

No. WII-21(2)/50

Dated the 13th June, 1958

Subject : Procedure for adjustment of expenditure against the Central Road Fund

I am directed to invite a reference to the Central Road Fund Resolution, as recently amended by Parliament a copy of which was forwarded to you with this Ministry's letter No. WII-21(1)/50 dated the 11th May, 1950 (a fresh copy is attached for ready reference). Under this Resolution, Part B States have been placed, with regard to distributions from the Fund, on a par with Part A States and the new Chief Commissioner's States of Bhopal, Bilaspur, Himachal Pradesh, Kutch, Manipur, Tripura, and Vidhya Pradesh on a par with the older Chief Commissioner's States.

2. Orders have been issued by the Government of India from time to time relating to the procedure for payments from the Fund. As the Governments of Part B States and the new Chief Commissioner's States may not be aware of the details of this procedure, they are restated in the following paragraphs. It may be explained that the money lying in the Fund exists in three different forms, the Road Fund Allocations, the Central (Ordinary) Reserve, and the Central (Special) Reserve.

3. *Payments from Road Fund Allocations of States.*

- (1) Under para 7 of the Road Fund Resolution, the sums allocated for expenditure in the States can be spent only on the objects specified in that para and such expenditure requires the previous approval of the Central Government. Before approving a proposal for expenditure from the Road Fund Allocations of a State, the Central Government are required to refer it to the Standing Committee for Roads, vide para 9(4) of the Resolution. It will, therefore, be necessary for the State concerned to obtain the previous approval of the Central Government to schemes which they intend to finance wholly or partly from the State's Road Fund Allocations. They must do this before incurring any commitments on these schemes. They need not send the estimates to the Centre for approval of any works proposed to be financed from the Road Fund Allocations, though such estimates may be sent for technical advice to the Roads Organisation of the Ministry of Transport if the State wishes to do so.

To part
B States only.

- (2) Quarterly allotments will be made by the Central Government from the allocations held by them to the credit of the State Government concerned for expenditure on specific schemes which have been previously approved by the Central Government vide para 5 of this Ministry's letter No. B-1(5)/50, dated the 27th March, 1950 to the Government of all Part B States, and No. B-4(4)/50, dated the 19th May, 1950, to the Government of Bihar, Public Works Department (copy of the letter endorsed to you).

*Part B
States.
© To part C States.

- * (3) @ (2) Audit is required to see that the expenditure on any scheme met out of allocations from the Central Road Fund is within the programme approved by the Central Government with the advice of the Standing Committee for Roads. For this purpose, the Government of the State concerned, upon the receipt of the approval of the Central Government, should intimate to them the name, number, and date of the detailed estimate as (technically) sanctioned by the competent authority, the amount for which it is sanctioned, the amount to be met from the State's Road Fund Allocations, and a very brief description of the work which it comprises in those cases where the title of the estimate itself does not adequately convey its scope. This information will be passed on by the Government of India to Audit with instructions that expenditure against the estimate in question may be adjusted against the State's Road Fund Allocations to the extent authorised.
- * (4) @ (3) The Accountant General or Comptroller concerned is authorised to pass an excess over the estimated cost of a scheme as approved by the Central Government up to a limit of 10% of the estimated cost. When the excess is more than 10% the approval of the Central Government to the revised cost should be obtained by the State Government concerned. This limit of 10% applies to excesses over the amounts approved by the Government of India whether at

the preliminary stage when approval to schemes is accorded after obtaining the advice of the Standing Committee for Roads, or at the later stage when the final costs of works as per detailed estimates are intimated to Audit.

4. *Payments from the Road Fund Central (Ordinary) Reserve :*

- (1) Under para 6 of the Road Fund Resolution, the Central (Ordinary) Reserve with the Government of India can be applied only for the purposes specified in that para. Before approving a proposal for expenditure from the Central (Ordinary) Reserve, the Central Government are required to refer it to the Standing Committee for Roads, *vide* para 9 (4) of the Resolution.
- (2) When an application is received by the Government of India for a grant from the Central (Ordinary) Reserve, they will in the first instance satisfy themselves whether the proposed scheme is suitable and then refer it to the Standing Committee for roads. If, in the light of the advice tendered by the Committee, the Government of India decide that a grant should be given from the Reserve to the State Government or other Administration or authority concerned, the Government of India will inform them that they will be prepared to meet from the Reserve the whole or a stated percentage of the estimated cost of the work, subject to a maximum limit, if necessary.
- (3) The State Government or other administration or authority concerned should then submit detailed estimates with plans, etc. for each such schemes to the Government of India. After scrutiny of the estimates, the Government of India will communicate their technical approval and financial sanction to the State Government or other administration or authority concerned.
- (4) The competent authority will then accord (technical) sanction to the estimates, and the State Government or other administration or authority concerned should then intimate to the Government of India the number, date, and other particulars of the detailed estimates so sanctioned as in para 3(3)*/3(2)@ above. The Government of India will at once pass on this information to Audit and inform them that a contribution will be made from the Central (Ordinary) Reserve towards the expenditure against the sanction estimate to the extent decided upon.
- (5) Actual payments will be made by the Accountant General, Central Revenues, to the State Government or other administration concerned on the basis of the monthly audited expenditure on the work, as communicated to him by the State Accountant General; or Comptroller concerned *subject to the limit of the contribution sanctioned by the Government of India.*
- (6) Where the Accountant General Central Revenues, is also the Audit Officer for a Chief Commissioner's State, he will make the necessary adjustment himself in his books. *Subject to the limit of the contributions sanctioned by the Government of India.*
- (7) The State Accountant General, or Comptroller or the Accountant General, Central Revenues, as the case may be, is empowered to pass any excess over a contribution from the Central (Ordinary) Reserve sanctioned by the Government of India upto a limit of Rs. 1,000/- in any one case. When the excess is more than Rs. 1,000/- an application may be made by the State Government or other administration or authority concerned for an extra grant from the Central (Ordinary) Reserve. In making such an application, the revised (detailed) estimates, if any, for the work should also be submitted to the Government of India for technical approval and financial sanction.

with a report explaining in full the reasons for the excess.

- (8) Application if any, for extra grants from the Central (Ordinary) Reserve will be considered by the Government of India on the merits of each case in the light of the financial position of the Reserve and other circumstances prevailing at the time, but no assurance can be given that the extra grant required will be forthcoming. Therefore, while sanctioning a grant from the Central (Ordinary) Reserve initially the Government of India may require an assurance from the State Government or other administration or authority concerned that they will provide the balance of the funds that may be needed to complete the project from their own resources.
 5. The procedure described in paragraphs 3 and 4 above has been in force for the provinces (now part A States) since the Road Fund was instituted 20 years ago. It is a simple procedure quickly understood by the Public Works Department of the States and has given no trouble in all these years.
 6. *Payments from the Central Road Fund (Special) Reserve*
The special reserve is intended for expenditure on specified objects; *vide* paras 3 (5) and 9 (4) of the Resolution. The procedure for the sanction of grants and adjustments of expenditure from the Special Reserve is the same as what for grants from the Central (Ordinary) Reserve.
 7. Strict instructions have been issued to Audit not to admit expenditure from any of the sub divisions of the Central Road Fund, i.e. the allocations, the Central (Ordinary) Reserve, and to the Central (Special) Reserve, unless it has been authorised by the Central Government under the prescribed procedure described above, if, for any special reasons, it is desired that expenditure should be permitted from the Fund in anticipation of sanction of the Central Government in accordance with the above described procedure, their orders should be obtained for this departure from the rules. Audit is *not* empowered to admit such expenditure from the fund and will not do so unless authorised specifically by the Central Government.
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