

मा. बाळासाहेब ठाकरे कृषि व्यवसाय व ग्रामीण परिवर्तन (SMART) प्रकल्प



प्रकल्प समन्वय व व्यवस्थापन कक्ष

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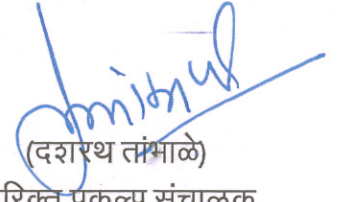
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प्रति,

- १) नोडल अधिकारी/समन्वयक, प्रकल्प अंमलबजावणी कक्ष (सर्व)
- २) विषय तज्ञ, प्रकल्प समन्वय व व्यवस्थापन कक्ष

विषय :- स्मार्ट प्रकल्पांतर्गत लेखा केंद्रांना द्वितीय सुधारित वित्तीय व्यवस्थान पुस्तिका वितरीत करणे बाबत..

उपरोक्त विषयाच्या अनुषंगाने, स्मार्ट प्रकल्पांतर्गत सर्व लेखा केंद्रांना यापूर्वीच वित्तीय व्यवस्थापन पुस्तिका (Finance Management Manual (FMM)) वितरीत करण्यात आली आहे. परंतु सदर वित्तीय व्यवस्थापन पुस्तिकेमध्ये बदल करणे आवश्यक असल्याने त्यात काही सुधारणा करण्यात आल्या आहेत. त्यानुषंगाने यापूढे स्मार्ट अंतर्गत होणाऱ्या सर्व खर्चाची देयके व इतर कार्यालयीन कामकाज द्वितीय सुधारित वित्तीय व्यवस्थापन पुस्तिका तसेच व वित्तीय व्यवस्थापन पुस्तिकेतील वित्तीय अधिकारामध्ये नमुद केलेल्या नियमानुसार करण्यात यावे.


(दशरथ ताम्हाळे)

अतिरिक्त प्रकल्प संचालक

प्रत : नोडल अधिकारी, प्रकल्प अंमलबजावणी कक्ष (कृषि)

- २/- यांना सुचित करण्यात येते की, आपल्या अधिनस्त असणाऱ्या सर्व विभागीय अंमलबजावणी कक्ष (RIU) तसेच जिल्हा अंमलबजावणी कक्ष (DIU) यांना सदर द्वितीय सुधारित वित्तीय व्यवस्थापन पुस्तिका आपल्या स्तरावरून तात्काळ निर्गमित करण्यात यावी.

State of Maharashtra Agribusiness and Rural Transformation Project (SMART)

Finance Management Manual (Original Dated 14th Nov 2019)

First amendment - World Bank approval 4th June, 2021
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ABBREVIATIONS

Sr.No	Abbreviations	Full Form
1	ACF	Advance Claim Form
2	AG	Accountant General
3	AHD	Animal Husbandry Department
4	AM	Agricultural Marketing
5	ARF	Advance Recoupment Form
6	ATMA	Agricultural Technology Management Agency
7	AWP	Annual Work Plan
8	BC	Beneficiary Contribution
9	BDS	Business Development Services
10	B.E	Budgetary Estimates
11	BEAMS	Budget Estimation, Allocation & Monitoring System
12	CA	Chartered Accountant
13	CAAA	Controller Aid Accounts & Audit Division
14	CAG	Comptroller and Auditor General
15	CII	Complimentary Innovation Investment
16	CSCs	Commodity Stewardship Councils
17	CSR	Corporate Social Responsibility
18	DDC	District Deputy Commissioner
19	DDO	Drawing and Disbursing Officer
20	DIU	District Implementing Unit
21	DLI	Disbursement Linked Indicators
22	ECF	Expenditure Claim Form
23	FMM	Finance Management Manual
24	GoM	Government of Maharashtra
25	IBRD	International Bank for Reconstruction and Development
26	IUFR	Interim Unaudited Financial Report
27	MAHACOT	Maharashtra Cotton Federation
28	MAP	Market Access Plans
29	MAVIM	Mahila Arthik Vikas Mahamandal
30	MCDC	Maharashtra Co-Operative Development Corporation
31	MSAMB	Maharashtra State Agricultural Marketing Board
31	MSRLM	Maharashtra State Rural Livelihoods Mission
33	MSWC	Maharashtra State Warehousing Corporation

Sr.No	Abbreviations	Full Form
34	MTR	Maharashtra Treasury Rules
35	PARC	Project Audit Review Committee
36	PCMU	Project Co-ordination And Monitoring Unit
37	PD	Project Director
38	PFMS	Public Financial Management System
39	PIU	Project Implementing Unit
40	PMC	Pune Municipal Corporation
41	PP	Productive Partnership Plans
42	QWP	Quarterly Work Plan
43	RAMETI	Regional Agriculture Extension Management Training Institute
44	R.E	Revised Estimates
45	RIU	Regional Implementing Unit
46	RJDA	Regional Joint Director of Agriculture
47	SMART	State of Maharashtra Agribusiness and Rural Transformation Project
48	UC	Utilization Certificate
49	UDD	Urban Development Department
50	VANAMATI	Vasantrao Naik State Agricultural Extension Management Training Institute
51	VSTF	Village Social Transformation Foundation
52	WB	World Bank
53	CPA	Central Pool Account

Chapter -1

Applicability and administration of the manual

1.1) Objective of the Manual:

The objective of this manual is to establish a financial management system to serve the State of Maharashtra Agribusiness and Rural Transformation Project (SMART). This manual intends to establish consistent and effective policies and procedures in order to ensure uniform practices in the financial management throughout the State. The system will provide an uniformity among different districts and line Departments, facilitate exercise of adequate and appropriate control over all the expenditures and assets acquired, as well as ensure correct recording of the financial transactions in the appropriate books of accounts and records.

1.2) Applicability of the Manual

- 1.2.1) This manual covers financial management systems and procedures and accounting there of relating to planning, implementation and operation of various components of SMART. This manual shall be applicable to all the line Departments, Institutions involved under the SMART Project.
- 1.2.2) As a general principle, in case of conflict between World Bank and Government of Maharashtra (GoM) rules/procedures /norms, the World Bank policies and Finance Management Manual (FMM) will prevail.
- 1.2.3) In case where World Bank policy is silent and there is a conflict between SMART Society bye-laws/ rules approved by competent authority and Government of Maharashtra (GoM) rules/procedures /norms, SMART Society bye-laws/ rules will govern over the Government of Maharashtra rules.
- 1.2.4) In case where World Bank policy as well as SMART Society bye-laws is silent, then GoM rules/policies will govern the Project.

1.3) Amendment

- 1.3.1) Finance Management Manual is a living document and may be amended as per the requirements of the Project. Amendment shall not be permitted unless supported by justifiable request for amendment clearly outlining, the nature of the amendment, reason for the amendment, the time span for which the amendment/deviation is required and the procedure that would be followed if amendment/deviation is approved.
- 1.3.2) If there is any need for amendment to Financial Management Manual laid down, to meet the requirements of a particular component at particular level, a written justification for the change shall be submitted by that level for that component through the proper channel i.e. the proposed amendment should move from the subordinate offices (from where the need to amend the FMM arises) to PIUs and thereafter to PCMU.
- 1.3.3) The team at PCMU will review the proposed amendment and if satisfied of the need to amend, will submit it for approval to the Project Director.
- 1.3.4) The Project Director and the Task Team Leader (TTL) of World Bank shall evaluate the necessity of change and accordingly either approve or reject the same.
- 1.3.5) Post approval by the World Bank, the amendment will be issued through

a circular with the effective date. The amending circular shall clearly state the paragraph(s)/line(s) to be amended and the approved amendment. A copy of the amending circular will be inserted at the appropriate place in the Manual.

- 1.3.6) As per GR of Agriculture Department dated 11th September, 2019, all significant amendments in the Manual will be placed before the next meeting of the Steering Committee under the Chairmanship of Hon. Chief Secretary, Government of Maharashtra.
- 1.3.7) Clarifications for matter contained in this Manual, should be given by the Project Coordination and Management Unit, Pune.

Chapter-2

OVERVIEW OF SMART PROJECT

- 2.1) The duration of Project is for a period of seven years with the Project commencing from 23rd March 2020 and the cost of the Project is Rs.2100 crores. The fund contribution for the Project by World Bank is 70% of total Project cost, the State Government's contribution is 26.67% and contribution from other source i.e. private sector funding will be 3.33% of the total Project Cost.
- 2.2) The Project Development objective is to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra. This would be achieved by expanding access to new and organised markets for producers and enterprises with complementary investments in technical services and risk management capabilities.

2.3) Components of the Project:

A) Enhancing Institutional Capacity to Support Agricultural Transformation:

The focus of this intervention is to enhance the capacity of the State to (1) conceive and implement an evidence-based agribusiness support reform program; and (2) to better manage risks arising from integration into global markets.

B) Supporting Enterprise Growth and Expanding Market Access:

The focus of this intervention is to enhance the provision of relevant technical and Business Development Services (BDS) to support enterprise growth in the agribusiness sector and improve access to a range of new domestic and export markets.

C) Building Risk Management and Mitigation:

The focus of this intervention is to strengthening risk mitigation measures including building the capacity of the state to respond to commodity-price fluctuations and agriculture sector crises; developing access to timely information on markets and productions trends and enhancing access of producers to financing and hedging instruments.

D) Project Management Monitoring & Learning:

This would help to ensure effective project management at the State and District levels, and support information and logistics, communications, project related consultancies and monitoring and evaluation.

Detailed elaboration on this Chapter has been given in Project Implementation Plan (PIP) of the Project, Chapter no. I .

SMART - SUMMARY COST TABLE

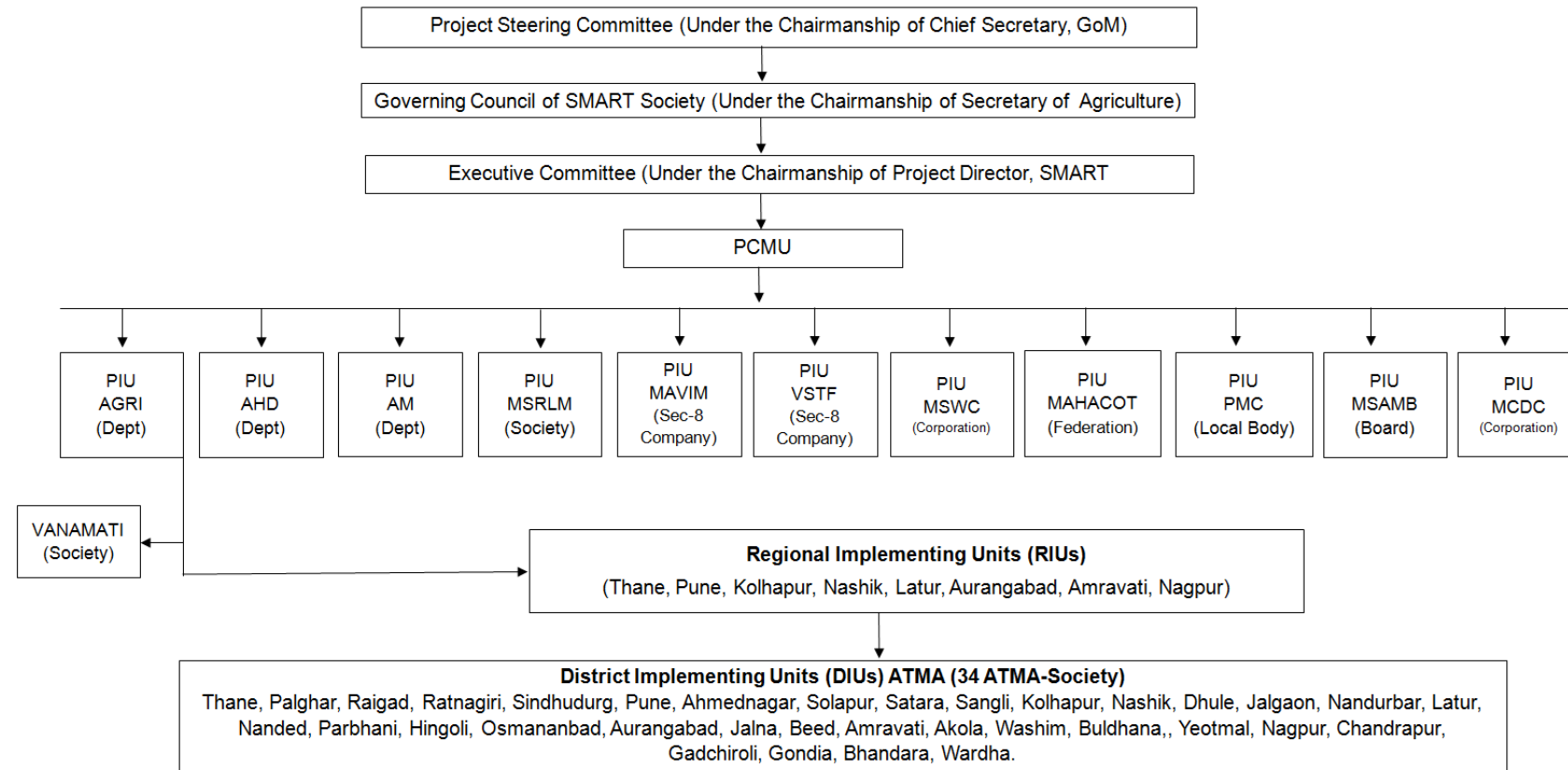
Sr. No.	Project Component/ subcomponent	Project cost excluding beneficiary contribution (USD million)	Project cost excluding beneficiary contribution (INR Crore)	Implementing Entity
A	Enhancing Institutional Capacity to Support Agricultural Transformation	39.2	282.4	
A1	Enhancing institutional capacity of the Department of Agriculture	26.7	192.4	PIU-Agri
A2	Enhancing Institutional Capacity of the Department of Marketing	3.1	22.3	PIU-DoM
A3	Strengthening capacity for reform measures and joint actions	9.4	67.7	
A 3.1	Technical support for reforms unit	0.9	6.5	PIU- Agri & PIU-DoM
A 3.2	Stewardship Council	8.5	61.2	PIU-VSTF
B	Supporting Enterprise Growth & Expanding Market Access	195.9	1411.5	
B1	Market Access Support	36.7	264.4	PIUs
B1.1	Productive Partnership Subprojects	45.0	324.2	PIUs
B1.2	Market Access Plans Subprojects	50.1	361.0	PIUs
B1.3	Complementary Innovation Investment Subprojects	6.2	44.7	PIUs
B.1.4	Priority investments in public infrastructure	35.1	252.9	PIUs
B.1.5	Capacity Building	4.1	29.5	PIUs
B2	Support Enterprise Development	3.2	23.1	PIUs
B3	Pilot Program on Urban Food Systems	2.8	20.2	PIU-MSAMB, PMC, DIU
B4	Access to Finance	12.6	90.8	PCMU
C	Building Risk Management & Mitigation	18.0	129.7	
C1	Enhanced Market Information and Intelligence Services	2.9	20.9	PIU-Agri
C2	Strengthening the warehouse receipts systems	12.0	86.5	PIU-MCDC/MSWC/MSRLM/ MAVIM
C3	Price Risk Management Support	3.0	21.6	PIU-Agri
D	Project Management Monitoring & Learning	31.1	224.1	All accounting centers as mentioned in Chapter no.16
Total Base Cost		284.1	2046.9	
Contingencies		15.9	114.6	
Total Cost		300.0	2161.5	

Note-Exchange rate as given in PAD has been considered 1\$=Rs72.05/-

Chapter-3

INSTITUTIONAL SETUP OF SMART PROJECT

3.1) The skeletal setup of SMART Project is as given below



3.2) Roles and responsibilities of the Project Steering Committee :

- 3.2.1) Provide conceptual, strategic and policy guidance for the design and implementation of the project activities and giving approval to original/amended PIP, FMM or any manuals of the Project.
- 3.2.2) Approve Annual Work Plan and Budget and ensuring adequate budgetary provision for the activities.
- 3.2.3) Review the progress of the Project and approve minor changes needed to improve the performance.
- 3.2.4) Guide inter-departmental convergence and coordination.
- 3.2.5) Review and resolve the issues arising in implementation.
- 3.2.6) Undertake such tasks that may help the effective implementation of the Project.

3.3) Roles and responsibilities of the Governing Council of SMART Society :

Governing Council of the SMART Society will co-ordinate among various implementing line departments and agencies, coordinate & monitor the progress of implementation of SMART Project, discharge management responsibilities under overall guidance of the Project Steering Committee and give directions or take decisions whenever necessary, to achieve the development objectives of the SMART Project.

3.4) Roles and responsibilities of the Executive Committee of SMART Society:

An Executive Committee has been established to approve, review and monitor the progress of the Partnership Proposals and Market Access Plans being implemented under the Project.

3.5) Roles and responsibilities of the Project Coordination and Management Unit (PCMU) :

The PCMU shall be responsible for the overall implementation and co-ordination of SMART. For the sake of administrative convenience and flexibility in functioning, PCMU has been created as a part of the SMART Society under the direct control of the Governing Council chaired by the Secretary, Agriculture with the Commissioner Agriculture as a Managing Director and Member Secretary. The PCMU will oversee the implementation of the Project headed by the Project Director, reporting to the Secretary (Agriculture), GoM.

3.6) Diversity in the nature of the institutions within the SMART Project.

From the flow chart of the institutional setup of SMART, it is seen that there is a diversity in their existing constitutions and the statutory laws governing them.

However, with respect to financial management, uniformity will be ensured by following the norms as laid down by this Finance Management Manual of SMART.

Detailed write up of the Institutional setup of SMART Project has been given in Project Implementation Plan (PIP) in the Chapter- Component D- Project Management, Monitoring & Learning.

Chapter-4

Sources of funding for the Project

SMART is a World Bank assisted Project, with counterpart funding from Government of Maharashtra and the Private Sector. The following table shows the funding pattern from each of the agencies involved:

Sr.No.	Funding Agency	Amount in \$m	Amount in Rs.in Crores	Percentage
1	World Bank (IBRD)	210	1513.05	70.00%
2	Government of Maharashtra	80	576.40	26.67%
3	Private sector (CSR funding)	10	72.05	3.33%
	Total	300	2161.50	100%
4	Beneficiary Contribution		500 (Estimated)	

Note-Exchange rate as given in PAD has been considered 1\$=Rs72.05/-

4.1) Funding by the World Bank:

4.1.1) Under the arrangement, the World Bank (IBRD) shall provide loan to the Government of Maharashtra through Govt. of India, for financing the developmental activities under the Project. Funding by World Bank will be on the basis of reimbursement to the Government of Maharashtra based on the quarterly Interim Unaudited Financial Reports (IUFR) submitted by the Project. Reimbursement will be on a single disbursement category basis to the extent around 70% of the eligible expenditure.

4.1.2) Retroactive financing:

Payments made by Government of Maharashtra during the one year before the signing of legal agreements will be eligible for retroactive financing.

4.2) Funding by the Government of Maharashtra:

Based on the annual work plan of the Project for the given financial year, Government of Maharashtra (GoM) shall make budgetary provisions and accordingly, will make funds available to the Project i.e. pre finance the Project. 70% of funds pre financed by GoM will be reimbursed periodically (quarterly) by the World Bank to Government of Maharashtra (GoM) through Comptroller Aid Accounts & Audit (CAAA). Consequently 26.67% of total Project cost will be borne by GoM.

4.3) Funding by VSTF/Corporates:

Funding by Corporates through Village Social Transformation Foundation (VSTF) will be one of the source of funding to the Project. This will be raised by VSTF in nature of Corporate Social responsibility (CSR) funds. An amount of ten million dollars raised from the Private sector has been committed by VSTF for the Project period. The activities identified by VSTF to be undertaken through these 10M USD fall under the component B1 and other identified components. These activities have been showcased as a separate line in the cost tables B1.1, B1.2 and B1.3 for SMART.

4.4) Funding Through Beneficiary Contribution:

Beneficiary Contribution will be mainly involved in Productive Partnership (PPs) Proposals, Market Access Plan (MAPs) and other identified components. The exact amount of Beneficiary Contribution in the Project period cannot be stipulated due to the concept of viability gap funding in the sub project of Productive Partnership Proposals, Market Access Plan and other identified components. This may vary from sub-project to sub-project. However an estimated amount to the tune of Rs.500 crores is expected as a part of beneficiary contribution during the Project period.

Chapter-5

Project FM staffing

5.1) **FM Staffing Pattern :**

The Project staffing pattern for the finance wing at various levels in the Project is as given below.

Sr. No.	Name of Unit	Designation	Govt/Contractual		No.of Staff
1	PCMU (monitoring of the whole Project)	Finance Specialist	Dy.Director MFAS	Govt.	1
1.A		Assistant Director	Assistant Director	Govt.	1
		Assistant Accounts Officer	Class III	Govt.	1
		Accountant		Contractual	3
		Assistant		Contractual	1
1.B	PCMU (as an accounting center)	Accounts Officer	Class II	Govt.	1
		Accountant		Contractual	1
	Sub Total (1)				9
2	PIU-AGRI	Accounts Officer	Class II	Govt.	1
		Assistant Accounts Officer	Class III	Govt.	1
		Accountant		Contractual	2
		Assistant		Contractual	1
	Sub Total (2)				5
3	PIU-AHD	Accountant		Contractual	1
		Assistant		Contractual	1
	Sub Total (3)				2
4	PIU-AM	Accountant		Contractual	1
		Assistant		Contractual	1
	Sub Total (4)				2
5	PIU-MAHACOT PIU-VSTF	Accounts Officer	Class II	Contractual	2
		Accountant		Contractual	2
		Assistant		Contractual	2
	Sub Total (5)				6
6	PIU-MSRLM PIU-MAVIM PIU-MCDC PIU-MSAMB PIU-PMC PIU-MSWC	Accountant		Contractual	6
		Assistant		Contractual	6
	Sub Total (6)				12
7	Regional Implementation Unit (RIU)	Accountant		Contractual	8
8	District Implementation Unit (DIU)	Accountant		Contractual	34
		Assistant		Contractual	34
	Sub Total (8)				68
	Total (1 to 8)				112

Note- For PIUs who have not been given a dedicated Accounts Officer, additional charge should be given to the existing officer from the Organisation.

5.2) Roles and responsibilities of accounts staff at various levels :

5.2.1) PCMU Level :

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Finance Specialist/CFC (Dy. Director MFAS)	Qualification - Deputy Director level officer from MFAS on deputation. (Pay Scale- 16500-6-39100,GP-6600)
		Roles & Responsibilities
		To monitor, supervise & control the account section and to be responsible for all day to day work of account section
		To act as Drawing & Disbursing Officer for PCMU
		To act as member for Procurement Committee (limited to Financial aspects w.r.t. delegation of powers, availability of funds & taxation)
		To act as 1st checker in PFMS at PCMU
		Coordinate with Government of Maharashtra and Government of India.
		Overall guidance & supervision regarding finance of the SMART Project
		Overall monitoring & supervision over Finance wing throughout the Project.
		To carry out all responsibilities entrusted by the Project Director
2	Assistant Director (For Project as a whole)	Qualification - Assistant Director level officer from MFAS on deputation.(Pay Scale- 16500-6-39100,GP-5400)
		Coordinate and liaison with various implementing agency (PIU), World Bank.
		Overall monitoring & supervision over Accountant – 1, 2,3. and Assistant Accounts Officer
		To carry out all responsibilities entrusted by Finance Specialist /CFC
3	Accounts Officer (For PCMU as a Accounting Center)	Qualification - Accounts Officer level officer from MFAS on deputation (pay scale-9300-34500,GP 4600)
		Overall monitoring and supervision over Accountant-4
		Act as authorized signatory for SMART Society.
		To carry out all responsibilities entrusted by Finance Specialist /CFC
		LAQ related to finance at PCMU
4	Assistant Accounts Officer	Public Accounts Committee paras related to finance at PCMU
		Qualification - Assistant Accounts Officer level officer from MFAS on deputation (pay scale-9300-34500,GP 4400)

Sr. No.	Position	Qualification & Roles & Responsibilities
	Assistant Accounts Officer	Pre audit of various expenditure and salary bills ,TA bills ,Medical bills at PCMU
		Submission of bills to treasury
		To act as maker at PCMU under SMART society as well as SMART Project.
		Submit various reports to Government of Maharashtra (GN-2 ,GN-6, Board wise expenditure)
		Submission Utilization Certificate
		Performance budget, Final Modified Grants
		Internal audit, External audit coordination, monitoring, compilation of audit paras
		To Coordinate and undertake Field visits
		Reconciliation with A.G. and Treasury.
		To carry out all responsibilities entrusted by Finance Specialist /CFC
5	Accountant -1	To compile quarterly work plan from all PIUs.
		Allocate quarterly fund limit to all PIUs in PFMS.
		Coordination and hand holding for implementation of PFMS throughout the Project.
		Coordination and hand holding for implementation of Tally throughout the Project.
		To carry out all responsibilities entrusted by Finance Specialist /CFC
6	Accountant - 2	Constant coordination with bank for PFMS.
		Data entry in Tally for SMART Project as well as SMART Society and bank reconciliation.
		Data entry in MIS for SMART Project as well as SMART Society and Tally reconciliation.
		Maintenance of Various Books of Accounts.
		Demand for Grants from Government of Maharashtra.
		Preparation & submission of Budget to GOVERNMENT OF MAHARASHTRA as well as Government of India. (Annual, four monthly, eight monthly & eleven monthly revised estimates as well as supplementary budget
		Furnishing record of PCMU to Auditors.
		To carry out all responsibilities entrusted by Finance Specialist /CFC
7	Accountant - 3	Assist in coordinating with various implementing agencies.
		Generation of reports for World Bank, from Client connection site.
		Preparation and submission of Quarterly IUFR to World Bank.
		Preparation and submission of Annual PFS to World Bank.
		Submitting e-claim to CAAA.
		Development of MIS

Sr. No.	Position	Qualification & Roles & Responsibilities
		To carry out all responsibilities entrusted by Finance Specialist /CFC
8	Accountant- 4	Preparation of salary bill of all PCMU staff- Government Staff, Consultants, contractual Staff, for PCMU as a Accounting Center
		Timely TDS ,PT deduction from salaries and all matters related to salary bills (24Q), for PCMU as a Accounting Center
		To prepare LPC, submit leave salary and pension contribution to A.G., GPF missing credit, for PCMU as a Accounting Center
		Timely TDS- GST deduction from third party payments (26Q), for PCMU as a Accounting Center
		Issue of form no 16, 16A, for PCMU as a Accounting Center
		Maker in PFMS SMART Society, for PCMU as a Accounting Center
		Internal and external audit coordination, for PCMU as a Accounting Center
		To carry out all responsibilities entrusted by Finance Specialist /CFC, for PCMU as a Accounting Center
9	Assistant	Typing of English & Marathi.
		Inward and Outward for Accounts Department.
		Preparation of various types of Challans.
		Maintain Bill and Token Register for submission of bills to treasury.
		To issue Salary Certificate
		To prepare salary register of Government Officers / employees.
		To carry out all responsibilities entrusted by Finance Specialist /CFC
10	Messenger	Will act as messenger for submission of bills to the Treasury
		Depositing of challans in bank.
		Submission of PPA to bank on daily basis.
		To carry out all responsibilities entrusted by Finance Specialist /CFC

5.2.2) PIU Agriculture :

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Accounts Officer	One of the Authorized signatory /act as a PFMS Maker
		To attend all meetings organized at PCMU level and government of Maharashtra as required.
		To supervise and monitor all activities of staff under him / her.
2	Accountant -1	To compile quarterly work plan from all DIUs, RIUs and

		VANAMATI.
		Allocate quarterly fund limit to all DIUs, RIUs and VANAMATI in PFMS.
		Coordination and hand holding for implementation of PFMS throughout the Project.
		Coordination and hand holding for implementation of Tally throughout the Project.
		Data entry in Tally for SMART Project and bank reconciliation.
		Data entry in MIS for SMART Project and Tally reconciliation.
		Maintenance of Various Books of Accounts.
		Furnishing record of PCMU to Auditors.
3	Accountant -2	Preparation and submission of Quarterly IUFR to World Bank.
		Preparation and submission of Annual PFS to World Bank.
		Internal and external audit.
		Making third party payment through PFMS.
		Preparation of annual and revised Budget
		Timely TDS ,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission Utilization Certificate
4	Assistant	Preparation & payment of Salary and all types of allowances to Project employees.
		Typing of English & Marathi.
		Inward and Outward for Accounts Department.
		Preparation of various types of Challans.
		To issue Salary Certificate
		To prepare salary register of Government Officers / employees.
5	Messenger	Qualification – 12 th Pass
		Will act as messenger for submission of bills to the Treasury
		Depositing of challans in bank.
		Submission of PPA to bank on daily basis.

5.2.3) PIU –VSTF :

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Accounts Officer (On Contractual basis)	Qualification – M.Com / Inter C.A./ ICWA or equivalent, knowledge of Tally mandatory and with an experience of the World Bank Project
		One of the Authorized signatory /act as a PFMS Maker
		To attend all meetings organized at PCMU level as required.
		To supervise and monitor all activities of staff under him / her.

2	Accountant	Data entry in Tally for SMART Project as well as CSR funding and bank reconciliation.
		Data entry in MIS for SMART Project as well as CSR funding and Tally reconciliation.
		Maintenance of Various Books of Accounts.
		Furnishing record to Auditors.
		Preparation and submission of Quarterly IUFR to World Bank.
		Preparation and submission of Annual PFS to World Bank.
		Internal and external audit.
		Making third party payment through PFMS.
		Preparation of annual and revised Budget
3	Assistant	Preparation & payment of Salary and all types of allowances to Project employees.
		Typing of English & Marathi.
		Inward and Outward for Accounts Department.
		Timely TDS,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission Utilization Certificate
4	Messenger	Will act as messenger for submission of bills to the Treasury
		Depositing of challans in bank.
		Submission of PPA to bank on daily basis.

5.2.4) PIU -MAHACOT

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Accounts Officer (On Contractual basis)	One of the Authorized signatory /act as a PFMS Maker
		To attend all meetings organized at PCMU level as required.
		To supervise and monitor all activities of staff under him / her.
2	Accountant	Data entry in Tally for SMART Project and bank reconciliation.
		Data entry in MIS for SMART Project and Tally reconciliation.
		Maintenance of Various Books of Accounts.
		Furnishing record to Auditors.
		Preparation and submission of Quarterly IUFR to World Bank.
		Preparation and submission of Annual PFS to World Bank.
		Internal and external audit.
		Making third party payment through PFMS.
		Preparation of annual and revised Budget
		Timely TDS ,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission

		Utilization Certificate
3	Assistant	Preparation & payment of Salary and all types of allowances to Project employees.
		Typing of English & Marathi.
		Inward and Outward for Accounts Department.
4	Messenger	Will act as messenger for submission of bills to the Treasury
		Depositing of challans in bank.
		Submission of PPA to bank on daily basis.

5.2.5) Project Implementing Unit PIU- Agri-Marketing/ AHD / MSRLM / MAVIM/ MSAMB / MCDC / MSWC / PMC

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Existing Accounts Officer / Existing Finance in charge	Additional Charge to Existing officer in the machinery
		One of the Authorized signatory /act as a PFMS Maker
		To attend all meetings organized at PCMU level as required.
		To supervise and monitor all activities of staff under him / her.
2	Accountant	Data entry in Tally for SMART Project and bank reconciliation.
		Data entry in MIS for SMART Project and Tally reconciliation.
		Maintenance of Various Books of Accounts.
		Furnishing record to Auditors.
		Preparation and submission of Quarterly IUFR to World Bank.
		Preparation and submission of Annual PFS to World Bank.
		Internal and external audit.
		Making third party payment through PFMS. (Maker)
		Preparation of annual and revised Budget
3	Assistant	Preparation & payment of Salary and all types of allowances to Project employees.
		Typing of English & Marathi.
		Inward and Outward for Accounts Department.
		Timely TDS ,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission Utilization Certificate
4	Messenger	Will act as messenger for submission of bills to the Treasury
		Depositing of challans in bank.
		Submission of PPA to bank on daily basis.

5.2.6) Regional Implementing Unit (RIU)

Sr. No.	Position	Qualification & Roles & Responsibilities
1	Accountant	Act as a PFMS Maker
		Data entry in MIS and Tally for SMART Project and Bank & Tally reconciliation.
		Preparation and submission of Quarterly IUFR and annual PFS to World Bank.
		Internal and external audit.
		To attend all meetings organized at PCMU ,PIU level
2	Assistant	Authorized signatory /act as a PFMS Maker
		Maintenance of Various Books of Accounts.
		Furnishing record to Auditors.
		Preparation of annual and revised Budget
		Preparation of salary bills
		Typing of English & Marathi.
		Timely TDS ,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission Utilization Certificate
3	Messenger	Submission of PPA to bank on daily basis.
		Inward and Outward for Accounts Department

5.2.7) District Implementing Unit (DIU)

1	Accountant	Act as a PFMS Maker
		Data entry in MIS and Tally for SMART Project and Bank & Tally reconciliation.
		Preparation and submission of Quarterly IUFR and annual PFS to World Bank.
		Internal and external audit.
		To attend all meetings organized at PCMU, PIU level as required.
2	Assistant	Authorized signatory /act as a PFMS Maker
		Maintenance of Various Books of Accounts.
		Furnishing record to Auditors.
		Preparation of annual and revised Budget
		Preparation of salary bills
		Typing of English & Marathi.
		Timely TDS ,PT deduction from salaries and all matters related to salary bills- (24Q),(26Q) and GST, Submission Utilization Certificate
3	Messenger	Submission of PPA to bank on daily basis.
		Inward and Outward for Accounts Department

5.3) In house Finance Consultancy Firm of Chartered Accountant:

The Finance Consultancy Firm (Chartered Accountant Firm) will be appointed by the PCMU to provide expertise in audit, accounts, IUFR, PFS, taxation, training on accounts, coordination with internal and external audit and compliances under Society Act 1860 and Bombay Public Trust Act 1885 and other related matters. The Firm will verify the sub-project proposals (under Productive Partnership, Market Access Plan, etc.) from finance point of view. The appointment of the said firm will be as per the ToR finalized with the World Bank.

Chapter-6

BUDGETING

6.1) Budget Period:

Budget shall be prepared for the financial year i.e. 1st April to 31st March of every year.

6.2) Budgeting at the level of Government of Maharashtra (GoM):

The fund requirement for the Project will flow through the budget of the GoM. For this necessary provision will be made by GoM annually in the budget for both the World Bank share and counterpart share of GoM. It will be budgeted under separate budget heads in the Government of Maharashtra's budget under the budgetary provisions of the Department of Agriculture.

The Budget Head opened by GoM for Project purpose is as follows-

Particulars	Demand No.	Major Head	Sub Head	Account Code	Object Code
External Share	D3	2401	115	2401A969	31-Grants in aid
					33-Subsidy
State Share	D3	2401	115	2401A951	31-Grants in aid
					33-Subsidy

Fund received under the object code 31-Grants in aid is meant for the Project activities like salaries, administrative and operating expenses, consultancy payments and all such expenditure which is required for running the office.

Fund received under the object code 33-Subsidy is the Project grants to be given to the beneficiaries of the Project i.e. the Community Based Organizations (CBOs)

6.3) Preparation of annual budgetary estimates:

6.3.1) The Project Appraisal Document (PAD) and Project Implementation Plan (PIP) have laid down the blue print of the Project, covering the entire Project period. Accordingly year wise disbursement targets have also been laid down. In cue of the targets laid down, the Project needs to have year wise annual work plan expressed in physical and financial terms.

6.3.2) The Budgetary Estimate (B.E.) for the Project to be prepared for each financial year will be on the basis of the annual work plan and the annual disbursement targets as mentioned above.

6.3.3) Project Implementing Units will prepare their annual budgets. Likewise PIU Agriculture which has 8 RIUs and 34 DIUs under its jurisdictions will prepare district-wise annual budget in consultation with RIUs and DIUs and submit a consolidated plan for districts as well as PIU Agriculture itself, to PCMU by

15th September of the preceding year. Annexure-B2.1 gives the format for preparation of annual budgetary estimates.

- 6.3.4) As per Government Resolution of Agriculture Department dated 11th Sept 2019, PCMU will place the Annual Work Plan (which will be the basis of annual budget) for the subsequent financial year before the Steering Committee headed by the Chief Secretary for approval or post approval as per the schedule of the meeting. SMART budget of the subsequent year will be submitted to Department of Agriculture, Government of Maharashtra (GoM) by PCMU.
- 6.3.5) Accordingly, GOM will make budgetary provisions for SMART. This will be under two separate budget heads i.e. state share and external share in the overall budget of the Department of Agriculture.
- 6.3.6) The time table for preparation of budget estimates at each level and its submission to the higher level is given below.

No.	Level	Budget to be send to	Latest Date
1	PIU	PCMU	15 th Sept
2	PCMU will present the consolidated budget before the Steering Committee chaired by Chief Secretary (GoM)		Last week of September
3	PCMU	Department of Agriculture	15 th Oct

6.4) Preparation of Revised Budget Estimates (R.E):

- 6.4.1) The Budget Estimates being prepared much in advance of a particular financial year, in practice due to various reasons there may be a necessity of revision of the budgetary estimates after the sanction of the original budget during the implementation period of the financial year. This may lead to either additional demand or surrender of grants.

This shall be through the mechanism of the prevalent Government procedures in the form of revised estimates:

6.4.2) Periodicity of revised estimates:

- 4 monthly revised budget estimates
- 8 monthly revised budget estimates
- 11 monthly revised budget estimates

Time table for submission of revised estimates to higher level is given below.

No.	Level	Sent to	4 monthly	8 monthly	11 monthly
1	PIU	PCU	15 th Sept.	20 th Dec.	5 th March
2	PCU	Department of Agriculture	1st Oct	5 th Jan.	10 th March

Annexure- B2.2 gives the format for preparation of revised budgetary estimates.

Chapter-7

Fund flow arrangement- General

- 7.1) As per the general fund flow arrangements for SMART Project, the Government of Maharashtra will totally pre finance (100%) the activities under SMART Project by making budgetary provision in that financial year.

These funds will be withdrawn by PCMU from the State Treasury as mentioned below in point no.7.2. The Project will incur expenditure from these funds and submit periodical claims to the World Bank through Controller of Aid Accounts and Audit Division (CAAA) under Department of Economic Affairs, Government of India. The World Bank will reimburse 70% of the eligible expenditure incurred to the Government of Maharashtra through CAAA.

7.2.) Drawal of Funds at Project Coordination and Management Unit

(PCMU) SMART level:

Government of Maharashtra shall make grants available to the SMART Project through BEAMS portal i.e. Budget Estimation and Monitoring System of Government of Maharashtra within the limit of approved budgetary provision for that financial year.

As per Government Resolution of Agriculture Department dated 27th May 2019, Finance Specialist of SMART Project has been declared the Drawing and Disbursing Officer (DDO) for the Project. Accordingly, the DDO bank account has been opened at the PCMU level.

The DDO in the office of PCMU, SMART shall access the BEAMS portal and generate a bill in format laid down in Maharashtra Treasury Rules- format-44 (MTR-44) and submit the bill to the Treasury. After receiving the funds from Treasury, these funds will be deposited in a DDO bank account opened at the level of PCMU as per the Government Resolution (GR) dated 27th May 2019.

The Drawing and Disbursing Officer in the office of PCMU, SMART, will be duly authorized to draw and disburse the funds from the bank account. In order to avoid blockage of government funds under the Project, the drawl from treasury will be in tranches and as per the Project requirements.

7.3) General Banking Arrangements:

- 7.3.1) Based on learning of other World-Bank funded Projects, a '**Parent Child Banking System**' has been adopted, wherein Parent central pool Bank account will allocate certain limits of withdrawal to Zero Balance Bank accounts. This will avoid blocking of funds at the accounting center levels and will enable better control, flexibility in fund management and timely availability of funds.

The Project has adopted the Public Financial Management System (PFMS) which is administered by the Comptroller General of Accounts, Department of Expenditure, Government of India, wherein transfer and payment of funds will be tracked till the lowest level in the institutional arrangement.

In this system, PCMU will open a 'Central Pool Bank Account' i.e. Parent account in a bank approved by the Project. This bank account will be attached with PFMS system.

- 7.3.2) Each accounting center (PIU, RIU, DIU and VANAMATI) will open a zero-balance account i.e. child account in the same bank (attached with PFMS) in which PCMU has the Central Pool Bank Account.

7.4) Levels for fund flow :

In tune with the institutional arrangements, a three-level fund flow arrangement has been proposed. The three levels are as follows;

7.4.1) First level of accounting center – Parent account - PCMU

7.4.2) Second level of accounting centers – Child accounts - PIUs

7.4.3) Third level of accounting centers – Child accounts - Regional (RIU) and District Implementing Unit (DIU) & VANAMATI.

7.5) Steps in fund flow

7.5.1) Submission of Quarterly Work Plan (QWP) for the ensuing quarter under object code 31–grants-in-aid

Each accounting centre in the Project will submit a quarterly work plan for activities to be conducted under object code 31–grants-in-aid to its reporting office for the ensuing quarter.

Following is the time table for accounting centres to submit the quarterly work plan for the ensuing quarter under object code 31–grants-in-aid

Sr. no.	Level of accounting centre	Submitted to	Time line
1	Regional Implementing Units, District Implementing Units and VANAMATI	PIU (Agriculture)	30 days before the commencement of the quarter
2	PIU (Agriculture) and other PIUs	PCMU	20 days prior to commencement of the quarter

7.5.2) Submission of demand object code 33 subsidies:

With respect to activities to be conducted under object code 33–subsidies, demands for grants will be submitted by PIUs to PCMU as and when required.

7.5.3) Fund limit allocation

- a) Based on the quarterly work plan submitted by PIUs for object code-31–grants-in-aid, PCMU will allocate fund limit through bank in the first week of each quarter. This allocation of fund limit will henceforth would be referred to as fund limit allocation, as this will set a limit to drawl of funds by the accounting centres. Fund limit allocation will be based on percentage utilization of quarterly limit of the previous quarter, unpaid expenditure of previous quarter, pending activities of previous quarter to

be undertaken in the current quarter and the fresh demand for the current quarter.

- b) The fund limit allocation in PFMS made for a particular quarter will automatically lapse at the end of that quarter, requiring a fresh fund limit allocation for the next quarter, based on quarterly work plan for the ensuing quarter.
- c) These issued fund limits will also be intimated to the respective PIUs by PCMU.

7.5.4) Actual mechanism of incurring expenditure

- a) For each expenditure incurred by an accounting center, funds will be swiped directly from the PCMU- Parent Central Pool account limited to the fund limit allocated to that accounting center.
- b) Payment to beneficiary group/contractor/or any third party will be made by each accounting centre only through PFMS system. Each beneficiary/contractor/ service provider or any another recipient of funds from the Project will have to be registered on PFMS system. The required details for registration in PFMS like mobile number, bank details, Aadhar card number etc. will be provided by beneficiary/contractor/service provider/recipient to each accounting centre for transfer of funds. The bank will send SMS to the registered mobile numbers of payee and recipients on transfer of funds to beneficiary group or contractor.
- c) In exceptional circumstances, like remittance of taxes, where third party cannot be registered as a vendor in PFMS, payments can be made through usual banking system like cheques/RTGS/NEFT.
- d) The child bank accounts of each accounting centre of the Project will be tracked in this system.
- e) All Bank Accounts under the Project will be under joint signatures i.e. to be signed jointly by more than one officer not below the rank of class II officer. Joint signatories at each level in the Project have been detailed in Chapter-11.

7.6) Monitoring of funds at the level of PCMU

Head quarter level i.e. PCMU level will be responsible for overall coordination and monitoring of funds flow in the Project. Project Director, SMART will be the custodian of the total project funds.

The PCMU will have viewing right of transactions of all the bank accounts of all accounting centers under the Project. Continuous monitoring of this bank account is required at the level of PCMU. In case if it is found that the fund limit at a particular accounting centre is not being utilized within the stipulated time frame, Project Director SMART shall have full powers to withdraw/decrease the fund limit allocated to a particular accounting centre and reallocate it to the another accounting centre with a better potential of spending.

7.7) Role of Project Implementing Unit (PIU)

- 7.7.1) The execution, implementation and monitoring of major Project activities namely Productive Partnership Plans, Market Access Plans, Innovative Partnerships etc. will be at the PIU and DIU level.
- 7.7.2) However major payments for these activities will be done from respective PIUs. Release of tranches to CBO beneficiaries will be done at the respective PIU level based on the documentation uploaded/submitted by the regional /district level authorities. PIU on due scrutiny will release the Project Grants directly to the bank account of the Beneficiaries involved in the Project through PFMS.
- 7.7.3) Thus maximum expenditure for Project related activities is expected to be incurred at the level of respective PIU.
- 7.7.4) PIU-Agri will have viewing right of transactions of the bank accounts of accounting centres under its jurisdiction.

7.8) Role of Regional offices, District level offices and VANAMATI:

- 7.8.1) Major expenditure at RIU/DIU level will be the expenditure on soft interventions for sub projects for components and activities specified as per PIP (like training, demonstration and capacity building of CBOs) and routine administrative & operating expenses.
- 7.8.2) Primarily PIU Agriculture has the technical manpower to execute the soft interventions at the district level. PIU-Agri will execute soft interventions at the district level through Regional or District Implementing Units. Fund limit allocation to execute these activities will be done by the PCMU based on the quarterly demand,
- 7.8.3) There may arise a situation, wherein a particular activity or program e.g. training, capacity building, demonstration etc. is to be implemented by the district level machinery of the respective line department other than PIU Agriculture. This means that activities are expected to be performed at a place other than the list of accounting centres as mentioned in Chapter 11
 e.g. District Deputy Commissioner Animal Husbandry (DDC) in case of Animal Husbandry Department is the district level machinery which can implement the activity. In such a case, an advance will be provided to such an institution through PFMS by the respective Project Implementing Unit. The advance will be settled after conducting the event with proper documentation being submitted to the respective PIU.
- 7.8.4) VANAMATI being an apex training institute of the Department of Agriculture, all the training and capacity building activities as envisaged under PIU-Agriculture shall be executed by VANAMATI as per the staff training management plan. VANAMATI may further undertake the responsibility of organising training and capacity building activities for other PIU(s) like MAHACOT, MSRLM, MAVIM, MCDC etc. as per the requirements and directions of PD, SMART.

7.9) **Banking arrangements in PIU-VSTF:**

7.9.1) VSTF will open two separate bank accounts, one as a zero balance bank account for receipt of overall Project Grants i.e. Bank Account No.1 and second one for deposition and spending of CSR funds i.e. Bank Account No.2.

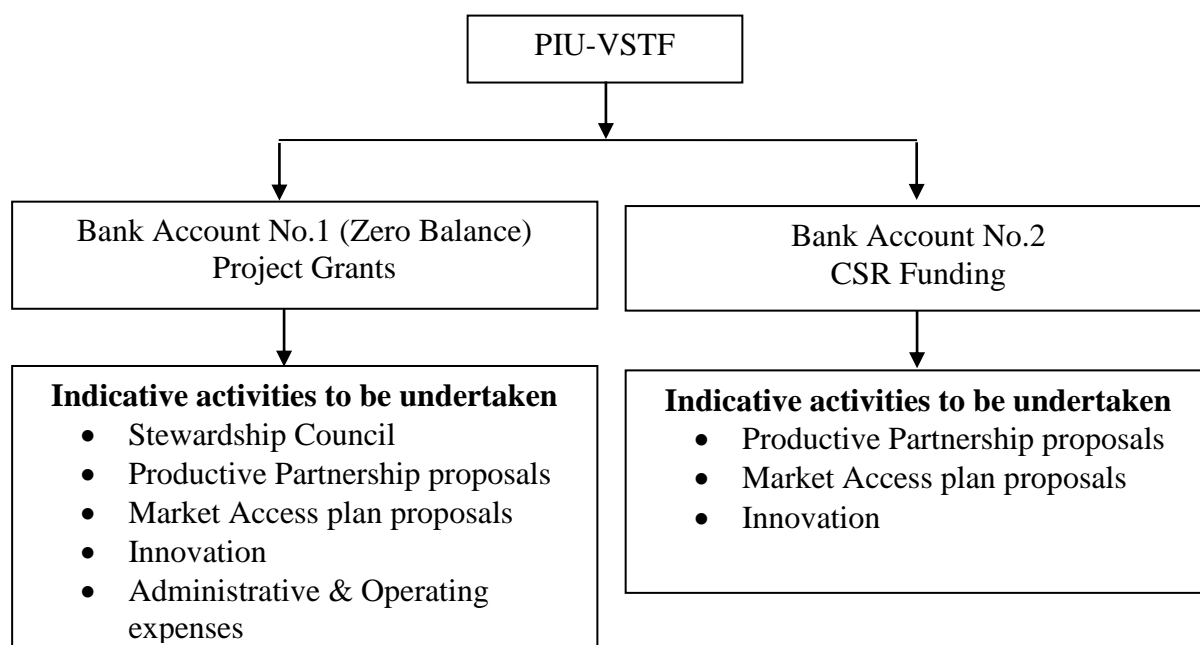
7.9.2) Bank Account No.1 (Project Grants):

VSTF is one of the Project Implementing Units under SMART and Project funds for VSTF will flow to Bank Account No.1 which will be in the form of Zero Balance Bank account for the receipt overall Project Grants.

7.9.3) Bank Account No.2 (CSR Funds):

- a) VSTF has separately identified the activities under Component B of the Project to be undertaken and exclusively funded through this 10M USD. These activities have been showcased as a separate line in the cost table for SMART. Activities identified under other components could also be executed through CSR funding.
- b) Any kind of administrative and operating expenses will not be incurred through CSR funds.
- c) The expenses incurred through CSR bank account i.e. Bank Account No.2 will not be claimed by the Project from the World Bank.

7.9.4) Two separate companies for recording of expenditure incurred through project grants and through CSR funds will be maintained in the computerized accounting software provided by PCMU.



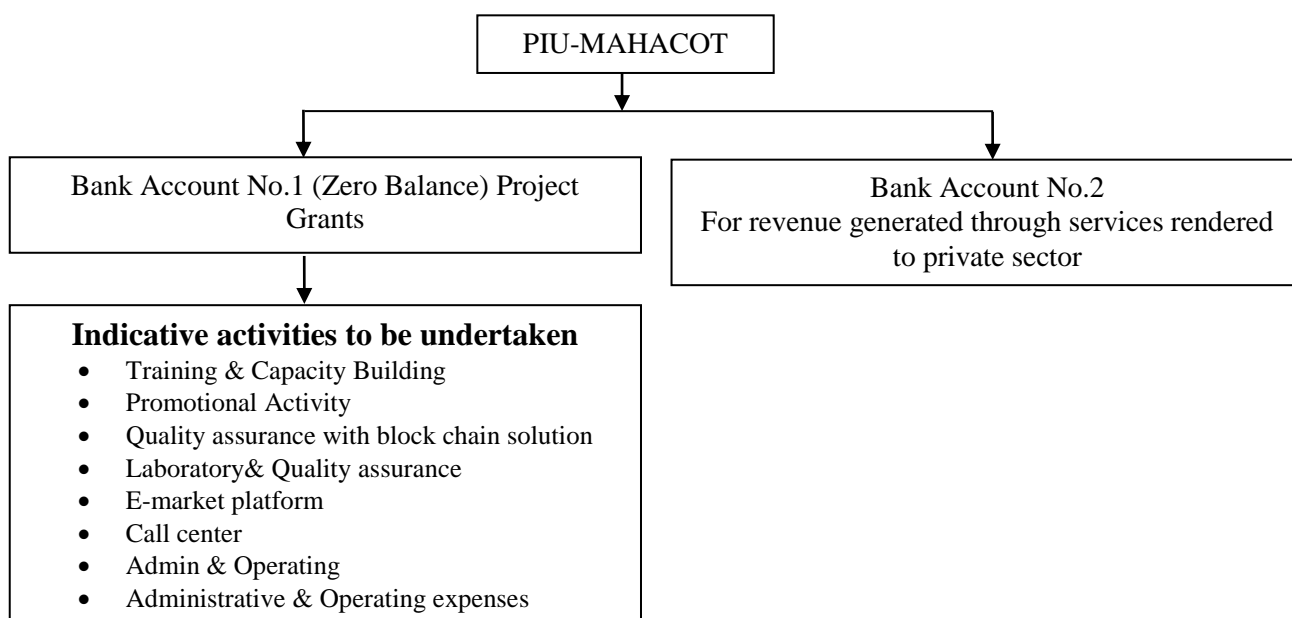
7.10) **Fund flow arrangement for MAHACOT:**

7.10.1) MAHACOT is one of the project implementing units under SMART Project, which aims at developing SMART COTTON. With a vision to make activities of MAHACOT under SMART self-sustaining, a model is so designed that it creates the revenue through the services rendered to the

private sector components to the cotton value chain. The projection for the revenues that shall be earned may or may not meet the expectations. So MAHACOT PIU will claim the difference between expenditure incurred and revenues generated in IUFR. The revenue generated will be utilized for SMART project activities throughout the project period.

7.10.2) Banking arrangements :

- a) A zero balance bank account will be opened at the level of PIU-MAHACOT for SMART project purposes. Project related expenditure will be incurred through this bank account. This account will be called as SMART-MAHACOT Bank a/c no.1.
- b) When the revenue generation (through the services rendered to the private sector components to the cotton value chain) starts, a separate bank account only for revenue generated will be opened at the level of PIU-MAHACOT with the prior permission of Project Director, SMART. This revenue generated will be deposited in SMART-MAHACOT Bank a/c no.2.



7.10.3) Books of accounts

In the computerised accounting system for PIU (MAHACOT), a group of accounts will be created under which different expenses and revenue ledgers will be opened.

7.10.4) Interim Unaudited Financial Report (IUFR):

- a) The net amount of expenses (i.e. after setting off the revenue generated) will only be claimed in the IUFR submitted by PIU-MAHACOT to PCMU.
- b) The surplus if any from net of expenses from revenue will be carried forward and recorded under other income.

7.10.5) Taxation

All taxes applicable on revenue generated through the services rendered to the private sector components to the cotton value chain will be the responsibility of PIU-MAHACOT.

7.11) Imprest Amount:

7.11.1) The banking system devised for the Project allows payment to the third party only through PFMS. There may be instances wherein expenditure of meagre amount needs to be incurred e.g. minor repair works, postal expenses, expenses on tea and snacks etc. In such cases, expenses being meagre in nature and there may be difficulty in registering the small vendor (requirement of bank details, PAN details, etc.) in PFMS.

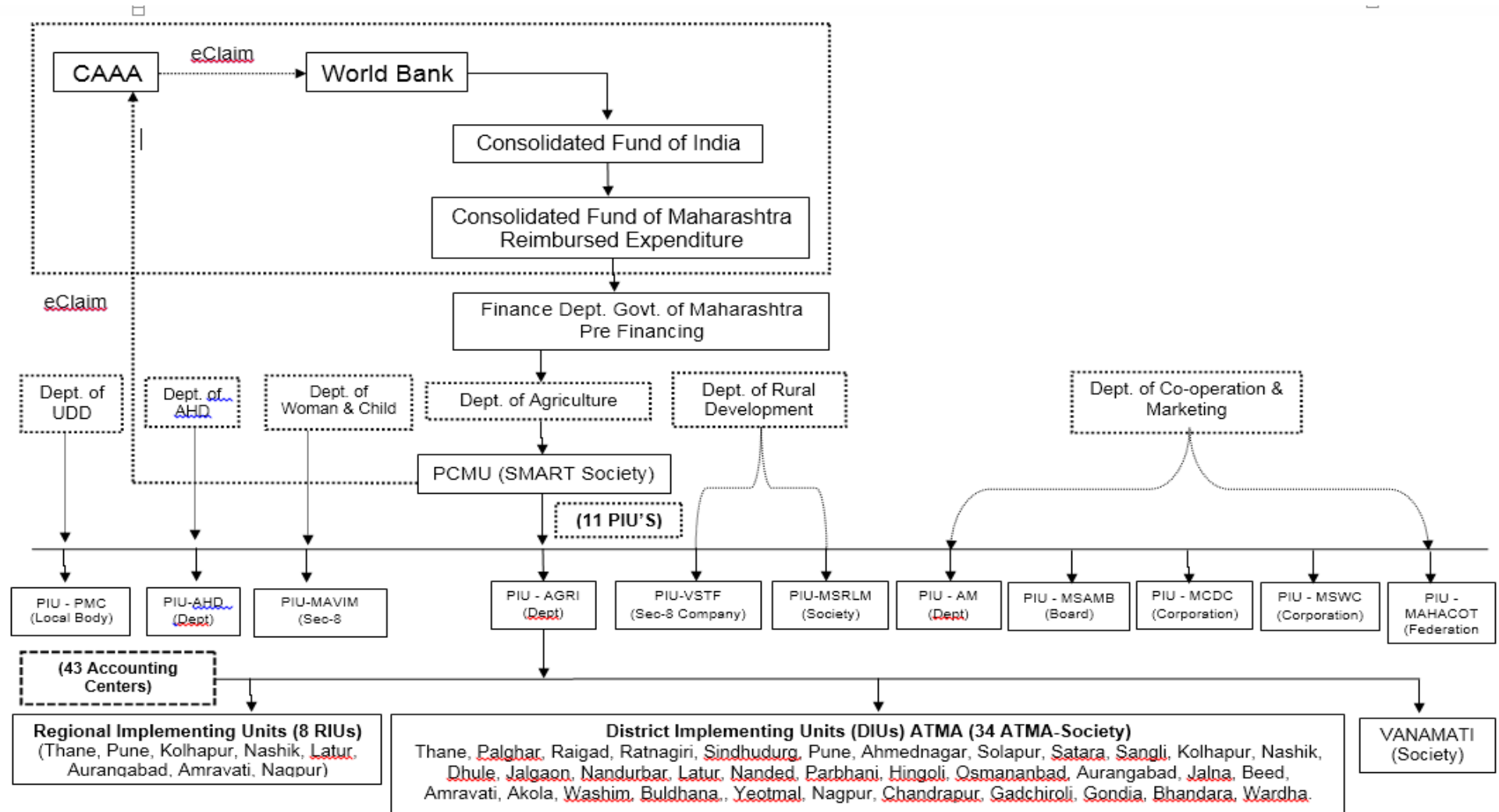
7.11.2) Thus, for this purpose, imprest amount will be allowed to accounting centers on a monthly basis as given below:

Sr.No.	Name of Accounting Centre	Limit of Imprest Amount in Rs.
1	PCMU	10,000/-
2	All PIUs & Other Implementing Units	5,000/-
3	DIU	3,000/-

7.11.3) Modality of operation-

- a) The imprest amount will be the responsibility of Officer in charge of Administration.
- b) The imprest amount will be given as an advance on a monthly basis and replenished on submission of the documents related to the expenses incurred.
- c) In case the imprest amount is not fully spent within one month from the date it is issued, it will be necessary to submit the documents of expenditure incurred for the said month from the imprest amount.
- d) The differential amount (i.e. limit for imprest advance minus the expenditure incurred for that month) will be replenished in the consequent month.
- e) A separate register for imprest amount will be maintained as per the prescribed format (given in Annexure A8) by all accounting centers.

Over all Fund Flow Arrangements in SMART Project



Chapter-8

Fund flow arrangements for various sub-projects under SMART

8A) Productive partnership proposal :

The Project will support developing and partially financing Productive Partnerships (PP), between CBOs, Buyer and Technical Partner. Technical partner implies Institutions/Bodies which will impart training and provide other technical help to the Project.

8A.1) Funding Ratio:

8A.1.1) As per the Project mandate for Productive Partnership, Project Grants will be limited up to 60% of the Total Sub-Project Cost (TPC). Thus, minimum of 40% of the Sub-Project Cost has to be borne by the beneficiary CBOs. The overall ratio between the Project grants and the beneficiary contribution is decided by Viability Gap Funding method (VGF).

The CBOs need to raise their share in the sub-project through their own equity and bank loan. However bank loan will not be the Project mandate.

8A.1.2) The sub project proposal may include the activities to be undertaken under the sub project and some provision for contingent expenditure. Pre-operative cost/contingent expenditure likely to be incurred in the sub project would include expenses for travelling, payments to consultants hired by the CBO, cost for advertisement, cost for hiring accountant/manager on a temporary basis etc. This cost will be limited to 5% of the sub project cost with a maximum threshold of Rs.20.00 lakh. per proposal.

8A.1.3) If the Sub-Project proposal includes soft interventions which are to be 100% financed by the Project, then the balance Project grants will be adjusted by taking into consideration the overall funding ratio as per the Grant Agreement.

8A.2) Assigning the Full Project Proposal to a particular PIU

The full Project proposal will be approved by the competent authority at PCMU. It will then be assigned to a particular Project Implementing Unit (PIU).

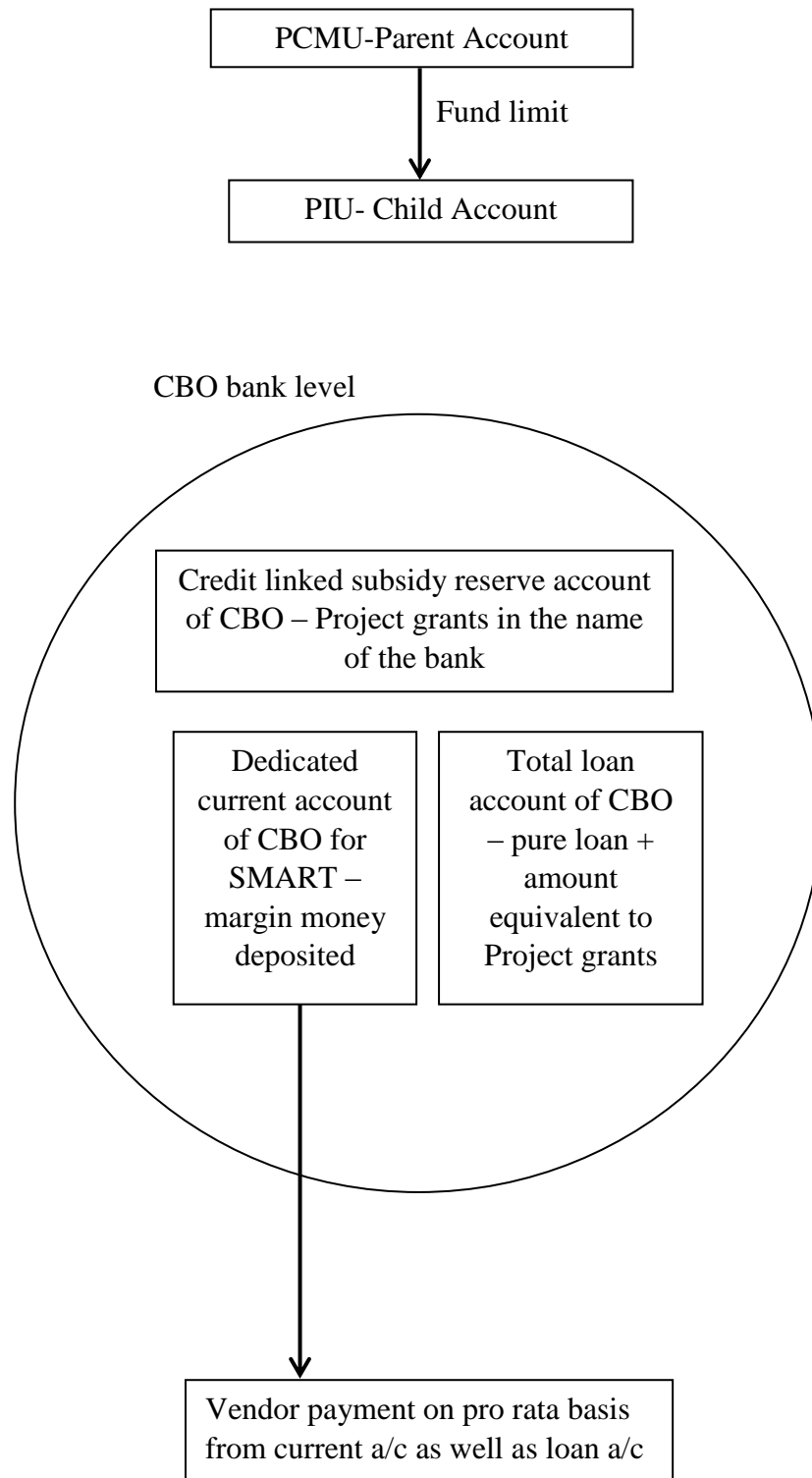
8A.3) Tripartite Grant Agreement:

The tripartite grant agreement between the Beneficiary CBO, SMART Project, and the CBO bank will govern the funding ratio and release of tranches for execution of the sub-project.

The grant agreement will clearly mention the role and responsibilities of each party. The Project will prepare a template of a legally vetted grant agreement. Amongst other things, the grant agreement will specify the amount of Project Grants and Beneficiary Contribution associated with each tranche.

8A.4) Based on the learning of 30 pilot sub projects, it was necessary for the project to devise safe guards for project funds given to beneficiary CBOs. It was challenging to devise such safeguards, especially taking into consideration the unique nature of the project i.e. advance grants to be given to CBOs, diversity in the nature of sub projects and not making it mandatory for the CBOs to avail bank loan.

Due to the uniqueness of the Project as mentioned above, the project had to devise two types of monitoring mechanisms with respect to safeguards to project funds i.e. case-1- loan taken by the CBO and case-2- no loan taken by the CBO.

8A.5) Fund Flow Mechanism**I) Loan case of CBO – Credit Linked Subsidy Reserved Account (CLS Account)**

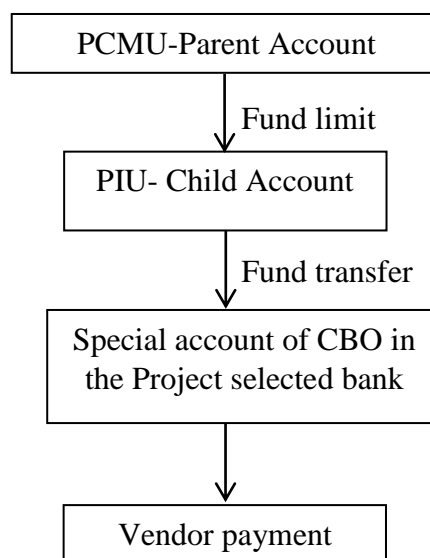
Concept

- 1) Project grants will be as per the grant agreement in the form of tranches. But to explain the concept of credit linked subsidy (CLS) and for simplicity purpose, in this example tranches have not been considered.
- 2) To explain the concept, let us consider, sub project proposal-Rs.100/-
- 3) out of which Rs.60/- may be Project grants
- 4) out of which Rs.40/- may be the CBO share
 - a) out of which Rs.20/- is considered in this example as the margin money to be raised by the CBO
 - b) out of which Rs.20/- is considered in this example as the bank loan to be taken by the CBO.
- 5) Initially Project grants of Rs.60/- released to the bank.
- 6) CBO bank approves total loan of Rs.60+Rs.20=Rs.80/- which would be in the CLS account
- 7) Margin money of Rs.20/- deposited by CBO in dedicated current account opened for SMART.
- 8) Vendor payment by bank will be from CLS account of Rs.80+ margin money of Rs.20/- on a pro-rata basis.
- 9) No interest on loan limited to the extent of Project grants lying interest free with the bank, in the form of credit linked subsidy i.e. to the extent of Rs.60/-.
- 10) In the above example, vendor payment will be incurred from CLS account : margin money in the ratio of 80:20. However while accounting for this expenditure at the CBO level, the expenditure will be booked in the ratio of 60:20:20 i.e. Project grants : availed bank loan : margin money respectively.
- 11) If in exceptional cases, subproject proposal is not executed in entirety as per the grant agreement i.e. of Rs.100/-, following will be the modality –
 An amount in proportion as agreed in the grant agreement will be refunded by the bank to the Project.
 For clarity, in case of the above example, if Rs.90/- is the total sub project cost on completion, then 60% of Rs.90/- i.e. Rs.54/- will be the cost to be borne by SMART Project and the differential amount of Rs.6/- is already given to CBO, this amount will be given back by the CBO and the bank back to the Project. This clause will be inserted in the tripartite grant agreement.

Advantages

- 1) Tried and tested model in centrally sponsored schemes under Ministry of Food Processing.
- 2) CBO will not have to bear the undue burden of interest on loan (limited to the extent to which Project funds are lying interest free with the bank, in the form of subsidy).
- 3) Apart from the Project monitoring of the subproject, banking machinery will also provide with additional monitoring through the mechanism of – payment directly to CBO vendors, ensuring margin money at the time of each vendor payment, joint verification of assets taken by CBO and will thus ensure the expected fiduciary safeguards with respect to the Project grants given to CBO.
- 4) Pro-rata basis of expenditure is by default ensured in loan case of CBO, by funding of each payment from total loan availed from loan account and margin money deposited in the existing current account, as shown in flow chart above.

II) No-loan case of CBO – Special Account Model



Concept

- 1) Since this is a no loan case, bank monitoring will not be possible. Hence, the Project had to devise a control mechanism which would ensure safe guards to Project funds and to ensure vendor payment at the CBO level to be on a pro rata basis. This has been addressed by making it compulsory for the CBO to open a special account in the Project selected bank which impart fiduciary safeguards with respect to Project funds.
- 2) The Special account will be a clause of the tripartite agreement between CBO, Project and the bank
- 3) A Special account will work on the following principal – CBO will not be able to withdraw funds once deposited in this account. Besides, only vendor payments will be incurred from this account. Vendor payment permissible only after approval from Project authorities as mentioned in the following point.
- 4) Project monitoring with respect will be done through the following mechanism will impart fiduciary safeguards with respect to Project funds -
 - a) The CBO special bank account will be operated by the joint signatories of CBO itself. However, for each vendor payment, there will be DIU monitoring through the DBT portal that is being developed by the Project. On approval by DIU competent authority through DBT portal, bank will authorize CBO to incur vendor payment. The tripartite agreement, in which CBO bank is also a party, will take care of these arrangements.
 - b) However, till the time the above mechanism of DBT portal actually operationalizes, DIU head will be the joint signatories along with CBO designated authority for payments above above Rs.5.00 lakh. In case of payments below the threshold of Rs.5.00 lakh, the joint signatories will be at the level of CBO itself.

- 5) The bank will make direct payments to CBO vendors from the Special account which will impart some additional fiduciary safeguards. Accounting of expenditure by the CBO of expenditure incurred from this special account, would be governed by the principle of pro-rata basis. i.e.in the ratio of Project grants : margin money as laid down in the tripartite grant agreement.

8A.6) Procedure for release of tranches by the Project-

- 1) The demand proposal will be submitted by CBO to the office of respective DIU.
- 2) DIU will scrutinize the proposal and submit it to the office of respective RIU within stipulated working days as laid down in the operational guidelines.
- 3) The office of RIU after due scrutiny will submit the proposal to the office of respective PIU within stipulated working days as laid down in the operational guidelines.
- 4) The office of PIU after due scrutiny will submit the proposal for grants release to PCMU.
- 5) The office of PCMU after due approval of PD, SMART, will allocate fund limit to the concerned PIU.
- 6) The concerned PIU will thereafter release the share of Project grants directly in the bank account of beneficiary CBO.

8A.7) Numbers of tranches for Project grants:

8A.7.1) In general, the fund flow availability to the beneficiary CBO will be in four tranches. Each tranche will be funded through the Beneficiary Contribution and the Project Grants, in the ratio as mentioned in the Grant Agreement.

Tranche	Beneficiary contribution share as per the grant agreement	Project grants share as per the grant agreement
1 st	50% of Beneficiary Contribution	50% of Project Grants in the form of advance.
2 nd	30% of Beneficiary Contribution	Matching share of Project Grants in the form of advance.
3 rd	10% of Beneficiary Contribution	Matching share of Project Grants in the form of advance.
4th	Expend initially both the Beneficiary and Project share.	Balance amount of Project Grants in the form of reimbursement.

8A.7.2) In exceptional situation, the Project will have the right to stagger Project grants up to five tranches. This may occur in a situation when there is a paucity of Project funds or doubt in CBO expending Project grants at an expected pace. In such case when the number of tranches has been increased, the conditions applicable to the fourth tranche in normal case will apply to the last tranche.

8A.7.3) Project grants will be given to beneficiary CBOs on a 'first come first serve basis', the criteria for which will be applications received in a chronological order and fulfilling all the Project laid down criteria.

8A.8) Release of tranches

8A.8.1) First tranche of Project Grants:

The first tranche will be 50% of the total Project Grants in the form of advance. The pre requisites for release of first tranche and the corresponding checklist of documents is given below. These documents should be attached to the demand letter for Project grants by the CBO.

Sr.no	Pre requisites	Corresponding check list of documents
1	Demand from CBO	Copy of demand letter by CBO
2	Recommendation by respective PIU	Copy of recommendation letter by respective PIU
3	Grant agreement between the Project, CBO and Banker.	Copy of Grant Agreement
4	Opening of dedicated bank account for SMART by CBO and deposition of beneficiary share	
4a	Loan case of CBO – i) Dedicated current account for SMART	Attested copy of first page of passbook
	ii) Equivalent share of margin money related to first tranche deposited in current account.	Bank statement attested by bank authorities.
	iii) Sanction of bank loan	Loan sanction letter
4b	No Loan case of CBO - i) Special account opened for SMART.	Attested copy of first page of passbook
	ii) Equivalent share of beneficiary contribution related to first tranche deposited in current account.	Bank statement attested by bank authorities.
5	If the sub project includes civil work, technical approval necessary	Approval of cost estimates, by in house technical person at PCMU/related line department.
6	Hiring of Tally literate person/CA/CA firm for accounting by the CBO.	Declaration by CBO
7	Purchase of Tally accounting /other double entry software related by the CBO.(if applicable)	Declaration by CBO

8A.8.2) Second tranche of the Project Grants:

The second tranche of Project grants will 30% of the total Project Grants in the form of advance. It can be claimed only after 70% of the total of Project grants and beneficiary contribution related to the first tranche have been expended. The pre requisites for release of second tranche and the corresponding checklist of documents are given below..

Sr.no	Pre requisites	Corresponding check list of documents
1	Demand from CBO	Copy of demand letter by CBO
2	Recommendation by respective PIU	Copy of recommendation letter by respective PIU
3	<u>70% of the total amount raised for first tranche is expended</u>	
3a	Loan case of CBO	1) Utilization certificate from CA/CA firm hired by CBO. 2) Attested copy of bank pass book of loan account of CBO (attestation from bank authorities). 3) Attested copy of bank pass book of current account of CBO (attestation from bank authorities). 4) CBO attested copies of invoices for expenditure.
3b	No Loan case of CBO	1) Utilization certificate from CA/CA firm hired by CBO. 2) Attested copy of bank pass book of special account of CBO (attestation from bank authorities). 3) CBO attested copies of invoices for expenditure.
4	Deposition of an equivalent beneficiary contribution by CBO	
4a	a) Loan case of CBO	1) Attested copy of bank pass book of loan account of CBO (attestation from bank authorities). 2) Attested copy of bank pass book of current account of CBO (attestation from bank authorities)
4b	b) No Loan case of CBO	Attested copy of bank pass book of special account of CBO (attestation from bank authorities).
5	Inspection by the concerned DIU-Accountant.	Inspection report signed by Accountant and DIU head.
6	Field visit by the technical team of the Project.	Field visit report along with geo – tagged photographs

8A.8.3) Third tranche of the Project Grants:

The third tranche of Project grants will 10% of the total Project Grants in the form of advance.

It can be claimed only after 100% of the total of Project grants and beneficiary contribution related to the first tranche is expended.

Also 70% of total of Project grants and beneficiary contribution second tranche has to be expended.

The pre requisites for release of third tranche and the corresponding checklist of documents are given below..

Sr.no	Pre requisites	Corresponding check list of documents
1	Demand from CBO	Copy of demand letter by CBO
2	Recommendation by respective PIU	Copy of recommendation letter by respective PIU
3	<u>100% and 70% of the total amounts raised in the first tranche and second tranche respectively is expended</u>	
3a	Loan case of CBO	1) Utilization certificate from CA/CA firm hired by CBO. 2) Attested copy of bank pass book of loan account of CBO (attestation from bank authorities). 3) Attested copy of bank pass book of current account of CBO (attestation from bank authorities). 4) CBO attested copies of invoices for expenditure.
3b	No Loan case of CBO	1) Utilization certificate from CA/CA firm hired by CBO. 2) Attested copy of bank pass book of special account of CBO (attestation from bank authorities). 3) CBO attested copies of invoices for expenditure.
4	Deposition of an equivalent beneficiary contribution by CBO	
4a	a) Loan case of CBO	1) Attested copy of bank pass book of loan account of CBO (attestation from bank authorities). 2) Attested copy of bank pass book of current account of CBO (attestation from bank authorities)
4b	b) No Loan case of CBO	Attested copy of bank pass book of special account of CBO (attestation from bank authorities).
5	Inspection by the concerned DIU-Accountant.	Inspection report signed by Accountant and DIU head.
6	Field visit by the technical team of the Project.	Field visit report along with geo – tagged photographs

8A.8.4) Fourth and final tranche of Project grants

The final tranche of Project grants will be 10% of the total Project grants. in the form of reimbursement. Beneficiary CBO will execute the entire sub project, through funds raised at their level and claim the Project share corresponding to the final tranche.

The pre requisites for release of final tranche and the corresponding checklist of documents are given below.

Sr.no	Pre requisites	Corresponding check list of documents
1	Audit by the CA appointed by the Project.	1) Audit report and Audited UC by CA appointed by the Project 2) CBO attested copies of invoices for expenditure.
2	Field visit by the technical team of the Project.	Field visit report along with geo – tagged photographs
3	Demand from CBO	Copy of demand letter by CBO
4	Recommendation by respective PIU	Copy of recommendation letter by respective PIU

8A.9) Soft Interventions in the sub-project:

Soft interventions include capacity building, training, demonstrations, exposure visit etc. of CBOs. The soft intervention will be 100% financed through the Project grants. Based on the level at which soft interventions are executed, the modality of fund flow is given below:

Sr.no	Level of execution	Remarks
1	Project-DIU/District machinery of respective line department.	Cost of soft interventions will not be a part of sub-project proposal. It will be reflected as a separate line budget item under component B.1 of that institution.
2	CBO	This will be a part of the sub-project proposal. Since soft interventions are to be funded 100% through the Project grants, the overall project grants will be released limited to funding ratio as mentioned in the Grant Agreement.

Sr.no	Level of execution	Remarks
	Buyer	<p>This will be a part of the sub-project proposal which will be funded 100% through Project Grants.</p> <p>The balance Project grants will be adjusted by taking into consideration the overall funding ratio as per the Grant Agreement.</p> <p>The above mentioned Project grants will be released in two tranches.</p> <p>a) Fund flow for the first tranche: The first tranche will be in the form of advance. The amount of first tranche will be limited to 50% of the soft intervention's cost estimate. This amount will be deposited in the Buyer's bank account.</p> <p>b) Fund flow for the second tranche: The second tranche will be released in the form of reimbursement on completion of the soft interventions undertaken by the Buyer. RIU/DIU team will monitor the soft interventions executed by the Buyer. On completion of the activity, the Buyer will submit all documents (such as dated photographs, attendance sheet, Utilisation Certificate with expense related self-attested copy of invoices, etc.) related to that event to the respective DIU. On due scrutiny, DIU will recommend for the payment to PIU. This proposal will be submitted/uploaded by DIU to PIU within three working days of receipt of documents.</p>

8B) Market access plan

Market access plan involves access to either domestic or overseas markets by CBOs and their federations. The Project will partially finance these CBOs for market access.

8B.1) Market Research:

8B.1.1) Fund limit for market research

Market research will be optional, but can be conducted if necessary. The limit for market research expenditure will be up to ten lakhs. Activities for market research may include TA/DA incurred during travelling for study/survey, consultancy fees for conducting market research and other incidental expenses. Expenses incurred on market research, will be borne by the Project.

8B.1.2) Fund Flow for Market Research:

- a) After primary sanction to the proposal, by Project. , a market research study will be undertaken by the beneficiaries involved. A cost estimate for the same will have to be submitted by the beneficiary CBO.
- b) After approval of PCN along with the cost estimates, market research for the MAP proposal will be conducted by the concerned CBO.
- c) The money will be released in one or two tranches as decided at the time of PCN. Advance limited to 50% of the cost estimates submitted for market research may be given by PCMU on request of the CBOs.
- d) After completion of market research, the CBO will submit the proposal for adjustment of the advance and re-imbursement of the balance expenditure incurred.
- e) The re-imbursement will be on the basis of cost estimates submitted, Study report and Utilization Certificate duly signed by the Authorized Signatory of the CBO, the copy of invoices, photographs (with time and date on it), travel related documents and any other document as applicable.
- f) The expenditure incurred for market research will be verified by the Project team at PCMU level. After due scrutiny of the above mentioned documents, PCMU will reimburse the eligible amount.

8B.2) Fund Flow for Market Access Plan (MAP):

The full Project proposal of MAP will approved by the competent authority at PCMU and it will assigned to a particular Project Implementing Unit (PIU). After assigning the proposal to the PIU, the fund flow will be on the same lines as that of productive partnership (PPs) as mentioned above.

8C) Collateral Management plan (CMP)

The Project will support developing Collateral Management Proposals (CMP), between CBOs and Collateral Management Agencies (CMA) and will partially finance such proposals.

- 8C.1) The fund flow for CMP will be on the same lines as that of Productive Partnership Proposals. The grant agreement between the Beneficiary CBO, Collateral Management Agency and SMART project will govern the funding ratio and release of tranches for execution of CMPs.

8C.2) Managerial Grant of CMAs

Managerial grants of CMAs will be released at the level of CBO. If the managerial grants incurred by CMAs are to be 100% financed by the Project, then the balance Project grants to be released to CBOs will be adjusted by taking into consideration, the overall VGF and the project grants limit.

8D) Complementary Innovative Investment plan (CII)

Implementation of the CII sub-project will be designed as an add-on activity to the existing PPs and MAPs

8D.1) Funding Ratio:

Innovation Plans are to support Agritech/ startup-based innovations with a maximum of upto 60% of sub-project cost of CII or Rs.50.00 lakhs whichever is lower. The selected CBOs for CII will receive grants and will pay to the Innovation partner as per the addendum to the Grant Agreement.

8D.2) Addendum of Grant Agreement:

Existing Grant Agreement of PPs and MAPs will be revised for the purpose of CII through an addendum.

8D.3) Number of Tranches:

The fund flow will be in two tranches, with an upper cap of up to 50% of the Project Grants in the first tranche. Balance amount of the Project Grants will be released as the second and final tranche.

The figures indicated in the above tranches are the maximum permissible limits. CBO will have the liberty to opt for tranches within these mentioned limits. The option chosen by the CBO will be mentioned in the Addendum to the Grant Agreement.

Each tranche will be funded as the Project Grants and the Beneficiary Contribution in the same ratio as mentioned in the Addendum to the Grant Agreement.

8D.4) Fund Flow Mechanism:

The PIU which has already been assigned the original PP/MAP Sub Project proposal will execute the CII proposal linked to the PP/MAP. The selected CBOs for CII will pay to the Innovation partner as per the addendum to the Grant Agreement. The fund flow will be as follows:

8D.4.1) First tranche of the Project Grants:

- a) The first tranche will be upto 50% of the total Project Grants. Before release of the first tranche of Project Grants, each CBO is expected to raise and deposit the Beneficiary Contribution mentioned in the Addendum to the Grant Agreement for the first tranche. This amount will be deposited in a same CBO current bank account opened for PP/MAP proposal under SMART.
- b) After the Beneficiary Contribution is deposited in PP/MAP Current Bank A/c., proof i.e. self-attested copy of bank pass book for the same will be submitted by the CBO to the respective DIU or appropriate district authority of concerned PIU or PIU itself (as the case may be)
- c) DIU or appropriate district authority of concerned PIU or PIU itself will submit/upload the documents i.e. proof of deposition of beneficiary contribution and the first tranche demand to the respective PIU within three working days from receipt of the proof.
- d) PIU on receipt of documents and on verification of the same, will release the project share in first tranche within seven working days.

8D.4.2) The Second and final tranche of the Project Grants :-

The second tranche and the final tranche will comprise of balance of the Project Grants.

- a) The CBO is expected to execute the balance CII sub-project proposal. After completion of the CII sub-project, it will submit the Utilization Certificate duly signed by the Authorized Signatory of the CBO along with all expense related documents for re-imbursement of the second and final tranche of the Project Grants.
- b) DIU or appropriate district authority of concerned PIU or PIU itself on receipt of the CBO's Utilization Certificate will scrutinize the documents. The DIU/RIU will conduct the field visit to verify the execution of the proposal.
- c) On receipt of above documents, DIU or appropriate district authority of concerned PIU or PIU itself will submit/upload the documents to the respective PIU within seven working days.
- d) PIU on receipt of the above documents and on verification of the same, will release the project share in second tranche to the CBO's current bank account in seven working days.

8E) Urban Food Pilot

The Project will undertake activities in the urban food sector, which envisages safe and nutritious food to the urban society. Pune city has been selected for the same on a pilot basis. Maharashtra State Agricultural Marketing Board (MSAMB), Pune Municipal Corporation (PMC) and the Department of Agriculture through DIU (ATMA, Pune) will execute this Sub-Component.

8E.1) Fund Flow for Urban Food Pilot executed by Maharashtra State Agricultural Marketing Board (MSAMB).

The activities proposed to be undertaken are; training to CBOs for Good Agricultural Practices (GAP)/food safety, exposure visits (domestic & international), advertisement and publicity for food safety. Fund flow for such type of activities will be as per the general fund flow.

8E.2) Fund Flow for Urban Food Pilot executed by Department of Agriculture through DIU-ATMA-Pune.

8E.2.1) Activities involving expenditure at DIU-Pune:

- a) Department of Agriculture i.e. PIU- Agri through DIU-Pune will execute the activities which include GAP implementation, capacity building of farmers and MRL testing (Minimum Residue Level). Fifty farmers will be selected by Reliance Industries on a pilot basis from their different collection centers in Pune district. 100% funding for these soft interventions will be through the Project Grants.
- b) These activities will be executed by DIU-Pune, which will be the accounting center for this activity.
- c) PIU-Agri will allocate a quarterly funds limit to DIU-Pune based on the quarterly estimates.
- d) Payments to the third party by DIU-Pune for execution of soft interventions will be through the PFMS system.
- e) Documents to be maintained for Training, Demonstration and capacity building will be as per Annexure-D

8E.3) Fund Flow for Urban Food Pilot executed by Pune Municipal Corporation (PMC):

8E.3.1) Activities to be undertaken under Urban Food Pilot by Pune Municipal Corporation (PMC) are mainly up gradation of existing slaughter house, training to hoteliers, street vendors for safe food and up gradation of weekly markets.

8E.3.2) The fund flow for these activities will be as per the general fund flow mentioned earlier i.e. based on the quarterly work plan

submitted by Pune Municipal Corporation (PMC) to PCMU, PCMU will allocate a quarterly fund limit to PMC. Payment to third party by PMC will be through PFMS system. Requisite documents for preaudit and passing the payments related to training, demonstration & capacity building and civil works has been detailed out in Annexure-D. The already existing internal control mechanism in PMC with respect to civil works and other payments should be exercised while making payments.

8F) Stewardship Council

- 8F.1) Stewardship Council aims at coordination between institutionalized private sector and value-chain stakeholders in selected commodities. This sub-component will be executed by PIU-VSTF. The project will focus on establishing Commodity Stewardship Councils (CSCs) for selected commodities and identified based on market growth potential for effective public-private sector dialogue.
- 8F.2) Fund flow for carrying out activities under this sub-component will be on the same lines as Productive Partnership fund flow with a deviation that the beneficiary in this case will be Stewardship Council and not the CBOs.
- 8F.3) On the lines of Productive Partnership fund flow, the overall Project Grants will be on the basis of viability gap funding (VGF) limited to 60% of the sub-project cost. Stewardship Council (beneficiary) will have to contribute up to 40% of the sub-project cost.

8G) Modifications/ Alterations to the above fund flow for sub-projects:

Based on the learnings of the pilot sub projects undertaken by SMART, some modifications/alterations with respect to fiduciary safeguards in release of tranches to CBOs have been incorporated. However with respect to pilot sub projects that have already been sanctioned, fund flow as mentioned in the Finance Management Manual, dated 14th November, 2019 will be applicable.

Chapter-9

Grants Disbursement Guidelines to Community Based Organisations

9.1) Banking arrangement at CBO level:

- 9.1.1) For SMART Project purposes, each CBO should open a separate Current Bank account.
- 9.1.2) The bank account should be operated under the joint signatures (of at least 2 persons) designated by the CBO. The authorized signatories of that CBO will be clearly mentioned in the Grant Agreement.
- 9.1.3) Standing instructions to the bank will be given by the CBO at the time of opening of SMART-CBO bank account, that “All types of payments above Rs.5000/- should be through cheque/RTGS/NEFT.”

9.2) Payments from CBO Bank a/c towards Project activities:

Payments only on agreed activities mentioned in the proposal will be allowed to be made from this bank account. The bank passbook should be updated on regular basis. Bank reconciliation should be done on a monthly basis

9.3) Documentation and reporting by CBO beneficiary:

A separate file for finance should be maintained at the CBO level for SMART. The file should be designated as “SMART-Name of the CBO-Finance”. Documents related to procurement should be kept in an another file.

Following is the indicative list of documents which should be a part of this file.

9.3.1) For civil works

- a) Work order given to the Contractor.
- b) Running Account Bills/Final Bill
- c) Utilization certificate
- d) Dated Photographs of the works at different progressive stages
- e) Extension order (if any).
- f) Completion certificate.
- g) Excess saving statement.
- h) Approval of respective PIU/DIU head (for extra item ,if any)
- i) Proof of payment of taxes/cess/other statutory dues (Income Tax, VAT, labour cess, labour insurance and Royalty).
- j) Register of works undertaken.

9.3.2) For purchase of goods and equipment:

- a) The original document of the contract with the Supplier/Agency,
- b) Supply order to the Supplier/Agency,
- c) Certificate on Delivery challan from CBO- Secretary that, "Goods have been received as per the supply order and received in good condition. Entries of the same have been taken in stock register on page no....."
- d) Original Invoice for Payment.
- e) Proof of payment of taxes/any other statutory dues (Income Tax etc.) if any.

9.3.3) Training, Demonstration and capacity building:

- a) Contract/document related to this activity (e.g. service provider for training, catering, hall rent, vehicle arrangement etc.)
- b) Signed attendance sheet of participants.
- c) Dated photographs of the event.
- d) Original invoices and any other related documents.

9.4) Books of accounts:

- a) A separate Cash Book, Bank Book for SMART transactions should be maintained in double entry system at the beneficiary CBO level. Similarly General ledger, Journal register also need to be maintained.
- b) The above Cash Book should be attested by the Secretary of the concerned CBO on quarterly basis.
- c) Measurement Book should be maintained and duly attested by Secretary of CBO and checked by concerned Project technical person.
- d) Dead stock register should be maintained as per Annexure A7
- e) Consumable Items register as mentioned in Annexure A6
- f) Technical Service Provider will supervise and provide assistance to CBO in maintaining the books of Accounts.

9.5) Audit of CBOs with respect to sub project proposals:

Each sub project will be subject to audit twice by the CA hired by the CBO and once by the CA appointed by the Project as per the table given below.

Sr.no	Timing	Auditor	Reports
1	Prerequisite for release of second tranche.	CA hired by the CBO.	Audited UC.
2	Prerequisite for release of third/final tranche	Auditor appointed by the Project.	Audit report and Audited UC.

- a) For CBO audit by CA appointed by the Project, CBO will send an intimation letter to the respective DIU. On receipt of the request from CBO, DIU will forward the above mentioned documents to PCMU through PIU within 3 working days. The Auditor appointed by PCMU will visit the respective DIU office and conduct the audit of the CBO.
- b) Apart from being a prerequisite for release of third tranche, if it is observed that a certain CBO shows non-performance and is unable to receive tranches to match aforesaid condition, then audit will be conducted at any stage.
- c) Beneficiary CBO under SMART will have to provide necessary information, documents, and books of accounts relating to SMART Project to the auditor. Likewise CBO will have to comply with any audit objections raised by the auditor appointed by the Project before release of Project grants.

Chapter-10

Financing through Disbursement Linked Indicators (DLIs)

10.1) Introduction

Taking into consideration the need for institutional reforms of the Department of Agriculture, certain activities have been identified under Component A1 of the SMART Project. These activities will be eligible for World Bank financing for the perceived institutional reforms of the department.

Disbursement Linked Indicators (DLI) are (unlike the Project fixed indicators) eligible for World Bank financing only when the Disbursement Linked Results (DLRs) have been met.

10.2) Financing of DLIs

Initially these activities could be pre-financed either through the account head opened by GoM for SMART Project or through the already existing and identified account heads under the Department of Agriculture.

10.3) Indicative Activities under DLIs

10.3.1) The following categories under which activities have been indicated under sub component A1 for which disbursement from World Bank would be based on disbursement linked indicator (DLI).

DLIs	Total Financing Amount Allocated to DLI	As % of total financing amount	DLR No.	DLR Description	Target Achievement Timelines (Indicative)	Data / Information	Definition and Procedure
DLI 1: Institutional realignment and strengthening of Department of Agriculture and allied departments towards outcomes.	\$8.5 million		1.1	Staff management plan developed and instituted.	Year 1 (2021-22)	Department notification of staff management plan along with copy of plan.	Definition: This DLR will be met when a staff management plan against outcomes, thematic and commodity focus areas of the department is developed [including staff mapping, revised job roles and responsibilities and alignment of performance management system to outcomes of department]. Funds and Scalability: \$1000,000 Procedure: Staff management plan notification shared with World Bank.
			1.2	IT-based MIS system implemented	Year 1 (2021-22)		Definition: IT-based MIS system covering outcome goals – as defined by the DOA – instituted and functioning. Functioning is defined as regular data collection and reporting from at least 80% of blocks covered by DOA. Fund and Scalability: \$250,000 for launch year. \$250,000 for each subsequent year of functioning up to a total of \$1 million. Procedure: Review of monthly reports being generated by MIS.
			1.3	Staff performance appraisals	Year 2 (2022-23)	Departmental notification of annual	Definition: Annual appraisal template including outcome goals developed, process for appraisal against outcomes

DLIs	Total Financing Amount Allocated to DLI	As % of total financing amount	DLR No.	DLR Description	Target Achievement Timelines (Indicative)	Data / Information	Definition and Procedure
				against outcome goals of department being conducted annually.		appraisal process with appraisal template.	instituted and annual appraisals being conducted. Funds and Scalability: Minimum of 30% of staff being appraised against revised frameworks. USD 20,000 per %age of staff being appraised against revised templates up to a total of \$1500,000 per year and \$6.5 million over the life of the project. Procedure: Annual review of staff appraisal template and processes by HR agency.
DLI 2: Enhanced staff capacity of DOA to achieve outcomes.	\$8 million.		2.1	Staff training management plan developed.	Year 1 (2021-22)		Definition: DOA develops a staff training management plan assessing training needs, developing a training schedule for different levels of staff, laying out annual training calendars and a system for tracking trainings completed. Funds and Scalability: \$1000,000 Procedure: Staff training management plan shared with the World Bank.
			2.2	Staff trained using upgraded modules.	Year 2 (2021-22) - Year 7 (2026-27)	Training modules with updated curriculum. Training	Definition: DOA staff go through defined training modules as per the staff training management plan executed primarily by VANAMATI or any other training institute Funds and Scalability: USD \$20,000 for

DLIs	Total Financing Amount Allocated to DLI	As % of total financing amount	DLR No.	DLR Description	Target Achievement Timelines (Indicative)	Data / Information	Definition and Procedure
						completion reports. Training batch details.	every percentage of staff trained using upgraded training modules up to a total of \$2,000,000 annually and \$7 million over the life of the project. Retraining and refresher trainings is included from Year 3 onwards. Procedure: Upgraded training modules and curriculum; Training completion reports submitted with training batch details.
DLI 3: Enhanced market linkages, food quality and safety standards for focus geographies and commodities.	\$11 million		3.1	Scheme implementation and financing converged on the basis of cluster / commodity development plans developed.	Year 2 (2021-22) – Year 7 (2026-27)	Cluster development plan with details of convergence to be achieved. Annual report on financing converged and activities implemented in the cluster.	Definition: DOA initiates work on outcome goals through developing cluster and commodity level plans and converging scheme financing towards defined objectives in these plans. Funds and Scalability: USD 250,000 for each cluster plan being implemented over a one-year period with convergence of scheme financing up to a total of \$5 million. Procedure: Cluster plans shared with World Bank. Details of scheme convergence and annual report of activities in the cluster shared with the World Bank.

DLIs	Total Financing Amount Allocated to DLI	As % of total financing amount	DLR No.	DLR Description	Target Achievement Timelines (Indicative)	Data / Information	Definition and Procedure
			3.2	Increase in area under India GAP standards.		<p>Baseline report on area under GAP financing.</p> <p>Randomized annual sampling plan for focus commodities.</p> <p>Report summarizing test results for focus commodities.</p>	<p>Definition: DOA sets goals for GAP standards for focus commodities, develops protocols and undertakes an extension support and testing program to enhance proportion of commodity that meets the GAP standards.</p> <p>Funds and Scalability: USD \$500,000 for every percentage increase in area under GAP standards for focus commodities up to a total of \$6 million.</p> <p>Procedure: Baseline report on area under GAP financing in year 1. Randomized sample plan for commodity testing based on focus commodities / geographies developed and shared with the Bank. Summary of sampling results formally shared with the World Bank.</p>

10.3.2) Indicative categories under which activities identified for DLI as mentioned above can be broadly classified as salaries of existing and additional staff, goods & equipment, works, services & consultancies and training and capacity building.

- a) **Salaries:** Salaries incurred under the already existing account head under demand no.D-3;Major Head-2401-Crop Husbandry; account head-Commissionerate of Agriculture (2401013601),would be eligible for reimbursement on a timely basis from World Bank at a pre-decided percentage.

Documentation required at the time of submission of IUFR for this activity will be the certified Sate Finance Accounts(AG reconciliation statement) issued by State AG. This shall be submitted to the Bank within twelve months of the close of the financial year i.e. by March 31.

- b) **Goods & Equipment/ Training & Consultancies/ Works:** The World Bank procurement norms will have to be adopted for purchase of goods and equipment related to Food testing lab and Information Technology system (software plus hardware) under component A1. Documentation and conditions required for the purchase of goods and equipment under other components will be applicable to this component also. The basic eligibility criteria and documentation required to meet the given DLI is enumerated in the table given above.

10.4) IUFR Submission for DLI

10.4.1) A separate IUFR for DLIs will be submitted by the Project to the World Bank. The periodicity of this IUFR may not necessarily match with the quarterly periodicity of the regular IUFR.

10.4.2) PIU (Agriculture) being housed in Department of Agriculture will be responsible for preparation of DLI-IUFRs on achievement of Disbursement Linked Results (DLRs). PIU(AGRI) will have to submit this IUFR to PCMU for submission to World Bank.

Chapter-11

Internal controls and delegation of powers

In order to mitigate fiduciary risks associated with the Project, following internal control mechanisms will exist-

11.1) Internal control through delegation of powers:

11.1.1) Need for delegation of financial powers:

The structure of the SMART Project and the area of governance is so vast that it is not possible to authorize all expenditure at the level of Project Director, taking into consideration the complexity of the institutional setup of SMART (which includes six line Government departments and eleven PIUs). Besides, due to the time bound nature of the Project, there is a need for delegation of financial powers.

11.1.2) Steering Committee:

As per the Government Resolution dated 11th September 2019 Steering Committee under the chairmanship of Chief Secretary has been vested full powers with respect to making rules and sub rules for SMART Society.

11.1.3) Governing Council of SMART Society at the Project level:

Governing Council for SMART Society has been constituted under the Chairmanship of Secretary Agriculture and with Project Director, SMART as the Member Secretary and with heads of respective PIUs as members. They will oversee and mentor the Project.

11.1.4) Project Coordination & Monitoring Unit (PCMU) level:

The Project Director will be the Managing Director and Member Secretary of the SMART Society and shall be responsible for administration and management of the Society consistent with policy and management directions issued by the Project Steering Committee and Governing Council of SMART Society.

11.1.5) In accordance with the institutional arrangements in the Project as mentioned above, the following table enumerates the administrative and financial powers for SMART Project.

DELEGATION OF ADMINISTRATIVE & FINANCIAL POWERS

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
A	Purchase of Goods & Equipment							
1	Approval to purchase new electrical photocopy machine or similar machinery.		Full Powers	1) For PCMU- up to Rs.3.00 lakh (Two times in project life) 2) For other accounting centers- upto Rs. 2.00 lakhs in Project life.	up to Rs.2.00 lakh (in project life)	up to Rs.2.00 lakh (in project life)	up to Rs. 1.00 lakh (in project life)	
2	Approval to purchase IT hardware (new desktops, laptops, hard disk, pen drives, printer with scanner, tablets etc.); IT software (upgrading of existing computer systems / governance systems, network equipment) & Audio visual aids (Projector with screen, digital camera biometric devices, CCTV cameras and similar equipment).		Full Powers	Up to Rs.15.00 lakh (in project life)	Up to Rs.15.00 lakh (in project life)	Up to Rs.10.00 lakh (in project life)	Up to Rs.5.00 lakh (in project life)	
3	Approval to office furnishing, purchase of furniture, air conditioning system and other dead stock for refurbishment of office. (including curtains, vertical blinds, sofa covers etc.)		Full Powers	1) For PCMU- up to Rs.7.00 lakh (in project life) 2) For other accounting centers- upto Rs. 5.00 lakhs (in Project life)	Up to Rs.7.00 lakhs (in project life)	Up to Rs.7.00 lakhs (in project life)	Up to Rs.5.00 lakhs (in project life)	

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
4	Approval to purchase equipment, tools, electrical items etc. for the Project office (inverter/ battery backup, DG set)		Full Powers	1) For PCMU- up to Rs.3.00 lakh (in project life) 2) For other accounting centers- up to Rs.1.00 lakhs in Project life.	up to Rs.1.00 lakh (in Project life)	up to Rs.1.00 lakh (in Project life)	up to Rs.1.00 lakh (in Project life)	
5	Purchase of goods & equipment by the Project for the beneficiary.	-	Full Powers	-	up to Rs.15.00 lakh (per proposal)	-	-	-
B	Hiring of Consultancy Services							
1	Hiring of various consultancy services (individual /firm/ institutional) as per the project requirements.		Full Powers	up to Rs.5.00 lakh (per contract)	-	-	-	
2	Hiring of manpower placement /HR agency services		Full Powers	-	Full Powers subject to conditions as given in the remarks column			1) Man power hiring should be limited to the staffing pattern as approved by Government of Maharashtra. 2) Procurement should be as per the WB norms 3) Concerned PIU should

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
								submit the activity for post review before PD SMART.
3	Signing contracts and payment of consultancies approved by Project Director, SMART.		Full Powers	up to Rs.100.00 lakh (per contract)	Full Powers			
4	Hiring of services of private sector specialist as per the need of the Project		Full Powers	-	-	-	-	
5	Hiring of services of technical knowledge partner & research institutes (National/ International)		Full Powers	up to Rs.5.00 lakh (per contract)	-	-	-	
C	Hiring of Non-Consultancy Services							
1	Approval to new landline connections & mobile SIM.		Full Powers along with mobile handset	up to 4 mobile SIMs up to Rs.500/- per month each.	up to 2 mobile SIMs up to Rs.500/- per month each.	up to 2 mobile SIMs up to Rs.500/- per month each.	up to 1 mobile SIMs up to Rs.500/- per month each.	
2	Annual maintenance contracts for all kinds of office equipment Building/ fire insurance		Full Powers	Full Powers limited to PCMU	up to Rs.1.00 lakhs annually	up to Rs.0.75 lakhs annually	Rs.0.50 lakhs annually	
3	Hiring of housekeeping for the project office		Full Powers	Full Powers limited to PCMU	up to Rs.2.00	up to Rs.2.00 lakhs	up to Rs.1.20 lakhs	

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
					lakhs annually	annually	annually	
4	Hiring of security services for the project office		Full Powers	Full Powers limited to PCMU	-	-	-	
5	Hiring of vehicles for official work (monthly as well as call basis)		Full Powers	Monthly basis hiring - Up to Rs.10.00 lakh per annum Call basis hiring – Full Powers	Call basis allowed up to Rs.5.00 lakh per annum	Call basis allowed up to Rs.1.00 lakh per annum	Call basis allowed up to Rs.1.00 lakh per annum	Conditions - Guidelines issued by the Project with respect to vehicle hiring should be strictly followed.
6	Hiring of other non-consultancy services as per the need of the Project		Full Powers	Up to Rs.5.00 lakh per consultancy	Up to Rs.5.00 lakh per consultancy	-	-	
7	Up gradation of website, small programming & software and other related matters.		Full Powers	Up to Rs.5.00 lakh per case	-			
D	Trainings, workshops, demonstrations and overall capacity building							
1	Approval for air travel as required for office work		Full Powers	-	-	-		
2	Value chain development school components:- Tech market meets, Market led crops demonstrations (purchase of inputs etc.), Training		-	-	Full Powers	Full Powers	Full Powers	As per cost norms given by the Project for VCDS.

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
	cum exposure visit (within & outside state) Farmer field school, CBBP support, ToT etc.							
3	Value chain development school: out of India Exposure visits, trainings.		Full Powers					With approval of Governing Council
4	Outreach activities for PP/MAP/CII- Investor meets (National & State Level), Tech-market meets, Road shows, focus group meetings etc.		Full Powers	Up to Rs.5.00 lakh per event	Up to Rs.15.00 lakh per event	-	-	
5	Training, workshops, exposure visits, meets, exchange programmes of officers / staff / beneficiaries within Maharashtra (other than VCDS).		Full Powers	Full Powers	Full Powers	-		1) Air travel needs to be approved by appropriate authority. 2) Limit for renting of hall & per person limit for meals is given in clauses D-6 & E-7.
6	Training, workshops, exposure visits, meets, of officers / staff / beneficiaries and exchange programmes outside Maharashtra (other than VCDS).		Full Powers	Full Powers	Full Powers			Air travel needs to be approved by appropriate authority.
7	Hiring of hall for meetings, trainings, seminars, symposiums, workshops etc.		Full Powers	Up to Rs.2.50 lakh (per event)	Up to Rs.2.50 lakh (per event)	Up to Rs.1.00 lakh (per event)	Up to Rs.0.50 lakh (per event)	

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
8	Training, workshops, exposure visits, meets, of officers / staff / beneficiaries outside India		Full Powers	-	-	-		With prior approval of Governing Council
9	Participation in exhibitions at district, region, State & National level.		Full Powers	Up to Rs.5.00 lakhs (per event)	Full Powers	Up to Rs.2.00 lakhs (per event)	Up to Rs.1.00 lakhs (per event)	
10	Participation in exhibitions at International level.		Full Powers					With prior approval of Governing Council
11	Contracts with Institute for technical support, training (National/International)		Full Powers	Up to Rs.10.00 lakhs (per contract) for institutes within India.	-	-	-	
E	Incremental operating cost							
1	Sanction to office rent.		Full Powers	-	As per PWD norms or upto Rs.2.00 lakhs per month	As per PWD norms or upto Rs.1.00 lakhs per month	-	
2	Purchase of books, periodicals, newspapers, subscriptions required for the project		Full Powers	Full Powers	up to Rs.0.25 lakh Per annum	up to Rs.0.10 lakh Per annum	up to Rs.0.05 lakh Per annum	
3	Advances to the Project staff (travel and office expenditure)		Full Powers	up to Rs. 2.00 lakhs per event	up to Rs. 1.00 lakhs per event	up to Rs. 0.50 lakhs per event	up to Rs. 0.50 lakhs per	1) Advance should be recouped within

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
							event	1 month 2) 80% of estimated expenditure can be sanctioned as advance.
4	Purchase of office stationery, purchase of ink cartridges for printers and photo copy machine and its refilling etc.		Full Powers	up to Rs.5.00 lakh per annum	up to Rs.3.00 lakh per annum	up to Rs.1.00 lakh per annum	up to Rs.1.00 lakh per annum	
5	All types repairs (for machineries, electricals, furnishing etc.)		Full Powers	up to Rs.5.00 lakh per annum	up to Rs.2.00 lakh per annum	up to Rs.1.00 lakh per annum	up to Rs.1.00 lakh per annum	
6	Office recurring expenditure (Electricity, Telephone, Internet charges, etc.)		Full powers	Full powers	up to Rs.2.00lakh per annum	up to Rs.2.00 lakh per annum	up to Rs.1.00 lakh per annum	
7	Expenses on tea, snacks, meals for Project staff as per the Project need or for the delegates attending meetings, seminars, symposium, workshops etc.		Full Powers	up to Rs.2.00 lakh per event Per person per day expenditure should be limited to Rs.300/-	up to Rs. 2.00 lakh per event Per person per day expenditure should be limited to Rs.300/-	up to Rs. 1.00 lakh per event Per person per day expenditure should be limited to Rs.300/-	up to Rs. 0.50lakh per event Per person per day expenditure should be limited to Rs.300/-	In case of meeting, the meeting duration should exceed more than three hours
8	Printing leaflets, books, registers, journals etc. from private printing		Full Powers	up to Rs.5.00 lakh per annum	up to Rs.3.00 lakh	up to Rs.1.00	up to Rs.0.50	

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
	press.				per annum	lakh per annum	lakh per annum	
9	Information Education and Communication (IEC), publicity and advertisements of all kinds under the project.		Full Powers	up to Rs.5.00 lakh per annum (News paper full powers)	up to Rs.5.00 lakh per annum	up to Rs.3.00 lakh per annum	up to Rs.0.50 lakh per annum	
10	Write- off- of expired items under the project		Full Powers	Full Powers	Full Powers	-	-	Process as per Government norms
F	Civil Works							
1	Technical powers with respect to approval of civil works other than that of CBOs.	Technical wing of the concerned PIU/ other concerned government agency/ technical service provider hired by the Project.						
	Technical powers with respect to approval of civil works of CBO beneficiaries.		Technical committee at PCMU – Full powers		Technical Committee at PIU - Above Rs.50.00 to Rs.100 lakh	Technical Committee at RIU - Above Rs.25.00 to Rs.50.00 lakh	Technical Committee at DIU -Above Rs.3.00 to Rs.25.00 lakh	Procurement committee at CBO - Up to Rs.3.00 lakh
2	Administrative sanction for civil works		Full Powers		-	-		1)Proposed work should be as per PIP 2) Rates as per DSR.
G	Project grants							

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
1	Administrative approval for sub-projects	Full Powers	Rs.10.00 crore (per community based organization)		-	-		Prior sanction of executive committee under PD SMART is necessary.
2	Sanction payments for sub-projects – PP/MAP/CMP		Full Powers		Full Powers	-	-	
H	Human Resource policy							
1	Fixing the rates of travel and daily allowances to Government and contractual staff.	Full powers						With the prior sanction of Steering Committee
2	Fixing the rates of remuneration and allowances of resource personnel/experts called by the Project for trainings, workshops etc.	Full powers						With the prior sanction of Steering Committee
3	Fixing the rates of allowances for officers under the Project.	Full powers						With the prior sanction of Steering Committee
4	Fixing the rate of increment to Project contractual staff.	Full powers						
5	Approval of medical bills, medical advance to Govt. officers	1) As per Govt. norms 2) Administrative sanction should be given by concerned parent Dept. 3) Payment can be done at the level of respective office						

Sr. No.	Activity	Governing Council	Project Director	Add. Project Director	Head of the PIU	RIU Head	DIU Head	Remarks
	Others							
1	Approval to Partial Credit Guarantee Fund (PCGF)	Full Powers						

Bank account signing authorities at various levels -

Sr.no	Level	Signature of authority 1	Signature of authority 2	PPA/Cheque signing limit
1	PCMU	Finance Specialist	Accounts Officer	Full powers for salary. Rs.2.00 lakh per case for routine administrative & operating expenses.
		Additional Project Director	Finance Specialist	Full powers
2	PIUs	Officer not less than class-1 or its equivalent as delegated by the head of the PIU	MFAS services Officer not less than the rank of class-2 or if MFAS officer is not available, its equivalent as delegated by the head of the PIU.	Full powers
3	RIU/DIU Accounting centers	Officer not less than class-1 or its equivalent as delegated by the head of the PIU	MFAS services Officer not less than the rank of class-2 or if MFAS officer is not available, its equivalent as delegated by the head of the PIU.	Full powers

Notes for overall delegation of powers :

- a) For any power which has not been mentioned above, delegation powers as laid down by GoM as per GR dated 17th April, 2015 or any amendments there after shall apply.
- b) With respect to routine office running expenditure (e.g. office rent, telephone bill, monthly vehicle bill etc.), once the contract/work order has been issued by the signature of the competent authority, powers to make payments for such services, items may be redelegated.
- c) For any sanction required beyond the limit given for each level, approval will have to be obtained from PCMU.
- d) Power to sanction tour diary of employee would be to the immediate reporting officer.

11.2) Internal control over funds:

- 11.2.1) Adoption of Public Financial Management System will enable tracking of funds upto the last accounting unit in the hierarchy of SMART. The various accounting centers in the Project, will be registered as an agency thereby enabling the Project to track funds.
- 11.2.2) Likewise, the concept of Parent–Child Banking System will ensure that non-blockage of idle funds. This is especially necessary in a scenario wherein six line departments and 11 semi-autonomous and autonomous institutions are involved.
- 11.2.3) All Bank Accounts under the Project will be under joint signatures i.e. to be signed jointly by more than one officer, with each of the authorised signatory not below the rank of class 2 officer in GoM or its equivalent.

11.3) Internal control while incurring expenditure:

- 11.3.1) In order to ensure that, each expenditure incurred in the Project is sanctioned by competent authority, delegation of powers in the Project has been enumerated above.
- 11.3.2) The officers from Maharashtra Finance and Accounts Services will be taken on deputation at level of PCMU and PIU level, wherever required, who will exercise due diligence in the financial management.
- 11.3.3) For ensuring expenditure to be made is as per Financial Manual and other financial rules, files will be routed through finance wing of the Project. This will be a kind of preaudit. An indicative checklist for probable expenses to be incurred in the Project will be circulated throughout the Project.
- 11.3.4) Training and capacity building of finance team with special emphasis on procurement training will be given to personnel at Head Quarter and accounting center level. An external agency may be hired for training and capacity building of the finance staff in the Project.

- 11.3.5) Current bank account will be opened at the level of CBO to ensure that funds deposited in the said account are being utilized for the laid down project purposes as per the grant agreement. The grant tranches to the beneficiaries shall be released after physical verification and document verification of the activities by the competent authorities and compliance of safeguard aspects.
- 11.3.6) As a principle, cash payments to the third parties being discouraged in the Project, all payments will be incurred through PFMS. However in case of payments below Rs.5000/-, if it is not possible to register the vendor in PFMS, cash payment will be allowed as an exception. Such transactions will be recorded in the imprest amount register.
- 11.3.7) In case of expenditure, where payment has been made by Project officials for Project purposes, vouchers will be necessarily be marked as 'paid by me for.....'
- 11.3.8) In case, where payment has been made for expenditure, vouchers will necessarily be marked as "paid and cancelled".
- 11.3.9) In case of expenditure of meagre amount i.e. up to Rs.5000/- only, where it is difficult to obtain vouchers from third party, printed bills/vouchers (serially numbered) of SMART project could be used for claiming expenditure. This voucher book will be in the custody of administrative officer of each accounting center.
- 11.3.10) For payments exceeding Rs.10,000/- (Ten Thousand only), cash payments will not be allowed. As an exception for smooth administration, accounting centers will be allowed to withdraw cash from bank as per the specified limits and use as imprest amount. The details of the nature of expenditure to be incurred and the method of maintaining accounts for imprest amount is given in Chapter 5 Fund flow arrangement.

11.4) Internal control over Advances:

- 11.4.1) Personal advance given to Project officials will have to be recouped within a period of one month after the event has occurred. In exceptional circumstances when recoupment within one month is beyond control of the Project staff (in whose name advance has been taken), extension for recoupment would have to be taken from Head of the office.
- 11.4.2) Mobilization advance given to service provider/contractor will be backed up by matching bank guarantee.

11.5) Internal control through accounting:

- 11.5.1) Each accounting center will keep the accounts in a computerized accounting software.
- 11.5.2) Monthly reconciliation of bank accounts will be done by all accounting centers.
- 11.5.3) The Quarterly Internal Audit will be done by CA firm. Based on their observations, necessary corrective actions will be taken by the Project. The

audit observations taken by internal audit shall be settled by Audit Review Committee at PCMU level.

11.6) Internal control of Tax Compliances:

In order to ensure that tax default notices are being timely complied, by all accounting centers under the Project, all accounting centers download reports from various tax web portals such as TRACES for Income Tax, GST website for GST TDS etc. on half yearly basis and submit reports to respective reporting entity.

Chapter-12

Accounting Centers in the Project

The Accounting Centers are the offices where the basic accounting in respect of financial transactions for the Project activities shall be carried out.

- 12.1) Each Accounting Centre will implement and follow at all times the accounting system in accordance with this Manual. All financial transactions should be supported by sufficient, formal and written documents containing a complete and accurate description of the transactions and its authorization.
- 12.2) Financial transactions and operations will be recorded in Tally Accounting software, in conformity with generally accepted accounting principles and in accordance with pertinent laws and regulations.
- 12.3) Financial transactions will be recorded in a Cashbook and Journal (the primary books of account) and in a General Ledger supported by Subsidiary records as necessary.
- 12.4) Personnel charged with the responsibility of accounting must ensure that they are fully acquainted with the provisions of the Manual and also attend the training as organized under the Project.
- 12.5) All Accounting Centres will follow the government fiscal year being the period beginning with the first (1st) day of April and ending with the thirty first (31st) day of March.
- 12.6) These Accounting Centers shall be responsible for maintaining the relevant vouchers and supporting documents pertaining to the Project related transactions.
- 12.7) They are also responsible for timely submission of accounts, preparation of budget and work plan, as well as, IUFR, monthly expenditure statement, annual audited project financial statements and submission of financial records for audit and tax compliances.
- 12.8) Separate bank account in a bank informed by the Project is to be maintained for each accounting center of SMART.
- 12.9) Accounts will be maintained in a single computerized accounting software (Double entry system of accounting) provided by PCMU. The accounting system will be cash based system as followed by the State Government.
- 12.10) There are 55 accounting under the Project. The list of Accounting Centers of SMART Project, along with the Department under which they function has been given in the table given on the next page.

Department-wise list of Accounting Centers

Department	No.
AGRICULTURE DEPARTMENT	
Project Co-Ordination And Monitoring Unit (PCMU)	1
Project Implementing Unit- Agriculture (PIU-Agri)	1
Regional Joint Director of Agriculture (RIUs)	8
District Implementing Units - (DIU-ATMA)	34
Vasantrao Naik State Agricultural Extension Management Training Institute (VANAMATI)	1
Sub-Total (AGRI)	45
AGRI MARKETING DEPARTMENT	
Project Implementing Unit- Agricultural Marketing (PIU-AM)	1
Maharashtra State Agricultural Marketing Board (PIU-MSAMB)	1
Maharashtra Co-Operative Development Corporation (PIU-MCDC)	1
Maharashtra State Warehousing Corporation (PIU-MSWC)	1
PIU-Maharashtra State Cotton Growers Coop. Marketing Federation (MAHACOT)	1
Sub-Total (AM)	5
ANIMAL HUSBANDRY DEPARTMENT (AHD)	
Project Implementing Unit-Animal Husbandry PIU-AHD	1
Sub-Total (AHD)	1
RURAL DEVELOPMENT DEPARTMENT	
Maharashtra State Rural Livelihoods Mission (PIU-MSRLM)	1
Village Social Transformation Foundation (PIU-VSTF)	1
Sub-Total (RDD)	2
WOMEN AND CHILD WELFARE DEPARTMENT (WCWD)	
Mahila Arthik Vikas Mahamandal (PIU-MAVIM)	1
Sub-Total (WCWD)	1
URBAN DEVELOPMENT DEPARTMENT (UDD)	
Pune Municipal Corporation (PIU-PMC)	1
Sub-Total (UDD)	1
TOTAL	55

- 12.11)** Besides the above mentioned Accounting Centers in the Project, there may be instances of spending of Project Grants in the already existing setup of a particular PIU at the district level. This may occur particularly in execution of soft interventions under PIU AHD. In this case, the district level institution under PIU AHD which would be executing the soft interventions i.e. Deputy Commissioner AHD will receive an advance from PIU AHD which is the accounting center. Deputy Commissioner AHD will be just a spending unit and not a accounting center in the Project.

Chapter-13

Chart of Accounts

13.1) Purpose of Chart of Accounts :

Chart of Accounts (CoA) for the Project is activity based and linked to the cost tables of the Project. CoA will enable the Project to capture the expenditure from component, sub component and right up to activity level as mentioned in the cost tables. This uniform approach throughout the Project, would enable consolidation of accounts.

13.2) Category-wise classification of expenditure :

For the purpose of World Bank reporting, each activity in the Project has been classified into one of the following categories- a) Goods and equipment b) Consultancy services c) Non consultancy services d) Training e) Incremental operating cost (IOC) f) Works g) Grants.

For the purpose of WB reporting, as per column 4 of the below mentioned table category-wise expenditure has been tracked.

13.3) Object code-wise classification of expenditure :

The budget received from GoM is under two object codes 31- grant-in-aid and 33 subsidies. So it becomes necessary to track the expenditure incurred under both the object codes. For the purpose of GoM reporting, as per column 3 of the below mentioned table object – code wise expenditure has been tracked.

13.4) Consolidation of Accounts :

The Project envisages consolidation of accounts through synchronization of Tally software, where in customization of Tally for the Project purposes would be done to enable the Project to generate category-wise as well as object code wise reports as per the requirements mentioned above.

Chart of Accounts of SMART mapped with object code, category of expenditure & delegation of powers

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
A				Enhancing Institutional Capacity to Support Agricultural Transformation			
	A1			Enhancing Institutional capacity of the Department of Agriculture			
			A1.1	DLI 1 Institutional realignment and strengthening towards outcome			
			A1.1.1	Staff management plan developed and instituted	31	Consultancy	B1
			A1.1.2	IT based MIS system implemented	31	Consultancy	B1
			A1.1.3	Staff performance appraisals against outcome goals of department being conducted annually.	31	No expenditure expected on this activity	-
				DLI2 Enhanced staff capacity of DOA			
			A1.2	Enhanced staff capacity of DOA	31	Training	D5 – D7 (which ever is applicable)
			A1.2.1	Staff training management plan developed.	31	Consultancy	B1
			A1.2.2	Staff trained using upgraded modules.	31	Consultancy	B1
				DLI3 Enhanced market linkages, food quality and safety standards across commodities in the state.			
			A1.3	Enhanced market linkages, food quality and safety standards across commodities in the state	31	Non Consultancy	C6
			A1.3.1	Scheme implementation and financing converged on the basis of cluster/ commodity development plans developed.	31	No expenditure expected on this activity	-
			A1.3.2	Increase in area under India GAP standards.	31	Consultancy	B1
	A2			Enhancing Institutional capacity of the Department of Marketing			

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
		A2.1		Investment Costs-			
				Enhanced Regulatory Effectiveness			
			A2.1.1	Outreach activities on Market Reform & Regulations	31	Consultancy/ IoC	B1,E9
			A2.1.2	Publications on Regulations & Reforms for stakeholders	31	IoC	E9
			A2.1.3	Website up gradation and maintenance	31	Non Consultancy	C7
			A2.1.4	Setting up of Call Center & Help Desk	31	Goods, Non Consultancy Services	A3, C1, C6
			A2.1.5	Advertisements for marketing related activities in project	31	IoC	E9
				Training and Capacity Building of APMC Staff			
			A2.1.6	Workshop for alternative market channels	31	Training	D5 – D7 (which ever is applicable), E7
			A2.1.7	Service provider for TNA, development of training modules	31	Consultancy Services	B1
			A2.1.8	Conducting training workshop for APMC staff	31	Training	D5 – D7 (which ever is applicable), E7
			A2.1.9	Printing of training materials	31	IoC	E8
			A2.1.10	Tie-up with institutes for training	31	Training	D11
			A2.1.11	Exposure visits within state	31	Training	D5
			A2.1.12	Exposure visits outside state	31	Training	D6
			A2.1.13	Enhance Ease of Doing Business - Agri Marketing - IT based systems	31	Consultancy Services	B1
				Monitoring and Report on Market Functioning			
			A2.1.14	Development of market health indicators tools for markets in Maharashtra	31	Consultancy Services	B1
			A2.1.15	Dissemination of market ranking	31	IoC	D11
			A2.1.16	Training workshop on market health indicator to		Training	D5 – D7 (which

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				stakeholders			ever is applicable), E7
				Enhance Dispute Resolution Functions			
			A2.1.17	Outreach activities through advertisement, roadshows, workshops, etc.	31	Training	D4
			A2.1.18	Development of online and call center based system for reporting disputes	31	Consultancy Services	B1
			A2.1.19	Training and capacity building of field officers on decentralisation of power for dispute resolution	31	Training	D5 – D7 (which ever is applicable), E7
				Recurrent cost			
			A2.1.20	Technical Officer (capacity building)	31	IoC (Salary)	-
			A2.1.21	Technical Officer (EoDB and Grievances)	31	IoC (Salary)	-
	A3			Strengthening capacity for reform measures and joint actions			
		A3.1		Technical support for reforms unit (Dept.of Marketing)			
		A3.1.1		Investment Costs			
			A3.1.1.1	Hiring of expert for technical unit (statistician, IT, reform)	31	Consultancy Services	B1
			A3.1.1.2	Service Provider for technical support for reforms unit	31	Consultancy Services	B1
			A3.1.1.3	International exposure visits for technical staff	31	Training	D8
			A3.1.1.4	International Institute tieups/collaboration	31	Training	D11
		A3.2		Stewardship Council (VSTF)			
		A3.2.1		Investment Costs			
			A3.2.1.1	Lead staff for stewardship council promotion	31	Consultancy Services, Contractual staff	B1, B3
			A3.2.1.2	Establishment and set up cost	31	IoC	A2, A3, E1
			A3.2.1.3	Formation and management of policy dialogue groups	31	IoC	E8, H3
				Technical Service Provider for CSC			
			A3.2.1.4	Stakeholder mobilisation	31	Consultancy Services	B1

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			A3.2.1.5	Preparation of Commodity Vision Plan/ Value chain study	31	Consultancy Services	B1
			A3.2.1.6	Preparation of institutional development plan	31	Consultancy Services	B1
			A3.2.1.7	Support in implementation rollout for 2 years	31	Consultancy Services	B1
			A3.2.1.8	Short term consultancies/advisory services	31	Consultancy Services	B1
			A3.2.1.9	Financial support to implement CSC institutional development plans	31	IoC	A2, A3, E1
				Events/Seminars/Roundtables/Conferences			
			A3.2.1.10	Annual meetings of Policy Dialogue Groups/CSC	31	IoC	E7, H3
			A3.2.1.11	Sectoral seminars and workshops	31	Training	D5 – D7 (which ever is applicable), E7
			A3.2.1.12	Participation in national level events and trade fairs etc	31	Training	D9
			A3.2.1.13	Participation in international events and trade affairs etc.	31	Training	D10
				Publications/Subscriptions/Reports/Marketing collaterals			
			A3.2.1.14	Sectoral reports	31	IoC	E2/E8
			A3.2.1.15	Sector wise policy briefs	31	IoC	E2/E8
			A3.2.1.16	Subscription news letter	31	IoC	E2
			A3.2.1.17	Marketing collaterals and literatures	31	IoC	E2/E8
			A3.2.1.18	International Collaborations - Study tours and exchange programs	31	Training	D8/ D11 (which ever is applicable)
				Recurrent cost			
			A3.2.1.19	Private sector specialist	31	IoC	B4
			A3.2.1.20	Central office rent and operation cost	31	IoC	E1-E9(which ever is applicable)
B				Supporting Enterprise Growth & Expanding Market Access			
	B1			Market Access Support			
				Investment cost			

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
		B1.a		Consultancies and MoUs for Partnerships by PCMU			
			B1.a.1	Consultancy firms for state and regional technical support groups	31	Consultancy Services	B1
			B1.a.2	Independent assessment panel	31	Consultancy Services	B1
			B1.a.3	Need based short term consultancies	31	Consultancy Services	B1
			B1.a.4	Technical Knowledge Partner tie up / Research Institutions tie up - International	31	Consultancy Services	B5
			B1.a.5	Technical Knowledge Partner tie up / Research Institutions tie up - National	31	Consultancy Services	B5
				Outreach activities for PP, MAP, CII			
			B1.a.6	Advertisement for call for proposals-PCMU	31	IoC	E9
			B1.a.7	National level investor meet-VSTF	31		D5
			B1.a.8	Roadshows/focused group meeting across major cities in India- VSTF	31		D4
			B1.a.9	Participation in international level exhibition - VSTF	31	Training	D10
			B1.a.10	Participation in National level exhibition- VSTF	31	Training	D9
			B1.a.11	State Level Investor Meets, Stakeholders Workshops & Preparation and updation of database of buyers, startups, technology providers, -VSTF	31	Training	D4
			B1.a.12	Mobilisation and sensitisation workshops of CBOs	33	Training	D5
				Extension activities for value chain development by PIUs in catchment area of PPs & MAPs			
			B1.a.13	Service provider for need analysis of value chain development school (VCDS)	31	Consultancy Services	B1
				Value Chain Development Schools - Field Crops- 600 CBOs-PIU-Agri.			
			B1.a.14	Tech market meets for stakeholders for field crops		Training	D2
			B1.a.15	Market led crops demos (30 per CBO per year for 4 years)	33	Training	D2
			B1.a.16	Training exposure visit within states for field crops	33	Training	D2

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			B1.a.17	Training exposure visits outside state for field crops	33	Training	D2
			B1.a.18	Farmer field school for field crops	33	Training	D2
			B1.a.19	International exposure visit for technical staff for field crops	31	Training	D8
				Value Chain Development Schools - Horticulture Crops- 253 CBOs			
			B1.a.20	Tech market meets for stakeholders of horticulture crops		Training	D2
			B1.a.21	Market led crop demos for horticulture crops	33	Training	D2
			B1.a.22	Service provider for GAP and food safety	31	Consultancy Services	B1
			B1.a.23	Training exposure visits within states for horticulture crops		Training	D2
			B1.a.24	Training exposure visits outside states for horticulture crops		Training	D2
			B1.a.25	Training exposure visits outside India for horticulture crops		Training	D3
			B1.a.26	International exposure visits for technical staff for horticulture crops	31	Training	D3
			B1.a.27	Farmer field school for horticulture crops	33	Training	D2
				Value Chain Development Schools – Livestock- PIU-AHD			
			B1.a.28	Tech market meet for goat farmers	33	Training	D2
			B1.a.29	Community buck breeding and supply program	33	Training	D2
			B1.a.30	CBBP support for rearing, feeding and managing bucks	33	Training	D2
			B1.a.31	CBBP (Disease screening of bucks & vaccination – (Rs.1000/Buck)	33	Training	D2
			B1.a.32	TOT for sheep and goat husbandary schools (ASCI certification)	31	Training	D2
			B1.a.33	FFS for sheep and goat		Training	D2
			B1.a.34	Hands on training for Pashu Sakhis on goat rearing	33	Training	D2
		B1.b		Recurrent Costs			

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			B1.b.1	Government Staff Salary (PCMU/PIUs/RIUs/DIU)	31	IoC	-
			B1.b.2	Contractual Staff Salary	31	IoC	B3
			B1.b.3	Consultancy payment	31	Consultancy Services	B1
			B1.b.4	Subproject Management Cost (TA/DA)			
	B1.1			Productive Partnership Subprojects			
		B1.1.a		Investment Costs			
			B1.1.a.1	VGF support under the Productive Partnership Fund	33	Grant	G1, G2
			B1.1.a.2	VGF support under PP through VSTF Private Sector Fund for VSTF Clusters	33	Grant	G1, G2
	B1.2			Market access plans subprojects			
		B1.2.a		Investment Costs			
			B1.2.a.1	Market research fund	33	Grant	G1, G2
			B1.2.a.2	VGF support under Market Access Plan	33	Grant	G1, G2
			B1.2.a.3	VGF support under MAP through VSTF Private Sector Fund for VSTF Clusters	33	Grant	G1, G2
	B1.3			Complementary innovation investment subprojects			
		B1.3.a		Investment Costs			
			B1.3.a.1	Import of planting materials for selected crops	33	Grant	G1, G2
			B1.3.a.2	VGF support under Innovation Plans to support Agtech / startup based innovations.	33	Grant	G1, G2
			B1.3.a.3	VGF support under Innovation Plans to support Agtech / startup based innovations for VSTF Clusters	33	Grant	G1, G2
	B1.4			Priority investments in public infrastructure			
		B1.4.1		MAHACOT			
		B1.4.1.a		Investment Costs			
				Trainings and Extension by PIU Agri- Cotton Value Chain Development School			
			B1.4.1.a.1	Tech market meets for stakeholders of SMART cotton		Training	D2
			B1.4.1.a.2	Trainings of extension staff	31	Training	D5-D7 (which ever

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
							is applicable)
			B1.4.1.a.3	Smart Cotton Lead Farmer Training cum Exposure visit	33	Training	D2
			B1.4.1.a.4	Market led SMART cotton demos	33	Training	D2
			B1.4.1.a.5	Farmer field school	33	Training	D2
			B1.4.1.a.6	International Exposure visits for Technical field staff, Ginners	31	Training	D8
			B1.4.1.a.7	Tie-up with international/national institute	31	Training	D11
				Consultancy Services			
			B1.4.1.a.8	Short term consultancies	31	Consultancy Services	B1
			B1.4.1.a.9	Tech. Agency (TA) support for SMART cotton	31	Consultancy Services	B1
			B1.4.1.a.10	Cotton blockchain system development	31	Consultancy Services	B1
			B1.4.1.a.11	Lab services	31	Other non-Consultancy	C6
				E-market Platform Development			
			B1.4.1.a.12	IT based online trading platform including AMC	31	Consultancy Services	B1
			B1.4.1.a.13	Outreach and Marketing Activities for SMART Cotton Promotion	31	Training	D4
			B1.4.1.a.14	Farm Traceability Software, transactional cost, data hosting.	31	Consultancy Services	B1
		B1.4.1.b		Recurrent Costs			
			B1.4.1.b.1	Government Staff Salary	31	IoC	-
			B1.4.1.b.2	Contractual Staff Salary	31	IoC	B3
			B1.4.1.b.3	Consultancy payment	31	Consultancy Services	B1
			B1.4.1.b.4	SMART Cotton Management cost (Rent/TA/DA)	31	IoC	E1 to E9 (as applicable)
		B1.4.2		Exports			
		B1.4.2.a		Investment Costs			
			B1.4.2.a.1	Tech. Agency (TA) support through WTO STDF - PIMA tool	31	Consultancy Services	B1

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			B1.4.2.a.2	Exit level infrastructure for export	31	Works	F1, F2
			B1.4.2.a.3	Capacity building of Activities -Agri. Export Training Course (AETC)	31	Training	D5-D7 (which ever is applicable),
			B1.4.2.a.4	Capacity building of Activities - Commodity specific Export Training Course	31	Training	D5-D7 (which ever is applicable),
			B1.4.2.a.5	Capacity building of Activities -Division level training program	31	Training	D5-D7 (which ever is applicable),
			B1.4.2.a.6	Capacity building of Activities -Trainers training program at IIFT	31	Training	D5-D7 (which ever is applicable),
			B1.4.2.a.7	Participation in international exhibition	31	Training	D10
			B1.4.2.a.8	Service provider for organic farming	31	Consultancy Services	B1
			B1.4.2.a.9	Service provider for pest free area certification program	31	Consultancy Services	B1
		B1.4.2.b		Recurrent Costs			
			B1.4.2.b.1	Government Staff Salary	31	IoC	-
			B1.4.2.b.2	Contractual Staff Salary	31	IoC	B3
			B1.4.2.b.3	Consultancy payment	31	Consultancy Services	B1
		B1.4.3		Livestock			
		B1.4.3.a		Investment Costs			
			B1.4.3.a.1	TA Support of knowledge partner (FAO or similar)	31	Consultancy Services	B1
			B1.4.3.a.2	TA support through various research institute like NRC etc	31	Consultancy Services	B1
			B1.4.3.a.3	Training of AHD staff on GAH	31	Training	D5-D7 (which ever is applicable),
			B1.4.3.a.4	Training of Butchers, AHD & PMC Staff by NRC	31	Training	D5-D7 (which ever is applicable),
			B1.4.3.a.5	Traceability and food safety interventions activities based on FAO recommendations, short consultancy	31	Consultancy Services	B1
	B1.5			Capacity building of CBOs			
		B1.5.a		Investment Costs			
				Comprehensive Capacity Building and Training of			

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				CBOs			
			B1.5.a.1	Technical Service Provider for TNA, Developing training modules, ToT etc. for Comprehensive Capacity Building & Training of CBOs	31	Consultancy Services	B1
			B1.5.a.2	Printing of training material	31	IoC	E9
			B1.5.a.3	Training of master trainer	31	Training	D5-D7 (which ever is applicable),
			B1.5.a.4	Comprehensive capacity building and training for BoDs of CBOs	33	Training	D5-D7 (which ever is applicable),
			B1.5.a.5	Refresher training non residential		Training	D5-D7 (which ever is applicable),
			B1.5.a.6	Pilot on land entitlement to women	33	Training	D5-D7 (which ever is applicable),
				Bridge Technical Support for CLF/CMRC by MSRLM through identified training institutes			
			B1.5.a.7	TSA for providing bridge technical support, rating & operational support to Federations (CLFs & CMRCs)	31	Consultancy Services	B1
			B1.5.a.8	Capacity building of MSRLM and MAVIM staff	31	Training	D5-D7 (which ever is applicable),
			B1.5.a.9	Capacity building of Federations (CLFs & CMRCs)	33	Training	D5-D7 (which ever is applicable),
			B1.5.a.10	Capacity building for CBOs (FPCs & PACs)	33	Training	D5-D7 (which ever is applicable),
	B2			Enterprise development support			
		B2.1		Investment Costs			
			B2.1.1	Technical service provider for BDS support with reimbursable	31	Consultancy Services	B1
			B2.1.2	Training and workshops on product quality, standardization and certification, traceability, licenses,	33	Training	D5-D7 (which ever is applicable),

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				packaging, branding etc.			
				Recurrent costs			
			B2.1.3	Government Staff Salary	31	IoC	-
			B2.1.4	Contractual Staff Salary	31	IoC	B3
			B2.1.5	Consultancy payment	31	Consultancy Services	B1
	B3			Urban food system pilot program			
		B3.1		Investment Costs			
				Agriculture Department			
			B3.1.1	Market led crops demos for GAP, organic certifications and traceability	33	Training	D2
			B3.1.2	MRL testing	33	Non-Consultancy	C6
			B3.1.3	Pack house	33	Grant	G1, G2
				Marketing (MSAMB)			
			B3.1.4	Training for GAP, traceability and food safety	33	Training	D5-D7 (which ever is applicable),
			B3.1.5	Training cum exposure visits outside state for farmers	33	Training	D5-D7 (which ever is applicable),
			B3.1.6	Information Education Communication (IEC) training	31	Training	D5-D7 (which ever is applicable),
			B3.1.7	International Exposure Visit to study Urban Food value Chain	31	Training	D8
				Pune Municipal Corporation (PMC)			
			B3.1.8	Feasibility study of slaughter house	31	Consultancy Services	B1
			B3.1.9	Technical consultancy services for design, estimates, preparation of BoQ	31	Consultancy Services	B1
			B3.1.10	Upgradation of Kondwa Slaughter house	31	works	F1, F2
				IEC Plans for Urban Food Pilot			
			B3.1.11	Appointment of technical consultant for Training module development, IEC strategy plan, design, content	31	Consultancy Services	B1

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				development (including content for social media)			
			B3.1.12	Awareness campaign for citizen engagement (including PMC employees)	31	Training	D5-D7 (which ever is applicable),
			B3.1.13	Training for food handlers(street vendors, hoteliers, slaughter house staff, Meat Traders, FPOs, Mid Day Meal workers,)	33	Training	D5-D7 (which ever is applicable),
			B3.1.14	Capacity building workshops for food handlers(street vendors, hoteliers, slaughter house staff, Butchers & Meat Traders, FPOs, Mid Day Meal workers,) (Rs.150/participant/day)	33	Training	D5-D7 (which ever is applicable),
			B3.1.15	National exposure visits for technical staff	31	Training	D6
			B3.1.16	Development of farmer's weekly markets	31	Goods & equipment/ works	A5/F1, F2
			B3.1.17	Synergy workshops of CBOs and midday meal operators	33	Training	D5-D7 (which ever is applicable),
				Recurrent costs			
			B3.1.18	Government Staff Salary	31	IoC	-
			B3.1.19	Contractual Staff Salary	31	IoC	B3
			B3.1.20	Consultancy payment	31	Consultancy Services	B1
			B3.1.21	Urban pilot project management cost	31	IoC	E1-E9 (As applicable)
	B4			Access to Finance			
		B4.1		Investment Costs			
			B4.1.1	Capacity Building - Outreach workshop for stakeholders		Training	D5-D7 (which ever is applicable),
			B4.1.2	Capacity building of banks/Financial Institute/service provider	31	Training	D5-D7 (which ever is applicable),
			B4.1.3	Capacity Building - Exposure visit	31	Training	D5-D7 (which ever is applicable),

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				Technical Assistance (TA) Support to A2F			
			B4.1.4	Development of MIS system	31	Consultancy Services	B1
			B4.1.5	Development of rating tool	31	Consultancy Services	B1
			B4.1.6	Piloting of new and innovative financial products	31	Consultancy Services	B1
				Partial Credit Guarantee Facility			
			B4.1.7	Feasibility study evaluating the option of setting up PCGF	31	Consultancy Services	B1
			B4.1.8	Service provider for Partial Credit Guarantee operations	31	Consultancy Services	B1
			B4.1.9	PCG fund	31	Other	J1
				Recurrent costs			
			B4.1.10	Access to finance expert	31	IoC (Salary)	-
			B4.1.11	Access to finance associate	31	IoC (Salary)	-
C				Building Risk Management & Mitigation			
	C1			Enhance market information and intelligent services			
		C1.1		Investment Costs			
			C1.1.1	Basic price studies	31	Consultancy Services	B1
			C1.1.2	Staff training international	31	Training	D8
			C1.1.3	Staff training domestic	31	Training	D5-D7 (which ever is applicable),
			C1.1.4	Computers (including MS Windows 10 and MS Office 16)	31	goods	A2
			C1.1.5	Furniture	31	goods	A3
			C1.1.6	Computer peripherals	31	goods	A2
			C1.1.7	Webinar Peripherals at head office for C1 and C3 tables	31	goods	A2
				Recurrent costs			
			C1.1.8	Consultancy and advisory services	31	Consultancy Services	B1
			C1.1.9	Information technology manager	31	IoC (Salary)	-
			C1.1.10	Rent	31	IoC	E1
			C1.1.11	Telephone and internet	31	IoC	C1/E7
			C1.1.12	Statistical software update	31	IoC	A2
			C1.1.13	Data collection/ subscription	31	IoC	E2

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			C1.1.14	Travel cost	31	IoC	-
			C1.1.15	Webinar charges	31	IoC	E6
			C1.1.16	Value chain meeting, workshops and dissemination	33	Training	D2
			C1.1.17	Government Staff Salary	31	IoC	-
			C1.1.18	Contractual Staff Salary	31	IoC	B3
			C1.1.19	Consultancy payment	31	Consultancy Services	B1
	C2			Strengthening the warehouse receipt system			
				MCDC			
		C2.1		Investment Costs			
			C2.1.1	Upgradation of existing warehouse for pilot	33	Grant	G1, G2
			C2.1.2	Cleaning and grading machinery for pilot	33	Grant	G1, G2
			C2.1.3	CMA cost for pilot	33	Grant	G1, G2
			C2.1.4	Upgradation of existing warehouses	33	Grant	G1, G2
			C2.1.5	Cleaning and grading machinery for existing warehouses	33	Grant	G1, G2
			C2.1.6	CMA cost for scale up program	33	Grant	G1, G2
			C2.1.7	Creation of new warehouse	33	Grant	G1, G2
			C2.1.8	Cleaning and grading machinery for new warehouses	33	Grant	G1, G2
			C2.1.9	Evaluation study	31	Consultancy Services	B1
				MSRLM/MAVIM			
			C2.1.10	Setting up of new warehouse at 1000 MT capacity each	33	Grant	G1, G2
			C2.1.11	Setting up of new warehouse at 250 MT capacity each	33	Grant	G1, G2
			C2.1.12	Establishment of cleaning and grading for new warehouses	33	Grant	G1, G2
			C2.1.13	Other Cost (Incl. IT support- computer, internet, pre-Operative/Consultancy, electronic weighing scale, spiral separator)	33	Grant	G1, G2
			C2.1.14	Recurring - Salary - CMA	33	Grant	G1, G2

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
				MSWC			
			C2.1.15	Silo project feasibility study	31	Consultancy Services	B1
			C2.1.16	Construction of centralized silo storage	31	works	F1,F2
			C2.1.17	Decentralized warehousing for small enterprises	31	Works	F1,F2
			C2.1.18	Samruddhi Mahamarg feasibility study	31	Consultancy Services	B1
			C2.1.19	WDRA registration fee for CBOs	33	Grants	G1,G2
			C2.1.20	IT support for MSWC	31	Goods & equipment, Consultancy	A2,B1
				Value Chain Development School for Risk Management- MSWC/MCDC/MSRLM/MAVIM			
			C2.1.21	Synergy Workshop for Stakeholders(Bankers, CMAs, CBOs, Tech. providers, Commodity Exchanges)	33	Training	D5-D7 (which ever is applicable),
			C2.1.22	Certificate course for warehouseman	31	Training	D5-D7 (which ever is applicable),
			C2.1.23	Exposure Visit cum Training for BoD of CBOs	31	Training	D5-D7 (which ever is applicable),
			C2.1.24	IEC and Dissemination activities for Farmers on Warehousing Receipts	31	IoC	E9
			C2.1.25	Recurring-CMS expert at MCDC	31	IoC (Salary)	B1/B3
	C3			Price risk management support			
		C3.1		Investment Costs			
			C3.1.1	Pilot buyer credit risk rating mechanism	31	Consultancy Services	B1
			C3.1.2	Electronic surveillance (IoT)	31	Goods & equipment, Non Consultancy Services	A2, C6
			C3.1.3	Quality price dispute resolution mechanism pilot	31	Consultancy Services	B1
			C3.1.4	Pilot on CBO & state agencies for participation in commodity futures markets.	31	IoC (Salary)	B3

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			C3.1.5	Study of constraints and development of strategy for promoting exchange traded instruments for price risk mitigation by CBOS	31	Consultancy Services	B1
			C3.1.6	Setting up of Risk mitigation Cell / Hedging Desk including Hardware & Software for HQ and field Staff	31	Goods & equipment,	A1 to A4 (as applicable)
			C3.1.7	Training, Capacity Building, Exposure Visit of Staff and Stakeholders	31	Training	D5-D7 (which ever is applicable),
			C3.1.8	Consultancy and advisory service	31	Consultancy Services	B1
				Recurring Charges			
			C3.1.9	Travel cost	31	IoC	-
			C3.1.10	Printing and stationery	31	Training	E4, E8
			C3.1.11	Webinar charges	31	IoC	A2,E6
			C3.1.12	Dissemination/publicity	31	Training	E9
			C3.1.13	Government Staff Salary	31	IoC	-
			C3.1.14	Contractual Staff Salary	31	IoC	B3
			C3.1.15	Consultancy payment	31	Consultancy Services	B1
D				Project Management Monitoring & Learning			
		D1		Investment Costs			
			D1.1	M&E and MIS agency/institute cost	31	Consultancy Services	B1
			D1.2	Internal and external auditor, Finance Consultancy, immovable asset verification.	31	Consultancy Services	B1
			D1.3	Capacity building, Workshops, Seminars for staff (technical, finance, procurement, gender, environment & social safeguards)	31	Training	D5-D7 (which ever is applicable),
			D1.4	GIS Cell with software license copy	31	goods	A2
			D1.5	State level workshop	31	Training	D5
			D1.6	IEC material, documentary film, publicity, media outreach	31	IoC	E8/E9
			D1.7	Exposure visits, study tours and trainings (incl. foreign)	31	Training	D5-D7 (which ever is applicable), D8

Sr. No.				Cost table activity	Object Code	Category of Expenditure	Authority for delegation
1				2	3	4	5
			D1.8	Office refurbishment, renovation and other equipment (PCMU/PIU/RIU/DIU)	31	IoC	A2 to A4 (As applicable)
			D1.9	IT infra with software license copy (PCMU/PIU/RIU/DIU)	31	goods	A2
		D2		Recurrent Costs (PCMU/PIU/RIU/DIU)			
			D2.1	Government Staff Salary (PCMU/PIU/RIU/DIU)	31	IoC	-
			D2.2	Contractual Staff Salary (PCMU/PIU/RIU/DIU)	31	IoC	B3
			D2.3	Consultancy payment (PCMU/PIU/RIU/DIU)	31	Consultancy Services	B1
			D2.4	Admin and operating cost (PCMU/ PIU/ RIU/ DIU)	31	IoC	E1 to E9 (as applicable)

Chapter-14

Accounting policies

This Chapter lays down the significant accounting policies with respect to the receipts and expenditures to be incurred under this Project.

14.1) Rationale behind laying down accounting policies

- 14.1.1) The Project Accounting Policies will determine how and when Assets & Liabilities and Income & Expenditure are recognized and will ensure uniformity and consistency in accounting and financial reporting across all Accounting Centres.
- 14.1.2) The accounting method and financial reporting including preparation of Annual Project Financial Statements (PFS) will be guided by these accounting policies and principles.
- 14.1.3) All Accounting Centres will ensure that they do not make any change in any accounting policy and apply the policy uniformly and consistently.

14.2) Significant accounting policies

- 14.2.1) Project Accounts are maintained on double entry book keeping system in Tally software, on historical cost convention following the Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting is done on cash basis.
- 14.2.2) Cash basis of accounting means that expenditure will be recognised only when the cheque has been issued to concerned party or vendor by the Project. Likewise the receipts will be recorded when the same are deposited in the Bank Account as per the deposit slip.
- 14.2.3) The Tally software will be synchronized in a phased manner at the level of Project Implementation Units as well as Project Co-ordination and Management Unit as per the institutional arrangement in the Project.
- 14.2.4) Fixed Assets acquired under the Project are valued at cost including all direct costs (i.e., purchase price, transportation expenses, installation charges and other expenses incurred for bringing the fixed asset in working condition), incurred prior to its first use and accounted for under the respective component head of expenditure. No depreciation is charged on fixed assets. This fact should be disclosed in the Notes to Accounts attached to the Project Financial Statements.
- 14.2.5) Grant-in-Aid is recognized as Income in the Income and Expenditure Account to the extent of fund utilization against it (net of Other Income). Grant-in-Aid to the extent unutilized is shown as a liability in the Balance Sheet.
- 14.2.6) Interest earned on balances in Project Bank Accounts is treated as liability towards the Government of Maharashtra and remitted to the Government's Account in the Treasury.
- 14.2.7) As a general principle, advances given in the project will not be booked as expenditure in the books of accounts and will not be claimed from the

World Bank. The advances will be booked as expenditure on the basis of utilization certificate along with vouchers. However there would be two exceptions to this:

- a) In case mobilization advance is given to the contractor backed by a Bank Guarantee, this advance could be considered as eligible for claim by the WB.
- b) In case of tranches released to CBOs under Productive Partnerships/ Market Access Plan/ Collateral Management Plan etc., it will be booked as advances in the books of accounts but will be considered as eligible for re-imbursement from WB.

14.2.8) Beneficiary Contribution will not be accounted in the Project's primary books of account. A separate Memorandum Book of Accounts will be maintained by all accounting centre in order to record Beneficiary Contribution.

14.2.9) Assets acquired/constructed under the project would be valued at cost including all direct costs.

Chapter-15

Advances

Advances in the Project would be of three types i.e.

- 15.1) Advances given to Project Staff.
- 15.2) Mobilization Advance given to third party.
- 15.3) Advances in the form of tranches given to CBO beneficiary.

15.1) Advances given to Project Staff:

- 15.1.1) Advances are given in the Project to employees/contractual staff for various purposes like carrying out training programs, demonstrations, exhibitions, field visits and various other official purposes.
- 15.1.2) Advances should be exclusively need specific and of minor nature and should be utilised for the purpose for which it has been taken.
- 15.1.3) Basis of claim for advance should be cost estimates and approval by competent authority. The Advance claim should be submitted by the Project staff in the format as laid down in Annexure.C2
- 15.1.4) Advance taken would need to be settled down within a period of one month from the date of event for which advance has been taken as per the format laid down in Annexure C3.
- 15.1.5) In exceptional circumstances when recoupment within one month is beyond control of the Project staff (in whose name advance has been taken), extension for recoupment would have to be taken from head of the office.
- 15.1.6) Advances will be taken only for expenses usually of minor nature and payments of expenditure towards operational activities where prior registration of vendor is not possible or practicable.
- 15.1.7) Any major anticipated expenditure to third party will be usually paid by the Project office directly through PFMS.
 - a) However, if third party payments are made through advance taken by the Project staff, then implications with respect to taxation will lie with the concerned staff. If employee does not deduct the tax then, interest/penalty arising out of such non deduction of tax and also of late deduction and deposition, lies with the concerned employee.
 - b) Expenses incurred through advance taken by the Project staff unless absolutely necessary should be made through electronic transfers or cheques. Minor payments upto Rs.5000/- can be made by cash.

15.2) Mobilization Advance given to third party:

For providing services or supply of goods, mobilisation advance will be given to third parties as per the contract and after submission of Bank Guarantee of equivalent amount.

15.3) Advance in the form of tranches given to CBO beneficiary:

Advance would be given to CBO beneficiaries for execution of the subproject under the Productive Partnership Plan, Market Access Plan, and Collateral Management Proposals etc. as per the grant agreement.

Chapter-16

Accounting

As mentioned in the earlier Funds Flow chapter, a Parent - Central Pool Account Banking System has been adopted for the SMART Project. Accordingly, accounting centres mentioned in institutional arrangement have to maintain the accounts for each transaction incurred at their level for SMART Project in Tally provided by PCMU.

16.1) Accounting entries for Parent level (PCMU):

- 16.1.1) Against the fund demand submitted by the accounting centre, PCMU will issue fund limit to the accounting centre with intimation to the bank.

At the end of the day, if an accounting center incurs any expenditure, then that amount will be swept from the Parent Central Pool Bank account through the the Zero balance child bank account to the third parties bank account.

For recording the above transactions, following entries will be made in the books of PCMU- Parent bank account.

- 16.1.2) At the end of the month depending on the Bank statement and accounting center wise Bank MIS report the following entries will be passed at the level of Central Pool Account (PCMU) :

Dr. Grants to Parent Account (PCMU)

Cr. Grants to Accounting center Child Account

16.2) Entries in the Books of Accounts of Zero Balance Child Bank Accounts

For every payment incurred by the accounting center to third party, the following entry will be done at the level of accounting center.

Cr. grants from PCMU

Dr. to beneficiary

The cash book should be updated on a real time basis by each account center.

Chapter-17

Books of Accounts

The accounting centers of SMART will maintain the accounting records generated through Tally provided by PCMU. Print outs of the same need to be taken out on a monthly basis and they are to be attested by the accountant and Head of the Accounts in that accounting center.

List of books of accounts to be maintained by accounting centers

17.1) Primary Books of accounts:

Sr.No	Name of the record to be maintained	Format
1	Cash Book	Tally generated
2	Bank Book	Tally generated
3	General ledger, Bank Reconciliation Statement, Trial Balance.	Tally generated
4	Journal Register	Tally generated

17.2) Secondary Books of Accounts/ Supporting Records:

Sr.No	Name of the record to be maintained by Accounts Branch	Format
1	Bill Register- Pending and paid	As per Annexure-A1
2	PFMS Print Payment Advice file.	-
3	Cheque issued / bank draft issued register	As per Annexure –A2
4	Advance Register	As per Annexure –A3
5	Security Deposit Register	As per Annexure –A4
6	Beneficiary Contribution Register (wherein receipt of beneficiary contribution is recorded)	As per Annexure-A5
7	Audit compliance register	As per Annexure –A6

Sr.No	Name of the record to be maintained by Administration Branch	Format
1	Consumable Stock register	As per Annexure –A7
2	Fixed Asset /Dead Stock Register	As per Annexure-A8
3	Imprest Amount Register	As per Annexure –A9

17.3) Preservation of Records

All the relevant record related to financial transactions incurred at the level of each accounting center needs to be preserved throughout the Project period.

Chapter-18

Project Financial Reporting

The Project periodical reporting with respect to finance will be to the following authorities:

- 18.1) World Bank
- 18.2) Government of Maharashtra
- 18.3) PCMU

18.1) Periodical reporting by each accounting center for the purpose of World Bank:

Sr. No .	Name of the report	Periodicity	Name of Accounting Center	Due Date	Format
1	Interim Unaudited Financial Report (IUFR)	Quarterly	RIU/DIU to PIU Agri	Within 10 days from the end of quarter	As per Annexure-B1.1
			PIUs to PCMU	Within 20 days from the end of quarter	
			PCMU to World Bank	Within 45 days from the end of quarter	
2	Project Financial Statement (PFS)	Annually	RIU/DIU to PIU Agri	Within 30 days from the end of quarter	As per Annexure-B1.2
			PIUs to PCMU	Within 40 days from the end of quarter	
			PCMU to External Auditor	Within 60 days from the end of quarter	
3	External Audit Report & Audited Project Financial Statement (PFS)	Annually	PCMU to World Bank	Within 9 months from the end of consecutive financial year (i.e.by 31 st Dec)	

Note- 1st quarter-April to June, 2nd quarter-July to September, 3rd quarter-October to December, 4th quarter-January to March.

Retroactive financing:

Payments made by Government of Maharashtra during the one year before the signing of Legal Agreements (the expenditure for which World Bank procurement norms have been followed) will be eligible for retroactive financing.

18.2) Project reporting to Government of Maharashtra:

Sr. No.	Name of the report	Periodicity	Name of Accounting Center	Due Date	Format
1	Annual Budget	Annually	RIU/DIU to PIU Agri	Before 1 st Sep	Annexure B2.1
			PIUs to PCMU	Before 15 th Sep	
			PCMU to GoM	Before 15 th Oct	
2	Revised Budgetary Estimates 4 Monthly	4 Monthly	RIU/DIU to PIU Agri	Before 1 st Sep	Annexure B2.2
			PIUs to PCMU	Before 15 th Sep	
			PCMU to GoM	Before 1 st Oct	
	Revised Budgetary Estimates 8 Monthly	8 Monthly	RIU/DIU to PIU Agri	Before 1 st Dec	
			PIUs to PCMU	Before 20 th Dec	
			PCMU to GoM	Before 5 th Jan	
	Revised Budgetary Estimates 11 Monthly	11 Monthly	RIU/DIU to PIU Agri	Before 20 th Feb	
			PIUs to PCMU	Before 5 th Mar	
			PCMU to GoM	Before 10 th Mar	
3	Final Modified Grants	Annually	RIU/DIUs to PIU Agri	Before 10 th Apr	Annexure B2.3
			PIUs to PCMU	Before 20 th Apr	
			PCMU to GoM	Before 30 th Apr	
4	Utilization Certificate	Quarterly/as per the Project needs	RIU/DIU to PIU Agri	-	Annexure B2.4
			PIUs to PCMU	-	
			PCMU to GoM	-	

18.3) Project reporting to PCMU:

Sr.No.	Name of the report	To be prepared at the level of	Submitted to whom	Periodicity
1	Quarterly Work Plan	RIUs & DIUs	PIU-Agri	20 days before the end of the quarter
		PIUs	PCMU	10 days before the end of the quarter
2	Monthly Expenditure Statement (MES)	Monthly	PIUs to PCMU	Before 10 th of consecutive month
			PCMU to GoM	
			PCMU to GoM	

Chapter-19

Key Tax Advisory

19.1) Statutory Compliances at the level of PCMU level:

19.1.1) The SMART Project consolidated data submission to SMART Society related to Budget, Annual Account or any other compliance as per Societies Act, 1860, Bombay Public Trust Act, 1950, Profession tax, Goods & Service Tax Act, Income Tax Act, 1961, etc. will be the responsibility of the Project Director through Finance Specialist, SMART. The required data for all above compliances will be consolidated and submitted to the Society within time duration given to the Project.

19.1.2) All the payments and returns due under the above Act or any other applicable Act is to be done within the due date. Finance Specialist, SMART will be responsible for timely payments.

19.2) Statutory Compliance at each accounting center level:

The Head of the Implementing Unit/ Accounting Centre of SMART will be responsible for statutory compliances under the Acts applicable to them. Following is the indicative list given.

Sr.No.	Particulars	Taxation
1	Goods & Service Tax Act	GST TDS
2	Income Tax Act	TDS-Salary TDS-Non-salary
3	Profession Tax Act	Profession Tax

All the payments and returns due under the above Act or any other applicable Act is to be done within the due date. The Head of Office of the Implementing Unit/Accounting Centre will be responsible for the defaults occurred in the return/ payment.

19.3) Separate TAN number, GST-TDS numbers for Accounting Centers of SMART:

१९.३.१) The institutions in which accounting centers of SMART are housed might already be having their TAN number and GST-TDS number. Yet for the sake of segregating SMART activities from the activities of the parent institution, a separate TAN number and GST-TDS number should be opened by each accounting center of SMART.

19.3.2) The existing PAN number and PT number of the institution in which the accounting center is housed be used by the accounting center. Accounting centers like PIU-Agri, PIU-AM & PIU-AHD are housed within the Government line Departments. Since the parent institution has no PT number of its own, a separate PT number be opened for these accounting centers.

Sr. no.	Nature of accounting center	Action to be taken	Remarks
1.	Government Department	Separate a) TAN number b) GST-TDS number c) PT number	No requirement of PAN number
2.	Others	Separate a) TAN number b) GST-TDS number	Should use the existing PAN & PT numbers of the parent institution.

19.4) Taxes applicable :

Depending upon the nature of expenditure, the following table gives an indicative list of various types of taxes applicable. Please note that the rates given below are applicable for FY 2020-21 and are subject to changes as per Government regulations from time to time.

19.4.1) Income tax – tax deducted at source (IT-TDS)

Sr. no.	Nature of expenditure	Clause applica ble as per IT Rules	Limit and criteria for limit	Rate		Time limit for deposition of deducted tax to Government treasury	Time limit to file tax returns
				For indivi dual	For other s		
a)	Various types of contracting services	194 C (1)	30,000 (Per payment limit)	0.75%	1.5%	Till 7th of the consecutive month of payment being done	One month after the end of each quarter
			1,00,000 (Per annum)				
b)	Sub-contracting/ Advertiseme nt	194 C (2)	30,000 (Per payment limit)	1%	2%	Till 7th of the consecutive month of payment being done	
			1,00,000 (Per annum)				
c)	For rented space	194 I	2,40,000 (per annum)	7.5%	7.5%	Till 7th of the consecutive month of payment being done	
d)	Taking on rent various types of machinery, furniture etc.		2,40,000 (per annum)	1.5%	1.5%	Till 7th of the consecutive month of payment being done	
e)	Professional Services	194J	30,000 (Per payment limit)	7.5%	7.5%		
Note : In case the service provider does not furnish his PAN number, then TDS @20% be deducted.							

Detailed Tax Circular incorporating all applicable taxes and provisions for Project activities, for each financial year will be issued by PCMU-Finance to all accounting centers of SMART.

19.4.2) Labour insurance and labour cess :

In case of works contract, the contractor is expected to pay labour insurance and labour cess. Due care should be taken to incorporate this clause in the contract. While submitting the running accounts bill by the contractor to the accounting center, the accounting center should confirm that these payments has been done.

Chapter-20

Project Auditing Arrangements

Taking into consideration the quantum of funds involved, the number of institutions and complexity of components and activities of the Project, the Project proposes following auditing arrangement -

- 20.1) Internal Audit on quarterly basis by Chartered Accountants, for each accounting center of SMART. Likewise on sample basis special audit as assigned by Project.
- 20.2) External Audit annually by Comptroller and Auditor General of India. If CAG disagrees then separate audit agency i.e. Firm of Chartered Accountants will be appointed by the Project.

20.1) Internal Audit:

- 20.1.1) The essence of the World Bank audit policy is to that the proceeds of World Bank loan are used for the purposes intended and that internal controls systems are in place and are adequate. Accordingly, The Project will appoint independent firms of Chartered Accountants for carrying out Internal Audit of the Project.
- 20.1.2) The firms would be appointed based on a competitive World Bank procurement process and should meet criteria mentioned in the Terms of Reference for appointment of Internal Auditor of Project. Audit should be conducted as per Terms of Reference for appointment of Internal Auditor of Project.
- 20.1.3) Internal Auditor will conduct the audit of all accounting centers of SMART on quarterly basis as per the accounting & auditing standards issued by The Institute of Chartered Accountants of India. The Auditor will submit the Audit Report to each accounting center involved in the Project and Consolidated Report to PIUs. The major audit paras or audit paras which needs policy decisions will be consolidated and final audit report will be submitted to PCMU within the time frame stipulated in the contract. Compliance of audit points will be the responsibility of the respective accounting center to which the audit para pertains.
- 20.1.4) All CBOs financed in the Project will be audited by the Internal Auditor of the Project. The CBOs will be selected on sample basis by the Project for audit purpose. This selection will be in such a way that all CBOs are covered in a span of three years. Similarly new CBOs financed afterwards should be covered in the rest of the Project period.
- 20.1.5) Internal Auditor should report the status of previous audit paras in the subsequent report.

20.3) External Audit:

- 20.3.1) The importance of external audit is to ensure that, the proceeds of World Bank loan are used for the purposes intended; that the annual project financial statements are free from material mismanagement and that terms of the loan agreement are complied with in all material respects.
- 20.3.2) The External Auditor would be conducted annually by Comptroller and Auditor General of India /Firm of Chartered Accountants. In case the office of CAG does not accept the Project request, the Project would be audited by a CA Firm. The firm will be selected based on competitive procurement process specified by the World Bank and should meet the criteria mentioned in Terms of reference for appointment of External Audit consultancy for Project.
- 20.3.3) For External Audit, Heads of all accounting centers in the Project will prepare and submit their annual accounts (Project Financial Statement) on or before 15th May of the following year to PCMU. After due scrutiny, PCMU will submit the consolidated annual accounts of whole Project to the External Auditor before 30th June of the consecutive year.
- 20.3.4) The Auditor will submit the Audit Report to each accounting center involved in the Project and Consolidated Report to PCMU within the time frame. Compliance of audit paras will be the sole responsibility of each accounting center. Auditor will have to issue a Compliance Certificate regarding the monetary audit paras raised for the financial year/years within the time frame.
- 20.3.5) As per the World Bank norms, the External Audit report will be submitted to the Bank within nine months from the end of each financial year.

20.4) Project Audit Review Committee:**20.4.1) Constitution**

Project Audit Review Committee will be constituted for review and monitoring of Internal and External Audit. This Committee headed by the Project Director, SMART/Commissioner of Agriculture has been constituted in the PCMU-SMART with the following members:

- a) Nodal officers of concerned PIUs
- b) Finance Specialist (PCMU),
- c) Procurement Specialist (PCMU),
- d) Representative of CA firm assigned with external /internal audit,
- e) Accounts Officer (PCMU) (member secretary).

20.4.2) Frequency and quorum of meeting of Project Audit Review Committee:

- a) The report shall be presented before the Committee at the end of each quarter, after the internal audit report has been submitted by the Internal Auditor and annually by the External Auditor.
- b) The quorum expected for the meeting to take place should be at least half of the total strength of the Committee members.

20.4.2) Compliance mechanism for Internal Audit through Project Audit Review Committee:

- a) Project Audit Review Committee will continuously monitor the audit observations and its compliances for execution of effective internal control system.
- b) The Committee will also take into consideration the recommendations of Internal Auditor with respect to internal controls.
- c) This Committee will consider the key audit issues and monitor timely follow-up and corrective actions.
- d) The Audit Committee will hold meetings to carry out the above functions after submission of the audit reports. Any decisions taken in the Audit Committee shall be recorded in the minutes and forwarded to the concerned PIUs/accounting center for further action. Compliance expected will be monitored during the subsequent meeting of the Project Audit review committee.
- e) The cases of gross financial lapses / irregularities are brought to the notice of the departmental higher authorities for appropriate action. In case of unaccepted /unsettled audit paras/ observations, which involves procedural lapses, the Project Audit Review Committee will refer such paras for condonation to the respective heads of department/institutions.
- f) The audit compliances should be sent by the respective PIUs under the signature of their respective Heads of Department. On the basis of decision taken by heads of respective department/ institutions, the Audit Review Committee will take appropriate action in this regard.
- g) A follow-up Action Taken Report shall be placed in the next Audit Committee meeting.

20.4.3) Power to Ratification

- a) The procedural lapses, i.e. non- adherence of laid down procedures for the Project by GoM/WB, in procurement of goods and services for Project Activities can be condoned and this process of condonation is called as Ratification.
- b) Power to ratify the audit observations involving procedural lapses will be with Head of the Government Line Department of respective accounting center. The discretionary power to drop the audit para will remain with the Auditor only.

Chapter-21

Annexures

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ANNEXURE-A1
Bill Register-pending and paid

[illegible]

ANNEXURE-A2
PPA / CHEQUE ISSUE REGISTER

Page No.

Financial Year ----- Accounting Centre -----

Sr. no.	PPA no /Cheque no.	Date	Name and Details	Amount	Signature of maker	Signature of checker	Remark

ANNEXURE-A3
ADVANCE REGISTER

Page No.

Financial Year ----- Accounting Centre -----

Details of Advance given							Advance recoupment details				
Sr. No.	Name of Officer & Designation	Purpose of Advance	Date of Advance	PPA No.	Advance Amount	Sign of responsible officers	Date of submission of Final Bill	Amount of Final Bill Adjusted	Balance Payable or Recoverable	Sign of responsible officers	Remarks

ANNEXURE-A4
SECURITY DEPOSIT REGISTER

Page No.

Details of deposition of security deposit.								Details of refund of security deposit.			
Sr. No.	Date of Deposit	Amount of Deposit	Particulars	Name of Vendor	Date of Contract	Date of renewal of Contract	Date of completion of contract	Due date /revised due date (in case of renewal) of payment of Deposit	Amount of Deposit Refund	Date and mode of Refund	Signature of receiver

ANNEXURE-A5
BENEFICIARY CONTRIBUTION REGISTER

Name of accounting center:

Page No.

Name of Activity /Scheme/Component:

Name of Proposal:

Grant : Beneficiary Ratio (as per grant agreement):

Sr.No.	Nature of Activity	Name of Proposal	Name of Beneficiary	Beneficiary Contribution in the CBO Bank account							Advance given			Balance	
				First Tranche		Second Tranche		Third Tranche			Total	First Tranche	Second Tranche		Third Tranche
				Date	Amount	Date	Amount	Date	Amount						

ANNEXURE-A6
AUDIT COMPLIANCE REGISTER

Name of office

Year of Audit.....

Part (A)

Sr. No.	Date of audit report	Audit Report & Observation Number	Details of Audit Observation	Date of submission of audit compliance	Date of acceptance of audit compliance	Remarks

Part (B)

Sr. No.	Date and Year of Audit Report	Total Number of Audit Observations	Total Number of Audit compliances submitted and accepted	Pending audit observation	Remark

ANNEXURE-A7
CONSUMABLE ITEM REGISTER

Page No.

Financial Year ----- Accounting Centre -----

Details of purchase					Details of issue				
Sr. No.	Name of the vendor	Name of the consumable item	Details of consumable item purchased		Name of the receiver	Date of issue	Issue Quantity	Sign of receiver	Balance Quantity
			Unit	Quantity					

ANNEXURE-A8
FIXED ASSETS REGISTER/ DEAD STOCK REGISTER

Page No.

Description of the Asset: _____

Asset Code: _____

Financial Year ----- **Accounting Centre** -----

Sr. N	Details of Assets Purchased							Transfer of Assets							Sale /write-off				
	Date of Procurement	Name of Vendor	Unit/ Qty/ Number	Rate per unit	Value	Location of Asset	Signature of Admin In-charge	Name of Office / officer	No of Qty.	Date of Transfer	Location of Asset	Sign. of receiver	Date of return of asset	Signature of Admin In-charge	Name of Buyer	Qty	Value	Deposition into treasury	Signature of Admin In-charge

ANNEXURE-A9
IMPREST AMOUNT REGISTER

Page No.

Details of advance given					Details of expenditure incurred against advance			
Sr.No.	Name of the Admin in-charge	Date of issue	Amount	Purpose	Date of expenditure	Purpose of expenditure	Remaining Balance	Sign of Admin in-charge

ANNEXURE-B1.1
Interim Unaudited Financial Report (IUFR)

Interim Unaudited Financial Report								
State of Maharashtra Agri Business & Rural Transformation Project								
(IBRD Credit No. IN)								
Statement of Disbursement required from World Bank								
Report for the period from to								
								IUFR 1

Figures in Rs (Lakhs)

	Particulars		Eligible Expenditure during the Period	Disbursem ent Percentage	Amount to be disbursed - Current Claim	Amount		Remarks
						In INR	In USD (in Millions)	
(a)	(b)		(c)	(d)	(e)=(c)*(d)	(f)	(g)	(h)
A	World Bank Funds Received till the end of reporting period	I						
	Total Project Uses till the end of last reporting Period	II						
	Ineligible expenditure (if any) (See Note 2)	III						
	Net Reimbursable Expenditure	IV = II - III						
	World Bank Funds: Unutilized	V = I - IV						
B	Total Expenditure for the Reporting Quarter (See Note 1)	VI						
	Category – A		0.00					
	Category – B		0.00					
	Category – C		0.00					

C	Net Funds to be disbursed by World Bank	VI = VI-V						
---	--	-----------	--	--	--	--	--	--

* Note: 1) The disbursement Categories are as per the Legal agreement.

2) This Ineligible expenditure can be on account of monetary disallowances as per external audit, or other independent reviews like mission etc.

Date:

Date:

Prepared by:.....

Approved by:

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project
(IBRD Credit No. IN)
Statement of Expenditure (Eligible for disbursement through IUFR)
Report for the period from to
IUFR 2

Figures in Rs (Lakhs)					
S.No	Particulars	Project Life allocation	Current Quarter	Year to Date	Cumulative till Date
	Component wise expenditure : Eligible for claim through IUFR				
i	Component A-2&3				
ii	Component B				
iii	Component B - 3 (PCGF - Guarantee Fund)				
iv	Component C				
v	Component D				
	Total Expenditure				

Date:

Date:

Prepared by:.....

Approved by:

Interim Unaudited Financial Report				
State of Maharashtra Agri Business & Rural Transformation Project				
(IBRD Credit No. IN)				
Statement of Sources and Uses of Funds (Over all Activity Position)				
Report for the period from to				
				IUFR 3
				Figures in Rs (Lakhs)
S.No.	Particulars	Current quarter	Year to Date	Cumulative to Date
A	Sources of Funds (A= B+C)			
B	Opening Balance in Hand*			
C	Receipts			
i	Budgetary Grants/ Grants received			
ii	Unpaid Deductions			
iii	Receipts from Contractor			
iv	Interest Income			
v	Other Income			
D	Uses of Funds (D=E+F+G+H)			
E	Component A: Enhancing Institutional Capacity to Support Agricultural Transformation			
	<u>Subcomponent A.1: Enhancing institutional capacity of the Department of Agriculture</u>			
	Good			

	Consultancy			
	Training			
	Others			
	<u>Subcomponent A-2: Enhancing institutional capacity of the Department of Marketing</u>			
	Good			
	Consultancy			
	Training			
	Others			
	<u>Subcomponent A-3: Strengthening capacity for reform measures and joint actions</u>			
	Good			
	Grants to Stewardship councils (for details refer IUFR 4)			
	Consultancy			
	Training			
	Others			
F	Component B: Expanding Market Access and Supporting Enterprise Growth			
	<u>Subcomponent B.1: Market Access Support</u>			
	Good			
	Grants to CBO (for details refer IUFR 4)			
	Consultancy			
	Training			
	Others			
	<u>Subcomponent B.2: Enterprise Development Support</u>			
	Goods			

	Services			
	Trainings			
	Others			
	<u>Subcomponent B.3: Access to Finance Support</u>			
	Goods			
	Services			
	Trainings			
	PCGF - Guarantee Fund			
	PCGF - Operating Cost			
	Others			
	<u>Subcomponent B.4: Pilot program on Urban Food Systems</u>			
	Goods			
	Grants to CBO (for details refer IUFR 4)			
	Services			
	Trainings			
	Others			
G	<i>Component C: Building Risk Mitigation Mechanisms</i>			
	<u>Subcomponent C.1: Enhanced market information and intelligence services</u>			
	Goods			
	Services			
	Trainings			
	Others			
	<u>Subcomponent C.2: Strengthening the warehouse receipts systems</u>			
	Goods			
	Grants to CBO (for details refer IUFR 4)			
	Services			

	Trainings			
	Others			
	<i>Subcomponent C3: Price Risk Management Support</i>			
	Goods			
	Services			
	Trainings			
	Others			
H	<i>Component D: Project Management, Monitoring and Learning</i>			
	Goods			
	Services			
	Trainings			
	Others			
I	Closing Funds Available at the end of reporting period (A-D)			
J	<i>Closing Funds as per Books of Accounts</i>			
i	Closing Balance in Hand*			
ii	Mobilization advance received/ refunded(Advance supported by Bank Guarantee)			
iii	Advances to Suppliers & Others			
iv	Less: Unpaid Deductions			
K	Difference (I-J)			
* Note: Balance as per Parent Central Pool Account managed at PCMU level.				
Note	For PIU VSTF, reported expenditure in this IUFR 3 will only include expenditure that flows through the Parent Central Pool Account managed by PCMU. The expenditure incurred out of the seprate bank account maintained for private sector financing will be reported through IUFR 7..			
Note	We certify that the above figures are based on the payments made under the SMART project. The necessary supporting documents are retained and available for review.			

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project
(IBRD Credit No. IN)
Statement of Grants to Community Based Organizations (CBOs) and Stewardship councils
Report for the period from to

IUFR 4**Figures in Rs (Lakhs)**

	Grants/Incentives			Expenditure			Unspent Funds
CBO/ Stewardship councils - Location	Current Quarter	Year Till Date	Cumulative Till Date	Current Quarter	Year Till Date	Cumulative Till Date	
Total							

The figures reported above are based on the financial reports provided by Communities/ Stewardship councils. The supporting documents are retained and available for review at respective communities.

Date:

Date:

Prepared by:.....

Approved by:

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project (IBRD Credit No. IN)
Statement of Details of Prior Review Contracts *
Report for the period from to
IUFR 5

**Figures in Rs
(Lakhs)**

Contract No.	Contract Date	Description of Contract	Name of Contractor	WBR No. & Date	Contract Amount (Exclusive of service tax)	Revised Contract Amount	Date of Payment	Amount paid						WB's Share of Amt Paid to Contractor during current quarter
								Current Quarter			Cumulative Amount Paid			
								Amount Excluding Taxes	Net Tax Paid	Total Amount	Amount Excluding Taxes	Net Tax Paid	Total Amount	
Total					0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00

:*Note: 1) The contracts where payments are made to be considered in this format.

:*Note: 2) The contracts which are complete may be removed from reporting

Date:

Prepared by:

Date:

Approved by:

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project (IBRD Credit No. IN)
Statement of Disbursement required from World Bank
Report for the period from to
IUFR 6

Application No	WA/RF No.	IUFR Reference Period	Amount in INR Lakhs		Amount paid by Bank			Variance
			Expenditure	Claimed	INR lakh	USD in million	SDR in million	
Total							0.00	

Date:

Date:

Prepared by:.....

Approved by:

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project
IBRD Credit No. IN
Statement of Sources and Usage of Funds : Private Sector Funds (through VSTF)
For the quarter ending :

IUFR 7

Figures in Rs (Lakhs)

S.No.	Particulars	VSTF : For CSR Funding		
		Current quarter	Year to Date	Cumulative to Date
A	Sources of Funds (A= B+C)			
B	Opening Balance in Hand*			
C	Receipts			
i	Private Sector Funds			
ii	Interest Income			
iii	Other Income			
D	Uses of Funds			
D	Expenditure incurred from Private Sector Funds directly through VTF			
i	Goods			
ii	Training			
iii	Consultancy			
iv	Grants to CBO			
v	Others			

E	Closing Funds Available at the end of reporting period (A-D)			
F	<i>Closing Funds as per Books of Accounts</i>			
i	Closing Balance in Hand*			
ii	Mobilization advance received/ refunded(Advance supported by Bank Guarantee)			
iii	Advances to Suppliers & Others			
iv	Less: Unpaid Deductions			
G	Difference (E-F)			

*** Note:** Balance in seprate bank account mainatined by VSTF for 'Private Sector Fund' under SMART Project.
We certify that the above figures are based on the payments made from Private Sector Funds through VSTF. The necessary
Note: supporting documents are retained and available for review.

Date:

Date:

Prepared by:.....

Approved by:

Interim Unaudited Financial Report
State of Maharashtra Agri Business & Rural Transformation Project
(IBRD Credit No. IN)
Statement of Eligible Expenditure Program (EEP)*
Report for the period from to
IUFR 8

Figures in Rs (Lakhs)

S.No	Particulars	Project Life allocation	Current Quarter	Year to Date	Cumulative till Date
	Component A.1: Enhancing institutional capacity of the Department of Agriculture				
i	Salary (Budget Code 24010136) **				
ii	Goods				
iii	Consultancy				
iv	Training				
v	Cluster Level expenditure				
vi	Others				
	Total Expenditure				

* Note: IUFR 8 will be submitted at the time of filling DLI based claim.

**Note: 50 percent of actual expenditure under this head.

Date:

Date:

Prepared by:.....

Approved by:

ANNEXURE-B1.2
PROJECT FINANCIAL STATEMENT (PFS)
ANNEXURE 20-A

State of Maharashtra Agri Business & Rural Transformation Project (IBRD Credit No. IN)

Loan / Credit /Grant No. IN

Statement of Sources and Application of Funds

Report for the period to

(Rs. in lakh)

Particulars	Previous Year Project till date (.. To)	Current Year (.... To)	Project till date (..... To.....)
Opening Balance, (if cash balances are controlled by the entity) (A)			
Receipts			
Funds received from Government through Budget (These will include external assistance received by Government of the project)			
Unpaid Retentions			
Retentions/Deductions made from payment			
Other Retentions received			
Saving Bank Interest			
Other Receipts			
Total Receipts (B)	0.00	0.00	0.00
Total Sources (S= A + B)	0.00	0.00	0.00
Eligible Expenditure			
Mobilization Advance (eligible for re-imbursemnt)			
Payments ineligible for re-imbursement			
- Advances			
- Expenditure Financed by State Govt.			
- SD with Treasury			
Sub Total of Ineligible Expenditure	0.00	0.00	0.00
Total Expenditure (D)	0.00	0.00	0.00
Bank Balance	0.00	0.00	0.00

State of Maharashtra Agri. Business & Rural Transformation Project (IBRD Credit No. IN)

Loan / Credit /Grant No. IN

Reconciliation of Claims to Total Application of Funds

Report for the period to (Rs. in lakh.)

Sr.No.	Particulars	Previous Year Project till date (.... To)	Current Year (... To)	Project till date (.. To ...)
A	Bank funds claimed during the year (as per IUFR)			
B	Total expenditure made during the year (as per PFS)			
C	Less Outstanding AC Bills			
D	Payments ineligible for reimbursement [Advances (under Expenditure) + Retentions/Deductions made from Payment (under Receipts)+Expenditure Financed by State Govt.+SD with Treasury]			
E	Expenditure not claimed			
F	Total Eligible Expenditure claimed (F) =(B) - (C) - (D) - (E)	0.00	0.00	0.00
G	World Bank Share @ 90% of (F) above	0.00	0.00	0.00
	Difference (A-G)	0.00	0.00	0.00

Date:

Date:

Prepared by:.....

Approved by:

ANNEXURE-B2.1 **ANNUAL BUDGET ESTIMATES**

State of Maharashtra Agribusiness Rural Transformation Project (SMART)

Annual Budget Estimate For the Financial Year

Name of PIU / Implementation Unit :

(Phy- In Numbers, Fin-In Rs.lakhs)

Sr.No	Activity	Unit (For e.g. Numbers)	Apr		May		June		July		Aug		Sep		Oct		Nov		Dec		Jan		Feb		Mar		Total Year	
			Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin
	Total																											

**Signature of the
Head of the Department**

ANNEXURE-B2.2
REVISED BUDGET ESTIMATES (4/8/11 MONTHLY)

State of Maharashtra Agribusiness Rural Transformation Project (SMART)

Revised budget estimates (4/8/11 monthly) For the Financial Year

Sr.No.	Name of Activity	Original Budget	Expenditure Upto April to -----	Demand For the Period of ----- to Mar	Total revised expected budget R.E	Surrender (-) / Excess (+) demand with respect to original Budget	Remarks
1	2	3	5	6	7=(5+6)	8=(7-3)	9
		10	2	6	8	-2	

**Signature of the
Head of the Department**

ANNEXURE-B2.3
FINAL MODIFIED GRANTS (FMG)

State of Maharashtra Agribusiness Rural Transformation Project (SMART)

Final Modified Grants for the Financial Year

(Rs. in Thousand)

Sr.No	Name of the Scheme	Account Head	Item	Original Budgetary Estimates for F.Y...	Supplementary Grants available				Total Budgetary provision for F.Y...	Actual Expenditure in F.Y..	Excess /Less	Reasons for excess/less
					July	Dec	Mar	Total				
1	2	3	4	5	6	7	8	9 (6+7+8)	10(5+9)	11	12	13

**Signature of the
Head of the Department**

ANNEXURE-B2.4
UTILIZATION CERTIFICATE (UC)
(to be submitted by accounting centres)

State of Maharashtra Agri Business & Rural Transformation Project
Utilization Certificate (UC) F.Y. _____

Office of the _____

State of Maharashtra Agri Business & Rural Transformation Project, Pune

Sr.no	Letter no. & date from Govt. of Maharashtra	Amount Rs. in lakhs.	Remarks
			<p>Certified that total amount received for _____ work Rs..... (in words _____) During the year _____ Rs..... (in words _____) has been utilized for the purpose which has been sanctioned.</p> <p>The remaining amount Rs..... will be spent on ongoing _____ office expenditure.</p>
	Total Received		

Certified that I have satisfied myself that the condition on which grants was sanction for _____ works have been duly fulfilled and that I have exercised all the works to see that the money was actually utilized for the purpose for which it was sanctioned.

**Signature of the
Head of the Department**

ANNEXURE-C1**State of Maharashtra Agri Business & Rural Transformation Project
Expenditure Claim Form (ECF)**

Voucher No. ...

Date/...../.....

(to be filled by Accounts branch)

1) **Name of the Unit** :2) **Activity as per Chart of Accounts (please refer chart of accounts in FMM) :**

a) Activity code (e.g.A2.1.1....) : _____

b) Activity name (e.g. Outreach activities on market reform & regulations) : _____

3) **Category of expenditure (please refer chart of accounts in FMM) :** (Tick ✓ as applicable)Goods & equipment/ Consultancy Services/Non-Consultancy Services/ Training,
Workshops etc/ Incremental operating cost/ Civil Works/ Project Grants4) **Object code associated with the activity (please refer chart of accounts in FMM):**

(Tick ✓ as applicable)

31- Grants in aid/ 33-subsidies

5) **Delegation of power associated with the activity (please refer chart of accounts & delegation of powers in FMM) :**

Authority of delegation of power	Designation of officer who has been delegated the power	Periodicity of power to be exercised (e.g. per event/once in Project life etc)	Financial limit given	Limit consumed till date	Amount of current bill	Total limit that will be consumed including current bill
1	2	3	4	5	6	7(5+6)

6) **Checklist :**

Sr.no	Particulars	Remarks
1	Whether approval for expenditure taken from competent authority? (Please attach original order)	Order no. _____ Order date. _____
2	Whether the proper procurement procedure has been followed while incurring the expenditure?	

3	Whether the necessary and original documentation has been attached? (Please see Annexure D of FMM-check list)	
4	Whether the necessary certifications have been given? (Please see Annexure E of FMM)	

7) Details of Payment to be done :

Sr. No.	Name of the party in which PPA/cheque is to be issued	Amount payable		Remarks
		Rs.	Paise	
	Total			

Passed for Rs. /- (In Figures) ----- (Rs. in words)

Signature of the passing officer

(Name & designation of the passing Officer)

Note: Passing officer should be not less than rank of class2 or its equivalent.

FOR ACCOUNTS BRANCH

(Rs in actuals)

a) Gross amount of the bill Rs.-----

b.) Statutory deductions:

Sr. no.	Nature of tax	Tax Section	Rate applicable	Amount of deduction
1	Income Tax TDS for Govt. employees on deputation	192A	based on IT slab	
2	Professional Tax TDS for Govt. employees on deputation			
3	Income Tax TDS on contractual services (e.g. manpower hiring contract, housekeeping contract, vehicle hiring contract etc.)	194C		
4	Income Tax TDS for professional services contractual services (e.g. manpower hiring contract, housekeeping contract, vehicle hiring contract etc.)	194J		
5	Income Tax TDS for rent	194I		
6	GST TDS	51		
7	Other deductions if any			
	Total deductions			

c) Net amount of the bill Rs.-----

Pay Rs.-----/- (in figures).....(Rupees in words)

Bill Approved

Accountant

Accounts Officer

Finance Head

ANNEXURE-C2
State of Maharashtra Agri Business & Rural Transformation Project
Advance Claim Form (ACF)

Voucher No. _____
 Date _____ } (to be filled by Accounts Branch)

- 1) Name of the person: _____
- 2) Designation & Department: _____
- 3) Purpose of Advance: _____
- 4) Activity as per Chart of Accounts (please refer chart of accounts in FMM) :
 - a) Activity code (e.g.A2.1.1....) : _____
 - b) Activity name (e.g. Outreach activities on market reform & regulations) : _____
- 5) Amount of advance requisitioned: Rs. _____/-
 (in figures) _____ (Rupees in words)
- 6) Sanction order details for the said payment:
 Order No. _____ Date ____/____/____ (order to be attached)
- 7) If any previous advance is pending for settlement: Yes / No
- 8) If yes, particulars of outstanding advance amount _____
 - a) Date of previous advance _____
 - b) Reason for non-settlement _____

I hereby undertake to recoup the above advance of Rs. _____ within a period of one month or completion of the said activity whichever is earlier. I am also aware that the office would deduct the amount from my salary, if I fail to recoup the advance within the set time frame.

Signature of Applicant

Signature of the Administrative /Controlling officer

For Accounts Branch

- 1) Advance payable Rs. _____
- 2) Tax deductible (if any) _____
- 3) _____

Accountant

Accounts Officer

Finance Head

ANNEXURE-C3**State of Maharashtra Agri Business & Rural Transformation Project**
Advance Recoupment Form (ARF)

Voucher No. _____
 Date _____ } (to be filled by Accounts Branch)

- 1) Name of the person: _____
- 2) Designation & Department: _____
- 3) Activity as per Chart of Accounts (please refer chart of accounts in FMM) :
 - a) Activity code (e.g.A2.1.1....) : _____
 - b) Activity name (e.g. Outreach activities on market reform & regulations) : _____
- 4) Sanction order details for the said payment:

Order No. _____ Date _____ (order to be attached)
- 5) Whether necessary certifications have been endorsed on the back side of the invoices attached. Yes / No

6) Details of recoupment to be done:

Advance taken details			Expenditure incurred	Excess expenditure (differential amount to be paid by the office) / Less expenditure (differential amount to be refunded back to office by employee)
Date	Amount	Purpose		

In case of less expenditure details of refund to the office:

Date	Cheque No./Transaction Id	Bank Name	Amount

Signature of Applicant

Signature of the Administrative /Controlling officer

For Accounts Branch

1. Advance taken details:

Amount	Date	Voucher No.

2. Taxes & other deductions if any Rs. _____
3. Net Amount payable to employee / Net amount refundable to SMART Rs. _____

Accountant

Accounts Officer

Finance Head

ANNEXURE-D

PRE AUDIT CHECKLIST

Sr.No	Type of Bill	Checklist
1	Advertisement in Newspapers	Expenditure claim form of the Project
		Xerox of pre approval office note
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
		Copy of office letter given to Director (Information Department) Pune/ Mumbai for giving advertisement
		Copy of letter given by Information Department to publish advertisement in paper
		Rate certificate given by Deputy Director (Information Department) to Newspaper Agency
		Rate certificate given by Deputy Director (Information Department)
		Copy of published advertisement in News paper
2	TA / DA	Expenditure claim form of the Project
		Xerox of pre approval office note
		Sanction Tour Diary
		TA Bill Format as per Project (DA rates as per the applicable slab)
		Ticket number of of AC Class
		Ticket and Boarding pass attached for air travel bill
		Need of pre sanction by PD for traveling to other State.
		Need of pre sanction by PD for traveling by plane (economic class only)
3	Telephone / Electricity Bill / Internet / Res. Telephone Bill / Water Bill	Expenditure claim form of the Project
		Office sanction order signed by competent authority
		Original invoices with necessary certifications (billing address should be in the name of office)
		To condone late fee charges, sanction order be signed by competent authority
4	Vehicle hiring	Expenditure claim form of the Project
		Xerox of pre approval office note
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
		Original Toll receipt / Parking receipt should be attached
		Copy of contract for the first payment
		Copy of original log sheet with details & signature of user
5	Office rent	Expenditure claim form of the Project
		Original demand letter from owner
		Office sanction order signed by competent authority
		Copy of contract/ Agreement for first payment
		Certified copy by Executive Engineer, PWD that rate of rent is reasonable for first payment
		In case of office is rented in private place, certified copy by

Sr.No	Type of Bill	Checklist
		Executive Engineer, PWD that govt. office space is not available.
6	Stationery	Expenditure claim form of the Project
		Xerox of pre approval office note
		Office sanction order signed by competent authority
		Original invoices with necessary certifications (entry in stationery register page no. ...)
		Copy of contract for first payment
7	Refreshment/Lunch/Dinner	Expenditure claim form of the Project
		Xerox of pre approval office note
		Original invoices with necessary certifications
		Office sanction order signed by competent authority
		Attendance Sheet
8	Service Provider for consultancy services	Expenditure claim form of the Project
		Office sanction order signed by competent authority
		Approval for payment sanctioned in the subject Committee meeting (minutes be attached)
		Supporting documents with respect to the deliverable be attached (e.g. for studies - reports, for training - attendance sheet, dated photographs of the event etc.)
		studies - reports
		for training - attendance sheet, dated photographs of the event
		for field visit, attendance to field visit validated by concerned party
		Original invoices with necessary certifications signed by the concerned specialist
9	Service Provider for contractual services	Expenditure claim form of the Project
		Office sanction order signed by competent authority
		Original invoices with necessary certifications signed by the concerned specialist
		Copy of contract/ Agreement for first payment
10	Professional fees for the individual consultant hired by the Project	Expenditure claim form of the Project
		Xerox of pre approval office note
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
		Supporting documents with respect to the deliverable be attached
11	Payment for manpower hiring agency	Expenditure claim form of the Project
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
		Copy of contract/ Agreement for first payment
		Attendance Sheet
		Receipt of PF / PT/ ESIS deposited by the SP for previous month
		Monthly Salary Statement with name/ designation of employee / PF / ESIS/ PT amount.
12	Newspaper	Expenditure claim form of the Project
		Office sanction order signed by competent authority

Sr.No	Type of Bill	Checklist
		Original invoices with necessary certifications
13	Purchase of goods & equipment	Expenditure claim form of the Project
		Copy of contract with Supplier/Agency
		Supply order to the Supplier/Agency
		Xerox of pre approval office note
		Office sanction order signed by competent authority
		Original invoices with necessary certifications (entry in dead stock register page no. ...)
		Duly signed and certified delivery challans
		Duly signed Installation report
		Copy of contract for first payment/ copy of office order
14	Payment for annual maintenance contracts bills	Expenditure claim form of the Project
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
		Copy of contract for first payment/ copy of office order
		Concurrence certification of concerned Project officers
15	Payment for training/demonstrations/capacity building/programmes/meetings/events/workshops/exhibitions	Expenditure claim form of the Project
		Preapproval to cost estimates for the event
		Copy of contract in case the Project opts for Service Provider for managing such activities for first payment.
		Contract/document related to catering, hall rent, vehicle arrangement etc.
		For training/workshop/meeting - signed attendance sheet of participants
		Dated photographs of the event
		Office sanction order signed by competent authority
		Original invoices with necessary certifications
16	Payment for civil works	Work order given to the Contractor.
		Running Account Bills/Final Bill
		Utilization certificate
		Dated Photographs of the works at different progressive stages
		Extension order (if any).
		Completion certificate.
		Excess saving statement.
		Approval of respective PIU/DIU head (for extra item ,if any)
		Proof of payment of taxes/cess/other statutory dues (Income Tax, VAT, Labour cess, Labour insurance and Royalty).
		Register of works undertaken.
17	Taking of advance	Advance claim form (ACF)
		Xerox note of preapproval to cost estimates for the advance
17	Recoupment of advance	Advance recoupment form (ARF)
		Office sanction order signed by competent authority
		Original invoices and supporting documents with necessary certifications

Sr.No	Type of Bill	Checklist
18	General precautions to be followed while submitting bills	Avoid whitener, overwriting
		Mention paid by me/paid by me through advance on invoice or bill
		Do not attach faded bills/ invoices. To avoid this also attach xerox of invoice/bill.
		Invoice/Bill should be signed by vendor
		Every invoice should be mention details of particular, rate, quantity and total amount.
		Abstract of expenditure is attached with bill/invoice
		Advance must be recouped within one month from taking advance or from occurrence of event which is earlier

Note :- Documents generated during procurement from GeM portal will be submitted wherever applicable

ANNEXURE-E
NECESSARY CERTIFICATIONS FOR PASSING OF VARIOUS BILLS

Certifications:

A) Purchase of goods / stationery items :

- a) I certify that the expenditure charged in this bill was absolutely necessary and has actually been incurred.
- b) It is hereby certified that the goods/ stationery items are received in good condition and the entry has been taken in stock register/ stationery items register on page no_____.
- c) The rates charged are not more than market rates
- d) Rates charged are as per the accepted rates and quantities are as per supply order.

B) Newspaper / Telephone / Internet / Mobile Bill / Electric Bill Payments:

- a) The said claim has been made against expenditure for office purposes only.
- b) The claim has not been paid earlier.

C) Office Rent :

- a) The claim for rent has been made as per the rates in the agreement.
- b) The claim has not been paid earlier.

D) Petrol / Diesel Bill :

- a) The claim has not been paid earlier.
- b) I certify that the expenditure charged in this bill was absolutely necessary and has actually been incurred for office purposes only.
- c) Entry of the claim has been taken in diesel register on page no. –

E) Vehicle Hiring :

- a) The claim for vehicle hiring has been made as per the rates in the agreement.
- b) The claim has not been paid earlier.
- c) I certify that the expenditure charged in this bill was absolutely necessary and has actually been incurred for office purposes only.
- d) No one person has availed the benefit of more than one vehicle at a particular time.

F) Annual Maintenance Contract for various services :

- a) The claim has been made as per the rates in the contract.
- b) The claim has not been paid earlier.
- c) I certify that the expenditure charged in this bill was absolutely necessary and has actually been incurred for office purposes only.

G) Printing :

- a) It is certified that the quality of printing is good.
- b) The printed materials have been received in good condition and the entries of the same have been taken in stock register page no. _____

H) Advertisement :

- a) The rates charged for the advertisement are as per the DGIPR rates and as per the rules & regulations of DGPIR issued from time to time.
- b) The size of advertisement published is the same as given by this office.
- c) The claim has not been paid earlier.

I) Service Provider :

- a) Certified that the various reports / deliverables which are due for this period have been received and are as per the contract agreement and can be paid.
- b) The claim for the salaries and allowances claimed by the Service Provider is correct and he has actually engaged people against the claim for the project purposes.
- c) The claim for incidental expenses are found to be correct.

ANNEXURE-F1
ToR FOR EXTERNAL AUDIT
ToR for hiring External Auditor
in

State of Maharashtra's Agribusiness and Rural Transformation Project (P168310)

I. INTRODUCTION

1) Background:

The Government of Maharashtra through Government of India has applied for a loan from International Bank for Reconstruction and Development for implementation of State of Maharashtra's Agribusiness and Rural Transformation Project (SMART).

The Project Development objective is to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra. This would be achieved by expanding access to new and organized markets for producers and enterprises with complementary investments in technical services and risk management capabilities.

- **Enhancing Institutional Capacity for Agribusiness Reforms and Risk Mitigation.**

The focus of this intervention is to enhance the capacity of the state to (1) conceive and implement an evidence-based agribusiness support reform program; and (2) to better manage risks arising from integration into global markets.

- **Supporting Enterprise Growth and Expanding Market Access**

The focus of this intervention is to enhance the provision of relevant technical and Business Development Services (BDS) to support enterprise growth in the agribusiness sector and improve access to a range of new domestic and export markets.

- **Building Risk Mitigation Mechanisms**

The focus of this intervention is to strengthening risk mitigation measures including building the capacity of the state to respond to commodity-price fluctuations and agriculture sector crises; developing access to timely information on markets and productions trends and enhancing access of producers to financing and hedging instruments.

- **Project Management:**

This would help to ensure effective project management at the state and district levels, and support information and logistics, communications, project related consultancies and monitoring and evaluation

2) Overview:

The duration of project is seven years and cost of project is Rs. 2100 crores excluding beneficiary contribution. The funds contribution for project by World Bank through Central Govt. will be 70% of total Project fund, the State Government share will be 26.67% of total Project fund and Private Sector i.e. CSR funding will be 3.33% of total Project fund. The project would be implemented across the State of Maharashtra.

The Project involves fund flow to the Government line departments and various institutions. The fund will flow to the following line departments:

- Department of Agriculture (Nodal Department),
- Department of Agriculture Marketing,
- Department of Animal Husbandry.

The Implementing Institutions in the Project are:

- 34 Agriculture Technology Management Agency (ATMA) in the State (under Agriculture Department)
- a) Vasantrao Naik State Agricultural Extension Management Training Institute (VANAMATI)
- b) Maharashtra State Warehousing Corporation (MSWC) (under Co-operation and Marketing Department)
- c) Maharashtra State Agricultural Marketing Board (MSAMB) – (Under Co-operation and Marketing Department).
- d) Maharashtra Co-operative Development Corporation Ltd. (MCDC). (Under Co-operation and Marketing Department).
- a. f) The Maharashtra State Co-op Cotton Growers Federation Ltd. (MAHACOT) (Under Co-operation and Marketing Department).
- e) Mahila Arthik Vikas Mahamandal (MAVIM) (under Woman & Child Development Department).
- f) Maharashtra State Rural Livelihood Mission (MSRLM) (under Rural Development Department).
- g) Village Social Transformation Foundation (VSTF) (under Rural Development Department).
- h) Pune Municipal Corporation (PMC) (under Urban Development Department).

The Finance Specialist of SMART Project has been declared the Drawing and Disbursing Officer (DDO) for the Project. Accordingly, the DDO bank account will be opened at the PCMU level. The DDO in the office of PCMU, SMART shall access the BEAMS portal and submit bill to Treasury in format MTR 44 and under the Government specified object code after receiving the funds in lump sum from Treasury, these funds will be deposited in a DDO bank account opened at the level of PCMU.

The Drawing and Disbursing Officer in the office of PCMU, SMART, will be duly authorized to draw and disburse the funds from the bank account. As far as financial management is concerned, these implementing units will be responsible for preparing annual work plan, annual and revised budgetary estimates, monthly expenditure reports, quarterly Interim Unaudited Financial Reports (IUFR), annual Project Financial Statements (PFS) and Internal and External Audit compliances.

3) The fund flow for the project is attached in Annexure 1.

4) The accounting centers of the project is attached in Annexure 2.

II. External Audit:

The essence of the World Bank audit policy is to ensure that the bank receives an adequate, independent and professional audit assurance that the proceeds of World Bank loan were used for the purposes intended, that the annual Project Financial Statements are free from material mismanagement and that terms of the loan agreement are complied with in all material respects.

1) Objectives:

The overall objectives of external audit of Project Financial Statements (PFS) is to provide the project management with independent assurance that:

- (1) The PFS give a true and fair view of the sources and applications of project funds for the period under audit examination;
- (2) The funds were utilized for the purposes for which they were provided,
- (3) The procurement procedure prescribed in the Procurement Manual has been followed
- (4) Expenditures shown in the PFS (Project Financial Statement) are eligible for financing under the relevant loan or credit agreement. In addition, where applicable, the auditor will express a professional opinion as to whether the Financial Management Reports submitted by project management may be relied upon to support any applications for withdrawal from the IBRD Credit/Loan.

The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project and are maintained by the management at the accounting centers.

2) Audit Standards

The audit will be carried out in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. The auditor should accordingly consider materiality when planning and performing the audit to reduce audit risk to an acceptable level that is consistent with the objective of the audit. Although the responsibility for preventing irregularity, fraud, or the use of credit/loan proceeds for purposes other than as defined in the legal agreement remains with the borrower, the audit should be planned so as to have a reasonable expectation of detecting material misstatements in the project financial statements.

3) Scope:

In conducting the audit, special attention should be paid to the following:

a) **Legal compliance:** All funds have been used in accordance with the conditions of the relevant legal agreements and only for the purposes for which the financing was provided with due attention to economy, efficiency and effectiveness. Relevant legal agreement includes the Financing Agreement, the Project Agreement, the Minutes of Negotiation and the Project Appraisal Document., and only for the purposes for which the financing was provided.

The SMART Project is functioning under the SMART Society. So apart from above, External Auditor also have to verify compliances of provisions of Bombay Public Trust Act, 1950, Society Registration Act 1860 and Income Tax Act 1961.

b) **IUFR:** Quarterly Interim Unaudited Financial Reports submitted by the Project and amounts reimbursed by the Bank are reconciled; that the accounts of the each accounting center of SMART Project are incorporated in a timely manner at the PCMU level and incorporated in the relevant IUFR; that exceptions are noted and followed up.

c) **Procurement:** Correct procurement procedures for works, goods and consultancy services have been followed for each procurement and that records of all procurement, agreements, work/ purchase orders, invoices, receipts, stock registers, etc. are properly maintained, duly linked and retained.

d) **Compliance:** The project accounts have been prepared in accordance with the accounting principles defined in the Project Financial Manual and present fairly, in all material respect, the financial position of the project at the year end, and, of resources and expenditure for the year ended on that date; bank reconciliations have been carried out on a monthly basis and balances in hand are as per requirements and not in excess of requirements.

e) **Availability of funds:** The funds flow mechanisms at the State and District levels are efficient and timely and, whether there are delays which could impact timely implementation of the project.

f) **Beneficiary Contributions:** These are deposited in separate bank accounts opened for Project purposes and are maintained as per the terms and conditions stated in the financial manual.

g) **Documentation and linkages:** All necessary supporting documents, records, and accounts have been kept in respect of all project activities, and that clear linkages exist between accounting records, books of accounts and the periodic financial reports from the various accounting centers of Project ;further clear linkages exist between the accounting records including books of accounts and the Project Financial Statements.

h) **Asset management:** Adequate records are maintained of assets created and assets acquired by the project, including details of cost, identification and location of assets; physical verification of assets created under the project is carried out; there is proper utilization of the assets; and whether the terms and conditions of contract of building new infrastructure have been adhered to with respect to time and money.

i) **Internal audit:** The system of internal audit is functioning adequately and is effective including internal audit coverage and reports and action taken on internal audit observations.

j) **Effective project financial management system,** including internal controls, were in operation throughout the period under audit examination. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system

The auditor should report all exceptions and suggest remedial measures as appropriate. The auditor shall obtain sufficient audit evidence to support audit conclusions and satisfactorily document coverage of the audit and audit working papers. The auditor will also ensure that the compliance/ action taken report on audit observations carries forward all pending audit observations from earlier audit reports. Auditor will issue a Compliance Certificate regarding the monetary audit paras raised for the financial year ____ before 31st Jan ____ or the date given by the project.

4. Coverage for the Audit:

The audit would cover the entire accounting centers of SMART Project. The audit would also cover all consultancies or other contracts that may be entered into by the implementing agencies and accounting centers. Similarly External Auditor should conduct audit of CBO financed under Project on sample basis as required by Project.

5. Extent of Audit:

- a) The auditor should cover all accounting centers and listed partner institutes mentioned in Annexure No.II.
- b) The auditor should determine the extent of checking using his professional judgement and should be sufficient to justify the audit opinion. All transfers of funds to various accounting centers and expenditure made by them are to be checked and verified.

6. Period, Timing and sample coverage of External Audit:

The auditor have to conduct audit of transactions/consultancies entered during the financial year ending as on 31st March ____.

The auditor shall deploy adequate qualified/ semi-qualified staff for sufficient periods of time to ensure that the final audit report is submitted to the Bank within six months from the end of the financial year that is by 30th September _____. The date for submission of annual audit report is a legal covenant and shall be complied with.

7. Reporting:

PROGRAMME FINANCIAL STATEMENTS

Programme Financial Statements should include:

(A) Receipts & Payments Account,

(B) Reconciliation of Claims to Total Applications of Funds.

(C) Other Statements or Schedules which may include:

- A separate list of cumulative project expenditures by Project Component/Sub-components; (i.e.IUFR)
- A detailed list of assets created or purchased from project funds.

(D) Management Assertion: Management should sign the project financial statements and provide a written acknowledgement of its responsibility for the preparation and fair presentation of the financial statements and an assertion that project funds have been expended in accordance with the intended purposes as reflected in the financial statements. An example of a Management Assertion Letter is shown at Annexure III.

STATEMENTS OF EXPENDITURES AND INTERIM UNAUDITED FINANCIAL REPORTS

In addition to the audit of the PFS(Project financial statement), the auditor is required to audit all Interim Unaudited Financial Reports (IUFRs) for withdrawal applications made during the period under audit examination. The auditor should apply such tests as the auditor considers necessary under the circumstances to satisfy the audit objective. In particular, these expenditures should be carefully examined for project eligibility by reference to the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

An audit report on the project financial statements should be prepared in accordance with the Auditing Standards promulgated by the Institute of Chartered Accountants of India. Those standards require an audit opinion to be rendered related to the financial statements taken as a whole, indicating unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion. In addition, the audit opinion paragraph will specify whether, in the auditor's opinion,

- (1) The funds were utilized for the purposes for which they were provided,
- (2) Expenditure shown in the PFS are eligible for financing under the relevant loan or credit agreement and, where applicable,
- (3) The IUFRs submitted during the period are supported by adequate detailed documentation maintained in the project accounting offices.

A sample of an unqualified auditor's opinion is provided in annexure IV.

The consolidated report of all units will be submitted to PCMU and audit points which needs management attention will be highlighted vide a summarized draft report.

The final audit report which will be a compilation of audit opinions and observations shall provide the response of the agencies and action taken. The auditor shall follow up on all pending observations from previous period/s until their closure.

The external audit report of the project and the certified Project Financial Statements shall be submitted by the concerned auditors (CAs) to the Project Director before the World Bank stipulated deadline.

With respect to the dropping of external audit paras (previous and current financial year) the respective accounting centre/partner institutes will submit compliances to the External Auditor. He will issue a Compliance Certificate commenting on whether the compliance submitted is acceptable or not and whether the audit para is dropped or not. This Certification will be submitted to SMART project within 4 months or the time as prescribed by the project from the submission of final Audit report of the financial year mentioned in the contract.

MANAGEMENT LETTER

In addition to the audit report of project financial statements, the auditor may prepare a management letter containing recommendations for improvements in internal control and other matters coming to attention of the auditor during the audit examination. Where such a letter is prepared by the auditor, a copy of same will be furnished to the Bank. Else, a written advice may be made that no management letter was prepared together with the audit report on the PFS. Appropriate and reasonable recommendations should be given to address the identified weaknesses

The Management Letter may report on matters such as the following:

- Observations on the accounting records, systems, and controls that were examined during the course of the audit
- Deficiencies or weakness in systems and controls, together with specific recommendations for improvement
- Compliance with financial covenants in the financing agreements
- Matters that might have a significant impact on the implementation of the project
- The status of recommendations from previous management letters, including any issues which remain to be addressed and any issues which recurred
- Any other matters that the auditor considers pertinent.

A sample format of the Management Letter is provided in annexure V.

III. Qualifications & Experience of Consultants for External Audit.

1) Qualifications & Experience of Consultants for external audit is as follows:

- The auditor should be Chartered Accountant firm empaneled with the Comptroller and Auditor General of India under “List of Firms for Major Audits” to ensure quality of audit. **(If this is not specifically mentioned in technical proposal then it will be assumed that firm is not listed under “List of Firms for Major Audits”.)**
- The Chartered Accountant firm shall have sufficient number of employees to handle the audit of the project. The break up details is (i) semi qualified & (ii) other staff (articles / audit clerks, paid assistants to be furnished) (total members not less than 10 numbers).
- The Chartered Accountant firm should have audit experience of minimum three similar kind of World Bank aided/ Externally aided projects or similar State/ Central Government schemes audit in past five years.
- The CA firm’s Head Office/Branch Office should be located in Maharashtra

2) External Auditor’s fees:

The payment of the fees for the services of the CA firm will be done by the Project Co-ordination and Management Unit (SMART) on completion of all deliverables or as specified.

3) Tenure:

Initially the appointment of CA Firm would be for a period of one year. It may be renewed thereafter based on satisfactory performance of the firm.

IV. Data support provided by SMART:

- 1) The auditor would be given access to all documents, correspondence, and any other information relating to the project and deemed necessary by the auditor (including all contract document, sub-project agreements, and final audit reports submitted by the concern units). The auditor should become familiar with the project, and with the relevant policies and guidelines of the World Bank (including those relating to disbursements, procurement and financial management and reporting).
 - 2) The auditor would be provided copies of the Project Implementation Plan; Project Appraisal Document (PAD) of the World Bank; Development Credit Agreement , Project Agreement with IBRD (including agreed Minutes of negotiations); Procurement Manual, Annual Procurement Plan, Financial Management Manual and Annual Work Plans.
 - 3) Adequate information, files, records etc. will be made available.
-

Annexures to ToR for External Auditor

Annexure I:	The fund flow for the project.
Annexure II:	The List of accounting centers/Partner Institutes of the project.
Annexure III:	Management Assertion Letter.
Annexure IV:	Unqualified Auditor's Opinion
Annexure V:	Management Letter

ANNEXURE-F2
**STATE OF MAHARASHTRA'S AGRIBUSINESS AND RURAL
TRANSFORMATION PROJECT (SMART)**
Terms of Reference (ToR)
**FOR HIRING A SERVICE PROVIDER FOR INTERNAL AUDIT CONSULTANCY FOR
SMART PROJECT**

A. Project Background:-

- 1) Small and marginal farmers dominate Maharashtra's agriculture (78.4%). Average land holding of farmers in the State is 1.34 ha. State's agriculture is diversified and relatively integrated with the global value chains. Commodities like soybean, cotton, sugar (covering 44 per cent of the cropped area in Maharashtra) are strongly influenced by global price movements. Commodities with little footprint outside India have been influenced by trade policies. For example, the price of pulses (pulses cover about 20 percent of the total cropped area in Maharashtra) over the past few years, while influenced by domestic consumption, are largely affected by the inconsistent trade policies. These factors have led to periodic farm distress. Broad shifts in the global prices of commodities such as pulses, soybean, sugar, and milk leading to farmers in many cases not even being able to cover the cost of production.
- 2) Agricultural transformation in Maharashtra faces many challenges. The area under cultivation for cereals has declined since 2000, reflecting a shift from food grains toward cash crops. Maharashtra is now one of the largest producer and exporter of fruits, vegetables, pulses, cotton, and soybean. These changes are prompting value addition and food processing activities. However, it is important to reduce distortions and strengthen the linkages in the existing value chains.
- 3) Maharashtra has a large pool of federated organizations of farmers and women's self-help groups (SHGs), with more than 21,000 Primary Agriculture Credit Cooperative Societies, 2000 Farmer Producer Organizations (FPOs), and 800 women's Community Level Federations (CLFs) and Community Managed Resource Centers (CMRCs). This calls for a more concerted effort to leverage these strengths and grab the opportunities in the domestic and global markets available to the farmers in the state.
- 4) The State has received financing from the World Bank through International Bank for Reconstruction and Development (IBRD) in the form of a loan for implementation of the SMART Project. This project is being implemented for 7 years during 2020-21 to 2026-27. Objective of the project is '*to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra*'. This would be achieved by expanding access to new and organized markets for producers and enterprises with complementary investments in technical services and risk management capabilities.
- 5) Following are the three broad areas of intervention under the project.
 - i. Enhancing Institutional Capacity to Support Agricultural Transformation - to support capacity building of the Department of Agriculture (DoA) and Department of Marketing (DoM) and establishment of Commodity

Stewardship Councils to act as a platform for engagement of members of value chains.

- ii. Supporting Enterprise Growth and Expanding Market Access - to integrate producers in priority value chains with strengthened and reliable linkages with buyers and markets, and to enhance the provision of relevant technical and Business Development Services (BDS) to support enterprise growth in the agribusiness sector.
- iii. Building Risk Mitigation Mechanism – to strengthen market information and intelligence services for farmers and government, strengthening warehouse receipt systems as a risk mitigation tool for farmers and price risk management support to the state.

B. Project Overview:-

- 1.1) Overview: The duration of Project is seven years and cost of project is Rs.2100 crores excluding beneficiary contribution. The funds contribution for project by World Bank through Central Govt. will be 70% of total Project fund, the State Government share will be 26.67% of total Project fund and Private Sector i.e. CSR funding will be 3.33% of total Project fund. The project would be implemented across the State of Maharashtra.
- 1.2) **Project Institutional Arrangement:** The SMART Project involves participation of seven line departments, viz. Agriculture, Agriculture Marketing, Cooperation, Animal Husbandry, Rural Development, Women and Child Development and Urban Development. The Department of Agriculture, headed by Secretary (Agriculture) is the Nodal Department for the Project. Each of these departments is required to implement and manage various activities proposed under various components under this project. For overall monitoring and coordination of the SMART Project, an empowered Project Steering Committee (PSC) has been constituted under the chairmanship of the Chief Secretary, Maharashtra State. 'State of Maharashtra's Agribusiness and Rural Transformation' SMART Society is registered for implementation of the SMART project. Governing Council of the SMART Society is headed by the Secretary Agriculture and Commissioner Agriculture is the Managing Director and Member Secretary of the Society. A Project Coordination and Management Unit (PCMU) of SMART headed by the Project Director (ex-officio Commissioner Agriculture) is established as a Secretariat of the Society and for implementation of SMART Project.. Project Implementation Units (PIUs) headed by the heads of respective departments of the participating departments have been established. The Implementing Institutions and accounting centres in the Project have been attached as Annexure 1.
- 1.3) Fund Flow Arrangement: Finance Specialist of SMART Project has been declared as the Drawing and Disbursing Officer (DDO) for the Project. Accordingly, the DDO bank account has been opened at the PCMU level. The DDO in the office of PCMU, SMART shall access the BEAMS portal and submit the bill to Treasury in format MTR 44 and under the Government specified object codes (31-grants-in-aid or 33-subsidies as the case may be). After receiving the funds in lump sum from Treasury, these funds will be deposited in the Parent - Central Pool Account bank account opened at the level

of PCMU. These funds will be allocated on a quarterly basis through PFMS by way of assigning limits to the implementing units. The bank account of all the implementing units in the Project will be the zero balance bank accounts. The limits assigned through PFMS will also be intimated to the Bank and accordingly the limits will be assigned to the zero balance bank account. These financing arrangements have been approved in the Finance Management Manual dated 14th Nov 2019. The fund flow arrangements have been given in Annexure 2.

1.4) Beneficiaries under the Project:

- a) Different types of CBOs i.e. Farmer Producer Companies (FPCs), Grower Associations, Farmer Groups formed under ATMA, Primary Agricultural Co-operative Societies (PACSS), Cluster Level Federations (CLFs) promoted by MSRLM and Community Managed Resource Centres (CMRCs) promoted by MAVIM are the primary beneficiaries of the Project.
- b) Approximately 1000 CBOs will participate in the project. Out of these 1000 CBOs, 30 percent will be women CBOs. These CBOs will be beneficiaries of project interventions viz., PPs, MAPs and WBIs

C. Jurisdiction of Internal Audit:-

The SMART Project will be implemented throughout the State of Maharashtra.

- 1) The Audit would cover all the accounting centers of SMART Project. The list of accounting centers is given in Annexure 3
- 2) The Audit firm should have its offices in Pune as well as Aurangabad. accounting centers in list-1 will be audited by CA firm office based in Pune, while list of accounting centers in list 2 will be audited by CA firm based in Aurangabad.

D. Precise Statement of Objectives of the Assignment:-

- 1) Internal Audit is an independent, objective oriented function to add value and improve organization's operations. It should help the Project to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 2) **The Internal auditor shall -**
 - i) Express an independent professional opinion with regard to efficiency, effectiveness and economy of the program operation;
 - ii) Evaluate the adequacy and effectiveness of the financial management and internal control system;
 - iii) Ensure compliance of the laid down Project Implementation guidelines and procedures;
 - iv) Provide timely information and recommendation to the Management for
 - v) improvement of systems.

E. Outline of the Tasks to be Carried Out - Scope of Services:**E1) At the level of Accounting Center –****1) Undertaking quarterly internal audit and post procurement review at accounting centers –**

The auditor will undertake a quarterly audit and procurement post review of 100% of the transactions by value; keeping in mind the risk assessed at each unit. For effective internal control system in place, of each accounting centre of Project in accordance with the Standards on Internal Audit prescribed by the Institute of Chartered Accountants of India and will include such tests and controls, as the auditors consider necessary for performance of the audit.

2) Support in the form of training and handholding-

- a) Auditor will have to give training and handholding to the finance staff for better financial management. The same will be in the area of book-keeping & accountancy, procurement, taxation and audit compliances, IUFR & PFS preparation.
- b) The handholding will be given at the time of visit for each quarterly audit. It will ensure that errors, omissions, mistakes will get rectified and do not occur persistently. Auditor should submit a separate report on the same to the management.

E2) At the level of Beneficiary CBOs :

- 1) Internal Audit will have to conduct the audit of CBOs financed by the Project at the time of release of third tranche by the Project.
- 2) Besides this, as per the intimation given by the Project, audit of non-performing CBOs will also have to be undertaken as per the Project needs.
- 3) Audit of CBOs will have to be conducted at the level of respective District Implementing unit level.
- 4) A separate audit report has to be submitted to the concerned CBO and DIU.

F) Key areas for Audit.

In conducting the audit special attention should be paid to the following:

- 1) Fund availability:.. The auditor should ensure the efficiency and timeliness of the funds flow mechanism at all the accounting centers in the Project . The auditor should also identify and report the reasons if there are any delays and suggest possible remedial measures.
- 2) Fund utilization: The auditor should ensure that the Project funds have been used in accordance with the conditions of the relevant legal agreements with due attention to economy, efficiency and effectiveness and only for the

purposes for which the financing was provided. Relevant legal agreement includes the Financing Agreement, the Project Agreement and the Minutes of Negotiation and Finance Management Manual of the Project.

- 3) Book-keeping & Accountancy: The auditor should ensure adequate accounting and financial management records are maintained at each accounting center of SMART Project. The auditor will verify whether adequate supporting documents such as bills, and vouchers and contract records are maintained in respect of project transactions.
- 4) Internal Control Mechanism: The auditor will assess the adequacy of internal and financial controls at each accounting center, especially with respect to delegation of powers laid down by the SMART Project..
- 5) Procurement: The auditor will assess whether an adequate system is in place to ensure that goods, works and services are being procured in accordance with the procurement arrangements and procedures prescribed for the project. The audit should report by exception any such cases found where these are not followed.
- 6) Beneficiary Contribution: The auditor should ensure that the beneficiary contribution, is deposited by the CBO in SMART-CBO bank account, before the corresponding tranche of Project grants has been released by the Project.
- 7) Interim Unaudited Financial Reports(IUFR): Auditor should review the correctness of the financial transactions recorded in the Project Accounting System with the underlying accounting records and verify whether the expenditures accounted under the project are eligible for financing. The auditor will verify whether the IUFRs are submitted in a timely manner and verify whether the IUFRs submitted to the World Bank is prepared from the financial statements generated from the accounting system and underlying accounting records.
- 8) Project Financial Statements (PFS): The auditor should verify the PFS prepared for a particular financial year. He should confirm that clear linkages exist between the supporting documents, accounting books and records and the periodic financial reports (IUFR) for each the respective spending units of Project.
- 9) Mechanism for Advances: The auditor should verify whether the accounting for the advances given is properly recorded in the books of accounts.
- 10) Assets: The internal auditor should ensure that the adequate records are maintained regarding the assets created and assets acquired by the project, including description, details of cost, identification and location of assets.
- 11) Previous audit para compliances: While conducting internal audit in the subsequent quarter, the auditor will verify the previous audit para compliances and corrective actions taken on those points. Routine errors of omission or commission noted during the course of internal audit may be rectified on the spot
- 12) Statutory Compliances: Internal Auditor also have to look into the statutory compliances under Bombay Public Trust Act 1950 and Society Registration Act, 1860 and Income Tax Act, 1960 with respect to PCMU, SMART Society and all other statutory compliances.

G) Tentative expenditure of Project for the two financial years :-

1) Estimated Project expenditure for two years

Sr.no.	Period	Estimated Expenditure amount in Rs. (In Crores)
01	F.Y. 2021-22	200.00
02	F.Y. 2022-23	300.00

3) Estimated expenditure at the level of sub-projects (Rs.in crores)

Sr. no.	Period	Number of beneficiary CBOs	Estimated sub project cost to be audited	Out of which estimated project grants	Out of which estimated beneficiary contribution
01	F.Y. 2021-22	80	80.00	50.00	30.00
02	F.Y. 2022-23	350	160.00	95.00	65.00

H) Outputs and deliverables expected from the assignment :-

Submission and getting approved from the Project the following reports

Sr. No	Particulars	Periodicity	Due date of submission	To whom to be submitted
1	Quarterly Internal Audit Report of each accounting center of Project	Quarterly	Within two months from end of quarter	To each accounting center of Project
2	Quarterly Training & Handholding Report of each accounting center of Project	Quarterly	Within two months from end of quarter	To each accounting center of Project
3	Annual Audit Report of Project	Yearly	Within two months from end of financial year	PCMU
4	CBO Audit Report certifying the expenditure incurred by CBO	On intimation by Project	Within 20days from intimation by Project	To respective DIU & PIU.

I) Reporting :-**1) Quarterly Audit Report :-**

- i) The Audit Report should be discussed by the Auditor with respective head of accounting center. Comments from each accounting center must be incorporated in the final report, as Management Comments.
- ii) The audit report will be submitted to each and every accounting centre. The consolidated DIU, RIU and Vanamati report will be submitted to PIU Agriculture. The major issues/issues which need system or management attention/ issues having financial implications of PIU, RIU, DIU and Vanamati will be consolidated and reported to PCMU.

The consolidated quarterly audit report is to be submitted to PCMU should be segregated in three parts, first is critical issues/ serious queries which need management attention, second is queries which are not yet solved/ sorted and third is queries which have been solved but management should have knowledge of these kinds of errors.

2) Quarterly Training and Handholding Report:

Auditor will also have to submit a report on handholding and training given to finance staff at accounting center level. He will have to specify the observations occurred and handholding given for rectification of the same.

3) Final Report :-

The final audit report shall include the following:

- i) Executive Summary highlighting key audit observations;
- ii) Detailed comments and observations on the financial management records, system and controls that were examined during the course of internal audit
- iii) Compliance with the provision of legal agreements
- iv) Deficiencies and areas of weakness in FM system and control environment with recommendation for improvement
- v) Matters that may have significant impact on the implementation of the Project;

The auditor will present to all the PIU-Heads the findings of the quarterly reports and on a six monthly basis will present his findings to the Project Director, SMART.

J) Professional Staff to be engaged by the Internal Auditor

The Internal Auditor shall have the following minimum key professional staff:

Sr. no.	Key Professionals	No. of persons	Experience	Description of Services to be provided
1	Project Leader (CV would be evaluated)	One	i) Qualified Chartered Accountant (one) with at least 10 years of experience as a partner with expertise in audit. ii) Preference will be given to a person with knowledge and an experience in dealing with similar externally aided Projects, Government Departments especially Agriculture and allied sectors.	i) Overall planning and coordination ii) discussing audit findings with Government officials and issue of audit report.
2	Audit Task Leader (CV would be evaluated)	Two	✓ Qualified CA / Cost Accountant with an experience in internal audit of at least 5 years ✓ Preference will be given to a person with knowledge and an experience in dealing with similar externally aided Projects, Government Departments especially Agriculture and allied sectors.	i) Review of guidelines and manuals of the Project. ii) Prepare the draft audit report at each accounting center.
3	Procurement Expert (CV would be evaluated)	Two	Graduate with at least 5 years experience in similar externally aided Projects, Government Department and well versed with CAG/ CVC guidelines and with World Bank Procurement Regulations.	i) Review of procurement records and transactions at each accounting center in the Project. ii) A separate procurement section is expected in the audit report
4	Senior Audit Asst. (Minimum Two Persons Required)	Two	Graduate/ C.A. Inter with audit experience of minimum two years and well versed with vernacular language.	Audit and verification of books of accounts, records and transactions at each accounting center.
5	Junior Audit Asst. (Minimum four Persons Required)	Two	Graduate/ Articles and well versed with vernacular language.	Voucher verification, asset verification

K) Internal Auditor's fees:

The payment of the fees for the services of the CA firms will be done by the Project Co-ordination and Management Unit (SMART).

L) Tenure:

The appointment of CA firm as Internal Auditor of Project would be for the period of two years subject to performance review by the Project after first year. If performance of the firm is found to be satisfactory, it can be further extended after the period of two years of contract.

M) Procedure for review of the Internal Auditor's performance:

- 1) PCMU will have supervisory and advisory role in review of Internal Auditor. A Review Committee will be constituted for review of the quarterly audit reports, training reports and the annual final report.
- 2) Composition of Review Committee

i) Project Director, SMART	Chairperson
ii) Additional Project Director, SMART	Member
iii) Finance Specialist	Member
iv) Procurement Specialist	Member
v) Assistant Accounts Officer	Member Secretary
- 3) The Review Committee will supervise the implementation of the Internal Auditor's deliverables through quarterly and annual reviews.

N) Data, Services and Facilities to be provided by the Client:

Client will provide access to relevant places, relevant documents, and interaction with related personnel to the members of the Service Provider.

ANNEXURE-F3

ToR for hiring Finance Consultancy Firm State of Maharashtra's Agribusiness and Rural Transformation Project

I.INTRODUCTION

1) Background:

The Government of Maharashtra through Government of India has applied for a loan from International Development Association for implementation of State of Maharashtra's Agribusiness and Rural Transformation Project.

The Project Development objective is to support the development of inclusive and competitive agriculture value chains, focusing on small holder farmers and agri-entrepreneurs in Maharashtra. This would be achieved by expanding access to new and organized markets for producers and enterprises with complementary investments in technical services and risk management capabilities.

- **Enhancing Institutional Capacity to Support Agricultural Transformation.**

The focus of this intervention is to enhance the capacity of the state to (1) conceive and implement an evidence-based agribusiness support reform program; and (2) to better manage risks arising from integration into global markets.

- **Supporting Enterprise Growth and Expanding Market Access:**

The focus of this intervention is to enhance the provision of relevant technical and Business Development Services (BDS) to support enterprise growth in the agribusiness sector and improve access to a range of new domestic and export markets.

- **Building Risk Management and Mitigation:**

The focus of this intervention is to strengthening risk mitigation measures including building the capacity of the state to respond to commodity-price fluctuations and agriculture sector crises; developing access to timely information on markets and productions trends and enhancing access of producers to financing and hedging instruments.

- **Project Management Monitoring & Learning:**

This would help to ensure effective project management at the state and district levels, and support information and logistics, communications, project related consultancies and monitoring and evaluation

2) verview:

The duration of project is seven years and cost of project is Rs 2100 crores. The funds contribution for project by World Bank through Central Govt. is 70% of total fund, the State Government contributes 26.67% and other source i.e. Private Sector funding 3.33% of the total. The project would be implemented across the whole State. The six line departments involved are Agriculture, Agriculture Marketing, Animal Husbandry, Women & Child, Urban development and rural development department. The fund from Project will

flow to autonomous bodies and three line departments i.e. Agriculture, Agriculture Marketing and Animal Husbandry. The Agriculture department is the Nodal Department. The autonomous bodies involved are:

- a) Maharashtra State Agricultural Marketing Board (MSAMB)–(Under Agriculture Marketing Department)
- b) Maharashtra State Warehousing Corporation (MSWC) (under Agriculture Marketing Department)
- c) 34 Agriculture Technology Management Agency (ATMA) in the State (under Agriculture Department)
- d) Maharashtra State Rural Livelihood Mission (MSRLM) (under Rural Development Department)
- e) Village Social Transformation Foundation (VSTF).
- f) Maharashtra Co-operative Development Corporation Ltd. (MCDC).
- g) Mahila Arthik Vikas Mahamandal (MAVIM)
- h) The Maharashtra State Co-op Cotton Growers Federation Ltd. (MAHACOT).
- i) Pune Municipal Corporation (PMC).
- j) Vasantrao Naik State Agricultural Extension Management Training Institute (VANAMATI).

The Finance Department of the GoM will provide the funds to Agriculture Department. The Drawing and Disbursing Officer in the office of PCMU, SMART shall access BEAMS portal and submit bill to Treasury in the prescribed format. After receiving the funds from Treasury, funds will be deposited into a separate bank account opened at the level of PCMU for the purpose of Project implementation.

The DDO of SMART, will be duly authorized to draw and disburse the funds from the bank account. PCMU will transfer funds through PFMS system to Implementing Units/Accounting centers under it namely PIU-Agri, PIU-AM, PIU-AHD, PIU-VSTF, PIU MSRLM, PIU MAVIM ,PIU- MAHACOT, PIU-MCDC, PIU-MSAMB, PIU-PMC, Regional Implementing Unit (RIU) at regional levels and District Implementing Units (DIU) based at ATMA at the district level to carry out activities of the Project.

As far as financial management is concerned, these implementing units will be responsible for preparing annual work plan, annual and revised budgetary estimates, monthly expenditure reports, quarterly Interim Unaudited Financial Report (IUFR), annual Project Financial Statements (PFS), Internal Audit and External Audit compliances. Based on the previous learning's of MACP, the Project proposes PFMS system wherein the funds allocated to a particular accounting center do not get blocked at their level. This will enable better control, flexibility in funds management and timely availability of funds, PCMU will release the funds to accounting centers directly in their bank accounts under the PFMS system.

II. Consultancy: Finance Consultancy Firm

1) Objectives:

The overall objectives of Finance consultancy firm is to assist the Project in better financial management and bringing financial discipline in the Project. The consultancy firm should assist the Project with respect to overall financial management policies, transparent accounting system; in bringing a systematic, disciplined approach and improve the effectiveness of internal controls in the accounting system.

2) Scope:

- 1) **Implementation and roll-out of TALLY /computerized accounting system in the Project:** The firm is expected to prepare a model company in TALLY for the Project, impart training and give a handholding support to the accountants for TALLY from PCMU.

2) Taxation Compliances:

The firm should provide guidance on Society Act 1860, Bombay Public Trust Act 1885, Income Tax Act 1961 and Central/Integrated/Maharashtra Goods & Service Tax Act, 2017 for SMART Society involved in carrying out the Project activities.

- 3) **Audit coordination:** The firm is expected to prepare Terms of Reference and cost estimates for Internal Auditor and External Auditor and coordination with auditors for timely audit and acceptance of related compliances.

- 4) **IUFR & PFS:** The firm is expected to verify Interim Unaudited Financial Reports and Project Financial Statement (PFS) to be send to the World Bank and External Auditor respectively.

- 5) **CBO-sub-project proposal:** (i) To help project in preparation of template of sub-projects for concept note and Full Project Proposal (FPP) in terms of Financial & Economic feasibility. (ii) To develop method with check list for evaluation of Project Concept Note (PCN) & FPP sub-projects in terms of Financial & Economic feasibility. (iii) To undertake training of PCMU & PIU officers and staff for evaluation of PCN & FPP. (Trainees 60 Nos.) with demonstration by evaluating sample PCNs and FPPs.(20 Nos.)

6) Society related statutory compliances.

The firm is expected to ensure all compliances and submissions under Society Act 1860, Bombay Public Trust Act 1885 and Income Tax Act 1961 for SMART Society.

7) Others:

- a. The firm is expected to give trainings to project accountants in maintaining books of accounts, taxation compliance, IUFR and PFS preparation and audit compliances.
- b. The Chartered Accountant of the firm should attend all the important meetings conducted under the Chairmanship of the Principal Secretary/Project Director and World Bank mission meetings.

For the above services, Consultancy Firm will be available as per the Project needs keeping in view the timely deadlines set for the Project by the World Bank, State Government or any other superior authority. However a minimum of 12 working days in a month should be given by the Chartered Accountant. The consultant firm is also expected to provide one professional manpower and one clerical manpower in the Project Co-ordination and Management unit for regular follow up.

III. Qualifications & Experience of Consultancy Firm.

1) Qualifications & Experience of Consultancy firm is as follows:

The firm should have minimum three partners. It should have the head office situated in Pune. **It should have at least one Chartered Accountant partner with experience of minimum fifteen years in the profession and five years of experience of similar assignment in the World Bank funded government project.** He /She should be acquainted with World Bank reporting. The partner with experience should be the team leader and has to visit the Project.

2) Consultancy firms fees:

The payment of the fees for the services of the Consultancy firm will be done by the Project Co-ordination and Management Unit (SMART) of SMART.

3) Tenure:

The appointment of CA firm as a Finance Consultant would be for 2 years which may be extended further during the Project period which is of 7 years, subject to performance review every year by the Project.

IV. Data support provided by SMART:

1) The consultancy firm would be given access to all documents, correspondence, and any other information relating to the project and deemed necessary by the firm (including all contract document, sub-project agreements, and final audit reports submitted by the concerned units). The firm should become familiar with the project, and with the relevant policies and guidelines of the World Bank (including those relating to disbursements, procurement and financial management and reporting).

2) The firm would be provided copies of the Project Implementation Plan; Project Appraisal Document (PAD) of the World Bank; Development Credit Agreement, Project Agreement with IBRD (including agreed Minutes of negotiations); Procurement Manual, Annual Procurement Plan, Financial Management Manual and Annual Work Plans.

3) Adequate information, files, records will be made available.

Annexure A

Composition of the Team Personnel and the task which would be assigned to each Team Member

- Technical/Managerial Staff

Sr. No.	Name	Position	Task Assignment
01.	CA with 15 years of post-qualification experience. 5 years' experience of similar assignment in the World Bank funded Government Project	Team Leader	1) To prepare a model company in TALLY for the Project, impart training and give a handholding support to the accountants for TALLY from PCMU. 2) To ensure all compliances and submissions under Society Act 1860, Bombay Public Trust Act 1885, Income Tax Act 1961 and Central/Integrated/Maharashtra Goods & Service Tax Act for SMART Society. 3) The firm is expected to give trainings to project accountants in maintaining books of accounts, taxation compliance, IUFR and PFS preparation and audit compliances from PCMU. 4) The Chartered Accountant of the firm should attend all the important meetings conducted under the Chairmanship of the Principal Secretary/Project Director and World Bank mission meetings
02.	CA with 5 years of post-qualification experience	Executive Leader	1) To prepare Terms of Reference and cost estimates for Internal Auditor and External Auditor and coordination with auditors for timely audit and acceptance of related compliances. 2) Verify Interim Unaudited Financial Reports and Project Financial Statement (PFS) to be send to the World Bank and External Auditor respectively. 3) Provide guidance on taxes mentioned above and involved in carrying out the Project activities. 4) Assist in designing fund flow for grant agreement with respect to each sub-project proposal. Approximately 250 such proposals are expected in the Project period.
03.	B.Com with minimum two years of experience	Accountant	1) Accounting in computerized software. 2) Preparation of Salary bill, payment of taxes and deductions.

			<ul style="list-style-type: none">3) Filing of returns(Profession Tax, Income tax TDS etc.).Downloading of Form 16 and 16A.4) Preparation of IUFR & PFS of PCMU, SMART.5) Assist in preparation of Financial Statement of SMART Society for submission to various Tax Authorities.6) Assist in compliance of provisions under Society Act, 1860, Bombay Public Trust Act, 1950 and Income Tax Act 1961.
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Note: Executive leader and Accountant will be attending office on regular basis.

Annexure-G1**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART)
Project****Utilisation Certificate for R.A. Bill no. 1/2/3.....**

Name of CBO - _____

Particulars of Work :- _____

Certified that this 1 R.A bill is prepared for different items as construction of _____ at Post - _____. Tal. _____ Dist. _____, under SMART Project and details of bill amount is as under.

1	Name of Work	:	
2	Name of Contractor	:	
2-A	Date Work Order	:	
3	Estimated Cost of project	:	
4	Sanctioned Tender amount	:	
5	Gross bill amount upto previous bills	:	
6	Gross amount of 1st R.A bill	:	
7	Total Gross bill amount upto date Bill	:	
8	Utilization Status	:	
9	Request for 1st tranche installment by SMART	:	

Place :

Date :

Name & Signature of CBO Name & Signature of Contractor SMART Civil Engineer

Annexure-G2**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART)
Project****Cumulative Financial abstract sheet for RA Bill No-1/2/3....**

Name of CBO - _____

Particulars of Work :- _____

Name of Contractor : -

Project Duration :- Tender Amount Rs :- Date Of Work Order:-

**Interim Payment Certificate
R.A. Bill No-1 Financial abstract**

Sr. No.	Item No.	Description	Tender Amount (Rs.)	Cumulative Up to date (Rs.)	Till Previous Bill (Rs.)	Current Or This bill (Rs.)	Remarks
		Basic Infrastructure					
	A						
	B						
	C						
	D						
		Total Estimated Cost Rs.	0.00	0.00	0.00		
		Tax Deduction					
	(i)	TDS @ 2%			Rs.		
	(ii)	Labour Cess @ 1%			Rs.		
	(iii)	Labour Insurance @ 0.5% of tender cost of work is Rs. _____/-			Rs.		
	(iv)	Security deposit (Retation amount) @ 6%					
		Total tax deduction (i+ii+iii+iv)			Rs.		
E		Deduction for royalty			Rs.		
G		Net amount payable =			Rs.		
(In words Rs.-: _____ only)							

Name & Signature of CBO Name & Signature of Contractor SMART Civil Engineer

Annexure-G3**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART)
Project****Current R.A. Bill Abstract Sheet**

Name of CBO - _____

Particulars of Work :- _____

Item No	Description of Item	Qty.	Rate	Unit	Amount
1					
2					
3					
4					
5					
				Total Rs.	
				Say Rs.	

Name & Signature of CBO Name & Signature of Contractor SMART Civil Engineer

Annexure-G4**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART)
Project****Current R.A. Bill Measurement Sheet**

Name of CBO - _____

Particulars of Work :- _____

Sr. No.	Description	Measurements				Quantity	
		No	Length	Breadth	Depth	QTY	Unit
1							
2							
3							
4							
5							
6							
7							

Name & Signature of CBO Name & Signature of Contractor SMART Civil Engineer

Annexure-G5**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART)
Project****Current R.A. Bill Royalty Statement**

Name of CBO - _____

Particulars of Work :- _____

Contractor :-

Date of Work Order:-

Project Duration :-

Making Reimbursement to contractor against royalty charges of natural material like sand, all types of murum, metal, rubble etc. After producing the necessary receipts and no dues certificate of royalty charges from competent revenue authority by the contractor

Sr.No	Item No.	Description	Total Quantity For Royalty as per Tender			Total Up to date Quantity	Previous paid Quantity	Now to be paid quantity		
			Tender Qty	M. F	Qty for Royalty			Current Bill Qty (Cum)	M. F	Qty for Royalty
1										
2										
3										
4										
Total Qty.										
Rate										
Amount										
(In words Rs.- _____ Only.)										

Name & Signature of CBO

Name & Signature of Contractor

SMART Civil Engineer

Annexure-G6**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART) Project****Current R.A. bill lab testing report (Model Template)**

Name of CBO - _____

Particulars of Work :- _____

Statement showing the details of requirement of lab tests to be carried out:-

Sr. No	Particulars	Quantity	Unit	Tests to be carried out	Nos. of Tests	Rate per Test	Amount	Remarks
1	Cement	360.60	Bags	Fineness, Standard Consistency, Setting Time (Initial & Final), Compressive strength, Soundness	1	3770.00	3770.00	one test per 1000 Bags
2	Concrete M-10 grade	32.51	cum	Concrete cube compressive strength (Set of 3 Cubes)	6	690.00	4140.00	1 test for 15 cum
3	Concrete M-20 grade	40.42	cum	i) Mix Design with all tests on basic materials	1	16250.00	16250.00	One per 500 cum of concrete
				ii) Concrete cube compressive strength (Set of 3 Cubes)	4	690.00	2760.00	1 test for 15 cum
5	Crushed metal for concrete	52.54	cum	Water absorption, Specific gravity, Impact value, Crushing value	1	2600.00	2600.00	one test per 1000 cum per source / change in source.
6	Bricks	26253.25	cum	Crushing value, Water absorption, & Specific Gravity	1	2175.00	2175.00	one test per 50000 Nos. of bricks or part.
8	TMT steel bars	4.32	M.T.	Tensile strength, Yield stress, ultimate tensile stress, %elongation, weight per running meter, Bend/ Rebend test. (Set of 3 Bars)	1	1595.00	1595.00	1 test per 10.00 M.T. and one for each dia. Of use bar
9	Sand	58.26	cum	Fineness Modulus, silt & clay content.	1	1380.00	1380.00	1 test per source
10	Murum in plinth	73.01	cum	i) Plasticity Index	1	1170.00	1170.00	1 test per 1000 Cum.
				ii) Field Density of compacted layer	1	1115.00	1115.00	1 test per 250 Sq.m
				Total			36955.00	

Name & Signature of CBO

Name & Signature of Contractor

SMART Civil Engineer

Annexure-G7**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation (SMART) Project****Excess Saving Statements**

Name of CBO - _____

Particulars of Work :- _____

Agency By Which Is Executed -:

Date Of Work Order-:

Item No.	Description of Item	Qty	Unit	Rate	Total Amt	1st R.A.		2nd R.A.		Total Qty Total Amt		Saving		Excess	
						Qty	Amt	Qty	Amt	Qty	Amt	Qty	Amt	Qty	Amt
1															
2															
3															

& Signature of CBO

Name & Signature of Contractor

SMART Civil Engineer

Annexure-G8

Hon. Balasaheb Thackeray Agribusiness and. Rural Transformation (SMART) Project**Handover Certificate (Taba Pawati) Model template**

Name of CBO - _____

Particulars of Work :- _____

The Work of Construction Basic Infrastructure work AT- _____. Tal-_____. Dist.- _____ is constructed under World Bank Funded SMART Project by _____ (name of CBO) through shopping Procurement method during year _____. The broad specifications of the construction is as follows-

Item No.	Description (only as example)	Tender Amount (Rs.)	Billing Amount (Rs.)
A	Basic infrastructure		
1	Providing & fixing information board	2700.00	2700.00
2	Construction of platform with paving	1570929.30	1540683.90
3	Construction of paving pathway	922830.00	923230.02
4	ESMF Work - UCR Compound with chain link fencing	196810.17	0.00
	Total basic infrastructure amounts	2693269.47	2466613.92

2) Date of Start of Work :-

3) Date of Completion of Work :-

4) Foundation

I.) Open continuous type foundation with C.C. (1:4:8) bed concrete and UCR masonry in CM (1:6)

II) RCC Column footing column and plinth beams in C.C.M20

III) B.C. soil foundation with at least 1:80 m depth rubble filling at bottom sand filling around

5) Plinth masonry - UCR stone masonry 45CM Wide in CM (1:6) Proportion //23CM th. brick masonry in CM (1:6) in case of RCC columns and plinth beams.

6) Plinth band -12 to 15 cm th. RCC plinth band in CC M20 is laid on plinth to provided levels base for superstructure

7) Superstructure:-

I) UDR masonry in CM (1:6) 45CM wide or

II) B.B masonry 35CM wide in CM (1:6) or

III) In case of R.C.C framed structure it will be of 23 CM

IV) Brick wall B.B. masonry in CM (1:8)

8) Roofing - RCC flat slab 10 CM thick with central t-beam of 23*50 CM with 15 CM rise

9) Plaster

I) on external side sand faced plaster in CM 1:4 is provided from external side

II) On internal side the internal faces of room and closed verandas are provided with 20 MM th. cement plaster

in CM 1:5

10) Flooring

- I) Flooring is provided polish tandur Stone 25 to 30 MM Th. set in CM 1:3 with cement pointing in CM 1:1 Or
- II) Flooring / dado is provided of ceramic tiles in CM 1:4 /C.M. 1:2
- 11) Painting - External exposed faces are painted with water proof cement paints in three coats whereas internal faces are painted with approved colors and sed o.b.d. in three coats.
- 12) Doors and windows - Doors and windows frames are m.s. angles and shutters of m.s. sheets 20 gauge thick the windows are provided with 12mm square bars about 10cm c/c the doors and windows are painted with approved shade and color oil paints in three coats.
- 13) The infrastructure work construction has described above have been completed as per sanctioned plan and estimate and is handed over M/s. _____

Possession is handed by:
Name & Signature of Contractor

Possession taken over by:
Name & Signature of CBO

SMART Civil Engineer

Annexure-G9
(On CBO letter head)

**World Bank Funded Hon. Balasaheb Thackeray Agribusiness and. Rural
Transformation (SMART) Project**

Completion Certificate

This is to certify that the total construction work of _____ of
_____ (Name of CBO) Tal. _____ Dist. _____ under SMART has been
completed according to the technical Specifications. The complete work is handed to the
_____ (Name of CBO) with effect from _____ (date of completion) in good condition.

The final gross bill amount for completing all civil works and as recorded in all R.A bills is
Rs. _____/- (in figures) _____ (in words).

The date of defects correction period starts from _____ date.

Name of contractor: - _____.

Name & Signature of CBO

SMART Civil Engineer