



**GOVERNMENT OF JAMMU & KASHMIR**  
**FINANCE DEPARTMENT**

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Sub : Conduct of treasury cash business in the State by Reserve Bank of India (RBI) through J&K Bank (as Agency Bank of RBI).

**C I R C U L A R**

The State Government has executed an agreement with the Reserve Bank of India (RBI) for conducting the treasury cash business through J&K Bank as Agency Bank of RBI. The new system shall come into force w.e.f. 01.04.2011. In this connection both the Joint Directors of Accounts & Treasuries and all the Treasury Officers are hereby directed to adhere to the following system w.e.f. 01.04.2011.

- i. The Treasury Officers will receive the Pass Book along with Receipts / Payment Scrolls, challans and cheques etc. from the branch whereupon he will acknowledge the Receipt of each day on the Pass Book tendered along with scroll etc. for the same day / preceding day. He will verify the correctness of the entries made in the Pass Book with reference to scrolls, challan and vouchers of the previous day. He will initial in the Pass Book in the column provided in token of having done so. The Pass Book will be returned to the branch on the succeeding day either with initials of Treasury Officer as mentioned above or with a Memorandum of Error indicating corrections. In such an event, the figures should be got reconciled with the least possible delay (on the same day or the following day) and signed by Treasury Officer immediately.
- ii. The branch handling the State Government transactions has to send the receipt/payment scrolls on a daily basis in the prescribed form alongwith the challans and cheques to the Sub Treasury / Treasury to whom they are attached.
- iii. The challans / cheques and bills will be arranged in the order in which they are entered in receipt / payment scrolls and stitched to the respective scroll. They may be classified in such a manner as may be directed by the Accountant General. Further, the paid vouchers (cheques, bills etc.) sent to the Treasury should be conspicuously branded with the "Paid" stamp. This is to avoid making payments against the same document more than once.
- iv. Two Pass Books with particulars of total receipts and payments and the number of supporting challans / cheques may be maintained, in which entries will be made based on Daily Scrolls. The form of the Pass Book has been given below.

Pass Book of Receipts and Payments – Side "A" (for use by Bank Branch)							
Date of Transmittal	Date of Transaction	Total Receipts for the day	No. of challans	Total Payments for the day	No. of vouchers	Initials of Branch Manager	Initials of Treasury / Sub Treasury Officer

Pass Book of Receipts and Payments – Side "B" (for use by Sub Treasury / Treasury)								
Date of Receipt	Date of Transaction	Certified Receipts for the day.	No. of challans receipts	Certified Payments for the day	No. of vouchers received	Remarks (attach working sheets if required)	Initials of Treasury / Sub Treasury Officer	Initials of Branch Manager (with date)
Preservation Period : Three years after reconciliation of branch's monthly account								

The two Pass Books in the above mentioned format may be maintained for being used on alternate days so that one whole day is available to the Sub Treasury / Treasury for checking the transactions as entered in the Pass Book. Pass Book envisages that a certificate of correctness of the transactions is given by the Sub Treasury / Treasury, after verification of each item of receipt and payment under taken by the Agency Bank and recorded in the scroll with reference to the challans and cheques / Cheque Delivery Register (CDR) respectively. Further, where daily verification of the receipts and payments at the Agency Banks is completed by the Sub Treasury / Treasury on the next day as prescribed, there could be no difficulty in preparation of the monthly position expeditiously and accurately. Scope for discrepancies and reconciliation, thereafter, will be minimal. Hence the signature of the Sub Treasury / Treasury Officer on the Pass Book is a confirmation and certificate of correctness of the transactions.

- v. The daily accounts i.e. scrolls will be prepared each day and the Manager or authorized official of the Bank, after satisfying himself as to their accuracy will docket and forward to Sub Treasury / Treasury the Pass Book of Daily Receipts and Payments with all challans and cheques at the close of the day.

The Scrolls, challans and vouchers should be sent in a locked box by the branch to the Sub Treasury / Treasury in order to rule out the possibility of any alteration / obliteration of any paper before they reach the hands at the other end.

There should be no delays in transmission of scrolls and challans / cheques by the Agency Bank to the Sub Treasury / Treasury. For this purpose, specific columns for date of sending and returning it, in addition to the transaction date have been provided for in the Pass Book. This aspect should also be looked into by the respective Inspection Authorities of the Agency Banks as well as Sub Treasury / Treasury.

- vi. For communicating the discrepancies, if any, in the Pass Book to the Agency Bank by the Sub Treasury / Treasury, the "Memorandum of Error" as per the format appended, shall be used.

Memorandum of Error
<p>The Branch Manager, _____ Bank.</p> <p>Dear Sir,</p> <p>With reference to your Daily Receipt / Payment Scroll No. _____ dated _____ we advise that the following deficiencies have been observed:</p>

S. No. in Scroll	Receipt / Payment	Amount	Nature of discrepancy	Suggested rectificatory action.

Please arrange to rectify the above deficiencies at the earliest and confirm.

Treasury Officer  
Date :

The above deficiencies have been rectified on \_\_\_\_\_ and reflected at S.No. \_\_\_\_\_ in our scroll No. \_\_\_\_\_ of date \_\_\_\_\_.

Branch Manager  
Bank's Seal  
Date :

Preservation Period : Three years after the reconciliation of branch's monthly account.

Note : Three copies of the above Memorandum may be prepared by the Sub Treasury / Treasury. Two copies of the same may be sent to the Agency Bank branch, one of which may be retained by the branch and the original returned with confirmation of rectificatory action, as stated above. To facilitate identification, "Memorandum of Error" may be printed in red.

The discrepancies have to be communicated immediately, but not later than the next working day. Three copies of the Memorandum of Error may be prepared by the Sub Treasury / Treasury. Two copies of the same may be sent to the Agency bank branch and one copy may be retained by the Sub Treasury / Treasury. The scroll contained the error together with relevant instrument and the Pass Book may also be sent along with the Memorandum of Error to Bank branch.

On receipt of Memorandum of Error along with the documents listed above from the Sub Treasury / Treasury, the branch should immediately rectify the irregularity pointed out therein after checking the documents and make necessary correction in the scroll and the Pass Book under proper authentication. The entries may also be authenticated by the Sub Treasury / Treasury in the Pass Book. In the computerized environment necessary rectifications may be made with adequate safeguards.

In the case of computerized treasury, required corrections in the computer database may also be carried out after taking necessary security precautions.

- vii. On the first working day of succeeding month the Treasury will receive six copies of DMS (Datewise Monthly Statement) from the Agency Bank branch for the preceding month. These will be scrutinized and certified to the effect that they have been checked and found correct. Two copies of the VDMS (Verified Datewise Monthly Statements) will be returned to the concerned branch within 2 days from the date of its receipts. Two copies of the VDMS together with consolidated statement of receipt and payment are to be forwarded to the Accountant General by 10<sup>th</sup> of the succeeding month, except for the

month of March. For March these should be submitted by 15<sup>th</sup> April. In the case of our state these statements shall be submitted to the Director General Accounts & Treasuries through concerned District Treasury Officers and the concerned Joint Directors for consolidation.

The format prescribed for DMS/VDMS is as under:-

Date-wise Monthly Statement (DMS)				
Statement for the month of ....., 20.... in respect of ..... State Government transactions.				
Name of the Bank		Head of Government Account		Code No.
Name of Branch				Code No.
Date	Receipts (Rupees)	Payments (Rupees)	Dr / Cr.	Net Balance (Rupees)
1.				
2.				
3.				
.				
.				
31.				
Total				
Certified that the particulars furnished above are correct to the best of my knowledge.				
Officer in-charge of STO / TO		Branch Manager		
Date :		Date :		
Size 14" X 8.5" white sheet.				
Preservation Period : Three years after the reconciliation of branch's monthly account.				
Amount to be rounded off to the nearest Rupee.				

The duly certified copy of DMS received from the Sub Treasury / Treasury, now be called Verified Date-wise Monthly State (VDMS).

3. The treasuries will report to the Director General Accounts & Treasuries, through the respective Joint Directors the receipts and payments transactions handled by the Agency Banks in the prescribed formats.

4. The data on cheques issued by computerized Sub Treasury / Treasury should be in the following format:-

S. No.	Particulars	Specification
1.	Instrument Number	Character, 3 + Number, 9
2.	Instrument Date	DDMMYYYY
3.	Beneficiary's name	Character, 30
4.	Amount	Number, 16

5.	Signatory Code	Number, 5
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The data may be transmitted to the bank branch through electronic media (floppy / e-mail) under secured conditions.

5. All the Treasury Officers should ensure timely submission of accounts to the Accountant General and other quarters.

6. It has also been decided that henceforth State Government will claim interest for delayed credit of collections from the Agency Banks. In this connection all the Treasury Officers will ensure immediate credit of all the receipts that the J&K Bank branches receive on behalf of the State Government. In the event there is any delay in this behalf that should immediately be brought to the notice of the concerned Joint Directors / Director General Accounts & Treasuries further necessary action.

Sd/-  
(Sudhanshu Pandey)  
Commissioner/Secy. to Government,  
Finance Department.

No : DGAT/PS-DR/269

Dated : 30 - 03 - 2011

Copy to the :-

1. Chief Executive/Chairman J&K Bank Ltd.
2. Regional Director, Central Accounts Section (CAS), Reserve Bank of India, Nagpur.
3. Joint Director, Accounts & Treasuries Kashmir / Jammu. A copy of the Memorandum of Instructions on Accounting and Reconciliation of State Government Transactions is also enclosed. They will ensure proper implementation of all the clauses connected with treasury functioning in the said memorandum. With regard to Clause 5.11 of the Memorandum of Instructions they will keep a close watch on credit of Government receipts to Government account as per the prescribed time frame. They will henceforth furnish report to Director General Accounts & Treasuries regarding credit of receipts to Government Account by the J&K Bank on fortnight basis by 20<sup>th</sup> of each month for the first fortnight and by 5<sup>th</sup> of succeeding month for the second fortnight of the preceding month.
4. Deputy Director (Central) Accounts & Treasuries. A full fledged cell comprising of one AAO, one Accountant and one Accounts Assistant may be created in the Directorate who will monitor implementation of the Scheme at the Direction Office level.
5. All Treasury Officers for strict implementation.

(Wali Mohd. Batt)  
Director General,  
Accounts & Treasuries,  
Finance Department