GOVERNMENT OF ODISHA
FINANCE DEPARTMENT
***

No.**14140 (226)** /F., Bhubaneswar, dated **10th April, 2013**
FIN-WM-BT-0001-2012

From

Shri J.K. Mohapatra, I.A.S.
Additional Chief Secretary to Govt.

To

All Principal Secretaries/
Secretaries to Government/
All Heads of Department.

Sub: **Regulation of Expenditure out of the Annual Budget for the year 2013-14.**

Sir/Madam,

I am directed to say that the Appropriation Bill for 2013-14 has been passed by the State Legislature and enacted, the Administrative Departments are authorized to incur expenditure from 01.04.2013 to 31.03.2014 on the basis of the provision made in the Annual Budget for 2013-14.

2. The modalities for sanction and release of funds provided in the Annual Budget are specified below.

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 Annual Budget to the spending Units in the month of April, 2013.

Guiding principle for implement-ation of Budget

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

(i) Expenditure on creation of capital assets, completion of projects, reduction in Non-Plan Revenue Expenditure and the cost of operation of various services 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, Municipal Tax, compensation for land acquisition etc. as well as electricity dues, water charges and Rents, Rate and Taxes, both current and arrears, should be cleared on the basis provision made in the Budget, after verification and scrutiny- and rebate where-ever available should be availed. If any delayed payment surcharge levied, it would be the personal responsibility of the concerned Head of Office/DDO. The Administrative Department, Heads of Department and Head of Offices 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) Allocation under M.V., telephone, T.E. and Office Expenses should be distributed in such a manner so that it will meet the requirement for the entire year.

(v) The maintenance expenditure under Non Plan for Roads & Bridges, Buildings, Urban Water Supply, Rural Water Supply, Major, Medium & Minor Irrigation, Flood Control work etc. should be incurred according to the Annual Maintenance Plan formulated by the concerned Administrative Department in consultation with Finance Department. Distribution of allocation among the administrative units should be completed by 30th April, 2013 in accordance with the approved Annual Maintenance Plan.

(vi) Creation/filling up of posts would require prior concurrence of Finance Department. Reference of such proposals to Finance Department 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 and deposit of the sale proceeds of the condemned vehicle in Government Account. Concurrence of Finance Department would also be necessary for hiring of vehicles in terms of Finance Department Office Memorandum No. 34085/F dated 29.09.2012.

(viii) Concurrence of Finance Department would not be necessary for purchase of machinery and equipment if it is within the overall limit of sanction under Plan and Non-Plan.

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 etc. - (i) EAP, RIDF and other Resource Tied up schemes under State Plan, (ii) CSP & CP schemes, (iii) State's own plan schemes like Biju KBK, Gopabandhu Gramin Yojana, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Mo Kudia, Biju-Kandhamal 0 Gajapati Yojana, Madhubabu Pension Yojana, Scheme for utilization of ground water in drought prone areas and Construction of Check Dams, Biju Setu Yojana, Mega Lift Scheme etc. (iv) Modernisation of Police Force, Prison administration and security related expenditure under Non-Plan, (v) Relief expenditure.

Submission of Utilisation Certificate

6. While scrutinizing proposal for sanction of expenditure during the year 2013-14, the progress of submission of Utilization Certificate in respect of expenditure incurred up to the preceding month and expenditure incurred during 2012-13 should be reviewed. It should be ensured that the Implementing agencies utilize the scheme funds transferred to them. 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 Letter No.8437(40)LF., dated 6.3.2012 is to - be scrupulously adhered to. Financial Advisor and Assistant Financial Advisor 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. The total allotment including supplementary provision should be communicated by 31.12.2013 or at the latest by 16.01.2014 in case of re-appropriation or additional allotment. The allotment relating to salary should be released at one go from the beginning. Similarly, the process of issue of sanction orders for release of funds as well as surrender of Budgetary provision should be completed by 31.01.2014. In order to avoid last minute rush it is hereby indicated that the last date for submission of bills to the Treasuries in the financial year 2013-14 will be 10th March, 2014 for claims under other Contingency, Machinery, Equipment, Vehicle, Share Capital, Subsidy, Loan and 15th March, 2014 for other claims.

Online distribution of allotment to DDOs through Treasury Portal

8. (i) Instructions were issued to all Departments vide Finance Department Letter No. 7226(41)/F dated 13.03.2013 to complete the process of distribution of allotments to the D.D.Os through Odisha Treasury Portal http://www.orissatreasury.gov.in by 31.03.2013. The detailed DDO-wise Budget Allotments for the financial year 2013-14 should be distributed forthwith through Odisha Treasury Portal http://www.orissatreasury.gov.in if not already done, in order to enable the Treasuries/Special Treasuries/Sub Treasuries to check the bills against budgetary allotment through iOTMS. The DDOs need not wait for ink-signed copy of the allotment.

(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 iOTMS 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 iOTMS from the beginning of the year.

(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 plan schemes 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.

9. Sanction of expenditure for new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised Guidelines have been issued in Finance Department O.M. No. Codes-27/2011-1068/F., dated10.01.2013 and Rule-17-A of the Delegation of Financial Power Rules, 1978 for appraisal and approval of new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised. Sanction of expenditure for these schemes/services can only be made after completion of the process of appraisal and approval by competent authority within the limit of sanction prescribed in paragraph 10 & 11 for the Departments covered under the Cash Management System and other Departments outside purview of Cash Management System respectively.

10. Cash Management System was introduced in 10 key spending Departments in 2010-11 and extended to 5 more Departments during 2011-12. It was further extended to 3 more Departments in 2012-13. Detailed guidelines will be issued separately for operation of the Cash Management System. The minimum level of expenditure up to the 3rd quarter i.e. 60%, not only under Non Plan, State Plan, CP & CSP taken together and but also under State Plan alone under the Cash Management System is non-negotiable. Failure to reach the prescribed level of expenditure will result in resumption of the shortfall by Finance Department. The enhanced delegation for sanction of funds by the Administrative Departments red under the Cash Management System is indicated below:

Enhanced Delegation for sanction of funds under Cash Management System

(i) The Administrative Departments are authorized to sanction expenditure under Non- Plan, State Plan, Central Plan and Centrally Sponsored Plan Schemes up to the limit of QEA including expenditure for grants and subsidies.

(ii) **Central Plan and Centrally Sponsored Plan Schemes** :

(a) 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. The fact should be recorded on the body of the sanction order for release of funds.

(b) 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 the first three quarters. The fact should be recorded on the body of the sanction order for release of funds.

(c) While releasing funds during the fourth quarter it should be ensured that the Central Assistance received so far under the scheme covers the funds already released in advance and there is adequate balance for further release of funds. The fact should be recorded on the body of the sanction order for release of funds.

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

(iv) 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 to PSUs and Co-operatives, in one go, by September, 2013 and then release the amount at their level subject to recovery of outstanding Government dues and opening of Escrow Account. Similarly, sanction of Grant-in-aid and subsidy to PSUs/Co-operatives shall be made by the Administrative Departments subject to adjustment of outstanding Government dues and opening up of Escrow Account.

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

(vi) 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 be n reduced to that extent and the MEP & QEA are to be modified accordingly.

Limits of Sanction

11. (I) General limit of sanction: The Administrative Departments not covered under the ash Management System are authorized to sanction expenditure up to Rs.1500.00 lakh at a time under Non Plan and Rs.3000.00 lakh under Plan. Sanction of expenditure exceed' 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 (1) above, the Administrative Departments are fully empowered to sanction expenditure for:

(a) Provisions made under Non-Plan and Plan against grants recommended by the 13th Finance Commission, Relief expenditure, 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), Modernization of Prison Administration and other Security related expenditure under Non Plan.

(b) All resource-tied up schemes, Biju KBK, Biju Gramjyoti, Biju Saharanchal Bidyutikaran Yojana, Biju Kandhamala O Gajapati Yojana, Gopabandhu Gramin Yojana, State Share of NRHM, Jalanidhi and Madhubabu Pension Yojana under State Plan.

(c) (i) Central Plan & Centrally Sponsored Plan Schemes in case of availability of Central Assistance and the salary component of ongoing CP & CSP Schemes in anticipation of receipt of Central Assistance up to 31.12.2013.

(ii) The sanction order for C.S.P. Schemes, the Central Share of which is routed through the State Budget, should be issued in respect of the total provision under C.S.P. inclusive of the State Share (indicating the proportionate State Share) and the drawal should, be made accordingly.

(d) (i) Necessary Budget Provision has been made in respect of. grants recommended by the 13th Finance Commission for Forest sector grants for improving Justice Delivery, grants for improving Statistical Systems in State Government, grants for maintenance of Roads & Bridges and grants under - State: Specific Needs such- as grants of Eco-restoration of Chilika Lake, Construction of Anganwadi Centres, Up- gradation of Health, Infrastructure, Power Sector, Police Training, Up-gradation of Jails, Fire Services, Preservation of

Monuments & Buddhist· Heritage and Establishment of Market yards at Block level. The Administrative Departments are authorized to sanction of expenditure for utilization of 13th Finance Commission recommended grants in consultation with FA/AFA of the Department on the basis of the action plans approved by the High Level Monitoring Committee (HLMC) and guidelines issued by Government of India subject to fulfilment of the conditionalities mentioned in the report of the 13th Finance Commission and guidelines issued by Government of India. Market yards at Block level. The Administrative Departments are authorized to sanction of expenditure for utilization of 13th Finance Commission recommended grants in consultation with FA/A FA of the Department on the basis of the action plans approved by the High Level Monitoring Committee (HLMC) and guidelines issued by Government of India subject to fulfilment of the conditionalities mentioned in the report of the 13th Finance Commission and guidelines issued by Government of India.

(ii) The grants for Urban Local Bodies and Panchayati Raj Institutions recommended by the 13th Finance Commission has been provided for in the budget which should be released within 5/10 days of its receipt from Government of India.

(iii) Similarly, the grants for elementary education, water sector, incentivising issue of UID recommended by the 13^{th} Finance Commission has been provided for in the budget which should be released only after its receipt from Government of India without further reference to Finance Department.

(iv) Steps should be taken for utilization of the grant, prompt submission of Utilization Certificate to Government of India in the prescribed format and to comply with. the conditionalities put forth by the 13th Finance Commission for release of Performance Grants in respect of Local Bodies and the subsequent instalments of other grants.

(v) The level of Non-Plan Revenue Expenditure (NPRE) prescribed for the Forest Sector and Roads & Bridges and the-NPRE- level as well as the ratio of NPRE and Non Plan Revenue Receipt (NPRR) for the release of Water Sector grant should be maintained by the concerned Administrative Departments. In respect of the grant for Elementary Education, the prescribed growth rate of revenue expenditure in the relevant Major/Sub-Major Head at the rate of 8% excluding are alary should also be maintained by the concerned Administrative Department.

(vi) No liability should be created by way of addition of staff under these schemes without specific prior concurrence of Finance Department.

Release to PSUs/Co-operatives

12. 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 30.09.2013 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 11 (I) above.

(ii) Grant-in-aid and subsidy to PSUs/Co-operatives subject to adjustment of outstanding Government dues, opening up of Escrow Account and within the limit indicated in Para-11(I) above.

13. 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.

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

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

16. 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 for the sake of clarity.

Administrative Departments are to sanction and release funds for expenditure out of the Annual Budget 2013-14 in accordance with the aforesaid instructions.

Yours faithfully

Sd/-

(J. K. Mohapatra)

Additional Chief Secretary to Government

ANNEXURE - I

Case 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 under Plan & Non Plan	4 (viii)
4.	Items of expenditure reserved for Post Budget scrutiny	14
5.	Expenditure for the Central Plan/ CSP scheme in anticipation of receipt of Central Assistance where conditions prescribed in Para 10 (ii) and 11 (II) (c) (i) are not fulfilled.	10(ii) & 11(II)(c)(i)
6.	Sanction of expenditure exceeding Rs.1500 lakh under Non-Plan and Rs.3000 lakh under Plan in case of Departments not covered under Cash Management System.	11 (I)
7.	Release of Share Capital/Loan/Grant in Aid/Subsidy to PSUs/Co-operatives exceeding the limit specified in para-11 (I)	12 (i) & (ii)
8.	Any relief to PSUs/Co-operatives in recovery of outstanding Govt. dues while sanctioning share capital, loan or subsidy.	10 (iv), 12(i) & (ii) and 13