

Government of Odisha
Finance Department

No. 28724/F., Dt. 06/09/13.
FIN-BUD1-BT-0006/2013

From

Sri U.N. Behera, IAS,
Additional Chief Secretary to Government.

To

All Secretaries to Government

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2013-14

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2013-14 is likely to be presented in the Odisha Legislative Assembly sometime in the month of November, 2013. 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 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 contained within 29.8% at the end of 2013-14. 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 practice is adversely commented upon by the C&AG year after year. Therefore, Supplementary budget proposals should not be furnished in a routine manner. It should receive the personal attention of the concerned estimating and controlling officer so that the proposals are based on actual needs like implementation of post-budget policy decisions, clearance of un-discharged liabilities, if any, utilization of Central Assistance under the

existing and new scheme and are commensurate with their spending capacity as well as availability of resources.

6. It is observed from the past trend that in many cases the entire Supplementary provision has been surrendered which has attracted adverse audit comments. Upon introduction of the Cash Management System, the Departments covered under the scheme are required to spend at least 60% of the Budget provision by 31.12.2013. Hence, the proposal for substantive supplementary provision shall not be provided to any Department whose actual expenditure (**not release**) by the end of September, 2013 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

Advance from Orissa Contingency Fund (OCF) has been sanctioned from time to time. 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. The outstanding advance is to be recouped in the Supplementary Statement of Expenditure. 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 along with the actual amount drawn.

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. Requirement should be assessed on the basis of existing level of D.A. and probable enhancement of D.A. due from 1st July, 2013.

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

Electricity Dues:-

(a) Instructions have been issued in Finance Department vide Letter No-3842(230)/F Dt.08.02.2013 to the effect that:-

- i. All Government Offices will not be required to make any payment towards Arrear Electricity Dues pertaining to the period upto 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.

- iii. Besides, arrear dues for the year 2012-13 and 2013-14 should be assessed along with the additional requirement for the current financial year on account of enhanced tariff and advance payment, if any for prepaid Energy Meter in terms of Energy Department Letter No. 2323 R&R-1/2013(Pt) dated 16.3.2013.

All Administrative Departments are, therefore, requested to assess the current requirement of Electricity Dues on the above lines. If the budget provision falls short of the requirement, additional requirement may be posed for the differential amount. Wherever possible, equivalent savings should be located to meet the additional requirement.

Water Charges & Municipal Rates:-

- (b) All Administrative Departments and Heads of Departments are, requested that the outstanding Water Charges & Municipal Rates should be assessed properly on the basis of existing rates and additional requirement, if any may be sought for in the Supplementary budget, if the requirement cannot be met out of savings located elsewhere by way of re-appropriation.

House Rent:-

- (c) Similarly provision is to be made for House Rent in respect of Office building taken on hire with justification for arrear dues, if any.

7.4 Regularization of Advance Expenditure incurred by way of Authorization.

In case of urgency, Engineering Departments are authorized by Finance Department and Planning Coordination Department (under para 3.7.1(b) of the OPWD Code Vol.-I) to go ahead with the works and to incur liability in absence of budget provision. Such cases should be proposed for provision indicating savings/ specific source of funding, if any, in the Supplementary Statement of Expenditure 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, 2013 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 etc.

Amounts required for satisfaction of Court decrees as well as for disposal of Land Acquisition proceedings and NPV of Compensatory Afforestation Cost should be proposed for inclusion in the Supplementary Budget on priority basis.

- (a) All proposals for decretal dues should be furnished for provision under the Charged Section 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/ NPV for Compensatory Afforestation Cost wherever necessary for projects/ schemes should be proposed in the “voted section” under the detailed heads meant for the project/ scheme.

7.6 Reallocation of funds/ Accounting Adjustment/ Technical Supplementary.

Reallocation of funds 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, Inter-Government Adjustment, write off of loans and advances etc.

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

The Administrative Departments are to ensure that proportionate State Share of CSP is provided in the Budget in accordance with the approved funding pattern of the 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, 2013 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 in the same 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, 2013 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 respective Line Ministries of Government of India. It should be ensured that

under CSP, the Central Share and State Share are provided for the scheme in accordance with the approved funding pattern.

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

8.1 In the Budget Estimates for 2013-14, 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, 2013-14 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 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, Section 4 (1)(p) of 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.

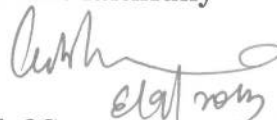
10. Online Submission of Supplementary Budget Proposal.

The Administrative Departments will be required to submit their **Non-Plan proposal for the Supplementary Statement of Expenditure, 2013-14 online** using “Online Budget Compilation System”. Similarly, Plan proposals shall be submitted to Finance Department online after receiving approval 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://172.16.139.139:999> from 10.30AM to 8.00 PM on working days.

11. Time Schedule for online submission of Supplementary Proposals.

- (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 **05.10.2013**.
- (b) **The plan proposals should be submitted to Planning and Coordination Department online by 05.10.2013.** The Planning and Coordination Department shall communicate their approval to Administrative Departments by **10.10.2013**. **The Administrative Departments shall make scheme-wise distribution in accordance with the approval received and submit the same to Finance Department online by 21.10.2013 for concurrence.**
- (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. 28725/FDate 06/09/13

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.

DWJ
6/9/2013

Deputy Secretary to Government

Memo No. 28726/FDate 06/09/13

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

DWJ
6/9/2013

Deputy Secretary to Government

Memo No. 28727/FDate 06/09/13

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

DWJ
6/9/2013

Deputy Secretary to Government

Memo No. 28728/FDate 06/09/13

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.

DWJ
6/9/2013

Deputy Secretary to Government

Memo No. 28729/FDate 06/09/13

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

DWJ
6/9/2013

Deputy Secretary to Government

Memo No. 28730/FDate 06/09/13

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.

DWJ
6/9/2013

Deputy Secretary to Government