

No.35012/1/2018-IFD
Government of India
Ministry of Water Resources, River Development & Ganga Rejuvenation

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 3rd July, 2018

OFFICE MEMORANDUM

Sub: Guidelines for Flexi-funds within centrally sponsored schemes

The undersigned is directed to forward herewith Deptt of expenditure, Ministry Finance's D.O No.55(05)PF-II dated 15th June, 2018 on the subject cited above and to say that compliance of instruction/ directions may kindly be ensured.

2. This issues with the approval of JS&FA .



3.7.18

(Y.P.Yadav)
Under Secretary (FD-II)
Tel. 23719302

Encl: As above

To,
All wing/Organization heads and attached office(As per list Attached)

Ministry of Water Resources

1. Director General, National Mission for Clean Ganga, Ministry of Water Resources, RD&GR, New Delhi.
2. Joint Secretary (Admn), Ministry of Water Resources, RD&GR Shram Shakti Bhavan, New Delhi
3. Joint Secretary (RD&PP), Ministry of Water Resources, RD&GR Shram Shakti Bhavan, New Delhi
4. Joint Secretary(IC&GW), Ministry of Water Resources, RD&GR Shram Bhavan, New Delhi
5. ADG(Stat.) Ministry of Water Resources, RD&GR Lok Nayak Bhavan, New Delhi
6. Commissioner(SP), Ministry of Water Resources, RD&GR Shram Shakti Bhavan, New Delhi
7. Commissioner (FM), Ministry of Water Resources, RD&GR Block 11, 8th Floor, C.G.O. Complex, New Delhi-110003
8. Commissioner(CAD), Ministry of Water Resources, RD&GR Krishi Bhavan New Delhi
9. Commissioner(Indus), Ministry of Water Resources, RD&GR Block 11, 8th Floor, C.G.O. Complex, Lodhi Road, New Delhi-110003
9. Commissioner(B&B), Ministry of Water Resources, RD&GR Block 3, 2nd Floor, Near ITBP Building, C.G.O. Complex, New Delhi-110003
10. Economic Advisor, Ministry of Water Resources, Shastri Bhavan, New Delhi.
11. Director (EA&IC), Ministry of Water Resources, RD&GR ShastriBhavan, New Delhi.

Attached/subordinate Offices and Organisations of Ministry of Water Resources

12. Chairman, Central Water Commission, Sewa Bhavan, R.K. Puram, New Delhi.
13. Chairman, CGWB, Jamnagar House, New Delhi.
14. Director General, National Water Development Agency, Community Centre,

Saket, New Delhi-110017.

15. Director, NIH, Jalvigyan Bhawan, Roorkee – 247667 (Uttaranchal).
 16. Chairman, Brahmaputra Board, Basistha, Guwahati – 781029 (Assam)
 17. Director, CWPRS, P.O. Khadakwasla, Pune – 411024
 18. Director, CSMRS, Hauz Khas, New Delhi
 19. Chairman, GFCC, Sinchai Bhawan, 3rd Floor, Patna – 800015 (Bihar)
 20. Member, Upper Yamuna River Board, Wing No.4, GF, West Block-1, R.K. Puram, New Delhi
 21. Chief Engineer, Betwa River Board, Nandanpura, Jhansi – 284003 (UP).
 22. Chief Engineer, NWA, Central Water Commission, Pune -411024
 23. Member Secretary, Polavaram Project Authority, Krishna Godavari Bhawan, H.No. 11-4-648, (1st floor), AC Guards, Hyderabad-500 004
 24. Director, NERIWALM, Dolabari, Tezpur, Assam - 784001
 25. Secretary, Bansagar Control Board, Basnagar Colony, Rewa (M.P.) -486005
 26. Secretary, Sardar Sarovar Construction Advisory Committee, Narmada Bhawan, Indira Avenue, Vadodra-390001
 27. Executive Member, Narmada Control Authority, Narmada Sadan, Vijay Nagar, Indore – 452010
 28. Registrar, Ravi and Beas Water Tribunal, Trikat Bhawan, Bikaji Cama Palace, New Delhi
 29. Registrar, Cauvery Water Disputes Tribunal, Janpath Bhawan Janpath, New Delhi
 30. Registrar, Krishna Water Disputes Tribunal, Trikat Bhawan, Bikaji Cama Palace, New Delhi
 31. Registrar, Vansadhara Water Dispute Tribunal, V Floor, Mohan Singh place, Baba Kharak Singh Marg, New Delhi
 32. Registrar, Mahadayi Water Dispute Tribunal, Janpath Bhawan, New Delhi
 33. Registrar, Krishna River Management Board, irrigation and CAD department, 2nd Floor, YerraManzil, Hyderabad -500 082
 34. Registrar, Godavari River Management Board, irrigation and CAD department, 1st Floor, YerraManzil, Hyderabad -500 082
 35. Controller of Accounts, Ministry of Ministry of Water Resources, River Development & Ganga Rejuvenation, Shastri Bhawan, New Delhi
- Copy along with enclosures also to:

- i. PS to Hon'ble Minister (WR, RD & GR)
- ii. PS to Hon'ble MOS (WR, RD & GR)
- iii. Sr. PPS to Secretary (WR, RD & GR)
- iv. PPS to JS & FA

अजय नारायण झा
सचिव (व्यय)

AJAY NARAYAN JHA
Secretary (Expenditure)



भारत सरकार
वित्त मंत्रालय
व्यय विभाग

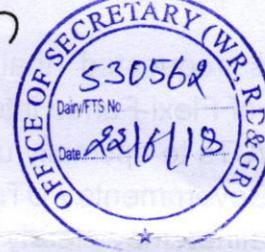
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

D.O.No.55(05)/PF-II/2011



June 15, 2018

Dear Secretary,



This is with reference to the detailed guidelines of Flexi-Funds within Centrally Sponsored Schemes issued by the Department of Expenditure *vide* its O.M. of even number dated 6th September, 2016 (copy enclosed).

2. It may be recollected that based on the recommendations of the Sub-Group of Chief Ministers and consultations with other stakeholders, with the approval of the Cabinet, NITI Aayog had issued instructions on the rationalization of CSS *vide* its O.M. dated 17th August, 2016 wherein *inter alia*, the Flexi-Funds available in each CSSs was raised from the current level of 10% to 25% for States, and 30% for UTs, of the overall annual allocation under each scheme.

3. *Vide* DoE O.M. *ibid*, it was stated that the Flexi-Fund component within the CSSs can be used to achieve the following objectives:

- (i) To provide flexibility to States to meet local needs and requirements within the overall objective of any given Scheme at the sub-head level;
- (ii) To pilot innovation to improve efficiency within the overall objective of any given Scheme at the sub-head level;
- (iii) To undertake mitigation/restoration activities in case of natural calamities, or to satisfy local requirements in areas affected by internal security disturbances.

4. With regard to the implementation of flexi-funds, it was stated by DoE O.M. *ibid* that the States, who want to avail of the flexi-funds facility, should constitute a State Level Sanctioning Committee (SLSC) on the lines of RKVY to sanction projects or activities under the flexi-fund component with mandatory participation of the concerned Central Ministry.

5. With regard to the use of Flexi-Fund, *inter alia*, the DoE O.M. *ibid* also stated that the purpose of flexi-fund is to enable the States to satisfy local needs and undertake innovations in areas covered by the Centrally Sponsored Schemes. Such kind of funds may be used to converge different schemes under an umbrella programme to improve efficiency and effectiveness.

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Handwritten notes and signatures on the left margin:
- 24/6
- JS & FA
- DF
- P/dms
- 23/6
- Pte scan it
- Ceal circular
- to all concerned
- S. G. R.
- SOLIFD
- 22/6/18
- Ru

6. It is requested that Ministries/Departments may suitably incorporate the provisions of Flexi-Funds into the individual scheme guidelines of CSS and encourage the States/UTs to optimally utilize the flexi-funds for meeting the specific local needs of the State Governments / UTs and for bridging felt gaps in implementation of the CSSs. Such guidelines may clearly spell out the different kind of natural calamities like flood, earthquake, tsunami, storms, etc. and examples of mitigative/restorative activities in the sector covered by the individual CSS. This may also cover the sectors to be covered under flexi-funds for areas affected by internal security disturbances.

7. Every year after the approval of the Budget, Central Ministries may communicate the tentative allocation for flexi-funds under each CSS while indicating the allocation for each CSS to the States to nudge them to fruitfully use flexi-funds at their disposal. Copy of the communication regarding allocation of funds / flexi-funds may also be shared with the Department of Expenditure.

8. A report on the experience of the Ministry / Department as well as the States / UTs on the use of Flexi-Funds in various CSSs may also be shared with the Department of Expenditure for further strengthening the scheme architecture *vis-a-vis* the use of flexi-funds.

9. In the EFC memorandum for CSS, amount of total flexi-fund available under the scheme may also be indicated in the para on "Approval Sought". The memo may also contain a para on indicative list of items that may be covered under the ambit of the flexi-funds.

10. You are requested to ensure that the guidelines on "Flexi-Fund" are followed in your Ministry/Department both in letter and spirit.

With warm regards,

Yours sincerely,

99/6
(A.N. Jha)

All the Secretaries of the Govt. of India.

cc: The CEO, NITI Aayog.

F.No. 55(5)/PF-II/2011
Ministry of Finance
Department of Expenditure
Plan Finance-II Division

New Delhi, dated 6th September, 2016

Office Memorandum

Subject: Guidelines for Flexi-Funds within Centrally Sponsored Schemes.

Reference is invited to this Department OM of even no. dated 6th January, 2014 on the subject mentioned above. It was stipulated that the Central Ministries should provide 10% of their budget under each CSS as a flexi-fund, except for schemes which emanate from a legislation or where the whole or a substantial proportion of the budgetary allocation is flexible.

2. Based on the recommendations of the Sub-Group of Chief Ministers and consultations with stake holders, NITI Aayog has issued instructions for Rationalization of CSS, vide OM No. O-11013/02/2015-CSS & CMC dated 17th August, 2016. As per para 6 of the said OM, flexi-funds available in each CSS has been raised from the current level of 10% to 25% for States, and 30% for UTs, of the overall annual allocation under each scheme.

3. These instructions will be applicable for Centrally Sponsored Schemes, except those which emanate from a legislation (e.g. MGNREGA), or, schemes where the whole or a substantial proportion of the budgetary allocation is flexible (e.g. Rashtriya Krishi Vikas Yojna, Border Area Development Program, Shyama Prasad Mukherjee Rurban Mission etc.). The provisions of this Department's OM No.55(5)/PF-II/2011 dated 6th January, 2014 *ibid* are substituted as follows:

Objectives

4. The flexi-fund component within the Centrally Sponsored Schemes can be used to achieve the following objectives:

- (i) To provide flexibility to States to meet local needs and requirements within the overall objective of any given Scheme at the sub-head level;
- (ii) To pilot innovation to improve efficiency within the overall objective of any given Scheme at the sub-head level;
- (iii) To undertake mitigation/ restoration activities in case of natural calamities, or to satisfy local requirements in areas affected by internal security disturbances.

Fund Allocation and Approval

5. States may, if they so desire, set aside 25% of any Centrally Sponsored Scheme (including the central and state share for any given scheme in a financial year) as flexi fund to be spent on any sub-scheme or component or innovation that is in line with the overall aim and objectives of the approved Scheme.

6. The States, who want to avail of the flexi-fund facility, should constitute a State Level Sanctioning Committee (SLSC) on the lines of RKVY to sanction projects or activities under the flexi-fund component. However, participation of the concerned Central Ministry would be mandatory in the SLSC before the flexi-fund facility is invoked under any Centrally Sponsored Scheme.

7. It may be noted that the Name, Acronym and the Logo are the core feature of any Centrally Sponsored Scheme, which must be retained for the flexi fund component as well. If the States change any of these core features, the central contribution will cease and the flexi fund component will become a purely state scheme.

Use of flexi-funds

8. The flexi-fund would continue to be part of the parent Centrally Sponsored Scheme. It may be operated at the level of the Scheme, Sub-scheme and its Components, but not at the level of the Umbrella Program, *for example*, flexi-funds can be spent on any sub-scheme or component, including creation of a new innovative component, under the primary education scheme, but cannot be used to move primary education funds to the higher education or to any other sector. However, it would be permissible to use flexi-funds to converge different schemes under an umbrella program to improve efficiency and effectiveness of outcomes, *for example*, nutrition mission can be used to converge anganwadi services with maternity benefits, and health care networks can be used to provide a continuum of health care services across the primary, secondary and tertiary levels.

9. It may also be noted that the purpose of flexi-funds is to enable the States to satisfy local needs and undertake innovations in areas covered by the Centrally Sponsored Schemes. Flexi-funds should not be used to substitute State's own schemes and project expenditures. It should also not be used for construction/repair of offices/residences for government officials, general publicity, purchase of vehicles/furniture for offices, distribution of consumer durables/non-durables, incentives/rewards for staff and other unproductive expenditures.

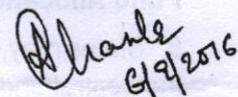
Monitoring, Evaluation & Audit

10. Web-based reporting for the use of flexi-funds may be designed by adding modules to the existing MIS. Outcomes (medium term) and outputs (short term) should be part of the MIS along with pictures/images and good practices to ensure greater transparency and learning across States.

11. Evaluation of flexi-funds may be done through the existing evaluation mechanism, including those set by the Ministries, NITI Aayog, or by independent third parties. Terms and conditions for evaluation may be designed in such a manner that outcomes of the Scheme as a whole, as well as the flexi-funds are well identified and measurable.

12. Flexi-funds within each CSS will be subject to the same audit requirements as the parent Centrally Sponsored Scheme, including audit by the Comptroller & Auditor General.

13. *These guidelines issue with the approval of the Finance Minister and come into force with immediate effect.*



(Arunish Chawla)

Joint Secretary to the Government of India

1. Secretaries, All Departments/Ministries, Government of India.
2. Chief Secretaries, All States/Union Territories.