

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No 26221 /F,
FIN-PF-BT-0002-2014

Date 26/9/2016

From

**Sri A.K.K. Meena, IAS
Special Secretary to Government.**

To

**The DC-cum-ACS to Government/
Principal Secretaries to Government/
Commissioner-cum-Secretaries to Government/
Special Secretary to Government/
E.I.C-cum-Secretary to Government
All Departments of Government**

Sub: Guidelines for Flexi-Funds within Centrally Sponsored Schemes (CSSs)-revised.

Sir/Madam,

Ministry of Finance, Government of India had earlier issued guidelines for Flexi-Funds of at least 10% of each Centrally Sponsored Schemes (CSSs) in order to provide flexibility to States to meet local needs and requirements within the overall objective of each programme and scheme, pilot innovations and improved efficiency within the overall objective of the scheme and its expected outcomes and undertake mitigation/restoration activities in case of natural calamities in the sector covered by the CSSs vide Office Memorandum dated 6th January, 2014. Further, basing on the recommendations of the Sub-Group of Chief Ministers and consultation with stake holders, NITI Aayog has issued instructions for rationalisation of CSS raising it from 10% to 25% for all States. **Accordingly Government of India have raised the availability of Flexi-Funds from 10% to 25% in each CSS vide Office Memorandum dated 6th September, 2016.** Copy of the guidelines is enclosed for reference.

2. In accordance with Para-10 of the guidelines issued earlier Planning & Convergence Department have constituted a State Level Sanctioning Committee (SLSC) vide Resolution No. 2057/P dated 14.02.2014 to guide Departments in preparation, approval and monitoring of innovative projects in CSS segments.

3. The revised guidelines lay down that, States may, if they so desire, set aside 25% of any CSS (including the central and state share for any given scheme in a financial year) as flexi fund to be spent on any sub-scheme or component or innovation that is in line with the overall aim and objectives of the approved scheme. **Name, Acronym and the Logo of the CSS concerned are to be retained by the States for the flexi fund component as these are core feature of any CSS failing which the central contribution will cease and the flexi fund component will become a purely State scheme.** Besides, the principles relating to use, monitoring, evaluation and audit of flexi-funds have also been laid down in the guidelines.

It is, therefore, requested to take necessary steps for preparation of innovative projects in CSS segments in accordance with the principles of the guidelines for flexi-fund issued by Ministry of Finance, Government of India for approval and monitoring of the projects by the State Level Sanctioning Committee (SLSC) and execute the projects fulfilling the objectives of the CSS.

Yours faithfully,

Johok
24/5/16

Special Secretary to Government

Memo No 26222 /F,

Date 26/9/2016

Copy with copy of the enclosure forwarded to FAs/AFAs of all Departments of Government for information and necessary action.

P. Prigwal
Deputy Secretary to Govt.
24.9.16

Memo No 26223 /F,

Date 26/9/2016

Copy with copy of the enclosure forwarded to all Budget and Expenditure Branches of Finance Department for information and necessary action. **They are requested to nominate an Officer of appropriate rank to represent Finance Department in the SLSC constituted in P&C Department.**

P. Prigwal
Deputy Secretary to Govt.
24.9.16

Memo No 26224 /F,

Date 26/9/2016

Copy with copy of the enclosure (both hard and soft copy) forwarded to the Head, State Portal Group, IT Centre, Odisha Secretariat with a request to upload the same in the website of Finance Department with the caption "Guidelines for Flexi-Funds within Centrally Sponsored Plan Schemes (CSS)_revised".

P. Prigwal
Deputy Secretary to Govt.
24.9.16



F.No. 55(5)/PF-II/2011
Ministry of Finance
Department of Expenditure
Plan Finance-II Division

New Delhi, dated 6th September, 2016

Office Memorandum

Subject: Guidelines for Flexi-Funds within Centrally Sponsored Schemes.

Reference is invited to this Department OM of even no. dated 6th January, 2014 on the subject mentioned above. It was stipulated that the Central Ministries should provide 10% of their budget under each CSS as a flexi-fund, except for schemes which emanate from a legislation or where the whole or a substantial proportion of the budgetary allocation is flexible.

2. Based on the recommendations of the Sub-Group of Chief Ministers and consultations with stake holders, NITI Aayog has issued instructions for Rationalization of CSS, vide OM No. O-11013/02/2015-CSS & CMC dated 17th August, 2016. As per para 6 of the said OM, flexi-funds available in each CSS has been raised from the current level of 10% to 25% for States, and 30% for UTs, of the overall annual allocation under each scheme.

3. These instructions will be applicable for Centrally Sponsored Schemes, except those which emanate from a legislation (e.g. MGNREGA), or, schemes where the whole or a substantial proportion of the budgetary allocation is flexible (e.g. Rashtriya Krishi Vikas Yojna, Border Area Development Program, Shyama Prasad Mukherjee Rurban Mission etc.). The provisions of this Department's OM No.55(5)/PF-II/2011 dated 6th January, 2014 *ibid* are substituted as follows:

Objectives

4. The flexi-fund component within the Centrally Sponsored Schemes can be used to achieve the following objectives:

- (i) To provide flexibility to States to meet local needs and requirements within the overall objective of any given Scheme at the sub-head level;
- (ii) To pilot innovation to improve efficiency within the overall objective of any given Scheme at the sub-head level;
- (iii) To undertake mitigation/ restoration activities in case of natural calamities, or to satisfy local requirements in areas affected by internal security disturbances.

Fund Allocation and Approval

5. States may, if they so desire, set aside 25% of any Centrally Sponsored Scheme (including the central and state share for any given scheme in a financial year) as flexi fund to be spent on any sub-scheme or component or innovation that is in line with the overall aim and objectives of the approved Scheme.

6. The States, who want to avail of the flexi-fund facility, should constitute a State Level Sanctioning Committee (SLSC) on the lines of RKVY to sanction projects or activities under the flexi-fund component. However, participation of the concerned Central Ministry would be mandatory in the SLSC before the flexi-fund facility is invoked under any Centrally Sponsored Scheme.

7. It may be noted that the Name, Acronym and the Logo are the core feature of any Centrally Sponsored Scheme, which must be retained for the flexi fund component as well. If the States change any of these core features, the central contribution will cease and the flexi fund component will become a purely state scheme.

Use of flexi-funds

8. The flexi-fund would continue to be part of the parent Centrally Sponsored Scheme. It may be operated at the level of the Scheme, Sub-scheme and its Components, but not at the level of the Umbrella Program, *for example*, flexi-funds can be spent on any sub-scheme or component, including creation of a new innovative component, under the primary education scheme, but cannot be used to move primary education funds to the higher education or to any other sector. However, it would be permissible to use flexi-funds to converge different schemes under an umbrella program to improve efficiency and effectiveness of outcomes, *for example*, nutrition mission can be used to converge anganwadi services with maternity benefits, and health care networks can be used to provide a continuum of health care services across the primary, secondary and tertiary levels.

9. It may also be noted that the purpose of flexi-funds is to enable the States to satisfy local needs and undertake innovations in areas covered by the Centrally Sponsored Schemes. Flexi-funds should not be used to substitute State's own schemes and project expenditures. It should also not be used for construction/repair of offices/residences for government officials, general publicity, purchase of vehicles/furniture for offices, distribution of consumer durables/non-durables, incentives/rewards for staff and other unproductive expenditures.

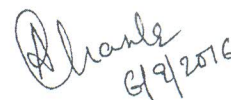
Monitoring, Evaluation & Audit

10. Web-based reporting for the use of flexi-funds may be designed by adding modules to the existing MIS. Outcomes (medium term) and outputs (short term) should be part of the MIS along with pictures/images and good practices to ensure greater transparency and learning across States.

11. Evaluation of flexi-funds may be done through the existing evaluation mechanism, including those set by the Ministries, NITI Aayog, or by independent third parties. Terms and conditions for evaluation may be designed in such a manner that outcomes of the Scheme as a whole, as well as the flexi-funds are well identified and measurable.

12. Flexi-funds within each CSS will be subject to the same audit requirements as the parent Centrally Sponsored Scheme, including audit by the Comptroller & Auditor General.

13. *These guidelines issue with the approval of the Finance Minister and come into force with immediate effect.*



(Arunish Chawla)

Joint Secretary to the Government of India

1. Secretaries, All Departments/Ministries, Government of India.
2. Chief Secretaries, All States/Union Territories.