

No. S-18012/19/2020-SBM-DDWS  
Government of India  
Ministry of Jal Shakti  
Department of Drinking Water and Sanitation  
Swachh Bharat Mission (Grameen)

4<sup>th</sup> Floor, Pt. Deendayal Antyodaya Bhawan  
CGO Complex, Lodhi Road  
New Delhi – 110003  
Dated, the 14<sup>th</sup> May, 2020

To

Chief Secretary  
All States/UTs

**Subject: Exercising greater financial discipline and control over the expenditure under Swachh Bharat Mission (Grameen) – reg.**

Madam/Sir,

This is with reference to the letter dated 4<sup>th</sup> May, 2020 issued by Secretary (Expenditure), Ministry of Finance (copy enclosed) advising to exercise greater financial discipline and control over the expenditure under the Central Sponsored Schemes and Projects during the current financial year in view of the significant impact on the economic activities in the country due to COVID-19 Pandemic resulting in a stress on the revenue mobilization of the Union Government. The letter invites attention to the provisions of Rule 232(v) to (vii) of General Financial Rules 2017, which mandates, *inter alia*, that before releasing funds to the States/UTs, it must be ensured that they have the capacity to actually spend the funds proposed to be released, and that funds released earlier have been effectively utilized and the data in this regard is reported through the PFMS Portal. It is further stated that while the strain on State exchequer on account of lockdown situation prevailing in the country is recognized, it is equally important that Central releases to State Treasury under Centrally Sponsored Schemes do not remain parked. The information as regards Treasury operations of the States show that substantial amount of surplus cash available with several of the States is parked in Treasury Bills, which means that, while on the one hand, the Union pays interest on the borrowings which are released to the State, on the other, for lack of utilization, State park these funds in Treasury Bills earning interest.

2. It may, therefore, be noted that for any release under SBM(G), confirmations on the following points would be required from the respective State/UT:

- (i) The Central funds released previously have been released from the State Treasury to the State Nodal Account and no amount is held up in State Treasury.
- (ii) Proportionate State share has been released from the State Treasury to the State Nodal account and there is no shortfall against any previous releases.

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- (iii) There is no shortfall in proportionate State share expenditure/utilization of funds.
- (iv) Necessary provision of State Share has been made in the State's Budget.
- (v) The unspent balance shown in the utilization certificate matches with the PFMS balance.

If any of the above requirements is not fulfilled, the State would not be considered for release.

3. You are therefore requested to do the needful keeping in view the above points. In addition, you are also requested to ensure:

- (a) Utilization of funds in an efficient manner and that there is no parking of funds.
- (b) All the transactions are made through PFMS.
- (c) Monthly report of utilization of funds (for Central and State shares each) with the unspent balance as on the last day of the month, and the physical achievements corresponding to the funds utilized is sent to this Department by email at [so-sbmg@gov.in](mailto:so-sbmg@gov.in) and [rampal.singh67@gov.in](mailto:rampal.singh67@gov.in) by the 5<sup>th</sup> of every month.
- (d) The unspent balance reported by the State from time to time includes the total unspent balance in the State at all levels i.e. State, District, Block, GP, as the case may be.

Yours faithfully,

Encl: As above



(Arun Baroka)

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Copy to:

- 1. Addl. Chief Secretary/Pr. Secretary/Secretary, In charge Sanitation, All States/UTs
- 2. Mission Directors and State Coordinators, SBM(G), All States/UTs

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डा. टी. वी. सोमनाथन, आई.ए.एस.

सचिव (व्यय)

Dr. T. V. Somanathan, I.A.S.

Secretary (Expenditure)



एक कदम स्वच्छता की ओर

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वित्त मंत्रालय  
व्यय विभाग  
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D.O No: 25(13)/E.Coord/2020

Dated: 4th May, 2020

Dear Secretary,

As you are aware, the restrictions placed on movement on goods, services and manpower on account of the directions issued by the Ministry of Home Affairs (MHA) under the Disaster Management Act, 2005 (D.M. Act 2005) and the executive orders issued by the State and U.T Governments have had a significant impact on the economic activities in the country resulting in a stress on the revenue mobilization of the Union Government. While the Central exchequer is facing strain, the committed liabilities in terms of salary, pension and interest etc. have to be financed. At the same time, funding requirements under the Centrally Sponsored Schemes (CSSs) and the Central Sector Schemes (CSSs) also have to be met to ensure that there is minimum disruption in its implementation which benefit the common citizen. Considering the loss of livelihood and the economic strain experienced by the industry, several relief measures have already been taken. As the economic impact of COVID-19 Global Pandemic unfolds, further relief and incentive package would need to be designed and implemented. For the current year, therefore, we are faced the twin challenges of not only substantially lower revenue mobilization, but also higher expenditure demands on the exchequer to accommodate the extra funding requirements of the relief and incentive packages.

2. In this Financial Year, therefore, it is important that each Ministry/Department exercises greater financial discipline and control over the expenditure under the Schemes and Projects. In this regard, I would like to draw your attention to the provisions of Rule 232 (v) to (vii) of General Financial Rules 2017 which mandates, *inter alia*, that before releasing funds to the State Governments or Union Territories, it must be ensured they have the capacity to actually spend the balance from the previous year and releases made during the current year. It further mandates Ministries and Departments to establish that funds released earlier have been effectively utilized and that data in this regard is reported through the PFMS Portal.

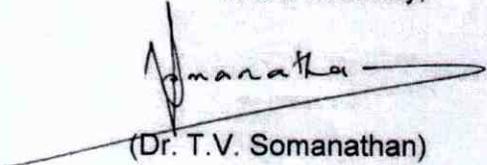
3. Several requests from Ministries and Departments have been received in the Department of Expenditure wherein the Programme Divisions in Ministries and Departments implementing the Schemes have requested for release of funds to States/ Agencies without obtaining Utilization Certificates and matching share from the respective States in the case of CSSs. While the strain on State exchequer on account of lockdown situation prevailing in the country is recognized, it is equally important that Central releases to State Treasury (in case of CSSs) and implementing agencies (in case of CSs and Projects) donot remain parked. The information as regards Treasury operations of the States show that substantial amount of surplus cash available with several of the States is parked in Treasury Bills. This means that, while on the one hand, the Union pays interest on the borrowings which are released to the State, on the other, for lack of utilization, State park these funds in Treasury Bills earning interest.

4. In order to ensure availability of adequate funds to implement the Schemes and projects, it is proposed that Ministries and Departments collect the information for each Scheme or Project in the manner which enables them to release funds only on need basis. The detailed procedure is placed as Annexure to this letter. I trust that with your support it will be possible to achieve the twin objectives of financial discipline and ensuring smooth operations of the Schemes and Projects.

With Regards,

Yours sincerely,

Encl: As Above

  
(Dr. T.V. Somanathan)

To

All Secretaries of Ministries/Departments [As per standard list]

AnnexureFinancial Management Guidelines for Centrally Sponsored and Central Sector Schemes for FY 2020-21**Centrally Sponsored Schemes**

1. In order to bring greater degree of objectivity in taking a decision for release of funds during 2020-2021, following information may be collected: -

- (a) The States which have not released the funds from treasury to the SNA during 2019-20;
- (b) The States which have not contributed their due share during 2019-20;
- (c) A statement, showing the releases made to the States, during the year 2019-20, despite the fact that the funds released earlier, were not further released from the State Treasury to the SNA and were lying in the treasury may be prepared, similarly, a statement of funds not utilized by the SNA and parked with them may also be prepared;
- (d) It would, therefore, be appropriate to prepare a statement as follows:

Unspent Balance as on 01.04.2019	Central share (including EBR, if any) released during 2019-20	Due State Share upto 31.03.2020	State share released vis a vis column iii during 2019-20	Gap in release of State Share upto 31.03.2020 (iii-iv)	Total fund available (i+ii+v)	Actual expenditure During 2019-20 *	Unspent balance as on 01.04.2020 (vi-vii)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)

\* It should exclude the amount transferred to other agencies but not actually spent and fixed deposits etc.

2. Continuous monitoring during 2020-21 and implementation of PFMS.

- (a) Monthly review of the release of funds (both Gol and State Share) to the SNA from the State Treasury.
- (b) Monthly review of Utilization of funds and outcomes vis-a-vis the physical targets;
- (c) Release of next instalment to the States, only after, they comply with the conditions of the sanction letter; and
- (d) PFMS is a very important tool, as prescribed in the GFR, for ensuring the financial progress. Optimum implementation of PFMS is therefore, very important.

3. Further, for the year 2020-21, the following system of fund release and monitoring may be considered:-

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- (a) The requisite sanctions (two) for release of funds, during the year, may be duly processed as is being presently done;
- (b) Out of (i) only 50% of the sanctioned funds may be released as the first tranche, against each sanction, 2<sup>nd</sup> tranche may be released only after due confirmation of release of 1<sup>st</sup> tranche (along with State Share) to the SNA has been duly confirmed by the States, alongwith the due Utilization Certificate;
- (c) The necessary provision of the State Share in the States' budget of 2020-21 may also be got confirmed from the States.

**Central Sector Schemes and Projects \* (on monthly basis)**

4. For the Financial Year 2020-21 the following system of fund release and monitoring may be considered.

Balance available with the Implementing Agency as on 01.04.2020	Funds released from 01.04.2020 (cumulative)	Total fund available	Expenditure report till the end of the month	Balance fund to be released.

\* In terms of Rule 233 of GFR 2017.

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