



Dr. Rajat Bhargava
JOINT SECRETARY

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D.O. F.No.4(24)-B(SD)/2012
Ministry of Finance
Department of Economic Affairs
(Budget Division)
North Block
New Delhi – 110 001

New Delhi, the 3rd January, 2013

Dear

The Second and final batch of Supplementary Demands for Grants for 2012-2013 (excluding Railways) is proposed to be presented to Parliament in the forthcoming Budget Session. The Supplementary Demands proposed to be included in this batch may be decided strictly within the RE ceilings for 2012-2013, taking into account the provisions for both Plan and Non-Plan expenditure in the relevant Grant.

2. The Supplementary Demands may be proposed in the following cases:

- (a) For authorization of the expenditure out of the advances sanctioned from the Contingency Fund of India, which have not yet been recouped.
- (b) In cases where the approved Revised Estimates would result in excess over the sanctioned provision in the grant. The excess must be separately assessed for Revenue expenditure, Capital expenditure, Voted expenditure and *Charged* expenditure included in the grant. Thus, the Supplementary Demands will be required in cases where the additional provision is required over and above the original budget provision plus the additional provisions granted in the first batch of Supplementary Grants plus the advances sanctioned from the Contingency Fund of India, if any;
- (c) In cases where savings are available within the Grant to meet any excess requirement but the savings cannot be re-appropriated under the existing rules, e.g. from the Revenue Section to the Capital Section and *vice versa* or from 'Voted expenditure' to '*Charged* expenditure' and *vice versa*. The items already included as per (a) above need not be included again;
- (d) In cases where the expenditure is to be incurred on New Service or New Instrument of Service and hence prior approval of Parliament is necessary even though the expenditure can be met from the savings available within the Grant. In such cases, a Supplementary Demand of a token amount will be required. The items already included as per (a) above need not be included again.
- (e) In cases where payment is to be made in compliance of court decrees or upon invocation of a Government guarantee etc., which are not covered under category (a) above and, which, if let uncovered, may result in '*Charged*' provision in the Grant, if any, being exceeded.
- (f) In cases where this Ministry has specifically agreed to the inclusion of the item in the final batch of Supplementary Demands for Grants.

3. In cases where re-appropriations can be made without the requirement of Supplementary as per the extant provisions, no Supplementary proposal should be proposed (even for a token amount). This may be met by re-appropriation of savings after obtaining approval of the competent authority.

4. Ministry of Finance has issued several instructions since May'2012 as mentioned below. These instructions should be scrupulously followed, while proposing the proposal for inclusion in the Second and Final Batch of Supplementary Demands for Grants, 2012-2013.

MoF OM No	Date	Subject
7(1) E.Coord./2012	31.5.2012	Expenditure Management-Economy Measures and Rationalisation of Expenditure
-do-	1.11.2012	Expenditure Management-Economy Measures and Rationalisation of Expenditure---Revival of vacant posts-instruction thereof.
-do-	14.11.2012	Expenditure Management-Economy Measures and Rationalisation of Expenditure---For Autonomous Bodies/NGOs instruction thereof.
21(1)/PD-2005	5.12.2012	Cash Management System in Central Government with respect to EW ceilings.
D.O. F.2(70)/B(CDN)/2012	13.12.2012	Finance Secretary's directive regarding RE ceilings.

5. As recommended by the Public Accounts Committee, any order for re-appropriation, issued during a financial year, which has the effect of increasing the budget provision under a sub-head or standard object head by more than the limits specified in Budget Division's O.M. No. F.1(23)-B(AC)/2005 dated May 25, 2006 or as mentioned in the Delegation of Financial Powers Rules, is required to be reported to Parliament along with the last batch of Supplementary Demands of the financial year. The information in respect of such cases may also be furnished for being appended to this batch of Supplementary Demands in the Supplementary Demands booklet.

6. The Public Accounts Committee has been very critical of cases where Ministries/ Departments obtained Supplementary Demands in earlier years but the final expenditure was less than the approved grant. Hence, while processing proposals for Supplementary Grants, the Grant controlling authority must invariably identify savings available within the Grant so that the in-fructuous or inflated Supplementary Demands are weeded out and the eventuality of surrender after obtaining Supplementary Grant is avoided. The Supplementary Demand should be sought for the minimum necessary amount after a thorough review of savings (both under Plan and Non-Plan) within the Grant and a thorough and objective assessment of the actual requirement of funds.

7. We expect to review the proposals for Supplementary Demands conforming the above guidelines along with 8 copies of detailed brief thereon (for use of the Finance Ministry) latest by **January 31, 2013 (Thursday)**. The same may be sent to **Shri V. Prakash, Deputy Director (Budget), Ministry of Finance, Department of Economic Affairs, Room No.237, North Block, New Delhi – 110 001**. In case there is no proposal for Supplementary Demands, you are requested to send intimation to this effect also by the due date. Your kind cooperation is sought in this regard.

With regards,

Yours sincerely,



(Dr. Rajat Bhargava)

All Financial Advisers