

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

OFFICE MEMORANDUM

No. 10791 /F., dated 19.04.2024
FIN-WM-CMS-0001-2022

Sub: Guidelines for timely spending of budgetary grants out of the Vote on Account Budget for the year 2024-25 through implementation of Cash Management System in the selected 20 Departments through Quarterly Expenditure Allocation (QEA) for the first quarter and Monthly Expenditure Plan (MEP) from April to July, 2024.

Pursuant to the provisions of sub-section (1-a) of Section 8 of the Odisha Fiscal Responsibility & Budget Management Act, the State Government do hereby lay down the following Guidelines for timely spending of budgetary grants by the selected 20 Departments through the **Cash Management System** out of the Vote on Account Budget for the first four months of the year 2024-25 i.e. from April to July, 2024. The list of these 20 Departments and the Demand for Grants is furnished in **Annexure-I**.

2. The Cash Management System has the following objectives:

*Objectives of
the Cash
Management
System*

- a. Even pacing of expenditure within the financial year.*
- b. Reduce rush of expenditure during the last quarter especially in the last month of the financial year.*
- c. Front loading of expenditure in the 1st three quarters of the financial year so that corrective measures can be taken in the mid-year to achieve the fiscal objectives.*
- d. Curb the tendency of parking of funds outside Government Account.*
- e. Effective monitoring of the expenditure pattern.*
- f. Improve the quality of expenditure.*
- g. Better Ways & Means Management*

3. The budgetary provision and expenditure of the State Government have been classified into following four broad categories.

A. Administrative Expenditure:

- a) Establishment, Operations & Maintenance (EOM) Expenditure
- b) Debt Servicing Expenditure

B. Programme Expenditure:

- a) State Sector Schemes
- b) Central Sector Schemes
- c) Centrally Sponsored Schemes

C. Disaster Response Funds:

- a) State Disaster Risk Management Fund (SDRMF)
- b) National Disaster Risk Management Fund (NDRMF)

D. Transfers from State:

- a) Union Finance Commission Transfers to Local Bodies
- b) State Finance Commission Transfers to Local Bodies
- c) Other Transfers

4. Online module for Quarterly Expenditure Allocation (QEA) & Monthly Expenditure Plan (MEP) under Cash Management System in BETA:

(i) An online platform has been provided to the Departments to update their Quarterly Expenditure Allocation (QEA) and Monthly Expenditure Plan (MEP) in **Budget Execution Technique Automation (BETA) System** to ensure effective monitoring of monthly and quarterly expenditure pattern through online system since the financial year 2021-22. It has also been decided to provide the same online platform to the Departments to update their **Quarterly Expenditure Allocation (QEA) for the first quarter & Monthly Expenditure Plan (MEP) for the months from April to July, 2024.**

(ii) The Quarterly Expenditure Allocation (QEA) for the first quarter and indicative Monthly Expenditure Plan (MEP) for the Months

April to July, 2024 has been prepopulated by Finance Department in the designed Online module in BETA System.

(iii) The concerned Departments are required to update/change their QEA and MEP in line with the broad principles indicated in this Office Memorandum and submit the same online in BETA system for approval of Finance Department in Ways & Means Branch.

(iv) **The Financial Advisors/AFAs of Departments shall access the developed webpage with their user credentials/log in Ids in BETA system and update/change the QEA and MEP in line within the broad principles. The Secretary of the respective departments shall approve the updated QEA and MEP in BETA module and send the same to Finance Department for approval.**

5. The broad features of the Cash Management System are indicated hereafter: -

In respect of each Demand for Grant, Quarterly Expenditure Allocation (QEA) for the first quarter and Monthly Expenditure Plan (MEP) for the month of July for Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes), Administrative & other Expenditure have been prepopulated by Finance Department in the online module developed in BETA. The QEA for the first quarter and MEP for the month of July in respect of 6 Engineering Departments i.e. Works, Housing & Urban Development, Water Resources, Rural Development, Forest, Environment & Climate Change Department and Department of Agriculture & Farmers' Empowerment have been fixed in accordance with their working season. The Monthly Expenditure Plan (MEP) for the first Quarter may be updated in the module on the basis of the Quarterly Expenditure Allocation by the concerned Department in accordance with the broad principles indicated in Para 7. The limit of expenditure indicated for the first quarter and for the month of July is the minimum; however, **the Administrative Departments are free to enhance the MEP & QEA for their respective Departments within the overall limit indicated in the Voted, Charged, Revenue and Capital section under column (5) and (6) of the Vote on Account, 2024-25 and**

in line with the broad principles outlined in Finance Department Circular No.8393/F, dated 28.03.2024 on 'Regulation of Expenditure out of the Vote on Account for the year 2024-25'.

*Quarterly
Expenditure
Allocation
(QEA)*

6. The Quarterly Expenditure Allocation (QEA) for the first quarter and MEP for the month of July should not be modified by the Administrative Departments without prior approval of Finance Department in Ways & Means Branch. **The QEA for the first quarter and MEP for the month of July for all the 20 Demand for Grants can be modified, if necessary, by the Administrative Departments in accordance with their work plans/ programme implementation schedule within the overall limit indicated in the Voted, Charged, Revenue and Capital section under column (5) and (6) of the Vote on Account, 2024-25 and in line with the broad principles outlined in Finance Department Circular No.8393/F, dated 28.03.2024 on 'Regulation of Expenditure out of the Vote on Account for the year 2024-25' and submitted to Finance Department by 15.05.2024 for approval.**

*Features of
the Cash
Management
System &
Enhanced
Delegation*

7. (i) (a) **Enhanced delegation for sanction of funds by the Administrative Departments covered under the Cash Management System:** The Administrative Departments are authorized to sanction expenditure under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Administrative & other Expenditure** up to the limit of the QEA for the first Quarter and MEP for the month of July, 2024 including expenditure for grants and subsidies, subject to the procedure and limit of expenditure indicated in paragraph-5 of Finance Department letter No.8393/F, dt.28.03.2024 in respect of sanction and release of funds from Vote on Account.

(b) The Administrative Departments are to fix the QEA for the first quarter and MEP for the month of July of Controlling Officers based on the QEA and MEP for the Demand for Grant and the Controlling Officers in turn may ask the DDOs to spend the provision in accordance with their own QEA and MEP.

(ii) Expenditure for the continuing Central Sector Schemes/Centrally Sponsored Schemes out of the Vote on Account,

2024-25, only should be considered, subject to the limit of Vote on Account and receipt of Central Assistance. The state share is to be released in accordance with receipt of Central Assistance. However, in case of urgent necessity for release of funds, the Administrative Departments can incur expenditure to the extent of 50% of the provision under the respective scheme or 50% of the annual allocation made by the concerned line Ministry of Government of India whichever is less, during April to July, 2024 pending receipt of Central Assistance **within the overall limit indicated in the Voted, charged, Revenue and Capital section under column (5) and (6) of the Vote on Account, 2024-25** with concurrence of the Financial Advisor/Assistant Financial Advisor of the Departments. Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component up to 50% of the provision, during April to July, 2024 in anticipation of receipt of Central Assistance up to 31.07.2024 without concurrence of Finance Department **within the overall limit indicated in the Voted, charged, Revenue and Capital section under column (5) and (6) of the Vote on Account, 2024-25.**

(iii) In case of EAPs in the pipe line, expenditure should be incurred only if agreement with the Donor Agency has been signed and the date of effect of the agreement has been notified.

(iv) The Administrative Departments would obtain approval of Project Approval Committee/Empowered Committee for sanction of the entire provision made in their Demand for Grant for share capital/loan/Grant in Aid/Subsidy to PSUs and Co-operatives, in one go, by June, 2024 and then release the amount at their level subject to recovery of outstanding Government dues and opening of Escrow Account **subject to the overall limit indicated in the Voted, charged, Revenue and Capital section under column (5) and (6) of the Vote on Account, 2024-25.**

(v) Grant-in-aid and subsidy to PSUs/Co-operatives shall be released by the Administrative Departments subject to adjustment of outstanding Government dues, opening of Escrow Account and within the limit of the Quarterly Expenditure Allocation (QEA) and Monthly Expenditure Plan (MEP).

(vi) In case any Administrative Department intends to grant any relief to any PSU/Co-operative in recovery of outstanding Government dues while releasing Share capital/loan or subsidy, prior concurrence of Finance Department would be necessary.

(vii) Release of funds in respect of schemes/ provisions reserved for Post Budget Scrutiny would be subject to prior approval of Finance Department/Planning & Convergence Department as the case may be.

(viii) Allotment for Works Expenditure of Forest, Environment & Climate Change, Rural Development, Water Resources, Housing & Urban Development, Energy & Works Department against Budget provision, N.H. Credit and Deposits, based on budgetary allotment and accounts of the Division/Project, drawn through cheques, would continue to be routed through Works Expenditure module of the Treasury Portal and regulated by Finance Department Circular No. 28777(6)/F, dated 24.06.2011. The Controlling Officers are advised to distribute budgetary allotment in respect of works expenditure to the Divisions/projects through Works Expenditure module of the Treasury Portal.

(ix) Separate expenditure sanction would also be necessary in case of Works expenditure/projects governed by Public Works Department Code, in terms of the provisions contained in Rule- 17 (d) of the Delegation of Financial Powers Rules,1978 as amended from time to time.

(x) Guidelines for utilization of provisions made for different works under **Programme Expenditure** of Works, Rural Development, Housing & Urban Development and Water Resources Department and construction of buildings issued vide Finance Department O.M No. 15744/F, dated 05.04.2012 should be followed scrupulously for release of the budgetary allocation for these works.

8. Expenditure is to be incurred only on existing establishments and ongoing schemes and programmes. It must be ensured that no expenditure on a new scheme/programme is incurred until the Demands for the whole year are passed by the Legislative Assembly and the related Appropriation Bill is enacted.

9. **The limits indicated in the QEA and MEP is calculated at the Demand for Grant level as a whole allowing inter-se variations between months within a quarter and across the sectors i.e. Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Administrative & other Expenditure within the broad parameters indicated in Para-7.** The Administrative Departments and the Controlling Officers should distribute allotment under each sector among the DDOs broadly in accordance with the QEA for the first Quarter and MEP for the month of July, 2024.
10. **Savings if any, under any QEA would not normally be allowed to be carried over to the next quarter. The Administrative Departments requiring modification of MEP, which affects QEA, should seek approval of Finance Department in the online module after making** necessary up-dation/changes in the online module. However, they would be free to adjust the spillover of MEP of one month in the next month within the same quarter if it is within the limits of QEA. The facility will be provided in the online module for necessary up-dation/changes in QEA and MEP accordingly. The Departments are required to follow the process as per the user manual and submit the modified QEA and MEP for approval of Finance Department.
11. In case Finance Department in Ways & Means Branch do not approve for modification of MEP and QEA within 15 days **in the online module** it will be deemed to have been approved.
12. The Monthly Expenditure Plan and Quarterly Expenditure Allocations are to be made in gross terms.
13. **Funds should not be drawn from the Treasury/Bank without immediate requirement for payment.** As such no drawal should be made to make advance payments except in terms of valid agreements in order to meet the monthly/quarterly expenditure targets.
14. (i) As stipulated in Subsidiary Rule 242 of OTC, Volume-I, money should not be drawn from the Treasury unless it is required for immediate disbursement. Besides, it is stipulated in Rule-25 (1) of O.G.F.R, 2023 that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be

removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Further, Rule-141 (3) of Odisha Budget Manual provides that no money should be drawn from the Treasury unless it is required for immediate payment. It is not permissible to draw money from the Treasury and keep them in Banks without sanction of Finance Department. Money should not be drawn from the Treasury simply on the ground that the charges have been sanctioned by competent authority. Nor is it permissible to draw money from the Treasury and then place it in deposit in order to avoid lapse of allotment. The system of electronic disbursement of Government payments directly to the beneficiary account has been introduced vide Finance Department O.M. No. 27444/F, dated 26.7.2012 with the objective of direct payment to the beneficiaries and vendors and to prevent parking of funds in bank accounts by the DDOs. However, instances have come to the notice of Government that money drawn by the DDOs is being kept unutilized for indefinite period. This adversely affects the Ways and Means position of the State. Drawal and retention of funds results in deferment/deprivation of the expenditure on priority items which are linked with developmental activities.

(ii) Instructions have been issued vide Finance Department letter No.23583/F, dated 10.07.2019 and letter No.32215/F, dated 21.11.2014 that money should not be drawn from the Treasury by the DDOs unless it is required for immediate disbursement. Unauthorized parking of Government money in Bank Account in contravention of financial rules and instructions issued by Finance Department is strictly prohibited. **It has been stipulated in the above mentioned circulars of Finance Department that if any such instance of un-authorized parking of money is noticed, the concerned DDO shall be liable for disciplinary action under Rule -15 of the OCS (CC&A) Rules, 1962.** As per instructions issued vide Finance Department Circular No. 32215/F, dated 21.11.2014, the Heads of Department and Collectors shall cause enquiry into the matter of unauthorized parking of Government money in bank accounts after obtaining information from the Treasury Officers/ Drawing and Disbursing Officers/Autonomous

Agencies of the Districts. In case, instances of irregularity are found, the matter should be reported to respective Heads of the Department/ Administrative Department. **They should take disciplinary action against the concerned sanctioning authority as well as the DDO, committing such irregularity, under intimation to Finance Department and ensure that funds are drawn and transferred to implementing agencies only for actual expenditure and not for parking in Bank Account. The sanctioning authority and the Drawing & Disbursing Officers shall strictly follow these instructions.**

15. Sanction of funds out of Vote on Account Budget for the year 2024-25 i.e. from April to July, 2024 by the 20 Departments covered under Cash Management System would be regulated in terms of the provisions of the preceding paragraphs.

16. The gross provision in the respective Demand for Grant and minimum indicative limit of Quarterly Expenditure allocation for the first Quarter of 2024-25 and MEP for the month of July 2024 is provided in the online module for guidance. The Administrative Departments are free to enhance the QEA for the first Quarter and MEP for the month of July, 2024 in accordance with the instructions contained in the preceding paragraphs and furnish the same to Finance Department in the online module by 15.05.2024 for approval.

The Administrative Departments should issue suitable instructions to the Controlling Officers to implement the **Cash Management System** and help improve the public expenditure management.

By order of the Governor



Principal Secretary to Government

Memo No. 10792

Dt. 19.04.2024

Copy forwarded to the Private Secretary to Hon'ble Chief Minister / Minister, Finance for kind information of Hon'ble Chief Minister/ Minister, Finance.

Mem
19/04/24

Joint Secretary to Government

Memo No. 10793

Dt. 19.04.2024

Copy forwarded to the Private Secretaries to Chief Secretary/D.C.-cum-Additional Chief Secretary / Principal Secretary, Finance Department for kind information of Chief Secretary/D.C.-cum-Additional Chief Secretary/ Principal Secretary, Finance Department.

Mem
19/04/24

Joint Secretary to Government

Memo No. 10794

Dt. 19.04.2024

Copy forwarded to the Additional Chief Secretary/Principal Secretaries/ Commissioner-cum-Secretaries/ Secretaries to Government (Works, Food Supplies & Consumer Welfare, School & Mass Education, ST & SC Development, M & BCW, Health & Family Welfare, Housing & Urban Development, Panchayati Raj & Drinking Water, Industries, Water Resources, Forest, Environment & Climate Change, Department of Agriculture & Farmers' Empowerment, Rural Development, Energy, Handlooms Textiles & Handicrafts, Fisheries & Animal Resources Development, Department of Women & Child Development, Higher Education, Skill Development & Technical Education, Micro, Small and Medium Enterprises and Social Security and Empowerment of Persons with Disabilities Departments) for kind information & necessary action.

Mem
19/04/24

Joint Secretary to Government

Memo No. 10795

Dt. 19.04.2024

Copy forwarded to the FAs/AFAs (Works, Food Supplies & Consumer Welfare, School & Mass Education, ST & SC Development, M & BCW, Health & Family Welfare, Housing & Urban Development, Panchayati Raj & Drinking Water, Industries, Water Resources, Forest, Environment & Climate Change, Department of Agriculture & Farmers' Empowerment, Rural Development, Energy, Handlooms Textiles & Handicrafts, Fisheries & Animal Resources Development, Department of Women & Child Development, Higher Education, Skill Development & Technical Education, Micro, Small and Medium Enterprises and Social Security and Empowerment of Persons with Disabilities Departments) for kind information & necessary action.

Mem 19/04/24

Joint Secretary to Government

Memo No. 10796

Dt. 19.04.2024

Copy forwarded to All Officers of Finance Department/All Branches of Finance Department for information and necessary action.

Mem 19/04/24

Joint Secretary to Government

Memo No. 10797

Dt. 19.04.2024

Copy forwarded to Director of Treasuries and Inspection, Odisha, Bhubaneswar for information and necessary action.

Mem 19/04/24

Joint Secretary to Government

ANNEXURE - I

| Sl. No. | Demand No. | Name of the Department |
|----------------|-------------------|--|
| 1 | 07 | Works |
| 2 | 09 | Food Supplies and Consumer Welfare |
| 3 | 10 | School & Mass Education |
| 4 | 11 | ST & SC Development, M & BCW |
| 5 | 12 | Health & Family Welfare |
| 6 | 13 | Housing & Urban Development |
| 7 | 17 | Panchayati Raj & Drinking Water |
| 8 | 19 | Industries |
| 9 | 20 | Water Resources |
| 10 | 22 | Forest, Environment & Climate Change |
| 11 | 23 | Department of Agriculture & Farmers' Empowerment |
| 12 | 28 | Rural Development |
| 13 | 30 | Energy |
| 14 | 31 | Handlooms, Textiles & Handicrafts |
| 15 | 33 | Fisheries & Animal Resources Development |
| 16 | 36 | Department of Women & Child Development |
| 17 | 38 | Higher Education |
| 18 | 39 | Skill Development & Technical Education |
| 19 | 40 | Micro, Small and Medium Enterprises |
| 20 | 41 | Social Security & Empowerment of Persons with Disabilities |