

JOINT ACCOUNTS AND ADMINISTRATION CIRCULAR No 7/1998

Sub L T L Interest bearing Long Term Loans (LTL) for House / Flat Purchase / Construction Reg

Ref 1) Joint Accounts & Administrative Circular No 23/1989 dated 08 01 90

2) Joint Accounts & Administrative Circular No 92/1993, dated 11 11 93

In order to streamline the accountal procedure for Interest on House Building Advances (HBA) the following procedure is prescribed in supercession of the instructions issued in the circular cited at reference

01 BOOKING OF LTL INTEREST SUSPENSE

- (a) At the tune of communicating sanction of the competent authority for release of last installment or one installment (in case of release at one time) of House Building Advance (HBA) the Personnel Officer shall calculate provisional amount of total interest assuming that Principal recovery would be effected without any interruption
- (b) The Unit at which the last installment or one installment (in case of release at one time) of HBA is drawn shall -

(I) Propose Journal Entry by debiting AH 2439 (HBA) and crediting new AH 2450 (Long Term Loan or LTL Interest Suspense Account) hereby created

(II) File one copy of the JE in TP case and make an entry in the Service Record and

(III) Transfer the credit in AH 2450 (LTL interest Suspense Account) by way of Credit Advice to the AO(MA&IT)/HO with (a) copy of sanction Memoranda (b) Pay Order/Cheque references (c) confirmation of endorsement in Service Record and filing copy in 'P Case and (d) Interest Statement

02 MAINTAINING LTL INTEREST SUSPENSE ACCOUNT

- (a) The LTL Interest Suspense Account for HBA for all the employees throughout the Corporation shall be maintained by the AO(MA8sIT)/HO This function will be decentralised in due course
- (b) The AO(MAMT)/HO shall propose a JE by debiting AH 2450 (LTL Interest Suspense Account) and crediting AH 9005 (Interest - HBA) in March accounts every year on accrual basis with mterest portion relating to the Financial Year (FY) throughout the Principal recovery period

03 ANNUAL STATEMENT OF ACCOUNT

At the end of each Financial Year or whenever an employee who draw HBA is transferred to another Unit, the Unit which effects, recovery shall compile one statement in quadruplicate, showing Opening Balance, Month-wise Debits and Credits as well as Closing Balance for HBA for disposition as follows

- (a) Send first copy to the AO(MA&IT)/HO
- (b) Send second copy to the Personnel Officer who COMMUNICATED sanction
- (c) File third copy in the Service Record
- (d) Retain fourth copy in the Accounts Wing of the Unit as Office copy

04 TRANSFERS

Whenever an employee who drew HBA is transferred from one Unit to another the Unit from which the employee is transferred shall transfer outstanding debit (which includes Principal as well as Interest) in AH 2439 to the new place of working by way of Debit Advice

05 DEATH IN HARNESS

- (a) Whenever an employee who drew HBA dies in harness write off sanction of the competent authority has to be obtained for the following Debit Balance of Principal and Interest Outstanding in Unit MINUS Interest relating to the period after death MINUS Installments which escaped recovery up to death
- (b) Hence whenever an employee who drew HBA dies in service before completion of recoveries the Unit Officer shall send a copy of Death Intimation as well as all relevant particulars to the AO (MA&IT)/HO
- (c) The AO(MA&IT)/HO shall transfer the amount of interest relating to the period after death by way of Credit Advice by debiting AH 2450
- (d) Write off sanction shall be sought only for Principal as well as Interest only to the extent of recoveries which could not be effected after death If any installments escaped recovery before death for any reason the same shall be recovered in settlement dues

06 COMPUTATION OF ACTUAL INTEREST

Since Interest accountal is made at the time of sanction on the assumption that recoveries would be made without any interruption the Unit at which the employee is presently working shall collect actual recovery particulars throughout the recovery period calculate correct interest amount and force the difference of amount in interest in its accounts and effect recovery This action shall be initiated one year before the scheduled last recovery of Principal

07 CASH BOOK / CIR / JOURNAL ENTRIES AT UNIT LEVEL

PARTICULARS	Debit AH	Credit AH
Drawal of Principal	2439	Bank
Booking Interest Suspense	2439	2450
Transfer of credit in Interest Suspense	2450	3282
Effecting Recoveries	Bank	2439
On Death		
Acceptance of CA from HO for Interest for period after death	3282	2439
Write off of balance of Principal plus Interest for period upto death	7403	2439

08 OLD CASES

- (a) The Administration Wings of Zonal Offices shall collect Software program from the PO-I They shall work out Provisional amount of Interest in respect of all Employees to whom HBA was sanctioned by the Zonal Offices and Interest was not already calculated The Accounts Wing of the Zonal Office shall check the Calculation Sheet with special reference to the Correctness of Input Data After completing verification the Administration Wing of the Zonal Office shall forward one copy of the Calculation Sheet to the Depot/Unit where the Employee is presently working and one copy to the AO(MA&IT)/HO
- (b) The Accounts Wing of the Depot/Unit shall book the Provisional amount of Interest into accounts as above and transfer the credit in AH 2450 (LTL Interest Suspense Account) to the AO(MA&IT)

09 AH 2447 (Interest - HBA) is hereby withdrawn from operation Hence the existing balance in AH 2447 be transferred to AH 2439

Sd/- (DP Sastry)
EXECUTIVE DIRECTOR (ADMN)

Sd/- (K V Subba Rao)
CHIEF ACCOUNTS OFFICER