

Government of Odisha
Finance Department

No. 31924 /F.,
FIN-BUD1-BT-0012/2012

Dt. 06.09.2012

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 2012-13

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2012-13 is likely to be presented in the Odisha Legislative Assembly sometime in the month of November, 2012. 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 Odisha 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 and contain the Fiscal deficit within 3% of GSDP in 2011-12 and maintain the same in subsequent years. 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. Very often it is observed that Supplementary Provision is being made without due care and caution which results in surrender of funds. 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 should 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 31.12.2012. Hence, proposal for substantive supplementary provision shall not be provided to any department whose actual expenditure (**not release**) by the end of September, 2012 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 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 been issuing instructions to 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.

In some cases, 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, 2012 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, 2012 is less than 30% of the Budget Provision, additional provision, if required will have to be matched by equivalent savings in the State Plan ceiling within the respective 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. **Planning & Coordination Department will not allow any substantive provision under any head within a demand under State Plan if actual expenditure (not release) under these heads at the end of September, 2012 is less than the percentage of expenditure specified for the Departments covered under Cash Management Scheme and less than 30% of the Budget Provision for other Departments.**

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. Allocation of Funds for new Building Projects and other construction works:

8.1 In the Budget Estimates for 2012-13, lump provision has been made for building works in the Budget of User Departments for ongoing and new works. The work-wise allocation of funds is being reflected in the Outcome Budgets of the concerned Departments which is placed before the Departmentally related Standing Committee. The Departments which do not bring out Outcome Budget do not have the scope to distinguish between the provision made for ongoing and new building works. While the expenditure for ongoing works can be met out of the lump provision, in respect of the new works, token provision is to be made in the supplementary statement of expenditure along-with the list of new work for legislative approval.

8.2 In case of other construction works being undertaken by the Engineering & Forest Departments, if a new project is omitted from Outcome Budget, 2012-13 then a token provision is to be taken in the supplementary statement of expenditure against the name of the project. If the expenditure requirement for the project cannot be met by way of savings from other projects through re-appropriation, then substantive provision may be sought for.

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

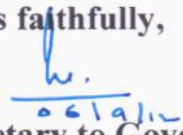
All Administrative Departments should make realistic assessment of requirement for the Supplementary so that scarce resources can be utilized effectively, efficiently and in a prudent manner. Sound fiscal management is, therefore, of vital importance to Government. Further, the FRBM Act envisages that 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.

10. Process for Submission of Budget Proposal

The Administrative departments will be required to submit their Non-Plan proposal for the Supplementary Statement of Expenditure, 2012-13 only online using "Online Budget Compilation System". Similarly, Plan proposals shall be submitted to Finance Department online after receiving Plan ceiling from Planning & Coordination Department. Proposals in file need not be submitted to Finance Department. The Online Budget Compilation System can be accessed using Odisha Secretariat LAN in the URL <http://172.16.117.25:999>.

11. 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 online to Finance Department as per the time schedule given below.
- (a) In case of non-plan the proposals should be submitted online to Finance Department latest by **06.10.2012**.
- (b) The plan proposals should be submitted to Planning and Coordination Department by **06.10.2012**. The Planning and Coordination Department shall communicate ceiling to Administrative Departments by **12.10.2012**. The Administrative Departments shall make scheme-wise distribution of the ceiling and submit to Planning and Coordination Department by **18.10.2012** for concurrence.
- (c) The plan proposals after concurrence of Planning & Coordination Department should be submitted to Finance Department by **26.10.2012**.
- (ii) The system will not allow processing of budget proposals after the due date as mentioned above. Hence, due care should be taken to stick to the stipulated deadlines.
- (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.odisha.gov.in/finance for information of all concerned.

Yours faithfully,

Principal Secretary to Government

Memo No. 31925 /F

Date 06.09.2012

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.


Special Officer-cum-Joint Secretary

Memo No. 31926 /F

Date 06.09.2012

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


Special Officer-cum-Joint Secretary

Memo No. 31927 /F

Date 06.09.2012

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.


Special Officer-cum-Joint Secretary

Memo No. 31928 /F

Date 06.09.2012

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


Special Officer-cum-Joint Secretary

Memo No. 31929 /F

Date 06.09.2012

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


Special Officer-cum-Joint Secretary

Memo No. 31930 /F

Date 06.09.2012

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


Special Officer-cum-Joint Secretary