

## PREFACE

Certain intermediary/adjusting Heads of Account known as "Suspense Heads" are operated in Government Accounts to reflect transactions of receipt and payments which cannot be booked to a final Head of Account due to lack of information as to their nature, or for other reasons. These Heads of Account are finally cleared by minus debit or minus credit, by debit or credit to the final Heads of Account. If these amounts remain uncleared, the balance under the Suspense Heads would go on accumulating and reflect a distorted picture of Government Accounts.

2. This Manual has been specially prepared for the guidance of officials working in the accounts organisations. It is expected to be of particular help to officials who are doing accounting work and to others who would like to understand the subject. The operation and clearance of various Suspense and Remittance Heads used in day-to-day functioning of the departmentalised accounting offices have been described with practical examples. This Manual could be supplemented by provisions of other relevant Codes and Manuals.

3. This Manual is for internal use only and has been attempted with the objective of providing easy to understand guidance to officials of the departmental accounts formations. *Its contents do not supplement, replace or modify any codal provision and should not be quoted as an authority in any correspondence.*

4. I would like to acknowledge the good work done by Shri R. Ramanathan and Shri B.C. Chaudhari and their staff in bringing out this useful Manual.

New Delhi  
Dated 26th June, 1991

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## CHAPTER 1 INTRODUCTION

1.1 This Manual examines and explains certain important 'Suspense' transactions that arise in government accounts. Items of receipts and payments which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons are to be booked temporarily under the Major Head 8658—Suspense Accounts under L-suspense and Miscellaneous of the List of Major and Minor Heads of Account. The Suspense Heads are to be cleared by (—) Debit or (—) Credit as the case may be on receipt of the relevant details/information.

1.2 The following concepts about Government accounts need to be kept in mind :-

(a) Government Account is kept on cash basis. Most transactions take place by cheques drawn on accredited Public Sector Banks which also receive money on behalf of the Government. Reserve Bank of India is the main banker of the Government and other authorised Banks function as its agents while handling Government transactions. Transactions through Banks have their final impact on Government 'Cash Balance' in course of time. Prior to that certain intermediary/adjusting heads are operated and the bookings thereunder are to be finally adjusted at the earliest to reflect Government's receipts and expenditure accurately.

(b) The terms 'debit' and 'credit' are inevitably used in all accounts. They connote 'expenditure' and 'receipt' of cash.

(c) The intermediary heads referred to above are:

- 8670 Cheques and Bills
- 8658 Suspense Accounts -108 PSB Suspense
- 8675 Deposits with Reserve Bank - 101 Central-Civil

While the head 'Cheques and Bills' accounts for the amount of cheques drawn, the heads 'PSB Suspense' and 'Deposits with Reserve Bank' reflect transactions taking place at the Banks. Thus, these do not represent income/expenditure of Government and hence credits and debits under these heads do not connote the usual meaning that these terms carry. Credits and debits under these heads conform rather to the principles of double entry book keeping. The head 'Cheques and Bills' is credited by the amount of cheques drawn and corresponding debit is given to the head to which the expenditure relates; the difference, if any, is credited to the appropriate receipt heads like GPF, Income Tax etc. Heads 'PSB Suspense' and 'Deposits with Reserve Bank' have their mirror image in Bank books. A debit to 'PSB Suspense' in Government books represents amount owed by PSBs to Government, whereas a debit under 'Deposits with Reserve Bank' represents amounts owed by RBI to Government. Conversely, credits under these heads would represent amounts owed by Government to PSBs/RBI, as the case may be. Detailed explanation of transactions under these heads will be found in the chapter dealing with these heads separately. Briefly, the amount of Government receipts in a Public Sector Bank (PSB) when reported to Government through a receipt scroll alongwith relevant challans is debited to 'PSB Suspense'. Conversely, the amounts paid by a PSB against cheques drawn by a Pay and Accounts Officer or a Departmental Officer, when reported through a payment scroll alongwith paid cheques, will be credited to 'PSB Suspense'.

(d) The head 'Cheques and Bills' as well as 'Suspense' and 'Remittance' heads are intermediary accounting devices for initial record of transactions which are to be cleared/withdrawn in due course. Thus, credits under 'Cheques and Bills' are cleared in the Pay and Accounts Office on receipt of payment scrolls with paid cheques from the Banks. Debits and credits under 'PSB Suspense' are cleared by cash settlement between the PSB and the RBI by debit or credit as the case may be, to the head 8675 Deposits with Reserve Bank—101 Central-Civil. Such a clearance is effected in the accounts by booking minus entries. Thus, while original entries are positive (credit or debit) clearing entries are negative i.e. minus credit or minus debit.

This is a special feature of government accounts. This expedient of minus transactions, enables a linkage between original entries and clearing entries and keeps the balance amounts smaller than would have been the case otherwise.

### **1.3 Parts and Divisions of Government Accounts**

Government accounts are kept in the following three parts:-

#### **(i) CONSOLIDATED FUND OF INDIA:**

All revenues received by Government by way of taxation like income-tax, central excise, custom, land revenue (tax revenues) and other receipts flowing to Government in connection with the conduct of Government business like receipts from Railways, Posts, Transport etc. (non-tax revenues) are credited into the Consolidated Fund. Similarly, all loans raised by Government by issue of Public notifications, treasury bills (internal debt) and loans obtained from foreign governments and international monetary institutions (external debt) and all moneys received by Government in repayment of loans and interest thereon are also credited into this Fund. All expenditure incurred by the Government for the conduct of its business including repayment of internal and external debt and release of loans to States/Union Territory Governments for various purposes is debited against this Fund.

#### **(ii) CONTINGENCY FUND OF INDIA:**

This is in the nature of an imprest and is kept at the disposal of the President of India to enable the Government to meet unforeseen expenditure pending its authorisation by the Parliament. The money is to be used to provide immediate relief to victims of natural calamities and also to implement any new policy decision taker, by the Government pending its approval by the Parliament. In all such cases, after the Parliament meets, a Bill is presented indicating the total expenditure to be incurred on the scheme/project during the current financial year. After the Parliament votes the bill, the money already spent out of the Contingency Fund is recouped by debiting the expenditure to the concerned functional Major Head etc. in the Consolidated Fund of India.

#### **(iii) PUBLIC ACCOUNT OF INDIA:**

All Public Money received by Government other than those which are for credit to the Consolidated Fund of India are accounted for under Public Account. The receipts into the Public Account and disbursements out of it are not subject to vote by the Parliament. Receipts under this account mainly flow from the sale of Savings Certificates, contributions into General Provident Fund and Public Provident Fund, Security Deposits and Earnest Money Deposits received by the Government. In respect of such receipts, the Government is acting as a Banker or Trustee and refunds the money after completion of the contract/event. The Public Account also includes various suspense and remittance heads.

Consolidated Fund of India is divided into three main divisions, namely:-

- (a) A Revenue Section with the two sub-divisions to account for Revenue Receipts (Tax and Non-Tax) and Revenue Expenditure. (Major Head Codes 0020 to 1606 and 2011 to 3606)
- (b) A Capital Section which is divided into two subdivisions dealing with
  - (i) Capital Receipts. (Major Head Code 4000)
  - (ii) Capital Expenditure. (Major Head Codes 4046 to 5475)
- (c) Public Debt and Loans and Advances etc. (Major Head Codes 6001 to 7999).

Contingency Fund being an imprest is accounted for under a single Major Head. (Major Head Code 8000)

Public Account is divided into six sub-divisions, namely:—

- (i) Small Savings, Provident Funds etc. (Major Head Codes 8001 to 8013)
- (ii) Reserve Funds. (Major Head Codes 8115 to 8235)
- (iii) Deposits and Advances. (Major Head Codes 8336 to 8554)
- (iv) Suspense and Miscellaneous. (Major Head Codes 8656 to 8680)
- (v) Remittances. (Major Head Codes 8781 to 8797)
- (vi) Cash Balance. (Major Head Code 8999).

## **CHAPTER 2**

### **CHEQUES AND BILLS**

2.1 Under the Scheme of Departmentalisation of Accounts, payment of claims against Government is made by Pay and Accounts Offices of diverse Ministries/Departments by cheques drawn on branches of Reserve Bank of India or Public Sector Banks accredited to the Ministry/Department. The cheques are issued in settlement of claims made in prescribed bill forms and submitted to a Pay and Accounts Office.

2.2 The cheques in settlement of claims against the Government may be any one of the following three categories, viz.

Category I—Negotiable:—These are meant for payment of personal claims, such as payment to members of staff on account of personal claims, payments to contractors and suppliers and to companies, corporations, etc. These are drawn as 'payable to' or 'to the Order of the Payee'. Normally, such cheques are to be crossed 'Account Payee' when they are in excess of a certain amount.

Category II—Non-Transferable:—These cheques are to be issued when the payee is a Government Officer, for disbursement of salaries etc. of the staff and for expenses on office contingencies. These cheques are drawn in favour of the 'Payee' by his official designation and contain the superscription 'Not Transferable'.

Category III—Not-Negotiable and not Payable in cash— Creditable to Government Account only:—These cheques contain the superscription 'Government Account'. These are meant for payment of Inter-Departmental or Inter-Governmental claims.

2.3 When claims are preferred in the appropriate bill form to the Pay and Accounts Office, the latter exercises the prescribed checks and if the claim is in order, the bill is passed for payment by recording a 'Pay Order' on the bill. The cheque is prepared on the basis of the Pay Order. Each cheque prepared by the Cheque-writer is entered in the Register of Cheques Drawn' (Form CAM-10). Immediately after the delivery/despatch of the cheque, the cheque section enters the particulars of the cheques delivered in the 'Register of Cheques Delivered' (Form CAM-11). At the end of the month date-wise amount of cheques delivered is summarised and compared with the net total of vouchers posted in the compilation sheet. After reconciling the figures, the total amount of cheques delivered during the month by the Pay and Accounts Office is accounted as credit under the Major Head '8670—Cheques and Bills—102 Pay and Accounts Offices Cheques '(PAO Cheques)'.

2.4 In certain cases Departmental Officers have been authorised to make payment by means of cheques drawn on branches of the Reserve Bank of India or accredited Public Sector Banks. These officers, known as Cheque Drawing DDOs (Drawing and Disbursing Officers) issue cheques in payment of certain claims in respect of their own office and other offices of the same Ministry/Department located at the same station or nearby stations after exercising necessary checks. The Cheque Drawing DDOs after making payments prepare a 'List of Payments' at the end of each week and send the same duly supported by paid vouchers to the Pay and Accounts Office. The Pay and Accounts Office compiles the paid vouchers received from the cheque drawing DDOs in its books. The total amount of cheques issued by each DDO during a month as verified from the 'List of Payments' is credited to the minor head '103 Departmental Cheques' Under Major Head '8670—Cheques and Bills'.

2.5 The paying branch of the Reserve Bank of India prepares daily payment scrolls and sends two copies of the same to the Pay and Accounts Officer alongwith the paid cheques. In case of accredited Public Sector Banks, the paying branch of the bank sends two copies of the daily payment scrolls duly supported by paid cheques to the designated 'Focal Point' branch of the accredited bank. One copy of the scroll is also sent to the Cheque Drawing DDO, if the payment scroll pertains to the cheques issued by him. The 'Focal Point Branch', after consolidating the transactions of various branches accredited to the Pay and Accounts Office, prepares a 'Main Scroll' and sends two copies thereof with the original copy of the 'Payment Scroll' received from the paying branch alongwith the paid cheques to the Pay and Accounts Office.

The Pay and Accounts Office verifies the 'Main Scroll' to see that all the cheques included in the scroll were

issued by it or by the Cheque Drawing DDOs under its payment control and that the payment recorded on the scroll tallies with the amount shown in the paid cheques. Thereafter, the duplicate copy of the 'Main Scroll' is returned duly certified to the 'Focal Point Branch'. The Pay and Accounts Office posts the total of each day's payments as per Main Scroll of payment in the 'Register of Public Sector Bank (PSB) Suspense/Reserve Bank Deposits (Form CAM-17) and in the 'PAO's Check Register of Outstanding pre-check Cheques' (Form CAM-15).

The procedure is explained in the following example:-

(i) Suppose as per 'Register of Cheques Delivered' (CAM-11) the totals as on 2-8-89, 10-8-89 and 11-8-89 are Rs.5,20,268, Rs.4,11,121 and Rs.2,10,69,546 respectively. These figures get reflected in the date-wise summary which is prepared at the end of each month showing the cheques delivered during the month. The Pay and Accounts Officer completes col. 2 of PAO's Check Register of outstanding pre-check Cheques (CAM-15) for 8/89 with reference to the summary. Similarly, daily main payment scrolls are received from the paying branch of the bank through Focal Point Branch. Suppose the daily main scrolls listing paid cheques for 10-8-89, 14-8-89, 16-8-89 and 17-8-89 showed total payment of Rs.5,64,220.00, Rs.16,69,216.00, Rs.37,25,531.00 and Rs.2,36,33,672.00 respectively. These date-wise payments are also noted in CAM-15 and CAM-17 against the concerned dates. After receipt of the Date-wise Monthly Statement (DMS) which shows the date-wise figures of receipts as well as payments, the figures as noted in the Register in CAM-15 and CAM-17 mentioned above are tallied with the date-wise figures of payment noted in the DMS. In the Register in Form CAM-17, the date-wise totals of receipts as per receipt scrolls are also noted and subsequently checked with reference to the DMS.

The specimen entries in the various Registers would be as under:

**(a) Register of Cheques Delivered (Form CAM-11)**

Date 2-8-89 (Separate sheet for each day)

Srl. No.	Cheque No.	To whom issued	Voucher No.	Token No.	Amount
1.	A011873	Sh. P.R. Singh	305	101	1781.00
2.	A011874	Sh. M.A. Ahuja	306	103	604.00*
3.	B000740	Section Officer A&B	307	104	34,048.00*
4.	A011897	M/S Haryana Handlooms	351	105	98,555.00
		x x	XX	XX	XX
		x x	XX	XX	XX
				Total	5,20,268.00

\* Encashed in 8/89

**(b) Summary of Register of Cheques Delivered:**

Date	Amount
XX	XX
2-8-89	5,20,268.00
XX	XX
10-8-89	4,11,121.00
11-8-89	2,10,69,546.00
XX	XX XX
XX"	XX XX
<b>TOTAL:</b>	<b>6,66,78,307.00</b>

**(c) Payment Scroll**

Bank of India, Parliament Street, New Delhi  
 Name of Drawer-Department..... D.M. No..... Date 10-8-89

Srl. No.	Particulars of cheques	Cash	Clearing Total	Initials
	B000740	34,048.00		34,048.00
	A 00874		604.00	604.00
	XX	XX	XX	XX
	XX	XX	XX	XX
		1,85,380.00	3,78,840.00	5,64,220.00

**(d) PAO's Check Register of Outstanding Pre-check Cheques (CAM-15)**

For the month ending August-89

Date	Amount of cheques delivered	Amount of cheques encashed
1	2	3
XX	XX	XX
2-8-89	5,20,268.00	XX
XX	XX	X
10-8-89	4,11,121.00	5,64,220.00

11-8-89	2,10,69,546.00	XX
XX	XX	XX
14-8-89	XX	16,69,216.00
16-8-89	XX	37,25,531.00
17-8-89	XX	2,36,33,672.00
XX	XX	XX
XX	XX	XX
	6,66,78,307.00	5,59,70,554.00

Summary for the Month ending 8/89

Amount of cheques outstanding at the end of previous month	1,03,43,057.00
Add amount of cheques delivered (Total Column 2)	6,66,78,307.00
<b>Total:</b>	<b>7,70,21,364.00</b>
Deduct Amount of cheques encashed/cancelled (Total Col. 3)	5,59,70,554.00
Balance Amount of cheques outstanding	2,10,50,810.00

Certified that the above balance has been tallied with the list of cheques outstanding and found to be correct.

PAY AND ACCOUNTS OFFICER.

**(e) Register of PSB Suspense/RB Deposits (CAM-17)**

Date	Payments as per PSB's daily scroll	Receipts as per PSB's daily scroll	Remarks (Discrepant items if any to be indicated)	Initials
1	2	3	4	5
XX	XX	XX	XX	
XX	XX	XX	XX	
10-8-89	5,64,220.00	XX	XX	
XX	XX	XX	XX	
14-8-89	16,69,216.00	XX	XX	
16-8-89	37,25,531.00	36,596.00	XX	
17-8-89	2,36,33,672.00	XX	XX	
XX	XX	XX	XX	
XX	XX	XX	XX	
	5,59,70,554.00	7,32,456.00		



**(f) Report to be prepared by Compilation Section at the end of each month**

8/89

Opening balance		Rs.1,03,43,057.00
Cheques issued during 8/89		Rs.6,66,78,307.00
	Total:	Rs.7,70,21,364.00
Cheques encashed during 8/89		Rs.5,59,70,554.00
Closing Balance		Rs.2,10,50,810.00

**List of outstanding cheques**

Cheque No.	Date	Amount
XX	XX	XX
A011873	2-8-89	1,781.00
A011897	2-8-89	98,555.00
XX	XX	XX
XX	XX	XX
		2,10,50,810.00

**(g) Date-wise Monthly Statement**

Month..... Receipts and Payments  
Name of the Bank..... Code No.....  
Name of Focal Point Branch..... Code No.....  
Ministry/Department..... Code No.....

Sl.No.	Date	Receipts	Payments	Initials
1	2	3	4	5
	XX	XX	XX	
	10-8-89	—	5,64,220.00	
	14-8-89	—	16,69,216.00	
	16-8-89	36,596.00	37,25,531.00	
	17-8-89	—	2,36,33,672.00	
	XX	XX	XX	
	XX	XX	XX	
		7,32,456.00	5,59,70,554.00	

Dated: 2-9-89

Branch Manager

2.6 The 'Date-wise Monthly Statement (DMS)' is received by the Pay and Accounts Office from the Focal Point branch in quadruplicate. It scrutinises the DMS with reference to the daily Main Scrolls and returns two copies of the DMS to the Focal Point Branch, duly verified. It also tallies the total of the date-wise payment columns in the 'Register of PSB Suspense/R. B. Deposits' with the amount shown in the 'Date-wise Monthly Statement as indicated above. After reconciliation of the figures, the Pay and Accounts Office prepares a Transfer Entry to adjust the transactions in its accounts as under:-

(—) Cr. 8670—Cheques and Bill,  
102 PAO Cheques,

or

103 Departmental Cheques,  
as the case may be.

To

8658—Suspense Accounts  
108 PSB Suspense

Cr.

In the case of cheques paid by a branch of Reserve Bank of India, the following accounts adjustments are made by the Pay and Accounts Office by means of a Transfer Entry, on receipt of the Monthly Statement of Balances from the Central Accounts Section of RBI, Nagpur:-

(--) Cr. 8670—Cheques and Bills  
102 PAO Cheques,

or

103 Departmental Cheques,  
as the case may be.

To

8675—Deposits with Reserve Bank  
101 Central—Civil

Cr.

2.7 A cheque issued by the Pay and Accounts, Officer or the Cheque Drawing DDO is valid for a period of three months after the month of issue. A cheque dated any day in January of a year is valid for encashment till 30th of April of that year. Therefore, if a Pay and Accounts Officer finds that no payment has been made on a cheque issued by him or a Cheque Drawing DDO under him and the paid cheque has not been received alongwith the Main Scrolls listing daily payments till the end of April, necessary enquiries are made to ensure that the cheque has not been encashed and either the cheque is revalidated or a fresh cheque is issued on request. A time-barred cheque against which a fresh cheque; is not required to be issued, is cancelled by reversing the original transaction as under:-

(-) Cr. 8670—Cheques and Bills  
102 PAO Cheques

or

103 Departmental Cheques,  
as the case may be.

To

Functional Major/Minor Head etc.  
(to which the expenditure was originally debited)

(-) Dr.

2.8 As stated earlier, the head 'Cheques and Bills' is an intermediary accounting device for initial record of transactions which are eventually to be cleared/withdrawn. Thus, with a view to keeping a watch over the clearance of the balances under the head 'Cheques and Bills', the following record;, have to be maintained by the Pay and Accounts Office.

#### **(a) Register of Cheques Drawn (Form CAM-10)**

After a pay order recorded on a bill is signed by the Pay and Accounts Officer, a cheque is drawn for the amount passed for payment as per the pay order. The cheque number, its amount and the date of drawal are noted in this Register under the initials of the Pay and Accounts Officer. At this stage the cheque is not dated. The Pay and Accounts Officer has to sign the cheque after seeing that the amount of the cheque tallies with the pay order approved by him. The Pay and Accounts Officer will cancel the pay order while signing the cheque.

#### **(b) Register of Cheques Delivered (Form CAM-11)**

When the cheque is actually delivered/despached to the party concerned, it is entered in the above Register which contains columns for showing the cheque number, name of the payee, voucher number and the amount of the cheque. The date of delivery is written or stamped on the cheque. The voucher No. and cheque No. and date are also to be noted on the passed bill which from now on is called a voucher. When the cheque is presented to the accredited branch of the bank for payment, the payment is reported through scrolls along with paid cheques to the Focal Point Branch. The Focal Point Branch of the Public Sector Bank sends daily a Main Scroll which indicates the cheque No. and date and the amount paid alongwith the paid cheques to the Pay and Accounts Office. In the Pay and Accounts Office the number and amount of the paid cheques is tallied with the corresponding entries in the 'Register of Cheques Delivered' and the date of payment is entered in the relevant column in the Register and it is ticked off so as to facilitate the preparation of the list of outstanding cheques at the end of each month.

The 'List of Payments' (Form CAM-21) received from the Cheque Drawing DDO serves the purpose of 'Register of Cheques Delivered' in case of cheques issued by the Cheque Drawing DDO.

#### **(c) PAO's Check Register of Outstanding Pre-check Cheques (Form CAM-15)**

A Register in the above form is to be maintained by the Pay and Accounts Officer personally. This Register shows the amount of cheques delivered and the amount of cheques encashed daily during a month. The amount of cheques outstanding as per this Register is compared with the amount of outstanding cheques prepared by the compilation section each month. The compilation section on receipt of the daily payment scrolls together with paid cheques from the bank links the serial number of the cheque in the Register of cheques delivered (CAM-11) after verifying the correctness of the amount as shown in the Scroll and notes the date of payment against the cheque. This is done in respect of all cheques paid during the month. At the end of the month a list of all cheques outstanding is prepared and tallied with the balance as per CAM-15. It is to be ensured that the amount of outstanding cheques tallies with the balance outstanding as per accounts figures. The discrepancy, if any, has to be looked into and rectified.

#### **(d) Register of Public Sector Bank Suspense/Reserve Bank Deposits (Form CAM-17)**

The Pay and Accounts Office also posts the total of each day's payments and receipts as per daily Payment/receipt scrolls in this Register. Separate folios are opened for entering scrolls pertaining to the Pay and Accounts Office and each Cheque Drawing DDO. The total for the month in this Register is tallied with the trial of the 'Datewise Monthly Statement of Payment' received after the close of the month from the Focal Point Branch.

2.9 The grand total of the 'Register of Cheques Delivered' during the month is reconciled with the net amount of paid vouchers posted in the compilation sheet and is shown under the head 8670—Cheques and Bills 102-PAO Cheques. Similarly, the grand total of the 'List of Payments' gives the total amount to be booked under the minor head 103-Departmental Cheques and necessary adjustment thereof is made in the accounts so that the balance as per accounts figures agrees with the total of the outstanding cheques as per Register of Cheques Delivered at the end of each month.

To enable the Principal Accounts Office to maintain the Broadsheets of 'PAO Cheques' and 'Departmental Cheques' correctly, each Pay and Accounts Officer is required to submit details of balances outstanding under the head 'PAO Cheques' and 'Departmental Cheques'.

## **CHAPTER-3**

### **PUBLIC SECTOR BANK SUSPENSE (PSB SUSPENSE)**

3.1 As already mentioned, Pay and Accounts Office of a Ministry / Department is placed in account with a branch of Reserve Bank or a Public Sector Bank nominated for the Ministry / Department. Similarly, a Cheque Drawing Officer of a Ministry / Department is also placed in account with a branch of the same Bank.

3.2 Public Sector Banks are now conducting Government business on behalf of the Reserve Bank of India who is the official banker of the Central Government. When a cheque is issued in payment of a bill, the amount is normally debited to the final head of account. At the close of the month the paid bills or vouchers are posted in the compilation sheet and the net amount of payment is tallied with the total amount of cheques delivered during the month. After this is done, the net amount of cheques delivered during the month is credited to the head "8670-Cheques and Bills-102 PAO Cheques." In case of cheques issued by the cheque drawing officers, the total amount of cheques drawn during a month is credited to the head '8670-Cheques and Bills-103 Departmental Cheques'. Offices/Departments which are required to follow the Public Works / Forest System of accounts credit the amount so arrived at to the head '8782 Cash Remittances etc.-102 Public Works Remittances 103 Forest Remittances' as the case may be, in their monthly account.

3.3 Whenever a cheque is encashed by a Public Sector Bank, it initially pays the amount from its own cash balance and then claims reimbursement from the Central Accounts Section (CAS), RBI Nagpur which maintains the account of each Ministry/Department. Similarly, when Government receipts are paid into a Public Sector Bank, it passes on the proceeds to the Central Accounts Section, RBI, Nagpur. As there is a time lag for a Government transaction carried out by the bank to get reflected in Government cash balance the minor head 'Public Sector Bank Suspense' is operated in Government books to account for the transactions awaiting settlement.

3.4 The dealing branches of Public Sector Banks send the daily scrolls of receipts/payments in duplicate to the Focal Point Branch alongwith challans/paid cheques. The Focal Point Branch consolidates the transactions PAO-wise and prepares a main scroll in triplicate and sends two copies of the main scroll alongwith the original of the daily receipts/payments scrolls received from the dealing branches together with challans/paid cheques to the Pay and Accounts Office. The aggregate of receipts/payments are to be incorporated in a Daily Memo by the Focal Point Branch and it sends the same to the Link Cell of the bank at Nagpur which settles the amounts with the RBI, CAS, Nagpur.

3.5 The receipt scrolls attached to the main scrolls are to be examined by the Pay and Accounts Office to ensure that the challans enclosed actually pertain to the Pay and Accounts Office concerned and the receipts recorded in the scroll tally with the amount shown in the challans. Similarly, the payment scrolls attached are also to be examined to ensure that the paid cheques are those which are issued by the Pay and Accounts Officer or by the Cheque Drawing Officer functioning under him and that the amount of payments recorded in the scroll tallies with the amount shown on the paid cheque. The Pay and Accounts Officer will ensure that error-free Main Scroll is verified and duplicate thereof returned to the Focal Point Branch. Any discrepancy in the Main Scroll is to be got rectified by personal contacts. After this verification, the totals of the payments and receipts of the main scroll are to be entered date-wise in columns 2 and 3 respectively in the Register of PSB Suspense/RB Deposits in Form CAM-17 indicating date of the main scroll in column 1 *ibid*. Separate pages/folios are to be used for entering scrolls pertaining to the office of the Pay and Accounts Officer and for each Cheque Drawing Officer, one page being used for total consolidated account of the Focal Point Branch. The total for the month is to be struck separately for payment scrolls and receipt scrolls.

3.6.1 After verifying the total amounts of receipts/payments as noted in the 'Register of Public Sector Bank Suspense/R.B. Deposits' on the basis of daily main scrolls, necessary transfer entry will be prepared by the Pay and Accounts Officer to adjust the amounts of payments in his books as under:-

(-) Cr. 8670 - Cheques and Bills  
102 PAO Cheques

or

103 Departmental Cheques  
(as the case may be)

To

8658—Suspense Accounts  
108 Public Sector Bank Suspense. Cr

3.6.2 In case of offices following the Public Works/Forest Divisional system of accounts, the amount of paid cheques will be adjusted as under:

(-) Cr. 8782-Cash Remittances etc.  
102 Public Works Remittances

or

103 Forest Remittances  
(as the case may be)

Cr. 8658—Suspense Accounts  
108 Public Sector Bank Suspense

3.7 So far as the amounts of receipts are concerned, the challans are posted under final receipt heads of accounts or minus debited to the advance or salary head under which the payment was originally debited in the compilation sheet as per classification recorded in the challans. The total amount of receipts is then arrived at and after verifying the monthly total under column 3 of the 'Register of PSB Suspense' is debited to the head '8658—Suspense Accounts 108—PSB Suspense'.

3.8.1 After the close of the month, 'the Focal Point Branch sends to the Pay and Accounts Office four copies of "Date-wise Monthly Statement (DMS)" based on the verified daily Main Scrolls by the 3rd of the following month. This statement is to be checked with reference to the gross receipts/payments worked out in CAM 17 with reference to daily Main Scrolls. Two copies of the DMS are returned to the Focal Point Branch by the 7th of the following month. The duplicate copy of the DMS is sent to the Principal Accounts Office.

3.8.2 The Pay and Accounts Office also receives Monthly computerised (Put-through) Statement from SBI GAD or link cell of the other Public Sector Banks at Nagpur showing the amounts of receipts/payments settled with RBI, CAS, Nagpur. The Pay and Accounts Office checks the entries therein with reference to the figures in the DMS.

3.9.1 After verifying the figures of computerised statement of credit/debit settled with the RBI, CAS, Nagpur by the SBI GAD or link cell of other Public Sector Banks with the Date-wise Monthly Statement received earlier from the Focal Point Bank, the Pay and Accounts Office has to reconcile the figures as in its books with the figures appearing in the put-through statement. For this purpose a 'Monthly Reconciliation Analysis' has to be prepared in the form as per 'Annexure I'. The Pay and Accounts Office is responsible for any difference appearing in Part 'A' of the Analysis. For discrepant items appearing in serial (vi) (b) of Part 'C' and transactions other than those appearing in Serial (vi) (a) of Part 'C', it has to contact the Focal Point Branch to ensure that the rectification is carried out and the item has been put through by the Focal Point Branch through the GAD/Link Cell in the subsequent month positively. The grand total of Serial (vi) (a) and (vi) (b) is tallied with the closing balance shown against serial (v) of Part 'C'.

3.9.2 The Pay and Accounts Office has also to maintain a 'Register of amounts put through', with the RBI, CAS, Nagpur separately for receipts and payments as in Part I of Annexure II. Normally, all the amounts except those relating to the last 3-4 days of the month will be put through/settled with RBI, CAS, Nagpur in the same month. The items of last 3-4 days are expected to be put through/settled in the first few days of the subsequent month. In case it is seen while closing the register of subsequent month, that some balance of a month is outstanding the Focal Point Branch will immediately be contacted for remedial action.

3.9.3 The Pay and Accounts Office has also to maintain a Register showing the progressive position of amounts to be put through/settled with RBI, CAS, Nagpur as in Part II of Annexure II separately for receipts and payments.

3.9.4 The Pay and Accounts Office prepares a statement of monthly reconciliation between the figures as in 'Datewise Monthly Statement' and the amounts booked under '8658— Suspense Accounts—108 PSB Suspense' in Annexure III. Proper explanations/reasons for the difference with reference to the 'Datewise Monthly Statement' are given in the statement. Action taken for clearance of difference is also given therein. A copy of the monthly reconciliation statement is sent by the Pay and Accounts Office alongwith the monthly account to the Principal Accounts Office.

3.9.5 Verification of the amounts put-through/settled with the RBI, CAS, Nagpur with the figures of the DMS and preparation of 'Monthly Reconciliation Analysis' will throw light on the amount of reimbursement claimed in excess by the bank. A statement in Annexure IV is sent by the Pay and Accounts Office to the Principal Accounts Office for reporting excess put through to the Controller General of Accounts as per instructions issued on the subject.

3.10 In order to keep a watch over the clearance of balances under the suspense head, a 'Broad-sheet of PSB Suspense' is also maintained by the Pay and Accounts Office in the Form as per Annexure V separately for Debits (receipts) and Credits (payments). The clearance of the head 'PSB Suspense' is however, done by the Principal Accounts Office on receipt of a monthly statement of closing balances (CAS-122) from RBI, CAS Nagpur. The amount of debits/credits cleared from 'PSB Suspense' shall be intimated to the concerned Pay and Accounts Office by the Principal Accounts Office for maintaining the Broadsheet of PSB Suspense. The Pay and Accounts Office also works out the age-wise analysis of balances in Annexure VI (supported by amount put-through/settled with RBI, CAS, Nagpur). The statement received from RBI, CAS, Nagpur shows the details of payments and receipts for which settlement had been effected between the Public Sector Bank and the RBI, CAS, Nagpur. This statement also includes the details by RBI, CAS, Nagpur on the basis of advices issued by the Principal Accounts Office. After verification of this balance statement, the Principal Accounts Office has to prepare the following Transfer Entry:-

Payments settled between PSB and RBI, CAS, Nagpur

(-) Cr. 8658-Suspense Accounts	
108-PSB Suspense	
To	
8675-Deposits with Reserve Bank	
101-Central-Civil	Cr.

Receipts settled between the PSB and RBI, CAS, Nagpur.

Dr. 8675-Deposits with Reserve Bank	
101-Central Civil	
To	
8658-Suspense Accounts	
108, PSB Suspense	(-)Dr.

The balances outstanding on the credit and debit side after deducing the above adjustments for a month under the minor head 'PSB Suspense' separately would indicate the amounts paid by the Public Sector Bank which have not been got recouped by it during the month itself and the amount of receipts collected by the Public Sector Bank which it has not credited to RBI, CAS, Nagpur before the end of the month respectively. A close watch has to be kept on the clearance of balances (both credit and debit) under the minor head 'PSB Suspense' to ensure that actual settlement between the Public Sector Banks and Central Accounts Section of

Reserve Bank of India at Nagpur is conducted within the minimum possible time; otherwise the cash balances of the Government as reflected in the books of the RBI would give an erroneous picture of cash balance of the Government of India with the Reserve Bank of India.

### **3.11.1 Procedure in case of Central Board of Excise and Customs.**

#### **(a) Receipt of Revenue:**

The receipt scrolls are prepared by the bank in triplicate major head wise. The serial number in the scroll is recorded on the right hand top corner of all copies of challans to facilitate identification. Each day's scrolls are also given running serial number separately for each major head for the financial year. The dealing branch sends the scrolls together with challans arranged serially to the Focal Point Branch for onward transmission to the Pay and Accounts Office. The quadruplicate copies of challans are also sent duly bound and serially arranged.

#### **(b) Refund of Revenue**

At the headquarters of each Collectorate one branch of the selected bank is authorised to make payment of refunds on cheques (marked Revenue Refunds and Rebates) issued by the Divisional Officer. The paying branch prepares in quadruplicate separate major head-wise scrolls (marked Refunds, Rebates and Drawbacks). Two copies of the scrolls with paid cheques are sent to the Focal Point Branch and the third copy of scroll is sent to the Divisional Officer.

#### **(c) Action in Focal Point Branch**

It prepares major head-wise daily main scroll in triplicate and sends two copies of the scrolls to the Pay and Accounts Office of the Collectorate alongwith the original copy of receipt payment scrolls and challans and paid cheques received from the dealing branches. The major head-wise quadruplicate copies of challans duly arranged Rangewise are sent to the nominated Range Officer.

#### **(d) Accounting Adjustment**

The Pay and Accounts Office adjusts the receipts in its account under the concerned heads by contra debit (bank wise) to head 8658—Suspense Accounts—108 PSB Suspense Bank— "X" (name of the bank). Similarly, in case of payment of refund cheques the amount is credited bank-wise to the head 'PSB Suspense Bank—"X". It maintains a separate register of 'PSB Suspense' for each bank concerned with the work of Revenue Account' and posts therein each day's receipts payments. The Link Cell prepares in respect of each Pay and Accounts Office (i.e. Collectorate) a statement in quadruplicate of receipts and payments put through to RBI, CAS, Nagpur. The monthly statement as got verified by the RBI, CAS, Nagpur is sent to the Principal Chief Controller of Accounts, Central Board of Excise and Customs by the latter and a copy is also sent to the Focal Point Branch. Another copy is sent to Pay and Accounts Office direct. On receipt of the statement from RBI, CAS, Nagpur, Principal Chief Controller of Accounts, Central Board of Excise and Customs clears the head "PSB Suspense—Bank—'X' by transfer to the head '8675 Deposits with Reserve Bank—101 Central-Civil'.

### **3.11.2 Procedure in case of Central Board of Direct Taxes.**

#### **(a) Receipt of Taxes**

The receipt scrolls are prepared major head-wise in quadruplicate. A running serial number for each financial year is given to the scrolls for each major head. The dealing branch also prepares a summary of receipts indicating total receipts under all major heads for the day. The branch then sends three sets of scrolls /challans, the first set containing original scroll and original challan intended for Designated Officer; the second set containing duplicate copies of scrolls and challans meant for the Zonal Accounts Officer and the triplicate copy of scroll and the summary of receipts meant for the Nodal Branch with a forwarding letter to the Nodal Branch.



## **(b) Income Tax Refund Orders (ITROs)**

Only the authorised Income Tax Officer (ITO) can issue the ITRO on the authorised bank. In case of refund orders upto Rs. 1000 two foils of relative refund orders are issued to the assessee. In case of refund of Rs. 1000 and above, the ITO will issue one foil to assessee and simultaneously refund advice in duplicate will be sent to the paying branch. The ITRO and refund advice bear the same number and the payment is made in the strength of refund advice. The paying branch prepares the scrolls major head-wise in quadruplicate. The scrolls are made into sets similar to the sets relating to receipts except that instead of challans, the paid refund orders/advices are attached to the scrolls. Besides, the set meant for Designated Officer does not contain the refund order in case of refunds of Rs. 1000 and above. However, in these cases a copy of the refund advice is sent to him.

## **(c) Action in Nodal Branch**

On receipt of sets of scrolls with challans/paid instruments the Nodal Branch prepares daily main receipt/payment scrolls in triplicate Designated Officer/major head-wise. The scrolls are given running serial numbers for each financial year. The receipt scrolls together with original branch bank scrolls and challans and similarly the payment scrolls together with ITROs are sent in duplicate to the Zonal Accounts Office on day to day basis. Another set of receipt scrolls containing original challans and payment scrolls together with refund advice for refund of Rs.1000 and above and paid ITROs upto Rs.1000 is sent to the Designated Officer bi-weekly. The Nodal Branch also records a certificate on the main scroll sent to Zonal Accounts Office/Designated Officer to the effect that necessary advice has been sent to the Link Cell at Nagpur. It also maintains a Register to record daily receipts and payments reported to it by branch banks under various major heads. Two copies of the Register (kept in perforated form) are furnished to the Zonal Accounts Office with the relevant scrolls etc. Nodal Branch is required to prepare a Daily Memo on the basis of entries in the above Register and sends it on daily basis to the Link Cell at Nagpur.

The Nodal Branch also prepares each month ZAO-wise monthly statements in quadruplicate indicating date-wise receipts/payments reported to the Zonal Accounts Office earlier and sends 3 copies to the Zonal Accounts Office for verification. The third copy is sent by the Zonal Accounts Office to the Principal Chief Controller of Accounts, Central Board of Direct Taxes. On receipt of the verified copy, the same is passed on to Link Cell by the Nodal Branch after keeping necessary note in the office copy.

## **(d) Accounting Adjustments**

The Link Cell at Nagpur checks the Daily Memos received from the Nodal Branch and passes on the same to RBI, CAS, Nagpur for settlement. On the basis of the Daily Memos received from Link Cell, RBI, CAS, Nagpur generates daily input statements and furnishes two copies thereof to Link Cell for confirming the figures. For the purpose of final reconciliation of transaction with the concerned Zonal Accounts Office and Link Cell, the RBI, CAS, Nagpur generates monthly statement and furnishes the same to Zonal Accounts Office and the Link Cell of the bank. It also sends a monthly analysis indicating major head-wise receipts/ refunds etc. to Principal Chief Controller of Accounts, Central Board of Direct Taxes.

The Zonal Accounts Office on receipt of the monthly statements of receipts and payments from the Nodal Branch carries adjustments in its books by per contra debit and credit to the head '8658—Suspense Accounts—108—PSB Suspense'. The minor head 'Receipts awaiting transfer to other minor heads' is operated initially under various receipt major heads. The above minor head is cleared by transfer of the amounts to the concerned minor heads on receipt of account from the Designated Officer. On receipt of major head-wise monthly statement from the RBI, the Principal Chief Controller of Accounts, Central Board of Direct Taxes clears the above suspense head by minus debit/ minus credit by per contra debit and credit to the head '8675— Deposits with Reserve Bank—101 Central-Civil'.

### **3.12 Deposits with Reserve Bank**

3.12.1 The general banking business of the Central Government is conducted by the Reserve Bank of India. Ministries and Departments of the Central Government operate on such branches of the Reserve Bank

and or the Public Sector Bank, as have been, or may be nominated by the Reserve Bank as its agents for handling the receipt and payment transactions of a particular Ministry or Department. The Central Accounts Section of Reserve Bank of India at Nagpur keeps a complete account of receipts and payments (including inter-Government adjustments and adjustments *inter-se* of Defence, Railways and Posts) in respect of Central Government. It maintains individual accounts of each Ministry / Department of the Central Government and of Union Territory administrations having separated accounts offices and sends a monthly statement, taking into account all cash transactions in all the branches and agencies of the Bank and the adjusting transactions in its own books to their Principal Accounts Offices with such supporting details as may be prescribed by Government from time to time. Beside keeping the Ministry/Department-wise accounts, the Central Accounts Section also acts as a general clearing house for the adjustment of such transactions between the Central and State Governments as may be specified by the Central Government.

3.12.2 As will be clear from adjustments shown in para 3.9 above, all receipts of Central Government are finally debited to the head '8675 Deposits with Reserve Bank—101 Central-Civil' and all payments on its behalf are finally credited to the above head. The net position of credit or debit under the above head during the year is reflected by the Principal Accounts Office of each Ministry/Department in the Statement of Central Transactions.

3.12.3 The cash balance of Central Government (including Railways, Defence, Posts & Telecommunications) is worked out by Controller General of Accounts by transferring the net transactions shown under "8675 Deposits with Reserve Bank" to "8999—Cash Balance—102 Deposits with Reserve Bank," and reflected accordingly in the Union Government Finance Accounts.

## ANNEXURE-I Monthly Reconciliation Analysis

(Para 3.9.1)

PAO ..... Month .....

### A—Between Focal Point Bank and the PAO

	Receipts	Disbursements
(i) Figures shown by the P.P. Bank in the DMS		
(ii) Figures as per verification of DMS by the PAO	_____	_____
(iii) Difference	_____	_____
(iv) Reasons for the difference:		

### B—Old items put through (i.e. items pertaining to previous months).

(i) Total amount put through		
(ii) Less amounts relating to previous month.	_____	_____
(iii) Amount put through for current month.	_____	_____

### C—Between the DMS and GAD/Link Cell



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**ANNEXURE II  
REGISTER OF AMOUNTS PUT THROUGH  
RECEIPTS/PAYMENTS**

Part II  
[para\(3.9.3\)](#)

P.A.O \_\_\_\_\_

	April				May				June				
Opening Balance	Figures as per D.M.S.	Progressive total upto April	Amounts put through April	Closing Balance	Figures as per D.M.S.	Progressive total upto May col.2(d) + 3(a)	Amounts put through May	Closing Balance	Figures as per D.M.S.	Progressive total upto June Col. 3 (d)+4(a)	Amount put through June	Closing Balance	And so on up to close of year
1	2(a)	2(b)	2(c)	2(d)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	

(Para 3.9.4)

**Statement of Monthly Reconciliation between the figures as per DMS and the amount booked under "8658—Suspense Accounts—P.S.B. Suspense" for the month of-----**

	Receipts (Dr. PSB Suspense)	Disbursements (Cr. PSB Suspense)
(i) Opening Balance:		
(ii) Amount as per DMS		
(iii) Total		
(iv) Amount booked under "8658—Suspense Accounts— PSB Suspense"		
(v) Difference:		
(vi) Explanation/Reasons for difference :		
(vii) Action taken for clearance of the difference:		

**ANNEXURE-IV  
STATEMENT OF DOUBLE/EXCESS REIMBURSEMENT**

(Para 3.9.5)

Sr. No.	Bank Name	Branch Name	Date of transaction	Amount of transaction	Date of put through	Amount put through	Date of second put through (put through for second time)	Amount of second put through	Amount of excess/ double claim	Date of withdrawal/ rectification	Period of excess/ double put through	Remarks, if any
1	2	3	4	5	6	7	8	9	10	11	12	13

**ANNEXURE-V  
BROADSHEET OF PSB SUSPENSE**

(Para 3.10)

P.A.O. .... Receipts (Debit) /Disbursements (Credit)

Month	Opening Balance of PSB Suspense	Amount of PSB Suspense booked in the Month.	Progressive Total	Amount of Clearance of PSB Suspense in the month.	Closing Balance	Remarks
1	2	3	4	5	6	7
4/89						
5/89						
6/89						
7/89						
&						
so						
on						

### ANNEXURE-VI

#### Abstract showing the Balances outstanding under 'PSB Suspense'

(Para 3.10)

Year.....

Period	Opening Balance	Adjusted in April	Adjusted in May	Similar Cols. from June to March (Sy)	Total Adjusted during the year	Balance outstanding	Remarks
19—19							
19—19							
19—19							
19—19							
April 19							
May 19							
Similarly from June to March (Sy)							
Total.							

## **CHAPTER-4**

### **RESERVE BANK SUSPENSE - CENTRAL ACCOUNTS OFFICE**

4.1 Ministries/Departments of the Central Government arrange payment of loans and grants-in-aid as well as payment of their share of income tax, union excise duty etc. to the State Governments through the Central Accounts Section of the Reserve Bank of India, Nagpur. Except in case of Jammu & Kashmir and Sikkim, these transactions are carried out by book adjustment by the RBI, CAS, Nagpur instead of by exchange of cheques/bank drafts for the following reasons:-

- (i) The amount of loans or grants payable to State Governments are very huge running into several crores of rupees at a time.
- (ii) The loans and grants so payable have to reach the books of the State Governments within the minimum possible time and at times on a stipulated date so as to enable them to make full utilisation of such moneys immediately on receipt
- (iii) In a number of cases the ways and means position of the State Governments would be adversely effected in case the loans or grants are not paid on the stipulated date.

In order, therefore, to avoid any delay in passing of actual credit for the loans and grants payable to all the State Governments, these are passed through the Central Accounts Section of the Reserve Bank of India, Nagpur which maintains the ledger accounts of the Central Ministries/Departments as also the State Governments. For this purpose, a minor head '110—Reserve Bank Suspense—Central Accounts Office' under the Major Head '8658—Suspense Accounts' is operated.

#### **4.2 Payment of Loans/Grants-in-aid to State Governments (other than Jammu & Kashmir and Sikkim).**

4.2.1 The Ministry/Department of the Central Government issues an expenditure sanction addressed to the Principal Accounts Office of that Ministry/Department indicating the amount of loan/grant payable to the State Government concerned and the bead of account upto sub-head level under which such payment is to be debited. A copy of this sanction is also endorsed to the Finance Department of the State Government concerned and the Accountant General or the Chief Accounting Authority of the State, in cases where the accounts have been departmentalised or separated from audit.

4.2.2 On receipt of the sanction, the Principal Accounts Office examines whether necessary budget provision exists under the heads of account indicated in the sanction, namely:

'3601' for payment of Grants-in-aid to the State Governments; and

'7601' for payment of loans and advances to the State Governments.

If it is in order, an advice is sent to the Central Accounts Section of the Reserve Bank of India, Nagpur to debit the Central balances for the amounts shown in the advice and afford credit in the books of the State Governments concerned. Simultaneously, the Principal Accounts Office will pass the following entry in its books:-

Dr. '3601/7601' as the case may be upto sub-head level as indicated in the sanction letter.

Cr. 8658—Suspense Accounts  
110—Reserve Bank Suspense—Central Accounts Office.

4.2.3 On receipt of advice from the Principal Accounts Office of the Ministry/Department, the Reserve Bank of India, Central Accounts Section, Nagpur credits the balances of the concerned State Government by debit to the account of the Ministry/Department of the Central Government. Copies of the clearance memoranda,

are sent by the RBI to the concerned Accountant General/Chief Accounting Authority of the State. The transaction is also included by the RBI, CAS, Nagpur in the monthly statement of accounts rendered to the Principal Accounts Office of the Ministry/Department.

4.2.4 On receipt of such a statement from the Reserve Bank of India, the Principal Accounts Office prepares a Transfer Entry as under:-

(-) Cr.8658-Suspense Accounts  
110-Reserve Bank Suspense -  
Central Accounts Office

To

8675-Deposits with Reserve Bank  
101-Central-Civil Cr.

(Transfer Entry prepared on receipt of the clearance memo/monthly statement of account from Reserve Bank of India, CAS Nagpur against No. .... dt. ....). With the preparation of Transfer Entry as above, the original credit under the head 'Reserve Bank Suspense-CAO' gets nullified by a minus credit.

### **4.3 Repayment of Loan and payment of interest thereon by the State Government.**

4.3.1 At the time of repayment of loan and payment of interest thereon to the concerned Ministry/Department of the Central Government, the Accountant General or the Chief Accounting Authority of the State Government as the case may be, issues an advice to the Reserve bank of India, central Accounts Section, Nagpur requesting it to debit the State balances and credit the Central Government balances in the ledger account of the concerned Ministry/Department on the due date of repayment and endorses a copy thereof to the Principal Accounts Office of the Central Ministry/Department giving full particulars of the loan, etc.

4.3.2 On receipt of the copy of the advice and/or the intimation from the RBI, CAS, Nagpur the Principal Accounts Office makes the following entry in its books:

Dr. 8658—Suspense Accounts  
110—Reserve Bank Suspense—  
Central Accounts Office

Cr. 7601—Loans and Advances to State Governments (upto sub-head level as per details furnished by the Accountant General /Chief Accounting Authority of the State in the copy of the advice) and/or

Cr. 0049—Interest Receipts

01—Interest from State Governments. (The correct minor head 'Interest on Loans for State Plan Schemes/Central Plan Schemes/Centrally Sponsored Plan Schemes etc. may be given as the case may be).

4.3.3 The Reserve Bank of India, Central Accounts Section, Nagpur, acts on the advice received from the Accountant General / Chief Accounting Authority of the State and debits the balances of the State and passes on the credit to the account of the Central Government. This is done by issue of a clearance memo giving full particulars of the advice. A copy of the clearance memo is endorsed to the Principal Accounts Office of the concerned Ministry/Department. The transaction is also reflected in the monthly statement of accounts rendered to him. On receipt of such statement, the Principal Accounts Office prepares a Transfer Entry as indicated below:

Dr. 8675—Deposits with Reserve Bank;  
101—Central-Civil



To

8658—Suspense Accounts  
110—Reserve Bank Suspense Central Accounts Office

(-) Dr.

(Transfer Entry prepared on receipt of the clearance memo monthly statement of balances from the RBI, CAS, Nagpur for repayment of loan no...../ interest on loan no.....).

Note 1: The banking business of the Government of Jammu & Kashmir is not conducted by the Reserve Bank of India. For payment of loans/grants to the State Government, the Ministry/Department issues necessary sanction. On the basis of the sanction, the Principal Accounts Office of the concerned Ministry/Department issues an Account Payee Cheque in favour of the Secretary to the Government of Jammu and Kashmir Finance Department and sends the same to Jammu & Kashmir Bank Ltd., New Delhi for credit to the account of the Jammu & Kashmir Government. An intimation of payment with necessary particulars is also sent to the Secretary Finance Department and Accountant General, Jammu & Kashmir alongwith copy of the sanction letter etc. simultaneously.

Note 2: The banking business of the Government of Sikkim is also not conducted by the Reserve Bank of India. For payment of loans/grants to the Government of Sikkim, the concerned Ministry/Department issues sanction and endorses copies thereof to the Finance Department of Government of Sikkim and the Accountant General (Central) Calcutta. On the basis of the Sanction issued by the competent authority, the Principal Accounts Office of the Ministry / Department makes payment to the Government of Sikkim by a bank draft in favour of the Secretary, Finance Department drawn on the State Bank of India. While forwarding the draft to the Government of Sikkim, the Principal Accounts Office has to furnish to the Government of Sikkim, the full particulars of the payment with copy to the Accountant General (Central), Calcutta.

Note 3:— The Union Territory Governments (with Legislature) have no separate balance with the Reserve Bank of India, though they have a separate Consolidated Fund of their own. For payment of loans/grants to the Union Territory Governments, the concerned Ministry/Department issues a sanction and endorses copies thereof to the Finance Secretary and Accountant General / Accounts Officer concerned. On the basis of the sanction issued by the competent authority, the Principal Accounts Office of the Ministry/Department makes payment to the Union Territory Governments (with Legislature) by bank drafts in favour of the Accountant General / Accounts Officer as the case may be. While forwarding the bank draft, the Principal Accounts Office has to furnish full particulars of the payment and also to, endorse a copy of the forwarding letter to the Finance Secretary of the Union Territory Government.

Note 4 :—The repayment of loans and payment of interest thereon by Jammu & Kashmir, Sikkim and Union Territory Governments (with Legislature) whose banking business is not conducted by the Reserve Bank of India, the system of direct payment by bank drafts in favour of the concerned Principal Accounts Office or specified Pay and Accounts Office is followed.

## CHAPTER-5 PAY AND ACCOUNTS OFFICE SUSPENSE

5.1 This minor head under the Major Head "8658—Suspense Accounts" is operated for settlement of inter-departmental and inter-governmental transactions arising in the books of the Pay and Accounts Office under Central Government, Pay and Accounts Offices of Union Territories and by the Accountants General when the other party involved is a Pay and Accounts Office. Separate Sub-head 'Transactions adjustable by—————, (Name of the Central PAO / State Accountant General / Defence / Railways / Posts and Telecommunications Accounts Officer concerned) is to be opened to indicate with whom the transaction by exchange of cheque/demand draft etc. is to be settled.

Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer which are eventually to be adjusted to the final heads of account in the books of the Accounts Officer against whom the minor head "PAO— Suspense" has been operated. Credit under 'PAO—Suspense' is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. The amount of cheque issued is finally credited to the head '8670 Cheques and Bills 102—Pay and Accounts Offices Cheques'. Debit under "PAO Suspense" is cleared by 'minus debit' on receipt and realisation of cheque/demand draft from the Accounts Officer on whose behalf payment was made, after the credit on account of cheques/bank drafts deposited with the bank appears in the receipt scroll by per contra debit to the head "8658—Suspense Accounts 108—Public Sector Bank Suspense" or "8675—Deposits with Reserve Bank 101—Central-Civil" depending upon whether the accredited Bank is a Public Sector Bank or Reserve Bank of India.

### 5.2 METHOD OF OPERATION

5.2.1 Suppose an IAS Officer of Punjab Government is on deputation as Dy. Secretary in the Ministry of Finance, Department of Economic Affairs and his salary bill indicates recovery of Rs. 1420 on account of GPF, HBA and AIS Group Insurance Scheme. This amount has to be passed on to the Accountant General, Punjab who is the Accounts Officer for maintaining the GPF Accounts and Accounts of long-term loans and advances etc. of All India Service Officers borne on the cadre of Punjab State.

5.2.2 Initially, when the recovery appears in the salary bill, the salary head concerned of Ministry of Finance is to be debited for the gross amount of salary (Pay+ DA+ HRA+ CCA) payable to the officer. The income tax, CGHS recovery and licence fee recoverable from the officer (in case he is in occupation of Government quarter) will be adjusted in the books of the Pay and Accounts Office of the Ministry of Finance and these credits will be booked by it under the heads namely, '0021 Taxes on Income Other than Corporation Tax— 101— Income Tax on Union Emoluments including pensions'. '0210— Medical and Public Health—01—Urban Health Services 103— Contribution for CGHS', and '0216—Housing 01—Government Residential Buildings 106—General Pool Accommodation—Licence Fee' respectively. The recoveries for which Accountant General, Punjab is the Accounts Officer will be treated as credit under the head "PAO Suspense" and will be accounted for as under:—

Rs. 1420—Cr. 8658—Suspense Accounts  
101 PAO—Suspense

—Transactions adjustable by Accountant General, Punjab.

5.2.3 After this voucher is compiled, a cheque for this amount is to be drawn and sent to the Accountant General, Punjab along with the recovery schedules of GPF / HBA and All India Group Insurance Scheme.

At this stage, the accounting entry in the compilation sheet would be as under:—

Rs. 1420—(—) Cr. 8658—Suspense Accounts  
101 PAO—Suspense

-Transactions adjustable by Accountant General, Punjab

Rs. 1420—Cr. 8670—Cheques and Bills  
102 Pay and Accounts Offices Cheques.

5.3.1 Similarly, in case the officer mentioned above has drawn a G.P.F. Advance for Rs.5,000, the voucher is to be classified in the compilation sheet as:

Rs. 5, 000—Dr. 8658—Suspense Accounts  
101—PAO Suspense

- Transactions adjustable by Accountant General, Punjab.

Rs. 5, 000—Cr. 8670—Cheques and Bills.  
102 Pay and Accounts Offices Cheques.

5.3.2 A debit claim is to be sent to the Accountant General, Punjab duly supported by the paid voucher requesting the Accountant General to send a Bank Draft or a Category 'C' cheque for the amount initially paid by the Pay and Accounts Office, Ministry of Finance.

5.3.3 On receipt of the cheque/bank draft, the same is to be sent to the branch bank accredited to the Pay and Accounts Office, Ministry of Finance along with a challan properly filled in, i.e. indicating the Pay and Accounts Office, Ministry of Finance as the depositor and the head of account to which the proceeds are to be adjusted/credited in its books. The bank would clear the cheque/bank draft and send a receipt scroll duly supported by one copy of the challan. On receipt of the receipt scroll with the challan, an accounting entry is to be made in the compilation sheet as indicated below:

Rs.5,000 Dr. 8658—Suspense Accounts  
—108 PSB Suspense  
(in case the PAO is banking with any bank other than an RBI)

Or

Rs. 5,000 Dr. 8675—Deposits with Reserve Bank  
101—Central-Civil  
(in case RBI is the accredited bank)

And

Rs. 5,000 (—) Dr. 8658—Suspense Accounts  
101—PAO Suspense  
—Transactions adjustable by Accountant General, Punjab.

5.4 It is seen from the above narration that when the 'Pay and Accounts Office Suspense' is operated as credit entry for initial booking of recoveries appearing in the books of an Accounts Officer, it is cleared by "minus credit" at the time a cheque for the amount is drawn in favour of Accounts Officer concerned for adjusting the credits. Similarly, whenever a payment is made by an Accounts Officer requiring adjustments in the books of another Accounts Officer the initial payment is to be booked as a debit under the minor head "PAO Suspense". On receipt of the valuable namely, cheque or bank draft from the Accounts Officer responsible for accepting the debit and after getting credit (receipt scroll), the suspense head is relieved by 'minus debit' by per contra debit to '8658—Suspense Accounts 108 PSB Suspense' or '8675—Deposit with Reserve Bank 101 Central-Civil' as the case may be.

**NOTE 1:**—Recoveries on account of income-tax and surcharge, licence fee for Central Government quarters, CGHS recoveries in respect of officers on deputation with Central Government will NOT be booked under any suspense head but will be booked to the final heads of accounts in the books of Central Pay and Accounts Officer.

**NOTE 2:**—Recoveries on account of PLI premium are to be booked initially under the Head "101—PAO

Suspense— Transactions adjustable by Director PLI, Calcutta."

**NOTE 3:**—Other recoveries like GPF subscription, HBA recovery and MCA recovery (in case motor car advance had been drawn from the State Government), contribution to All India Services Group Insurance Scheme will be booked as credit under 'PAO Suspense' as Transactions adjustable by——— (name of the Accounts Officer).

5.5 The above narration indicates how the transactions are booked under the minor head 'PAO Suspense' either as credit or debit and how such initial bookings are cleared by 'minus' credit and 'minus' debit entries. In practice, however, each such transaction is not settled as and when it takes place. The transactions for a whole month are grouped distinctly as gross debit and gross credit under the sub-head "Transactions adjustable by Accounts Officer 'X' concerned and then the amount as due to Accounts Officer 'X' or due from Accounts Officer 'X' is worked out and necessary cheque or claim for net amount is issued/raised respectively.

## 5.6 PROCEDURE FOR SETTLEMENT OF OUTWARD CLAIMS.

5.6.1 Each Pay and Accounts Office is to maintain a Register of Outward Claims in Form CAM 53 in which one or two pages are to be allotted to each of the Account's Officers with whom the transactions arising in its books are adjustable. The voucher number and amount paid in that voucher are posted in this Register as and when the vouchers are compiled in the Compilation Section. Similarly, recoveries appearing as credits under 'PAO Suspense' are also posted in this Register as recoveries/receipts. At the end of the month, totals of receipts and payments on behalf of the Accounts Officer concerned say 'X', are worked out. In case the receipts are more than the payments made on behalf of the Accounts Officer 'X', it would be posted in column number 5 as net amount due to Accounts Officer 'X'. In case the payments made are more than the receipts adjustable by Accounts Officer 'X', it would appear as net amount of the claim to be preferred against the Accounts Officer 'X' in column number 4. Presuming that net amount is due to Accounts Officer 'X', a cheque for this amount is to be drawn and despatched to him supported by vouchers for payments made and schedules for recoveries effected and the number and date of the cheque alongwith forwarding letter is to be posted in column numbers 7 and 6 respectively.

In case payments are more, the payment vouchers and receipt schedules are to be sent to the Accounts Officer 'X' alongwith a forwarding letter demanding net payment and the number and date of the letter are to be noted in column number 6. As and when a cheque is received for this amount, the number and date of the cheque is to be noted in column number 9 and on receipt of the receipt scroll from the bank containing the challan for this cheque deposited into it, a note is to be kept in column number 10.

5.6.2 Before, however, raising a debit or passing on the credit to the Accounts Officer 'X' concerned, the total payments and total recoveries made on his behalf as noted in columns 3 and 2 of this Register shall be tallied with the corresponding accounts figures as appearing in the compilation sheet. Till these two figures tally, no action is to be taken to settle the transactions under PAO Suspense with Accounts Officer 'X'.

5.6.3 An Outward Claim Register is to be maintained in Form CAM 53.

On receipt of the valuable/cheque from the Accounts Officer responsible for accepting the debit, apart from carrying out account adjustments stated above, the items of Dr/Cr shown in the Outward Claim Register should be encircled in red ink.

5.6.4 Please see [Annexure 'A'](#) for practical example.

## 5.7 PROCEDURE FOR SETTLEMENT OF INWARD CLAIMS.

5.7.1 Pay and Accounts Office may also receive claims from other Accounts Officers requiring final adjustments in its books. Such claims are known as Inward Claims. A Register in Form CAM 55 is to be maintained for initial record of all inward claims.

5.7.2 On receipt of an inward claim, the vouchers and schedules in support thereof are to be closely examined to ensure that the entire claim is correctly adjustable in the books of the receiving Pay and Accounts Office—say Ministry of Finance. Where the inward claim is for net receipt, the supporting cheque) bank draft is to be entered in the Register of Valuables (Form CAM-16) and the valuable is to be sent to the branch bank

accredited to the Pay and Accounts Office. When the main receipt scroll containing this challan is received from the focal point bank, action has to be taken to classify all the vouchers and schedules received from the originating Accounts Officer i.e, the vouchers involving debits are to be posted under the concerned heads of accounts as debit, the receipts/ schedules are to be posted as credits under the relevant heads. Similarly, all receipt scrolls received from the bank during the month will be posted.

5.7.3 Thereafter the total of the receipt scrolls during the month is arrived at and tallied with the monthly total under column 3 of the 'Register of PSB Suspense / RB Deposits'. This total amount is then classified as debit under '8658—Suspense Accounts 108 PSB Suspense' or "8675-Deposits with Reserve Bank 101— Central-Civil", as the case may be.

5.7.4 In case the inward claim received demands payments from the Pay and Accounts Office, Ministry of Finance, the supporting vouchers and schedules, as indicated above, are to be thoroughly scrutinised to ensure that they all pertain to Pay and Accounts Office, Ministry of Finance. Thereafter the vouchers are to be posted in the compilation sheet under the debit heads and the schedules are to be posted similarly under the receipt heads concerned. The difference between the two is the amount for which a cheque has been asked for. The total amount of cheques issued during the month is to be booked as credit under the Major Head "8670—Cheques and Bills 102 PAO Cheques."

5.7.5 [Annexure B](#) gives an example for dealing with inward claims received in a month.

## **5.8 Maintenance of the Broadsheet of 'PAO Suspense' (CAM-64)**

5.8.1 Maintenance of Broadsheet for suspense heads is necessary to ensure that the relevant suspense head is cleared as early as possible and the amount outstanding in 'Suspense' is duly supported by itemised details. It also facilitates of reconciliation between the broadsheet figures and the account figures on monthly basis- and rectification of error, if any, in the accounts figures.

With a view to ensuring that in all cases where payment has been made on behalf of another Pay and Accounts Officer / Accounts Officer, cheques are received from them or the receipts/recoveries effected have been finally passed on to the concerned Pay and Accounts Officer/Accounts Officer, a broadsheet of 'PAO Suspense' is kept. The total original debit/credit booked under 'PAO Suspense' during a month should be posted under columns 2(a) and 2(b) respectively of the Broadsheet of 'PAO Suspense' in Form CAM 64. The subsequent adjustment of debit/credit will be posted under columns 3(a) and 3(b) respectively as *minus* debit and *minus* credit. At this stage it is essential to make cross reference between the responding entry which has appeared in account in clearance of the original debit/credit, and the original entry in the broadsheet so as to indicate as to how and when the original entry was cleared and by which responding entry. The month of adjustment and the serial number of original entry will be noted in columns 4(a) and 4(b) respectively. In the monthly closing, the original amounts of debit/credit booked during the month will be added to the balance of debit/credit brought forward and subsequent adjustments of debit/credit during the month will be subtracted from the total so arrived. The item-wise break-up of net outstanding thus arrived at will be indicated on the right hand side. The total of the list of outstanding items under debit/credit will tally with the total under debit/credit as per monthly closing. A specimen of the Broadsheet is given at Annexure 'C'.

5.8.2 It will be ensured that the total debits/credits posted in the Register of Outward Claims (CAM-53) tally with the amounts booked against each Accounts Officer during the month. It should also be seen that all the vouchers/schedules in support of the entries are removed from the DVs and kept separately for each Accounts Officer so as to ensure that the relevant vouchers/schedules are sent to the other Accounts Officer in order to avoid delay in settlement of the claims. The settlement of debit depends on the cooperation and timely action of the other Accounts Officer. However, in cases where only credits appear there is no reason for any delay in clearing the transactions. A close watch is required to be kept on adjustment of each item. It is the responsibility of the Pay and Accounts Office to ensure that timely reminders are sent where necessary and the transactions are got cleared as early as possible.

## **ANNEXURE 'A'**



A.I.S G.I.S.	120.00									
H.BA.	500.00									
M.C.A.	600.00									
3.214 dt. 28-2-1991										
Mr. K. IAS										
G.P.F.	800.00									
A.I.S G.I.S.	120.00									
M.C.A..	500.00									
Total	3,840.00	26,000.00	22,160.00		PAO (S) / OC/880 dt. 18-3-1991		Yes	C.003563 dt. 30-4- 1991	14 dt 3-5- 1991	Sd/-PAO

**Statement No. 2  
FORM CAM-54**

**PAY AND ACCOUNTS OFFICE  
MINISTRY/DEPARTMENT OF HEALTH & F.W. NEW DELHI**

To

"The Accountant General, U.P.  
Allahabad

Subject:— Outward Claim No.....

Sir,

The schedule (s) (Form.....) of receipts and disbursement which arose in the account of this office during the month of February 1991 and are adjustable in your books as per summary given hereafter, are sent herewith along with:

(i) Cheque/Demand Draft No.....Date .....

or (ii) the request that a Cheque/Demand Draft for Rs:—22160.00 (Rupees Twenty two thousand One hundred sixty only) drawn in favour of PAO (Secretariat) Ministry of Health & F.W. may be sent to the undersigned by name, within seven days of the receipt of this claim.

Summary of outward claim

	Rs. P.
Receipts	3,840.00
Payments	26,000.00
Net Payments	22,160.00

Please return the lower half of this letter, duly signed immediately, in acknowledgement.

Pay and Accounts Officer  
Ministry/Department of Health & Family Welfare

Details of enclosures

- (i) Schedule (s) Debits / Credits -- containing
- (ii) Details of 7 Schedules / 3 Vouchers sent.

**Statement No. 3**  
**(Enclosure to Form CAM-54)**

**PAY AND ACCOUNTS OFFICE**  
**Ministry Department of Health & Family Welfare New Delhi**

schedule of Credits adjusted by Accountant General, U.P., Allahabad

Transactions pertaining to Month of February, 1991

No. of the accompanying vouchers or of Schedules of recoveries etc.	Particulars	Amount	Remarks
(1)	(2)	(3)	(4)
		Rs. P.	
1. Mr. K. I.A.S.	GPF AISGIS HBA MCA	1,200 -- 00 120 — 00 500 — 00 600 — 00	
2. Mr. K.I.A.S.	GPF AISGIS MCA	800—00 120 —00 500 - 00	
	TOTAL	3840 -- 00	
OFFICE OF THE  THE                    19		SIGNATURE DESIGNATION	

**Statement No. 4**  
**(Enclosure to Form CAM-54)**

**PAY AND ACCOUNTS OFFICE**  
**MINISTRY / DEPARTMENT of Health & Family Welfare New Delhi**

schedule of Debits / Credits adjusted by Accountant General, U.P., Allahabad



Transactions pertaining to Month of February, 1991

No. of the accompanying vouchers or of Schedules of recoveries etc.	Particulars	Amount	Remarks
(1)	(2)	(3)	(4)
		Rs. P.	
1. Mr.K. I.A.S.	GPF Withdrawals	26,000 — 00	
	TOTAL	26,000 -00	
OFFICE OF THE THE 19 ..		SIGNATURE DESIGNATION	

## Annexure 'B'

(Reference [Para 5.7.5](#))

P.A.O., Ministry of Finance has received an Inward Claim from the P.A.O., Ministry of External Affairs in February, 1991 enclosing the following documents.

- (i) Two G.P.F. schedules for: Rs.150/-each relating to Mr. K. an officer of Ministry of Finance on short-term deputation to Embassy of India, Kathmandu.
- (ii) Voucher for T.A. advance of Rs.16,900/-drawn by an official delegation of Ministry of Finance from Indian Embassy, Japan against Ministry of Finance Sanction No.....date .....
- (iii) Voucher for Rs.8,500/-for the daily allowance drawn by an official delegation from Indian Embassy, Cairo against Ministry of Finance, Sanction No..... date.....
- (iv) Schedule for Rs. 9,000 representing refund in cash of M.C.A. drawn earlier by Mr. A from the Ministry of Finance before he was posted to Embassy Cairo on deputation.
- (v) Voucher for Rs. 500/-as D.A. drawn by Mr. B against Ministry of Finance Sanction No.....date .....at Embassy, Cairo.

The forwarding letter (CAM 54) indicates:

Receipt           Rs.9,300.00  
Payment         Rs. 25,900.00

Net payment     Rs.16,600.00

and requests a cheque for Rs. 16,600/- in full settlement of the claim.

Treatment of the Claim:

(i) The two G.P.F. schedules shall be classified as under:

Cr. 8005 —State Provident Funds  
01—Civil

Rs. 300 101—General Provident Funds

(The schedules would indicate the name of the subscriber and account number. This will be sent to the GPF section for being posted in the ledger card of the official concerned.)

(ii) The voucher for Rs.16,900/-, Rs.8,500/- and Rs.500/-are to be classified as debit under the heads of account indicated in the relevant expenditure sanction quoted on them.

(iii) Receipt schedule for Rs.9,000/- will be classified as under:—

Rs.9,000 Cr. 7610 —Loans to Government Servants etc.  
202—Advances for purchase of Motor Conveyances.

(This schedule is also to be posted in the Broadsheet of Advances for purchase of Motor Conveyances against the debit entry of the officer concerned).

A cheque for Rs.16,600 is to be drawn in favour of PAO, Ministry of External Affairs and despatched to him under cover of letter in Form CAM-56.

Please see the entries in Form CAM-55 (Statement No 5).

## Statement No. 5

### REGISTER OF INWARD CLAIMS

Transactions arising in the Accounts of PAO, External Affairs adjustable in the Accounts of PAO (Finance) Department

S.N.	No. and Date of the letter with which the account was received	Period of Account	Receipts	Payments	Net Amount due from the other party (4-5)	Net amount due to other party (5—4)	Particulars of Cheque/Draft received with the inward account No. & Date	Amount	No. & Date of letter forwarding the Draft/ Cheque to the other party	Particulars of the Draft/Cheque sent to other Party		Initials of Accounts Officer	Amount placed under P.A.O. suspense and referred to Departmental Officer	No and Date of the T.E. clearing the Suspense Head	Date on which the amount appeared in bank scroll for cheques/drafts received from other party vide col. 8 and sent to bank.	Initials of Jr. A.O./ AAO	Remarks
										No. & Date	Amount						
1.	2.	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
			Rs. P.	Rs. P.	Rs. P.	Rs. P.		Rs. P.			Rs. P.						
1.	No. CA/MEA A/C (F)/ 20 dated 10-2-1991	Feb. '91	9,300.00	25,900.00	-	16,600.00				C-000421 dt. 27-2-91	16,600.00						

Note : To facilitate easy referencing of the Inward Claim, in some offices, details of the vouchers /schedules received in support of the Inward Claim are noted in columns 3, 4, and 5 leading to net amount due from the other party or due to the other party in columns 6 and 7, even though the form does not provide for such noting.

## Annexure C

(Para 5.8.1)

### FORM CAM-64 BROADSHEET OF P.A.O. SUSPENSE

Month of 2/91

Annual Sl. No. of original entries	Original entries arising during the month		Adjusting Entries		Particulars of Adjustment		
	Debits	Credits	Minus debit against col.2(a)	Minus credit against col.2(b)	Month of adjustment	Serial No. of original entry	T.E.No. & Date through which adjustment effected
1	2(a)	2(b)	3(a)	3(b)	4(a)	4(b)	4(c)
1, dt. 7-2-91	26,000.00	-	18,500.00		2/91	1 of 12/90	-
2. dt. 28-2-91	-	2,420.00		2,500.00	2/91	2 of 1/91	-
3. dt. 28-2-91	-	1,420.00					
<b>Total</b>	26,000.00	3,840.00	18,500.00	2,500.00			

<b>Monthly closing</b>	<b>Debits</b>	<b>Credits</b>
Balance from last month	30,600	10,500
Col.2(a) of this month	26,000	
Col.2 (b) of this month		3,840
<b>Total for adjustment</b>	<b>56,600</b>	<b>14,340</b>
Deduct		
Adjustment during the month		
Total of Col.3(a)	18,500	
Total of Col.3(b)	-	2,500
<b>Net outstanding</b>	<b>38,100</b>	<b>11,840</b>

Details of closing balance

Month & Year from which item outstanding	Serial No.of item	Debit	Credit
11/90	4	12,100	..
12/90	1,2	..	8,000
2/91	1	26,000	..
2/91	2, 3	..	3,840
Total		38,100	11,840

## **CHAPTER-6**

### **SUSPENSE ACCOUNT (CIVIL) AND OTHER SUSPENSE HEADS**

This chapter deals with the following Suspense Heads:-

- (1) 102—Suspense Account (Civil)
- (2) 113—Provident Fund Suspense
- (3) 114—External Assistance Suspense
- (4) 116—Remittances between England and India through RBI

#### **6.1 SUSPENSE ACCOUNT (CIVIL)**

6.1.1 This, transitory minor head is operated for the accounting of transactions which for want of certain information, documents viz. vouchers, challans etc. cannot be taken to the final head of expenditure or receipt. On receipt of requisite information/documents etc., this minor head is cleared by minus debit or minus credit by per contra debit or credit to the concerned major /sub-major/minor heads of account. This minor head has the following sub-heads:—

- (a) Treasury Suspense
- (b) Objection Book Suspense
- (c) Outstation Pay Bills for March
- (d) Unclassified Suspense
- (e) Challans / Vouchers Suspense
- (f) Cheques cancelled but paid
- (g) Other Miscellaneous items
- (h) Account with Railways
- (i) Account with Defence
- (j) Account with P&T
- (k) Account with Accountants General
- (l) HBA Suspense
- (m) Motor Conveyance Advance Suspense
- (n) NDF Suspense.

Out of the above, sub-heads at (a), (b) and (g) to (k) are operated in the books of State Accountants General. The last sub-head is operated only when funds towards National Defence Fund are collected through deduction from salaries.

The sub-heads as detailed below are authorised to appear in the books of a departmentalised Pay and Accounts Office.

### **6.1.2 Outstation Pay Bills for March.**

6.1.2.1 Normally the pay and allowances for a month are payable on the last working day of the month. However, the pay and allowances for March are payable on the first working day of April. This sub-head is meant for initial recording of expenditure on account of payment of outstation pay and allowances etc. for March by bank drafts issued in the month of March for arranging timely payment since the debit on account of the bank drafts issued in March appears in the payment scrolls for March itself. Such initial debits for net amount of cheques against which bank drafts are obtained are cleared by affording 'minus' debit under this sub-head.

6.1.2.2 When a bill for the pay and allowances for March in respect of outstation establishment, is passed for payment, the classification on the bill for the net amount payable is shown as under:—

Dr. 8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Outstation Pay Bills for March

As explained in previous chapters, the total amount of cheques delivered during the month is credited to Major Head "8670—Cheques and Bills—PAO Cheques or Departmental Cheques" as the case may be.

6.1.2.3 In the month of April, the paid vouchers on account of pay and allowances for March are posted in the compilation sheet for the gross amount under the concerned major/minor heads or account. The recoveries on Recount of GPF etc. are also credited to the respective Heads of account. The net amount paid through bank drafts is booked as 'minus' debit to the head '8658 - Suspense Accounts—Suspense Account (Civil) Out-station Pay Bills for March', thus clearing the original debit lying under this head.

### **6.1.3 Unclassified Suspense:-**

6.1.3.1 This sub-head is operated upon in the books of Pay and Accounts Office for the interim booking of an item received through an Inward Account which is found to be 'prima facie' adjustable in Us books but the Pay and Accounts Office considers it necessary to consult the Departmental Officer to decide on the specific head against which the claim is to be finally classified. In some cases Pay and Accounts Office may not be able to decide about the correct major head where the Ministry/Department is operating on more than one major head with overlapping functions like Health and Family Welfare Schemes propagated through Doordarshan, A.I.R. etc. by the Ministry of Health & Family Welfare.

6.1.3.2 In such cases as the debit is definitely to be adjusted in the books of the receiving Pay and Accounts Office it has to accept the debit in full and send a cheque to the Accounts Officer against the debit raised. But debits so found acceptable are to be booked under the suspense sub-head "Unclassified Suspense" below the minor head '102—Suspense Account (Civil)'. After issue of the cheque and classifying the debit under this suspense head, the Pay and Accounts Office has to refer the sub-Vouchers to the Departmental Officer concerned requesting him to indicate the correct head of account under which the debits are to be accounted for. The Departmental Officer keeping in view the indent number and date or other relevant reference quoted in the sub-vouchers would be in a position to link these debits with the orders placed and supplies received by him or otherwise verify the transaction/claim. He is, therefore, in a position to indicate the correct head of account. On receipt of the correct head of account, the Pay and Accounts Office prepares transfer entry as indicated below:-

Dr. Correct functional head of account  
as intimated by the Departmental Officer

To

8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Unclassified Suspense

(-) Dr.

(Transfer Entry prepared to book the debit to the final head of account as ascertained from the Departmental Officer).

#### **6.1.4 Challans/ Vouchers Suspense:-**

6.1.4.1 This interim sub-head is operated by the Pay and Accounts Office for the account of transactions for which supporting challans/vouchers are wanting or when the transaction is not readily susceptible of classification for unavoidable reasons.

This sub-head has two detailed heads viz. "Challans Suspense" and "Vouchers Suspense".

6.1.4.2 Occasionally, the receipt scrolls received from the accredited bank may not contain a particular challan or the classification given on the challan may not be correct. In such cases, it is not proper to reject a credit given in the receipt scroll. In such circumstances, Pay and Accounts Office has to (a) write a letter to the bank calling for the copy of the missing challan or (b) contact the Departmental Officer concerned who had deposited the amount into the bank to ascertain the correct head under which the amount deposited by him is to be classified.

6.1.4.3 In both the instances the receipt scrolls are to be accepted in full and debit has to be given to "8658—Suspense Accounts 108—PSB Suspense", or "8675—Deposits with Reserve Bank 101—Central-Civil" as the case may be. As the credit in either of the two cases could not be correctly classified. it is taken to this suspense head as:—

Cr. 8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Challans Suspense

6.1.4.4 On getting a copy of the challan from the bank or after getting correct classification of the amount deposited by him into the bank from the Departmental Officer concerned, as the case may be, the Pay and Accounts Office will know the correct head to which the credit is to be taken. Then a transfer entry has to be prepared as under:—

(—) Cr. 8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Challans Suspense

To

Correct head to which the challan is to be credited or minus debited to an expenditure head in case of refund of LTC advance, etc as the case may be.

(Transfer Entry prepared to classify the wanting challans/unclassified challans to the proper head of account).

6.1.4.5 Similarly, the supporting vouchers for an Inward Account are to be sent by the section receiving Bank Scrolls to the Payment section for classification. Instances are not rare where a voucher included in a claim is misplaced in Pay and Accounts Office. Pending receipt of a duplicate voucher from the Accounts Officer who had raised the debit, the missing voucher is to be classified as:—

Dr. 8658—Suspense Accounts



102—Suspense Account (Civil)  
—Vouchers Suspense 1648 —.

6.1.4.6 On receipt of the duplicate copy of the voucher, a Transfer Entry is prepared as under:—

Dr. Final head of account concerned

To

8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Vouchers Suspense (-) Dr.

(Transfer Entry prepared to classify the wanting voucher to the proper head of account).

Note:—The amount of the voucher(s) found missing at the time of verifying the daily memorandum of pre-check payments list of payments is similarly debited to the sub-head 'Vouchers Suspense' and is cleared in the above manner on receipt of the missing voucher(s).

6.1.4.7 Apart from the instances as above occasionally mistakes may occur at the time of issue of cheques in the Pay and Accounts Office e.g.;

(i) There may be variance in the amounts of the 'Pass Order' recorded by the Drawing and Disbursing Officer and the 'Pay Order' recorded by the Pay and Accounts Office,

(ii) There may be variance in the amount of the Pay Order and the amount of cheque issued.

In case the pay order is for a higher amount than the pass order or the cheque has been issued for a higher amount than the pay order, the errors will be detected at the time of compiling the voucher as the amount of cheque would be more than the amount of the bill. The difference between the amounts of voucher and of cheque will be debited under the Suspense head 'Vouchers Suspense' on the presumption that some voucher is missing and the matter would be reported to the Pre-check Section. The Drawing and Disbursing Officer may also bring the excess payment to the notice of the Pay and Accounts Office. On receipt of such an intimation the Pay and Accounts Office will scrutinise the original voucher and if excess payment has been made, will request the concerned party to refund the amount by cheque/bank draft. On receipt of the cheque/draft the same will be deposited in the bank with a challan on which necessary classification has to be recorded. The debit lying under the head 'Suspense Account (Civil)— Vouchers Suspense' will be cleared by minus debit by per contra debit to "Public Sector Bank Suspense" or "Deposits. with Reserve Bank" as the case may be, when the scroll listing the connected challan is posted in account. In case the cheque has been issued for a lesser amount than the amount of pay order, the error will be detected at the time of posting the voucher as the account will not tally. The difference will be classified as credit under 'Vouchers Suspense' presuming that some credit schedule is wanting. The Compilation Section will report the discrepancy to the Pre-check Section. The Drawing and Disbursing Officer who received a cheque for lesser amount may also bring this fact to the notice of the Pay and Accounts Office. In either case the original voucher is to be examined and the reason for the error is to be determined. Thereafter, the Pre-check Section will prepare a manuscript bill and record a pay order for the amount of the difference. At this stage the classification will be recorded on the bill as under:—

(—) Cr. 8658—Suspense Accounts  
102—Suspense Account (Civil)  
—Vouchers Suspense.

and credit to the head

'8670 -Cheques and Bills  
102—Pay and Accounts Offices Cheques'

The earlier credit booked under this head will thus be cleared when this fresh voucher is posted.

### **6.1.5 Cheques cancelled but paid:**

6.1.5.1 This head is operated in circumstances when the original cheque had been cancelled and a fresh cheque in lieu thereof had been issued but later on the original cheque is found to have been encashed. This sub-head will be cleared by recovery of the amount from the payee or the balance may be written off as per the prescribed procedure.

### **6.1.6 HBA Suspense/Motor Conveyance Advance Suspense:**

These sub-heads will be operated upon for adjustment of missing credits/debits of House Building Advances/Advances for purchase of Motor Conveyances relating to pre-departmentalisation period on the basis of collateral evidence/affidavit. The missing credits of HBA or MCA are adjusted on the basis of collateral evidence or on submission of an affidavit by the officer who drew such advance by debiting the head "8658—Suspense Accounts—102—Suspense Account—(Civil)—HBA Suspense or MCA Suspense" by per contra credit to the Head "7610—Loans to Government Servant" etc.—201—House Building Advances or 202—Advances for purchase of Motor Conveyances", as the case may be. Similarly, missing debits in respect of the above advances could be adjusted on the basis of collateral evidence or affidavit in the following manner:—

(—) Cr. 7610—Loans to Government Servants etc.  
201—House Building Advances  
Or  
202—Advances for purchase of Motor Conveyances

Cr. 8658—Suspense Accounts  
102—Suspense Accounts (Civil)  
HBA Suspense  
Or  
MCA Suspense, as the case may be.

After adjusting the missing credits or debits under HBA/MCA Suspense on the basis of collateral evidence or affidavit. Pay and Accounts Office has to conduct necessary examination/undertake correspondence with the Accounts Officer concerned who paid the advance to the officer or effected the recoveries from the officer before departmentalisation of accounts for obtaining corresponding debits/credits. Pay and Accounts Office may succeed in some cases. The balances of such missing debits/credits traced by the Accountant General will be transferred to the Pay and Accounts Office on Proforma basis and adopted by the latter. After adopting credit or debit balance transferred on Proforma basis by the State Accountants General in the Ledger, which already stands adjusted on collateral evidence or on affidavit basis under the head '7610—Loans to Government Servants etc. 201—House Building Advances or 202—Advances for purchase of Motor Conveyances', the Pay and Accounts Office should clear the head "8658—Suspense Accounts—102—Suspense Account (Civil)—HBA/MCA Suspense" operated at the time of adjusting missing credit or debit, on collateral evidence or on affidavit basis by credit or minus credit to the Head '7610—Loans to Government Servants etc. 201 House Building Advances or 202—Advances for purchase of Motor Conveyances' to adjust the balance adopted on Proforma basis.

In majority of cases, the Pay and Accounts Office may not be able to obtain the debits/credits from the other Accounts Officer. In each such case the amount booked under the suspense head may have to be considered for write off with the approval of the Controller General of Accounts as book keeping error in terms of Rule 38 of Government Accounting Rules, 1990.

## **6.2 PROVIDENT FUND SUSPENSE (P. F. SUSPENSE)**

6.2.1 This head is to be operand for adjustment of missing credits and missing debits in the General Provident Fund Ledger of a subscriber on the basis of collateral evidence/ affidavit.

6.2.2 The adjustment in such cases whether they relate to pre-departmentalisation period or post-departmentalisation period are made on the basis of orders of Controller General of Accounts issued from time to time. The credits/debits missing in Provident Fund Accounts are brought to account by means of a Transfer Entry by keeping the corresponding debits/credits under this Suspense Head.

6.2.3 After acceptance of collateral evidence/affidavit, a transfer entry has to be made in respect of missing credits and debits as follows:—

(a) Adjustment of missing credits

Dr. 8658—Suspense Accounts  
113—Provident Fund Suspense

To

8005—State Provident Funds  
01—Civil  
101—General Provident Funds.

Cr.

(Transfer Entry prepared to adjust the missing credit of Shri \_\_\_\_\_ being subscription towards General Provident Fund Account No. \_\_\_\_\_ for the month (s) \_\_\_\_\_ on the basis of collateral evidence/affidavit.)

(b) Adjustment of missing debits

Dr. 8005—State Provident Funds  
01—Civil  
101—General Provident Funds

To

8658—Suspense Accounts  
113—Provident Fund Suspense

Cr.

(Transfer Entry prepared to adjust the missing GPF debit of Shri \_\_\_\_\_ G P. Fund Account No. \_\_\_\_\_ for the month of \_\_\_\_\_ on the basis of collateral evidence/affidavit).

6.2.4 A note of such adjustments made is to be kept in the Register of missing G. P. Fund credits/debits in Form CAM 50.

6.2.5 Simultaneously, the Pay and Accounts Office is to take up correspondence with the State Accountant General in case of pre-departmentalisation period and the concerned Pay and Accounts Office in respect of post-departmentalisation period furnishing it full details of the subscriber, his GPF Account No., name of the DDO and bill number and date, voucher number and date, amount of the voucher wherever available and request it to pass on the credits/debits to the former. The credits/debits traced by the State Accountant General for pre-departmentalisation period are transferred to the Pay and Accounts Office on proforma basis and adopted by the latter. On adoption of the credit/debit balances on proforma basis, the Pay and Accounts Office will clear the original Debit/Credit under the head "8658--Suspense Accounts—113—Provident Fund Suspense" by minus debit or minus credit by per contra minus credit or minus debit under the head "8005—State Provident Funds 01— Civil 101—General Provident. Funds" to clear the credit or debit balance adopted

on proforma basis.

6.2.6 The credits/debits for post-departmentalisation period traced by the other Pay and Accounts Office are settled on cash basis by issue of cheques/bank drafts in the manner indicated below:

(a) For credits traced

The other Pay and Accounts Office will send a cheque/bank draft for the amount of the credit traced. On receipt of the cheque/bank draft the receiving Pay and Accounts Office will prepare a challan and deposit the same in the bank branch for credit to its account with the bank. On receipt of receipt scroll the following adjustment would be carried out in accounts.

Dr. 8658—Suspense Accounts  
108—PSB Suspense

Or

8675—Deposits with Reserve Bank  
101—Central-Civil

(-) Dr. 8658—Suspense Accounts  
113—Provident Fund Suspense

The above adjustment would clear the original Debit under the head P. F. Suspense.

(b) For debits traced

The other Pay and Accounts Office will send a debit advice to the Pay and Accounts Office duly supported by the paid voucher requesting it to send a cheque/bank draft for the amount of debit. On receipt of the debit claim the receiving Pay and Accounts Office will issue a cheque by credit to the head 8670—Cheques and Bills—P.A.O. Cheques for the amount of debit classifying the amount as minus credit, to "8658—Suspense Accounts 113—PF Suspense", thus clearing the original credit booked under it at the time of adjusting the missing GPF debit on the basis of collateral evidence/affidavit.

6.2.7 The balances outstanding under the Suspense Head either as a credit or a debit will be written off as a book keeping error under the provisions of Rule 38 of Government Accounting Rules, 1990 with the specific approval of the Controller General of Accounts for which proposals will be furnished by the Chief Controller of Accounts / Controller of Accounts as and when called for by the former. On receipt of approval of the Controller General of Accounts for write-off of the balances, the following transfer entries are made:

(a) For Debits under 'PF Suspense'

Dr. 8680—Misc. Govt. Accounts  
102—Writes off from Heads of Account closing to balance

To

8658—Suspense Accounts  
113—Provident Fund Suspense.

(-) Dr.

(b) For credits under 'PF Suspense'

(—) Cr. 8658—Suspense Accounts  
113—P. F. Suspense

To

8680—Misc. Govt. Accounts  
102—Writes off from Heads of Account closing to balance.

Cr.

(Transfer Entry prepared to write off the balances from the Head P.F. Suspense to 'Misc. Government Account' as book keeping error as approved by Controller General of Accounts vide \_\_\_\_\_)

Note: Authority of Controller General of Accounts may invariably be quoted in the transfer entry.

### 6.3 External Assistance Suspense

6.3.1 This Minor Head is operated to accommodate the net effect of receipts and payments of External Assistance Transactions (foreign loans and grants/aids) originating in U.K. and U.S.A., accounts of which are rendered by High Commission of India, London and Embassy of India, Washington to the Principal Accounts Office, Ministry of External Affairs.

6.3.2 High Commission of India, London and Embassy of India, Washington render the accounts with original vouchers and schedules to the Controller of Aid Accounts and Audit, Ministry of Finance and reflect the figures of total receipts/payments of these transactions in the main cash account of the particular month meant for settlement by Chief Controller of Accounts, Ministry of External Affairs with the Controller of Aid Accounts and Audit.

6.3.3 Office of the Chief Controller of Accounts, Ministry of External Affairs at the compilation stage keeps all such figures under "External Assistance Suspense" for which specific advice of booking is sent every month to the Controller of Aid Accounts and Audit for his acceptance. After having received the accounts from the Missions, the former office classifies all the transactions to the respective heads for incorporation in its accounts. The account is tallied by booking the corresponding amount to the head "External Assistance Suspense". Some of the common heads usually operated by the Controller of Aid Accounts and Audit for booking to the final heads are as under:

- I (Cr.) 1605—External Grant Assistance
  
- II (Cr.) 0049—Interest Receipts
  - 03 -Other Interest Receipts of Central Government
  - 111—Interest from Advances to Foreign Governments
  
- (Dr.) 2049—Interest Payments
  - 02—Interest on External Debt
  - (Minor Heads concerned)
  
- (Dr.) 6002—External Debt (Minor Heads concerned)

6.3.4 The corresponding debit or credit so booked by Controller of Aid Accounts and Audit in his books would tally with the contra credit or debit figures communicated by Chief Controller of Accounts, Ministry of External Affairs through his monthly advice of the particular month. At the time of closing of financial year, these sets of figures as communicated by the former and accepted by the latter are reconciled and the net debit or credit so reconciled is cleared by way of proforma dropping in the Finance Accounts of Ministry of External Affairs and Controller of Aid Accounts and Audit. Hence, the debit/credit under this 'Suspense Head' booked by Chief Controller of Accounts, Ministry of External Affairs and per contra credit/debit booked by Controller of Aid Accounts and Audit are paired off. It has to be ensured that in the Statement No. 33 rendered by Chief Controller of Accounts, Ministry of External Affairs as well as by the Controller of Aid Accounts and Audit, Ministry of Finance, this head closes with a 'Nil' balance.

#### **6.4 Remittances between England and India through RBI.**

6.4.1 This head is to be operated only by the Chief Controller of Accounts, Ministry of External Affairs who is directly or indirectly arranging remittances to High Commission of India, London in order to enable him to make disbursements for the purchases done in U.K. on behalf of Central Government, States, Railways, Defence, Posts and Telecommunications etc.

6.4.2 The High Commission of India, London is being provided with funds by the Bank of England. The funds are being remitted to Bank of England by Reserve Bank of India, Bombay on the basis of advices received from Bank of England.

6.4.3 Similarly, Aid and Loans on behalf of India are being received by High Commission of India, London and surplus funds are remitted to RBI, Bombay through Bank of England, London.

6.4.4 Remittances from India as well as remittances from England to India which are made through RBI, Bombay are effected at the commercial rate of the day for telegraphic transfers.

6.4.5 On receipt of necessary intimation from Reserve Bank of India, Bombay regarding remittance of funds to Bank of England for providing funds to High Commission of India, London or receipt of surplus funds from the Bank of England, Reserve Bank of India, New Delhi debits/credits the account of the Chief Controller of Accounts, Ministry of External Affairs.

## **CHAPTER 7**

### **SUSPENSE HEADS UNDER PUBLIC WORKS SYSTEM**

#### **7.1 Offices maintaining Accounts on Public Works System.**

7.1.1 The following Central (Civil) Ministries/Departments which are responsible for construction and maintenance of buildings, etc. maintain their accounts under the Public Works System:

- (a) Central Public Works Department (C.P.W.D.), under the Ministry of Urban Development.
- (b) Irrigation Department of the Ministry of Water Resources.
- (c) Civil construction wing of All India Radio and Doordarshan in the Ministry of Information and Broadcasting.
- (d) Roads Wing of the Ministry of Surface Transport.

#### **7.2 Accounts Heads**

7.2.1 Cash charges on works undertaken by the Public Works Department consist of payments (1) to labourers and members of work charged establishments and (2) contractors and others for work done or other services rendered. The cost of materials procured specially for works is debited to the respective work. For materials procured for keeping in stock, the cost is debited to the Suspense Head 'Stock' below the minor head '799— Suspense' which appears under the relevant functional major/ sub-major heads of the Ministry/Department concerned. Where the cost of materials procured is not paid in the same month of receipt of materials, the amount is credited to a Suspense Head '129 Material Purchase Settlement Suspense Account' under the major head '8658—Suspense Accounts' while the cost is debited to the work concerned or the suspense head 'Stock' as the case may be. Direct purchase of stores by the Divisions or inter-divisional transfer of stores from one Division to another Division is also a common feature of the functioning of the Public Works Divisions

7.2.2 All transactions relating to services rendered or supplies made by one Division to another Division, should be classified as debit under the minor head "107—Cash Settlement Suspense Account" below the Major Head "8658—Suspense Accounts". This head would be cleared on receipt of cheque/demand draft from the recipient Division. Beside the above two suspense minor head '799 Suspense' with its sub-heads. 'Stock', 'Miscellaneous Works Advances' and 'Workshop Suspense' are also operated in the Divisions. This suspense minor head has been provided under the respective functional major/sub-major heads of account in the List of Major and Minor Heads of Account. The remittance head '102 Public Works Remittances' appearing under the major head '8782 Cash Remittances etc' with sub-heads 'I Remittances into Banks', 'II Public Works Cheques' and 'III Other Remittances (b) Items adjustable by Public Works' is also operated in connection with Public Works transactions.

#### **7.3 Minor Head '799 Suspense' under the functional Budgeted Heads of Account.**

7.3.1 Whenever some material is purchased by a Division, the expenditure on the acquisition of the material is debited to the 'Works' if it is acquired for a specific work. In case the material is acquired for being kept in 'Stock' for subsequent use in any 'Work' or for meeting the requirement of other Divisions by the Central Stores Division, the cost is debited to the subhead 'Stock' below the minor head '799—Suspense' under the concerned functional major/sub-major heads. The sub-head 'Stock' is credited with the value of materials subsequently issued to any 'Work', sold, transferred to other Division/Department or otherwise disposed of.

7.3.2 When material lying in 'Stuck' is sold on credit to the contractor, the cost of such material sold on credit basis is debited to the sub-head 'Miscellaneous Works Advances' below this minor head, so that the account of 'Stock' or 'Work' from which the material is supplied may be kept correctly. This Head gets cleared as soon as amount is received in respect of sales on credit. Similarly, where expenditure on 'Deposit Work' in

excess of the amount of 'Deposit' is incurred or some deficiency/loss of cash/stock is discovered or an expenditure which cannot immediately be classified to any head is incurred, the same is debited to the sub-head 'Misc. Works Advances'.

7.3.3 All expenditure on various jobs executed and other operations of workshop established for the purpose of manufacturing materials for various works is debited against the sub-head 'Workshop Suspense' below the above minor head. It is necessary to keep separate account for each 'job' or 'operation', so that all charges relating to each are suitably distributed all over the jobs/operations affected before the total cost recoverable is determined.

#### **7.4 Material Purchase Settlement Suspense Account.**

7.4.1 To meet the requirement of materials for construction and maintenance, the Divisions procure material; from the following four sources:—

1. Central Stores Division
2. Other Divisions
3. By placing indents on DGS&D, and
4. By local purchase

7.4.2 Whenever some material is received in a Division from any of the sources mentioned above, except at S. No. 3 the cost thereof is debited to (1) Work concerned, if the material has been procured for specific work or (2) 'Stock' in case the material cannot immediately be assigned to any specific work and payment thereof arranged by issue of 'Public Works Cheques'. In case the payment on account of materials received is not made in the same month in which material is received, the following entry is made in the books of the Division:-

Dr. Functional Major/Sub-major heads concerned  
799—Suspense or Work concerned  
Stock

To

8658—Suspense Accounts  
129—Material Purchase Settlement  
Suspense Account.

Cr.

On receipt of the claim or bill for the materials supplied by the Central Stores Division, other Division or the Supplier, the same is verified with reference to the materials received. The Division receiving the materials then issues a cheque. The following entries are made in the books of the Division when the cheque is issued

(—) Cr. 8658—Suspense Accounts  
129—Material Purchase Settlement  
Suspense Account.

To

8782—Cash Remittances etc.  
102 Public Works Remittances  
II Public Works Cheques



Cr.

Thus clearing the original credit lying under the minor head '129 Material Purchase Settlement Suspense Account'.

7.4.3 In case materials are procured by placing indents on the Director General of Supplies & Disposals, the payments to the suppliers are made by the office of the Chief Controller of Accounts, Department of Supply. The above office raises an outward claim against the Pay and Accounts Office of the concerned Divisions. On receipt of the claim, the Pay and Accounts Office of the Division scrutinises the vouchers received with the claim and if the same prima facie pertains to the Divisions under its payment control, it makes payment to the Pay and Accounts Office, Department of Supply by cheque/draft.

The following classification is recorded by the Pay and Accounts Office of the Division on the claim:

Dr. 8782—Cash Remittances etc.  
102 Public Works Remittances  
III Other Remittances  
(b) Items adjustable by Public Works.

The amount of cheque issued is as usual classified as credit in its accounts to the head '8670—Cheques and Bills 102 PAO Cheques'.

7.4.4 After despatch of the cheque to Pay and Accounts Office, Department of Supply, a 'PAO Memo' is prepared and sent to the concerned Division alongwith the paid vouchers received with the inward claim from Pay and Accounts Office, Department of Supply, for adjustment in the books of the Division. On receipt of the PAO Memo, the Division verifies the correctness of the payment with reference to the materials received by against the claim so received and prepares a Transfer Entry as under:—

(—) Cr. 8658—Suspense Accounts  
129 Material Purchase Settlement  
Suspense Account

To

8782—Cash Remittances etc.  
102 Public Works Remittances  
III Other Remittances  
(b) Items adjustable by Public Works

Cr.

The debit and credit under the head '(b) Items adjustable by Public Works' is paired off in the books of the Pay and Accounts Office of the Division.

From the above, it can be ascertained that the suspense head namely, 8658 Suspense Accounts 129 Material Purchase Settlement Suspense Account is credited only to reflect the position of stores for which no payment has been made by a Division due to its non-payment either by the Division itself or by the Pay and Accounts Office concerned on behalf of the Division. Whenever the monthly account is received from the Division in the Pay and Accounts Office, a schedule (CPWA 77) is received which mentions the amount adjusted by the Division under the head "8782 Cash Remittances etc. 102 P.W. Remittances." This shows the value of PAO Memos adjusted by the Division during a month. In addition, the Pay and Accounts Office also receives a schedule in Form CPWA 69 which shows the addition as well as clearance made by a Division under the head Material Purchase Settlement Suspense Account during a month.

## **7.5 ACTION TO BE TAKEN BY THE PAY AND ACCOUNTS OFFICE IN THE**

## **BROADSHEETS OF MATERIAL PURCHASE SETTLEMENT SUSPENSE ACCOUNT AND P.W. REMITTANCES - OTHER REMITTANCES - ITEMS ADJUSTABLE BY PUBLIC WORKS.**

7.5.1 On receipt of Form CPWA-69 from the Division the same is passed on by the works audit section to the Accountant dealing with the broadsheet of "8658—Suspense Accounts 129 Material Purchase Settlement Suspense Account." The additions as well as clearances shown therein are entered against the Division concerned in the broadsheet and a closing balance is arrived at by adding the credit reflected in Form CPWA-69 with the progressive figure (closing balance of last month) and deducting the clearances made in the month to show the progressive credit balance at the end of a particular month.

### **7.5.2 Items Adjustable by Public Works:-**

Whenever reimbursement is made on behalf of a Division to Pay and Accounts Office (Supply) by the Pay and Accounts Office (CPWD), a PAO Memo is issued to the said Division by entering the details of the same in PAO Memo Register in the folio allotted for the said Division. At the end of the month each folio of the Division is totalled up and the amount so arrived at is entered in the broadsheet of P. W. Remittances III - Other Remittances (b) Items Adjustable by Public Works (Debit) and shown against the cage meant for particular division in the broadsheet. After entering the amount arrived at in the above mentioned manner against all the Divisions, the grand total is calculated vertically. The grand total so arrived at will denote the total booking made by the Pay and Accounts Office in the debit side of the head "8782—Cash Remittances etc. 102 - P. W. Remittances - III (b) Items adjustable by Public Works." It must be ensured that this amount should not differ with the total of the cheques issued by the Pay and Accounts Office for reimbursing the claims of Pay and Accounts Office (Supply) for the month under this head. On receipt of the monthly account, Schedule of Remittances in Form CPWA 77 is passed on by the Works Audit Section to the official responsible for the maintenance of broadsheet of P. W. Remittances etc. The amount shown against Head "III (b) Items adjustable by Public Works" in the Form CPWA 77 (Credit) is entered in the broadsheet in the credit column of the Division concerned. The progressive outstanding balance is thereafter arrived at in respect of each of the Divisions by adding closing balance of the last month to the debit of the current month and deducting the credit as intimated in Form CPWA 77.

### **7.5.3 Clearance of PAO Memos which ultimately affect Material Purchase Settlement Suspense Account**

The divisions are required to mention the details of the PAO Memo adjusted by them during the month in Form CPWA 77. When the same is received in the Pay and Accounts Office, the official who has issued the PAO Memos to the Divisions should keep a record in the PAO Memo Register against the original entry made at the time of the issue of the PAO Memo, shown in Form CPWA 77 to the effect that the Memo so issued has since been adjusted by the Division in the month to which the Form CPWA 77 relates. This will help to ascertain the details of the PAO Memos unadjusted by the Division. As long as these Memos are not cleared, they will be appearing as outstanding balances under the head Material Purchase Settlement Suspense Account of the particular Division.

## **7.6 CASH SETTLEMENT SUSPENSE ACCOUNT**

The items appearing under this head represent amount recoverable by a Division functioning under Public Works System from other Departments or Divisions on account of service rendered or supplies made. They are called (a) Inter-departmental and (b) Inter-divisional transactions. Both types of transactions are detailed below:

### **7.6.1 Inter Departmental Transaction**

#### **(A) Action in supplying Division of CPWD:**

Broadly speaking, the Divisions carry out the construction as well as maintenance work in respect of the buildings and other items of work which are covered by the budget grant of the Ministry of Urban Development. Divisions of CPWD also carry out these functions on behalf of other Departments of the Government of India which are not covered by the budget grant of Ministry of Urban Development. The

expenditure incurred on this account is debitable to the budget provision of the department on whose behalf the work is carried out by the Divisions of CPWD.

In cases where materials are supplied by a Division to another Department on receipt of request from the latter, the following entry is made in the books of the supplying Division:-

Dr. 8658-Suspense Accounts 107-Cash Settlement Suspense Account	
To	
Concerned Functional major; sub-major head 799—Suspense or Work concerned Stock	Cr.

Thereafter, a debit is raised by the Division concerned against the recipient Department for reimbursement of the amount by cheque/draft.

On receipt of the cheque/draft from the recipient Department the supplying Division will carry out the following adjustments in its books:-

Dr. 8782—Cash Remittances etc. 102—Public Works Remittances I Remittances into Bank	
To	
8658—Suspense Accounts 107—Cash Settlement Suspense Account	Cr.

This will nullify the debit earlier raised in the book, of the Division.

## **(B) Action in Pay and Accounts Office**

Whenever the monthly account is received in a Pay and Accounts Office from a Division it is accompanied with the Form CPWA 76—A which shows the department-wise details of debits raised/expenditure incurred by the Division on behalf of the other Departments. This also contains the details (Department-wise) of the reimbursement made by the Department during the month. Apart from this, in the same form the Division shows the position of debit/credit in respect of inter-divisional transactions in the manner mentioned above. When both the transactions namely, Inter-departmental and Inter-divisional are clubbed together, this shows the overall position in respect of '8658—Suspense Accounts 107—Cash Settlement Suspense Account' of the Division for the month. It is taken in the account under the respective debit and credit heads of the broadsheet of "8658—Suspense Accounts 107—Cash Settlement Suspense Account of the Pay and Accounts Office.

The amount booked under the head 1 Remittances into Bank will be cleared by the Pay and Accounts Office on receipt of Datewise Monthly Statement of receipts from the bank as under after all the challans are posted in account:-

Dr. 8658—Suspense Accounts 108 Public Sector Bank Suspense	
To	
8782—Cash Remittances etc.	

Cr.

## Exception

In cases where the schemes/activities are identified and budget provision has been earmarked in the Demands for Grants of the functional Ministry/Department, the same could be got executed through the agency of the Public Works Department without any monetary settlement by issue of cheque/draft by the functional Ministry / Department under the revised procedure introduced with effect from 1-4-1987 on the recommendations of Geetha-krishnan Committee. The functional Ministry/Department would issue an administrative sanction in favour of the agent Ministry/Department for the execution of the work based on the budget provision and funds earmarked for the purpose. The sanction would clearly indicate the budget provision for such specified work during the financial year and the Head of Account under which the expenditure is debitible. A copy of the sanction would be endorsed to the Accounts Officer of the functional Ministry/Department to enable him to keep a note of this in the Expenditure Control Register maintained by him. He will then authorise the Accounts Officer of the agent Ministry/Department to incur the expenditure within the limits specified in the sanction and to book the same finally in his books. The Accounts Officer of the agent Ministry/Department will in *no case* honour any claim which would result in excess over the amount authorised by the functional Ministry/Department. The agent Ministry/Department would book the expenditure under the functional major/sub-major/minor-head of account of the functional Ministry/Department as indicated in the sanction. The monthly and progressive expenditure booked under the relevant heads of account would be communicated to the functional Ministry/Department by the agent Ministry/Department by 20th of the following month and the former after reconciliation of the expenditure with the Statement of Central Transactions would include the same in its annual Appropriation Accounts. This procedure dispenses with the procedure of initially booking the expenditure under the suspense minor head "101—Pay and accounts Office Suspense" by the agent Ministry/Department and issuance of cheque/draft by the functional Ministry/Department and eventual clearance of the suspense.

### 7.6.2 Inter-Divisional Transactions.

7.6.2.1 This head also accommodates all inter-divisional transactions where stores/materials are procured/supplied by one Division to other Division, say, by Division 'A' to Division 'B'. In such cases, till payment through cheque/draft is not received by Division 'A' from Division 'B' the transaction is kept under the Suspense minor head "107 Cash Settlement Suspense Account" by Division 'A' as indicated in para 7.6.1 (A) above.

7.6.2.2 Likewise, for the above mentioned transactions the action to be taken by Division 'B' in its books is as under:

When the material is received, the following entries take place in its books.

Dr. Concerned Functional Major Head / Sub-Major Head  
799—Suspense / or Work concerned  
Stock

and

Cr. 865S—Suspense Accounts  
129-Material Purchase Settlement  
Suspense Account

On receipt of a claim from Division 'A' the same is verified and a cheque is issued by making the following entry:-

(—) Cr. 8658--Suspense Accounts

129—Material Purchase Settlement  
Suspense Account

and

Cr. 8782—Cash Remittances etc.  
102 Public Works. Remittances  
11 Public Works Cheques.

7.6.2.3 The transactions mentioned at paras 7.6.1. and 7.6.2.1, 7.6.2.2 above take place in the records of Pay and Accounts Office which are monitored through the broadsheet of 8658 Suspense Accounts 107 Cash Settlement Suspense Account. Alongwith the monthly accounts, all the Divisions are required to forward a Schedule in Form CPWA 76-A. This contains information regarding material supplied to other Divisions (detailwise) as well as payment received from them on this account. The material supplied by Division 'A' in a month, is taken on the debit side of the broadsheet. When the amount appearing under the debit side is totalled with the closing balance of last month and the amount appearing under the Credit side (cheques received from supplied/recipient Divisions) is subtracted from the total so arrived at, the net amount thus arrived at represents the overall amount of outstanding balance at the close of the month under the head "8658 Suspense Accounts 107—Cash Settlement Suspense Account." If the amount is extraordinarily high, the Pay and Account Office should take up the matter with the Division to take suitable steps to clear it. The balance under the suspense sub-head 'II Public Works Cheques' will be cleared by the Pay and Accounts Office by a Transfer Entry in the same manner as is done in case of 'Pay and Accounts Offices Cheques'.

## **CHAPTER 8**

### **REMITTANCES BETWEEN MINISTRY OF EXTERNAL AFFAIRS AND MISSIONS**

8.1 The head 8658 Suspense Accounts 130-Reinittances between Ministry of External Affairs and Missions is to be operated only by the Chief Controller of Accounts, Ministry of External Affairs who is responsible for arranging cash remittances in foreign currency to all the Indian Missions abroad except those at London and at Washington.

8.2.1 The Ministry of External Affairs issues sanctions authorising the Reserve Bank of India, New Delhi to make available a specified amount in a particular foreign currency to designated Mission on the first of each month. Such sanctions are normally issued covering a period of 3 to 6 months. The Ministry forwards the original copy of the sanction to Public Accounts Department, R.B.I., New Delhi and endorses two copies to the Chief Controller of Accounts, Ministry of External Affairs. A specimen of the sanction issued is at Annexure 'A'. The Chief Controller of Accounts maintains a Mission-wise register in which the number and date of the letter from the Ministry, the amount to be remitted in foreign currency and the due dates are noted. The RBI New Delhi issues instructions to its agent i.e. the Bank functioning at the place of the Mission abroad and transacting business on its behalf to arrange for the payments specified in the letter to the Mission concerned on the date (s) specified in the letter. The concerned branch of the Bank makes the payment to the Mission and raises debit against the RBI telegraphically. The RBI, New Delhi which is the accredited bank for the Chief Controller of Accounts, Ministry of External Affairs debits his account in the payment scroll quoting reference to Ministry of External Affairs letter number and date under which such remittance has been authorised. The payment scroll also contains cable charges (in Indian Rupees) incurred by the bank for arranging such a remittance. The bank scroll also gives the equivalent in Indian Rupees of the foreign remittance converted at the commercial rate prevalent on the date of remittance.

8.2.2 On receipt of the payment scroll, entries of payments in foreign currency, its equivalent in Indian Rupees at commercial rate on the date of payment to the Mission and the cable charges in Indian currency are noted in the said Register against the original sanction. The total amount in Indian currency is calculated. On receipt of monthly statement (CAS 122) from RBI, CAS, Nagpur the accounting entry for the payment is made as under:-

Dr. 8658—Suspense Accounts  
130—Remittances between Ministry of External Affairs and Missions

Cr. 8675—Deposits with Reserve Bank  
101—Central Civil

8.3.1 The Missions render their monthly Cash Account duly supported by vouchers to the Chief Controller of Accounts, Ministry of External Affairs in which the receipt of remittance as above is entered on the specified date of the month concerned. The Mission's account is rendered in the relevant foreign currency and the rupee equivalent thereof converted at official rate of exchange.

8.3.2 On receipt of the monthly cash account as above, the receipt of remittance as indicated by the Mission in the foreign currency is tallied with the amount of remittance authorised by the Ministry of External Affairs as contained in their sanction. Once the foreign currency amount tallies, the Indian currency equivalent at official rate of exchange as intimated by the Mission is accepted as correct.

8.4.1 The actual remittance as debited by the RBI in Indian rupees in the payment scroll at commercial rate of exchange and the amount in rupees (at official rate of exchange) reflected in the monthly Cash Account are compared. The difference between the two is treated as loss or gain on exchange. The accounting entries are:

Dr. 2061—External Affairs  
101 Embassies and Missions  
Office Expenses (for accountal of cable charges)

(—) Dr. 8658—Suspense Accounts  
130—Remittances between Ministry of External Affairs and Missions  
(for an amount equal to the payment scroll of RBI at commercial rate of exchange)+ Cable charges.

Dr. 8671—Departmental Balances  
101 Civil———(Name of Mission/Embassy)  
(for rupee equivalent shown in monthly Cash Account at official rate of exchange).

Dr. 2075—Misc. General Services  
791—Loss by Exchange  
(in case the rupee equivalent in Mission's cash account is less than the rupee equivalent in the payment scroll of RBI)

Or

Cr. 0075—Misc. General Services  
791 Gain by Exchange  
(in case the rupee equivalent in Mission's Cash Account is more than the rupee equivalent in the payment scroll of RBI).

in both the cases, normally the entire amount booked as debit under the minor head - Remittances between the Ministry of External Affairs and Missions, at the time of making the payments is fully squared up and nullified on receipt of the monthly Cash Account from the Mission concerned.

8.4.2 However, there is usually a time lag of two to three months from the date the intimation is received from the RBI regarding remittances arranged and the month in which the remittance is accounted for in the Monthly Cash Account of the Mission. Thus, the debit under this suspense head gets cleared only over a period of two to three months. Care has however, to be taken to ensure that all remittances arranged till 31st March of a financial year are definitely cleared in March (Supplementary) accounts of that year itself.

8.4.3 There may be occasions when some balance under this minor head remains outstanding in the books of the Chief Controller of Accounts, Ministry of External Affairs. This may be due to the reason that the Reserve Bank of India, New Delhi has shown the payment on account of the intended transfer of funds to the account of the Mission abroad in the month of March itself instead of doing the same on the date of actual transfer of funds on first of April. There may be occasions when the branch bank abroad has erroneously afforded credit to the account of the Mission in the month of March immediately on receipt of the advice instead of doing so on first of April. The balances so remaining outstanding will be reflected in Statement 13 of material for Finance Accounts rendered by the Chief Controller of Accounts, Ministry of External Affairs.

## **PRACTICAL EXAMPLES**

1.1 The Ministry of External Affairs authorises the Public Accounts Department, RBI, New Delhi to remit Australian \$63,700 to the Indian Mission at Canberra on the first of every month for three months from December, 1989. The RBI arranges remittance through normal banking channel namely through a branch of Public Sector Bank at Canberra and after making the remittance, sends a payment scroll to the Chief Controller of Accounts, Ministry of External Affairs converting Australian Dollars into Indian Rupees at the commercial rate prevalent on the date of effecting the remittance. Let us suppose payment scroll would indicate:

A\$ 63,700        =    Rs.8,40,000  
Cable charges    =    Rs. 200

Rs. 8, 40, 200

A note of this is kept in the Remittance Register and an entry is made in the compilation sheet and on receipt





Rs.150                      Dr. 2061—External Affairs  
                                    101—Embassies and Missions  
                                    —Office Expenses

Rs.3,000                    Cr. 0075—Misc. General Services  
                                    791-Gain by Exchange.

## Annexure 'A'

([Para 8.2.1](#))

O/FE/757/55/91  
Government of India  
Ministry of External Affairs  
(Foreign Exchange Section)

New Delhi, March 11, 1991.

The Manager,  
Reserve Bank of India,  
New Delhi.

Subject:    Financing arrangements for Indian Missions/Posts abroad during 1st half of 1991-92 (Apr. to Sept., 91).

Dear Sir,

I am directed to request that necessary arrangements may kindly be made through some commercial bank for cable remittance of the following amounts to the Mission for covering its establishment charges as per details given below:-

- |                                |   |
|--------------------------------|---|
| a.    Name of the Mission/Post | Embassy of India, Jakarta.  |
| b.    Bank account No.         | 50-04-888.  |
| c.    Address of the bank      | ABN Bank, JL. Gatot Subroto KAV 35-36,<br>Lippo Centre Building<br>Jakarta Selatan. |

Amount to be remitted	Date on which funds are to be credited
(1) US \$ 99, 000/- (US Dollars Ninety Nine Thousand only)	1-4-91
(2) US\$99, 000/- (-do-)	1-5-91
(3) US \$99,000/- (-do-)	1-6-91
(4) US \$99,000/- (-do-)	1-7-91

(5) US \$99,000/- (-do-) 1-8-91

(6) US \$99,000/- (-do-) 1-9-91

2. The debit of the amounts remitted including the remittance charges thereon may please be raised against the Chief Controller of Accounts, Ministry of External Affairs, New Delhi, under the head "8658-Suspense Accounts—Remittances between Ministry of External Affairs and the Missions abroad".

Yours faithfully,

Sd/-  
(SECTION OFFICER)

Copy forwarded to:—

1. The Chief Controller of Accounts, Ministry of External Affairs, New Delhi (Compilation Section-V).
2. Embassy of India, Jakarta,
3. The Manager, Indian Overseas Bank, F-47, Malhotra Building, Janpath, New Delhi-110001.

Section Officer (FE)

## **CHAPTER 9**

### **ADJUSTMENT ACCOUNT WITH STATE GOVERNMENTS / DEFENCE /RAILWAYS / POSTS ON ACCOUNT OF STORES PURCHASES**

9.1 As already explained in Chapter 4, at the time of release of grants-in-aid and loans and advances to State Governments (except Jammu & Kashmir and Sikkim) and repayment of loans and interest thereon by them, the minor head '110 Reserve Bank Suspense-Central Accounts Office' is operated. Similarly, the minor head '101 Pay and Accounts Office Suspense' is operated between a Central Pay and Accounts Officer and other Accounts Officers including the State Accountants General for settlement of debits/credits arising in one accounts circle on behalf of the other Accounts Officer. In the following transactions, however, the head 'Pay and Accounts Office Suspense' is NOT operated:-

(a) (i) For supplies arranged by the Director General of Supplies and Disposals against orders received from the State Governments, Railways, Defence and Department of Posts for which payment is made by the Chief Controller of Accounts, Department of Supply through his offices at New Delhi, Bombay, Calcutta and Madras.

(ii) For crediting the sale proceeds of stores disposed of through the agency of the DGS&D and related miscellaneous credits; and

(b) For supplies arranged by the High Commissioner of India (HCI) London and India Supply Mission (ISM) Washington on behalf of Railways, Defence and Department of Posts for which the Chief Controller of Accounts, Ministry of External Affairs is the accounting/settlement authority.

Note:- As the banking business of Governments of Jammu and Kashmir and Sikkim is not conducted by the Reserve Bank of India, recoveries on account of supplies to these State Governments are effected by operating the minor head '101 Pay and Accounts Office Suspense' and raising an outward claim against the Accounts Officer/Authority concerned for re-imburement by cheque/bank draft.

9.2.1 As the quantum of payments made on behalf of the State Governments and Railways, Defence and Department of Posts is very heavy, the cash settlement is not effected by raising a debit and sending an outward claim and awaiting its settlement and clearance by the Accounts Officers of these Governments/Departments. Pay and Accounts Officer, Department of Supply sends the debit vouchers directly to the concerned Accountants General or to the Accounts Officers of concerned Zonal Railways, Defence and Department of Posts. Simultaneously, an advice is sent to the Central Accounts Section, Reserve Bank of India, Nagpur to debit the balance of the concerned State Government or the Railways, Defence and Department of Posts, as the case may be and afford credit to the Department of Supply.

9.2.2 The HCI London and ISM Washington send the vouchers direct to the Accounts Officers of Railways, Defence and Department of Posts and simultaneously intimate the Chief Controller of Accounts, Ministry of External Affairs. The latter advises the Central Accounts Section, Reserve Bank of India, Nagpur to debit the balances of the Railways, Defence and Departments of Posts, as the case may be and give credit to his account.

9.3.1 The actual operation of the Adjustment Account heads is explained below:

The Pay and Accounts Officer under the Chief Controller of Accounts Department of Supply at, the time of making payment to the contractors for supplies arranged to any State Government or Railways, Defence and Department of Posts classifies the amounts as per supplier's bills debitible to the concerned Government/Department as under:-

(i) Dr. 8786—Adjusting Account between Central and State Governments.  
- Name of the State Government.

or

- (ii) Dr. 8787—Adjusting Account with Railways.  
- Name of the FA & CAO

or

- (ii) Dr. 8788—Adjusting Account with Posts  
- Name of the Regional Postal Accounts Officer.

or

- (iv) Dr. 8789—Adjusting Account with Defence  
- Name of the CDA.

9.3.2 In case of purchases made by the HCI, London and ISM Washington on behalf of Railways, Defence and Department of Posts, the Chief Controller of Accounts, Ministry of Internal Affairs debits the amounts against the concerned Accounts Officer under the following heads on receipt of the cash account and intimation from the HCI London and ISM Washington:-

- (i) 8787—Adjusting Account with Railways

or

- (ii) 8788—Adjusting Account with Posts

or

- (iii) 8789—Adjusting Account with Defence

9.4.1 The Pay and Accounts Officer under Chief Controller of Accounts, Department of Supply issues necessary advice to-Central Accounts Section, Reserve Bank of India, Nagpur on weekly basis requesting it to debit the balances of the State Governments, Railways, Defence and Department of Posts as the case may be, by affording credit to his account. A copy of the above advice is sent duly supported by vouchers and other necessary details to the Accounts Officer of the consignee Government/Department.

9.4.2 On receipt of the clearance memo from the Bark, a Transfer Entry will be prepared to carry out necessary account adjustments as under:-

Dr. 8675—Deposits with Reserve Bank  
101—Central—Civil

To

8786/8787/8788/8789—Adjusting Account between Central and Slate Governments/Adjusting Account with Railways/Adjusting Account with Posts/ Adjusting Account with Defence as the case may be.

(—) Dr.

(Transfer entry prepared.....).

9.4.3 In case of supplies arranged by the HCI London and ISM Washington, the Chief Controller of Accounts, Ministry of External Affairs will advise the Central Accounts Section, Reserve Bank of India, Nagpur

to debit the balance- of the concerned Railways/Defence/Postal Accounts Officers. On receipt of the clearance memo from the Reserve Bank of India, CAS, Nagpur, necessary accounting adjustment will be made by him by preparing a Transfer Entry in the manner indicated in para 9.4.2 above.

Note:—In respect of supplies arranged by the HCI London and ISM Washington on behalf of the State Governments, the Chief Controller of Accounts, Ministry of External Affairs will not operate the major head '8786-Adjusting Account between Central and State Governments' but will raise the debit against the State Accountants General by operating the minor head 'Pay and Accounts Office Suspense" and settle the transactions on cash basis by obtaining cheque/bank draft.

9.5 If any erroneous debit is passed, on by the Pay and Accounts Officer, Department of Supply to any Accounts Officer, the latter may reverse adjustments through the Central Accounts Section of the Reserve Bank of India, Nagpur by operating on the head of account as indicated below:-

(i) The State Accountants General shall operate on the relevant remittance head indicated in Para 9.3.1(i) above.

(ii) Railways/Posts/Defence Accounts Officers shall operate the major etc. head 8658—Suspense Accounts - Suspense Account Railways/Posts/Defence—Reserve Bank Suspense.

In order to link the transaction, the Accounts Officers concerned will quote the number and date of the relevant debit advice by the Reserve Bank of India, Central Accounts Section, Nagpur in all such correspondence.

9.6.1 The State Accountants General, FA&CAOs Railways, Directors of Accounts Posts and Controllers of Defence Accounts will send copy of the advice addressed to the Reserve Bank of India, CAS, Nagpur reversing the adjustments in respect of erroneous debits to the Pay and Accounts Officer, Department of Supply. In case the advice is not accompanied with relevant vouchers, the Pay and Accounts Officer, Department of Supply will adjust the rejected claims by means of a Transfer Entry as under:-

Dr. 8658—Suspense Accounts  
102—Suspense Accounts (Civil)  
Vouchers Suspense

To

8658—Suspense Accounts  
110—Reserve Bank Suspense--Central Accounts Office.

Cr.

(Transfer Entry prepared on receipt of debit advice without the Supporting Vouchers from the State Accountants General etc.)

9.6.2 Subsequently, on receipt of the vouchers relating to the rejected claims from the State Accountants General, etc. the Pay and Accounts Officer, Department of Supply will prepare a Transfer Entry as under:-

Dr (i) 8786/8787|8788/8789—Adjusting Account between Central and State Governments/  
Adjusting Account with Railways/Posts/Defence (as the case may be in case the debit pertains  
to other State Governments or other Railways/Posts/Defence Account, Officers.)

Or

(ii) Dr. 8658—Suspense Accounts  
101 PAO Suspense  
(in case the debit is found to pertain to other Central Pay and Accounts Officer)

To

8658—Suspense Accounts  
102—Suspense Accounts (Civil)  
Vouchers Suspense

(-) Dr

(Transfer Entry prepared on receipt of vouchers relating to the rejected claim from the State A.G./FA&CAO Railways / Regional Postal Accounts Officers/ Controllers of Defence Accounts, as the case may be).

9.6 3 On receipt of clearance memo from the Reserve Bank of India, Central Accounts Section, Nagpur, the following Transfer Entry will be prepared:-

(—) Cr. 8658—Suspense Accounts  
110 Reserve Bank Suspense  
—Central Accounts Office

To

8675—Deposits with Reserve Bank  
101 Central--Civil.

Cr.

(Transfer Entry prepared on receipt of clearance memo from RBI, CAS, Nagpur debiting the balances of Central Government).

9.7.1 In case the clearance memo from the Reserve Bank of India debiting the balances of Central Government on account of the rejected claims is received before the rejected claim alongwith the connected vouchers, the following accounting adjustments will be made by the Pay and Accounts Officer, Department of Supply in his books by preparing a Transfer Entry as under:

(—) Cr. 8658— Suspense Accounts  
110—Reserve Bank Suspense  
Central Accounts Office

To

8675—Deposits with Reserve Bank  
101—Central—Civil

Cr.

(Transfer Entry prepared on receipt of clearance memo from RBI, CAS, Nagpur on account of rejected claims).

9.7.2 When the rejected claim with connected vouchers is received, the same will be examined to see if the claim pertains to other State Governments/ FA&CAO Railways/ Regional Accounts Officer Posts/ Controller of Defence Accounts or to other Central Civil Accounts Officer. On ascertaining the information, necessary Transfer Entry will be prepared as under:-

Dr (i) 8786—Adjusting Account between Central and State Governments.

Or

(ii) 8787—Adjusting Account with Railways

Or

(iii) 8788—Adjusting Account with Posts.

Or

(iv) 8789—Adjusting Account with Defence.

Or

(v) 8658—Suspense Accounts  
101—PAO Suspense

(in case the debit is found to pertain to other Central Pay and Accounts Officer)

To

8658—Suspense Accounts  
110 Reserve Bank Suspense—Central Accounts Office

Cr.

(Transfer Entry prepared on receipt of Vouchers relating to rejected claims from State Accountants General etc.)

Note: Adjustments in the above manner will also be carried out when the advice is accompanied with Vouchers. In that case adjustments as in para 9.6.1 above will not be necessary.

The debit will subsequently be raised against the concerned Accounts Officer afresh by advising the Central Accounts Section, RBI, Nagpur or through an outward account as the case may be.