

**GOVERNMENT OF ORISSA
FINANCE DEPARTMENT**

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No. 14329(225)/F.,
WM – 23/2009

Dt. 31.03.2010

From

**Shri J.K.Mohapatra, I.A.S.
Principal Secretary to Govt.**

To

**All Principal Secretaries/Secretaries to Government
All Heads of Departments**

Sub:- **Regulation of Expenditure out of the On Account Budget for the year 2010-11.**

Sir/Madam,

I am directed to say that after the Appropriation (Vote on Account) Bill for 2010-11 has been passed by the State Legislature and enacted, the Administrative Departments are authorised to incur expenditure from 1.4.2010 on the basis of the provision made in the Vote on Account for 2010-11 for four months till 31.07.2010.

2. It is necessary to expedite the flow of expenditure in the 1st quarter of the financial year as it is the working season before the onset of monsoon. The Departments should, therefore, carefully chalk out a work programme from the beginning of the financial year **and make available the required funds to the spending Units in the month of April, 2010.**

3. Keeping the above mentioned objectives in view, while sanctioning funds the following guidelines are to be observed.

(i) Expenditure on creation of capital assets, completion of projects, reduction in Non-Plan Revenue Expenditure and the cost of operation of various services should be given top most priority.

(ii) Funds should be released according to a definite action plan for achieving the quantifiable physical target fixed for the year. The Secretaries of Administrative Departments are to review physical achievement against expenditure by 15th of every month against monthly/quarterly targets from the beginning of the year.

(iii) Statutory dues viz. Sales Tax/VAT, Municipal Tax, compensation for land acquisition etc. as well as electricity dues, water charges and Rents, Rates and Taxes, both current and arrears, should be cleared on the basis of provision made in the Budget ,after verification and scrutiny and rebate where-ever available should be availed. If any delayed payment surcharge is levied, it would be the personal responsibility of the concerned Head of Office/DDO.

***Guiding
Principle for
implementation
of On Account
Budget***

(iv) 1/3rd of the allocation for the year under M.V., Telephone, T.E. and Office Expenses should be distributed.

The maintenance expenditure under Non Plan for Roads & Bridges, Buildings, Urban Water Supply, Rural Water Supply, Major, Medium & Minor Irrigation, Flood Control work etc. should be limited to 50% of the total provision and spent according to the Annual Maintenance Plan formulated by the concerned Administrative Department in consultation with Finance Department. All preparatory actions in this regard should be completed by 30th April, 2010.

(v) Creation/filling up of posts would require prior concurrence of Finance Department. Reference of such proposals to Finance Department should be made only if the posts are essential for delivery of public services or developmental needs.

(vi) Purchase of new vehicles would require prior concurrence of Finance Department. It would be considered only on replacement basis and on the Certificate of the Secretary of the Department regarding availability of a Driver and deposit of the sale proceeds of the condemned vehicle in Government Account.

(vii) Concurrence of Finance Department would be necessary for purchase of machinery and equipment subject to the overall limit of the Vote-on Account provision.

***Priority areas
of expenditure***

4. While releasing funds, priority should be given for programmes/schemes where expenditure is reimbursable and for completion of the incomplete projects under the Zero Based Investment Review etc. - (i) EAP, RIDF and other Resource Tied up schemes under State Plan, (ii) CSP & CP schemes, (iii) State's own plan schemes like Biju KBK, Gopabandhu Gramin Yojana, Biju Gram Jyoti, Biju Saharanchal Bidyutikaran Yojana, Mo Kudia, Biju-Kandhamal O Gajapati Yojana, and Madhubabu Pension Yojana, (iv) Modernisation of Police force, Prison administration and security related expenditure under Non-Plan, (v) Relief expenditure.

***Submission of
Utilisation
Certificate***

5. While scrutinizing proposal for sanction of expenditure during the year 2010-11, the progress of submission of Utilization Certificate in respect of expenditure incurred up to the preceding month and expenditure incurred during 2009-10 should be reviewed.

***Even pacing of
expenditure***

6. The flow of expenditure should be evenly paced and commensurate with the revenue receipts. However, it is noticed that expenditure pattern is skewed and back loaded. Therefore, it is imperative to formulate monthly expenditure plans to avoid rush of expenditure towards the year-end. Accordingly, it is proposed to introduce **Cash Management System** in selected major spending Departments for which guidelines would be issued separately.

Principle for distribution of allotment below the Minor Head out of Vote on Account provision

7. Since provision under Vote on Account **2010-11** is for the 1st four months of the financial year and indicated up to Minor Head level in the Demand for Grants, the Administrative Departments are requested to follow the instructions mentioned below, while allocating funds and incurring expenditure in respect of each unit of appropriation out of the Vote on Account provision.

(I) The expenditure under a minor head should ordinarily be limited to 40% of the provision made for the financial year, **2010-11**. However, it may be exceeded up to the limit indicated against the essential items of expenditure like Calamity Relief- 100%, Arrear Salary-100%, Arrear Pension-100% and Maintenance of Capital Assets-50% .In all other cases it can be exceeded in the respective functional major/minor heads subject to the overall expenditure under the respective Demand for Grant remaining within the limit of total appropriation indicated in the Vote on Account 2010-11, **for which prior concurrence of Finance Department is necessary**. For example, the Budget provision of TRs. 110496 made under Demand No.10 - School & Mass Education Department under Non-Plan may be considered. The above provision has been indicated in the Book "Demand for Grant" Page No. 10/5 for the year 2010-11 under the following minor head.

Major Head - 2202 - General Education
Sub Major Head - 01 - Elementary Education
Minor Head - 101 - Government Primary Schools

The limit of expenditure under this minor head is Trs.44198 and the limit of total appropriation for the Demand No.10 is Trs.23,88,02,96 in the Vote on Account.

(II) Although, no detail unit of appropriation like Pay, DP, DA, HRA etc. have been indicated below the minor head, the details of the provision below the minor head up-to the unit of appropriation has been made available through the Budget Interface software and placed in the Treasury portal <http://www.orissatreasury.gov.in>. Accordingly, the Administrative Departments/Controlling Officers need to assess their requirements under each unit of appropriation and issue allotment order to concerned DDOs. For assessment of the requirement under different units of appropriation, the following procedure shall be adopted.

(a) Allotments should be distributed to meet the requirement for a period of four months only for each unit of appropriation.

(b) For salary components estimate should be made as follows:

- (i)** Pay - 1/3rd of the provision for 2010-11 should be distributed.
- (ii)** D.P. @ 50% of Pay for the employees who continue to draw salary in the pre-revised scale should be worked out for four months and then the required amount be re-appropriated from Pay.
- (iii)** D.A. @ 27% of the allotment under Pay should be worked out.

- (iv) H.R.A. - As per the admissible rate for four months.
 - (v) **The remaining 30% of arrear Revised Pay and the remaining 30% of arrear revised pension may also be paid in full for which separate instructions would be issued by Finance Department.**
 - (vi) Un-utilized leave salary of retired Government Servants and those retiring between 1.4.2010 to 31.7.2010 should also be paid in full.
 - (vii) Depending on urgency, arrear salary as well as arrear grants-in-aid salary may be released within 40% of the total provision under the respective Minor Head but this must be within the total amount under Vote on Account for each Demand.
- (c) For non-salary components unit-wise provision should be estimated by taking 10% increase over the expenditure made in the year 2009-10 excluding the provision for non-recurring expenditure like purchase of vehicles and contingencies etc. The recurring expenditure under non-salary components is to be considered while calculating 1/3rd of the unit-wise provision for the year 2010-11 for distribution.
- i) **While calculating 40% of the Budget provision, the sectoral allocation under NP/SP/CP/CSP should be calculated separately.**
 - ii) Expenditure under a particular Minor Head may exceed 40% of the provision under any sector, with the concurrence of Finance Department/P & C Department, as the case may be, **but the total expenditure in the Demand for Grant shall not exceed** the limit of expenditure indicated in respect of each Demand for Grants in the "VOTE ON ACCOUNT FOR EXPENDITURE OF THE GOVT.OF ORISSA 2010-11" circulated by Finance Department along-with the Budget Documents for 2010-11.
 - iii) Expenditure on maintenance of the Capital assets may be incurred up to 50% of the full provision for 2010-11 and 40% of the provision for creation of Capital Assets under Capital outlay can be spent within 31.7. 2010 subject to availability of LC.
 - iv) Expenditure for the continuing CP/CSP Schemes out of the Vote on Account, 2010-11, only should be considered, subject to receipt of Central Assistance and availability of State Share. In respect of new schemes, if it is necessary to **incur expenditure in anticipation of receipt of Central Assistance, prior concurrence of P & C and Finance Department would be necessary.**
 - v) Prior concurrence of Finance Department and P & C Department would be necessary for release of funds in case of items of expenditure reserved for post budget scrutiny and also in respect of the provisions made under Non Plan for grants to Rural & Urban

Local Bodies and provision taken against State Plan ceiling under Finance Commission grants.

- vi) Sanction of funds for schemes where the norms of expenditure are yet to be approved and cases involving change in the norms of existing schemes having financial implication would require prior concurrence of Finance Department.

*Online
distribution of
allotment to
DDOs through
Treasury Portal*

8. **The detailed DDO-wise Budget Allotments for the financial year 2010-11 is to be distributed through Orissa Treasury Portal - <http://www.orissatreasury.gov.in>**, in order to enable the Treasuries / Special Treasuries / Sub Treasuries to check the bills against allotment through Orissa Treasury Management System (OTMS). The detailed head-wise provision below the minor head in the Vote on Account 2010-11 has been indicated through the Budget Interface Software and is available in the Treasury Portal for online distribution among the DDOs by the Administrative Departments/Controlling Officers. The schedule for distribution of allotment has been indicated in Finance Department Letter No. 11336(40)/F., dt.12.3.2010. However, the OTMS shall process all Bills without feeding of allotment in April, 2010 only. The Controlling Officers shall continue to communicate the DDO-wise allotments to the respective Treasuries & Sub-Treasuries for entry in their Control Register in April, 2010.

Besides, the OTMS should capture the unit-wise expenditure allowed against the provision made in Vote on Account 2010-11 and account for the expenditure against these units in the Annual Budget 2010-11 so as to prevent double drawal against the same provision made in the Vote on Account and Annual Budget 2010-11. The Treasuries and Sub-Treasuries should, therefore, **insist on full accounting classification i.e. detailed description from Major Head to Unit of appropriation in the Bills presented for drawal.**

*Limits of
Sanction*

9. i) The Administrative Departments are authorized to sanction expenditure up to Rs.1500.00 lakh at a time under Non Plan and Rs.3000.00 lakh under Plan. Sanction of expenditure exceeding these limits would require prior concurrence of Finance Department.

ii) Notwithstanding the limits indicated at Sub-Para i) above, the Administrative Departments are fully empowered to sanction expenditure for:

a) Relief, Grant-in-aid(salary) for Aided Educational Institutions, Scholarship and Stipend to SC & ST Students, SOAP, NOAP, ODP, Modernization of State Police Force (including advance payment to Ordnance Factories for procurement of arms and ammunitions), Modernization of Prison Administration and other Security related expenditure under Non Plan.

b) All resource-tied up schemes, Biju KBK, Biju Gramjyoti, Biju Saharanchal Bidyutikaran Yojana, Biju Kandhamala O Gajapati Yojana, Gopabandhu Gramin Yojana, State Share of NRHM, Jananidhi and Madhubabu Pension Yojana under State Plan.

c) Central Plan & Centrally Sponsored Plan Schemes in case of availability of Central Assistance and the salary component of ongoing CP & CSP Schemes in anticipation of receipt of Central Assistance up to 31.7.2010.

10. The Administrative Departments are authorized to sanction:

i) Share capital/ loan to PSUs/Cooperatives subject to recovery of outstanding Government dues, opening up of Escrow Account and with prior approval of the Project Approval Committee and the Empowered Committee, as the case may be.

ii) Grant-in-aid and subsidy to PSUs/Cooperatives shall also be made by the Administrative Departments subject to adjustment of outstanding Government dues, opening up of Escrow Account and within the limit indicated in Para-9 (i) above.

iii) In case any Administrative Department intends to grant any relief to any PSU/Cooperative in recovery of outstanding Government dues while releasing Share capital/loan or subsidy, prior concurrence of Finance Department would be necessary.

11. Cases of expenditure sanction which require prior approval of F.D. in the light of the guidelines set out in the foregoing paragraphs are listed out at Annexure for the sake of clarity.

I would, therefore, request you to sanction and release funds for expenditure out of the Vote on Account 2010-11 in accordance with the aforesaid instructions.

Yours faithfully,

W.
31/3/10.

Principal Secretary to Govt.

*Release to
PSUs / Co-
operatives*

Memo No. 14330 (16) /F., dated 31/3/2010

Copy forwarded to the Registrar, Orissa High Court/Special Secretary, Orissa Public Service Commission/Secretary, Orissa State Election Commission/Secretary, Staff Selection Commission/Registrar Orissa Administrative Tribunal/Secretary, State Human Rights Commission/Secretary, Orissa Electricity Regulatory Commission/Resident Commissioner, Orissa, New Delhi for favour of information & necessary action.

~~31-3-10~~

Memo No. 14331 (45) /F., dated 31/3/2010 **Joint Secretary to Government**

Copy forwarded to all Public Sector Undertakings/Cooperative Institutions for information & necessary action. The aforesaid guidelines should be scrupulously followed.

~~31-3-10~~

Memo No. 14332 (170) /F., dated 31-3-2010 **Joint Secretary to Government**

Copy forwarded to all Treasury Officers/Sub-Treasury Officers for information & necessary action.

~~31-3-10~~

Memo No. 14333 (60) /F., dated 31-3-2010 **Joint Secretary to Government**

Copy forwarded to all Officers of Finance Department for information & necessary action.

~~31-3-10~~

Memo No. 14334 (60) /F., dated 31-3-2010 **Joint Secretary to Government**

Copy forwarded to all Branches of Finance Department for information & necessary action.

~~31-3-10~~

Memo No. 14335 (160) /F., dated 31-3-2010 **Joint Secretary to Government**

Copy forwarded to all the Controlling Officers for information and necessary action.

~~31-3-10~~

Memo No. 14336 /F., dated 31-3-2010 **Joint Secretary to Government**

Copy forwarded to the Director of Treasuries & Inspection, Orissa, Bhubaneswar for information and necessary action.

~~31-3-10~~

Joint Secretary to Government

ANNEXURE**Cases requiring prior approval of Finance Department**

Sl. No.	Subject/Item	Paragraph
1.	Creation/filling up of posts	3 (v)
2.	Purchase of new vehicles	3 (vi)
3.	Purchase of machinery and equipment	3 (viii)
4.	Expenditure exceeding 40% Under Major Head or Minor Head	7 (I)
5.	Expenditure exceeding 40% under Minor Head & Sector	7 (II) (c) (ii)
6.	Expenditure for the CP/CSP scheme in anticipation of receipt of Central Assistance	7 (II) (c) (iv)
7.	Items of expenditure reserved for Post Budget scrutiny and Non-Plan Grant to Rural Local Bodies and State Plan provision under Finance Commission Grant	7 (II) (c) (v)
8.	Schemes where norms of expenditure are yet to be approved and change in norms of existing schemes having financial implication.	7 (II) (c) (vi)
9.	Sanction of expenditure exceeding Rs.1500 lakh under Non-Plan and Rs.3000 lakh under Plan	9 (i)
10.	Release of Subsidy and Grant in Aid to PSUs/ Co-operatives exceeding the limit specified in para -9 (i)	10(ii)
11.	Any relief to PSUs/Co-operatives in recovery of outstanding Govt. dues.	10 (iii)