

प्रशान्त गोयल
संयुक्त सचिव

Prashant Goyal
Joint Secretary



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D.O. F. No. 4(1)-B(SD)/2016

Dated: 7th January, 2016

Dear Sir/Madam,

The third and final batch of Supplementary Demands for Grants for 2015-2016 (excluding Railways) is proposed to be presented to Parliament in the forthcoming Budget Session. The Supplementary Demands proposed to be included in this batch may be decided taking into account the provisions for both Plan and Non-Plan expenditure in the relevant Grant.

2. As intimated in the past, it has been emphasized that under no circumstances should the RE ceilings be breached and, therefore, it has to be ensured that the expenditure for 2015-2016 has to be contained within the RE level. Also, instructions relating to 33% and 15% expenditure ceilings in the last quarter and last month respectively of the financial year may be scrupulously followed.

3. The Supplementary Demands may be proposed in the following cases:

- (a) For authorisation of the expenditure out of the advances sanctioned from the Contingency Fund of India, which have not yet been recouped.
- (b) In cases where the approved Revised Estimates would result in excess over the sanctioned provision in the Grant, the excess must be separately assessed for the Revenue expenditure, the Capital expenditure, the Voted expenditure and the *Charged* expenditure included in the grant. Thus, the Supplementary Demands will be required in cases where the additional provision is required over and above the original budget provision plus the additional provisions granted in the Supplementary Grants plus the advances sanctioned from the Contingency Fund of India, if any.
- (c) In cases where savings are available within the Grant to meet any excess requirement but the savings cannot be re-appropriated under the existing rules, e.g. from the Revenue Section to the Capital Section and *vice versa* or from 'Voted expenditure' to '*Charged* expenditure' and *vice versa*.
- (d) In cases where the expenditure is to be incurred on a New Service or New Instrument of Service and hence prior approval of Parliament is necessary even though the expenditure can be met from the savings available within the Grant. In such cases, a Supplementary Demand of a token amount will be required.
- (e) In cases where payment is to be made in satisfaction of court decrees or upon invocation of a Government guarantee etc., which are not covered under category (a) above and, which, if left uncovered, may result in '*Charged*' provision in the Grant, if any, being exceeded.
- (f) In cases where this Ministry has specifically agreed to the inclusion of the item in the final batch of Supplementary Demands for Grants.

4. While processing proposals for Supplementary Grants, the Grant controlling authority must invariably identify savings available within the Grant so that the infructuous or inflated Supplementary Demands are weeded out and the eventuality of surrender after obtaining Supplementary Grant is avoided. The proposal for Supplementary Demand for Grants may be projected after a thorough and objective assessment of additional requirement of funds. The Supplementary Demand should be sought for the minimum necessary amount after a thorough review of savings (both under Plan and Non-Plan) within the Grant and within the approved RE ceilings. In cases where re-appropriations can be made without the requirement of Supplementary as per the extant provisions, no Supplementary proposal including for a token amount, should be proposed. This could be met by re-appropriation of savings after obtaining approval of competent authority.

5. Attention is drawn to the Department of Expenditure's O.M. No. 12/21/E.Coord/ 2015 dated 17th July, 2015 regarding Excess Expenditure over Voted Grants, wherein, displeasure expressed by the **Public Accounts Committee** (PAC) over the tepid approach of the Ministries/Departments, particularly concerning 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, was brought to the notice of all Ministries/Departments. The Committee, therefore, reiterated the need for scrupulous scrutiny of the budget proposal both at the time of preparation of Demands for Grants and Supplementary 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. In the light of the Observations of PAC, **it is reiterated that** all the Ministries/Departments may avoid pitfalls in expenditure, take all requisite measures, including use of electronic systems, to ensure proper planning and monitoring of expenditure vis-à-vis voted grants.

6. The proposals along with the draft statement justifying Supplementary Demands to be included in the ensuing batch and appropriate background notes may be forwarded to Budget Division in the prescribed form **by 15th January, 2016**, after which date, proposals would not be entertained. Cases which are required to be reported to Parliament in terms of the guidelines circulated with the Ministry's O. M. No.F.1(23)-B(AC)/2005 dated 25th May 2006 may also be furnished to Budget Division in a summarized form by the same date. If there is no proposal for Supplementary Demands for Grants in this batch, **a nil report** may also specifically sent to this Department.

7. The proposals in complete form (3 copies) may please be furnished by 15th January, 2016 to **Deputy Director (Budget) [Shri K. Vasudevan]**, Ministry of Finance, Department of Economic Affairs, Budget Division, Room No. 237, North Block, New Delhi.

With regards,

Yours sincerely,


(Prashant Goyal)

To

Financial Advisers of All Ministries/Departments.