

File No. 11011/1/2021-Budget/NMCG
Government of India
Ministry of Jal Shakti
Department of Water Resources, River Development & Ganga Rejuvenation
National Mission for Clean Ganga

1st Floor, Major Dhyan Chand National Stadium
India Gate, New Delhi-110002
Dated 23rd October, 2022

To
The Project Directors of SMCGs of Uttarakhand, Uttar Pradesh, Bihar, Jharkhand & West Bengal

Subject: Transfer and parking of Assignment Limit allocated during FY 2022-23 to Bank Accounts by State Missions for Clean Ganga

During the meeting taken by the Finance Secretary to review the Revised Estimates for FY 2022-23 and Budget Estimates for FY 2023-24 for D/o Water Resources, River Development & Ganga Rejuvenation (DoWR, RD&GR) on 20.10.2022, it was informed that some of the SMCGs have transferred Assignment Limits allocated to them to their bank accounts.

2. Executive Director (Finance), NMCG has taken a meeting with Finance Teams of SMCGs on 21.10.2022 to discuss the above issue. Based on the inputs provided by SMCGs, SMCG-wise status of utilization Assignment Limits has been prepared (**Annexed**). It is evident that 3 SMCGs (Bihar, Uttar Pradesh and Uttarakhand) have transferred Assignment Limits to their Bank Accounts. The SMCGs of Uttar Pradesh and Uttarakhand have transferred assignment limits based on demands raised by EAs/ Vendors, and payment to them has been done within a short period of transfer to the account (generally within 2-3 days). But in case of Bihar, parking of fund has taken place and substantive amount is lying in SMCG Bank accounts as on 21.10.2022. SMCGs of West Bengal and Jharkhand have not transferred any assignment limit to their Bank accounts.

3. As has been repeatedly emphasized by the NMCG, the very objective of Treasury Single Account System is to eliminate parking of funds, and to ensure "Just in time" release. In this regard DO No. FN/5/2022 dated 31. 05.2022 from ED (Finance), NMCG may be referred to. Further vide DO No. FN/5/2022 dated 19 October, 2022, SMCGs have been advised to close pre-TSA bank accounts except one Holding Account to be used for payment of statutory dues/ levies etc., and to align their banking system to that of NMCG. The Fund Flow Mechanism stipulated in the Administrative Approval &

Expenditure Sanctions (AA&ES) of all recently sanctioned projects for implementation by SMCGs also clearly bring out the above aspects.

4. It is reiterated that **transfer of Assignment Limits to SMCG bank accounts defeats the very purpose of TSA. The TSA guidelines prohibits transfer of funds by Autonomous Bodies (ABs)/ Sub-ABs to their own Bank Accounts as this is akin to acting like one's own vendor. SMCGs may, therefore, ensure that no assignment limit henceforth is transferred to their Bank Accounts, and all payments from Assignment Limits are made directly to executing agencies/vendors/contractors only on the basis of bills raised by them.**

5. In the meeting taken by ED (Finance), NMCG on 21.10.2022, SMCGs of UP, Bihar and Uttarakhand mentioned some technical difficulties in transfer of funds to EAs without first transferring them to SMCG Bank Accounts. It was submitted that EAs have been registered under "Agency" category on PFMS, and transfer to an "Agency" can be from SMCG's Bank Accounts only. Therefore, it was informed, transfer of Assignment Limit to their Bank Accounts is a technical requirement.

6. In this regard, it is clarified that **while the technical issues raised will be discussed with PFMS, SMCGs must NOT transfer any assignment limit to their Bank Accounts without prior written approval of Govt. of India/ NMCG. All payments to EAs must be made without routing them through SMCG Bank accounts, if required by treating them as "Vendors".**

Yours faithfully



(Bhaskar Dasgupta)

Executive Director (Finance)

Copy for compliance to directions in Para 4 and 6 above to:

Finance Director/ Finance Heads of SMCGs of Uttarakhand, Uttar Pradesh, Bihar, Jharkhand & West Bengal.



(Bhaskar Dasgupta)

Executive Director (Finance)

Annexure

Summary of Assignment Limit allocated to SMCGs during FY 2022-23 & their utilization (as on 21.10.2022)

1. Bihar:

(i) Bihar has been allocated an assignment limit of Rs. 586.89 crore (Rs. 483 crore under NGP- EAP head, and Rs. 103.89 crore under NGP- Non EAP head). As per the details furnished by SMCG- Bihar, on different dates, SMCG-Bihar has transferred Rs. 391.00 crore to their Bank accounts (Rs. 341.00 crore from NGP- EAP and Rs. 50.00 crore from NGP-Non EAP head), of which Rs. 343.21 crore has been paid to Executive Agencies (EAs) (Rs. 324.55 crore from NGP- EAP and Rs. 18.66 crore from NGP-Non EAP head). The balance lying in SMCG's Bank Accounts as on 21.10.2022 is Rs. 47.79 crore (Rs. 16.45 crore from EAP head and Rs. 31.34 crore from Non EAP Head). A summary is in the Table 1 below:

Table 1: Summary of Assignment Limits allocated to SMCG- Bihar
(Rs. crore)

SMCG- Bihar				
		EAP	Non-EAP	Total
1	Assignment limit allocated	483	103.89	586.89
2	Assignment limit transferred by SMCG to Bank A/C	341	50	391
3	Undrawn Assignment Limit (1-2)	142	53.89	195.89
4	Drawn Assignment limit paid to EAs	324.55	18.66	343.21
5	Drawn Assignment limit lying in SMCG Bank A/C (2-4)	16.45	31.34	47.79
6	Total unutilized Assignment Limit (3+5)	158.45	85.23	243.68

(ii) Date-wise details of transfer to Bank A/C and payments to EAs have also been obtained from the SMCG. A month-wise summary is in Table 2 below:

Table 2: Month-wise summary of transfer to SMCG A/Cs and payment to EAs

(Rs. Crore)

	Transfer to Bank A/C			Payment to EAs		
	EAP	Non-EAP	Total	EAP	Non-EAP	Total
June	150		150	43		43
July	50		50	119.41		119.41
August			0	40.63		40.63

	Transfer to Bank A/C			Payment to EAs		
	EAP	Non-EAP	Total	EAP	Non-EAP	Total
September	141.00	50	191	79.2		79.2
October			0	42.31	18.66	60.97
Total	341	50	391	324.55	18.66	343.21

(iii) From the above it is evident that there has been significant lag between transfer of allocation account to SMCG's bank account and release of fund to EAs. While the balance in EAP head is relatively low (Rs. 16.45 crore out of Rs. 341 crore transferred or about 5 percent), the amount lying in EAP account is significant (Rs. 31.34 crore out of Rs. 50 crore transferred or 63 percent). **The transfer to a bank account is not only contrary to the principle of TSA, the lag between transfer of allocation limit to the bank account and subsequent transfer to EAs tantamount to parking of funds too.**

2. Uttar Pradesh

(i) Total assignment limit transferred to UP-SMCG during FY 2022-23 is Rs. 85.00 crore. Director (Finance), SMCG-UP has clarified that assignment limit was transferred to their Bank Account based on the payment demands from EAs. Payment to EAs was usually made on the same day as the day of transfer of assignment limit to SMCG Bank Accounts. As such, no money has been parked in SMCG Bank Account. As on 21.10.2022, the amount paid to EAs/ vendors through SMCG Bank Account is Rs. 49.03 crore. Unutilized Assignment Limit is Rs. 35.07 crore.

3. Uttarakhand

(i) SMCG- Uttarakhand has been transferred Assignment Limit of Rs. 38.14 Crore (Rs. 3.08 crore under EAP Head and Rs. 35.06 Crore under Non-EAP Head). Its utilization is summed up in Table 3 below:

Table 3: Summary of Assignment Limits allocated to SMCG- Uttarakhand

(Rs. crore)

SMCG- Uttarakhand				
		EAP	Non-EAP	Total
1	Assignment limit allocated	3.08	35.06	38.14
2	Assignment limit transferred by SMCG to Bank A/C	0	13.21	13.21
3	Undrawn Assignment Limit (1-2)	3.08	21.85	24.93
4	Drawn Assignment limit paid to EAs	0	13.21	13.21

5	Drawn Assignment limit lying in SMCG Bank A/C (2-4)	0	0	0
6	Total unutilized Assignment Limit (3+5)	3.08	21.85	24.93

(ii) Date-wise details of transfer to Bank A/C and payments to EAs have also been obtained. It is observed from the details reported by SMCG that assignment limit transferred to SMCG's Bank Accounts has been paid to the EAs/ Vendors within a short time (generally within one or two days, in one case it has taken 5 days). Therefore, no significant parking of fund appears to have taken place in SMCG's Bank Accounts.

4. West Bengal

SMCG- West Bengal has been transferred Assignment Limit of Rs. 97.67 Crore (Rs. 18.09 crore under EAP Head and Rs. 79.58 Crore under Non-EAP Head). SMCG-West Bengal has reported that unutilized Assignment Limit as on 21.10.2022 is Rs. 33.41 crore. They have also clarified that all payments to EAs/ Vendors were made directly into their Bank Accounts, and no money has been transferred/ parked in SMCG Bank Accounts.

5. Jharkhand

SMCG- Jharkhand has been transferred Assignment Limit of Rs. 3.63 Crore under Non-EAP Head. SMCG-Jharkhand has reported that Rs. 12.50 lakh has been paid to two District Ganga Committees. These payments were made directly into their Bank Accounts. No money has been transferred/ parked in SMCG Bank Accounts.
