

GOVERNMENT OF ORISSA  
FINANCE DEPARTMENT

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No. 39963(45) /F Dt. 1<sup>st</sup> October, 2007  
Bt-I - 27 /2007

From

Sri R.N. Senapati, IAS,  
Principal Secretary to Govt.

To

All Secretaries to Govt. (By Name)

Sub: Proposals for Supplementary Statement of Expenditure for  
the Financial year, 2007-08.

Sir,

I am to say that the Supplementary Statement of Expenditure for 2007-08 is likely to be presented in Orissa Legislative Assembly sometime in November, 2007. The Departments of Government are, therefore, required to send proposals for inclusion in the Supplementary Statement of Expenditure strictly in accordance with the guidelines indicated below in order to enable Finance Department to present the Demand for Supplementary Grants in time.

2. Several new Schemes like Gopabandhu Gramina Yojana, Biju KBK Yojana & Biju Gram Jyoti Yojana have been launched. Besides, provision for MLA LAD Fund has been enhanced and additional provision has been made for One Lakh Old Age Pension beneficiaries. The arrear liabilities on account of grant- in-aid salaries, various judicial pronouncements, sanction of D.A. @ 3% w.e.f. 1.1.2006, 5% w.e.f. 1.07.2006 and 6% w.e.f. 1.1.2007 are to be met. An Annual Plan outlay of Rs.5105.00 crore has been approved and budgeted for in 2007-08 which requires mobilization of matching resources from all possible sources.

3. In view of the need to provide resource support for the State's plan outlay and other developmental and welfare oriented expenditure liabilities, changed pattern of financing the loan component of State Plan through Open Market Borrowing as per the recommendation of 12th Finance Commission and rising interest rate, the borrowings are to be limited and there has to be greater reliance on our own resources.

4. It is invariably seen that supplementary provision is being made without due care and caution which results in surrender of funds. Needless to say that these are serious financial irregularities which have been adversely commented upon by C & A.G of India regularly. Supplementary Budget should not be prepared in a routine manner but should receive the personal attention of the concerned Estimating & Controlling Officers so that the proposals would be based on actual need and are in accordance with the existing policies of the Government. FRBM Act also envisages that Budget provision should be made on realistic assessment basis. Section 8 (3) of the FRBM Act stipulates that shortfall in revenue or excess of expenditure over pre-specified level on account of any new policy decision should be offset by suitable measures to curtail expenditure or augment revenue. Section 8(5) of the FRBM Act further provides that Supplementary estimate should be accompanied by corresponding curtailment of expenditure to fully offset its fiscal impact in relation to be targets of the annual budget as well as Medium Term Fiscal Plan (MTFP).

5. Keeping in view the above stipulations, Supplementary schedules under Non-Plan and Plan may be furnished in the following cases.

(i) Recoupment of Advance from OCF

(a) 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 the absence of recoupment, it would not be possible to sanction further advance to meet any urgent requirement.

(b) While submitting the schedule for recoupment of OCF advance, the letter number and date of the sanction order of the OCF advance and detail head of account shall be clearly indicated.

(c) The recoupment of OCF advance has to be made within the available ceiling communicated by the Planning and Co-ordination Department in case of Plan Sector and by Finance Department in case of Non-Plan. If the available ceiling is insufficient, the Administrative Department may approach P & C Department for consideration of additional financial ceiling for the purpose. In case of OCF advance under the Non-Plan, the concerned Departments have to first locate savings within the budgetary allocations available at their disposal and if it is not possible to locate any savings, they may move Finance Department with the schedule for substantive provision for recoupment of the OCF Advance.

6. Additional Requirements under State Share for Centrally Sponsored Plan Schemes.

Additional requirements under State share for Centrally Sponsored Plan Schemes should be fully provided subject to the stipulations that concerned Administrative Department must satisfy that they have fully utilized the central share along with the state share provided so far and substantial progress has been made in submission of Utilisation Certificate.

7. Regularisation of Advance Expenditure incurred by way of Authorisation.

The proposals for regularization of advance works expenditure of Engineering Departments authorized in absence of adequate budget provision under para 3.7.1 (b) of the OPWD code, if any, should be processed indicating savings/specific source of funding to regularize the advance expenditure by necessary supplementary provision under Non-Plan and Plan.

8. 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, 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.

9. Provision against firm commitment.

(a) Where Central Assistance has been received or where firm commitment from Central Govt. is available but provision has not been made in the budget estimate for 2007-08, supplementary provision may be proposed for Central Share and State Share. Copies of relevant letters should be placed in the file and such proposals are to be processed through the Planning and Co-ordination Department.

(b) Probable savings under other schemes alongwith the State matching share where the assistance from Centre is remote should be indicated for diversion so as to avoid unnecessary surrender at the close of the financial year. While processing additional provision for continuing schemes under CP and CSP, the Administrative Departments should indicate the total allocation of central share so

far received, expenditure incurred and utilization certificates submitted for the amounts received upto 31.03.2007, failing which the proposal for additional provision shall not be considered.

(c) Items of expenditure of inevitable and inescapable nature to which Government stand firmly committed at the post-budget stage requiring enhancement of Non-Plan/ State Plan ceiling should be proposed with reference to the particular policy decision or Government order and concurrence of Finance Department and Planning & Coordination Department.

#### 10. Provision of Fund for New Schemes and New Service

##### a) New Schemes

In case of new schemes under Non-Plan, State Plan, Central Plan & Centrally Sponsored Plan, either administratively approved by Government of India or where firm commitment has been received from Government of India for release of funds during 2007-08, provision may be made provided prior concurrence of P & C Department and Finance Department has already been taken. Similarly, additional provision may be made in respect of new schemes announced by State Government like Gopabandhu Gramin Yojana / Biju Gram Jyoti Yojana / Biju KBK Yojana keeping in view the expenditure that can be reasonably incurred during the remaining period of the financial year, after observing the prescribed procedure.

##### b) New Service

When re-appropriation is not feasible or a new service is involved, proposal for Supplementary provision shall be taken up, provided that supplementary provision for a "New Service" need not be proposed, if all preliminaries for execution have not been completed and the amount proposed cannot be spent during the balance period of the financial year.

#### 11. Provision under Award of 12th Finance Commission

It is to be seen that in case of award of 12th Finance Commission if the provision made in the Annual Budget Estimate for 2007-08 either under Non-Plan or Plan is less than the level recommended by the Finance Commission or actual requirement, additional provision may be taken depending on the recommended level and actual requirement, as the case may be.

12. Payment of Guaranteed Loans under One Time Settlement Scheme

The State Government have discharged the liabilities through one-time settlement route due to default in payment of guaranteed loans by some State Government Public Sector Undertakings, Co-operatives etc. These amounts have been paid directly by the Finance Department out of the budget provision made under Demand No. 5 and have been sanctioned as loan to the concerned defaulting organizations. In order to regularize the matter, the concerned Administrative Department will have to submit necessary supplementary proposals under State Plan in the relevant functional head of Account. The amount will be adjusted by contra-credit against the amount already paid and there shall be no Cash-outgo. It will be an accounting adjustment only and will be shown as expenditure under State Plan as loans and advances to the beneficiary organizations under the relevant function/programme.

13. Additional Provision for Dearness Allowance

Additional expenditure towards 5% Dearness Allowance sanctioned w.e.f. 01.07.2006 vide F.D. O.M. No. 26150/F dt. 11.06.2007 being incurred during 2007-08 may be clearly worked out and shortfall, if any, may be indicated to assess the additional Demand. Wherever possible, additional demand may be met from overall savings within own demand of concerned departments. Provision for 6% Dearness Allowances due w.e.f. 01.01.2007 may be proposed by locating savings, if any.

14. Arrear Pay and Allowances

Arrear pay and allowances for those who have already retired or likely to retire by 31.03.2007 but not paid so far should be met out of the existing budget provision at the first instance and any deficit to meet further requirement for the year 2007-08 may be clearly worked out. Finance Department may consider this depending on the availability of the overall resources.

15. Additional Provision for Pay

- (a) It is seen that re-appropriation proposals are being referred to Finance Department for augmentation of funds under the unit "Pay". The Administrative Departments are, therefore, required to clearly work out the shortfall, if any, under "Pay" Head and assess the additional requirement and submit proposal to Finance Department and P. & C. Department with sufficient justification.

- (b) In certain cases, in lieu of abolition of posts, if fresh creation of posts at consolidated salary has been approved with the concurrence of Finance Department, the consolidated salary requirement on such contract appointees should be separately worked out indicating the details of contractual posts sanctioned, the rate of consolidated salary and the requirement for the current financial year i.e. 2007-08. This should be shown separately as "consolidated pay for contractual appointees". (Code No.01004)

16. Decretal dues and Land Acquisition charges

- a) A special review of all claims that have gone to Courts or likely to be taken to the Courts shall be conducted for assessing the likely requirements. It is also desirable to provide for unforeseen expenditure arising from Court decree. 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 for projects/schemes should be proposed in the voted section under the detailed heads meant for the project/scheme. Since delay in payment of decretal dues may lead to further legal complication and payment of penal interest, such payments should be carefully assessed. Non-payment of land acquisition charges for want of provision may also result in delayed execution of projects/schemes for which such requirement should be properly assessed and proposed in the Supplementary Budget.

17. Additional requirement of Grant-in-Aid salary

The additional requirement of GIA salary for the current year at the existing rate of DP and DA both under Non-Plan and State Plan in respect of those who are in receipt of the Grant-in-aid may be worked out after taking into account the existing provision. Similarly where all legal forum have been exhausted and the payment is to be made as per the latest direction of the Hon'ble Courts, some provision should be made to meet the current dues with due regard to the Court order. Since Cabinet has approved the principle of payment of arrear grants-in-aid which is legally

payable within a period of ten years, specific provision is also to be made for arrears during 2007-08.

18. Provision of House Rent, Municipal Taxes, Electricity Dues and Water Charges

(a) House Rent

Additional provision for payment of House Rent for Government offices functioning in hired buildings may be proposed as per actual requirement on the basis of sanctioned rent.

(b) Municipal Taxes

It has been brought to the notice of Finance Department that many Govt. organisations are not paying municipal taxes in time, as a result, the Urban Local Bodies are facing difficulty in providing basic amenities to the citizens due to paucity of funds. All Administrative Departments and Organisations must see that municipal dues should be paid fully. They should give proposal for such additional requirements which shall be provided after due verification of the claims and payments made earlier.

(c) Energy and Water charges

Similarly, the power distribution companies and Chief Engineer, PH (Urban) are frequently indicating about non-payment of energy charges and water charges and about huge outstanding arrears. The Administrative Departments should verify the actual position and assess the actual requirement for additional provision. Wherever possible, equivalent savings should also be located to meet the additional requirement. Additional provision for the purpose would be considered by the Finance Department only after the claims are certified and authenticated for payment by the Secretary of the Department to the effect that the amount proposed is based on the final figure arrived at after the joint verification made by the DDO concerned / Heads of Department and the Executive Engineer of the Distribution companies and Executive Engineer, PH, as the case may be. Similarly, additional provision for payment of municipal taxes would be provided after due verification of the claims and payments made earlier.

19. Festival Advance

In view of the revised eligibility norm and upper limit for Festival Advance the Administrative Departments may furnish their additional requirement.

20. Provision for L.T.C

All Administrative Departments are required to assess the actual requirement under LTC for the current Financial Year and make necessary provision in Supplementary. They should also locate savings in other units.

21. Any other item –

Additional requirement under any other item shall not be entertained without location of savings elsewhere.

22. Time Schedule

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 12.10.2007 and the Non-Plan schedules duly admitted by Finance Department shall be returned to the Administrative Departments by 27.10.2007.
- b) The plan schedules should be processed and forwarded to Planning & Co-ordination Department by 12.10.2007.
- c) The draft schedules under Plan Schemes after the concurrence of Planning and Co-ordination Department should reach Finance Department by 24.10.2007.
- d) The plan schedules with concurrence of Finance Department shall be returned to Administrative Departments by 27.10.2007.
- e) Five cyclostyled copies of the Non-Plan and Plan Schedules duly concurred in must reach Finance Department by 27.10.2007.

23. Unless the schedules duly admitted by Planning and Co-ordination Department and Finance Department are submitted to Finance Department by the due dates as indicated above, it shall not be possible to include the proposals of Administrative Departments in the 1<sup>st</sup> Supplementary Statement of Expenditure. The concerned Administrative Department will be responsible for non inclusion of any supplementary estimate submitted after the date-line indicated above.



24. All Heads of Departments and Controlling Officers are being informed.

25. This circular is being placed in the website of Finance Department at [www.orissa.gov.in/finance](http://www.orissa.gov.in/finance).

Yours faithfully,

Principal Secretary to Govt.

Memo No. 39964(425) /F Dt. 1<sup>st</sup> October, 2007

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

Under Secretary to Govt.

Memo No. 39965(120) /F Dt. 1<sup>st</sup> October, 2007

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

Under Secretary to Govt.

Memo No. 39966(175) /F Dt. 1<sup>st</sup> October, 2007

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

Under Secretary to Govt.

Memo No. 39967(6) /F Dt. 1<sup>st</sup> October, 2007

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

Under Secretary to Govt.

Memo No. 39968 /F Dt. 1<sup>st</sup> October, 2007

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

Under Secretary to Govt.