No.IWAI/FIN/FR (P)/3005/2009-10

Dt. 26.08.09

Subject: Expenditure Management.

A copy of the O.M. No. 66(16)/PF-II/2009 dt. 24.07.09 issued by Ministry of Finance, Department of Expenditure and forwarded by Ministry of Shipping is enclosed.

All concerned are hereby requested to ensure strict compliance on the guidelines communicated by Department of Expenditure, Ministry of Finance.

(S. Jayaraman)
Chief Accounts Officer

Enc: As above.

To

Chief Engineer, HY, Chief and Director (P&C)

1. Director, IWAI, Patna
2. Director, IWAI, Kolkata
3. Director, IWAI, Kochi
4. Director, IWAI, Guwahati
5. The AHS, Allahabad
6. The AHS, Varanasi
7. The Assistant Director, Bhagalpur

Copy communicated to:

1. Sr. PA to Chairman
2. PA to Vice-Chairman
3. PA to Member (C) for information
4. PA to Member (F)

Please provide photo copy as this order for official use.

[Signature] 31.8.09
OFFICE MEMORANDUM

Subject: Expenditure Management

With a view to ensuring availability of adequate resources for meeting the objectives of critical development, social sector, infrastructure sector and other priority schemes, Ministry of Finance has, from time to time, issued guidelines to be observed by the Ministries/Departments of the Government. In the context of the current fiscal situation, there is tremendous pressure on Government’s resources. Hence, there is an urgent need for rationalization of expenditure and optimization of available resources. With this objective, the following guidelines, applicable with immediate effect, are issued:

2. Formulation of schemes and their implementation

2.1 Only those schemes and programmes, that are part of the Budget announcements 2009-10, may be introduced in the current financial year. Further, as far as existing schemes are concerned, the following instructions will be applicable:

(i) Additional expenditure over and above the prescribed approved ceiling for individual schemes shall not be permitted. In case a Ministry/Department wishes to amend a scheme that will result in expenditure beyond the approved outlay or seek additional allocation for an existing scheme, it must indicate matching savings from some other schemes/projects under the relevant ‘Demand’ under its administrative control.

(ii) Manpower proposals for Plan schemes which are for a specified period should be formulated taking into account the provisions contained in GFRs 2005 regarding outsourcing of services, so that no permanent liability is created.
(iii) Strict monitoring and fixing of accountability must be done for delays in the implementation of schemes and projects that lead to major cost overruns and enhanced revised estimates.

2.2 This would also apply to non-plan schemes.

3. Advances for Schemes/Projects
All advance payments to implementing/production agencies for any scheme/project/acquisition shall be limited to 10% of the approved financial outlay in the current fiscal year. Subsequent payments must be strictly related to deliverables/milestones. This restriction shall be applicable in the case where expenditure is effected through a contract. Advances of grant-in-aid to institutions are not included within the ambit of this restriction.

4. 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 and 3 above. Financial Advisers shall assist respective Departments in securing compliance with these measures.

(Sushama Nath)
Secretary to the Govt. of India