

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject : Release of Funds – Delegation of Financial Powers.

- READ:**
1. G.O No. PD 5 IMM 2010 dated 03.04.2010
 2. D.O.No PD 11 IMM 2013 dated 05.03.2013
 3. Circular No. FD 03 TFP 2012 dated 27.04.2012
 4. G.O No. FD 4 TFP 2012 dated 27.4.2012
 5. O.M No. FD 1 BPE 2013 dated 15.3.2013
 6. G.O. No. FD 04 ZPA 2013 dated 10.4.2013
 7. G.O. No. FD 01 TFP 2013 dated 20.4.2013

PREAMBLE:

In Government Order referred at 4 above, comprehensive financial powers for release of funds have been delegated to Principal Secretaries and Secretaries of the administrative departments. In Government Order referred at 6 above, revised procedure for release of funds to Panchayat Raj Institutions (PRI) has been prescribed. Thereafter, Government Order at 7 above in respect of release of funds for FY13-14 stipulates certain modifications and additions to the comprehensive financial powers contained in the Government Order referred at 4 above.

For ensuring consistency between different government orders and availability of the entire delegation of financial powers in one document, it has been decided to issue a single government order in supersession of the orders referred at 4 and 7 above. Hence, the following order is being issued.

This order covers release of funds for revenue expenditure and capital expenditure both. The delegation in this order should be exercised by Principal Secretaries and Secretaries to Government and should not be delegated further.

GOVERNMENT ORDER NO.FD 01 TFP 2013, BANGALORE, DATED: 10.5.2013

Part I - Administrative approval:

1. Funds can be released only for those schemes which have been approved as ongoing or new schemes during a financial year. The norms and procedures for approval of ongoing schemes, including modification or addition of a new component, and for new schemes along with detailed guidelines for monitoring have been prescribed by Planning Department in Government Order at reference 1 read with D.O letter at reference 2.

2. The order for administrative approval should not be construed as an order for release of funds. There should be specific orders for release of funds as per the delegated powers for various approved schemes.
3. Administrative approval for estimates of works and procurement of goods and services up to Rs.5.00 crore can be accorded presuming concurrence of Finance Department (subject to following the provisions of the KTPP Act).

Part II - Release of funds requiring specific prior concurrence of Finance Department:

4. Concurrence of Finance Department should necessarily be obtained for release of funds for the schemes / class of schemes listed at **Annexure-I** of this government order, irrespective of the time and amount of release.
5. All provisions of Rs. 5 Crore and above made through supplementary estimates will require concurrence of Finance Department for release of funds.

Share Capital and Loans:

6. In addition to releases for the schemes / class of schemes listed at **Annexure-I**, all releases of Capital Expenditure in respect of Share Capital and Loans shall be made only with concurrence of Finance Department.

Part III - Release of funds by Administrative Departments presuming concurrence of Finance Department

7. For the items of expenditure listed in **Annexure-II**, funds can be released up to the budget provision presuming concurrence of Finance Department.

State Schemes with budget provision of less than Rs.5 crore:

8. For state schemes with budget provision of less than Rs.5 Crore, the budget provision should be released in at least two tranches. The first release may be made up to 50% of the budget provision. The remaining 50% can be released only after utilization of 75% of the earlier release(s) including any opening balance.
9. All provisions of less than Rs. 5 Crore approved through the supplementary estimates can be released by the administrative departments as required presuming concurrence of Finance Department.

State Schemes with budget provision of Rs 5 Crore and above:

10. Release of funds up to one-twelfth of the budget provision for the following schemes may be made by the administrative departments in each month during the first six months of a financial year presuming concurrence of Finance Department notwithstanding norms prescribed for other schemes in this order.

- a. Subsidy for IP Sets, Bhagyajyothi and Kutirjyothi (Non Plan)
 - b. Share Capital for power utilities (Plan)
 - c. Share Capital to ESCOMs for Niranthara Jyoti (Plan)
 - d. Food Subsidy (Non Plan)
 - e. All schemes of Public Works Department (Plan and Non Plan)
 - f. All schemes of Major, Medium and Minor Irrigation (Plan and Non Plan)
11. For all other schemes with budget provision of Rs. 5 Crore and above and not covered under Part II, 50% of the budget provision can be released in two installments of 25% each in the first and second quarters of a financial year. These releases can be made presuming concurrence of Finance Department, provided at least 75% of the funds released earlier, including any opening balance with the implementation agency or in the personal deposit account, have been utilized.
 12. In case the first 50% of the budget provision is not released before 30th September, the balance portion of the first 50% of the budget provision can be released after 30th September, presuming concurrence of Finance Department, after ensuring utilization of at least 90% of the funds already released, including the opening balance.
 13. For release of the remaining 50% of the budget provision, proposals should be sent to Finance Department during the third and fourth quarters of a financial year. The proposal should be sent normally after ensuring utilization of 75% of the previous releases made, including opening balance. The proposal should contain details regarding funds released and utilized. Such proposals may be made for a group of schemes.
 14. Release of funds for debt servicing as per terms and conditions of the debt may be made presuming concurrence of Finance Department up to the third quarter of a financial year subject to availability of the budget provision. Release of funds during the fourth quarter would require concurrence of Finance Department.

Release of Funds to PRIs:

15. The current practice of release of funds for the state schemes to Panchayati Raj Institutions (PRIs) by Finance Department will continue. For all centrally sponsored and central plan schemes listed in **Annexure-III**, funds can be released by the concerned administrative departments themselves presuming concurrence of Finance Department, subject to receipt of the central share. However, lump sum provisions made under the object head '300' should be released with prior concurrence of Finance Department. The revised procedure for release of funds to PRIs has been prescribed in the Government Order at 6 above.

Release of Funds to ULBs

16. Non plan grants to Urban Local Bodies (ULBs) upto 50% of the budget provision can be released in two instalments of 25% each in the first and second quarters of a financial year presuming concurrence of Finance Department notwithstanding norms prescribed for other schemes in this order. For release of the plan grants, other those meant for

JNNURM and centrally sponsored / central plan schemes, the delegation and norms prescribed at para 11 to 13 shall apply.

Externally Aided Projects:

17. Three quarterly instalments of 25% each of the budget provision can be released presuming concurrence of Finance Department, provided at least 75% of the previous releases, including opening balance, have been utilized and time lag between expenditure and filing of reimbursement claims with Government of India is not more than one month. The release of fourth quarterly instalment or any release in relaxation of above mentioned conditions will require prior concurrence of Finance Department.

Centrally Sponsored / Central Plan Schemes:

18. Funds for central and state share can be released on receipt of the central share as conveyed through credit confirmation slip from Finance Department, subject to availability of budget provision. Finance Department would arrange for credit confirmation slip based on the information from Reserve Bank of India without waiting for reference from the administrative departments.
19. For release of funds for central and state shares after release of the Central Share by Government of India but before credit in the State Government account, proposal should be sent to Under Secretary (FRC) in Finance Department. The release order from Government of India and details of available balance budget provision should accompany the proposal. It would be the endeavor of Finance Department to convey its concurrence within one week from receipt of the proposal without waiting for credit of the central share in the government account. If the available balance budget provision is not sufficient to release central and state shares, the proposal should specifically seek re-appropriation of funds or supplementary estimate provision.
20. For release of funds for central and state shares in anticipation of release from Government of India, proposal should be sent to Under Secretary in Finance Department dealing with expenditure proposals of the concerned department. The proposal should contain details of utilization certificates sent to Government of India for previous releases and the time frame for obtaining next release from Government of India.

Central Schemes involving Direct Releases:

21. For proper accounting of the funds released by the Government of India directly to the implementation agencies bypassing the State's Consolidated Fund, a new system has been introduced in the Budget 12-13. On release of such funds by the Government of India, the concerned administrative department should issue an adjustment order for accounting the receipt in the Consolidated Fund and the corresponding release to the implementation agencies. The procedure to be followed and a sample template for the adjustment order have been prescribed in the Circular at reference 6.

22. The corresponding state share should be released through a separate order presuming concurrence of Finance Department, subject to availability of the budget provision for the state share, only after receipt of the central share.

State Plan Schemes funded by Government of India.

23. For release of funds for state plan schemes funded by Government of India, such as RKVY, JNNURM, Rastriya Sama Vikasa Yojane, National Social Assistance Programme, NeGAP, Western Ghat Development Programme, etc., the delegation of financial powers will be the same as indicated at para 18 to 20 above for centrally sponsored / central plan schemes.

Central Finance Commission Grants:

24. For schemes funded by Central Finance Commission Grants funds can be released by the concerned administrative department only after approval of the annual action plan by the High Level Empowered Committee and after receipt of funds from the Central Government as confirmed through the credit confirmation slip. The release of General Basic Grants and General Performance Grants to PRIs and ULBs do not require approval of any action plan, and should be released within 5 days of the receipt of the grant.

Part IV – General Instructions:

Limitation of Vote on Account Sanction for Releases:

25. The delegation of financial power in this order for releases of funds during first two quarters of a financial year is subject to the Vote on Account limits. The total releases by any administrative department before the full budget for the financial year is passed should be limited to the amount approved for the “Demand” of the department in the Vote on Account.

Submission of Reimbursement Claims and Utilization Certificates

26. For the schemes requiring submission of reimbursement claims or utilization certificates to the Government of India, External Funding Agencies like World Bank, ADB, JICA, etc or domestic financial institutions like NABARD, Principal Secretaries and Secretaries should monitor that the time gap between actual expenditure and submission of the reimbursement claims or utilization certificates is not more than a month and the claims and release of next installment are followed up actively with the Government of India / concerned funding agency.

Personal Deposit Account:

27. Release of funds under Capital or Revenue Heads of Account for depositing in Personal Deposit Accounts shall invariably be made with the concurrence of Finance Department. This restriction will not apply to State Disaster Relief provisions.
28. Release of funds for deposit in Bank Account of any entity that is not registered or set up under any law or bank account of any officer is not permitted.
29. Any deposit in Personal Deposit Account or in Bank Account of the implementation agency / officer, even if permitted specifically by Finance Department, should not be treated as utilization for exercising delegation of financial powers as per this Government Order.

Intimation to Finance Department:

30. Upon issue, copies of release orders issued by administrative departments using delegation of financial powers as per this government order should be invariably sent to the concerned Expenditure Section of Finance Department.

Supersession of earlier Government Orders

31. This Government Order is in supersession of earlier orders G.O No. FD 4 TFP 2012 dated 27.4.2012 and G.O. No. FD 01 TFP 2013 dated 20.4.2013 referred at 4 and 7 above.

By Order and in the Name of the
Governor of Karnataka,



(Arvind Shrivastava)
Secretary (Expenditure)
Finance Department

To,

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

Copy to:

1. The Principal Accountant General (A&E)/Principal Accountant General (C&CA) and Accountant General (Audit-II), Bangalore.
2. The Chief Secretary to Government, Vidhana Soudha, Bangalore.
3. The Additional Chief Secretary to Government, Vidhana Soudha, Bangalore.
4. The Additional Chief Secretary & Development Commissioner, Vidhana Soudha, Bangalore.
5. The Principal Secretaries/Secretaries to Government
6. The Heads of Departments.
7. The Deputy Commissioners of Districts

8. The Chief Executive Officers of Zilla Panchayats.
9. The Director of Treasuries, Bangalore.
10. The Deputy Director, Treasury Network Management Centre, Khanija Bhavan, Race Course road, Bangalore.
11. The District Treasury Officers.
12. All Additional/Joint Secretaries to Govt.,
13. All Internal Financial Advisors.
14. All Deputy Secretaries/Under Secretaries to Govt.
15. All Sections in Finance Department.
16. Weekly Gazette/Monthly Volume/Annual Compendium/S.G.F./Spare copies.

(FY 2013-14)
Annexure – I

**List of Schemes for which Finance Department's
prior concurrence is necessary for release of funds**

Demand No. and Department	Schemes	Nomenclature
01.Agriculture & Horticulture	2401-00-111-0-03	Agri Business Investment Fund
	2401-00-104-0-11	Organic Farming
	2401-00-800-1-66	Suvarna Bhoomi
18.Commerce & Industries	2852-80-003-0-12	Establishment of New Industrial Clusters
	2852-08-201-0-07	Special Package for Sugarcane Growers and Sugar Industries
19. Urban Development	4217-60-800-5-02	Reimbursement of Taxes & Duties to BMRCL
24.Energy	2801-80-800-1-05	Belaku Yojana
	2801-80-800-1-06	Capital Support for Grid Connected Roof Top Solar Project
05. Home & Transport (*)	3055-00-190-0-10	Subsidy Towards Students & Other Concessions Extended by KSRTC
	3055-00-190-0-03	Bangalore Metropolitan Transport Corporation
	3055-00-190-0-04	North West Karnataka Regional Transport Corporation
	3055-00-190-0-05	North East Karnataka Regional Transport Corporation
	<i>(*) Only to the extent involving direct cash release to State Transport Corporations. Subsidy release for adjustment against Motor Vehicle Tax payable can be made presuming concurrence of Finance Department.</i>	

(FY 2013-14)
Annexure – II

List of items of expenditure for which funds can be released up to budget provision presuming concurrence of Finance Department.

1	Salary and Allowances
2	Fixed Travelling Allowance
3	Diet Charges
4	Building Expenses
5	Pension and Retirement Benefits
6	Scholarship & Stipends
7	Transport Expenses
8	Old Age Pensions and Sandhya Suraksha pension
9	Pension for Destitute Widows
10	Swatantra Sainik Samman Pension Scheme
11	Pension for Physically Challenged Persons
12	Purchase of medicines for hospitals, and veterinary institutions

(FY 2013-14)
Annexure – III

List of Items of Expenditure relating Panchayat Raj Institutions for which funds may be released presuming concurrence of Finance Department

ZP-TP-GP Schemes	Nomenclature	Link Code
2202-00-101-0-18	Activities to Promote Universalisation of Primary Education - Akshara Dasoha	2202-01-196-6-01
2202-00-101-0-19	Sarva Shiksha Abhiyana Society	2202-01-197-1-01
2202-00-104-0-01	CSS of Integrated Education for Disabled Children	2202-80-196-6-02
2205-00-104-0-01	Panchayath Yuva Kreedha Khel Abhiyan	2204-00-198-6-11
2210-00-106-0-01	District Family Welfare Bureau	2211-00-196-6-02
2210-00-106-0-02	Rural Family Welfare Centres at PHCs	2211-00-196-6-05
2210-00-106-0-03	Rural Sub-Centres (Opened Under Family Welfare)	2211-00-196-6-06
2210-00-106-0-04	Karuna Trust-GIA	2211-00-196-6-07
2210-00-106-0-05	Urban Family Welfare Run by State Govt.	2211-00-196-6-07
2211-00-102-0-02	ICDS-District Cell	2235-02-196-6-01
2211-00-102-0-22	Centrally Sponsored Scheme of Integrated Child Development Service	2235-02-197-6-03
2215-00-102-0-91	Nirmala Bharath Abhiyan	2215-01-198-2-02
2216-00-102-0-14	Indira Awas Yojana	2216-80-198-6-02
2225-00-101-0-01	Encouragement to Merit SC Students	2225-01-196-6-01
2225-00-101-0-02	Post-Matric Scholarship to Schedule Castes	2225-01-197-6-03
2225-00-101-0-03	Prematric Scholarship to the Children of those Engaged in Unclean Occupation	2225-01-197-6-04
2225-00-101-0-05	Removal of Untouchability and Assistance to Inter Caste Married Couple	2225-01-197-6-05
2225-00-101-0-06	Centrally Sponsored Scheme of Book Banks of Medical and Engineering Colleges	2225-01-196-6-06
2225-00-101-0-68	Pre Metric Scholarship to SC Students	2225-01-197-1-01
2225-00-102-0-07	Post-Matric Scholarship to Scheduled Tribes	2225-02-197-6-03
2225-00-102-0-08	Centrally Sponsored Scheme of Book Bank for Scheduled Tribes Medical & Engg. Students	2225-02-196-6-01
2230-00-101-0-01	Rehabilitation of Bonded Labourers	2230-01-198-6-01
2235-00-101-0-61	Pre-School Children Feeding Programme	2236-02-197-6-01
2402-00-104-0-01	CSS of Soil Conservation in the Catchment of River Valley Project	2402-00-198-6-01
2402-00-104-0-21	CSS - National Watershed Development Programme by Watershed Devpt.Dept.	2402-00-198-6-01
2403-00-101-0-01	Control of Animal Diseases	2403-00-197-6-01
2405-00-104-0-02	Centrally Sponsored Scheme Motorisation of Traditional Crafts	2405-00-196-6-01
2435-00-101-0-02	Oil Palm Cultivation in Potential States	2401-00-196-7-01
2435-00-101-0-03	Integrated Scheme for Pulses, Oilseeds, Oil Palm and Maize	2401-00-196-6-13
2501-00-101-0-01	Integrated Waste Land Development Programme	2501-01-198-6-01
2501-00-101-0-04	Drought Prone Area Development Programme	2501-01-198-6-01
2501-00-101-0-05	National Rural Livelihood Mission	2501-01-198-6-01
2501-00-101-0-13	Swarna Jayanthi Gram Swarozgar Yojana	2501-01-198-6-01
2505-00-101-0-11	Mahatma Gandhi Nat. Rural Emp Guarantee Sch	2505-60-196-6-04
2515-00-101-0-01	DRDA - Administrative Charges	2515-00-196-6-06
2515-00-102-0-64	Grants Under XIII FC Recommendations - TPs -Basic & Performance	2515-00-197-6-09
2551-00-101-0-01	Integrated Development of Western Ghat Region	2551-01-198-6-02
2810-00-101-0-01	Bio - gas Development	2810-60-196-6-01