

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 23219/F.,

Dt. 13.07.2018

FIN-BUD1-BT-0006/2018

From

**Sri T.K. Pandey, IAS,
Additional Chief Secretary to Government.**

To

**All Additional Chief Secretaries/
Principal Secretaries/
Commissioner-cum-Secretaries/
Secretaries to Government**

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2018-19

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2018-19 will be presented in the Odisha Legislative Assembly. 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 per provisions of Odisha Fiscal Responsibility and Budget Management (FRBM) Act, 2005, no additional expenditure should be incurred without corresponding resources being firming up or locating equivalent savings 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.

3. The Annual Budget 2018-19 was formulated with an increase of about 12% over 2017-18 (RE). To finance this budget, own revenue was projected to grow at 9.4% and overall revenue at 11.7%. The State Government is paying salary and pension to the State Government employees and pensioners in revised scale as per recommendations of 7th Pay Commission from 1st October, 2017 and has paid 40% arrear salary and 100% arrear pension. This has increased the expenditure on account of salary and pension substantially. Besides, while formulating the Annual Budget, 2018-19, the limit of fiscal deficit of 3.5% of GSDP was fully

utilized for financing the fiscal deficit. Accordingly, it would not be possible to make substantive provision under any unit in absence of adequate resource back up. **Hence, Supplementary Statement of Expenditure, 2018-19 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.**

4. It is observed very often that Supplementary Provision more so Programme Expenditure (erstwhile 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.** 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.**

5. 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 31.12.2018. Hence, proposal for substantive supplementary provision shall not be considered to any department in which actual expenditure (**not release**) by the end of June, 2018 is less than 20% of the Budget Provision.

6. Keeping in view the above stipulations, Supplementary Schedules under Administrative Expenditure, Programme Expenditure, Disaster Response Funds and Transfers from State may be furnished in the following cases:-

6.1 Recoupment of Advance from Odisha Contingency Fund (OCF)

Advance from Odisha Contingency Fund (OCF) sanctioned from time to time are to be recouped in Supplementary Statement of Expenditure. In absence of recoupment, it would not be possible to sanction further advance to meet any urgent requirement. Hence, proposals are to be submitted for recoupment of any outstanding advance from Odisha Contingency Fund (OCF) in the Supplementary Statement of Expenditure, 2018-19. 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.

6.2 Provision for Pay and D.A.

Provision has been made for Pay & DA taking into account the requirement in revised pay as per ORSP Rules, 2017 in 2018-19 (BE). However, revision of pay in case of Judicial Officers and University & College teachers covered under UGC scale of pay has not yet been done and they are still drawing their salary in pre-revised scale. Recently, Interim Relief (IR) @30% of Pay was allowed to Judicial Officers along-with arrear from 1st January, 2016. Any shortfall in provision to meet the above requirement may be proposed in the Supplementary Statement of Expenditure, 2018-19. Besides, additional provision under the unit salary shall be allowed if the provision becomes inadequate due to filling up of posts or otherwise. Wherever required, it should be met by locating savings from the existing provision for re-allocation. However, provision towards differential requirement for 2nd dose of DA (from July, 2018) would be made at the level of Finance Department. Administrative Departments need not propose for any additionality on that account.

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

(a) All Administrative Departments are requested to assess the current requirement of Electricity Dues as the State Government have cleared all arrear electricity dues till 31.03.2012 with all DISCOMS through One-Time settlement. If the budget provision falls short of the current requirement, proposal may be submitted for provision 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.

6.4 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 Administrative Expenditure and Programme Expenditure, as the case may be.

6.5 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.

6.6 Technical Supplementary :-

Requirement 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.

6.7 Additional requirement under State Sector 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 & Convergence Department will not allow any substantive provision under any head within a demand under State Sector Schemes if actual expenditure (not release) under these heads at the end of June, 2018 is less than the percentage of expenditure specified for the Departments covered under Cash Management System and less than 20% of the Budget Provision for other Departments.**

6.8 Centrally Sponsored 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 2018-19 (B.E.). If the level of Central Assistance communicated by the concerned Ministry is higher than that provided in 2018-19 (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, in case some new Centrally Sponsored Schemes have been launched by Government of India, for which provision is not made in 2018-19 (BE), proposal is to be submitted for provision towards both Central and State Share in the Supplementary Statement of Expenditure, 2018-19.

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

7.1 In the Budget Estimates for 2018-19, 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.**

7.2 In case of other construction works being undertaken by the Engineering & Forest Departments, **if a new project is omitted from Outcome Budget, 2018-19 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.**

8. 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.

9. Process for Submission of Budget Proposal

(i) The Administrative Departments will be required to submit their proposal for the Supplementary Statement of Expenditure, 2018-19 only online. In order to facilitate submission of budget proposals from the level of the Controlling Officer, a separate module has been developed in IFMS platform for facilitating submission of budget proposal by Controlling Officer to Administrative Department. Administrative Department after due scrutiny of the consolidated budget proposal of the Controlling Officers will seamlessly transfer to Finance Department using Online Budget Compilation System in Secretariat LAN using URL <http://onlinebudget.gov.in/BETA>.

(ii) The proposal for Administrative Expenditure, Disaster Response Funds and Transfers from State shall be **submitted by the Controlling Officer(s) to the Administrative Department using IFMS platform.** The consolidated proposal of all Controlling Officers of an Administrative Department will be transferred from IFMS to the "Online Budget Compilation System" seamlessly through web service. **The Administrative Departments after scrutiny of the consolidated proposal will submit the same to Finance Department using Online Budget Compilation System in Secretariat LAN.**

(iii) Similarly, Programme Expenditure proposals for the Supplementary Statement of Expenditure, 2018-19 shall also be initiated in the budget preparation module of IFMS. The Controlling Officers are required to submit the proposal to the Administrative Department using IFMS platform. The Controlling Officer shall enter their Programme Expenditure proposals using the chart of account. The existing charts of account/schemes are linked to the respective heads of development/ resource head. In case of entering new schemes/ chart of account, the Controlling Officers are required to link it to the appropriate heads of development/ resource head by selecting from the list. **The proposals submitted by the Controlling Officers are to be scrutinized by the concerned Administrative Department and the consolidated proposal is to be submitted by the Administrative Department.** The consolidated proposal of all Controlling Officers of an Administrative Department will be transferred from IFMS to the "Online Budget Compilation System" (BETA) seamlessly through web service. The heads of development-wise proposal

would be available to the Planning & Convergence Department in BETA in the URL <http://onlinebudget.gov.in/BETA/>. Planning & Convergence Department shall allocate ceiling online as per heads of development. The Administrative Departments shall distribute the ceiling online among the development sector schemes which shall be approved by Planning & Convergence Department online. The Administrative Departments would be required to submit the Programme Expenditure proposal in charts of account to Finance Department using Online Budget Compilation System in Secretariat LAN using URL <http://onlinebudget.gov.in/BETA/>. **The Programme Expenditure proposals are also required to be submitted only online. Proposals are no more required to be submitted in hard file.**

(iv) While submitting the proposals for **Supplementary Statement of Expenditure, 2018-19**, the Administrative Departments would be required to 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 IFMS** and block the said savings under that unit until it is utilized through Supplementary linked surrender/ re-appropriation. 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 and block the amount till provision is made in the supplementary Statement of Expenditure and then enabling Supplementary linked surrender/ re-appropriation orders are issued by Finance Department. IFMS will block the allocation identified as savings and not allow any further distribution/ utilization till the process of Supplementary linked surrender and re-appropriation is over.

10. 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 Administrative Expenditure, the proposals should be submitted online to Finance Department latest by the **end of first week of August, 2018**.

(b) The Programme Expenditure proposals should be submitted to Planning and Convergence Department by the **end of first week of August, 2018**. The Planning and Convergence Department shall communicate ceiling to Administrative Departments thereafter. The Administrative Departments shall make scheme-wise distribution of the ceiling and submit it to Planning and Convergence Department subsequently.

(c) The Programme Expenditure proposals after concurrence of Planning & Convergence Department should be submitted to Finance Department.

(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.finance.odisha.gov.in for information of all concerned.

Yours faithfully,

Sd/-

Additional Chief Secretary to Government