

**GOVERNMENT OF ODISHA  
FINANCE DEPARTMENT**

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No. 23600 /F.,

Dated. 10.07.2019

**FIN-COD-RULE-0002-2018**

From

**Sri A. K. K. Meena, IAS  
Principal Secretary to Government.**

To

**The Additional Chief Secretaries/  
All Principal Secretaries/Secretaries to Government/  
All Heads of Departments/All Collectors.**

**Sub: Need to ensure Fiscal Discipline and Prudent use of Resources.**

Madam/Sir,

I am directed to say that fiscal discipline and prudent & efficient use of resources are the corner stones of socio-economic development. In keeping with this, the State Government have put in place exhaustive rules/guidelines clearly indicating the matters which require the concurrence of Finance Department or the Financial Advisers/Assistant Financial Advisers of Administrative Departments. Similarly, detailed guidelines have been issued by Finance Department for systematic appraisal and approval of new schemes or services in order to ensure prudent & efficient use of resources.

**2. Concurrence of Finance Department and Financial Advisers of Administrative Departments / Financial Advisers and Chief Accounts Officers/Accounts Officers attached to the Heads of Departments and other offices.**

i. The Odisha Government Rules of Business provides the manner in which Government business will be transacted by the Departments. Rule 10 of the Rules of Business relates to concurrence of Finance Department on various matters affecting the finances of the State. Relevant portion of Rule 10 of the Rules of Business is reproduced below for ready reference.

*"10 (1) No department shall without previous consultation with the Finance Department authorize any orders (other than orders pursuant to any general delegations made by the Finance Department) which either*

*immediately or by their repercussions will affect the finances of the State or which in particular, either–*

- a. relate to the number or grading or cadres of posts or the emoluments or other conditions of service or post; or*
- b. involve any grant of land or assignment of revenue or concession, grant lease or licence of mineral or forest rights or a right to water-power or any easement or privilege in respect of such concession; or*
- c. in any way involve any relinquishment of revenue.*

*(2) No proposal which requires previous consultation with the Finance Department under sub-rule (1) of this rule but in which the Finance Department has not concurred, may be proceeded with unless a decision to that effect has been taken by the Cabinet.*

ii. Rule 22 of the delegation of Financial Powers Rules, 1978 and Annexure-E thereto describes role, duties and responsibilities of the Financial Advisers of Departments. The said rule is reproduced below for ready reference.

*"22(a) Financial Advisers/Assistant Financial advisers have been posted to assist Administrative Departments in Budget formulation, scrutiny of projects and programme, and for post-Budget vigilance to ensure that there are neither considerable shortfall in expenditure nor unforeseen excess for which provision has not been made in the original Budget or in the revised estimates. Close association of the Financial Adviser with the formulation and implementation of programmes involving expenditure will facilitate more effective discharge of the Financial Adviser's responsibility. It is cardinal to the working of the scheme that the Financial Adviser should be associated with the formulation of schemes from the initial stage. The Financial Adviser will also be responsible for preparation of the Department's Performance Budget and monitoring of the progress of collection of revenues and other Government dues. Maintenance of an efficient accounting system is essential for the purpose.*

*(b) The Financial Adviser shall be consulted in the matter of exercise of powers delegated under these rules. In all such cases where the Secretary of the Administrative Department proposes to over-rule the advice of the Financial Adviser reference may be made to the Finance Department.*

*(c) The duties and responsibilities of the Financial Advisers/Assistant Financial Advisers are defined and detailed in Annexure-E. The Financial Advisers should not be saddled with pure administrative functions and items of work of miscellaneous and routine nature as that may hamper in due discharge of the duties and responsibilities specifically entrusted to them. The Financial Advisers and Chief Accounts Officers/Accounts Officers attached to the Heads of Departments and other offices shall mutatis mutandis discharge the duties and functions entrusted to the Financial Advisers/Assistant Financial Advisers attached to the Department.*

*(d) All proposals referred to the Finance Department should be accompanied with the comments of the Financial Adviser/Assistant Financial Adviser."*

iii. Despite clear and unambiguous provisions in the Rules of Business and Delegation of Financial Powers Rules, 1978 referred to above, it is seen that decisions are being taken by some Administrative Departments having financial implications without the concurrence of Finance Department or without concurrence of Financial Adviser of the Department where powers have been delegated to the Administrative Departments. It is also seen that on matters having financial implications Government orders are being obtained by the Departments without prior concurrence of Finance Department or even without consulting Financial Adviser of the Departments as the case may be.

**iv. This practice should be discontinued forthwith as such decisions could potentially put the finances of the State under severe strain. Henceforth, Finance Department will not allow Budget Provision where decisions affecting finances of the State have taken unilaterally by the Administrative Departments without previous consultation with the Finance Department in violation of the provisions of Rule 10 of the Odisha Rules of Business and without concurrence of the Financial Adviser of the Department in violation of the provisions contained in Rule 22 of the Delegation of Financial Power Rules, 1978.**

v. Many a time Secretary of Finance Department or subordinate officers are required to attend meetings taken up by Hon'ble Ministers or Secretary of the Administrative Departments or other senior officers. The decisions taken in such meetings are, sometimes, being interpreted as

concurrence by Finance Department on the ground of presence of the representative of Finance Department in the said meetings. In this context, it is hereby clarified that concurrence of Finance Department is accorded to a proposal only after examining various aspects of the issue and after approval of the Secretary, Finance Department or Hon'ble Minister, in-charge of Finance as the case may be. **Hence, mere presence of the representative of Finance Department in the meetings should not be taken as concurrence of Finance Department. The decisions taken in such meetings may be treated as suggestions or recommendations made in the meeting which have to be vetted by the Finance Department at the level of Secretary of Finance Department or Hon'ble Minister, in-charge of Finance as the case may be.**

**3. Systematic appraisal and approval of new schemes or new services and where the scope of an existing scheme is proposed to be substantially altered and/or cost estimate of projects/schemes are to be revised.**

i. Guidelines have been issued in Finance Department O.M. No. Codes-27/2011-1068/F, dated 10.01.2013 and Rule-17-A of the Delegation of Financial Power Rules, 1978 for systematic appraisal and approval of new schemes or new services, existing schemes where scope of the scheme is proposed to be altered substantially and/or cost estimate of projects/schemes are to be revised.

ii. It is observed that new schemes having significant financial implication are being announced by Administrative Departments and scope of existing schemes are being substantially altered and / or cost estimate of schemes are being revised without following the procedure of systematic appraisal and approval.

iii. It is impressed upon the Administrative Departments that prior to launch/announcement of a new scheme and revision of scope of existing schemes involving substantial alteration and/or cost estimate of the scheme, the procedure for systematic appraisal and approval as enshrined in Finance Department Office Memorandum No. 1068/F dated 10.01.2013 should be scrupulously followed. Mere provision in the Budget does not entitle the Administrative Departments to incur expenditure unless the process of systematic appraisal and approval has been completed. Sanction of expenditure can only be made after completion of the process of appraisal and approval by competent authority in such cases.

The Administrative Departments are once again requested to scrupulously follow the guidelines enumerated in Rules of Business, Delegation of Financial Power Rules, 1978 and the instructions issued by Finance Department from time to time as indicated in the preceding paragraphs and ensure fiscal discipline and prudent & efficient use of resources.

Yours faithfully,

**Sd/-**  
**Principal Secretary to Government**