

CHAPTER-15 DEPOSITS

15.1 Introductory

15.1.1 Deposit transactions of the Public Works Department are of two kinds:-

1. Public Works Deposits, which pass through the regular accounts of the Division
2. Interest bearing securities

Deposits of the first kind as referred to in '1' above comprise transactions of the following classes, which are passed through the head Public Works Deposits:-

- a. Cash deposits of subordinates as security,
- b. Cash deposits of contractors as security,
- c. Deposit for work other than Takavi Works to be done,
- d. Sums due to contractors on closed accounts and
- e. Miscellaneous deposits.

The interest-bearing securities of kind two as referred to in 2 above are deposited by subordinates and contractors. These do not pass through the regular accounts of division.

15.2 Security Deposits

15.2.1 Security Deposits of subordinates and contractors, whether made in the cash or in one of the forms of security referred to in Paragraph 15.2.2, 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.

15.2.2 The recognized forms of interest-bearing securities and the conditions to which they are subject to are indicated below

Forms of Security	Conditions
i) Promissory notes and stock certificates of the Central Government or a State Government	(1) These securities shall be accepted at five per cent below their market price or at their face value, whichever is less and shall be in accordance with the Rules in Chapter IX of the Government Securities Manual.
	Note:- Gold Bonds may be accepted as security as they are also Government securities
	(2) The market value of Government paper should be ascertained at the time of collection of interest to the

	extent of deficiency in value of the Government paper withheld, if necessary.
ii) Post Office Cash Certificates, National Savings Certificate, Certificates and National Plan Certificates	(1) These certificates shall be formally transferred to the President of India: The departmental authorities authorized to accept security under Rule 275 of General Financial Rules, 2005 shall accept the same with the sanction of the Post Master of the Office of registration at their surrender value at the time of tender.
	(2) Certificates which are not held in the name of the person furnishing the security shall not be accepted.
iii) Post Office Saving Bank Pass Books	(1) A passbook for a deposit made under the Post Office Saving Bank Rules may be accepted as security provided that the depositor has signed and delivered to Post Master, a letter in the prescribed form as required by those rules.
	(2) Security Deposits lodged in the Post Office Saving Bank should be hypothecated to the Divisional Officer, if this has been specially authorized by the Administrative Ministry/Administrator concerned.
	(3) The passbook should remain in the custody of the Officer to whom the deposits are pledged.
	(4) The passbook shall be sent to the post office in the beginning of each financial year to get the entries on account of interest made in them.
iv) Municipal debentures or Port Trust Bonds and or debentures issued by the State Financial Corporations	These securities shall be accepted at five percent below their market price or at their face value whichever is less and shall be dealt with the accordance with the rules in Chapter IX of the Government Securities Manual.
v) Bonds or debentures issues by the Corporate Bodies and or established by or under any Central Act which are guaranteed by the Central Government as regards the payment of principal and interest or as regards the principal only.	The securities should be accepted at 5% below their market price or at their face value, whichever is less. It should be verified that the guarantees by the Central Government have not been revoked and continue to be in force. Security in these forms should not be accepted unless the transfer of title to the concerned officer accepting the security on behalf of the Government has been or can be validly effected and if necessary, registered (or it has been ascertained that the transfer will be made or registered) on the books of body corporate.
vi) Deposit receipts of all Schedules Banks including Fixed Deposits.	(1) The deposit receipt shall be made out in the name of the pledge, the bank shall certify on it that the deposit can be withdrawn only on the demand, or with the sanction of the pledgee. The bank shall agree that on receiving a signed Bank Challan and a withdrawal order from the pledgee in respect of the deposit, or any part thereof, it will at once remit the amount specified into the nearest Bank along with the challan and send the bank receipt to the pledgee.

	<p>2) Such receipts will be accepted on the understanding that Government is not held responsible for any loss that may result from the failure of the bank or any other cause and if the security is lost, the loss will fall on the depositor who will be required to furnish fresh security.</p> <p>3) The depositor shall receive the interest when due, direct from the bank on a letter from the pledge authorizing the bank to pay it to him.</p> <p>4) The responsibility of the pledgee in connection with the deposit and interest on it will cease when he issues a final withdrawal order to the depositor and sends as intimation to the bank that he has done so</p> <p>5) The deposit receipt should be held in custody by such official as the Administrative Ministry/Administrator concerned, may prescribe.</p>
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Note:- While accepting the Fixed Deposit Receipts it should be ensured that these cover the stipulated period of Contract plus the defect liability period mentioned in the Contract and also the receipts should be made out in the name of the Divisional Officers.

vii) Cheques/drafts issued by big Urban Banks whose working capital exceeds Rs.5 crores and by 'A', 'B' or 'C' Class Central Cooperative Banks	Cheques/drafts may be accepted as security from private contractors/supplier has furnished a Cheque/draft, the authorities concerned shall ensure that the Cheque/draft is encashed immediately and the contract is allotted only after the encashment of Cheque/draft.
viii) 10 years Social Security Certificates	The pledging of 10 years Social Security Certificates should be in accordance with the procedure laid down in the Rules Governing these certificates.
ix) Guarantee bonds of Scheduled Commercial and Non-commercial Banks	Guarantee bonds in the form prescribed and duly stamped by the Administrative Ministry, tendered by the contractor or a Public Sector Enterprise may be accepted as security. In accepting the guarantee bond, Divisional Officer should exercise great care in determining the date beyond which the guarantees would cease to operate, keeping in mind the period of completion prescribed and the period likely to be taken for the finalization of the account of the contract.
x) Fidelity Bond form any one of the following four subsidiaries of the General Insurance Corporation of	Fidelity Bond in Form G.F.R.34 as referred to in Rule 275(3) of General Financial Rules, 2005 may be accepted as security from a Government Servant but not from a private party. When a Government servant has furnished

India:- a) National Insurance Company Ltd. b) New India Assurance Company Ltd c) Oriental General Insurance Company Ltd d) United India General Insurance Co Ltd	security in Form GFR 34, the departmental authority authorized to accept security under Rule 275 of General Financial Rules, 2005 shall see that the Government servant pays premia necessary to keep it alive on the due dates and continues to do so until he vacates his office. If the Government servant fails to submit that premium receipts in time, he shall not be allowed to perform the duties of his post and dealt with in accordance with the terms of his appointment.
xi) KISAN VIKAS PATRA	The pledging of these Patras should be in accordance with the procedure laid down in the Rules governing these Patras.

15.2.3 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 forms of security are permissible under the rules as well as under the terms of the agreement or bond.

Note – Cash which has actually been received or recovered may be converted even though the full amount of the deposit which is being paid in instalments, has not yet been realized. This includes Earnest Money deposited in Cash/Cheque/Draft and subsequently forming part of Security Deposits.

15.2.4 Percentage deductions for security deposits, related to estimate cost of the work awarded, made from contractors' bills, should be credited to Major /Minor Head "8443-Civil Deposits"-108-Public Works Deposits" with sub-head "Cash deposits of contractors" thereunder. As an exception to this 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 financial year in any case is so small that its exclusion from the works outlay of the year is not likely to affect the grants appreciable. The limit fixed for the purpose is Rs.500/- for each work. Amounts thus withheld appear in the Suspense Account,"Contractors-Other Transactions" of the work concerned.

15.2.5 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.

Note – The Depositor's acknowledgment should be obtained in all cases of security returned. When an interest-bearing security is returned or retransferred, the acknowledgment should set forth the full particulars of the security.

15.3 OTHER DEPOSITS

I For Works

15.3.1 Deposits for works other than takavi Works are passed through the head “Public Works Deposit”. Such works are known as Deposit Works and the detailed rules relating to them are given in Chapter 16.

II Contractors Closed Accounts

15.3.2 Under the rules in Paragraph 10.5.19 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 connection with the work concerned.

III Miscellaneous

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

15.4 LAPSED AND CONFISCATED DEPOSITS

15.4.1 At the close of March each year, the following classes of items in the Public Works Account should be credited to Government as Lapsed Deposits:-

(i) Deposits not exceeding twenty five rupees, unclaimed for one whole account year, or residuary balances not exceeding the said amount out of deposits partly repaid during the year then closing and.

(ii) All Deposits or balances in excess of the above said amount, unclaimed for more than three complete accounts years.

(See Rule 189 of Central Government Account(Receipt and Payments) Rules,1983 as amended from time to time.)

Note 1:- A list of deposits and balances thus lapsing shall be sent to the Pay and Accounts Officer in accordance with the relevant directions. For the purpose of this rule, the age of repayable item, or of a balance of it, may be reckoned as dating from the time when the item deposited by a party in connection with a contract or supply order is on request decided to be reckoned as deposit against subsequent contract or supply order awarded to the same party, the age of item will be calculated with reference to the date of the letter.

Note 2:- Such of the deposits(or balances of deposits) referred to in (ii) of paragraph 15.4.1 which pertain to contracts, supply orders that are under litigation or arbitration shall not be deemed as “unclaimed deposits” for the purpose of credit ting to Government under this rule. They should, nevertheless, be listed out distinctly along with relevant particulars so as to facilitate action for releasing the deposit or for forfeiting it, depending on the judgment or award at the conclusion of the litigation or arbitration. Relevant claim will require pre-check by the Pay and Accounts Officer before repayment.

15.4.2 Before the amount of lapsed or confiscated deposits is credited to Government as revenue, the original realization should be traced and reference to the credit should be so

recorded against the original entry in cash book and other accounts as to make the entertainment of a double or erroneous claim impossible.

15.4.3 Deposits credited to Government under Paragraph 15.4.1, or confiscated under the provisions of an agreement or bond cannot be repaid, without pre-check by the Pay and Accounts Officer who will authorize payment on ascertaining following

- (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 9.4.2.

15.5 ACCOUNTS OF PUBLIC WORKS DEPOSITS

I Deposit Register

15.5.1 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, C.P.W.A 67. 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 CPWA65, a single entry for such deposits will suffice.

15.5.2 Before refund of deposits, otherwise in order, is allowed or the amount outstanding in deposit account is converted into interest-bearing security, the original realization should be traced and a reference to the repayment should be so recorded against the original entry in the Cash Book and other accounts as to make the entertainment of a double or erroneous claim impossible. A certificate for such a note having been made, should be made in all vouchers for refunds. Any acknowledgments previously granted should be taken back, if possible, and destroyed, a note of the repayment being in any case recorded on the counterfoil of the receipt.

II Schedule of Deposit

15.5.3 From the Deposit Register, a monthly extract known as the Schedule of Deposits, Form CPWA 79 should be prepared for submission to the Pay and Accounts officer. This form is in two parts-Part I Account giving total for each class of deposit. Part II detailed extracts from the deposit register. In Part II only such items need be extracted as are effected by the months transactions.

Note:- The entry for deposits for work to be done will be supported by the Schedule of Deposit Works.

15.6 ACCOUNTS OF INTEREST-BEARING SECURITIES

15.6.1 Transactions connected with interest-bearing securities do not pass through the Cash Book and consequently the regular accounts of the Division, unless any cash actually pass through the hands of officer 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 CPWA form 85 Register of Interest-bearing Securities and at the close of the year, an account in CPWA Form 86 Account of Interest-bearing Securities should be prepared from this register for submission to the Pay and Accounts Officer. This account should be supported by (1) the acknowledgment (in original) of depositors for securities returned or re-transferred 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 authorised custodians (vide paragraph 15.2.2) are in his possession.

Note 1- If a security recovered in installments is being deposited in the Post Office Saving Bank, no entries should be made in respect of it in the Register in CPWA Form 85 until the security has been fully paid up. But if such security deposit is to be refunded before the full amount is recovered, it should be treated as fully paid up and brought on the register before being refunded. The annual Account in CPWA Form 85, 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 22.2.9)

Note 2 – If any Post Office Saving Bank Deposits have been hypothecated to a Divisional Officer under Paragraph 15.2.2.

(ii) the register for such securities should be kept by him and he should sign the annual certificate in respect of them.

Note 3- The procedure to be observed when a subordinate who has furnished an interest-bearing security, is transferred to another division or department, depends on the terms of the agreement and on the procedure followed locally in regard to the disposal of the security. It should be prescribed by the Administrative Ministry/Administrator concerned in consultation with the Pay and Accounts Officer.