

## **ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION**

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No MAI/4(l)/2002 AD

Dated 27<sup>th</sup> Sept 02

### **ACCOUNTS CIRCULAR NO 12 / 2002**

Sub ACCOUNTS - Payment of Motor Accident Compensation to the legal heirs of the deceased and to the victims sustaining permanent disability / temporary disability in Accidents involving Corporation vehicles - Accountal Procedure - Revision of - Reg

Ref (1) Cir Nos 27/96 OPD© DT 25<sup>TM</sup> Apr 96 and 47/96 OPD© dt 29<sup>th</sup> Jul 96

(2) Para 05 of Accounts Cir No 5 dt 16<sup>th</sup> Dec 00

In the Circulars cited at 1<sup>t</sup> reference (printed at 131 and 136 of the Book containing Circulars and Working Instructions on Operations from 1993 to 1998) detailed procedural instructions were issued in connection with payment of Motor Accident Compensation

As per the existing procedure detailed in 2<sup>nd</sup> reference (printed at Pages 24 and 25 of the Book containing Finance Accounts & Audit Circulars and Working Instructions from 1991 to 2000) Compensation payment is debited to AH 6901 (Insurance on Third Party Risk) if (i) decision is taken not to appeal against the judgment and (ii) competent sanction for payment is obtained Till such time both these conditions are fulfilled the amount paid remains in AH 2458 (Accident Compensation under Deposits)

In few cases aggrieved by the Compensation awarded in Motor Accident Claims Tribunal (MACT) either the Corporation or Petitioners seek relief from the Hon ble Court by filing Appeals Generally at the time of admission of the cases Court orders for depositing 50 % of the awarded Compensation with or without liberty to withdraw On a review of existing practice it is noted that there is no case wherein the relief granted is less than the amount permitted to be withdrawn Hence all the Unit Officers are advised to regulate Compensation payments from now onwards as follows

## A ACCOUNTAL FOR PAYMENTS

- (1) Compensation paid for temporary disablement of a passenger or other road user after obtaining competent sanction shall be debited to AH 6901
- (2) Immediate financial assistance paid in the form of Initial or Part Compensation (earlier called as Ex gratia) shall be debited to AH 2458 (Accident Compensation under Deposits) After adjustment by way of deduction from the Compensation awarded the amount shall be cleared to AH 6901 In cases where the legal heirs of deceased or victims do not lodge Claim for Compensation upto one year from the date of Accident the amount should be transferred to AH 6901
- (3) Compensation paid for death or permanent disablement of a passenger or other road user in pursuance of settlements Out of Court or in Lok Adalat after obtaining competent sanction shall be debited to AH 6901 as is being done now
- (4) In case of Compensation paid in pursuance of MACT Awards
  - (a) If decision is taken to accept the Award and competent sanction for payment is obtained debit AH 6901
  - (b) If decision is taken to appeal against the Award and amount is deposited in Court
- ◆ Dr new AH 6904 (MAC Withdrawals) now created to the extent of amount permitted to be withdrawn by the Claimant
- ◆ Dr AH 2458 for the balance amount that is amount that would remain with the Court as Deposit Clear the balance in AH 2458 to AH 6901 when the Court delivers Judgment
- (5) In cases where Judgments delivered by the Hon ble High Court are appealed against similar procedure shall be followed

## B OUTSTANDING EXPENSES

Further as we maintain our accounts on accrual basis Provision for Outstanding Expenses shall be booked in respect of Motor Accident Claims pending as on 31<sup>st</sup> Mar every year as detailed below

- (1) In respect of Claims for which Compensation amounts are awarded in Lok Adalat or MACT or Court on or before 31<sup>st</sup> Mar Provision has to be made for the awarded amount if (a) Award or Judgment is pronounced on or before 31<sup>st</sup> Mar (b) Decision is taken to accept the Award or Judgment and (c) Payment could not be made on or before 31<sup>st</sup> Mar for want of communication or order or sanction etc
- (2) In respect of other Claims registered and pending as on 31<sup>st</sup> Mar for which payments are not made yet provision has to be made at rates prescribed in the M V Act (Presently Rs 50000 for each death case and Rs 25000 for each permanent disability case)

- (3) Provision calculated as above shall be booked (Dr AH 6901 and Cr AH 1141) in the Mar accounts every year of all Regional Offices for and on behalf of their constituent Depots The Provision JE has to be just reversed in Mar accounts of the ensuing year Thus in Mar accounts of all Regional Offices two JEs have to be passed one for reversing the Provision JE in Mar accounts of Previous Year and making Provision for Outstanding Expenses as on 31<sup>st</sup> Mar of Current Year

#### C CONTINGENT LIABILITIES

The excess of Claim amount over and above the amount already charged off to expenditure (AH 6901 or 6904) (a) after payment or (b) making provision has to be shown as Contingent Liability

Sd/ (K V Subba Rao)

CHIEF ACCOUNTS OFFICER

To  
All the Dy CAOs / Dy  
CPMs All the AOs / Pos  
All the Depot Managers  
A P S R T Corporation

Copies to all the EDs and RMs FA CA and CLO