

Proceedings of the Government of Karnataka

Sub: Cases in which assent of Finance Department may be presumed to have been given – Delegation of Powers regarding release of funds.

Read : 1. Govt. order No.: FD 1 TFP 96, Dt: 10-7-1996.
2. Govt. order No.: FD 12 TFP 2000, Dt: 15-11-2000.
3. Govt. order No.: FD 1 TFP 2002, Dt: 20-1-2003.
4. Govt. order No.: FD 1 TFP 2003, Dt: 12-6-2003.
5. Govt. order No.: FD 21 TFP 2006, Dt: 2-9-2006.
6. Govt. order No.: FD 37 TFP 2006, Dt: 8-11-2006.
7. Notification No.: FD 24 BUD 1981, Dt: 15-7-1982.

* * * * *

Preamble :

In Government order read at (1) above, powers have been delegated to Secretaries to Government under item No.39 for sanction of expenditure upto Rs.20.00 lakhs in each case subject to availability of budget provision presuming the concurrence of Finance department in such cases. These powers have been revised from time to time, and at present they have powers to sanction expenditure(except loan & capital) upto Rs.100.00 Lakhs in each case subject to availability of budget provision, and further subject to maximum of Rs. 500.00 Lakhs in a month as per Government order read at (5) above. Further, powers to sanction capital expenditure upto Rs. 50.00 lakhs in each case, only in respect of construction of Hostel Buildings, School buildings and Hospital buildings and other buildings constructed departmentally has also been delegated vide Govt. order read at (6) above, which was to be within the total of Rs. 500 lakhs as per G.O. dated at (5) above.

Periodical reviews of the pattern of Government's expenditure have revealed the need for increasing and streamlining the powers for release of funds under various budget heads, and according administrative sanction for expenditure. This is required in order both to, ensure the timely availability of funds at different levels of Government

for implementation of Government's programmes, as also for ensuring that the expenditure is not crowded or bunched towards the end of the financial year. In order to improve the quality of expenditure in implementing Government's programmes the Medium Term Fiscal Plan 2008-12 of Government of Karnataka presented in Parliament in March 2008 has explicitly mentioned the need for avoiding the back-loading of expenditure towards the last quarter/month of the financial year. The Finance Department has also taken into account various systems introduced by other States for ensuring a more even spread of expenditure in Plan and Non-plan Schemes.

In the background as indicated above, Government is of the view that existing procedure relating to release of funds to various departments and according of administrative sanctions, etc. needs to be revised and hence this order.

Government order No.: FD 1 TFP 2008

BANGALORE, Dated:16-5-2008

Government is pleased to delegate the following powers in respect of Release of funds for Revenue and Capital expenditure, according Administrative sanction for expenditure, and related matters: -

1. Release of funds for Revenue Expenditure:- In supersession of Govt. order No. FD 21 TFP 2006 dated 02-09-2006 , the Secretaries to Government of the Administrative Departments are authorised to release upto 25% of the budgeted amount in respect of all the budget heads falling under the category of ongoing revenue expenditure, pertaining to the Departments coming under their administrative control in the first week of the first quarter of each financial year. This may be done after the Finance Department has issued a communication indicating the passage of the Appropriation Act, and the Administrative Department has issued administrative orders for ongoing plan schemes to be continued in the financial year. The release orders shall specify for each scheme or budget head allocations for the first quarter to different divisions, districts, sub-divisions, taluks or other units so that the implementing/drawing officers

have a clear idea of the amount available for expenditure during the first quarter. These allocations for different drawing and disbursing officers may be uploaded in the Treasury System as per the orders issued in this regard. The release of upto 25% of the budgeted grants for each item of revenue expenditure for the first quarter as above will be done presuming the concurrence of the Finance Department. On the basis of the release orders and uploading done as above, the drawing and disbursing officers shall draw funds during the quarter depending upon the progress of implementation.

2. The above procedure shall not be applicable to new components of ongoing programmes/schemes and new programmes/schemes. For the new components of ongoing programmes/schemes and new programmes/schemes, the release of funds will have to be done only after the approval of competent authority (Cabinet or Empowered Committee, etc.) has been obtained and administrative orders issued in this regard.

3. Notwithstanding the delegation in para 1 above, the Finance Department shall reserve the release of funds for specified budget heads, schemes and items of expenditure particularly, schemes/items of expenditure with large allocations, such as release of subsidy for Rural Electrification, Bhagya Lakshmi Scheme, etc. which will be indicated separately at the beginning of the financial year. The releases in such cases may be made only with the prior concurrence of Finance Department. For the year 2008-09 a list of such items is shown as Annexure-I. This list not being exhaustive, additional items may be included by the Finance Department during the course of the year as may be required.

4. Subject to any special or general orders/authorization issued by the Finance Department, the releases for the 2nd quarter may also be made to various Units by the Secretaries of Administrative Departments presuming the concurrence of the Finance Department after a review of the expenditure under different heads of account. This release would be permissible upto 50% of the budgeted amount after deducting the releases made in the first quarter.

5. The release of funds for the 3rd quarter in a financial year for all schemes/heads of account of revenue expenditure other than salary and office expenses, and with an annual budget provision of more than Rs.5.00 crores shall be made with the prior concurrence of the Finance Department. In respect of schemes relating to salary, office expenditure, travelling allowances, purchase of medicines for hospitals, diet and maintenance charges for hospitals, hostels and prisons, mid-day meals schemes, etc. the third quarter releases will also be made by the Secretaries of Administrative Departments presuming the concurrence of the Finance Department irrespective of whether the budget provision exceed Rs.5.00 crores for the year or not. A list of such exempted items of expenditure is given in Annexure-II.

6. In respect of all other expenditure items with a budget provision of more than Rs.5.00 crores for the year, including any additional grants agreed, the release of funds for the 3rd quarter shall be made only with the prior concurrence and to the extent agreed by the Finance Department. The Administrative Departments will report expenditure incurred against the releases made upto the end of the 5th month of the Financial Year (August) under each budget head including those with a provision of less than Rs.5.00 crores and other exempted items like salaries, etc. mentioned in Annexure-II, for obtaining such releases for the 3rd quarter.

7. In respect of the 4th quarter also, releases in respect of budget items exceeding Rs.5.00 crores other than those exempted (Annexure-II) shall be made with the prior concurrence of the Finance Department after reporting expenditure of all budget heads of the Department concerned upto the end of November of the year.

8. All additionalities to any head of expenditure and reappropriation exceeding the powers of reappropriation already delegated to Secretaries and Heads of Departments shall be first approved in Finance Department, and then released only with the prior concurrence of the Finance Department as per the existing procedure.

9. **Release of funds for Capital Expenditure:** - In respect of release of funds for Capital Expenditure, the Secretaries to Government of Administrative Departments are authorised to release upto Rs.100.00 lakhs (Rupees one hundred lakhs only) at a time, subject to a limit of Rs.500.00 lakhs (Rupees five hundred lakhs only) in a month including all the budget heads of capital expenditure of the Department. However, releases for Capital expenditure in respect of share capital/investment or loans shall be made only with the concurrence of Finance Department. This is in supersession of Govt. order No. FD 37 TFP 2006 dated 08-11-2006 issued on the subject.

10. Release of funds under Capital or Revenue Heads of Account for depositing in PD accounts or Bank accounts shall invariably be made with the concurrence of Finance Department.

11. In respect of release of funds to Zilla Panchayats, Taluk Panchayats, and Grama Panchayats under district sector, and Urban Local Bodies under SFC allocations, the present system of release of funds by the Finance Department on a quarterly basis will continue. Releases for Capital and Revenue Expenditure for Public Works and Water Resources and Minor Irrigation Departments will also continue as per the present procedure.

12. Release of funds in respect of Centrally Sponsored Schemes, Central Plan Schemes and Externally Aided Projects will be made as per the existing procedure.

13. **Administrative Sanction:-** The Secretaries to Government of Administrative Departments shall have powers to accord administrative approval for estimates of works and procurement of goods and services upto Rs.5.00 crores presuming the concurrence of Finance Department (subject to the provision of the KTPP Act). The existing powers for accepting tenders as per the KTPP Act will continue. Item No. 46 of

Govt. order No. FD 1 TFP 2002 dated 20-01-2003 stands modified to the extent indicated above.

14. Strengthening the System of IFAs:- Financial powers delegated to Secretaries to Govt. are required to be exercised with the concurrence of the Internal Financial Advisors of the concerned departments. In view of the increased delegation of powers for release of funds and approval of expenditure as indicated in paras 1 and 13 above, the system of Internal Financial Advisors shall be strengthened as indicated below:

- (i) Whenever an IFA is to be posted to a Department of Secretariat, DPAR will place the services of the Internal Financial Advisor at the disposal of the Finance Department for issue of reposting orders to a department as determined by the Finance Department. Generally, officers who have worked earlier in the Finance Department are to be posted as IFAs (other than State Accounts Department and Accountant General's officers).
- (ii) The Internal Financial Advisors may be sanctioned leave other than casual leave by DPAR on the recommendation of the Finance Department.
- (iii) The Principal Secretary, Finance Department will be the Reviewing Authority of Annual Performance Reports of the Internal Financial Advisors.
- (iv) In respect of proposals which are not agreed to by the Internal Financial Advisors, it will be mandatory for the Administrative Departments to obtain the concurrence of the Finance Department.

15. Necessary amendment will be issued to The Govt. of Karnataka (Consultation with the Financial Advisors) Rules, 1982 separately in this regard.

16. This order is issued with the concurrence of DPAR vide No. DPAR 182 SRA 2008 dated 02-05-2008, and Planning, Programme Monitoring and Statistics Department vide No. PD 14 IPR 2007 dated 02-05-2008.

By order and in the name of
President of India

Sd/-
(M.R. SREENIVASA MURTHY)
Principal Secretary to Govt.,
Finance Department.

To:

The Compiler, Karnataka Gazette for publication in the next issue of Gazette

Copy to:

1. The Accountant General (A&E)/Principal Accountant General(C&CA) and Accountant General (Audit-II), Bangalore
2. The Advisors to H.E. the Governor of Karnataka Vidhana Soudha, Bangalore
3. The Chief Secretary to Government, Vidhana Soudha, Bangalore
4. The Additional Chief Secretary to Government, Vidhana Soudha, Bangalore
5. The Additional Chief Secretary & Development Commissioner, Vidhana Soudha, Bangalore
6. The Principal Secretaries/Secretaries to Government
7. The Heads of Departments
8. The Deputy Commissioners of Districts
9. The Chief Executive Officers of Zilla Panchayats
10. The Director of Treasuries, Bangalore
11. The Deputy Director, Treasury Network Management Centre, Khanija Bhavan, Race Course Road, Bangalore
12. The District Treasury Officers
13. All Additional/Joint Secretaries to Govt.
14. All Internal Financial Advisors.
15. All Deputy Secretaries/Under Secretaries to Govt.
16. All Sections in Finance Department.
17. Weekly Gazette/Monthly Volume/Annual Compendium/S.G.F./Spare copies.

ANNEXURE -I

List of items of Expenditure/Scheme for which concurrence of Finance Department should be taken as per para 3 of Government order No. FD 1 TFP 2008 dated 16-05-2008.

Sl. No.	Name of the Scheme	Head of Account
1	Rural Electrification Subsidy	2801-80-101-1-04(Non Plan)
2	Housing Subsidy	(i) 2216-02-102-0-02(Plan) (ii) 2216-03-800-0-08(Plan)
3	Bhagyalakshmi	2235-02-102-0-25 (Plan)
4	Interest Subsidy to Co-operatives	2425-00-107-2-41(Plan)
5	Crop Insurance	2401-00-110-0-07(Non-Plan)
6	Seed subsidy	2401-00-103-0-15(Plan)
7	Transport Subsidy	(i) 3055-00-800-0-03(Non-Plan) (ii) 3055-00-800-0-06(Non-Plan) (iii) 3055-00-800-0-07(Non-Plan) (iv) 3055-00-800-0-08(Non-Plan)

ANNEXURE -II

List of exempted items of expenditure for which concurrence of Finance Department may be presumed as per para 5 of Government order No. FD 1 TFP 2008 dated 16-05-2008.

1. Salaries
2. General Expenses
3. Telephone charges
4. Fixed Travelling allowance
5. Diet Charges
6. Building expenses
7. Pension and retirement benefits
8. Scholarship & stipends
9. Transport Expenses
10. Old age Pensions
11. Pension of Destitute widows
12. Swatantra Sainik Samman Pension Scheme
13. Mid-day meals.
14. Pension for Physically challenged persons.
15. Purchase of medicines for hospitals, and veterinary institutions.