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**புதுச்சேரி மாநில அரசிதழ்**  
**La Gazette de L'État de Poudouchéry**  
**The Gazette of Puducherry**

**PART - II**

**சிறப்பு வெளியீடு EXTRAORDINAIRE EXTRAORDINARY**

அதிகாரம் பெற்ற  
வெளியீடு

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(8 Phalguna 1945)

GOVERNMENT OF PUDUCHERRY

CHIEF SECRETARIAT

FINANCE DEPARTMENT (WAYS AND MEANS)

[G.O. Ms. No. 65/FD(W&M)/2024, Puducherry, dated 27th February 2024]

NOTIFICATION

Whereas, the Reserve Bank of India has requested to consider making amendments in the Consolidated Sinking Fund Scheme of Government of Puducherry and for this purpose has forwarded a revised model Scheme for constitution and administration of the Consolidated Sinking Fund of the Government of Puducherry *vide* Letter No. IDMD. No. S2268/10.18.013/2023-24, dated 28-12-2023 of the Director, IDMD, Reserve Bank of India, Mumbai.

And whereas, the proposal of the Reserve Bank of India has been taken into consideration and it has been decided to accede to the request of the Reserve Bank of India in the matter;

Now, therefore, the Lieutenant-Governor, Puducherry, is pleased to make the following revision in the Scheme to provide for the constitution and administration of the Consolidated Sinking Fund for the Government of the Union territory of Puducherry, by superseding the notification issued earlier *vide* this Department's G.O. Ms. No. 60/FD (W&M)/2024, dated 05-02-2024, namely:—

1. **Title of the Scheme.**— The Scheme shall be called “Consolidated Sinking Fund (CSF), (hereinafter referred to as “the Fund”) Scheme” of the Government of Puducherry (hereinafter referred to as “the Government”).

2. **Constitution of the Fund.**— The Fund will be constituted by the Government of Puducherry for redeeming its outstanding liabilities.

3. **Objective of the Scheme.**— The Fund is to be utilized as an Amortization Fund for redemption of the outstanding liabilities of the Government commencing from the Financial Year 2023-24.

4. **Commencement of the operation of the Scheme.**— The Fund shall come into force with effect from the date of notification. The operation of the Scheme is as under:—

(a) The Fund shall substitute the existing fund mentioned under the extant CSF Scheme adopted by the Government.

(b) The outstanding balances of the existing Fund under the extant CSF Scheme as at end-December, 2023 shall be transferred to the Fund.

(c) 50 per cent of the outstanding corpus held in the CSF as on March 31st of the second preceding Financial Year, or the amount of redemption falling due during the Financial Year (April-March), whichever is less, should be reckoned for arriving at the maximum eligible limit for withdrawal from the CSF during the year.

(d) The Fund shall not be utilized for any purpose other than the redemption of the outstanding liabilities of the Government.

(e) The State Government can avail of short-term accommodation under Special Drawing Facility (SDF) from Reserve Bank of India (hereinafter referred to as 'the Bank'), against the collateral of investment made in CSF for meeting temporary cashflow mismatches, subject to the terms and conditions as fixed by the Bank from time to time.

(f) The outstanding liabilities is defined to comprise both internal debt and public account liabilities of the Government.

**5. Contributions to the Fund.**— The Government should make conscious efforts towards building up the CSF corpus to five per cent of the outstanding liabilities within a span of five years. There is no ceiling on such contributions to the Fund in terms of number of times of making contributions in a year. It is open to the Government to invest in the Fund from the General Revenue at any time or from other sources such as disinvestment proceeds, at its discretion. The Government shall not fund its contributions to the Fund out of borrowings from the Reserve Bank.

**6. Relationship of the Fund with General Revenues.**— The corpus of the Fund comprising the periodic contributions as well as the income accruing to the Fund shall be kept outside the General Revenue of the Government. The Fund shall be utilized in the manner prescribed in this Scheme.

**7. Administration of the Fund.**— The Fund shall be administered by Central Accounts Section of Bank at Nagpur (subject to such directions/instructions as the Government may issue from time to time).

**8. Investment of the corpus of the Fund.**— The accretions to the Fund shall be invested in Government of India (GoI) dated Securities, Special Securities of GoI, Treasury Bills and State Government Securities of other States of such maturities as the Bank may determine from time to time in consultation with the Government.

*Explanation :*

- (a) the accretions to the Fund shall include the periodic contributions and the income accruing to the Fund from investment thereof.
- (b) the Bank will make available the securities for investment by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 10.

9. **Account Transactions.**— (a) The Bank would arrange to raise debit to the account of the Government maintained with it as per the advice of the Government.

(b) The contributions to the Fund shall be invested by the Bank in Government Securities as indicated in paragraph 8 in multiples of ₹ 10,000.

(c) The periodic accretion to the Fund by way of interest income shall be reinvested by the Bank in a similar manner, in multiples of ₹ 10,000.

(d) The investments held in the Fund and maturing during currency of the Scheme shall be reinvested in accordance with paragraph 8.

(e) No withdrawals will be allowed from the Fund until completion of five years from the date of constitution of the Fund.

*Explanation:*

(a) Withdrawals may be allowed starting from the next Financial Year on completion of five years from the date of constitution of the Fund.

(b) The debit to Government on account of the periodic instalments will be accounted under the major head 8222 (Reserve Funds). On the maturity of the loan, the balance outstanding under the head 8222 (Sub-head Sinking Fund) will be credited to the head 8660 (Miscellaneous Government Account) Ledger Balance Adjustment Account.

(c) The Bank shall scroll to the Government the debit on account of investment less the incidental charges in the usual course. However, in order to ensure that the investment transactions of the Fund, do not get mixed up with other transactions, these will be indicated distinctly in separate scrolls.

(d) The Bank shall arrange to collect interest on the investments and credit the same to the Fund on the due dates.

- (e) On the maturity of the securities, the Bank shall arrange to redeem the securities. In case of premature disinvestment to meet the liability on account of the claims to be paid, the Bank will decide on the securities to be liquidated and sell the securities, at the ruling price and credit the amount realised, less incidental charges to the Fund. If, these securities are in loss, Bank may in consultation with the Government decide on the securities to be liquidated. As in the case of the debit scrolls, the Bank shall use separate scrolls for the receipts.
- (f) The provision for expenditure on account of the periodic contributions shall be made in the Budget of the Government under the relevant head. The extent of expenditure to be financed from the Fund shall be withdrawn from the Fund by the disposal of the investment.
- (g) The Bank shall open a Current Account and Subsidiary General Ledger Account in the name of the Fund and furnish to the Government as at the end of September and March each year, a statement showing the details of investments.

10. **Service charges for administration of the Fund.**— The Government shall pay to the Bank, a commission at the rate of 1/8 per cent of one per cent on the turnover of the Fund or at the rate to be mutually decided from time to time.

11. **Accounts and Audit.**— The accounts of the Fund and the investment shall be maintained by the Accountant-General of the Union territory of Puducherry in the normal course. The Bank will maintain subsidiary accounts in such manner and details as may be considered by the Government in consultation with the Accountant-General.

12. **Savings.**— The Government shall issue instructions relating to the provisions of the Scheme as may be considered from time to time to enable smooth functioning of the Scheme. In case of any difficulty in the operation of any provision of Scheme, the Government may, if satisfied, relax the provision.

(By order of the Lieutenant-Governor)

**ASHISH MADHAORAO MORE,**  
Commissioner-cum-Secretary to Government  
(Finance).