

**OFFICE MEMORANDUM**

New Delhi, the 23<sup>rd</sup> February, 2024

**Subject: Revised Guidelines on Financial Limits to be observed in determining cases relating to 'New Service'/ 'New instrument of Service'.**

In pursuance to the approval by the Public Accounts Committee, vide its One hundred third Report (Seventeenth Lok Sabha) (2023-24), on the proposal for revision of financial limits for determining the cases relating to 'New Service' (NS)/'New Instrument of Service' (NIS) for re-appropriation of funds, the revised limits and guidelines are hereby conveyed in supersession of this Ministry's Office Memorandum No. F.1(23)-B(AC)/2005 dated 25<sup>th</sup> May 2006. The extant guidelines are being revised to ensure systemic uniformity, consistency, administrative efficiency and financial discipline by the Ministries/Departments.

2. **Definition of 'New Service'(NS)/'New Instrument of Service' (NIS):**

- (i) **'New Service':** As in Article 115(1)(a) of the Constitution of India, it refers to expenditure arising out of a new policy decision, not brought to the notice of Parliament earlier, including a new activity or a new form of investment.
- (ii) **'New Instrument of Service':** It refers to relatively large expenditure arising out of important expansion of an existing activity.

3. **Applicability of 'New service'/ 'New Instrument of Service':**

- (i) The revised financial limits are attached as **Annexure 'A'**.
- (ii) The limits shall be applicable to all ministries including Ministry of Railways, Ministry of Defence and Department of Post.
- (iii) The nature of transactions under consideration for applicability of the financial limits have been aligned strictly with the 'object head of account'. It is treated as Primary Unit of Appropriation.
- (iv) This means that the guidelines shall correspond to the original appropriation as available at the level of 15-digit numeric code in respect of civil ministries and/or final unit of appropriation as available in the Detailed Demand for Grants in respect of non-civil ministries, as the case may be.
- (v) Definitions as indicated in Paragraph 2 above will be the guiding factor while making decision on the applicability of limits of New Service/New Instrument of Service.

4. While using these terms and applying the financial limits as indicated in the Annex, it needs to be noted that no expenditure can be incurred from the Consolidated Fund

of India on a 'New Service'/'New Instrument of Service' without prior approval of Parliament through supplementary demands for grants.

5. Where in an emergent case of 'New Service'/'New Instrument of Service' it is not possible to wait for prior approval of Parliament, the Contingency Fund of India can be drawn upon for meeting the expenditure pending its authorization by Parliament. Recourse to this arrangement should normally be taken only when Parliament is not in session. Such advances are required to be recouped to the Fund by obtaining a Supplementary Grant. However, when Parliament is in session, a Supplementary Grant should preferably be obtained before incurring any expenditure on a 'New Service'/'New Instrument of Service'. That is to say, recourse to Contingency Fund of India should be taken only in cases of extreme urgency. In such cases the following procedure recommended by the Sixth Lok Sabha Committee on Papers Laid on the Table in their 4<sup>th</sup> Report should be observed:

*"As far as possible, before such withdrawal is made, the concerned Minister may make a statement on the floor of the Lok Sabha for information giving details of the amount and the scheme for which the money is needed. In emergent cases, however, where it is not possible to inform the Members in advance, the withdrawal may be made from the Contingency Fund and soon thereafter a statement may be laid on the Table of the Lok Sabha for the information of the Members".*

It has been suggested by the Rajya Sabha Secretariat that the above procedure may also be observed in Rajya Sabha.

6. **Checks to be observed by the Ministries/Departments to ensure compliance of the provisions of this Office Memorandum are as under:**

- (i) **By Integrated Finance Division/Budget Unit:** A specific certificate should be recorded in each case involving augmentation of sanctioned provision on receipt of related proposals, to the effect that the proposed augmentation attracts/does not attract financial limits of 'New Service'/'New Instrument of Service';
- (ii) **By PAOs:** Each expenditure sanction to be examined by PAOs from the 'New Service'/'New Instrument of Service' angle keeping in view the financial limits indicated in the Annex;
- (iii) Where any doubt arises about the application of financial limits of 'New Service'/'New Instrument of Service', the PAO would seek decision from Financial Advisor of appropriate jurisdiction.

7. **Circumstances for obtaining Supplementary grants for expenditure qualifying as 'New Service'/'New Instrument of Service' and the reporting procedure thereof are as follows:**

- (i) If sufficient savings are available within the same section of the relevant grants for meeting additional expenditure to the extent mentioned in column 2 of the Annex A, re-appropriation can be made, subject to report to Parliament;