

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 35425 ^{***}(42) /F., Dated 12.7.12
FIN-WM-MISC-0003/2012

From

**Shri J.K. Mohapatra, IAS
Principal Secretary to Govt.**

To

**Principal Secretary to Government/
Commissioner-cum-Secretary to Government/
Secretary to Government of all Departments.**

Sub: *Investment of Scheme funds kept in Bank Account by the Implementing Agencies of Centrally Sponsored Plan Schemes above a threshold limit in fixed deposits through Flexi Account.*

Madam/Sir,

I am directed to say that Central Share and State Share or only Central Share of some Centrally Sponsored Plan Schemes which are authorised to be kept in a Bank Account by the Implementing Agencies at the State level District level and below could fetch a higher return if kept in a Flexi Account, where Scheme funds above a threshold limit would be deposited in a Fixed Deposit, in place of the existing return of 4% per annum in case of Savings Bank Account.

2. These days most banks offer a hybrid between savings and fixed deposit accounts that enables to earn a higher return on Savings Account which is commonly referred to as Flexi-Deposit. It helps earning high returns of a fixed deposit on surplus money in the Savings Account. Some banks also offer the flexibility of breaking a part of the fixed deposits without affecting the interest on the rest. These Accounts provide the liquidity associated with Savings Account along with higher returns of Fixed Deposits on surplus funds.

3. In order to get the benefit of a Flexi Account the Implementing Agency has to open a Savings Bank Account with a minimum amount of say ₹10,000/- and will issue standing instructions to the Bank to maintain a certain predetermined balance throughout the tenure of the Account and to transfer the surplus funds over and above the said predetermined balance/ threshold limit to a Fixed Deposit Account in multiples of say ₹1,000/- with a minimum of ₹1,000/- for a fixed maturity period. Whenever the

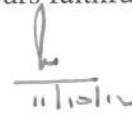
outstanding balance in Savings Bank Account goes below the predetermined balance/ threshold limit the gap will be bridged by transfer from the Fixed Deposit Account.

4. Interest credited in the Bank balances forms a part of the scheme funds wherever the Scheme Guidelines permit. As such the higher return from Flexi Deposits could be utilised for expanding the coverage of the Scheme notwithstanding the stipulations contained in the guidelines for the schemes for keeping the Scheme Funds in Savings Account.

5. While choosing the scheme of deposit and maturity period of the Fixed Deposits, it should be seen that funds are not locked up beyond the financial year so as to ensure that liquidity is maintained in the account by pre-mature withdrawal from Fixed Deposit. This would ensure that Flexi Accounts do not stand in the way of timely flow of funds for programme implementation.

6. You are, therefore, requested to issue instructions to the Implementing Agencies at the State level, District and Sub-District level, which are authorised to keep the Central Share and State Share or only Central Share of the Centrally Sponsored Plan Schemes in Bank Accounts, in Flexi Accounts so that higher interest accruals from the scheme funds can be ploughed back to expand the coverage of the Scheme without affecting fund flow for the scheme.

Yours faithfully,



Principal Secretary to Government.

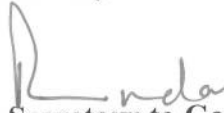
Memo No. 35426 (3) /F., Dt. 12.X.12

Copy forwarded to the Private Secretary to Minister, Finance and Public Enterprises/Minister, Panchayati Raj, Parliamentary Affairs for kind information of Hon'ble Minister, Finance and Public Enterprises/Minister, Panchayati Raj, Parliamentary Affairs.


Deputy Secretary to Government 11/10/12

Memo No. 35427 (4) /F., Dt. 12.X.12

Copy forwarded to the Private Secretaries to Chief Secretary/D.C.-cum-Additional Chief Secretary/Agriculture Production Commissioner/ Principal Secretary Finance Department for kind information of Chief Secretary/D.C.-cum-Additional Chief Secretary/Agriculture Production Commissioner/ Principal Secretary Finance Department.


Deputy Secretary to Government 11/10/12

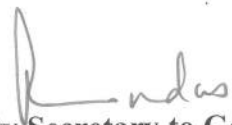
Memo No. 35428 (185) /F., Dt. 12.X.12

Copy forwarded to all Heads of Department for information & necessary action. The aforesaid guidelines should be scrupulously followed.


Deputy Secretary to Government 11/10/12

Memo No. 35429 (100) /F., Dt. 12.X.12

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Deputy Secretary to Government 11/10/12