F. No. 44(1)/PF-S/2025-26 (CAPEX)
Government of India
Ministry of Finance
Department of Expenditure
Public Finance-States Division
******

North Block, New Delhi
Dated: the 7th April, 2025

To
The Chief Secretary,
All State Governments / UT Administrations,
(As per list attached)

Subject: Scheme Guidelines on the 'Scheme for Special Assistance to States for Capital Investment 2025-26'.

Madam/Sir,

In view of numerous beneficial impacts of capital expenditure including a high multiplier effect, enhancement in the future productive capacity of the economy, and promotion of a higher rate of growth of economy, the Ministry of Finance, Government of India is implementing Schemes for Special Assistance to States for Capital Expenditure/ Investment since 2020-21. Under these Schemes, financial assistance has been provided to State Governments in form of 50-year interest free loan.

2. After taking into consideration an extremely positive response of the State Governments to these schemes and their requests for having a similar scheme in 2025-26 as well, the Government of India has decided to launch a redesigned Scheme for the year 2025-26 in order to facilitate a higher capital investment in the States. The scheme has been named as the **"Scheme for Special Assistance to States for Capital Investment 2025-26".** An amount of Rs.1,50,000 Crore has been allocated for the scheme in the financial year 2025-26.

3. Under the scheme, financial assistance will be provided to the state governments and UTs with Legislative Assembly in the form of 50-year interest free loan for capital investment projects. Loan provided under the scheme will be over and above the normal borrowing ceiling allowed to the States/UTs for the financial year 2025-26. The loan amount is to be spent within the financial year 2025-26, unless specifically indicated otherwise in any of the parts of the scheme.

4. In order to avail benefits of any Part of the Scheme, in addition to the conditions prescribed under various Parts of the Scheme, a state government/ UT Administration is required to meet the following mandatory conditions:

(i) Full compliance with the official name of all Centrally Sponsored Schemes (CSSs) [correct translation to local language is permissible] and any guidelines/instructions issued by the Government of India regarding branding of CSSs, in all schemes of all ministries.

(ii) Deposit of central share of interest earned in SNA accounts of CSS and SASCI till 31st March, 2025 in the Consolidated Fund of India and submission of a certificate to this effect in the format enclosed at **Annexure-I**, signed by the Finance Secretary of the State Government / UT Administration. This condition will be applicable only for release of the 2nd installment under Part-I of the Scheme for 2025-26.

5. States/ UT with Legislative Assemblies are required to submit capital works/ projects proposed to be taken up by them in 2025-26 in the format given in **Annexure-II** online. No manual submission will be accepted.

6. In case of mandatory condition detailed in Para 1 (i) above, a certificate confirming compliance of mandatory condition detailed in Para 1 (i) above duly signed by the Additional Chief Secretary/Principal Secretary/Secretary, Finance Department of the State Government / UT Administration will be sufficient unless, a violation is reported by the Ministry/Department concerned of the Government of India. Similarly, in case of mandatory condition detailed in Para 1 (ii) above, a certificate (as per format enclosed at Annexure-I) confirming compliance of mandatory condition detailed in Para 1 (ii) above duly signed by the Additional Chief Secretary/Principal Secretary/Secretary, Finance Department of the State Government/ UT Administration will be sufficient unless, a violation is reported by the Public Financial Management System (PFMS) Division / Office of the Controller General of Accounts, Government of India.

7. The Scheme for Special Assistance to States for Capital Investment 2025-26 will have multiple Parts. The Scheme guidelines for the parts mentioned below are being issues now. For the remaining parts, the guidelines will be issued in due course.

(i) <u>Part-I (Untied):</u>

1. An amount of **Rs. 57,000 Crore** is earmarked for Part-I of the Scheme. Out of this, **Rs. 55,000 Crore** is earmarked for the states. This amount has been allocated amongst States in proportion to their share of central taxes & duties as per the award of the 15th Finance Commission. State-wise allocation of funds under this Part is given in **Annexure-III**. The remaining amount of **Rs. 2,000 Crore** is earmarked for the Union Territories with Legislature. Out of this, an amount of Rs. 1200 Crore is earmarked for Jammu & Kashmir, Rs. 600 Crore for Delhi and Rs. 200 Crore for Puducherry.

2. Funds under this Part will be released in two installments. The 1st installment of 66 percent of the approved amount will be released on meeting the mandatory conditions of these guidelines and on approval of the list of capital projects submitted by the State/ UT. Any amount released to the State under the 'Scheme for Special Assistance to States for Capital Investment 2024-25' except amounts released under Part-III (Development of Iconic Tourist Centres to Global Scale, Part X (Construction of Working Women Hostel) and for reconstruction and mitigation works for natural disaster under Part-I of the Scheme for 2024-25, which is not utilized by the state government till 31st March, 2025 will be deducted from the 1st installment. The 2nd installment of 34 percent of the approved amount will be released on utilization of at least 75 percent of the amount released in the 1st installment and refund of the Central Share in SNA Account of all CSS migrated to SNA SPARSH on or before 31.03.2025.

(ii) <u>Part-II (Release of Balance Approved Amounts under continued parts of the Scheme for 2023-24 and 2024-25):</u>

1. An amount of **Rs. 5,000 Crore** is earmarked for this Part. Under this Part of the scheme, balance funds for capital projects approved under Housing for Police Personnel Above or As Part of Police Stations in Urban Areas, Construction of Unity Malls and Children and Adolescents' Libraries and Digital Infrastructure of the Scheme for 2023-24; and balance funds of projects approved in 2024-25 for Development of Iconic Tourist Centres to Global Scale and Working Women Hostel under the Scheme for 2024-25 will be released. However, **no new capital projects will be approved under this Part**. Balance funds under this Part will be released in a single installment for each Part on utilization of 75 percent of the funds provided earlier under the respective Parts and on deposit of the interest earned in the SNA account of the concerned Part in the Consolidated Fund of India, wherever applicable.

(iii) <u>Part-III (State/UT Share of Centrally Sponsored Schemes Including Urban and Rural Infrastructure Projects):</u>

1. An amount of **Rs. 10,000 Crore** is earmarked for Part-III of the scheme for 2025-26 to fund State / UT share for completion of major urban and rural infrastructure projects under various schemes / programmes like railway projects, metro rail projects, highway projects, power projects, airports and State/ UT share of infrastructure oriented Centrally Sponsored Schemes like Jal Jeevan Mission, AMRUT, PMGSY.

2. The State Government/ UT Administration are required to submit a list of projects/schemes for which funds under this Part of the Scheme are proposed to be applied, to the DoE, MoF latest by 15.10.2025.

3. The amount approved by the Government of India will be released in two instalments. The 1st instalment constituting 66 percent of the approved amount will be released upon submission of details by the state government/ UT Administration. The 2nd instalment constituting 34 percent of the approved amount will be released after the transfer of the 1st instalment to the bank account of SNA concerned and achieving utilization of 75 percent of the Central share of the 1st instalment released by the Ministry concerned and the commensurate State/ UT share.

(iv) <u>Part-IV</u> <u>(Incentives for Achieving Target Fixed for Capital Expenditure for 2025-26):</u>

1. An amount of **Rs. 15,000 Crore** is earmarked for this part of the scheme. This amount will be available to the eligible States in proportion to their allocation under Part-I. The amount will be provided to the state governments and UT Administrations who achieve a growth rate of over 10 percent in capital expenditure in 2024-25 over 2023-24 and also achieve a growth rate of over 10 percent in first nine months of 2025-26 over the growth rate in the corresponding period of 2024-25.

2. Capital expenditure of a State/ UT will be taken from Statement No. (5) of State Finance Accounts, wherever available, after excluding the funds provided by the Government of India under the Scheme for Special Assistance to States for Capital Expenditure/Investment. The growth rate of capital expenditure of the State/ UT in 2025-26 will be estimated from the 'Monthly Key Indicators' provided on CAG's website. Capital expenditure by the State/ UT in 2023-24, 2024-25 and 2025-26 would exclude 100 percent of the amount released to the State under the Scheme for Special Assistance to States for Capital Investment during those years, and only the amount spent by the state government concerned from its own resources as capital expenditure shall be considered for calculating the year-on-year growth in capital expenditure

3. The state government/ UT Administration will submit documentary evidence in support of their claim of surpassing the targeted capital expenditure.

4. The incentive amounts approved under this Part of the scheme may be used by the state government/ UT Administration for infrastructure projects in any sector. The state government/ UT Administration is required to provide a list of capital projects for which it intends to utilize eligible incentive amount provided under this part of the scheme in the format prescribed in Annexure-II of these guidelines.

Other conditions:

1. State/ UT should submit the projects for Special Assistance (Loan) under the Scheme for Special Assistance to States for Capital Investment 2025-26 through the online facility provided for SASCI in the PFMS Portal by Department of Expenditure. Manual submission will not be accepted.

2. Funds provided to the states governments/ UT Administration under the scheme by the Government of India may be used by the state governments for both new and ongoing capital projects, for long term benefit to the State. The funds may also be used for settling pending bills in ongoing capital projects.

3. Special Assistance (Loan) sought under the scheme for a project should not be less than Rs. 5 Crore (Rs. 2 Crore for North Eastern States and Hill States / UT of Jammu & Kashmir). Further, routine repair and maintenance projects irrespective of capital outlay will not be considered under the scheme.

4. It is not mandatory for the States/ UTs to submit proposals under all parts of the scheme together. States/ UTs may submit proposals separately for each part of the scheme.

5. States/ UTs (if they wish) may submit projects of a higher value than the funds allocated, indicating their preference/priority.

6. The Government of India reserves the right to reject any project.

7. Funds not used by a state government/ UT Administration within a reasonable time may be reallocated to other States/ UTs by the government of India.

8. In case of unavoidable changes in specific projects for which capital expenditure is approved under the Scheme for 2025-26, the state government and UT Administrations shall seek the approval of the Government of India for the change. Funds will not be released against un-approved changes and may be deducted from subsequent installments / tax devolution, if already released.

9. Expenditure by the states/ UTs of the funds provided under the scheme for purposes other than for which the funds were sanctioned, will result in the deduction of the amounts by the Government of India from the devolution of taxes/duties due to the State in subsequent periods. Application of the State for funds under the Scheme will constitute its consent for such deduction in respect of ineligible expenditure.

10. The projects posed may either be executed by Departments of the States/ UTs or by PSUs or other agencies/ local bodies of the state governments/ UT Administrations which are fully under their administrative control.

11. The amount released by the government of India shall be released by the state government / UT Administration to the Implementing Agencies/Single Nodal Agencies within 10 working days. Delay beyond this period will make the State/ UT liable to pay interest to the Government of India on the amount released as per the weighted rate of interest on Open Market Borrowings (i.e. 10-year G-Sec.) for the previous year.

12. The state government/ UT administration shall ensure that there is no duplication in funding of the projects approved under the scheme either with the funds provided by the government of India or the state government/ UT Administration. Further, the state government/ UT Administration shall ensure that there is no duplication in the projects submitted for approval under different parts of the Scheme for Special Assistance to States for Capital Investment 2025-26.

13. The consolidated Utilization Certificate for the amount utilized up to 31st March, 2025 in the Form 12-B of the GFRs, 2017 against the amount released in 2024-25 under the scheme for 2024-25 (except amounts released under Housing for Police personnel above or as part of Police Stations in Urban Areas, Construction of Unity Malls and Children and Adolescents' Libraries and Digital Infrastructure of the Scheme for 2023-24; and for Natural Disaster related projects under Part-I, Development of Iconic Tourist Centres to Global Scale and Working Women Hostel in 2024-25) duly signed by the Finance Secretary of the state government will be provided failing which equivalent amount will be deducted from the 1^{st} installment of funds released to the State under Part-I of the 'Scheme for Special Assistance to States for Capital Investment 2025-26'.

14. The consolidated Utilization Certificate for the amount utilized up to 31^{st} March, 2025 in the Form 12-B of the GFRs, 2017 against the amount released under Housing for Police personnel above or as part of Police Stations in Urban Areas, Construction of Unity Malls ; and Children and Adolescents' Libraries and Digital Infrastructure of the Scheme for 2023-24 as well as for Natural Disaster related projects under Part-I, Development of Iconic Tourist Centres to Global Scale and Working Women Hostel in 2024-25 duly signed by the Finance Secretary of the State Government and the details of deposit of the interest earned in the respective SNA account will be provided by the State Government at the time of availing balance funds under Part-II of the Scheme for 2025-26.

15. It is a condition of the Scheme that all amounts allocated under all Parts of the Scheme shall be spent on eligible expenditure before 31^{st} March, 2026. For this purpose, release of funds to intermediate agencies without actual payments to the final recipient (parking of funds) will not be treated as expenditure.

16. Decision of the Department of Expenditure, Ministry of Finance regarding eligibility for any component shall be final.

17. States/ UT Administration shall extend necessary support to the NITI Aayog or any other agency entrusted by the Government of India with monitoring and evaluation of projects funded under the scheme as needed.

18. These guidelines will come into effect immediately on their notification.

This issues with the approval of the Finance Minister.

Yours faithfully,

07/04/2025

(Chinmay Pundlikrao Gotmare)
Director, (PF-States)
Phone: 011 - 2309 5647

Annexure -I

Government of____________________________

No.________________ Dated:

CERTIFICATE REGARDING DEPOSIT OF CENTRAL SHARE OF INTEREST ACCRUED IN SNA ACCOUNTS TILL 31ST MARCH, 2025 IN THE CONSOLIDATED FUND OF INDIA

It is hereby certified that the entire amount of Central share of interest accrued in the SNA accounts pertaining to all Centrally Sponsored Schemes (CSSs) in the State/UT has been deposited in the Consolidated Fund of India (CFI) in compliance of DoE's guidelines dated 23rd March, 2021 and instructions dated 30th June, 2021.

Name:

Designation:

(To be signed by the concerned Finance Secretary of the State/UT)

Annexure-II

Application Format for Providing Requisite Details of the Projects (Summarized)

Letter No: .... **Date: .../.... /**

To,
The Secretary, Expenditure,
Ministry of Finance,
Government of India.

Subject: Approval of projects under the Scheme for Special Assistance to States for Capital Investment, 2025-26.

Sir,

With reference to your letter F. No. 44(1)/PF-S/2025-26 (CAPEX) dated 07.04.2025 we would like to submit the following projects under the aforesaid scheme.

(Rs. in Crore)

Sl. No.	Name of the Project	Sector	Location	Whether New or Ongoing	In case of ongoing		Total Project Cost	Project Capital Outlay for 2025-26	Special Assistance (Loan) sought under the Scheme for 2025-26	Completion Period	Implementing Agency	Economic Justification (in brief)	Other Details (if any)
					Percentage completion as on 01.04.2025	Unpaid bill (if any) as on 01.04.2025							
1.													
2.													
Total													

Note: Detailed Project Report (DPR) in respect of each project has been obtained by the State Government/ UT Administration and kept in the records by State/ UT Finance Department.

Yours sincerely,

Additional Chief Secretary/Principal Secretary/Secretary,
Finance Department, Government of ______

Annexure-III

Allocation to States of Rs. 55,000 Crore under Part-I of the Scheme for Special Assistance to States for Capital Investment 2025-26

(Rs. in Crore)

S. No.	State	Inter-se Share of State in Central Taxes & Duties (in Percent)	Allocation under Part-I
1	Andhra Pradesh	4.047	2226
2	Arunachal Pradesh	1.757	966
3	Assam	3.128	1720
4	Bihar	10.058	5532
5	Chhattisgarh	3.407	1874
6	Goa	0.386	213
7	Gujarat	3.478	1913
8	Haryana	1.093	601
9	Himachal Pradesh	0.83	457
10	Jharkhand	3.307	1819
11	Karnataka	3.647	2006
12	Kerala	1.925	1059
13	Madhya Pradesh	7.85	4318
14	Maharashtra	6.317	3474
15	Manipur	0.716	394
16	Meghalaya	0.767	422
17	Mizoram	0.5	275
18	Nagaland	0.569	313
19	Odisha	4.528	2490
20	Punjab	1.807	994
21	Rajasthan	6.026	3314
22	Sikkim	0.388	213
23	Tamil Nadu	4.079	2243
24	Telangana	2.102	1156
25	Tripura	0.708	389
26	Uttar Pradesh	17.939	9866
27	Uttarakhand	1.118	615
28	West Bengal	7.523	4138
Total		**100.00**	**55000**