

## COST, ALLOCATION AND FINANCE

### RELEASE OF FUNDS FOR PROJECTS TO STATE LEVEL NODAL AGENCY

#### Introduction

Under the Common Guidelines for Watershed Development Projects, 2008, it is stated under para 66 that the Departmental Nodal Agency at the central level will allocate specific amounts for individual States from whom proposals have been received and the States will be free to sanction their projects within the State allocation. On receipt of the Sanction Orders for the new projects from SLNA, the Nodal Ministry would release funds directly to the district level agency.

In the above arrangement, the power to sanction the projects has been delegated to the States whereas, the power to release funds to the Districts has been retained in the Ministry. In the meetings of the Steering Committee most States expressed that release of funds from the DRDA to the PIA is often delayed and slows down the progress of the project as the programme is not being implemented by the DRDAs. In addition, such an arrangement also creates difficulties in monitoring the progress of the projects by the SLNA. The States, therefore, requested that the funds may be released directly to the SLNA instead of the DRDAs. The issue was taken up with NRAA for necessary amendments in the Guidelines. The NRAA has now made the following provision in the Guidelines regarding Integrated Watershed Management Programme (IWMP).

"As far as IWMP is concerned the central share of funds shall be released to the State Level Nodal Agencies (SLNAs), who may release funds to the respective Project Implementing Agencies as the case may be. Where SLNAs have not become constituted the Nodal Ministry may appropriately decide the manner of release of funds."

In order to release the project funds directly to the SLNAs, the following mechanism has been decided.

Opening of bank account by the SLNA:

1. The SLNA will open a separate independent Savings Bank account for receiving the project funds released from the Nodal Ministry. The SLNA will select the bank branch, in consultation with the State Government, having internet connectivity at the State Head Quarter of any nationalized bank for maintaining the programme account. Once selected, the account shall not be changed to any other branch or bank without concurrence of DoLR. The State Government & SLNA shall not open separate bank accounts for this purpose.
2. The State Government will communicate to the SLNA and to the Ministry the details of the bank branch and the account number.
3. The account shall be operated by the CEO of the SLNA and one senior Officer of State Government nominated by the State Government jointly as 'Empowered Officers'. It shall be open only to the Empowered Officers to monitor and operate bank account and transfer the funds to respective District agencies. The bank will not allow the funds to be used by any person other than the authorized signatories and for any purpose other than the authorized payment of works taken up under the IWMP. Nor will it be open to the State Government to invest these funds, whether for short or medium term, including fixed deposits.
4. A Tripartite Memorandum of Understanding will be entered among the bank, the SLNA and the State Government wherein the parties would agree to abide by the provisions of the Guidelines. In particular, the bank will agree to abide by the instructions issued, from time to time, by the DoLR regarding the operation of accounts.  
Money accruing as interest credited in the programme account will be credited to the same account. The expenditure out of the interest amount will be guided by the instructions/ guidelines to be issued by the DoLR from time to time. The bank shall intimate to SLNA & DoLR, the interest amount credited by it to the account, on quarterly basis.

Monitoring mechanism:

- 12. The data regarding the project fund and its utilization and the details of the items of expenditure shall be updated by the SLNA in the MIS of IWMP regularly.
- 13. The institutions at various levels i.e., SLNA/ District level/ PIA/ WC will maintain the registers and documents as mentioned in Annexure-I.
- 14. It will be mandatory for the SLNA to have in place financial & accounting staff as already indicated in correspondence no. K-11012/1/2009/ IWMP (15) dated 14.09.09.
- 15. Upon receipt of acceptance and certification of these conditions by CEO, fund release to SLNAs will commence from DoLR.

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## Registers and documents to be maintained:

1. Watershed Committee Level
  - a) Cash book
  - b) Contingency bill register
  - c) Voucher register
  - d) Bank Pass Book
  - e) Bank reconciliation statement register
  - f) Advances/Adjustment register
  - g) Bank cheque book register
  - h) Asset register
  - i) Income register showing the income coming from watershed assets
  - j) WDF Account Register ✓
  - k) Revolving Fund register ✓
  - l) Register showing physical and financial progress
2. PIA Level
  - a) Register for grants received from states
  - b) UCs register for UCs to be sent to DRDA
  - c) Bank pass book/Cheque register
  - d) Bank reconciliation statement register
  - e) UCs register for UCs received from different watershed committees
  - f) Physical and financial progress report
3. DRDA Level
  - a) Cheque book register ✓
  - b) Grants received from Centre/State ✓
  - c) Grants distribution Register ✓
  - d) UCs register for UCs received from PIA/watershed committees ✓
  - e) Activities wise PHYSICAL AND FINANCIAL PROGRESS details ✓
4. SLNA Level
  - a) Grants received register ✓
  - b) Physical and financial progress register ✓