

**MOST IMMEDIATE
BUDGET MATTER**

File No.10/ 26 /2017-Bgt.I
Government of India / Bharat Sarkar
Ministry of Home Affairs/ Grih Mantralaya

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North Block, New Delhi
Dated: September 20, 2017

OFFICE MEMORANDUM

20 SEP 2017

Subject: Cash Management System in Central Government- Modified Exchequer Control Based Expenditure Management - regarding

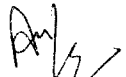
The undersigned is directed to say that Ministry of Finance, Department of Economic Affairs, Budget Division vide Office Memorandum No.15(39)-B(R)/2016 dated 22.08.2017 (copy enclosed) has issued revised guidelines in Cash Management System consequent upon changes in tax receipt under GST regime. The objective of the guidelines is to avert situation of temporary mismatches in cash outflows and cash inflows.

2. Accordingly, the actionable part of the guidelines outlined below is forwarded herewith for strict compliance:

S.No	Guidelines	Action/Remarks
1.	FA shall ensure that Monthly/ Quarterly Expenditure Plan (MEP/ QEP) of respective Ministries are prepared and sent to Budget Division, DEA, M/o Finance within two week of passing of Demand for Grants (DDG) in Parliament MEP/QEP should be worked out and included as annexure to the DDG for the concerned Demand. Ministry / Department will not be allowed to release payment beyond QEP. Practice of expenditure beyond QEP without prior approval of Secretary (Exp) would be viewed seriously.	All Divisions are requested to furnished the Monthly / Quarterly Expenditure Plan to budget Division in respect of the heads administered by them within 10 days of passing of DDG
2	To the extent possible, the bulk expenditure items more than Rs.2000 Cr. may be timed in the last month of each quarter to utilize direct tax receipt inflows in June, September, December and March.	All Divisions/PAO
3	A calendar of big releases of Rs.200 Cr. to Rs.2000 Cr. shall be prepared and date of releases may be kept between 21 st and 25 th of the month.	All Divisions/PAO
4	The dates of the major expenditure of \geq Rs.200 Cr. shall be annexed to the MEP/QEP	All Divisions
5	As at present, the salary shall be released on last working day of each month.	DDO/ PAO
6	In case major exp. of more than Rs.200 Cr. and above needs to be prepared outside the prescribed dates, prior approval of the Budget Division, MoF shall be taken.	Budget Division on request received from Divisions
7	Prior permission from Budget Division shall be a pre-requisite for any single payment released in excess of Rs.5000 Cr.	Budget Division on request received from Divisions

8	Not more than 33% and 15% of expenditure of Budget Estimates shall be permissible respectively in the last quarter and last month of the financial year. The restriction shall be observed both scheme wise as well as for the Demand for Grants as a whole.	Budget Division / PAO
9	FAs should monitor the release of funds to Autonomous Bodies (Abs) and other organisation to ensure that there is no undue build up of funds with such bodies. Releases to ABs and Implementing Agencies shall be on monthly basis, rather than in adhoc manner, to avoid parking of funds.	All Divisions / IFD
10	Savings, if any, incurred during the QEP would not be available for automatic carry forward to the next quarter, without revalidation of such saving by the Budget Division for the next quarter through modification in QEP	Budget Division
11	The provisions stipulated under Rule 209(6)(iii) of GFR shall be strictly complied by all the Ministries and accordingly, the releases to various implementing Agencies (IAs) have to be restricted / rationalized keeping in view the unspent balances lying with the IAs. For this purpose, the Programme Division of the Ministries shall take help of PFMS Portal to know the bank balance of the IAs before making every fresh release	All Divisions / IFD
12	FAs shall review and freeze the timing of the receipt of Dividend and various other Non Tax receipts (NTRs) of the Ministry. FAs should monitor the timely realisation of NTRs and submit collection details of NTR through the online portal ' Bharat Kosh' of CGA.	Pr.AO, MHA
13	Ministry should furnish the month wise estimates of Non Tax Revenue inflows to Budget Division, on quarterly basis.	Pr.AO, MHA

Encl: As above


(Anjana)

Under Secretary to the Govt. of India
Tele:2309-4237

To

1. All Additional Secretaries in the Ministry
2. Additional Secretary & RGI & CC
3. All Joint Secretaries in the Ministry
4. Shri Robin Jain, Sr.AO(A/Cs), Pr. AO, MHA, C.I Hutments, New Delhi
5. Director (F/H), MHA, New Delhi

Copy for information & necessary action to:

1. All Director General / Financial Adviser of CAPFs
2. All Directors / IFAs of CPOs
3. The Commissioner of Police, Police Headquarters (MSO Building), I.P. Estate, New Delhi
4. Shri S.L. Shah, Under Secretary (Cash-II), Ministry of Home Affairs, New Delhi
5. Shri Anil Kumar Madan, Section Officer & DDO, Cash -I, MHA, NDCC-II Building New Delhi
6. Shri M.S Rawat, Section Officer, **Parliamentary Committee on Official Language**, 11, Teen Murti Lane, New Delhi.
7. Shri D.K. Shami, Fire adviser & Head of Office, **Directorate General of Civil Defence**, East Block VIII, Level VII, R.K. Puram (Main), New Delhi-66.

8. Shri Sanjay Kumar, Joint Director (Budget), O/O the **Registrar General of India**, 2/A, Man Singh Road, New Delhi.
9. Shri G.S. Saini, Director, **National Civil Defence College**, Ministry of Home Affairs, Nagpur-440001.
10. Shri Ravinder Singh, Dy. Secretary, **Inter-State Council Sectt.** Vigyan Bhavan, Annexe, New Delhi.
11. Shri Shamim, Director, **National Fire Service College**, Ministry of Home Affairs, Nagpur.
12. Shri Om Prakash, Section Officer (Budget), **Deptt. of Official Language**, 4th Floor, NDCC Building, Jai Singh Road, New Delhi.
13. Shri M. Bhattacharjee, Senior Accounts Officer, **National Human Rights Commission**, Manav Adhikhar Bhawan, INA, New Delhi.
14. Shri Sudershan Kumar, Deputy Secretary, **Zonal Council Sectt**, Jam Nagar House, New Delhi.
15. Shri Krishna Saluja, Section Officer (IIA Unit), **President's Sectt.** New Delhi.
16. Shri A.K. Das, Under Secretary, **Prime Minister's Office**, South Block, New Delhi.
17. Shri K.J. Sibichan, Under Secretary (Ad.-I) **Cabinet Secretariat**, Rashtrapati Bhawan, New Delhi.
18. Shri Ashish Kumar Panda, Under Secretary, O/o **Principal Scientific Adviser** to the Govt. of India, 310-A, Vigyan Bhavan Annexe, New Delhi.
19. Shri R.K Jain, Under Secretary, **National Security Council Sectt**, 3rd Floor, Sardar Patel Bhawan, Parlt. Street, New Delhi. 110001P
20. Shri B.R. Sharma, Chairman, **Land Port Authority of India**, Lok Nayak Bhawan, New Delhi
21. Shri Nikhil J. Gupta, Deputy Director (Admn), **Sardar Vallabhbhai Patel National Police Academy**, Ministry of Home Affairs, Hyderabad-500052
22. Shri Nirmal Singh Gurung Joint Director, **North Eastern Police Academy (NEPA)**, Umsaw, Ri-Bhoi District, Shillong, Meghalaya.-793123
23. Shri N.N.D.Dubey, DIG (Admn.), **National Investigation Agency**, NDCC-II Building, New Delhi
24. Shri R.P Wahane, Jt. Dy. Director (Budget), **Intelligence Bureau**, S P Marg, New Delhi.
25. Shri Rohit Katiyar, Deputy Director (Admn.), **Narcotics Control Bureau**, West Block No.1, Wing No. 5, R.K. Puram, New Delhi.
26. Shri N.K. Singh, Assistant Director, **National Crime Records Bureau**, East Block No.7, R.K. Puram, New Delhi-110066.
27. Shri K.C. Sharma, Jt. Director (Admn.), **Directorate of Co-ordination, Police Wireless**, Block No.9, CGO Complex, New Delhi
28. Ms. Aarti Bhatnagar, Joint Secretary (Security), Cabinet Sectt, North Block, New Delhi
29. Dr. S. Karthikeyan, Assistant Director, (Admn.), BPR&D, NH-8, Service Road, Mahipalpur, New Delhi-37
30. Shri Rajinder Kumar, Deputy Director, **National Intelligence Grid**, First Floor,, Shivaji Stadium Annexe Building, Shaheed Bhagat Singh Marg, New Delhi-110001.
31. Dr. Sandeep Mittal, DIG (Admn.) , **LNJP National Institute of Criminology & Forensic Science**, Ministry of Home Affairs, Sector-3, Outer Ring Road, Rohini, Delhi-110085.
32. Dr. I. Haque, Senior Scientific Officer (FS) **Central Forensic Science Laboratory/DFS**, Block No. 4, 4th Floor, C.G. O Complex, Lodhi Road, New Delhi.

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33. Dr. N.Ravi, Director, **Central Forensic Science Laboratory (CBI)**, Block No.4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
 34. Shri A.K. Ganjoo, Director cum chief Forensic Scientist, DFS, Block No9 CGO Complex, Lodhi Road, New Delhi
 35. Shri Bhagwan Singh , Assistant Commandant, **Central Reserve Police Force**, Block No.1 CGO Complex, Lodhi Road, New Delhi-3.
 36. Shri Pravesh Kumar, Deputy Commandant, SAO (Fin), **Assam Rifles**, Shillong, Meghalaya. (C/o Liaison Office, New Delhi).
 37. Shri T.S. Muthu, Asstt. Commandant, **Border Security Force**, Block No.1, CGO Complex, Lodhi Road, New Delhi.
 38. Shri Ashok Saini, Accounts Officer, **Indo-Tibetan Border Police**, Block No. II, CGO Complex, Lodhi Road, New Delhi.
 39. Shri Kapil Dev Meena, Deputy Financial Adviser, **National Security Guard**, Mehram Nagar, Nr. Domestic Airport, Palam, New Delhi 110037.
 40. Shri J. C. Garkoti, Asstt. Director (Accounts), **Central Industrial Security Force**, 13, CGO Complex, Lodhi Road, New Delhi.
 41. Shri B.S.Jaswal, D.I.G (Prov), **Sashastra Seema Bal**, Block No. V (East), R.K. Puram, New Delhi-110066.
 42. Shri Joginder Pal Singh Dhiman, Accounts Officer(Budget), **Sashastra Seema Bal**, Block No.V(East), R.K. Puram, New Delhi-110066.
 43. Shri Navneet Singh, FA to CP, **Delhi Police**, MHA, New Delhi.
 44. Mr. A.V.S. Kaliyar, AIG(A/Cs), **Special Protection Group**, SPG Complex, Adm. Block, Sector VIII, Dwaraka, Delhi.
 45. Shri Basant Swaroop, Director (Finance), **National Technical Research Organisation**, Block-III, Old JNU Campus, New Delhi -16.
 46. Financial Advisor, **National Disaster Management Authority**, A-I Safdarjung Enclave, New Delhi-110029.
 47. Accounts Officer, **National Institute of Disaster Management**, I.P. Estate, New Delhi
 48. Shri J.K.S.Rawat, DIG, **National Disaster Response Fund**, East Block No. 7, Level 7, R.K. Puram, New Delhi.
 49. Shri Shanka Roy, Under Secretary (Security) Cabinet Secretariat, North Block, New Delhi.
 50. **Accounting Organisation of MHA**, C-I, Hutment, Dalhausie Road, New Delhi
 51. Shri Madan Lal, Sr. AO, Pr. Accounts Office (Admn.), **Departmental Accounting Organisation of MHA**, C-I, Hutment, Dalhausie Road, New Delhi
 52. Shri Tej Singh, Sr. Accounts Officer, PAO (Sett), Jam Nagar House, New Delhi
 53. Sr. Accounts Officer, PAO(P&M), Jam Nagar House, New Delhi
 54. PAO (Cabinet Affairs), M/o PPG&P, C-I Hutment, Dalhausie Road, New Delhi

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Copy also forwarded for information to:

- i) PS to AS & FA (Home)/ Pr. CCA(H)
- ii) PS to CCA (H) / Director (Fin Pers) / CA(Budget)
- iii) PA to US(Budget-I)/ SO(Plan-Fin) / US (Bgt-II)
- iv) ~~SO(IT)~~- with the request to upload the OM & encl. on MHA Website (under What's New)

Spare Copies- 20

Sanjay
(Sanjay Kumar)
Section Officer
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F.No.15(39)-B(R)/2016
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Dated Aug 21, 2017

Office Memorandum

Sub: Cash Management System in Central Government – Modified Exchequer Control Based Expenditure Management

1. This OM is issued in supersession of following OMs: -
 - F.NO. 4(10)-W&M/2016 dated August 4, 2016
 - F. No. 21 (1)-PD/2005 dated December 27, 2006
 - F. No. 21 (1)-PD/2005-Vol II dated July 30, 2012
 - F. No. 21 (1)-PD/2005 dated January 15, 2013
 - F. No. 21 (1)-PD/2005 dated July 3, 2013
 - F. No. 21 (1)-PD/2005 dated January 10, 2014
 - F. No. 21 (1)-B(PD)/2014 dated July 22, 2015

2. To bring about more effectiveness and efficiency in cash management system, a Cash Co-ordination Committee (CCC) headed by JS(Budget) with members from office of CGA, RBI and Budget Division was constituted by the Government on 19.05.2016 vide OM dated 19.5.2016.

3. Based on the deliberations of the Committee, consultation with Financial Advisors of some key Ministries representing infrastructure, Social, and economic Sector was undertaken. Inputs from O/o Controller General of Accounts were also sought. Accordingly, guidelines for more effective and efficient cash and expenditure management in the Government of India have been prepared and outlined here. **This will help avert situation of temporary mismatches in cash outflows and cash inflows, and thereby prevent additional transitory borrowing through treasury bills/ CMBs and thereby help save on interest expenses. It would also prevent unnecessary build-up of cash, which creates liquidity crunch in the economy and in process again raises cost of Government borrowing.**

4. Accordingly, the following guidelines are hereby notified:
 - (i) All FAs shall ensure that Monthly/Quarterly Expenditure Plan (MEP/QEP) of respective Ministries are prepared and sent to Budget Division, DEA, Ministry of Finance within two weeks of passing of their Detailed Demand for Grants (DDG) in Parliament. MEP/QEP would be worked out and included as Annex to the DDG in respect of the concerned Demand for Grants (DG). MEP/ QEP form the basis of cash forecast and

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preparation of indicative calendar for Government borrowings. **Deviations from MEP/QEP may result into distortions in the cash planning by Gol with multiple negative implications including increased cost of borrowing and hence would be viewed seriously.**


- (ii) The MEP would form the basis of QEP and Ministries/ Departments concerned will not be allowed to release payments beyond QEP (equal to sum of MEPs within that quarter) without prior consent of Budget Division. **Practice of expenditure beyond QEP without prior approval of Secretary (Expenditure) would be viewed adversely.** No ex-post facto approval for the deviations from the approved QEP shall be normally considered.
- (iii) MEP/QEP may accordingly be prepared, with due diligence by factoring the overall trend of expenditure, seasonality of specific expenditure items, and the following broad principles:
- a. To the extent possible, the bulk expenditure items of more than ₹2000 crore may be timed in the last month of each quarter to utilize the direct tax receipt inflows in June, September, December, and March. The releases may be kept within 17th (or next working day if 17th is a holiday) and 25th (or next working day if 25th is a holiday) in these months.
 - b. Within the MEP/QEP, a calendar of big releases of ₹200 crore to ₹2000 crore shall be prepared to build certainty in cash outflows, as far as possible. The range of dates of such releases may be kept between 21st (or next working day if 21st is a holiday) and 25th (or next working day if 25th is a holiday) of a month to take advantage of the GST (excise duty and service tax) inflows.
 - c. The dates for these major expenditure of ≥ ₹200 crore shall be annexed to the MEP/QEP.
 - d. As at present, Salary would be released on last working day of each month.
 - e. In case a major expenditure of more than ₹200 crore and above needs to be released outside these dates, prior approval with two working days' notice, shall be taken from Budget Division which shall, depending on cash position, convey acceptance (through fax or email) or suggest another appropriate date for such release. In case of any exigency, if so made out, the permission shall be given on same day.

- f. **Prior permission from Budget Division shall be a pre-requisite for any single payment release in excess of ₹5000 crore.** The FAs may guard against attempts to deliberately split expenditure to stay within limits.
 - g. Not more than 33% and 15% of expenditure of Budget Estimates shall be permissible respectively in the last quarter and last month of the financial year. **The restriction shall be observed both scheme-wise as well as for the Demand for Grants as a whole.**
 - h. The FAs will monitor the release of funds to autonomous bodies and other organizations to ensure that there is no undue build-up of funds with such bodies/ organizations and money is released to them just in time.
- (iv) The exchequer control would apply cumulatively at the Demand for Grant (DG) level only i.e. inter-se variations between months within a quarter would be permissible, subject to statutory restrictions and guidelines in this regard.
 - (v) The relaxation in the QEP and carry forward of the unspent amount across quarters may be exception rather than norm. While seeking such relaxations, detailed justification for the deviations shall be recorded. The generic reasons such as 'delays in sanction order', 'late receipt of claims', delays in necessary approvals' shall not be accepted unless substantiated by specific reasons.
 - (vi) **Savings, if any, incurred during QEP would not be available for automatic carry forward to the next quarter, without revalidation of such savings by the Budget Division for the next quarter through modification in QEP.** However, spillover in MEP, not inconsistent with QEP will not require prior revalidation from the Budget Division. The FAs may nonetheless use such MEPs for their internal monitoring with the target of complying by the QEP limits.
 - (vii) The Budget Division would convey its decision on revalidation of QEP, within 7 days of the request, unless there are some specific queries.
 - (viii) The provisions stipulated under Rule 209 (6) (iii) of GFR shall be strictly complied by all Ministries/Departments and accordingly, the releases to the various Implementing Agencies (IAs) have to be restricted / rationalized keeping in view the unspent balances lying with the IAs. For this purpose, the Programme Division of Ministries/Departments shall take help of PFMS Portal to know the bank balance of the recipients (IAs) before making every fresh release. The instructions of Department of Expenditure regarding the use of PFMS Portal for Central Sector Schemes issued vide F.No. 66 (29) PF-II/2016 dated 15-07-2016 shall be strictly followed by all

Ministries/Departments. It is learnt that O/o Controller General of Accounts has been making efforts to extend the PFMS portal to all types of payments. Accordingly, the same principles of 'just in time release' should be applied for releases in respect of all payments to the extent possible.

- (ix) The releases to any Implementing Agencies (IA), including an Autonomous body, shall be on monthly basis, rather than in an ad-hoc manner, to avoid any avoidable parking of funds.
- (x) Financial Advisers shall review and freeze the timing of the receipts of Dividend and various other Non-Tax receipts (NTRs) of their respective Ministry/Departments. The dividend payments and buy back considerations would be targeted in the H1 part of financial year. The FAs shall also monitor the timely realization of other NTR and submit collection details of other NTR through the online portal 'Bharat Kosh' developed by CGA.
- (xi) Each Ministry/ Department would indicate month-wise estimate of the possible non-tax revenue inflows concerning that Ministry/ Department to Budget Division, while communicating their MEP/QEP, so that these inflows are factored in while according permission for expenditure. In case month-wise estimate is not feasible, such information would be provided on quarterly basis.

This issues with the approval of Finance Minister


(Prashant Goyal)
Joint Secretary (Budget)