

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

OFFICE MEMORANDUM

No. 12859/F., dated 28.04.2023
FIN-WM-CMS-0001-2022

Sub: Guidelines for timely spending of budgetary grants through implementation of Cash Management System in the selected Departments through Quarterly Expenditure Allocation (QEA) and Monthly Expenditure Plan (MEP) in the Financial Year 2023-24.

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 through the **Cash Management System** in 2023-24. The system was initially adopted in respect of the 10 Demand for Grants administered by large spending Departments during the financial year 2010-11. Thereafter, it has been extended to 10 more Departments during 2011-12 to 2017-18. All these 20 Departments will also continue to remain under the purview of Cash Management System in 2023-24. 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*

- i. Even pacing of expenditure within the financial year.*
- ii. Reduce rush of expenditure during the last quarter especially in the last month of the financial year.*
- iii. 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.*
- iv. Curb the tendency of parking of funds outside Government Account.*
- v. Effective monitoring of the expenditure pattern.*
- vi. Improve the quality of expenditure.*
- vii. Better Ways & Means Management.*

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

A. Administrative Expenditure:

- (i) Establishment, Operations & Maintenance (EOM) Expenditure
- (ii) Debt Servicing Expenditure

B. Programme Expenditure:

- (i) State Sector Schemes
- (ii) Central Sector Schemes
- (iii) Centrally Sponsored Schemes

C. Disaster Response Funds:

- (i) State Disaster Risk Management Fund (SDRMF)
- (ii) National Disaster Risk Management Fund (NDRMF)

D. Transfers from State:

- (i) Union Finance Commission Transfers to Local Bodies
- (ii) State Finance Commission Transfers to Local Bodies
- (iii) Other Transfers

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

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

(ii) Like previous year, the Quarterly Expenditure Allocation (QEA) for all the four quarters and indicative Monthly Expenditure Plan (MEP) for all the Months in respect of the Departments have been

populated by Finance Department in the designed 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 the system for approval of Finance Department in Ways & Means Branch as done in previous Financial Year.

(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: -

(i) The minimum level of expenditure up to the 3rd quarter i.e. 60% of the gross provision made in the Budget Estimate for 2023-24, not only under Administrative & other Expenditure and Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) taken together but also under Programme Expenditure alone under the Cash Management System is non-negotiable. The six Departments i.e. Works, Housing & Urban Development, Water Resources, Rural Development, Forest, Environment & Climate Change Departments and Department of Agriculture & Farmers' Empowerment, should endeavor to incur expenditure to the extent of 25%, 15% and 20% of the Gross provision in the Budget Estimate in the 1st, 2nd and 3rd Quarter respectively, taking into consideration their working season. The other fourteen (14) Departments should aim at achieving expenditure level of 15%, 15% and 30% of the Gross provision in the Budget Estimate in the 1st, 2nd and 3rd Quarter respectively. Failure to reach the prescribed level of expenditure up to the end of 3rd Quarter i.e. 60% of the gross provision made in the Budget Estimate for 2023-24, not only under Administrative

& other Expenditure and Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) taken together but also under Programme Expenditure alone, will result in resumption of the shortfall by Finance Department.

(ii) The limit of expenditure indicated in **the online module** for the first three quarters is the minimum; however, **the Administrative Departments are free to enhance the MEP & QEA of first three quarters for their respective Departments** in accordance with the broad principles indicated in **Para 7 and seek approval of Finance Department in the online module after making** necessary up-dation/changes in the online module

(iii) **The limit of expenditure for the fourth quarter (40% of the Gross provision in the Budget Estimate) and monthly expenditure for the month of March (15% of the Gross provision in the Budget Estimate) provided in the online module is the uppermost ceiling which should not to be exceeded in any case.**

(iv) Besides, Finance Department vide letter No.12182/F, dated 21.04.2023 has requested all the Departments to workout and submit realistic monthly and quarterly Expenditure Plan for Programme Expenditure indicating the expenditure plan for major flagship schemes. Accordingly, the 20 Departments covered under CMS are required to update the QEA and MEP for Programme expenditure in the online module in BETA in line with the realistic monthly and quarterly Expenditure Plan submitted by them as per the said letter.

*Quarterly
Expenditure
Allocation
(QEA)*

6. If necessary, the Quarterly Expenditure Allocation for all the four quarters for all the 20 Demand for Grants may be modified by the Administrative Departments in accordance with their work plans/programme implementation schedule within the minimum limit of expenditure for the 1st three Quarters and the broad principles indicated in these guidelines and submitted to Finance Department through online in BETA by 31.05.2023 for approval.

7. (I) Monthly Expenditure Plan (MEP) of each Department for January to March shall be subject to the following limits:-

(a) MEP for the month of March shall not exceed 15% of the Budgeted Provision (Budget Estimate).

(b) MEP for the month of January to March has to be so fixed that the QEA for the last quarter **shall not exceed 40% of the overall Budgeted Provision (Budget Estimate) and 40% of the provision under Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) (Budget Estimate).**

(II) The Administrative Departments are authorized to sanction expenditure under **Administrative & other Expenditure, Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) and Transfers from State**, up to the limit of the QEA including expenditure for grants and subsidies, subject to the following stipulations:

(a) **Central Sector Schemes and Centrally Sponsored Schemes:**

Normally, expenditure for these schemes is to be made against availability of Central Assistance only during 2023-24. Instances have come to notice of Finance Department that the Administrative Departments are presenting bills in the treasuries for drawal of fund only on the basis of sanction order issued by the respective Line Ministry of Government of India without checking the position of receipt of central assistance by the State Government. The position of receipt of central assistance is updated every day in the Finance Department website (<http://finance.odisha.gov.in/important-links/receipt-central-assistance>). **The concerned scheme officer and Financial Advisor/ Assistant Financial Advisor should check the position of receipt of CA from the website of Finance Department before sanction/release/drawal of funds.** However, in case of urgent necessity for release of funds for continuing schemes, the Administrative Departments can incur expenditure to the extent of 50% of the provision made in the Budget Estimate for the year 2023-24 or 50% of the annual

allocation made for the State by the concerned line Ministry of Government of India whichever is less, during the first two quarters of the financial year in respect of continuing **Central Sector Schemes and Centrally Sponsored Schemes** pending receipt of Central Assistance with concurrence of the Financial Advisor/A.F.A of the Department. **Further, in case of continuing schemes, the Administrative Departments can incur expenditure on the salary component** in anticipation of receipt of Central Assistance up to **30.12.2023** without concurrence of Finance Department. On receipt of Central Assistance, it will be first adjusted towards the advance release made by the State Government.

(b) 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.

(c) 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 30th June, 2023 and then release the amount with prior approval of Finance Department subject to recovery of outstanding Government dues and opening of Escrow Account. Besides, 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).

(d) 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.

(e) 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.

(f) If, any provision in the Budget Estimate is surrendered in one Demand and equivalent additional provision is taken in another Demand in the Supplementary Statement of Expenditure, then the budgeted provision will be deemed to have been reduced to that extent and the MEP & QEA are to be modified accordingly.

(g) 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.

(h) 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.

(i) 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.

(III) The Administrative Departments are to fix the QEA and MEP 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.

8. Sanction of expenditure for new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised:

Guidelines have been issued in Finance Department O.M. No. 9523/F, dated 22.03.2021 for formulation, appraisal and approval of new schemes or new services, existing schemes under Programme Expenditure and Administrative Expenditure where scope or cost estimate is proposed to be substantially altered and schemes continuing without approval. **Mere provision in the Budget does not entitle the Administrative Departments to incur expenditure unless the process of systematic appraisal and approval has been completed. Sanction of expenditure for these schemes/services can only be made after completion of the process of appraisal and approval by competent authority within the limit prescribed in paragraph-7.**

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. Administrative & other Expenditure and Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes) within the broad parameters indicated in Para-7 and Para-12. The Administrative Departments and the Controlling Officers should distribute allotment under each sector among the DDOs broadly in accordance with the QEA and MEP for the entire year.

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 updation/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. (i) The Ways & Means Branch of Finance Department are to monitor Grant-wise & Controlling Officer-wise Expenditure for each quarter.

(ii) After receipt of Grant-wise & Controlling Officer-wise Expenditure for the month of December, Ways & Means Branch of Finance Department will calculate the progressive expenditure up to December under each Demand for Grant.

(iii) At the end of 3rd quarter, the following expenditure targets have to be met by the Departments concerned:

(a) The aggregate expenditure under **Administrative & other Expenditure and Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** should reach the minimum level of 60% of the Budget provision; and

(b) Expenditure under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** should also reach the minimum level of 60% of the Budget provision.

If any of the above two conditions are not fulfilled by any Department, then the concerned Department would be required to surrender the provision equal to the amount of shortfall in expenditure from the prescribed minimum level.

Illustration: (A) *If the expenditure of a Department covered under the Cash Management System falls short of 60% of overall Budget provision by Rs.'X' but exceeds 60% under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)**, then Rs.'X' is to be surrendered by that Department.*

(B) If the expenditure of a Department covered under Cash Management System exceeds 60% of the overall Budget provision but falls short of 60% of Budget provision under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** by Rs. 'Y' then the concerned Department will have to surrender Rs. 'Y' under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)**.

(C) If the expenditure of a Department covered under the Cash Management System falls short of 60% of the overall Budget provision by Rs.'X' and 60% of the Budget provision under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** by Rs.'Y' then the concerned Department will have to surrender Rs.'Y' under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)** and Rs. ('X' - 'Y') from the overall Budget provision. Where Rs.'X' is less than Rs.'Y' then only Rs.'Y' is to be surrendered under **Programme Expenditure (State Sector Schemes, Central Sector Schemes, Centrally Sponsored Schemes)**.

(iv) The Administrative Departments and the Controlling Officers need to reconcile the expenditure reported by the Accountant General (A&E) up to the month of December and surrender the provision equal to the differential between the progressive expenditure and 60% of the Budget Provision as indicated in the Illustration above.

(v) Surrender of the provision should be made through the Budget interface module of IFMS and the surrender relating to works expenditure is to be made through Works Expenditure module of IFMS.

13. The Monthly Expenditure Plan and Quarterly Expenditure Allocations are to be made in gross terms.

14. **The Integrated Financial Management System (IFMS) has been so enabled that it will not admit expenditure in excess of 40% of Budget Provision during the last quarter and 15% in the month of March under any Demand for Grant under the Cash Management System.**

15. 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.

16. (i) As stipulated in Subsidiary Rule 242 of Odisha Treasury Code, Volume - I, money should not be drawn from the Treasury unless it is required for immediate disbursement. Besides, it is stipulated in Rule-6 of O.G.F.R, Volume-I 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 it is 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. Un-authorized parking of Government money in Bank Account in contravention of financial rules and instructions issued by Finance Department is strictly prohibited.

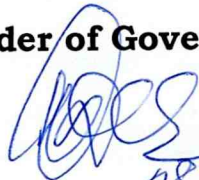
It has been stipulated in the above-mentioned circulars of Finance Department that if any such instance of un-authorized parking of money is noticed, the concerned DDO shall be liable for disciplinary action under Rule -15 of the OCS (CC&A) Rules, 1962. As per instructions issued vide Finance Department Circular No. 32215/F., dated 21.11.2014, the Heads of Department and Collectors shall cause enquiry into the matter of un-authorized 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.**

17. Sanction of funds out of Budgetary Provision would be regulated in terms of the provisions of the preceding paragraphs.

18. The gross provision in the respective Demand for Grant and minimum indicative limit of quarterly expenditure allocation for all the four quarters of 2023-24 is provided in the online module for guidance. The Administrative Departments are free to enhance the MEP & QEA of first three quarters for their respective Departments in accordance with the instructions contained in the preceding paragraphs and furnish the same to Finance Department in the online module by 31.05.2023.

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 Governor



28/4/23

Principal Secretary to Government

Memo No. 12860

Dt. 28.04.2023

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

MKM
28/04/23

Joint Secretary to Government

Memo No. 12861

Dt. 28.04.2023

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.

MKM
28/04/23

Joint Secretary to Government

Memo No. 12862

Dt. 28.04.2023

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.

MKM
28/04/23

Joint Secretary to Government

Memo No. 12863

Dt. 28.04.2023

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.

MUM/28/04/23

Joint Secretary to Government

Memo No. 12864

Dt. 28.04.2023

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

MUM/28/04/23

Joint Secretary to Government

Memo No. 12865

Dt. 28.04.2023

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

MUM/28/04/23

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