

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 26069/F, dated. 31.07.2019
FIN-WM-BT-0001-2018

From

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

To

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

Sub: Regulation of Expenditure out of the Annual Budget for the year 2019-20.

Madam/ Sir,

I am directed to say that the Administrative Departments will be authorized to incur expenditure from 1st August, 2019 on the basis of the provision made in the Annual Budget for 2019-20 as soon as the Annual Budget for 2019-20 is passed by the State Legislature and the related Appropriation Bill is 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

*Revised
Classification
of State
Govt.
expenditure*

C. Disaster Response Funds:

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

D. Transfers from State:

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

3. Keeping in view the pace of expenditure during the 1st quarter, it is necessary to expedite the pace of expenditure during the 2nd and 3rd quarters of the financial year. **The Departments should, therefore, carefully chalk out their work programme and make available the provision made in the Annual budget to the spending Units in the month of August, 2019 itself.** The guiding principles and modalities for sanction and release of funds provided in the Annual Budget 2019-20 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 authorized 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 **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 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 31st August, 2019 in accordance with the approved Annual Maintenance Plan. The concerned Administrative Departments i.e. Works Department, Rural Development, H & U.D. Department and Water Resources Department were instructed vide Finance Department letter No. 35653/F, dated 15.11.2018 to formulate the Annual Maintenance Plan for the year 2019-20 and get the same vetted by Finance Department before the commencement of financial year 2019-20. However, it is seen that the Annual Maintenance Plan has not so far been received in Finance Department from any of these Departments. **The concerned Administrative Departments are once again requested to furnish the Annual Maintenance Plan to Finance Department by 20th August, 2019 at the latest for vetting.** The Financial Adviser/A.F.A. of the concerned Department shall be Nodal Officer for the purpose, who shall coordinate with the line agencies and compile the Annual Maintenance Plan. **Expenditure for maintenance of capital assets should be made only as per the Annual Maintenance Plan duly vetted by Finance Department.**

(vi) **Creation of posts would require prior concurrence of Finance Department.** 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. Proposals for creation of new posts should be accompanied with detail position of sanctioned strength, men in position and vacancy of all categories of posts of the concerned Department. Before processing such proposals, the Administrative Department should make an assessment of the redundant posts available in their Department which can be abolished in lieu of creation of the new posts. In case men are in

position against the redundant posts, the Administrative Department may also propose for suitable redeployment of such personnel. Proposals for creation of new posts shall not be considered by Finance Department unless the same is accompanied with an assessment of available redundant posts. Besides, creation of new posts would be considered by Finance Department only if at least 85% of the sanctioned posts of the relevant category have been filled up. 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. While submitting such proposals, the Administrative Department are to prepare Memorandum as stipulated at (III) of the above mentioned Finance Department Resolution along with information required in **Annexure-I, II and III** thereof including assessment of redundant posts for abolition/re-deployment.

(vii) Finance Department encourages hiring of private vehicles in place of Government owned vehicles. 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. Purchase of new vehicles should be avoided. In case it is absolutely necessary to purchase new vehicles, prior concurrence of Finance Department will be required for the purpose. It would normally be considered on replacement basis only 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.

(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.

(ix) State Compensatory Afforestation Fund: Provision of Rs.600.00 crore has been made towards 'State Compensatory Afforestation Fund' in Demand No.22 in the Budget Estimate for 2019-20. However, availability of provision in the Budget does not

automatically entitle the Administrative Department for drawal of funds. It is contingent upon availability of balance in the State Fund. In other words expenditure out of the Budget provision can only be made to the extent of the amount available in the State Fund. The Financial Adviser / AFA of Forest and Environment Department shall check availability of balance in the State Fund while processing proposals for sanction / drawal of funds out of the Budget Provision. Besides, the Forest and Environment Department are required to furnish copy of Annual Plan of Operations (APOs) with monthly breakup of estimated expenditure to Finance Department by 31st August, 2019

*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, Jalanidhi 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 2019-20, the progress of submission of Utilization Certificate in respect of expenditure incurred up to the preceding month and expenditure incurred during 2018-19 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 is not lying unutilized and parked by the implementing agencies in Bank Account. **The Financial Adviser /AFAs of Administrative Departments and Financial Advisers and Chief Accounts Officer/Accounts Officers of Heads of Departments and other offices should strictly adhere to the instructions laid down in Finance Department letter No.23583/F, dated 10.07.2019. 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 Advisers and Assistant Financial Advisers 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. 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 **31.12.2019** or at the latest by **15.01.2020** 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 **31.01.2020**. 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 2019-20 will be **10th March, 2020** for claims under other Contingency, Machinery, Equipment, Vehicle, Share Capital, Subsidy, Loan and **13th March, 2020** for other claims.

*Online
distribution
of allotment
to DDOs
through
Treasury
Portal*

8. (i) Instructions have been issued to all Departments vide Finance Department Letter No. 24683/F, dated 20.07.2019 to complete the process of distribution of allotments to the D.D.Os through Odisha Treasury Portal (<http://www.odishatreasury.gov.in/> www.ifmsodisha.gov.in) by 31.07.2019. The detailed DDO-wise Budget Allotments for the financial year 2019-20 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.

(ii) Although, the detailed head-wise provision below the minor head was not indicated in the Vote on Account 2019-20, it was provided through the Budget Interface and Works expenditure module of the Treasury Portal for online distribution among the DDOs by the Administrative Departments/Controlling Officers. While allowing expenditure out of the provision made in the Annual Budget 2019-20, the Treasury Portal shall check the object head/detailed head wise expenditure allowed against the provision made in Vote on Account 2019-20 along with the expenditure against these object heads/detailed heads in the Annual Budget 2019-20, so as to prevent double drawal against the same provision made in the Vote on Account and Annual Budget 2019-20. The Treasuries and Sub-Treasuries should, therefore, insist on full accounting classification i.e. detailed description from Major Head to object head/detailed head in the Bills presented for drawal.

(iii) In order to ensure availability of the disaggregated information on the Central Share and State Share of the expenditure under Centrally Sponsored Schemes (CSS), necessary validation at the budget formulation stage on the percentage of Central Share for the Centrally Sponsored Schemes (CSS) is built in at the level of chart of account. This information is made available in the IFMS along with budget data. At the time of issuance of allotment by the Administrative Departments using IFMS, the default sharing pattern entered by the Department at the time of formulation of budget would be displayed with option to change. **The Administrative Departments are required to verify the correctness of the sharing pattern of the Centrally Sponsored Schemes (CSS) before issuance of allotment.** The sharing percentage reflected by the Administrative Department at the time of issue of allotment in IFMS will be frozen till drawal of funds under respective chart of account of the Centrally Sponsored Schemes (CSS). IFMS will fetch the required information from different transactions under Centrally Sponsored Schemes (CSS) using the percentage link to each transaction for the purpose of reporting. The sanction order for expenditure under Centrally Sponsored Schemes should be generated from the sanction order module of IFMS as indicated in Para -10(iii).

(iv) 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.

(v) 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.

(vi) 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.

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, dated 10.01.2013 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. It is observed that new schemes having significant financial implication are being announced by Administrative Departments and scope of existing schemes are being substantially altered and/or cost estimate of schemes are being revised without following the procedure of systematic appraisal and approval. It is impressed upon the Administrative Departments that prior to launch/announcement of a new scheme and revision of scope of existing schemes involving substantial alteration and/or cost estimate of the scheme, the

procedure for systematic appraisal and approval as enshrined in Finance Department Office Memorandum No.1068/F dated 10.01.2013 should be scrupulously followed. **Mere provision in the Budget does not entitle the Administrative Departments to incur expenditure unless the process of systematic appraisal and approval has been completed. Sanction of expenditure can only be made after completion of the process of appraisal and approval by competent authority in such cases.**

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 2019-20. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2019-20 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing Central Sector Schemes and Centrally Sponsored Schemes, pending receipt of Central Assistance with concurrence of the Financial Adviser/Assistant Financial Adviser of the Departments. Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component in anticipation of receipt of Central Assistance up to 31.12.2019 without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.

(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. Failure to reach the prescribed level of expenditure will result in resumption of the shortfall by Finance Department. Separate instructions will be issued by Finance Department in this regard.**

*Enhanced
Delegation
for sanction
of funds
under Cash
Managemen
t 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 QEA including expenditure for grants and subsidies, subject to the following stipulations:

(a) Central Sector Schemes, Centrally Sponsored Schemes: Normally, expenditure for these schemes is to be made against availability of Central Assistance only, during 2019-20. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2019-20 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing Central Sector Schemes, Centrally Sponsored Schemes pending receipt of Central Assistance with concurrence of the Financial Adviser/A.F.A of the Departments. Further, in case of continuing schemes, the Administrative Departments can incur

expenditure on the salary component in anticipation of receipt of Central Assistance up to 31.12.2019 without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.

- (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 30th September, 2019 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.

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)**. 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, 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 2019-20. However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2019-20 or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing Central Sector Schemes, Centrally Sponsored Schemes pending receipt of Central Assistance with concurrence of the Financial Adviser / A.F.A of the Departments. Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component in anticipation of receipt of Central Assistance up to 31.12.2019 without concurrence of Finance Department. On receipt of Central Assistance it will be first adjusted towards the advance release made by the State Government.
- (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 September, 2019 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.

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 stipulated in Subsidiary Rule 242 of Orissa Treasury Code, Volume - I, money should not be drawn from the Treasury unless it is required for immediate disbursement. Besides, it is stipulated in Rule-6 of O.G.F.R, Volume-I that unless otherwise

expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Further, Rule-141 (3) of Odisha Budget Manual provides that no money should be drawn from the Treasury unless it is required for immediate payment. It is not permissible to draw money from the Treasury and keep them in Banks without sanction of Finance Department. Money should not be drawn from the Treasury simply on the ground that the charges have been sanctioned by competent authority. Nor is it permissible to draw money from the Treasury and then place it in deposit in order to avoid lapse of allotment. 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. However, 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, instructions have been issued vide Finance Department letter No.11213/F dated 30.3.2019 that the DDOs must record a certificate on the body of the bills presented after **31st March, 2019** as follows:

"the money drawn in cash/bank drafts up to the period 31.03.2019 has been disbursed by now except Rs. _____ which would be disbursed by 30.04.2019 at the latest".

(ii) Similarly, while presenting the pay bill for **April, 2019** to be paid on or after 01.05.2019, the D.D.O must record a certificate that:

"all money drawn in cash/bank draft up to the period 31.03. 2019 have been fully disbursed and no amount is lying un-disbursed with him".

(iii) While presenting the pay bill for the month of **May, 2019** 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 2019-20, 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. Instructions have been issued vide Finance Department letter No.11213/F dated 30.3.2019 that **the DDOs shall furnish a cash balance report as on 15.04.2019 in the enclosed proforma (at Annexure-'II') to the Collector of the District by 20.04.2019 and the Collector in turn will report directly to Finance Department (Ways & Means Branch) the name of DDOs who have drawn money up to 31st March 2019 but have not disbursed it by 15.04.2019. A copy of such report should also be endorsed to the concerned Heads of Department.** However, it is seen that the cash balance report has not been received in Finance Department from any Collector. The Collector of the Districts are once again requested to furnish the cash balance report to Finance Department (Ways & Means Branch) forthwith.

(vi) Instructions have been issued vide Finance Department letter No.23853/F, dated 10.07.2019 and letter No.32215/F, dated 21.11.2014 that money should not be drawn from the Treasury by the DDOs unless it is required for immediate disbursement. Unauthorized parking of Government money in Bank Account in contravention of financial rules and instructions issued by Finance Department is strictly prohibited. **It has been stipulated in the above mentioned circulars of Finance Department 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 concerned sanctioning authority as well as the DDO, 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 sanctioning authority and the Drawing & Disbursing Officers shall strictly follow these instructions.**

Administrative Departments are to sanction and release funds for expenditure out of the Annual Budget, 2019-20 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
8	Annual Maintenance Plan for Maintenance Expenditure	4 (v)

Annexure-II

CASH BALANCE REPORT OF DDOS AS ON 15.04.2019

Name & Designation of the D.D.O.	Name of the Heads of Department/ Administrative Department	Un-disbursed amount out of money drawn before 01.03.2019	Un-disbursed amount out of money drawn in March, 2019	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.