

Government of Orissa
Finance Department

No. 38683 (40) /F., Dt. 09.09.2010
Bt-I-26/2010

From

**Sri J.K. Mohapatra, IAS,
Principal Secretary to Government.**

To

All Secretaries to Government

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2010-11

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2010-11 is likely to be presented in the Orissa Legislative Assembly some time in the month of November, 2010. Accordingly, proposals for inclusion in the Supplementary Statement of Expenditure are required to be submitted to Finance Department strictly in accordance with the guidelines indicated below.

2. As envisaged under the Orissa Fiscal Responsibility and Budget Management Act, 2005 no additional expenditure should be incurred without corresponding resources being firmed up or without reducing equivalent amount of expenditure somewhere else. Hence, there is little scope for substantive provision at the Supplementary stage unless the proposed expenditure is backed by equal amount of additional firm resources. In view of the limit on borrowings, there has to be greater reliance on our own resources.

4. The 13th Finance Commission have mandated to generate revenue balance by 2011-12 and contain the Fiscal deficit within 3% of GSDP. Further, the Debt/GSDP ratio has to be brought down to 25% by 2014-15. These conditions necessitate rationalization and prioritization of revenue expenditure.

5. It is very often observed that Supplementary Provision is being made without due care and caution which results in surrender of funds. During 2009-10, the amount surrendered (₹1391.87 crore) actually exceeded the total amount provided in the Supplementary (₹1321.66 crore). Recurrence of the feature had been adversely commented upon by the C&AG year after year. Therefore Supplementary provision should not be prepared in a routine manner; but should receive personal attention of the concerned estimating and controlling officer so that the proposals are based on actual need and commensurate with their actual spending capacity.

6. During the previous years, it is observed that in many cases the full Supplementary provision has been surrendered which has attracted adverse audit

comments. Upon introduction of the Cash Management System, the Administrative Departments covered under the scheme are required to spend at least 60% of the Budget provision by 31.12.2010. Hence, proposal for substantive supplementary provision shall not be provided to any department whose actual expenditure (**not release**) by the end of September, 2010 is less than 30% of the Budget Provision.

7. Keeping in view the above stipulations, Supplementary Schedules under Non Plan and State Plan may be furnished in the following cases:-

7.1 Recoupment of Advance from OCF

Sanction of Advance from Orissa Contingency Fund (OCF) has been issued from time to time and it is seen that a substantial amount is outstanding for recoupment. In absence of recoupment, it would not be possible to sanction further advance to meet any urgent requirement. While submitting schedules for recoupment, the letter No. and the date of the sanction of OCF advance and details of head of account should be clearly indicated.

7.2 Provision for Pay and D.A.

Additional provision for salary expenditure including arrear pay shall be allowed under Non-Plan where the provision is inadequate. Wherever required, it should be met only by locating savings from the existing provision for re-allocation.

7.3 Provision of outstanding House Rent, Electricity dues, Water Charges & Municipal Dues.

(a) Finance Department have issued circular Nos. 36933(225) dt.26.08.2010 and 36938(4) dt.26.08.2010 instructing all Government Departments, PSUs & ULBs for reconciliation and payment of outstanding electricity dues. All Administrative Departments are, therefore, requested to verify the actual requirement for clearance of outstanding electricity dues and water charges which are free from dispute. Wherever possible, equivalent savings should be located to meet the additional requirement.

(b) All Administrative Departments and Heads of Departments are, requested that the outstanding municipal dues should be assessed properly with regard to legal provisions and additional requirement may be provided in the Supplementary budget, if the requirement cannot be met out of savings located elsewhere.

(c) Similarly provision is to be made for House Rent and with justification for arrear HR of rented office buildings.

7.4 Regularization of Advance Expenditure incurred by way of Authorization.

Engineering Departments have been authorized (under para 3.7.1(b) of the OPWD Code Vol.-I) to go ahead with the works and to incur expenditure in absence of budget provision. Regularization of such expenditure should be processed indicating savings/ specific source of funding, if any, for Supplementary provision both under Non Plan and Plan, as the case may be. However, no substantive provision shall be allowed, if the actual expenditure (**not release**) at the end of September, 2010 is less than 30% of

the Budget Provision and the Administrative Departments shall have to locate savings within the Demand for such adjustment.

7.5 Decretal dues and Land Acquisition charges.

(a) Amounts required for satisfaction of Court decrees in respect of Land Acquisition Cases, which have no scope for appeal should be proposed for inclusion in the Supplementary Budget under the “charged section”. All proposals for decretal dues should be furnished with sufficient justification with firm decision of Government to implement the orders of the Hon’ble Court without going for further appeal or revision.

(b) Normal Land Acquisition charges wherever necessary for projects/ schemes should be proposed in the “voted section” under the detailed heads meant for the project/ scheme.

7.6 Diversion of Fund.

Diversion of fund to meet the additional requirement in needy sectors by locating savings or for accounting adjustment without any additional cash outgo, if any, may be proposed. For example:- transfer of provision from Revenue Account to Capital Account or from Voted to Charged or vice-versa, Accounting adjustment in respect of receipt of External Assistance under direct payment procedure for Externally Aided Projects.

7.7 Additional requirement under State Share for Centrally Sponsored Plan Scheme.

Additional requirement towards State Share for Centrally Sponsored Plan Schemes would be considered subject to the firm commitment received for the corresponding Central Share. Furthermore, additional provision under these heads would be provided only if the rate of utilization of the existing provision is satisfactory. In case actual expenditure under these heads (**not release**) at the end of September, 2010 is less than 30% of the Budget Provision, additional provision, if required will have to be matched by equivalent savings within the State Plan ceiling within the Demand.

7.8 Additional requirement under State Plan.

Departments can propose for reallocation of provision within the existing ceiling within the demand. Proposals for additional provision in one unit should be matched by equivalent savings within the Demand. No substantive provision under any head within a demand under State Plan will be considered if actual expenditure under these heads (**not release**) at the end of September, 2010 is less than 30% of the Budget Provision.

7.9 Additional requirement towards Central Share of Central Plan and Centrally Sponsored Plan Scheme.

Additional provision towards Central Share of Central Plan and Centrally Sponsored Plan Schemes would be considered subject to the firm commitment received from the corresponding funding agency.

8. Improper Assessment of the requirement and accountability under the FRBM Act.

All Administrative Departments should make realistic assessment of requirement for the Supplementary so that scarce resources can be utilized effectively, efficiently and in a prudent manner. Sound fiscal management is, therefore, of vital importance to Government. Further, the FRBM Act envisages that budget provision should be made on realistic basic. Hence, it is made clear that any deviation in this regard would attract personal liability under the provision of the FRBM Act.

9. Time Schedule

(i) The Administrative Departments are requested to formulate the Supplementary proposals expeditiously in accordance with the guidelines indicated above and submit their proposals to Finance Department as per the time schedule given below.

- (a) In case of non-plan the draft schedules should reach Finance Department latest by **06.10.2010** and the non-plan schedules duly admitted by Finance Department shall be returned to the Administrative Department by **20.10.2010**.
- (b) The plan schedules should be processed and forwarded to Planning and Coordination Department by **06.10.2010**.
- (c) The draft schedules under plan schemes after concurrence of Planning & Coordination Department should reach Finance Department by **20.10.2010**.
- (d) The plan schedules with concurrence of Finance Department shall be returned to Administrative Department by **23.10.2010**.
- (e) Five copies of non-plan and State plan schedules duly concurred in must reach the Finance Department by **27.10.2010**.

(ii) Unless the schedules duly admitted by P & C Department and Finance Department are submitted to Finance Department by the due dates as indicated above, it will not be possible to include the proposals of the Administrative Departments in the Supplementary Statement of Expenditure.

(iii) All Heads of the Departments and Controlling Officers are being informed. This circular is being placed in the website of Finance Department at www.orissa.gov.in/finance for information of all concerned.

Yours faithfully,

W.
09/10/10

Principal Secretary to Government

Memo No. 38639(410)/F **Date 09.09.2010**

Copy forwarded to all Heads of Departments (Controlling Officers) Financial Advisors/ Asst. Financial Advisors/ Accounts Officers of all Heads of Departments for information and necessary action.

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9/9/10

Special Officer-cum-Joint Secretary

Memo No. 38640(100)/F **Date 09.09.2010**

Copy forwarded to all Officers/ Desk Officers/ Section Officers of Finance Department for information and necessary action.

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9/9/10

Special Officer-cum-Joint Secretary

Memo No. 38641(200)/F **Date 09.09.2010**

Copy forwarded to all Treasury Officers of District Treasuries and Special Treasuries/ Sub-Treasury Offices/ F.A. & C.A.O. of all Irrigation Projects for information and necessary action.

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9/9/10

Special Officer-cum-Joint Secretary

Memo No. 38642(7)/F **Date 09.09.2010**

Copy forwarded to Private Secretaries to Principal Secretary/ Special Secretary/ Additional Secretaries, Finance Department for kind information of Principal Secretary/ Special Secretary/ Additional Secretaries.

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9/9/10

Special Officer-cum-Joint Secretary

Memo No. 38643/F **Date 09.09.2010**

Copy forwarded to DR. R.V. Singh, Special Secretary to Government P & C Department for information and necessary action.

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9/9/10

Special Officer-cum-Joint Secretary

Memo No. 38644/F **Date 09.09.2010**

Copy forwarded to the Head, State Portal with request to upload the circular in the website of Finance Department at www.orissa.gov.in/finance.

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9/9/10

Special Officer-cum-Joint Secretary