**ANNEXURE-I**

MINISTRY OF FINANCE

DEPARTMENT OF REVENUE

CENTRAL BOARD OF EXCISE AND CUSTOMS

**NOTIFICATION**

New Delhi, the 18th April, 2011

**G.S.R. 327 (E).** – In continuation to the Government of India Notification No. G.S.R. 792(E), dated 18th November, 2008, regarding creation of Directorate General of Human Resource Development under the Central Board of Excise and Customs (CBEC), the President of India is pleased to approve the creation of Expenditure Management Cell (EMC) in the Directorate General of Human Resource Development for attending to the following functions in respect of Grant No. 43*-Indirect Taxes, in addition to those already assigned through notification No. G. S.R. 792/2008, dated 18-11-2008:

(i) To issue the Budget Circular as prescribed by the Budget Division, Department of Economic Affairs;

(ii) To examine the Budget proposals received from various constituent formations/units under the Grant;

(iii) To consolidate the position at each stage of the Budget exercise i.e. Budget Estimates (BE), Revised Estimates (RE) and Final Requirement (FR) and submit the same to FA (Finance) for further action;

(iv) To allocate object head-wise approved provisions to respective Budget controlling authorities;

(v) To prepare the Statement of Budget Estimates (SBEs) for inclusion in the relevant Budget documents;

(vi) To monitor the progress in Expenditure vis-a-vis Sanctioned Grant and submit the Monthly and Quarterly Expenditure Review to FA (Finance) for further action;

(vii) To propose Re-appropriation orders, surrender of savings etc. to FA (Finance) for concurrence/ approval of the competent authority;

(viii) To finalize the Appropriation Accounts in consultation with Principal CCA, CBEC and submit to FA (Finance) for concurrence;

(ix) To take necessary action in respect of the examination by the Standing Committee on Finance on Detailed Demands for Grants;

(x) To take action in respect of Audit references in Expenditure matters, for example Action Taken Notes on Audit Paras/PAC Paras, etc.

(xi) Any other matter, related to the above.

2. The Expenditure Management Cell is proposed to act as the nodal authority in respect of all Budget matters under Grant No. 43-Indirect Taxes and will perform all work related to management of Expenditure Budget under this Grant.

3. The Expenditure Management Cell, CBEC, is proposed to be headed by an Additional Director General (HRM) under DGHRD, Customs and Central Excise, who will be an officer of the level of Commissioner of Customs and Central Excise and will be located at New Delhi, The EMC is proposed to be made operation w.e.f. 1-4-2011.

4. The Staff requirement of the Expenditure Management Cell in CBEC will be met from within the sanctioned strength of the Customs and Central Excise, Department.

5. The Budgetary Authorities under CBEC will, henceforth, be required to send their annual Budgetary Estimates/Revised Estimates to the Expenditure Management Cell. The order related to allocation of the annual Budget/revised Budget to the field formations under CBEC are proposed to be issued by the Additional Director General (HRM Wing), DGHRD, or, any other officer not below the rank of Joint Commissioner nominated for this purpose by the DGHRD with the approval of the Member (P & V).

[F. No. A. 11013/28/2007-Ad. IV]
K.K. KHATTAR, Dy. Secy.

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F. No.4(10)-W&M/2016 **ANNEXURE-II**
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Dated Aug **4, 2016**

**Office Memorandum**

**Sub: Cash Management System in Central Government - Modified Exchequer Control Based Expenditure Management**

1. This OM is issued in supersession of following OMs: -. F. No. 21 (1)-PD/2005 dated December 27, 2006

F. No. 21 (1)-PD/2005-Vol II dated July 30, 2012
F. No. 21 (1)-PD/2005 dated January 15, 2013 F. No. 21 (1)-PD/2005 dated July 3, 2013
F. No. 21 (1)-PD/2005 dated January 10, 2014
F. No. 21 (1)-B(PD)/2014 dated July 22, 2015

2. To bring about more effectiveness and efficiency in cash management system, a Cash Co-ordination Committee (CCC) headed by JS(Budget) with members from office of CGA, RBI and Budget Division was constituted by the Government on 19.05.2016 vide OM dated 19.5. 2016.

3. Based on the deliberations of the Committee, consultation with Financial Advisors of some key Ministries representing infrastructure, Social, and economic Sector was undertaken. Inputs from 0/0 Controller General of Accounts were also sought. Accordingly, guidelines for more effective and efficient cash and expenditure management in the Government of India have been prepared and outlined here. This will help avert situation of temporary mismatches in cash outflows and cash inflows, and thereby prevent additional transitory borrowing through treasury bills/ CMBs and thereby help save on interest expenses. It would also prevent unnecessary build-up of cash, which creates liquidity crunch in the economy and in process again raises cost of Government borrowing.

4. Accordingly, the following guidelines are hereby notified:

(i) All FAs shall ensure that Monthly/Quarterly Expenditure Plan (MEP/QEP) of respective Ministries are prepared and sent to Budget Division, DEA, Ministry of Finance within two weeks of passing of their Detailed Demand for Grants (DDG) in Parliament. MEP/ QEP would be worked out separately for Plan and Non-Plan expenditures and included as Annex to the DDG in respect of the concerned Demand for Grants (DG). For 201617, the MEP/ QEP framed in this regard would be communicated to the Budget Division, M0F within a week of issue of this OM. MEP/ QEP forms the basis of cash forecast and preparation of indicative calendar for Government borrowings. **Deviations from MEP/ QEP may result into distortions in the cash planning** by **Gol with** multiple negative implications including increased cost of borrowing and hence would be viewed seriously.

(ii) The MEP would form the basis of QEP and Ministries! Departments concerned will not be allowed to release payments beyond QEP (equal to sum of MEPs within that quarter) without prior consent of Budget Division. Practice of expenditure beyond **QEP without prior approval of Secretary (Expenditure) would be viewed adversely. No ex-post facto approval for the deviations from the approved MEP/QEP shall be** normally considered.

(iii) MEP/QEP may accordingly be prepared, keeping in view the Vote on Account limits, if any, with clue diligence by factoring the overall trend of expenditure, seasonality of specific expenditure items, and the following broad principles:

a. To the extent possible, the bulk expenditure items of more than 2000 Cr may be timed in the last month of each quarter to utilise the direct tax receipt inflows in June, September, December, and March. The releases may be kept within $^{17th}$ and 23rd in these months.

b. Within the MEP/QEP, a calendar of big releases of 200 Cr to 2000 Cr shall be prepared to build certainty in cash outflows, as far as possible. The range of dates of such releases may be kept between 8th (or next working day if 8th is a holiday) and 21st of a month to take advantage of the excise duty and service tax inflows.

c. The dates for these major expenditure of 200 Cr shall be annexed to the MEP/QEP.

d. As at present, Salary would be released on last working day of each month. Similarly, the tax devolution to States by the Budget Division, DEA, would be on 1st of each month.

e. In case a major expenditure of more than 2000 crore, needs to be released outside these dates, prior approval with two working days' notice, shall be taken from Budget Division which shall, depending on cash position, convey acceptance (through fax or email) or suggest another appropriate date for such release. In case of any exigency, the permission shall be given on same day, if so requested.

f. **Prior permission from Budget Division shall be a pre-requisite for any single payment release in excess of It 5000 Cr.** The FAs may guard against attempts to deliberately split expenditure to stay within limits.

g. Not more than 33% and 15% of expenditure, subject to RE ceilings, shall be permissible respectively in the last quarter and last month of the financial year. **The restriction shall be observed both scheme-wise as well as for the Demand for Grants as a whole.**

h. The FAs will monitor the release of funds to autonomous bodies and other organisations to ensure that there is no undue build-up of funds with such bodies/ organisations and money is released to them just in time.

(iv) The exchequer control would apply cumulatively at the Demand for Grant **(DG)** level only i.e. inter-se variations between months within a quarter, between Plan and Non-Plan (till such time the distinction exists) would be permissible, subject to statutory restrictions and guidelines in this regard.

(v) The relaxation in the QEP and carry forward of the unspent amount across quarters may be exception rather than norm. While seeking such relaxations, detailed justification for the deviations shall be recorded. The generic reasons such as 'delays in sanction order', 'late receipt of claims', delays in necessary approvals' shall not be accepted unless substantiated by specific reasons.

(vi) **Savings, if any, incurred during QEP would not be available for automatic carry forward to the next quarter, without revalidation of such savings by the Budget Division for the next quarter through modification in QEP.** However, spillover in MEP, not inconsistent with QEP will not require prior revalidation from the Budget Division. The FAs may nonetheless use such MEPs for their internal monitoring with the target of complying by the QEP limits.

(vii) The Budget Division would convey its decision on revalidation of MEP/ QEP, within 7 days of the request, unless there are some specific queries. The provisions stipulated under Rule 209 (6) (iii) of GFR shall be strictly complied by all Ministries/Departments and accordingly, the releases to the various Implementing Agencies **(lA)** have to be restricted / rationalised keeping in view the unspent balances lying with the lAs. For this purpose, the Programme Division of Ministries/Departments shall take help of PFMS Portal to know the bank balance of the recipients ((As) before making every fresh release. The instructions of Department of Expenditure regarding the use of PFMS Portal for Central Sector Schemes issued vide F.No. 66 (29) PF-11/2016 dated 15-07-2016 shall be strictly followed by all Ministries/Departments. It is learnt that O/o Controller General of Accounts has been making efforts to extend the PFMS portal to all types of paymers. Accordingly, the same principles of 'just in time release', should be applied for releases in respect of all payments to the extent possible.

(viii) The releases to any Implementing Agencies (IA), including an autonomous body, shall be on monthly basis, rather than in an ad-hoc manner, to avoid any avoidable parking of funds.

(ix) Financial Advisers shall review and freeze the timing of the receipts of Dividend and various other Non-Tax receipts **(NTRs)** of their respective Ministry/Departments. The dividend payments and buy back considerations would be targeted in the Hi part of financial year. The FAs shall also monitor the timely realisation of other NTR and submit collection details of other NTR through the online portal '**Bharat Kosh**' developed by CGA.

(x) Each Ministry/ Department would indicate month-wise estimate of the possible non-tax revenue inflows concerning that Ministry! Department to Budget Division, while communicating their MEP/ QEP, so that these inflows are factored in while according permission for expenditure. In case month-wise estimate is not feasible, such information would be provided on quarterly basis. For 2016-17, this information will be provided by Aug 31, 2016.

(xi) If required the FAs may, with prior approval of Secretary (Expenditure) amend the QEP for last 3 quarters of the current FY (2016-17) keeping in view these revised guidelines.

This issues with the approval of Finance Minister.

(Prashant Goyal)
Joint Secretary (Budget)

**ANNEXURE-III**

## APPENDIX – 6 of GFR

## PROCEDURE TO BE FOLLOWED IN CONNECTION WITH THE DEMANDS FOR SUPPLEMENTARY GRANTS

An excess over the sanctioned Grant or Appropriation may arise owing to either

(a) an unforeseen emergency; or

(b) under-estimated or insufficient allowance for factors leading to the growth of expenditure.

In the case of an excess of either type the Head of the Department or the Controlling Officer concerned should proceed as follows :-

(i) He should, in the first place, examine the allotments given to other Disbursing Officers under the same detailed head within the unit of appropriation, and transfer to the Disbursing Officer who requires an additional allotment such sum as can be permanently or temporarily spared. Since appropriation audit is ordinarily conducted against total allotments for a unit, re-appropriation in the technical sense of the word is not involved in such cases. The process amounts only to redistribution which the Controlling Officer can ordinarily effect without reference to any other authority.

(ii) Should he find such redistribution impossible, he should examine the allotments against other detailed heads insides the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is feasible, he should if he has been vested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.

(iii) If the provision of funds from within primary units proves to be impossible, an examination of the whole grant should be undertaken to see whether there are likely to be savings under any of the other units of grant or appropriation which can be utilized to meet it. If so, he should proceed as indicated in Clause (ii) above.

(iv) If such savings are not available, it should be seen whether special economies can be effected under other primary units of appropriation. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for supplementary grant or appropriation should be made.

(v) The Supplementary Demand for Grants shall be presented to the

Parliament in a number of batches as decided by the Ministry of Finance, Department of Economic Affairs. The first batch shall normally consist of requirements of the following nature :-

(a) Cases where advance from Contingency Fund of India have been granted, which are required to be recouped to the Fund.
(b) Payment against a court decree, which cannot be postponed; and
(c) Cases of additional requirement of funds for making immediate payments, which can be met by re-appropriation of savings in the Grant but attract the limitation of New Service/New Instrument of Service.

(vi) All applications for supplementary grants or appropriations should be submitted by the Department of the Central Government administratively concerned to the Finance Ministry on such dates and in such forms/batches as may be prescribed by the latter from time to time.

(vii) On receipt of an application for a supplementary grant, the Finance Ministry will review the position of the grant of appropriation as a whole with reference to the known actuals of the year to date and the actuals and estimates for previous years. If after this examination, the Finance Ministry comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure from within the sanctioned grant either from normal savings or by special economics or in the last resort by judicious postponement of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to Parliament. If, on the other hand, the Finance Ministry considers that a supplementary grant will be necessary, a demand will placed before Parliament.

(viii) If during the course of the year it is found necessary to incur expenditure on a 'New Servicer' not provided for in the annual budget the Administrative Department shall explain to the Finance Ministry why the expenditure was not provided for in the original budget and why it cannot be postponed for consideration in connection with the next budget. The Finance Ministry, if satisfied on these points, will consider whether it would not be reasonable to ask the department concerned to curtail it other expenditure so as to keep the total within the grant. Ordinarily, no "new service" or item will be accepted by the Finance Ministry, unless the department concerned can guarantee that the extra expenditure will be met from normal savings or by special economies within the grant. Cases which involve additional grant will normally be accepted by the Finance Ministry only if they relate to matters of real imperative necessity or to the earning or safeguarding of revenue. The demand for a supplementary grant of appropriation or a token vote in respect of a “new service’ will be presented to Parliament as soon as practicable after the need arises.

***Note*** **–** The expression ‘New Service’ wherever used in this Appendix includes –‘New Instrument of Service’.

**ANNEXURE-IV**

**STATEMENT-I**

PROFORMA FOR VOTE ON ACCOUNT

Items where additional funds in excess of one-sixth of the Demands for Grants are required during April to May

(Rs. in crore upto two decimals –Gross figures)

| Demand No. | Items(description of project / schemes etc) | Major Head in the Demand/ Appropriation | Provision for the full year | Amount required to be provided in the Vote on Account @ | Justification (in brief) |
|---|---|---|---|---|---|
| | | | | | |

@ Further details to be given in Statement-II

**STATEMENT-II**

**Detailed calculation for amount required in Vote on Account**

Rs. in crore upto two decimals - Gross figures)

| Item | Demand No. | Revenue Voted | Revenue Charged | Capital Voted | Capital Charged |
|---|---|---|---|---|---|
| I. Total Budget Estimate FY | | | | | |
| II. Provision for New Service items (items to be specified) | | | | | |
| III. Budget Estimate FY excluding New Service Items (I-II) | | | | | |
| IV. 1/6 of the amount in III above | | | | | |
| V.Amount required in Vote on Account over and above 1/6 of BE FY during April to May for:- | | | | | |
| | | | | | |
| (a) Contractual or obligatory payments of FY | | | | | |
| | | | | | |
| (b) Other deferred expenditure commitments of previous FY | | | | | |
| VI. Total amount required in Vote on Account [IV+V] | | | | | |

## BUDGET RELATED PROVISIONS OF GFR

**Rule 52. (1) Responsibility for control of Expenditure** Department of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the Head of Departments and other Controlling Officers, if any, and Disbursing Officers subordinate to them.

**Rule 52. (2)** A Grant or Appropriation can be utilized only to cover the charges (including liabilities, if any, of the past year) which are to be paid during the financial year of the Grant or Appropriation and adjusted in the accounts of the year. No charges against a Grant or Appropriation can be authorized after the expiry of the financial year.

**Rule 52. (3)** No expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund. Since voted and charged portions as also the revenue and capital sections of a Grant / Appropriation are distinct and re-appropriation *inter se* is not permissible, an excess in any one portion or section is treated as an excess in the Grant / Appropriation.

**Rule 52. (4)** To have effective control over expenditure by the Departments, Controlling and Disbursing Officers subordinate to them shall follow the procedure given below :-

(i) For drawal of money the Drawing and Disbursing Officers shall :-

a) Prepare and present bills for "charged" and "voted" expenditure separately.

b) Enter on each bill the complete accounts classifications from major head down to the object Head of Account. When a single bill includes charges falling under two or more object heads, the charges shall be distributed accurately over the respective heads.

c) Enter on each bill the progressive total of expenditure up-to-date under the primary unit of appropriation to which the bill relates, including the amount of the bill on which the entry is made.

(ii) (a) All Disbursing Officers shall maintain a separate expenditure register in form GFR 9, for allocation under each minor or sub-head of account with which they are concerned.

(b) On the third day of each month, a copy of the entries made in this register during the preceding month shall be sent by the officer maintaining it, to the Head of the Department or other designated Controlling Officer. This statement shall also include adjustment of an inward claim, etc., communicated by Pay and Accounts Officer directly to the DDO (and not to his Grant Controlling Officer). If there are no entries in the register in any month, a 'nil' statement shall be sent.

(iii) (a) The Controlling Officer will maintain a broadsheet in Form GFR 10 to monitor the receipt of the return prescribed in the foregoing sub- clause;

(b) On receipt of the return from Disbursing Officers, the Controlling Officer shall examine them and satisfy himself:-

(aa) that the accounts classification has been properly given;

(bb) that progressive expenditure has been properly noted and the available balances worked out correctly;

(cc) that expenditure up-to-date is within the grant or appropriation; and

(dd) that the return have been signed by Disbursing Officers. Where the Controlling Officer find defects in any of these respects, he shall take steps to rectify the defect.

(iv) When all the returns from the Disbursing Officers for a particular month have been received and found to be in order, the Controlling Officer shall compile a statement in Form GFR 11, in which he will incorporate –

(a) the totals of the figures supplied by Disbursing Officers;

(b) the totals taken from his own registers in Form GFR 9;

(c) the totals of such adjustments under the various detailed head as communicated to him by the Accounts Officer on account of transfer entries and expenditure debited to the grant as a result of settlement of inward account claims and not reckoned by his DDOs.

(v) If any adjustment communicated by the Accounts Officers affects the appropriation at the disposal of a subordinate

Disbursing Officer, the fact that the adjustment has been made shall be communicated by the Controlling Officer to the Disbursing Officer concerned.

(vi) On receipt of all the necessary returns, the Head of the Department shall prepare a consolidated account in Form GFR 12, showing the complete expenditure from the grant or appropriation at his disposal up to the end of the preceding month.

**Rule 52. (5)** The Head of the Department and the Accounts Officer shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts Officer's books. The procedure for reconciliation shall be as follows:-

I. DDOs shall maintain a Bill Register in Form TR 28-A, and note all bills presented for payment to the PAO in the register, As soon as cheques for the bills presented for payment are received, these will be noted in the appropriate column of the Bill Register and the DDOs will ensure that the amounts of cheques tally with the net amount of the bills presented. In case any retrenchment is made by the PAO, a note of such retrenchments should be kept against the bill in the remarks column in TR 28-A.

II. The PAOs shall furnish to each of the DDOs including Cheque – drawing DDOs, an extract from the expenditure control register or from the Compilation Sheet every month indicating the expenditure relating to grants controlled by him classified under the various major-minor detailed head of accounts. The statements for May to March should also contain Progressive Figures.

III. On receipt of these extract from the PAOs, the DDOs should tally the figures received, excluding book adjustments, with the expenditure worked out for the month in the GFR 9 register. Discrepancies, if any, between the two sets of figures should be promptly investigated by the DDO in consultation with the PAO. He will also note in the GFR 9 register particulars of book adjustments advised by the PAO through the monthly statement. Thereafter, the DDO should furnish to the PAO a certificate of agreement of the figures as per his books with those indicated by the PAOs by the last day of the month following the month of accounts.

IV. The Principal Accounts Officer (or PAO wherever payments, relating to a grant are handled wholly by a PAO) of each Ministry, should send a monthly statement showing the expenditure vis a vis the Budget provision under the various heads of accounts, in the prescribed proforma, to the Heads of Departments responsible for overall control of expenditure against grant of the Ministry as a whole. The figure so communicated by the Principal Accounts Officer (or the PAO concerned) should be compared by the Heads of Departments with those consolidated in Form GFR 12 and differences, if any, should be taken up by the Heads of Departments with the Principal Accounts Officers (or the PAO concerned) for reconciliation. The Head of the Department should furnish a quarterly certificate to the Principal Accounts Officer certifying the correctness of the figure for the quarter by the 15th of the second following month after the end of quarters April-June, July-September, October-December and January- March.

**Rule 52. (6)** The Department of the Central Government should obtain from their Heads of Departments and other offices under them departmental figures of expenditure in Form GFR 12 by the 15th of the month of following the month to which the return relate. The figures relating to Plan and Non-Plan expenditure should be separately shown in these returns. The information so obtained should be posted in register (s) kept for watching the flow of expenditure against the sanctioned grant or appropriation. Progressive totals of expenditure should be worked out for the purpose. If the Departmental figures obtained in Form GFR 12 and posted in the register(s), require correction in a subsequent month, Heads of Departments or other officers should make such correction by making plus or minus entries in the progressive totals. In case the Accounts Office figures which subsequently become available are found to be higher than departmental figures, the former should be assumed to be the correct figures, as appropriation accounts are prepared on the basis of the figures booked in the accounts.

**Rule 52. (7)** The Departments of Central Government should also obtain from the Heads of Departments and other authorities under them, statements showing the details of the physical progress of the schemes, for which they are responsible. This statement should show the name of the scheme, the Budget provision for each scheme, the progressive expenditure on each scheme, the progress of the scheme in physical terms and the detailed reasons for any shortfalls or excess, both against physical and financial targets.

**Rule 52. (8)** A Broadsheet in Form GFR 13 should be maintained by the Departments of Central Government or each Head of Department and other authorities directly under them, to watch the prompt receipt of the various returns mentioned above from month to month and to take necessary measures for rectifying any defaults noticed.

**Rule 53**. Maintenance of Liability Register for effecting proper control over expenditure.-

In order to maintain proper control over expenditure, a Controlling Officer should obtain from the spending authorities liability statements in

Form GFR 6-A every month, starting from the month of October in each financial year. The Controlling Officer should also maintain a Liability Register in Form GFR 6.

**Rule 54**. Personal attention of the Head of Department/ Controlling Officer required to estimate savings or excesses.-

A Head of Department or Controlling Officer should be in a position to estimate the likelihood of savings or excesses every month and to regularize them in accordance with the instructions laid down in Rule 56.

**Rule 55.** Control of expenditure against grant/ appropriation and ultimate responsibility of the authority administering it.-

The Accounts Officer should report to the Head of the Department concerned immediately on the first appearance of any disproportionate expenditure, particularly in respect of recurring items of expenditure under any grant or appropriation or a primary unit of appropriation thereof. However, the authority administering a grant/appropriation is ultimately responsible for the control of expenditure against the grant / appropriation and not the Accounts Officer.

**Rule 56. (1) Surrender of Savings.-** Departments of the Central Government shall surrender to the Finance ministry, by the dates prescribed by that Ministry before the close of the financial year, all the anticipated savings noticed in the Grants or Appropriations controlled by them. The Finance Ministry shall communicate the acceptance of such surrenders as are accepted by them to the Accounts Officer, before the close of the year. The funds provided during the financial year and not utilized before the close of that financial year shall stand lapsed at the close of the financial year.

**Rule 56. (2)** The saving as well as provisions that cannot be profitably utilized should be surrendered to Government immediately they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses.

**Rule 56. (3)** Rush of expenditure, particularly in the closing months of the Financial year, shall be regarded as a breach of financial propriety and shall be avoided

**Rule 57**. **Expenditure on New Service.-**No expenditure shall be incurred during a financial year on a “New Service” not contemplated in the Annual Budget for the year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund during that year. The guidelines to determine cases of “New Service” / “New Instrument of Service” are contained in Annexure-1 to Appendix-3.

**Rule 58. (1) Additional Allotment for excess expenditure.-** A subordinate authority incurring the expenditure will be responsible for seeing that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the subordinate authority should obtain additional allotment before incurring the excess expenditure. For this purpose, the authorities incurring expenditure should maintain a 'Liability Register' in Form GFR 6.

**Rule 58. (2)** A Disbursing Officer may not, on his own authority, authorize any payment in excess of the funds placed at his disposal. If the Disbursing Officer is called upon to honour a claim, which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorizing payment of the claim in question. The administrative authority will then arrange to provide funds either by re-appropriation or by obtaining a Supplementary Grant or Appropriation or an advance from the Contingency Fund.

**Rule 61. (1) Advance from Contingency Fund.-** When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation <u>or</u> on a new service not provided in Budget and sufficient time is not available for the voting of the Supplementary Demand and the passing of the connected appropriation bill before close of the financial year, an advance from the Contingency Fund set up under Article 267 (1) of the Constitution shall be obtained before incurring the expenditure.

**Rule 61. (2)** An advance from the Contingency Fund shall also be obtained to meet expenditure in excess of the provisions for the service included in an Appropriation (Vote on Account) Act.

**Rule 61. (3)** The application for an advance from the Contingency fund should indicate *inter alia* the particulars of the additional expenditure involved and the sanction to the advance has also to indicate the sub-head and the primary unit of the Grant to which the expenditure appropriately relates. In case, however, any difficulty is felt, the matter should be referred to the Finance Ministry for clarification.

**Rule 61. (4)** The procedure for obtaining an advance from the Contingency Fund and recoupment of the fund shall be as laid down in the Contingency Fund of India Rules, 1952, as amended from time to time. For ready reference, rules have been placed at Appendix- 7 to the GFR.

**Rule 62.** Inevitable Payments:

(i) Subject to the provisions of Article 114 (3) of the Constitution, money indisputably payable by Government shall not ordinarily be left unpaid.

(ii) Suitable provision for anticipated liabilities should invariably be made in Demands for Grants to be placed before Parliament.

**Rule 64**. Duties and Responsibilities of the Chief Accounting Authority.-

The Secretary of a Ministry / Department who is the Chief Accounting Authority of the Ministry / Department shall-

(i) Be responsible and accountable for financial management of his ministry or Department.

(ii) Ensure that the public funds appropriated to the Ministry or Department are used for the purpose for which they were meant.

(iii) Be responsible for the effective, efficient, economical and transparent use of the resources of the Ministry or Department in achieving the stated project objectives of that Ministry or Department, whilst complying with performance standards.

(iv) Appear before the Committee on Public Accounts and any other Parliamentary Committee for examination.

(v) Review and monitor regularly the performance of the programmes and projects assigned to his Ministry to determine whether stated objectives are achieved.

(vi) Be responsible for preparation of expenditure and other statements relating to his Ministry or Department as required by regulations, guidelines or directives issued by Ministry of Finance.

(vii) Shall ensure that his Ministry or Department maintains full and proper records of financial transactions and adopts systems and procedures that will at all times afford internal controls.

(viii) Shall ensure that his Ministry or Department follows the Government procurement procedure for execution of works, as well as for procurement of services and supplies, and implements it in a fair, equitable, transparent, competitive and cost- effective manner;

(ix) Shall take effective and appropriate steps to ensure his Ministry or Department:-

(a) collects all moneys due to the Government and

(b) avoids unauthorized, irregular and wasteful expenditure.