

## **PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA**

**Subject: Release of Funds – Delegation of Financial Powers during FY14-15.**

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- 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. G.O No FD 09 TFP 2004 dated 07.04.2005  
4. Circular No. FD 03 TFP 2012 dated 27.04.2012  
5. O.M No. FD 03 BPE 2014 dated 7.3.2014  
6. G.O. No. FD 04 ZPA 2013 dated 10.4.2013  
7. G.O No. FD 01 TFP 2013, Bangalore, dated 10.5.2013

### **PREAMBLE:**

In Government Order referred at 7 above, comprehensive financial powers for release of funds have been delegated to Principal Secretaries and Secretaries of the Administrative Departments.

For the FY14-15, it is felt necessary to continue with the system of delegation of financial powers of release for Administrative Departments while at the same time ensuring that such delegation is exercised by departments in letter and spirit. Since the purpose of delegation is ultimately to ensure more effective utilization of funds, some administrative checks are expected to be exercised by departments before making the release for state plan schemes and other centrally sponsored schemes. Hence the following revised order is being issued.

This order covers release of funds for both revenue expenditure and capital expenditure during the financial year 2014-15. 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 03 TFP 2014, BANGALORE, DATED: 4.4.2014**

#### **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. This should be read with any further instructions / guidelines that Planning Department may issue during FY14-15.
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. 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:**

**Monthly releases during first two quarters:**

10. Notwithstanding norms prescribed for other schemes in this order, release of funds up to one-twelfth of the applicable 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.
  - a. All schemes of Public Works Department (Plan and Non Plan)
  - b. All schemes of Major, Medium and Minor Irrigation (Plan and Non Plan) – provided that in respect of major and medium irrigation it would be subject to

raising of extra-budgetary resources (EBR) as per the plan approved in consultation with Finance Department.

- c. Subsidy for IP Sets, Bhagyajyothi and Kutirjyothi (Non Plan) – subject to the applicable budget provision for working out one-twelfth allocation being limited only to the cash subsidy provision available after earmarking the tri-partite adjustment amount as indicated by Finance Department.
- d. Transport Subsidy to BMTC / KSRTC – subject to the applicable budget provision for working out one-twelfth allocation being limited only to the cash subsidy provision available after earmarking the Motor Vehicle Tax dues as provided by Transport Department and as concurred to by Finance Department.

#### **Quarterly releases during first two quarters:**

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 30<sup>th</sup> September, the balance portion of the first 50% of the budget provision **can be released after 30<sup>th</sup> September but before 31<sup>st</sup> October**, presuming concurrence of Finance Department, provided that such a release order may be issued only after utilization of 90% of the releases made earlier and the opening balance, if any, and by specifically including the statement of expenditure incurred under the scheme in the release order.
13. For release of the remaining 50% of the budget provision pertaining to the remaining two quarters, 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.

#### **Debt Servicing:**

14. Release of funds for debt servicing as per terms and conditions of the debt may be made presuming concurrence of Finance Department for the full financial year subject to availability of the budget provision.

#### **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 than those meant for JNNURM and other state plan schemes supported by centre and other centrally sponsored / central plan schemes if any, the delegation and norms prescribed at paras 11 to 13 shall apply.

### **Reimbursable Schemes - Externally Aided Projects / NABARD assisted schemes / AIBP etc.**

17. Two 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 delegation of release of funds for the third quarter would be available with the Administrative Department only when there is confirmation that reimbursement pertaining to claims made during first quarter has been received. The Govt Order issued for release of such instalments should include details of compliance to the above conditions.** The release of fourth quarterly instalment or any release in relaxation of above mentioned conditions will require specific prior concurrence of Finance Department.

### **State Plan Schemes assisted by Centre and other centrally sponsored schemes:**

18. From FY14-15 onwards, funds of all direct release plan schemes of GOI would be routed through the State Budget. Almost all centrally sponsored schemes have been rationalised and merged into 66 CSSs now. Funds for central and state share of such schemes 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. The Govt Order indicating the release should include details of sharing pattern of the scheme, earlier central and state share releases, the central receipts credited to State Government and the corresponding state share that is being proposed for release.
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 (FR&CC) 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.

20. If the available balance budget provision is not sufficient to release central and state shares, the proposal should seek either re-appropriation of funds as per G.O read at 3 above or supplementary estimate provision.

#### **Central Finance Commission Grants:**

21. 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:**

22. 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 prescribed in O.M read at 5 above. 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**

23. 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 to domestic financial institutions like NABARD, for schemes as that mentioned at para 18, 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 / Bank Account:**

24. Release of funds under Capital or Revenue Heads of Account for depositing in Personal Deposit Accounts will not apply to State Disaster Relief provisions.
25. Deposit of funds into bank account requires specific approval of State Government. However release of funds for deposit in Bank Account of any entity that is not registered or set up under any law or bank account in the name of any officer is not permitted.
26. 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. The expenditure actually incurred should form the basis for further releases while exercising the delegated powers.

**Intimation to Finance Department:**

27. 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. Treasuries have been advised not to accept bills and process releases unless the accompanying government order with the details prescribed above has been issued.

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



**(S.R. Umashankar)**  
Secretary to Govt. (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 2014-15)**  
**Annexure – I**

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

<b>Demand No. and Department</b>	<b>Scheme HoA</b>	<b>Nomenclature</b>
<b>19. Urban Development</b>	4217-60-800-5-02	Reimbursement of Taxes & Duties to BMRCL
<b>05. Home and Transport</b>	3055-00-190-0-04	North West Karnataka Regional Transport Corporation (NWKRTC)
	3055-00-190-0-05	North East Karnataka Regional Transport Corporation (NEKRTC)
<b>13. Food and Civil Supplies Department</b>	2408-01-102-0-01	Food Subsidy

**(FY 2014-15)**  
**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 2014-15)

Annexure – III

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

<b>ZP-TP-GP Scheme Code</b>	<b>Nomenclature</b>	<b>Link Code</b>
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
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	PHC's run by NGOs-GIA	2211-00-196-6-07
2210-00-106-0-05	Urban Family Welfare Run by State Govt.	2211-00-196-6-07
2215-00-102-0-91	Nirmala Bharath Abhiyan	2215-01-198-2-02
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	Pre-matric 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 Matric Scholarship to Scheduled Caste 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 & Engineering Students	2225-02-196-6-01
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
2235-00-101-0-61	Pre-School Children Feeding Programme	2236-02-197-6-01
2435-00-101-0-03	Integrated Scheme for Pulses, Oilseeds, Oil Palm and Maize	2401-00-196-6-13
2435-00-101-0-02	Oil Palm Cultivation in Potential States	2401-00-196-7-01
2403-00-101-0-01	Control of Animal Diseases	2403-00-197-6-01
2405-00-104-0-02	Centrally Sponsored Scheme of Motorisation of Traditional Crafts	2405-00-196-6-01
2515-00-101-0-01	DRDA - Administrative Charges	2515-00-196-6-06
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
2505-00-101-0-11	Mahatma Gandhi National Rural Employment Guarantee Scheme	2505-60-196-6-04
2216-00-102-0-14	Indira Awas Yojana	2216-80-198-6-02
2230-00-101-0-01	Rehabilitation of Bonded Labourers	2230-01-198-6-01
2501-00-101-0-05	National Rural Livelihood Mission	2501-01-198-6-01