

CHAPTER XIV.—DEPOSITS.

A.—INTRODUCTORY.

453. Deposit transactions of the Public Works Department are of two kinds :—

I. Public Works Deposits, which pass through the regular accounts of the division.

II. Interest-bearing Securities.

Deposits of the first kind comprise transactions of the following classes, which are passed through the account head Public Works Deposits :—

- (a) Cash deposits of subordinates as security.
- (b) Cash deposits of contractors as security.
- (c) Deposits for work to be done.
- (d) Sums due to contractors on closed accounts.
- (e) Miscellaneous deposits.

The interest-bearing securities referred to in class II are deposited by subordinates and contractors. These do not pass through the regular accounts of the division.

Note.—Sums of less than eight annas due for refund of revenues or deposit should be credited to Revenue.

B.—SECURITY DEPOSITS.

454. Security deposits of subordinates and contractors, whether made in cash or in one of the forms of security referred to in paragraph 455 are covered by a bond or agreement setting forth the conditions under which the security is held and may be ultimately refunded or appropriated. Reference to such bond or agreement should be recorded in the Deposit Register or the Register of Securities, as the case may be

455. The recognized forms of Interest-bearing Securities, and the rules to which they are subject, are indicated below :—

- (a) Government Securities other than Post Office Cash Certificates and Defence Savings Certificates.

**N.S.C. Pledged in favour
of Executive Engineer.**

Under the rules in Chapter VIII of the Government Securities Manual issued by the Controller of the Currency. Such securities furnished by contractors shall be endorsed in all cases in favour of the Executive Engineer concerned.

**(b) Municipal Debentures
and Post Trust bonds.**

Under the rules for Cash Certificates, Defence Savings Certificates and Savings Bank account issued by the Post Office.

**(c) Post Office Cash
Certificates and Defence Sav-
ings Certificates.**

**(d) Post Office Savings
Bank Pass books.**

**(e) Deposit Receipts of
recognised banks approved by
Government.**

The depositor should be required to get the receipts made out in the name of the pledge. If the deposit be for more than twelve months, the receipts should be forwarded to the Accountant-General for custody, otherwise they should be retained by the Divisional Officer. The depositor should receive the interest, when due, direct from the bank, on a letter from the pledgee authorizing

the bank to pay it.

Note 1.—Where Government securities, municipal debentures or Post Trust bonds are tendered as security, they should be accepted as their face value or at market price whichever is less and action should be taken as prescribed in Article 289 of the Madras Financial Code, Volume I.

Note 2.—Post Office Cash Certificate and Defence Saving Certificates should be accepted only for the amount at which they were purchased but not for their face value.

Note 2.—The Banks mentioned under Article 279 (5) of the Madras Financial Code, Volume I, are recognised Banks approved by Government for purposes of rule (e).

456. Security deposits lodged in the Post Office Savings Bank should be hypothecated to the Divisional Officer, or to the Sub-divisional Officer if this has been specially authorised by Government. The Bank Pass Books should remain in the custody of the officer to whom the deposits are pledged.

1. All the Pass Books should be sent to the Post Office as soon as possible after the 15th June each year in order that the necessary entries on account of interest may be made in them.

457. Cash deposits of subordinates and contractors may be converted, at the cost of the depositor, into one or more of the forms of interest-bearing securities, provided.

(i) that the depositor has expressly desired this in writing, and

(ii) that the acceptance of the new form of security is permissible under the rules as well as under the terms of the agreement or bond.

1. Cash which has actually been received or recovered may be converted even though the full amount of the deposit, which is being paid in, is being paid in instalments, but not yet been realised.

Note.—Percentage deductions from a contractor's bill for the due fulfilment of a contract should not except in the following cases be invested in Government securities.

Exception.—(1) Contracts entered into under the new lump-sum contract form, whenever the withheld amounts reach Rs. 1,000 or multiples thereof, subject only to the condition that the date of progress contained in the Articles of Agreement is properly maintained—Vide clause 69 (b) of the preliminary specification to the Madras Detailed Standard Specifications.

(2) Contract entered into under the old lump-sum contract form subject to the condition that the Chief Engineer specially authorises the concession of converting the withheld amounts into interest-bearing securities, in cases in which the withheld amounts reach Rs. 10,000 or a multiple thereof.

458. Percentage deductions on account of security made from contractors bills, should also be credited to the head "Public Works Deposits." As an exception to this general rule, the security may be exacted by withholding from payment the required percentage of the value of work actually measured and passed, if the total amount recoverable on this account during the official year in any case is so small that its exclusion from the works outlay of the year is not likely to affect the grants appreciably. The limit fixed for the purpose of this rule is Rs. 500 for each work. Accounts thus withheld appear in the suspense account "Contractors—Other Transactions" of the work concerned—*Vide* paragraphs 354 and 358.

Note.—The rule in the first sentence of the above paragraph does not apply to works executed under contracts based on lump sum tender, as defined in the Madras Detailed Standard Specifications *except* in the following respect, viz., that the amount withheld from the final bill for such works at 2 1/2 per cent on the total value of the work done will be credited to the head "Public Works deposits" until it becomes due for payment under the terms of the contract.

459. Without the special orders of competent authority, no security deposit should be repaid or retransferred to the depositor, or otherwise disposed of, except in accordance with the terms of his agreement or bond.

(1) The Depositor's acknowledgement should be obtained in all cases of security returned. When an interest bearing security is returned or retransferred, the acknowledgement should set forth the full particulars of the security.

NOTE 1.—Under the piece-work contract system, the 5 per cent deduction from bills which is held as security should not be refunded till the final bill is prepared and passed.

2. Under L.S. Contract system when it is found not possible to pay final bill within six months from the date of completion of work, the Security Deposit may be refunded before the payment of final bill with the special sanction of the C.E. concerned who while according sanction should review the causes for the delay in payment of final bill.

G.O. Ms. No. 1598, Public Works Department, dated 2nd November 1974.

C.—OTHER DEPOSITS.

I.—FOR WORKS.

460. Deposits for works are passed through the head "Public Works Deposits." Such works are known as Deposit Works and the detailed rules relating to them are given in Chapter XV.

II.—CONTRACTOR'S CLOSED ACCOUNTS.

461. Under the rules in paragraph 361 sums due to contractors on closed accounts may be placed in the deposit account. When a sum so held in deposit is ultimately paid to the contractor concerned, his acknowledgment should set forth such particulars as would establish the settlement of his account in connexion with the work concerned.

III.—Miscellaneous.

462. All other deposits are classed as Miscellaneous Deposits. This head also holds, until clearance, all items of receipt, the classification of which cannot at once be determined, or which represent errors in accounting awaiting adjustment.

D.—LAPSED AND CONFISCATED DEPOSITS.

463. In the accounts for March each year, the following classes of items in the Public Works Deposit account should be credited to Government as lapsed deposits:—

(i) Original deposits not exceeding five rupees remaining outstanding for one whole account year.

(ii) Balances not exceeding five rupees of items partly cleared during the year then closing.

(iii) Balances unclaimed for more than three complete account years.

1. For the purpose of this rule the age of repayable item, or of a balance of it is to be reckoned as dating from the time when the item or the balance, as the case may be, became first repayable. See also note 4 to article 359, M.F. and A.C., Volum eI.

464. Deposits credited to Government under paragraph 463 or confiscated under the provisions of an agreement or bond, cannot be repaid without pre-audit by the Accountant-General who will authorize payment on ascertaining (1) that the item was really received, (2) that it was credited to Government as lapsed or confiscated, and (3) that the claimant's identity and title to the money are certified by the Divisional Officer. The amount repaid should be treated as a refund of receipts under the major head to which it was credited and the repayment should be noted in the Deposit Register against the entry for its credit to Government—vide paragraph 275.

E.—ACCOUNTS OF PUBLIC WORKS DEPOSITS.**1.—Deposit Register.**

465. A record of the transactions relating to Public Works Deposits should be maintained in the divisional office in a register in the same form as the Suspense Register, Form 67 (P.W.D. VI-20). This Deposit Register should show, month by month, the total receipts and adjustments and the closing balance of each separate deposit item ; but in respect of deposits for work to be done which are accounted for in detail in the Schedule of Deposit Works, Form 65 (P.W.D. VI-101 to 103), single entry for all such deposits will suffice.

II.—Schedule of Deposits.

466. From the Deposit Register a monthly extract, known as the Schedule of Deposits, Form 78 (P.W.D. VI-31), and showing for each item the opening balance, the receipts and adjustments of the month, and the closing balance, should be prepared for submission to the Accountant-General. The entry for deposits for work to be done will be supported by the Schedule of Deposit Works.

NOTE.—The schedule should also include cost of all Court of Wards' Estate works entrusted to the Public Works Department for execution.

467. In the case of divisions where the total number of outstanding items under Public Works Deposits is usually very large but the number of items affected by the monthly transactions is small, the Accountant-General may authorize the preparation of the Schedule of Deposits in the alternative Form 79 [P.W.D. VI-31 (b)]. This form is in two parts—Part I, Abstract Account, giving the totals for each class of deposits, and Part II, detailed extract from the Deposit Register. In Part II only such items need be extracted from the deposit register as are affected by the month's transactions, but in the schedules for the months of June, September, December and March all current items should be shown, including those not affected by the month's transactions.

F.—ACCOUNTS OF INTEREST-BEARING SECURITIES.

468. Transactions connected with interest-bearing securities do not pass through the cash book consequently the regular accounts of the division, unless any cash actually passes through the hands of

officers of the department, which should be avoided as far as possible. A register of the receipt and disposal of these securities should, however, be kept in Form 85 (P.W.D. VI-104), Register of interest-bearing securities, and at the close of the year an account in Form 86 (P.W.D. VI-105), Account of Interest-bearing Securities, should be prepared from this register for submission to the Accountant-General. This account should be supported by (1) the acknowledgments (in original) of the depositors for securities returned or retransferred to them during the year and (2) the certificate of the Divisional Officer that all securities shown as outstanding in this account, or their acknowledgments by the authorized custodians (*vide* paragraph 455) are in his possession.

1. If a security recovered in instalments is being deposited in the Post Office Savings Bank, no entries should be made in respect of it in the register in Form 85 (P.W.D. VI-104) until the security has been fully paid up. The annual account in Form 86 (P.W.D. VI-105) prepared from the register in Form 85 (P.W.D. VI-104) should be completed in respect of the securities in course of recovery, by taking the recoveries of the period covered by the Account from the Deposit Register, verifying them at the same time with the actual recoveries as shown in the Register of Recoveries (paragraph 546).

2. If any Post Office Savings Bank deposits have been hypothecated to a Sub-divisional Officer under paragraph 456, the register for such securities should be kept by him and he should sign the annual certificate in respect of them.

3. When a subordinate who has furnished an interest-bearing security is transferred to another division or department, the security should be kept in the original division until such period as is specified in the agreement, to cover any amounts that may be subsequently ordered for recovery in respect of the period during which he was under the original Division Officer. At the end of the period, the security should be released from the pledge and passed on to the new Divisional Officer or a responsible officer of the department to which he is transferred, for returning the security to the pledger and sending his acknowledgment to the Divisional Officer concerned. In case the new post of the subordinate is also one in which a security should be furnished, the officer concerned should immediately take the necessary steps to get a formal agreement and to have the securities duly pledged in his own favour. The acknowledgment mentioned above should, however, be obtained and sent to the first officer. No security need be insisted upon by the second officer until the original is transferred and is duly pledged, but he should satisfy himself, by a reference to divisional office from which the subordinate was transferred, as to the amount of security lodged there, the sufficiency thereof, and the likelihood of recoveries that may be made before its transfer. There should be a proviso in all security bonds that the security shall be available as security for any new post to which the officer may be transferred.