

Government of India  
Ministry of Shipping, Road Transport & Highways  
Department of Road Transport & Highways

Transport Bhavan,  
No.1, Parliament Street,  
New Delhi 110 001.

No. NH-11011/1/2009-P&M

Dated: 27<sup>th</sup> March, 2009

To

1. The Chief Secretaries of all the States
2. Secretaries (PWD) all States/UTs
3. Chief Engineers/Engineer in Chief of States/UTs.

Subject:: Streamlining of the sanction and payment procedures in respect of the works financed from the Central Road Fund.

Sir,

I am directed to say as per extant procedure, the State Governments identify projects, schemes or activities relating to State roads for release of funds from the Central Road Fund. These are examined by the Central Govt. keeping in view the guidelines given in CRF Rules and the position of accrual of funds for the State and administrative approval is accorded. Technical approval & financial sanction to such works is accorded by respective State Govts (Procedure for approval of the schemes is given in Rule 5 of Central Road Fund (State Roads) Rules, 2007). As regards schemes relating to inter-state connectivity and economic importance, procedure for approval has been mentioned under section II of the said Rules according to which Central Government initially approved the schemes/works to be taken up. Thereafter, based on detailed estimates received from State Govts, technical, financial sanction and administrative approval is accorded to the estimates by the Central Govt.

2. The pace of implementation of the schemes as well as utilization of the available funds has not been up to the desired level in spite of efforts made in the past. There are delays in the process of identification of the schemes at the state level and also in the process of sanction in the Ministry. The procedure and approval Mechanism for state road projects funded from the Central Road Fund has been reviewed and the following decisions have been taken to streamline the sanctioning and payment procedures in respect of the works financed out of the resources from the Central Road Fund.

Sanctioning procedures

All the projects, schemes and activities to be financed from the Central Road Fund including those relating to Inter-state Connectivity and economic importance should be identified by the concerned State/UT in consolidated manner which should be forwarded to the Ministry in the form of annual plan for each state along with all required details.

Office of the  
Sanctioning Engineer (P&M)  
Ministry of Road Transport  
& Highways  
New Delhi



- (ii) The proposals in respect of each State will be considered by a Standing Committee headed by Secretary (RT&H), which will have the following composition:-

Secretary (Road Transport & Highways)	- Chairman
Director General (Road Development)/ Additional Director General I/II	- Member
Addl. Secretary & Financial Adviser	- Member
Concerned Chief Engineer/Engineer in Chief of State PWD/UT	- Member
Chief Engineer of the concerned Project Zone	- Member

3. The State Government/UT will be required to send their proposals as expeditiously as possible in the first quarter of the financial year. The meeting of the Standing Committee to consider the proposal will be convened within a period of 3 weeks from the end of the month in which the proposals from the States/UTs are received.

4. The above Committee will consider the proposal, State-wise by observing the criteria laid down in Rule 5 of Central Road Fund (State Roads) Rules, 2007 and give its recommendation for consideration by the Government. The final decision of the Govt. on the proposals received from States/UTs, thus, will generally be taken within 2 months.

5. **Payment and Disbursement of State allocation/accruals from the Central Road Fund for the approved projects, schemes and activities:**

Subject to the provisions specified under section 7 of the Act, the Fund shall be disbursed for projects, schemes or activities relating to the construction and development of State roads including roads of inter-State connectivity and of economic importance but excluding the rural roads and to be identified in accordance with the rule 4 of these rules. In the existing system for executing the projects financed from the Central Road Fund 1/3<sup>rd</sup> of the state accruals are released in advance and further installments are released on the basis of the progress of work and receipt of utilization certificates. The projects relating to inter-State connectivity and Economic importance are sanctioned by the Ministry on the basis of detailed estimates. In case of projects of Economic importance 50% of the project cost is to be born by the concerned state Government. In order to ensure timely payments to the projects and speed up the process of implementation, it has been decided to modify the existing payment procedure for the projects financed from the Central Road Fund in the following manner:

1. The procedure of advance release of 1/3<sup>rd</sup> of accrual and further release of funds on the basis of utilization certificates will be dispensed with.
2. For all the State Road works including projects of inter-state connectivity and Economic importance the Direct Payment Procedure being followed by the



**Payment Procedure for admissible State Roads Works and projects of Inter-State Connectivity financed from CRF.**

The approved State Road works, and Inter State Connectivity are fully funded by the Central Government from the Central Road Fund. In the revised payment system, payment for these works will be released by the Government of India, Department of Road Transport & Highways, through its Regional Pay & Accounts Officers directly to the payees/contractor under the Direct Payment Procedure, which is already in practice in respect of National Highways (O) Works. Under this system the PWD Divisions, executing Central Road Fund works instead of making the payment to the contractors, will submit the bill in the prescribed form to the concerned Regional Officer (NH)/Engineer Liaison Officer, for processing and making payments through concerned Regional Pay & Accounts Officer.

**B. payment Procedure for approved projects of Economic Importance financed from CRF.**

In case of approved projects of Economic Importance 50% of the project cost shall be met by the State Government and 50% share shall be born by the Central Government from the CRF. After incurring 50% share of the State Government on the approved works of Economic Importance, the State PWD may submit the running bills to the Regional Officer (NH) for processing and releasing the 50% share of Central Government from the CRF through Regional Pay & Accounts Officer, of the Department of Road Transport & Highways, directly to the payee contractor under the Direct Payment Procedure.

**C. Responsibility of Regional Officer, M/o Shipping, Road Transport & Highways in the direct payment procedure.**

In the Direct payment System, the Regional-officer has been assigned the duties and responsibility of DDO as prescribed in CPWA Code/Receipt & Payment Rules/GFRs/CAM and relevant rules prescribed by the Government of India. While processing the bills for payment, he has to ensure that the expenditure relates to State/U.T. Road works, sanctioned under Central Road Fund, the bill is in prescribed printed form and supported with all necessary documents, the expenditure is for a sanctioned job, covered with proper financial sanction and has technical and administrative approval of the competent authority. He will ensure that all the recoveries have been made as per rules and necessary entries for payments asked for have been made in the Measurement Books. He will also ensure that the advance payments, instalments released in the past are fully utilized, State share where ever required is spent, rate claimed are as per agreement and the necessary certificates prescribed, are attached with the bill and the expenditure claimed in the bill is covered under budget allotment.

**D. Responsibility of RPAOs. In the direct payment procedure**

On receipt of bills from the Divisions duly verified and certified by the Regional Officer, the RPAO will process all the bills with reference to the sanctioned estimates, sanctioned Revised Estimates, Budget allocations and other financial and administrative sanctions of the competent authority. He will see that bills are duly supported by vouchers, invoices, schedules etc. and these are in prescribed formats. The bill is complete in all respects. He will also see that all statements where necessary are attached with the bill and duly signed as prescribed in departmental codes (CPWD-  
Manual CPWA Code, State Code, etc.)



After completing all checks as required under GFRs, Receipt and payment Rules CTRs, CPWD Manual Vol.II CPW Account Code, Delegation of Financial Powers and Civil Account Manual etc., he will pass the bill, make necessary entries of expenditure in relevant registers and then arrange to make the payment directly to the recipient through E-Payment system or through a DD from the accredited Bank.

**E. Responsibilities of State PWD in the direct payment procedure**

The State/U.T. PWD being the executing authority for works sanctioned under Central Road Fund, will continue to be responsible and answerable for all contractual liabilities, maintenance of all necessary records, Accounts and Audit. In the DPP, the Regional Officer/E.L.O of the Ministry will be the DDO for all payments. The Superintending Engineer/ or Executive Engineer / or Asstt. Engineer will seek payment from the RPAO (NH) through the RO (NH) by submitting claims of contractor or of their own department (if some work has been undertaken departmentally) duly verified and certified by the RC (NH) for payment instead of going through State Treasury and State A.G.

Since the Department of Road Transport and Highways has so far been releasing advances and subsequent installments from the CRF, the State Govt. shall first exhaust the CRF credits available with them on account of 1/3<sup>rd</sup> advance as well as subsequent releases made for the approved works, before adopting the new Direct Payment Procedure. While submitting any bills to the Regional Officer, Regional Pay & Accounts Officer for payments under the revised Direct Payment Procedure, the State PWD should ensure and certify that the funds released in the past from CRF are full utilized and that there are no unspent balances.

6. The revised sanction and payment procedure will come into effect from 1<sup>st</sup> April, 2009.

7. Action to amend the concerned provision of CRF (State Roads) Rules, 2007 is being taken separately.

Yours faithfully

  
(K.R. Gatti)

Under Secretary to the Government of India  
Tel: 23710450

Copy to.

- ) The Accountant General All States/UT.s
- i) The Chief Controller of Accounts, Ministry of Shipping Road Transport and Highways, Jamnagar House, New Delhi.
- ii) The Chief Engineers(DO RT&H) Projects/ Others.
- ✓) All Regional Officers/ELOs
- ) All Sections in the DORT&H.

Immediate

Government of India  
Ministry of Road Transport & Highways  
(P&M Section)

No.NH.11011/1/2009-P&M

New Delhi, dated 3<sup>rd</sup> January, 2011.

To

1. The Chief Secretaries of all the States .
2. Secretaries (PWD) all States/UTs
3. Chief Engineers/Engineer in Chief of States/UTs.

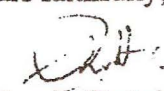
Subject:- Streamlining of the sanction and payment procedures in respect of the works  
Financed from the Central Road Fund.

Sir,

I am directed to refer to this Ministry's letter of even number dated 27<sup>th</sup> March, 2009 on the above cited subject and to say that letter of even number dated 27<sup>th</sup> March, 2009 may please be treated as withdrawn.

2. Henceforth, the sanctioning procedure and release of funds relating to all the projects, schemes and activities to be financed from the Central Road Fund including those relating to Inter-State Connectivity and economic importance would be dealt in accordance with the Central Road Fund (State Roads) Rules, 2007.

Yours faithfully,

  
(Surajit Dutta)

Under Secretary to the Govt. of India  
Tel No.: 23753990