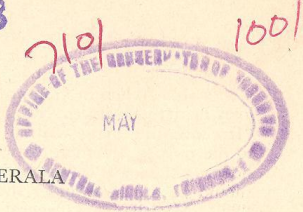


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GOVERNMENT OF KERALA

**Abstract**

GUARANTEES—ACCOUNTING PROCEDURE WHEN GUARANTEES GIVEN BY  
GOVERNMENT ARE INVOKED—ORDERS ISSUED

FINANCE (BUDGET WING) DEPARTMENT

**G.O. (P) 1023/79/Fin. Dated, Trivandrum, 22nd November 1979.**

- Read:
1. G. O. (P) No. 524/78/Fin. dated 19th June, 1978.
  2. G. O. (P) No. 805/78/Fin. dated 18th November, 1978.
  3. Office Memorandum No. F1 (34)-B (AC)/76 dated 8th August, 1979 from Government of India, Ministry of Finance.

**ORDER**

In supersession of the orders issued in the G.Os. read above Government pleased to order as follows:—

When guarantees are invoked, the expenditure involved should be treated as a loan to the persons/parties on whose behalf the guarantees were given and recoveries there against should be watched. In cases where loans are sanctioned to Institutions/Individuals to discharge guarantee obligations, payment of the amount will be made only to the concerned financial institutions/Banks in whose favour the guarantee has been given and not to the institutions or individual on whose behalf the guarantee is issued. Both the expenditure and recoveries, if any, should be classified in the accounts of the concerned Government under a distinct sub head "Loans on invoking guarantees given by Government" under the relevant loan major/minor head, with the name of the loanee exhibited as a detailed head. If, in due course, the whole or a part of the loan amount is finally held to be irrecoverable, the same should be adjusted in the manner indicated below:—

(a) Where a guarantee Reserve Fund already exists, the amount of loan held to be irrecoverable should be adjusted by debit to the fund by following the accounting procedure prescribed for accountal of expenditure financed from Reserve Funds, vide Para 3.4 of the General directions in the List of Major and Minor Heads of Account (vide Annexure).

GPT. 4/4417/MC

(b) Where a Guarantee Reserve Fund does not exist, the amount of loan held to be irrecoverable should be adjusted under the minor head "Irrecoverable loans written off" under the major/sub-major head relevant to the purpose/function for which the loans etc., had been granted. Where, however the loans cannot be identified with any purpose/function, the amount should be adjusted under the aforesaid minor head under the major head "268—Miscellaneous General Services" Vide Para 3.3 of the General Directions in the List of Major and Minor Heads of Account (Vide annexure).

By order of the Governor,

P. BALAKRISHNAN NAIR,  
*Additional Secretary.*

To

The Accountant General, Kerala, Trivandrum.  
All Heads of Departments and Offices.  
All Departments and Sections of the Secretariat.  
The Registrar, High Court, Ernakulam (with C.L.).  
The Registrars, University of Kerala/Cochin/Calicut (with C. L.)  
The Registrar, Agricultural University, Mannuthy, Trichur (with C.L.)  
The Advocate General, Kerala, Ernakulam (with C.L.).  
The Secretary, Vigilance Commission (with C.L.).  
The Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries to Government.  
The Private Secretaries to the Chief Minister and other Ministers.  
The Secretary to Governor.  
The Stenographers to the Chief Secretary and Additional Chief Secretary.



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## ANNEXURE

**List of Major, Minor Heads of Accounts of Central and States Receipts and Disbursements  
General Directions**

## 3. Expenditure heads (Revenue Account).

3.3 If necessary, the minor head "Irrecoverable loans written off" may be opened under the various major/sub-major heads, depending on the purposes for which the loans and advances were granted and finally written off. Where the function or purpose cannot be identified with any major head, the above minor head may be opened under the major head "268. Miscellaneous General Services".

3.4 The minor head 'Transfers to/from Reserve Funds and Deposit Accounts' may be opened wherever necessary under the revenue expenditure major heads or sub major heads thereunder. 'Transfer to and from Reserve Funds and Deposit Accounts' will uniformly appear under distinct sub heads (with the object classification 'Inter-accounts Transfers' thereunder) under the above minor head below the functional major/sub major heads in the revenue section. Transfer to funds and Deposit Accounts will be debited to the above minor head under the appropriate functional major/sub major head, under distinct sub head for each Fund/Deposit Account styled 'Transfers to Reserve Fund/Deposit Account'. The actual expenditure (financed from Funds/Deposits Accounts) will be debited to the relevant programme minor head under the functional major head in the revenue section, capital section or loan section depending on whether the expenditure is of a revenue, capital or loan nature. Recoveries made from the Funds/Deposits Accounts (expenditure met from the Funds/Deposit Accounts) in these cases will be shown as a deduct entry under distinct sub head for each Fund/Deposit Account—styled 'Deduct Amount met from Reserve Fund/Deposit Account' below the minor head 'Transfers to/from Reserve Funds and Deposit Accounts' under the functional major head in the Revenue, Capital or loan section whereunder the related expenditure stands debited.