

Government of Odisha
Finance Department

No. 25646 /F., Dt. 23.09.2015
FIN-BUD1-BT-0004/2015

From

**Sri R. Balakrishnan, IAS,
Additional Chief Secretary to Government.**

To

All Secretaries to Government

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2015-16

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2015-16 is likely to be presented in the Odisha Legislative Assembly sometime in the month of November, 2015. 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 (FRBM) 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. Odisha FRBM Act, 2005 also mandates 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 contained within 25%. These conditions necessitate rationalization and prioritization of revenue expenditure.

5. The size of the annual budget 2015-16 has increased by about 11% over 2014-15 (RE). The State Plan size has increased by 12.57%. To finance this budget, own revenue was projected to grow at 12.71% and overall revenue at 11.45%. However, the continuing uncertainty in economy shows unevenness in resource realization. Consequent upon the decision of Government of India for delinking eight Centrally Sponsored Schemes (CSS) from Central Assistance and discontinuance of the State specific and Sector specific grants recommended by 13th Finance Commission, budgeted

resources for those schemes will not be received. Besides, there will be shortfall in receipt of Central Assistance in respect of Thirty-three Centrally Sponsored Schemes (CSS) for which Government of India have decided to change the sharing pattern. The enhanced devolution as per recommendations of 14th Finance Commission would not be adequate to compensate the resource shortfall on the above account. Thus, there may be overall shortfall in realization of revenue receipts. Accordingly, it would not be possible to make substantive provision under any unit in absence of adequate resource back up. **Hence, this Supplementary Statement of Expenditure, 2015-16 is proposed to be purely an adjustment budget in which the Administrative Departments would be allowed to augment the provision in one unit only by locating equivalent savings in some other unit of expenditure.**

6. It is observed very often that Supplementary Provision more so Plan Provision is being made without due care and caution which results in surrender of funds. In previous years, it is observed that the total **amount surrendered is substantial, even more than the supplementary provision in some years.** During the years 2012-13, 2013-14 and 2014-15, amount surrendered under State Plan were ₹ 2854.04 crore, ₹ 1701.53 crore and ₹ 10,469.65 crore compared to supplementary provision of ₹ 2677.21 crore, ₹ 2809.85 crore and ₹ 1494.82 crore respectively. Such large scale surrender of Supplementary provision is adversely commented upon by the C&AG year after year. **Therefore Supplementary proposal 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.**

7. 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 31.12.2015. Hence, proposal for substantive supplementary provision shall not be provided to any department in which actual expenditure (**not release**) by the end of September, 2015 is less than 30% of the Budget Provision.

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

8.1 Recoupment of Advance from OCF

Sanction of Advance from Odisha 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.

8.2 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. However, provision towards differential requirement for 2nd dose of DA (from July, 2015) would be made at the level of Finance Department. Administrative Departments need not propose for any additionality on that account.

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

(a) Finance Department vide Letter No-3842(230)/F Dt.08.02.2013 have issued instructions that:

- i. All Government Offices will not be required to make any payment towards Arrear Electricity Dues pertaining to the period up to 31.3.2012 which would be settled by Finance Department against the receivables from GRIDCO and the DISCOMs.
- ii. If any payment has been made after 1st April, 2012 towards Arrear Electricity Dues by any Government Office, it is to be adjusted against the current Electricity Dues for the period beginning from 1st April, 2012.

All Administrative Departments are, therefore, requested to assess the current requirement of Electricity Dues. If the budget provision falls short of the requirement, requirement may be posed for the differential amount. 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.

8.4 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.

8.5 Decretal Dues and Land Acquisition Charges.

- (a) Amounts required for compliance 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.

8.6 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 should also be done in the Supplementary Statement of Expenditure. The EAP Branch of Finance Department will ask the Administrative Departments to submit the proposals to P&C Department.

8.7 Additional requirement under State Plan Schemes funded by State Government.

Departments can propose for reallocation of provision within the existing ceiling within the similar or same resource head and Demand. Proposals for additional provision in one unit should be matched by equivalent savings within the similar or same resource head and Demand. **Moreover, 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, 2015 is less than the percentage of expenditure specified for the Departments covered under Cash Management System and less than 40% of the Budget Provision for other Departments.**

8.8 Centrally Sponsored Schemes (CSS)

Government of India have decided to delink Central Assistance for eight Centrally Sponsored Schemes (CSS) and change in sharing pattern for thirty-three Centrally Sponsored Schemes. Besides, Fourteenth Finance Commission have recommended for discontinuance of State Specific and Sector Specific grants which were available to the State Governments as per recommendations of Thirteenth Finance Commission. The activities under taken in respect of the eight delinked CSS and

discontinued State Specific and Sector Specific grants schemes are covered in some other State schemes. However, some activities which are not covered under any state scheme but are necessary to be continued, the State may have to formulate own scheme for continuance of the programme and activities. The issue was discussed in the Apex Committee and the modalities for dealing with those schemes were finalized and communicated to the concerned Administrative Departments with Government approval. The decisions are to be reflected in the Supplementary Statement of Expenditure, 2015-16.

8.9. Centrally Sponsored Schemes delinked from Central Assistance: The proposal in respect of the CSS delinked from Central Assistance is to be guided by the following principles.

8.9.1 Backward Region Grant Fund (BRGF): In view of de-linking of Central Assistance for Backward Region Grant Fund (BRGF), the scheme Gopabandhu Gramin Yojana (GGY) is to be extended to all Districts with the existing provision. Thus, the allocation for the scheme would be Rs.7.50 crore per district. Balance requirement if any should be met from the Finance Commission grants to the Local Bodies. Provision made under the scheme Backward Region Grant Fund (BRGF) in 2015-16 (BE) is to be surrendered.

8.9.2 SCA for KBK : The provision for the scheme Biju KBK is to be augmented to Rs.250 crore in order to protect the funding for the developmental work under taken in the KBK region since Government of India have stopped central assistance for KBK. The additional amount of Rs.130 crore is to be provided in the Supplementary Statement of Expenditure, 2015-16. Any expenditure made against provision under SCA for KBK is to be written back to Biju KBK and the entire provision made under SCA for KBK in 2015-16(BE) is to be surrendered.

8.9.3 Integrated Action Plan (IAP) : Old liabilities, if any, pending in respect of the CSS Integrated Action Plan (IAP) for Naxalite affected areas should be cleared as the scheme has been de-linked from central assistance. Planning & Coordination Department are to assess the liabilities on account of the scheme. After meeting the pending liabilities, balance fund out of the provision of Rs.540 crore made in 2015-16 (BE) is to be surrendered.

8.9.4 NEGAP: The Centrally Sponsored Scheme NEGAP is to be discontinued as the State would not receive any central assistance for the scheme. The provision made in the Budget for the scheme is to be surrendered.

8.9.5 Rajiv Gandhi Panchayat Sashaktikaran Aviyan (RGPSA): The Centrally Sponsored Scheme (CSS) Rajiv Gandhi Panchayat Sashaktikaran Aviyan (RGPSA) is to

be discontinued as the State would not receive any central assistance for the scheme. The provision made in the Budget for the scheme is to be surrendered.

8.9.6 Tourist Infrastructure: The Centrally Sponsored Scheme (CSS) Tourist Infrastructure is to be discontinued as the State would not receive any central assistance for the scheme and the activities which were earlier taken up under the CSS are now taken up in different State schemes. The provision made in the Budget for the CSS is to be surrendered.

8.9.7 Centrally Sponsored Schemes (CSS) for Modernisation of Police Force (MPF): Expenditure up to 50% of the budget provision in respect of the discontinued Centrally Sponsored Schemes (CSS) Modernisation of Police Force (MPF) has been allowed. A new scheme is to be formulated by the Administrative Department to take up activities undertaken under the CSS in the Supplementary Budget and the expenditure made out of the CSS is to be written back to the State Scheme. After that the provision made in 2015-16 (BE) for the CSS is to be surrendered.

8.9.8 National Mission on Food Processing and Scheme: Expenditure up to 50% of the budget provision in respect of the discontinued Centrally Sponsored Schemes (CSS) National Mission on Food Processing has been allowed. Corresponding State scheme is to be formulated by the Administrative Department to take up activities undertaken under the CSS in the Supplementary Budget and the expenditure made out of the CSS is to be written back to the State Scheme. After that the provision made in 2015-16 (BE) for the CSS is to be surrendered.

8.9.9 Scheme for Setting up of 6000 Model Schools at Block level: Expenditure up to 50% of the budget provision in respect of the discontinued Centrally Sponsored Schemes (CSS) Scheme for Setting up of 6000 Model Schools at Block level has been allowed. Corresponding State scheme is to be formulated by the Administrative Department to take up activities undertaken under the CSS in the Supplementary Budget and the expenditure made out of the CSS is to be written back to the State Scheme. After that the provision made in 2015-16 (BE) for the CSS is to be surrendered.

8.9.10 Other CSS delinked from Central Assistance: Provision made in 2015-16 (BE) in respect of other CSS delinked from Central Assistance is to be surrendered.

8.10 States Specific and Sector Specific grants discontinued by Fourteenth Finance Commission:

Fourteenth Finance Commission have also discontinued the state specific and sector specific schemes recommended by the 13th Finance Commission. Some of the schemes can be closed in view of availability of alternative funding. However, some others are to be continued in view of critical nature of intervention and non-availability

of alternative funding. Following principle is to be adopted while submitting proposal in the Supplementary Statement of Expenditure, 2015-16.

8.10.1 Eco-restoration of Chilika Lake: It is felt necessary to continue funding the activities under-taken in the scheme Eco-restoration of Chilika Lake. The Expenditure upto 50% of the existing budget provision was allowed to be made for continuance of the schemes. Suitable corresponding State schemes is to be floated in place of the scheme and necessary provision is to be made in the Supplementary Statement of Expenditure, 2015-16. The expenditure made in respect of the scheme is to be written back to the new State scheme. After that the provision made in 2015-16(BE) for the scheme against anticipated of Central Assistance is to be surrendered.

8.10.2 Development of Statistical Infrastructure: It is felt necessary to continue funding the activities under taken in the scheme development of statistical infrastructure. The Expenditure upto 50% of the existing budget provision was allowed to be made for continuance of the schemes. Suitable corresponding State schemes is to be floated in place of the scheme and necessary provision is to be made in the Supplementary Statement of Expenditure, 2015-16. The expenditure made in respect of the scheme is to be written back to the new State scheme. After that the provision made in 2015-16(BE) for the scheme against anticipated of Central Assistance is to be surrendered.

8.10.3 Construction of Anganwadi Centre: It is felt necessary to continue funding the activities under taken in the scheme construction of Anganwadi Centre. The Expenditure upto 50% of the existing budget provision was allowed to be made for continuance of the schemes. Suitable corresponding State schemes is to be floated in place of the scheme and necessary provision is to be made in the Supplementary Statement of Expenditure, 2015-16. The expenditure made in respect of the scheme is to be written back to the new State scheme. After that the provision made in 2015-16(BE) for the scheme against anticipated of Central Assistance is to be surrendered.

8.10.4 Protection of Buddhist Monuments: It is felt necessary to continue funding the activities under taken in the scheme protection of Buddhist Monuments. The Expenditure upto 50% of the existing budget provision was allowed to be made for continuance of the schemes. Suitable corresponding State schemes is to be floated in place of the scheme and necessary provision is to be made in the Supplementary Statement of Expenditure, 2015-16. The expenditure made in respect of the scheme is to be written back to the new State scheme. After that the provision made in 2015-16(BE) for the scheme against anticipated of Central Assistance is to be surrendered.

8.10.5 Grants for Elementary Education: Grants for elementary education was meant for partial funding of the state share of Sarva Sikhya Abhiyan (SSA). After discontinuance of the scheme by the Fourteenth Finance Commission, the State Government has to provide equivalent funding under State Plan towards State Share of

SSA. Proposal is to be submitted by the Administrative Department for necessary provision in Supplementary Statement of Expenditure, 2015-16 under State Plan.

8.10.6 Provision made in 2015-16 (BE) in respect of other state specific and sector specific grants discontinued by Fourteenth Finance Commission is to be surrendered.

8.11 Centrally Sponsored Schemes with changed sharing pattern:

Government of India have decided to change sharing pattern of 33 Centrally Sponsored Schemes (List at Annexure-I). However, the contours of the changed sharing pattern in consolidated form is not yet available with the State Government. Since, the provision both in respect of Central Share and State Share is made under State Plan in a single line; there would not be any need for making supplementary provision in respect of those schemes unless there is increase in overall allocation of the scheme for the year. However, for the purpose of estimation of resources for the schemes, the Departments implementing the above schemes are required to provide the information on the total allocation for the schemes with break-up of Central and State Share both in absolute as well as percentage terms in the format attached at Annexure-II.

8.12 Additional requirement for other Centrally Sponsored Plan Schemes (CSS).

In case of a number of Centrally Sponsored Schemes (CSS), it is noticed that Government of India allocation towards Central Assistance varies from the provision made towards Central Share of the CSS in 2015-16 (B.E.). In such cases, provision towards Central Share of CSS is required to be aligned with the allocation of Central Assistance indicated by the concerned Ministry. If the level of Central Assistance communicated by the concerned Ministry is higher than that provided in 2015-16 (B.E.), proposal should be submitted for the additional provision in the Supplementary Statement of Expenditure. Similarly, where there is reduction in allocation by Government of India, there should be equivalent reduction in provision towards Central Assistance for CSS. The State Share of the CSS should be increased or decreased proportionately. Besides, some new Centrally Sponsored Schemes have been launched by Government of India, for which proposal is to be submitted for provision towards both Central and State Share in the Supplementary Statement of Expenditure, 2015-16.

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

9.1 In the Budget Estimates for 2015-16, 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 of these Departments 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.**

9.2 In case of other construction works being undertaken by the Engineering & Forest Departments, if **a new project is omitted from Outcome Budget, 2015-16 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 reallocation, then substantive provision may be sought for.**

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

All Administrative Departments should make realistic assessment of requirement for the Supplementary Statement of Expenditure 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 basis. Hence, it is made clear that any deviation in this regard would attract personal liability under the provision of the FRBM Act.

11. Process for Submission of Budget Proposal

(a) The Administrative Departments will be required to submit their Non-Plan proposal for the Supplementary Statement of Expenditure, 2015-16 online only 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://172.16.139.139/BETA>.

(b) While submitting the proposals for Supplementary Statement of Expenditure, 2015-16, the Administrative Departments would be required to indicate that funds required cannot be provided through re-appropriation and then identify savings under some units of expenditure to make provision afresh or by way of augmentation in some other units of expenditure through re-allocation. On previous occasions it was noticed that actual availability of funds in some units is less than the amount of savings located by the Administrative Department from that unit at the time of taking supplementary provision. In order to ensure availability of adequate funds equivalent to savings located, the Administrative Departments would now be required to indicate availability of funds under a particular unit in iOTMS/iFMS and freeze the said savings under that unit which can be utilized through Supplementary linked surrender. If the Administrative Departments intend to locate savings against funds allotted to the Field Offices, they would be required to first withdraw the required amount of allotment from the Field Offices before locating savings for the supplementary Statement of Expenditure. iOTMS/iFMS will freeze the allocation identified as savings and not allow any further distribution. Training to all Controlling Officers / Administrative Departments will be imparted for this module.

12. 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 **17.10.2015**.
 - (b) The Plan proposals should be submitted to Planning and Coordination Department by **17.10.2015**. The Planning and Coordination Department shall communicate ceiling to Administrative Departments by **29.10.2015**. The Administrative Departments shall make scheme-wise distribution of the ceiling and submit it to Planning and Coordination Department by **31.10.2015** for concurrence.
 - (c) The Plan proposals after concurrence of Planning & Coordination Department should be submitted to Finance Department by **04.11.2015**.
- (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,


Additional Chief Secretary to Government

Memo No. 25647 /FDate 23.9.15

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.

D.M.
23/9/2015
Deputy Secretary to Government

Memo No. 25648 /FDate 23.9.15

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

D.M.
23/9/2015
Deputy Secretary to Government

Memo No. 25649 /FDate 23.9.15

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.

D.M.
23/9/2015
Deputy Secretary to Government

Memo No. 25650 /FDate 23.9.15

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

D.M.
23/9/2015
Deputy Secretary to Government

Memo No. 25651 /FDate 23.9.15

Copy forwarded to the Additional Secretary, P& C Department for information and necessary action.

D.M.
23/9/2015
Deputy Secretary to Government

Memo No. 25652 /FDate 23.9.15

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.

D.M.
23/9/2015
Deputy Secretary to Government

List of schemes with changed sharing pattern

1	National Food Security Mission
2	National Horticulture Mission
3	National Mission on Sustainable Agriculture
4	National Oilseed and Oil Palm Mission
5	National Mission on Agriculture Extension & Technology
6	RKVY
7	Integrated Watershed Management Programme (IWMP)
8	National Livestock Management Programme
9	National Livestock Health & Disease Control Programme(LHDC)
10	National Plan for Dairy Devp.(NPCDD)
11	National Rural Drinking Water Programme (NRDWP)
12	Swachh Bharat Abhiyan
13	National Afforestation Programme (National Mission for a Green India)
14	Conservation of Natural Resources & Ecosystem
15	Integrated Development of Wild Life Habitats
16	National Health Mission including NRHM
17	National Mission on Ayush including Mission on Medicinal Plants
18	National AIDS & STD Control Programme
19	National Urban Livelihood Mission
20	Rajiv Awas Yojana
21	National River Conservation Programme (NRCP)
22	SarvaShikshaAbhiyan (SSA)
23	National Programme Nutritional Support to Primary Education (MDM)
24	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)
25	Rashtriya Uchachatar Shiksha Abhiyan (RUSA)
26	Skill Development Mission
27	Development of Infrastructure Facilities for Judiciary including Gram Nyayalayas
28	Rural Housing - Housing for All (IAY)
29	National Rural Livelihood Mission (NRLM)
30	National Land Record Management Programme (NLRMP)
31	Integrated Child Devp. Service (ICDS)
32	Accelerated Irrigation Benefit Programme(AIBP) & other water resources programme
33	Panchayat Yuva Krida aur Khel Abhiyan (PYKKA)

ANNEXURE-II**Centrally Sponsored Scheme (CSS) with changed Sharing pattern**

Sl. No.	Name of the Scheme	Provision in 2015-16 (B.E.)			Proposed provision as per revised sharing pattern communicated by Govt. of India				
		Central Share	State Share	Total (3+4)	Revised Sharing Pattern		Proposed provision		
					Central Share (in %)	State Share (in %)	Central Share	State Share	Total (8+9)
1	2	3	4	5	6	7	8	9	10