

**Government of West Bengal
Finance Department
Budget Branch**

No. 110-F.B.

Dated Kolkata, the 26th April, 2013.

NOTIFICATION

Sub: Introduction of New Letter of Credit System

For some time past the Government in Finance Department was considering improving the present system of issuing and monitoring the 'Letter of Credit' (LOC) by different Works and Forest Departments of the State Government with a view to establishing accountability, transparency and uniformity in the system in a centralised manner.

Existing LOC System

In the existing system, 'LOC Cheque Drawing Officers' in the Works and Forest Divisions send proposal for issuing LOC (Project wise) to 'LOC Issuing Authorities' directly or through their immediate higher authority for execution of works in respect of (i) Projects/Plan related works (ii) (a) Maintenance Works, (b) expenses for 'Work-Charged Establishment' and (iii) 'Deposit Works' in the following manner:

- (i) Project/Plan related works : The proposal is submitted with administrative approval and financial sanction of the competent authority;
- (ii) (a) Maintenance Works: Administrative approval and financial sanction need not accompany LOC proposal;
(b) Works-Charged Establishment: Administrative approval and financial sanction need not accompany LOC proposal;
- (iii) Deposit Works: Copy of receipted Treasury Challan for deposit of fund for 'Deposit Works' under major head '8782'.

Finance Department issues LOC authorisation (Project wise) on request from LOC Issuing Authorities.

'LOC Issuing Authorities' issue LOC (Project wise), within the ceiling authorised by Finance Department, to the concerned Works / Forest Divisional officers declared as 'LOC Cheques Drawing Officers' by their respective Administrative Departments with the approval of Accountant General (A&E), West Bengal.

The 'LOC Cheques Drawing Officers' send monthly accounts to the Accountant General (A&E), West Bengal and LOC utilisation reports to 'LOC Issuing Authorities'.

It may be noted that as per rule 4.150(3) of WBTR, 2005, appropriation under the departmental establishment head meant for execution of departmental works of any department through works divisions should be placed at the disposal of the authority of the works department for execution of the work within the authorised LOC limit.

New LOC System:

Under the guidance of Finance Department the National Informatics Centre [NIC] has developed a new system for on-line authorisation and issue of LOC to make transfer of fund faster for timely execution of the developmental works in a transparent manner. It will also facilitate proper monitoring of the progress of

implementation of the project. For this purpose Finance Department in its website [www.wbfin.nic.in] has made necessary link 'LOC Monitoring System' [LOCMS] from the financial year 2013-14. All the LOC related works would be processed and monitored through this system.

After careful consideration of the matter, the Governor has been pleased to prescribe the following procedures in this respect.

1. **Role of the Finance Department** : Finance Department shall authorise on-line the LOC Issuing Authorities through 'LOCMS' from time to time for issuing LOC to their authorised 'LOC Cheque Drawing Officers' within the limit of authorisation for (i) execution of Project related works and (ii) (a) Maintenance Works (b) Work-Charged Establishment separately.

2. **Role of the LOC issuing authority:**

(i) **For project related Works:** Based on the proposal received from the Divisional Officers of Works / Forest Divisions, the LOC Issuing Authorities shall issue LOC on-line through 'LOCMS' to the concerned 'LOC Cheque Drawing Officers' on specific approved project according to head of account and the budget provision of that head. The LOC may be for a part or whole of the amount of financial sanction subject to overall authorisation of the finance department in this respect.

(ii) **For Maintenance Works:** Based on the proposal received from the 'LOC Cheque Drawing Officers', the LOC Issuing Authorities shall issue LOC on-line through 'LOCMS' to the concerned 'LOC Cheque Drawing Officer' for (a) Maintenance Works (b) Work-Charged Establishment for requisite amount, subject to overall authorisation of the Finance Department as well as budget provision under the head in this respect.

3. **Role of the 'LOC Cheque Drawing Officers' :**

(i) **For Project related Works:** 'LOC Cheque Drawing Officers' shall upload the proposal request on-line through 'LOCMS' for issuing the LOC by filling up the required data in the prescribed format. They may also upload the scanned copy of relevant supporting document.

(ii) **For Maintenance Works:** 'LOC Cheque Drawing Officers' shall fill up the prescribed format for (a) Maintenance Works (b) Work-Charged Establishment.

(iii) **Uploading the data in respect of utilisation of LOC Fund:** 'LOC Cheque Drawing Officers' shall upload the data of the utilised LOC amount cheque number-wise in the 'LOCMS' against each LOC and each head of account in respect of (a) Project related Works, (b) Maintenance Works, (c) Work-Charged Establishment and (d) Deposit Works.

(iv) **Remittance and recording of 'Deduction at Source':** All deductions from the 'Work-Charged' Bills, Contractors Bills and other Bills such as, Income Tax, Sales Tax, VAT, P. Tax, GPF, G.I., Security / Earnest Money Deposit etc., shall be remitted / deposited to the appropriate head of account by issuing LOC Cheque along with Treasury Challan (T.R. Form No. 7) to the concerned Treasury-linked Bank.

Procedure for 'Deposit Works'

(a) 'LOC Cheque Drawing Officers' shall deposit the cheque / bank draft in respect of 'Deposit Works' to the concerned Treasury-lined Bank in Treasury Challan (T.R. Form No. 7) under the head of account mentioned below. On application from the Depositor along with copy of receipted Challan, the

concerned Treasury officer / Pay and Accounts Officer shall issue the 'Credit Verification Certificate' in respect of that deposit within five working days. The 'Credit Verification Certificate' issued by the Treasury / Pay and Accounts Office shall contain receipt head of account, Challan no. Challan date and amount in respect of that deposit. The receipt head of account for the purpose would be (i) "8782-00-102-001-20" for Works Division and (ii) "8782-00-103-001-20" for Forest Division.

- (b) The 'LOC Cheque Drawing Officers' shall fill up the prescribed format on-line through 'LOCMS'. He may upload the scanned copy of the receipted Challan of deposit of demand draft or cheque along with the 'Credit Verification Certificate' received from the Treasury / Pay and Accounts office on-line through LOCMS.
- (c) The Administrative Department of the concerned 'LOC Issuing Authority' shall verify the admissibility of the Deposit Works and the correctness of the deposit amount before authorising the 'LOC Issuing Authority' to issue LOC for that Deposit Work. The 'LOC Issuing Authority' shall issue the LOC to the concerned 'LOC Cheque Drawing Officers' upto the amount deposited without any authorisation from Finance Department.
- (d) Receipt of fund for Deposit Works shall be debited in the books of accounts of the Works / Forest Division when remitted to Treasury under head "8782-00-102-001-20" for Works Division and "8782-00-103-001-20" for Forest Division and credited to head '8443-00-108-001-07' for Works Division [8443-00-108-002-07' for NHA] and '8443-00-109-001-07' for Forest Division. Payment made by LOC cheque shall be credited to head '8782-00-102-002-20' for Works Division and '8782-00-103-002-20' for Forest Division and debited to head '8443-00-108-001-23' for Works Division ['8443-00-108-002-23' for NHA] and '8443-00-109-001-23' for Forest Division respectively.

The existing LOC System and this New LOC System will run simultaneously for three months from 1st April 2013 to 30th June 2013 and thereafter from 1st July 2013 the existing LOC system will be discontinued.

Sd/- H. K. Dwivedi.

Principal Secretary to the
Government of West Bengal.
Finance Department.


No. 110/1 (250) -F.B.

Dated Kolkata, the 26th April, 2013.

Copy forwarded for information and necessary action to:-

1. The Principal Accountant General (A&E), West Bengal, Treasury Buildings, 2, Govt. Place (West), Kolkata-700 001.
2. The Principal Accountant General (Audit), West Bengal, Treasury Buildings, 2, Govt. Place (West), Kolkata-700 001.
3. The Accountant General (R.W. & L.B. Audit), West Bengal, C.G.O. Complex, 'C' East Wing, 5th Floor, Salt Lake, Sector-I, Kolkata-700 064.
4. The Additional Chief Secretary/Principal Secretary/Secretary ,
..... Department.

5. The General Manager, Reserve Bank of India, Banking Department, 15, N.S. Road, Kolkata-700 001.
6. The Principal Conservator of Forest, _____
7. The Chief Engineer, _____
8. The Director of Treasuries & Accounts, West Bengal, The New India Assurance Building, 4, Lyons Range, Kolkata – 700 001.
9. The State Information Officer, National Informatics Centre, Bidyut Bhaban, Ground Floor, D.J. Block, Sector-II, Salt Lake, Kolkata-700 091
10. The Director, _____ Directorate.
11. The Commissioner, _____
12. The District Magistrate, _____
13. The Sub-Divisional Officer, _____
14. The Pay & Accounts Officer, Kolkata Pay & Accounts Office – I, 81/2/2, Phears Lane, Kolkata – 700 012.
15. The Pay & Accounts Officer, Kolkata Pay & Accounts Office – II, P-1, Hyde Lane, Kolkata – 700 012.
16. The Pay & Accounts Officer, Kolkata Pay & Accounts Office – III, IB Market, 1st Floor, Salt Lake, Sector –III, Kolkata – 700 106.
17. The Treasury Officer, _____.
18. The Principal Accounts Officer & Ex-Officio Joint Secretary, Finance (Budget) Department, for uploading this Notification in the Finance Department website:


(A.R. Chakraborty)
Secretary to the
Government of West Bengal.
Finance Department.