प्रशान्त गोयल
संयुक्त सचिव
Prashant Goyal
Joint Secretary

सत्यमेव जयते

भारत सरकार
वित्त मंत्रालय
आर्थिक कार्य विभाग
नॉर्थ ब्लाक, नई दिल्ली-110001
Government of India
Ministry of Finance
Department of Economic Affairs
North Block, New Delhi-110001
Tel. : +91-11-23093183
Fax : +91-11-23093133
E-mail : prashant.goyal@nic.in

D.O. No. 4(21)-B (SD)/2015 Dated: 8th October, 2015

Dear

The Second batch of Supplementary Demands for Grants for 2015-16 is to be presented to Parliament in the ensuing Winter Session likely to commence in November/December, 2015.

2. The following types of Supplementary Demands may only be considered for inclusion in this batch:

(a) Cases where advances from the Contingency Fund of India have been granted, which are required to be recouped to the fund;

(b) Payments against court decree which cannot be postponed;

(c) Additional funds immediately required which can be met by re-appropriation of savings in the grant but require prior approval of Parliament under the New Service/New Instrument of Service Rules. In all cases where the savings are available within the same section (Revenue/Capital and Charged/Voted) of the grant, only token supplementary should be proposed. In cases where the savings are available in the Revenue/Capital section or *charged*/voted section and the expenditure is to be incurred in another section (Revenue/Capital or *Charged*/Voted), full requirement may be proposed as a technical supplementary. It may be noted that the savings, against which the full amount is proposed in a different section , will be committed for surrender and will not be available for re-appropriation; and

(d) Cases where Ministry of Finance has specifically advised moving of Supplementary Demand in the Winter Session.

3. All other cases may be held back for the third and final batch of Supplementary Demands for Grants for the current year due in the Budget Session.

4. The Public Accounts Committee had commended adversely on cases where Ministries/Departments obtained supplementary grants in earlier years but the final expenditure was less than or in excess of the approved grant. In order to avoid recurrence of such lapses in future, steps/measures may be taken for better fiscal and expenditure management as per this Ministry's O. M. No. 7(1)E. Coord/2014 dated 29.10.2014. Further, instructions on incidence of unauthorized re-appropriation of budget issued by this Ministry's O.M. No. F.7(7)-B(SD)/2013 dated 7th January 2014, may be rigidly followed.

Attention is also drawn to the Department of Expenditure's O.M. No. 12/21/E.Coord/ 2015 dated 17th July, 2015 regarding Excess Expenditure over Voted Grants, wherein, it has been brought to the notice of all Ministries/ Departments that the **Public Accounts Committee (PAC) had expressed its displeasure over the tepid approach of the defaulter Ministries/Departments particularly for bad planning, lack of foresight and ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee, therefore, reiterate the need for scrupulous scrutiny of the budget proposal both at the time of preparation of Demands for Grants and Supplementary Demands for Grants, rigorous monitoring of the pace of expenditure and strict compliance of General Financial Rules to eliminate the possibility of excess expenditure, under spending, wrongful appropriation, etc. In the light of the Observations of PAC, all the Ministries/Departments may take all measures, including use of electronic systems, to ensure proper planning and monitoring of expenditure vis-à-vis voted grants so the pitfalls in expenditure are avoided.**

5. Budget controlling Authority/FAs of concerned Ministries/Departments may, therefore, ensure that the proposals are made on the basis of thorough objective and realistic assessment of additional requirement of funds in each case that is proposed for inclusion in Second batch of Supplementary Demands for Grants for 2015-16.

6. The proposals along with the draft statement justifying Supplementary Demands to be included in the ensuing batch and appropriate background notes may be forwarded to Budget Division in the prescribed form **by 30th October, 2015**, after which date, proposals may not be entertained. Cases which are required to be reported to Parliament in terms of the guidelines circulated with the Ministry's O. M. No.F.1(23)-B(AC)/2005 dated 25th May 2006 may also be furnished to Budget Division in a summarized form by the same date.

7. If there is no proposal for Supplementary Demands for Grants in this batch, **a nil report** is also specifically requested.

8. The proposals in complete form (3 copies) may please be furnished by the due date to **Shri K. Vasudevan, Deputy Director (Budget), Ministry of Finance, Department of Economic Affairs, Room No. 237, North Block, New Delhi.**

With regards,

Yours sincerely,

Sd/-

Encls: As above

(Prashant Goyal)

To

All Financial Advisers.

No.12(21)/E.Coord/2015
Government of India
Ministry of Finance
Department of Expenditure
*****

New Delhi, Dated: July 17, 2015

OFFICE MEMORANDUM

Subject: Excess Expenditure Over Voted Grants –reg

Attention is invited to this Department's O.M. No.12(1)/E.Coord/2009 dated 25th January, 2010 vide which instructions were issued that necessary steps may be taken by Secretaries to the Government of India to ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in BE or supplementary grants, except in rare or exceptional circumstances.

2. In the context of excess expenditure over voted grants, the Public Accounts Committee, in Para 12 of its 36th report on action taken by the government on their observations/recommendations contained in the seventh report (15th Lok Sabha) on "Excess over Voted Grants and Charged Appropriations (2007-08), has observed that **"no firm measures have been put in place as yet by the Ministries/Departments concerned to avoid excess expenditure by the defaulter Ministries. The Committee's scrutiny reveals that the Ministries which scrupulously adhere to the General Financial Rules and have unwavering commitment to financial discipline and propriety do succeed in avoiding excess expenditure. The Committee find no cogent reasons for the inevitability of excess expenditure when Government get opportunities to present the Supplementary Demands for Grants during the three sessions of Parliament in a year. In an age of e-governance made feasible by computerization and instant connectivity between field formations, Subordinate Offices and Head Quarters, irregularities like excess expenditure should not recur. The Committee express their displeasure over the tepid approach of the defaulter Ministries/Departments particularly for bad planning, lack of foresight and ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee , therefore, reiterate the need for scrupulous scrutiny of the budget proposal both at the time of preparation of Demands for Grants, rigorous monitoring of the pace of expenditure and strict compliance of General Financial Rules to eliminate the possibility of excess expenditure, under spending, wrongful appropriation etc."**

3. In this context, attention is invited to Rule 52(1) of the GFRs, according to which Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the heads of Departments and other controlling officers, if any, and disbursing officers subordinate to them. Rule 52(3) further provides that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the contingency fund. The GFRs also lay down detailed instructions on the procedure for effective control

over expenditure by the Department controlling and disbursing officers. The ultimate responsibility of control of expenditure against the grant/appropriation lies with the authority administering a grant/appropriation. Attention is also invited to Rule 64(i) & (ix)(b) of GFRs wherein it has been provided that the Secretary of a Ministry/Department who is the Chief Accounting Authority of the Ministry/Department shall

(i) be responsible and accountable for financial management of his Ministry or Department;

(ii) take effective and appropriate steps to ensure his Ministry/Department avoid unauthorized, irregular and wasteful expenditure.

4. In the light of the observations of the PAC, Secretaries to the Government of India, being Chief Accounting Authority, are once again requested to take all measures, including use of electronic systems, to ensure proper planning and monitoring of expenditure vis-à-vis voted grants so that excess expenditure is avoided. Further, scrupulous scrutiny of the budget proposal, both at the time of preparation of Demands for Grants and Supplementary Demands for Grants, and compliance to provisions of the General Financial Rules may also be ensured to eliminate the possibility of excess expenditure, under-spending, wrongful appropriations etc.

Ratan P Watal

(Ratan P. Watal)

Secretary-Expenditure

1. All Secretaries to the Government of India
2. Al l Financial Advisers.

No. 7(1)/E.Coord./2014
Government of India
Ministry of Finance
Department of Expenditure
****

North Block,
New Delhi, 29/4 October, 2014

OFFICE MEMORANDUM

Subject: Expenditure Management – Economy Measures and Rationalisation of Expenditure.

Ministry of Finance, Department of Expenditure has been issuing austerity instructions from time to time with a view to containing non-developmental expenditure and releasing of additional resources for priority schemes. The last set of instructions was issued on 18th September 2013 after passing of the Union Budget. Such measures are intended at promoting fiscal discipline, without restricting the operational efficiency of the Government. In the context of the current fiscal situation, there is a need to continue to rationalise expenditure and optimize available resources. With this objective, the following measures for fiscal prudence and economy will come into immediate effect:-

2.1 **Cut in Non-Plan expenditure:**

For the year 2014-15, every Ministry / Department shall effect a mandatory 10% cut in non-Plan expenditure excluding interest payment, repayment of debt, Defence capital, salaries, pension and Finance Commission grants to the States. No re-appropriation of funds to augment the Non-Plan heads of expenditure on which cuts have been imposed shall be allowed during the current fiscal year.

2.2 **Seminars and Conferences:**

(i) Utmost economy shall be observed in organizing conferences/ Seminars/workshops. Only such conferences, workshops, seminars, etc. which are absolutely essential, should be held wherein also a 10% cut on budgetary allocations (whether Plan or Non-Plan) shall be effected.

(ii) Holding of exhibitions/fairs/seminars/conferences abroad is strongly discouraged except in the case of exhibitions for trade promotion.

(iii) There will be a ban on holding of meetings and conferences at five star hotels except in case of bilateral/multilateral official engagements to be held at the level of Minister-in-Charge or Administrative Secretary, with foreign Governments or international bodies of which India is a Member. The Administrative Secretaries are advised to exercise utmost discretion in holding such meetings in 5-Star hotels keeping in mind the need to observe utmost economy in expenditure.

2.3 **Purchase of vehicles:**

Purchase of new vehicles to meet the operational requirement of Defence Forces, Central Paramilitary Forces & security related organizations are permitted. Ban on purchase of other vehicles (including staff cars) will continue except against condemnation.

2.4 **Domestic and International Travel:**

(i) Travel expenditure {both Domestic Travel Expenses (DTE) and Foreign Travel Expenses(FTE)} should be regulated so as to ensure that each Ministry remains within the allocated budget for the same after taking into account the mandatory 10% cut under DTE/FTE (Plan as well as Non-Plan). Re-appropriation/ augmentation proposals on this account would not be approved.

(ii) While officers are entitled to various classes of air travel depending on seniority, utmost economy would need to be observed while exercising the choice keeping the limitations of budget in mind. However, **there would be no bookings in First Class."**

(iii) Facility of Video Conferencing may be used effectively. All extant instructions on foreign travel may be scrupulously followed.

(iv) In all cases of air travel the lowest air fare tickets available for entitled class are to be purchased/ procured. No companion free ticket on domestic/ international travel is to be availed of.

2.5 **Creation of Posts**

(i) There will be a ban on creation of Plan and Non-Plan posts.

(ii) Posts that have remained vacant for more than a year are not to be revived except under very rare and unavoidable circumstances and after seeking clearance of Department of Expenditure.

3. **Observance of discipline in fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/ State/Local level:**

3.1 Release of Grant-in-aid shall be strictly as per provisions contained in GFRs and in Department of Expenditure's OM No.7(1)/E.Coord/2012 dated 14.11.2012.

3.2 Ministries/Departments shall not transfer funds under any Plan schemes in relaxation of conditions attached to such transfers (such as matching funding).

3.3 The State Governments are required to furnish monthly returns of Plan expenditure – Central, Centrally Sponsored or State Plan – to respective Ministries/Departments along with a report on amounts outstanding in their Public Account in respect of Central and Centrally Sponsored Schemes. This requirement may be scrupulously enforced.

3.4 The Chief Controller of Accounts must ensure compliance with the above as part of pre-payment scrutiny.

4. **Balanced Pace of Expenditure:**

4.1 As per extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides, the stipulation that during the month of March the expenditure should be limited to 15% of the Budget Estimates is reiterated. It may be emphasized here that the restriction of 33% and 15% expenditure ceiling is to be enforced both scheme-wise as well as for the Demands for Grant as a whole, subject to RE ceilings. Ministries/ Departments which are covered by the Monthly Expenditure Plan (MEP) may ensure that the MEP is followed strictly.

4.2 It is also considered desirable that in the last month of the year payments may be made only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with the exception of the following:

(i) Advance payments to contractors under terms of duly executed contracts so that Government would not renege on its legal or contractual obligations.

(ii) Any loans or advances to Government servants etc. or private individuals as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.

(iii) Any other exceptional case with the approval of the Financial Advisor. However, a list of such cases may be sent by the FA to the Department of Expenditure by 30^{th} April of the following year for information.

4.3 Rush of expenditure on procurement should be avoided during the last quarter of the fiscal year and in particular the last month of the year so as to ensure that all procedures are complied with and there is no infructuous or wasteful expenditure. FAs are advised to specially monitor this aspect during their reviews.

5. No fresh financial commitments should be made on items which are not provided for in the budget approved by the Parliament.

6. These instructions would also be applicable to autonomous bodies funded by Government of India.

7. Compliance

Secretaries of the Ministries / Departments, being the Chief Accounting Authorities as per Rule 64 of GFR, shall be fully charged with the responsibility of ensuring compliance of the measures outlined above. Financial Advisors shall assist the respective Departments in securing compliance with these measures and also submit an overall report to the Minister-in-Charge and to the Ministry of Finance on a quarterly basis regarding various actions taken on these measures / guidelines.

Ratan P Watal

(Ratan P. Watal)
Secretary(Expenditure)

All Secretaries to the Government of India

Copy to:

1. Cabinet Secretary
2. Principal Secretary to the Prime Minister
3. Secretary, Planning Commission
4. All the Financial Advisors

Annex

F No. 4(18)-B(S)

Annexure-II

Most Immediate
PAC Matter

F.No. 7(7)-B(SD)/2013
Ministry of Finance
Department of Economic Affairs
Budget Division

New Delhi, the 7 January, 2014

Subject:- Un-authorised Re-Appropriation of Budget.

Ministry of Finance (Budget Division)'s revised guidelines on Financial Limits to be observed in determining cases relating to 'New Service'/'New Instrument of Service issue vide Office Memorandum No. F.1(23)-B(AC)/2005 dated 25th May, 2006 may be referred, wherein Financial limits upto which expenditure can be met by re-appropriation of savings in a Grant subject to report to Parliament and financial limits beyond which prior approval of Parliament is required for expenditure from the Consolidated Fund have being clearly laid.

2. It has been observed that some of the Ministries/Departments are re-appropriating funds without observing the aforesaid guidelines issued by Ministry of Finance, which has been viewed very seriously by Public Accounts Committee. As per these guidelines, any augmentation of funds under the Object Heads 'Grants-in-aid' and 'Subsidy' necessarily requires the prior approval of Parliament. Exception to this is Transfers to State and Union Territory Governments, subject to the condition that the scheme for which augmentation of fund is re-appropriated is not new. Such a re-appropriation result in unauthorised expenditure and also violates the Constitutional requirements and established Rules and Procedures.

3. **It is incumbent upon the Secretaries of Ministry/Department, as Chief Accounting Authority of their respective Ministry/Department, to ensure that the Public funds appropriated to the Ministry/Department by the Parliament are used for the purposes they are meant. Therefore, they are responsible and accountable for financial management of his Ministry/Department, besides observance of Constitutional and Financial provisions.** It is requested that Secretary/Financial Adviser of all the Ministries/Departments may kindly observe strict financial discipline in this regard and do not propose or approve re-appropriations of fund, which are necessarily to be approved by Parliament in advance. Similarly, re-appropriation of funds, subject to report to Parliament should also be reported to Parliament without fail.

4. The above instructions should be rigidly followed, so that such incidence of un-authorised re-appropriation does not recur. Besides, as Chief Accounting Authority, various laid down rules should be rigidly followed.

5. Receipt of this letter may be acknowledged.

Ratan P Watal
(Ratan P Watal)
Secretary (Expenditure)

1. All Secretaries to the Government of India
2. All Financial Advisers of Ministries/Departments
3. JS(Pers), Department of Expenditure
4. CGA