be adjusted and posted in the Broadsheet on the basis of collateral evidence under the orders of the Accountant General (A & E). The collateral evidence should be in the form of a certificate by the Drawing and Disbursing Officer or Treasury Officer or P.A.O to the effect that the recovery was made in the salary bill of the loanee and should contain the voucher number and date. The particulars of the missing credits furnished by the loanee can also be treated as collateral evidence provided they are verified with reference to vouchers or notings in the salary audit registers or any other record in this office.

5.3 A proposal for ad hoc adjustment of missing credits on the basis of collateral evidence should be submitted to the Accountant General (A & E) in the form given in Appendix V. When approved, the details of the credits should be entered in the Register of Items Adjusted on Collateral Evidence (the form of the Register is given in Appendix VI). The credits should then be posted in the Broadsheet giving reference to the item number in this Register. All such ad hoc credits posted in the Broadsheets should be attested 100% by the Assistant Accounts Officer/Section Officer. No Transfer Entry need to be proposed at this stage.

Action should be taken to clear the items in this Register by tracing the credits in accounts. The Register should be closed every month and submitted to the Branch Officer on 4th of every month to ensure that appropriate action has been taken to clear the items outstanding in the Register. The Register should be submitted to the Group Officer quarterly on 10th of April, July, October and January.

5.4 The difference between Broadsheet and Book figure arising out of the posting of the credits on ad hoc basis in the Broadsheet should be removed as and when the credits are traced in accounts and adjusted or when the credits are written off to Government Accounts.

5.5 After the close of the accounts of the year in which credits have been adjusted on collateral evidence, amounts outstanding in that year and previous years if any, in the Register of items Adjusted on collateral evidence should be reviewed. Such of the items where it is not possible to trace the credits in the accounts and adjust the outstanding amounts in the Register, or where the items have been outstanding for five years may be written off to Government Account as a book-keeping error under Rule 38 of Government Accounting Rules 1990.

5.6 Proposals for write off of amounts outstanding in the Register not exceeding Rs.1000/- in each case should be submitted to the Accountant General (A & E) in the form indicated in Appendix VII. The proposal, after the approval of the Group Officer, should be routed through the Internal Test Audit Officer. In case of amounts exceeding Rs.1000/- in each case, the approval of the Comptroller & Auditor General should be obtained for write off to Government Account.

5.7 After obtaining the orders for write off, the outstanding in the Register should be cleared by proposing a Transfer Entry for all such items in toto, debiting "L". Suspense and Misc – (e) Misc. under the MH – 8680 – Misc. Government Accounts – Minor head "Writes off from Heads of Account Closing to Balance" and crediting the relevant head or interest head of Account.

5.8 A report of the items written off to Government Account should be furnished to TM I Section annually by 15th October for reporting to the Comptroller & Auditor General along with consolidated statement of amounts written off to Government Account.

(C&AG 's Lrs. No. 885-Comp/63-73 dated 08.10.1973 and No. 1772-Comp/63-73 dated 04.12.1973)

CHAPTER VI

INTEREST

6.1 In case of Loans or Advances to Government Servants the responsibility for calculation of interest rests with the Heads of the Offices. The correctness of interest recovered should, however, be checked in this office. In case of advances, the detailed accounts of which are not maintained in this office, the responsibility to check the correctness of the interest recovered devolves entirely on the authorities maintaining the detailed accounts. This office should, however, furnish such particulars as the heads of Offices may require for calculation of interest.

6.2 No interest is charged for the day of repayment. Interest is not levied beyond the date of retirement on the balance of advance outstanding.

6.3 In case an official does not complete the purchase of the conveyance within the time allowed under the rules or the extended time allowed under the orders of the competent authority, penal interest has to be charged at one & half times the interest prescribed for the period following the time allowed normally under the rules or the extended time allowed to the official.

The penal interest will be simple interest and the amount of penal interest due from an official should be divided by the number of instalments remaining to be recovered from him and the amount so worked out should be deducted from the pay/leave salary bill, in addition to the regular recovery of loan.

Penal interest at compound rate as prescribed by the Government of Assam from time to time is also charged from defaulters in repayment of loan and payment of interest for the period for which loanee was a defaulter.

Simple interest will be charged on all advances granted to a Government Servant.

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

Interest is calculated after liquidation of principal/Retirement (up to the date of retirement)/death in harness whichever is earlier, as per rates prescribed by the Government of Assam and shown on the body of the sanction letter. But no interest is charged beyond the date of Retirement/Death in harness of the loanee.

House Building Advance & Motor Car Advance granted to officers belonging to the joined cadre of Assam and Meghalaya – All accounts of such loan are to be maintained by the respective Accountant General (A & E) offices i.e., account of loan sanctioned and paid by Assam Government will be maintained by the Office of the Accountant General (A & E), Assam. If recoveries of such loans are reflected in the

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books of Accountant General (A & E), Meghalaya – such recoveries are to be got transferred and necessary action taken.

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CHAPTER VII

RECOVERY/REPAYMENT OF ADVANCES

7.1. Recovery of advances for purchase of conveyances like Motor Car/Cycle/Scooter and Bicycle should start from the pay bill of the month following the month in which the advance is actually drawn.

Note : Regarding repayment of advances for construction of houses or purchase of a house site etc., Note 1 below Rule 382 III. Of Assam Financial Rules may be referred to.

7.2 The recoveries of Loans and Advances should be effected at such rates as the Head of the Department deems it right to fix as per provision of Assam Financial Rules.

7.3 In cases where pay bills for a month are paid before the end of the month, the recovery should be considered to have been made only on the first day of the succeeding month.

7.4 Recovery of interest should commence immediately after the completion of the recovery of the loan. Simple interest at rates prescribed by the Government from time to time is charged on the balance outstanding at the end of each month starting from the date of drawal of advance.

7.5 In respect of loans and advances, the Detailed Accounts of which are maintained in this office, any default in payment, either of principal or of interest, should be reported without delay to the authority that sanctioned the loan. Penal interest should be calculated on the overdue instalments of Principal and Interest and communicated to the loanee. Its recovery should be watched.

In respect of loans where only lump sum broadsheets are maintained in this office, the onus of interest calculation rests with the department that maintains the detailed accounts.

7.6 (i) A thorough scrutiny of Broadsheets and loan Accounts may be undertaken in respect of a retiring Government Servant and the total amount of the Principal outstanding and interest thereon should be intimated to the Head of Offices under intimation to the Government Servant concerned.

(ii) Loans Sections should submit a report regarding the above to T.M Section once in a quarter in January, April, July and October.

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CHAPTER VIII

UTILIZATION CERTIFICATES

8.1 Whenever a sanction is received or a loan is disbursed, a noting should be made in the remarks column of the Subsidiary Loan Register or the Lump sum Broadsheet, as the case may be indicating whether a utilization certificate is necessary or not. Wherever the utilization Certificate is necessary, its receipt should be watched through the Subsidiary Loan Register/Lump sum Broadsheet.

8.2 Utilization Certificates need not be watched by this Office for loans advanced to individuals (e.g., National Loan Scholarships to loanees, Margin Money Loan to Entrepreneurs, Interest free S.T. Loans, Taccavi Loans and Agricultural Loans to Cultivators, Loans to Refugees and Repatriates etc.)

8.3 The Departmental Auditors may furnish the Loan disbursed for various purposes during each year to Local bodies/institutions whose accounts they audit.

8.4 Utilization Certificates in respect of loans whose detailed accounts are maintained in this office should be in Form B (See Appendix VIII) and those in respect of loans where only lump sum Broadsheets are maintained in this office should be in Form C (See Appendix IX).

8.5 A register of Utilization Certificates due and received should be maintained in the form given in Appendix X. The entries in the register should be made from the sanctions to loans as well as the postings made in the Subsidiary Loan Register/Broadsheet. The amount posted in this register should invariably agree with those in the Subsidiary Loan Register/Broadsheet. Reference to the loan accounts concerned in the Subsidiary Loan Register/Broadsheet should be given in this Register. The Register should be closed as detailed in Appendix XI and submitted to the Branch Officer on the last working day of the month. Before submission to the Branch Officer, the register should be reviewed to ensure that the authorities concerned are addressed in all cases where the Utilization Certificates are not received within the prescribed time and the cases are pursued demi-officially.

8.6 A quarterly review as envisaged in Para 16.14 of the MSO (A & E) Vol.I should be conducted in respect of loans also and the results recorded in the Register while closing it for April, July, October and January every year.

8.7 An annual report (vide Appendix XII for form) detailing the loans for which Utilization Certificates have not been received should be sent with a covering letter to the Finance Department on 15th August every year. Copies of these Annual Reports should be sent simultaneously to the sanctioning authorities concerned.

8.8 Copies of Utilization Certificates, as and when they are received, should be furnished to A.G (Audit) to enable them to arrange for verification of the correctness of the Utilization Certificates with reference to the records maintained in the office of the Certifying Authority and for examination of the adequacy of the procedure adopted by them for verifying the utilization of loans certified by them.

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CHAPTER IX

COMMUNICATION OF BALANCES AND ISSUE OF DEMAND NOTICE

9.1 The accounts of the individual loans sanctioned to local bodies etc. should be made up as detailed in Paragraph 6.10 of M.S.O (A & E) Vol.I. This periodical making up of the accounts should be from the date on which the loan is disbursed unless in any particular case, other dates have been fixed for the payment of interest or for the repayment of the debt. The periodical account thus made up should be sent to the debtor along with the demand notice referred in Paragraph 9.2 infra, and the acceptance thereof watched.

9.2 Paragraph 6.11 of M.S.O (A & E) Vol.I requires that demand notices for payment of instalments of loans and interest accrued thereon should be sent to the debtor. This should be issued in Form SY 120 one month in advance of the due date. For this purpose, a register to watch the issue of Demand Notices should be maintained in each unit in the form given in Appendix XIII. This register not only serves as a reference book but also provides a continuous record of the details of issue of demand notices for a few years.

9.3 A few pages of the register should be allotted for each month and details of the loans should be noted therein in the chronological order of the due dates of their repayments. Whenever a loan is drawn, the details thereof should be noted in the appropriate page of the Register. If any particular unit deals with loan accounts coming under more than one head of account, separate folios should be set apart for each such head of accounts. The register should be closed monthly and submitted to the Branch Officer for review on the 15th of each month, certifying that demand notices have been issued in respect of all loans whose repayments fall due in the next month.

Note : The responsibility, for paying the instalment on the due date, however, devolves on the debtor and want of timely intimation from this office cannot be cited as a cause for the belated payment, the date and amount due having been fixed in the orders sanctioning the loan.

CHAPTER X

MISCELLANEOUS LOANS

Section A :

10.A.1. Taccavi Advances – Taccavi Advances drawn on abstract bills should be charged at once to the head concerned in the Treasury Accounts, and not to any intermediate advance head. The submission of the detailed bills, should be watched by keeping the amounts drawn under objection under the head “Items adjusted but awaiting final clearance for want of detailed bill”. Refunds of undisbursed balance of loans should be adjusted by deduction from debits and not treated as receipts.

10.A.2. Loans sanctioned by Government for the purchase of fertilizers, seeds and pesticides are disbursed to the cultivators. These loans are also sanctioned by the subordinate officers like Joint Director, Assistant Directors of Agriculture etc. in accordance with the powers delegated to them. The adjustment bills are drawn by the Block Development Officers after countersignature by the Deputy Directors of Agriculture etc. In support of the amounts drawn the Block Development Officers should send certificates of disbursement. The acquittances etc., are to be scrutinized during local audit.

10.A.3 National Loan Scholarships – National Loan Scholarships are sanctioned by the Director of Higher Education based on the rules laid down by the Government of India in this behalf.

These loan scholarships and their renewals are recoverable 3 years after the completion of loanee's studies immediately in case he discontinues his studies. Detailed Ledgers are maintained by the Director of Higher Education and demands are raised by him. Utilization and Disbursement Certificates are to be watched by the department as per Government of India orders.

In Central audit, the consolidated certificate of utilization from the Director of Higher Education should be watched, together with a statement of disbursements as well as collections for issue of a certificate to the Government of India.

The recoveries made in respect of loans sanctioned up to 1973-74 are to be transferred 50% to the account of Central Government. In respect of loan scholarships sanctioned after 01.04.1974, 100% of recoveries are to be transferred to the account of Central Government. This should be borne in mind while proposing the adjustment.

10.A.4. Loans for rehabilitation of displaced persons from Burma, Sri Lanka and former East Pakistan etc.

The Government of India consolidated all the loans sanctioned up to the end of 1973-74 under the following schemes and stipulated that the State Government will repay the Government of India on half of the principal of the loan recovered and detain the other half together with Interest accrued thereon :

1. Rehabilitation of displaced persons from Pakistan.
2. Rehabilitation of repatriates from Burma and Sri Lanka.

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3. Rehabilitation of new migrants from former East Pakistan.
4. Rehabilitation of Goldsmiths, and
5. National Loan Scholarship Scheme.

After the close of the accounts for a year, the total amount recovered in respect of the above loans should be communicated to the Government of India and Assam. For this purpose, the relevant figures should be furnished to Book Section by 5th of September, December, March and June.

(**Authority** : Book Section O.O No. Nil dated 22.07.1972)

Recoveries in respect of loans received from Government of India from 1974-75 for rehabilitation of immigrants from the former East Pakistan (accounted for in lump sum) should, however, be passed on along with interest to Government of India quarterly on 20th August, November, February and May.

(Govt. of India, Min of Fin) Deptt of Economic Affairs Lr. Nos. F.3(10) – fee (Imp)/74 dated 29.09.1974 and 27.09.1975 and C & A.G's Lr. No.2001 – AC 72-72 dated 11.12.1975 file No. Book II/3-71/75-76)

10.A.5. Loans and Advances by the Union Government under the Subsidised Housing Scheme for industrial workers.

Allotment of houses under Subsidised Industrial Housing Scheme on hire purchase system.

1. As per Government of India, Ministry of Works, Housing and Supply (Deptt of Housing) Lr. No. 5/12/68-H-1, dated the 6th February 1968 and the sale of houses constructed under the Subsidized Industrial Housing Scheme should ordinarily be discouraged.
2. As a special case, the Government of India agreed to the sale by the Government of Assam of 2692 Industrial Houses built at various places in the State subject to the following conditions :
 - (1) The sale price of the houses should be their market value (including land) less normal depreciation and not their original cost of construction. The rent paid should not be adjusted against the sale price.
 - (2) The sale price should be recovered in one lump sum from the allottees who are eligible for the benefits of the scheme.
 - (3) In the case of eligible allottees the sale price should be treated as a loan to the allottee workers and recovered from the allottees in annual equal instalments at the appropriate rate interest.
 - (4) The State Government had drawn 100% Central Financial Assistance – 50% as loan and 50% as subsidy. The amount of loan should be refunded by the State Government to the Government of India in 15 annual equal instalments together with interest at 5 ½% from 1.6.1970. Penal interest at 8% per annum is leviable on all overdue instalments.

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(Govt. of India, Min of Health, Family Planning, Works Housing and urban Development Lr. No. 6/4/69-1 dated 01.06.1970 to Spl. Secretary to Govt. of Assam, Health Housing and M.A Deptt.)

The State Government issued orders allotting the tenements to the occupants subject to the following conditions :

- (1) The allotment is effective from 01.06.1970.
- (2) The rent paid of due to be paid prior to 01.06.1970 should be adjusted towards hire purchase instalments.
- (3) The allottees should deposit $1/10^{\text{th}}$ of the sale price of the house.
- (4) The balance of sale price is payable in 20 equal annual instalments together with interest at $6\frac{1}{2}\%$ per annum and penal interest on overdue instalments and other amounts due should be charged at $9\frac{3}{4}\%$ per annum.

(G.O. Ms. No. 416 Housing (Planning Co-op Housing) Deptt, dated the 7th August 1971 as amended in Govt. Memo No. 3520/Hg. 1-2/71-9 dated the 2nd September 1972).

In this connection, the following accounting procedure has been prescribed :

- (a) In the case of sale of houses on hire purchase basis :** On receipt of sanction (which should indicate the amount of capital cost of construction including departmental charges) for allotment from government the total sale price (less the lump sum recovery equal to $1/10^{\text{th}}$ of the sale price) will be debited to “6216 – Loans for Housing Subsidized Industrial Housing Scheme” by adjustment. The lump sum recovery equal to $1/10^{\text{th}}$ of sale price will be credited to “4216 – Capital Outlay on Housing – 700 – Other Housing Schemes – Subsidized Industrial Housing Scheme – Deduct receipts and recoveries on capital account”. The balance outstanding under the capital head in respect of each house allotted on hire purchase system will be transferred to the loan head. As the sale price is fixed on market value and not at the original cost of the house, it is possible that sale price may exceed the capital cost should be treated as a revenue receipt and credited to “0216 – Housing – receipts under the Subsidized Industrial Housing Scheme”. The adjustment of the credit to the loan head will be done by Loan 1 Section.
- (b) In the case of sale of houses on outright sale basis to ineligible allottees :** The sale price should be credited to “4216 – Capital Outlay on Housing etc. Deduct Receipts and recoveries on Capital Account”. The excess of sale price, if any, over the actual Capital Cost should be treated as a revenue receipt and credited to “0216 - Housing” as indicated in (a) above.
- (c) Refund of subsidy to Government of India :** The subsidy refunded by the State Government will be debited to “ 1601 – Grants-in-aid from Central

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Government – 02 – Grants for State/Union Territory Plan Schemes Deduct Refunds”.

(Lr. No. TMI/VI/17-15/74-75-KW/62 dated the 18th January 1975 to Comptroller & Auditor General of India and Comptroller & Auditor General Lr. No. 286-AC/72-70 dated the 14th March 1975).

To enable this office to carry out the above adjustments, the Commissioner of Labour is required to furnish to this office, 3 copies of each of the sanctions for allotment within one month from the date of sanction along with the information in Proforma ‘A’ and ‘B’ given below :

PROFORMA ‘A’

(To be sent to A.G. in triplicate)

Statement showing the particulars of houses constructed under “Subsidized Industrial Housing Scheme” on Hire Purchase basis to be sent to A.G. within 2 months from the date of allotment.

No & Date of order of allotment.

No & Date of orders of the Govt. of India approving the sale of the houses.

1. Type of Houses and location.
2. No. of Houses allotted.
3. Sale price of each house determined, as per G.O. Ms No. 416. Plg & Coop., dated 07.08.1971.
4. Total sale price.
5. Total amount of subsidy received from the Government of India in respect of the above houses.
6. Credit particulars of the lump sum equal to 1/10th of the sale price paid by the allottees :

Sl. No.	Name of the allottee	Challan No. & date	Amount	Place of remittance
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(A separate list with these particulars may be enclosed)

7. No. of instalments in which the balance amount of sale price is recoverable.
8. Rent, if any, to be adjusted towards the instalments of loan recovery.

(N.B) : A separate statement may be prepared for each category of houses allotted, allotments made on different dates being shown in different statements.)

PROFORMA 'B'

(To be sent to A.G. in triplicate)

Statement showing the particulars of houses constructed under "Subsidized Industrial Housing Scheme" on the outright sale basis to be sent to Accountant General within 2 months from the date of allotment.

No & Date of order of allotment.

No & Date of orders of the Govt. of India approving the sale of the houses.

1. Type of Houses and location.
2. No. of Houses allotted.
3. Sale price of each house determined, as per G.O. Ms No. 416. Plg & Coop., dated 07.08.1971.
4. Total sale price.
5. Total amount of subsidy received from the Government of India in respect of the above houses.
6. Rent, if any to be adjusted towards the instalments of loan recovery.

(N.B) : A separate statement may be prepared for each category of houses allotted, separate statement be sent in respect of allotment made on different dates)

Section B : Review of Balances

10.B.1. The differences between Book and Broadsheet, for whatever reasons they may be occurring and their clearance should receive utmost attention of Loan Sections. As per progress in the clearance is watched closely by the headquarters Office, sufficient result oriented action has to be taken for the clearance of the difference. The difference should be resolved in a systematic manner debit/credit wise, treasury wise and year wise and items that constitute the bulk of difference should be studied deeper. For this purpose, the Review of Balances Card System introduced by the Comptroller & Auditor General should be put to optimum use at all levels. The quarterly progress reports vide Chapter VI of the Manual of Book Department should be prepared with great care in accordance with the instructions issued from time to time.

PART-II

LOAN MONITORING MODULE

GENERAL

This module is meant for capturing of data regarding transaction of Loan and Advances made by the State Government to the Govt. servant for purchase of land/construction of house /renovation of house /purchase of Motor Car/ purchase of Computer Advance etc as well as loan to corporate bodies for setting up of new project/ modernization of existing project etc and recovery thereof against each and every loanee are accounted for in this module.

WORK PROCESS FLOW

The existing system of account of loan transaction can be categorized in two part as under.

- (i) Loan and Advances made by the State Government to the Govt. Employee.
 - (ii) Loan and Advances made by the State Government to the Corporate Bodies.
-
- (i) State Government sanctions loans to the Govt. employee for various purposes i.e. for construction of house, purchase of Motor car, purchase of computer. Loan/ Advances for construction of house can be categorized in two part namely- (a) House building Advances i.e. State Govt. given this loan from its own resources. (b) HUDCO House Building Advances i.e. State Govt. takes lump sum loan from HUDCO for giving loan to its own employees. Loan sanction letters received from State Govt. containing the terms and conditions of the loan, rate of interest, loan amount, amount of recovery installment, number of recovery installments, GPF No etc. in respect of each and every loanee. On the basis of loan sanction letter, advance is made to the loanee through voucher at the district Treasury by respective DDO. Recovery is effected through treasury challans and schedules. Treasury vouchers/ challans and schedule are received through monthly account rendered to this office .
 - (ii) State Govt. sanction loans to the corporate bodies for setting up of new project/ modernization of existing project etc. Loan sanction letter received from State Govt. containing the terms and conditions of the loan, rate of interest, loan amount, amount of recovery installment, no of recovery installment, moratorium period, penal interest etc. for each and every loanee. On the basis of loan sanction letter, advance is made to the loanee through voucher at the district Treasury by respective DDO. Recovery is effected through treasury challans (and schedules). Treasury vouchers/ challans (and schedules) are received through monthly account rendered to this office.

DATA ENTRY FUNCTION

The right to access the Loan Monitoring Module is through the use of username and password authorized to user for entering the same in log in screen. After entering