

Dated: 26th November, 2014

OFFICE MEMORANDUM

Sub : Expenditure Management – Economy Measures and Rationalization of Expenditure - regarding

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The undersigned is directed to enclose herewith Department of Expenditure OM No. 7(1)/E.Coord/14 dated 29th October, 2014 on the above subject and to say that instructions would be effected *mutatis mutandis* on the expenditure of CPSEs.

2. Utmost economy shall be observed in expenditure on conferences, seminars/workshops /exhibitions/fairs/ traveling expenses etc. There will be 10% mandatory cut on such expenditure budgeted in the current year. In case there is no separate budget, for expenditure on these items, cut of 10% may be made on the basis of expenditure actually incurred on such items in previous year (2013-14)

3. Chief Executive Officers of CPSEs shall be responsible for ensuring the compliance of the measures outlined in this O.M.

4. Wherever a relaxation from the extant instructions is necessary in the interest of industrial growth, business development and capacity building of the human resources as envisaged in their business plans, the same should be considered on a case – to –case basis with the approval of Department of Public Enterprises as well as Administrative Ministry.

5. Board of Maharatna & Navratna CPSEs may in relaxation of DoE OM No. 7(1)/E.Coord/14 dated 29th October, 2014 consider creation of below board level posts in terms of DPE O.M.No. 22(1)/2009-GM dated 4th February 2010 and DPE O.M. No.11 (2)/97-Fin. dated 22nd July 1997 respectively whenever such creation is considered necessary in the interest of industrial growth and business development as envisaged in their business plans on case to case basis.

6. Creation of posts by Navratna CPSEs at the level of E7 and above grades may be done after obtaining the approval of the Administrative Ministries/Departments as provided in DPE O.M. No. 16(11)/2008-GM dated 4th November 2008.

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संख्या लोउवि/3(4)08-वित्त
भारत सरकार
भारी उद्योग और लोक उद्यम मंत्रालय
लोक उद्यम विभाग

लोक उद्योग भवन,
ब्लॉक सं.14, सी.जी.ओ. कॉम्प्लेक्स,
लोधी रोड, नई दिल्ली-110 003
दिनांक: 26 नवंबर, 2014

कार्यालय ज्ञापन

विषय:- व्यय प्रबंधन-मित्तव्ययिता उपाय और व्यय को युक्तिसंगत बनाने संबंधी।

अधोहस्ताक्षरी को उक्त विषय पर व्यय विभाग के दिनांक 29 अक्टूबर, 2014 के कार्यालय ज्ञापन सं. 7(1)/ई.कोर्ड./14 को संलग्न करने और यह कहने का निदेश हुआ है कि केंद्रीय सरकारी लोक उद्यमों के व्यय पर अनुदेश यथोचित परिवर्तनों सहित लागू होंगे।

2. सम्मेलनों, सेमिनारों/कार्यशालाओं/प्रदर्शनियों/मेलों/यात्रा व्यय आदि पर अधिक से अधिक मित्तव्ययिता का पालन किया जाना चाहिए। चालू वर्ष के बजट में ऐसे व्यय पर 10% की अनिवार्य कटौती की जाएगी। यदि ऐसी मदों पर व्यय हेतु अलग से बजट न हो तो पिछले वर्ष (2013-14) में ऐसी मदों पर किए गए वास्तविक व्यय के आधार पर 10% की कटौती की जाए।

3. केंद्रीय सरकारी लोक उद्यमों के मुख्य कार्यपालक अधिकारी इस कार्यालय ज्ञापन में उल्लिखित उपायों का अनुपालन सुनिश्चित करेंगे।

4. जब कभी उनके व्यापारिक योजनाओं के अनुरूप औद्योगिक विकास, व्यापार विकास और मानव संसाधन के क्षमता निर्माण के हित में वर्तमान अनुदेशों में छूट आवश्यक हो तो उस पर मामला-दर-मामला आधार पर प्रशासनिक मंत्रालय के साथ-साथ लोक उद्यम विभाग के अनुमोदन से विचार किया जाएगा।

5. महारत्न एवं नवरत्न केंद्रीय सरकारी लोक उद्यम के निदेशक मंडल, व्यय विभाग के का. ज्ञा. सं. 7(1)ई-कोर्ड./14 दिनांक 29 अक्टूबर, 2014 में छूट देते हुए क्रमशः दिनांक 4 फरवरी, 2010 के लोक उद्यम विभाग का. ज्ञा. सं.22(1)/2009-जीएम और दिनांक 22 जुलाई, 1997 के डीपीई का. ज्ञा. सं. 11(2)/97-वित्त के अनुसार बोर्ड स्तर से नीचे के पदों के सृजन के संबंध में मामला-दर-मामला आधार पर विचार कर सकते हैं जब कभी ऐसा सृजन उनके व्यापारिक योजनाओं के अनुरूप औद्योगिक विकास और व्यापार विकास के हित में आवश्यक समझा गया हो।

7. All the Administrative Ministries/Departments are requested to issue suitable instructions to CPSEs under their administrative control for strict compliance.

8. This issues in consultation with integrated finance Wing of Ministry of HI & PE vide their U.O.No.573/Fin-III, dated. 14.11.2014.

9. These instructions are issued with approval of Minister of Heavy Industries & Public Enterprises.

V. K. Jindal

(V. K. Jindal)

Director

Tel: 24362770

Encl. : As above

To

1. Secretaries of Administrative Ministries/Departments
2. Chief Executive of CPESs
3. Financial Advisors of the Administrative Ministries/Departments
4. C&AG of India, 10, Bahadur Shah Zafar Marg, New Delhi.
5. Department of Expenditure w.r.t. their OM. No. 7(1)/E.Coord/14 dated 30th October,2014

6. जैसाकि दिनांक 4 नवंबर, 2008 के लोक उद्यम विभाग का. ज्ञा. सं. 16(11)/2008-जीएम में प्रावधान है, नवरत्न सीपीएसई द्वारा ई 7 स्तर के और उससे ऊपर के ग्रेड के पदों का सृजन प्रशासनिक मंत्रालयों/विभागों का अनुमोदन प्राप्त करने के पश्चात किया जा सकता है।

7. सभी संबंधित प्रशासनिक मंत्रालयों/विभागों से अनुरोध है कि वे अपने प्रशासनिक नियंत्रणाधीन केंद्रीय सरकारी उद्यमों को उचित अनुदेश जारी करें कि वे इनका कड़ाई से अनुपालन करें।

8. इसे भारी उद्योग एवं लोक उद्यम मंत्रालय के एकीकृत वित्त विंग के साथ परामर्श करके उनके दिनांक 14.11.2014 के यू.ओ. सं. 573/वित्त-III के तहत जारी किया जाता है।

9. ये अनुदेश, मंत्री, भारी उद्योग और लोक उद्यम के अनुमोदन से जारी किये जाते हैं।

वि. कु. जिन्दल

(वि. कु. जिन्दल)

निदेशक

दूरभाष: 24362770

संलग्नक: यथोपरि।

सेवा में

1. सभी प्रशासनिक मंत्रालयों/विभागों के सचिव।
2. केन्द्रीय सरकारी लोक उद्यमों के मुख्य कार्यपालक।
3. सभी प्रशासनिक मंत्रालयों/विभागों के वित्तीय सलाहकार।
4. भारत के नियंत्रक महालेखा परीक्षक, 10, बहादुरशाह जफर मार्ग, नई दिल्ली।
5. व्यय विभाग को उनके दिनांक 30 अक्टूबर, 2014 के का. ज्ञा. सं. 7(1)/ई.-समन्वय./14 के संदर्भ में।

No. 7(1)/E.Coord./2014
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, 29/10/14 North Block,
October, 2014

OFFICE MEMORANDUM

Subject: Expenditure Management – Economy Measures and Rationalisation of Expenditure.

Ministry of Finance, Department of Expenditure has been issuing austerity instructions from time to time with a view to containing non-developmental expenditure and releasing of additional resources for priority schemes. The last set of instructions was issued on 18th September 2013 after passing of the Union Budget. Such measures are intended at promoting fiscal discipline, without restricting the operational efficiency of the Government. In the context of the current fiscal situation, there is a need to continue to rationalise expenditure and optimize available resources. With this objective, the following measures for fiscal prudence and economy will come into immediate effect:-

2.1 Cut in Non-Plan expenditure:

For the year 2014-15, every Ministry / Department shall effect a mandatory 10% cut in non-Plan expenditure excluding interest payment, repayment of debt, Defence capital, salaries, pension and Finance Commission grants to the States. No re-appropriation of funds to augment the Non-Plan heads of expenditure on which cuts have been imposed shall be allowed during the current fiscal year.

2.2 **Seminars and Conferences:**

- (i) Utmost economy shall be observed in organizing conferences/ Seminars/workshops. Only such conferences, workshops, seminars, etc. which are absolutely essential, should be held wherein also a 10% cut on budgetary allocations (whether Plan or Non-Plan) shall be effected.
- (ii) Holding of exhibitions/fairs/seminars/conferences abroad is strongly discouraged except in the case of exhibitions for trade promotion.
- (iii) There will be a ban on holding of meetings and conferences at five star hotels except in case of bilateral/multilateral official engagements to be held at the level of Minister-in-Charge or Administrative Secretary, with foreign Governments or international bodies of which India is a Member. The Administrative Secretaries are advised to exercise utmost discretion in holding such meetings in 5-Star hotels keeping in mind the need to observe utmost economy in expenditure.

2.3 **Purchase of vehicles:**

Purchase of new vehicles to meet the operational requirement of Defence Forces, Central Paramilitary Forces & security related organizations are permitted. Ban on purchase of other vehicles (including staff cars) will continue except against condemnation.

2.4 Domestic and International Travel:

- (i) Travel expenditure (both Domestic Travel Expenses (DTE) and Foreign Travel Expenses(FTE)) should be regulated so as to ensure that each Ministry remains within the allocated budget for the same after taking into account the mandatory 10% cut under DTE/FTE (Plan as well as Non-Plan). Re-appropriation/ augmentation proposals on this account would not be approved.
- (ii) While officers are entitled to various classes of air travel depending on seniority, utmost economy would need to be observed while exercising the choice keeping the limitations of budget in mind. However, **there would be no bookings in First Class."**
- (iii) Facility of Video Conferencing may be used effectively. All extant instructions on foreign travel may be scrupulously followed.
- (iv) In all cases of air travel the lowest air fare tickets available for entitled class are to be purchased/ procured. No companion free ticket on domestic/ international travel is to be availed of.

2.5 Creation of Posts

- (i) There will be a ban on creation of Plan and Non-Plan posts.
- (ii) Posts that have remained vacant for more than a year are not to be revived except under very rare and unavoidable circumstances and after seeking clearance of Department of Expenditure.

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

3.1 Release of Grant-in-aid shall be strictly as per provisions contained in GFRs and in Department of Expenditure's OM No.7(1)/E.Coord/2012 dated 14.11.2012.

3.2 Ministries/Departments shall not transfer funds under any Plan schemes in relaxation of conditions attached to such transfers (such as matching funding).

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

3.4 The Chief Controller of Accounts must ensure compliance with the above as part of pre-payment scrutiny.

4. **Balanced Pace of Expenditure:**

4.1 As per extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides, the stipulation that during the month of March the expenditure should be limited to 15% of the Budget Estimates is reiterated. It may be emphasized here that the restriction of 33% and 15% expenditure ceiling is to be enforced both scheme-wise as well as for the Demands for Grant as a whole, subject to RE ceilings. Ministries/ Departments which are covered by the Monthly Expenditure Plan (MEP) may ensure that the MEP is followed strictly.

4.2 It is also considered desirable that in the last month of the year payments may be made only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with the exception of the following:

- (i) Advance payments to contractors under terms of duly executed contracts so that Government would not renege on its legal or contractual obligations.
- (ii) Any loans or advances to Government servants etc. or private individuals as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.
- (iii) Any other exceptional case with the approval of the Financial Advisor. However, a list of such cases may be sent by the FA to the Department of Expenditure by 30th April of the following year for information.

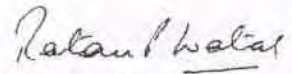
4.3 Rush of expenditure on procurement should be avoided during the last quarter of the fiscal year and in particular the last month of the year so as to ensure that all procedures are complied with and there is no infructuous or wasteful expenditure. FAs are advised to specially monitor this aspect during their reviews.

5. No fresh financial commitments should be made on items which are not provided for in the budget approved by the Parliament.

6. These instructions would also be applicable to autonomous bodies funded by Government of India.

7. 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 above. Financial Advisors shall assist the respective Departments in securing compliance with these measures and also submit an overall report to the Minister-in-Charge and to the Ministry of Finance on a quarterly basis regarding various actions taken on these measures / guidelines.


(Ratan P. Watal)
Secretary (Expenditure)

All Secretaries to the Government of India

Copy to:

1. Cabinet Secretary
2. Principal Secretary to the Prime Minister
3. Secretary, Planning Commission
4. All the Financial Advisors