

Government of Karnataka

No. FD 03 TFP 2012

Karnataka Government Secretariat
Finance Department,
Bangalore – 560 001, Date: 27th April 2012

Circular

Sub: Accounting of Direct Releases of Funds by Government of India to the State Implementing Agencies

The Government of India has been transferring substantial funds to the state implementing agencies directly bypassing the State Budget for implementation of various Centrally Sponsored and Central Plan schemes. The Comptroller & Auditor General in his report on State Finances for the year ending 31st March 2010 has observed that as these funds are not routed through the State Budget, Finance Accounts do not capture the flow of these funds and to that extent the State's receipts and expenditure as well as other fiscal variables/parameters derived from these are understated. The report has suggested that a system should be put in place to ensure proper accounting of these funds and the updated information should thereafter be validated by the State Government as well as the Accountant General (A&E). Public Accounts Committee has also delved on this subject in detail.

In view of these observations, the State Government has decided to account direct releases by the Government of India to implementing agencies/societies by incorporating the same as receipts to Consolidated Fund and onward release to the concerned implementing agencies as expenditure out of Consolidated Fund beginning from financial year 2012-13. A detailed list of such estimated direct releases along with receipt and expenditure Head of Account to be used for accounting them is appended to this circular as **Annexure-I**.

The above proposed arrangement is only for accounting of such direct releases in the State Budget and hence would not entail any net cash outgo from the State's Consolidated Fund.

The Administrative Departments under which the implementing agencies function are advised to issue adjustment orders regarding receipt of funds from Government of India and onward release to the implementing agencies. This would enable proper documentation and reporting of expenditure for such schemes. These adjustment orders should be issued immediately on receipt of such funds.

A draft adjustment order is enclosed as **Annexure-II** for guidance of the Administrative Departments. This should be used only for release of the central share. For release of corresponding state share, a separate order should be issued following the delegation of financial powers issued vide GO No. FD 04 TFP 2012 dated 27th April 2012.



(Ajay Seth)
Principal Secretary (B&R)
Finance Department

To: The concerned Principal Secretaries/
Secretaries to Government

SI No.	Expenditure Head of Account	Scheme Code Under District Sector	Nomenclature	State Share	Central Share	Receipt Schemes	Receipt Nomenclature
1	2	3	4	5	6	7	8
1	2202-01-115-0-01		Sarva Shiksha Abhiyana	0.00	100000.00	1601-03-225-0-40	Sarva Shiksha Abhiyana
2	2202-01-196-1-01	2202-00-101-0-19	Sarva Shiksha Abhiyana	45000.00	11500.00	1601-03-225-0-40	Sarva Shiksha Abhiyana
3	2202-01-196-6-01	2202-00-101-0-18	Activities to Promote Universalization of Primary Education - Aksharadasoha	28800.00	43200.00	1601-03-225-0-41	Activities to Promote Universalization of Primary Education - Aksharadasoha
4	2210-03-800-0-18		National Rural Health Mission (NRHM)	14000.00	45739.00	1601-03-231-0-12	National Rural Health Mission
5	2215-01-198-2-02	2215-00-102-0-91	Total Sanitation Campaign	4262.50	10030.00	1601-03-235-0-02	Total Sanitation Campaign
6	2216-80-198-6-02	2216-00-102-0-14	Indira Awaz Yojana	2709.13	25442.00	1601-03-293-0-01	Indira Awaz Yojana
7	2401-00-119-4-06		National Horticulture Mission	2400.00	13600.00	1601-03-251-0-46	National Horticulture Mission
8	2501-01-198-6-01	2501-00-101-0-01	Integrated Waste Land development Program	16.80	184.86	1601-03-265-0-11	Integrated Waste Land Development Programme
	2501-01-198-6-01	2501-00-101-0-03	Desert Development Programme	274.13	822.39	1601-03-265-0-12	Desert Development Programme
	2501-01-198-6-01	2501-00-101-0-04	Drought Prone Area Development Programme	363.14	1089.42	1601-03-262-0-01	Drought Prone Area Development Programme
	2501-01-198-6-01	2501-00-101-0-05	National Rural Livelihood Mission	3000.00	9000.00	1601-03-265-0-13	National Rural Livelihood Mission
9	2505-60-196-6-04	2505-00-101-0-11	Mahatma Gandhi National Rural Employment Assurance Scheme	13752.71	137527.10	1601-03-265-0-14	Mahatma Gandhi National Rural Employment Assurance Scheme
10	2515-00-196-6-06	2515-00-101-0-01	DRDA - Administrative Charges	959.88	2879.64	1601-03-265-0-15	DRDA - Administrative Charges
				115538.29	401014.41		

Annexure -II
Government of Karnataka

Subject: Direct Releases by Government of India for 2012-13 – Issue of Adjustment Order

- Reference: 1.
2.
3. Circular No. FD 03 TFP 2012, dated 27th April 2012

Government Order No Bangalore, Dated

Preamble:

The Government of India has been transferring substantial funds to the state implementing agencies directly bypassing the State budget for implementation of various Centrally Sponsored and Central Plan schemes. The Comptroller & Auditor General in his report on State Finances for the year ending 31st March 2010 has observed that as these funds are not routed through the State Budget, Finance Accounts do not capture the flow of these funds and to that extent the State's receipts and expenditure as well as other fiscal variables/parameters derived from these are understated. The report has suggested that a system should be put in place to ensure proper accounting of these funds and the updated information should thereafter be validated by the State Government as well as the Accountant General (A&E). Public Accounts Committee has also delved on this subject in detail.

In view of these observations, the State Government has decided to account for the direct release by the Government of India by incorporating the same as receipts to Consolidated Fund of the State and as expenditure out of Consolidated Fund for onward release to the State Implementing Agency through its budget for the financial year 2012-13.

In order to account for these direct releases in the Finance Accounts of the State Government, the following order is issued.

Order:

Ministry of, Government of India vide its Government Orders cited under Reference has made a direct release of Rs... for the financial year 2012-13 for the implementation of the scheme (**Nomenclature of the Scheme**) to the (**Name of Society/Organisation**). This amount is to be taken as receipt and credited to the Head of Account..... (**As in col. 7 of Annexure-I of Circular FD 03 TFP 2012 dated 27th April 2012**)

The entire receipt amount of Rs.....is to be released onwards to the (**Name of the Society/Organisation**) as expenditure for the scheme (**Nomenclature of the Scheme**) and the same is to be debited to the Head of Account..... (**As in col. 2 of Annexure-II of Circular FD 03 TFP 2012 dated 27th April 2012**)

The proposed arrangement is for accounting of such direct releases in and hence would not result in any net cash outgo from the State's Consolidated Fund.

The Principal Accountant General (A&E), Karnataka, Bangalore is requested to carry out necessary adjustment as indicated above in the books of accounts for the financial year 2012-13.

By Order and in the Name of the Governor of
Karnataka

Under Secretary to Government
Department.....