

**GOVERNMENT OF ORISSA
FINANCE DEPARTMENT**

No.17230(15)/F Dated 07/04/2011

WM-6/2011

From

**Shri J. K. Mohapatra, I.A.S.
Principal Secretary to Government.**

To

The Principal Secretary to Government/
Forest & Environment/
Rural Development/ Panchayati Raj/
Water Resources/ Agriculture/ Industries Department
Commissioner-cum-Secretary to Government/
H & UD/Health & Family Welfare/
W & CD/ Higher Education/
Fisheries & Animal Resources Development/ Energy/
ST & SC Development/
School & Mass Education Department/
EIC-cum-Secretary to Government
Works Department.

Sub:- Implementation of Cash Management System in the selected Departments through Quarterly Expenditure Allocation (QEA) and Monthly Expenditure Plan (MEP) in the Financial Year 2011-12.

Sir,

I am directed to say that the State Government introduced **Cash Management System** in 2010-11 on the lines of modified exchequer control based expenditure management and restrictions on expenditure during the last quarter of the financial year, which has been successfully implemented in the Ministries of Government of India and in terms of the recommendations of the 2nd Administrative Reforms Commission with the following objectives:-

*Objectives of
the Cash
Management
System*

- i. Even pacing of expenditure within the financial year.
- ii. Reduce rush of expenditure during the last quarter especially in the last month of the financial year.
- iii. Front loading of expenditure in the 1st three quarters of the financial year so that corrective measures can be taken in the mid year to achieve the fiscal objectives.
- iv. Curb the tendency of parking of funds outside Government Account.

- v. Effective monitoring of the expenditure pattern.
- vi. Improve the quality of expenditure.
- vii. Better Ways & Means Management.

Scope of the
Cash
Management
System

3. The system was adopted in respect of the 10 Demand for Grants administrated by large spending Departments with effect from the financial year 2010-11. It is now extended to 5 more Demands for Grants in 2011-12. The list of these 15 Departments and the Demand for Grants is furnished in Annexure-I.

4. **The broad features of the New System is indicated hereafter:-**

In respect of each Demand for Grant, Quarterly Expenditure Allocation (QEA) for State Plan, Central Plan, Centrally Sponsored Plan and Non-Plan is worked out and indicated in Annexure-II. The Monthly Expenditure Plan may be worked on the basis of the Quarterly Expenditure Allocation by the concerned Department in the format at Annexure-III in accordance with the broad principles indicated in para 6 and 10.

QEA

5. The Quarterly Expenditure Allocation (QEA) should not be modified by the Administrative Departments without prior approval of Finance Department in Ways & Means Branch. **QEA for all the four quarters is furnished in Annexure - II for all the 15 Demand for Grants which may be modified, if necessary, by the Administrative Departments in accordance with their work plans/programme implementation schedule within the following broad parameters and submitted to Finance Department by 30.4.2011 for approval.**

Features of
the Cash
Management
System

6. i) Monthly Expenditure Plan of each Department is to be fixed on the following lines:-

(a) MEP for the month of March shall not exceed 15% of the Budgeted Provision (Budget Estimate).

(b) MEP for the month of January to March may be so fixed that the QEA for the last quarter **shall not exceed 40% of the overall Budgeted Provision (Budget Estimate) and 40% under State Plan Provision(Budget Estimate).**

ii) (a) The Administrative Departments are authorized to sanction expenditure other than works expenditure under Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan Schemes up to the limit of QEA indicated in Annexure-II including expenditure for grants and subsidies.

(b) The Administrative Departments are to fix the QEA and MEP of Controlling Officers based on the QEA and MEP for the Demand for Grant and the Controlling Officers in turn may ask the DDOs to spend the provision in accordance with their own QEA and MEP.

(c) In case of Central Plan and Centrally Sponsored Plan Schemes, funds should ordinarily be released on receipt of Central Assistance. However, funds can be sanctioned/released in anticipation of receipt of Central Assistance in case of on-going schemes during the first three quarters.

(d) If there is firm commitment for sanction and release of funds by the concerned Line Ministry of Government of India, funds for new schemes can also be sanctioned/released by the Administrative Departments for three quarters.

(e) In case of EAPs in the pipe line, expenditure should be incurred only if agreement with the Donor Agency has been signed and the date of effect of the agreement has been notified.

(f) The Administrative Departments would obtain approval of Project Approval Committee/Empowered Committee for sanction of the entire provision made in their Demand for Grant for share capital/loan/Grant in Aid/Subsidy to PSUs and Co-operatives, in one go, by September, 2011 and then release the amount at their level subject to recovery of outstanding Government dues and opening of Escrow Account.

(g) Release of funds in respect of schemes/provisions reserved for Post Budget Scrutiny would only require prior approval of Finance Department/ P & C Department as the case may be.

(h) **Sanction of funds for new schemes where the norms of expenditure are yet to be approved and cases involving change in the norms of existing schemes having financial implication would require prior concurrence of Finance Department.**

iii) (a) **Works Expenditure against Budget provision, N.H. Credit and Deposits is proposed to be made allotment and account based through LoC module of iOTMS from 1st July, 2011.** The existing system of Letter of Credit for works expenditure would continue for the 1st quarter. However, the Controlling Officers, covered in the pilot implementation phase of the proposed system are advised to distribute allotment in respect of works expenditure to the Divisions through LoC module of iOTMS from the beginning of the year.

(b) Accordingly, the concerned Administrative Departments are to indicate the Controlling Officer-wise Gross Budgetary Provision for 2011-12 relating to Works Expenditure under Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan Schemes and Net L.C. entitlement (sector-wise i.e. Non-Plan, State Plan, Central Plan, Centrally Sponsored Plan) and furnish L.C. requirement for the 1st quarter to Finance Department within the overall limit of QEA for the 1st quarter indicated in Annexure-II by 15.4.2011.

(c) Finance Department in Ways & Means Branch, after verification of the Net L.C. entitlement of each Controlling Officer and receipt of quarterly LC requirement would intimate the quarterly limit of L.C. of the Controlling Officers which would remain valid for the quarter.

(d) The unspent balance of any allotment/Letter of Credit pertaining to any quarter can not be carried over to the next quarter except without concurrence of Finance Department.

(e) Ordinarily, unspent balance of any allotment/Letter of Credit pertaining to the 3rd quarter will not to be allowed to be carried over after December, if the expenditure up to the 3rd quarter falls short of the prescribed level. However, where the progressive expenditure up to the 3rd quarter is above the prescribed level, any unspent balance of the QEA for 3rd quarter can be carried over to the 4th quarter with the permission of Finance Department provided that the QEA for the 4th quarter and the MEP for March remain within the limit of 40% and 15% respectively.

(f) The Letter of Credit in respect of allotment received from Calamity Relief Fund, NH Credit and Deposits would continue to be authorized on the basis of copies of allotments /sanction orders and deposit particulars as well as specific requisition for the 1st quarter.

iv) If, any provision in the B.E. is surrendered in one Demand and equivalent additional provision is taken in another Demand in the Supplementary Statement of Expenditure, then the budgeted provision will be deemed to have been reduced to that extent and the MEP & QEA are to be modified accordingly.

7. The limits indicated in the QEA and MEP is calculated at the Demand for Grant level as a whole allowing inter-se variations between months within a quarter and across the sectors i.e., Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan within the broad parameters indicated in Para – 6 and Para-10. The Administrative Departments and the Controlling Officers should distribute allotment under each sector among the DDOs broadly in accordance with the QEA and MEP for the entire year.

8. Savings if any, under the QEA would not be allowed to be carried over to the next quarter. However, the Administrative Departments requiring modification of MEP, which affects QEA, should obtain concurrence of Finance Department in Ways & Means Branch but they would be free to adjust the spill over of MEP in the next month if it is not inconsistent with QEA.

9. In case Finance Department in Ways & means Branch do not consider the request for modification of MEP and QEA within 15 days it will be deemed to have been granted.

10. (a) The Ways & Means Branch of Finance Department are to monitor Grant-wise & Controlling Officer-wise Expenditure for each quarter.
- (b) After receipt of Grant-wise & Controlling Officer-wise Expenditure for the month of December, Ways & Means Branch of Finance Department will calculate the progressive expenditure up to December under each Demand for Grant.
- (c) At the end of 3rd quarter, the following expenditure targets have to be met by the Departments concerned:
- i) the aggregate expenditure under Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan should reach the minimum level of 60% of the Budget provision ; and
 - ii) expenditure under State Plan should also reach the minimum level of 60% of the Budget provision.

If any of the above two conditions are not fulfilled by any Department, then the concerned Department would be required to surrender the provision equal to the amount of shortfall in expenditure from the prescribed minimum level.

Illustration : (A) If the expenditure of a Department covered under the Cash Management System falls short of 60% of overall Budget provision by Rs. 'X' but exceeds 60% under State Plan, then Rs 'X' is to be surrendered by that Department.

(B) If the expenditure of a Department covered under Cash Management System exceeds 60% of the overall Budget provision but falls short of 60% of Budget provision under State Plan by Rs 'Y' then the concerned Department will have to surrender Rs 'Y' under State Plan.

(C) If the expenditure of a Department covered under the Cash Management System falls short of 60% of the overall Budget provision by Rs 'X' and 60% of the Budget provision under State Plan by Rs 'Y' then the concerned Department will have to surrender Rs 'Y' under State Plan and Rs ('X' - 'Y') from the overall Budget provision. Where Rs 'X' is less than Rs 'Y' then only Rs 'Y' is to be surrendered under State Plan.

(d) The Administrative Departments and the Controlling Officers need to reconcile the expenditure reported by the Accountant General (A&E) up to the month of December and surrender the provision equal to the differential between the progressive expenditure and 60% of the Budget Provision as indicated in the Illustration above.

(e) Surrender of the provision should be made through the Integrated Orissa Treasury Management System (iOTMS) and the surrender relating to works expenditure is to be made through LoC module of iOTMS.

11 The Monthly Expenditure Plan and Quarterly Expenditure Allocations may be made in gross terms.

12. **The Integrated Orissa Treasury Management System (iOTMS) would be so enabled that it will not admit expenditure in excess of 40% of Budget Provision during the last quarter and 15% in the month of March under any Demand for Grant under the Cash Management System.**

13. Funds should not be drawn from the Treasury/Bank without immediate requirement for payment. As such no drawal should be made to make advance payments except in terms of valid agreements in order to meet the monthly/quarterly expenditure targets.

14. Provisions under SR 242 of Orissa Treasury Code, Vol. I stipulate that money should not be drawn from the Treasury unless it is required for immediate disbursement. It is, however, observed that some of the DDOs/Controlling Officers are drawing funds from the Treasury and depositing in various Banks or keeping funds un-utilized in form of cash, Bank Draft, DCR etc. **If in future, such unauthorized parking of money is noticed, the concerned DDO shall be personally liable for recovery from his personal entitlements including his retirement benefits and he shall be liable for disciplinary action under Rule – 15 of the OCS (CC & A) Rules, 1962.**

15. Sanction of funds out of Budgetary Provision and release of Letter of Credit would be regulated in terms of the provisions of the preceding paragraphs.

16. The gross provision in the respective Demand for Grant and minimum indicative limit of quarterly expenditure allocation for all the four quarters of 2011-12 is furnished at Annexure-II for guidance. The Administrative Departments are free to enhance the MEP & QEA of first three quarters for their respective Departments in accordance with the instructions contained in the preceding paragraphs and furnish the same to Finance Department by 30.4.2011 and the quarterly LC requisition for the first quarter against annual LC entitlement in respect of works expenditure is to be furnished by 15.4.2011 within the overall limit of QEA for the 1st quarter.

I would, therefore, request you to issue necessary instructions to the Controlling Officers of your Department to implement the cash management plan and help improve the public expenditure management system.

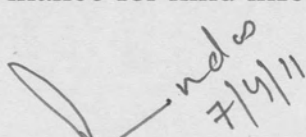
Yours faithfully,

W.
07/14/11

Principal Secretary to Government

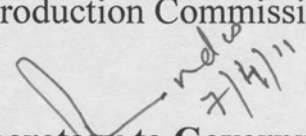
Memo No. 17231/F., Dt. 07/04/2011

Copy forwarded to the Private Secretary to Minister, Finance for kind information of Hon'ble Minister, Finance.


Deputy Secretary to Government

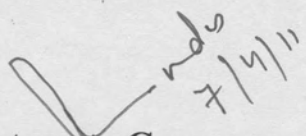
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Deputy Secretary to Government

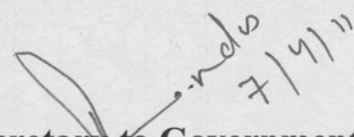
Memo No. 17233(100)/F., Dt. 07/04/2011

Copy forwarded to All Officers of Finance Department/All Branches of Finance Department for information and necessary action.


Deputy Secretary to Government

Memo No. 17234/F., Dt. 07/04/2011

Copy forwarded to Director of Treasuries and Inspection, Orissa, Bhubaneswar for information and necessary action.


Deputy Secretary to Government

ANNEXURE – I

Sl. No.	Demand No.	Name of the Department
1	07	Works
2	10	School & Mass Education
3	11	ST & SC Development
4	12	Health & Family Welfare
5	13	Housing & Urban Development
6	17	Panchayati Raj
7	19	Industries
8	20	Water Resources
9	22	Forest & Environment
10	23	Agriculture
11	28	Rural Development
12	30	Energy
13	33	Fisheries & Animal Resources Development
14	36	Women & Child Development
15	38	Higher Education

ANNEXURE-II**DEMAND-WISE GROSS PROVISION AND QEA FOR THE DEPARTMENTS
INCLUDED IN THE CASH MANAGEMENT SYSTEM DURING 2011-12.****(Rs. in Crore)**

GROSS BUDGET PROVISION							FIRST QUARTER (15% of Gross Provision in the B.E)				
D. No.	Deptt.	Budget Estimate, 2011-12					Quarterly Expenditure Allocation (QEA) for the 1st Quarter i.e. from April to June, 2011				
		Non Plan	State Plan	Central Plan	C.S.P.	Total	Non Plan	State Plan	Central Plan	C.S.P.	Total
1	2	3	4	5	6	7	8	9	10	11	12
07	Works	1036.21	1064.79	8.38	21.00	2130.38	155.43	159.72	1.26	3.15	319.56
10	S&M Edn.	3828.13	1213.50	83.25	190.56	5315.44	574.22	182.03	12.49	28.58	797.32
11	ST & SC Dev.	456.90	728.95	88.47	12.00	1286.33	68.54	109.34	13.27	1.80	192.95
12	H & FW	1011.00	181.16	258.51	1.00	1451.66	151.65	27.17	38.78	0.15	217.75
13	H & UD	977.93	600.93	3.30	0.00	1582.17	146.69	90.14	0.50	0.00	237.32
17	PR	1162.74	1010.68	7.91	0.41	2181.74	174.41	151.60	1.19	0.06	327.26
19	Industries	129.09	88.92	136.44	48.00	402.45	19.36	13.34	20.47	7.20	60.37
20	WR	800.06	2459.55	0.00	0.00	3259.61	120.01	368.93	0.00	0.00	488.94
22	Forest & Env.	347.96	218.02	25.38	18.25	609.61	52.19	32.70	3.81	2.74	91.44
23	Agriculture	356.88	703.48	16.28	91.34	1167.98	53.53	105.52	2.44	13.70	175.20
28	RD	728.65	828.74	0.00	0.00	1557.39	109.30	124.31	0.00	0.00	233.61
30	Energy	12.29	513.51	0.00	0.00	525.80	1.84	77.03	0.00	0.00	78.87
33	F & ARD	219.39	95.96	21.96	40.39	377.70	32.91	14.39	3.29	6.06	56.66
36	W & CD	263.34	1171.47	23.81	1058.89	2517.51	39.50	175.72	3.57	158.83	377.63
38	Higher Edn.	877.41	237.00	0.63	11.01	1126.06	131.61	35.55	0.10	1.65	168.91
TOTAL		12207.98	11116.67	674.33	1492.85	25491.82	1831.20	1667.50	101.15	223.93	3823.77

ANNEXURE-II (Contd.)

**DEMAND-WISE GROSS PROVISION AND QEA FOR THE DEPARTMENTS
INCLUDED IN THE CASH MANAGEMENT SYSTEM DURING 2011-12.**

(Rs. in Crore)

GROSS BUDGET PROVISION							SECOND QUARTER(15 % of Gross Provision in the B.E)				
D. No.	Deptt.	Budget Estimate, 2011-12					Quarterly Expenditure Allocation (QEA) for the 2nd Quarter i.e. from July to Sept., 2011				
		Non Plan	State Plan	Central Plan	C.S.P.	Total	Non Plan	State Plan	Central Plan	C.S.P.	Total
1	2	3	4	5	6	- 7	8	9	10	11	12
07	Works	1036.21	1064.79	8.38	21.00	2130.38	155.43	159.72	1.26	3.15	319.56
10	S&M Edn.	3828.13	1213.50	83.25	190.56	5315.44	574.22	182.03	12.49	28.58	797.32
11	ST & SC Dev.	456.90	728.95	88.47	12.00	1286.33	68.54	109.34	13.27	1.80	192.95
12	H & FW	1011.00	181.16	258.51	1.00	1451.66	151.65	27.17	38.78	0.15	217.75
13	H & UD	977.93	600.93	3.30	0.00	1582.17	146.69	90.14	0.50	0.00	237.32
17	PR	1162.74	1010.68	7.91	0.41	2181.74	174.41	151.60	1.19	0.06	327.26
19	Industries	129.09	88.92	136.44	48.00	402.45	19.36	13.34	20.47	7.20	60.37
20	WR	800.06	2459.55	0.00	0.00	3259.61	120.01	368.93	0.00	0.00	488.94
22	Forest & Env.	347.96	218.02	25.38	18.25	609.61	52.19	32.70	3.81	2.74	91.44
23	Agriculture	356.88	703.48	16.28	91.34	1167.98	53.53	105.52	2.44	13.70	175.20
28	RD	728.65	828.74	0.00	0.00	1557.39	109.30	124.31	0.00	0.00	233.61
30	Energy	12.29	513.51	0.00	0.00	525.80	1.84	77.03	0.00	0.00	78.87
33	F & ARD	219.39	95.96	21.96	40.39	377.70	32.91	14.39	3.29	6.06	56.66
36	W & CD	263.34	1171.47	23.81	1058.89	2517.51	39.50	175.72	3.57	158.83	377.63
38	Higher Edn.	877.41	237.00	0.63	11.01	1126.06	131.61	35.55	0.10	1.65	168.91
TOTAL		12207.98	11116.67	674.33	1492.85	25491.82	1831.20	1667.50	101.15	223.93	3823.77

ANNEXURE-II (Contd.)

**DEMAND-WISE GROSS PROVISION AND QEA FOR THE DEPARTMENTS
INCLUDED IN THE CASH MANAGEMENT SYSTEM DURING 2011-12.**

(Rs. in Crore)

GROSS BUDGET PROVISION							THIRD QUARTER(30 % of Gross Provision in the B.E)				
D. No.	Deptt.	Budget Estimate, 2011-12					Quarterly Expenditure Allocation (QEA) for the 3rd Quarter i.e. from Oct. to Dec, 2011				
		Non Plan	State Plan	Central Plan	C.S.P.	Total	Non Plan	State Plan	Central Plan	C.S.P.	Total
1	2	3	4	5	6	- 7	8	9	10	11	12
07	Works	1036.21	1064.79	8.38	21.00	2130.38	310.86	319.44	2.51	6.30	639.11
10	S&M Edn.	3828.13	1213.50	83.25	190.56	5315.44	1148.44	364.05	24.97	57.17	1594.63
11	ST & SC Dev.	456.90	728.95	88.47	12.00	1286.33	137.07	218.69	26.54	3.60	385.90
12	H & FW	1011.00	181.16	258.51	1.00	1451.66	303.30	54.35	77.55	0.30	435.50
13	H & UD	977.93	600.93	3.30	0.00	1582.17	293.38	180.28	0.99	0.00	474.65
17	PR	1162.74	1010.68	7.91	0.41	2181.74	348.82	303.21	2.37	0.12	654.52
19	Industries	129.09	88.92	136.44	48.00	402.45	38.73	26.68	40.93	14.40	120.74
20	WR	800.06	2459.55	0.00	0.00	3259.61	240.02	737.87	0.00	0.00	977.88
22	Forest & Env.	347.96	218.02	25.38	18.25	609.61	104.39	65.41	7.61	5.48	182.88
23	Agriculture	356.88	703.48	16.28	91.34	1167.98	107.06	211.04	4.88	27.40	350.39
28	RD	728.65	828.74	0.00	0.00	1557.39	218.59	248.62	0.00	0.00	467.22
30	Energy	12.29	513.51	0.00	0.00	525.80	3.69	154.05	0.00	0.00	157.74
33	F & ARD	219.39	95.96	21.96	40.39	377.70	65.82	28.79	6.59	12.12	113.31
36	W & CD	263.34	1171.47	23.81	1058.89	2517.51	79.00	351.44	7.14	317.67	755.25
38	Higher Edn.	877.41	237.00	0.63	11.01	1126.06	263.22	71.10	0.19	3.30	337.82
TOTAL		12207.98	11116.67	674.33	1492.85	25491.82	3662.39	3335.00	202.30	447.85	7647.55

ANNEXURE-II (Contd.)

**DEMAND-WISE GROSS PROVISION AND QEA FOR THE DEPARTMENTS
INCLUDED IN THE CASH MANAGEMENT SYSTEM DURING 2011-12.**

(Rs. in Crore)

GROSS BUDGET PROVISION							FOURTH QUARTER(40 % of Gross Provision in the B.E)				
D. No.	Deptt.	Budget Estimate, 2011-12					Quarterly Expenditure Allocation (QEA) for the 4th Quarter i.e. from Jan. to March, 2012				
		Non Plan	State Plan	Central Plan	C.S.P.	Total	Non Plan	State Plan	Central Plan	C.S.P.	Total
1	2	3	4	5	6	7	8	9	10	11	12
07	Works	1036.21	1064.79	8.38	21.00	2130.38	414.48	425.92	3.35	8.40	852.15
10	S&M Edn.	3828.13	1213.50	83.25	190.56	5315.44	1531.25	485.40	33.30	76.23	2126.18
11	ST & SC Dev.	456.90	728.95	88.47	12.00	1286.33	182.76	291.58	35.39	4.80	514.53
12	H & FW	1011.00	181.16	258.51	1.00	1451.66	404.40	72.46	103.40	0.40	580.67
13	H & UD	977.93	600.93	3.30	0.00	1582.17	391.17	240.37	1.32	0.00	632.87
17	PR	1162.74	1010.68	7.91	0.41	2181.74	465.10	404.27	3.16	0.16	872.70
19	Industries	129.09	88.92	136.44	48.00	402.45	51.64	35.57	54.58	19.20	160.98
20	WR	800.06	2459.55	0.00	0.00	3259.61	320.02	983.82	0.00	0.00	1303.84
22	Forest & Env.	347.96	218.02	25.38	18.25	609.61	139.18	87.21	10.15	7.30	243.85
23	Agriculture	356.88	703.48	16.28	91.34	1167.98	142.75	281.39	6.51	36.53	467.19
28	RD	728.65	828.74	0.00	0.00	1557.39	291.46	331.50	0.00	0.00	622.96
30	Energy	12.29	513.51	0.00	0.00	525.80	4.92	205.40	0.00	0.00	210.32
33	F & ARD	219.39	95.96	21.96	40.39	377.70	87.76	38.38	8.78	16.16	151.08
36	W & CD	263.34	1171.47	23.81	1058.89	2517.51	105.34	468.59	9.52	423.55	1007.00
38	Higher Edn.	877.41	237.00	0.63	11.01	1126.06	350.96	94.80	0.25	4.41	450.42
TOTAL		12207.98	11116.67	674.33	1492.85	25491.82	4883.19	4446.67	269.73	597.14	10196.73

ANNEXURE – III**Monthly Expenditure Plan for the Financial Year 2011-12
(Budget Estimate)***(Rs. in Crore)*

Month	Non-Plan	State Plan	Central Plan	Centrally Sponsored Plan
April				
May				
June				
July				
August				
September				
October				
November				
December				
January				
February				
March				