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APPENDIX 3

**ECONOMY IN ADMINISTRATIVE AND NON-PLAN
EXPENDITURE OF GOVERNMENT**

Copies of Orders

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G.I., M.F., O.M. No. F. 7 (2)-E. (Co-ord.)/79, dated 6-7-1979

Sub.: -Economy in administrative and non-Plan expenditure of Government.

In view of the utmost need for economy and in order to make control over expenditure more effective, the President has decided that the following measures should immediately be introduced in all Ministries/Departments of the Government of India and their Attached and Subordinate Offices: -

- (a) No additional budget provision would be agreed to unless a specific assurance for considering such provision was given at the time of finalizing the original budget;
- (b) Reappropriation of expenditure from Plan to non-Plan is completely banned;
- (c) On the non-Plan side, no additional posts would be sanctioned unless they are matched by equivalent savings by surrender of other posts, except in the case of entirely new organizations, the need for which has been specifically accepted;
- (d) Additional allotment of funds will not be allowed to the Ministries / Departments, particularly under items like telephone charges, provision of petrol, etc. The additional liability should be met by economizing on expenditure.

G.I., M.F., O.M. No. F. 7(10)-E.(Co-ord.)/79, dated 1-8-1979

Sub.-Reduction in expenditure on telephones. .

The undersigned is directed to state the question of providing residential telephones to officers while on training has been considered and it has been decided that this facility will be provided only to those officers who are entitled to it before proceeding on training. Where the period of training does not exceed 6 months, the existing concession of 1,500 calls per quarter will be admissible in addition to the free allowance of 250 calls allowed by the P & T Department. In cases where the training period exceeds 6 months, the existing concession of 1,500 free calls per quarter will not be allowed in respect of the period exceeding 6 months and charges for calls in excess of 250 calls allowed by the P & T Department will be recovered from the officers concerned for that period.

2. These orders shall take effect from the date of issue.

3. The Ministry of Home Affairs, etc., are requested take necessary action in the light of the above decision and issue suitable instructions to all concerned under them.

G.I., M.F., O.M. No. F. 7 (15)-E. (Co-ord.)/79, dated 16-8-1979

Sub.:- Economy in the use of paper. .

Government is the major consumer of paper which is in short supply, necessitating large-scale imports at considerable cost to the economy. All the organizations under the Ministry of Finance, should, therefore, take 'urgent steps to effect economy in the use of paper. Some ways of achieving economy are indicated below-

- (i) Notes should be typed/written on both sides of the paper;
- (ii) Typing should be done in single space;
- (iii) The number of spare copies of OMs/Orders, etc., should be reduced to the minimum necessary;
- (iv) Normally, office copies should not be typed again where the draft itself is quite legible and does not contain many corrections.

2. All organizations under the Ministry of Finance should also immediately take up a scrutiny of the size and format of various forms in use in the different departments of the Ministry including the field formations and suggest which of them could be completely eliminated or simplified and recast so as to ensure greater economy in the use of paper.

3. Used envelopes should not, as matter of course, be discarded. As far as possible and practicable, these envelopes should be re-cycled for use.

4. All Heads of Divisions in the Ministry of Finance are requested to issue suitable instructions to all the officers under their administrative control including field formations for taking necessary action, as indicated above.

G.I., M.F., O.M. No. F. 7 (18)-E. (Co-ord.)/79, dated 7-9-1997

Sub.-Reduction in Central Government non-Plan Expenditure.

Since April, 1979, several instructions have been issued with a view to effecting economy in the non-Plan expenditure of Government. Besides, reiterating the economy instructions issued prior to 1979 relating to non-Plan expenditure in general, creation and filling up of posts, telephone and telegraph charges, overtime allowance, etc., orders were issued on 22nd May, 1979, and 6th July, 1979, containing further instructions for economy in expenditure.

2. In order to create a proper climate of economy and austerity, it has been decided that the following further measures should be introduced all the Ministries/Departments of the Government of India including their attached and subordinate offices: -

(i) Telephones: STD facility will be completely debarred from both office and residential telephones of all officers, including the personal staff of Ministers. The withdrawal of this facility should be completed by the 30th September, 1997, and the fact reported to Ministry of Finance, through the Financial Adviser concerned.

(ii) Economy in the use of paper: Instructions have been issued to all Departments in the Ministry of Finance to affect the maximum economy in the use of paper. A copy of the instructions has also been sent to all, Ministries/Departments of the Government of India with the request that they may issue similar instructions for their headquarters and field establishments vide this Ministry's O.M. No. F.7 (15)-E. (Co-ord.) 79, dated the 18th August, 1997. It has been decided that these instructions should be adopted by all Ministries/Departments Without exceptions and instructions should be issued to subordinate formations also to adhere strictly to these instructions for achieving maximum economy in the expenditure on paper.

(iii) Creation of new posts: According to the orders of 6th July, 1979, no additional posts would be sanctioned on the non-Plan side unless they are matched by equivalent savings by surrender of other posts, except in the case of entirely new organizations, the need for which has been specifically accepted. It has now been decided that additional posts will be sanctioned only for new organizations and that in all other cases, specific Cabinet approval should be obtained, indicating corresponding savings.

iv) Transfers of Government employees: All transfers involving change in headquarters should be stayed for a period of one year except where the transfers are on account of promotion, expiry of deputation period, or very special personal reasons.

(v) Traveling Allowance: There will be a cut of 10% in the T.A. grant as also a total ban on air travel of non-entitled categories.

(vi) Contingencies: A cut of 15o/~ will be made in the current year's budget provision for contingencies' of all Ministries/Departments.

(vii) Overtime allowance: It has been decided that all Ministries/ Departments should reduce their expenditure an overtime to the extent of 10% of the expenditure incurred during 1978-79 in respect of non-industrial employees other than operational staff working in the various offices /organizations in the Government of India. The expenditure on overtime in the various Government offices for the remaining part of the current financial year, will be so regulated as to reflect this overall reduction of 10%.

(viii) Staff sanctioned for Centrally-sponsored Schemes: As decided by Government recently, a large number of Centrally-sponsored Schemes have been transferred to the State Sector. Following this, the requirement of posts, which were sanctioned for looking after Centrally-sponsored Schemes should be reviewed immediately and a drastic curtailment in their number effected. In several Plan Schemes, there is a large component of non-productive expenditure like cost of new buildings, additional staff, etc. The Ministries should review such items and where construction works have not already been started, they could be deferred. Appointment of fresh staff even for Plan Schemes should also be reviewed with a view to effecting the maximum economy.

(ix). Foreign Travel: A drastic reduction should be effected in the number of deputations and delegations abroad. Proposals fro study tours, seminars, conferences, exhibitions, trade fairs, cultural visits, etc., should therefore sponsored to the Screening Committee of Secretaries only if such visits are absolutely unavoidable.

G.I., M.F., O.M. No. F. 7 (18)-E. (Co-ord.)/79, dated 13-9-1979**Sub.-Reduction in Central Government non-Plan Expenditure**

The undersigned is directed to invite attention to this Department's O.M. No. F. 7 (18)-E. (Co-ord)/ 79, dated the 7th September, 1979, on the subject cited above, which spells out further measures of economy to be observed by all Ministries / Departments, and the attached and subordinate offices of the Government of India. The D.G., B.P.E., has been requested to consider issuing suitable instructions to Public Sector Undertakings also. In order to create a proper climate of austerity, the Ministries /Departments should also bring the economy instructions contained in the O.M., dated the 7th September, 1979, to the notice of the Autonomous Bodies. The Financial Advisers could determine the fields in which economy could be effected.

G.I., M.F., O.M. No. F. 7 (18)-E. (Co-ord.)/79, dated 13-9-1979

Sub.:- Exemptions to certain categories of posts from the operation of the ban orders issued on the 6th July, 1979, and the 7th September, 1979.

Instructions have been issued to all Ministries/Departments of the Government of India vide this Ministry's O.M. N. F. 7 (2) E. (Co-ord.)/79, dated the 6th July, 1979 and O.M. Na. F. 7 (18)-E. (Co-ord.)/79, dated the 7th September, 1979, imposing further restrictions an non-Plan expenditure. These economy instructions do not provide for exemption of any categories of posts from the operation of the ban orders unlike the earlier ban orders issued in this Department's O.M. No. F. 14(4)-E. (Co-ord.)/77, dated the 27th May, 1977.

2. After the issue of the economy orders of the 6th July, 1979 and the 7th September, 1979, references have been received from Ministries/Departments seeking clarifications whether the exemptions allowed as per the earlier orders would stand. Although the intention of this Ministry was that the ban on the creation of posts should be total, it has been noted that some Departments are likely to face practical difficulties in regard to creation of operational posts according to approved yardsticks, posts required for fulfilling statutory requirements and posts connected with security and vigilance functions. It has therefore been decided to exempt the following categories of posts from the operation of the ban orders notified on the 6th July, 1979 and the 7th September, 1979:-

(a). Operational. posts in the Railways, the P & T Department, the Civil Aviation Department (at airports) and the India Meteorological Department provided these are in accordance with the approved yardsticks.

(b) Posts required far fulfilling statutory requirements.

(c) Operational and technical staff directly connected with security and vigilance functions.

3. The above exemptions will, however, be subject to the condition that the creation of such posts will require the prier concurrence of the Integrated Financial Adviser acting on behalf of the Ministry of Finance, where the Integrated Financial Advice Scheme exists and of the Associate Finance Division where the scheme has not been introduced. The Financial Adviser will, however, consult Secretary (Exp.), wherever necessary.

G.I., M.F., O.M. No. F. 7 (20-E. (Co-ord.)/79, dated.27-10-1979

Sub.-:Reduction in Central Government non-Plan Expenditure.

In this Ministry's Office Memorandum No. F. 7 (18)-E. (Co-ord.)/79, dated the 7th September, 1979, on the subject cited above, the Administrative Ministries/Departments, have, inter alia been advised that STD facilities may be completely withdrawn from both office and residential telephones of all officers, including the personal staff of Ministers. The matter has been reviewed in the light of certain personal staff of Ministers. The matter has been reviewed in the light of certain

technical difficulties pointed out by the P & T Department in implementing this directive. It has, therefore, been decided to implement it in phases, as indicated below - .

(i) STD facility should be barred from telephones installed in the offices of all officers below the rank of Joint Secretaries. The personal staff of officers of the rank of Joint Secretary's level and above should be required to keep record of the STD calls made from the office telephones of the concerned officers.

(ii) A quick review of the need for continuing STD facilities in the residential telephones provided to Government Officers may be undertaken by the Ministries/Departments in individual cases with reference to the functions of the post to which it is attached. Meanwhile, this facility should be barred from, the residential telephones provided to all officers below the rank of Deputy Secretary.

(iii) The telephone calls made from residential telephones in excess of 1000 calls per quarter (excluding STD calls made for official purposes so certified by the officers concerned with reference to the register maintained by them) should be paid by the officer himself. This will take effect from the quarter commencing from the 1st October, 1972.

(iv) A 10% cut in the existing number of Government telephone should be effected forthwith by each Ministry/Department.

2. The Ministry of Home Affairs, etc., are requested to take necessary action and issue suitable instructions to all concerned. Necessary instructions to the subordinate authorities should also be issued.

3. The Ministries/Departments are requested to report to the Ministry of Finance through the Financial Adviser concerned, the implementation of the directives in Paras. 1 (ii) and 1 (iv) above by the 30th November, 1979

G.I., M.F., O.M. No. F. 7 (18)-E. (Co-ord:)/79, dated 27-10-1979

Sub.:- Reduction of Central Government non-Plan Expenditure- complete ban regarding air travel by non-entitled officers.

Attention is invited to this Department's O.M. of even number, dated the 7th September, 1979, wherein among other things a complete ban has been imposed on air " travel by non-entitled categories. In spite of this complete ban, cases are coming to this Department for ex post facto regularization of air travel non-entitled categories of staff and also for relaxation of the air travel by this category of staff for certain specific reasons. The complete ban on air travel by non-entitled categories including non-entitled categories in the personal staff of Ministries has been imposed with the approval of the Cabinet and this ban has to be strictly enforced by all the organizations under the Government of India. It is, therefore, requested that all Ministries/Departments of the Government of India should strictly adhere to these instructions.

G.I., M.F., O.M. No. F. 7 (23)-E. (CO-ord.)/79, dated 31-10-1979

Sub.:-Creation of fresh posts in the banned categories under the delegated powers.

A complete ban has been imposed on engaging additional staff on daily wage basis in different Ministries/Departments vide this Department's O.M. No. F. 14 (24)-E. (Co-ord.)/74, dated the 30th August, 1974. This ban has again been reiterated in this Department's O.M. No. F.14, (4)-E.(Co-ord)/77, dated the 27th May, 1977.

2. The Department of Personnel & A R. have also drawn attention to these ban orders vide their O.M. No. 49014/4/77.Estt. (C), dated the 21st March, 1979. In spite of the aforesaid instructions, it appears that casual employees are still being appointed as clerks, stenographers, storekeepers, etc., on monthly rates of pay and allowances like regular employees for long period with breaks in between. It is understood that these appointments are made in posts created under the financial powers delegated to the Ministries/Departments. The delegated powers cannot be resorted to when there is a general ban on creation of posts. All Ministries/Department are accordingly requested to ensure that the ban instructions are strictly adhered to and that no posts in the banned, categories are sanctioned or casual staff for banned categories engaged under delegated powers. Suitable instructions in this regard may also be issued to the organizations/offices under the administrative control of the Ministries / Departments.

G.I., M.F., O.M. No. F. 7 (18)-E. (Co-ord.)/79, dated 12-11-1979

Sub.-Reduction in Central Government non-Plan Expenditure.

Attention is invited to this Department's O.M. of even number, dated the 7th September, 1979, wherein ban orders have been issued under various items, such as on telephones economy in the use of paper, creation of new posts, transfers of Government employees, traveling allowance, contingencies, overtime allowance, staff sanctioned for Centrally-sponsored Schemes, and foreign travel. A doubt has arisen whether the provisions therein would apply only to non-Plan expenditure or it would extend to Plan expenditure. It is clarified for the information of all Ministries/Departments that in regard to items other than "creation of new posts", the economy instructions issued vide this Department's O.M., dated the 7th September, 1979, would apply irrespective of whether the expenditure is Plan or non-Plan

G.I., M.F., O.M. No. F. 7(16)-E. (Co-ord.)/79, dated 20-11-1979

Sub.-: Procedure regarding the relaxation of ban for creation of posts on the Plan side.

In the Department's O.M. No. F.14 (4)-E. (Co-ord.) /77, dated the 27th May, 1977, the creation of operational and technical staff directly connected with the execution of new plan projects was exempted from the operation of ban orders. In this department's O.M. No. F. 7 (16)-E. (Co-ord.)/79, dated the 3rd October, 1979, it has been mentioned that only operational and technical Staff directly connected with security and vigilance functions will be exempt from the operation of the recent ban orders. A doubt has been expressed whether the creation of Plan posts which are operational and technical in nature and are directly connected with execution of new Plan projects will enjoy the exemption from the ban orders as per the earlier orders, dated the 27th May, 1977. .

2. It is clarified for the information of all Ministries/Departments that for the creation of Plan posts, approval of Secretary (Exp.)/Finance Minister will have to be obtained in accordance with procedure laid down in this Department's O.M. No. F. 14 (4)-E. (Co-ord.)/76, dated the 22nd December, 1977.

G.I., M.F., O.M. No. F. 7 (16)-E. (Co-ord.)/79, dated 10-3-1980**Sub.-: Procedure regarding relaxation of ban for creation of posts on the Plan side.**

In this Department's O.M. of even number, dated the 20th November, 1979, it was clarified for the information of all Ministries/Departments that for the creation of Plan posts, approval of Secretary (Exp.)/Finance Minister will have to be obtained in accordance with the procedure laid down in this Department's O.M. No. F. 14 (4)-E. (Co-ord.)/76, dated the 22nd December, 1977. Since Plan Schemes, Projects, etc., are approved in accordance with the prescribed procedures (by the Ministry concerned or by the EFC or by the PIB, as the case may be), it has been pointed out that manpower being part of the approved scheme/project, perhaps no further scrutiny need be exercised on staffing proposals as required under the O.M. of 20-11-1979 referred to above.

The discussions on the schemes at the PIB/EFC meeting are confined to broad parameters, cost effectiveness and possible alternatives for recommending the investment proposed. Proposals for the creation of posts though part of a scheme are generally not examined in sufficient detail at the time of the clearance of the schemes by EFC, etc. For this reason it is only appropriate that the staffing components are examined in depth by the FA/Ministry of Finance when the projects are to be implemented. As such it is reiterated that in regard to proposals for creation of Plan posts also, approval of Secretary (Exp.)/Finance Minister has to be obtained in accordance with the procedure laid down in this Department's O.M., dated the 22nd December, 1977, referred to in Para. 1 above.

D.O. No. F. 7 (7)-E. (Co-ord.)/81, dated 11-2-1981 from

**Jt. Secretary, Ministry of Finance (Department of Expenditure),
Government of India**

We have been receiving a number of references about the application of the ban on the creation of non-Plan posts imposed vide our O.M. No. F. 7 (18)-E. (Co-ord.)/ 79, dated the 7th September, 1979, in regard to the posts of Hindi Officers, Hindi Translators, etc., in the various Ministries / Departments needed for implementation of the Official Language Policy. We have; of course, clarified in our subsequent O.M. of the 3rd October, 1979, that posts required for fulfilling statutory requirements would be exempt from these ban orders. The Department of Official Language had in their D.O. Letter No. E. 11015/17/73-OL Cell, dated 6-8-1973, addressed to the various Ministries indicated a general scheme which could be adopted for providing the minimum Hindi staff in each Ministry / Department / Office. This could form the basis for determining the staff needed for implementation of the Official Language Policy in individual organizations and proposals for sanctioning Hindi staff may be considered by the

F.As. without involving the ban orders. Where, however, proposals are made by the Ministries for upgrading some of the existing posts either by comparing with other Ministries or on ground of increased responsibilities, they may please be referred to the Establishment Division so that, if necessary, in such cases, an objective study by the SIU could be made. Also, all proposals relating to creation of Class I posts needed for implementation of the Official Language Policy may please be submitted for approval of Finance Minister through Secretary (E).

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G.I., M.F., O.M. No. F. 7 (17)-E. (Co-ord.)/81, dated 12-6-1981

Sub.-:Ban on creation of posts - Categories of posts exempted from the operation of the ban and the procedure for creation of exempted posts.

Instructions issued vide this Ministry's O.M. No. F. 7 (2)-E. (Co-ord.)/79, dated 6-7-1979 and O.M. No. F. 7 (18)-E. (Co-ord.)/79, dated 7-9-1979, provided inter alia that no additional posts on the non-Plan side can be created except with specific approval of the Cabinet indicating corresponding savings. The posts required for new organizations, the need for which was specifically accepted, were however, exempted from the ban orders. Exemption from the ban orders was also allowed in the case of creation of operational posts according to approved yardsticks in Railways, P & T, Civil Aviation & Meteorological Departments. Similarly creation of posts required for fulfilling statutory requirements and posts connected with security and vigilance functions are also exempt from the ban vide this Ministry's O.M. No. F. 7 (16)-E. (Co-ord.)/79, dated 3-10-1979. The procedure for creation to Plan posts was also indicated in this Ministry's Office Memoranda No. F. 7 (16)-E. (Co-ord.)/79, dated 20-11-1979 and 1s0-3-1980. '

1. After the issue of the orders referred to above, cases for some other categories of posts also came up for consideration and it was decided that the same could also be exempted from the operation of the ban orders. An up-to-date list of the exempted posts and the procedure to be followed for creation of such posts is given in the Annexure to this O.M. and the same is being circulated for the information and guidance of all Ministries/ Departments.

ANNEXURE**LIST OF POSTS EXEMPTED FROM BAN ORDERS**

Sl. No. (1)	Category of Posts (2)	Procedure for creation of exempted posts (3)	Remarks (4)
1.	Posts required for new organizations.	With the concurrence of F.M. for Group 'A' posts and Secretary (Expr.) for Groups 'B', 'C' & 'D' posts. Proposals relating to creation of posts carrying pay exceeding Rs. 3,000 p.m. will continue to be referred to the Cabinet for approval.	By new organization is meant creation of new offices which did not exist before, with the approval at appropriate level. Expansion of existing offices, addition of new Units to an existing organization will not be treated as new organization.
2.	(a) Operational posts in the Rlys., the P & I Department, the Civil Aviation Department (at Airports) and the Indian Meteorological Department, provided these are in accordance with the approved yardsticks.	With prior concurrence of the IFA acting on behalf of the Ministry of Finance where IFA Scheme exists and of the Associate Finance Division where the Scheme has not been introduced. The Financial Adviser will, however, consult Secretary (Expr.), wherever necessary.	
	(b) Posts required for fulfilling statutory requirements.		
	(c) Operational and Technical Staff directly connected with security & vigilance functions.		
3.	Creation of posts on the Plan side.	Same as for posts in 1 above.	
4.	Additional posts as a result of re-organization of the structure of an organization after detailed study resulting in substantial savings.	Same as for posts in 1 above.	Proposals involving creation of additional posts where matching savings are located with a view to covering the additional expenditure involved will continue to be referred to

			the Cabinet for approval.
5.	Selection grades (non-functional) admissible under the Ministry of Finance, Department of Expenditure, O.M. No. F. 7 (21)-E. III (A)/74, dated 10-1-1977, as amended from time to time or specifically agreed to in relaxation thereof.	With the concurrence of IFA Scheme has been introduced, and in other cases with the approval of Associate Finance Division. The scales of pay for the Selection Grades where they are being introduced for the first time should be decided in consultation with the Establishment Division, Department of Expenditure.	
6.	Posts expenditure on which is entirely met from non-Government sources, e.g., International organizations or private parties.	Same as for posts in 5 above.	
7.	Posts required in connection with the operation of new Staff Cars, Lifts, Telex Machines, Generators, etc.	Such posts can be created with the concurrence of the IFA/Associate Finance Division where yardsticks for creation of such posts have been settled. In other cases, concurrence of the Ministry of Finance will be required.	
8.	New posts by re-designation existing posts carrying identical scales of pay and allied duties.	Same as for posts in 5 above.	
9.	Down-grading of posts from higher grade to lower grade.	Same as for posts in 5 above.	
10.	Selection grade for stenographers in subordinate offices and improvement of pay scales of Stenographers in non-Secretariat Offices in accordance with the D.P. & A.R., O.M. No. 1/8/72 Estt. (D), dated 6-1-1977 and No. 35014/5/77 Estt. (D), dated 4-7-1978,	Same as for posts in 5 above.	

11.	Upgradation of posts of Desk Officer to that of Under Secretary.	Same as for posts in 5 above.	Upgradation should be on personal basis for a period not exceeding six months to enable the officer to get the benefit of promotion. Ministries/Departments should, however, take necessary steps to post such officers against regular posts of Under Secretaries before expiry of six months.
12.	Posts of Chowkidar required for protection of Government property.	Same as for posts in 5 above.	

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G.I., M.F., O.M. No. F. 7 (44)-E. (Co-ord.)/90, dated 30-11-990
read with O.M. No.1 (17)-E. (Co-ord.)94, dated 7-4-1994,
O.M. No.7 (5) E- (Co-ord.)/98, dated. 12-6-1998 and
O.M. No.7 (2) E. (Co-ord.)/03, dated 25-3-2004.

Sub:- Economy in expenditure.

In order to contain the budgetary deficit, it has been decided to take the following measures with immediate effect:-

- (a) It has been decided to fix a limit of Rs. 150 (Rupees one hundred and fifty) per head for serving refreshments in lunch time to the participants attending the inter-departmental meetings, workshops, seminars, etc., which start in the forenoon and continue beyond lunch. time. The Financial Advisers are requested to adhere to the prescribed ceiling strictly and wherever it becomes necessary to seek relaxation, proposals should be forwarded well in time for consideration of this Department.
- (b) The practice of holding meetings, conferences, etc., at hotels is to be discontinued forthwith.
- (c) The meetings and conferences to be held at headquarters may invariably be so arranged as to minimize the expenditure on participation and travel.
- (d) Expenditure on telephones may be reduced by 10% with reference to the average for the period September-November, 1990.

(e) Expenditure on consumption of electricity may be reduced by 10% of all offices and public buildings with reference to the consumption during the corresponding month of the previous year. All ostentatious mid decorative lighting may be stopped.

(f) The instructions contained in this Ministry's O.M. No. F. 3 (3)-E. II (A)/90, dated the 27th June, 1990, 22nd August, 1990 and 24th August, 1990, regarding 20% reduction in the consumption of petrol and diesel, etc., may be strictly enforced.

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2. All Ministries/Departments may also ensure adherence to these economy measures in their Attached/Subordinate offices, Public Sector Undertakings, Autonomous and Statutory Bodies whether wholly or partially funded by Government.

3. These instructions issue with the approval of Finance Minister.

16.

G.I. M.F., O.M. No.7 (44)-E. (Co-ord.)/90, dated 24-4-1991

Sub. :-Economy in expenditure.

The undersigned is directed to refer to this Department's OM of even number, dated the 30th November, 1990, on the subject mentioned above and to say that the instructions contained therein on various items shall continue to remain in force until further orders.

This issues with the approval of the Finance Minister.

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G.I. M.F., O.M. No.F. 7(18)-E.(Co.ord)/71, dated 6-9-1991

Sub.:- Upgradation of posts - prior approval of Competent Authority-- regarding.

A case has come to the notice of this Ministry where an officer had been appointed to a higher post on promotion first by the Administrative Ministry and thereafter proposal was sent to this Ministry for upgradation of the post held by him earlier. Such a course of action is highly irregular and objectionable. Upgradation of a post in effect amounts to creation of a higher post. Hence, it is necessary that in all such cases of upgradation, the same procedure as is prescribed for creation of posts, is observed. .

2. The undersigned is directed to impress upon all Ministries/Departments, etc., that necessary approval of the Competent Authority to the upgradation of the posts(s), in accordance

with the prescribed procedure, must be invariably obtained before any proposal for filling it up is taken up in hand.

18**G.I., M.F., No. F. 1 (14)-E. II (A)/93, dated 16-11-93****Sub: -power of re-appropriation of funds - Exercise thereof by various authorities.**

The undersigned is directed to refer to this Ministry's O.M. No. F. 1 (10)-E. II (A)/92, dated 14-9-1992 on the above subject and to say that in the context of keeping the fiscal deficit under strict control, it has been decided that the restrictions on re-appropriations contained in the said OM will continue to apply till further orders. In other words, till further orders, all re-appropriations which will have the effect of increasing the, budget provision by more than Rupees one crore under a sub-head should continue to be made only with the approval of Secretary (Expenditure).

2. All other restrictions already in. force in respect of powers of re-appropriations as also the requirements of reporting to Parliament as prescribed in this Ministry's O.M., No.1 (14)-E.II (A)/89, dated 22-2-1990, will also continue to apply.

19**G.I., M.F., O.M. No. F. 1 (14)-E. II (A)/94, dated, 17-10-1994****Sub: - Action on the PAC's recommendations - Reiteration of instructions on strict financial discipline.**

The undersigned is directed to say that the Public Accounts committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-92) have observed that excess expenditure had occurred under various Grants/Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries/Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants/Appropriation}. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have desired that in future detailed notes in respect of the savings made in a grant or appropriation during each

year involving Rs. 100 crores and above be furnished to them along with the explanatory notes regarding excess expenditure incurred.

3. Instructions have been issued vide this Ministry's O.M. No. F. 1(9)-E. II (A)/92, dated 3-11-1992, urging upon Ministries/Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and in-depth examination of the requirement of funds. Ministries / Departments should also devise an effective mechanism for proper and continuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where Supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they can not be avoided altogether. It may also be noted that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates and any slackness will be viewed seriously.

4. All the Ministries / Departments are requested to keep the above instructions in view for strict compliance. .

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G.I., M.F., O.M. No. 12(1)-E-(Co-ord.)/95, dated 23-8-1995

Sub.:- Recommendations of the PAC in its 88th Report (1992-93).

The undersigned is directed to invite the attention of all Ministries/Departments to the instructions issued vide this Ministry's O.M. No. F. 1 (14)-E. II (A)/94, dated the 17th October, 1994, pursuant to the recommendations of the PAC made in its 60th Report (1990-91) and 74th Report (1991-92) of Excesses over Voted Grants/Charged Appropriations. It was emphasized vide these instructions that the Ministries/Departments should frame their estimates accurately after a careful and in-depth examination of the requirement of funds. It was also, inter alia stated that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates.

2. The Committee in its 88th Report (1992-93) has noted the above-mentioned instructions and has made the following further recommendations: -

- (i) Ministries/Departments should observe the prescribed instructions regarding re-appropriation of funds from one unit of grant/appropriation to another and also ensure adherence to financial discipline.
- (ii) Complete details of circumstances leading to overall excess expenditure under a grant or appropriation together with action taken to fix responsibility therefore, may invariably be made available to the Committee through the explanatory notes, at least from the Accounting Year 1994-95 onwards.
- (iii) The Committee's recommendation in its 60th Report regarding furnishing of detailed notes about savings of Rs. 100 crores and above, should be adhered to

and the time schedule prescribed for this purpose should be. Scrupulously followed by all Ministries / Departments concerned while forwarding their explanatory notes to the Committee on the accounts for 1993-94 and onwards.

3. In this connection, attention is also invited to the instructions on re-appropriation of funds, issued vide this Ministry's O.M. No. F. 1 (14)-E. II (A)/89, dated the 22nd February, 1990 and O.M. No. F. 1 (17)-E. II (A)/91, dated the 10th October, 1991. As per these instructions, any re-appropriation which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore, whichever is more, under a sub-head, should be reported to Parliament along with the last batch of supplementary demands. A re-appropriation order which has the effect of increasing the budget provision by more than Rs. 1 crore under a sub-head, should also have the prior approval of Secretary (Expenditure). Moreover, any re-appropriation order issued after the presentation of the last batch of supplementary demands and exceeding the limit of 26% should have the prior approval of Secretary / Additional Secretary (Expenditure).

4. In view of the recommendations of the Public Accounts Committee, as mentioned in Para. 2 above, Ministries / Departments are requested to ensure strict compliance with the instructions issued vide this Ministry's OM, dated 22-2-1990 and 10-10-1991, regarding re-appropriation of funds. As the basic responsibility for furnishing of explanatory notes on excess expenditure / savings under a grant or appropriation to the Committee, rests with the administrative Ministries, they may ensure that the details of circumstances leading to the excess expenditure/savings' including the action taken to fix responsibility for the excess expenditure are brought out in the explanatory notes. The explanatory notes may be got vetted by the Budget Division in this Ministry.

5. The time-schedule prescribed for furnishing of the explanatory notes to the PAC should also be scrupulously followed. For this purpose, Ministries / Departments may institute a system of monthly monitoring by the Secretary' of the Ministry / Department with the FA and the concerned AS/ Joint Secretaries. Monthly Progress, Reports in this regard may also be sent to the Monitoring Cell under this Department. Secretary (Expenditure) would also review the outstanding cases every quarter. Cases of inordinate delay in sending Action Taken Reports / Explanatory Notes by the Ministries would be considered for taking up with the Committee of Secretaries.

6. All the Ministries / Departments are requested to keep the above instructions in view for strict compliance.

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G.I., M.F., O.M. No. 12(1)/E- Co-ord./2001, dated 27-9-2002**Sub.:- Effective monitoring of the flow of expenditure and effective budgetary Control to avoid excess over voted grants/charged appropriations.**

The undersigned is directed to invite attention to the recommendations made by the Public Accounts Committee in Paras. 7.1.1 and 7.2.3 of their 30th Report (13th Lok Sabha) regarding excesses over voted grants and charged appropriations (1999-2000) and to say that taking adverse note of occurrence or excess over voted grants/charged appropriations, the Committee has recommended for an effective monitoring of the flow of expenditure as also for sustained efforts for effective budgetary control to wipe out the excess of such cases.

2. In this connection, attention is invited to the provisions contained in Rules 65 and 66 of the General Financial Rules along with the Government of India decisions there under providing for a detailed procedure for effective monitoring and control of expenditure as also to the provisions contained in the D.O. Letter No. 12 (1)/E. Co-ord./99, dated 17-2-2000 from Secretary (E) addressed to all Secretaries to the Government of India and to the Ministry of Finance, Department of Expenditure's O.M. No. 1 (3)/E. Co-ord./2000, dated 13-8-2001 where instructions have been issued to put in place an effective mechanism for exercising monthly review of flow of expenditure so as to avoid cases of excess. These instructions would, no doubt, have been followed and effective steps taken for control of expenditure. If the steps envisaged therein are followed, there should be no occasion for excess expenditure.

3. All the Ministries/Departments are, therefore, advised to follow the instructions mentioned above and to ensure that no case of excess takes place in respect of any of the grants under their control.

G.I., M.F., O.M. No. 2 (1)/E.Co-ord. I/2003, dated 9-9-2003**Sub.:- Revival / filling up to vacancies under 'deemed abolished' category-delegation of power.**

As the Financial Advisers are aware, if a post is held in abeyance or remains unfilled for one year or more, it is deemed as abolished. Revival of such a post requires approval of this Department.

2. It has since been decided to delegate the power to the Ministries/ Departments to consider and decide, in consultation with their Internal Finance Division, revival of such a post up to Deputy Secretary/ Director level subject to fulfillment of the following conditions:-

- (i) There exists functional justifications;

- (ii) Matching savings are available from out of 'live posts', i.e., filled up posts or posts vacant for less than one year;
 - (iii) It is not a direct recruitment vacancy (falling under DoP&T OM, dated 16-5-2001 on optimization of direct recruitment to Civilian posts);
 - (iv) It has not been abolished/ recommended for abolition in compliance to any specific Government instruction, e.g. 10% economy cut or ERC Report, IWSU/SIU study, etc.
3. The Financial Advisers are requested to bring the above instructions to the notice of the concerned administrative divisions in their Ministries/ Departments. They are free to refer any matter where at here is a difference of opinion with the administrative Ministry to the Department of Expenditure for a final decision/ resolution. They are also requested to send to this Department [Joint Secretary (Per.)] a quarterly report containing the following information: -
- (a) Details of post(s) revived- designation, scale of pay, number of posts, date of vacancy and mode of recruitment.
 - (b) Functional justification in brief.
 - (c) Details of matching savings provided – designation, scale of pay and the number, and whether filled up posts or vacant and if so, the date of occurrence of vacancy.
 - (d) Confirmation to the effect that the condition prescribed for revival have been strictly followed.

G.I., M.F., O.M. No.7 (2)/E.Co-ord./2005, dated 23-11-2005**Sub.- Budget / Expenditure Management: Economy measures, rationalization of expenditure, and measures for augmentation of revenues**

Government have decided to introduce certain measures related to the captioned subject. In partial supersession of this Ministry's O.M. No.7 (5)/E. Co-ord./2004, dated September 24, 2004 (Sl. No. 24 above), on the subject cited above, the following modified measures for fiscal prudence and economy are introduced which shall be strictly observed with immediate effect:-

A. Economy in expenditure

1. The need for avoiding ostentatious expenditure is emphasized upon. Government offices should be managed with every economy in operating expenses such as maintenance of buildings and office equipments, lighting, conservancy, stationary and postage, etc. Austerity must be reflected in furnishing of offices / offices at residences also. Expenditure on office expenses, foreign travel, overtime allowance / honorarium, hiring of vehicles, telephone charges, petrol, oil and lubricants and seminars / conferences will, therefore, be restricted in 2005-06 to average of actual expenditure incurred in 2002-03, 2003-04 and 2004-05 through appropriate economy measures. No re-appropriation of funds to augment these heads of expenditure would be allowed during the current financial year. The expenditure limit prescribed for these purposes shall be strictly enforced. .
2. Foreign travel should be restricted to unavoidable official engagements, and Cabinet Secretariat instructions, dated 14-9-2005 on the subject, particularly the norms of number and purpose of visits, strictly complied with. Travel abroad of spouses at official expense, where required for protocol purposes, will be kept to the most minimum and strictly in accordance with the requirement, with suitable guidelines to be issued by Ministry of Defence / Ministry of Home Affairs in this regard. There shall, however, be a total ban on foreign travel for Study Tours, Seminars, Workshops, etc., funded by the Government of India except for annual and other formal meetings of bilateral/multilateral bodies. Size of official delegations, where foreign travel is essential, shall be restricted to the bare minimum.
3. The air travel, both domestic and overseas, on official account would now be permissible on airlines other than Air India / Indian Airlines also, provided the criteria for selecting the alternative airline for official travel are based on better and more competitive prices being offered by the other airlines. Various incentive schemes and concessional fares offered by Air India / Indian Airlines will also be fully utilized to ensure utmost economy in air travel. This would apply both to officials within India and to officials posted abroad. MEA will also make consequential changes in Rules, in consultation with DoP&T and the Department of Expenditure. General guidelines for domestic / overseas air travel would also be modified accordingly by DoP&T and Department of Expenditure.

4. While officials are entitled to various classes of Air Travel depending on seniority, etc., it is hoped that utmost economy would be observed while exercising the choice, and bookings in the First Class should be eschewed unless considered necessary for protocol purposes. In particular, in delegations led by Ministers, irrespective of entitlement, no member of the delegation should choose to travel by a class higher than the one chosen by the Minister.

5. To curtail the expenditure on telephones, Ministries / Departments would now also be able to avail of services of providers other than MTNL / BSNL, provided the criteria for selecting the alternative service provider are based on better and more competitive rates being offered by the latter.

6. Due economy should be observed in organizing Conferences / Seminars / Workshops, etc., with these being restricted to only those which are absolutely essential. Existing guidelines for holding such events, and prescribed expenditure ceilings, should be strictly enforced. Where possible and appropriate, such events / activities, to the extent deemed essential, be organized under Public Private Partnership with the partner contributing substantially to the expenditure.

7. Purchase of new vehicles is banned until further orders. Exceptions will be allowed only in unavoidable cases, including for meeting the operational requirements of Defence Forces and Central Paramilitary Forces, with prior concurrence of the Department of Expenditure, Ministry of Finance.

8. There shall be a ban on creation of new posts in all Ministries / Departments / Autonomous Institutions till further orders. Any unavoidable proposals for the creation of posts, including Groups 'B', 'C' and 'D' posts, will continue to be referred to the Ministry of Finance (Department of Expenditure) for approval. The proposals would necessarily have to be based on 'new organization' and accompanied by matching savings from existing related establishment. Outsourcing of routine services such as cleaning, maintenance, moving papers / dak, etc., may be encouraged.

9. Every Ministry / Department shall undertake a review of all the posts lying vacant for more than six months in the Ministry / Department and in the Attached and Subordinate Offices, etc., in consultation with the Ministry of Finance (Department of Expenditure) so as to identify posts which can be abolished. These reviews must be completed by March 31, 2006 and details of vacant post in the respective Ministries and those identified for abolition intimated to the Department of Expenditure immediately thereafter. Till the review is completed, no posts lying vacant for more than six months should be filled up except with the prior approval of the Ministry of Finance (Department of Expenditure).

10. Implementation of existing instructions of DoP&T, O.M. No. 2/8/ 2001-PIC, dated 16-5-2001 (Sl. No. 211 of Swamy's Annual, 2001) concerning 10% cut in posts and abolition of posts lying vacant for more than one year will be ensured.

11. In respect of provisions regarding deployment of surplus staff, all efforts will be made for regular posting of the employees transferred to the Surplus Cell within a period of six months.

12. The transfer policies and the frequency and the periodicity of transfers of officials, whether within the country or overseas shall be reviewed as frequent transfers cause avoidable instability, resulting in inadequate development of expertise and grasp of the responsibilities, besides resulting in avoidable expenditure. All Ministries, including Ministry of External Affairs, shall review the policies with a view to ensuring longer tenures at posting, thereby reducing the expenses on allowances and transfers.

13. Increased use of information and Communications Technology should be further encouraged, with a view to ensuring better utilization of resources available with the Government and improved delivery of public services. Cabinet Secretariat are already monitoring the progress in this behalf. Departments will immediately complete preparing road maps of systems' development in this regard, keeping present and future user requirements in view. Besides, improving quality and efficiency of public services, this should also bring down the unit cost of delivery of public services. Each department will identify and shortlist specific areas of cost control by December 31, 2005. Services/Consultancy from the office of the Chief Adviser (Cost) under the Department of Expenditure would be available to the Ministries / Departments wishing to take the assistance in undertaking the exercise in this regard.

B. Observance of discipline in transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/State/Local level:

14. No amount will be released to any entity (including State Governments), which has defaulted in furnishing utilization certificates for grants-in-aid released by Central Government in the past without clearance from the Ministry of Finance. In respect of all grants released prior to April 1, 2004, two months' notice may be given to the concerned entities to furnish the required utilization certificates, failing which the amount will be deducted from further releases and credited to Government revenue as "refund of unused grants".

15. Ministries/ Departments will not transfer funds under any Plan Scheme in relaxation of conditionalities attached to such transfer (such as matching funding). Where a scheme contemplates a prior determination of each State's entitlement of Central Budget support, the actual disbursements will be limited to these entitlements. Specifically, it will not be open to any Ministry / Department to release excess funds to any State by diverting "Savings" in respect of another State as the practice tends to aggravate imbalances.

16. The State Governments will, henceforth, furnish monthly return of, Plan expenditure - Central, Centrally Sponsored or State Plan- to respective Ministries/Departments along with a report on amounts outstanding in their Public Account in respect of Central and Centrally Sponsored Schemes.

C. Encouraging additional revenue and internal resource generation:

17. With a view to encouraging greater effort at garnering revenues in the Government, schemes would be evolved by the revenue generating / earning/ collecting Ministries / Departments on the principle of an amount equal to 1 % of the incremental revenue being earmarked as incentive provision in the next year's budget for enhancing the

organizational efficiency, infrastructure and wherewithal. Each department willing to participate will work out the details of relevant schemes based on this principle of enhanced provisions for augmenting operational efficiency arising out of the incremental revenues earned beyond the budget targets, and submit for the approval of the competent authority and the Ministry of Finance (Department of Expenditure) by December 31, 2005. Similarly, schemes would also be considered for achieving economy in expenditure against an identified benchmark.

18. With a view to reducing dependence of autonomous bodies on budgetary support and set them on a course of greater self-reliance, the general-purpose deficit grants in 2005-06 will be reduced to 95% of actual amount of average of such grants given in 2002-03, 2003-04 and 2004-05. In 2006-07, these will be further reduced to the level of 90%. This reduction will not apply for grants given for a specific project.

D. Returns on investment by Government and non-tax receipts:

19. All profit-making Public Sector Enterprises (PSEs), which are essentially commercial enterprises, subject to specific guidelines issued from time to time, will declare a minimum dividend on equity of 20 per cent or a minimum dividend pay out of 20% of post-tax profits, whichever is higher, subject to availability of disposable profits. In respect of Oil, Petroleum, Chemical and other infrastructure sectors, this amount would be 30%. Besides, profit making companies with large cash surpluses and without firm plans for reinvestment shall declare special dividends. PSEs having large cash / free reserves and sustainable profitability will issue bonus shares. Companies with high market price of shares will consider stock splits.

20. Profit making Joint Venture companies would also normally give a minimum dividend of 20% or 30% on equity depending on the sector as mentioned in the previous para.

21. Other non-tax receipts, including applicable user charges, shall be collected fully without fail, and also reviewed to aim at recovering at least the cost of the service. Each Ministry / Department will review user charges, licence fees, service charges, fees charged for products sold by them, documents, forms of various kinds and the like, applicable to all organizations under them.

22. Timely repayment of loans provided by the Government to the PSEs and due payment of fees / charges on Government Guarantees will be ensured through effective monitoring by Ministries / Departments.

E. Budget formulation and implementation:

23. All on-going programmes and schemes, both Plan and non-Plan, will be carefully reviewed, scrutinized and evaluated to determine their continued relevance. This exercise shall be taken up immediately and completed by December 31, 2005. Planning Commission have already initiated the process in respect of the Plan Schemes.

24. Budget Estimates and Revised Estimates shall be prepared with reference to the commitments made in the Outcome Budget and fiscal discipline enforced in implementation of programmes/projects to ensure 'value for money'.

25. Deviations of expenditure from the prescribed budgetary ceilings shall not be permitted. It must also be ensured that no fresh financial commitments are made on items which are not provided for in the budget approved by the Parliament. The administrative Ministries/Departments will be fully accountable for unauthorized expenditure over and above the appropriations.

26. The instances of incurring or committing expenditure in a particular year and postponing the actual payment of bills to the subsequent financial year are improper, and must be discontinued forthwith.

27. Budget formulation should lay greater emphasis on explicit recognition of the revenue constraints and a realistic projection of the budgetary allocations required for various projects / schemes and there must be strict and rigid adherence to budgetary ceilings. All procedures laid down for approving and for incurring expenditure on schemes, both Plan and Non-Plan will be followed scrupulously. .

28. Each Ministry / Department would be expected to keep an account of the financial yields of the above-mentioned measures implemented in the Ministry /Department. Financial Advisers will monitor the progress in this regard and will bring the progress / bottlenecks to the note of the Secretaries concerned on monthly basis. The results will also find mention in their monthly D.O. report to Secretary (Expenditure).

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G.I., M.F., O.M. No.7 (3)/E. Co-ord./2006, dated 22-7-2006

Sub.- Expenditure Management - Economy Measures, Rationalization of Expenditure and Measures for Augmentation of Revenues.

1. Background

1.1 With a view to containing non-developmental expenditure and thereby releasing additional resources for meeting the objectives of priority schemes, Particularly under the NCMP, Ministry of Finance has been issuing guidelines on 'Austerity Measures' in the Government from time to time. Such measures are intended at promoting fiscal discipline, without restricting operational efficiency of the Government. Last such instructions were issued vide O.M. No.7 (2)/E.Co-ord./2005 on November 23, 2005.

1.2 Now, due to unforeseen developments resulting in additional demands which have been made post budget on the Central exchequer, it has become imperative to curtail and rationalize Government expenditure, and in particular, to avoid ostentatious and superfluous expenditure. Economy measures are called for, inter alia, in day-to-day planning and functioning of the Government, in observance of discipline in the fiscal transfer to States, Public Sector Undertakings, etc., and augmentation of revenues. With these objectives in view, the following

additional guidelines are issued regarding austerity measures with immediate effect as enumerated in the succeeding paragraphs.

2.1 5% mandatory cut on non-Plan expenditure

For the year 2006-07, every Ministry / Department shall make a mandatory 5% cut on non-Plan expenditure excluding interest payment, repayment of debt, Defence capital, salaries, pension and the Finance Commission grants to the States. No re-appropriation of funds to arugment the non-Plan heads of expenditure shall be allowed during the current financial year. Financial Advisers shall review implementation of this cut on quarterly basis and report to the administrative Secretary and the Minister and the Department of Expenditure.

2.2 Economy Measures

Various Government offices under Central Government shall make every effort to avoid ostentatious and' unnecessary expenditure. Day-to-day functioning of Government offices shall be managed with utmost economy in operating expenses such as maintenance of buildings, office equipments, transport, communication, conservancy, stationery, furniture, hospitality and furnishings at the offices / offices at residences.

2.3 Vehicles

No new vehicles shall be purchased even for replacement of condemned vehicles. The requirement of vehicles shall be met through hiring on medium term basis excepting in the Armed Forces, etc., where the scope for hiring of vehicles is limited. There shall not be any fresh appointment of drivers. Excess drivers in any Ministry/Department shall be either sent to the Surplus Cell or else utilized by hiring of vehicles without drivers. Purchase of new vehicles shall only be permitted in respect of new organizations and that too at the senior most levels in such organizations.

2.4 Telephone

The norms for usage of telephone at offices, residence and cell phone are already in place. All the offices in Government of India shall adhere to these norms and excess expenditure over and above the norms snail be borne by individual users.

2.5 Seminars and Conferences

Utmost economy would be observed in organizing Conferences /Seminars / Workshops. The prescribed expenditure limit with respect to these should be strictly enforced. Only such Conferences / Seminars / Workshops, which are absolutely necessary, should be held. Holding of exhibitions/seminar / conferences abroad is strongly discouraged, except in case of exhibitions for trade promotion.



2.6 Ban on creation of Plan and non-Plan posts

2.6.1 The existing ban on creation of posts should be enforced strictly. Any unavoidable proposal for creation of Plan / non-Plan posts, including Groups 'A', 'B', 'C' and 'D' posts, shall continue to be referred to the Ministry of Finance (Department of Expenditure) for approval. In such unavoidable proposals, creation of post should invariably have a support of matching financial saving by adjustment, by abolition or keeping in abeyance of post(s) from the establishment strength of the Ministry / Department. DoPTs extant O.M. No. 2/8/2001-PIC, dated May 16,2001 regarding optimization would continue to be in force and shall be strictly adhered to.

2.6.2 Every Ministry /Department shall undertake a review of all the posts in the Ministry /Department and in the attached and subordinate offices and make available the outcome of such review and full details of vacant posts to the Department of Expenditure in a time-bound manner. The posts that have remained vacant for more than a year shall not be revived except under very rare circumstances, after seeking clearance of the Department of Expenditure.

2.7 Foreign Travel

There is a need to prune down expenditure on foreign travel. It would be the responsibility of Secretary of each Ministry /Department to ensure that foreign travel is restricted to most necessary and unavoidable official engagements and extant instructions with respect to foreign deputation are strictly adhered to. Following instructions with respect to foreign travel would need to be strictly adhered to:-

(i) No proposal for participation in workshop/ conference/ seminar/ presentation of papers abroad at Government cost shall be entertained.

With respect to these, only those proposals which are 100% funded by sponsoring agencies may be considered keeping in view the public interest and Government business at home.

(ii) No officer should undertake more than 4 official visits abroad in a year. If in certain Ministries, nature of work demands a larger number of visits, a calendar of visits for the entire year would be prepared as far as possible, and visits should be prioritized. The proposal relating to the visits exceeding the fourth by an officer, detailed justification would need to be taken and such visit would be allowed in more exceptional cases.

(iii) The number of 'goodwill visits' is to be severely restricted except under extraordinary circumstances. Such restriction will not apply to 'goodwill visits' undertaken by the President, Vice-President, Prime Minister, Speaker of the Lok Sabha and members of the Higher Judiciary.

(iv) The size of the official delegation where foreign travel is essential will be restricted to the bare minimum. Normally a visit shall not exceed 5 days.

2.8 Transfer Policy

The transfer policies and the frequency and, the periodicity of transfers of officials, whether within the country or overseas, shall be reviewed as frequent transfers cause avoidable instability, resulting in inadequate development of expertise and grasp of the responsibilities besides resulting in avoidable expenditure. All Ministries, including Ministry of External Affairs, shall review the policies with a view to ensuring reasonable tenures at posting within the overall policy framework, thereby reducing the expenses on allowance and transfers.

2.9 Use of Information and Communication Technology

Increased use of Information and Communications Technology should be further encouraged, with a view to ensuring better utilization of resources available with the Government and improved delivery of public services. Cabinet Secretariat is already monitoring the progress in this behalf. Ministries/ Departments will immediately complete preparing road-maps of systems development in this regard, keeping present and future user requirements in view. All. Ministries / Departments shall introduce e-procurement to reduce cost and improve deficiency in procurement. Similarly, the Ministries/ Departments shall also encourage and ensure payments through e-payment mechanism by way of direct transfer to beneficiary account.

2.10 Advances for Schemes /Projects

It has been observed that a large number of Government agencies, viz. Autonomous Bodies/PSUs tend to have large cash balances, mainly contributed by advance payments from Ministries/Departments of the Government. Rule 159 (1) of GFR, 2005 deals with advance payments. With reference to that Rule, it is advised that all advance payment to implementing agencies for any scheme/ project/ acquisition shall be limited up to 10% of the approved financial outlay in the current fiscal year. Subsequent payments should strictly related to deliverables/milestones. This restriction shall be applicable in the case where expenditure is effected through a contract. Advances to grant-in-aid to institutions shall be kept out of the ambit of this restriction.

3 Formulation of schemes and their implementation

3.1 Eleventh Five Year Plan is to commence from April 1, 2007. Therefore, it is imperative that all ongoing schemes, both Plan and non-Plan, are carefully scrutinized and evaluated to determine their continued relevance. The Ministries/Departments in conjunction with Planning Commission shall undertake this exercise immediately and determine as to which schemes and projects have outlived their relevance/ utility / effectiveness. The resultant release of funds should become available to the Ministries for augmentation of provisions for effective and efficacious schemes.

3.2 While formulating new schemes, better service levels for the targeted beneficiaries, need for improvements in service delivery and the control of wastage in running programmes should invariably be factored in and considered by the appraising agency responsible for its pre-sanction appraisal. The on-going schemes may also be reviewed keeping this objective in view.

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3.3 Additional expenditure over and above the prescribed approved ceilings for individual schemes shall not be permitted. Ministries/ Departments should also ensure that no fresh financial commitments are made, which are not provided for in the Budget approved by the Parliament. In case a Ministry/ Department wishes to extend a scheme beyond approved outlay or seek additional allocations, it will have to indicate matching savings from some other schemes or projects under the relevant budget Demand under its administrative control.

3.4 While formulating budget proposals, the Ministries/ Departments should lay greater emphasis on explicit recognition of revenue constraints and should make only a realistic projection of budgetary provisions required for various projects/ schemes. All procedures laid down for approving for releasing and for incurring expenditure on schemes, both Plan and non-Plan, should be followed scrupulously and without any deviation.

3.5 Each Ministry/ Department would be expected to keep an account of the savings resulting from the above-mentioned measures implemented in, the Ministry/ Department. Secretaries to Government and Financial Advisers will monitor the progress in this regard and will bring the progress/ bottlenecks to the notice of the Ministers-in-charge as well as the Ministry of Finance.

3.6 All Ministries/ Departments should ensure that any scheme proposed by them is commercially viable and carries an internal rate of return not less than the rate prescribed. Wherever such returns are not prescribed, the overall cost benefit of the scheme should be assessed in qualitative terms. Only those schemes should be taken up in which a positive cost benefit ratio is clearly manifest.

3.7 Strict monitoring and fixing of accountability for delays in the implementation of schemes and projects that lead to major cost overruns and revised estimates, should be established.

4. Observance of discipline in fiscal transfers to States, Public Sector Under-takings and Autonomous Bodies at Central /State /Local level

4.1 No amount will be released to any entity (including State Governments), which has defaulted in furnishing utilization certificates for grants-in-aid released by Central Government in the past without clearance from the Ministry of Finance.

4.2 Ministries / Departments will not transfer funds under any Plan schemes in relaxation of conditionalities attached to such transfers (such as matching funding). Where a scheme contemplates a prior determination of each State's entitlement to Central Budget and support, the actual disbursements will be limited to these entitlements. Specifically, it will not be open to any Ministry / Department to release excess funds to any State by diverting "savings" in respect of another State as the practice tends, to aggravate imbalances.

4.3 The State Governments are required to furnish monthly returns of Plan expenditure - Central, Centrally Sponsored or State Plan - to respective Ministries / Departments along with a

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report on amounts outstanding in their Public Account in respect of Central and Centrally Sponsored Schemes. This may be scrupulously adhered to.

5. Encouraging additional revenue, internal resource generation and cost reduction

5.1 With a view to encouraging greater effort at garnering revenues to the Government, schemes would be evolved by the revenue generating / earning / collecting Ministries / Departments on the principle of an amount equal to 1 % of the incremental revenue being earmarked as incentive provision in the next year's budget for enhancing the organizational efficiency, infrastructure and wherewithal. Each department willing to participate will work out the details of relevant schemes based on this principle of enhanced provisions for augmenting operational efficiency arising out of the incremental revenues earned beyond the budget targets and submit for the approval of the competent authority and the Ministry of Finance (Department of Expenditure) by December 31, 2006. Similarly, schemes would also be considered for achieving economy in expenditure against an identified benchmark.

5.2 In view of the large scale borrowing by Food Corporation of India, Department of Food shall, with the help of Ministry of Finance, make every endeavor to reduce interest cost either by borrowing at competitive rates or accessing credit through alternative mechanisms.

5.3 Department of Food shall further take up with all the States concerned the necessary measures so that procurement of food is completely exempt from local taxes and levies.

6. Compliance

Secretaries of the Ministries / Departments, being the Chief Accounting Authorities as per Rule 64 of GFR shall be fully charged with the responsibility of ensuring compliance of the measures outlined at Paras. 2 to 5 above and send to the Department of Expenditure a monitoring report regarding the impact of steps taken in respect of economy measures, the rationalization of expenditure and augmentation of revenues.

Financial Advisers shall assist respective Departments in securing compliance to these measures and also submit overall report to the Minister-in-charge and to the Ministry of Finance on a quarterly basis regarding various actions that need to be taken on these measures. .

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G.I., M.F., O.M. F. No. 15/7/2006-IFU-III, dated 23-8-2006

Subject:- Observance of instructions on economy in expenditure.

It has been noticed that officers who are having facility of official cellular phone are getting international roaming facility activated for use during their visits abroad. Department of Expenditure have clearly laid down that only the national roaming facility will be admissible within the monthly ceiling per month fixed in each category of officers (inclusive of rental and call charges). International / global roaming facility has not been allowed to be used.

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2. Accusingly, all the officers are requested to use local mobile cards for making focal as well as international calls back to their offices during their visits abroad or alternatively use the Embassy / Mission's telephone facility for the purpose.

Sd.
(Deena Dayalan)
Joint Secretary and Financial Adviser

(26)

G.I., M.F., O.M. F. No. 15/2/2006-IFU-III, dated 25-8-2006

Subject:- Guidelines/ instructions to enforce economy in expenditure and to prevent pilferages in offices.

Attention is invited to our earlier communication vide JS & FA (Exp. Control) /2006-07 /Misc., dated the 12th January, 2006 wherein all HoDs were requested to take a complete review of operating expenses with a view to enforce economy in expenditure and to prevent pilferages in offices. From the reports received, it is seen that the expenditure on petrol, maintenance of cars, purchase of stationary, OTA, etc., continues to be substantial and keep increasing. There is a dire need to review the existing mechanism, methods and procedures for enforcing economy in expenditure and to prevent pilferages in offices. Efforts have to be made to look into the abnormalities in expenditure pattern to find out the reasons therefore and take remedial measures.

2. Finance Secretary has recently on 22-7-2006, issued various guidelines regarding austerity measures and expenditure management which inter alia includes 5% mandatory cut on non-plan expenditure excluding Salary. It is also conveyed therein that no re-appropriation of funds to augment the non-plan heads of expenditure shall be allowed during the current financial year. These guidelines have also been circulated to all HoDs for guidance and compliance.

3. Therefore, all HoDs in the Ministry of Finance are requested to take the following measures:-

- (i) To review the average mileage by each Car, the abnormality in expenditure on petrol / CNG and maintenance of each vehicle. A system be evolved to keep a check on expenditure on vehicle maintenance. In future, any case of vehicle maintenance involving abnormal expenditure be examined by an internal committee to ensure that there is no unnecessary wastage of Government funds.
- (ii). CNG kit-fitted vehicles should run only on CNG. Consumption of petrol by CNG kit-fitted vehicles be avoided except in emergencies.

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- (iii) Hiring of taxis may not be resorted to unless the same are approved by Integrated Finance Division. Hiring of taxis for a day or two in emergencies only in rare cases may be resorted to by HoDs without referring the same to FA.
- (iv) Expenditure on hiring of taxis has not been reviewed properly in the report sent by HoDs. This issue needs to be looked afresh particularly with reference to normal mileage as may be necessary for official duties vis a vis any abnormal increases in mileage and expenditure with a view to check misuse of such hired vehicles in the past. It also needs to be examined whether the mileage in respect of hired taxis starts from the garage of the transporter or from the place of office / residence of the officer. This aspect needs to be given due attention so as to avoid any dead mileage in hiring of taxis.
- (v) All officers to personally review the STD/ISD calls as shown in their Telephone Bills to satisfy themselves that all the calls were for official purposes and there is no misuse of the STD/ISD facility. HoDs may also conduct random checks of the calls made from such numbers. ISD facility entitlement need to be reviewed and calls from residence of officers need to be kept within the limits prescribed by the Government vide Department of Expenditure's O.M. No. F. 7 (8)-E.(Co.ord.)/82, dated the 8th June, 1982. New concessional plans and schemes announced by Service Providers be used for saving call charges so as to reduce expenditure.
- (vi) All HoDs to follow GFRs 2005 in purchase of stationery, i.e., to call quotations from reputed dealers in a transparent manner and then take a considered decision.
- (vii) Issue of stationery system be made transparent and on line so as to check against any pilferages. Periodic physical stock taking and verification of selected items be conducted by authorizing persons other than those working in such units.
- (viii) OTA proposals may be got approved in advance and Admn. should be informed of the same. Surprise checks by Admn. / authorized officers be conducted at least twice a week so as to check bogus OT A claims.
- (ix) Renovation / refurbishing of rooms be avoided unless absolutely necessary. Changes of furniture, etc., with change of incumbent to be avoided.
- (x) Frequent shifting of rooms / offices be avoided.
- (xi) Utmost economy be observed in operating expenditure, such as, maintenance of buildings, office equipments, furniture and hospitality.
- (xii) Sanctioned posts and the existing strength of drivers be reviewed. Driver in excess of vehicles in any charge be either sent to the Surplus Cell or utilized by hiring of vehicles / taxis without drivers.