

MOST IMMEDIATE

F.No. 4(17)-B (SD)/2016
Ministry of Finance
Department of Economic Affairs
(Budget Division)

*North Block, New Delhi
Dated 26th September, 2016*

OFFICE MEMORANDUM

Subject: Proposals for Second batch of Supplementary Demands for Grants, 2016-17 (excluding Railways).

The Second batch of Supplementary Demands for Grants for 2016-17 is to be presented to Parliament in the ensuing Winter Session likely to commence in November, 2016.

2. The following types of Supplementary Demands may only be considered for inclusion in this batch:

- (a) Cases where advances from the Contingency Fund of India have been granted, which are required to be recouped to the fund;
- (b) Payments against court decree which cannot be postponed;
- (c) Additional funds immediately required which can be met by re-appropriation of savings in the grant but require prior approval of Parliament under the New Service/New Instrument of Service Rules. In all cases where the savings are available within the same section (Revenue/Capital and Charged/Voted) of the grant, only token supplementary should be proposed. In cases where the savings are available in the Revenue/Capital section or Charged/Voted section and the expenditure is to be incurred respectively in another section (Capital/Revenue or Voted/Charged), full requirement may be proposed as a technical supplementary. It may be noted that the savings, against which the full amount is proposed in a different section, will be committed for surrender and will not be available for expenditure;
- (d) Cases where Ministry of Finance has specifically advised moving of Supplementary Demand in the Winter Session.; and
- (e) Any other case, where expenditure cannot be postponed. Sufficient and detailed justification for the same, including the un-utilized amount till date may be given.

3. All other cases may be with-held and move over to the third and final batch of Supplementary Demands for Grants for the current year due in the Budget Session.

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. 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 7th October, 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 be sent to this Department.

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



(Prashant Goyal)

Joint Secretary to Government of India

To

Financial Advisers of All Ministries/Departments.