



Government of India

INTERNAL DEBT ACCOUNTING MANUAL

(EDITION 2015)

Ministry of Finance
Department of Economic Affairs
O/o Chief Controller of Accounts

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CHAPTER 1 INTRODUCTION

1.1 BACKGROUND

Globally, every country needs an efficient and effective public debt management and accounting system. The Public Debt portfolio is the largest portfolio in the economy. In India, the debt management has come of age from the phase of administered interest rates and high preemptions in the pre-reform period prior to 1990s to market determined rates post the enactment of the FRBM Act. From the era of funding budget deficits by the Reserve Bank, we now have a system where all Government borrowings are funded through auction at market determined rates. Public Debt constitutes both internal and external debt. External Debt (denominated in foreign currency) is very low. India's external debt is in the form of bilateral and multilateral loans. The quantum of internal debt of India has gone up many folds from Rs. 1.54 Trillion in 1990-91 to Rs. 42.407 Trillion in 2013-14. The external debt as percentage of Central Government's Public Debt is in the range of 8-9%, whereas the internal debt is about 91-92% at the end of F.Y 2013-14.

1.2 LEGAL FRAMEWORK

Article 292 of the Constitution defines the executive borrowing powers of the Central Government and provides that the Central Government can borrow upon the security of the Consolidated Fund of India within such limits as Parliament may fix from time to time. Earlier, no separate law was enacted under Article 292 to regulate Central Government borrowings. However, the Fiscal Responsibility and Budget Management (FRBM) Act 2003 and FRBM Rules 2004 as amended in 2012, lay down a framework for fiscal management. The Reserve Bank of India (RBI) is legally obliged under section 20 of Reserve Bank of India (RBI)

Act, 1934, to manage the Central Government public debt. Section 21 of the RBI Act, 1934 provides that the central government shall entrust debt management to the RBI. Under Section 17(11) of RBI Act, the RBI is empowered to act as an agent of inter alia, the Central Government & State Governments, in managing public debt and issuing and managing bonds and debentures.

Under Article 112 of the Constitution of India, the Central Government is required to lay an annual financial statement before both Houses of Parliament each year, showing estimated receipts and expenditures for that year. The expenditure on account of "Public Debt" which includes repayment of debt and interest payment is covered under Article 113(1), as "charged" expenditure. Under Articles 149 and 151 of the Constitution, the Annual Appropriation Accounts and Annual Finance Accounts including the actual figures of debt repayment and interest payment duly audited by the C&AG of India, are presented in the both Houses of Parliament. This completes the process of budgeting and accounting of public debt.

1.3 DEPARTMENTALISATION OF ACCOUNTS

The management of the public debt accounting was done by the Rupee Loan Section of the Accountant General of Central Revenue (A.G.C.R.) under C&AG of India up to 1976. After the departmentalization of accounts the payment and accounting function was divested by the Central Government from C&AG of India. The work was assigned to Controller General of Accounts. A new Group 'A' Indian Civil Accounts Service (ICAS) was introduced headed by Controller General of Accounts with field

Offices of the Controllers/Chief Controllers of Accounts for all Civil Ministries. Since 1976, the management of the public debt accounting is being done by the Internal Debt Accounting (IDA) section in the office of Chief Controller of Accounts in the Department of Economic Affairs, Ministry of Finance. The Rupee Loan Section has also been renamed "Internal Debt and Accounts (IDA) Section".

1.4 NEED TO REVISE THE RUPEE LOAN MANUAL

The accounting for internal debt (known as Rupee loan earlier) was guided by the "Rupee Loan Manual". It was prepared much before the Departmentalization of Accounts in 1970s and had been in use till now. This manual has become outdated due to changes in policies and procedures (meeting the budget deficit gap through market loans instead of printing of new currency) over the period and introduction of IT systems etc. and issue of new securities by the Government. Revision of the Manual is therefore essential to update and incorporate the changes brought out during the last 40 years. Some other crucial changes being in the form of changes in accounting classification from alpha numeric codes to numeric codes and the new types of Special Government Securities and bonds that have been added. In the process of revision of the manual it has been comprehensively re-written to make it a useful document for different stake holders (RBI, Budget Division, Middle Office and CGA Office). However, details of the past securities/bonds etc. which are not operational any more have been retained for future reference.

1.5 FUNCTIONS OF IDA SECTION OF CCA (Ministry of Finance)

The IDA section in the office of Chief Controller of Accounts (Ministry of Finance) performs the accounting of internal debt. IDA Section receives and compiles inputs from RBI Central Accounts Section (CAS) Nagpur, various

PDOs/PADs of RBI and Budget Division of MOF. It prepares head-wise monthly accounts and also updates the Security/Bond-wise balances. Reconciliation is done with PDOs/PADs to match the Security/Bond wise balances and to clear the differences, if any. Periodic analytical reports are prepared to show the trends, pace and pattern of Government Securities/Bonds. At the close of the financial year, Annual Appropriation Accounts of "Debt Repayment" and "Interest Payment" Appropriations is prepared and sent to the Controller General of Accounts (CGA) for preparation of the Accounts of the Central Government. A Statement No. 14-A containing the Government Security/Bond wise opening and closing balances, additions and discharges are prepared on quarterly basis. The yearly Statement No. 14-A is included in the Annual Finance Accounts of Union Government. CCA (Finance) under intimation to the Controller General of Accounts also issues authorization to RBI to write off the unclaimed loans/stocks in the books of RBI after mandatory period of 20 years retention is over and if the balances tally with RBI figures. In the case of mismatch of balances in the respective books, the approval of Budget Division is first obtained for Proforma dropping and adoption of figures to arrive at the RBI figures. Budget Division is required to provide approval for such write offs. IDA section also calculates the average rate of interest chargeable on loans provided by Central Government to commercial undertakings. The Internal Audit by the audit team of CCA (Ministry of Finance) is also envisaged to review the compliance on detailed procedures stipulated for adoption by various PDOs of RBI, in handling of Government Stocks/Securities and to analyze whether adequate internal control mechanisms are in place. The functions of the IDA section are listed as follows:

- (i) Bringing into account all transactions relating to *Issue of new loans/Government Securities*

raised by the Central Government through Reserve Bank of India and classified under MH 6001 (Internal Debt of Central Government) Minor Head 00.101 (Market Loan)

(ii) Accounting for the *discharged loans* which inter-alia involves the reconciliation of loan balances as in the books of IDA/CCA office, with those of the Reserve Bank of India. Statement no. 14-A is also prepared for submission to Finance Accounts Section, CGA Office.

(iii) Watching *timely payment of principal and interest* in respect of market borrowings and all Securities, Special Securities, Compensation & Other Bonds etc. It is further reconciled with Quarterly Statement received from IDMD, Central Office, Mumbai.

(iv) Accounting of *Buyback & Switching off of Government Securities* raised by Government of India.

(v) Reconciliation of all *Treasury Bills & Cash Management Bills* with Monthly and Quarterly Statement received from PDO, Mumbai and IDMD, Central Office, Mumbai.

(vi) Accounting of transactions under the *Market Stabilization Scheme, Marketable Securities issued in conversion of Special Securities, Inflation Indexed Bonds, Inflation Indexed National Saving Securities-Cumulative'* 2013.

(vii) Accounting of all *Securities issued to International Monetary Fund, International Bank for Reconstruction and Development, International Development Association, International Fund for Agriculture Development, African Development Bank/ Fund, Multilateral Investment Guarantee Agency and Asian Development Bank.*

(viii) Accounting and reconciliation of all *Compensation & Other Bonds* issued by the Government of India.

(ix) *Ways & Means Advances* raised by Government of India to tide over temporary mismatches in the cash flows. Accounting of

Special Government of India Securities issued against investments made by National Small Saving Fund (NSSF) and Special Securities issued against Securitization of balances under Postal Life Insurance.

(x) Special Securities issued to Reserve Bank of India for acquisition of Special Drawing Rights (SDRs) at IMF, including for maintenance of value account in respect of Resurgent India Bond and India Millennium Deposit.

(xi) Accounting of all Government of India Special Securities issued to Nationalized Banks and Financial Institutions like IDBI, IFCI UTI etc. and Special Government of India Bonds issued to Oil Companies, FCI and the Fertilizer Companies.

(xii) Investment of Surplus Funds of Rural Electrification Corporation.

(xiii) Accounting of Special Deposit Scheme-1975 (SDS) and Compulsory Deposit Scheme (Income Tax Payers) Act 1974.

(xiv) Certain *special types of loans* raised by the Central Government like Treasury Deposit Certificates, Defense Deposit Certificates, National Saving Certificates (Bank Series) etc. which are classified under Public Debt.

(xv) Saving Schemes like Public Provident Fund' 1968, Senior Citizen Saving Scheme' 2004, Special Deposit Scheme-1975, Deposit Scheme for Retiring Govt. Employees' 1989, Deposit Scheme for Retiring Employee of Public Sector Companies' 1991, Compulsory Deposit Scheme' 1963 & 1974, Kisan Vikas Patra' 2014, Sukanya Samridhi Account etc. operated by RBI/Banks for Govt. of India also accounted for.

(xvi) Calculation of yearly Interest on Central Government Employees Group Insurance Scheme (CGEGIS).

(xvii) Write off of unclaimed loans to revenue and their subsequent payments, if claimed.

(xviii) Accounting of Securities, shares etc., purchased or acquisitions otherwise held in the Cash Balances Investment Account, including their sale, discharge on maturity and realization of interest or dividend thereon.

(xix) Calculation of *Average Rate of Interest chargeable on loans* to the Central Government public sector enterprises.

(xx) Preparation of *Statement No. 14A on Quarterly and Annual basis of Internal Debt balances.*

(xxi) Co-ordination of the Reports on the *inspection of Public Debt Offices.*

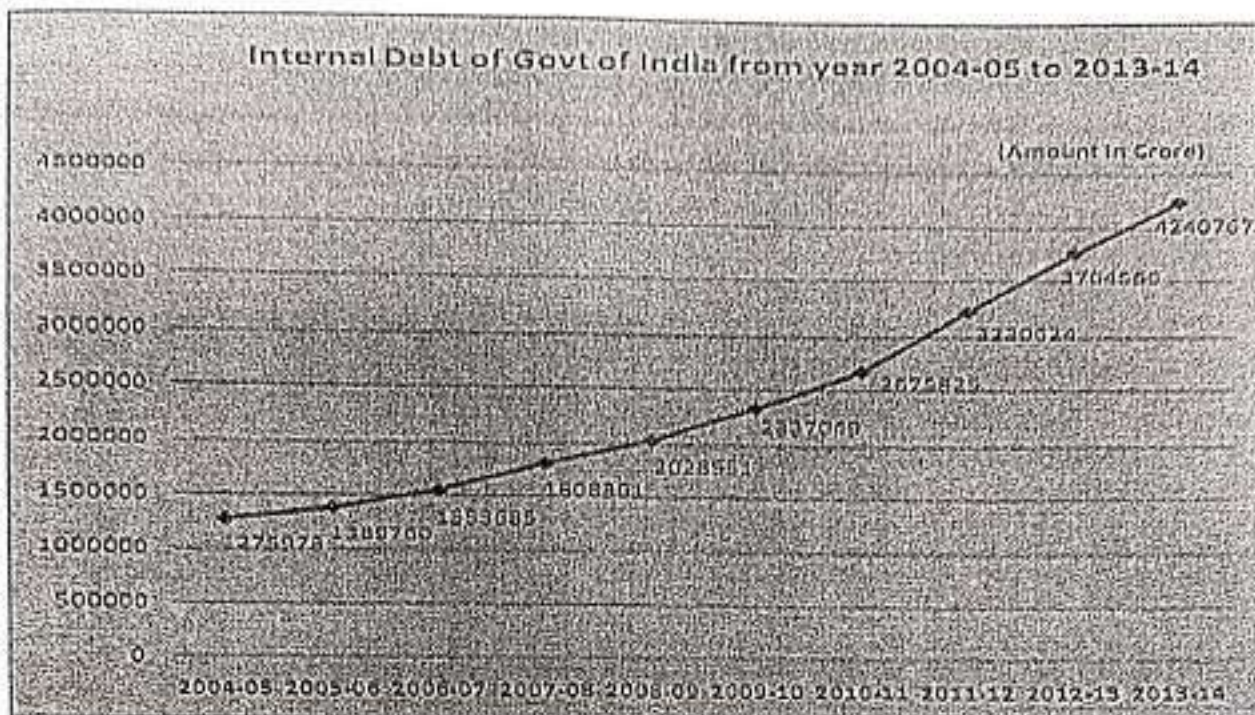
1.6 PRINCIPLES OF ACCOUNTING

The accounting, reconciliation and discharge of the Internal Debt shall be carried out in accordance with the instructions contained in this regard in Central Government Account (Receipts and Payments) Rules' 1983 and the Civil Accounts Manual. Cash basis accounting is used in the Government accounting by virtue of Rule 21 of Government Accounting Rules, 1990. However, in the context of internal debt accounting, principle of double entry is followed as when debt liability is created through Government Stocks/Special Securities/Bonds. Discount allowed on securities is accounted in such a way that the face value of the securities is captured in full in accounts, even though the realized value is less than the issue value. Similarly in the case of premium received on Securities, the face value is captured as debt liability and the premium amount is accounted for as receipt. Accounting procedures and entries have been given in detail in Chapter 3. The Major Head 6001-Internal Debt is 'credited, when the debt is raised and the same Major Head 6001-Internal Debt is 'debited,' when debt liabilities are discharged to reduce the debt balances. The closing balance of the debt is net of credit and

debit in MH 6001. In the case of marketable Govt. Stocks, initially the 'suspense' head is credited temporarily under Major Head 6001. This is because 'clearance memo' received from RBI-CAS Nagpur does not contain information about the specific category of loan, details of premium or discount and the amount pertaining to interest in the case of re-issue of a stock. The 'suspense' head is cleared upon receipt of 'credit advice' from RBI-CAS Nagpur and accounted in the final heads of stock under Major Head 6001, on the basis of details received, including the stock issue and premium or the discount details.

1.7 QUANTUM OF PUBLIC DEBT /ACCOUNTING

As per the Budget of financial year 2014-15, the total expenditure estimates of Government of India as approved by the Parliament vide Annual Appropriation Act is Rs. 60.491 lakh Crore (Rs. 60.491 trillion). Out of this the estimates of Appropriation "Repayment of Debt" and Appropriation-"Interest Payment" are Rs. 40.64 lakh Crore (Rs.40.64 trillion) and Rs. 4.498 lakh Crore (4.498 trillion) respectively. The combined total of these two Appropriations, which are charged to Consolidated Fund of India works out to Rs.45.138 lakh Crore (Rs.45.138 trillion) and constitutes 75% of the gross expenditure of the government. Internal Debt of Government of India was Rs.12,75,973 crore in the year 2004-05 which has increased to Rs.42,40,767 crore in 2013-14. The year wise growth in the Internal Debt from 2004-05 to 2013-14 has been shown in the following Chart:



Source: Annual Finance Accounts of Union of India

1.8 SCHEME OF ACCOUNTING FRAMEWORK DOCUMENT

There are six Chapters in this Document. While Chapter 1 is introductory, Chapter 2 deals with the Public Debt scenario in India. Chapter 3 deals with various components of Internal Debt and contains details of stock/bond/special security wise accounting framework for different stages. Chapter 4 and Chapter 5 deals with accounting framework for Liabilities under Public Account, which though not a part of

public debt, constitute a part of the Union liabilities. Chapter 6 deals with the miscellaneous items of work handled by the IDA Section. Annexes to the Manual contain samples of notifications issued by the Budget Division, Sale details of stocks auctioned by RBI Mumbai and stock wise/security wise/bond wise opening and closing balances, as per Statement No.14-A.

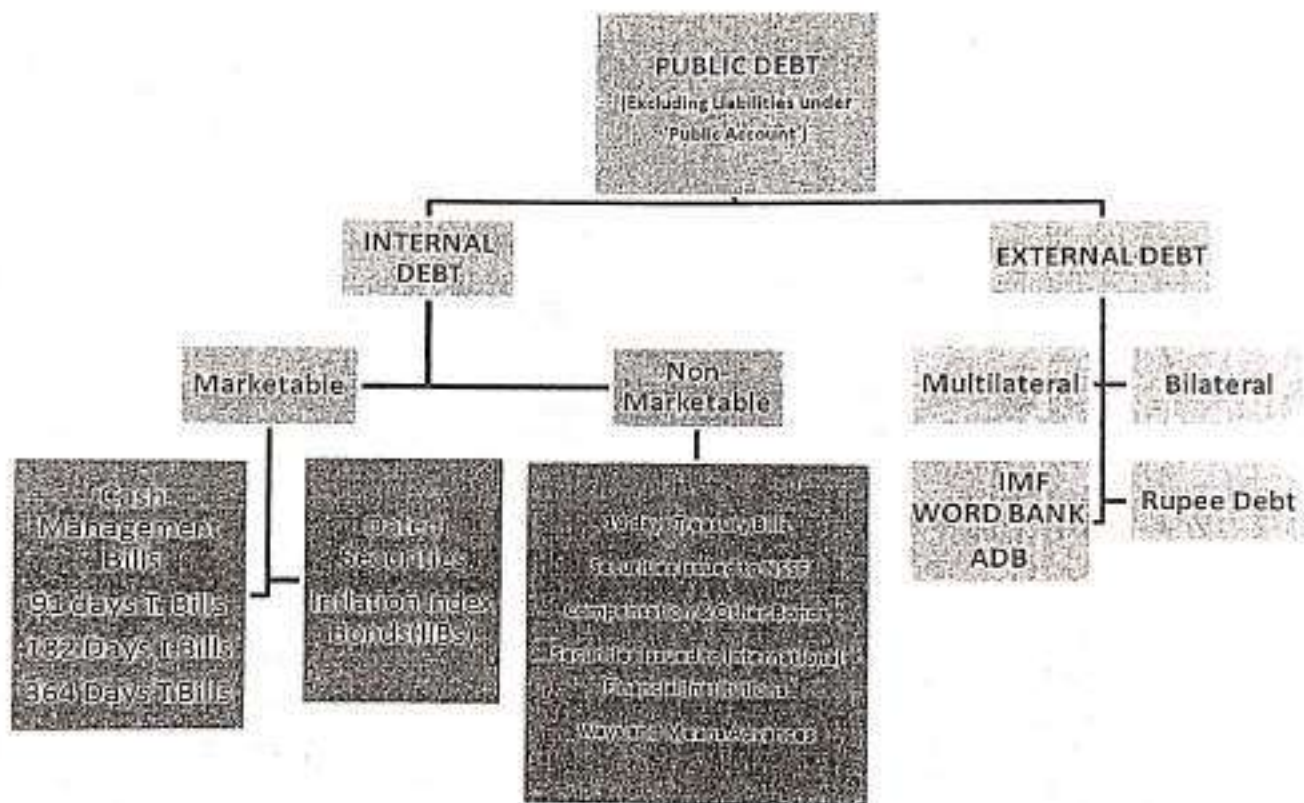
CHAPTER 2 PUBLIC DEBT SCENARIO

2.1 The term "Public Debt" as used in this Manual is confined to marketable and non-marketable loans termed as "Internal Debt of Central Government". It does not cover "other liabilities" and interest bearing obligations under the 'Public Account'.

2.2 The loans obtained from the International Bank for Reconstruction and Development (IBRD), International

Development Association and from other Foreign Governments which fall under "Debt raised outside India" are dealt by the office of "Controller of Aid, Accounts and Audit" (CAAA) under Ministry of Finance, Department Of Economic Affairs.

2.3 The composition of Public Debt is as follows:



2.4 INTERNAL DEBT is classified into (1) marketable and (2) non-marketable debt and is shown in the 'Receipts Budget' of the Union Government. Marketable securities include dated securities, Inflation Index Bonds, cash

management bills and 91 days/182 days/364 days Treasury Bills. Non-marketable debt includes 14 days treasury bills (issued to States only), Compensation and other bonds, Special Securities Issued to International Financial

Institutions, Special Securities issued to National Small Savings Fund, Special securities issued in conversion of Treasury Bills and Others. The Other Securities includes Special Securities issued to the Reserve Bank of India (RBI), Gold Bonds, and Special Bearer Bonds etc.

2.5 EXTERNAL DEBT represents loans received from foreign Governments and Multilateral institutions. The Union Government does not borrow directly from international capital markets.

2.6 The "OTHER LIABILITIES" category, not a part of public debt, is accounted under the

'Public Account'. It includes other interest bearing obligations of the Government, such as Post Office Savings Deposits, Deposits under Small Saving Schemes, loans raised through Post Office Cash Certificates, Provident Funds and certain other deposits. The re-introduced Kisan Vikas Patra (KVP) and the new Sukanya Samriddhi Account (SSA) brought out in the year 2014 are also under this category.

2.7 Public Debt in India is managed traditionally by various functionaries as mentioned below in the table:

DEBT MANAGEMENT FUNCTIONS OF THE CENTRAL GOVERNMENT

	Front Office	Middle Office	Back Office
<i>Function</i>	<i>Implementation of debt strategy</i>	<i>Strategy formulation</i>	<i>Accounting, Record keeping, Reconciliation etc.</i>
Domestic Debt	PDO, RBI, Banks, Post Offices	IDMD, RBI, Budget Division of MOF	RBI (IDMD) and RBI (CAS), CCA-MOF
External Debt	BC and MI Division of MOF(DEA)	External Debt Management Unit	CAAA

2.8 LEGAL FRAMEWORK

2.8.1 CONSTITUTIONAL/LEGAL PROVISIONS: POWER TO LEGISLATE ON PUBLIC DEBT

Under the Constitution, Union Government debt is a "Union Subject", while State Government debt is a "State Subject". Article 246(1) of the Constitution read with Entries 35 and 37 of list I provide that Parliament has exclusive power to make laws regarding the public debt of India and foreign loans. Article 246(3) of the Constitution read with Entry 43 of List II provides that State legislatures have exclusive power to make laws regarding the public debt of the States. Under the FRBM Act, limits have been put on the quantum of borrowings by putting a cap on the fiscal deficit targets.

2.8.2 EXECUTIVE POWERS TO BORROW AND GIVE GUARANTEES

Constitution limits the sources from which State Governments can borrow, and gives the power to the Central Government under certain circumstances to influence the level of State Government borrowings. States in turn now have their own FRBM Acts, putting a limit on their level of borrowings. The Centre has now in turn, dis-intermediated from giving loans to States. The Constitution though implicitly empowers the Centre to place limits on the amount and sources of State Government borrowings, as long as they have outstanding loans from the Centre.

2.8.3 Article 292 and Article 293 define the executive borrowing powers of the Centre and the States. Article 292 provides that the Central

Government can borrow upon the security of the Consolidated Fund of India within such limits as Parliament may fix. Under Article 293, State Governments can borrow money on the security of the Consolidated Fund of the State within such limits, if any, as the State Legislature may fix. States can only borrow domestically, whether from the market or other sources. However, if a State has any loans outstanding from the Centre, or for which the Centre is a guarantor, it must obtain the Centre's consent before borrowing from any other source. Despite disintermediation of loans from Centre to the States post the enactment of the FRBM Act, the States still carry past loans from Union. As a consequence, in effect, almost all States today need Union consent before they can borrow funds from any source.

2.8.4 No separate law has been enacted under Article 292 to regulate Central Government borrowing. However, the Fiscal Responsibility and Budget Management ("FRBM") Act, 2003 and FRBM Rules, 2004 lays down a framework for fiscal management. The FRBM Act aims to ensure inter-generational equity in fiscal management and long-term macro-economic stability. The Act imposes limits on Central Government borrowings, debt and deficits, and provides for greater transparency in fiscal operations. The Act further bars Central Government from borrowing from the RBI in the form of subscription to the primary issues by the RBI, except under special circumstances. The Act also attempts to check contingent liabilities by restricting guarantees to 0.5 percent of GDP during any financial year.

2.8.5 The FRBM Act, 2003 prohibits participation of RBI in the primary Government securities market with effect from April 1, 2006, except under special circumstances. The FRBM Rules, 2004 as amended in 2012, specify the annual targets for reduction of fiscal and revenue deficits, puts limits on contingent liabilities in the form of guarantees, as a percentage of GDP. The Rules further stipulate the following:

- * Restrict assumption of additional liabilities (including external debt at current exchange rate) in excess of 90% GDP for 2004-05 and require that this limit be progressively reduced by at least one percentage point of GDP in each subsequent year.
- * Require a reduction of the revenue deficit by an amount equivalent to 0.5 percent or more of the GDP in each financial year, beginning with 2004-05.
- * Require a reduction of the fiscal deficit by an amount equivalent of 0.3 percent or more of the GDP in each financial year, beginning with 2004-05.
- * Restrict issuance of guarantees in excess of 0.5 percent of GDP in any financial year, beginning with 2004-05.

2.8.6 The Act has been further amended in 2012-13 and a revised roadmap of fiscal consolidation including the targets for Revenue deficit, Fiscal deficit and Effective Revenue deficit have now been outlined.

CHAPTER 3

INTERNAL DEBT

The IDA Section in the office of CCA (Finance) is responsible for:

- (1) Adjustment of transactions connected with the issue of loans;
- (2) Adjustment of transactions connected with the discharge of loans;
- (3) Reconciliation of loan balances as reported by the Reserve Bank of India, with those booked by IDA Section and also shown in the quarterly/annual Statement No. 14A prepared by IDA Section.

Internal Debt of Govt. of India is booked under the Major Head -6001. It is broadly divided into two parts: (1) Marketable and (2) Non-Marketable Securities.

3.1 MARKETABLE SECURITIES are unrestricted and can be readily sold on a stock exchange. Marketable securities are often classified into two groups: marketable equity securities and marketable debt securities. Marketable equity securities are traded on stock exchange. Marketable debt securities include both government bonds and corporate bonds, which are traded on a bond exchange and for which there are quoted market prices.

3.1.1 DATED SECURITIES: A Dated Government security is a tradable instrument issued by the Central Government or by the State Governments. It is a Government's debt obligation. Such securities are short term securities usually in the form of Treasury Bills, with original maturities of less than one year or long term securities (usually called Government Stocks or Dated Securities). Long term securities have original maturity of one year or more. In India, the Central Government issues both, Treasury Bills and Bonds or Dated Securities. The

State Governments issue only Bonds or Dated Securities, which are called the State Development Loans (SDL's). Government Securities carry practically no risk of default and, hence, are called risk-free gilt-edged instruments. Government of India also issues savings instruments (Savings Bonds, National Saving Certificates (NSC's), etc.) or Special Securities (Oil Bonds, Food Corporation of India Bonds, Fertilizer Bonds, Power Bonds, etc.). They are usually not fully tradable and are, therefore, not eligible for SLR securities.

3.1.1.1 ISSUE OF GOVERNMENT SECURITIES:

Government Securities are issued through auctions conducted by the RBI. Auctions are conducted on the electronic platform called the NDS – Auction Platform. Commercial Banks, Scheduled Urban Co-operative Banks, Primary Dealers, Insurance Companies and Provident Funds, who maintain funds account (current account) and securities accounts (SGL account) with RBI, are members of this electronic platform. All members of PDO-NDS can place their bids in the auction through this electronic platform. All non-NDS members including non-scheduled urban co-operative banks can participate in the primary auction through scheduled Commercial Banks or Primary Dealers. For this purpose, the urban co-operative banks need to open a securities account with a bank / Primary Dealer – such an account is called a Gilt Account. A Gilt Account is a dematerialized account maintained by a scheduled commercial bank or Primary Dealer for its constituent (e.g., a non-scheduled urban co-operative bank).

The RBI, in consultation with the Government of India issues an indicative half-yearly auction

calendar which contains information about the amount of borrowing, the tenure of security and the likely period during which auctions will be held. A Notification and a Press Communication giving exact particulars of the securities, viz., name, amount, and type of issue and procedure of auction are issued by the Government of India about a week prior to the actual date of auction. RBI places the notification and a Press Release on its website (www.rbi.org.in) and also issues advertisement in leading English and Hindi newspapers. Information about auctions is also available with the select branches of public and private sector banks and the Primary Dealers.

Within the RBI, the Internal Debt Management Department (IDMD), in consultation with the Ministry of Finance, formulates a core calendar for primary issuance of dated securities and treasury bills, and suggests the size and timing of issuance. RBI also conducts auctions, keeping in account the government's needs, market conditions, and preference of market. The RBI charges fees for issuing and managing securities. Any person including Firms, Companies, Corporate Bodies, Institutions, State Governments, Provident Funds and Trusts, can invest in Government Securities. NRIs are also eligible to invest in Government Securities, subject to the Foreign Exchange Management Act, 1999.

3.1.1.2 NOTIFICATION OF NEW LOAN/ RE-ISSUE: When the Government decides upon the issue of a new loan, a *Gazette* notification is issued by Budget Division, Ministry of Finance for this purpose. The Internal Debt Management Department (IDMD) of RBI Mumbai, then issues an Auction Notice (Annexure- I) to that effect. This Auction notice contains, in detail, the terms

and conditions for subscriptions to loan. The details are mainly in respect of:

- (1) The date/dates on which subscription will be received;
- (2) The total amount of subscription to be received;
- (3) The rate of interest payable on the loan;
- (4) The price at which the loan will be issued and if the securities of any old loan are allowed to be converted the terms for such conversion;
- (5) The date of repayment of the loan;
- (6) The places at which subscription to the loan will be received; and
- (7) The Form of application.

Copy of the Auction Notice is sent/forwarded to PAO (IDA) by the Reserve Bank of India, Mumbai, which is responsible for the auction/raising of the loans in accordance with the terms Notified by Government. It also issues detailed instructions to the Regional Public Debt Offices (PDOs) of RBI with regard to:

- (a) The general and special features of the loan;
- (b) Classification in the Government account in respect of the credits (and debits, if any) for the subscription.

As per the terms and conditions mentioned in the Auction Notice, the successful bidders are required to make payment on the issue date in RBI, Mumbai which is credited in the Government Account in RBI, Central Accounts Section (CAS) Nagpur. RBI, CAS, Nagpur intimates the receipt of the amount to PAO (IDA) through Clearance Memo. The actual amount of receipt is shown in the Clearance Memo, irrespective of, whether it is sold on discount or premium. On receipt of the clearance memo in PAO (IDA) following entries are made in their account:

**ACCOUNTING ENTRIES: ISSUE OF NEW LOAN/ RE-ISSUE
ON RECEIPT OF THE CLEARANCE MEMO FROM RBI, CAS NAGPUR**

Dr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-101-Market Loans
03- Market Loans Suspense

The initial adjustment is made temporarily under a Suspense head below the final Head of Account viz., 6001- Internal Debt. Subscription tendered towards a loan can be treated as "Loans" only after they are accepted by the Reserve Bank on behalf of the Government and scrip is issued therefore.

From the Clearance Memo, following details are not ascertained:

- Percentage/ rate at which the loan has been issued.
- Amount of premium or discount.
- Amount of Interest, if it is a Re-Issue,

After intimating the total amount received against a loan through Clearance Memo, RBI CAS Nagpur simultaneously sends a **Receipt/Credit Advice (Annexure-II)** with the details. The detailed particulars include Description of Loan, Amount pertaining to Loan, Amount of Premium (if sold on premium), Interest for broken period (if the Loan is a re-issue), and Discount on Loan (if sold on discount) of the loan floated.

On receipt of **Receipt/Credit Advice** from RBI CAS Nagpur, the suspense head is cleared by making the following entries:

ACCOUNTING ENTRIES: ISSUE OF NEW LOAN/ RE-ISSUE
(A) IN CASE OF SECURITY ISSUED AT PAR OF FACE VALUE

(-) Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
03- Market Loans Suspense

Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest

ACCOUNTING ENTRIES: ISSUE OF NEW LOAN/ RE-ISSUE
(B) IN CASE OF SECURITY ISSUED AT PREMIUM

(-) Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
03- Market Loans Suspense

Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest (face value of Security)

Cr. 0049 – Interest Receipts
03-Other Interest Receipts of Central Government
800 – Other Receipts
16- Premium on Loans

ACCOUNTING ENTRIES: ISSUE OF NEW LOAN/ RE-ISSUE
(C) IN CASE OF SECURITY ISSUED AT DISCOUNT

C (i)

(-) Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
03- Market Loans Suspense

Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest (Discounted value of the Security)

C (ii)

Dr. 2049-Interest Payments
01- Interest on Internal Debt
101- Interest on Market Loans
00.00.45- Interest

Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest (Discount amount)

Note: - The amount is paid and credited to specific Loan to which it pertains.

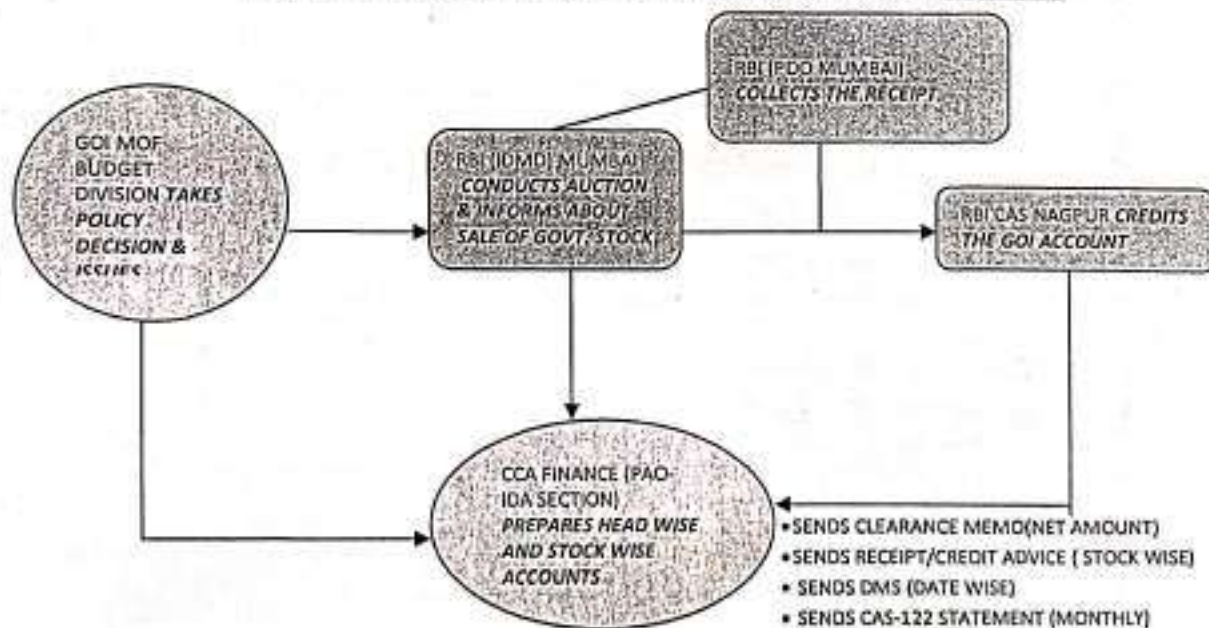
**ACCOUNTING ENTRIES: ISSUE OF NEW LOAN/ RE-ISSUE
(D) WHEN AN EXISTING SECURITY IS RE- ISSUED**

- (-) Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
03- Market Loans Suspense
- Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest
- Cr. 0049 – Interest Receipts
03-Other Interest Receipts of Central Government
800 – Other Receipts
07-Other Miscellaneous Receipts
01- Interest Receipt on Market Loans

Note: (Re-issue of a Security can also be done on Discount/Premium. Hence, for Premium and Discount the Major Head – 0049 – Interest Receipts and 2049 – Interest Payment (as shown under "B & C" above) are respectively, credited and debited. In case of Reissue of a Security the subscriber is required to pay Interest for the Broken Period (From coupon date to date of issue) which is called accrued interest and the same is credited into Govt. Account as shown at "D" above.) Interest on the securities is payable at

the rate specified in the notification for the issue of the loan, till the loan matures for repayment. Interest on the securities is payable half yearly on the dates mentioned in the notification at any of the Public Debt Offices of the Reserve Bank of India (where the securities are enfaced for payment of interest. The debit on account of interest payment is booked under the head "2049- Interest Payments-01- Interest on Internal Debt- 101- Interest on Market Loans."

**ACCOUNTING FLOW
NEW ISSUE/RE-ISSUE OF DATED MARKETABLE STOCKS/SECURITIES**



3.1.1.3 DISCHARGE OF MARKET LOANS/ GOVERNMENT SECURITIES

When a loan is due for repayment, the Government of India issues a notification in the Gazette announcing for the repayment of the loan on the date of maturity, along with interest due. The Reserve Bank of India, Central Debt Section Mumbai also issues instructions to the paying offices including the treasuries.

- After payment, the discharged securities are listed by the Treasury Officer in a separate schedule showing full particulars of each security/ loan. The amounts of premium, if any, or the interest paid at the time of discharge are shown in the schedule of interest payment.
- Before the securities are passed for payment by the Public Debt Office, they are cancelled in its books and the loan balance is reduced. Payment is effected in the usual way at the Public Accounts Department of the R.B.I. or if the party so desires, by means of a Government draft issued at par, on a treasury or a branch of the Agent bank conducting Government business.

- The loans which are notified for discharge during the course of a financial year will continue to be exhibited under the minor head "Loans Bearing Interest" subordinate to "Public Debt etc." till the close of the account for that year. The debits on account of discharge of such loans arising during the year will also be adjusted in accounts accordingly.
- The net balances of the loans outstanding after the close of the accounts for the year will be transferred to the minor head "Loans Not Bearing Interest" by *proforma* corrections, and the debits if arising during the subsequent years, will be adjusted under their relevant Minor head.
- Cancellation of securities passed for payment by a Public Debt Office and those discharged at Treasuries/Sub-Treasuries is reported to the PAO (IDA) by the Public Debt Office concerned under advice to the Internal Debt Management Department (IDMD) of the Reserve Bank of India, Mumbai.
- On receipt of this intimation, the details are noted in the Loan Registers.

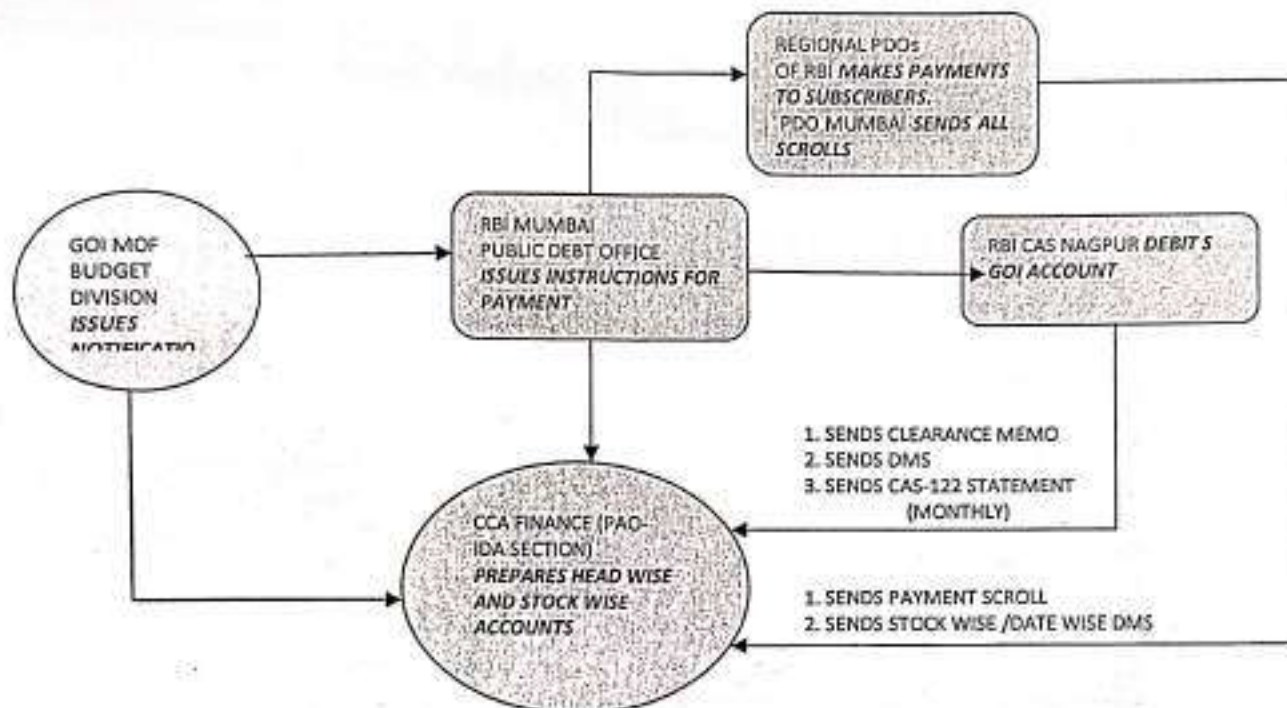
ACCOUNTING ENTRIES

IN CASE OF DISCHARGE OF MARKETABLE GOVERNMENT SECURITIES

Dr. 6001- Internal Debt of Central Government
00-101- Market Loans
00.00.56- Repayment of Market Loans

Cr. 8675- Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

ACCOUNTING FLOW
DISCHARGE OF DATED MARKETABLE STOCKS/SECURITIES



3.1.1.4 BUYBACK OF GOVERNMENT SECURITIES:

Buyback of Government Securities is a process whereby the Government of India and State Governments buy back their existing securities from the holders. The objectives of buyback can be reduction of cost (by buying back high coupon securities), reduction in the number of outstanding securities and improving liquidity in the Government securities market (by buying

back illiquid securities). Government makes provision in the budget whenever it goes for buy back of existing securities. Buyback can be done through an auction process or through the secondary market route, i.e. Negotiated Dealing System (NDS)/NDS-Order Matching (OM). Government has to pay premium on buyback of Government securities.

ACCOUNTING ENTRIES: DISCHARGE OF MARKETABLE GOVERNMENT SECURITIES

(i) PREMIUM ON BUYBACK

Dr. 2048-Appropriation for Reduction or avoidance of debt
00-200- Other Appropriations

Cr. 8675-Deposit with Reserve Bank
00-101-Central Civil
01- Reserve Bank, Central Accounts Office

(ii) INTEREST FOR BROKEN PERIOD

Dr. 2049-Interest Payments
01-Interest on Internal Debt
101-Interest on Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office

(iii) REPAYMENT OF SECURITIES

Dr. 6001- Internal Debt of Central Government
00-101- Market Loans
00.00.56- Repayment of Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office

3.1.1.5 SWITCH/SWAP OFF OF GOVERNMENT SECURITIES: Switching/swapping off of Government bonds serves twin purposes of effective cash management and smoothening of maturity profile. Switching also takes place to avoid redemption pressures on the Government. Switching is used effectively across the advanced countries and several emerging market economies for effective debt management operations (i.e. creating issuance space in short-term maturity buckets, and enhancing longevity of on-the-run securities). Switching of short-

term bonds to long-term maturities has the following advantages:

(a) Switching helps in effective cash management and smoothening of maturity profile.

(b) Switching reduces immediate redemption pressures and also caters to bond preferences of long term investors.

(c) As the switching is done at FIMMDA or prevailing market price, there is no need for fresh buying of bonds to finance the budget. It is, therefore, liquidity neutral.

Switching could however, could involve the following disadvantages:

(a) It may involve some opportunity cost to the Government even though valued at FIMMDA (Fixed Income Money Market & Derivative Association of India) price.

(b) As the duration of the bond would increase there could be risks due to change in interest rates.

(c) It may have upward pressures on yield and impact the price, as the supply of bonds through Open Market Operation (OMO) increases.

During 2013-14, switching of securities amounting to Rs. 31,000 crore were conducted through institutional investors by RBI, as per the decision of Government of India.

ACCOUNTING ENTRIES: SWITCH/SWAP OFF OF GOVERNMENT SECURITIES

(i) PREMIUM ON SWITCHING

Dr. 2048-Appropriation for Reduction or avoidance of debt
00-200- Other Appropriations

Cr. 8675-Deposits with Reserve Bank
00-101-Central- Civil
01- Reserve Bank, Central Accounts Office

(ii) INTEREST FOR BROKEN PERIOD

Dr. 2049-Interest Payments
01-Interest on Internal Debt
101-Interest on Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101-Central- Civil
01- Reserve Bank, Central Accounts Office

(iii) ADJUSTMENT OF OLD SECURITIES

Dr. 6001-Internal Debt of Central Government
00-101- Market Loans
00.00.56- Repayment of Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)

(iv) ADJUSTMENT OF NEW SECURITIES

Dr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office
Cr. 6001- Internal Debt of Central Government
00-101-Market Loans
02- Market Loans Bearing Interest

Cr. 0049 – Interest Receipts
03-Other Interest Receipts of Central Government
800 – Other Receipts
07- Other Miscellaneous Receipts
01- Interest Receipt on Market Loans

3.1.1.6 RECONCILIATION OF BALANCES OF LOANS UNDER DISCHARGE:

In the case of Loans under discharge, differences occur between the balances of loans as maintained by the Reserve Bank of India and those in the books of this office. This is mainly due to the following reasons:

(1) For the securities discharged at treasuries, the debits in the accounts appear in most cases in the month in which the securities are paid. However, the cancellation and consequent reduction in balances in the Public Debt Offices in respect of those securities takes place with a lag in subsequent months i.e., after the discharged securities have been received by the Public Debt Offices from the concerned Accounts Officers.

(2) For the securities tendered for discharge at the Public Debt Offices, securities are first cancelled and loan balances reduced before the pay order is issued. However, the debits appear in accounts only when actual payment has been made.

In the first case, therefore, the differences occur due to debits appearing in the accounts before cancellation while in the second case due to cancellation made by the P.D.O. before the debits appear in the accounts. The reconciliation of the two sets of figures requires careful watch on cancellations against debit in the case of payments in Treasuries and Sub-Treasuries; and the debits against cancellation in the case of payments by the Public Debt Offices. The receipt of the securities discharged at treasuries from the accounts officers and their cancellation is intimated by each P.D.O to IDA office.

In respect of the securities paid at the Public Debt Offices (which are cancelled before actual payment) a monthly statement is sent by the Public Debt Offices. These are also noted in the Register in Form B (Details of Securities) and the entries are tallied and totaled up. Separate pages are kept for compilation of figures of each Public Debt Office and the totals for all Public

Debt Offices are consolidated on a separate page.

DETAILS OF MARKET LOANS RAISED IN INDIA AND SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS (STATEMENT NO. 14A OF FINANCE ACCOUNT):

A statement (Annexure-IV) showing the balances of all outstanding loans as on the last day of each month is prepared every quarter and forwarded to the Finance Account Section, in the Office of Controller General of Accounts, on the 20th of the subsequent month after transactions. The opening balances of this statement is taken from the closing balance as shown in the statement of the previous quarter and monthly receipts and disbursements from the consolidated abstract of IDA section, for the last three month of account. The closing balances of the interest bearing loans as shown in this statement is required to be verified with the balances shown in Quarterly Statement received from the IDMD, Central Office, Mumbai every quarter. The statement of loan balances received from the IDMD, Central Office, Mumbai shows the opening balance of each loan as in the books of RBI on the 1st of the month along with receipt (which represent issue of script) and disbursements (which represent cancellations) during the quarter and the closing balance as on the last day of the quarter. If there is a large difference between the balance of a particular loan, as shown in the statement prepared by the IDA Section and that shown in the quarterly statement of the Reserve Bank of India, due to non-adjustment of the transactions connected with the issue of a new loan or conversion of securities of an old loan into a new loan, a remark to the effect that the balance as per Reserve Bank of India may be adopted, is entered after confirmation.

3.1.2 TREASURY BILLS & CONNECTED SECURITIES ISSUED TO RBI

Treasury Bills are instruments of short term borrowings by the Central Government. They are issued at discount and for a fixed period. These were first issued in India in 1917. These are issued to raise funds for meeting cash management needs and also to provide space for parking temporary surplus funds by investors. Treasury bills can be purchased by anyone (including individuals). These are issued by RBI and sold through fortnightly or monthly auctions at varying discount rates depending upon the bids. The amount of Treasury Bills issuance planned for a quarter is indicated in advance through a quarterly calendar notified by RBI in consultation with GOI. However, these are subject to change depending upon the actual requirements in due course.

TYPE OF TREASURY BILLS: 14 days, 91 days, 182 days and 364 days treasury bills. There are no treasury bills issued by State Governments.

RATE OF INTEREST: Market determined, based on demand for and supply of funds in the money market.

At present, Government of India is issuing three types of Treasury Bills through Reserve Bank of India, for obtaining short term loans from the Internal Market:

1. 91 Days Treasury Bills
2. 182 Days Treasury Bills
3. 364 Days Treasury Bills

(Annexure-V)

3.1.2.1 91 DAYS TREASURY BILLS are instrument of short-term borrowing by the Government of India, issued as promissory notes under discount. The interest received on them is the discount which is the difference between the price at which they are issued and their redemption value. They are issued by RBI (PDO) Mumbai for Normal as well as for Market Stabilization Scheme (MSS) for a period of 91 days and matured on expiry of that period. Receipt and Payment (Principal) for the aforesaid Treasury Bills are intimated to this office by RBI (CAS) Nagpur through two separate Clearance Memo viz. for normal Treasury Bills under the regular daily clearance memo and for MSS in a separate clearance memo, as and when any transaction under MSS occurs. Re-discount facility is not available under these Treasury Bills. Discount allowed/paid for the normal Treasury Bills are intimated by RBI (PAD) Mumbai and currently by RBI CAS Nagpur whereas the discount paid under the MSS is shown under Clearance Memo received from RBI (CAS) Nagpur.

**ACCOUNTING ENTRIES: TREASURY BILLS & CONNECTED SECURITIES ISSUED TO RBI
AT THE TIME OF ISSUE**

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-103- Treasury Bills & connected Securities issued to the RBI (Face Value)
ENTRY FOR DISCOUNT

Dr. 2049- Interest Payments
01- Interest on Internal Debt
103- Interest on Treasury Bills & connected Securities issued to the RBI

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

Dr. 6001- Internal Debt of Central Government
00-103- Treasury Bills & connected Securities issued to the RBI (Face Value)

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

3.1.2.2 182 DAYS TREASURY BILLS

182 DAYS TREASURY BILLS are instrument of short-term borrowing by the Government of India, issued as promissory notes under discount. The interest received on them is the discount which is the difference between the price at which they are issued and their redemption value. They are issued by RBI (PDO) Mumbai for Normal as well as for Market Stabilization Scheme (MSS) for a period of 182 days and matured on expiry of that period. Receipt and Payment (Principal) for the

aforesaid Treasury Bills are intimated to this office by RBI (CAS) Nagpur through two separate Clearance Memo viz. for normal Treasury Bills under the regular daily clearance memo and for MSS in a separate clearance memo, as and when any transaction under MSS occurs. Re-discount facility is not available under these Treasury Bills. Discount allowed/paid for the normal Treasury Bills are intimated by RBI (PAD) Mumbai and currently by RBI CAS Nagpur whereas the discount paid under the MSS is shown under Clearance Memo received from RBI (CAS) Nagpur.

ACCOUNTING ENTRIES: 182 DAYS TREASURY BILLS
AT THE TIME OF ISSUE

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-108-182 Days Treasury Bills (Face Value)

ENTRY FOR DISCOUNT

Dr. 2049- Interest Payments
01- Interest on Internal Debt
108-Interest on 182 Days Treasury Bills

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

Dr. 6001- Internal Debt of Central Government
00-108-182 Days Treasury Bills (Face Value)

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

3.1.2.3 364 DAYS TREASURY BILLS

364 DAYS TREASURY BILLS are instrument of short-term borrowing by the Government of India, issued as promissory notes under discount. These are useful in managing short-term liquidity issues. 364 days Treasury bills are available for a minimum amount of Rs.25,000 and in multiples of Rs. 25,000. The interest received on them is the discount which is the difference between the price at which they are issued and their redemption value. They are issued by RBI (PDO) Mumbai for Normal as well as for Market Stabilization Scheme (MSS) for a period of 364 days and matured on expiry of that period. Receipt and Payment (Principal) for the aforesaid Treasury Bills are intimated to this office by RBI (CAS) Nagpur through two separate Clearance Memo viz. for normal Treasury Bills

under the regular daily clearance memo and for MSS in a separate clearance memo, as and when any transaction under MSS occurs. Re-discount facility is not available under these Treasury Bills. Discount allowed/paid for the normal Treasury Bills are intimated by RBI (PAD) Mumbai and currently by RBI CAS Nagpur whereas the discount paid under the MSS is shown under Clearance Memo received from RBI (CAS) Nagpur. While 91-day T-bills are auctioned every week on Wednesdays, the 182-day and 364-day T-bills are auctioned every alternate week on Wednesdays, depending on actual requirements. The Reserve Bank of India issues a quarterly calendar of T-bill auctions which is available at the Banks' website. (www.rbi.org.in). It also announces the exact dates of auction, the amount to be auctioned and payment dates, by issuing press releases prior to every auction.

**ACCOUNTING ENTRIES: 364 DAYS TREASURY BILLS
AT THE TIME OF ISSUE**

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-110-364 Days Treasury Bills (Face Value)

ENTRY FOR DISCOUNT

Dr. 2049- Interest Payments
01- Interest on Internal Debt
110-Interest on 364 Days Treasury Bills

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

Dr. 6001- Internal Debt of Central Government
00-110-364 Days Treasury Bills (Face Value)

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

HOW THE YIELD OF A TREASURY BILL IS CALCULATED

It is calculated as per the following formula

$$\text{Yield} = \left(\frac{100-P}{P} \right) \times \left(\frac{365}{D} \right) \times 100$$

Wherein;

P – Purchase price

D – Days to maturity

Day Count: For Treasury Bills, D = [actual number of days to maturity/365]

ILLUSTRATION

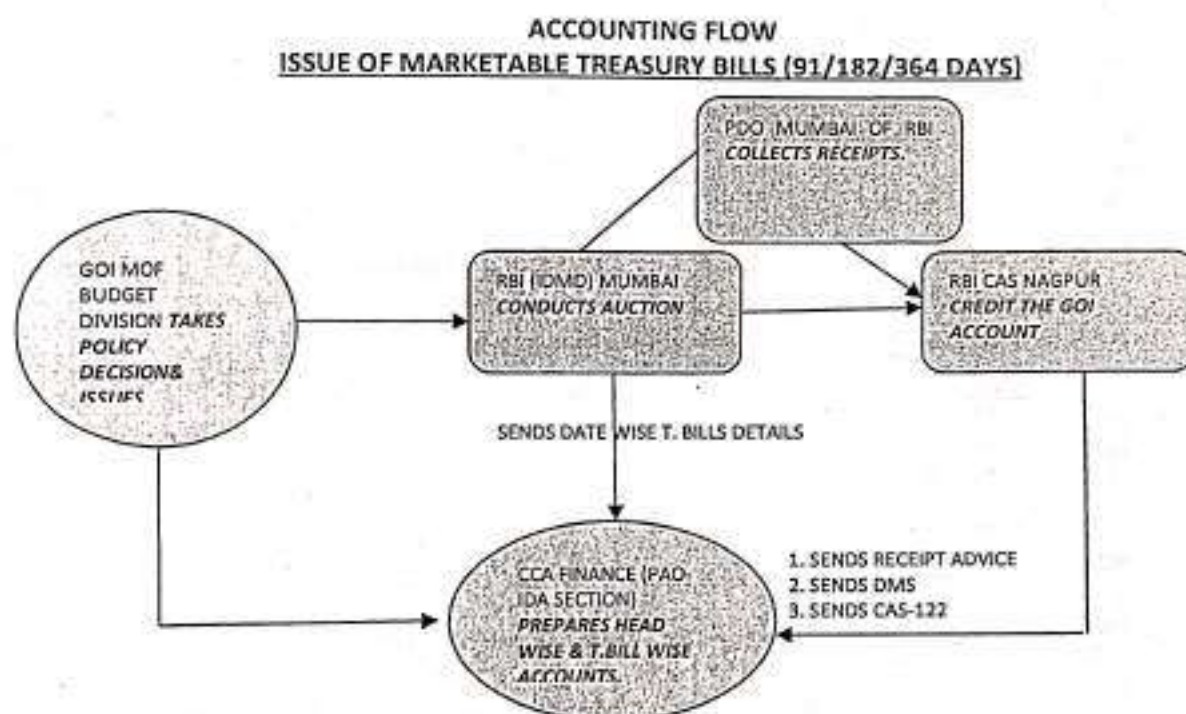
assuming that the price of a 91 day Treasury bill at issue is Rs.98.20, the yield on the same would be:

$$\text{Yield} = \frac{100 - 98.20}{98.20} \times \frac{365}{91} \times 100 = 7.3521\%$$

After say, 41 days, if the same Treasury bill is trading at a price of Rs. 99, the yield would then be

$$\text{Yield} = \frac{100 - 99}{99} \times \frac{365}{50} \times 100 = 7.3737\%$$

Note that the remaining maturity of the treasury bills is 50 days (91-41).



3.1.3 CASH MANAGEMENT BILLS

The Government of India, in consultation with the Reserve Bank of India, has decided to issue a new short-term instrument, known as Cash Management Bills (CMBs), to meet the temporary cash flow mismatches of the Government. The Cash Management Bills are non-standard, discounted instruments issued for maturities less than 91 days. At present, Government of India has issued the following types of Cash Management Bills, i.e. 28, 35, 42, 49, 56, 63 and 70 Days, through Reserve Bank of

India, for obtaining short term loans from the Internal Market.

The Cash Management Bills have the following features:

- The tenure, notified amount and date of issue of the Cash Management Bills depend upon the temporary cash requirement of the Government. However, the tenure of the Bills is less than 91 days.
- The Cash Management Bills are issued at discount to the face value through auctions, as in the case of the Treasury Bills.

c) The announcement of the auction of the proposed bills is made by the Reserve Bank of

India through separate Press Release, issued one day prior to the date of auction.

**ACCOUNTING ENTRIES: CASH MANAGEMENT BILLS
AT THE TIME OF ISSUE**

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-127-Cash Management Bills (Face value)

ACCOUNTING FOR DISCOUNT

Dr. 2049- Interest Payments
01- Interest on Internal Debt
00-128- Discount on Cash Management Bills

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

Dr. 6001- Internal Debt of Central Government
00-127-Cash Management Bills (Face Value)

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01-Reserve Bank, Central Accounts Office

3.1.4 MARKET STABILIZATION SCHEME (MSS)

This scheme came into existence following a MOU between the Reserve Bank of India (RBI) and the Government of India (GOI) with the primary aim of aiding the sterilization operations/process of the RBI.

(Sterilization process/approach followed by RBI:

When the monetary authority intervenes in the foreign exchange market through purchases of foreign exchange it injects liquidity into the system through the corresponding sales of domestic currency. Conversely, when it sells foreign exchange domestic liquidity is absorbed from the system. Such operations in the foreign exchange market cause unanticipated expansion or contraction of base money and money supply, which may not necessarily be consistent with the

prevailing monetary policy stance. The appropriate management of monetary policy may require the monetary authorities to consider offsetting the impact of such foreign exchange market intervention, partly or wholly, so as to retain the intent of monetary policy through such intervention. Most techniques to offset the impact of forex inflows can be classified as either market based or non-market based approaches. The market based approach involves financial transactions between the central bank and the market, which leads to withdrawal or injection of liquidity, as the case may be. The non-market based approach involves the use of quantitative barriers, rules or restrictions in market activity, which attempt to keep the potential injection of liquidity outside

the domestic financial system. The market-based approach aimed at neutralizing part or whole of the monetary impact of foreign inflows is termed as sterilization.)

The MSS was devised since continuous resort to sterilization by the RBI depleted its stock of Government Securities and impaired the scope for similar interventions in the future. Under this scheme, the GOI borrows from the RBI (such borrowing being additional to its normal borrowing requirements) and issues Treasury-Bills/Dated Securities that are utilized for absorbing excess liquidity from the market. Therefore, the MSS constitutes an arrangement aiding in liquidity absorption, in keeping with the overall monetary policy stance of the RBI, alongside tools like the Liquidity Adjustment

Facility (LAF) and Open Market Operations (OMO). The securities issued under MSS, termed as Market Stabilization Scheme (MSS).

Securities/Bonds are issued by way of auctions conducted by the RBI and are done according to a specified ceiling mutually agreed upon by the GOI and the RBI. They possess all the attributes of existing Treasury-Bills/Dated Securities and are included as a part of the country's 'Internal Central Government Debt'. *It is maintained in a separate cash account with the RBI and is used only for the purpose of Redemption/Buy back of Treasury-Bills/Dated Securities issued under the scheme.* Treasury Bills/Securities issued under MSS are matched by equivalent cash balances that are held by the Government with the RBI.

**ACCOUNTING ENTRIES: MARKET STABILIZATION BILLS/BONDS
TREASURY BILLS ISSUED UNDER MARKET STABILIZATION SCHEME**

AT THE TIME OF ISSUE

Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01-Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
 00-126-Market Stabilization Bill/Bonds (Face Value)
 01-91 Days Treasury Bills
 02-364 Days Treasury Bills
 03-Dated Securities
 04-182 Days Treasury Bills

ACCOUNTING OF DISCOUNT

Dr. 2049-Interest Payments
 01-Interest on Internal Debt
 126-Interest paid on Market Stabilization Scheme Deposits of Money in the bank
 (For all types of Treasury Bills & Dated Securities)

Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

Dr. 6001-Internal Debt of Central Government
 00-126-Market Stabilization Bill/Bonds (Face Value)
 01-91 Days Treasury Bills
 02-364 Days Treasury Bills
 03-Dated Securities
 04-182 Days Treasury Bills

Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

**3.1.5 MARKETABLE SECURITIES ISSUED IN
CONVERSION OF SPECIAL SECURITIES**

Marketable securities are unrestricted financial instruments which can be readily sold on a stock exchange or bond exchange. The following

entries are to be made at the time of conversion of Marketable Securities into Special Securities:

**ACCOUNTING ENTRIES: MARKETABLE SECURITIES ISSUE IN CONVERSION OF SPECIAL SECURITIES
AT THE TIME OF MARKETABLE SECURITIES ISSUED**

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-117-Marketable Securities Issued in Conversion of Special Securities

AT THE TIME OF REDEMPTION

Dr. 6001-Internal Debt of Central Government
00-117-Marketable Securities Issued in Conversion of Special Securities

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
02-Reserve Bank, Head Quarters

INTEREST PAID ON MARKETABLE SECURITIES

Dr. 2049-Interest Payments
01-Interest on Internal Debt
118-Interest on Marketable Securities issued in Conversion of Special Securities

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
02-Reserve Bank, Head Quarters

3.1.6 1.44% INFLATION INDEXED BONDS' 2023

Inflation Indexed Bonds (IIBs) were issued during the year 2013 (Annexure-III). Similar bonds were issued earlier in the name of Capital Index Bonds (CIB'S) during 1997.

- The CIBs issued in 1997 provided inflation protection only to principal and not to interest payment.
- New product of IIBs will provide inflation protection to both principal and interest payments.
- Inflation component on principal will not be paid with interest but the same would be adjusted in the principal by multiplying principal with index ratio (IR). At the time of redemption, adjusted principal or the face value, whichever is higher, would be paid.
- Interest rate will be provided protection against inflation by paying fixed coupon

rate on the principal adjusted against inflation.

The main features of 1.44% Inflation Indexed Bonds are:

- It has been decided to factor WPI for inflation protection in IIBs.
- WPI series is being revised after every 10 or more years (e.g. base year revision in WPI series took place in 1981-82, 1993-94 and 2004-05).
- Any revision in the base year would be tackled by splicing the base years so that a consistent WPI series with the same base year is available for indexation purpose since the issue date of the bond.
- There will be no special tax treatment for these bonds.

- A non-competitive scheme has been devised for participation of such investors in the auction. Under this scheme, investors are required to indicate the amount of their bids and not the price at which they want to subscribe. Allocation to such investors is made at the weighted average price that emerges in the competitive bidding.
- Presently, in the auction, up to 5 per cent of the notified amount is reserved for non-competitive bidding, while in IIB's, up to 20 per cent of the notified amount will be earmarked for such bidding to encourage retail participation.
- The retail investors will be able to participate in non-competitive bidding through primary dealers (PDs) and banks. They can open a gilt account with PDs and banks or *demat* account for such participation.
- IIB's would be Government securities (G-Sec) and the different classes of investors eligible to invest in G-Sec would also be eligible to invest in IIBs.
- FII's would be eligible to invest in the forthcoming IIBs but subject to the overall cap for their investment in G-Sec (currently USD 25 billion).
- As IIB's are G-Sec, they can be tradable in the secondary market like other G-Sec. Investors will be able to trade them in NDS-OM, NDS-OM (web-based), OTC market, and stock exchanges.
- IIB's would be a G-Sec and therefore, would be eligible for short-sale and repo transactions.
- IIB's would be a G-Sec and issued as part of the approved Government market borrowing programme.
- Therefore, IIB's would automatically get SLR status.
- Settlement cycle of IIB's will be T+1, like fixed rate conventional bonds.
- Like other G-Sec, the day count for IIBs would be 30/360.
- To begin with, IIB's will be issued for 10 years.
- As it is advisable to issue IIB's at various maturity points to have benchmarks and cater to diverse market demands, more maturity points may be explored subsequently.
- Like other G-Sec, coupon on IIBs would be paid on half yearly basis.
- Fixed coupon rate would be paid on the adjusted principal.
- As indicated in the press release issued by Reserve Bank of India on May 15, 2013, IIBs were launched on June 4, 2013 to be issued subsequently on the last Tuesday of each month during 2013-14. This would also include the last Tuesday of June 2013.
- As is the case with fixed rate conventional bonds, IIBs would be issued through yield based auction and subsequent reissues will be through price based auction.
- Investors would be required to bid for real yield in case of IIBs as against nominal yield in case of fixed rate G-Sec.
- Like fixed rate G-Sec, IIBs would be underwritten by the primary dealers.

**ACCOUNTING ENTRIES: 1.44% INFLATION INDEXED BONDS
AT THE TIME OF ISSUE**

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-101-Market Loans

AT THE TIME OF PAYMENT

Dr. 6001-Internal Debt of Central Government
00-101-Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

IN CASE OF INTEREST PAID

Dr. 2049-Interest Payments
01-Interest on Internal Debt
101-Interest on Market Loans

Cr. 8675-Deposits with Reserve Bank
00-101-Central-Civil
01- Reserve Bank, Central Accounts Office

3.1.7 INFLATION INDEXED NATIONAL SAVING SECURITIES-CUMULATIVE, 2013: The Government of India notified the issue of Inflation Indexed National Savings Securities-Cumulative, 2013 ("the Bonds") from December 23, 2013 to December 31, 2013. The terms and conditions of the issue of the Bonds were as follows:

ELIGIBILITY FOR INVESTMENT: The Bonds may be held by -

- (i) an individual not being a Non-Resident Indian-
- (ii) a Hindu Undivided Family.
- (iii) (a) 'Charitable Institution' to mean a Company registered under Section 25 of the Indian Companies Act 1956; or

(b) An institution which has obtained a Certificate of Registration as a charitable institution in accordance with a law in force; or

(c) Any institution which has obtained a certificate from an Income Tax Authority for the purposes of Section 80G of the Income Tax Act, 1961.

(iv) "University" means a university established or incorporated by a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956), to be a university for the purposes of that Act.

LIMIT OF INVESTMENT: Minimum limit for investment in the bonds is Rs. 5,000/- and maximum limit for investment is Rs.5,00,000/- per applicant per annum.

DATE OF ISSUE: The date of issue of the Bonds in the form of Bonds Ledger Account will be opened (issued) from the date of receipt of funds/realisation of draft/cheque.

INTEREST: The Bonds will bear interest at the rate of 1.5% (fixed rate) per annum + inflation rate calculated with respect to final combined Consumer Price Index [(CPI) Base: 2010=100]. Final combined CPI will be used with a lag of

three months to calculate incremental inflation rate (i.e. final combined CPI for September would be used as reference CPI for all days of December). Interest will be compounded with half-yearly rests and will be payable on maturity along with the principal.

REPAYMENT: The Bonds shall be repayable on the expiration of 10 (ten) years from the date of issue. The investor will be advised by the authorized bank one month before maturity regarding the ensuing maturity of the bond advising them to provide a letter of Acquaintance, confirming the NEFT/ NECS account details, etc to the authorized bank. If everything is in order the investor will be paid within maximum five days of the maturity. Early repayment/redemption before the maturity date is allowed after one year of holding from the date of issue for senior citizens i.e. 65 years and above of age, and for all others after 3 years of holding, subject to the penalty charges at the rate of 50% of the last coupon payable. Early redemption is to be allowed only on coupon dates. *Note: The accounting entries of the above*

will be same as in case of 1.44% Inflation Indexed Bonds. (At Page No. 29)

3.2 NON- MARKETABLE SECURITIES are difficult to buy or sell because it does not trade on a normal market or exchange. Normally these types of securities will trade on an over the counter market. These types of securities must be held by the holder until maturity and cannot be resold to another party.

3.2.1 14 DAYS TREASURY BILLS are issued accounted and intimated by RBI (CAS) Nagpur, RBI (PDO) Mumbai and RBI (PDO) Kolkata (when they are issued to Nepal Rashtra Bank as a special arrangement with the Nepal Government). RBI (CAS) Nagpur intimates the transactions of Receipt and Payment through daily Clearance Memo whereas RBI, Kolkata intimates their transactions through Scrolls. Advice showing (the actual amount received and the discount allowed/paid) is received from the respective RBI Branches except from RBI (PDO) Mumbai. 14 Days Treasury Bills are not issued under Market Stabilization Scheme.

ACCOUNTING ENTRIES: 14 DAYS TREASURY BILLS AT THE TIME OF ISSUE

- Dr. 8675- Deposits with Reserve Bank
 - 00-101- Central-Civil
 - 01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
 - 02- Reserve Bank, Head Quarters (In case of Scroll)
- Cr. 6001-Internal Debt of Central Government
 - 00-115-14 Days Treasury Bills
 - (Credited with the Face Value)

ACCOUNTING OF DISCOUNT

- Dr. 2049-Interest Payments
 - 01-Interest on Internal Debt
 - 116-Interest on 14 Days Treasury Bills
- Cr. 8675-Deposits with Reserve Bank
 - 00-101- Central-Civil
 - 01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
 - 02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF RE-DISCOUNTING

Only 14 days Treasury Bills are allowed to be re-discounted viz., the subscriber are allowed to en-cash their Treasury Bills before the date of its

maturity. The RBI recovers discount paid for remaining days and the penalty amount for rediscounting.

ACCOUNTING ENTRIES: 14 DAYS TREASURY BILLS AT THE TIME OF RE-DISCOUNTING

Dr. 6001-Internal Debt of Central Government
00-115-14 Days Treasury Bills (Face value)

(-) Dr. 2049-Interest Payments
01-Interest on Internal Debt
116- Interest on 14 Days Treasury Bills

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)

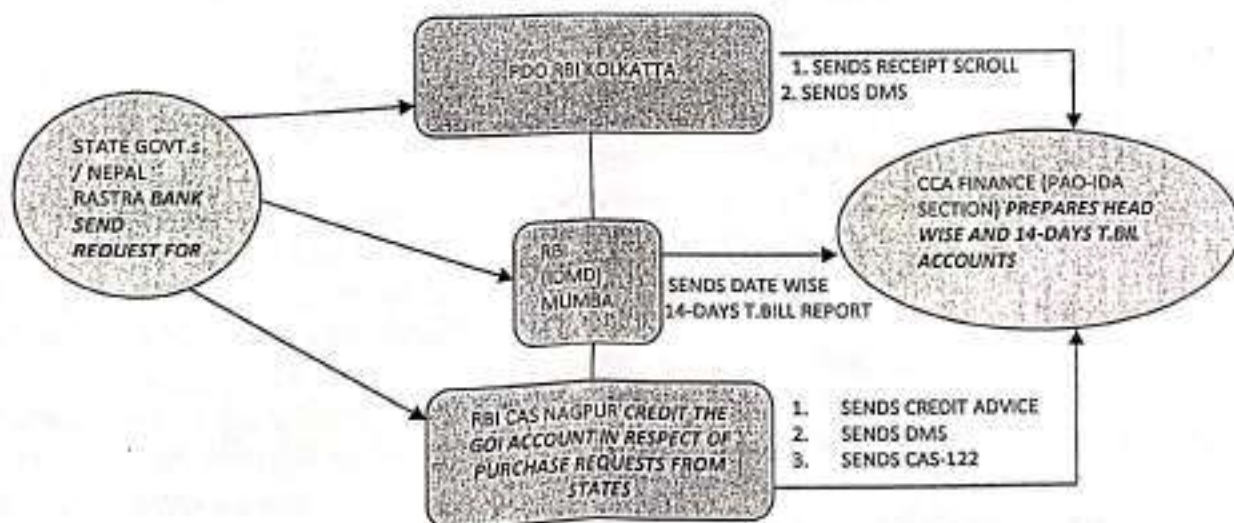
(Note: Above entries are made after the receipt of advice from the respective RBI Branches)

ACCOUNTING ENTRIES: 14 DAYS TREASURY BILLS AT THE TIME OF REDEMPTION

Dr. 6001-Internal Debt
00-115-14 Days Treasury Bills

Cr. 8675-Deposits with Reserve Bank
00-101- Central Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)

ACCOUNTING FLOW 14- DAYS TREASURY BILLS



3.2.2 SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS

International Financial Institutions (IFI'S) are institutions that provide financial support and professional advice for economic and social development activities in developing countries and promote international & economic cooperation and stability. Some amount of quota can be paid in the form of securities. These securities are non-interest bearing Note Purchase Agreement (NPA) issued by RBI and can be en-cashed at any time required by IFIs.

3.2.2.1 INTERNATIONAL MONETARY FUND (IMF): It is the central institution embodying the international monetary system and promotes balanced expansion of world trade, reduced trade restrictions, stable exchange rates, minimal trade imbalances, avoidance of currency devaluations, and the correction of balance of payment problems. The IMF'S goal is to prevent and remedy international financial crises by encouraging countries to maintain sound economic policies. The IMF is funded by the subscription paid by countries joining the IMF or when their subscriptions are increased. Members pay 25% of their subscriptions in Special Drawing Rights (SDR's) or in major currencies. The IMF can call on the remaining 75% as needed for lending. The IMF determines a country's subscriptions amount based on its relative size in world economy. The IMF may borrow money from countries that participate in one of the two standing lending agreements with the IMF.

There are five main facilities from which the IMF provides loans: IMF Stand-By Arrangements (for short-term lending), the Extended-Fund Facility, the Poverty Reduction and Growth Facility, the Supplemental Reserve Facility, and the Exogenous Shocks Facility. When a country borrows from the IMF, the proceeds are deposited in the country's central bank. The repayment period varies for each loan, but maturities usually extend from six months to up

to ten years. Timely repayment by borrowers to IMF is essential so that these funds can be made available to other countries also. Special Drawing Rights are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). SDR's are not a currency, and instead represent a claim to currency held by IMF member countries for which they may be exchanged. As they can only be exchanged for Euro, Japanese yen, Pounds sterling, or U.S. dollars, SDR'S may actually represent a potential claim on IMF member countries' non gold foreign exchange reserves, which are usually held in those currencies. Apart from these there is a New Arrangements to Borrow (NAB) of IMF, which has been put in place. The accounting procedure for the same is in the process of being finalized.

3.2.2.2 ASIAN DEVELOPMENT BANK (ADB) is a regional development bank established on 22 August 1966 to facilitate economic development of countries in Asia. ADB was modeled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with member's capital subscriptions.

3.2.2.3 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) It is an international financial institution which offers loans to middle-income developing countries. It was established in 1944 with the mission of financing the reconstruction of European nations devastated by World War II. Together, the International Bank for Reconstruction and Development and its concessional lending arm, the International Development Association, are collectively known as the World Bank. The IBRD provides commercial-grade or concessional financing to sovereign states to fund projects that seek to improve transportation and infrastructure, education, domestic policy, environmental

consciousness, energy investments, healthcare, access to food and potable water, and access to improved sanitation. The IBRD is owned and governed by its member states, but has its own executive leadership and staff which conduct its operations. The Bank's member Governments are shareholders which contribute paid-in capital and have the right to vote on its matters. In addition to contributions from its member nations, the IBRD acquires most of its capital by borrowing on international capital markets through bond issues.

3.2.2.4 THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) It is an international financial institution which offers concessional loans and grants to the world's poorest developing countries. It was established in 1960 to complement the existing International Bank for Reconstruction and Development by lending to developing countries which suffer from the lowest gross national income, troubled creditworthiness, or from the lowest per capita income. The IDA is the single largest provider of funds to economic and human development projects in the world's poorest nations. IDA also lends money (known as credits) on concessional terms. IDA also provides grants to countries at risks of debt distress.

3.2.2.5 INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) It is a specialized agency of the United Nations dedicated to eradicating rural poverty in developing countries. It was established as an international financial institution in 1977 as one of the outcomes of the 1974 World Food Conference. The strategic policy of IFAD is detailed in Strategic Framework for IFAD 2011-2015: Enabling the Rural Poor to overcome poverty. Its headquarters is in Rome, Italy and is a member of the United Nations Development Group.

3.2.2.6 AFRICAN DEVELOPMENT FUND (ADF) It is the concessional window of the African Development Bank (AFDB) Group. Established in 1972, and became operational in 1974. Administered by the African Development Bank, it comprises, to date, 27 contributing countries and benefits 40 countries. The ADF contributes to poverty reduction and economic and social development in the least developed African countries by providing concessional funding for projects and programs, as well as technical assistance for studies and capacity-building activities.

3.2.2.7 AFRICAN DEVELOPMENT BANK (AFDB) It is a multilateral development finance institution established to contribute to the economic development and social progress of African countries. The AFDB was founded in 1964 and comprises three entities: The African Development Bank, the African Development Fund and the Nigeria Trust Fund. The AFDB's mission is to fight poverty and improve living conditions on the continent through promoting the investment of public and private capital in projects and programs that are likely to contribute to the economic and social development of the region. The AFDB is a financial provider to African governments and private companies investing in the regional member countries (RMC).

3.2.2.8 MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA) It is an international financial institution which offers political risk insurance guarantees. Such guarantees help investors protect foreign direct investments against political and non-commercial risks in developing countries. MIGA is a member of the World Bank Group and established in 1988 as an investment insurance facility to encourage investment in developing countries. It targets projects that endeavor to create new jobs, develop infrastructure, generate new tax revenues, and take advantage of natural resources through sustainable policies

and programs. MIGA is owned and governed by its member states, but has its own executive leadership and staff which carry out its daily operations. It insures long-term debt and equity

investments as well as other assets and contracts with long-term periods.

The accounting arrangements for the issue of Securities/Repayments to the International Financial Institutions are as under:

**ACCOUNTING ENTRIES: SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS
AT THE TIME OF ISSUE OF SECURITIES**

- (i) Dr. 5466-Investment in International Financial Institutions
 00-201- Investments in the International Bank for Reconstruction & Development (IBRD)
 00-202- Subscriptions to International Development Association
 00-203- Investments in the Asian Development Bank
 00-204- Subscriptions to International Finance Corporation
 00-205-Subscription to African Development Fund
 00-206-Investment in the African Development Bank
 00-207-Subscription to International Monetary Fund
 00-208-Subscription to Multilateral Investment Guarantee Agency

- Cr. 8675-Deposits with RBI
 00-101- Central-Civil
 02- Reserve Bank, Head Quarters

- (ii) Dr.8675-Deposits with Reserve Bank
 00-101- Central-Civil
 02- Reserve Bank, Head Quarters

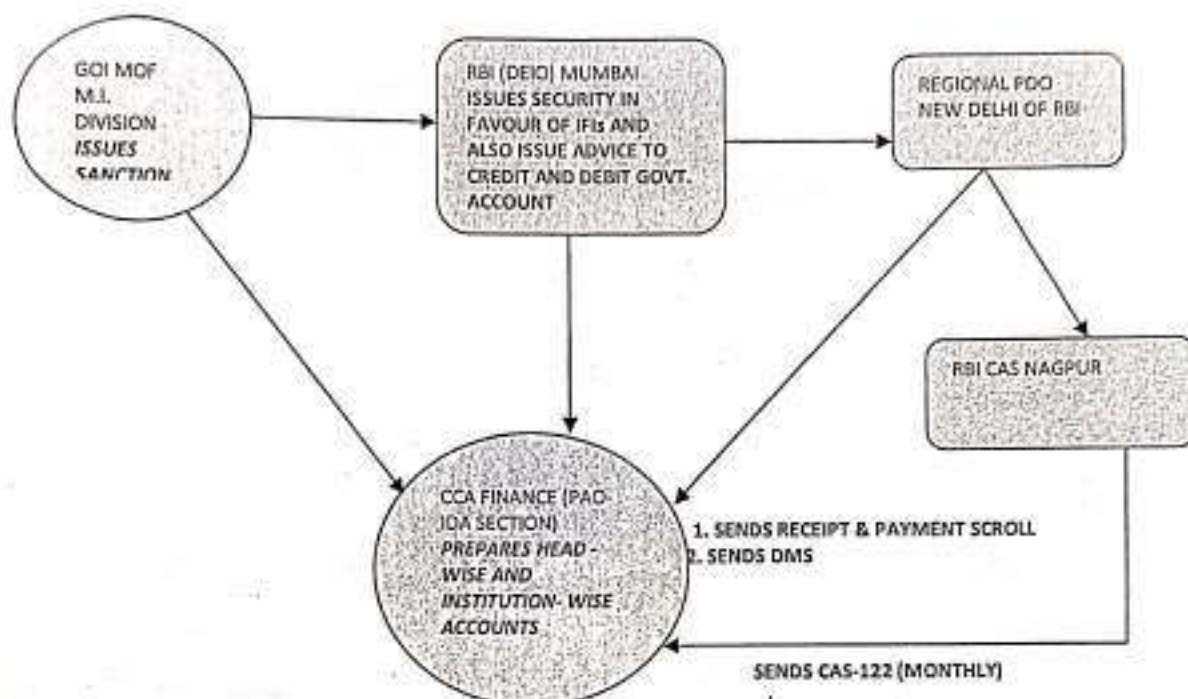
- Cr.6001-Internal Debt of Central Government
 00-105-Securities issued to International Financial Institutions
 01- International Bank for Reconstruction & Development
 02-International Monetary Fund
 03-International Development Association
 04-Asian Development Bank
 05-International Fund for Agriculture Development
 06-African Development Fund
 07- African Development Bank
 08- Multilateral Investment Guarantee Agency

**ACCOUNTING ENTRIES: SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS
AT THE TIME OF REPAYMENT**

- Dr.6001-Internal Debt of Central Government
 00-105-Securities issued to International Financial Institutions
 01- International Bank for Reconstruction & Development
 02-International Monetary Fund
 03-International Development Association
 04-Asian Development Bank
 05-International Fund for Agriculture Development
 06-African Development Fund
 07- African Development Bank
 08- Multilateral Investment Guarantee Agency

- Cr.8675-Deposits with Reserve Bank
 00-101- Central-Civil
 02- Reserve Bank, Head Quarters

ACCOUNTING FLOW
SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS



3.2.3 COMPENSATION AND OTHER BONDS

The following types of Compensation & Other Bonds have been issued by the Government of India:

1. National Defence Gold Bonds (A&B Series)
2. Special Bearer Bonds
3. 4.50% Jayanti Shipping Company (Acquisition of Shares) Compensation Bonds, 1981
4. 7 Years National Rural Development Bond
5. 7% Capital Investment Bonds
6. National Rural Development Bonds (2nd Issue)
7. Capital Investment Bonds
8. Premium Prize Bonds, 1968
9. Premium Prize Bonds, 1964
10. 5 Years Interest Free Prize Bonds
11. Voluntary Disclosure of Income & Wealth 5.75% Bonds' 1985
12. 9% Relief Bond 1987
13. 6% Bank (Acquisition and Transfer of Bonds) Compensation Bonds 1990
14. Annuity Certificates
15. 9% Relief Bonds 1993
16. 10% Relief Bond 1995
17. 4.5% Jayanti Shipping Company (A&T) Share Bonds, 1981
18. 8.5 % Relief Bond 2001
19. 9% Relief Bond 1999
20. 8% Relief Bonds 2002
21. Compensation & Other Bonds Suspense
22. 7% Saving Bonds 2002
23. 6.5% Relief Bond 2003
24. 8% Saving Bonds 2003(Taxable)
25. 6.5% Saving Bonds 2003(Non-Taxable)
26. 3 Years Interest Free Defense Bonds, 1949
27. Loan from National Agricultural Credit (Long Term Operation) Fund of RBI
28. 5.50% Loan, Bank (A&T) Compensation Bonds, 1999
29. 10% Relief Bond 1993

ACCOUNTING ENTRIES: COMPENSATION AND OTHER BONDS (Excluding Item no. 29 of Para 3.2.3.)

AT THE TIME OF ISSUE OF BONDS

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01-Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 6001-Internal Debt of Central Government

00-106- Compensation & Other Bonds

04-National Defence Gold Bonds (A&B Series)

05- Special Bearer Bonds

06- 4.50% Jayanti Shipping Company (Acquisition of Shares) Compensation Bonds, 1981

07-7 Years National Rural Development Bonds

08- 7% Capital Investment Bonds

09- National Rural Development Bonds- 2nd Issue

10-Capital Investment Bonds

11-Premium Prize Bonds, 1968

12-Premium Prize Bonds, 1964

13-5 Year Interest Free Prize Bonds' 1965

14- Voluntary Disclosure of Income & Wealth 5.75% Bonds' 1985

15- 9% Relief Bond 1987

16- 6% Bank (Acquisition and Transfer of Bonds) Compensation Bonds 1990

17-Annuity Certificates

18-9% Relief Bonds 1993

19-10% Relief Bond 1995

20-4.50% Jayanti Shipping Company (A&T) Share Bonds, 1981

22-8.5 % Relief Bond 2001

23-9 % Relief Bond 1999

24- 8% Relief Bonds 2002

25-Compensation & Other Bonds Suspense

28-7% Saving Bonds 2002

29-6.5% Relief Bond 2003

30-8% Saving Bonds 2003(Taxable)

31- 6.5% Saving Bonds 2003(Non-Taxable)

* - 3 Years Interest Free Defense Bonds, 1949

* - Loan from National Agricultural Credit (Long Term Operation) Fund of RBI

* - 5.50% Loan, Bank (A&T) Compensation Bonds, 1999

NOTE: * BALANCES UNDER THESE BONDS/LOANS ARE ACCOUNTED FOR DIRECTLY UNDER THE MINOR HEAD.

**ACCOUNTING ENTRIES: COMPENSATION AND OTHER BONDS (Excluding Item no. 29 of Para 3.2.3.)
AT THE TIME OF REDEMPTION OF BONDS**

Dr. 6001-Internal Debt of Central Government

00-106- Compensation & Other Bonds

04-National Defence Gold Bonds (A&B Series)

05- Special Bearer Bonds

06- 4.50% Jayanti Shipping Company (Acquisition of Shares) Compensation Bonds, 1981

07-7 Years National Rural Development Bonds

08- 7% Capital Investment Bonds

09- National Rural Development Bonds -2nd Issue

10-Capital Investment Bonds

11-Premium Prize Bonds, 1968

12-Premium Prize Bonds, 1964

13-5 Year Interest Free Prize Bonds' 1965

14- Voluntary Disclosure of Income & Wealth 5.75% Bonds' 1985

15- 9% Relief Bond 1987

16- 6% Bank (Acquisition and Transfer of Bonds) Compensation Bonds 1990

17-Annuity Certificates

18-9% Relief Bonds 1993

19-10% Relief Bond 1995

20-4.50% Jayanti Shipping Company (A&T) Share Bonds, 1981

22-8.5 % Relief Bond 2001

23-9 % Relief Bond 1999

24- 8% Relief Bonds 2002

25-Compensation & Other Bonds Suspense

28-7% Saving Bonds 2002

29-6.5% Relief Bond 2003

30-8% Saving Bonds 2003(Taxable)

31- 6.5% Saving Bonds 2003(Non-Taxable)

*** - 3 Years Interest Free Defense Bonds, 1949**

*** - Loan from National Agricultural Credit (Long Term Operation) Fund of RBI**

*** - 5.50% Loan, Bank (A&T) Compensation Bonds, 1999**

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

01-Interest on Internal Debt

200-Interest on Other Internal Debts

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

NOTE: * BALANCES UNDER THESE BONDS/LOANS ARE ACCOUNTED FOR DIRECTLY UNDER THE MINOR HEAD.

ACCOUNTING ENTRIES: 10% Relief Bond' 1993 (For Item no. 29 of Para 3.2.3.)

AT THE TIME OF ISSUE

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 6001-Internal Debt of Central Government

00-112- 10% Relief Bond' 1993

ACCOUNTING ENTRIES: 10% Relief Bond' 1993 (For Item no. 29 of Para 3.2.3.)

AT THE TIME OF REDEMPTION

Dr. 6001-Internal Debt of Central Government

00-112- 10% Relief Bond' 1993

Cr. 8675-Deposit with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

3.2.4 GOLD BONDS 1998:

The Gold Bonds Scheme, 1998, issued in terms of the Government of India, Ministry of Finance (Department of Economic Affairs), Notification No. G.S.R. 76(E), dated 18th February, 1993, were repayable in gold from the 15th March, 1998. As 15th March, 1998, was Sunday, the repayment of gold bonds was made on the previous working day, i.e., 14th March, 1998. For this purpose, it was necessary to determine, in advance, the precise quantities of gold of various denominations required for repayment at each centre and arrange for their manufacture by the

Government Mint and also timely dispatch to the repayment centers spread all over the country. To facilitate these arrangements, connected with repayment of these bonds, a shut period was imposed from 1st December, 1997, and from this date Public Debt Offices/Agency banks were not allowed requests for renewal, consolidation, sub-division and/or change of enfacement of the said bonds. The total gold due for payment was deposited in the RBI for payment to subscribers.

ACCOUNTING ENTRIES: GOLD BOND 1998
AT THE TIME OF ISSUE

Dr.8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

Cr.6001-Internal Debt of Central Government
00-111- Gold Bonds 1998

AT THE TIME OF REDEMPTION

Dr.6001-Internal Debt of Central Government
00-111- Gold Bonds 1998

Cr.8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments
01-Interest on Internal Debt
111-Interest on Gold Bonds 1998

Cr.8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

**3.2.5 GOVT. OF INDIA COMPENSATION
(PROJECT EXPORT TO IRAQ) BONDS**

In order to resolve the liquidity related problems of Indian exporters and lending banks arising out of the stoppage of payments against the project receivable from Iraq under Non- Deferred Payment Arrangement (Non-DPA) between Government of Iraq and Government of India, Compensation Bonds have been issued in favor of lending Banks and Indian Project exporters.

The Bonds have been issued to exporters against the certified receivables by the Central Bank of Iraq. The RBI issued the Bonds on behalf of the Government in favor of the beneficiaries who could be either the exporters or their Banks. The exporters who assigned the

receivable in favor of the Government of India were to be paid the full rupee equivalent of their receivable at the time of redemption of these bonds. Following Bonds were issued for Project export to Iraq:

(1) 12.08% Government of India Compensation (Project Export to Iraq) Bonds 2001 were issued in 1996-97 for Rs. 917.95 crore. When the bonds were issued the full nominal value of the bonds were credited under the Minor Head 113 below the Major Head 6001 per contra debit to a Minor Head 137 Suspense Accounts Redemption of 12.08% GOI Compensation (Project Export to Iraq) Bonds 2001 below the Major Head 8663- Accounting Adjustment Suspense.

(2) 11.40% Government of India Compensation (Project Export to Iraq) Bonds 2003 were issued in 1997-98 for Rs 215.75 crore. The total amount of Rs. 1133.70 crore for above two compensation bonds were credited into Minor Head 113 below the Major Head 6001 while net amount of Rs. 1133.67 crore were debited under Minor Head 137- below the Major Head 8663. The minor difference in both figures was due to nominal value of bonds and amount received in cash.

(3) 6% Government of India Compensation (Project Export to Iraq) Bonds 2008 for Rs. 298.46 crore were issued in 2002-03. The bonds were issued by crediting the Minor Head 106- Compensation and other Bonds below Major Head 6001 per contra debit to Minor Head 107-

(4) Loan to Government of Iraq below the Major Head 7605- Advances to foreign Government.

The bonds issued to exporters have been redeemed on maturity but the debit book under the M.H. 8663 and 7605 for Rs. 1133.67 crore and Rs. 298.46 crore respectively, remain outstanding till now. It was expected that once the UN Sanction against Iraq are lifted the fund which are blocked in Baghdad will be transferred to the Government of India. It was also mentioned in the foot note (3) below the Major Head 8663 that the balance, if any, remaining outstanding finally will be debited to revenue as a loss under the Major Head 3475 after making necessary provisions in the Budget. The decision on the same yet to be taken.

ACCOUNTING ENTRIES: GOVT. OF INDIA COMPENSATION (PROJECT EXPORT TO IRAQ) BONDS AT THE TIME OF ISSUANCE OF SECURITIES

(i) (a) For 12.08% & 11.40% Bonds

Dr. 8663- Accounting Adjustments Suspense
00-137- Redemption of 12.08% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2001

(b) For 6% Bonds

Dr 7605- Advances to Foreign Governments
00-107- Loan to Governments of Iraq

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)

(ii) Dr. 8675-Deposits with Reserve Bank
00-101- Central Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 6001- Internal Debt of Central Government
00-106- Compensation and Other Bonds
21 - 12.08% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2001
26 - 11.40% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2003
✓ 27 - 6% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2008

**ACCOUNTING ENTRIES: GOVT. OF INDIA COMPENSATION (PROJECT EXPORT TO IRAQ) BONDS
AT THE TIME OF REPAYMENT**

Dr. 6001- Internal Debt of Central Government

00-106- Compensation and Other Bonds

21 - 12.08% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2001

26 - 11.40% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2003

27 - 6% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2008

Cr. 8675- Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF RECEIVING MONEY FROM THE GOVT. OF IRAQ

Dr. 8675- Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

(i) (a) For 12.08% & 11.40% Bonds

Cr. 8663- Accounting Adjustments Suspense

00-137- Redemption of 12.08% Govt. of India Compensation (Project Exports to Iraq) Bonds, 2001

(i) (b) For 6% Bonds

Cr. 7605- Advances to Foreign Governments

00-107- Loan to Governments of Iraq

3.2.6 WAYS AND MEANS ADVANCES (WMA)

Section 17(5) of the RBI Act, 1934 empowers the RBI to make Ways and Means Advances (WMA) to Central and State Governments. The Central Government and the Reserve Bank of India signed an agreement on Ways and Means in March 1997, to discontinue the practice of issuing ad hoc Treasury Bills to replenish the Center's cash balance with effect from April 1, 1997. Under the agreement, the Central Government would meet temporary mismatches between receipts and expenditure through Ways and Means Advances (WMA) provided by the RBI. The WMAs were to be fully repaid within three months from the date of the advance, and amounts drawn beyond the WMA limit are treated as overdraft.

TYPES OF WMA: Normal and Special. While Normal WMA are clean advances, *Special WMA* are secured advances provided against the pledge of Government of India-Dated Securities. The operative limit for special WMA for a state is subject to its holdings of central government dated securities and up to a maximum of limit sanctioned. These are temporary advances (overdrafts) extended by RBI to the Government.

Objective: is to bridge the interval between expenditure and receipts for cash management purposes of the government. They are not a source of finance but are meant to provide support, for purely temporary difficulties that arise on account of mismatch/shortfall in revenue or other receipts for meeting the government liabilities.

INTEREST RATE: The interest rate on WMA is now linked to Repo Rate.

MINIMUM BALANCE: The minimum balance required to be maintained by Government on Fridays and at the close of the Govt.'s or RBI's financial year should not be less than Rs.100 crore and on any other working day not less than Rs.10 crore. Further when 75% of WMA is utilized, the RBI may consider fresh flotation of

market loans depending on the market conditions.

OVERDRAFT REGULATION SCHEME: Any amount drawn by a State in excess of WMA is an overdraft. As per the Overdraft Regulation Scheme, in force from October 2, 1985, no State was allowed to run an overdraft with the RBI for more than seven continuous working days. In case an overdraft appeared in the State's account and remained beyond seven continuous working days, the RBI and its agencies stopped payments on behalf of the State. On a further review of the Overdraft Regulation Scheme in 1993, the time limit for clearance of overdraft was increased from seven consecutive working days to ten consecutive working days with effect from November 1, 1993. This position continues.

MONITORING OF WMA, OVERDRAFTS AND ENFORCEMENT OF STOPPAGE OF PAYMENTS:

The position of WMA actually utilized and overdrafts of various States is closely monitored in the Internal Debt Management Department (IDMD), Central Office, Mumbai on a daily basis on receipt of the position from Central Accounts Section (CAS), RBI, Nagpur. When a State avails of WMA in excess of **75 per cent** of the aggregate limit (aggregate = normal **plus** operative limit for special WMA), the State is cautioned to take remedial measures to avoid emergence of overdraft in its account. Whenever a State, after availing of normal and special WMA, emerges in overdraft, the IDM Cell conveys, by facsimile message, the position of overdraft to the concerned State on a daily basis, with a request to clear it within a period not exceeding ten consecutive working days. If the account of a State continues to be overdrawn on the eleventh continuous working day, the RBI suspends payments on behalf of the State until the overdraft is cleared.

INTEREST RATE ON WMA AND OVERDRAFTS:
The interest rate charged on WMA and overdrafts at present are Repo Rate plus two percentage points.

ACCOUNTING ENTRIES: WAYS AND MEANS ADVANCES (WMA)
IN CASE OF RECEIPT

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 6001-Internal Debt of Central Government
00-114-Ways & Means Advances from Reserve Bank of India

IN CASE OF PAYMENT

Dr. 6001-Internal Debt of Central Government
00-114-Ways & Means Advances from Reserve Bank of India

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

INTEREST OF SHORTFALL & OVERDRAFT ON WAYS & MEANS ADVANCES

Dr. 2049-Interest Payments
01-Interest on Internal Debt
115-Interest on Ways & Means Advances from Reserve Bank of India

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, central Accounts Office

3.2.7 NATIONAL SMALL SAVINGS FUND

Prior to 1.4.1999, the deposits under various small savings schemes were accounted for in the Public Accounts of India. The withdrawals by the subscribers were also done from the Public Account of India. On the other hand, the interest payment to the subscribers was made from the Consolidated Fund of India. The disbursement of loans to States and Union Territories was also made from the Consolidated Fund of India. All the payments against the cost of operations were debited to the Consolidated Fund of India. Loan

repayments by State /UT Governments were received in the Consolidated Fund of India. Similarly, interest payments by the State /UT Government were credited to revenue receipts in the Consolidated Fund of India. All the funds received or paid on account of the small savings schemes had to be separately classified as revenue or capital receipts. On this basis, classifications of monies received and paid out from the Public Account of India and the Consolidated Fund of India are as under:

PUBLIC ACCOUNT OF INDIA	CONSOLIDATED FUND OF INDIA
CAPITAL RECEIPTS	REVENUE RECEIPTS
DEPOSITS BY SUBSCRIBERS	INTEREST PAYMENT BY STATES
CAPITAL EXPENDITURE	CAPITAL RECEIPT
WITHDRAWAL BY SUBSCRIBERS	LOAN REPAYMENT BY STATES
	REVENUE EXPENDITURE
	INTEREST TO SUBSCRIBERS
	OPERATIONAL COST
	CAPITAL EXPENDITURE
	LOANS TO STATES

It may be seen that the principal amount paid into the Public Account by the subscriber had to be repaid in its entirety to subscriber. Apart from this, the share of principal collected from each State was lent to States. The repayment of the principal by States matches part of the principal repayment to the subscriber while the remaining share was retained by Union Government. The revenue

receipts on account of interest payment on loans to States did not fully meet the expenditure of interest payment to subscribers mainly because the amount on which the interest was payable to subscribers was more than the amount of loan to States. The cost of operation incurred by Government of India further widened the revenue deficit on account of small savings.

REVENUE RECEIPTS	REVENUE EXPENDITURE
Interest receipts from States /UT'S	(1) Interest payment to Subscribers (2) Cost of Operation

CREATION OF NATIONAL SMALL SAVINGS FUND (NSSF) AND NEW SYSTEM OF ACCOUNTING W.E.F. APRIL 1, 1999

A "National Small Savings Fund" (NSSF) in the Public Account of India has been established with effect from 1.4.1999. A new sub sector has

been introduced called "National Small Savings Fund" in the list of Major and Minor Heads of Government Accounts. All small savings collections (including Public Provident Fund) are credited to this fund. Similarly all withdrawals under small savings schemes by the depositors

is now made out of the accumulations in the fund. The balance in the Fund is invested in Central and State Government Securities. The investment pattern is as per norms decided from time to time by the Government of India. From 2002-03, 100% of the net collections (gross collections minus withdrawals by depositors) are being invested by NSSF in special securities issued by the respective State /UT (with legislature) Governments. Earlier the collections were being shared between the state /UT Governments and Central Government in the ratio of 80:20. The debt servicing of the special Government securities is an income of the Fund while the cost of the interest paid to the depositors and cost of management of small savings schemes is an expenditure of the Fund. The special securities issued by the Central Government to NSSF constitute a part of the internal debt of the Government of India. The following changes in the investments from NSSF have been notified:

- (i) The minimum share of States in net small savings collections in a year, for investment in State Government Securities, will be reduced from 80% to 50%. The remaining amount will be invested in Central Government securities or lent to other willing States or in securities issued by infrastructure companies/agencies, wholly owned by Central Government.
- (ii) Yearly repayment of NSSF loans made by Centre and States will be reinvested in Central and State Government securities in the ratio of 50:50.
- (iii) The period of repayment of NSSF loans by Centre and States will be reduced to 10 years, with no moratorium.
- (iv) From 1st April, 2012 revised interest rate will be notified.
- (v) Half yearly payment of interest by the Centre and the States will be introduced.
- (vi) Interest rate on existing investments from NSSF in Central Government securities till 2006-

07 will be reset at 9% and on those from 2007-08 till 2010-11 will be re-set at 9.5%.

TREATMENT OF PAST LOAN TO STATE GOVERNMENTS AND OUTSTANDING BALANCES IN VARIOUS SMALL SAVINGS SCHEMES:

On implementation of the new system of accounting under the National Small Saving Fund since 1.4.1999, the past loans to State Government and outstanding balances standing at the credit of the account holders and holders of certificates under various Small Savings Schemes at the close of the 31st March, 1999 were treated as under:

(1) The outstanding balances (of Rs. 1,76,220.92 crore) at credit of the account holders and holders of certificates under small savings schemes at the close of the year 1998-99 have been treated as investment in the special securities of the Central Government, issued against outstanding balances.

(2) The repayment of Loans granted to States & Union Territory (with Legislature) Government (up to 31.3.1999) i.e. before establishment of the NSSF and payment of the interest thereon continues to be made to the Central Government as the whole was borne by the GOI.

Securities issued against Small Savings Collection under various small saving schemes, net of withdrawals, during the financial year from the sources of fund for National Small Savings Fund (NSSF). The net collection is invested in Central and State Government Securities which forms the application of funds under NSSF. The state share is 50% or 100% of net collection within that state, as the State may opt. Redemption of these securities into NSSF is reinvested in Central and State Government securities in ratio 50:50 at the prevailing rate of interest. Interest payment to subscribers and cost of management constitute the expenditure under the fund and interest on central and State Government Securities forms the income of the fund.

- (A) (Accounting Entries in case of Special Central Government Securities issued against Outstanding Balances of Small Savings as on 31.03.1999)

**ACCOUNTING ENTRIES
AT THE TIME OF ISSUING OF SECURITY**

- (i) Dr.8007-Investments of National Small Savings Fund
 00-101-Investment in Special Central Government Securities issued against
 Outstanding Balances of Small Savings as on 31.03.1999

Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

- (ii) Cr.6001-Internal Debt of Central Government
 00-121-Special Central Government Securities issued against Outstanding
 Balances of Small Savings as on 31.03.1999

Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

ADJUSTMENT OF INTEREST

- (i) Dr. 2049-Interest Payments
 01-Interest on Internal Debt
 121- Interest on Investment in Special Central Government Securities issued
 against Outstanding balances of Small Savings as on 31-3-1999

Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

- (ii) Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

Cr.8008-Income & Expenditure of National Small Savings Fund
 01-Income from Investment of Small Savings Collections
 101-Interest on Investment in Special Central Government Securities Issued against
 Outstanding balances as on 31.03.1999

AT THE TIME OF REDEMPTION

- (i) Dr. 6001-Internal Debt of Central Government
00-121-Special Central Government Securities issued against Outstanding
Balances of Small Savings as on 31.03.1999

Cr. 8675-Deposits with RBI
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

- (ii) Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01-Reserve Bank, Central Accounts Office

Cr.8007-Investments of National Small Saving Fund
00-101-Investment in Special Central Government Securities issued against
Outstanding Balances of Small Savings as on 31.03.1999

(B) (Accounting Entries in case of Special Central Government Securities Issued against Net collections of Small Savings from 01.04.1999)

**ACCOUNTING ENTRIES
AT THE TIME OF ISSUING OF SECURITY**

- (i) Dr.8007-Investments of National Small Savings Fund
 00-102-Investment in Special Central Government Securities issued against
 Net collections of Small Savings from 01.04.1999
- Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, central Accounts Office
- (ii) Cr.6001-Internal Debt of Central Government
 00-122-Investment in Special Central Government Securities issued against
 Net collections of Small Savings from 01.04.1999
- Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office

AT THE TIME OF REDEMPTION

- (i) Dr. 6001-Internal Debt of Central Government
 00-122-Special Central Government Securities issued against Net Collections of
 Small Savings from 01.04.1999
- Cr. 8675-Deposits with RBI
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office
- (ii) Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01-Reserve Bank, Central Accounts Office
- Cr.8007-Investments of National Small Saving Fund
 00-102-Investment in Special Central Government Securities issued against Net
 Collections of Small Savings from 01.04.1999

ADJUSTMENT OF INTEREST

- (i) Dr. 2049-Interest Payments
 01-Interest on Internal Debt
 122-Interest on Investment in Special Central Government Securities issued
 against Net Collections of Small Savings from 1-4-1999
- Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office
- (ii) Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office
- Cr.8008-Income and Expenditure of NSSF
 01-Income from Investments of Small Savings Collections
 102-Interest on Investment in Special Central Government Securities against
 Collections from 01.4.1999

(C) (Accounting Entries in case of Special Central Government Securities issued to NSSF against Reinvestment of sums received on redemption of Special Central/State Securities)

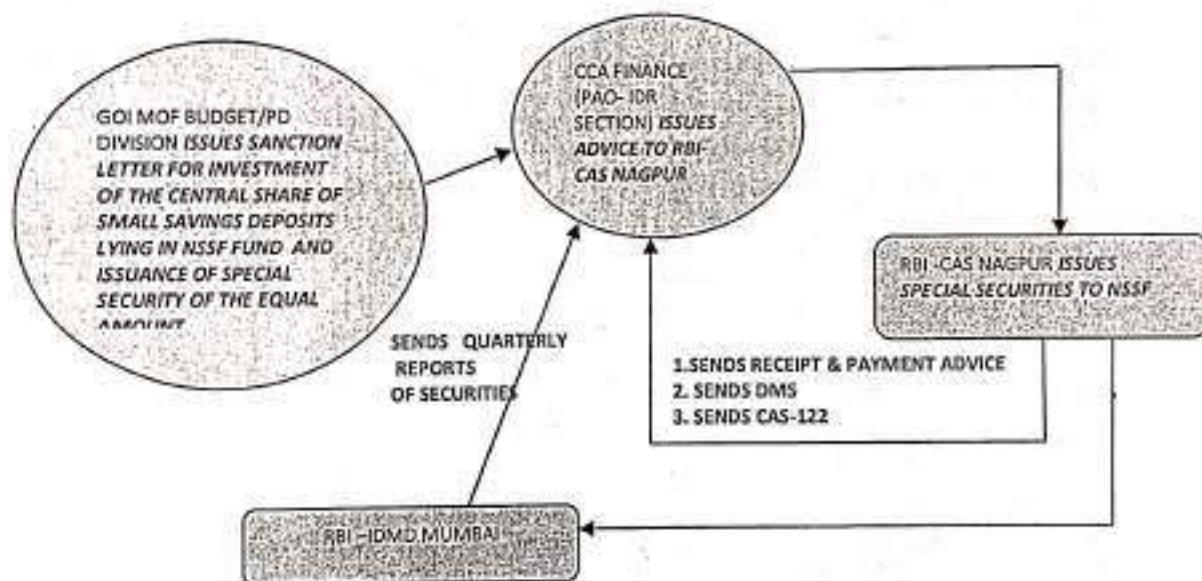
**ACCOUNTING ENTRIES
AT THE TIME OF ISSUING OF SECURITIES**

- (i) Dr. 8007-Investment of National Small Savings Fund
 00-104- Investment of Sums received in NSSF on redemption of Special Central/State
 Securities in Special Central Government Securities
- Cr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office
- (ii) Dr. 8675-Deposits with Reserve Bank
 00-101- Central-Civil
 01- Reserve Bank, Central Accounts Office
- Cr.6001-Internal Debt of Central Government
 00-125- Special Central Government Securities issued to NSSF against
 reinvestment of sums received on redemption of Special Central/State
 Securities

ADJUSTMENT OF INTEREST

- (i) Dr. 2049-Interest Payments
01-Interest on Internal Debt
125- Interest on Special Central Government Securities issued to NSSF against reinvestment of sums received on redemption of Special Central/State Government Securities
Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office
- (ii) Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office
Cr. 8008-Income and Expenditure of NSSF
01-Income from Investments of Small Savings Collections
104- Interest on Investment in Special Central Government Securities issued against reinvestment of sums received in NSSF on redemption of special securities.

ACCOUNTING FLOW SPECIAL CENTRAL GOVERNMENT SECURITIES ISSUED TO NSSF



3.2.8 SPECIAL SECURITIES ISSUED TO RBI FOR MAINTENANCE OF VALUE ACCOUNT IN R/O INDIA MILLENNIUM DEPOSIT: SBI Millennium Deposit Scheme was launched on Oct' 21, 2000. The five-year foreign currency deposits, denominated in US dollars, pound sterling and euro, were carrying an interest rate of 8.5 per cent, 7.85 per cent and 6.85 per cent per annum, payable half-yearly in the three currencies respectively. The IMD'S was eligible for deposits

by non-resident Indians (NRI'S)/overseas corporate bodies/banks acting in a fiduciary capacity on behalf of NRI'S/OCB'S. Depositors were given the option of receiving the interest half-yearly or on a cumulative basis on maturity. The principal and interest, thereon, was fully repatriated in respect of non-resident holders. The payment was made by RBI on behalf of Government of India. Security of Rs.442.84 crore was issued to RBI by Government of India.

CHAPTER 4

LIABILITIES UNDER 'PUBLIC ACCOUNT'

(SPECIAL BONDS, SPECIAL SECURITIES, SPECIAL DEPOSIT SCHEMES ETC.)

There are various special types of securities, bonds etc. which are issued by the Govt. of India from time to time and kept in public account of India which is a liability but not kept under the Major Head-6001 and not included in public debt.

4.1 SPECIAL SECURITIES ISSUED TO FOOD CORPORATION OF INDIA (FCI)

The bonds issued by FCI enable it to take advantage of lower interest rates. FCI procures food grains at the minimum support prices (MSP) announced by the Government under various price support schemes. The Government of India reimburses the food subsidy to the Food Corporation of India as the difference between the Procurement and the Economic price.

Only the Food Corporation of India (FCI) was eligible to subscribe to these Special Bonds. No other person including any bank, company, corporation or any other body, were eligible to subscribe to the Special Bonds. The Special Bonds were issued at par for a minimum amount of Rs. 10,000(Nominal) and in multiples of Rs. 10,000 thereafter. The Special Bonds were

issued in the form of stock, i.e. 'Stock Certificates' or by credit to Subsidiary General Ledger Account maintained with Public Debt Office of the Reserve Bank of India, Fort, Mumbai.

The Special Bonds will be repaid at par at Public Debt Office, Reserve Bank of India, Mumbai. The Special Bonds bear interest on annual basis. Interest is reckoned from the date of commencement of tenure of the Special Bonds and is payable half yearly till maturity of the Special Bonds. Interest on the Special Bonds is payable at Public Debt Office, Reserve Bank of India, Mumbai. Interest is paid after rounding off the amount of interest to the nearest rupee. The investment in Special Bonds by Food Corporation of India or the banks or other institutions including Financial Institutions, Corporations or any other body to which the bonds are subsequently transferred would not be considered as an eligible investment in Government securities, in pursuance of any statutory requirement as the case may be.

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO FOOD CORPORATION OF INDIA (FCI) AT THE TIME OF ISSUE OF BONDS

Subsidy will be debited by M/o Food and Civil Supply in their revenue Expenditure and contra credit will appear in the accounts of PAO (IDA) as follows:

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr.8012- Special Deposits & Accounts

00-127- Special Securities Issued to Food Corporation of India

AT THE TIME OF REDEMPTION

Dr.8012- Special Deposits & Accounts

00-127- Special Securities issued to Food Corporation of India

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

60-Interest on Other Obligations

107-Interest on Special Securities issued to Food Corporation of India

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.2 ISSUE OF SPECIAL BONDS TO FERTILIZER COMPANIES AS COMPENSATION TOWARD FERTILIZER SUBSIDY

In an effort to fund part of the fertilizer subsidy, the Government issued fertilizer bonds. Like oil bonds issued to oil marketing companies the fertilizer bonds carry a coupon rate to be redeemed after a certain period.

The Special Bonds were issued on application at par for the amounts as per the application made by the eligible companies. The Special Bonds were issued for a minimum amount of Rs.10,000

(Nominal) and in multiples of Rs. 10,000 thereafter. The Special Bonds were issued in the form of stock i.e. 'Stock Certificates'. Interest is reckoned from the date of commencement of tenure of the Special Bonds and is payable half yearly on June 10 and December 10 till maturity of the Special Bonds. Interest on the Special Bonds is payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest is to be paid after rounding off the amount of interest to the nearest rupee. The Special Bonds will be transferable and eligible for market ready forward transactions (Repo).

**ACCOUNTING ENTRIES: ISSUE OF SPECIAL BONDS TO FERTILIZER COMPANIES AS COMPENSATION
TOWARD FERTILIZER SUBSIDY
AT THE TIME OF ISSUE OF BONDS**

Subsidy will be debited by Department of Fertilizer in their revenue Expenditure and contra credit will appear in the accounts of PAO (IDA) as follows:

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr.8012- Special Deposits & Accounts

00-129- Issue of Special Bonds to Fertilizer Companies as Compensation towards fertilizer subsidy

AT THE TIME OF REDEMPTION

Dr.8012- Special Deposits & Accounts

00-129- Issue of Special Bonds to Fertilizer Companies as Compensation towards fertilizer subsidy

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

60-Interest on Other Obligations

109-Interest on Special Bonds issued to Fertilizer Companies

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

**4.3 SPECIAL SECURITIES ISSUED TO PETROLEUM
& OIL COMPANIES**

The Govt. of India (GOI) issued special oil bonds to government owned oil marketing companies as a share of their subsidies. The government issued such oil bonds to compensate the oil companies for losses that they incurred on oil subsidies.

The government earlier regulated the price of gas or diesel, which left oil companies selling for less than the purchase price. Issuing bonds was a

way to compensate the companies for their losses.

In 2010, the Indian government switched to providing cash subsidies to the industry instead of issuing bonds. No bonds have been issued in lieu of subsidies since 2010 for food, fertilizer or oil subsidies.

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO PETROLEUM & OIL COMPANIES

AT THE TIME OF ISSUE OF BONDS

Subsidy will be debited by M/o Petroleum in their Revenue Expenditure and contra credit will appear in the accounts of PAO (IDA) as follows:

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr.8012- Special Deposits & Accounts

00-125- Petroleum Bonds

AT THE TIME OF REDEMPTION

Dr.8012- Special Deposits & Accounts

00-125- Petroleum Bonds

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

60-Interest on Other Obligations

106-Interest on Petroleum Bonds

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.4 SPECIAL SECURITIES ISSUED TO INDUSTRIAL DEVELOPMENT BANK OF INDIA

The surplus funds of IDBI deposited under this head.

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO INDUSTRIAL DEVELOPMENT BANK OF INDIA

AT THE TIME OF ISSUE OF SECURITIES

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 8012- Special Deposits & Accounts

00-104- Special Securities issued to Industrial Development Bank of India

AT THE TIME OF REDEMPTION

Dr. 8012- Special Deposits & Accounts

00-104 Special Securities issued to Industrial Development Bank of India

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr. 2049-Interest Payments

03- Interest on Small Savings Provident Funds Etc.

109-Interest on Special Deposits & Accounts

16- 11.50% GOI (IDBI) Special Securities 2021

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.5 SPECIAL SECURITIES ISSUED TO UNIT TRUST OF INDIA (UTI)

Under the scheme, only Administrator of the Specified Undertaking of the Unit Trust of India (hereinafter referred to as 'UTI') shall be eligible to subscribe to the Special Securities. Their subscription to the Special Securities shall be limited to the extent of the amount allotted by the Government of India for meeting their liability on account of shortfalls in assured returns schemes. No other person including any bank, company, corporation or any other body shall be eligible to subscribe to the Special Securities. The Special Securities shall be issued at Rs. 100 (at par). These securities will be issued by credit to the Subsidiary General Ledger

Account maintained with Public Debt Offices of the Reserve Bank of India. Interest will be calculated per annum and accrue on the nominal value of the Special Bonds from the date of last coupon payment and will be payable half yearly. Interest on the Special Securities will be payable at the Public Debt Offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bhubaneswar, Mumbai, Kolkata, Guwahati, Hyderabad, Jaipur, Kanpur, Chennai, Nagpur, New Delhi, Patna and Thiruvananthapuram. Interest will be paid after rounding off the amount of Interest to the nearest rupee. The Special Securities will be issued for a minimum amount of Rs. 10,000 (Nominal) and in multiples of Rs. 10,000 thereafter.

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO UNIT TRUST OF INDIA

AT THE TIME OF ISSUE OF SECURITIES

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 8012- Special Deposits & Accounts

00-105- Special Securities Issued to Unit Trust of India

AT THE TIME OF REDEMPTION

Dr.8012- Special Deposits & Accounts

00-105- Special Securities issued to Unit Trust of India

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

03- Interest on Small Savings Provident Fund etc.

109-Interest on Special Deposits & Accounts

11- Special Securities Issued to UTI

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.6 SPECIAL SECURITIES ISSUED TO "STRESSED ASSETS STABILISATION FUND" (NON INTEREST BEARING)

Stressed Assets Stabilization Fund (SASF) was constituted by the Govt. of India pursuant to a provision in the Union Budget 2004-05 by creating a Special Purpose Vehicle (SPV) Trust for acquiring stressed and non-performing assets of erstwhile Industrial Development Bank of India (IDBI). SASF has been accorded the status of Financial Institution to take advantage of provision of the Recovery of Debts due to Banks and Financial Institutions, 1993 by approaching Debt Recovery Tribunal (DRT) as well as Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and Corporate Debt Restructuring (CDR) mechanism for resolution of the assets acquired.

A fast-track system for resolution of assets has been put in place by SASF. SASF has the absolute right, title, interest and authority to recover all the monies owned by the Borrower to IDBI and to enforce the securities created by the Borrower in favour of IDBI. Therefore, for all the

practical purposes, SASF has been made part of IDBI.

Pursuant to a Loan Agreement entered into by the Government of India with the trustees of the Stressed Asset Stabilization Fund, the Special Security is being issued to Stressed Asset Stabilization Fund (hereinafter briefly described as "the Fund"). The Fund shall transfer the Special Security to the Industrial Development Bank of India (hereinafter briefly described as "the IDBI") in consideration of the transfer of stressed assets of IDBI to the Fund. Only the Fund shall be eligible to subscribe to the Special Security and its subscription. No other person including any bank, company, corporation or any other body shall be eligible to subscribe to the Special Security. The Special Security shall be issued at par to the Fund on application. The Special Security shall not carry any interest. The Special Security shall be issued for a minimum amount of Rs. 10,000 (nominal) and in multiples of Rs. 10,000 thereafter.

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO "STRESSED ASSETS STABILISATION FUND" AT THE TIME OF ISSUE OF SECURITIES

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr.8012- Special Deposits & Accounts

00-126- Special Securities issued to Stressed Assets Stabilization Fund in consideration of Stressed Assets of IDBI

AT THE TIME OF REDEMPTION

Dr.8012-Special Deposit & Accounts

00-126- Special Securities Issued to Stressed Assets Stabilization Fund in consideration of Stressed Assets of IDBI

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.7 SPECIAL SECURITIES ISSUED TO NATIONALISED BANKS

The surplus funds of Nationalized Banks are deposited under this head:

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED TO NATIONALISED BANKS AT THE TIME OF ISSUE OF SECURITIES

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr.8012- Special Deposits & Accounts

00-120- Special Securities issued to Nationalised Banks

AT THE TIME OF REDEMPTION

Dr.8012- Special Deposits & Accounts

00-120- Special Securities issued to Nationalised Banks

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments

03- Interest on Small Savings Provident Fund etc.

109-Interest on Special Deposits & Accounts

02-Special Securities issued to Nationalised Banks

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank (CAO) (In case of Clearance Memo)

02- Reserve Bank (HQ) (In case of Scroll)

4.8 SPECIAL SECURITIES ISSUED AGAINST SECURITIZATION OF BALANCES UNDER POSTAL LIFE INSURANCE

ACCOUNTING ENTRIES: SPECIAL SECURITIES ISSUED AGAINST SECURITIZATION OF BALANCES UNDER POSTAL LIFE INSURANCE AT THE TIME OF ISSUING OF SECURITY

- (i) Dr.8015- Investments of Post Office Insurance Fund
01-Investments of Net Corpus as on 31.10.2009 in dated securities
01-101-Investments of Net Postal Life Insurance (PLI) Corpus as on 31.10.2009 in dated securities
01-102-Investments of Net Rural Postal Life Insurance (RPLI) Corpus as on 31.10.2009 in dated securities
- Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)
- (ii) Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)
- Cr.6001- Internal Debt of Central Government
00-128- Special Bonds issued against securitization of balances under Postal Life Insurance

AT THE TIME OF REPAYMENT

- (i) Dr. 6001- Internal Debt of Central Government
00-128- Special Bonds issued against securitization of balances under Postal Life Insurance
- Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo received)
02- Reserve Bank, Head Quarters (In case of Scroll received)
- (ii) Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of Scroll)
- Cr. 8015- Investments of Post Office Insurance Fund
01-Investments of Net Corpus as on 31.10.2009 in dated securities
01-101-Investments of Net Postal Life Insurance (PLI) Corpus as on 31.10.2009 in dated securities
01-102- Investments of Net Rural Postal Life Insurance (RPLI) Corpus as on 31.10.2009 in dated securities

AT THE TIME OF INTEREST PAYMENT

Dr. 2049- Interest Payments

60-Interest on Other Obligations

111-Interest on Special Securities issued against securitization of balances under Postal Life Insurance

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.9 SMALL COIN DEPOSIT

The Government of India has the sole right to mint coins. The responsibility for coinage vests with the Government of India in terms of the Coinage Act, 1906 as amended from time to time. The designing and minting of coins in various denominations is also the responsibility of the Government of India. Coins are minted at the four India Government Mints at Mumbai, Alipore (Kolkata), Salabad & Cherapally (Hyderabad) and Noida (UP).

The coins are issued for circulation only through the Reserve Bank in terms of the RBI Act. Coins in India are presently being issued in denominations of 50 paise, one rupee, two rupees, five rupees and ten rupees. Coins of 50 paise are called 'Small Coins' and coins of Rupee one and above are called 'Rupee Coins'. Coins can be issued up to the denomination of Rs.1000 as per the Coinage Act, 1906.

Now Mints & Presses has been corporatized into Security Printing & Minting Corporation of India Limited (SPMCIL) since January' 2006. Coins are purchased from Security Printing & Minting Corporation of India Limited and issued to RBI for circulation through its Regional Issue offices/sub-offices of the Reserve Bank and a wide network of currency chests and coin depots maintained by banks and Government treasuries spread across the country. The RBI Issue Offices/sub-offices are located at Ahmedabad, Bangalore, Belapur(Navi Mumbai), Bhopal, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jammu, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. These offices issue coins to the public directly through their counters and also send coin remittances to the currency chests and small coin depots.

**ACCOUNTING ENTRIES: SMALL COIN DEPOSIT
IN CASE OF RECEIPT**

Dr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

Cr. 8782-Cash Remittances & adjustments between officers rendering accounts to the same Accounts Officer

00-106-Small Coin Depot Remittances

IN CASE OF PAYMENT

Dr. 8782- Cash Remittances & adjustments between officers rendering accounts to the same Accounts Officer

00-106- Small Coin Depot Remittances

Cr. 8675-Deposits with Reserve Bank

00-101- Central-Civil

01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)

02- Reserve Bank, Head Quarters (In case of Scroll)

4.10 INVESTMENT OF SURPLUS FUNDS OF RURAL ELECTRIFICATION CORPORATION

The surplus funds of the Rural Electrification Corporation (REC) are invested with the Reserve Bank of India, New Delhi in special Securities. In this case also, the amounts are repayable on demand, but the rate of interest is 4% per annum. Whenever an amount is deposited with

or repaid by the Reserve Bank of India, intimation to that effect is sent to this office by the bank.

The transactions connected with the above mentioned investment will appear in the PAD' New Delhi and booked under the heads of account indicated below:

(i)	Deposits or repayment of surplus funds of R.E.C.	8012-Special Deposits & Accounts 00.103-Special Securities issued to the Rural Electrification Corporation.
(ii)	Interest payment on investment of surplus funds by R.E.C	2049- Interest Payments 60-Other Obligations 101-Interest on Deposits.

4.11 SPECIAL DEPOSIT SCHEME-1975

Special Deposit Scheme was introduced vide GOI notification No. F. 16(1)-PD/75 dated: 30.06.1975 for the benefit of Non- Government Superannuation and Gratuity Funds w.e.f. 1st July 1975. The scheme was initially for a period of 10 years which was extended time to time up to

2003 by issuing office orders in this regard. Following Funds were allowed to contribute in the scheme:

- Provident Funds established under the Employees Provident Funds and Family Pension Fund Act 1953.

- Provident Funds recognized by the commissioner of income tax under different rules under income tax act 1961.

- As per Non-Government Provident Act 1925.

Interest on scheme was decided to be paid on outstanding balance as on 31st December by the deposit branch.

Accounting Procedure and Method of Reporting: Deposits pertaining to SDS-1975 were to be accepted at the branches of RBI Ahmedabad, Bangalore, Mumbai, Calcutta, Hyderabad, Kanpur, Chennai, Nagpur, New Delhi and Patna and all the branches of SBI, Subsidiaries of SBI and the New Banks constituted by the Banking Companies (Acquisition and transfer of undertakings) Act 1970. Prior to October 1990, SBI branches and other banks were reporting their transactions through RBI branches. From October 1990 onwards, SBI GAD Mumbai came into existence and all the branches of SBI reported to SBI GAD Mumbai. The agency banks branches started reporting their transactions through RBI branches and where RBI branches were not available they started reporting through SBI GAD, Mumbai. Hence RBI branches and SBI GAD,

Mumbai maintains two types of Account in their books.

IMPORTANT DECISIONS TAKEN UNDER THE SCHEME BY MINISTRY OF FINANCE

1. As per GOI Notification No. F. 11(2)/PD/96 dated: 17th March' 1997, no fresh investment is to be made under the scheme. From 1st April' 1997 onwards, only the interest earned under the scheme can be reinvested in the scheme.
2. As per GOI Notification No. F. 5(6)-LCBSPR/2003 dated: 1st May' 2003, it was decided that no new investment in SDS-1975 shall be allowed after 30th June' 2003 and since then the Interest is also not be allowed to Reinvested. The interest of existing account is paid annually.

RATE OF INTEREST When the scheme was launched, the rate of interest offered was 10% per annum. Subsequently, on April 1, 1983 this was raised by one percentage point to 11%, and by another percentage point to 12% on April 1, 1986. It remained unchanged for almost 15 years after that. The first cut was on April 1, '2002, when the rate of interest was lowered to 11%. Thereafter, the interest rate on deposits in the scheme was reduced to 9.5% on April 1, '01 and to 9% on April 1, '02. In the financial year 2014-15, the interest rate was 8.7%.

ACCOUNTING ENTRIES (FOR SBI): SPECIAL DEPOSIT SCHEME-1975
IN CASE OF RECEIPT

Dr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

Cr.8012-Special Deposits & Accounts
00-107-Special Deposits by Provident, Superannuation and Gratuity Fund
02- SDS-1975

IN CASE OF PAYMENT

Dr.8012- Special Deposits & Accounts
00-107-Special Deposits by Provident, Superannuation and Gratuity Fund
02- SDS-1975

Cr. 8658-Suspense Accounts
00-108-Public Sector Bank Suspense

IN CASE OF INTEREST PAYMENT

Dr.2049-Interest Payments
03- Interest on Small Savings Provident Funds etc.
109-Interest on Special Deposits & Accounts.
10- Special Deposits of Provident Superannuation and Gratuity Fund

ACCOUNTING ENTRIES (FOR RBI): SPECIAL DEPOSIT SCHEME-1975
IN CASE OF RECEIPT

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

Cr. 8012-Special Deposits & Accounts
00-107-Special Deposits by Provident, Superannuation and Gratuity Fund
02- SDS-1975

IN CASE OF PAYMENT

Dr. 8012- Special Deposits & Accounts
00-107-Special Deposits by Provident, Superannuation and Gratuity Fund
02- SDS-1975

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

IN CASE OF INTEREST PAYMENT

Dr. 2049-Interest Payments
03- Interest on Small Savings Provident Funds etc.
109-Interest on Special Deposit & Accounts
10- Special Deposits of Provident Superannuation and Gratuity Fund

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
02- Reserve Bank, Head Quarters

**4.12 THE COMPULSORY DEPOSIT SCHEME
(INCOME-TAX PAYERS) ACT 1974**

The Govt. of India introduced Compulsory Deposit Scheme (Income Tax Payers) Act' 1974 on the 17th day of July, 1974 for compulsory deposit of specified amount by the Income tax payers. The amount were to be remitted

through public sector banks to Reserve Bank of India and kept in separate account known as' Compulsory Deposit(Income tax payers). The refund of the said deposit was permitted in annual installment after a lock-in of 5 years and the deposits were eligible for interest at rates as declared by the Government of India. Interest on deposits made prior to 1st April' 1985, in terms

of section 8 of CDS (ITP) Act, 1974 and Para 9 of the CDS (ITP) Scheme' 1974 was paid by the bank branches. The deposits were discontinued with effect from the assessment year 1985-1986 and ideally the balances under above scheme should have been withdrawn by the depositors

by 1989-90 on completion of 5 years from the date of last deposit.

INTEREST: Every compulsory deposit made by or recovered from a depositor shall carry simple interest at a rate equal to the bank deposit rate.

ACCOUNTING ENTRIES: THE COMPULSORY DEPOSIT SCHEME (INCOME-TAX PAYERS) ACT 1974

INTEREST PAYMENT

Dr. 2047-Other Fiscal Services
 00-800-Other expenditure
 01-Interest on Deposits under Compulsory Deposit Income Tax Payers Scheme 1974

Cr. 8658-Suspense Accounts
 00-108-Public Sector Bank Suspense

Note- If transactions reported by CAS NAGPUR MH-8675.00.101.01 Reserve Bank, Central Accounts Office will be shown instead of MH- 8658.00.108- Public Sector Bank Suspense

4.13 SPECIAL TYPES OF LOANS

The procedure explained in Chapter 3 of this Manual relates to the issue, discharge and accounting of the regular internal loans issued by the Government of India. Besides these loans, certain special types of loans are also issued by the Government occasionally. The following loans fall in this category:

- 15 Year Annuity Certificates.
- Interest Free Prize Bonds.
- Compensation Bonds issued in connection with the nationalization of banks.
- Treasury Savings Deposit Certificates and Defence Deposit Certificates.

- Compulsory Deposits.
- Annuity Deposit Certificates.
- Fixed Deposits.
- National Saving Certificates (Bank Series).
- Deposit of surplus funds of U.S. Government Counterpart funds and Rural Electrification Corporation.

All the above loans are not in use any more. The balances lying under these loans are being written off from the Finance Account. The procedure followed regarding these loans are as per the old Rupee Loan Manual.

CHAPTER 5

LIABILITIES UNDER 'PUBLIC ACCOUNT' (SMALL SAVINGS SCHEMES)

Small Saving Schemes currently in force are Post Office Time Deposit, Post Office Monthly Income Account, Senior Citizen Saving Schemes, National Saving Certificates (VIII Issue) National Saving Certificate (IX Issue) and Public Provident Fund. The PAO (IDA) keeps account of the schemes run by public sector banks. The rate of interest of small savings instruments has now been aligned with G-Sec rates of similar maturity, with a spread of 25 basis points, with two exceptions in schemes for which interest rates have been fixed separately. The interest rate of every financial year will be notified before 1st April of that year.

5.1 PUBLIC PROVIDENT FUND SCHEME, 1968

This scheme was introduced on 1st July, 1968.

SUBSCRIPTION: Any amount not less than Rs. 100 and not more than the ceiling amount permitted by the Government. As per budget announcement of 2014-15 the limit has been increased to Rs 1,50,000/ per year.

NUMBER OF SUBSCRIPTION: The subscription, which shall be in multiples of Rs. 5 may, for any year, be paid into the account in one lump sum or installments not exceeding twelve in a year.

INTEREST: Interest at the rate, notified by the Central Government in the official gazette from time to time, shall be allowed for calendar month on the lowest balance at credit of an account between the close of the fifth day and the end of the month and shall be credited to the account at the end of each year.

Various Public Sector Banks and also some Private Banks were authorised by M/o Finance to open PPF Account of public and maintain their records in their bank branches. All PPF transactions of Banks are settled by RBI on behalf of Government of India. Now all the banks report the details of PPF transactions (PPF Receipt, Payment, Penalty, Commission etc.) to RBI, CAS, Nagpur w.e.f. 01.04.2013 on daily basis like the transactions of Senior Citizens Savings Scheme.

ACCOUNTING ENTRIES: PUBLIC PROVIDENT FUND SCHEME, 1968

AT THE TIME OF RECEIPT

Dr. 8658-Suspense Accounts
 00-108-Public Sector Bank Suspense

Cr. 8006- Public Provident Funds
 00-101-Public Provident Funds

AT THE TIME OF PAYMENT

Dr. 8006- Public Provident Funds
 00-101-Public Provident Funds

Cr. 8658-Suspense Accounts
 00-108-Public Sector Bank Suspense

AT THE TIME OF INTEREST RECEIPT

Dr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

Cr. 0049-Interest Receipts
03- Other Interest Receipts of Central Government
800-Other Receipts
13--Interest on Public Provident Fund

AT THE TIME OF INTEREST PAYMENT

Dr.8008-Income & Expenditure of National Small Savings Fund
02-Interest Payments to subscribers
103-Interest on Public Provident Fund

Cr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

AT THE TIME OF PAYMENT OF COMMISSION TO AGENT

Dr.8008-Income & Expenditure of National Small Savings Fund
03-Management Cost
103-Payment of Agency commission to agents

Cr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

5.2 SENIOR CITIZENS SAVINGS SCHEME' 2004

This Scheme came into force on the 2nd day of August, 2004.

DEPOSITS AND WITHDRAWALS: There shall be only one deposit in the account in multiple of one thousand rupees not exceeding rupees fifteen lakh.

INTEREST ON DEPOSIT: The deposit made under these rules shall bear interest at the rate of nine per cent per annum from the date of deposit. Interest shall be payable from the date of deposit to 31st March/30th June/30th

September/31st December as the case may be, in the first instance and thereafter, interest shall be payable on 31st March, 30th June, 30th September and 31st December.

This scheme is operated by various Private and Public Sector Bank. The individual record is kept by the bank and gross receipt, payment and their interest is booked to Government of India through RBI settlement. This office is booking monthly figure of receipt under the fund, withdrawal under the fund and interest paid to subscriber as per statement received from RBI branches, GAD SBI and other PSU banks.

ACCOUNTING ENTRIES: SENIOR CITIZENS SAVINGS SCHEME' 2004

AT THE TIME OF RECEIPT

Dr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

Cr.8001- National Savings Deposits

00-111- Senior Citizen Saving Scheme' 2004

AT THE TIME OF PAYMENT

Dr.8001- National Savings Deposits

00-111- Senior Citizen Saving Scheme' 2004

Cr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

INTEREST/PENALTY/TRANSFER FEES RECEIPT

Dr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

Cr.8008--Income & Expenditure of National Small Savings Fund

02- Interest Payments to Subscribers

101-Interest on National Savings Deposits

08- Senior Citizen Saving Scheme' 2004

INTEREST/PENALTY/TRANSFER FEES PAYMENT

Dr.8008--Income & Expenditure of National Small Savings Fund

02- Interest Payments to Subscribers

101-Interest on National Savings Deposits

08- Senior Citizen Saving Scheme' 2004

Cr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

PAYMENT OF COMMISSION

Dr.8008-Income & Expenditure of National Small Savings Fund

03-Management Cost

103-Payment of agency commission to agents

02- Payment of Commission to Banks

Cr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

5.3 DEPOSIT SCHEME FOR RETIRING GOVERNMENT EMPLOYEES' 1989

This Scheme came into force on 1st July, 1989 and was discontinued w.e.f. 09.07.2004.

DEPOSITS AND WITHDRAWALS: (a) The account shall be opened with a deposit of a minimum of one thousand rupees and all deposits will be in the multiples of one thousand rupees. (b) All withdrawals shall be in multiples of one thousand rupees.

INTEREST ON DEPOSITS: All deposits made in accordance with this Scheme shall carry interest

at the rate of 9% per annum from the date of the respective deposits. The interest will be paid from the date of deposit to 30th June/31st December, as the case may be, and thereafter, interest will be paid half-yearly on the 30th June and 31st December.

This office booked monthly figure of receipt under the fund, withdrawal under the fund and interest paid to subscriber as per figures reported by RBI branches, SBI' GAD and other PSU banks.

ACCOUNTING ENTRIES: DEPOSIT SCHEME FOR RETIRING GOVERNMENT EMPLOYEES' 1989

AT THE TIME OF RECEIPT

Dr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

Cr.8013- Other Deposits & Accounts

01-Deposit Schemes for Retiring Employees

101- Deposit Scheme for Retiring Government Employees' 1989

AT THE TIME OF PAYMENT

Dr.8013- Other Deposits & Accounts

01-Deposit Schemes for Retiring Employees

101- Deposit Scheme for Retiring Government Employees' 1989

Cr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

INTEREST PAYMENT BOOKED UNDER

Dr.2049-Interest Payments

03- Interest on Small Savings Provident Funds etc.

111-Interest on Other Deposits & Accounts

01- Interest on Deposits Scheme for Retiring Govt. Employees

Cr.8658-Suspense Accounts

00-108-Public Sector Bank Suspense

Note- If transactions reported by CAS NAGPUR MH-8675.00.101.01 Reserve Bank, Central Accounts Office will be shown instead of MH-8658.00.108- Public Sector Bank Suspense

5.4 DEPOSIT SCHEME FOR RETIRING EMPLOYEES OF PUBLIC SECTOR COMPANIES' 1991

This Scheme came into force on 1st January, 1991 and was discontinued w.e.f. 09.07.2004.

DEPOSITS AND WITHDRAWALS: (a) The account shall be opened with a deposit of a minimum of one thousand rupees, and all deposits will be in multiples of one thousand rupees.(b) All withdrawals shall be in the multiples of one thousand rupees.

INTEREST ON DEPOSITS: All deposits made in accordance with this scheme shall carry interest at the rate of 9% per annum from the date of respective deposits. The interest will be paid from the date of deposit to 30th June/31st December, as the case may be, and thereafter,

Interest will be paid half yearly on the 30th June and 31st December.

This office does the booking of monthly figure of receipt under the fund, withdrawal under the fund and interest paid to subscriber as per figures reported by RBI branches, SBI' GAD and other PSU banks.

ACCOUNTING ENTRIES: DEPOSIT SCHEME FOR RETIRING EMPLOYEES OF PUBLIC SECTOR COMPANIES' 1991

AT THE TIME OF RECEIPT

Dr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

Cr.8013- Other Deposits & Accounts
01-Deposit Scheme for Retiring Employees
102- Deposit Scheme for Retiring Employees of Public Sector Companies' 1991

AT THE TIME OF PAYMENT

Dr.8013- Other Deposit & Accounts
01-Deposit Scheme for Retiring Employees
102- Deposit Scheme for Retiring Employees of Public Sector Companies' 1991

Cr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

AT THE TIME OF INTEREST PAYMENT

Dr.2049-Interest Payments
03- Interest on Small Savings Provident Funds etc.
111-Interest on Other Deposits & Accounts
02-Interest on the Deposit Scheme for the Retiring Employees of Public Sector Companies' 1991

Cr.8658-Suspense Accounts
00-108-Public Sector Bank Suspense

Note- If transactions reported by CAS NAGPUR MH-8675.00.101.01 Reserve Bank, Central Accounts Office will be shown instead of MH- 8658.00.108- Public Sector Bank Suspense

5.5 CENTRAL GOVERNMENT EMPLOYEES GROUP INSURANCE SCHEME' 1980

CGEGIS Scheme provides for the Central Government Employees and provides two benefits viz.

1. Insurance Cover Component
2. Savings Component

A portion of monthly contributions paid while in service is credited in a Saving Fund, on which interest accrues. A Government servant while entering service has to apply in Form No. 4 of

the above Scheme to the Head of Office, who shall issue a sanction for the payment of subscriber's accumulation in the Savings Fund segment together with interest and arrange for its disbursement, soon after retirement. Payments under this Scheme are made in accordance with the Table of Benefits which takes into account the interest component up to the date of cessation of service. Insurance cover benefit under this Scheme is available to the

family in the event of death of the subscriber. No interest is payable on account of delayed payments under this Scheme.

The scheme, which is compulsory to all Central Government Employees, provides at a low cost and on contributory and self-financing basis, the twin benefits of an insurance cover to help their families in the event of death in service and a lump sum payment to augment their resources on retirement.

INSURANCE & SAVINGS FUND: A portion (30%) of the subscribing is credited to the Insurance Fund and the other portion (70%) to the saving fund which earns interest at the prescribed rate, compounded quarterly.

MEMBERSHIP: Employees are enrolled as members of the scheme only from 1st January every year. From the actual date of appointment to 31st December of that year, he is entitled only to Insurance cover.

MONTHLY RATE OF SUBSCRIPTION & AMOUNT OF INSURANCE COVER

Group of Employee	(A) For those who subscribe at old rates		(B) For those who subscribe at revised rates		
	Rate of Subscription	Amount of Insurance Cover	Rate of Subscription		Amount of Insurance Cover
			Before Enrolment	After Enrolment	
			Rs.	Rs.	
A	80	80,000	40	120	1,20,000
B	40	40,000	20	60	60,000
C	20	20,000	10	30	30,000
D	10	10,000	5	15	15,000

(A) Applicable to all employees who were members of the scheme as on 31/01/1989 and have opted to continue to subscribe at the old rates.

(B) Applicable to all employees who were members of the scheme as on 31/01/1989 and have opted to subscribe at the revised rates with effect from 01/01/1990 and to those who joined service on or after 01/02/1989.

On regular promotion of a member to a higher Group after 1st January in any year, his subscription will be raised only from the 1st January of the next year. Once an employee is admitted to the higher group, his subscription and Insurance cover will continue to be at the same rate, even if he is subsequently reverted to the lower group for any reasons. Subscription is payable till the end of service including the month in which an employee retires, dies, resigns, or is removed from service.

BENEFITS PAYABLE: (a) Retirement, resignation, etc. the employee will be paid as per the Table of benefits.

(i) Lump sum due to him out of the Savings Fund for entire period of membership in the lowest group.

(ii) Amount due to him for the additional units by which subscription was raised due to promotion – for the period from which the rate was raised, to the date of cessation of membership.

(b) Death while in service: The nominee / heir will be paid-

(i) The amount of appropriate Insurance Cover to which the employee was entitled at the time of death.

(ii) Lump sum amount(s) in the case of (a) above, for the period till the date of death;

(iii) Only the Insurance Cover, if death takes place before becoming a member.

Interest: The rate of Interest of CGEGIS and GPF is same and subject to change from time to time. (Annexure -VI).

5.6 KISAN VIKAS PATRA' 2014: The Government of India vide notification no. G.S.R. 705 (E) dated: 23.09.2014 decided to reintroduced Kisan Vikas Patras (KVPs). Presently these are being sold through Post Office throughout the country. It has now being decided to sell the Kisan Vikas Patras with immediate effect through branches of Government Banks & branches of Commercial PSU Banks which have been authorized by the

Government of India for dealing with Small Savings Scheme like Public Provident Fund and Senior Citizen Saving Scheme. The respective banks will place indent for KVP certificates before the National Saving Institute (NSI). The copy of notification is annexed at Annexure IX. The accounting of the Kisan Vikas Patra in the Ministry of Finance book for receipt, payment and interest are given below:

ACCOUNTING ENTRIES: KISAN VIKAS PATRA' 2014

RECEIPT FOR SALE OF KISAN VIKAS PATRA

Dr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

Cr. 8002- National Saving Certificates
00. xxx- Kisan Vikas Patra

PAYMENT AT THE TIME OF MATURITY

Dr. 8002- National Saving Certificates
00. xxx- Kisan Vikas Patra

Cr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

AT THE TIME OF INTEREST PAYMENT

Dr.8008-Income & Expenditure of National Small Savings Fund
02- Interest payment to Subscribers
102-Interest on National Saving Certificates
09- Kisan Vikas Patra
00.45- Interest

Cr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

5.7 SUKANYA SAMRIDDHI ACCOUNT: The Government of India vide notification no. G.S.R. 863 (E) dated: 02.12.2014 decided to introduced Sukanya Samriddhi Account. It has been decided that Sukanya Samriddhi Account' 2014 through the designated branches of Agency Banks which have been authorized for Public Provident Fund,

1968 Scheme together Post Offices doing Saving bank work. The copy of notification is annexed at Annexure X. The accounting of the Sukanya Samriddhi Account in the Ministry of Finance book for receipt, payment and interest are given below:

ACCOUNTING ENTRIES: SUKANYA SAMRIDDHI ACCOUNT

RECEIPT OF SUKANYA SAMRIDDHI ACCOUNT

Dr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

Cr. 8001- National Saving Deposit
01. xxx- Sukanya Samriddhi Account

PAYMENT AT THE TIME OF MATURITY

Dr. 8001- National Saving Deposits
01. xxx- Sukanya Samriddhi Account

Cr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

AT THE TIME OF INTEREST PAYMENT

Dr.8008-Income & Expenditure of National Small Savings Fund
02- Interest payment to Subscribers
101-Interest on National Saving Deposit
xx- Sukanya Samriddhi Account
00.45- Interest

Cr. 8658-Suspense Accounts
00-108- Public Sector Bank Suspense

CHAPTER 6

MISCELLANEOUS ITEMS OF WORK

6.1 WRITE OFF OF UNCLAIMED LOANS TO REVENUE AND THEIR SUBSEQUENT PAYMENT IF CLAIMED

6.1.1 A loan notified for discharge ceases to bear interest from the date of discharge. The amounts unclaimed are usually retained in the accounts of Government as debt for 20 years from the date of discharge. After this period the unclaimed balances are written-off the debt amount by credit to Revenue as per List of Major and Minor heads of account. Payments of amounts subsequently claimed is debited to revenues along with any interest, if any, due.

The write off of the unclaimed balances has to be effected after the balances as per IDA office books have been agreed with those of the Reserve Bank of India. Usually before the due date of write off, the Reserve Bank of India communicates the amount of outstanding balance of the loan in their books to IDA office for verification. If the amount agrees/matches with the balance in the books of IDA office, necessary adjustment of the amount is put through as under:

Dr. 6001-Internal Debt of the Central Government
00-101-Market Loan

**Cr. 0075-Miscellaneous –Miscellaneous-
Unclaimed Loans written off to Revenue**

The fact of the adjustment is intimated to:

- (1) The Government of India, Ministry of Finance (Department of Economic Affairs); and
- (2) The Manager, Reserve Bank of India, Central Office, Central Debt Section, Mumbai who is to take necessary steps for the cancellation of the securities from the books of the respective Public Debt Offices.

No prior approval of the Government of India is necessary for the adjustment if the balances as in IDA office books agree with those of the Reserve Bank of India. However, if there is any difference, approval of the Government of India will have to be obtained before making any adjustment.

NOTE-The amount representing payment of securities made in Pakistan will continue to remain outstanding under the loan head, in the books of this office, till the monetary settlement between the two countries is effected.

6.1.2 Securities of both discharged and current loans remaining unclaimed with the Reserve Bank of India for over 20 years may also be written off and credited to Revenue under special orders of the Government of India. Necessary action to obtain the orders of the Government of India in this case is taken by the Central Office of the Reserve Bank of India, Mumbai who communicates the decision of the Government of India to IDA office for necessary action. On receipt of these orders, account adjustment is made in the same way as in the case of write off of the unclaimed balances of discharged loans.

6.1.3 The write off to revenue of the value of securities as detailed above does not absolve the Government of their liability to repay the amount of any security so written off, if and when a claim therefore can be established by any holder. All claims for the readmission of securities already written off and credited to Revenue are scrutinized by the Central Debt Section of the Central Office of the Reserve Bank of India who issues necessary orders to

the Public Debt Office concerned for the readmission of the security and its repayments. If the security pertains to a loan already notified for discharge, simultaneously a copy of the order is to be furnished to this office. The Public Debt Office concerned will accordingly take necessary steps for its readmission and repayment, intimating the fact to this/IDA office. If, however, the security is one of the current loans, the Public Debt Office concerned scrip by increasing the loan balance, while sending necessary intimation to this office/IDA to account for the increase in the loan account. Necessary orders of the Comptroller and Auditor General should be taken if and when a concrete case of this nature comes up for consideration.

6.1.4 On receipt of the R.B.I. Central Office orders directing the Public Debt Office concerned to re-admit a security and to arrange for payment or for issue of new scrip as the reclaimed security pertains to a discharged or current loan, the details are noted in a register. When intimation is received from the P.D.O. regarding action taken by it, the details are again noted in the same register and if payment has been authorized a watch for the debit is kept. If, however new scrip is issued, necessary action to bring the amount of the scrip issued to loan account should be taken. On the debit being shown in accounts the paid vouchers should be audited and a note of audit kept in the Register and the audited vouchers transmitted to the Public Debt Office concerned.

6.2 CASH BALANCE INVESTMENT ACCOUNT

6.2.1 Temporary investment of the Cash Balances of the Government becomes, in certain circumstances, necessary. These investments are ordinarily made in short term loans or other securities of the Government of India.

Investments are also made, if need be, in securities of the State Governments or Shares of Commercial concerns etc. However, currently the Surplus Cash Balances of the Government of India are invested/ disinvested on a daily basis only in dated GOI Securities out of the basket of dated Government Securities maintained at RBI, and not in the State Government securities or shares of commercial concerns etc.

6.2.2 The Reserve Bank of India has been made responsible for handling these transactions which consist of purchases and subsequent sales of securities etc. in the open market. As and when any transactions are effected, the Reserve Bank of India furnishes details of the transactions both to the Government of India and to this office. These details are recorded separately in the purchase and the sale registers and adjustments made with reference to those details.

6.2.3 Procedure of Adjustment The main principle on which the procedure of adjustment as in Foot Note 440 of the List of Major and Minor Heads of Account has been based, is the necessity for finding out whether or not a particular deal has been profitable or has resulted in a loss. The purchase price of a security is, therefore, debited to the head "Cash Balance Investment Account" and when the sale is effected the sale price to the extent of the purchase price is credited to the head "Cash Balance Investment Account" and the difference is adjusted by addition to (if profit) or deduction (if loss) from the amount of interest derived from such investments, which is adjusted under Interest etc. Interest on Ordinary Debt-Rupee Debt-Deduct-Interest is realized on investment of cash balances, if the investment made was in securities of the Government of India and under Interest. Other Interest receipts is Interest realized on investments of Cash balances, if the investment made was in State Government Securities or shares of Commercial concerns etc.

Cash Balance of Government of India Invested in Repo & Reverse Repo on daily basis.

6.2.4 The Public Debt Office, Reserve Bank of India Nagpur intimate details of all purchases as and when made, and also sends a sale statement showing details of the sales in a month along with a statement showing:

- (1) Opening balances of several classes of securities.
- (2) Creation or purchases during the month.
- (3) Sales during the month.
- (4) Closing balance as at the end of the month.

6.2.5 As the purchase price is debited to the Cash Balance Investment, the debit in account does not tally with the nominal value of the securities held in the Cash Balance Investment Account. At the close of a year's account, the balance under the head Cash Balance Investment Account is communicated to the Government of India, Ministry of Finance for their acceptance. The balance as accepted by the Government of India is intimated to the Book section for inclusion in the Review of Balances.

**ACCOUNTING ENTRIES: CASH BALANCE OF GOI INVESTED IN REPO & REVERSE REPO ON DAILY BASIS
IN R/O INVESTMENT BY CENTRAL GOVERNMENT**

Dr. 8673-Cash Balance Investment Account
00-101-Cash Balance Investment Account

Cr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

IN R/O DISINVESTMENT

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office

Cr. 8673-Cash Balance Investment Account
00-101-Cash Balance Investment Account

IN R/O INTEREST REALIZED FROM INVESTMENT OF CASH BALANCE

Dr. 8675-Deposits with Reserve Bank
00-101- Central-Civil
01- Reserve Bank, Central Accounts Office (In case of Clearance Memo)
02- Reserve Bank, Head Quarters (In case of scroll)

Cr. 0049-Interest Receipts
03-Other Interest Receipts of Central Government
110- Interest realized on Investment of Cash Balances

6.3 CALCULATION OF AVERAGE RATE OF INTEREST CHARGEABLE ON THE CAPITAL OUTLAY OF CENTRAL GOVERNMENT

6.3.1 The work regarding calculation of average rate of interest chargeable on the capital outlay of the Central Govt. (vide rule 293 of the G.F.R.) was entrusted to this office by the Comptroller and auditor General of India from the year 1962-63 vide his letter No. 865-Comp./62-Comp.1/62, dated 29.12.1962. The average rate is worked out with reference to the balances of Loans raised in the open market by the Govt. of India, remaining outstanding at the commencement and the close of the year. The rate is ascertained on the interest due on the mean value of those loans, and other expenditure incurred on the management of debt, etc. during the year. The rate is calculated up to two places of decimals.

6.3.2 For the calculation of the rate, information is collected from the following sources:

1. Statement No. 14A for the Finance Account on yearly basis.
2. Other incidental Charges connected with the Management of Debt

6.3.3 **METHOD OF CALCULATION:** The nomenclature of terminable loans is posted in column No. 2 of the statement from the Statement No. 14A for Finance Account. The figures of Govt. Securities held in the Cash Balance Investments Account at the beginning of the year and at the close of the year as on 1st April and as on the 31st March of the year under calculation. The total figures of Col. 3 and Col. 4 are then posted in Col. 5 of the statement and their mean value is calculated separately and posted in column No. 6. The interest payable on each security for the year on the mean value at the rate as available from the nomenclature of

the security is then worked out and posted in column No. 8 of the statement.

Now the total amount of column No. 8 is worked out and the total amount of expenditure incurred on Management of Debt for that financial year also includes in the amount of Col. No. 8. The average rate of interest is then worked out as under:-

$$\text{Interest (Total of Col. 8) + Management of Debt} \\ \times 100 / \text{Mean value (Total of Col. 6)} \\ \text{(Annexure-VII)}$$

6.3.4 Thereafter this office sends the Average Rate of Interest to various commercial departments and Accountants General etc.

6.4 **INTERNAL AUDIT:** As already stated, the work in connection with Public Debt of the Government of India is managed by the Reserve Bank of India through its Public Debt Offices at Mumbai, Kolkata, Chennai, New Delhi, Hyderabad, Bangalore, Patna, Jaipur, Nagpur, Ahmedabad and Central Debt Section of Central Office of the Bank at Mumbai.

Internal Audit team of CCA (Finance) is to conduct audit on behalf of Government of India so as to ensure that the detailed procedures adopted by the Public Debt Offices in handling loan transactions is adequate from an administrative point of view, accounting accuracy point of view as well as from the point of view of public convenience.

The inspections are to be conducted in so far as they affected the Appropriation Accounts and the Finance Account of the Central Governments prepared by them in respect of Public Debt transactions, including payment of interest and repayment of lapsed loans charged to revenue.

A detailed list of checks to be applied during the course of internal audit is given below:

- I. To check and ensure that
 - (a) Purchases or sales are authorized by the Central Government.
 - (b) The contract notes signed by the contractor are attested by the Manager, and
 - (c) The rate or rates in the contract notes are not more than those mentioned in the day's market quotation (in respect of purchases) and are not less than the market rates (in respect of sales)

II. To check and ensure that the memoranda of cost are correctly prepared and that interest accrued on the securities and recoverable from the brokers is worked out up to the date of collection of sale proceeds in respect of sales. Similarly, the amount of interest payable to brokers on securities purchased is worked out up to the date of delivery of the scrips (where deliveries of scrips are made after the agreed period, the interest is to be allowed only up to the last date of delivery as mentioned in the contract note). Where investments are sold ex-dividend/interest, it should be seen that the

dividend/interest is subsequently received and credited and similarly when the purchase is made, for dividend/interest accounting.

III. Verify from the records available with the Bank (viz. relevant credits in the Public Accounts Department or in the case of sales in other States with reference to the duplicate copies of challans or relevant intimations from the branches of the bank) that the sale proceeds have been credited to the Central Government Account on the due dates and on the dates up to which interest has been paid to the brokers.

IV. Verify the date of delivery of scrips in respect of sales & purchases from the Register of Valuables or Bank Receipt Register.

V. Check the payment of commission to brokers with reference to the terms of the contract note. In case the purchase and sale is affected on behalf of administrators, check also the commission charged by the bank with reference to the rates prescribed in the Government Securities Department Manual.

TERMINOLOGY

Accrued Interest: Accrued Interest refers to the interest earned on a security since the last interest payment date, which is paid and received at the time of a transaction in addition to the clean price of the stock.

Auction: Auctioning securities is the technique used predominantly by most government to sell debt to non-state sector. This technique is market-oriented and transparent; the sale of the good (securities) is announced in advance; purchasers declare their price on a competitive basis and by the same deadline; and allocation is purely by price.

Bid-Price auction: In a Bid-Price auction system, each successful bidder pays the price at which he bids.

Calendar: It refers to pre-determined commitment (although may not be absolutely binding; most calendars contain a "force major" clause) of issuance of government securities over a period of time (normally one year). The most basic element of a calendar is the volume of securities to be issued in the period, and the dates on which sales are to be held.

Coupon rate: The coupon rate, also called nominal rate, is the interest rate that the issuer agrees to pay each years to the holder of the security.

Coupon: The annual amount of the interest payment made to the security holder during the term of the security is called the coupon.

Current Market Value: The Current Market Value is defined as the amount that would have to be paid to acquire the asset on the valuation date, taking into account its age, condition, and other relevant factors.

Current yield: Current yield of a security is the ratio of annual coupon rate to market price.

Discount Rate: Discount Rate is the annualized different between the redemption value and the

purchase price of 100 currency units' nominal value of the bill, expressed as a percentage.

Face Value: The face value is the amount that the issuer agrees to repay the holder of the security at the maturity date. This amount is also referred to as the redemption value, principal value (or simply principal), maturity value or par value.

Floating Rate Bonds: Floating Rate Bonds are those bonds whose coupon rates are reset periodically according to a predetermined benchmark. Although the coupon rate on most floating rate bonds is reset on the basis of some financial index, there are some issues where the benchmark for the coupon rate is a non-financial index, such as the price of a commodity.

Gilts: Government securities are also known as gilts or gilt edged securities. The term gilt is a reference to the primary characteristics of gilt as an investment: their security.

Hedging: Hedging means taking a position in two separate instruments in such a way that changes in the value of one position will offset any unfavorable price (or interest rate or any other economic variable) movement in the other position.

Interest Spread: The difference between the ask rate and the bid rate is referred to as Interest Spread.

Maturity: The maturity of a Security refers to the date that the debt would cease to exist, at which time the issuer will redeem the security by paying the principal.

Non-Competitive Bid: "Non-competitive" bid is an allocating facility in bid-price system wherein a part of the total securities are allocated to bidders at a weighted average price of successful competitive bids. This allows bidders to participate to some extent without the fear of "winner's curse". The two main benefits, from the Issuer's point of view, of a non-competitive

facility are that it allows (a) retail and other non-expert investors to participate and (b) where full allocation can be guaranteed, the uncertainty of an unsuccessful bid is also removed.

Open Market Operations: Reserve Bank of India buy securities in exchange for money, thus increasing the stock of money, or it sells securities in exchange of money paid by the purchasers of the securities, thus reducing the money stock. This operation is known as the Open Market Operation.

Price Value of a Basis Point: Price Value of a Basis Point is defined as the change in the price of the securities if the required yield changes by one basis point. It is a measure of security's price volatility and is expressed as the absolute value of the change in price.

Primary Dealers: In order to accomplish the objective of covering the government's borrowing needs as cheaply and efficiently as possible, a group of highly qualified financial firms/banks are appointed to play the role of specialist intermediaries in the government securities market between the authorities on the one hand and the market on the other. These are generally called primary dealers or market makers; In return for a set of obligations, such as making continuous bid and offer prices in the marketable government securities or submitting reasonable bids in the auctions, these firms receive a set of privileges in the primary secondary market.

Redemption yield: Redemption yield is the rate of interest at which all future payments (coupons and redemption) on a bond are discounted so that their total equals the current price of the bond.

Repo: Repo or Repurchase is the sale and purchase agreement, a combined transaction providing for the sale and subsequent repurchase of a government security.

Repo Rate: Repo Rate is the return earned on a repo transaction expressed as an annual interest rate.

Scaled Bids: In a Scaled bids system information is not revealed to the bidder during the auction process itself. Traditionally written bids would be put inside a sealed envelope, and the envelopes opened only after the auction bidding deadline. Bids may also be made telephone or electronically, but information about the volume and level of bids is revealed to participants only after the auction process is completed.

Settlement Date: The date on which the transfer of securities and payment occur is the settlement date. For example, if the settlement is on the next day of the auction, it is referred to as T+1.

Spread: Spread is the difference between the market maker's buying price and selling price.

Strips (Separate Trading Registered Interest and Principal Securities): Stripping conventional securities means separating a conventional coupon security into its constituent interest and principal payments, so that they can be separately held or traded as zero coupon instruments. Originally "stripping" referred to the practice of physically stripping coupons from a bearer bond certificate, the coupons (as well as the final principal repayment) effectively being traded as zero-coupon bonds. When securities are held and traded in dematerialized form, the record in the Registry (the official record of the security's existence and ownership) has to be converted into a series of zero-coupon bonds representing the same (nominal) cash flow; and in order to maximize liquidity, it should also be possible for the "strips" to be reconstituted into a coupon security.

Tail: The spread between the average and the lowest accepted price (in the case of bid auction) is known as the "tail". In the case of a common price auction, the tail is the spread between the weighted average bid price, and the cut-off price which all successful participants actually pay.

Tap Sales: Under "Tap Sales", a certain amount of securities is created and made available for sale, generally with a minimum price, and is sold to the market as bids are made. These securities may be sold over a period of days or even

weeks; and the authorities may retain the flexibility to increase the (minimum) price if demand proves to be strong to cut it if demand weakens. Tap and continuous sales are very similar, except that with tap sales the debt manager tends to take a more pro-active role in determining the availability and indicative price of tap sales. Continuous sales are essentially at the initiative of the market.

Term to Maturity: The Term to Maturity of a bond is the number of years over which the issuer has promised to meet the conditions of the obligation.

Throw-Away Bid: Throw-Away Bid refers to a very speculative bid, well below the expected market price, in an auction where there are insufficient bids to cover the amount of securities on offer.

Trenches: A particular security is sometimes so structured that there are different classes of its holders with varying price and maturity. The security classes created are commonly referred to as Trenches.

Warrants: A warrant is a financial instrument that grants its owner the right to enter into another financial transaction with the issuer of the warrant, if the owner would benefit as a result of exercising. Most warrants are detachable from the host bond/security i.e. the bondholder may detach the warrant from the bond and sell it.

Winner's Curse: In a bid-price system, the key element of uncertainty arises from the bidder's fear that he may pay above the market price for the security. The cut-off price is, clearly, the marginal price which the market is prepared to pay for the volume of securities sold, and it is likely that secondary market trading would commence at around this level. Anyone who has bid above this price may, therefore, immediately face a mark-to-market loss as the securities "successfully" obtained at the auction could have a lower resale value than the price paid. This is known as the "winner's curse".

Yield Curve: Yield curve is graph that shows the mathematical relationship computed across all government securities (or other securities) between yield and maturity.

Yield to Maturity (YTM): The Yield to Maturity is the interest rate that would make the present value of the cash flows that the investor would realize by holding the bond to maturity equal to the price.

Yield value of a price change: Yield value of an X-unit price change is the difference between the initial yield and the yield to maturity of the bond if its price is decreased by X units. It is a measure of bond price volatility.

Yield: Same as Internal Rate of Return.

ANNEXURE I (SEE PARA 3.1.1.2)



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

सं.सर्वोपेक्ष/केम्प/ 3725 /13.01.666/2013-14

23 दिसम्बर 2013

क्षेत्रीय निदेशक
भारतीय रिज़र्व बैंक
लोक ऋण कार्यालय
फोर्ट, मुंबई - 400 001

प्रिय महोदय

23 दिसम्बर 2013 को 8.12 प्रतिशत सरकारी स्टॉक, 2020 (पुनः निर्गम), 8.28 प्रतिशत सरकारी स्टॉक, 2027 (पुनः निर्गम), 9.20 प्रतिशत सरकारी स्टॉक, 2030 (पुनः निर्गम) तथा 9.23 प्रतिशत सरकारी स्टॉक, 2043 (नया) की प्रस्तावित कीमतों की नीलामी पद्धति का प्रयोग करते हुए 'मूल्य आधारित' तथा 'प्रतिफल आधारित' नीलामी द्वारा बिक्री

कृपया उपर्युक्त सरकारी स्टॉक की दिनांक 20 दिसम्बर 2013 को एकसमान कीमतों की नीलामी पद्धति का प्रयोग करते हुए 'मूल्य आधारित' तथा 'प्रतिफल आधारित' नीलामी के संबंध में भारत सरकार, वित्त मंत्रालय की दिनांक 16 दिसम्बर 2013 की अधिसूचनाएं एफ.सं.4(2)-डब्ल्यू एण्ड एम/2013, एफ.सं.4(2)-डब्ल्यू एण्ड एम/2013(i), एफ.सं.4(2)-डब्ल्यू एण्ड एम/2013(ii) तथा एफ.सं.4(2)-डब्ल्यू एण्ड एम/2013(iii) (उनकी 8 अक्टूबर 2008 की सामान्य अधिसूचना एफ.सं.4(13)-डब्ल्यू एण्ड एम/2008 के साथ पठित) देखें, जिसकी एक-एक प्रति आपकी सूचना के लिए इसके साथ संलग्न है।

2. उपरोक्तित निर्गम के लिए भारत सरकार की 'सरकारी प्रतिभूति की नीलामी में अ-प्रतिस्पर्धी बोली लगाने की सुविधा' लागू की गई है।

3. यह प्रतिभूति दिनांक 16 नवंबर 2006 के परिपत्र सं.आर.बी.आय./2006-07/178 में मॉरिब द्वारा जारी किए गए मार्गदर्श सिद्धांतों के अनुसार 'अब जारी' आधार पर ट्रेडिंग के लिए पात्र थी।

4. 23 दिसम्बर 2013 को की गई इस निर्गम की बिक्री के संबंध में विस्तृत जानकारी अनुबंध में दी गई है। आप कृपया इस संबंध में निम्नलिखित अनुदेशों को ध्यान में रखें।

(क) जारी की गई प्रतिभूतियों पर सरकारी प्रतिभूति अधिनियम, 2006 और सरकारी प्रतिभूति विनियमावली, 2007 के प्रावधान लागू होंगे।

(ख) निवेशकों के लिए दिए जानेवाले स्टॉक भारतीय रिज़र्व बैंक में चत रहे उनके सहायक सामान्य बही खातापत्रों की सहायक सामान्य बही खाता में क्रेडिट कर दिए जाएंगे। अन्य निवेशकों को स्टॉक प्रमाणपत्र के रूप में प्रतिभूतियां जारी की जाएगी।

Ref. No. DGBA, CDD. / 3725 / 13.01.666 / 2013-14

December 23, 2013

The Regional Director
Reserve Bank of India
Public Debt Office
Fort, Mumbai - 400 001

Dear Sir

Sale of 8.12% Government Stock, 2020 (Re-issue), 8.28% Government Stock, 2027 (Re-issue), 9.20% Government Stock, 2030 (Re-issue) and 9.23% Government Stock, 2043 (New) by price based auction and yield based auction using uniform price auction method on December 23, 2013.

Please refer to the Government of India, Ministry of Finance, Notifications F.No.4 (2)-W&M /2013, F.No.4 (2)-W&M /2013 (i), F.No.4 (2)-W&M /2013 (ii) and F.No.4 (2)-W&M /2013 (iii) dated December 16, 2013 (read with their General Notification F.No.4 (13)-W & M / 2008 dated October 8, 2008) regarding the price based auction and yield based auction using uniform price auction method on December 20, 2013 (Copies enclosed).

2. The "Scheme for non-competitive bidding facility in the auction of Government Securities" is applicable to these issues.

3. The stock was eligible for "When issued" trading in accordance with the guidelines issued by Reserve Bank of India in its circular No. RBI /2006- 07/ 178 dated November 16, 2006.

4. The details of the Stock sold on December 23, 2013 are given in the Annex. You may please keep in view the following instructions in this regard.

(a) The Securities issued will be governed by the Government Securities Act, 2006 and the Government Securities Regulations, 2007 framed there under. (b) The stocks will be issued to the investors by credit to their Subsidiary General Ledger Accounts/ Constituent's Subsidiary General Ledger Accounts maintained with Reserve Bank of India. For other investors, it will be in the form of Stock Certificate.

...2

सरकारी ऋण बैंक सेवा विभाग, क्षेत्रीय कार्यालय, 4थी मंजिल, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, भायखला, मुंबई 400008
Department of Government & Bank Accounts, Opp. Mumbai Central Railway Station, Byculla, Mumbai 400 008,
Telephone : 40721 2408/4131, Fax No. 40721 2403/40727301/40727301/40945, e-mail : rcmr@rbil.co.in

②

(ग) जहाँ तक रसीदें जारी करने, अभिलेखों को सुचित करने और उनका अंतरण करने, लेखाकरण, खाता बहियों रखने, निवेदन रजिस्टर और अन्य संबंधित रिकार्ड रखने आदि का संबंध है सामान्य क्रियाविधि/अनुदेशों का पालन किया जाए।

(घ) कृपा जारी करने के संबंध में फार्म जीएस-28, फार्म पीडीओ-225 में विवरण, यदि अब तक न भेजे गए हों तो, केन्द्रीय कार्यालय को अधिसूच प्रस्तुत करें।

(ङ) कृप निर्गमन के संबंध में लोक कृप कार्यालय द्वारा किए गए व्यय का लेखांकन हमारे दिनांक 6 सितंबर 1999 के परिपत्र सं.सीओ.डीटी.13.14.000/1500/99-2000 में दी गई संशोधित लेखा क्रियाविधि के अनुसार करें।

(च) उपर्युक्त ब्याज, यदि कोई हो तो, स्टॉक के अंकित मूल्य के साथ अलग से लेखाकरण के लिए गिनना चाहिए और "ब्याज प्राप्ति"- केन्द्रीय सरकार की अन्य प्राप्ति" नामक खाते में केन्द्रीय लेखा अनुभाग, नागपुर के माध्यम से जमा करने चाहिए।

5. बाईर फार्मों के लिए कोलकाता कार्यालय में इंडेंट दिए जाने के संबंध में हमारे 3 अगस्त 1994 के परिपत्र सीओ.डीटी.संख्या 13.01.018/411 और 412/94-95 में यथाविवरित प्रक्रिया का पालन किया जाए।

6. यदि इन अनुदेशों के संबंध में किसी मुद्दे पर और अधिक स्पष्टीकरण की आवश्यकता हो तो कृपया अधोहस्ताक्षरी को सूचित करें।

7. कृपया प्राप्ति सूचना दें।

भवदीय

D.R. Bagada
(धर्मदेव बगडा)
प्रबंधक

अनुलग्नक : 6

आ दिनांक का परांकन सं. सर्वलेवि.केम्प्र., /2860-2863/ 13.01.666/2013-14

प्रतिलिपि, क्षेत्रीय निदेशक, भारतीय रिज़र्व बैंक, लोक कृप कार्यालय, अहमदाबाद/बंगलूर/भुवनेश्वर/चेन्नई/गुवाहाटी/हैदराबाद/ जयपुर/काजलपुर/कोलकाता/नागपुर/नई दिल्ली/पटना/तिरुवनंतपुरम को सूचनायें भेजिए। (3726)

2. महालेखाकार केन्द्रीय राजस्व भवन, चौथी मंजिल, ई विंग, इंदिरा इस्टेट, नई दिल्ली - 110012 (3727)

3. मुख्य महाप्रबंधक, भारतीय रिज़र्व बैंक, केन्द्रीय लेखा अनुभाग, नागपुर - 440001 (3728)

4. मुख्य महाप्रबंधक, भारतीय रिज़र्व बैंक, केन्द्रीय कार्यालय, आर्थिक कृप प्रबंध विभाग, मुंबई - 400001 (3729)

N. H. Karfa
(एन.एच.कार्फा)
सहायक प्रबंधक
अनुलग्नक : 6

(c) As regards the issue of receipts, reporting & transfer of the subscriptions, accounting, maintenance of ledgers, issue registers and other connected records etc. the usual procedure / instructions should be followed.

(d) Statements in Form GL-28, PDO-225 in connection with floatation of the above loans should be furnished to Central Office as usual.

(e) As regards issue expenses incurred by the Public Debt Office, the revised accounting procedure prescribed in our Circular letter No. CO.DT. 13.14.000 / 1500 / 1999 - 2000 dated September 8, 1999 may be followed.

(f) The accrued interest received, if any, along with the nominal value of the stock should be accounted for separately and credited to the account "interest receipts - other receipts of Central Government - other receipts" through the Central Accounts Section, Nagpur.

5. As regards placing of an indent with Kolkata Office for border forms, procedure laid down in Para 3 of our circular letter No. CO.DT. 13.01.018/ 411 & 412 / 94/95 dated 3rd August 1994 may be followed.

6. Should any point in these instructions require further clarification, a reference may please be made to the undersigned immediately.

7. Please acknowledge receipt.

Yours faithfully

D.R. Bagada
(Dharmendra Bagada)
Manager
Encl - 6

Encl. DGBA. CDD. No. 2860-2863 / 13.01.666 / 2013-14 of date.

Copy forwarded for information to the Regional Director, Reserve Bank of India, Public Debt Office, Ahmedabad / Bangalore / Bhubaneswar / Chennai / Guwahati / Hyderabad / Jaipur / Kanpur / Kolkata / Nagpur / New Delhi / Patna / Thiruvananthapuram. (3726)

2. The Chief Accountant, A.G.C.W & M. Building, 4th Floor, 'E' Wing, I.P. Estate, New Delhi-110002. (3727)

3. The Chief General Manager, Reserve Bank of India, CAS, Nagpur-440 001. (3728)

4. The Chief General Manager, Reserve Bank of India, IDMD, CO, Mumbai-400001. (3729)

N. H. Karfa
(N. H. Karfa)
Assistant Manager
Encl - 6

Annex

1.	Nomenclature	8.12 per cent Government Stock, 2020 (Re-issue)	8.28 per cent Government Stock, 2027 (Re-issue)	9.20 per cent Government Stock, 2030 (Re-issue)	9.23 per cent Government Stock, 2043 (New)
2.	Notified amount	₹ 4,000 crore (nominal)	₹ 7,000 crore (nominal)	₹ 2,000 crore (nominal)	₹ 2,000 crore (nominal)
3.	Amount Subscribed	₹ 4,000 Crore	₹ 7,000 crore	₹ 2,000 crore	₹ 2,000 crore
4.	Date of Auction	December 20, 2013 by a price based auction using uniform price auction method.	December 20, 2013 by a price based auction using uniform price auction method.	December 20, 2013 by a price based auction using uniform price auction method.	December 20, 2013 by a Yield based auction using uniform price auction method.
5.	Issue Price	Issued at ₹ 95.73 for every ₹ 100/- i.e. ₹ 9,573/- for every ₹ 10,000/- (nominal)	Issued at ₹ 92.95 for every ₹ 100/- i.e. ₹ 9,295/- for every ₹ 10,000/- (nominal)	Issued at ₹ 99.88 for every ₹ 100/- i.e. ₹ 9,988/- for every ₹ 10,000/- (nominal)	Issued at 100 % i.e. ₹ 10,000/- (nominal). Out-off yield decided in the auction of the new thirty-year Government Stock is 9.23 %
6.	Date of Issue	December 23, 2013	December 23, 2013	December 23, 2013	December 23, 2013
7.	Tenure	Eight-year tenure commencing from December 10, 2012.	Twenty-year tenure commencing from September 21, 2007.	Seventeen-year tenure commencing from September 30, 2013.	Thirty-year tenure commencing from December 23, 2013.
8.	Payment for the Stock	The payment for the Stock will include accrued interest on the nominal value of the Stock allotted in the auction from the date of last coupon payment i.e. December 10, 2013 to December 22, 2013.	The payment for the Stock will include accrued interest on the nominal value of the Stock allotted in the auction from the date of last coupon payment i.e. September 21, 2013 to December 22, 2013.	The payment for the Stock will include accrued interest on the nominal value of the Stock allotted in the auction from the date of original issue i.e. September 30, 2013 to December 22, 2013.	The payment by successful bidders will be on December 23, 2013 i.e. the date of issue.

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9.	Interest	The stock will bear interest at 8.12 % per annum. Interest will accrue on nominal value of the Stock from the date of last coupon payment and will be paid half yearly on June 10 and December 10.	The stock will bear interest at 8.28 % per annum. Interest will accrue on nominal value of the stock from the date of last coupon payment and will be paid half yearly on March 21 and September 21.	The stock will bear interest at 9.20 % per annum. Interest will accrue on the nominal value of the Stock from the date of original issue and will be paid half-yearly on March 30 and September 30.	The stock will bear interest at 9.23 % per annum. Interest will accrue on nominal value of the stock from the date of original issue and will be paid half yearly on June 23 and December 23.
10	Date of Repayment	December 10, 2020	September 21, 2027	September 30, 2030	December 23, 2043
12	10 digit loan Account Code Number	8000 540 032	8000 621 032	8000 629 205	8000 629 229



8862

RESERVE BANK OF INDIA

www.rbi.org.in

8.60% जी. एस. 2028(नया जारी)

हम सूचित करते हैं कि हमने नीचे दर्शाये अनुसार दिनांक 02.06.2014 को "भारत सरकार-लेखा" में राशि क्रेडिट कर दी है।

अ. क्र.	एडवाइस सं.	एडवाइस दिनांक	विवरण	प्र.पारित करने की तारीख	राशि
1		02.06.2014	<u>8.60% जी. एस. 2028(नया:जारी)</u>	02.06.2014	
			* बाजार ऋण		7000,00,00,000.00
			* स्टॉक पर प्रोदभूत ब्याज		-----
			* स्टॉक पर बट्टा		-----
			* प्रिमियम		-----
			कुल		7000,00,00,000.00

8.83% जी. एस. 2023 (पुनःजारी)

हम सूचित करते हैं कि हमने नीचे दर्शाये अनुसार दिनांक 26.05.2014 को "भारत सरकार-लेखा" में राशि क्रेडिट कर दी है।

अ. क्र.	एडवाइस सं.	एडवाइस दिनांक	विवरण	प्र.पारित करने की तारीख	राशि
1		26.05.2014	<u>8.83% जी. एस. 2023 (पुनःजारी)</u>	26.05.2014	
			* बाजार ऋण		7000,00,00,000.00
			* स्टॉक पर प्रोदभूत ब्याज		1,71,69,451.00
			* स्टॉक पर बट्टा (-)		00.00
			* प्रिमियम		70,70,00,000.00
			कुल		7072,41,69,451.00

7.80% जी. एस. 2020 (पुनःजारी)

हम सूचित करते हैं कि हमने नीचे दर्शाये अनुसार दिनांक 26.05.2014 को "भारत सरकार-लेखा" में राशि क्रेडिट कर दी है।

अ. क्र.	एडवाइस सं.	एडवाइस दिनांक	विवरण	प्र.पारित करने की तारीख	राशि
1		26.05.2014	<u>7.80% जी. एस. 2020 (पुनःजारी)</u>	26.05.2014	
			* बाजार ऋण		4000,00,00,000.00
			* स्टॉक पर प्रोदभूत ब्याज		19,93,33,338.00
			* स्टॉक पर बट्टा (-)		172,80,00,000.00
			* प्रिमियम		0.00-
			कुल		3847,13,33,338.00

ANNEXURE-III(PARA3.1.6)

Government of India
Ministry of Finance
Department of Economic Affairs
Budget Division

New Delhi, dated May 29, 2013

NOTIFICATION

Auction for Sale of a New Inflation Indexed Government Stock of 10 Years

F.No.4 (16) W&M/2012: Government of India hereby notifies sale of Inflation Indexed Government Stock-2023 (securities) of 10-year tenure for an aggregate amount of Rs. 1,000 crore (nominal). The sale will be subject to the terms and conditions spelt out in this notification (called 'Specific Notification') as also the terms and conditions specified in the General Notification F. No. 4 (13)-W&M/2008, dated October 8, 2008 issued by Government of India.

Method of Issue

2. The Stock will be sold through Reserve Bank of India, Mumbai Office, Fort, Mumbai- 400 001 in the manner as prescribed in paragraph 5.1 of the General Notification F. No. 4 (13)-W&M/2008, dated October 8, 2008 by a yield based auction using uniform price auction method.

Allotment to Non-competitive Bidders

3. The Government Stock up to 20% of the notified amount of the sale will be allotted to eligible individuals and institutions as per the enclosed Scheme for Non competitive Bidding Facility in the Auctions of Government Securities (Annex).

Place and date of auction

4. The auction will be conducted by Reserve Bank of India, Mumbai Office, Fort, Mumbai-400 001 on June 4, 2013. Bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on June 4, 2013. The non-competitive bids should be submitted between 10.30 a.m. and 11.30 a.m. and the competitive bids should be submitted between 10.30 a.m. and 12.00 noon.

Tenure

5. The Inflation Indexed Government Stock will be of ten years tenure. The tenure of the Stock will commence from June 5, 2013. The Stock will be repaid at the adjusted face value or at par whichever is higher on June 5, 2023.

Date of issue and payment for the stock

6. The result of the auction shall be displayed by the Reserve Bank of India at its Fort, Mumbai Office on June 4, 2013. The payment by successful bidders will be on June 5, 2013 i.e., the date of issue.

Interest

7. The coupon rate for the securities will be set at the cut-off yield to maturity rate decided in the auction. The interest will be payable half-yearly on December 5 and June 5. The principal will be adjusted against inflation by multiplying with index ratio (IR) and the coupon will be paid on the adjusted principal.

Price Index

8. Final Wholesale Price Inflation (WPI) will be used for calculating index ratio and thereby providing inflation protection. The monthly final WPI will be used as reference WPI for 1st day of a calendar month and the reference WPI for the days between 1st day of two contiguous calendar months will be computed through linear interpolation. Further, monthly final WPI will be used with a lag of four months, viz. final WPI for January 2013 and February 2013 will be used as reference WPI for 1st June 2013 and 1st July 2013, respectively. The reference WPI for 5th June 2013 will be 170.38 (through linear interpolation of reference WPI for 1st June and 1st July at 170.3 and 170.9, respectively). In case of revision in the base year for WPI series after issuance of Inflation Indexed Government Stock, new WPI index will be used for indexation purposes and the past values of new WPI index would be computed through splicing the base. The monthly data on final WPI published by the Office of the Economic Adviser to the Government of India, Ministry of Commerce and Industry will be used.

Index ratio

9. Index ratio would be computed by dividing reference WPI of the settlement/coupon date with the reference WPI of the issue date. Index ratio for a specific date may be truncated to six decimal places and rounded off to five decimal places.

By Order of the President of India

Sd/-
(Dr. Rajat Bhargava)
Joint Secretary to the Government of India

STATEMENT NO.14-A FOR THE YEAR ENDING MARCH 2014 (2013-2014)

MAJOR HEAD 6001- INTERNAL DEBT OF THE CENTRAL GOVERNMENT
 MINOR HEAD 101 - MARKET LOAN
 SUB HEAD 01 - INTEREST BEARING

S.N.	Nomenclature of Loan	When raised	Opening Bal. As on 1.4.2013	Add. during 2013-2014	Discharge during 2013-14	Closing Bal. As on 31.03.2014
1	2	3	4	5	6	7
1	7.27% G.S. 2013	03.09.2002	420000000		420000000	0
2	9% loan 2013	24.05.1982	17513266		17493831	19435
3	9.81% G.S. 2013	30.05.2001	110000000		109997800	2200
4	12.40% G.S. 2013	20.08.1998	119839090		119827170	11920
5	G.O.I. FRB 2013	10.09.2004	400000000		400000000	0
6	5.32% G.S. 2014	16.02.2004	500000000		500000000	0
7	6.07%G.S. 2014	15.05.2009	400000000		120418004	279581996
8	6.72%G.S.2014	24.02.2003	152736000		152736000	0
9	7.32% G S 2014	20.10.2009	180000000		500000000	130000000
10	7.37% G.S.2014	16.04.2003	370000000		12488000	357512000
11	7.56% G S 2014	03.11.2008	410000000		1549160	408450840
12	10% loan 2014	30.05.1983	23332577		9296271	14036306
13	10.50% loan 2014	29.10.1984	17550992		7297423	10253569
14	11.83% G.S. 2014	12.11.1999	115000000		64575390	50424610
15	G.O.I. FRB 2014	20.05.2003	500000000			500000000
16	6.49% G.S.2015	08.06.2009	400000000		4998580	395001420
17	7.17% G.S.2015	14.06.2010	560000000		5500700	554499300
18	7.38% G.S. 2015	03.09.2002	580000000	200000000	56132640	543867360
19	9.85% G.S. 2015	16.10.2001	100000000		25622160	74377840
20	10.47% G.S. 2015	12.02.2001	643000000		26605990	37694010
21	10.79% G.S. 2015	19.05.2000	26834510		16840747	9993763
22	11.43% G.S. 2015	07.08.2000	120000000		47956980	72043020
23	11.50% loan 2015	21.05.1985	35604985		16613362	18991623
24	G.O.I. FRB 2015	02.07.2004	600000000			600000000
25	G.O.I. FRB 2015(II)	10.08.2004	600000000			600000000
26	5.59% G.S. 2016	04.06.2004	600000000			600000000
27	7.02% G.S. 2016	17.08.2009	600000000			600000000
28	7.59%G.S.2016	12.04.2006	680000000			680000000
29	10.71% G.S. 2016	19.04.2001	900000000			900000000
30	12.30% G.S. 2016	02.07.1999	131298450			131298450
31	G.O.I. FRB 2016	07.05.2004	600000000			600000000
32	7.46% G.S. 2017	28.08.2002	578868000			578868000
33	7.49% G.S. 2017	16.04.2002	530000000			530000000

S.N.	Nomenclature of Loan	When raised	Opening Bal. As on 1.4.2013	Add, during 2013-2014	Discharge during 2013-14	Closing Bal. As on 31.03.2014
34	7.99% G.S. 2017	09.07.2007	710000000			710000000
35	8.07% G.S. 2017	03.07.2002	1190000000			1190000000
36	G.O.I. FRB 2017	02.07.2002	300000000			300000000
37	5.69% G.S. 2018	25.09.2003	1000000000			1000000000
38	6.25% G.S. 2018	02.01.2003	108868000			108868000
39	7.83% G.S. 2018	11.04.2011	640000000	900000000		730000000
40	8.24% G S 2018	22.04.2008	750000000			750000000
41	10.45% G.S. 2018	30.04.2001	37160000			37160000
42	12.60% G.S. 2018	23.11.1998	126318800			126318800
43	5.64% G.S. 2019	02.01.2004	1000000000			1000000000
44	6.05% G S 2019	02.07.2003	570000000			570000000
45	6.90%G.S.2019	13.07.2009	450000000			450000000
46	7.28% G.S. 2019	03.06.2013	0	530000000		530000000
47	10.03% G.S. 2019	09.08.2001	600000000			600000000
48	6.35%G.S. 2020	02.01.2003	560000000			560000000
49	7.80% G.S. 2020	03.05.2010	600000000			600000000
50	8.12%G.S. 2020	10.12.2012	1300000000	630000000		760000000
51	8.19%G.S. 2020	16.01.2012	740000000			740000000
52	10.70% G.S. 2020	22.04.2000	600000000			600000000
53	11.60% G.S. 2020	27.12.2000	500000000			500000000
54	G.O.I. FRB 2020	21.12.2009	1300000000			1300000000
55	7.80% G.S. 2021	11.04.2011	680000000			680000000
56	7.94%G.S.2021	24.05.2005	4900000000			4900000000
57	8.79% G.S. 2021	08.11.2011	8300000000			8300000000
58	10.25% G.S. 2021	30.05.2001	262133200			262133200
59	8.08% G.S. 2022	02.08.2007	619694110			619694110
60	8.13% G.S. 2022	21.09.2007	704952800			704952800
61	8.15% G.S. 2022	11.06.2012	700000000	130000000		830000000
62	8.20% G.S. 2022	15.02.2007	576323300			576323300
63	8.35 % G.S 2022	14.05.2002	4400000000			4400000000
64	1.44% Inflation Index G.S. 2023	05.06.2013	0	65825850		65825850
65	6.17% G.S.2023	12.06.2003	600000000			600000000
66	6.30%G.S.2023	09.04.2003	1300000000			1300000000
67	7.16% G.S. 2023	20.05.2013	0	7700000000		7700000000
68	8.83% G.S. 2023	25.11.2013	0	3300000000		3300000000
69	7.35% G S 2024	22.06.2009	1000000000			1000000000
70	9.15% G.S. 2024	14.11.2011	9200000000			9200000000
71	8.20% G.S. 2025	24.09.2012	5900000000	3100000000		9000000000
72	8.33% G.S. 2026	09.07.2012	6000000000	3000000000		9000000000

S.N.	Nomenclature of Loan	When raised	Opening Bal. As on 1.4.2013	Add. during 2013-2014	Discharge during 2013-14	Closing Bal. As on 31.03.2014
73	10.18% G.S. 2026	11.09.2001	150000000			150000000
74	8.24% G S 2027	15.02.2007	573885500	190000000		763885500
75	8.26% G.S. 2027	02.08.2007	734273290			734273290
76	8.28% G.S. 2027	21.09.2007	362522400	390000000		752522400
77	6.01% G.S.2028	25.03.2003	150000000			150000000
78	6.13% G.S.2028	04.06.2003	110000000			110000000
79	8.97% G.S. 2030	05.12.2011	730000000	170000000		900000000
80	9.20% G.S. 2030	30.09.2013	0	170000000		170000000
81	7.95% G.S. 2032	28.08.2002	590000000			590000000
82	8.28% G.S. 2032	15.02.2007	786871100	120000000		906871100
83	8.32% G.S.2032	02.08.2007	154340500	470000000		624340500
84	8.33% G.S.2032	21.09.2007	15224800			15224800
85	7.50% G.S. 2034	10.08.2004	600000000			600000000
86	7.40% G.S.2035	09.09.2005	420000000	100000000		520000000
87	G.O.I. FRB 2035	25.01.2005	3500000			3500000
88	8.33% G.S. 2036	07.06.2006	860000000			860000000
89	6.83% G S 2039	19.01.2009	130000000			130000000
90	8.30% G.S.2040	02.07.2010	720000000			720000000
91	8.83% G.S. 2041	12.12.2011	600000000	300000000		900000000
92	8.30% G.S.2042	31.12.2012	90000000	470000000		560000000
93	9.23% G.S.2043	23.12.2013	0	394722820		394722820
94	Inflation Indexed National Saving Securities-Cumulative* 2013	23.12.2013	0	920795	770	920025
	Grand Total		29838945670	5951469465	1375950978	34414464157

STATEMENT NO.14-A FOR THE YEAR ENDING MARCH 2014 (2013-2014)

MAJOR HEAD 6001- INTERNAL DEBT OF THE CENTRAL GOVERNMENT

MINOR HEAD 101 - MARKET LOAN

SUB HEAD 02 - NON-INTEREST BEARING(MATURED LOANS)

S.N.	Nomenclature of Loan	Opening Balance As on 01.04.2013 (incl PPA)	Add during 2013-2014	Discharged during 2013-2014	Closing Balance As on 31.03.2014
1	2	3	4	5	6
1	3% loan 1896-97	5296			5296
2	3% Conversion Loan 1946	74041		14	74027
3	4.50% loan 1985	148			148
4	5.50% loan 1985	84			84
5	6% loan 1985	168			168
6	4.50% loan 1986	3158			3158
7	5.25% loan 1986	478		105	373
8	5.25% National Defence Loan 1986	2083			2083
9	6% loan 1986	2415			2415
10	6.25% loan 1986	1296		-105	1401
11	5.25% loan 1987	872			872
12	6% loan 1987	8673			8673
13	6.25% loan 1987	5155			5155
14	5.25% loan 1988	747			747
15	6% loan 1988	10481			10481
16	4.75% loan 1989	2340			2340
17	6% loan 1989	286			286
18	6.25% loan 1989	1200			1200
19	6.75% loan 1989	605			605
20	7.75% loan 1989	132			132
21	5.50% loan 1990	1952			1952
22	6.50% loan 1990	43308			43308
23	9% loan 1990	1948			1948
24	5.50% loan 1991	5431			5431
25	6.25% loan 1991	30282			30282
26	6.75% loan 1991	12064			12064
27	7.75% loan 1991	733			733
28	8% loan 1991	1072			1072
29	10% loan 1991	18978			18978
30	5.50% loan 1992	441			441
31	7.25% loan 1992	35389			35389
32	9.25% loan 1992	39634			39634
33	6% loan 1993	2066			2066
34	6.25% loan 1993	8146			8146
35	10% loan 1993	18985			18985
36	10.20% loan 1993	24624			24624
37	6% loan 1994	15584			15584

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013 (incl PPA)	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
38	6.75% loan 1994	2969			2969
39	7% loan 1994	6887			6887
40	8.50% loan 1994	169467			169467
41	5.50% loan 1995	6213			6213
42	6.25% loan 1995	141			141
43	6.50% loan 1995	0			0
44	8.25% loan 1995	5134			5134
45	9.50% loan 1995	97			97
46	10.50% loan 1995	700			700
47	6.25% loan 1996	1311			1311
48	10.30% loan 1996	500			500
49	10.50% loan 1996	6284			6284
50	10.75% loan 1996	0			0
51	12.75% loan 1996	0			0
52	6.25% loan 1997	437			437
53	6.50% loan 1997	42256			42256
54	7.25% loan 1997	539			539
55	10.50% loan 1997	1705			1705
56	12% G.S. 1997	0			0
57	13.25% G.S.1997	0			0
58	13.50% G.S. 1997	120			120
59	6% loan 1998	3229			3229
60	6.25% loan 1998	659			659
61	7% loan 1998	324			324
62	10.50% loan 1998	1701			1701
63	12.30% G.S. 1998	130			130
64	13% 5yr G.S. 1998	0			0
65	13.50% loan 1998	0			0
66	13.62% G.S. 1998	0			0
67	13.65% 3 Yr G.S.1998	150			150
68	10.50% Loan 1999	577			577
69	12%Loan 1999	60			60
70	13.12% G.S. 1999	0			0
71	13.40% G.S. 1999	5200			5200
72	13.65% G.S. 1999	1750			1750
73	13.70% G.S. 1999	0			0
74	4 Year FRB 1999	200			200
75	5.50% Loan 1999	2721			2721
76	5 yr Zero Coupon Bonds 1999	0			0
77	5.50% loan 2000	12341		1	12340
78	6.50% loan 2000	1877			1877
79	10.75% loan 2000	8610			8610
80	11.40% G.S. 2000	0			0
81	11.64% 6 year G.S. 2000	200			200
82	12.14% G.S. 2000	0			0
83	Zero Coupon Bonds 2000 (II) Series	304960			304960

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013 (incl PPA)	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
84	12.60% G.S. 2000	161944			161944
85	13.25% G.S. 2000	113710			113710
86	13.25% 7 Year G.S. 2000	0			0
87	13.85% G.S. 2000	80			80
88	5.75 % Loan 2001	4012			4012
89	5.75 % National Defence Loan 2001	2243			2243
90	6.5% Loan 2001	9791			9791
91	7.50% Loan 2001	86091			86091
92	10.75 % Loan 2001	0			0
93	10.85% G.S. 2001	600			600
94	11% Loan 2001	0			0
95	11.55% G.S. 2001	0			0
96	11.75% G.S. 2001	60			60
97	12.08 % 7Years G.S. 2001	0			0
98	12.70% G.S. 2001	0			0
99	13.31 % 8Years G.S. 2001	0			0
100	13.55% G.S. 2001	42816			42816
101	13.75% G.S. 2001	155240			155240
102	13.85% G.S. 2001	0			0
103	5.75% loan 2002	5478			5478
104	6% Capital Investment Bond 2002	9540			9540
105	6.50% loan 2002	1753			1753
106	7.75% loan 2002	1822			1822
107	11% loan 2002	3026		35	2991
108	11.15% G.S. 2002	20			20
109	12.69% G.S. 2002	0			0
110	12.75%G.S. 2002	70			70
111	13.40% 9yrs G.S. 2002	0			0
112	13.80% 7year G.S. 2002	1050			1050
113	13.82% G.S. 2002	0			0
114	5.75% loan 2003	12336			12336
115	6.50% loan 2003	16670			16670
116	11% loan 2003	0			0
117	11.10% G.S. 2003	0			0
118	11.75% G.S. 2003	0			0
119	11.78% G.S. 2003	0			0
120	11.83% G.S. 2003	0			0
121	6.50% G.S. 2004	11966		10	11956
122	9.50% Loan 2004	545		30	515
123	11% Loan 2004	150			150
124	11.30% Loan 2004	1220			1220
125	11.50% G.S.2004	440		440	0
126	11.75% G.S.2004	50			50
127	11.95% G.S.2004	20			20
128	11.98% G.S.2004	930			930
129	12.35% G.S. 2004	0			0

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013 (incl PPA)	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
130	12.50% G.S. 2004	76670			76670
131	12.59% G.S. 2004	3250			3250
132	6.50% loan 2005	14721		78	14643
133	8.25% loan 2005	2978			2978
134	10.20% G.S. 2005	0			0
135	10.50% loan 2005	7280			7280
136	11.19% G.S. 2005	2500			2500
137	11.25% loan 2005	300			300
138	13.75% 10yr G.S. 2005	3220			3220
139	14% G.S. 2005	45492		265	45227
140	6.75% loan 2006	18296		202	18094
141	11% G.S. 2006	0			0
142	11.25% loan 2006	130			130
143	11.50% loan 2006	50919		1651	49268
144	11.75% G.S. 2006	10			10
145	13.85% G.S. 2006	32527		1100	31427
146	14% G.S. 2006	8360			8360
147	6.75% Loan 2007	6540		332	6208
148	11.50% loan 2007	669			669
149	12.50% loan 2007	4512			4512
150	13.05% G.S. 2007	2325			2325
151	13.65% G.S. 2007	0			0
152	9.50% loan 2008	4888			4888
153	10.80% loan 2008	249			249
154	11.40% G.S. 2008	100			100
155	11.50% loan 2008	451			451
156	12.% G.S. 2008	400			400
157	12.25% G.S. 2008	8941			8941
158	7% loan 2009	12293		544	11749
159	11.50% loan 2009	1296			1296
160	11.99% G.S. 2009	2235			2235
161	7.50% loan 2010	12345		976	11369
162	8.75% loan 2010	453		1	452
163	11.30% G.S. 2010	1000		550	450
164	11.50% Loan 2010	242			242
165	12.25% G.S. 2010	510		400	110
166	8% loan 2011	9989		521	9468
167	11.50% G.S. 2011	390			390
168	11.50% loan 2011	110			110
169	12% loan 2011	614		150	464
170	6.85% G.S. 2012	80			80
171	10.25% loan 2012	5406		1218	4188
172	11.03% G.S. 2012	3460		1575	1885
TOTAL		1959568	0	10093	1949475

STATEMENT NO.14-A FOR THE YEAR ENDING MARCH 2014 (2013-2014)

MINOR HEAD 105- SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTIONS

S.N.	Nomenclature	Opening Bal. As on 1.4.2013 (Incl. PPA)	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
1	International Monetary Fund	318456395	42690000	14436000	346710395
2	Asian Development Bank	3266718	1728309	290000	4705027
3	International Bank for Reconstruction & Development	-404339			-404339
4	International Development Association	414916			414916
5	International Fund for Agriculture Development	-200120			-200120
6	African Development Fund	722818	26131	169024	579925
7	African Development Bank	4751			4751
	Total	322261139	44444440	14895024	351810555

MINOR HEAD 106-COMPENSATION & OTHER BONDS

1	Premium Prize Bonds,1963	6072			6072
2	Premium Prize Bonds,1964	6172			6172
3	National Defence Gold Bonds,1980 (A&B Series)	700			700
4	3-Years Interest Free Defence Bonds,1949	16			16
5	5-Year Interest Free Prize Bonds,1965	11367			11367
6	Loan from National Agricultural Credit(Long Term Operation) Fund of RBI	906			906
7	15yrs Annuity Certificate, 1st Series	130			130
8	15yrs Annuity Certificate, 2nd Series	2126			2126
9	9% Relief Bonds 1993	61967			61967
10	5 3/4% V.D.S Bonds 1985	78344		11	78333
11	4.50% Bank (A&T) Compensation Bonds,1979	93			93
12	7 Years National Rural Development Bonds I & II	70920		18	70902
13	Special Bearer Bonds,1991	36743		120	36623
14	7% Capital Investment Bonds	32543			32543
15	4.5% Jayanti Shipping Company(A&T)Share Bonds,1981	183			183
16	9% Relief Bond 1987	141826			141826

S.N.	Nomenclature	Opening Bal. As on 1.4.2013 (Incl. PPA)	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
17	5.50% Loan, Bank(A&T) Compensation Bonds, 1999	9760			9760
18	10% Relief Bond 1995	127499		2096	125403
19	12.08% GOI Compensation Bonds(Project Export to Iraq) Bonds 2001	26188			26188
20	8.5 % Relief Bond 2001	1338547		37957	1300590
21	9 % Relief Bond 1999	3604027	41776	86183	3559620
22	8% Relief Bonds 2002	456312		95842	360470
23	7% Saving Bonds 2002	-117466		18180	-135646
24	6.5% Saving Bonds 2003(Non-Taxable)	652529		105544	546985
25	8% Saving Bonds 2003(Taxable)	131488184	2512482	4294458	129706208
26	Compensation & Other Bonds Suspense	192088			192088
	Total	138227776	2554258	4640409	136141625

TREASURY BILLS

	M. Head 6001-115				
1	14 days Treasury Bills	1184581600	21518595300	21835019200	868157700
	M. Head 6001-103				
2	91 days Treasury Bills	1050962725	5800875925	5594232550	1257606100
	M. Head 6001-108				
3	182 days Treasury Bills	641960800	1375202600	1252989100	764174300
	M. Head 6001-110				
4	364 days Treasury Bills	1304708000	1369562600	1304708000	1369562600
	M. Head 6001-114				
6	Ways & Means Advance	0	2424250000	2424250000	0
	M. Head 6001-127		1071950000	1071950000	
7	Cash Management Bills(All)	0			0
	Total	4182213125	33560436425	33483148850	4259500700
1	6001-00-112- 10% Relief Bond 1993	139936			139936
	Total	139936	0	0	139936

117-Marketable Securities Issued In Conversion Of Special Securities

1	5.69% G.S.2018	61300000			61300000
2	5.87% G.S.2022	110000000			110000000
3	5.97% G.S.2025	166879480			166879480
4	6.05% G.S.2019	70000000			70000000
5	6.17% G.S.2023	80000000			80000000
6	6.25% G.S.2018	60000000			60000000

S.N.	Nomenclature	Opening Bal. As on 1.4.2013	Add. during 2013-2014	Discharge during 2013-2014	Closing Bal. As on 31.03.2014
7	6.35% G.S.2020	50000000			50000000
8	7.27% G.S. 2013	40000000		40000000	0
9	7.37% G.S. 2014	50000000			50000000
10	7.38% G.S. 2015	30000000			30000000
11	7.49% G.S. 2017	50000000			50000000
	Total	768179480	0	40000000	728179480

Securities Issued against Collections of Small Savings

1	M. Head 6001-121	645691900			645691900
	Special G.O.I. Securities Issued against outstanding balances of Small Savings as on 31.03.1999				
2	M. Head 6001-122	319567920	36395300	13024845	342938375
	Special G.O.I. Securities issued against net collections of Small Savings from 01.04.1999				
3	M. Head 6001-125	1202823400	100200000		1303023400
	Special G.O.I. Securities issued to NSSF against Reinvestment of sums on Redemption				
	of Central Govt. Securities				
	Total	2168083220	136595300	13024845	2291653675

107-Special Securities issued to RBI

1	Special Securities issued to RBI	10464299			10464299
	Total	10464299	0	0	10464299

124-Special Securities issued to RBI in r/o of India Millennium Deposits

1	India Millennium Deposits	4428476			4428476
	Total	4428476	0	0	4428476

MINOR HEAD 128- Special Securities Issued against Securitization of balances under Postal Life Insurance

		208936840			208936840
	TOTAL	208936840	0	0	208936840

SUMMARY OF INTERNAL DEBT AS ON MARCH 31, 2014	
CATEGORY	AMOUNT (RS. IN CRORE)
MARKETABLE (A+B)	3853593
A. MARKET LOAN (i+ii)	3514459
(i) CURRENT	3441446
(ii) MATURED	195
(i) Marketable Securities issued in Conversion of Special Securities	72818
B. TREASURY BILLS & CONNECTED SECURITIES	339134
NON-MARKETABLE (a+b+c+d+e)	387174
(a) SECURITIES ISSUED TO INTERNATIONAL FINANCIAL INSTITUTION ✓	35183
(b) COMPENSATION AND OTHER BONDS	13614
(c) 14 DAYS' T. BILLS	86816
(d) SPECIAL SECURITIES ISSUED TO NSSF	229165
(e) OTHERS	22396
TOTAL	4240767

ANNEXURE V (SEE PARA 3.1.2)

RESERVE BANK OF INDIA									
D.G.B.A., C.D.D.									
MUMBAI									
STATEMENT SHOWING THE BALANCES OF TREASURY BILLS FOR THE QUARTER ENDED MARCH 2014									
(Amount in ₹.)									
Sr. No.	TREASURY BILLS	Opening Balance on the first day of the quarter	MSS	Treasury Bills issued during the quarter	MSS	Repayments during the quarter	MSS	Balance on the last day of the quarter	MSS
1	2	3	4	5	6	7	8	9	10
1	14-DAYS INTER-MEDIATE TRY BILLS	₹739,323,500,000	0	₹6,046,156,200,000	0	₹5,917,322,100,000	0	₹868,157,700,000	0
2	91-DAYS TRY BILLS	₹1,548,793,800,000	0	₹1,257,606,100,000	0	₹1,548,793,800,000	0	₹1,257,606,100,000	0
3	182-DAYS TRY BILLS	₹670,992,300,000	0	₹604,147,800,000	0	₹310,965,800,000	0	₹764,174,300,000	0
4	364-DAYS TRY BILLS	₹1,358,177,600,000	0	₹500,537,500,000	0	₹300,152,500,000	0	₹1,369,562,600,000	0
	TOTAL	₹4,338,287,300,000	0	₹8,008,447,600,000	0	₹8,077,234,200,000	0	₹4,259,500,700,000	0

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RECONCILIATION STATEMENT					
STATEMENT SHOWING OFFICE-WISE BALANCES IN RESPECT OF TREASURY BILLS AS ON 31st MARCH 2014					
Sr No.	Treasury Bills	Mumbai	Kolkata	Nagpur	Total
1	14 day intermediate Treasury Bills	0	₹ 6,247,400,000	₹ 861,910,300,000	₹ 868,157,700,000
2	91 days Treasury Bills	₹ 1,257,606,100,000			₹ 1,257,606,100,000
3	182 days Treasury Bills	₹ 764,174,300,000			₹ 764,174,300,000
4	364 days Treasury Bills	₹ 1,369,562,600,000			₹ 1,369,562,600,000
	TOTAL (Rs.)	₹ 3,391,343,000,000	₹ 6,247,400,000	₹ 861,910,300,000	₹ 4,259,500,700,000



 Treasurer

STATEMENT SHOWING OFFICE-WISE NEW ISSUES / REPAYMENTS IN RESPECT OF TREASURY BILLS FOR QUARTER ENDED MARCH 2014						(Amount in ₹)
Sr No.	LOAN	Mumbai	Kolkata	Hydrabad	Total	
REPAYMENTS						
		NORMAL	MSB			
1	14 days Intermediate Treasury Bills			₹4,536,600,000	₹5,842,785,500,000	₹5,917,322,100,000
2	91 days Treasury Bills	₹1,548,793,800,000				₹1,548,793,800,000
3	182 Days Treasury Bills	₹310,965,800,000				₹310,965,800,000
4	364 days Treasury Bills	₹300,152,500,000				₹300,152,500,000
	TOTAL	₹2,159,912,100,000	0	₹4,536,600,000	₹5,842,785,500,000	₹8,077,234,200,000
NEW ISSUES						
1	14 day Intermediate Treasury Bills			₹73,010,200,000	₹5,973,146,000,000	₹6,046,156,200,000
2	91 days Treasury Bills	₹1,257,506,100,000				₹1,257,506,100,000
3	182 Days Treasury Bills	₹404,147,800,000				₹404,147,800,000
4	364 days Treasury Bills	₹300,537,500,000				₹300,537,500,000
	TOTAL	₹1,962,291,400,000	0	₹73,010,200,000	₹5,973,146,000,000	₹8,008,447,600,000



 11/03/14

 should be kept

 correct

RESERVE BANK OF INDIA					
D.G.B.A., C.D.D.					
MUMBAI					
STATEMENT SHOWING THE BALANCES OF CASH MANAGEMENT BILLS FOR THE QUARTER ENDED MARCH 2014					
(Amount in ₹.)					
Sr.No.	CASH MANAGEMENT BILLS	Opening Balance on the first day of the quarter	Cash Management Bills issued during the quarter	Repayments during the quarter	Balance on the last day of the quarter (3+4-5)
1	2	3	4	5	6
1	Cash Management Bills		0	0	0
	TOTAL		0	0	0



 27/03/14

ANNEXURE VI (SEE PARA 5.5)
Calculation of CGEGIS Interest

Insurance Receipt 2013-14					
Month	As per CGA	Railways	Total	Saving (70% of Total Receipt)	Insurance (30% of Total Receipt)
April	133887002.00	63160480.00	197047482.00	137933237.40	59114244.60
May	88718352.00	39826714.00	128545066.00	89981546.20	38563519.80
June	87317011.00	39533076.00	126850087.00	88795060.90	38055026.10
July	84669977.00	39617223.00	124287200.00	87001040.00	37286160.00
August	78447141.00	40742121.00	119189262.00	83432483.40	35756778.60
September	90215443.00	40494004.00	130709447.00	91496612.90	39212834.10
October	99880355.00	40040571.00	139920926.00	97944648.20	41976277.80
November	73688086.00	40051627.00	113739713.00	79617799.10	34121913.90
December	86646018.00	40037368.00	126683386.00	88678370.20	38005015.80
January	85153359.00	41069991.00	126223350.00	88356345.00	37867005.00
February	78478379.00	39774015.00	118252394.00	82776675.80	35475718.20
March	198545041.16	13125228.00	211670269.16	148169188.41	63501080.75
Total	1185646164.16	477472418.00	1663118582.16	1164183007.51	498935574.65

Insurance Payment 2013-14						
Railways	Saving			Insurance		
	As per CGA	Railways	Total	As per CGA	Railways	Total
April	147413035.00	158621515.00	306034550.00	60098004.00	20444658.00	80542662.00
May	199537709.00	162315279.00	361852988.00	22286462.00	16668161.00	38954623.00
June	185232154.00	200729300.00	385961454.00	22987111.00	17346518.00	40333629.00
July	212421352.00	188992390.00	401413742.00	25335286.00	16855898.00	42191184.00
August	182745974.00	154855492.00	337601466.00	25107638.00	17551856.00	42659494.00
September	181033991.00	139324721.00	320358712.00	24185316.00	14330677.00	38515993.00
October	174666804.00	140631673.00	315298477.00	24667821.00	15499527.00	40167348.00
November	154589463.00	138876636.00	293466099.00	22221800.00	16927202.00	39149002.00
December	169395813.00	164259775.00	333655588.00	20253059.00	14986269.00	35239328.00
January	180405860.00	187836064.00	368241924.00	21795236.00	16534822.00	38330058.00
February	170892799.00	169117761.00	340010560.00	22943686.00	22182761.00	45126447.00
March	214749350.00	172531247.00	387280597.00	-29756310.00	15521651.00	-14234659.00
Total	2173084304.00	1978091853.00	4151176157.00	262125109.00	204850000.00	466975109.00

Calculation Sheet No.1 (2013-2014)

Month	Saving			Insurance		
	Total Receipt	Total Payment	Net	Total Receipt	Total Payment	Net
April	137933237.40	306034550.00	-168101312.60	59114244.60	80542662.00	21428417.40
May	89981546.20	361852988.00	-271871441.80	38563519.80	38954623.00	-391103.20
June	88795060.90	385961454.00	-297166393.10	38055026.10	40333629.00	-2278602.90
July	87001040.00	401413742.00	-314412702.00	37286160.00	42191184.00	-4905024.00
August	83432483.40	337601466.00	-254168982.60	35756778.60	42659494.00	-6902715.40
September	91496612.90	320358712.00	-228862099.10	39212834.10	38515993.00	696841.10
October	97944648.20	315298477.00	-217353828.80	41976277.80	40167348.00	1808929.80
November	79617799.10	293466099.00	-213848299.90	34121913.90	39149002.00	-5027088.10
December	88678370.20	333655588.00	-244977217.80	38005015.80	35239328.00	2765687.80
January	88356345.00	368241924.00	-279885579.00	37867005.00	38330058.00	-463053.00
February	82776675.80	340010560.00	-257233884.20	35475718.20	45126447.00	-9650728.80
March	148169188.41	387280597.00	-239111408.59	63501080.75	-14234659.00	77735739.75
Total	1164183007.51	4151176157.00	-2986993149.49	498935574.65	466975109.00	31960465.65

Calculation Sheet No.2 (2013-2014)

Month	Insurance			Int. on Prg. @ 3.5% (of Total of Closing Bal.)
	O/Balance	Net Dg. the Yr.	G/Balance	
April	-2954880856.00	-21428417.40	-2976309273.40	
May	-2976309273.40	-391103.20	-2976700376.60	
June	-2976700376.60	-2278602.90	-2978978979.50	
July	-2978978979.50	-4905024.00	-2983884003.50	
August	-2983884003.50	-6902715.40	-2990786718.90	
September	-2990786718.90	696841.10	-2990089877.80	
October	-2990089877.80	1808929.80	-2988280948.00	
November	-2988280948.00	-5027088.10	-2993308036.10	
December	-2993308036.10	2765687.80	-2990542348.30	
January	-2990542348.30	-463053.00	-2991005401.30	
February	-2991005401.30	-9650728.80	-3000656130.10	
March	-3000656130.10	77735739.75	-2922920390.35	
Total	-35815422949.50	31960465.65	-35783462483.85	-104368432.24

	Saving				
Month	O/Balance	Net Dg. the Yr.	C/Balance	Qtrly. Prog.	Int. @ 8.7% (On Qtrly. Prog.)
April	45158280856.08	-168101312.60	44990179543.48		
May	44990179543.48	-271871441.80	44718308101.68		
June	44718308101.68	-297166393.10	44421141708.58	134129629353.74	11669277753.78
July	44421141708.58	-314412702.00	44106729006.58		
August	44106729006.58	-254168982.60	43852560023.98		
September	43852560023.98	-228862099.10	43623697924.88	131582986955.44	11447719865.12
October	43623697924.88	-217353828.80	43406344096.08		
November	43406344096.08	-213848299.90	43192495796.18		
December	43192495796.18	-244977217.80	42947518578.38	129546358470.64	11270533186.95
January	42947518578.38	-279885579.00	42667632999.38		
February	42667632999.38	-257233884.20	42410399115.18		
March	42410399115.18	-239111408.59	42171287706.59	127249319821.15	11070690824.44
Total	525495287750.46	2986993149.49	522508294600.97		
O.B. of Saving	45320280856.08				
Less: Excess	162000000.00				
Interest booked					
Net O.B.	45158280856.08				
Total Interest	3788185135.86	Yearly Interest= Total of Closing Bal. of Saving X 8.7%/12			
Less: Excess	162000000.00				
Interest booked					
Interest to be booked 2013-14	3626185135.86				
Already has been booked in March 2014.	3626059013.84				
Short booked will be adjusted in 2014-2015	126122.02				

Progressive Balance 2013-14			
Saving		Actual Int.Cal II	Closing Balance
April	44990179543.48		
May	44718308101.68		
June	44421141708.58	972439812.81	45393581521.39
July	44106729006.58		
August	43852560023.98		
September	43623697924.88	953976655.43	44577674580.31
October	43406344096.08		
November	43192495796.18		
December	42947518578.38	939211098.91	43886729677.29
January	42667632999.38		
February	42410399115.18		
March	42171287706.59	922557568.70	43093845275.30
Total	522508294600.97	3788185135.86	526296479736.83
SAVING		INSURANCE	
Closing Balance of the Last Year	45320280856.08	Closing Balance of the Last Year	-2954880856.00
Net During the Year	-2986993149.49	Dep. Dg. Year	31960465.65
Int. during the Year	3788185135.86		
Less: Interest excess booked	162000000.00		
Net Interest during the year	3626185135.86		
O.B for the Next Year	45959472842.45	O.B for the Next Year	-2922920390.35

STATEMENT OF AVERAGE RATE OF INTEREST ON CAPITAL OUTLAY FOR THE YEAR 2013-2014

MAJOR HEAD 6001- INTERNAL DEBT OF THE CENTRAL GOVERNMENT

MINOR HEAD 101- MARKET LOAN BEARING INTEREST

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013	Closing Bal. As on 31.03.2014	Total of (Col.3 + Col.4)	Mean Value (Col.5/2)	Rate of Instt. (%)	Interest = Mean Value X Rate of Interest/100
1	2	3	4	5	6	7	8
1	7.27% G.S. 2013	420000000	0	420000000	210000000	7.27	15267000.00
2	9% loan 2013	17513266	19715	17532981	8766491	9.00	788984.11
3	9.81% G.S. 2013	110000000	2200	110002200	55001100	9.81	5395607.91
4	12.40% G.S. 2013	119839090	13545	119852635	59926318	12.40	7430863.31
5	G.O.I. FRB 2013	40000000	0	40000000	20000000	5.47	1094000.00
6	5.32% G.S. 2014	50000000	0	50000000	25000000	5.32	1330000.00
7	6.07% G.S. 2014	400000000	279581996	679581996	339790998	6.07	20625313.51
8	6.72% G.S. 2014	152736000	0	152736000	76368000	6.72	5131929.60
9	7.32% G.S. 2014	180000000	130000000	310000000	155000000	7.32	11346000.00
10	7.37% G.S. 2014	370000000	357512000	727512000	363756000	7.37	26808817.20
11	7.56% G.S. 2014	410000000	408450840	818450840	409225420	7.56	30937441.71
12	10% loan 2014	23332577	14036306	37368883	18684442	10.00	1868444.11
13	10.50% loan 2014	17550992	10253569	27804561	13902281	10.50	1459739.41
14	11.83% G.S. 2014	115000000	50424610	165424610	82712305	11.83	9784865.60
15	G.O.I. FRB 2014	50000000	50000000	100000000	50000000	5.09	2545000.00
16	6.49% G.S. 2015	400000000	395001420	795001420	397500710	6.49	25797796.00
17	7.17% G.S. 2015	560000000	554499300	1114499300	557249650	7.17	39954799.91
18	7.38% G.S. 2015	580000000	543867360	1123867360	561933680	7.38	41470705.51
19	9.85% G.S. 2015	100000000	74377840	174377840	87188920	9.85	8588108.60
20	10.47% G.S. 2015	64300000	37694010	101994010	50997005	10.47	5339386.41
21	10.79% G.S. 2015	26834510	9993763	36828273	18414137	10.79	1986885.31
22	11.43% G.S. 2015	120000000	72043020	192043020	96021510	11.43	10975258.51
23	11.50% loan 2015	35604985	18991623	54596608	27298304	11.50	3139304.91
24	G.O.I. FRB 2015	60000000	60000000	120000000	60000000	4.52	2712000.00
25	G.O.I. FRB 2015(II)	60000000	60000000	120000000	60000000	4.45	2670000.00
26	5.59% G.S. 2016	60000000	60000000	120000000	60000000	5.59	3354000.00
27	7.02% G.S. 2016	600000000	600000000	1200000000	600000000	7.02	42120000.00
28	7.59% G.S. 2016	680000000	680000000	1360000000	680000000	7.59	51612000.00
29	10.71% G.S. 2016	90000000	90000000	180000000	90000000	10.71	9639000.00
30	12.30% G.S. 2016	131298450	131298450	262596900	131298450	12.30	16149709.35
31	G.O.I. FRB 2016	60000000	60000000	120000000	60000000	4.45	2670000.00
32	7.46% G.S. 2017	578868000	578868000	1157736000	578868000	7.46	43183552.80
33	7.49% G.S. 2017	530000000	530000000	1060000000	530000000	7.49	39697000.00
34	7.99% G.S. 2017	710000000	710000000	1420000000	710000000	7.99	56729000.00
35	8.07% G.S. 2017	1190000000	1190000000	2380000000	1190000000	8.07	96033000.00
36	G.O.I. FRB 2017	30000000	30000000	60000000	30000000	6.84	2052000.00
37	5.69% G.S. 2018	100000000	100000000	200000000	100000000	5.69	5690000.00
38	6.25% G.S. 2018	108868000	108868000	217736000	108868000	6.25	6804250.00

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013	Closing Bal. As on 31.03.2014	Total of (Col.3 + Col.4)	Mean Value (Col.5/2)	Rate of Intt.	Interest = Mean Value X Rate of Interest/100
39	7.83% G.S. 2018	640000000	730000000	1370000000	685000000	7.83	53635500.00
40	8.24% G S 2018	750000000	750000000	1500000000	750000000	8.24	61800000.00
41	10.45% G.S. 2018	37160000	37160000	74320000	37160000	10.45	3883220.00
42	12.60% G.S. 2018	126318800	126318800	252637600	126318800	12.60	15916168.80
43	5.64% G.S. 2019	100000000	100000000	200000000	100000000	5.64	5640000.00
44	6.05% G S 2019	570000000	570000000	1140000000	570000000	6.05	34485000.00
45	6.90%G.S.2019	450000000	450000000	900000000	450000000	6.90	31050000.00
46	7.28% G.S. 2019	0	530000000	530000000	265000000	7.28	19292000.00
47	10.03% G.S. 2019	60000000	60000000	120000000	60000000	10.03	6018000.00
48	6.35%G.S. 2020	560000000	560000000	1120000000	560000000	6.35	35560000.00
49	7.80% G.S. 2020	600000000	600000000	1200000000	600000000	7.80	46800000.00
50	8.12%G.S. 2020	130000000	760000000	890000000	445000000	8.12	36134000.00
51	8.19%G.S. 2020	740000000	740000000	1480000000	740000000	8.19	60606000.00
52	10.70% G.S. 2020	60000000	60000000	120000000	60000000	10.70	6420000.00
53	11.60% G.S. 2020	50000000	50000000	100000000	50000000	11.60	5800000.00
54	G.O.I. FRB 2020	130000000	130000000	260000000	130000000	3.79	4927000.00
55	7.80% G.S. 2021	680000000	680000000	1360000000	680000000	7.80	53040000.00
56	7.94%G.S.2021	490000000	490000000	980000000	490000000	7.94	38906000.00
57	8.79% G.S. 2021	830000000	830000000	1660000000	830000000	8.79	72957000.00
58	10.25% G.S. 2021	262133200	262133200	524266400	262133200	10.25	26868653.00
59	8.08%G.S. 2022	619694110	619694110	1239388220	619694110	8.08	50071284.09
60	8.13%G.S. 2022	704952800	704952800	1409905600	704952800	8.13	57312662.64
61	8.15%G.S. 2022	700000000	830000000	1530000000	765000000	8.15	62347500.00
62	8.20% G.S. 2022	576323300	576323300	1152646600	576323300	8.20	47258510.60
63	8.35 % G.S 2022	440000000	440000000	880000000	440000000	8.35	36740000.00
64	1.44% Inflation Index G.S. 2023	0	65825850	65825850	32912925	1.44	473946.12
65	6.17%G.S.2023	60000000	60000000	120000000	60000000	6.17	3702000.00
66	6.30%G.S.2023	130000000	130000000	260000000	130000000	6.30	8190000.00
67	7.16% G.S. 2023	0	770000000	770000000	385000000	7.16	27566000.00
68	8.83% G.S. 2023	0	330000000	330000000	165000000	8.83	14569500.00
69	7.35% G S 2024	100000000	100000000	200000000	100000000	7.35	7350000.00
70	9.15% G.S. 2024	920000000	920000000	1840000000	920000000	9.15	84180000.00
71	8.20% G.S. 2025	590000000	900000000	1490000000	745000000	8.20	61090000.00
72	8.33% G.S. 2026	600000000	900000000	1500000000	750000000	8.33	62475000.00
73	10.18% G.S. 2026	150000000	150000000	300000000	150000000	10.18	15270000.00
74	8.24% G S 2027	573885500	763885500	1337771000	668885500	8.24	55116165.20
75	8.26% G.S. 2027	734273290	734273290	1468546580	734273290	8.26	60650973.75
76	8.28% G.S. 2027	362522400	752522400	1115044800	557522400	8.28	46162854.72
77	6.01%G.S.2028	150000000	150000000	300000000	150000000	6.01	9015000.00
78	6.13%G.S.2028	110000000	110000000	220000000	110000000	6.13	6743000.00
79	8.97% G.S. 2030	730000000	900000000	1630000000	815000000	8.97	73105500.00
80	9.20% G.S. 2030	0	170000000	170000000	85000000	9.20	7820000.00
81	7.95% G.S. 2032	590000000	590000000	1180000000	590000000	7.95	46905000.00
82	8.28% G.S. 2032	786871100	906871100	1693742200	846871100	8.28	70120927.08
83	8.32%G.S.2032	154340500	624340500	778681000	389340500	8.32	32393129.60
84	8.33%G.S.2032	15224800	15224800	30449600	15224800	8.33	1268225.84

S.N.	Nomenclature of Loan	Opening Bal. As on 1.4.2013	Closing Bal. As on 31.03.2014	Total of (Col.3 + Col.4)	Mean Value (Col.5/2)	Rate of Intt. (%)	Interest = Mean Value X Rate of Interest/100
85	7.50% G.S. 2034	600000000	600000000	1200000000	600000000	7.50	45000000.00
86	7.40% G.S.2035	420000000	520000000	940000000	470000000	7.40	34780000.00
87	G.O.I. FRB 2035	3500000	3500000	7000000	3500000	6.49	227150.00
88	8.33% G.S. 2036	860000000	860000000	1720000000	860000000	8.33	71638000.00
89	6.83% G S 2039	130000000	130000000	260000000	130000000	6.83	8879000.00
90	8.30% G.S.2040	720000000	720000000	1440000000	720000000	8.30	59760000.00
91	8.83% G.S. 2041	600000000	900000000	1500000000	750000000	8.83	66225000.00
92	8.30% G.S.2042	900000000	560000000	650000000	325000000	8.30	26975000.00
93	9.23% G.S.2043	0	394722821	394722821	197361411	9.23	18216458.10
94	Inflation Indexed National Saving Securities 2013	0	920025	920025	460013	10.50	48301.30
	Grand Total	29838945670	34413546038	64253411733	32126705867		2559566395.43
	Major Head-2049.01.305.00.00.30-Management of Debt(2013-2014)			8209806.31			
	Rate of Interest = Interest Amount + Management of Debt X 100/ Mean value			(2559566395.43 + 8209806.31) X 100 / 32126705867			7.99%

ANNEXURE VIII (SEE PARA 1.4)

1. ADJUSTMENT OF THE COMMUTED VALUE OF INTEREST ON AMANATI STOCK CERTIFICATES

The late King of Oudh had deposited a sum of Rs. 30,00,000 with the Government of India, the interest on which is payable as pension to the heirs of certain members of his family and the dependants. The amount remained invested in 3% Conversion Loan, 1946, in the form of Amanati Stock Certificates, partly at the Public Debt-Office, Calcutta and partly at the Public Debt Office, New Delhi. The amount held at the Public Debt Office, New Delhi was subsequently transferred to Public Debt Office, Kanpur on its formation. Interest on these Certificates is payable monthly to the persons concerned through the Wasika Officers, Lucknow and the Collector, 24-Parganas, Calcutta.

When the amount of pension receivable by an individual pensioner is found to be too low for his maintenance (Rs.5 or less per mensem) it is commuted and the amount of Loan is reduced according to the following formula and the commutation value paid to the pensioner when sanctioned by the Government.

- a) Commuted value: Amount of monthly interest X 12 X 20 to represent 20 years purchase value.
- b) Amount of Loan to be reduced: Amount of annual interest multiplied by 100 and divided by the rate of interest (at present 3%).

The Accountants General, Uttar Pradesh and West Bengal authorize the Treasury Officer concerned to make the payment informing simultaneously:

- (1) The Manager, Reserve Bank of India, Public Debt Office, New Delhi (now Kanpur) and Calcutta of the reduction of the stock to be effected and
- (2) The Accountant General, Central Revenues, New Delhi for the adjustment of the connected transactions.

METHOD OF ADJUSTMENT: On receipt of information from the Accountant General, Uttar Pradesh and West Bengal, of the commutation, the details of the transactions are noted in a register in the form which is reproduced below:-

COMMUTED VALUE OF INTEREST ON AMANATI STOCK CERTIFICATE

Authority	Amount of monthly interest commuted	Amount of Commuted value of interest	Amount of the Loan reduced	Difference between amount paid and amount of loan reduced (4-3)	Letter calling for debit from A.G., U.P./A.G., West Bengal
(1)	(2)	(3)	(4)	(5)	(6)
Letter intimating debit by A.G., U.P./A.G., West Bengal	Month of Adjustment	Sec. 'O' Public Debt 3% con-version Loan-1946 (Debited)	Sec. 'T' Govt. Account (Credited)	Sec. 'U' Remittances etc. (Responding credit)	Progressive Total
(7)	(8)	(9)	(10)	(11)	(12)
					Remarks (13)

The letter from the A.G., U.P./West Bengal should be kept pending till the receipt of the debit through Exchange Account, when the following adjustment is made by transfer enter (the account current section concerned omitting the item).

The amount of the loan reduced (vide column 4) is debited to Sec. 'O' Public Debt-3% Conversion Loan, 1946, the amount of the difference between the amount paid and the amount of loan reduced is credited to Section 'T' Deposits and Advances-Part V-Miscellaneous-Miscellaneous-Government Account (vide Col. 3) and the actual amount paid on account of the commuted value (vide Col. 3) is credited as a responding item to A.G., U.P./A.G., West Bengal to clear the debit raised against this office through Exchange

account. The balance of Amanati Certificates outstanding on 31-3-1972, after reduction of the principal on account of commutations made from time to time was Rs.1,20,721-90 at the Public Debt Office, Calcutta and Rs. 26,20,203-9 at the Public Debt Office, Kanpur.

2. NATIONALIZATION OF THE RESERVE BANK OF INDIA

Under the Reserve Bank (Transfer to Public Ownership) Act, 1948 the share capital of the Reserve Bank of India was brought into public ownership with effect from 4-1-1949. All shares in the capital of the Reserve Bank of India were by virtue of this Act, transferred to the Central Government with effect from that date. Para 3 of the Act of 1948 provided that on the appointed day (i.e. 4-1-1949)

(a) all shares in the Capital of the Bank shall be deemed to be transferred free of all trusts, liabilities and encumbrances to the Central Government and

(b) As full compensation therefore, the Central Government shall issue to every person who, immediately before 1-1-1949, is registered as the holder of any such shares, an amount calculated at the rate of one hundred and eighteen rupees and ten annas per share (o Rs. 100) in promissory notes of the Central Government bearing interests at the rate of three per cent per annum repayable at pa on such date as may be specified in this behalf by the Central Government, provided that where the amount so calculated is not an exact multiple of one hundred rupees the amount in excess of the nearest lower multiple of one hundred rupees shall be paid by cheque drawn on the Bank provided further that in respect of any share obtained at par from the Central Government by any Director of the Bank in pursuance of sub-section (8) of Section 4 of the Reserve Bank of India Act, 1934 (under which the Reserve Bank of India was constituted) as in force immediately before (1-1-1949) the said amount shall be calculated at the rate of one hundred rupees per share.

The Reserve Bank of India had a share capital of Rs. 5 crores divided into 5 lakhs share of Rs. 100 each. On the 31st December, 1948, i.e. the date preceding the date of transfer, the disposition of the share capital was as follows:-

1,275 shares held in the cash balance Investment account of the Central Government	Rs. 1,27,500
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925 Shares obtained by the Directors And Local Board Members in terms of Sub-section (8) of Section 4 of the Reserve Bank of India, Act 1934.	Rs. 92,500
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4,97,800 Ordinary shares held by the General Public.	Rs. 4,97,80,000
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5,00,000	5,00,00,000
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The total compensation payable to the above was calculated at:

Rs. 1,27,500 for shares held in the Cash Balance Investment
Account (at par).

Rs. 92,500 for shares held by the Directors etc.(at par).

Rs. 5,90,51,525 for shares held by the General Public at Rs. 118-10-0
Per share.

Total Rs.	5,92,71,525
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It was decided by the Government of India to pay the portion of the compensation payable in G.P. notes, in securities of the 3% First Development Loan, 1970-75. It was calculated that the actual requirement of the securities will be for Rs. 5,54,22,100 and the cash payment required will be for Rs. 38,49,425. Accordingly, securities for the above amount were purchased by the Government from the Reserve Bank's holdings at par and these securities together with the cash above were made over to the Reserve Bank of India on 1-1-1949 as the Bank was made responsible for making the payments. The total debit for Rs. 5,92,71,525 was adjusted under "77-Currency Capital Account Outside the Revenue Account (now 117-Capital Outlay on Currency and Coinage)-Purchase of Reserve Bank Shares."

Though the bulk of the payments were affected by the Reserve Bank of India to the share-holders during 1949 itself, some amounts remained unpaid, and the Reserve Bank of India continued to make the payment as and when the share-holders preferred their claims, till 31st May, 1971. The Government securities and cash remained unclaimed with the RBI on 31-12-1970 amounting to Rs. 10,99,965.32 was credited to Government as decided by the Ministry of Finance, (Department of Economic Affairs) and was adjusted under the Minor Head "Deduct-Receipt and Recoveries on Capital Account" under "117-Capital Outlay on currency and Coinage". According to the decision of the C.A.G., the progressive Capital expenditure/capital receipts under the Minor Heads "Purchase of Reserve Bank Shares" and Deduct-Receipts and Recoveries on Capital Account" should be reduced by Rs. 10,99,965.32 by proforma corrections as at the close of the accounts for 1971-72. Future claims for the un-disbursed compensation if and when arise will be made by the Reserve Bank of India, in consultation with the Ministry of Finance (Department of Economic Affairs) and will be adjusted by debit to the Minor head "Purchase of R.B. Shares" under "117-Capital Outlay etc." For this purpose, necessary Funds will have to be provided by the Government.

NOTE- The local audit of the transactions connected with the payment of compensation to the Reserve Bank's share-holders by the R.B.I., Bombay, Calcutta, New Delhi and Madras, used to be conducted by the A.G. concerned annually, has been discontinued with effect from 1972 in view of the crediting of the balance with the respective Branches of the R.B.I. to the Government account.

3. REIMBURSEMENT TO THE PAKISTAN GOVT. OF THE VALUE OF DISCHARGED GOVERNMENT OF INDIA SECURITIES PAID IN PAKISTAN AND VICE VERSA

Under the Indian Independence (Rights and Liabilities) Order 1947 all liabilities in respect of loans, guarantees, and other financial obligations of the Governor General in Council outstanding immediately before the date of partition have been placed on India, subject to the recovery of an appropriate contribution from Pakistan. The initial liability for the outstanding debt of the undivided Government of India has thus been assumed by India with the result that India remains responsible for the payment of both principal and interest on Government of India securities held by Pakistan remains responsible for the payment of both principal and interest, on the securities of those Governments held by Indian nationals.

When a security of the Government of India matures for payment, repayments are as usual made by the treasuries or the Public Debt Offices in Pakistan and reimbursement, therefore, claimed from the Government of India. Similarly for the Pakistan provincial loans paid in India reimbursement is claimed from the Government of Pakistan and cash reimbursement is made by both Governments. In the case of payment of interest the claim is settled through accounts. The procedure for the reimbursements is as under:-

(i) GOVERNMENT OF INDIA SECURITIES DISCHARGED IN PAKISTAN

The paying accounts officers in Pakistan send the discharged securities or payments orders along with schedules direct to the Public Debt Office concerned in India, a copy of the schedule being sent to the AGCR. The Public Debt Office examines the vouchers and on being satisfied as to the correctness of the payments, debits the accounts of the Government of India with the amount of the accepted debits and transfers the amount to the credit of the Pakistan Government through the State Bank of Pakistan. The Public Debt Office sends an advice of the payment through the Reserve Bank of India, Bombay to the Accounts Offices in Pakistan. The Central Office of the Reserve Bank of India furnished to this office a detailed statement of monthly payments and cancellations.

(ii) PAKISTAN STATE GOVERNMENT SECURITIES PAID IN INDIA

Securities discharged at the Public Debt Office, New Delhi are received in DC XI Section through the New Delhi Treasury Accounts. The debits are adjusted by DC XI Section under the suspense head "Payment of Pakistan securities in India". Debits for securities discharged at the Public Debt Office, Calcutta are received in the Account Current Section through the Exchange account, of the Accountant General, Central, Calcutta along with the discharged securities and are adjusted under the suspense head mentioned above.

Payment made by the other Public Debt Offices is dealt with by the Accountants General concerned.

The discharged securities are passed on to Rupee Loan I Section with a schedule in quadruplicate in the form below for onward transmission to the State Bank of Pakistan, Lahore.

List of.....percent.....Bonds

Discharged at Delhi/Calcutta during the month of.....

S. No.	No. of the Securities	Amount	Date of discharge	Remarks
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A statement of securities paid by the Public Debt Offices, New Delhi and Calcutta is sent to this office by the respective Public Debt Offices. The intimations are noted in a register and debits watched through it. A consolidated statement of the monthly payment by the Public Debt Offices also received from the Central Office of the Reserve Bank of India, Mumbai. On receipt of the schedule and the discharged securities from the DC XI and Account Current Sections, the debits are noted in the register against the intimation from the Public Debt Offices already noted in the register. The discharged securities are then forwarded to the Manager, State Bank of Pakistan, Public Debt Office, Lahore.

Since October, 1949, all payments on both sides have been here up as a result of the exchange dispute. In consequence, these reimbursements are not being made by either of the Governments. The discharge Indian securities are being received from Pakistan and discharged Pakistan securities sent to the State Bank of Pakistan as usual. The Reserve Bank of India is however, canceling the securities and reducing the loan balance from their books. In the absence of any debit, corresponding reduction loan balances in the books of this is not being made. The comptroller and Auditor General of India has decided that the resultant discrepancies between the Reserve Bank of India books and this office books in respect of loans may be allowed to continue till payments are made.

NOTE-Debits in respect of payments made in India on account of interest on Pakistan Provincial Government Loans (both discharged and not yet discharged) should be passed through "Indo-Pakistan Settlement Account" to the Accountant General concerned in Pakistan along with the vouchers in support thereof.

4. DEMONETIZATION OF THE HYDERABAD CURRENCY AND TAKING OVER OF THE ASSETS AND LIABILITIES IN RESPECT OF HYDERABAD PAPER CURRENCY

A total amount of Rs. 89607177-15 was debited to the Capital head '77 now (now 117)- Capital Outlay on currency and coinage in connection with the taking over of the Assets and liabilities in respect of Hyderabad Paper Currency Reserve by the Govt. of India. As per Decision conveyed in the M/o Finance (Deptt. Of Economics Affairs) letter No. F 9(2)HI/58, dated 19.12.1958 (copy reproduced in Annexure III to this chapter), the entire debit is to be written back annually during the first fourteen years commencing from 1959-60 the balance outstanding being adjusted in the fifteenth year. The amount of annual installment of write to back revenue should be debited under the minor head "Repayment of Capital Expenditure of payment to the Reserve Bank against Hyderabad Currency note liability by per contra credit to the minor major head '117- Capital Outlay on Currency and Coinage". The last adjustment in this shall be carried out in the account for March, 1974.

5. ADJUSTMENT ON ACCOUNT OF THE DISCOUNT SINKING FUND

When a Rupee Loan is issued at a discount, the difference between the full nominal value of the loan and the total issue price is credited to the Major Head 6001- Internal Deb of Central Government" by Debit to Major Head 8663- Accounting Adjustments Suspense 136-Discount Sinking Funds". The total amount of discount so debited to the suspense head is written back to Revenue by annual installments during the period of the currency of the Loan. The amount to be written back to Revenue in the first year as well as during is subsequent year is communicated by the M/o Finance whenever a Discount sinking Fund is credited. On receipt on this information, the yearly installments should be noted in a register maintained in the section for this purpose in which separate pages should be allotted for each loan.

The total amount of discount to be written back to Revenue in the particular year should be worked out from the register referred to above and a transfer entry should be prepared by Rupee loan I section by the Obligations- Interest on ordinary Debt Rupee Debt Discount on Loan with the sum so worked out by credit to the Major Head 8663- Accounting Adjustments Suspense 136-Discount Sinking Funds" (amount on account of each loan being stated separately.) The transfer entry should be incorporated in the Abstract of Rupee Loan I Section in the accounts for March Preliminary.

ANNEXURE IX

MINISTRY OF FINANCE (Department of Economic Affairs) NOTIFICATION

New Delhi, the 23rd September, 2014

G.S.R. 705(E): In exercise of the powers conferred by section 12 of the Government Savings Certificates Act, 1959 (46 of 1959) and in supersession of the Kisan Vikas Patra Rules, 1988 except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:—

1. **Short title and commencement:** (1) These rules may be called the Kisan Vikas Patra Rules, 2014.
(2) They shall come into force on the day of their publication in the Official Gazette.
 2. **Definitions:** In these rules, unless the context otherwise requires, -
 - (a) "Act" means the Government Savings Certificates Act, 1959 (46 of 1959);
 - (b) "Cash" means the cash in Indian currency;
 - (c) "Certificate" means the Kisan Vikas Patra;
 - (d) "Form" means a Form annexed to these rules;
 - (e) "Post Office" means any departmental post office in India doing Savings Bank work;
 - (f) "Bank" means any branch of State Bank of India and its associate banks, designated branches of Nationalized and other commercial banks, authorized for Public Provident Fund Scheme;
 - (g) Words and expressions used herein and not defined but defined in Post Office Savings Certificate Rules, 1960 shall have the meanings respectively assigned to them in those rules.
 3. **Application of Post Office Savings Certificate Rules, 1960:** The provisions of the Post Office Savings Certificate Rules, 1960 shall, so far as may be, apply in relation to matters for which no provision has been made in these rules.
 4. **Denomination of Certificates:** The Kisan Vikas Patra shall be issued in denominations of Rs. 1,000/-, Rs. 5,000/-, Rs.10,000/- and Rs. 50,000/-.
 5. **Purchase of Certificate:** Any number of Certificates of the denominations specified in rule 4 may be purchased.
 6. **Type of Certificates and issue thereof:** (1) The Certificates shall be of the following types, namely :
 - (a) Single holder type Certificates;
 - (b) Joint 'A' type Certificates; and
 - (c) Joint 'B' type Certificates.(2) (a) A single holder type Certificate may be issued to – (a) an adult for himself or on behalf of a minor or to a minor;
(b) A Joint 'A' type Certificate may be issued jointly to two adults payable to both holders jointly or to the survivor.
(c) A Joint 'B' type Certificates may be issued jointly to two adults payable to either of the holders or to the survivor.
7. **Procedure for purchase of Certificate:** (1) Any person or persons specified in rule 6, desiring to purchase a Certificate, shall present an application in a Form A either in person or through an authorized agent of the small savings schemes at a Post Office or Bank.
(2) Payment for the purchase of a Certificate may be made to a Post Office or Bank in any of the following modes, namely:—
 - (i) by cash; or
 - (ii) by locally executed cheque, pay order or demand draft drawn in favour of the Post Master; or
 - (iii) by presenting a duly signed withdrawal form or cheque together with the passbook for withdrawal from Savings Account standing in credit of the purchaser at the same Post Office or Bank.

8. Issue of Certificates: (1) On payment being made under rule 7, except where payment is made by a cheque, pay order or demand draft, a Certificate shall be issued immediately and the date of such Certificate shall be the date of payment.

(2) Where payment for the purchase of a Certificate is made by cheque, pay order or demand draft, the Certificate shall not be issued before the proceeds of the cheque, pay order or demand draft, as the case may be, are realized and the date of such Certificate shall be date of encashment of the cheque, pay order or demand draft, as the case may be.

(3) If, for any reason a Certificate cannot be issued immediately, a provisional receipt shall be given to the purchaser which may later be exchanged for a Certificate and in such a case the date of Certificate shall be the date of provisional receipt.

9. Transfer from Post Office to Bank and vice-versa: (1) A Certificate may be transferred from a Post Office or Bank at which it stands registered, to any other Post Office or Bank to the holder or holders making an application in Form B either at Post Office or Bank.

(2) Every such application shall be signed by the holder or holders of the Certificate : Provided that in the case of Joint 'A' type Certificate or Joint 'B' type Certificate, the application may be signed by one of the joint holders if the other is dead.

10. Transfer of Certificate from one person to another: (1) A Certificate may be transferred from one person to another with the consent in writing to an officer of the Post Office or Bank as specified in the Table below (hereinafter referred to in these rules as authorized Post Master or Bank Officer) :—

TABLE

Cases in which transfer can be sanctioned	Designation of the Officer competent to grant permission for transfer
(1)	(2)
(a) (i) From the name of a deceased holder to his heir.	Post Master of the Post Office or Bank Officer of the branch, where the Certificate stands registered.
(ii) From a holder to a court of law or to any other person under the orders of court of law.	-do-
(iii) From a single holder to the names of joint holders of whom the transferee shall be one.	-do-
(iv) From Joint holders to the name of one of the joint holders.	-do-
(b) From Single or joint holders to another person.	-do-

(2) An authorized Post Master or Bank Officer referred to in sub-rule (1) shall give his consent to the transfer of a Certificate only if the following conditions are satisfied, namely:—

(a) The transferee is eligible under these rules to purchase Certificates;

(b) The transfer is made after the expiry of a period of at least one year from the date of purchase of the Certificate or where the transfer is sought before the expiry of such period, the transfer falls under any of the following categories, namely:—

(i) transfer in the name of the heir or nominee of the deceased holder;

(ii) transfer from a holder to a court of law or to any other person under the orders of the court of law;

(iii) transfer in accordance with rule 11;

(iv) transfer in the name of the survivor in the event of death of one of the joint holders;

(c) An application for transfer is made in Form B and is signed by the holder or holders of the Certificate: Provided that in the case of Joint 'A' type Certificate or a Joint 'B' type Certificate, the application may be signed by one of the holders, if the other is dead.

(3) No transfer shall be permitted in respect of a Certificate held by or on behalf of a minor till the minor is alive.

(4) In every case of transfer, other than a transfer under rule 11, the original Certificate shall be duly discharged and the new Certificate bearing the same date as that of the original Certificate surrendered shall be issued in the name of the transferee.

(5) Transfer of Certificate from one person to another under this rule shall be permissible.

11. Pledging of Certificates: (1) On an application being made in Form B by the transferor and the transferee, the Post Master or Bank Officer of the office of the registration may, at any time, permit the transfer of any Certificate as security to –

(a) the President of India or Governor of a State in his official capacity;

(b) the Reserve Bank of India or a Scheduled Bank or a Cooperative Society including a Cooperative Bank;

(c) a Corporation or a Government company;

(d) a local authority; and

(e) a Housing Finance Company approved by the National Housing Bank and notified by the Central Government: Provided that the transfer of a Certificate purchased on behalf of a minor shall not be permitted under this sub-rule unless the parent or the guardian of the minor referred to in sub-clause (i) or as the case may be, sub-clause (ii) of clause (b) of section 5 of the Act, for the benefit of the minor.

(2) When any Certificate is transferred as security under sub-rule (1), the Post Master or Bank Officer of the office of the registration shall make the following endorsement on the Certificate, namely:-

'Re-transferred to'

12. Nomination: (1) Subject to the provisions of sub-rules (2) to (6), the single holder or joint holders of a Certificate may on filling necessary particulars in Form C at the time of purchasing the Certificate, nominate any person who, in the event of death of the single holder or both the joint holders, as the case may be, shall become entitled to the Certificate and to the payment of the amount due thereon and if such nomination is not made at the time of purchasing the Certificate, it may be made by the single holder, the joint holders or the surviving joint holder, as the case may be, at any time after the purchase of the Certificate but before its maturity, by means of an application in Form C to the Post Master or Bank Officer of the office at which the Certificate stands registered.

(2) No nomination shall be made in respect of a Certificate applied for and held by or on behalf of a minor.

(3) A nomination made by the holder or holders of a Certificate under this rule may be cancelled or varied by submitting an application in Form D.

(4) Separate application for nomination, cancellation of nomination or variation of nomination shall be made in respect of Certificates registered on different dates.

(5) The nomination or cancellation of a nomination or variation of a nomination shall be effective from the date it is registered in the post office, which shall be noted on the Certificate.

(6) No fee shall be charged for the nominations made first time, but a fee of Rs. 20/- per subsequent nomination or cancellation shall be charged by the Post Office or Bank.

13. Post maturity interest: Where repayment of the amount, inclusive of interest, under the rule 16 has become due but has not been made, interest shall be allowed on the amount due on the date of repayment of the amount subject to the following conditions, namely:—

(a) The interest shall be simple and shall be calculated at the rate applicable from time to time to Post Office Savings Accounts of the type of single or joint account;

(b) For the purpose of payment of interest, any part of the period which is less than one month shall be ignored;

(c) The interest shall be paid to the depositor in lump sum at the time of repayment of the amount due.

14. Replacement of lost or destroyed Certificate: (1) If a Certificate is lost, stolen, destroyed, mutilated, the person entitled thereto may apply for the issue of a duplicate Certificate to the Post Office or Bank of issue.

(2) Where an application under sub-rule (1) has been made to a Post Office or Bank other than the Post Office or / Bank of issue, the said Post Office or Bank shall forward such application to the Post Office or Bank of issue.

(3) Every application under sub-rule (1) shall be accompanied by,-

(a) a statement showing particulars, such as number, amount and date of the Certificate and the circumstances of such loss, theft, destruction, mutilation or defacement;

(b) identity slip, if any.

(4) If the Post Master of the Post Office or Bank Officer of the branch of issue is satisfied as to the loss, theft, destruction, mutilation or defacement of the Certificate, he shall issue a duplicate Certificate on the applicant's furnishing an indemnity bond in the form laid down by the Department of Posts or Bank with two sureties or with a bank's guarantee: Provided that where such application is made with respect to a Certificate mutilated or defaced, a duplicate Certificate may be issued without any such indemnity bond, surety or guarantee, if the Certificate mutilated or defaced is surrendered and the Certificate is capable of being identified as the one originally issued.

(5) A duplicate Certificate issued under sub-rule (4) shall be treated as equivalent to the original Certificate for all the purposes, except that it shall not be encashable at a Post Office or Bank other than the Post Office or Bank of issue without previous verification.

15. Place of encashment : A Certificate shall be encashable at the Post Office or Bank of its Issue: Provided that a Certificate may be en-cashed at any other Post Office or Bank if the Officer-in-Charge of that Post Office or Bank is satisfied on verification from the Post Office or Bank of issue that the person presenting the Certificate for encashment is entitled thereto.

16. Encashment on maturity: (1) The maturity period of a Certificate of any denomination shall be eight years and four months commencing from the date of issue of the Certificate.

(2) The amount inclusive of interest, payable on encashment of a Certificate at any time after the expiry of its maturity period shall be Rs. 2000 for denomination of Rs.1000 and at proportionate rate for any other denomination.

17. Premature encashment: (1) Notwithstanding anything contained in rule 16, a Certificate may be prematurely en-cashed any time under the following circumstances, namely :-

(a) on the death of the holder or any of the holders in the case of a joint holder;

(b) on forfeiture by a pledge being a Gazetted Government officer;

(c) when ordered by a court of law.

(2) If a Certificate is en-cashed under sub-rule (1) face value of the Certificate, together with simple interest calculated at the rate applicable from time to time to accounts under Post Office Savings Account Rule, 1981 for the complete months for which the Certificate has been held, shall be payable.

(3) Notwithstanding anything contained in rule 16 or in sub-rule (1), if a Certificate is encashed any time after expiry of two years and six months from the date of issue of Certificate, the amount payable inclusive of interest shall be as specified in the Table below for denomination of Rs.1000/- and at a proportionate rate for any other denomination :-

Table showing premature encashment value of Certificate – Denomination of Rs.1,000/-
(Amount in Rs.)

TABLE	
After	Amount payable
(1)	(2)
2 and half years but less than 3 years	1201
3 years but less than 3 and half years	1246
3 and half years but less than 4 years	1293
4 years but less than 4 and half years	1341
4 and half years but less than 5 years	1391
5 years but less than 5 and half years	1443
5 and half years but less than 6 years	1497
6 years but less then 6 and half years	1553
6 and half years but less than 7 years	1611
7 years but less than 7 and half years	1671

7 and half years but less than 8 years	1733
8 years but before the maturity of the Certificate	1798
On maturity of Certificate	2000

18. Discharge of Certificate: (1) The person entitled to receive the amount due under a Certificate shall, on its encashment, sign on back thereof in token of having received the payment.

(2) In the case of a Certificate purchased on behalf of a minor who has since attained majority, the Certificate shall be signed by such a person himself or herself but his or her signature shall be attested either by the person who is known to the Post Master or Bank Officer.

19. Rectification of mistakes: The Post Master General of a Postal Circle or the Regional or Zonal Manager of the Bank, in their respective jurisdictions, may either suo-motu or upon an application by any person interested in any Certificate issued in pursuance of these rules, rectify any clerical or arithmetical mistakes with respect to that Certificate, provided that it does not involve any financial loss to the Government or to any such person.

20. Power to relax: Where the Central Government is satisfied that the operation of any of the provisions of these rules causes undue hardship to the holder or holders of a Certificate, it may, by order, for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.

[F. No. 2/4/2014-NS-II]

Dr. RAJAT BHARGAVA, Jt. Secy.

ANNEXURE X

MINISTRY OF FINANCE
(Department of Economic Affairs) NOTIFICATION
New Delhi, the 2nd December, 2014

G.S.R. 863(E): In exercise of the powers conferred by section 15 of the Government Savings Banks Act, 1873 (5 of 1873), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement: (1) These rules may be called the Sukanya Samriddhi Account Rules, 2014.

(2) They shall come into force on the date of their publications in the Official Gazette.

2. Definitions: In these rules, unless the context otherwise require, -

(a) 'account' means an account opened by a depositor in accordance with the provisions of these rules;

(b) 'Act' means the Government Savings Banks Act, 1873 (5 of 1873);

(c) 'deposit' means the money deposited by the depositor in an account under the rules;

(d) 'Depositor' means an individual who - on behalf of a minor girl child of whom he or she is the guardian, deposits money in an account under the rules;

(e) 'post office' means any post office in India doing savings bank work and authorised to open an account under these rules;

(f) 'Bank' means any branch of a commercial bank authorised by the Central Government to open an account under these rules;

(g) 'Year' means financial year i.e. 1st April to 31st March;

(h) 'Interest rate' means the rate as may be declared by the Government on yearly basis to be applicable on accounts opened under these rules;

(i) Words and expressions used herein and not defined but defined in the Post Office Savings Bank General Rules, 1981 shall have the meanings respectively assigned to them in those rules.

3. Application of Post Office Savings Bank General Rules, 1981 and the Post Office Savings Account Rules, 1981: The provisions of the Post Office Savings Bank General Rules, 1981 and the Post Office Savings Account Rules, 1981 may be applied in relation to matters for which no provision has been made in these rules.

4. Opening of Account: (1) The account may be opened by the natural or legal guardian in the name of a girl child from the birth of the girl child till she attains the age of ten years and any girl child, who had attained the age of ten years, one year prior to the commencement of these rules, shall also be eligible for opening of the account under these rules.

(2) A depositor may open and operate only one account in the name of a girl child under these rules.

(3) Birth certificate of a girl child in whose name the account is opened shall be submitted by the guardian at the time of opening of the account in post office or bank along with other documents relating to identity and residence proof of the depositor.

(4) Natural or legal guardian of a girl child shall be allowed to open the account for two girl children only:

Provided that the natural or legal guardian of the girl child shall be allowed to open third account in the event of birth of twin girls as second birth or if the first birth itself results into three girl children, on

production of a certificate to this effect from the competent medical authorities where the birth of such twin or triple girl children takes place.

5. Deposits: (1) The account may be opened with an initial deposit of one thousand rupees and thereafter any amount in multiple of one hundred rupees may be deposited subject to the condition that a minimum of one thousand rupees shall be deposited in a financial year but the total money deposited in an account on a single occasion or on multiple occasions shall not exceed one lakh fifty thousand rupees in a financial year.

(2) Deposits in an account may be made till completion of fourteen years, from the date of opening of the account.

(3) An irregular account where minimum amount as specified in sub-rule (1) has not been deposited may be regularised on payment of a penalty of fifty rupees per year along with the said minimum specified subscription for the year (s) of default any time till the account completes fourteen years.

6. Mode of Deposit: (1) The deposit in the account opened under these rules may be made -

a) in cash; or

b) by cheque or demand draft drawn in favour of the postmaster of the concerned post office or the Manager of the concerned bank where the account stands and an endorsement on the back of such instrument shall be made and signed by the depositor indicating name of the account holder and account number in which the deposit is to be credited.

(2) Where deposit is made by cheque or demand draft, the date of encashment of the cheque or demand draft shall be the date of credit to the account.

7. Interest on deposit: (1) Interest at the rate, to be notified by the Government, compounded yearly shall be credited to the account till the account completes fourteen years.

(2) In case of account holder opting for monthly interest, the same shall be calculated on the balance in the account on completed thousands, in the balance which shall be paid to the account holder and the remaining amount in fraction of thousand will continue to earn interest at the prevailing rate.

8. Operation of account: (1) The account shall be opened and operated by the natural or legal guardian of a girl child till the girl child in whose name the account has been opened, attains the age of ten years.

(2) On attaining age of ten years, the account holder that is the girl child may herself operate the account, however, deposit in the account may be made by the guardian or any other person or authority.

9. Premature closure of account: (1) In the event of death of the account holder, the account shall be closed immediately on production of death certificate issued by the competent authority, and the balance at the credit of the account shall be paid along with interest till the month preceding the month of premature closure of the account, to the guardian of the account holder.

(2) Where the Central Government is satisfied that operation or continuation of the account is causing undue hardship to the account holder, it may, by order, for reasons to be recorded in writing, allow premature closure of the account only in cases of extreme compassionate grounds such as medical support in life-threatening diseases, death, etc.

10. Pass book: (1) On opening an account, the depositor shall be given a pass book bearing the date of birth of the girl child, date of opening of account, account number, name and address of the account holder and the amount deposited.

(2) The pass book shall be presented to the post office or bank, as the case may be, at the time of depositing money in the account and receiving payment of interest and also at the time of final closure of the account on maturity.

11. Transfer of account: The account may be transferred anywhere in India if the girl child in whose name the account stands shifts to a place other than the city or locality where the account stands.

12. Withdrawal: (1) To meet the financial requirements of the account holder for the purpose of higher education and marriage, withdrawal up to fifty per cent. of the balance at the credit, at the end of preceding financial year shall be allowed.

(2) The withdrawal referred to in sub-rule (1) shall be allowed only when the account holder girl child attains the age of eighteen years.

13. Closure on maturity: (1) The account shall mature on completion of twenty-one years from the date of opening of the account:

Provided that where the marriage of the account holder takes place before completion of such period of twenty- one years, the operation of the account shall not be permitted beyond the date of her marriage: Provided further that where the account is closed under the first proviso, the account holder shall have to give an affidavit to the effect that she is not less than eighteen years of age as on the date of closing of account.

(2) On maturity, the balance including interest outstanding in the account shall be payable to the account holder on production of withdrawal slip along with the pass book.

(3) If the account is not closed in accordance with the provisions of sub-rule (1), interest as per the provisions of rule 7 shall be payable on the balance in the account till final closure of the account.

14. Power to relax: Where the Central Government is satisfied that the operation of any provision of these rules causes undue hardship to the account holder or account holders, it may, by order and for reasons to be recorded in writing, relax the requirements of that provision in a manner not inconsistent with the provisions of the Act.

[F. No.2/3/2014.NS-II]

Dr. RAJAT BHARGAVA, Jt. Secy.

ABBREVIATIONS

A.G	Accountant General
A.G.C.R	Accountant General of Central Revenue
A.G.P.R	Accountant General Pakistan Revenues
ADB	African Development Bank
ADF	African Development Fund
CAAA	Controller of Audit, Aid & Accounts
CAM	Civil Accounts Manual
C&AG	Comptroller & Auditor General of India
CAO	Central Account Office
CAS	Central Accounts Section
CCA	Chief Controller of Accounts
CDO	Central Debt Office
CDS	Central Debt Section
CGA	Controller General of Accounts
CMB	Cash Management Bills
C.M	Clearance Memo
COB	Compensation & Other Bond
CGEGIS	Central Government Employees Group Insurance Scheme
CPI	Consumer Price Index
DDO	Drawing & Disbursing Officer
DEA	Department of Economic Affairs
DGBA	Department of Government & Bank Accounts
DPA	Deferred Payment Arrangement
DRT	Debt Recovery Tribunal
FCI	Food Corporation of India
FRB	Floating Rate Bond
FRBM	Fiscal Responsibility and Budget Management
FIMMDA	Fixed Income Money Market & Derivative Association
GOI	Government of India
G.S	Government Security
HQ	Headquarter
IDA	Internal Debt & Accounts
IDA	International development Association
IDBI	Industrial Development Bank of India
IDMD	Internal Debt Management Department
IFCI	Industrial Finance Corporation of India
IGAA	Inter Government Adjustment Advice
IIGS	Inflation Indexed Government Security
IMF	International Monetary Fund
ICAS	Indian Civil Accounts Service
IBRD	International Bank for Reconstruction & Development
IIB	Inflation Indexed Bond
IFI	International Financial Institutions
IFAD	International Fund for Agricultural Development
KVP	Kisan Vikas Patra
LMMH	List of Major & Minor Heads
LIF	Liquidity Adjustment Facility
MOF	Ministry of Finance
MOV	Maintenance of Value Account

MSP	Minimum Support Prices
MSS	Market Stabilization Scheme
MIGA	Multilateral Investment Guarantee Agency (MIGA)
NSSF	National Small Saving Fund
NSC	National Saving Certificate
NPA	Note Purchase Agreement
NAB	New Arrangements to Borrow
Non- DPA	Non- Deferred Payment Arrangement
NSI	National Saving Institute
O.A.D	Outside Audit Department
OMO	Open Market Operation
PAD	Public Accounts Department
PDO	Public Debt Office
PLI	Postal Life Insurance
PR.A.O	Principal Accounts Office/Officer
PSB	Public Sector Bank
PD	Primary Dealers
RBI	Reserve Bank of India
REC	Rural Electrification Corporation
RMC	Regional Member Countries
SDR'S	Special Drawing Rights
SDS	Special Deposit Scheme
SSA	Sukanya Samriddhi Account
SDL	State Development Loans
SASF	Stressed Assets Stabilization Fund
SPV	Special Purpose Vehicle
SARFAESI	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest
SPMCIL	Security Printing & Minting Corporation of India Limited
T.B	Treasury Bills
T.E	Transfer Entry
U.T	Union Territory
UTI	Unit Trust of India
VDS	Voluntary Disclosure Scheme
WMA	Ways & Means Advance

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