

No. 12(5)/E. Coord/2011
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, dated 11 November, 2011

OFFICE MEMORANDUM

Subject:- Excess Expenditure Over Voted Grants-reg.

Attention is invited to this Department's O.M. No. 12(1)/E. Coord/2009 dated 25th January, 2010 vide which instructions were issued that necessary steps may be taken by Secretaries to the Government of India to ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in BE or supplementary grants, except in rare or exceptional circumstances.

2. In the context of excess expenditure over voted grants, the Public Accounts Committee, in Para 12 of its 36th report on action taken by the Government on their observations/recommendations contained in the seventh report (15th Lok Sabha) on "Excess over Voted Grants and Charged Appropriations (2007-08), has observed that **"no firm measures have been put in place as yet by the Ministries/Departments concerned to avoid excess expenditure by the defaulter Ministries. The Committee's scrutiny reveals that the Ministries which scrupulously adhere to the General Financial Rules and have unwavering commitment to financial discipline and propriety do succeed in avoiding excess expenditure. The Committee find no cogent reasons for the inevitability of excess expenditure when Government get opportunities to present the Supplementary Demands for Grants during the three sessions of Parliament in a year. In an age of e-governance made feasible by computerization and instant connectivity between field formations, Subordinate Offices and Head Quarters, irregularities like excess expenditure should not recur. The Committee express their displeasure over the tepid approach of the defaulter Ministries/Departments particularly for bad planning, lack of foresight and ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee, therefore, reiterate the need for scrupulous scrutiny of the budget proposal both at the time of preparation of Demands for Grants, rigorous monitoring of the pace of expenditure and strict compliance of General Financial Rules to eliminate the possibility of excess expenditure, under spending, wrongful appropriation etc."**

3. In this context, attention is invited to Rule 52 (1) of the GFRs, according to which Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the heads of Departments and other controlling officers, if any, and disbursing officers subordinate to them. Rule 52 (3) further provides that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the contingency fund. The GFRs also lay down detailed instructions on the procedure for effective control over expenditure by the Department controlling and disbursing officers. The ultimate responsibility of control of expenditure against the grant/appropriation lies with the authority administering a grant/appropriation. Attention is also invited to Rule 64 (i) & (ix) (b) of GFRs, wherein it has been provided that the Secretary of a Ministry/Department who is the Chief Accounting Authority of the Ministry/Department shall

- (i) be responsible and accountable for financial management of his Ministry or Department
- (ii) take effective and appropriate steps to ensure his Ministry/Department avoid unauthorized, irregular and wasteful expenditure.

4. In the light of the observations of the PAC, Secretaries to the Government of India, being Chief Accounting Authority, are once again requested to take all measures, including use of electronic systems, to ensure proper planning and monitoring of expenditure vis-a-vis voted grants so that excess expenditure is avoided. Further, scrupulous scrutiny of the budget proposal, both at the time of preparation of Demands for Grants and Supplementary Demands for Grants, and compliance to provisions of the General Financial Rules may also be ensured to eliminate the possibility of excess expenditure, under-spending, wrongful appropriations etc.



(Sumit Bose)

Secretary (Expenditure)

1. All Secretaries to the Government of India
2. All Financial Advisers