

Government of Kerala

Abstract

Bill Discounting System – Detailed guidelines for Bill Discounting System for making payment of pending bills in respect of contractors through IOUs - Orders Issued.

Finance (Budget Wing E) Department

G.O. (P) No. 13/2015/Fin

Dated, Thiruvananthapuram 12.01.2015

Read:- G.O.(P) No. 583/2014/Fin Dated 29/12/2014

ORDER

In the G.O referred to above, Government have issued orders for the introduction of Bill Discounting System for making payment of pending bills in respect of contractors through IOUs (“I Owe You” mode of financial Instrument) for one year. Necessary guidelines detailing the procedures have to be issued for the operation of the system.

In the circumstances, Government are pleased to issue the following guidelines:-

1. Government will issue orders to the effect that payment in respect of pending bills of contractors of a particular month will be made in a future month strictly in accordance with the State wide seniority.
2. A new software will be developed for the processing of the Bill Discounting System.
3. Details of entire bills which were processed and recommended by the respective Chief Engineers in ‘EMLI’ software and for which Finance Department has agreed to issue Letter of Credit will be transferred to Bill Discounting System database by the Finance Department.
4. The list will be forwarded to the respective Divisional Engineer/Sub Divisional Engineer.
5. Divisional Engineer/Sub Divisional Engineer will obtain an option of the contractor indicating the bill ID for which the contractor opts for bill discounting.
6. Divisional Engineer/Sub Divisional Engineer will take a print out of month wise abstract of bills for which the contractor has opted for bill discounting along with the prescribed forms to be presented to the banks.

7. The Contractor will submit the application in Form I containing the details of the bills , the PAN and the Aadhar No. to the Bank which has agreed to discount the bill(s).
8. The Contractor shall submit his consent to the Divisional Engineer/Sub Divisional Engineer in Form III along with the endorsement obtained from the Bank in Form II.
9. The Divisional Engineer/Sub Divisional Engineer will upload the details of the bills which the contractor has opted for discounting through the Bill Discounting System and forward to the Finance Department. The Divisional Engineer/Sub Divisional Engineer has to approve the document with digital signature.
10. On receipt of the document, the Finance Department will issue promissory notes and sent to the Divisional Engineer/Sub Divisional Engineer online with digital signature of the designated officer.
11. The Divisional Engineer/Sub Divisional Engineer will inform the Bank about the Promissory Note issued by the Government by a letter which will be sent by Registered Post with Acknowledgement Due along with a copy of the Promissory Note.
12. The Divisional Engineer/Sub Divisional Engineer will hand over the Promissory Note to the contractor after obtaining the required discharges.
13. The contractor has to present the Promissory Note before the Bank in which he has an account.
14. On presentation of the Promissory Note(s) by the Contractor in the Bank, the identity of the Contractor has to be verified and ensured that the discounted amount goes to the Account of the contractor only. The details of the promissory note can be verified in the website <http://sics.kerala.gov.in/bds>. Government will not be liable for any payment made against these bills by mistake or fraud to a wrong payee. All payments shall be made only through the Bank Account and not by cash to ensure a secure audit trail of the payments.
15. The Bank will make payment only on receipt of the duplicate copy of the Promissory Note issued by the Government which was forwarded by the Divisional Engineer/Sub Divisional Engineer and after verifying the identity of the payee recorded in the Promissory Note against the originals.

16. The Bank will send a proof of payment to the Divisional Officer/Sub Divisional Officer after effecting payment. The details of the payment will be entered in the Bill Discounting System by the Divisional Engineer/Sub Divisional Engineer.
17. The Bank will present the Promissory Note during the period indicated in the Promissory Note to the District treasury of the Division/Sub Division concerned.
18. The Treasury will verify the details from the Bill Discounting System software and make payment to the bank by debit to the head of account '8782-102-98 PWD cheques'.
19. The Contractor shall submit the Promissory Notes which have not been encashed / which have not been produced before banks, to the Divisional Officer/ Sub Divisional Officer. He will present the same to the Sub Treasury/District Treasury concerned. The Treasury Officer will furnish a Non-Utilisation Certificate only on receipt of the unused Promissory Note and also based on the certificate to be issued by the bank to this effect. The Divisional Officer/ Sub Divisional Officer shall issue cheques for making payment in respect of the contractor as in the case of Letter of Credit only on receipt of this certificate.
20. The Divisional Engineer/Sub Divisional Engineer will book the expenditure on the due date of the promissory note along with the payments in respect of Letter of Credit cheques.
21. The expenditure will be booked by the Divisional Engineer/Sub Divisional Engineer through a Transfer Entry Order (TEO) and recoveries made will be remitted to the respective heads as per the existing practice.

The forms prescribed are appended to this order.

By Order of the Governor,

RABINDRAKUMAR AGARWAL
Secretary, Finance(Resources)

To

The Principal Accountant General (A&E), Kerala, Thiruvananthapuram
The Principal Accountant General (G &SSA), Kerala, Thiruvananthapuram
The Accountant General (E&RSA), Kerala, Thiruvananthapuram
The Member Secretary, State Planning Board, Thiruvananthapuram

All Heads of Departments and Offices
The Director of Treasuries, Thiruvananthapuram.
The Secretary, Kerala Public Service Commission, Thiruvananthapuram
(With C.L.)
The Advocate General, Kerala, Ernakulam (with C.L.)
All Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries
and Under Secretaries to Government
The Secretary to Governor
The Private Secretaries to Chief Minister and other Ministers, Government
Chief Whip and Leader of Opposition
The Private Secretary to Speaker/Deputy Speaker
The Director of Public Relations, Thiruvananthapuram.
The Additional Secretary to Chief Secretary
✓ The Nodal Officer, www.finance.kerala.gov.in
The Stock File/Office Copy

Forwarded/By Order


Section Officer

Form No. I

Letter to the Bank for Bill Discounting System

From

Name and address of Contractor

.....
.....

To

The Manager,

..... Branch,

..... Bank.

..... Address

..... District

.....(PIN)

Sub:- Bill Discounting Scheme - Application – Reg.

Ref:- G.O.(P) No13/2015/Fin. dated 12/01/2015.

I request that payment in respect of the following bills which are pending with EE/AEE Department may kindly be made under the BDS sanctioned vide G.O. referred to above. Copy of the consent letter addressed to the EE/AEE is enclosed for reference.

<u>Sl. No.</u>	<u>Bill id</u>	<u>Net Amount</u>
1.	-----	-----
2.	-----	-----
3.	-----	-----

PAN. _____

AADHAR No. _____

Yours faithfully,

.....
Signature and Name of Contractor

Place:

Date:

Form No. II

CERTIFICATE OF ENDORSEMENT

(G.O.(P) No. 13/2015/Fin dated 12/01/2015)

This is to indicate the willingness of the
(Bank) Branch to discount the bill(s) due to the
Contractor (name and address) with the following
PAN and (AADHAR No.) against the following bills
for the work done for the (Here enter
PWD/Irrigation/Harbour Engineering etc.) Department at the rates of the Bank
applicable as on the date of discount. Account Number to which the amount will
credited on discounting of the Bills(s) is

<u>Sl No.</u>	<u>Bill Id No.</u>	<u>Amount</u>
1.
2.

Authorized Signatory of the Bank:

Name:

Designation:

Signature:

Place :

Date :

Form No. III

Consent letter of Contractor

I (name and address) _____
(PAN) (AADHAR ID) hereby express my willingness to opt for
the Bill Discounting Scheme in respect of the following bills.

<u>Sl. No.</u>	<u>Bill id</u>	<u>Amount</u>	<u>Bank</u>	<u>A/C No.</u>
1.	-----	-----	-----	-----
2.	-----	-----	-----	-----
3.	-----	-----	-----	-----
4.	-----	-----	-----	-----

I am also enclosing the consent obtained from the bank in Form II

Attested copies of my PAN ID and AADHAR ID are attached. I am
also producing the original PAN ID and AADHAR Card for verification and
return.

Signature:

Name :

By Registered Post with Acknowledgement Due

From

_____ Sub Divisional Engineer/Divisional Engineer

_____ Department

_____ Office

_____ (Corporation/Municipality/Panchayat)

_____ (District)

To

The Manager,

..... Branch,

..... Bank.

Sub:- Bill Discounting Scheme - Application – Reg.

Ref:- G.O.(P) No13/2015/Fin. dated 12/01/2015.

Promissory Notes have been issued under the BDS sanctioned vide G.O. referred to above for the following bills due to _____ (Contractor) _____ (Address) _____ PAN _____. Copy of the attested ID proof is attached.

On presentation of the Promissory Note(s) by the Contractor to your office, please verify the identity of the Contractor and ensure that the discounted amount goes to the Account only of the Contractor whose name and relevant particulars are shown above. Details can be verified in the website <http://sics.keral.gov.in/bds>. Government will not be liable for any payment made against these bills by mistake or fraud to a wrong payee. All payments shall be made only through Bank Account and not by cash to ensure a secure audit trail of the payments.

Payments against the discounted bills shall be made by the Bank to the Contractor only after receipt of this letter. The receipt of the letter may kindly be acknowledged.

<u>Sl. No.</u>	<u>Bill id</u>	<u>Amount</u>	<u>Bank</u>	<u>A/C No.</u>
1.	-----	-----	-----	-----
2.	-----	-----	-----	-----
3.	-----	-----	-----	-----
4.	-----	-----	-----	-----

Promissory Note ID No.

Yours faithfully,

Place:

Name of SDE/DE _____

Date:

(Office Seal)

PROMISSORY NOTE

THIS PROMISSORY NOTE (the 'Note') dated this _____ day of _____,
_____.

Government of Kerala
(the 'Borrower')

hereby acknowledges the liability of payment of Rupees

_____ (Rs. _____) to

_____ Bank
(the 'Lender')

FOR VALUE RECEIVED, against the payment by the Lender, The Government of Kerala hereby promises to pay to the Lender at the District Treasury _____, the principal sum of Rupees _____ and _____ Paise (Rs. _____ . _____ Paise), being the sum that represents the full value of the payment against Bill No. _____ to _____ for the work executed by _____ for the _____ Department of the Government of Kerala.

The Borrower will repay the Lender in full on presentation of this Note at the District Treasury, _____ on any day between the _____ day, 2015 and the _____ day, 2015.

Upon payment in full of the amount owing on this Note, this Note shall be surrendered to the Borrower represented by the District Treasury Office, _____ for cancellation.

Notwithstanding any contrary statements contained in this Note, if the Borrower defaults on payment of this Note or any other obligation set forth herein, and the default continues after the Lender notifies the Borrower of the default and the period within which it must be corrected, as may be required by law, then the Lender may declare the unpaid principal balance, and any accrued interest, immediately due

and payable and such amount shall be payable with interest at 18% per annum on the unpaid amount.

On presentation of this Note to the District Treasury, the District Treasury Officer shall pay the amount payable under this Note debiting the Head of Account 8782-102-98- PWD Cheques. Payments against Promissory Notes issued by Government of Kerala vide G.O(P)No.13/2015/Fin Dated 12/01/2015.

This Note being an instrument under Section 4 of the Negotiable Instruments Act, 1881 shall be bound by this and the applicable laws of India.

Borrower represented by Additional Secretary, Government of Kerala

(Signature)

(Seal)

Place:

Date:

Identification details of the Borrower.

Name.....

Address.....

.....

.....

PAN/TAN/Adhaar No.....