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**Department of Economic Affairs**  
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Dear

The second and final batch of Supplementary Demands for Grants for 2014-2015 (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 2014-2015 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 first batch of 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*. The items already included as per (a) above need not be included again.
- (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. The items already included as per (a) above need not be included again.

- (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 Public Accounts Committee has been very critical of cases where Ministries/ Departments procured Supplementary Grants in earlier years but the final expenditure was less than the approved grant. 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.

5. In cases where re-appropriations can be made without the requirement of Supplementary as per the extant provisions, no Supplementary proposal should be proposed (even for a Token amount). This could be met by re-appropriation of savings after obtaining approval of competent authority.

6. As recommended by the Public Accounts Committee, any order for re-appropriation, issued during a financial year, which has the effect of increasing the budget provision under a sub-head or standard object head by more than the limits specified in Budget Division's OM No. F.1(23)-B(AC)/2005 dated 25<sup>th</sup> May, 2006 or as mentioned in the Delegation of Financial Power Rules, is required to be reported to Parliament along with the last batch of the Supplementary Demands of the financial year. The information in respect of such cases may also be furnished for being appended to this batch of Supplementary Demands (para 7 below) and may also be promptly sent to us for possible inclusion in the Supplementary Demands booklet.

7. As informed earlier, occurrence of excess expenditure over sanctioned provision in certain Grants had been viewed very seriously by the Public Accounts Committee (PAC). **During the recent interaction with Public Accounts Committee, the PAC has viewed seriously the recurrence of excess expenditure in grants/appropriations and expressed their displeasure over the expenditure in excess of expenditure authorized by the Parliament. Needless to say, such expenditure is unauthorised expenditure and must be avoided at any cost.** Therefore, not only 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, but it should be sufficient to cover any foreseeable excess. In order to ensure that this fine balance is met, it would be necessary to keep the expenditure under close watch on a daily basis after sending the proposals for Supplementary Grants and promptly inform us, if there is a significant variation requiring correction in the proposals.

8. We expect to receive the proposals for Supplementary Demands conforming to the above guidelines along with 8 copies of detailed brief thereon (for use of the Finance Minister) **latest by January 12, 2015**. The same may be sent to Deputy Director (Budget), (Shri K. Vasudevan), Budget Division, Department of Economic Affairs, Ministry of Finance, Room No. 237, North Block, New Delhi-110 001. In case there is no proposal for Supplementary Demands, you are requested to send intimation to this effect also by the due date. Your kind cooperation is sought in this regard.

With regards,

Yours sincerely,



(Rajat Bhargava)

**All Financial Advisers**