



FINANCE (B.G.I) DEPARTMENT,
SECRETARIAT,
CHENNAI – 600 009.

Letter No.21398/B.G.I/2021-1, dated 28.05.2021

From
Thiru S. Arunraj, IAS.,
Deputy Secretary to Government (Budget).

To
All Additional Chief Secretaries / Principal Secretaries/ Secretaries to
Government, Secretariat, Chennai – 9 (w.e).
All Heads of Departments (w.e).
The Principal Secretary / Commissioner of Treasuries and Accounts,
Chennai – 35 (w.e).

Sir / Madam,

- Sub: Contingency Fund – Drawal of Advance from Contingency Fund – Information to be furnished while applying for Contingency Fund Advance – Instruction again communicated - Scrupulously follow the instruction – Reg.
- Ref: 1 Government Letter No.28966/Finance (B.G.I) Dept/2015-1, dated 29.06.2015
2 Government Letter No.53544/Finance (B.G.I)Dept/2016-1, dated 05-10-2016
3 Government Letter No.56318/Finance (B.G.I)Dept./2019-1, dated 27.11.2019

Attention is invited to the references cited.

2. As per Article 267(2) of the Constitution of India, the Contingency Fund is intended to provide advances to the Executive Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Legislative Assembly.

3. Thus, the Contingency Fund is created with the intention to release advances to meet unforeseen expenditure arising in the course of financial year not contemplated in the Budget Estimates, (i.e.) expenditure on "New Service / New Instrument of Service". Therefore, the Contingency Fund is the only option available to the Government for managing unforeseen expenditure requirements of all the departments for a period of four to five months, when the Legislature is not in session. Hence, it is imperative that the small corpus of Contingency Fund is maintained with utmost care and releases are considered for unavoidable and immediate nature of expenditure only, that too for a period of up to 4 months or the immediate requirement. The present corpus of the Fund stands at Rs.150.00 crores only.

P.T.O

4. In the Government letters first and second cited, comprehensive guidelines on the drawal of Advance from the Contingency Fund were issued. Wherein, it was emphasized that the application for advance from Contingency Fund is to be made only for the immediate and urgent expenditure which cannot be postponed till next session of the Assembly and to be incurred within the Financial Year.

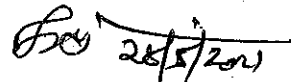
5. In the Government letter third cited, detailed guidelines have been issued on the drawal of Advance from the Contingency Fund including the Basic / Fundamental information to be furnished, while applying for Contingency Fund Advance.

6. Despite the instructions issued in the references cited, it is observed from the proposals that the Contingency Fund is sought for the entire amount sanctioned in the administrative Government Order, as a matter of routine without furnishing a working sheet and justification for the proposed amount. Proposals of these nature tend to delay the process and lead to further correspondence. The Accountant General is continuously raising objection for the non-utilization and partial utilization.

7. The Government reiterates that the request for Contingency Fund Advance should only be considered for item of very critical and urgent nature, which cannot be postponed till the next Supplementary Estimates. The Contingency Fund requirements, which are urgent and critical nature, should be worked out for a period from the date of application till the presentation of next Supplementary Estimates in the normal course.

8. The detailed instructions, already issued in the reference third cited, is annexed herewith.

Yours faithfully,

 26/5/2021

for Deputy Secretary to Government (Budget)

 28/5/21



FINANCE (BG-I) DEPARTMENT
SECRETARIAT,
CHENNAI - 600 009.

Letter No. 56318/B.G. I/2019-1, dated 27-11-2019

From
Thiru H. Krishnanunni, I.A.S.,
Deputy Secretary to Government (Budget).

To
All Additional Chief Secretaries / Principal Secretaries/ Secretaries to
Government, Secretariat, Chennai – 9.
All Heads of Departments.
The Principal Secretary / Commissioner of Treasuries and Accounts,
Chennai – 35.
All Treasury Officers/ Sub-Treasury Officers/ Pay and Accounts Officers (Through the
Commissioner of Treasuries and Accounts, Chennai 35).

Sir / Madam,

- Sub: Contingency Fund – Drawal of Advance from Contingency
Fund – Information to be furnished while applying for
Contingency Fund Advance – Instructions – Issued.
- Ref: 1 Government Letter No. 28966 / Finance (BG.I) Department /
2015-1, dated 29.06.2015.
2 Government Letter No. 53544/Finance (BG.I) Department /
2016-1, dated 05-10-2016.

As per Article 267(2) of the Constitution of India, the **Contingency Fund is intended to provide advances to the Executive Government to meet unforeseen expenditure** arising in the course of a year pending its authorization by the Legislative Assembly. The present corpus of the Fund stands at Rs.150.00 crores only.

2. Thus, the **Contingency Fund is created with the intention to release advances to meet unforeseen expenditure arising in the course of financial year not contemplated in the Budget Estimates, (i.e.) expenditure on "New Service / New Instrument of Service"**. Therefore, the Contingency Fund is the only option available to the Government for managing unforeseen expenditure requirements of all the departments for a period of four to five months, when the Legislature is not in session. Hence, it is imperative that the small corpus of Contingency Fund is maintained with utmost care and release from the fund is considered for unavoidable and immediate nature of expenditure only, that too for a period of up to 4 months, based on the month of requirement.

P.T.O.

3. In the Government letters first and second cited, comprehensive guidelines on (i) incurring of expenditure sanctioned as "New Service / New Instrument of Service", (ii) applying for advances from the Contingency Fund, (iii) drawal of the sanctioned advances, and (iv) admitting of bills and booking of expenditure under Contingency Fund were issued. Wherein, emphasized that the application for advance from Contingency Fund is to be made only for the immediate and urgent expenditure which cannot be postponed till next session of the Assembly.

4. Despite these instructions, it is observed from the proposals received from the Heads of Departments that the Contingency Fund is solicited for entire amount sanctioned in the administrative Government Order, as a matter of routine and the facts underlying the fund requirements are not at all furnished or justified properly. The proposals of these natures tend to delay the process and lead to further correspondence.

5. The Government reiterate that the request for Contingency Fund Advance should only be considered for very critical and urgent nature of expenditure, which cannot be postponed till the next Supplementary Estimates. Even in such cases, the Contingency Fund requirements should be worked out for a period from the date of application till the presentation of next Supplementary Estimates in the normal course. Therefore, any proposal seeking Contingency Fund Advance should essentially explain the urgency and critical nature of the expenditure and accompany a detailed working sheet justifying the amount required for a period up to next four months and the monthly requirements should be further restricted based on the date of proposal.

6. In this context, the following examples, which are explanatory in nature but at the same time not exhaustive, should be considered while finalizing the Contingency Fund Advance requirements and in preparing the working sheet:

Nature of Expenditure	Required Basic Information
(a) Salaries and Wages	
Salaries, Wages, Remuneration, Contract Payments and Salary Grants	Number of posts sanctioned, number of posts filled up or to be filled up within the 4 month period, salary details of incumbents like Pay, DA, HRA, CCA, etc. if the post is already filled or the pay in level 4 of the pay matrix along with corresponding allowances from the proposed date of filling up of the posts, say for next two to three months leading upto the next Supplementary Estimates.
(b) Tenders and Contracts	
Major Works - including Grants in Aid for creation of Capital Assets	Technical Sanction status, dates of commencement and completion of the Tender Process and expected date for award of Contract, date of commencement of work, stages of implementation including advance if any to be paid to the Contractors.

Procurement of Materials and Supplies/ Machinery and Equipments/ Tools and Plants/ Motor Vehicles/ Computer & Accessories/	Mode of purchase, identification of the procuring/ vendor agency, stage of finalization of the Contract, whether work order placed, expected dates of delivery/ delivery schedule, duration for settlement of payments as per the Contract, prioritizing the supplies to the bear minimum in the initial phase, initial down payment, etc .
Networking and software development including Special services/ etc.	Funds required for hardware/ software application/ maintenance, stage of RFP, appointment of System Integrator/ signing of agreement, stage of FRS/ SRS and scheduled dates of payments for milestones achieved, etc.
(c) Grants-in-Aid and Subsidies	
Grants-in-Aid / Subsidy/ Contribution to Institutions (other than grants for creation of Capital Assets)	Whether Scheme guidelines are framed and communicated, whether recipient institution/ agency is ready to implement, the status of beneficiaries identification and approval or the time required for the same, number of beneficiaries to be covered in the initial phase, amount per beneficiary and the total amount required and the amount required for the initial 2 to 3 months.
(d) Training	
Training	Schedule of the proposed training, period of training, date of commencement, no. of trainers per batch and the cost per trainer / trainees and stationeries, whether advance if any needs to be paid or payment can be made after the training, etc.
(e) Lands	
Lands	Land acquisition notification status, creation of land acquisition wing, identification of land and acceptance of land owners, quantum of payment to be made based on the approval of the competent authority, etc.

7. The above are only for better understanding as to how the requirements are to be assessed before seeking Contingency Fund Advance and the departments have to apply themselves and accordingly finalize the proposal for Contingency Fund Advance, providing the basic information for the proposed expenditure. In addition, the detailed cost working sheet on item-wise/ month-wise requirements should accompany the Contingency Fund Advance request. The departments should understand and appreciate that the restriction in fund release is only temporary and

upon passing of the Supplementary Estimates, the authorised expenditure can be incurred based on requirements.

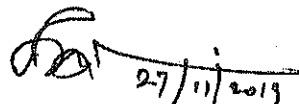
Non utilization/ Excess drawal of Contingency Fund Advance – Objection from Accountant General

8. The Contingency Fund is placed at the disposal of the Hon'ble Governor of Tamil Nadu and there is a huge demand for advance from the fund from various departments. Therefore, it is imperative that the **Contingency Fund advance drawn is utilized properly and is not kept idle preventing other departments from utilizing the same**. The Accountant General is also critical on the non-utilization of the Contingency Fund Advance and highlights the same in various meetings and documents. Thus, the Heads of Departments/ Departments of Secretariat should ensure that not only the bear minimum advance is solicited from the Contingency Fund but it is properly utilized for the specified purposes. Therefore, even after such thorough scrutiny in releasing the funds, **there is non-utilization, the departments concerned are fully responsible for the same and answerable to the Accountant General / Public Accounts Committee**, as the sanctions are being given based on the proposals of the concerned.

9. At the same time, any **excess drawal of the Contingency Fund than the approved amount is a serious violation**, which could not be ratified. A few instances have occurred in the recent past and the concerned Head of Department and the Principal Secretary / Commissioner of Treasuries and Accounts have been advised to avoid recurrence of such mistakes and ensure strict compliance of the instructions. Therefore all the HODs / Departments of Secretariat are advised to be vigilant in incurring the expenditure under the Contingency Fund and the Pay and Accounts Officers/ Treasury Officers concerned should ensure the availability of advance sanctioned from the Contingency Fund before passing the bills for payment and comply with the accounting procedure in booking the expenditure.

10. Further, the departments are requested to **send the proposals for Contingency Fund Advance through the online IFHRMS portal** as directed the Government Letter No.35751/ Fin.(BG.I)/ 2019-1, dated 29.07.2019. The request letter/ proposal, copies of G.Os. and annexure can be uploaded in the IFHRMS while raising the request and hence the hard copies of the proposals need not be sent to the Government. It is clarified once again, that, henceforth, the request for Contingency Fund Advance applied through the online IFHRMS with complete details, especially the basic information and the cost working sheet justifying the advance, will alone be considered by the Government.

Yours faithfully,

 27/11/2019

for Deputy Secretary to Government
(Budget)

 27/11/19