



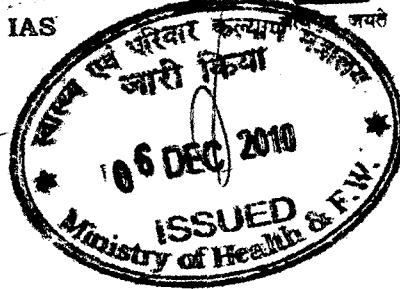
AMIT MOHAN PRASAD, IAS

Joint Secretary

Tele : 23061195

Telefax : 23061842

e-mail : am.prasad@nic.in



भारत सरकार
स्वास्थ्य एवं परिवार कल्याण मंत्रालय
निर्माण भवन, नई दिल्ली - 110108

GOVERNMENT OF INDIA
MINISTRY OF HEALTH & FAMILY WELFARE
NIRMAN BHAVAN, NEW DELHI - 110108

D.O No. G.25020/30/2010-NRHM (Finance)

Dated: 2nd December, 2010

Dear Sir,

It has been observed that states in their Statement of Funds Position are reporting negative bank balances under NRHM programmes such as RCH Flexi Pool, NRHM Additionalities and Routine Immunization. These negative balances arise mainly due to diversion of funds between the Programmes. Some of the States have reportedly diverted funds and utilized the same for purposes other than the purpose for which these were released. As per the NRHM guidelines, the diversion of funds from one programme to another is not permitted without the approval of MoHFW, as this tends to adversely impact on the implementation of approved activities under the Mission.

In order to resolve this problem, this Ministry has drafted an **Advisory for non-diversion of funds under NRHM** which is enclosed for your comments and suggestions, if any. I would request you to send your comments at the earliest so that the Advisory can be finalized and shared with the states.

Regards,

To all Mission Directors
All the State & UT.

Yours sincerely,

(Amit Mohan Prasad)

Advisory for non-diversion of funds under NRHM.

Background:

The NRHM framework for disbursement of funds provides for a clear outline(ROP) of the heads and activities for which the funds are made available. There exist strict guidelines regarding transfer or diversion of funds meant for one specific activity to another head without seeking the Ministry's approval and concurrence. This is to ensure that systemic and effective use of funds towards health goals is adhered to. However, It has been observed that some states have been diverting funds from one programme/pool to another and utilising the same for purposes other than for those which the funds have been sanctioned.

- The Comptroller and Auditor General (CAG)'s report on the **Performance Audit of NRHM for the period from 2005 to 2008** has pointed out that many States have diverted funds to RCH Flexible Pool from the Mission Flexible Pool without the approval of the Ministry of Health and Family Welfare. These funds were required to be spent for the purposes for which they were intended. As per standard guidelines circulated with the Records of Proceedings (ROPs) of the National Programme Co-ordination Committee (NPCC), any diversion of funds requires prior approval of the competent authority i.e. the MoHFW. The instances of diversion of funds without obtaining the approval of the Ministry indicate internal planning & controls need to be strengthened.
- States in their statement of funds have also been reporting negative bank balances in certain programme such as RCH Flexi Pool, NRHM Additionalities and Routine Immunisation. This is misleading as it indicates funds have been transferred and debited from sanctioned budgets in excess, indicating diversion from other activities. Clarifications from states indicate that negative balances arise due to diversion of funds between the NRHM programmes and also due to non reporting of the state share contributed and interest component utilized during the FMR / SFP period.

The Ministry has issued directions periodically regarding the proper use of funds:-

- At the time of release of Grants-in-aid, it is specifically mentioned in the *sanction* letters that the States shall not make any changes in allocations or

Instruction for non diversion of funds under NRHM

re-appropriations among different components/activities without the approval of the MoHFW, GOI. This implies that no diversion or re-appropriation of funds from one programme to another or within the sub-activities of the same programme shall be made without the approval of the GOI.

- In the administrative approval of PIPs for the year 2010-11, it has been categorically mentioned that the States UTs shall not make any change in allocations among different components/activities without the approval of the GOI. Any proposal for re-appropriation between or within activities should be submitted to GOI in advance. Moreover, such re-appropriation should reflect realignment or activities in accordance with the priorities fixed for high focus districts/involvement of NGO etc.
- The negative balances some times arise owing to non-reporting of the state share and interest amount utilized during the Report period. Therefore, while consolidating the quarterly FMRs and the monthly Statement of Funds Position, it is advised that the state share and the interest amount, if any utilized during the report period should be separately mentioned under the respective activities so that the actual amount of funds available and utilized is reflected in the report.
- The State / UT Health Societies are, therefore, advised that diversion of funds from one programme to another programme or within the same programme under NRHM should not be resorted to without seeking the prior approval and concurrence of the MoHFW as this adversely impacts on the fulfilment of the priorities/targets set under the respective programmes. Proposals for diversion of funds to the Ministry should be a rare occurrence if planning has been correctly done by the state. States proposals to the Ministry for acquiescing to such diversion should be accompanied by a clear analyses and rationale. Secondly, with a view to avoid the negative unspent balances being shown under the programmes, it is directed that the amount of state share and the interest utilized during the reporting period may also henceforth be separately reflected in the FMRs/SFPs so as to account for the actual amount of funds utilized.


(R.K.Parmar)

Under Secretary to Government of India