CHAPTER XIV

SECURITY DEPOSITS

I. GENERAL RULES

217. (1) Subject to any general or special instructions prescribed by Government in this behalf, every Government servant, who is entrusted with the custody of cash or stores, shall be required to furnish security for such amount as may be prescribed according to circumstances and local conditions in each case and to execute a security bond setting forth the condition under which the Government will hold the security and may ultimately refund or appropriate it.

(2) In cases of officiating arrangement for not exceeding four months in place of a regular cashier or a store-keeper proceeding on leave, the Government may grant exemption from furnishing security deposit in case of a permanent Government servant appointed to officiate.

218. Notwithstanding anything contained in rule 217 security need not be required to be furnished in cases of —

(a) Government servants who are entrusted with the custody of stores which are not considerable;

(b) Government servants who are entrusted with the custody of office furniture, stationery and other articles required for office management, if there are satisfactory safeguards against loss through pilferage;

(c) Librarians and Library staff;

(d) Drivers of Government Vehicles; and

(e) Government servants entrusted with handling service postage stamps.

219. (1) Subject to any general or special instructions issued by Government in this behalf, a private person or a firm, contracting with the Government to supply stores or to execute a work shall, unless exempted by orders issued with the prior consent of the Finance Department, be required to furnish security for the due fulfillment of the contract. A suitable provision regarding security shall be incorporated in the agreement.

(2) No security need be obtained for purchases of stores upto Rs.20,000.
II. RECOGNISED FORMS OF SECURITIES

220. Forms of security - The security to be taken from a Government servant or a contractor shall be in one of the following recognised forms:

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<th>Forms of security</th>
<th>Conditions</th>
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<td>(i) Cash</td>
<td>(1) Government will not pay any interest on any security deposit held in the form of cash. Such security deposit may be converted at the cost of the depositor into any of the interest bearing forms of security mentioned in items (ii) and (iii) below, if the depositor expressly requests in writing to that effect and the acceptance of the new form or forms of security is permissible under this rule and under the terms of agreement or bond. Cash actually received or recovered may be converted into an interest bearing form of security even when it forms part of a deposit which is being paid in instalment but has not been realised in full. (2) Percentage deductions made from a contractor’s bills held as security for the due fulfillment of a contract shall not be converted into any other form of security unless there is a special rule or order for such conversion.</td>
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<td>(ii) Post Office Cash Certificates, National Savings Certificates, National Plan Savings Certificates, 12 years National Defence Certificates and 10 years Defence Certificate.</td>
<td>(1) These certificates shall be formally transferred to the Governor. The departmental authorities authorised to accept security shall accept the same with the sanction of the Post Master of Deposit the office of registration at their surrender value at the time of tender. (2) Certificates which are not held in the name of the person furnishing the security shall not be accepted.</td>
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(iii)  Post Office Savings Bank
Pass Books.

(1) A Pass book for a deposit made
under the post office savings Bank Rules
may be accepted as security provided
that the depositor has signed and
delivered to the Post Master a letter in
the prescribed form as required by
those rules.

(2) The pass book shall be sent to the
post office as soon as possible after the
15th June of each year so that the
necessary entries on account of interest
may be made in them.

(iv)  Deposit receipts of all
scheduled banks.

(1) The deposit receipts shall be made
out in the name of the pledgee or, if it is
made out in the name of the pledger, the
bank shall certify on it that the deposit
can be withdrawn only on the demand, or
with the sanction of the pledgee. The
bank shall agree that on receiving a
signed chalan and a withdrawal order
from the pledgee in respect of the
deposit, or any part thereof, it will at
once remit the amount specified into the
nearest branch of State Bank of Sikkim
alongwith the challan and send the bank
receipt to the pledgee.

(2) The depositor shall agree in writing to
undertake any risk involved in the
investment and make good the
depreciation, if any.

(3) The depositor shall receive the
interest when due, direct from the bank
on a letter from the pledgee, authorising
the bank to pay it to him.

(4) The responsibility of the pledgee in
connection with the deposit and the
interest on it will cease when he issues a
final withdrawal order to the depositor
and sends an intimation to the bank that
he has done so.
(v) Fidelity bond from any one of the following four subsidiaries of the General Insurance Corporation of India:-

(a) National Insurance Company Limited.
(b) New India Assurance Company Limited.
(c) Oriental Fire and General Insurance Company Limited.
(d) United India Fire and General Insurance Company Limited

Fidelity bond may be accepted as security from a Government servant but not from a private party. When a Government servant has furnished security the departmental authority authorised to accept the security shall see that the Government servant pays the premia necessary to keep it alive on the dates and continues to do so until he vacates his office. If the Government servant fails to submit the premium receipts in time, he shall not be allowed to perform the duties of his post and dealt with in accordance with the terms of his appointment.

(vi) Any other form of security approved by Government for acceptance in any particular department such as mortgages on real property and personal security.

These securities may be accepted only in accordance with the rules and conditions laid down in the relevant departmental regulations or by special orders of Government.

(vii) Cheques/drafts issued by big Urban Banks whose working capital exceeds Rs.5 cores and by A, B or C Class Central Cooperative Banks/Non Scheduled State Cooperative Banks.

Cheques / drafts may be accepted as security from private contractors/suppliers. When a contractor / supplier has furnished a cheque/draft, the authorities concerned shall ensure that the cheque/draft is enchased immediately and the contract is allotted only after the enchashment of cheque/draft.

221. Government may authorise a departmental authority not lower than a head of department to accept security in any of the forms given in rule 220.

222. Subject to any general or special instructions issued by Government in this behalf, the form of the security bond to be executed at the time of furnishing security shall be determined by Finance Department according to the kind of security furnished.

III. CUSTODY OF SECURITIES

223. Custody of securities - (1)Post office savings pass books, deposit receipts of banks, fidelity bonds and security bonds or agreements shall be kept in the safe custody of the authority authorised to accept the security under rule 221.
(2) Post office cash certificates, national savings certificates etc. deposited as security shall be lodged for safe custody with the State Bank of Sikkim.

224. A security deposit taken from a Government servant shall be retained for at least six months from the date when he vacates his post but a security bond shall be retained permanently or until it is certain that there is no further necessity for keeping it.

225. The percentage deductions from the bills of contractors held as security in connection with contracts to execute works shall not be refunded till the final bill has been prepared and passed and except in accordance with the terms of contract agreement.

226. Release of securities - Without the special orders of Government no Security deposit shall be repaid or retransferred to the depositor or otherwise disposed of except in accordance with the terms of his security bond or agreement. The departmental authority to accept security under rule 221 shall, while returning any security to the depositor, invariably obtain his acknowledgement duly signed and witnessed. When an interest-bearing security is returned or retransferred, the acknowledgement shall set forth full particulars of the security.