

**GOVERNMENT OF WEST BENGAL
FINANCE DEPARTMENT
AUDIT BRANCH**

No. 2725-F

Dated: 20.05.1975

NOTIFICATION

Sub: Simplification of the accounting system of Provident Fund advance Clarifications regarding.

The undersigned is directed to state that the General Research Fund (West Bengal Services) Rules and the contributory Provident Fund Rules (West Bengal) have been amended by this Deptt. Notifications No. 226-F, and 227-F, both dated 15.1.74 to provide that where there is an advance running, it would be consolidated when second advance is sanctioned under rule or the corresponding Rule 12 of the contributory Provident Fund Rules (West Bengal) and the instalments for recovery of advance should be fixed with reference to the consolidated amount. This Deptt. Memo No. 491-F, dt. 6.2.73 issued earlier than the above mentioned notification explains in detail the procedure to be followed when the rules would be amended. The revised procedure came into effect from 14.2.74 the date of publication of the above Notification in the Calcutta Gazette.

(2) Some points of doubt have been raised in regard to implementation of this procedure and the exact applicability of the above mentioned orders. The matter has been considered in consultation with the Accountant-General, West Bengal and the position clarified as follows:

Points Raised	Clarification
i) Whether the recovery of the consolidated amount in the manner prescribed in this department Memo No. 491-F, dt. 6.2.73 shall commence with the issue of pay for the month following the one in which the advance is drawn under Rule 16(2) of the G. P. Fund (West Bengal Services) Rules thereby suspending the recovery of the previous advance or advances for a month or two as the case may be.	Recovery of the consolidated amount shall commence in accordance with the Rule 16(20) of the G. P. Fund (West Bengal Services) Rules and Rule 14(2) of the contributory Provident Fund Rules (West Bengal) as the case may be i.e. the recovery shall commence with the issue of pay for the month following the one in which the advance is drawn. No recovery of the outstanding advance or advances shall be made after the sanction of the consolidated amount is issued. The amount outstanding in respect of advance or advances granted previously would be fixed with regarding the months in which the consolidated amount is likely to be sanctioned.
ii) Whether the number of instalments for recovery of the consolidated amount of the advance to be fixed Rule 16(i) should be with reference to the amount of fresh advance or the consolidated amount of the advance.	The number of instalments for recovery of the consolidated amount should be fixed with reference to the consolidated amount of the advances.
iii) In certain office the new Provident Fund is given effect to	a) Where the fresh advances have been sanctioned on or after 14.2.74 without consolidating the previous advances, the cases

from 14.2.74 the date on which the Notification dt. 15.1.74 was published in the Calcutta Gazette as the fact of publication of Notification came to their notice much latter.

need not be reopened as may be left as they are, unless in any case the subscriber of the advances, if such advances are in the process of recovery.

b) Where interest on various advances continued to be recovered on or after 14.2.74 the cases need not be re-opened, as the amount of interest was in any case credited to Provident Fund Acctt, of the subscriber have been recovered on account of that advance till the month in which the application for conversion is made i.e. 10 instalments before con-solidation and 10 instalments after con-solidation, so only balance of Rs. 160/- (Rs. 960/- minus 800/-) should be treated as fresh advance and a notional sanction indicating the fresh rate of recovery and the number of instalments not exceeding the maximum number prescribed in the rules for its recovery should be issued. So Rs.750/- (Rs.910/ — Rs. 160/-) should be allowed to be converted into part final withdrawal. However if the advance 'B' is found to be sanctioned for purpose not covered by rule quoted above this should also be treated in the same manner indicated above. Since in the case of this advance 12 instalments have been recovered prior to consolidation and 10 instalments subsequent to consolidation, the recovery of the advance having been notionally fixed in 24 instalments of Rs. 25/- each should be treated as recovered and the balance of Rs. 50/- should be treated as fresh advance and a notionally sanction should be issued in the same manner as in the case of the advance. So Rs. 800/- (Rs. 910/ — Rs. 50/-) should be allowed to be converted into part final withdrawal. If the advances 'C' is found to be sanctioned, for the purpose not covered by the Rule 15A(1) of General Provident Fund (West Bengal Services) Rules the balance amount of this advance should be determined in the following manner : The recovery of the advance of Rs. 400/- should be notionally fixed in 24 instalments Rs. 16.66 each. As only 10 instalments would have been recovered by the time he applies for conversion, a sum of Rs. 233/- (Rs. 400/- — Rs. 167/) should be issued for the same manner as indicated above. So only a sum of Rs. 677/- (Rs. 910/- Rs. 233/-) should be converted into part final withdrawal.

c) In cases indicated in (2) above, balance amount of each advance 'A' or 'B' or 'C' should be calculated in the same manner as prescribed above and balance amount thus calculated should be converted into part final withdrawal and the remaining amount should be treated as fresh advance and notional sanctioned for the same should be issued indicating the fresh rate of recovery and the number of instalments not exceeding the maximum number, prescribed in the rules. Thus if the conversion

	<p>of the advance 'A' is proposed only Rs. 160/- should be converted into part final withdrawal and Rs. 750/- be treated as fresh, advance a notional sanction for the same should be issued indicating the fresh rate of recovery and the number of instalments not exceeding the maximum number prescribed in rules. The principle laid down above should be followed if proposal is for conversion of the advances 'A' & 'B' or 'C' , or only for advance 'B' or 'C' or 'A' as the case may be.</p>
<p>iv) Since the different advances lose their identity on consolidation a question has been raised as to how the balance amounts of a particular advance should be calculated when a subscriber request for conversion of that advances into part final withdrawal under Rule 15C.</p>	<p>In cases where all the advance consolidated are convertible and the subscriber requests for conversion of all these advances the entire outstanding balance may be allowed to be converted into part final withdrawal. There may be two other kinds of cases:</p> <ol style="list-style-type: none"> 1) the cases where one or more than one out of several advances which have been consolidated is such as is not permissible for conversion into part final withdrawal with reference to the purpose of such advance or advances and 2) the cases where the conversion of one or more than one, out of several advances has been proposed the following procedure should be observed: <ol style="list-style-type: none"> a) in cases indicated in (i) above advance or advances should be notionally treated as separate advance/advances and the portion recovered out of such advance or advances should be determined by treating the advance or advances recoverable in maximum number of instalments permissible under the rules. The balance of the particular advance or advances after reducing the amount by the amount which would have been recovered on the basis of the notionally fixed instalments till the month in which the application for conversion has been made may be calculated and then treated as fresh advances and a notional sanction indicating fresh rate of recovery and the number of instalments not exceeding the maximum number prescribed in the rules should be issued. The following illustration will further clarify the procedure for calculating the amount to be converted into withdrawal in such cases: <p>A subscriber is sanctioned an advance of Rs. 400/- (C) when two earlier advances of Rs. 960/- (A) and Rs. 600/- (B) repayable in 24 instalments each are still running. The advances are then consolidated. At the time of the consolidation the balance amount out of advances (A) & (B) was 560/- and Rs.300/- respectively. The recovery of the consolidated amount of Rs. 1260/- (Rs. 560/- Plus Rs.300/- Plus Rs. 400/-) was</p>

	<p>fixed in 36 instalments of Rs. 35/- each. After the recovery of 10 instalment subsequent to consolidation when the total amount standing balance is Rs. 910/- the subscriber applies for conversion this amount into part final withdrawal. It is found that the purpose of the advance (A) is not converted by the Rule 15A of the General Provident Fund (West Bengal Services) Rules. So the advance (A) cannot be converted into final withdrawal. The recovery of this advance should be notionally fixed in 24 instalments of Rs. 40/- each. As only 20 instalments of Rs. 40/- each would be recovered.</p>
<p>v) Subscriber who has been granted one or more than one outstanding advance applies for 'fresh advance'. In determining the amount that will be admissible to him as fresh advance if any reference is to be made to the outstanding amount of the previous advance or advances.</p>	<p>Under the Rule of 15 of the General Provident Fund (West Bengal Services) Rules, an advance shall not exceed three months pay or half the amount at the credit of the subscriber whichever is less. Under special reasons an advance shall not exceed 75 P.C. of the amount standing at the credit of the subscriber in the Fund at the time of making application for such advance. It is noticed that if no reference is made to outstanding amount of the previous advance or advances one's credit in the fund may soon be exhausted. Accordingly it is decided that in such cases the outstanding amount of the previous advance or advances shall be added to the amount at the credit of the subscriber at the time making application for Provident Fund advance. The amount thus arrived at should taken as the amount standing to the credit of the subscriber in the General Provident Fund at the time of his making application for the 'fresh' advance. Only three months pay of the subscriber or half the amount at his credit in the fund, whichever is less can be sanctioned to a subscriber as an advance. Accordingly, only the difference between the outstanding amount of the previous advance or advances and the amount admissible to him under Rule 15 (1) (C) (1) of the General Provident Fund (West Bengal Services) Rules can be sanctioned to him only as a fresh advance. An illustration is given below. A subscriber who may be assumed to be drawing a pay of Rs. 400/- p.m. has applied for a fresh advance. At the time of his making application for the fresh advance, the amount at his credit in the General Provident Fund comes to be Rs. 1200/- and the outstanding amount of the previous advances comes to Rs. 600/-. The outstanding amount of Rs.600/- should be added to the amount standing to the credit of the subscriber. The amount thus will come to Rs. 1800/-(Rs. 1200/- Plus Rs. 600/-). His three months pay being Rs. 1200/- p.m. and the half of amount at his credit in the General Provident Fund beings Rs.900/- only a sum of Rs. 300/- will be admissible to him fresh advance i.e. different between the amount and the outstanding amount of the previous advances or advance. If however, it is decided to sanction him 75 p.c. of the amount at his</p>

	credit in the Fund as a special case, 75 p.c. of the amount at his credit being Rs. 1350/- only a sum of Rs. 750/- will be admissible to him as fresh advance i.e. difference between Rs.1350/- and the outstanding amount Rs.1350/-Rs. 600/-). Necessary amendment of the rule in this regard will be issue subsequently. Above procedure shall apply in case of consolidation of advances from the contributory Provident Funds also.
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Sd/- G. C. Choudhury

Deputy Secretary to the
Government of West Bengal.