

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject: Release of Funds – Delegation of Financial Powers during FY15-16.

- 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 02 BPE 2015 dated 31.3.2015
 6. G.O. No. FD 04 ZPA 2013 dated 10.4.2013
 7. G O No.FD 02 TFP 2015 DATED:09.04.2015

PREAMBLE:

In Government Orders referred above, financial powers for release of funds have been delegated to Principal Secretaries and Secretaries of the Administrative Departments from time to time.

It is felt necessary to continue with the system of delegation of financial powers for release of funds to the Administrative Departments even in the 3rd quarter of FY 2015-16, 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 schemes and other centrally sponsored schemes. Hence the following order is being issued.

This order covers release of funds for both revenue and capital expenditure during the 3rd quarter of financial year 2015-16. 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 4 TFP 2015, BANGALORE, DATED: 9/10/2015

Part I - Administrative approval: *subsidary expenses*

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 FY15-16.

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.
5. All provisions of **Rs. 10 Crore and above** made through **supplementary estimates** will require concurrence of Finance Department for release of funds.

Share Capital and Loans:

6. For release of Capital Expenditure in the nature of **share capital and Loans, with budget provision of less than Rs. 10 Cr in a Financial Year**, funds can be released **up to the budget provision presuming concurrence of Finance Department** subject to Administrative departments following Transaction of Business Rules 1977 and G.O. No: FD 1 BLA2013 dated 26.11.2013 issued by Finance Department in this regard. However, Government Equity for Railway Projects may be released up to 75% of the budgetary provision presuming concurrence of FD.

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**. It is noticed that in certain schemes, especially those related to disbursement of pensions, expenditure in excess of budget is being incurred. To avoid this, Administrative Departments should monitor expenditure on monthly basis and send proposal for Supplementary Estimates, if required, well in time.

State Schemes with budget provision of less than Rs.10 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. For schemes having budget provision of Rs 5 Cr and more but less than Rs 10 Cr, administrative departments may release 50% of the budget provision plus unspent amount from the first two

quarters in two installments over 3rd and 4th quarter subject to utilization of 75% of the earlier release(s) including any opening balance.

10. All provisions of less than Rs.10 Crore approved through the supplementary estimates can be released by the administrative departments, presuming concurrence of Finance Department.

Part IV - State Schemes with budget provision of Rs 10 Crore and above:

Monthly releases during third quarter:

11. 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 the third quarter of FY 2015-16 presuming concurrence of Finance Department for the following:

- 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.

For (a) & (b) above, SCSP-TSP releases shall also be made monthly at the rate of 1/12th of the SCSP-TSP budget provision including any unspent balances of the previous months.

- c. 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.
- d. Food Subsidy: This would be applicable to HoAs pertaining to Annabhagya scheme for APL beneficiaries for food grains, Annabhagya scheme for BPL beneficiaries for food grains & other items and Sugar.

12. Monthly ceiling for release of Subsidy for IP Sets, Bhagyajyothi and Kutirjyothi (Non Plan) will be as informed to the Energy department by FD in file.

Quarterly releases during third quarter:

13. For all other schemes with budget provision of Rs. 10 Crore and above and not covered under Part II, **25% of the budget provision can be released in the third quarter** of a financial year 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. **Details pertaining to such utilization, necessitating further releases shall be invariably incorporated in the release orders by the departments.**
14. For release of the remaining 25% of the budget provision pertaining to the remaining one quarter, proposals shall be sent to Finance Department during the fourth quarter of the

financial year. The proposal shall be sent after ensuring utilization of 75% of the previous releases made, including opening balance. The proposal shall contain details regarding funds released and utilized. Such proposals may be made for a group of schemes.

15. In case 75% of the budget provision is not released before 30th December, proposals shall be sent to Finance Department for 'any balance releases beyond 30th December' in the last quarter of the financial year.

Debt Servicing:

16. 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:

State Schemes

17. The current practice of release of funds for the state schemes to Panchayati Raj Institutions (PRIs) by Finance Department will continue.

Centrally Sponsored Schemes and Central Plan Schemes

18. In case of plan schemes supported by centre /other centrally sponsored / central plan schemes, the procedure as prescribed at Para 25 onwards may be followed.
19. However, lump sum provisions made under the object head '300' shall be released with prior concurrence of Finance Department. The revised procedure for release of funds to PRIs as prescribed in the Government Order at 6 above would continue.

Releases of Funds pertaining to SCSP & TSP

20. For district sector schemes, concerned Administrative Departments should ensure that SCSP and TSP allocations as intimated by Planning Department are adhered to.

If for the schemes mentioned at para 15 above, the departments release 21

Release of Funds to ULBs

21. Non plan grants to Urban Local Bodies (ULBs) up to 25% of the budget provision can be released in the third quarter of a financial year 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. Details

pertaining to such utilization and necessitating further releases shall be incorporated in the release orders by the departments.

- 22. For release of the plan grants under State Plan schemes, the delegation forms prescribed at Para 13 to 15 shall apply. In case of plan schemes supported by centre /other centrally sponsored / central plan schemes, the procedure as prescribed at Para 15 onwards may be followed.

Releases of Funds pertaining to SCSP & TSP

- 23. For release of Funds pertaining to SCSP & TSP, Urban Development Department shall ensure that the allocations as intimated in the link document are included in the release orders while making corresponding releases of funds to ULBs.

Reimbursable Schemes - Externally Aided Projects and RIDF

- 24. A quarterly installment of 25% of the budget provision can be released in the 3rd quarter 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 at least first quarter has been received. The Government Order issued for release of such installments should include details of compliance to the above conditions. The release of fourth quarterly installment 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:

- 25. Since FY14-15, the centrally sponsored schemes have been rationalized to 66 schemes and central share for these schemes is being routed through the State Budget. From FY 15-16 onwards, there has been further re-structuring of these schemes by Government of India and these schemes have been classified under the following categories.

Category A schemes

- 26. Central support for these schemes has been retained as earlier. List of such schemes may be seen at Annexure III to this G.O. In case of such schemes, the delegation of financial powers as available previously would continue. As such, funds for central and state share of such

schemes as per the approved sharing pattern can be released on receipt of the central share as conveyed through credit confirmation slip from Finance Department, subject to availability of budget provision. The Government 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. Release of any state share beyond minimum mandated as per the approved sharing pattern for the scheme will need specific prior concurrence of FD.

27. 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.
28. 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.

Category B schemes

29. Though Central Government will continue to support these schemes, the sharing pattern has been changed. Scheme-wise details of the same are unavailable. Departments were expected to bring in clarity on that from the concerned ministries during the first two quarters. Based on these developments, the following delegation is being made.

Category B - Protected schemes

30. Of these schemes, the ones where action plan is not approved by Government of India or what has been approved has impact on budgetary balance, releases shall be made only with prior concurrence of FD. These are listed in annexure IV A.
31. Releases for other schemes in this category as listed at annexure IV B may be made in the same way as that of Category A schemes following procedure described in paragraphs 25, 26, 27 & 28 above.

Category B schemes - Others

32. Of these schemes, the ones where action plan is not approved by Government of India or what has been approved has impact on budgetary balance, releases shall be made only with prior concurrence of FD. These are listed in annexure V A.
33. The schemes for which action plan is approved by Government of India, releases may be made in the same way as that of Category A schemes following procedure described in paragraphs 25, 26, 27 & 28 above. These are listed in annexure V B.

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Category C and D schemes

34. List of such schemes and the procedure for release under these is at annexure VI.

Other CSS and CPS

35. The procedure mentioned above at paragraphs 25 to 28 for delegation of financial powers shall also apply for other centrally sponsored schemes (not classified as central support to state plan) and central plan schemes. (Details of such schemes other than those mentioned in the annexure III, IVA, IVB, VA, VB & VI to this G.O. may be found under CSS and CPS category of "Plan Document".)

Central Finance Commission Grants:

36. 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.

Releases of Funds pertaining to SCSP & TSP for the 4th quarter:

37. On account of 'The Karnataka Scheduled Castes Sub-Plan And Tribal Sub-Plan (Planning, Allocation And Utilization Of Financial Resources) Act 2013', powers to release budget provision for SCSP & TSP components for the 4th quarter are also delegated to the administrative departments as follows:
- a. For schemes listed at para 11 (a) and (b) above, monthly releases shall be made at the rate of 1/12th of the SCSP-TSP budget provision including any unspent amounts for the previous months after ensuring utilization of 75% of the earlier releases.
 - b. For the schemes handled at paras 13 to 15 above, the departments may release 25% of the budget provision plus unspent amount of the first 3 quarters in the fourth quarter after ensuring utilization of 75% of the earlier releases.

Part V – General Instructions:

Submission of Reimbursement Claims and Utilization Certificates

38. 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 24, 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:

39. Deposit of funds into bank account should not be done without specific concurrence of Finance Department that may be given for a particular transfer or a scheme in general.
40. Any deposit in Personal Deposit Account or in Bank Account of the implementation agency / officer, even if permitted by Finance Department under a particular scheme, should not be construed as an exception to exercise delegation of financial powers as per this Government Order. Also, expenditure actually incurred from out of such account as well as balance amount available in these should form the basis for further releases while exercising the delegated powers.
41. It is hereby reiterated that, while releasing funds under any scheme – either central or State, being implemented by agencies outside the Government through PD / Bank accounts, it should be ensured that at least 75% of the funds released earlier, including any opening balance in the bank account with the implementation agency or in the personal deposit account, have been utilized. Release G.O. should confirm the same by invariably depicting the following:
- Opening Balance
 - Releases made till the instant G.O.
 - Total fund available
 - Expenditure incurred
 - Expenditure as a %age of funds available
42. Restrictions generally applicable for release of funds under Capital or Revenue Heads of Account for depositing in Personal Deposit Accounts will not apply to National or State Disaster Relief provisions.

Intimation to Finance Department:

43. 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.

Role of Department of Treasury

44. Department of Treasury shall not accept bills and process releases presented by the administrative departments unless it has been ascertained that the accompanying government order has been issued in line with the details prescribed above.

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



(Arvind Shrivastava)
Secretary to Government (B & R)
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 Government.
13. All Internal Financial Advisors.
14. All Deputy Secretaries/Under Secretaries to Government.

15. All Sections in Finance Department.

16. Weekly Gazette/Monthly Volume/Annual Compendium/S.G.F./Spare copies.

(FY 2015-16)

Annexure – I

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

Demand No. and Department	Scheme HoA	Nomenclature
19. Urban Development	4217-60-800-5-02	Reimbursement of Taxes & Duties to BMRCL
05. Home and Transport	3055-00-190-0-04	North West Karnataka Regional Transport Corporation (NWKRTC)
	3055-00-190-0-05	North East Karnataka Regional Transport Corporation (NEKRTC)

Category B schemes - Outlets

(FY 2015-16)

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
13	Honorarium to guest lecturers in Higher Education department
14	Remuneration to daily wagers as provided under object head 015 – subsidiary expenses

(FY 2015-16)

Annexure – III

Category A Schemes

(Para 26 to 28)

Sr No	Description
1	Scheme for Providing Quality Education in Madrasas (SPQEM)-GIA
2	National Service Scheme Programme
3	Various Development Programme for Schedule Caste
4	Schemes Under Article 275(1) of The Constitution
5	Special Central Assistance For Tribal Sub Plan
6	Various Development Schemes for Scheduled Tribes
7	Assistance to Most Backward Classes & Semi-Nomadic Tribes
8	Multi Sectoral Development Plan for Minorities
9	Rashtriya Swasthya Bhima Yojana
10	Assistance to the Physically Challenged and the Disabled Poor (NSAP)
11	Integrated Child Protection Scheme
12	Indira Gandhi Mathruthva Sahayoga Yojane
13	Pension (NSAP)
14	CSS- Project Tiger
15	Mahatma Gandhi National Rural Employment Assurance Scheme
16	Transfer of Grants from Central Road Fund to Deposit Head Subventions
17	Prime Minister Grameena Sadak Yojana

FY 2015-16)

ANNEXURE IV A

(Para 30)

Sl. No	Description	Remarks
1	SSA	O.B. is to be reconciled; Approved action plan may have additional financial implication on the State.
2	NRDWP	Action plan not approved.
3	NBA	Action plan not approved. Covered under para 19 of this G.O.
4	IAY	Covered under para 19 of this G.O; approved action plan may have additional financial implication on the state.

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ANNEXURE IV B

(Para 31)

Sl. No	Description
1	Universalization of Primary Education- Aksharadasoha
2	Rashtriya Madhyamika Shikshana Abhiyan (RMSA)
3	National Health Mission (NHM)
4	National Horticulture Mission
5	Rashtriya Krishi Vikas Yojane (RKVY)

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— ANNEXURE V A

(Para 32)

Category B Schemes - Others

Sl. No.	Description
1	Rashtriya Uccharat Shiksha Abhiyana
2	Panchayat Yuva Kreedha Aur Khel Abhiyan
3	National Food Security Mission
4	Integrated Watershed Management Program
5	National Afforestation Programme
6	National Rural Livelihood Mission
7	National Land Records Management Programme (NLRMP)
8	Court Building
9	Judicial Officers Residential Buildings
10	Accelerated Irrigation Benefit Programme (AIBP)
11	Skill Development Scheme (Mission Programme)- Minorities

(FY 2015-16)

ANNEXURE V B

(Para 33)

Category B Schemes - Others

Sl. No.	Description
1	Karnataka State Aids Prevention Society- Aids Control Programme (NACO-DAC)
2	National Mission for Sustainable Agriculture
3	Oil Palm Cultivation in Potential States
4	Control of Animal Diseases
5	National Plan for Bovine Breeding & Dairy Development
6	CSS- Integrated Development & Wild Life Habitats
7	RAY
8	NULM

(FY 2015-16)

ANNEXURE VI

(Para 34)

Category C & D schemes

1. Category C schemes have been delinked from Union Support. Hence, Administrative Departments were asked to put in place an 'Exit Plan' for systematic closure of these schemes as entire cost of the scheme till closure will have to be fully borne by the State. It was also instructed that no new action plan or works can be undertaken under these schemes. This exit plan will involve:
 - (i) Works already under implementation to be completed.
 - (ii) Redeployment of regular staff & termination of services of contractual outsourced staff within first six months of FY 15-16.
2. Category D schemes were stated to be subsumed under some new schemes of the Central Government. However, it was unclear if Central Government will fund all the existing liabilities of these schemes within the budget provision of corresponding new schemes. Without that, such schemes will also need to be handled as 'C' category schemes only.
3. As departments have not yet provided the exit plan or confirmation of central support under the corresponding new scheme for the following schemes, release proposals should be sent to FD for its concurrence along with this detail.

Sl. No.	Description
1	Modernisation of Police Force
2	Establishment Charges
3	Rajiv Gandhi Scheme for empowerment of Adolescent Girls (SABALA)
4	National Mission on Food Process
5	Rajiv Gandhi Panchayath Shasakthikarana Abhiyana (RGPSA)
6	Western Ghats Development Programme
7	Samavikasa Yojane
8	Catalytic Development Programme
9	JNnurm
10	Basic Services for Urban Transport