

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 11826 /F, dated 31.03.2018
FIN-WM-BT-0001-2018

From

**Shri Tuhin Kanta Pandey, I.A.S.,
Principal Secretary to Government.**

To

**The Additional Chief Secretaries/
Principal Secretaries/
Commissioner-cum-Secretaries/
Secretaries to Government/
All Heads of Department.**

Sub: Regulation of Expenditure out of the Vote on Account for the year, 2018-19.

Madam / Sir,

I am directed to say that the Administrative Departments will be authorized to incur expenditure on existing establishment and on-going scheme during the first month of the Financial Year, 2018-19 beginning from 1st April, 2018 to 30th April, 2018 as soon as the Appropriation (Vote on Account) Bill for 2018-19 is passed by the State Legislature and enacted.

2. On removal of Plan & Non-Plan distinction in Budget, the formats of various budget documents have been revised which now distinguishes the budgetary allocation in terms of revenue and capital expenditure and not in terms of Plan and Non-Plan. The State Government budgetary expenditure is now classified into the following four broad categories.

A. Administrative Expenditure:

- (i) Establishment, Operations & Maintenance (EOM) Expenditure
- (ii) Debt Servicing Expenditure

B. Programme Expenditure:

- (i) State Sector Schemes
- (ii) Central Sector Schemes
- (iii) Centrally Sponsored Schemes

C. Disaster Response Funds :

- (i) State Disaster Response Fund
- (ii) National Disaster Response Fund

*Revised
Classification
of State Govt.
expenditure*

D. Transfers from State:

- (i) Union Finance Commission Transfers to Local Bodies
- (ii) State Finance Commission Transfers to Local Bodies
- (iii) Other Transfers

3. It is necessary to expedite the pace of expenditure during the 1st quarter of the financial year as it is the working season before the onset of monsoon. The Departments should, therefore, carefully chalk out a work programme from the beginning of the financial year **and make available the provision made in the Demand for Grants and Appropriations within the overall limit indicated in the Voted, Charged, Revenue and Capital section of the Vote on Account under column (5) and (6) of the Vote on Account, 2018-19 to the spending Units by 31st March, 2018.** The guiding principles and modalities for sanction and release of funds in terms of the **Vote on Account, 2018-19** are specified below.

4. Keeping the above mentioned objective in view, while sanctioning funds, the following guidelines are to be observed.

(i) Expenditure on creation of capital assets and completion of projects; economy in Administrative Expenditure on establishment, operations and maintenance should be given top most priority.

(ii) Funds should be released according to a definite action plan for achieving the quantifiable physical target fixed for the year. The Secretaries of Administrative Departments are to review physical achievement against expenditure by 15th of every month against monthly/quarterly targets.

(iii) Statutory dues viz. Sales Tax/VAT, GST, Municipal Tax, compensation for land acquisition etc. as well as electricity dues, water charges and Rents, Rates and Taxes, both current and arrears, should be cleared on the basis of provision made in the Budget, after verification and scrutiny and rebate where-ever available should be availed. If any delayed payment surcharge is levied, it would be the personal responsibility of the concerned Head of Office/DDO. The Administrative Department, Heads of Department and Head of Office are authorised to purchase pre-paid electricity Card/Meter from the Distribution Companies for advance payment of electricity charges which would be adjusted against the actual consumption.

(iv) 1/12th of the annual allocation under M.V., Telephone, T.E. and Office Expenses should be distributed.

(v) The maintenance expenditure under **Administrative Expenditure {Establishment, Operations and Maintenance (EOM) Expenditure}** for Roads & Bridges, Buildings, Urban Water Supply, Rural Water Supply, Major, Medium & Minor Irrigation, Flood Control work etc. should be limited to 1/12th of the Annual Provision and spent according to the Annual Maintenance Plan formulated by the concerned Administrative Department in consultation with Finance Department. However, the allocation for O & M expenditure in respect of Urban Water Supply,

Rural Water Supply, Major, Medium & Minor Irrigation, Flood Control work etc. may exceed the limit of 1/12th of Annual Provision in case of necessity in consultation with Financial Advisors of the Departments subject to the overall limit indicated in **the Voted, Charged, Revenue and Capital section of the Vote on Account under column (5) and (6) of the Vote on Account, 2018-19.**

(vi) Creation of posts would require prior concurrence of Finance Department. **Permission of the Empowered Committee constituted in terms of Finance Department Resolution No. 22989/F., dated 05.08.2014, would be required for filling up of base level vacant posts meant for direct recruitment.** Proposals for creation and filling up of posts should be made only if the posts are essential for delivery of public services or developmental needs.

(vii) **Purchase of new vehicles** would require prior concurrence of Finance Department. It would be considered only on replacement basis and on the certificate of the Secretary of the Department regarding availability of a Driver whose residual service period should be at least equal to the life period of a new vehicle and deposit of the sale proceeds of the condemned vehicle in Government Account. In terms of Finance Department Office Memorandum No. 27037/F., dated 08.10.2015, the Administrative Departments shall be competent to take a decision at their level for hiring of private vehicle for official use in substitution of existing Government vehicle after completion of the process of condemnation and auction of old vehicle and deposit of the sale-proceeds in treasury. However, hiring sought without condemnation of existing vehicles and hiring of vehicles for new offices will require prior concurrence of Finance Department.

(viii) Concurrence of Finance Department would not be necessary for purchase of machinery and equipment if it is within the overall limit of sanction of the Administrative Departments as well as overall limit indicated in the Voted, Charged, Revenue and Capital section of the Vote on Account under column (5) and (6) of the Vote on Account, 2018-19.

*Priority areas
of expenditure*

5. While releasing funds, priority should be given for programmes/schemes where expenditure is reimbursable, completion of the incomplete projects under the Zero Based Investment Review and State's Own Flagship Programme e.g.- (i) EAP, RIDF, LTIF and other Resource Tied up schemes under Programme Expenditure, (ii) Central Sector Schemes and Centrally Sponsored Schemes, (iii) State Sector Schemes under Programme Expenditure like Biju KBK, Gopabandhu Gramin Yojana, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Biju-Kandhamal O Gajapati Yojana, Madhubabu Pension Yojana, BASUDHA, Jananidhi Scheme for utilization of ground water in water deficit areas and Construction of Check Dams, Biju Setu Yojana, Mega Lift Scheme etc., (iv) Disaster Response Funds.

*Submission of
Utilisation
Certificate*

6. While scrutinizing proposals for sanction of expenditure during the year 2018-19, the progress of submission of Utilization Certificate in respect of expenditure

incurred up to the preceding month and expenditure incurred during 2017-18 should be reviewed by the Administrative Departments. It should be ensured that the implementing agencies utilize the scheme funds transferred to them. **Before releasing money to the implementing agencies it should be ensured that the implementing agencies have utilized the funds transferred to them in the previous years and the same has not been lying unutilized and parked by the implementing agencies in Bank Account. The time limit for submission of Utilization Certificate in respect of grant in aid provided by State Government and grants received from Government of India as indicated in Finance Department O.M. No.21241/F., dated 17.07.2014 is to be scrupulously adhered to.** The Financial Advisors and Assistant Financial Advisors are required to enforce the discipline while concurring in the proposal for sanction of grant-in-aid.

Even pacing of expenditure

7. The flow of expenditure should be evenly paced and commensurate with the revenue receipts. However, it is noticed that expenditure pattern is skewed and back-loaded. Therefore, it is necessary to formulate quarterly and monthly expenditure plans from the beginning of the year to avoid rush of expenditure towards the year-end. In order to achieve this objective, completion of the formalities relating to sanction and release of funds in the early part of the financial year would accelerate the pace of expenditure in the 1st three quarters. The expenditure in the last quarter of the financial year and in the month of March ought to be within 40% and 15% respectively of the Annual Budget provision. This necessitates expeditious sanction and allotment of funds.

Sanction & Release of Funds from Vote on Account

8. **Expenditure is to be incurred only on existing establishments and ongoing schemes and programmes.** The Administrative Departments are requested to follow the instructions mentioned below, while allocating funds and incurring expenditure in respect of each unit of appropriation out of the provision made in the Demand for Grants and Appropriations and limit indicated in the Vote on Account 2018-19. **It must be ensured that no expenditure on a New scheme/programme is incurred until the Demands for the whole year are passed by the Legislative Assembly and the related Appropriation Bill is enacted.**

(I) **The expenditure under a minor head should ordinarily be limited to 1/12th of the provision under Administrative Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State made for the financial year, 2018-19, in the Demand for Grants and Appropriations. However, in case of Calamity Relief, Election expenditure and other emergent expenditure and Programme Expenditure, the limit of 1/12th of the provision can be exceeded within the overall limit of appropriation indicated in the Vote on Account, 2018-19 in the respective Demand for Grants. In all such cases, it can be exceeded in the functional major/minor heads subject to the overall limit indicated in the Voted, Charged, Revenue and Capital section of the Vote on Account under column (5)**

and (6) of the Vote on Account, 2018-19, with prior concurrence of Financial Advisor/A.F.A of the Department.

(II) Detail unit of appropriation like Pay, DA, HRA etc. have been indicated below the minor head. The details of the provision below the minor head up-to the unit of appropriation has been made available through the Budget Interface and Works expenditure module and placed in the Treasury portal (<http://www.odishatreasury.gov.in/> www.ifmsodisha.gov.in). Accordingly, the Administrative Departments/ Controlling Officers need to assess their requirements under each unit of appropriation and issue allotment order to concerned DDOs. For assessment of the requirement under different units of appropriation, the following procedure shall be adopted.

- (a) **Allotments should be distributed to meet the requirement for a period of one month only for each unit of appropriation.**
- (b) For salary components, calculation should be made as follows :
 - i) Pay - 1/12th of the provision for 2018-19 should be distributed.
 - ii) **D.A at the prevailing rate should be worked out, on the requirement under Pay.**
 - iii) H.R.A. - As per the admissible rate for one month.
 - iv) Un-utilized leave salary of retired Government Servants and those retiring between 01.04.2018 to 30.04.2018 should also be paid in full.
 - v) Depending on urgency, **arrear salary (40% of the arrear salary if undrawn during 2017-18)** may be released within 1/12th of the provision.
- (c) For non-salary components unit-wise provision should be calculated by taking 10% increase over the expenditure made in the year 2017-18 excluding the provision for non-recurring expenditure like purchase of vehicles and contingencies etc. The recurring expenditure under non-salary components is to be considered while calculating 1/12th of the unit-wise provision for the year 2018-19 for distribution.
 - i) While calculating 1/12th of the Budget provision under Administrative Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State, the sectoral allocation i.e. provision made under Administrative Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State should be calculated separately. **Expenditure is to be incurred only on existing establishments and ongoing schemes and programmes.**

- ii) Expenditure for the continuing Central Sector Schemes/Centrally Sponsored Schemes out of the Vote on Account, 2018-19, only should be considered, subject to the limit of Vote on Account and receipt of Central Assistance. The state share is to be released in accordance with receipt of Central Assistance. **However, in case of urgent necessity for release of funds**, the Administrative Departments can incur expenditure to the extent of 1/12th of the provision under the respective scheme or 1/12th of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during April, 2018 in respect of continuing **Central Sector Schemes, Centrally Sponsored Schemes** pending receipt of Central Assistance with concurrence of the Financial Advisor / A.F.A of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component up to 1/12th of the provision, during April, 2018 in anticipation of receipt of Central Assistance up to 30.04.2018 without concurrence of Finance Department.**

Illustrations :

- a) *In case of a Centrally Sponsored Schemes with financing pattern of CS:SS - 60:40, if the budget provision is Rs.100.00 crore, on receipt of CS of Rs.30.00 crore, CS of Rs.30.00 crore together with SS of Rs.20.00 crore can be released, subject to the overall limit indicated in the Voted, Charged, Revenue and Capital section of the Vote on Account under column (5) and (6) of the Vote on Account, 2018-19.*
- b) *In case of PMGSY (with financing pattern of CS:SS - 60:40), if the Budget provision is Rs.500.00 crore, on receipt of CS of Rs.180.00 crore, CS of Rs.180.00 crore together with SS of Rs.120.00 crore can be released subject to the overall limit indicated in the Capital Section of the Vote on Account under column (6) of the Vote on Account, 2018-19.*
- c) *In case of SSA, (with financing pattern of CS:SS - 60:40), if the Budget provision is Rs.200.00 crore, on receipt of CS of Rs.90.00 crore, CS of Rs.90.00 crore together with SS of Rs.60.00 crore can be released subject to the overall limit indicated in the Revenue Section of the Vote on Account under column (5) of the Vote on Account, 2018-19.*
- iii) Prior concurrence of Finance Department and Planning & Convergence Department would be necessary for release of funds in case of items of expenditure reserved for post budget scrutiny.
- iv) The Administrative Departments including those covered under the Cash Management System can sanction expenditure on existing schemes when the scope of the scheme is proposed to be substantially altered and /or cost estimate of projects/schemes are to be revised, **only after completion of the process of appraisal and approval by the competent authority as prescribed in Finance Department O.M. No.1068/F dated 10.01.2013 read with Rule-17-A of the Delegation of Financial Power Rules, 1978 and the Demands for the whole**

year are voted by the Legislative Assembly and the related Appropriation Bill is enacted.

*Online
distribution of
allotment to
DDOs through
Treasury
Portal*

9. (i) Instructions have been issued to all Departments vide Finance Department Letter No.8520/F, dated 29th March, 2018 to complete the process of distribution of allotments to the D.D.Os within the limit of expenditure mentioned in the Vote on Account, 2018-19, through Odisha Treasury Portal (<http://www.odishatreasury.gov.in> / www.ifmsodisha.gov.in) by 31.03.2018. The detailed DDO-wise Budget Allotments should be distributed forthwith through Odisha Treasury Portal - (<http://www.odishatreasury.gov.in>/www.ifmsodisha.gov.in) if not already done, in order to enable the Treasuries/Special Treasuries/Sub Treasuries to check the bills against budgetary allotment through IFMS. The DDOs need not wait for ink-signed copy of the allotment.

The detailed provision made in the Demand for Grants and Appropriations and the limit of expenditure indicated in the Vote on Account, 2018-19 will be made available in the Budget Interface and works expenditure module of IFMS Portal (<http://www.odishatreasury.gov.in> / www.ifmsodisha.gov.in) enabling Administrative Departments to distribute the allotments within the limit of expenditure mentioned in the Vote on Account.

Accordingly, the Treasury Portal should capture the unit-wise expenditure allowed against the provision made in the Demand for Grants and Appropriations and the limit of expenditure indicated in Vote on Account, 2018-19 and account for the expenditure against these units against the provisions made for the whole year after the Annual Budget, 2018-19 is passed by the Legislative Assembly and the related Appropriation Bill is enacted. The Treasuries and Sub-Treasuries should, therefore, **insist on full accounting classification i.e. detailed description from Major Head to Unit of appropriation in the Bills presented for drawal.**

(ii) Allotment for Works Expenditure of Forest & Environment, Rural Development, Water Resources, Housing & Urban Development, Energy & Works Department against Budget provision, N.H. Credit and Deposits, based on budgetary allotment and accounts of the Division/Project, drawn through cheques, would continue to be routed through Works Expenditure module of the Treasury Portal and regulated by Finance Department Circular No. 28777(6)/F., dated 24.06.2011. The Controlling Officers are advised to distribute budgetary allotment in respect of works expenditure to the Divisions/projects through Works Expenditure module of the Treasury Portal.

(iii) Separate expenditure sanction would also be necessary in case of Works expenditure/projects governed by Public Works Department Code, in terms of the provisions contained in Rule-17 (d) of the Delegation of Financial Powers Rules,1978 as amended from time to time.

(iv) Guidelines for utilization of provisions made for different works under **Programme Expenditure** of Works, Rural Development, Housing & Urban Development and Water Resources Department and construction of buildings issued vide Finance Department O.M No. 15744/F., dated 05.04.2012 should be followed scrupulously for release of the budgetary allocation for these works.

10. Central Sector Schemes and Centrally Sponsored Schemes:

Central Sector Schemes and Centrally Sponsored Schemes

(i) Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2018-19 for continuing schemes. However, in case of urgent necessity for release of funds, the Administrative Departments can incur expenditure to the extent of 1/12th of the provision under the respective scheme or 1/12th of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during April, 2018 in respect of continuing **Central Sector Schemes, Centrally Sponsored Schemes** pending receipt of Central Assistance with concurrence of the Financial Advisor/A.F.A of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component up to 1/12th of the provision, during April, 2018 in anticipation of receipt of Central Assistance up to 30.04.2018 without concurrence of Finance Department.**

(ii) The Administrative Departments should furnish Utilisation Certificate and Statement of Expenditure in time to the respective line Ministries of Government of India in order to obtain the Central Assistance due.

(iii) To facilitate monitoring of the receipt and utilization of central assistance, the sanction order for **Central Sector Schemes and Centrally Sponsored Schemes** should be issued in respect of the total provision under **Central Sector Schemes/Centrally Sponsored Schemes**, inclusive of the State Share (indicating the proportionate State Share) and the drawal should be made for the **Central Sector Schemes/Centrally Sponsored Schemes** as a whole. The sanction order should be generated through the sanction order module of IFMS.

11. Budgetary funds will in no case be transferred to Civil Deposit.

Cash Management System for 20 Departments

12. (i) Cash Management System was introduced in 10 key spending Departments in 2010-11. Thereafter, it has been extended to 10 more Departments during 2011-12 to 2017-18. **For these 20 Departments, the minimum level of expenditure up to the 3rd quarter i.e. 60%, not only under Administrative Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State taken together but also under Programme Expenditure alone under the Cash Management System is non-negotiable. Besides, the Works, H&UD, Water Resources, Rural Development, Forest & Environment Departments and Department of**

Agriculture and Farmers' Empowerment are required to incur expenditure to the extent of 25%, 15% and 20% of the Gross provision in the Budget Estimates in the 1st, 2nd and 3rd Quarters respectively, taking into consideration their working season. Separate instructions will be issued by Finance Department in this regard. Failure to reach the prescribed level of expenditure will result in resumption of the shortfall by Finance Department.

*Enhanced
Delegation
for sanction
of funds
under Cash
Management
System*

(ii) **Enhanced delegation for sanction of funds by the Administrative Departments covered under the Cash Management System :** The Administrative Departments are authorized to sanction expenditure under **Administrative Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State** up to the limit of the Monthly Expenditure Plan (MEP) for April, 2018 including expenditure for grants and subsidies, subject to the procedure and limit of expenditure indicated in paragraph-8 in respect of sanction and release of funds from Vote on Account.

(a) **Central Sector Schemes, Centrally Sponsored Schemes :** Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2018-19 for continuing schemes. However, in case of urgent necessity for release of funds, the Administrative Departments can incur expenditure to the extent of 1/12th of the provision under the respective scheme or 1/12th of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during April, 2018 in respect of continuing Central Sector Schemes, Centrally Sponsored Schemes pending receipt of Central Assistance with concurrence of the Financial Advisor/A.F.A of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component** up to 1/12th of the provision, during April, 2018 in anticipation of receipt of Central Assistance up to **30.04.2018** without concurrence of Finance Department.

(b) 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.

(c) 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 June, 2018 and then release the amount at their level subject to recovery of outstanding Government dues and opening of Escrow Account.

(d) Release of funds in respect of schemes/provisions reserved for Post Budget Scrutiny would be subject to prior approval of Finance Department/Planning & Convergence Department as the case may be.

*General
limit of
Sanction*

13. (I) General limit of sanction : The Administrative Departments not covered under the Cash Management System are authorized to sanction expenditure up to

Rs.1500.00 lakh at a time under **Administrative Expenditure & Transfers from State** and Rs.3000.00 lakh under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** subject to the procedure and limit of expenditure indicated in paragraph-8 in respect of sanction and release of funds from Vote on Account. Sanction of expenditure exceeding these limits would require prior concurrence of Finance Department

(II) Full power for sanction of expenditure in specific cases : Notwithstanding the limits indicated at Sub-Para (I) above but subject to the procedure and limit of expenditure indicated in paragraph-8 in respect of sanction and release of funds from Vote on Account, the Administrative Departments are fully empowered to sanction expenditure for :

(a) Provisions made under **Disaster Response Funds** against Relief expenditure and provisions made under **Administrative Expenditure and Programme Expenditure** towards Grant-in-aid (salary) for Aided Educational Institutions, Scholarship and Stipend to SC & ST Students, SOAP, NOAP, ODP, Modernization of State Police Force (including advance payment to Ordnance Factories for procurement of arms and ammunitions) and other Security related expenditure.

(b) All resource-tied up schemes and State's Own Flagship Programmes like Biju KBK, Gopabandhu Gramin Yojana, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Biju-Kandhamal O Gajapati Yojana, Madhubabu Pension Yojana, BASUDHA, Jalanidhi Scheme for utilization of ground water in water deficit areas and Construction of Check Dams, Biju Setu Yojana, Mega Lift Scheme, etc. under **Programme Expenditure**.

(c) **Central Sector Schemes, Centrally Sponsored Schemes :** Normally, expenditure for these schemes is to be made against availability of Central Assistance only during 2018-19 for continuing schemes. However, in case of urgent necessity for release of funds, the Administrative Departments can incur expenditure to the extent of 1/12th of the provision under the respective scheme or 1/12th of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during April, 2018 in respect of continuing Central Sector Schemes, Centrally Sponsored Schemes pending receipt of Central Assistance with concurrence of the Financial Advisor/A.F.A of the Departments. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component** up to 1/12th of the provision, during April, 2018 in anticipation of receipt of Central Assistance up to **30.04.2018** without concurrence of Finance Department.

(d) 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.

(e) Release of funds in respect of schemes/provisions reserved for Post Budget Scrutiny would be subject to prior approval of Finance Department/Planning & Convergence Department as the case may be.

14. The Administrative Departments not covered under the Cash Management System are authorized to sanction:

(i) Share Capital/Loan to PSUs/Co-operatives subject to recovery of outstanding Government dues, opening up of Escrow Account and with prior approval of the Project Approval Committee and the Empowered Committee, in one go, within 30th June, 2018 in respect of the entire provision made for the purpose in their Demand for Grant, as the case may be and within the limit indicated in Para 13(I) above.

(ii) Grant-in-aid and subsidy to PSUs/Co-operatives shall also be made by the Administrative Departments subject to adjustment of outstanding Government dues, opening up of Escrow Account and within the limit indicated in Para-13(I) above.

15. In case any Administrative Department, including those under the Cash Management System, intends to grant any relief to any PSU/Co-operative in recovery of outstanding Government dues while releasing Share capital/loan or subsidy, prior concurrence of Finance Department would be necessary.

16. All Administrative Departments including those covered under the Cash Management System would be required to obtain prior approval of Finance Department/Planning and Convergence Department as the case may be before releasing funds in respect of schemes/provisions reserved for Post Budget Scrutiny.

17. All Administrative Departments including those covered under the Cash Management System can sanction expenditure on existing schemes when the scope of the scheme is proposed to be substantially altered and/or cost estimate of projects/schemes are to be revised, within the general limit of sanction prescribed in paragraph 12 & 13 **only after completion of the process of appraisal and approval by the competent authority** as prescribed in Finance Department O.M. No.1068/F dated 10.01.2013 read with Rule-17-A of the Delegation of Financial Power Rules, 1978 **and after the Demands for the whole year are passed by Legislative Assembly and Appropriation Act is enacted. It must be ensured that no expenditure on a New scheme/programme is incurred until the Demands for the whole year are passed by the Legislative Assembly and the related Appropriation Bill is enacted.**

18. **Cases of expenditure sanction which require prior approval of Finance Department in the light of the guidelines set out in the foregoing paragraphs are listed out at Annexure-I for the sake of clarity.**

19. (i) As envisaged under S.R. 242 of O.T.C. Vol.-I, money should not be drawn from the Treasury unless it is required for immediate disbursement. The system of electronic disbursement of Government payments directly to the beneficiary account

has been introduced vide Finance Department O.M. No. 27444/F dated 26.7.2012 with the objective of direct payment to the beneficiaries and vendors and to prevent parking of funds in bank accounts by the DDOs. Instances have come to the notice of Government that money drawn by the DDOs is being kept unutilized for indefinite period. This adversely affects the Ways and Means position of the State. Drawal and retention of funds results in deferment/deprivation of the expenditure on priority items which are linked with developmental activities. In order to prevent drawal of money and retention thereof in shape of cash/bank draft, the DDOs must record a certificate on the body of the bills presented after **31st March, 2018** as follows:

“the money drawn in cash/bank drafts up to the period 31.03.2018 has been disbursed by now except Rs. _____ which would be disbursed by 30.04.2018 at the latest”.

(ii) Similarly, while presenting the pay bill for **April, 2018** to be paid on or after 01.05.2018, the D.D.O must record a certificate that:

“all money drawn in cash/bank draft up to the period 31.03. 2018 have been fully disbursed and no amount is lying un-disbursed with him”.

(iii) While presenting the pay bill for the month of **May, 2018** onwards, the D.D.O. must record a certificate to the effect that:

“the money drawn in shape of cash/bank draft through the bills presented during the previous months has been disbursed except the money drawn in A.C. bills and the amount now proposed for withdrawal in this bill in shape of Cash/Bank draft shall be disbursed within a period of 15 days from the date of actual drawal from the Bank/Treasury”.

(iv) While scrutinizing the bills to be presented during 2018-19, the Treasury Officers must check and ensure that a certificate is recorded on the body of the bill by the D.D.O. concerned to the effect that no amount of money drawn from Treasury/Bank has been kept in deposit account without specific prior approval of Finance Department.

(v) It is observed that the cash balance Certificate is being furnished in a routine manner although huge amounts remain un-disbursed for a long period, which seriously affects the Ways & Means position of the State. **The DDOs shall therefore furnish a cash balance report as on 30.04.2018 in the enclosed proforma (at Annexure-II) to the Collector of the District by 08.05.2018. The Collector in turn will report directly to Finance Department (Ways & Means Branch) by 19.05.2018, the name of DDOs who have drawn money up to 31st March 2018 but have not disbursed it by 30.04.2018. A copy of such report should also be endorsed to the concerned Heads of Department.**

(vi) Instructions issued vide F.D. letter No. 27397(425)/F., dt.25.6.92 and Memo No. 53931(442)/F., dt.19.12.92 regarding restrictions on heavy withdrawal of money at a time and its retention in un-authorized Bank accounts must also be strictly followed. **It has been reiterated in Finance Department Circular No. 32215/F., dated 21.11.2014 that if any such instance of un-authorized parking of money is noticed, the concerned DDO shall be liable for disciplinary action under Rule – 15 of the OCS (CC&A) Rules, 1962.** As per instructions issued vide Finance Department Circular No. 32215/F., dated 21.11.2014, the Heads of Department and Collectors shall cause enquiry into the matter of unauthorized parking of Government money in bank accounts after obtaining information from the Treasury Officers/ Drawing and Disbursing Officers/ Autonomous Agencies of the Districts. In case, instances of irregularity are found, the matter should be reported to respective Heads of the Department/Administrative Department. They should take disciplinary action against the Officer committing such irregularity under intimation to Finance Department and ensure that funds are drawn and transferred to implementing agencies only for actual expenditure and not for parking in Bank Account. The Drawing & Disbursing Officers shall strictly follow these instructions.

Administrative Departments are to sanction and release funds for expenditure out of the Vote on Account, 2018-19 in accordance with the aforesaid instructions.

Yours faithfully,

Sd/-

Principal Secretary to Government

CASES REQUIRING PRIOR APPROVAL OF FINANCE DEPARTMENT

Sl. No.	Subject/Item	Paragraph
1.	Creation/filling up of posts	4 (vi)
2.	Purchase of new vehicles & hiring of vehicles	4 (vii)
3.	Purchase of machinery and equipment exceeding the limit of sanction of the Administrative Departments as well as overall limit indicated in Para 8(I).	4 (Viii)
4.	Items of expenditure reserved for Post Budget scrutiny	12(ii)(d), 13(II)(e) & 16
5.	Sanction of expenditure exceeding Rs.1500 lakh at a time under Administrative Expenditure & Transfers from State and Rs.3000 lakh under Programme Expenditure in case of Departments not covered under Cash Management System	13 (I)
6.	Release of Share Capital/Loan/Grant in Aid/ subsidy to PSUs/ Co-operatives exceeding the limit specified in para -13 (I)	14(i) & (ii)
7.	Any relief to PSUs/Co-operatives in recovery of outstanding Govt. dues while sanctioning share capital, loan or subsidy.	15

Annexure-II

CASH BALANCE REPORT OF DDOS AS ON 30.04.2018

Name & Designation of the D.D.O.	Name of the Heads of Department/ Administrative Department	Un-disbursed amount out of money drawn before 01.03.2018	Un-disbursed amount out of money drawn in March, 2018	Total amount of un-disbursed money	Break-up of the un-disbursed amount i.e. whether kept in cash/B.D./ Banker's Cheque/DCR or in unauthorized Bank Account.	Reasons for drawal & retention of the un-disbursed amount in violation of SR 242 of OTC Vol-1.
1	2	3	4	5	6	7

Signature

Designation of D.D.O.