

# A.P Financial Code

Financial Code -Volume I :- 330 Rules and 27 Forms- 16 chapters

Financial Code -Volume II :- 27 Appendices

Financial Code -Volume III :- Delegation of Financial Powers

## Volume -1

### 1. Chapter I -Introductory (Article 1 to 6)

#### FINANCIAL ACCOUNTABILITY

- Every item of expenditure should be covered by adequate budget sanctioned for the purpose.
- There should be competent administrative sanction
- DDO is responsible for any loss that may be found due to neglect of his/her duties
- The best possible value is obtained for all public funds spent by him/her or under his/her control
- Guard scrupulously against every kind of wasteful expenditure from public funds
- The fact that he/she is misled by subordinates will not mitigate responsibility
- Ignorance of rules, is not an excuse

#### **Article- 5: - Drawing Officers responsibility for any misappropriation**

Every Government servant should see that proper accounts are maintained for all Government financial transactions with which he is concerned and render accurately and promptly all such accounts and return relating to them as may have been prescribed by the Government, the Accountant-General or the competent departmental authorities. He should check the accounts as frequently as possible in order to see that his subordinates do not commit fraud, misappropriation or any other irregularity.

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

## **2. Chapter II - Definitions**

- 3. Chapter-III- Receipts, their collection and check(Art 7 to 37)  
Rents of Government buildings, cost of survey, Auctions, Fines, Receipts ,Recovery, Refund, Time limit, Preparation of DCB sheets, Audit(Appendix 10)**

### **Article -9: Controlling Officers should monitor- D.C.B**

Every department controlling officer should obtain regular accounts and returns from his subordinates for the amount realized by them and paid into the treasury and consolidate the figures in a register so as to show the total receipts for each month classified according to the head of account in the Budget Estimates .The controlling officer should compare the figures compiled in the register with the accounts received from the Accountant-General and reconcile any differences as early as possible in communication with the treasury officers concerned , and if necessary, with the Accountant- General also. The reconciliation of the figures for March is especially important and should be completed as soon as possible, since any corrections that may be required in the accountant - General at once in order that the accounts may be corrected. When a subordinate Government servant's return includes a credit for which there is no corresponding credit in the accounts received from the Accountant-General, the controlling officer should in the first instance call for full information from the subordinate Government servant.

### **Article-13-21: Rents of government buildings due from Government Servants**

When a building is constructed or acquired for use as residence or additions or alteration are made in an existing residential building, the Government servant in charge of the building should prepare a statement of date for the calculation of the rent leviable in accordance with provisions of the Fundamental Rules and obtain through the Accountant -General the order of the Government or other competent authority in regard to it. Except in cases falling under clause (v) of the proviso to Fundamental Rule 45 A-II or under Fundamental Rules 45 A-V or where the building is used partly as residence and partly as office the competent authority for this purpose is the superintending Engineer of the system concerned for building in charge of the Electricity Department and the Chief Conservator of Forests for building in charge of the Forest Department.

**Article- 22- A: Sale of Government property or right by auction.**

When any Government property or right is sold by Public Auction the government servant conducting the auction shall give adequate time before knocking down the bid in favour of the highest bidder and shall also obtain the signatures of the successful bidder and two other bidders lower to the highest bid in the sale register or relevant record with the amount of the bids written in words and figures and duly dated

**Article - 32: Refunds of Revenue- Appendix Two lays down  
Authorities Competent to order refund**

**Article - 35: Time Limits for claims for refund of revenue. Exgratia refunds  
to be sought within 3 months; statutory within one year**

**1. Chapter IV :Expenditure-General principles and Rules  
( Article 38 to 60) Sanction, Date of effect of sanction, lapse, contract,  
arrear claims**

**Article - 38: Inevitable payments to be settled without delay**

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 Appropriation Act (s) for the current financial year or by a re-appropriation of funds sanctioned by a competent authority.

No authority subordinate to the Government should sanction any expenditure unless sufficient funds have already been provided for the purpose either in the Appropriation Act (s) or by reappropriation.

It should, however, be clearly understood that the fact that no appropriation of fund has been authorized for a particular item of expenditure is not a valid excuse for delaying the payment of any amount indisputably due by the Government. Every claim for any such amount should invariably be paid as promptly as possible, and the superior authorities concerned should deal severely with any unnecessary delays which come to their notice in regard to the payment of claims of the kind. Similarly, the want of sanction by a competent authority for a particular payment actually made is not a valid excuse for delaying the entry of the payment in the Government account. Under no circumstances may any payment actually made by or on behalf of the Government, kept out of the Government accounts for a day longer than is absolutely necessary.

#### **Article - 39 : Budget lapses by close of fiscal year**

All appropriations lapse at the close of the financial year. A Government servant should not on any account reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in a cash chest, any portion of an appropriation remaining unexpended during the year in order to prevent it from lapsing and use it for expenditure after the end of the year. No attempt should be made to prevent the lapse of an appropriation by any undue rush of expenditure during March.

#### **Article - 42 : Sanction to be in conformity with sanction and statutes**

An authority subordinate to the Government may sanction expenditure or advances from public moneys in those cases only in which it is authorized to do so by -

- (i) the provisions of any legislative enactment for the time being in force or of rules made under any such enactment, or

- (ii) the rules in the Code, or
- (iii) an order of the Government delegating to it power to incur expenditure of a specified kind .

Except when the Government have expressly accorded their previous sanction in each case, no authority subordinate to the Government may under any circumstances incur any expenditure involving the introduction of a new principal or practice.

The powers delegated by the Government to the collector and Special Chenchu Officer , Kurnool, in regard to expenditure required for the reclamation of the Chenchus are specified in Appendix-3.

### **Communication of Sanction**

#### **Article - 45 : Formal - communicated to Accountant General; Finance Departments concurrence for Government Sanction**

A copy of every order sanctioning expenditure should be communicated to the Accountant General/Pay and Account Officer, Hyderabad by the authority which accords the sanction .Copies of such order involving the withdrawal of moneys from the Consolidated Fund, the Contingency Fund in the public account o f the State of the Andhra Pradesh shall be authenticated by an officer not below the rank of a section officer in any Department of the Secretariat .

Sanction covered by the items 1 to 4 enumerated below may be communicated direct to Accountant General / Pay and Accounts Officer , Hyderabad by the Administrative Department over the Signature of a Gazette Officer of the Department , dealing with the subject matter of the sanction . Two copies of the sanction order should be communication and the Finance one and Planning (BG) Department and the other to the concerned section in Finance and Planning (Fin-wing ) Department.

- (1) Cases sent to the Finance Department in both the proposal and draft stages and accepted by them
- (2) Cases sent to the Finance and Planning (Fin-Wing) Department in the proposal stage and accepted by them but not send in the draft stages .

- (3) Cases sent to the Finance and Planning (Fin-Wing) Department in the proposal stage and modified by them and accepted in the draft stage with modification.
- (4) Cases sent to the Finance and Planning (Fin-Wing) Department and objected to by them in the proposal stage but in regard to which order in circulation have been taken in accordance with business Rules and drafts seen by Finance.

A paragraph to the effect viz. "The order /memo, issued with the concurrence of the Finance and Planning (Fin-Wing) Department vide their U.O. No. dated" may be added in the proceedings (Government orders, memo, letter or endorsement) in the above cases.

In respect of cases where the file of the administrative department was seen in the Finance and Planning (Fin-Wing) Department and objection was raised but order was taken in circulation in accordance to the business rules and drafts issued without Finance and Planning (Fin-wing) Department seeing before issue. Or any other similar cases where in order have been issued without the Finance and Planning (Fin-Wing) Department being consulted or where the advice of Finance and Planning (Fin-Wing) has not been followed and orders issued by an administrative department on its individual responsibility due to reasons of urgency, there copies of the relevant sanction should be sent to Finance and Planning (Fin-Wing) Department for being communicated to the Accountant-General.

In such cases two copies may be sent to the concerned section in Finance and Planning (BG) Department

In respect of cases where the concurrence of the Finance and Planning (Fin-wing) Department is not necessary with reference to Delegation Rules issued by the Finance and Planning (Fin-Wing) Department sanction may be communication to the Accountant-General direct with an endorsement in order as follows:-

Two copies of every such sanction should be marked to Finance and Planning (Fin-wing) Department one to the Finance and Planning (BG) Department and the other to the concerned section in the Finance and Planning (Fin-Wing) Department.

**Government Officers shall use Digital signatures also for Electronic Service Delivery in Government transactions instead of the INK Signed Signatures wherever necessary as per codal provisions( GO Ms no 52,Finance(TFR) dated 22-02-2014)**

#### **Article - 46 : Reasons for sanction**

An order sanctioning an addition to pay of any Government servant should state briefly the reasons for granting it,so as to enable the Accountant-General to verify that its classification as special pay or compensatory allowance ,as the case may be ,is correct .

Wherever as in the instance, a rule required that the reasons for granting any concession or allowance be mentioned in the order sanctioning it, if it is considered undesirable to mention the reasons in the official order, the sanctioning authority should communicate them confidentially to the Accountant-General.

#### **Article - 47**

Every order sanctioning a grant of land or alienation of land revenue, other than an assignment of land revenue which is treated as a cash payment should be communicated to the Accountant -General with the details necessary to enable him to audit the sanction accorded.

#### **Article - 48-Sanction of fresh expenditure**

Any authority, which passes any order affecting the personal emoluments , posting ,leave , etc., of any gazette Government servant should communicate a copy to the Accountant-General ; but when any such order is notified in the Andhra Pradesh Gazette, a separate copy need not ordinarily be sent to the Accountant - General. An order of special nature sanctioning the grant to a Non -Gazetted Government servant of any emoluments in an addition to those admissible under the rules relating to the post which he holds , or ordering the discontinuance of nay such additional emoluments previously sanctioned ,should be communicated to the Accountant -General. Otherwise, it is not necessary to communicate to the Accountant -General order affecting the personal emoluments of Non-Gazetted Government servants. The authorities preparing the pay bills and absentee statements

concerned should include in them all the information required for auditing the pay and allowances of Non -Gazetted establishment , and are responsible for seeing that the order of the competent authority are obtained in each case as required by the rules

### **Date of effect of sanction**

#### **Article - 49 : Takes effect from date of issue unless otherwise specific**

Statutory rules made by the president of the Union take effect from the date on which they are passed and executive order issued by the president take effect from the date of issue of the dispatch , letter containing the orders.

Statutory rules made by the Government which are required by law to be published takes effect from the date on which they are published in the manner, if any, specified in the relevant Act or , if no special mode of publication is laid down from the date on which they are published in the Andhra Pradesh Gazette statutory rules made by the State Government which are not required by law to be published takes effect from the date of order issuing the rules. Sanction of the Government or authority sub-ordinate to the Government takes effect from the date of order conveying the sanction

Generally, concessions ,such as revisions of pay ,grant of compensatory allowances and special pay should not be given with retrospective effect . if however, any such rules or orders themselves provide that they take effect from a specified date , that takes effect accordingly.

### **Lapse of Sanction**

#### **Article - 50 : Sanction lapses at close of financial year if specified otherwise after one year**

A sanction for any fresh charge accorded by the Government or an authority subordinate to the Government Lapses if it has not been acted on for a year , unless it is specifically renewed . this rule don't not apply to -



- (1) The sanction for an allowance granted to the holders of a post or a class of posts subject to certain conditions ,but not drawn by a particular incumbent or incumbents because the conditions are not fulfilled;
- (2) The sanction of a competent authority for additions to be made to a permanent establishment progressively from year to year ; and
- (3) A sanction conveyed in an order passed by a court in its judicial capacity.

Note (1):- The period of one year laid down in the Article 50 of this code shall be reckoned from the date of issue of the sanction which should be considered to have been acted upon, if payment in whole or in part has been made within the stipulated period ,subsequent payment of the balance ,may, subject to the existence of the budget provision, be made without a fresh expenditure sanction. The bill for subsequent payment should contain a reference to the number and date of the voucher under which the payment was made , besides giving reference to the expenditure sanction.

Note (2):- When there is a specific provision in a sanction for any fresh charge that the expenditure would be met from the Budget provision of a specified financial year, such sanction will lapse on the expiry of the specified financial year and will not be operative for one year from the date of sanction.

Note (3):-Sanction of a provident fund advance under Rule 14(1) of General provident fund (Andhra Pradesh ) Rules and the corresponding rules of other provident funds will remain operative for a period of three months and should be deemed to have lapsed after this period unless it specifically renewed .(Memo .47108/ Accts/60-1, dated 31-5-1960).

## **Contracts**

**Article - 51: Contracts - formats standardized in codes & manuals. New contracts changes need legal opinion**

- (a) A Government servant who incurs expenditure on behalf of the Government may have to enter into a contract with a private firm or a contractor for the on contract to serve as an officer under them for a definite period . Whenever a contract is made by or on behalf of the Government also sometimes employ a person on contract to serve as an officer under

them for a definite period. Whenever a contract is made by or on behalf of the Government, the terms of the contract should be precise and definite and there should be no room for any ambiguity or for misconstruction of any of its provisions. Before finally entering into a contract on behalf of the Government, the Government servant concerned should take legal and financial advice except in those particular classes of cases in regard to which the departmental codes or the Govt. Orders issued from time to time contain clear and complete instructions. Contracts for the supply of stores or the execution of works should be made as far as possible only after openly inviting and receiving tenders from all who wish to tender. Standard forms of the rates mentioned in the contracts should be inserted in the contract safeguarding the Government against loss or damage in respect of any Government property that may be entrusted to him or his servants.

The Government servant who enters into a contract on behalf of the Government and also his subordinates are responsible for strictly enforcing the terms of the contract and for seeing that no act is done that would tend to nullify or vitiate the contract.

- (b) Appendix - 4 contains a list of the authorities empowered to enter into contracts on behalf of the Governor. All contracts in regard to which the Government have not issued any definite rules or order as to conditions, forms, etc., and all contracts containing unusual conditions or involving any uncertain or indefinite liability should only be made after obtaining the special sanction of the Government, who will obtain the necessary legal and financial advice in each case. Whenever it is proposed, for special and exceptional reasons, to agree to any material variation in the terms of an existing contract made on behalf of the Government, the matter should be referred to the Government for orders.

#### **Article - 52 - Arrear Claims**

: Any claim not preferred within one year becomes time barred.. Arrear claims - one year from due date allowed by drawing officer. If exceeds one year pre audit by A.G. required. : Individual claims upto Rs. 500 May be paid without pre audit up to period of 3 years. Claims on Govt. securities paid without time limit in regard to interest.

G.O. Ms. No. 161, F&P. dt : 27.04.1991, stipulates A.Gs pre audit for claims upto a period of six years. If it exceeds 6 years Head of the department may order sanction without need of pre-audit.

**Article - 54 : T.A claims within 3 months, L.T.C, within one month to be preferred.**

Claim for T.A. entertained by controlling officer if received within 3 months of performance of tour- L.T.C within one month. Delayed presentation will result in a 15% cut over total claims. This is allowed only up to one year.

Treasury officer will admit pay bills for staff in a temporary scheme only upto a period of 3 months beyond sanction on certification by head of the office that further continuance is applied for

## **Over charges and Audit Objections**

### **56 – Audit objections**

Every Government servant who draws bills for pay and allowances or contingent expenses is primarily responsible for the correctness of the amount for which each bill is drawn. If any amount is drawn in excess of what is due, the drawing officer will be required to make good the excess amount so drawn. If the excess amount cannot for any reasons be recovered from the drawing officer, the Government servant, if any who countersigned the bill will be liable to make good any loss arising from culpable negligence on his part and the Treasury Officer who passed it will be similarly liable to make good any loss arising from culpable negligence on his part.

Note :- The Inspector -General of Police may waive recovery of over- payment of pay and allowances upto a limit of Rs.5 in each individual case, where the amount become irrecoverable due to the death, desertion, dismissal or removal, invalidation or retirement of a police subordinate, provided that the case does not disclose -

- (i) a defect in the system or in the rules, the amendment of which would require the order of a higher authority, or

- (ii) Serious negligence on the part of one or more Government servants that might possibly call for disciplinary action requiring the order of a higher authority.

He should maintain a register showing the amounts waived from time to time ; review the entries and intimate to audit once a year, the total number of cases involved and the total amount waived in a year .

### **57-Salary of Govt. servant**

The Accountant -General is responsible for the auditing of all expenditure charged against the Government. If any item of expenditure is found to be regular or in excess of what is due, he proceeds to remove the irregularity or recover the excess amount paid through the Treasury Officer , and he usually issue a warning slip to the drawing officer concerned at the same time . Recoveries relating to the Forest Department are effected through the District Forest Officer and not through the Treasury Officer .When an item of expenditure incurred is less that what is actually due for payment and the amount involved is not insignificant, the Accountant -General informs the drawing officer of the fact, leaving him to prefer an additional claim or not as he thinks proper.

**Article 58:**Recoveries from the salary of Govt servants not to be made at a rate exceeding 1/3<sup>rd</sup> of pay except in case of misuse of advances.

### **Article- 60:**

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

## **2. Chapter V- Establishments, claims of Govt. Servants and Recoveries from them.(Article 61 to 90)**

**Article - 63:Govt.is competent for the creation of posts.**

- (a) No authority subordinate to the Government may sanction the creation of any additional establishment, permanent or temporary

except, to the extent and subject to the condition mentioned in Appendix 5. The delegations specified there are subject to the general conditions:-

- (1) that either a sufficient specific appropriation for the expenditure involved already exists provision can be made for it by re-appropriation by the sanctioning authority under its own power without reference to the Government , and
  - (2) that the provision of the Fundamental Rules and Subsidiary Rules and Instruction under them are observed in fixing the pay of the persons appointed to hold the posts created under the delegated powder.
- (b) A sanctioning authority should invariable specify the period for which it sanctions temporary establishment. It should also specify the date from which the sanction for a temporary establishment will takes effect or, if it is not possible to specify the date, should state that the sanction will take effect from the date of actual employment of the staff or of the head of the staff.

Note :- A Treasury Officer is authorized to pass up to a period of three months pay bills of Gazetted Officer and Non-Gazetted establishment which involves payment not covered by the original sanction provided the Head of the office attached to pay bill of Gazetted and non- Gazetted establishment a certificate duly countersigned by the controlling officer empowered to sanction the T.A. bill to the effect that “certified that the sanction to the temporary establishment had expired on ..... Further continuance has been applied for and is awaited . Pay and allowances have been claimed in this bill at the same rate as drawn previously” .

The Gazetted Officer availing the facility should enclose to the bill a declaration countersigned by the controlling officer empowered to sanction the post to the effect that “I am holding the Post of ..... originally sanctioned up to ..... The sanction for the further continuance of the post has been applied for Pay and Allowances at the same rate as I was Drawing previously in the post have been claimed in this bill” In the case of Gazetted officer who countersign their own T.A. bills the declaration shall be countersigned by the next higher competent authority.

- (c) The statutory rules issued by the Government in regard to the power of authorities subordinate to the Government to sanction additional establishment or to vary the details of a temporary establishment are contained in part V of the service Manual ,Volume II (1938 Edition).

**Article 65 : the scale of pay proposed for a new post should be the same time scale that already in force.**

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

- (1) If the post is to be filled by a person not already in Government service, the pay proposed should be the minimum necessary to secure the services of a person capable of discharging efficiently the duties of the post.
- (2) If the post is to be filled by a person who is already a Government servant ,the pay proposed should be appropriate with reference to the nature and responsibility of work to be done and the existing pay of Government servants whose status is such that they are considered likely to be suitable for section for the post .

Note :- In the case of establishment divided into separate units or cadres carrying different scales of pay ,an authority competent to make appointment in that establishment on both the units or cadres may make excess appointment in a lower unit carder against the equal or greater number of vacancies left unfilled in the higher unit or cadres.

## **Article 70: distribution of Gazetted and non gazetted establishments.**

For the purposes of audit and preparation of pay bills the Accountant - General divided a non-gazetted establishment, when necessary into sections in consultation with the head of the department or of the office on the following principles:-

- (a) The division should be uniform throughout the State for the same classes of establishment.
- (b) Ordinarily, an officer or establishment containing not more than twelve clerks should form a single section, Larger offices will comprise two or more.
- (c) The division into sections in large officer should follow the actual working arrangements of the officer , e.g., a collector's establishment may be divided into the following section: Huzur Serishatadar's section , Huzur Head Clerk's section, Revenue Records section, etc.
- (d) In large offices, where the member of ministerial services are arranged by classes and grades, such as Superintendent , Upper Division Clerk and Lower Division Clerk each class or grand may form a separate section.
- (e) An establishment consisting of a large number of subordinate Government servants , such as village school masters, may often be divided into sections according to taluks or subdivisions of a district, while in an establishment employed in more advanced school ,each school would form a separate section.
- (f) Clerks, school masters , etc., should not, except in a small establishment, be combined with subordinates in the last grade service. Such subordinates should form a separate section or sections unless they are very few.
- (g) The pay abstracts of the district police should be prepared in accordance with the rules in the police Standing Order . Under those rules the details regarding subordinates of the rank of Sub-Inspector or below should be furnished according to the several grades in the service.

Note 1:- parts of an establishment under the same head of an office which are charged for under different major head should be treated as

separate establishments. The pay of the prohibition establishments in Collector's offices should, however be included in a separate sections of the main establishment pay bill of the office concerned and not in a separate bill.

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

**Article - 72: Due date of pay is first working day of month - exceptions are - transfer to another audit circle: retirement: ousting resignation, transfer of among PWD circles**

- (a) Except as provided in clauses (b) and (c) the pay and allowances, leaves salary and other monthly recurring payment of all the State Government employees and also the salaries / wages to work-charged establishments and menials paid from contingencies become payable on the last working day of the month to which they relate except for the month of March which shall be paid on the first working day of April. In case the last working day of the month happens to be a bank holiday ,the disbursement shall be made on the previous working day.

**Article - 73: Grants in aid bills need counter signature by department**

Drawing officers should not sign pay bills earlier than is reasonably necessary in advance of the date of presentations at the treasury, so that supplemental adjustments due charges after the monthly pay bills are signed may be reduced to a minimum. To avoid congestion Pay Bills may be presented at the Treasury duly signed five days before the last working day to which they relate.

Note :- Bills claiming grant -in -aided institutions may be presented at the Treasury or at the Accountant -General's office as the case may be , duly signed by the departmental officers five days before the last working day of the month to which they relate, so that the bills can be passed before the end



of the month to enable the staff of the aided institutions to receive their pay on or immediately after the 1<sup>st</sup> of the succeeding month .

#### **Article - 74: Efficiency bar orders to be issued by competent authority**

When a Government servant's pay is determined by a time -scale with an efficiency bar at a certain stage, he cannot draw pay at a rate above that stage until the authority competent to permit him to pass the bar has signed a declaration to the effect that his character and efficiency are such that he is fit to pass it .Sanctioning authorities should not treat this declaration as a mere matter of form, and should sign it only when satisfied after careful scrutiny of the relevant facts and information, that the Government servant concerned is really fit to pass the bar.

#### **Article- 75: Drawal of Increment in pay**

The Government servant should attach an increment certificate(in form 49 signed by him) to every bill on which a periodical increment in pay for a Government servant is drawn. He should keep a copy of every increment certificate for record in his office.

#### **Article - 85: Deduction of provident fund: postal life insurance & other mandatory funds made from salary**

Every Government servant who draws any pay bill should enter in it correctly the deductions, if any ,to be made on account of various Provident and Family pension Fund, etc. He should carry out promptly and fully any order received from the Accountant-General or any other audit officer of a Fund to make a particular deduction or series of deductions.

Detailed instructions regarding the procedure that should be adopted by the drawing Officer in marking deductions from the Pay bills an account of prima of Postal Life Insurance and Andhra Pradesh Government Life Insurance Policies are given in Appendix 26 of A.P.F.C.vol.II.

#### **Article - 86: Deduction of income tax at source to be made from salaries & annual return sent to I.T. Authorities**

- (a) Every disbursing officer who disburses the salary of any Government servant should make the appropriate deduction of Income -Tax from it at

the time of payment in accordance with the Indian Income Tax Act, 1922( India Act Xi of 1922), as subsequently amended, and the rules and directions contained in the Income -tax Manual and other orders of competent authorities.

- (b) Every Government servant who pays any amount to a government servant on account of a reward, examiner's fees or any similar item not strictly included under the head of "Salaries" should communicate the details to the Income -Tax Officer concerned in a separate letter or memorandum when he makes the payment.

**Article- 87 : Attachment of pay and allowances by civil courts**

**Article -88 : Responsibility of Govt servants for recovering amounts attached by Civil courts from Pay and allowances.**

When paying a bill for the emoluments of a gazetted Government servant or other Government servant who drawn his pay on separate bill, the Treasury Officer should recover any amount attached by the order of a court from those emoluments. The responsibility for recovering an amount of this kind from those emoluments . The responsibility for recovering an amount of kind from the emoluments of any Government servant who does not draw his pay on a separate bill, by making the necessary deduction in the establishment bill, rests on the head of the office. If the Treasure or Sub-Treasure Officer or the head of the officer ,as the case may be, receives a relevant attachment order from a Court sufficiently early before the end of the month ( see Article 73 ), he should see that the amount attached is deducted from the bill concerned .Each Treasury and Sub-Treasury Officer and each head of an office should carefully maintain a Register of Court attachment of pay etc., in the Andhra Pradesh Treasury Code From 41-C, to enable him to see that proper action is taken on all attachment orders received from courts (see subsidiary Rules 2(k), 22 and 33 under Treasury Rule 16 and Instruction 9 under Treasury Rule 32).

**Article - 90: Fines imposed on subordinates for neglect of duties to be recovered (only last grade employees)**

Fines imposed on subordinates for ordinary neglect of officer duty are properly recoverable by stoppages from pay and consequent short drawl of establishment pay bills.

## **6 .Chapter VI.-Contingent expenditure (Article 91 to 121)**

**Article - 91: Contingencies - mean incidentals to run any organization. E.g.. Furniture, books, machinery & equipment , diet money etc.**

The term “contingent charges “or “contingencies” is applied to the incidental expenditure which is necessarily incurred in running an office. The main items are common to most offices, e.g., expenditure on furniture , books and periodicals, service postage and telegrams , bicycles, electric current , clearing charges , custom duty on imported stores , freight and tour charges. It includes also incidental expenditure which is required for technical or other special reasons in the working of particular offices and departments .e.g., expenditure on clothing and other equipment in such department as the Jail and Police Department ,rewards paid to non - officials ,diet and road money paid to prosecutors, witnesses , jurors and assessors, law charges , dietary and medical charge in jails and hospitals, purchases of plants ,machinery and laboratory equipment in colleges in colleges and schools, raw materials for conversion into manufactured articles in the Jail department , workmen’s wages , purchases of live - stock for the for the manufacture of sera and vaccine and similar items.

The contingencies of special offices in the public Works Department include also expenditure on the supply of and repairs to tools and plants.

**Article - 93: Heads of offices may sanction of a routine nature for their offices they may delegate powers to subordinates**

**Article - 94: Permanent advance for initial payment of office expenses advance to be recouped at least twice in a month.**

As a general rule, a Government servant is only permitted to draw money from the treasury on presenting a proper voucher prepared in accordance with the rules so as to show the precise nature of the expenditure ,and as a general rule no money may be drawn from the treasury until it is required for immediate disbursement. The permanent advance system is an

exception to these general rules. Unforeseen expenditure often has to be incurred urgently, and it would sometimes be very inconvenient to postpone such expenditure whilst fulfilling the formalities ordinarily required for drawing money from the treasury to enable him to make disbursements of this kind before drawing the necessary bills, a Government servant may be granted a permanent advance, the amount of which should be limited to what is absolutely to meet his ordinary requirements.

### **Initial sanction of permanent advance & its increase require Govt. Sanction**

**Article - 98 : 15th of April permanent advance acknowledgement to be sent to the sanctioning authority & Certificate enclosed to pay bill of April of drawing Officer**

On the 15<sup>th</sup> April every year whenever there is a change of incumbent of the post concerned or in the amount of advance sanctioned, the officer in whose favour their permanent advance is sanctioned shall send an acknowledgment to the sanctioning authority in form given below for the amount due for and accountable for by him as on 31<sup>st</sup> March proceeding or the date of charge in the incumbency proceeding or on the date of change in the incumbency of the post or in the amount of advance sanctioned. The sanctioning authority shall maintain a register of permanent advances in Form 27 which will be scrutinized by the Accountant-General during local audit.

### **Article -100: Advances for contingent expenditure on tour allowed**

When satisfied that it is really necessary, the head of an office may sanction an advance to himself or his assistant or deputy to cover contingent charges during a journey on tour, provided, that no advance is sanctioned in respect of the contingent charges, such as those for the hire of conveyances or animals for the carriage of records, tents or other Government property, for a month or for the probable duration of the tour, whichever is shorter. Except in the Forest Department, no part of any such advance may be applied to any expenditure of a gazetted Government servant for which his travelling allowance is intended to provide (see also Article 84). The advance should be charged to this Government servant returns to headquarters on completing the tour, if it has not already been fully adjusted. When a Government servant

has drawn an advance of this kind he is not eligible for a second advance of the same kind until the first one has been fully adjusted.

**Article - 102: Contingent expenditure grouped as counter signed & non counter signed**

For purpose of control and audit, contingent charges are grouped as follows:-

- (1) Countersigned contingencies, and
- (2) Non- countersigned contingencies.

Expenditure incurred by a Government servant on countersigned contingencies is under the direct supervision of a higher authority, known as the controlling officer or authority, who signs the detailed bills relating to them. Countersigned contingencies are subdivided into contingencies which require countersignature before payment and contingent which require countersignature after payment. The detailed bills for the former are submitted to the controlling authority for close scrutiny and counter signature, and the full details of the charges are not therefore entered in the abstract bills presented for payment at the treasury. Appendix 8 contains a list of the contingent charges that require the countersignature of the controlling authority.

No detailed bills are sent to the controlling authority for non-countersigned contingencies; each contingent bill for non-countersigned contingencies presented at treasury should therefore contain full details of the expenditure, and the sub-voucher for any individual payment exceeding Rs.1000/- included in the bill should be attached to it. Such bills are sent straight to the Accountant-General for audit without any scrutiny by a controlling authority, and the contingencies in the category are therefore also called audited contingencies.

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

**Article - 103: Contingent register to be maintained, Head of account wise expenditure noted & attested by head of office**

Every item of contingent expenditure, whether the charge is to be countersigned or not should be recorded in a register to be maintained in each

office. Separate registers may be opened, if convenient, for the countersigned and the non- countersigned contingencies, respectively. The unit for these registers should be the major head of account, and the general arrangement should be as in Form 7. The number of columns to be included, and the further detailed classification, if any, required for purposes of control and audit, cannot be the same for all departments, and offices. The controlling authority should pass order on these points, in consultation with the Accountant -General contain no further details beyond the figures, under detailed account heads, but the contingent register should show the expenditure classified in detail under the several items falling under a detailed account head for departmental purpose. e.g., the preparation and check of contingent bills, the preparation of estimates, and financial control both by the head of the office and by superior authorities (See Article 118). The expenditure on the less important items may be shown as a whole in one column, and the charge for which a special explanation is required should be described in the column headed "Description," though the amount need be entered only in the relevant separate column. The column headed "Description" should be used also for noting the month or period to which any recurring charge ( e.g., rent or pay of punkah pullers) entered in one of the columns related.

#### **Article - 108: D.C. Bill for A.C. Bills to be furnished to DTO directly**

For contingencies that required countersignature by the controlling authority after payment and in regard to which the permanent advance is recouped by presenting abstract bills at the treasury, the head of the office submits a monthly detailed bill in form 8 signed by himself to the controlling authority for countersignature and transmission to the Accountant -General. The detailed bill should reach the controlling authority not later than the 10<sup>th</sup> of the month succeeding Rs 50 (Meno. NO. 50239/ Accts./60-1, Dt. 11-6-1960) and with a certificate regarding the check and defacement of all sub- vouchers for amounts of Rs 50 (Memo. No. 50239/accts./60-1, dated 11-6-1960) or less. It should be headed "not payable at the Treasury" detailed bill, and at the foot of the bill a memorandum should be added showing the number and date of every abstract contingent bill cashed at the treasury during the month to which the detailed bill relates and sub- vouchers included in each. The total amounts of the detailed bill and the total charges shown in the contingent register for the month should be fully explained. If any amount drawn on any abstract

contingent bill cashed during the month has been refunded into the treasury, the date of refund should be stated.

### **Article - 115: Inter departmental adjustments made by book transfer**

The conditions under which a department of the Government may make charges for service rendered or articles supplies by it and procedure to be observed in recording such charges in the account are given in Chapter 4 of the Andhra Pradesh Account Code, Volume I.

In the case of work done by a Government factory (such as a Jail or Workshop) or other authorized transfer, the officer in charge will, if the adjustment is to be made by book transfer, prepare an invoice of the quantity and price of the work done, and forward it in triplicate to the officer served, who, on approving the invoice, will countersign all, and return one copy to the supplying officer. Another copy he will file in his own office, and the third he will attach to the contingent bill for the current month, noting the amount in the statement of account at foot, in order to work out the available balance of his appropriation his monthly bill, however, he should post the amount of the bill paid by book transfer in his contingent register, and include it in the forward total in order that he may agree that forward total with that shown in the statement of account on his contingent bills; in the register of the countersigning authority the amount of such a bill should in like manner be separately entered. See Article 105. Such invoices will never be retained by the countersigning officer.

**Note 1 :-** The officer served cannot charge the amount in his contingent bill as no cash payment is made, but only a book adjustment in the account office; but the amount available for contingent expenditure is reduced and so, to work the available balance, note is made in the register of contingent expenditure and in the statement of account at the foot of the bill.

**Note 2:-** The Procedure for the adjustment of the cost of supplies made in following cases is laid down in the rules noted against them.

- (a) Supplies made to the village service establishments Local Ruling 11 under Article 95-99, Andhra Pradesh Account Code, Volume II.

- (b) Supplies made by the public Works and Electricity Departments Articles 180-189 Andhra Pradesh Account Code, Volume III and the Local Ruling there under.

The special rules applicable to public Works Workshop, Hyderabad , Dowleshwaram and Vijayawada are continued in Local Ruling 2 under Article 182 of the Andhra Pradesh Account Code, Volume III.

- (c) Supplies made by or to the Forest Department Article 242 Andhra Pradesh Account Code, Volume II , and the Local Ruling under it ,

**Note 3** :- In the case of telephones supplied by the Government Telephone Department, bills for telephone and trunk call charges for amount exceeding Rs . 50 each will be received in duplicate and the officer served, on approving the bill , will countersign both and return one copy to the supplying officer .He will submit the other copy with countersign notes in his contingent register, in the case of bills for amount not exceeding Rs 50 payment will be made in cash or by cheque. Both the copies of the telephone bills should be presented at the Post Office where the official concerned will after receiving the case, impress both copies with date stamp and return one copy to the party along with a separate received. The copy returns, together with the receipt should be retained by the officer servant for record in his office. Payments should be made at the treasury. machine impressed receipts issued by the Manager .Telephones Madras, on a copy of the bill under the facsimile signature of the administrative Officer may also be accepted instead of separate receipts.

Note4:- When an officer countersigns an invoice for stores supplied of work done for him by a government factory or department, he should clearly note on the invoice the major, minor and sub-head and the unit of appropriation to which the charges is debatable as also the authority for the expenditure.

In respect of work done or supplies made by the Public Works Workshop, Hyderabad , Dowleshwaram or Vijayawada, the officer countersigning the invoice should indicate the cost deposited in advance



into the treasury with date and the different requiring adjustment with reference to the final cost.

**Note5:-** Bills in respect of stores, etc., purchased through the Indian Stores Department are not governed by this Article , but by the special rules framed by the Government of India. In the case of such bills, unless there are instructions to the contrary, the consignee should retain only one cost of the bill for record in his officer, the particulars and amount thereof should be noted in the memorandum of expenditure in his contingent bill which need not be supported by a copy of the bill as is required in the case of other bill paid by book transfer.

### **Article - 120: Municipal & local taxes on buildings not occupied as residences**

The occupant dept should pay taxes

If more than one dept is occupied revenue dept should pay taxes if it is one of the occupant

If revenue dept is not in occupation the dept in major occupation should pay taxes

No municipal tax is payable on a public building situated in a cantonment

### **3. Chapter-VII : Stores( Art 122 to 146)**

- **Article- 122** :The term stores is used to indicate all articles & materials like furniture, chemicals, scientific instruments, appliances, stationery, diet in hospitals, jails, material for construction of buildings ,departmentally manufactured stores, tools & plant but exclude books, publications periodicals etc in a library.

**Article - 123 : Competent authorities are as directed by Government from time to time**

**Article - 124 : Forecast of requirements and time of purchase**

**Article -125 : Rules and instructions governing the purchase of stores**

- materials/ stores costing more than Rs.1,00,000 shall be procured through e-procurement platform only. (G.O.Ms.No. 258, Date:20-9-2013 )

- The matter has been reviewed by the Government and after examining in detail, hereby clarify that, stores means all articles and materials purchases (both for works and office use i.e., for all the purchases of Goods/Products/works/services etc.) including live-stock [other than cash and documents] shall be procured through e-procurement platform only, which come into the possession of a Government servant for use in the public service, as defined under Article-6 of A.P. Financial Code Vol (G.O.Ms.No. 40 , Date:14-02-2014 )

#### **Article- 127 : Acceptance of tenders**

A Government servant who has to select a tender for acceptance should take into account the financial status of the tenderers."After opening the tenders at the specified time the Government servant shall record a brief statement on the spot giving the names of the tenderers and amount of the tenders and obtain the dated signature of such of those tenderers who are present in token of their presence." If other conditions are equal, the lowest tender should be accepted .When the lowest tender is not accepted, the reasons should be recorded , and all the relevant records made available to the Accountant -General during his local inspection of the account of the disbursing officers. The acceptance or rejection of a tender is a matter entirely within the discretion of the Government servant responsible for the purchase of materials but a superior authority or the Accountant -General may call on him to justify the manner in which he has used his discretion and to give his reasons for rejecting any tender. No tenderers has any right to be told the reasons for rejecting his tender and the reasons for rejection should not be communicated to any tendered .No tender should be accepted from any person directly or on in directly connected with the Government service .If any collusion is detected between a tenderer and a Government servant it should be dealt with severely.

[ G.O.Ms.No 62,Finance (Accts.),Dt 25-2-1969]

**Article-128 : agreement for the supply of stores**

**Article-133 : Stock accounts**

**Article-139: Inspection of stores**

No Government servant should hold stores in stock in excess of the amount likely to be required during a reasonable period. To ensure that this

rule is observed, a responsible officer of the department should inspect all perishable stores once in each half year and all other stores once a year unless there is a sufficient reason ( which should be recorded) to the contrary. If he considers that any of the stores inspected are obsolete or in excess of reasonable requirements, he should submit a report to the authority competent to sanction the writing off a loss of case equivalent to their value under Article 297 and Appendix 23. This authority should then pass order as to the disposal of such stores.

### **Price preference**

- Indigenous products over imported products up to 15%
- Cottage & small scale industries 10 % price preference
- Co-operatives 5% preference (Article:123)
- Foreign Goods: As far as possible to be placed through local representatives of manufacturers preferring those who have after sale service and holding stock sufficient spares (Govt. MEMO No. 41990) Acts (60-10 F.DD 24-2-1961 Goods manufactured with in state allowed 5% price preferred \The products manufactured out s0ide the state (Govt. MEMO No.8410/Accts/62-UFD282/62)
- Purchasing officer to keep a list of reputed dealers in the trade well in advance so that communications are sent directly also besides advertisement in news papers

**Article: 140:** Unserviceable stores to be written off as items if it is due to fair wear & tear other wise money value to be written off

**Article 143 &144:** Stores to be verified periodically by competent person

**Article-145:** Discrepancies found on verification of stores  
incorrect accounting , theft, fraud, wastage, negligence, etc

### **4. Chapter -VIII : Works (Article 147 to 208)**

**Article – 163:** Works are executed by four methods – departmental, piece work, lump sum, schedule contract

**Article -172:** muster role

**Article -174 :** Measurement book

**Article -176:** check measurement of works

**Article -181:** completion report – report to be sent after work is completed

**Article-197:** revised estimates

## **9. Chapter -IX : Miscellaneous Expenditure( Article 209 to 218)**

**Article 211 A: Grants in aids to public bodies, institutions etc**

## **10. Chapter -X : Loans and Advances(Article 219 to 260)**

**Main classes of loans and advances**

**Article -219 Loans to Zilla parishads and other local bodies**

The Government grant loans and advances under the following main heads.

- I. Loans to municipalities, port trusts, etc.,( including advances to cultivators).
- II. Loans to Government servants.
- III. Advances to repayable.
- IV. Permanent advances.

This Chapter contains the detailed rules governing these loans and advances.

**Article-220 General instructions**

This head covers all interest-bearing loans made by the Government except those made to Government servants and includes the following classes of loans

- (a) Loans to Municipal Corporation, Port Trust and other port funds.
- (b) Loans to municipalities.
- (c) Loans to Zilla Parishad and other local bodies.
- (d) Loans to landholders and their notabilities and private individuals.
- (e) Advances to cultivators.
- (f) Advances under special laws.
- (g) Loans to local bodies for railway construction.
- (h) Miscellaneous loans and advances.

Heads of departments and other Government servants may sanction loans of classes (e) and (h) to the extent of the powers delegated to them and the appropriations placed at their disposal see Appendix 16. The Government have not delegated to any authority and power to sanction loans of the other classes falling under this head, and they are therefore sanctioned only by the Government.

## **Article-221 Interest**

The following general instructions apply to all loans falling under this head, and the conditions on which the loans are granted should be framed accordance with them-

- (i) Interest should be charged at the rate prescribed by the Government for the class of loans concerned. It should be charged for the day of advance but not for the day of repayment. For a period less than a complete , half year, the interest should be calculated as the number of days/365 X the yearly rate of interest. For a period of more than a half-year but less than a year half the yearly interest should be charged in respect of the completed as above .In the case of "Advances to Cultivators," however the interest for a period of less than a year should be calculated by taking, the calendar month as the unit, periods of fifteen days or more in a calendar month being treated as calendar month and periods of less than fifteen days being ignored.

## **Repayment**

- (ii) (a) The borrower should be required to repay the loan in full within a specific term, which should be as possible, by paying the appropriate fixed installment not later than the dates prescribed by the Government or other competent authority. The term should run from the date on which the drawal of the loan is completed, unless the Government or other competent authority declare the loan closed with effect from that date. The amount of each installment to be repaid by the borrower should be rounded to the nearest rupee, except in the case of the last installment where the amount will be rounded to the nearest Five paisa.
- (b) If a borrower draws a loan in installments and is required to repay it by half-yearly installments for which no specified half-yearly dates are fixed when the loan is sanctioned, he should be required to take the first regular, half yearly payment six months after the date from which the term of loan runs and simple interest only should be charges on the date for the period prior to it.

If specified half-yearly dates are fixed for the payment of the half-yearly installments when the loan is sanctioned the borrower should be required to make the first half-yearly payment on the second of those half-yearly dates after the date from which the terms of the loan runs, and simple interest only should be charged on the first half-yearly date. For example, if the drawl of a loan is completed on 31<sup>st</sup> December following, and simple interest only should be charged on the 31<sup>st</sup> June.

If a borrower unduly delays the completion of the drawal of a loan, the matter should be reported to the Government or other competent authority with a recommendation that the loan be declared to have been closed as from a suitable specified date

The Accountant - General watches the recoveries relating to each individual loan included in any of the classes of loan mentioned in item (a),(b),(c),(g) and the portion of (h) relating to loans to local bodies to cover revenue deficits.

The department authorities concerned will have to watch the recoveries relating to each individual loan at items (d),(e), (f) and the portion (h) relating to loans other than to the local bodies to cover revenue deficits of Articles 220

of A.P.F.C. Vol.I by maintaining the detailed accounts in the proper forms. They should report to Government any undue delay in completing the drawal of any such loan payable in instalments, whether dates have been fixed, for the drawal of instalments or not . They will be responsible to see that been fixed, for the drawal of installment or not. They will be responsible to see that the conditions attached to each loan or advance are fulfilled. They should take necessary action in regard to undue delay in completing the drawal of any other loan payable in installments. All the Heads of the Departments of the Secretariat shall send to the A.G.,A.P., Hyderabad by 30<sup>th</sup> September of each year, an annual statement for the previous financial year in the prescribed form for the Andhra and Telangana areas separately containing the Information about the outstanding balance overdue arrears or principal and interest and the steps taken for the recovery of arrears etc. Copies of these annual statement should be send to Finance and Plg.(A.&L.) Department also This instruction applies mutatis mutandis to loans repayable by installments other than half-yearly installments.

(c ) Any amount paid by a borrower in advance when no installment or part of an installment is due should be credited to the next installment , first to the extent necessary to interest and then to principal as if it were paid on the date, unless a different procedure is prescribed for special reasons in any particular case or class of cases.

#### **Defaults in payments**

- (iii) (a) The Accountant \_general should report promptly to the Government any failure by a borrower to pay on the due date a payment due under a loan included in one of the classes of loans which he watches individually See sub-clause (b) of clause (ii) above. The department authorities should take the necessary action immediately in regard to any default in marking a payment due under any other land. They should bear in mind the fact that a loan repayable with interest by equal periodical installments will not really be fully discharged by the installments unless each is paid punctually on the due date.
- (b) The authority which sanctions a loan should ordinarily lay down in the order of sanction a penal rate of compound interest to be charged on any payment due by the borrower on account of the loan which is not received by the due date ,and should ordinarily actually levy

interest at that rate on any such payment which is not received by the due date.

Note :- In order to avoid any default in the repayment of loan the sanctioning authorities who maintain the detailed account of loans should warn the loanee, say a month in advance, of the due date for the repayment of any instalment of the principal and or interest thereon. Omission to give this warning does not, however, give the loanee any claim to exemption from the consequences of default in the repayment of principal and or interest thereon.

#### **Modification of original terms**

- (iv) Every borrower should be required to fulfill strictly the terms settled when his loan was sanctioned. No Government servant should recommend to the Government or other competent authority a change in the original terms for the benefit of a borrower unless there are very special and exceptional grounds for doing so.

#### **Loans to Zilla parishads and other local bodies**

##### **Article -222**

The detailed procedure to be required in connection with borrowing by local authorities both from the Government and otherwise is laid down in the Local Authorities Loans Rules, 1937 (see Appendix 17). Article 204 contains certain rules relating to the execution of works by the Public Works Department and the Electricity Department on behalf of local bodies out of loan funds sanctioned by the Government.

##### **Article - 223**

#### **Advances to cultivators include -**

- (i) advances made under the Land Improvement and Agriculturist Loans (General) Rules, 1933;
- (ii) advances made under the Land Improvement and Agriculturist's Loans (Pumping Installations and Agriculture Machinery on Plant) Rules, 1933;
- (iii) advances made under the Agency Tracts (Partially excluded Areas) Agriculturists' Loans Rules, 1938;



(iv) advances made under the Agriculturists' Loans ( Relief of Indebtedness) Rules,1938,and

any other advances made to cultivators in connection with revenue agriculture of famine under any Act of the Legislature or under any order of the Government.

The Board of Revenue controls these loans and detailed rules and instructions regarding items (i) to (iii) above are contained in the Loans (Takkavi) Manual.

#### **Article - 224**

Advances under special laws included at present only advances sanctioned by the Government under the Madras State Aid to Industries Act, 1922 (Madras Act V of 1923 ) and the rules framed under it .

#### **Article - 225**

Loans ( other than loans to Government servants) which do not fall strictly under any of the other classes mentioned in Article 220 come under the head,e.g.,loans for the acquisition of house-sites for members of the communities eligible for help by the general principles laid down in Article 221 , and the detailed orders issued by the Government from time to time. A Government servant who is concerned with any category of loans falling under this head should keep an up -to -date file of the order in force regarding them.

#### **Article -225-A**

The Departmental Officer authorized to issue loans or advances and who is required to maintain the initial accounts there for is responsible for the monthly reconciliation of the figures in respect of each head of account which enter his registers and return. For this purpose, the District Officer or the Principal District Officer of the Department concerned should arrange to reconcile, monthly, his departmental figures with those shown in the plus and minus memoranda maintained separately for each head of account by the Treasury Officer , in the manner indicated for the reconciliation of transactions relating to "Advances to Cultivators" ( vide local ruling 3 under Article 90 of the Andhra Pradesh Accounts Code, Volume II). The head of the department should watch that the reconciliation is effected by his subordinate officers in

the districts without fail. The head of the department will then consolidate the figures for the whole State, reconcile them with closing balances according to the books of the Accountant -General.

For this purpose , he should depute his reconciliation staff to the Accountant -General's office by the first week of each month for the figures and receipts relating to the various loan heads of account under his control. He should compare these figures with the departmental figures obtained from the District Officers and other subordinate officers under his control and reconcile the discrepancies .He should send the reconciliation certificates along with the reconciliation statement and report by the last day of month i.e., the reconciliation certificate for a particular month ( e.g., April 1963 ) should be sent on the last day of the second succeeding month ( i.e., 30-06-1963.) Memo. No . 12284-A/607/Accts./63-1/, Dt. 30-06-1963)

### **Loans to Government servants**

#### **Article - 226**

The following interest - bearing advances are included under this head:-

- (A) Advances for the purchase of motor cars.
- (B) Advances for the purchase of other conveyance.
- (C) Passage advances.
- (D) Advances for the purchase and construction of houses.
- (E) Advances for the purchase of horse and saddlery, and
- (F) Other advances.

The Government grant these advances to their servants in accordance with the rules contained in Article 227 to 235.

#### **Article - 227**

The following general principles and conditions apply to these advances:

- (1) No authority may sanction any advance if it would involve a breach of a standard of financial propriety ( Article 3)

#### **Government servants to whom advances may be granted**

- (2) As a general rule no advance should be granted to any Government servant unless he is in permanent service since the pay of a non-

permanent Government servant is not adequate security for the repayment of an advance. The Government servant who is an approved probationer in a service and is not likely, so far as can be foreseen at the time, to be ousted subject to the rules applicable to advances of the kind and to the following further conditions:

(i) No such advances should be granted unless a personal security bond is furnished in Form II duly executed by the borrower together with a permanent Government servant drawing a pay not less than that of the borrower as surety guaranteeing the repayment of the advance.

(ii) The number of monthly installments by which repayment is to be made should, when necessary with reference to all the circumstances including the period for which the temporary post is sanctioned, be fixed at a suitable number lower than the permissible maximum.

An authority subordinate to the Government that is competent to sanction an advance to a permanent Government servant under Article 228 or Article 254 may also sanction such an advance to an officiating or temporary Government Servant.

Exception :- The Direct Recruit Junior I.P.S. officers posted to sub-divisional charges during the period of probation, even though they are not approved probationers can apply for and get an advance for the purchase of motor cars as provided for in Article 230 subject to the condition that each applicant in addition to mortgaging the Vehicle to Government executes a personal security bond in Form II together with surety of a permanent Government servant, drawing a pay not less than that drawn by him, guaranteeing the repayment of the advance.(Meno .No 10234/Exp - I-C/ Finance, dt 26-2-1957).

Note :- permanent Government servants of the union Government or the State on deputation to this State should be treated as temporary for purpose of these rules.

### **Interest**

- (3) Simple interest should be charged at the rate fixed by the Government from time to time

## Repayment

- (4) (a) The principal of an advance should be recovered in equal monthly installments by compulsory deductions from the pay of the borrowing Government servant, beginning with the first payment of a full month's pay after the advance is drawn provided that a borrower may repay two or more installments at the same time. The amount of the monthly installment other than the last should be fixed in whole rupees, and as the last instalment the remaining balance including any fraction of a rupee should be recovered. The maximum number of monthly installments in which the sanctioning authority may permit the principal of an advance of each kind to be repaid is as follows:

A (1) Advances for the purchase  
be

Of Motor Cars.

The principal of the loan shall

recoverable in 90 monthly  
Installments and interest  
accrued there on in 30 monthly  
Installments.

A(2) Advances for the purchase  
be

Of Motor Cycles.

The principal of the loan shall

recoverable in 60 monthly  
installments and interest  
accrued there on in 12 monthly  
installments.

Such of the officers who are eligible for both the advance shall be sanctioned only one of the advances i.e., either for Motor car or Motor cycle.

(B) Advances for the purchase  
of Conveyances not  
included in item(A).

24. In the Case of Bicycle advance,  
the amount of interest amount  
shall be recovered shall be  
recovered in 2 installments.

(C) Passage advances

36.

(D) Advances for the purchase

120. (Principal together with

And construction of houses.	Interest )
(E) Advances for the purchase of horses and saddlery.	36.
(G) Other advance for the purchase of typewrites.	12.

In the case of non-gazetted Government servant where the head of office draws and disburses the pay and allowances and makes the recovery of advances paid to Government servant, the responsibility to calculate interest due lies with head of officer . The Account-General will furnish such particulars as the head of office may require for calculation of interest ,as well as such assistance he may need.

[ Note (1) : - Deleted by Memo .No 68759,B/1981/ Accts. /Dt 21-8-1974.]

Note (2) :- No interest is to be collected from the loanee for any period beyond the date of his retirement on that portion of the outstanding advance ( referred to in Article 226) as interest on the date of retirement would be wiped off by adjustment of the gratuity or the leave salary payable to him by the Government.

The recovery of interest should begin with the pay of the next month after the repayment of the principal is completed .If the total amount of interest to be charged does not appreciably exceed the amount fixed for the equal monthly installments for recovery of the principle , it should be recovered in a single instalment; otherwise it should be recovered in installments not appreciably exceeding that amount. Interest may however, be calculated for the last month of recovery up to the date of repayment and no interest need be charged for the day of repayment .( Memo. No. 103608/Accts./60-1, Dt 27-1-1961).

(b) Unless otherwise provided in the rule applicable to advances of a particular kind, the amount of the monthly installments to be recovered on account of an advance should not be changed by reason of the borrowing Government servant's going on any kind of leave with leave salary or his drawing subsistence grant. In special circumstances the head of the department

may recommend that the Government should reduce the monthly installments in a particular case for the duration of the period during which the borrower does not draw pay. The whole amount due should, however, always be completely recovered within the period originally fixed unless, for exceptionally strong reasons, the Government sanction a special extension of that period.

(c) Penal interest at 7 % per annum shall be collected from the loanees who either apply and or draw loan amount but fail to utilize the amounts within the period stipulated in the rules without specific permission of the Government or utilize them for clearance of private debts. In the former category penal interest shall be levied for the period not covered by Government sanction. This will be without prejudice to summary recovery which may also be ordered by Government. ( Memo. No .49878/ Accts./61-2, Dt. 23-9-1961).

#### **11. Chapter -XI : Deposits (Article 261 to 272)**

#### **12. Chapter -XII : Responsibility for losses of public money or Property (Article 273 to 302)**

##### **Article 294 - Reports of the Losses**

When any facts indicating that defalcation or loss of public moneys, stamp, opium, stores or other movable or immovable property has occurred or that a serious account irregularity has been committed come to the notice of any Government servant, he should inform the head of the office immediately .if it appears to the head of the office prima facie that there has been any such occurrence which concerns his office or in which a Government servant subordinate to him is involved, he should send a preliminary report immediately to the Accountant -General , and through the proper channel, to the head of the department .On receipt of the information, the head of the department should report the matter to the Government without delay. These reports should be sent even when the person responsible for a loss has made it good. Reports regarding a loss by way of damage to immovable property belonging to the government should be sent in accordance with the special provisions of Article 299.

The Collectors should submit telegraphic intimation, immediately followed by detailed reports, to the Board of Revenue and the Government in all cases of misappropriation of public money involving Rs . 5,000/- and above. The Board of Revenue should submit a detailed report to the

Government, as to the steps taken by it in the matter, as early as possible thereafter.

The preliminary report to the Accountant -General may be either a copy of the report to the head of the department or relevant extracts from it showing, so far as information is available at the time, the exact nature of the defalcation or loss and the circumstances which made it possible.

Losses involving embezzlement, serious irregularities, etc. should be reported by the Government servant concerned to higher authorities irrespective of amount involved.

After sending the preliminary reports, the head of the office should investigate the matter fully without delay and take all necessary further action see Article 300 to 302. As soon as the investigation is complete he should send a complete and detailed final report to the Accountant -General and, through the proper channel to the head of the department describing the nature and extent of the loss or account irregularity and the circumstances (including any breach or neglect of an existing rule) which made it possible, and stating whether any amount lost has been recovered and, if not, whether it is possible to recover it in any way . The report should also state what disciplinary action has been taken or is recommended against the government servant responsible and what steps have been taken or are recommended with a view to prevent the recurrence of any such loss or account irregularity. The head of the department should also submit a final report to the Government giving full information on all these points and , when necessary, making his recommendations.

When a petty loss not exceeding Rs .400/- does not appear to involve an embezzlement, a serious account irregularity or any other important feature requiring detailed investigation and consideration, or to concern the Reserve Bank, the Preliminary and final reports prescribed in this article need only be sent to the authority competent to write off the loss or deal with it otherwise. The Board of Revenue is authorized to dispose of all cases of embezzlement by village officers without reference to the Government, unless in its opinion the case presents special features or the order of the government are required on any specific points.

An Individual report of misappropriation of collections by a village officer or loss of money while in his custody which does not exceed Rs 200/- need not also be sent by the Collector to the Board of Revenue and by the latter to the Accountant -General unless there are, important features of defects of system which merit consideration. The Collector should, however, send to the Board of Revenue half - Yearly a statement of cases of embezzlements or losses of money involving amount not exceeding Rs 400/- which occurred in the half - year showing the amount , place with district , name of official responsible, disciplinary action taken if any , in each case, the amount recovered by the Accountant- General had not been shown previously. The Board of Revenue will review the half yearly statements received from the collectors and furnish to the Accountant General a copy of the statements.

Note :- Any loss of Departmental revenue due to whatever cause or 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 the Government within the meaning of this Article see also Articles 141 and 298.

### **Article 302 -Prosecution for embezzlement of public money or property**

- (a) Wherever the head of an office finds that there is a reasonable suspicion that a criminal offence has been committed in respect of any public moneys or property, he should as a general rule report the matter at once to the police and simultaneously inform the District Magistrate ( or, in Hyderabad city, the Commissioner of police) and the head of his department that he has laid an information before the police. District Magistrate (or, in Hyderabad city , the Commissioner of Police) informed as to the action they take in the matter.

If , however, it is suspected that a village headman or office has failed to remit Government revenue collected by him, the Tahsildar or Deputy Tahsildar should make an immediate enquiry and endeavor to collect any amount found to be in deficit. He should then report the result of this action to the Revenue divisional officer who will decide whether a criminal prosecution should be launched or whether departmental action will be sufficient.



- (b) When the case is heard by the Court, the head of the office concerned should see that all the witnesses serving in his department and all documentary evidence in the control of his department are punctually produced .He should also appoint a Government servant of the department to attend the proceedings in the Court and assist the prosecuting staff.
- (c) If prosecution for an offence of this kind results in the discharge or acquittal of any person, or in the imposition of any sentence which appears to be inadequate, the head of the office concerned should at once send a full statement the facts of the case to the District Magistrate or , in Hyderabad City , the Commissioner of Police; if the District magistrate or the Commissioner of Police, as the case may be, considers that further, proceeding should be taken in revision or appeal, he should proceed as he would in any other case and should keep the head of the office concerned informed regarding the further proceedings. As pecial order of the Government is necessary for filling an appeal against an acquittal.
- (d) The head of the office concerned should submit , in addition to the reports prescribed in Article 294 and 300 prompt reports to the Government through the proper channel at each stage regarding –
- (i) the commencement of the Police investigation.
  - (ii) the decision to prosecute in any particular case.
  - (iii) the result of any prosecution.
  - (iv) the decision to proceed further in revision or appeal  
in any case,and
  - (v) the result of any proceedings in revision or appeal.
- (e) Notwithstanding anything contained in the preceding portion of this Article, the head of the office concerned may, when he considers it to be desirable, refer any matter through the proper channel for the orders of the Government before taking action.

### **13. Chapter- XIII : Local Funds (article 303 to 313)**

#### **Introductory**

##### **Article - 303**

The transactions of local funds (as defined in Article 6 ) are not included as such in the Government Account, except in so far as their cash balances are

deposited with the Government under the rules and accounted for under the deposit head " Deposits of Local Funds" in the "Public Account ". The Government function in regard to such deposits is that of a banker ( see Chapter XI of this Code and Chapter VII of part III of the Andhra Pradesh Treasury Code).

#### **Article - 304**

The main classes of local funds are :  
( See also Chapter IV and Part III of the Andhra Pradesh Treasury Code)

(i) (a) District Funds [i.e., the moneys of Zilla Parishad government by the Andhra Pradesh Panchayat Raj Act, 1994 ]

(b) panchayat Funds [i.e., the moneys of Panchayats government by the A.PA Panchayat Raj Act , 1994 ]

(ii) Municipal Fund [ i.e., the moneys of municipal councils government by the A.P. District Minimalities Act, 1965.]

(iii) Education Funds [i.e., the Fee Funds of Universities and The Elementary Education Funds and Zilla Parishads and Municipal Councils governed by the A.P.Elementary Education Act, 1982]

(iv) Port and Marine Funds that do not relate to major ports [including the Minor Ports Fund and the Tuticorin Port Fund government by the Indian Ports Act, 1908 ( India Act XV of 1908 ), as subsequently amended and the Landing and Shipping Dues Funds Government by the Madras Out Post , Landing and Shipping Fees Act 1885 ( Madres Act III of 1885 as subsequently amended).]

(v) Market Committee Fund[i.e., the moneys of Market Committees governed by the A.P.Agricultural Market Committees Act 1964.]

(vi) The Central Fund constituted to meet the leaves salary, salary and contribution towards provident fund in respect of the Municipal Commissioners and the Panchayat Executive Officers during leaves,and

(vii) Library Fund (i.e., the money of the Local Library Authorities governed by the A.P.Public Libraries Act).

### **Article - 305**

Local bodies (as defined in Article 6 ) perform functions closely allied to those of the Government, and received aid from the Government in the form of grants and loans for certain purposes. This chapter contains the rules relating to some of financial transaction between the Government and local bodies.

### **Grants to local bodies and other bodies**

#### **Article - 306**

The payment of the various classes of grants to local bodies, e.g., grant for hospitals and dispensaries, grants for the maintenance of roads and educational grants , is governed by the general or special order of the Government in regard to each class of grant.

A list of the grants paid to local and other bodies on account of certain fines realised by Courts and credited to the Government is contained in Appendix 24 . The grants on account of these fines should be drawn, and paid in the manner indicated in the Andhra Pradesh Treasury Code.(See subsidiary rule 23 under Treasury Rule 16 )

### **Loans to local bodies**

#### **Article - 307**

The detailed procedure to be followed in connection with borrowing by local bodies from the Government is laid down in the Andhra Pradesh Local Authorities Loans Rules , which are printed in Appendix 17. ( See also Article 222 )

### **Charges recoverable from Local bodies**

#### **Article-308**

When the Government agree to render a service to, or incur a charge on account of a local body the estimated amount of the charge or cost of the service should ordinarily be recovered in advance in accordance with the

Principal laid down in Article 12 .In exceptional cases , however, the Government may authorize one of the following special arrangements-

- (a) The expenditure may be charged against the local body's account with the treasury as and when it is incurred; or
- (b) The expenditure may be met by advances from Government funds in the first instance and then recovered promptly from the local body either in cash or by adjustment against its account with the treasury.

### **Article- 309**

Any amount due to the Government by a local body and remaining unpaid, including any amount overdue for payment in respect of a loan, should be recovered at the earliest opportunity in the manner indicated in subsidiary Rules 25 under treasury Rule 16 by adjustment from any non-statutory grant which the Government have sanctioned for payment to it .

### **Land cess including Education cess payments to district boards and panchayaths**

#### **Article -310**

On behalf of Zilla Parishads, Mandal Parishads and Gram Panchayats the Revenue Department of the Government collects, along with the Government's land revenue, the land cess including education cess levied for the benefit of those bodies. The Village Officers while remitting the land revenue along with cess should show separately the Land Revenue, the Land Cess and Education Cess in separate columns in the Chitta as well as in the village remittance(Irsalnama or Chalan) so that the Land Revenue clerk in the Tahsil Office may check the correctness of the cess amount at the rate fixed by the Government from time to time towards Education Cess and Land/Local cess. The Land Revenue clerk after checking the correctness of the Irsalnama (Chalan) may enter the cess amount separately in the Land Revenue Chitta maintained in the Tahsil Office, and pass on the chalan to the Sub-Treasury or the Bank as the case may be for acceptance. At the end of the month i.e. on the treasury closing day, he should post the cess amounts village-wise, make totals of the village-wise remittances and apportion the Local/Land Cess and Education Cess amounts among the several local bodies in the ratio ordered

by the Government from time to time . The Tahsildar may then issue proceedings sanctioning the amount to the various local bodies at the Taluk level it self. The Proceedings of the Tahsildar sanctioning the cesses should be communicated to the Revenue Divisional Officer, District Panchayat Officer, Extension Officer(Panchayat) and the District Treasury Officer. The Taluk Officer, Extension Officer(Panchayats) and the District Panchayat Officer should open monthly periodicals to watch the prompt adjustment of cesses. The Tahsildar after sanctioning the amount will also present an adjustment bill at the Sub-Treasury enclosing the copy of the proceedings for the adjustment of amount to the various local bodies as prescribed in instruction 38 under T.R. 16 of Andhra Pradesh Treasury Code Volume -1. Any excess or under payments made provisionally in the monthly payments are liable to be adjusted from the subsequent payments.

The Revenue Divisional Officer concerned will check the accounts maintained by the Tahsildars at least once in six months to ensure correct apportionment and to avoid any over payments. The accounts maintained by the Tahsildar who are empowered to authorize the refunds without sanction of the Collectors will also be subjected to periodical internal check by the Collectors concerned once a half year to ensure the correct apportionment and to avoid any possible over payment.

### **Article 310 A**

The following are the Local bodies entitled to compensation from the process of entertainments tax under Section 13 of A.P. Entertainments Tax Act 1939 in respect of entertainments held within their respective jurisdiction.

- (1) In Municipal areas- The Municipal Council concerned
- (2) In the area of Panchayat Boards - The Panchayat Board
- (3) In other areas -The Zilla Parishad concerned.

Commercial Tax Officer are the authorities empowered:-

- (i) To sanction payment of the proceeds of the entertainment tax to the Local bodies in their jurisdiction.
- (ii) To evaluate the arrears due to the Local Bodies in their jurisdiction.

**Procedure of assignment :-** Assignment of the proceeds to Local Bodies should be made once a quarter. For this purpose Entertainment Tax Officers should submit to Commercial Tax Officers, in the first week of April, July, October and January every year, a statement showing the amount of tax under Sections 4,5,14 and 15 of the A.P. Entertainment Tax Act 1939 realized in the previous quarter with details as to the respective areas. The statements should contain a certificate of the Entertainment Tax Officer concerned that the departmental and treasury figures have been verified and found correct. The Commercial Tax Officer after satisfying himself of the verification, with the Treasury figures shall issue proceedings sanctioning the amounts to the local bodies to which the amounts are adjusted. The Commercial Tax Officers shall send the proceedings to the Treasury Officers for adjustment to the concerned local bodies. The Treasury Officer after verifying the amounts should append pay order on the proceedings itself which becomes a voucher and the Treasury Officer will issue a certificate of credit in respect of the amount adjusted to several local bodies for each individual local body such as Panchayat Samithi, Gram Panchayat, Municipality etc., as desired by the Commercial Tax Officer.

If after reconciliation any modification is found necessary, the Local Bodies concerned should be informed of the same and the necessary adjustments may be made while sanctioning payment of the difference in the case of short payment.

### **Time limits for claims by Local bodies**

#### **Article 311**

A Local Body should prefer its claim for any amount which the Government sanctioned for payment to it not later than the latest date specified by the Government for the payment, or, if the Government have not specified any such date in respect of a particular payment or class of payments

within six months from the date on which the local body receives the orders of the Government authorizing the payment.

In the case of water supply and drainage schemes or other works for which the Government have promised a grant on the post-payment system, the local body concerned should prefer its claim for the grant within six months of the execution of the work (or installments of the work, where the work is executed and paid for in separate installments) unless the local body has been definitely informed that the Government will consider the claim only after provision has been included for the purpose in the budget, in which case the claim for the grant should be preferred within six months of the execution of the work or within one month of the date of receipt of information that provision is available in the budget, whichever is later.

Any amount due by the Government to a local body and failing within an item in the following list should be claimed by that local body not later than the date shown against that item:

<i>Items</i>	<i>Latest date for preferring claims</i>
(a) Monthly grant for the maintenance of medical institutions	Within six months from the 15 <sup>th</sup> of the month to which the claim relates, e.g.:- the grant or subsidy due in respect of April should be claimed ordinarily the 15 <sup>th</sup> of that month or by the next 15 <sup>th</sup> October at the latest.
(b) Monthly subsidy towards the cost of an accountant in the office of the Agency area of Z.P., East Godavari	
(c) Monthly grant for the maintenance of elementary schools	
<i>Note: A sanction accorded in any year for a grant towards the cost or opening a new elementary school or employing additional teacher lapses on the 1<sup>st</sup> October of the next year, unless by then school has been opened or the additional staff employed, as the case may be, and the grant claimed.</i>	
(d) Advance monthly grant for the maintenance of trunk	Within 6 months from the date on which the claim falls due or within three

roads. (e) Advance monthly grant for the maintenance of important marketing roads. (f) { Deleted as per G.O. Ms. No 210 Fin. Plg (Accts. II) dated 20-8-81}	months from the end of the financial year in which it falls due, whichever is earlier. The claim for each month falls due on 20 <sup>th</sup> of the subsequent month until prescribed percentage(75 percent for a grant for trunk roads and 80 percent for a grant for important marketing roads) the maximum grant admissible for local body has been drawn.
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### **Arrear Claim of Local Bodies**

#### **Article 312**

A claim preferred by a local body after the latest date prescribed for it in Article 311 should be paid, unless the competent authority (as indicated below) has specially sanctioned the payment:

<i>Items</i>	<i>Authority competent to sanction payment</i>	<i>Remarks</i>
(i) Items of revenue collected by Revenue Department on behalf of local bodies (a) Land Cess including Education cess (b) Profession Tax Collected by village headman. (c) Ferry Rents (d) Income from certain endowments in local bodies	The Collector if the amount claimed does not exceed Rs.100/- and he is satisfied after verification that the claim is correct and other wise vested in the Government Inam.	An arrear claim made after the expiry of three years subsequent to the year in which the claim fell due should not be paid without the special sanction of the Government. The Government will summarily reject every such claim, unless the amount claimed exceeds a rupee and was credited to the Government owing to a mistake on



<p>(e) Dasabandham Revenue</p> <p>(f) Excess of ground rent over agricultural assessment (On behalf of municipalities )</p> <p>(g) Revenue or Tax on trees &amp; porambokes formerly vested in Local Bodies but relinquished to the Government and</p> <p>(h) Ferry Rents</p>	<p>The collector</p>	<p>the part of a Government Servant they are satisfied that the local body had no direct means of ascertaining the mistake earlier.</p>
<p>( ii ) Statutory grants from the Government , e.g : grant under Section 37 of the Madras Elementary Education Act 1920 (Madras Act VII of 1920)</p>	<p>The Government</p>	<p>The Government will summarily reject every arrear claim which is made after the expiry of three years subsequently to the year in which the claim fell due.</p>
<p>( iii ) Non-statutory Grants and other amounts due by the Government</p>	<p>The Government</p>	<p>The Government will summarily reject all arrear claims.</p>

## 14 Chapter -XIV : Miscellaneous subjects(Article 314 to 328)

### Article 314

The Chapter contains the Financial Rules relating to certain miscellaneous subjects which do not fall within the scope of the other chapters of the code

## **Allocation of expenditure between capital and revenue**

### **Article 315**

Expenditure on the public service falls into two broad divisions of expenditure on revenue account and expenditure on capital account. The latter is called briefly capital expenditure or capital outlay. Appendix to the Andhra Pradesh Accounts Code, Volume -II, contains the detailed rules framed by the Government regarding the allocation of expenditure to capital and revenue and the financing of capital expenditure.

### **Interest on capital**

Except in special cases regulated by special orders of Government interest at such rates as may be specified from time to time shall be charged in the accounts of all Commercial Departments or undertakings for which separate capital and revenue accounts are maintained within the Government accounts.

- (1) For Capital outlay met out of specific loans raised by Government the interest should be charged at such rate 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.

#### **Explanation:**

(1) By specific loans are meant loans that are raised in the open market for one specific purpose which is clearly specified in the prospectus and in regard to which definite information is given at the time of raising of the loans that for the purpose of the accounts they are to be regarded as specific loans.

(2) The interest 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 current revenue or from other sources.

(3) When under any special orders of Government charges for interest during the process of constructions of a project are temporarily met from capital , the writing back of capitalized interest should from the first change on any capital receipts or surplus revenue derived from the project when open for working .

The interest on Capital should be calculated on the Direct Capital Outlay to the end of the precious year, plus half the capital outlay of the year itself irrespective of whether such outlay has been met from current revenues or from other sources. The Opening Capital should be arrived at by taking the capital at charge in the previous year plus profit or loss of the last year. As regards the capital during the year , it should be calculated on the follow basis:

- (a) Government Capital as per last year -----X
- (b) Add withdrawals (including adjustments made in Government account) During the year -----Y
- (c) Less remittance (including adjustments made in Government Account during the year -----Z
- (d) Add/Loss net adjustments ( made in the proforma accounts for Which no financial adjustment is carried out in the Government account) during the year -----P
- (e) For the purpose of calculation of interest the capital for that year would Therefore be  $X (x) \frac{Y-Z}{+ \text{ or } - P}$  as the case may be

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Note : (a) In cases where the audit of a Commercial or Quasi Commercial concerns is the statutory responsibility of the Comptroller and Auditor General Vice para 12 (i) (ii) of the Audit & Accounts Order, audit fee should not be recovered and adjusted to Government Accounts.

(b)In case of Commercial or Quasi Commercial concerns of State Government also , there should be no adjustment on account of audit fee to the credit of either the Central Government or the State Government, as the audit of the concerns is a statutory responsibility of the Comptroller and Auditor General . Audit Charges need not also be debited to the Government accounts

under the budgeted expenditure, for the concerns, as it is unnecessary to inflate the general accounts with such adjustment , when no audit fee is actually recovered. Recovery of audit fee cannot also be regarded as receipts of the State Governments.

(c ) In cases covered by both (a) and (b) above, the cost of audit should be shown in the proforma accounts, in order to arrive at the correct financial position of the concern. This may be done by charging that audit fee in the P&L accounts and crediting the corresponding amount to the balance sheet as on “ undischarged liability “ rather than adding it to “ Government , Capital”.

(d) Where, however, the audit of a body, Corporation , etc., has been specifically entrusted upon the Comptroller and Auditor General by a particularly legislative enactment whether Central or State, which has provided for the recovery of the cost of audit , such recovery should be made and adjusted to the Government Accounts also,.

(e ) For the purpose of clauses (c ) and (d ) above, the audit should be charged for central and or local audit whichever is applied. (Memo No 66757/284/68-4 dated 15-04-1969)

## **Work done for another Government**

### **Article - 316**

The head of the department is responsible for seeing that no work (Unless it is negligible in amount ) is done by his department for another Government without obtaining a definite ruling from the Government as to whether a charge should be made for it or not.

## **Disposal of Government Land and Buildings**

### **Article -317**

In regard to the sale , transfer , etc., of Government land and building all Government Servants should observe the rules contained in Chapter I of the Standing Orders of the Board of Revenue-see particularly Board's Standing Orders 22 and 23, extracts from which are contained in Appendix - 25.

*Note :- Government Property should as far as possible be sold by public auction, and if disposed of otherwise, the amount realized should not be less than the market value.*

*Note :- Adjustment of Value of Government land transferred to project (Commercial) should be made in the accounts of the projects at the book value or the market value, whichever is less, where the land is valued in the books. In other cases no amount will be charged.*

## **Endowment for scholarships, prizes etc .**

### **Article 318**

If any person informs a Government Servant that he proposes to place funds at the Government's disposal for use as an endowment for the grant of a scholarship or prize etc., the Government Servant should report the matter to the Government through the proper channel for orders. The Government will take action, if necessary under the Charitable Endowments act 1890 (India Act of 1890).

## **Insurance of Govt. property**

### **Article 319**

Subject to exceptions shown in the list below, no Government property should be insured at the cost of the Government.

### **Exceptional Cases in which insurance is permitted:**

<p>(i) Special Goods such as mathematical and scientific instruments, articles made of glass, stoneware pipes and other fragile articles, stores which the railways insist on insurance as a condition of transport, delicate machinery items including their components and all categories of stores which in their peculiar nature are required to be transported with special care to</p>	<p>The General Superintendent, Public Works, Workshops and Stores, Hyderabad. Junior Superintendents, Public Works, Workshops, Vijayawada, Dowlaishwaram.</p> <p>The Director of Medical Services The Director of Public Health The Director of Public Instruction The Chief Engineer (Electricity) The Superintending Engineers in charge of power systems.</p>
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<p>avoid packages of damages during Railway transit. In respect of the last mentioned category of stores, the authority competent to insure mentioned in column -2 may, in his discretion , and after recording his reason there for authorize the incurring of an expenditure towards transit insurance at rates not exceeding those quoted by the Indian Insurance Pool.</p>	<p>The Executive Engineer, Electricity, Vijayawada.  The Chief Electrical Inspector of Government.  The Superintending Engineers of power Development Branch in Electricity Department.  The Director of Industries &amp; Commerce.  The Joint Director of Industries &amp; Commerce.  The Principals of Government Arts &amp; Professional Colleges in the state.  The State Port Officer, The Radio Engineer, Research Labs.  The Director of Printing, Stationary &amp; Stores Purchase.  The Director of Technical Education  The Director, Oil Technological Research Institute  (GO Ms. no 151, Fin&amp;Plg., dated 26-04-83)</p>
<p>(ii) Stores obtained from abroad during shipment to India</p>	<p>See note - 1 below</p>
<p>(iii) Other specially valuable property liable to special risks.  (a) Timber, Fuel and Bamboo felled under departmental extraction</p>	<p>The Government or a Government Servant specially authorized by the Government  Divisional Forest Officer (GO Ms No 71 Fin&amp;Plg ., Dt 5-3-1980)</p>
<p>(iv) In all cases where special packing at extra cost is necessary to conform to railway standards for being transported at “ Railway Risk ” the authority competent to insure shall</p>	<p>The Government Servant specially authorized by the officer mentioned in Column-2 of exception (i) above</p>

<p>order the consignment to be booked at “ owner’s risk” rates duly insuring against transit risks, provided such a course involves the less expenditure as compared to the “Railway Risk Rates” with special packing .</p>	
<p>(v ) In cases not covered by exception (iv) above the authority component to insurance may authorize the incurring the expenditure not exceeding Rs. 250/- for a single consignment in respect of freight charges for booking goods at railway risk rates in cases where the booking on consignments at railway risk rate is only optional</p>	<p>The Government Servant specially authorized by the officer mentioned in Column-2 of exception (i)above</p>
<p>(vi)All the stocks that are stored in godowns of Agriculture department which are susceptible to fire accidents may be covered by adequate insurance</p>	<p>“ Director of Agriculture or such other officer-in-charge of godown specially authorized by the Director of Agriculture for this purpose “ (GO Ms. No 247 Fin.&amp;Plg., Dt 1-8-1980</p>

Note-1 : The High Commissioner for India Charges one fourth of one percent of the value of all stores shipped to India by the Indian Stores Department London to cover the cost of Insurance during shipment. The Government do not meet the costs of insurance during shipment of imported stores not shipped by the India Stores Department , London, except when they do so by paying a purchase price that covers the cost, Insurance and freight of the stores as delivered at the required port of station in the state-see article 132.

Note -2 :- The Government do not insure Government Motor cars, when they supply a government motor car for the use of the person holding an office, it is open to the latter to protect himself against the risks involved in the use of the car by insurance at his own cost. When a Government Servant buys a motor

vehicle with an advance granted by the Government they required him to insure it at his own cost. (See articles 230 and 231)

Note -3 :- The Director, Central Stores Purchase Department may in his discretion, stipulate in the purchase orders specified condition for the insurance of the stores ordered , therein payable by the indenting officer or the consignee, provided the said director is satisfied on the advice of the supplying firm that the nature of the said store warrants such insurance or where the supplier insistence payable extra by Government as a condition of his offer which is offer wise acceptable in all other respects. (G.O .Ms No 417 Dt 24-06-1963)

## **Rounding off of transactions in government accounts**

### **Article 320**

- (a) All Government transactions whether involving receipts of payments of book adjustments should be brought to account in the nearest whole rupee. Fractions of fifty paise and above should be rounded off to next whole rupee and those below fifty paise being ignored.
- (b) In the case of pay and allowances, the net amount of bill should be rounded off. In the case of deduction or recoveries from the pay bills, each deduction/recovery should be made in a whole rupee in respect of insurance premia etc., in which the rates are fixed in rupee and paise.
- (c) In the case of Travelling Allowance bills, the rounding off shall be done only at the last stage in respect of the each individual claims and not in respect of each item, e.g., Railway fares, Mileage Daily Allowance etc., which comprises the claim of an individual.
- (d) In respect of the payments for contingent and other claims, the rounding off shall be done for the net amount of the bill and not for each item of expenditure.



- (e) The amount of Land Revenue assessments, sales tax, excise and other revenues to be collected by the State Government shall be rounded off to the nearest rupee.
- (f) Any sum due from Local body on a final adjustment in respect of Land Cess collections of each fasli should be rounded to the nearest rupee and recovered/paid accordingly.
- (g) Reserve Bank remittance, other than those of sums representing dues fixed by or under any contractual obligation of the government involving fractions of rupee shall be brought to account in nearest rupee.
- (h) Deposits and receipts other than those which are fixed by or under any law or are specially exempted by the Government from the operation of this rule involving fractions of a rupee shall be brought to account in multiples of whole rupees as indicated above( GO Ms No 167 Fin. &Plg.,Dept., Dt. 29-04-1989)

#### **Art. 320 -Clarifications**

- I. Accounts-Transaction of Revenue and Expenditure of State Government-Rounding off of transaction-Transaction involving of a fraction of a rupee brought into account by rounding off to the nearest rupee-Certain Clarification-Issued.,

{ Memo No 18877/231/TFR/89, Fin. &Plg., Dt 4-2-1990}

Ref: 1. GO Ms No 167 Fin. &Plg., (FW.TFR) Dept. Dt 29-04-1989

2.From the Director of Treasuries and Accounts , AP., L.No F1/25379/89 Dt.,1-7-1989

In the GO cited, orders were issued that all transactions in Government Account involving fraction of a rupee shall be brought into account by rounding off to the nearest rupee, ie., an amount of fifty paise and above less than one rupee should be taken as one rupee while an amount less than fifty paise should be ignored and omitted from the accounts.

On the above orders, the Director of Treasuries and Accounts , AP., the Pay and Accounts Officer , Hyderabad and certain other Heads

of Offices has raised certain points for clarification. The matter has been examined in consultation with the Accountant General, AP, Hyderabad. The Government after careful consideration here by issue the following clarification on the orders issued in the GO cited.,

1. **Pay bills** : - Pay and Allowances rounding off should be done for each item of earning. All entitlements due to an individual employee by way of Pay/HRA/DA/TA and all inner column deductions from salary bills on account of license fees, tax savings loan recoveries etc., including book transaction shall be rounded off to whole rupee by taking the fraction off a rupee paisa 50 and above to next rupee and ignoring below 50 paisa.
2. **Challans** : - Challans to be remitted by private parties, shall be accepted only in whole rupee. All Sub-Treasury Offices/Banks transacting Government Business should accept remittance only in whole rupee and not in fraction.
3. **Pensions & Pension Relief** : - In respect of payments on account of Pension Relief on Pension , DCRG/COP the amounts may be rounded off to the next rupee instead of rounding off to the nearest rupee.
4. **Recovery of Interest** : - Recovery of interest on loans & advances to an employee which is computed as percentage of base amount and effected in installments shall be made in whole rupee.
5. **Transaction between Government and Departments** : - Transactions between one Government and another or between two departments of the same Government shall be rounded to the nearest rupee.
6. **Bills for recoupment of PA** : - The Bills for recoupment of permanent advance should be rounded off to the whole rupee on each occasion to avoid fractions appearing in Government Accounts.

7. **PLI Deductions** : - The Issue relating to rounding off PLI deductions is under examination of Government of India and necessary clarification will be issued soon after a decision is taken in the matter.

II. Transaction of Revenue and Expenditure of State Government - Rounding Off of transaction -Transaction involving of a fraction of a rupee brought into account by rounding off of to the nearest rupee- Rounding off of Postal Life Insurance Premia-Deductions to the nearest rupee-Clarification -Issued .,

{ Memo No 18877/231/TFR/89-2 Fin. &Plg., Dt 8-10-1990}

Ref : -1. GO Ms No 167 Fin. &Plg. (FW -TFR) Dept., dated 29-4-89 r/w Govt. Memo No 18877/231/TFR/89 Dt. 4-2-1990

2.Lr No 23-3/87L1 Dt. 15-1-1990 of the Govt. of India, Ministry of Communications, Dept. of posts Communicated through the Lr No TM(A/cs-I) /II/10-5/90-91/3 Dt. 29-05-1990 of the AO (A&E), AP, Hyderabad

In the GO first read above, orders were issued that all the transactions in the Government Accounts involving fraction of a rupee shall be brought into account by rounding off to the nearest rupee. It has been stated there in that the issue relating to rounding off of Postal Life Insurance (\*PLI) premia deductions is under the examination of the Government of India and necessary clarification would be issued soon after a decision is taken in the matter.

A copy of the Government of India, Circular Letter No 23-3/87L1 Dt. 15-1-1990 of the Govt. of India, Ministry of Communications, Dept. of posts containing instructions in this behalf is enclosed for information and guidance to all the Government Departments as also the Drawing and Disbursing Officers concerned for the implementation of the instructions contained therein.

*Copy of Lr No23-3/87L1 Dt. 15-1-1990 of the Govt. of India, Ministry of Communications, Dept. of posts Dak Bhavan, New Delhi-1.*

Sub: Rounding off of PLI transactions - Recommendations of the  
Geetha Krishnan Committee.

Sir,

The Government of India issued instructions vide its GO Ms No F-23(8)-EII(S)-86 dated 26-6-1986 regarding rounding off of transactions in Government Accounts w.e.f 1-4-1989. Accordingly , all "inter Column" deductions from salary bills on account of Postal Life Insurance were required to be rounded off in whole rupee . However, the above decision of the Government of India could not be implemented due to unavoidable measures.

(2) The whole issue has been examined in consultation with Ministry of Finance and after careful consideration the following decisions have been taken.

(i) PLI Premium for pay recovery cases (Deduction from salary ) and cash deposits will be made in rounded figures. The fraction of less than fifty paise will be rounded off to lowest rupee, the fraction of fifty paise or more to higher rupee. A suitable correction in the amount of premia will be made on the 1<sup>st</sup> page of P.R Book, under the signature of in charge post office (SPM or APM)

(ii) By rounding off premia as above, an insurant would be paying extra premia if at present his rate of premia is in the fraction of fifty paise or more. All such excess recovery either as deductions from salary or deposits by cash will be rounded to the time of settlement of claims of maturity.

(iii) The Heads of Circles will instruct all DDOs and Post Masters to round off premia paid by the insurants. If any insurant makes enquiries about change, he should be politely informed about the changes.

(iv) Rubber stamps should be supplied at the counter which should be affixed on the P.R. Book indicating the change of the premium.

- (v) Detailed information /instructions should be got cyclostyled and displayed prominently and handed over to each insurant if desired, who comes for payment of premia in cash at the counter.
- (vi) A suitable remarks of excess recovery will be made on each KLC.

Director PLI, Calcutta will thereafter print advance schedule in rounded of figures only for all DDOs/PAOs.

### **Erasures**

#### **Article - 323**

A Government servant should be on no account erase or overwrite any entry in any cash book , account, register or schedule. If he finds it necessary to make a correction he should cancel the incorrect entry nearly in red ink and insert a correction entry. Whenever a Government makes any correction or interpolation in any such document, he should request the head of the office to authenticate it by writing his dated initials against it -See subsidiary Rule 32 ( C)under Treasury Rule 16.

Exception : - The authentication of any correction or interpolation in the accounts, registers, books , schedules etc., relating to an operating system in the Electricity Department may be done by a responsible section head not lower than an Accountant.

### **Supply of forms**

#### **Article - 324**

The Director , Government Press , maintains stocks of the standard forms prescribed for use by Government Offices including the forms prescribed in this code, the Andhra Pradesh Treasury Code and the Andhra Pradesh Account Code. Heads of offices and other Government Servants who are entitled to indent for these forms should send their indents to him in accordance with the rules contained in Part 1 of the Andhra Pradesh Printing Manual.

### **Service books**

#### **Article- 325**

A record should maintained of the services of every Government servant in accordance with the rules framed by the Government under Fundamental Rule 74 (a)(iv) see Part -III of Annexure II to the Fundamental

Rules. The Accountant General will maintain the record for Gazetted Government Servant in the "History of Services", which he compiles annually. The head of each office should maintain the record for each Non-Gazetted Government Servant working under him in a service book (or service roll). Each district treasury keeps a stock of service books and service rolls and supplies those required of keeping in stock and sale at sub-treasuries on quarterly indents, which should not be excessive. Other offices should obtain from the sub-treasury only the number of service books (rolls) actually required for use on each occasion and should not hold any stock to meet future requirements.

Service roll forms required by heads of Government Offices for last grade Government Servants, Police Constables and head constables and leading firemen and other equivalent ranks in the Fire Services Department will be issued free of cost.

Note : - All heads of Departments and Offices should attach to the pay bills for the month of June every year a certificate to the effect that annual verification of service will local records in respect of all the incumbents (whose pay is drawn in the bill) has been completed. In the absence of the certificate, the bill is not to be passed by the Treasury Officer/Pay and Accounts Officer . { Memo No 74538-A/ Accts./1614/69 Dt. 25-5-1971 }

**Government after careful consideration ordered adoption of e Service Book for the use of all Government employees to whom Fundamental Rules apply. All the Government employees shall have e Service Book. The Service Books of existing employees shall be replaced with e Service Books.( G.O.MS.No. 99 Dated: 27-06-2018)**

### **Destruction of official records connected with accounts**

#### **Article - 326**

A competent authority may destroy official records from time to time subject to the careful observance of the relevant rules contained in the department code or manual and of any other relevant orders of the Government. The following rules apply generally to the destruction of records (including correspondence) connected with accounts.

(a) The following should on no account be destroyed : ---

- (i) Records connected with expenditure which is within the period of initiation fixed by law.
- (ii) Records connected with expenditure on projects, schemes or works which have not yet been completed, even though the expenditure is not within the period of initiation fixed by law.
- (iii) Records connected with claims to service and personal matters affecting Government Servants who are still in service and
- (iv) Orders and sanction of a permanent character, until revised.

(b) The following records should be preserved for not less than the period specified against each item : -

<i>Description of Records</i>	<i>Period of Preservation</i>
Annual Establishment Return(Books of Establishment)	35 years
Pay bills and, when maintained separately, acquaintance rolls for pay and allowances (other than travelling allowance) of Government Servants for whom no establishment returns are submitted or no service books or service rolls are maintained. <i>Note : - Pay bills relating to head constables and constables of the Police Department , for whom long rolls are maintained in addition to service books and to copyists and examiners in the Revenue Department who are not in pensionable service, need not be preserved beyond six years .</i>	35 years
Pay bills and , when maintained separately acquaintance rolls for pay and allowances (other than Travelling allowance ) of Government servants for whom establishment returns are submitted and service books or rolls are maintained. - See the last sentence of clause (c) below { GO No 260 Fin. &Plg. Dt. 25-7-1994}	3 years

Pay bills and , when maintained separately acquaintance rolls of Government servants in last grade service	45 years
Registers of contingent expenditure	5 years
Sub-Vouchers	3 years
Detailed budget estimates of an office	5 years
Travelling Allowance bills and acquaintance rolls relating to Travelling Allowance	3 years
Pension cases (including Service books and leave accounts attached to them ) in which in valid or compensating pensions have been sanctioned	25 years
Other pension cases (including Service books and leave accounts attached to them) after the retirement of the Government Servant concerned. <i>Note 1 : - Service boos and other papers relating to a claim for a gratuity should be retained until the claimant attains 55 years of age or dies, which ever is earlier and also until final orders have been passed on the claim.</i> <i>Note 2:- In regard to service books of Government servants who have been dismissed or discharged to have resigned or died whilst in service see Rule 14 to 16 of the subsidiary rules under Fundamental Rule 74 (a)(iv) contained in Part -III of Annexure II of the Fundamental Rules</i>	35 years
Statements of monthly progressive expenditure and correspondence relating to any discrepancy in the figure	2 years
Mortality returns of the pensioners	5 years.

(c) When the Government have prescribed a minimum period after which records of a particular kind may be destroyed, the head of a department or any other authority duly authorized to do so, may order in writing that such records in this own office and the office allowed any pay bills or acquaintance rolls to be destroyed .He should take care to satisfy himself that the procedure



in regard to the maintenance and verification of service books prescribed in subsidiary Rules 6 and 12 under Fundamental Rule 7(a)(iv) (part III of Annexure II of the Fundamental Rules ) has been strictly followed in regard to those pay bill acquaintance rolls.

(d) The head of a department is competent to sanction the destruction of such other record in his own office and the offices subordination to him as he considers to be useless , but he should forward a list of such records as properly appertain to the concurrence in their destruction before ordering them to be destroyed.

(e) Every head of an office should see then lists showing full details of all records destroyed from time are properly and retained permanently.

**Amendment to Article 326 (b) of A.P.F.C. Volume-I Preservation of Vouches-  
Reduction of time limit for preservation from 6 years to 3 years.**

( G.O Ms.No.185,Fin.&Plg.(TFR-I) Department, dated 26-07-2005)

Ref: 1. G.O.Ms.No.260,Fin.&Plg. (FW-TER)Department, dated 25- 07-1994.

2. D.O.Letter No TM-I/III/14-1/2003-04/9,Dated 07-07-2003 of  
Accountant General (A& E), A.P., Hyderabad.

3.Lr.No 60/P.A.C./2005-1,Dated:24-06-2005 of the Secretary to State  
Legislature, Andhra Pradesh, Hyderabad.

*Order:-* In the Reference 1<sup>st</sup> read above ,order have issued reducing the time limit for preservation of vouchers from 6 years to 3 years with the following exceptions:

(i) the records/ vouchers relating to Court Cases pending before Public Accounts Committed embezzlement cases.

(ii) such other vouchers that may be required by the Department for special reasons where specific requisition for retention of records send to Accountant General's office well in time before the destruction of records and;

(vii) All records/ vouchers pertaining to the Land Acquisition.

In the reference 2<sup>nd</sup> read above , the Accountant General (A&E),A.P., Hyderabad has stated that their Office has been reaching 15 lakhs vouchers every month.

In The Reference 3<sup>rd</sup> read above ,the Secretary to State Legislature has stated that the suggestions of the Accountant General A.P., Hyderabad has been places before the Committee on the Public Accounts at its meeting held on 06-06-2005.After taking into consideration of the difficulties explained for preserving vouchers in Accountant General's Office and in order to overcome the present difficulties and after holding deliberations among members, the Committee has accepted the following proposals which were submitted by the Accountant General.

( i) The Vouchers may be retained in the normal course till the prescribed period of preservation before weeding out with the exceptions mentioned in item(ii) and (iii) below. The period of preservation of vouchers may be delinked from the examination of a given year's account by the Public Account Committee.

(ii) Vouches that may be required by the Department for special reasons or in connection with cases of misappropriation / fraud/embezzlement or Court Cases may be preserved if the requisitions are sent to Accountant General by the Department Government within the prescribed period of preservation.

(iii) Vouchers pertaining to the Land Acquisition may be preserved permanently after careful consideration. Government here by order that.

After careful consideration, Government hereby order that:

(i) The vouchers may be retained in the normal course till the prescribed period of preservation before weeding out with the exceptions mentioned in item (ii) and (iii) below. The period of preservation of vouchers may be delinked from the examination of a given year's account by the Public Account Committee.

(ii) Vouches that may be required by the Departments for special reasons or in connection with cases of mis-appropriation/fraud/embezzlement or Count Cases may be preserved if the requisitions are sent to Accountant General by the Department/ Government within the prescribed period of preservation.

(iii) Vouchers pertaining to the Land Acquisition may be preserved permanently Necessary amendment shall be issued to Article 326 (b) of A.P.F.C. Volume -I separately.

#### **Article - 327**

#### **Reports of deaths of European Government Servants**

When a European Government servant dies while on duty or on leave in India, the head of the office should submit a report immediately to the Government( in the G.A.DEPARTMENT) in Form 21.

#### **Article -328**

#### **Reports of death of pensioners**

Every executive authority of a municipal council and village head-man should report immediately to the disbursing officer concerned the death of any person who was residing within his jurisdiction and drawing a Government pension whether civil military . political or of any other kind. Pension disbursing officers should supply these authorities with lists of the pensioners residing within their respective jurisdictions. Whenever any pension remains undrawn for one year , the Disbursing officer should make enquiries through the District Police as to the case of his non -appearance stating clearly where the pensioner of pensions shall be continued if no objection is found as a result of the enquiry.

( Meno.No .9073/3441/Accts./65-3,Dt 28-10-1966)

In Hyderabad city , the above report will be made by the Commissioner of the Corporation of Hyderabad to the Accountant - General.

On receipt of intimation of the death of a civil pensioner , the disbursing officer should report the particulars immediately to the Accountant -General. When the Account-general receives intimation of the death of European pensioner, he will submit a report immediately to the Government in Form21.

## **5. Chapter -XV : Delegation of Union Functions by consent of State( Article329)**

The Government are primarily concerned with State transactions to which the rules in the foregoing chapters apply .The Government are also exercising certain function in relation to Union subject under power delegated to them. These functions fall under the following categories:

(i) Statutory and other executive functions entrusted by the Central Government to the Government and their officers with the Government's consent ( Article 258(2) of the Constitution of India).

(ii) Functions imposed by Acts of the Indian Legislature upon the Government and their officers (Article 258(2) of the Constitution of India).

The transactions relating to these functions are regulated by the rules and orders issued from time to time by the Central Government and embodied in the "Financial Rules of the Central Government " or other Central Government codes and manual. Chapter X of the Andhra Pradesh Budget Manual contains a summary of the general instructions issued for the guidance of estimating officer and others in regard to the estimate of revenue and expenditure relating to the Union subjects and the control of such expenditure.

## **16. Chapter- XVI : Relaxation of Rules(Article 330)**

The Government may relax the provisions contained in any of these rules in favors of any Government servant or class of Government servants. A department or departments. [G.O.Ms.No.317/Fin.(Accts,),Dt 26-4-1963]

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