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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN
FINANCE DIVISION

NOTIFICATION

Islamabad, the 28th March, 2025

S. R. O. 483(I)/2025.—In exercise of the powers conferred by section 42 read with section 6 of the Public Finance Management Act, 2019, the Federal Government is pleased to make the following rules, namely:—

1. **Short title and commencement.**—(1) These rules shall be called as the Grants-in-Aid Rules, 2025.

(2) These rules shall come into force at once.

2. **Definitions.**—In these rules, unless there is anything repugnant in the subject or context:—

(a) “Act” means the Public Finance Management Act, 2019 (V of 2019);

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- (b) “grant-in-aid” means money given by the Federal Government to public and private entities, societies, associations, councils, clubs, organizations, non-governmental organizations (NGOs) or not for profit organizations (NPOs), trusts, local bodies, individuals and sections of a community carrying out activities for public welfare, promotion of science, culture, literature, arts, education, research and knowledge, sports and recreation or for amelioration of hardships or exceptional and meritorious services or for fulfillment of a particular purpose and excludes money extended by the Federal Government, as subscription or donation, being signatory to a charter or a protocol with a foreign organization;
- (c) “grant-in-aid” means money given by the Federal Government to public and private entities, societies, organizations, non-governmental organizations (NGOs) or not for profit organizations (NPOs), trusts, local bodies, individuals and sections of a community carrying;
- (d) “recurring grant-in-aid” means a grant-in-aid which is released periodically for the said purpose; and
- (e) “non-recurring grant-in-aid” means a one-time grant-in-aid released for a said purpose.

3. **Authority to sanction grant-in-aid.**—The grant-in-aid shall be sanctioned by the principal accounting officer as defined in the Act.

4. **Instructions for issuing grant-in-aid.**—The grant-in-aid shall be issued in the following manner, namely:—

- (a) the sanction order or letter of authority to the accounts office shall contain the mode of payment of the amount required for disbursement;
- (b) each ministry or division sanctioning the grant-in-aid shall certify by the 30th day of November each year that—
 - (i) the grant sanctioned in the previous year has been utilized for the purpose for which it was granted;
 - (ii) the grant was spent within the prescribed time-limit or where no time-limit was prescribed within a reasonable time-limit; and
 - (iii) any portion of the amount which was not spent for the specified purpose was duly surrendered to the Federal Government;

- (c) if any ministry or division fails to give the aforesaid certificate by the stipulated date, the accounts office shall bring the case into the notice of the Finance Division by the 31st day of December each year;
- (d) grant-in-aid to public entities shall be governed in the following manner, namely:—
 - (i) the sanction order shall indicate the purpose of the grant;
 - (ii) milestones to be achieved and general or special conditions, if any, attached with the grant may be laid down;
 - (iii) grant-in-aid to meet operational expenditures may not ordinarily be sanctioned unless required to meet the purpose of the funds; and
 - (iv) the grantee shall be required to submit a performance report to the concerned ministry or division by the 31st day of October each year; and
- (e) all recipients of grants exceeding hundred (100) million rupees in a year shall maintain a database relating to grants, other income, expenditures, investments or assets and employees' strength.

5. **Procedure for award of grant-in-aid.**—(1) An entity seeking grant-in-aid, exceeding ten (10) million rupees per year, shall submit to the concerned ministry or division an application including all relevant information and documents, statements of accounts, sources of income and expenditure so as to enable assessment for suitability of the entity seeking grant. The application shall also clearly spell out the need for seeking grant and shall certify that it has not obtained or applied for grant for the same purpose or activity from any other division of the Federal Government.

(2) Each division shall maintain a list of entities along with details of amount and purpose of grants given.

(3) Award of grant-in-aid shall be considered only on the basis of viable and specific activities drawn up in sufficient detail. The budget for activities shall be linked to specific quantitative or qualitative targets likely to be attained. In case where grants are given as part of expenditure on reimbursement basis, details of activities so completed shall be provided.

(4) Every order sanctioning a grant shall indicate whether it is recurring or nonrecurring and clearly specify the purpose for which it is being

given and general and special conditions, if any, attached to the grant. In case of non-recurring grant, the order shall also specify the time-limit within which the grant or each installment of it is to be spent.

(5) While awarding grant-in-aid, the sanctioning authorities shall also consider other resources of the entity.

(6) While awarding recurring grant-in-aid, the unspent balance of the previous grant and bank balance shall be looked into.

(7) While awarding grant-in-aid to public entities, a condition shall be laid down that assets acquired wholly or substantially from the grant-in-aid except those declared as obsolete and unserviceable or condemned in accordance with the procedure laid down in the General Financial Rules shall not be disposed of without obtaining prior approval of the sanctioning authority.

(8) The sanctioning authority may prescribe conditions regarding quantum and periodicity for release of grant-in-aid in installments. However, the release of the last installment of the annual grant must be conditional upon the grantee providing reasonable evidence of proper utilization of installments released earlier.

(9) Entities shall be selected for awarding grant-in-aid on the basis of their policies, frameworks, guidelines, etc. regarding financial and other matters, credibility and type of activities.

6. **Review of grant-in-aid to public entities.**—(1) The ministry or division concerned shall put in place a system of review of public entities receiving grant-in-aid, in excess of fifty (50) million rupees per annum, after every three years, depending upon the size and nature of activity. Such review shall focus on—

- (a) the objectives for which the public entity was set up and whether these are being achieved;
- (b) whether the activities should continue or otherwise;
- (c) whether similar functions are also being undertaken by other organizations, be it in the public or private sector, and if so, whether there is scope for merging or winding up;
- (d) whether the staff particularly at support level is kept at a minimum; and
- (e) whether other sources of funding are being explored so as to minimize dependence on budgetary support.

(2) Findings of the review shall be put up before the principal accounting officer. The decision to continue the grant shall be made on the basis on these findings. These findings shall also be made available on official website of the concerned ministry or division.

(3) The principal accounting officer shall provide information on grants-in-aid as required in the budget call circular.

7. **Memorandum of understanding.**—Entities receiving grant-in-aid of not less than hundred million rupees per annum shall be required to enter into a memorandum of understanding with the concerned ministry or division spelling out performance parameters, targets and details of activities.

8. **Grant-in-aid to private entities.**—(1) Grant-in-aid towards administrative expenditure may be allowed to private entities for minimum staff structure and qualified personnel to improve their effectiveness and expand their activities subject to the condition that expenditure on pay, allowances and operations shall not exceed twenty percent of the grant-in-aid. However, exceptions may be made in cases where achievement of targets requires such expenditure.

(2) In the event where the grantee fails to comply with the requirements or conditions of the grant, it shall be liable to refund the whole or a part of the grant.

9. **Accounts and audit of grantee.**—Entities receiving grants shall be required to maintain audited financial accounts which shall be furnished to the sanctioning authority and placed on website. The accounts shall be open to inspection both to the sanctioning authority and the Auditor General of Pakistan, as the case may be.

10. **Utilization certificates.**—(1) In respect of non-recurring grants, a certificate of actual utilization of the grants received for the purpose for which it was sanctioned shall be provided to the sanctioning authority. The utilization certificate shall disclose whether the specified quantitative and qualitative targets were achieved and if not, reasons thereof. The utilization certificate shall be submitted within twelve months of the closure of the financial year.

(2) In respect of recurring grants, the sanctioning authority shall release subsequent grant-in-aid after receipt of utilization certificate, in full or partial, in respect of preceding grants.

[No. 3(3)PFMR-II/2022.]

WAJEEHA BASHIR,
Deputy Secretary PFMR.