

Minutes of Meeting on review the financial issues of projects financed from Clean Ganga Fund (CGF) held at 11.00 AM on 11th July 2023 at NMCG office, New Delhi.

A meeting was held at 11.00 AM on 11th July 2023 under the chair of Executive Director (Finance), National Mission for Clean Ganga (NMCG) to discuss financial issues related to projects financed from Clean Ganga Fund (CGF). The meeting was attended, through Video Conference, by the project and finance officers of Engineers India Limited (EIL), WAPCOS Limited, NBCC (India) Limited, and the State Missions for Clean Ganga (SMCGs) of Uttarakhand, Uttar Pradesh and West Bengal. A list of participants is at Annex I.

2. After introduction by the participants, Executive Director (Finance) informed that the objective of the meeting is to deliberate on the finance related issues of CGF funded projects. It is not meant to discuss technical issues related to project implementation. Certain financial issues in respect of these projects have cropped up repeatedly. The purpose of this meeting is to explain those issues, and to improve understanding of all stakeholders.

Issues common to all Projects and Executing Agencies (EAs)

3. ED(F) stated that Ghat and RFD projects are being funded both from CGF and National Ganga Plan (NGP) of Namami Gange Mission. The flow of fund is quite different for two funding modes. In case of projects funded from CGF, the “Mother-Child fund flow” is applicable, under which drawing powers are allocated to EAs. Drawing Powers are issued with a validity period, and do not necessarily lapse at the end of financial year. However, in case of projects funded under NGP, fund flow is through allocation of Assignment Limit under Treasury Single Account (TSA) system, where unutilized Assigned Limit lapses at the end of the financial year.

4. ED(F) stated that while SMCGs are fully familiar with the TSA system, CPSUs may not have the same level of understanding. Since any unutilized limit would lapse at the end of financial year, he advised all CPSUs to ensure due diligence while seeking Assignment Limit from NMCG. If limits lapse due to non-utilization, it would impact utilization not only of the EAs, but also of the NMCG. Further, no transfer of Assignment Limit to the commercial bank account is permitted. Funds are to be drawn as and when bills are raised by the contractors/ vendors.

5. ED(F) enquired whether financial progress of CGF projects is being submitted regularly, for which a template was earlier circulated. EIL and NBCC informed that they have furnished updated status till the quarter ending in March 2023. All EAs were requested to submit financial progress on quarterly basis.

6. ED(F) emphasized that Utilization Certificates should also be submitted quarterly in prescribed format (Form 12A of GFR), which need to be signed by the Chief Finance Officer and Head of the Organization. Utilization of funds must be reported project-wise. Further, a statement on outcomes achieved

needs to be attached with the UCs. He pointed out that a format for this purpose was also circulated.

7. ED(F) further informed that unlike the past practice of lump sum allocation of drawing power, now project specific drawing powers are being assigned. This will ensure financial discipline, and rule out diversion of fund from one project to another. He advised all EAs to strictly adhere to the project-wise allocation of drawing powers. If additional funds are required for a particular project, new demand may be raised; rather than diverting funds from another project.

8. The oft misunderstood issue of Agency charge was also discussed. ED(F) clarified that Agency charges cannot be deducted from Drawing Power. This needs to be claimed separately by the Executing Agencies. Agency charges are applicable on pre-GST capex, on which applicable GST may be added. If the agency charge is calculated on expenditure inclusive of GST, and GST is applied again on agency charge, it amounts to double payment of GST¹. NMCG has also a statutory responsibility to deduct applicable TDS on Agency charge.

9. Another important issue flagged by the ED(F) is submission of Financial Closure Reports. ED(F) advised that whenever a project is completed, a financial closure report needs to be submitted. This is rarely being done. He urged all CPCUs and SMCGs to prepare financial closure reports in respect of all completed project. In this regard, ED(F) stated that an indicative format for financial closure report, along with a list of completed projects, will be circulated by the NMCG.

Organization and Project- specific issues

10. Among the projects, for which funds are routed through SMCGs, it was informed that in Uttarakhand UCs are pending for the Gauri Kund and Badrinath projects. In case of Uttar Pradesh, UC is pending for the project "Kund at Varanasi". Senior FMS, SMCG-UP informed that the project is nearly complete and only the financial closure is pending. ED(F) advised SMCG-UP to address this issue at the earliest.

11. SMCG Uttarakhand was also advised to submit financial closure reports in respect of Kanhal and Kharkhari projects. SMCG Uttarakhand informed that

¹ The following illustration would clarify: if expenditure on a project so far is Rs. 100 (excluding GST), and agency charge is 4 percent, Rs. 4 is the admissible agency charge, on which applicable GST will also be paid. If the applicable GST rate on consultancy is 18 per cent, total admissible agency charge (inclusive of GST) is Rs. 4.72. The Agency charge should NOT be applied on project cost/ expenditure incurred inclusive of GST (Rs. 118 in this case); as the applicable agency charge in that case becomes Rs. 4.72; and total agency charge (inclusive of GST) becomes Rs. 5.57, which would result in significant over charging of Agency charges.

funds have not been received for Bal Kumari project and contractor has stopped work due to non-payment. In response, RFD specialist, NMCG informed that the validity of AA&ES has expired. The Executing Agency needs to submit a proposal for time extension and only after that funds can be released.

12. In the case of SMCG West Bengal, ED(F) stated that in a recent review meeting taken by the DG, it was informed that the construction work for the project at Kalna, Katwa and Dainhat have been completed but in the MPR this project is still being shown as under implementation. ED(F) advised Director (Finance), SMCG West Bengal to look into the matter so that this project may be formally closed.

13. ED(F) also enquired about the status of reconciliation of records by WAPCOS, which was assured during a recent review of pending UCs. Representative of WAPCOS informed that reconciliation is at an advanced stage, and UCs will be submitted shortly. As regards opening of child account by WAPCOS for projects in Madhya Pradesh, it was apprised that the matter is under process and Account will be opened shortly.

14. ED(F) observed that in case of EIL, there is mismatch between the funds withdrawn during a particular quarter as reported in the UC vis-à-vis bank records. EIL informed that the matter is under review and reconciliation will be done shortly. ED(F) advised to resolve this within a week.

15. RFD specialist, NMCG informed that UCs are pending from NBCC for the two projects in Bihar. NBCC representative apprised that both projects have been completed, and UCs submitted. ED(F) advised NBCC to share the documents again.

16. ED(F) in his concluding remark stated that Executing Agencies need to improve their understanding of financial procedure for CGF funded projects. Certain financial issues crop up repeatedly, leading to avoidable delays in fund release. The purpose of this meeting is to clarify those issues, and improve financial discipline through regular reporting. He stated that all reporting formats devised by the Finance Wing of NMCG will be attached with the minutes of this meeting, and will also be placed on NMCG's website for ready reference. An advisory on financial issues will also be issued by the NMCG.

The meeting concluded with a vote of thanks to all participants.

Annex-I

List of Participants presented in the Meeting on review the financial progress and issues of the projects financed from Clean Ganga Fund held on 11:00 AM, Tuesday 11 July 2023 at NMCG office, New Delhi.

1. Shri Bhaskar Dasgupta, Executive Director (Finance), NMCG
2. Shri Manan Mudgal, Financial Management Specialist, NMCG
3. Ms. Kakoli Sikder, River Front Development Expert, NMCG
4. Mr. Achyut Pathak, Project Assistant, Clean Ganga Fund

Through video conferencing:

5. Shri Ranjan Kumar Jana, Director (Finance), SMCG West Bengal
6. Shri Pradeep Bhatt, Sr. FMS, SMCG Uttarakhand
7. Shri Piyush Singh, SMCG Uttarakhand
8. Ms. Priya Agarwal, Sr. FMS, SMCG UP
9. Shri Naveen Kumar, AGM Project, EIL
10. Shri Vikash Saini, Finance Deptt., EIL
11. Shri Sudhansu, NBCC
12. Shri Umesh Kumar, WAPCOS Limited
13. Ms. Divika Jain, WAPCOS Limited