



GOVERNMENT OF KERALA
Abstract

Disbursement of personal entitlements of employees including Self Drawing Officers of all Government Departments through Banks - sanctioned – orders issued.

FINANCE (STREAMLINING) DEPARTMENT

G.O. (P) No. 402/11/Fin.

Dated, Thiruvananthapuram, 23/09/2011

Read:-1. G.O.(P) No. 439/09/Fin dated 12.10.2009.

2. G.O.(P) No. 476/09/Fin dated 2.11.2009.

3. Circular No.14/2011/Fin dated 17.2.2011

4. G.O.(P) No. 658/10/Fin dated 3.12.2010.

ORDER

As per Government Order 1st read above, sanction was accorded to operationalise the system of disbursement of salaries and personal entitlements except retirement benefits of Non-Gazetted employees of all Government Departments, through nationalised banks on optional basis. This order was cancelled vide reference 2nd cited in the wake of proposal to introduce ATM in Treasuries. Accordingly, instructions were issued to follow the procedure prescribed in the Kerala Treasury Code for salary disbursement vide circular read 3rd above. As per G.O read 4th above, Government have ordered that disbursement of salaries and entitlement of all Self Drawing Officers in the State should be made through their Treasury Savings Banks accounts with effect from 1.1.2011.

2. The full computerization of treasuries to facilitate introduction of ATM in Treasuries has not materialised so far. Now, major Head of Departments like State Police Chief, Transport Commissioner, etc. have pointed out difficulties in handling huge amount of physical cash, especially in respect of those employees who are deployed for field duty and requested for sanction by the Government for disbursement of pay and allowance of their employees through their bank accounts. Those Departments, which had earlier switched over to the system of salary payments through banks, also expressed their difficulties in moving away from that system. Reserve Bank of India has also suggested the State Government to consider switching over to e-mode of transactions by using Electronic Clearance Service (ECS), National Electronic Fund Transfer (NEFT), etc. Further, Government also consider that fruits of advanced technology in banking system like ATM, mobile banking, etc. should not be denied to its employees.

3. In the above backdrop, Government have reviewed the position in its entirety and are pleased to reintroduce the system of disbursement of personal entitlements except retirement benefits of all government employees including Self Drawing Officers in the State through Public Sector Bank account of the employee concerned on an optional basis in supersession of all orders issued in this regard. The heads of offices should obtain willingness of their employees before switching over to the new system of payment.

4. In order to implement the system of disbursement of entitlements except retirement benefits of non-Gazetted employees through an authorised bank, the following procedures shall be followed.

- i. The Drawing and Disbursing Officer concerned shall present the bills relating to the personal claims of Non-Gazetted employees through the bill book to the Treasury Officer for passing the bills after exercising the prescribed checks, together with the authorisation in favour of the Bank Manager to encash and credit the proceeds of the bill in accordance with the statement attached. Together with the bill, the Drawing and Disbursing Officer will present a statement containing the details relating to each employee such as full name with initials, designation, Savings Bank account number, Net amount due to the individual as per the bill, details of amount to be deducted from the net amount (such as Co-operative recoveries, Profession tax, etc.), the name and address of those to whom these amounts are payable and the mode of payment (DD/account transfer, etc.) and the final amount to be credited to the savings bank account of the persons concerned. If required by the bank, these details shall be made available in a floppy disk/CD also.
- ii. Self Drawing Officers shall *present their bills to the treasury with a request to credit the proceeds of the bill to the bank account of their choice along with the details mentioned above. The Treasury officer after exercising proper checks, shall pass the bill and send credit advice to the bank concerned, showing the net amount to be credited to the bank account of the officer concerned and the amount to be transfer-credited such as co-operative dues, profession tax, etc. with the required details.*
- iii. The Drawing and Disbursing Officers shall ensure that the net amount, after co-operative recoveries and other recoveries, due to the employees is credited to the individual account concerned and also that recoveries effected from the net

amount of the bill are remitted by the bank to the societies or other agencies concerned under proper acknowledgement.

- iv. The procedure now followed by Treasury will continue and will issue Pay Order Cheque to the Bank. In the Pay Order Cheque "Pay Rs. in cash" shall be replaced by "Pay Rs.by crediting to SB account and Rs. by DD / account transfer."
- v. After effecting the deductions from the net amount towards dues to the Societies or other agencies in accordance with the statement furnished by the Drawing and Disbursing Officer, the bank will credit the amount to the Savings Bank account of the employees concerned in any bank / branch where the employee has a live bank account. The Bank will ensure, in the case of pay and allowances that credit is allowed only on the date due for disbursement of salary. The bank shall also intimate the employee concerned about the amount credited to the account through SMS alerts.
- vi. The Bank will furnish to the Drawing and Disbursing Officer, a certified statement containing the details of credit particulars and remittances of deductions made as per the statement in respect of each employee after remitting the deductions made from the 'net amount' to the institutions concerned, in the format in which the details were furnished by the Drawing and Disbursing Officer.
- vii. The services rendered by the banks will be free of service charges.
- viii. The Drawing & Disbursing Officer and the authorised signatory of the Bank will enter into a comprehensive agreement incorporating the above conditions before introducing the system.

5. The following modifications to the provisions in the Kerala Treasury Code are ordered to facilitate the new dispensation.

(i) The existing Rule 163 (k) Kerala Treasury Code Volume I shall be modified as follows:

"Recoveries from the salary of government servants on account of dues to co-operative societies registered under the various Co-operative Societies Acts where such Acts impose a statutory obligation on the Government to make such deductions shall be made by the drawing and disbursing officers or *the authorized banks* in the case of Non-Gazetted Government servants who do not draw their own bills, and in other cases by the Treasury Officers or *the authorized banks / other*

disbursing officers concerned, as the case may be, in accordance with such procedure as may be laid down by Government from time to time".

(ii). First paragraph of Rule 432 (a) Kerala Treasury Code Volume I shall be modified as follows:

"The head of an office is personally responsible for all moneys drawn as pay, leave salary, allowances, etc. on an establishment bill signed by him or on his behalf until he has paid them to the persons who are entitled to receive them *or credited them to the bank account of the persons who are entitled to receive them* and has obtained their acknowledgement, duly stamped when necessary. *If disbursement of the amount drawn in the bill is through the authorised bank by crediting the amount to the savings bank account of the persons who are entitled to receive them, the Drawing and Disbursing Officer shall be personally responsible for obtaining the details of amount credited to the savings bank account of the employees concerned.* These acknowledgements shall be taken as a rule on the office copy of the bill. When the head of the office concerned considers that an establishment is so large, or scattered that the payees acknowledgements cannot, without undue inconvenience, be obtained on the office copy of the bill, he shall maintain a separate acquittance roll in Form TR 95 and obtain the payees' acknowledgements therein. *In offices where the entitlements are disbursed through banks, acknowledgements shall be obtained on the office copy of the bill or on the acquittance roll in Form TR 95 after getting the credit details from the Bank*".

6. The orders issued in Government order 2nd & 3rd read above stand modified to the above extent.

7. Suitable amendments to the relevant rules in Kerala Treasury Code will be issued separately.

BY ORDER OF THE GOVERNOR,

A.K.DUBEY
PRINCIPAL SECRETARY (FINANCE)

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.
The Accountant General (A&E) Kerala, Thiruvananthapuram.
All Heads of Departments.
All Departments of the Secretariat
The Director of Treasuries, Thiruvananthapuram.
All District / Sub Treasury Officers
The Nodal Officer, www.finance.kerala.gov.in
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Section Officer.