

Fax Message No. 4869 /ICAR HQ.Dated 23/5/13No. of Pages 01INDIAN COUNCIL OF AGRICULTURAL RESEARCH
KRISHI BHAVAN, NEW DELHI-110001BY FAX

No. FIN 1-3/2013-Accounts.II

Dated 21st May, 2013

To,

The Directors/Project Directors of All Research Institutes/
Directorates/ Bureaus/NRCs/ZPDs/ NAIP/NFBSFARA/
DKMA/ ASRB/Education Division

Subject: Budgeting and Accounting of Head 'Loans and Advances' for the year 2013-14 - reg.

Sir,

Council employees are entitled for various kinds of loans and advances. However, these can be categorized under two broad heads:

- a. Interest bearing advances like HBA, car advances, scooter advance, computer advance etc.
 - b. Non-interest bearing advances like festival advance, natural calamity advances, etc.
2. The budgetary support for all interest bearing advances is currently met out of Council's "Internal Revenue Resources". Refunds of these advances also are being accounted for under the same head.
3. However, different accounting treatments are being followed in ICAR institutes for non-interest bearing advances. As per the practice in vogue, no budgetary support is given separately for extending such advances to Council's eligible employees. Many institutes pay it from "Establishment Charges" while others operate it on revolving basis i.e. fresh advances are paid under the head "S - Advances" and recoveries of earlier advances also are accounted for under the same head. Institutes which have paid it without any budgetary support show minus balance under the head "S - Advances" in the "Break-up of Closing Balances of Bank accounts".
4. In view of the position explained above, there is need to standardize the accounting procedures to bring uniformity. This is also a pre-requisite for FMS - MIS likely to be implemented soon.
5. In order to streamline the system and procedures, following changes have been adopted for implementation:
1. Interest bearing and Non-interest bearing Advances both are to be paid out of budgetary allocation provided to the Institutes under "Loans & Advances". The Council will allocate the budget under the head "Loans and Advances" for the financial year 2013 - 14.
 2. All fresh interest bearing and Non-interest bearing advances can be paid from the head "Loans and Advances" from April 2013.
 3. Recoveries of non-interest bearing advances paid prior to April 2013 will continue to be recovered and booked under "S-Advances" till the recoveries are made in full and balances of earlier advances become "nil".
 4. Recoveries of advances paid April 2013 onwards will be treated like recoveries of interest bearing advances and there will be no distinction between interest bearing and non-interest bearing advances and its recoveries for the purpose of accounting during 2013-14 and onwards.
 5. In the Annual Accounts of ICAR for 2013-14 there will be no closing balance under "S - Advances" separately due to change of the above procedures. "Schedule 7 B" and "Schedule 4" of the Annual Accounts of the institute will depict the status of Interest bearing advances as on 31.03.2014 and liability as on 31-3-2014 towards ICAR respectively.

The above guidelines may be adhered to strictly from financial year 2013-14.

Yours faithfully,

Deomal
(Devendra Kumar)
Director (Finance) 21/5