

# CHAPTER – 1

## INTRODUCTION

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This Manual intends to broadly outline the procedure involved in budgeting and incurring expenditure in a financial year. Expenditure Budgeting may be defined as the estimation of expenditure (both “Revenue” & “Capital”) by each Ministry / Department for a financial year. This Manual provides for the manner of expenditure budgeting and the procedure of incurring expenditure by the Budgetary Authorities of the Indirect Taxes & Customs Department under Grant No. 35-Indirect Taxes.

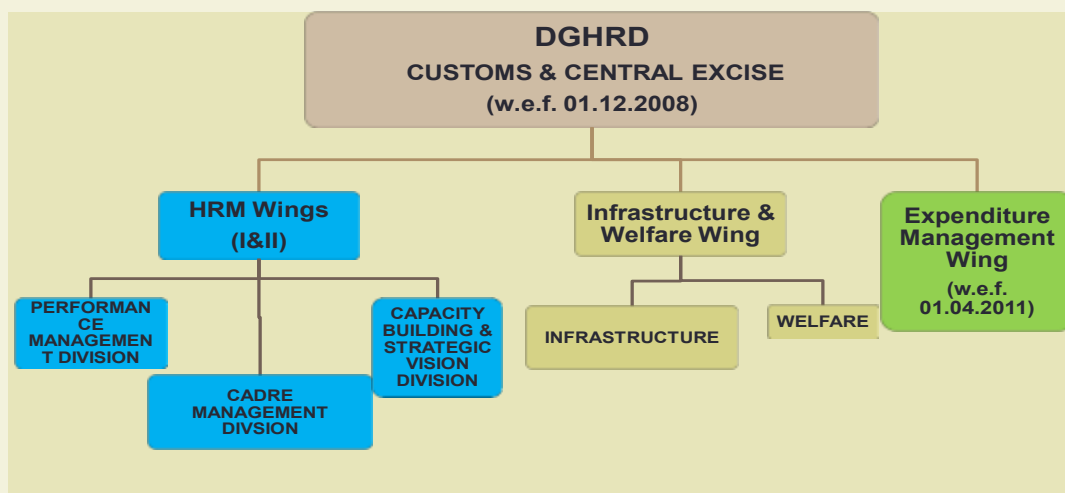
Since 1<sup>st</sup> April 2011, matters related to Expenditure Budget in the Indirect Taxes & Customs Department (now Indirect taxes at Customs Department) are being dealt with by the **Expenditure Management Cell (EMC)** under the administrative control of the Directorate General of Human Resource Development, Customs & Central Excise, CBIC, Ministry of Finance, Department of Revenue, Government of India. Prior to this, all budget matters and allocation of funds, etc. were dealt with by the Integrated Finance Unit (IFU), Department of Revenue, Ministry of Finance, Government of India.



### **Expenditure Management Cell in DGHRD**

The Expenditure Management Cell was created vide Gazette Notification No. A-11013/28/2007-Ad.IV dated 18th April 2011 (**Annexure-I**).

## ORIGIN & CONCEPT

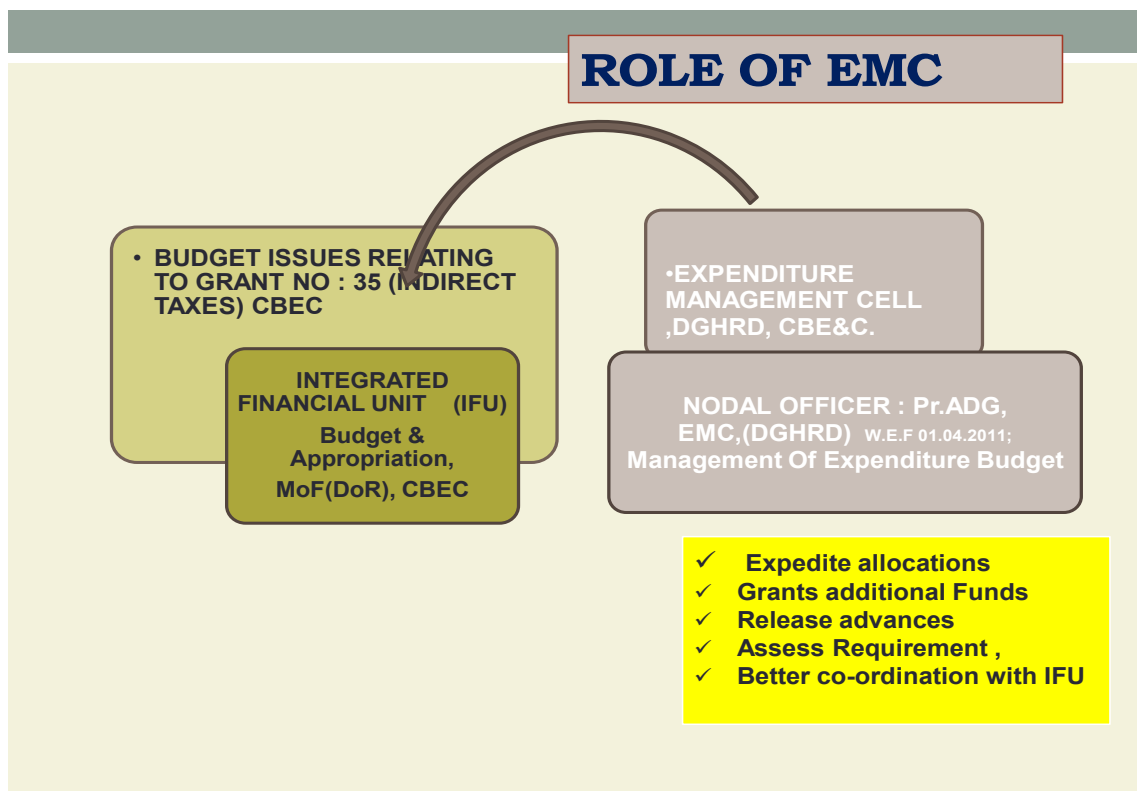


Expenditure Management Cell is functioning in accordance with the aforesaid mandate and in a very short period of five years of its functioning has been able to develop in house expertise in guiding the field formations in expenditure management. The EMC has been releasing the funds to the various Budgetary Authorities (BAs) with the objective of maximum utilization of the allocated funds.

The Expenditure Management Cell is mandated to act as the Nodal Authority in respect of all Budget matters for the Grant No. 35-Indirect Taxes and to perform the following functions:

- (i) To issue the Budget Circular as prescribed by the Budget Division, Department of Economic Affairs;
- (ii) To examine the budget proposals received from the Budgetary Authorities under the Grant;
- (iii) To consolidate the budget proposals received from the Budgetary Authorities at each stage of the Budget exercise, i.e. Budget Estimate (BE), Revised Budget Estimate (RBE) and Final Requirement (FR) and to submit the same to FA (Finance) for further action;
- (iv) To allocate Object Head-Wise funds, as approved, to the respective Budgetary 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-à-vis the Sanctioned Grant and to submit the Monthly and Quarterly Expenditure Review to FA (Finance) for further action;

- (vii) To propose the Re-appropriation of funds from one Major / Minor Head to another; surrender of savings, if any, etc. through FA (Finance) for concurrence / approval of the Competent Authority;
- (viii) To finalize the Appropriation Accounts in consultation with the Principal CCA, CBIC and to submit the same to the FA (Finance) for concurrence;
- (ix) To take necessary action in respect of the examination of Grants by the Standing Committee on Finance on Detailed Demands for Grants;
- (x) To take action in respect of Audit references in Expenditure matters, e.g. Action Taken Notes on Audit Paras / PAC paras, etc.;
- (xi) Any other matters related to the above.



**In addition to the above**, the EMC is also carrying out management of various advances, namely House Building Advance (HBA), Motor Car Advance (MCA), Other Motor Conveyance Advance (OMCA), Other Conveyance Advance (OCA), Other Advance (OA) and Computer Advance (CA).

As on date, there are 68 Chief Commissioners / Directors General / Commissioners notified as “Budgetary Authority”. Each BA reallocates the grant / funds assigned to them further to the field formations under their Administrative / Budgetary control for optimum and timely utilization of the allocated funds. List of Budgetary Authorities is placed herewith. The funds of **Grant No. 35 (Indirect Taxes)** are placed with all BAs on need basis.

**BUDGETARY AUTHORITIES IN CUSTOMS FORMATIONS (28)****(w.e.f. 01.07.2017)**

<b>S. No</b>	<b>New Budgetary Authorities</b>	<b>S. No.</b>	<b>New Budgetary Authorities</b>
1	CCC, Ahmedabad	16	CC, Nagpur
2	CCC, Bangalore	17	CC, Noida
3	CC (P), Bhubaneshwar	18	CC (P), Patna
4	CCC, Chennai	19	CC, Pune
5	CC, Cochin	20	CC (P), Shillong
6	CC (P), Cochin	21	CC (P), Trichy
7	CCC, Delhi	22	CC, Visakhapatnam
8	CC (P), Delhi	23	CC (P), Vijayawada
9	CC (GOA)	24	DG, Export Promotion
10	CC, Hyderabad	25	CRCL
11	CC, Indore	26	PAO, Customs
12	CCC, Kolkata	27	Commissioner, Logistics
13	CCC, Mumbai-I Zone	28	DGRI
14	CCC, Mumbai-II Zone	29	DG, Valuation
15	CCC, Mumbai-III Zone	30	PADG, DIC

**BUDGETARY AUTHORITIES IN GST FORMATIONS (40)****(w.e.f. 01.07.2017)**

<b>S. No</b>	<b>Erstwhile Budgetary Authority Denotified</b>	<b>S. No.</b>	<b>New Budgetary Authorities in GST Regime</b>
1	CCCE, Ahmedabad	1	PCCGST, Ahmedabad
2	CCCE, Bangalore	2	PCCGST, Bangalore
3	CCE (LTU), Bangalore		
4	CCCE, Bhopal	3	CCGST, Bhopal
5	CCCE, Bhubaneshwar	4	CCGST, Bhubaneshwar
6	CCCE, Chandigarh	5	CCGST, Chandigarh
7	CCCE, Chennai	6	CCGST, Chennai
8	CCE(LTU), Chennai		
9	CCCE, Cochin	7	CCGST, Thiruvananthapuram
10	CCCE, Coimbatore		
11	CCCE, Delhi	8	PCCGST, Delhi
		9	CCGST, Panchkula
12	CCCE, Hyderabad	10	CCGST

13	CCCE, Jaipur	11	CCGST, Jaipur
14	CCCE, Kolkata	12	PCCGST, Kolkata
15	CCE (LTU), Kolkata		
16	CCCE, Lucknow	13	PCCGST, Lucknow
17	CCCE, Meerut	14	CCGST, Meerut
18	CCCE, Mumbai-I	15	PCCGST, Mumbai
19	CCCE, Mumbai-II		
20	CCCE, Mysore		
21	CCCE, Nagpur	16	CCGST, Nagpur
22	CCCE, Pune	17	CCGST, Pune
23	CCCE, Ranchi	18	CCGST, Ranchi
24	CCCE, Shillong	19	CCGST, Shillong
25	CCCE, Vadodara	20	CCGST, Vadodara
26	CCCE, Visakhapatnam	21	CCGST, Visakhapatnam
27	CCST, Chennai Zone		
28	CCST, Kolkata Zone		
29	CCST, Delhi Zone		
30	CCST, Mumbai Zone		
		22	DG, ARM
31	DG, Taxpayers Services	23	DG, Taxpayers Services
32	DG, Service Tax, Mumbai	24	DG, GST, Delhi
33	Pr. CCA (Central Excise), New Delhi	25	Pr. CCA (Central Excise), New Delhi
34	DG, Inspection	26	DG, Performance Management
35	Commissioner, Directorate of Legal Affairs	27	Commissioner, Directorate of Legal Affairs
36	DG, HRD	28	DG, HRD
37	DG, Audit	29	DG, Audit
38	DG, Safeguard	30	DG, Safeguard
39	CDR, CESTAT	31	CDR, CESTAT
40	DG, NACEN	32	DG, NACIN

41	DG, Vigilance	33	DG, Vigilance
42	Commissioner (DP&PR)		
43	DG, CEI	34	DG, GSTI
44	Pr. CCA, Directorate	35	Pr. CCA, Directorate
45	Commissioner Settlement Commission	36	Commissioner Settlement Commission
46	DG, Systems	37	DG, Systems
47	Commissioner, Data Management	38	Commissioner, Data Management
48	Commissioner, Authority for Advance Rulling		

# CHAPTER-2

## THE ANNUAL BUDGET

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The Union Budget is a legal document that is passed by the Parliament and comes into effect upon assent by the President. The two basic elements of any budget are “**Revenue**” and “**Expenditure**”. Government Budget is designed for optimum allocation of resources.

**2.0.1** Budget preparation in India is an interactive process between the Ministry of Finance and the spending Ministries. It is a combination of top-down approach, with the Ministry of Finance issuing guidelines or communicating instructions to spending Ministries, and a bottom-up approach, wherein the spending Ministries present requests for budget allocation.

**2.0.2** As per **Rule 50 (1) of GFR, 2017**, the expenditure estimates shall show separately the sums required to meet the expenditure **Charged** on the Consolidated Fund under Article 112 (3) of the Constitution and sums required to meet other expenditure for which a vote of the Lok Sabha is required under Article 113(2) of the Constitution. As per **Rule 50 (2)**, the estimates shall also distinguish provisions for expenditure on **Revenue** account from **Capital Account**, including on loans by the Government and for repayment of loans, treasury bills, cash management bills and ways and means advances. As per **Rule 50 (3)** the detailed estimates of expenditure shall be prepared by the estimating authorities up to the final unit of appropriation (Object head) under the prescribed Major and Minor Heads of Accounts for both Revenue and Capital expenditure. Estimates shall include suitable provision for liabilities of the previous years that is to be discharged during the year. As per **Rule 50 (4)** the estimates of scheme related and other expenditures shall be processed in consultation with the **Budget Division, Ministry of Finance** in accordance with the instructions issued by it. As per **Rule 50 (5)**, the **Revised and Budget Estimates** of both Revenue and Capital expenditure after being scrutinized by the Financial Advisers and approved by the Secretary of the Administrative Ministry or Department concerned shall be forwarded to the Budget Division in the Ministry of Finance in such manner and forms as may be prescribed by it from time to time.

All the Ministries / Departments are required to refer to these Rules and prepare the Budget Estimates in compliance with the statutory obligations.

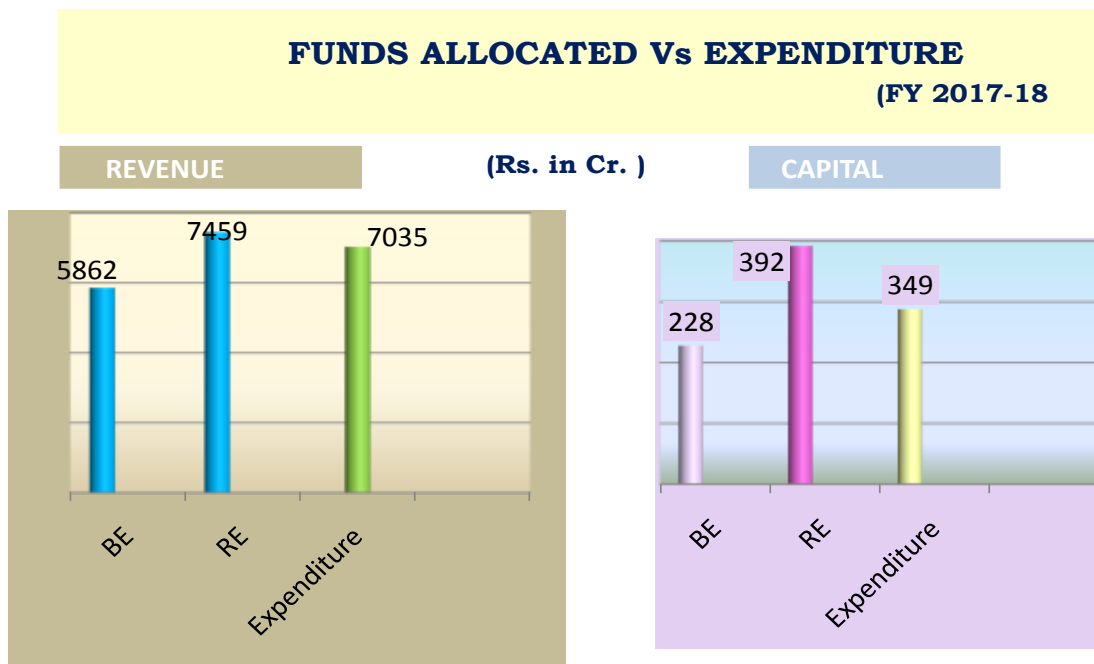
### 2.1 BUDGET ESTIMATES

**2.1.1** Uptil FY (2017-18) the financial year of the Government commences on the 1st day of April of each year and end on the 31st day of March of the following year. In accordance with the provisions of Article 112 (1) of the Constitution, the Finance Minister shall arrange to lay before both the Houses of Parliament, an Annual Financial Statement also known as the

'Budget' showing the estimated receipts and expenditure of the Central Government in respect of a financial year, before the commencement of that year. With the merger of Railway Budget with the General Budget, the Demands for Grants and the Statement of Budget Estimates of Railways shall also be part of the General Budget with effect from 2017-18.

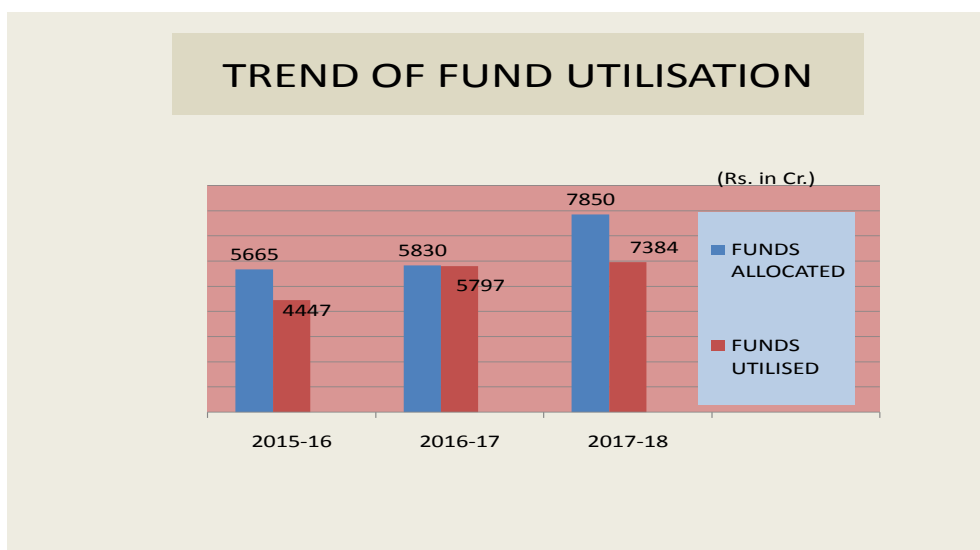
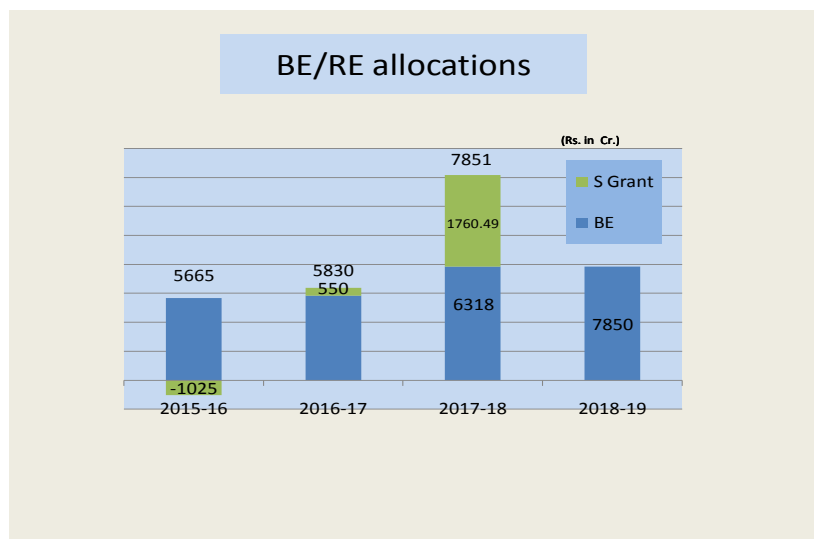
BE Allocations (Grant 35-Indirect Taxes)

<b>FUNDS ALLOCATED Vs EXPENDITURE</b> (Rs. In Cr. )					
<b>BE 2017-18</b>		<b>RBE 2017-18</b>		<b>Expenditure</b>	
Revenue	Capital	Revenue	Capital	Revenue	Capital
5861.94	228.07	7458.86	391.64	7035	349
6090.01		7850.50		7384 (94.05%)	



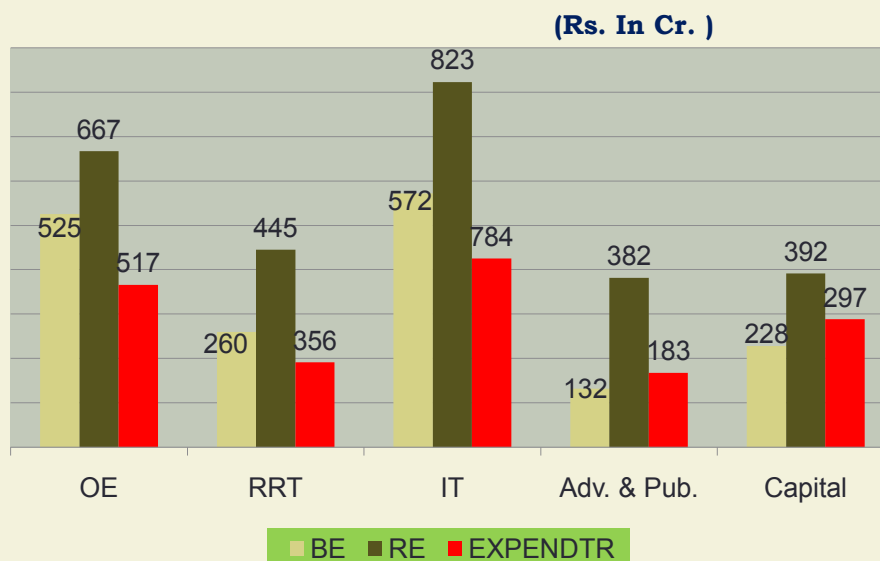
**2.1.2** As per **Rule 43 (3)** of GFR, 2017, the provisions for preparation, formulation and submission of budget to the Parliament are contained in Articles 112 to 116 of the Constitution of India. The Ministry of Finance, Budget Division, issues guidelines for preparation of budget estimates from time to time. All the Ministries/Departments shall comply in full with these guidelines. The budget shall contain the following:-

- I. Estimates of all revenues expected to be raised during the financial year to which the budget relates;
- II. Estimates of all expenditure for each programme, scheme and project in that financial year;
- III. Estimates of all interest and debt servicing charges and any repayments on loans in that financial year;
- IV. Any other information as prescribed in Rule 45 Receipt Estimates.



## FUNDS ALLOCATED Vs EXPENDITURE (on Major Object Heads)

(F Y 2017-18)



**2.1.3** The detailed estimates of expenditure are prepared according to projection of requirements for the ensuing year, keeping in view expenditure in the past and current year's trends of expenditure. The estimates for expenditure for which vote of Lok Sabha is required shall be in the form of **Demand for Grants**. Each Demand normally includes provisions required for a service, i.e. provisions on account of Revenue Expenditure, Capital Expenditure, Grants to the State and Union Territory Governments and also Loans and Advances relating to the service. The main Demand for Grants shall be presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement while the Detailed Demands for Grants, for consideration by the "**Departmentally Related Standing Committee**" (DRSC) of the Parliament, are laid on the Table of the Lok Sabha by the concerned Ministries/ Departments. The form of the Annual Financial Statement and Demands for Grants shall be laid down by the Finance Ministry and no alteration of arrangement or classification shall be made without the approval of that Ministry. The heads under which provision for expenditure shall be made in the Demands for Grants or Appropriation shall be prescribed by the Finance Ministry in consultation with the Administrative Ministry or Department. The authorized heads for expenditure in a year shall be as shown in the Detailed Demands for Grants passed by Parliament and no change shall be made therein without the formal approval of the Finance Ministry. The major head wise provisions in the Detailed Demands for Grants shall match with the provision made in the Demands for Grants presented by Budget Division, as the appropriations are sought on the basis of Demands for Grants. (NOTE: Detailed instructions for preparation of the budget are available in Appendix 2, 3 and 4 of GFR, 2017).

**2.1.4** The estimates of receipts and expenditure of each Ministry/Department shall be scrutinized in the Budget Division of the Ministry of Finance. Secretary (Expenditure) may hold meetings with Secretaries or Financial Advisers of Administrative Ministries or Departments to discuss the totality of the requirements of funds for various programmes and schemes, along with receipts of the Ministries or Departments. The estimates initially submitted by the Departments may undergo some changes as a result of scrutiny in the Budget Division, Ministry of Finance and deliberations in the pre-budget meetings between the Secretary (Expenditure) and the Secretary or Financial Adviser of the Department concerned. The final estimates arrived at on the basis of scrutiny and pre-budget meetings shall be incorporated in the Budget documents. After finalization of the estimates for budgetary allocations, the Department of Expenditure in consultation with NITI Aayog and the concerned Ministries shall prepare an Outcome Budget statement linking outlays against each scheme/project with the outputs/deliverables and medium term outcomes. The outputs/ deliverables shall be mandatorily given in measurable/ quantitative terms on the basis of parameters and deliverables decided in advance, on the basis of projections made in the Medium Term Expenditure Framework (MTEF) Statement. If the Appropriation Bill seeking authorization of the Parliament to make expenditure in consonance with the Budget proposal is likely to be passed after the start of the financial year to which it corresponds then pending the completion of the procedure prescribed in Article 113 of the Constitution for the passing of the Budget, the Finance Ministry may need to obtain a 'Vote on Account' to cover expenditure for a brief period in accordance with the provisions of Article 116 of the Constitution. Funds made available under Vote on Account are not to be utilized for expenditure on a 'New Service'.

## **2.2 BUDGET CIRCULAR**

**2.2.1** The Budget Circular is issued in September each year by the Budget Division, Department of Economic Affairs to guide Ministries / Departments in framing their Revised Estimates for the current year and the Budget Estimates for the ensuing financial year. EMC receives the Budget Circular from the office of the Joint Secretary and Financial Advisor (Finance), Department of Revenue and circulates the same to all the Budgetary Authorities under CBIC.

**2.2.2** This circular gives instructions on the preparation of estimates of receipts and expenditure and the formats and statements in which the estimates are required to be furnished. The Budget Circular mentions the scheduled dates by which the information in the prescribed formats are required to be made available to Budget Division.

## TIME SCHEDULE

· **SUBMISSION OF RE/ BE PROJECTIONS – BY 20<sup>TH</sup> OF SEPTEMBER** (EXPENDITURE UPTO AUGUST).

· **SUBMISSION OF COMPREHENSIVE PROPOSAL FROM EMC TO IFU – BY 7<sup>TH</sup> OF OCTOBER.**

· **MEETING WITH SECRETARY (EXPENDITURE) & BUDGET DIVISION IN **NOVEMBER.****

· **SUBMISSION OF FR PROPOSALS - BY 15<sup>TH</sup> OF FEBRUARY** (EXPENDITURE UPTO JANUARY).

### 2.3 PREPARATION OF DETAILED ESTIMATES OF EXPENDITURE

(Ref: APPENDIX- 3 [Rule 52 of GFR, 2017])

**2.3.1** The **Budget Estimates (B.E.)** for a year is the estimate of expenditure under various heads of **Capital** and **Revenue** which is to be incurred by the Department. Preparation of the Budget Estimates (B.E.) for the ensuing year is also completed before the end of the current financial year.

#### GENERAL GUIDELINES FOR PREPARING EXPENDITURE ESTIMATES

1. With the merger of Plan and Non-Plan from Budget 2017-18, for the purpose of Budget Estimates, expenditure from the Consolidated Fund will comprise of expenditure on Revenue Account and on Capital Account including loans and advances.
2. To facilitate appropriate scrutiny and consolidation of Expenditure Estimates for reporting to the Ministry of Finance, the Financial Adviser in each Ministry / Department will obtain detailed estimates and other supporting data from each of the estimating authorities under the control of the Ministry / Department, in appropriate forms, sufficiently in advance.
3. The framing of the Revised Estimates for the current year should always precede estimation for the ensuing year. The Revised Estimates should be framed with great care to include only those items which are likely to materialize for payment during the current year, in the light of (i) actuals so far recorded during the current year, compared with the actuals for corresponding period of the last and previous years, (ii) seasonal character or otherwise of the nature of expenditure, (iii) sanctions for expenditure and orders of appropriation or re-appropriation already issued or contemplated and (iv) any other relevant factor, decision or development. The Budget Estimate for the

ensuing year should likewise be prepared on the basis of what is expected to be paid, under proper sanction, during the ensuing year, including arrears of previous years, if any. Due attention to considerations of economy must be paid and while all inescapable and foreseeable expenditures should be provided for, care should be taken that the estimate is not influenced by undue optimism.

4. No lump sum provision will be made in the Budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. In latter cases Budget provision will be limited to the requirements of preliminary expenses and for such initial outlay, as, for example, on collection of material, recruitment of skeleton staff, etc. Provision for a 'token' demand should not be made in the Budget Estimates for the purpose of seeking approval in principle for big schemes without the full financial implications being worked out and got approved by the appropriate authorities. In accordance with instructions contained in Paragraph (viii) of Appendix (5), a 'token' demand can be made during the course of a year for a project / scheme when the details thereof are ready and funds are also available for undertaking it but it cannot be started without Parliament's approval, it being in the nature of a 'New Service/New Instrument of Services'.
5. All estimates should be prepared on gross basis and 'Voted' and 'Charged' portions must be shown separately; even expenditure met partly or fully from receipts taken in reduction of such expenditure or those counterbalanced by receipts credited as revenue to the Consolidated Fund, must be reported in such estimates on gross basis. Care should also be taken to ensure that all notional receipts reported in 'Receipt Estimates' (such as interest receipts fully or partly subsidized, loan repayment receipts partly or fully refinanced through further loans or conversions into equity, receipts of foreign grant assistance in the form of commodities or material, etc.) are properly matched by adequate provisions in expenditure estimates.
6. The estimates of expenditure should include all items which are fully accounted for in the accounts of the Ministry/Departments to which the estimating authority is subordinate; they shall also cover expenditure, if any, in Union Territories without Legislature, whether provided for in the demands of the said Ministry / Department or in the 'Area' demand of the concerned Union Territory. Estimates of 'Works Expenditure', if any, against the provisions in the demands of the Ministry of Urban Affairs, as well as expenditure on pensions (including commutation payments, gratuity payments, pension contributions, etc.) interest payments, loans and advances is available in to Government servants, etc., which are provided for in the centralized Grants/Appropriations controlled by the Ministry of Finance should be furnished to the Ministry of Urban Affairs and the Ministry of Finance. { Ref: APPENDIX- 3 [ Rule 52] as "INSTRUCTIONS FOR PREPARATION OF DETAILED ESTIMATES

OF EXPENDITURE FROM THE CONSOLIDATED FUND”, GENERAL FINANCIAL RULES 2017, Ministry of Finance Department of Expenditure}

7. The estimate of establishment charges should be framed taking into account the trends over preceding three years and other relevant factors like changes in rates of pay, allowances, number of posts and their filling and the economy instructions issued by the Ministry of Finance from time to time.
8. Expenditure estimates will be prepared with full accounts classification, i.e., Major/Sub-Major Head, Minor Head, Sub-Head, Detailed Head and Object Head of Account. The correctness of accounts classification must be ensured by the Principal Chief Controller / Chief Controller/ Controller of Accounts in each case. Doubts, if any, may be clarified beforehand in consultation with the Ministry of Finance, Budget Division and Controller General of Accounts. The relevant Grant number and title of Appropriation should also be mentioned to facilitate identification of the provision in Budget Estimates for the current year.
9. Unless otherwise indicated by the Ministry of Finance, estimates (both Revised Estimates for the current year and Budget Estimates for the ensuing year) should reach the Ministry of Finance, Department of Economic Affairs, Budget Division, by the date prescribed by the Ministry of Finance, each year, in triplicate in Form GFR 4, a separate form being used for each Major Head of Account.
10. To facilitate appreciation and scrutiny of the estimates, any major variations between the Budget and Revised Estimates for the current year and also between the Revised Estimates for the current year and Budget Estimates for the ensuing year should be explained cogently. In particular, all provisions for subsidy, capital investment or loan to a Public Sector Undertaking, must be explained by indicating their purpose and the extent to which they are intended to cover losses, working capital needs, debt or interest liabilities of the undertaking.
11. Wherever the proposed estimates attract the limitations of 'New Service/New Instrument of Service', the fact must be specifically highlighted. The guidelines to be followed in this regard are indicated in Annexure - I to Appendix-3. For all 'new' schemes, other than purely 'works' projects, the estimates proposed should be supported by details set out in Annexure - II to Appendix-3. In the case of provisions of 'Grants-in-aid' to non Government entities, the full purpose thereof and the nature of the grants, whether recurring or non-recurring, should also be indicated.
12. All provisions for transfer of Government assets to Public Sector Undertaking and other non-Government entities must also be highlighted, indicating whether the transfer is by way of grants or by way of equity investment or loan. Similarly, in the case of

nationalization or take-over of any private sector assets, the related provisions in estimates must be supported by full details, such as the effective date of take-over, the agreed compensation amount and the manner of its payment, etc. In cases of takeover, where the assets are simultaneously transferred to a Public Sector Undertaking, it must be ensured that the estimates provide for (i) payment of compensation for the take-over, (ii) for transfer of assets to the Public Sector Undertaking, by means of recovery of compensation payment to be taken in reduction of expenditure, and (iii) provisions for equity or loan to the Public Sector Undertaking.

13. The FINANCIAL LIMITS should be strictly adhered to as prescribed. (Refer: Ministry of Finance, Budget Division's OM No. F.1(23)-B(AC)/2005 dated 25.05.2006 [See Paragraph 11 of Annexure-I to Appendix – 3/Rule 63] under the head **“FINANCIAL LIMITS TO BE OBSERVED DETERMINING CASES RELATING TO “NEW SERVICE”/NEW INSTRUMENT OF SERVICE”**.

**2.3.2** The estimates of expenditure are required to be furnished to the Budget Division in following stages.

- i. First stage is **Revised Estimates (R.E.)**. R.E. is a revision of the budget allocation. Revised Budget Estimates are a mid-year review of expected expenditure, taking into account the trend of expenditure, New Services, New Instrument of Services, etc. Revised Budget Estimates are not voted by the Parliament and hence by itself does not provide any authority for expenditure. Therefore, any additional projections made in the Revised Estimates need to be authorized for expenditure through approval of Parliament (in case of New Service / New Instrument of Service, etc.) or by a Re-appropriation order.
- ii. **Supplementary Demands for Grants** are prepared on the basis of Revised Estimates of expenditure by the Government of India under Article 115 of the Constitution. Preparation of R.E. of expenditure for a financial year necessarily precedes the Budget Estimates (B.E.) for the ensuing year.
- iii. The third batch of Supplementary Demands presented in the Parliament during the Budget Session takes into account the Revised Estimates projections and also Post Revised Estimates developments.

**2.3.3** PROCEDURES TO BE FOLLOWED IN CONNECTION WITH THE DEMANDS FOR **SUPPLEMENTARY GRANTS** (Ref: APPENDIX – 5 [**Rule 66, GFR, 2017**])

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.

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 should examine the allotments against other detailed heads inside the primary unit of appropriation OR examination of the whole Grant should be undertaken, with the object of discovering probable savings and affecting a transfer. Otherwise, he should obtain the sanction of the competent authority. 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 should be considered whether the excess should be met by postponement of expenditure or whether an application for supplementary grant or appropriation should be made.

**2.3.4** The Supplementary Demand for Grants presented to the Parliament normally consists of requirements of the following nature :-

(a) Cases where advances 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.

**2.3.5** All applications for supplementary grants or appropriations should be submitted by the Department of the Central Government administratively concerned to the Ministry of Finance. The Ministry of Finance will review the position of the grant of appropriation as a whole with reference to the actuals and estimates for previous years or how to meet the expenditure from within the sanctioned grant either from normal savings/ by special economies/by judicious postponement of other expenditure. If, on the other hand, the Ministry of Finance considers that a supplementary grant will be necessary, a demand will be placed before Parliament.

**2.3.6** If during the course of the year it is found necessary to incur expenditure on a **‘New Service’** not provided for in the annual budget ordinarily, no “new service” or item will be accepted by the Ministry of Finance, 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 Ministry of Finance only if they relate to matters of real imperative necessity or to the earning or safeguarding of revenue. NOTE. –The expression ‘New Service’ wherever used includes – ‘New Instrument of Service’.

**2.3.7 Projections of BE and RE by Budgetary Authorities should be realistic and based on the following:**

- (i) Trend of Expenditure under various object heads.
- (ii) New activity sanctioned or planned in the current year which was not envisaged and budgeted in the B.E. of current year.

- (iii) If the pace of Expenditure is proportionately less during the current year, reasons for not reducing the allocated Budget should be invariably submitted.
- (iv) Any additional funds required either for clearing arrear liabilities or as an additional amount over and above the original B.E. allocation should be cited in the Budget Note under the relevant head.
- (v) The Revised Budget Estimates should be on the basis of actual expenditure incurred during the first five months of the current financial year.
- (vi) Monthly monitoring of trend of expenditure within the sanctioned grant. Economy measures issued by the Department of Expenditure, Government of India, should be followed scrupulously.
- (vii) Realistic estimation of probable 'CAPITAL' expenditure, keeping in mind the financial limit.
- (viii) No provision may be made in the establishment budget for posts which are lying vacant for one year or more. Even otherwise, provisioning for vacant posts should be made with circumspection so as to avoid chances of eventual savings which may invite C&AG audit objections due to these vacant posts not being filled up.
- (ix) Estimate of committed expenditure, which is being provided for the first time in RE of current year and thereafter in BE of the ensuing year.
- (x) Any other relevant factor which may be foreseen at the time of framing the RE for the current year or BE for the ensuing year.

## **2.4 SANCTION OF ESTIMATES**

**2.4.1** The Budgetary Authorities (BA's) forward the Budget proposals to the EMC which scrutinizes the estimates, makes modifications, wherever necessary, and transmits these Revised Estimates (RE) and Budget Estimates (BE) to the Joint Secretary and Financial Adviser (Finance), Department of Revenue, for further examination and processing. The Joint Secretary and Financial Adviser(Finance) ensures the correctness of accounts classification, makes modifications as may be called for in his judgment in the context of economy and other considerations, consolidates the estimates for each head and presents a complete picture of their financial costs, and obtains approval of the Competent Authority. Departmental budgets are then forwarded to the Budget Division, Ministry of Finance.

**2.4.2** The estimates of expenditure are thereafter scrutinized in the Budget Division of the Ministry of Finance. Finance Secretary or Secretary (Expenditure) may hold meetings to discuss the totality of the requirement of funds under various heads.

**2.4.3** After the pre-budget meetings are over and the approved ceilings for expenditure (Revenue and Capital) as finalized in these meetings are

communicated, the Joint Secretary and Financial Adviser (Finance) is required to prepare the Statement of Budget Estimates (Final) in the prescribed form of the Budget Circular and forward the same to Budget Division, Ministry of Finance. The funds so approved are further allocated to the various BAs by the EMC. The RE is allocated to the BAs looking to their requirement, within the approved ceiling. The communication of RE is normally made to each BA in the first week of January. The communication of BE is normally made to each Budgetary Authority in the 1<sup>st</sup> week of April of the next FY. Each BA is expected to plan the expenditure in terms of Monthly Expenditure Plan (MEP).

## **2.5 FINAL REQUIREMENT**

By way of Final Requirement (FR), Government takes stock of the Expenditure and likely Savings during the current financial year. The FR Circular is normally issued by the Budget Division in the month of January every year.

The EMC circulates it to all the BAs to seek the Final Requirement (FR). This is also called the Ten Monthly Expenditure Statement. The FR is required to be submitted in the proforma annexed with the letter calling for FR. Normally no additional funds are allocated at this stage. BAs are required to review their expenditure, *inter alia*, on the basis of the actual expenditure of last 10 months and surrender the likely savings, if any.

EMC consolidates the requirement of all BAs and, after examining the same, submits the FR of the Department to the Joint Secretary and Financial Adviser (Finance), Department of Revenue. After approval by the Competent Authority, the approved amount is distributed / re-allocated amongst the BAs.

## **2.6 CASH MANAGEMENT AND EXCHEQUER CONTROL (MONTHLY EXPENDITURE PLAN)**

**2.6.1** Exchequer Control-based Expenditure Management was initially introduced from 1<sup>st</sup> April 2006. The Modified Cash Management System seeks to achieve, *inter alia*, the following objectives:

- (i) Obtain greater evenness in the budgeted expenditure within the financial year, especially in respect of items entailing large sums of advance releases and transfers to corpus funds;
- (ii) Reduce rush of expenditure during the last quarter, especially the last month of the financial year;
- (iii) Reduce tendency of parking of funds;
- (iv) Effectively monitor the expenditure pattern; and
- (v) Better planning of Indicative Market Borrowing Calendar of the Central Government.

**2.6.2** The Financial Advisers have been made responsible for the implementation of the modified expenditure management system. The

scheme provides that in respect of each Demand for Grant, a Monthly Expenditure Plan (MEP) would be worked out and included in the Detailed Demand for Grants. MEP would form the basis of Quarterly Expenditure Allocations (QEA), implying that the Department / Ministries concerned may not issue cheques beyond the QEA (which would be equivalent to the sum of provisions under MEP), without the prior consent of Ministry of Finance, Cash Management Cell (Budget Division).

**2.6.3** The Monthly Expenditure Plan may be finalized taking into account the following:

- (a) MEP for the month of March may not exceed 15 percent of the budgeted provision (Budget Estimates);
- (b) MEP for the months of January-March may be so fixed that the QEA for the last quarter may not exceed 33 per cent of the budgeted provisions; and,
- (c) The extant guidelines of Ministry of Finance, Department of Expenditure may be kept in view.

**2.6.4** The expenditure control would apply cumulatively at the Demand for Grants level only, i.e. *inter se* variations between months within a quarter and between schemes would be permissible, subject to statutory restrictions and extant guidelines. Savings under the QEA would not be available for automatic carry forward to the next quarter and the Department/Ministry would require to approach Ministry of Finance for revalidation of such savings through modification in the MEP and thereby QEA. Spill over in respect of MEP, not in consistent with QEA would not require prior revalidation from Ministry of Finance, but may be included in the quarterly modification. The scheme provides that the Ministry of Finance is to consider such requests for revalidation within a period of 15 days of receipt of such request, failing which request for revalidation would be deemed to have been granted. The scheme further provides that the MEP and QEA pertaining to the 4th quarter of the financial year would be subsumed in the finalization of the Revised Estimates for the financial year.

**2.6.5** In respect of Demands for Grants not covered by the Modified Exchequer Management System, it has been advised that the **expenditure in the last quarter of the financial year may not exceed 33percent of the budget allocation for those Demands for Grants**. However, in the event of Revised Estimate being fixed lower than the Budget Estimate, actual expenditure may be kept within the Revised Estimate.

Office Memorandum No.F. No. 4(10)-W&M/2016 dated August 4, 2016, issued in supersession of earlier related OMs issued in this regard, is at **Annexure-II**.

#### **2.6.6 Re-appropriation of Funds {Ref: Rule 65, GFR, 2017}**

The executive Government is allowed to re-appropriate provisions from one sub- head to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the

limits and restrictions laid down. The Comptroller & Auditor General and the Public Accounts Committee review these re- appropriations and, wherever necessary, comment on them for taking necessary corrective actions. Provisions relating to the re-appropriation of funds are mentioned in **Rule 65 of GFR, 2017**.

- i. Subject to the provisions of Rule 10 of the Delegation of Financial Powers Rules, and also subject to such other general or specific restrictions as may be imposed by the Finance Ministry in this behalf, re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.
- ii. The Primary unit in this regard shall be the final unit of appropriation i.e. the Object head of account only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred shall not be utilized in full or that savings can be effected in the appropriation for the said unit.
- iii. An application for re-appropriation of funds shall ordinarily be supported by a statement in Form GFR 1 showing how the excess is proposed to be met. While sanctioning re appropriation, the reasons for saving and excess of Rupees 1 lakh or over and the primary units shall be invariably stated.

## **2.7 SUPPLEMENTARY GRANTS**

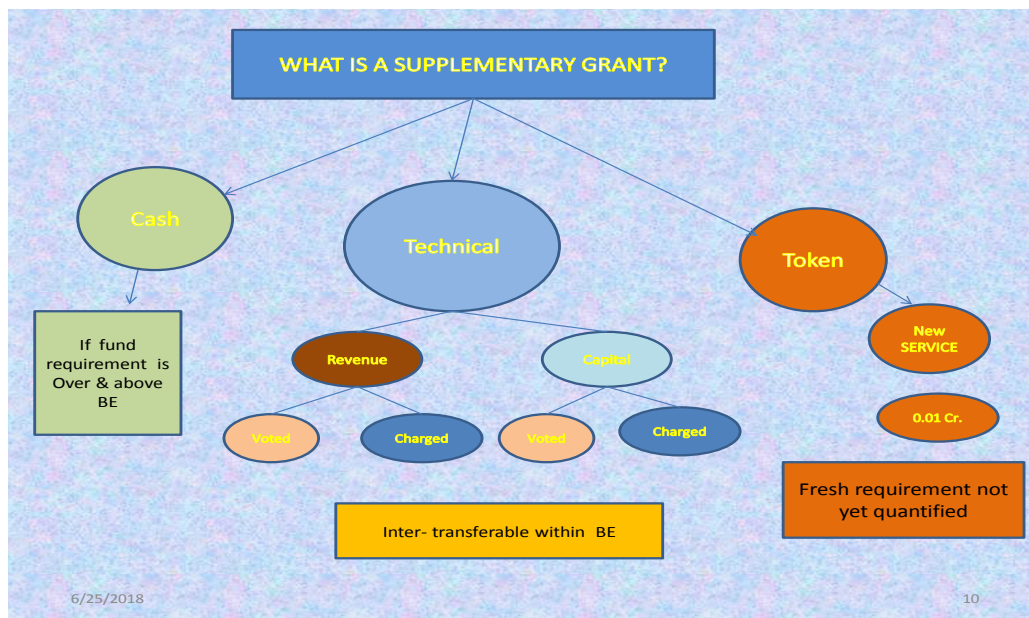
If savings are not available within the Grant to which the payment is required to be debited, or if the expenditure is on “New Service” or “New Instrument of Services” not provided in the budget, necessary supplementary Grant or Appropriation in accordance with Article 115(1) of the Constitution should be obtained before payment is authorized.

**2.7.1** Data for preparation of Supplementary Demands for Grants is called for from the Ministries / Departments in the month of June (for Monsoon Session), in October (for Winter Session) and in January (for Budget session) of each year, to send the data as per the prescribed format within 3 to 4 weeks of the issuance of circular (as per the timelines stipulated).

**2.7.2** Supplementary Demands will be required in cases where additional provision is required over and above the original budget provision plus the additional provisions granted in the first and second batches of the Supplementary Demands for Grants plus the advances sanctioned from the Contingency Fund of India, if any.

### **2.7.3 Types of Supplementary Demands for Grants**

On the basis of the Supplementary Demands for Grants received from various Ministries / Departments, Supplementary Demands can be classified into three categories, which are as follows:



## 1. Cash Supplementary

- (a) This Supplementary is over and above the original budget provisions and results in enhancement of the allocation for the Demand / Grant. For example, if a sum of Rs.1000 crore sought by a Ministry is unable to find any savings within the Demand / Grant, then the additional fund sought for, in case it is agreed to be provided, results in cash supplementary or enhancement of the overall allocation for the Demand/Grant.
- (b) Cash Supplementary impacts the fiscal / revenue deficit.
- (c) Cash supplementary should be obtained as a last resort and after proper due diligence.
- (d) Cash Supplementary is required to have specific approval of Secretary (Expenditure).

## 2. Technical Supplementary

- (a) There are 4 sections in each Demand, viz. Revenue - Voted, Revenue - Charged, Capital - Voted and Capital - Charged. When there is a saving in one of the Sections, e.g. Revenue - Voted and the same is proposed to be utilized for another scheme under Capital - Voted section, the same can be done after obtaining approval of Parliament through 'Technical Supplementary'.
- (b) There are three occasions when Technical Supplementary is sought, viz. (i) surrender from one of the 4 sections mentioned above and utilizing the same in other section within the Demand, (ii) transfer of scheme from one Demand to another Demand which will result in surrender of the amount from the Demand which has transferred the scheme and utilization of the same in the other Demand where the scheme has been transferred and (iii) waivers / write offs.
- (c) Technical Supplementary, if resorted to between the Revenue and Capital sections of the Grant, has an impact on the revenue deficit

position but does not change the fiscal deficit position.

### **3. Token Supplementary**

Token Supplementary of Rs.0.01 crore is obtained when due to New Service / New Instrument of Service (NS / NIS) limits, approval of Parliament is required for Re-appropriation towards utilizing the savings within the same section of the Demand. For example, if under revenue section there are savings under a major head which is proposed to be utilized in another major head but falls within the purview of New Service / New Instrument of Service (NS / NIS) limits for expenditure, the same can be made available for re-appropriation after obtaining of a Token Supplementary. Token Supplementary does not alter revenue / fiscal deficit position.

**2.7.4** Ministries / Departments are required to review their requirements on the following broad guidelines, before firming up their proposals for the Supplementary Demands for Grants:

- A. Need for economy and rationalization of expenditure.
- B. A thorough review of expenditure by exploring the possibility of meeting the requirements for additionality through Token or Technical Supplementary.
- C. No new schemes and programs, except those that are part of the Budget announcements should normally be introduced during the course of the financial year.
- D. Additional expenditure over and above the prescribed approved ceiling for individual schemes may not be ordinarily permitted.
- E. If there is an amendment to the existing scheme leading to requirements for additionality, Ministries / Departments should explore and locate matching savings from other schemes / projects in the Demand.
- F. The mandatory cuts in terms of the austerity instructions should be enforced before determining the requirements for additionality.
- G. The proposal for Supplementary Demand should be made only when the programme / scheme for which additional provision is sought has been approved by Competent Authority and should be limited to the funding requirements within the relevant financial year.

**2.7.5** Apart from the above measures, the Ministries / Departments should carefully review the Supplementary Demands proposal to ensure that,

- (a) Demand Number and Headings are correctly entered;
- (b) Classification of Expenditure is made correctly, viz. Capital / Revenue or Major Head Number / Nomenclature.
- (c) Ensuring the forwarding / submission of a 'Nil' Proposal to the Budget Division if there is no proposal for supplementary demand.
- (d) Public Accounts Committee has been repeatedly commenting adversely on the increasing incidence of obtaining Supplementary Demands, which at times are much higher than the original budget

provisions, and thereby indicating at defects in budgeting. Similarly, there are instances of obtaining large provisions through Supplementary Demands but surrendering the same at the close of the financial year which therefore needs to be watched very carefully before making any demands for additionality through the Supplementary Demands for Grants.

- (e) All supplementary proposals should be sent with detailed background material for requirements during the Parliamentary discussions.

Procedure to be followed in connection with the Demand for Supplementary Grants is as per Appendix-6 of GFR and is at **Annexure-III**.

## **2.8 WHAT IS VOTE ON ACCOUNT?**

**2.8.1** Since the whole process, beginning with the presentation of the budget and ending with discussion and voting on the Demands for Grants requires sufficiently long time, a provision has been made in the Constitution which empowers the Lok Sabha to make any grant in advance in respect of the estimated expenditure for a part of the financial year pending completion of procedure for the voting of the Demands. Provisions related to vote on account is mentioned in **Rule 50 of GFR**.

**2.8.2** The purpose of 'Vote on Account' is to keep Government functioning, pending the finality of Budget process. As a convention, Vote on Account is treated as a formality and passed by the Lok Sabha without any discussion. Generally, Demands for Grants 'On Account' are voted by the Lok Sabha immediately after general discussion on the budget is over and before the detailed discussion on the Demands is taken up.

**2.8.3** Normally, the vote on account is taken for two months for a sum equivalent to one sixth of the estimated expenditure for the entire year under various demands for grants. During an election year, the vote on account may be taken for a longer period, say 3 to 4 months, if it is anticipated that the main demands and the Appropriation Bill will take longer than two months to be passed by the House.

**2.8.4** Budget Division in the Ministry of Finance is required to ensure that "Book for Demands for Grants on Account" is supplied to the Lok Sabha Secretariat well in time for circulation to the Members. The Performa required to be submitted for the Vote on Account is as per **Annexure - IV**.

**2.8.5** In the year 2017, the presentation of Budget was preponed and was passed by the Parliament by March, 2017 and hence there was no requirement for Vote on Account.

## **2.9 RE-APPROPRIATION**

### **2.9.1 Delegation of Financial Powers Rules**

Rule 10 of the Delegation of Financial Powers Rules lays down the General Restrictions relating to Appropriations and Re-appropriations which

are as follows:

- (1) Funds shall not be appropriated or re-appropriated to meet expenditure which has not been sanctioned by an authority competent to sanction it.
- (2) Funds provided for “Charged” expenditure shall not be appropriated or re-appropriated to meet votable expenditure and funds provided for Voted expenditure shall not be appropriated or re-appropriated to meet Charged expenditure.
- (3) No Re-appropriation shall be made from one Grant or Appropriation for Charged expenditure to another Grant or Appropriation for Charged expenditure.
- (4) Funds shall not be appropriated or re-appropriated to meet expenditure on a new service or new instrument of service not contemplated in the budget as approved by Parliament.
- (5) Expenditure on “works” shall be subject to the following further conditions, namely:
  - (a) Funds shall not be appropriated or re-appropriated to any work which has not received administrative approval and technical sanction as prescribed by the Central Government from time to time.
  - (b) The amount appropriated to any work shall not, save with the previous consent of the Finance Ministry, exceed the amount approved or sanctioned for that work by a sum greater than the excess which may be authorized under the rules referred to in Clause(a):  
Provided that such consent may not be necessary if savings are available elsewhere under appropriate Works Head to re-appropriate funds to cover excess of expenditure over authorised limits up to **15 percent**.
  - (c) Save with the previous consent of the Finance Ministry, no re-appropriation shall be made from the primary unit “Major Works” to any other unit:  
Provided that where such a provision is made under Revenue Head in the budget, a Department of the Central Government shall be competent to Re-appropriate funds between the allied primary units “Major Works”, “Minor Works”, “Maintenance”, “Tools and Plants”, included within the same Grant or Appropriation and no such Re-appropriation shall, however, be made from or to the “Suspense Head” relating to a public work.
  - (d) (i) Save with the specific approval of **Parliament** or an advance from the Contingency Fund of India, Appropriation or Re-appropriation shall not be made to meet any expenditure for a new public work not provided for in the budget, which may cost rupees **fifty lakh or more**.  
(ii) Save with the previous consent of the **Finance Ministry**, no

Re-appropriation shall be made for a new public work costing rupees **ten lakh or above but less than rupees fifty lakh**.

6. Without the previous consent of the Finance Ministry, no Re-appropriation shall be made,

(a) from and to the provision for the Secret Service Expenditure;

(b) so as to augment the provision under the primary units “Salaries”, “Wages”, “Office Expenses” and “Other Charges”, taken together for the entire Grant or Appropriation;

(c) Funds shall not be appropriated or re-appropriated from or to the primary unit of appropriation “Deputation or Travel Abroad of Scientists” over and above the funds provided for in the budget as approved by Parliament.

## **2.10 EXCESS GRANT**

**2.10.1** The provision of additional allotment for **excess expenditure** is defined in **GFRs**. However, if the total expenditure under a Grant exceeds the provision allowed through its original Grant and Supplementary Grant, if any, the excess requires regularization by obtaining excess Grant from the Parliament under Article 115 of the Constitution, after going through the whole process as in the case of the annual budget, i.e. through presentation of Demands for Grants and passing of Appropriation Bills.

## **2.11 COMMON TYPES OF BUDGETARY ERRORS**

**2.11.1** The main criticism in the Audit Reports of recent years and recommendations of the Public Accounts Committees thereon are the irregularities noticed in Appropriation Accounts are as follows:

- (1) Defective or inaccurate budgeting necessitating large surrenders or excesses.
- (2) Defective control of expenditure resulting in the following:
  - (a) unnecessary or excessive supplementary grants;
  - (b) unnecessary or excessive re-appropriations;
  - (c) injudicious re-appropriations and surrenders causing excess over allotments;
  - (d) unspent amount and surrendered appropriations;
  - (e) unremedied or uncovered excess expenditure;
  - (f) Delayed allocations.
- (3) Misclassification of expenditure.

## Plan your Expenditure well.....

Constitute a 'Budget Cell' in the ZONE and Commissionerate for fund related issues.

Budgetary authorities/ HoDs to monitor Expenditure closely .

Monthly Expenditure report be furnished on time.

Follow Monthly Expenditure Plan (MEP) strictly.

Inform new fund requirements in 1<sup>st</sup>/2<sup>nd</sup> supplementary vide RE.

Upto 33% of the Budget Estimates can be spent in the last quarter of each FY .

Limit Expenditure to 15% in the month of March .

Unutilised balances be taken into account before seeking fresh funds in BE/RE.

Sanctioned Infrastructure projects be closely monitored with the implementing agency.

No fresh financial commitments be sought after January.

RE should be surrendered by January.

Surrender funds in TIME for others!

- ✓ Before seeking Additional funds, check the expenditure position under that object head first.
- ✓ BUDGETARY AUTHORITY (BA) can relocate the funds from one HoD to another as per urgency of each in the same object head but within the ceiling .
- ✓ BAs should NOT re-appropriate between object heads.
  - ❖ Rewards to Officers----> Rewards to Informers
  - ❖ Voted----->Charged
  - ❖ Preventive -----> Revenue
- ✓ HoD first seek financial concurrence from Commissioner (Coordination) directly for Outsourcing Services/Medical Treatment/ IT which is beyond their Delegated Financial Powers .
- ✓ Projection of requirement should be under correct Budget Head.
- ✓ Phase-wise projection of Budgetary requirement.
- ✓ Proposals which fall within delegated financial powers of HoD not be sent to EMC/IFU

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**2.11.2** As regards defective or inaccurate budgeting, there is no reason why heads of department / BAs should not be able to foresee the needs of their own department. The check of the Administrative or Finance Department over the departmental estimates cannot be as close as that of the estimating officers themselves and therefore, accuracy in budgeting must start upwards from the lowest stage of estimating. The golden rule for all estimating officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary.

**2.11.3** The Administrative and Finance Departments should apply the well tried check of average of previous actual with known or reasonably foreseeable facts. The knowledge of the estimating officers alongwith the wider perspective of the Administrative and Finance Wings and sound budgeting, there is little possibility for normal expenditure to differ widely from the budget provision.

**2.11.4** As regards defective control over expenditure, the statements for supplementary demands, surrenders and re-appropriations are generally based on mid-year revised estimates, or even later, i.e. at a stage when the figures of actual expenditure for a major part of the year are available and it only remains for the controlling officers to estimate the expenditure during the remaining portion of the year and allow for adjustments towards or at the end of the year.

**2.11.5** The best remedy for avoiding these irregularities therefore, is to devote considerable attention to the accuracy of the revised estimates. This cannot be done unless the heads of departments / BAs are fully conversant with the **month to month progress of expenditure**. A monthly Expenditure Statement may be regularly prepared as given in **Annexure -XVIII**. For this purpose it is essential that they should insist on their staff to strictly follow the procedure laid down for the reconciliation of departmental accounts with the books of the Accounts Wing (Controllers / Chief Controllers of Accounts). It is also necessary that a careful watch be kept of all liabilities for which debits may be raised by other departments or Governments and due allowance for such adjustments should be made before surrenders or re-appropriations from an allocation are decided upon.

**2.11.6** When the need for surrender manifests itself, the controlling officers should carefully estimate the amount that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified grant. Surrenders are being generally made in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of the last month's expenditure should enable a controlling officer to fix upon his final requirements with a reasonable degree of exactness.

**2.11.7 Re-appropriation is generally necessitated either due to excess requirements on items provided in the budget or by additional expenditure not contemplated in the budget.** In either case a re-appropriation should not follow as a matter of course but after a careful estimate of the likely actual expenditure. More especially, in the latter case, the possibility of savings under the same head which can be utilized towards meeting the additional expenditure should be fully and thoroughly investigated. In addition to these, it has been pointed out many times in the audit reports of the Comptroller and Auditor General that the necessary limits and restrictions relating to the Re-appropriations as laid down vide the Delegation of the Financial Powers Rules are not abided by the Ministries / Departments.

**2.11.8 No object is served by keeping back savings which should**

**ideally be surrendered in time.** For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other formations/ BAs are deprived of the funds which they could have utilized and thus avoidable demands for supplementary grants are preferred. Large excess savings reveal a defective control of expenditure by the office concerned and should be strictly avoided.

**2.11.9** Efforts should also be made to see as far as possible, that **no expenditure is incurred in the absence of an allocation.** In this connection it is useful to remember that phrases like “source will be pointed out later” or “necessary re-appropriation of funds will be sanctioned in due course” are no substitutes for definite allocations. At all events, allocation very late in the year should be avoided unless they are inevitable.

**2.11.10** Misclassification is a **result of reluctance to consider the relevant accounts publications at the time of classification.** In any case, at the time of reconciliation of the departmental accounts with the Chief Controllers’ of Accounts / Controllers’ of Accounts books, it should be possible to correct errors in classification. In cases of real doubt, the matter of classification should be settled with the Controller General of Accounts / Budget Division.

***Step-by-step process of flow of funds...***

- The financial Sanction is conveyed to the field formation by the DS (Ad VIII/EC) and the I&W wing of DGHRD.
- Funds are released by the EMC (Expenditure Management Cell) wing of the DGHRD to the concerned formation.
- PAO of the formation concerned makes an online request to the Office of the Pr.CCA, Delhi for releasing the said funds to the zonal CPWD.
- CCA, Delhi issues a LETTER OF AUTHORISATION (LoA) in favor of the zonal CPWD authority for transfer of funds to the CPWD/MoUD account.
- CPWD initiates the process of selection of an agency for execution of the project through a bidding process.
- CPWD releases the funds received from CBEC to the successful bidder who is to be awarded the contract for execution of the project.
- **It is only after completion of the above mentioned six stages that the sanctioned funds are considered to have been utilized by the Commissionerate/Directorate**
- **Commissionerate/Directorate to immediately check the following on receipt of the sanction:**
  - **Whether the PAO office has sent the request to O/o Pr. CCA, Delhi for release of funds or not?**
  - **Whether the funds sanctioned in respect of your Zone have actually been released by the office of the Principal Chief Controller of Accounts, Delhi to CPWD through a Letter of Approval (LoA) or not?**

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**2.12 SOME OTHER COMMON BUDGET RELATED ISSUES THAT ARE REQUIRED TO BE WATCHED CLOSELY ARE AS FOLLOWS:**

- (1) There should be provision of funds authorized by the competent authority fixing the limits within which expenditure can be incurred;
- (2) The expenditure incurred should conform to the relevant

- provisions of the Appropriations Act, the Constitution and the laws made thereunder and should also be in accordance with the financial rules and regulations framed by the competent authority;
- (3) There should exist sanction, either special or general, accorded by competent authority, authorizing expenditure;
  - (4) The expenditure should be incurred with due regard to broad and general principles of financial propriety;
  - (5) Re-appropriations should be made in accordance with the rules in Delegation of Financial Power Rules, 1978;
  - (6) Expenditure on a service not covered by a vote of the Parliament should not be incurred unless the requisite funds have been arranged by obtaining an advance from Contingency Fund of India;
  - (7) Drawing from Consolidated Fund of India should not be resorted to if money is not required for immediate use;
  - (8) Abandonment of revenue without proper sanction, e.g. sale of Government property below market rates, or reduction of dues payable under a license or lease without the sanction of the competent authority in each case, should not be resorted to;
  - (9) Any large claim against another Government local body or other outside party should not be allowed to remain outstanding for an unduly long time;
  - (10) Any irregularity connected with a grant-in-aid, such as follows:
    - (i) neglect by the sanctioning authority of conditions precedent to the grant, or
    - (ii) neglect by the grantee of the conditions, expressed or implied, attached to the grant by the sanctioning authority
  - (11) Any instance of the absence of administrative regulations and procedure sufficient to secure a proper and effective check upon monetary transactions.

## EXPENDITURE MANAGEMENT

### DO's & DONT's

**DO's**

- Send **MONTHLY EXPENDITURE REPORT** EVERY MONTH
- Ensure timely submission of Budgetary requirements.
- Budget proposals should be self-contained with Detailed justification.
- projection of requirement under correct Budget Head.
- Phase-wise projection of Budgetary requirement.
- Realistic budget projection taking into account actual requirement.
- Request Regarding Budget allocation to be Routed through Budgetary Authority.

## EXPENDITURE MANAGEMENT DO'S & DONT'S

### DONT'S

- Spend disproportionately as far as possible.
- Resort to rush of expenditure so that balanced pattern of expenditure could be maintained.  
(Expenditure during last month/ quarter should not exceed 15% & 33% of total grant. [\(O.M. F.No.21\(1\)-PD/2005 dated 15.01.2013\)](#))
- Wait for surrender of unspent Budget provision in the last week/ month of Financial Year.
- Send request regarding Budget allocation/ Additional Requirement to IFU but to EMC.
- Send reports and returns to IFU but to EMC.

# CHAPTER – 3

## DETAILED DEMANDS FOR GRANTS

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### 3.1 INTRODUCTION

**3.1.1** The respective Ministries/Departments are required to prepare the Detailed Demands for Grants (DDG). The estimates of expenditure for which vote of Lok Sabha is required shall be in the form of Demand for Grants. Each Demand normally includes provisions required for a service, i.e. provisions on account of Revenue expenditure, Capital expenditure, Grants of the State and Union Territory Governments and also Loans and Advances relating to the service, while the Detailed Demands for Grants, after consideration by the “Departmentally Related Standing Committee” (DRSC) of the Parliament are laid on the Table of the Lok Sabha by the concerned Ministries/ Departments a few days in advance of the discussion of the respective Ministry’s/ Department’s Demands in that House.

**3.1.2** While preparing the Detailed Demands for Grants, it is important to ensure that the classification, such as Major Head, Minor Head, etc. is as per the heads of account prescribed in the List of Major and Minor Heads of Account. During formulation of Detailed Demands for Grants for the ensuing financial year, due regard is required to be given to Budget Division’s circular issued for the specific year.

**3.1.3** It has also to be ensured by Ministries/Departments that the totals for each Major Head and the total provision by Revenue and Capital sections separately for ‘charged’ and ‘voted’ included in the Detailed Demands for Grant exactly correspond to the provision included in the main Demands for Grants which are prepared by the Budget Division. For this purpose, a copy of the main Demand as finally included by the Budget Division is made available to the Ministries/ Departments concerned. Final print order for Detailed Demands for Grants is given only after the reconciliation is completed and DDG is prepared in book form.

DDG is tabulated and printed in book form providing the data related to the approved expenditure under each head for various grants including Revenue and Capital. A specimen of Detailed Demands for Grants 2017-18 in respect of Demand No. 35 -Indirect Taxes is given in **Annexure No. VI**.

## WHAT IS DDG? DETAILED DEMAND FOR GRANTS

Demand for Grants is the estimates of expenditure from the Consolidated Fund, included in the annual financial statement and required to be voted upon in the Lok Sabha submitted in pursuance of Article 113 of the Constitution.

The demand for grants includes provisions with respect to Revenue Expenditure, Capital Expenditure, grants to State and Union Territory governments together with loans and advances.

DEMAND NO. 35 (INDIRECT TAXES) BE 2018-19	
Revenue	Capital
7418.50 Cr.	407.00 Cr.

### 3.2 RELEVANT RULES OF GFR, 2017 RELATING TO DEMANDS FOR GRANTS

Relevant Rules of GFR related to Demands for Grants are reproduced as under:

**Rule 51 (1): Demands for Grants**-The estimates for expenditure for which vote of Lok Sabha is required shall be in the form of Demand for Grants.

**Rule 51 (2):** Generally, one Demand for Grant is presented in respect of each Ministry or Department. However, in respect of large Ministries or Departments, more than one Demand may be presented. Each Demand normally includes provisions required for a service, i.e. provisions on account of revenue expenditure, capital expenditure, grants to the State and Union Territory Governments and also Loans and Advances relating to the service.

**Rule 51 (3):** The Demand for Grants shall be presented to Parliament at two levels. The main Demand for Grants shall be presented to Parliament by the Ministry of Finance, Budget Division along with the Annual Financial Statement while the Detailed Demands for Grants, for consideration by the "Departmentally Related Standing Committee" (DRSC) of the Parliament, are laid on the Table of the Lok Sabha by the concerned Ministries/ Departments, as per dates approved from time to time.

**Rule 52 (1):** Form of Annual Financial Statement and Demands for Grant. The form of the Annual Financial Statement and Demands for Grants shall be laid down by the Finance Ministry and no alteration of arrangement or classification shall be made without the approval of that Ministry.

**Rule 52 (2):** The heads under which provision for expenditure shall be made in the Demands for Grants or Appropriation shall be prescribed by the Finance Ministry in consultation with the Administrative Ministry or Department. The authorized heads for expenditure in a year shall be as shown in the Detailed Demands for Grants passed by Parliament and no change shall be made therein without the formal approval of the Finance Ministry.

**Rule 52 (3):** The major head wise provisions in the Detailed Demands for Grants shall match with the provision made in the Demands for Grants presented by Budget Division, as the appropriations are sought on the basis of Demands for Grants.

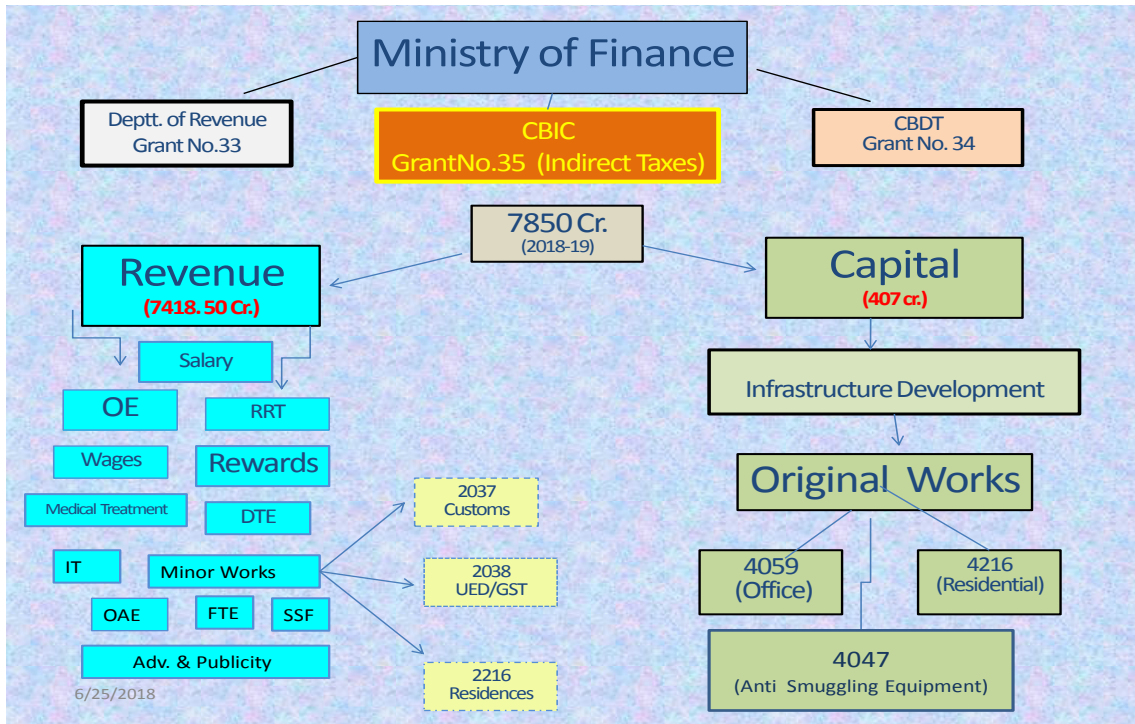
**Rule 53 (1) of GFR, 2017:** The estimates of receipts and expenditure of each Ministry/Department shall be scrutinized in the Budget Division of the Ministry of Finance. Secretary (Expenditure) may hold meetings with Secretaries or Financial Advisers of Administrative Ministries or Departments to discuss the totality of the requirements of funds for various programmes and schemes, along with receipts of the Ministries or Departments.

**3.2.1** Detailed instruction for the compilation of Detailed Demands for Grants is provided in **Appendix 2, 3 and 4 of GFRs 2017.**

### **3.3 LIST OF OBJECT HEADS**

**3.3.1** The budgeted expenditure is required to be spent strictly on the basis of the budget provided under various object heads. The Object Heads pertaining to the Indirect Taxes (Grant No. 35 -Indirect Taxes) can be categorized under **Revenue Section** and **Capital Section**. As per **Rule 90 of GFR** “Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as **Capital Expenditure**. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses, shall be classified as **Revenue Expenditure**. Capital and Revenue expenditure shall be shown separately in the Accounts.”

**3.3.2** The details of expenditure falling under different object heads are described herein below, which is mentioned in the Delegation of Financial Powers Rules.



### 3.3.3 Revenue Section

1. **Salaries:** Includes pay, allowances in all forms including honoraria and leave encashment except travel expenses (other than leave travel concession). This object classification will also be utilized for recording expenditure on emoluments and allowances of Heads of State and other high dignitaries including sumptuary allowance.
2. **Wages:** Includes wages of labourers and of staff at present paid out of contingencies.
3. **Overtime Allowance:** The amount paid to a non-gazetted Government servant for performing official duties beyond office hours in addition to his working hours.
4. **Medical Treatment:** Includes amount paid towards medical reimbursement to Government servants/ pensioners.
5. **Domestic Travel Expenses:** Covers all expenses on account of travel on duty in India including conveyance and fixed travelling allowances but excluding leave travel concessions which would be part of salaries. This will also include T.A. / D.A. to non-official members on account of travel in India.
6. **Foreign Travel Expenses:** Covers all expenses on account of travel on duty outside India including deputation abroad. This will also include the expenditure on T.A./D.A. to non-official members going on tour abroad.
7. **Office Expenses:** Includes all contingent expenses for running an office such as furniture, postage, purchase and maintenance of

office machines and equipment, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies), telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for office use as distinct from vehicles for functional purposes like ambulance, vans, etc. This will also include POL (Petrol, Oil, Lubricants) expenses on vehicles for office use.

### **Fund allocation under “Swachhta Action Plan (SAP)”**

In the financial year 2017-18, an allocation of **Rs. 45 cr.** was provided for the purpose of **Swachhta Action Plan (SAP)** which was 10% of the funds allocated under the for “Office Expenses (General)” object head in FY 2017-18.

In the Financial Year (2018-19), a provision of **Rs. 49.00 crore** has been made under new object head “**Swachhta Action Plan**”. This is 10% of the total provision of Rs. 490 cr. Under the “Office Expenses (General)” object head in FY 2018-19. **An Omni-bus detailed head of “Swachhta Action Plan” has been newly opened under Numeric Code ‘96’ for booking and monitoring the expenditure related to SAP.**

From time to time, advisory letters have been addressed by Member (Admin) and Chairperson CBIC as well as EMC, DGHRD to all formations to ensure proper and timely utilization of SAP funds allocated to them.

The Budgetary Authority wise list of proposed allocation in the Financial Year (2018-19) earmarking 10% of the said Grant towards newly created Detailed Head “Swachhta Action Plan” is placed as **Annexure XVI.**

8. **Rent, Rates & Taxes:** Includes payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.
9. **Publication:** Includes expenditure on printing of office codes, manuals and other documents, whether priced or unpriced, but will exclude expenditure on printing of publicity material. This will also include discount to agents on sale of publications, etc.
10. **Other Administrative Expenses:** Includes expenditure on Departmental canteen, hospitality/entertainment expenses, gifts and expenditure on conducted tours, expenditure on conferences/seminars /workshops, etc. and expenditure on other training programmes.
11. **Advertising and Publicity:** Includes commission to agents for sale and printing of publicity material. This would also include

expenditure on exhibitions / fairs.

12. **Minor Works:** Records expenditure on repairs and maintenance of works, machinery and equipment.
13. **Professional Services:** Includes charges for legal services, amounts to be paid for the SLPs filed by the Department in the Supreme Court, consultancy fees, fees to staff artistes, remuneration to the examiners, invigilators, etc. for conducting examinations. A distinction is made in respect of supplies made/ services rendered for running of an office in which case the expenditure will be recorded under office expenses.
14. **Contribution:** This will also include expenditure on membership of international bodies.
15. **Secret Service Expenditure:** The funds under Secret Service Expenditure can be spent for specific purposes on requirements which need to be kept secret.
16. **Other Charges:** Includes payment out of discretionary grants, other discounts, customs duty compensation, awards and prizes, etc. Any other expenditure which cannot be classified under any of these specified object heads will be debited to this head.
17. **Other Expenditure (Department Canteens):** Includes expenditure related to Departmental Canteens.
18. **Information Technology (O.E.):** Includes payment for works related to Information Technology.

### **3.3.4 Capital Section**

1. **Capital Outlay on “Other Fiscal Services” (Major Head-4047):** This is for Acquisition of Ships and Fleets/ Anti-smuggling equipment.
2. **Capital Outlay on “Public Works”(Major Head-4059):** This is for Construction / Acquisition of Office Accommodation.
3. **Capital Outlay on “Housing” (Major Head-4216):** This is for Construction/Acquisition of Residential Accommodation.

### **3.4 ACCOUNTING CLASSIFICATION: MAJOR HEADS AND MINOR HEADS**

**3.4.1** The Budget of Government is linked to the accounts and Government transactions accounted for under the Consolidated Fund, Contingency Fund and the Public Account of India.

The Object Heads have been prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules. The powers to amend or modify these object heads and to open new Object Heads rests with the Department of Expenditure, Ministry of Finance on the advice of the Comptroller and Auditor General of India.

**3.4.2** The Object Heads have been prescribed under Government of India Orders below Rule 8 of Delegation of Financial Power Rules. The power to amend or modify the Object Heads and to open new Object Heads rests with the Department of Expenditure, Ministry of Finance on the advice of the Comptroller and Auditor General of India.

<b>BUDGET HEADS FOR INFRASTRUCTURE PROPOSALS</b>		
<b>Demand No. 35 – Indirect Taxes</b>		<b>FY 2017-18</b>
<b>Item of Expenditure</b>	<b>Object Head</b>	<b>Major Head</b>
Repairs/Maintenance of Departmental Office Building of Customs	Minor Works	2037
Repairs/Maintenance of Departmental Office Building of Central Excise	Minor Works	2038
Repairs/Maintenance of Departmental Office Building under GST	Minor Works	2042*
Repairs/Maintenance of Departmental Residential/Office Accommodation	Minor Works	2216
Purchase of Ready Built Office Accommodation	Investments	4059
Purchase of Ready Built Residential Accommodation by Customs & Central Excise	Investments	4216
<b>Demand No. 92 – Department of Urban Affairs/CPWD</b>		<b>FY 2017-18</b>
<b>Item of Expenditure</b>	<b>Description</b>	<b>Major Head</b>
Purchase of land/construction of residential building and other construction activities on such purchase e.g., boundary wall	Finance (Revenue)	4216
Purchase of land/construction of office building and other construction activities on such purchase e.g. boundary wall	Finance (Revenue)	4059

**\* The Major Head 2042 will be implemented from Financial Year 2018-19.**

**3.4.3** The Budget Heads exhibited in estimates of receipts and expenditure framed by the Government or in any appropriation order should conform to the prescribed rules of classification in accordance with Rule 74 of the General Financial Rules.

### **3.5 PROCEDURE FOR OPENING NEW HEADS OF ACCOUNTS**

#### **3.5.1 Rule 79 of General Financial Rules, 2017**

The List of Major and Minor Heads of Accounts of Union and States is maintained by the Ministry of Finance (Department of Expenditure-Controller General of Accounts) which is authorised to open a new head of

account on the advice of the Comptroller and Auditor General of India under the powers flowing from Article 150 of the Constitution. It contains General Directions for opening Heads of Accounts and a complete list of the Sectors, Major, Sub-Major and Minor Heads of Accounts and also some Sub/detailed heads, authorised to be so opened.

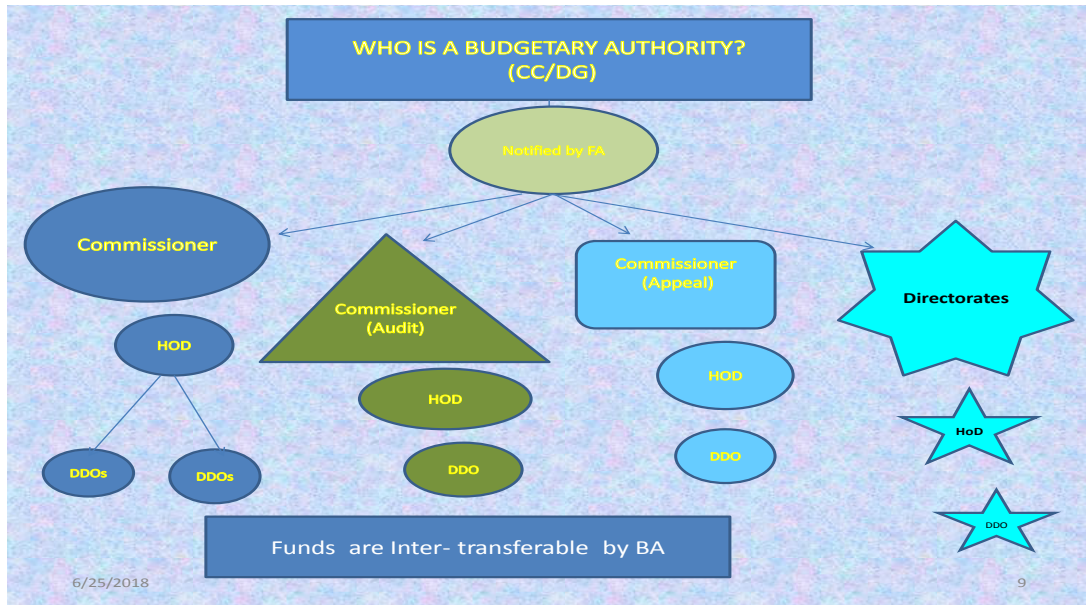
**3.5.2** Ministries/Departments may open Sub Heads and Detailed Heads as required by them in consultation with the Budget Division of the Ministry of Finance. Their Principal Accounts Offices may open Sub/Detailed Heads required under the Minor Heads falling within the Public Account of India subject to the above stipulations. The Object Heads have been prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules.

**3.5.3** The power to amend or modify the Object heads and to open new Object Heads rests with Department of Expenditure of Ministry of Finance on the advice of the Comptroller and Auditor General of India. Budget Heads exhibited in estimates of receipts and expenditure framed by the Government or in any appropriation order shall conform to the prescribed rules of classification.

### **3.6 BUDGETARY AUTHORITIES (BA'S)**

**3.6.1** Budgetary Authority (BA) is the prime unit of incurring expenditure. The EMC, after receiving the budget as approved by the Budget Division of Finance Ministry, allocates funds to the BAs. The BAs in turn allocate funds under different heads to the Sub-Budget Controlling Authorities (SBCAs). The BAs may have a number of SBCAs under their control. The BA can re-allocate funds to Sub-BCAs under its control / jurisdiction looking to requirements, meaning thereby that it can withdraw the allocated funds from one SBCA and divert the same to another SBCA or provide additional funds to any SBCA, looking to the need. However, the BA has to allocate funds to the SBCA within the limits of the funds allocated to them by the EMC. It is expected that the BA should monitor the funds allocated and furnish Monthly Statements to the EMC, duly reconciled with the respective ZAO. The BAs may also requisition funds on the basis of their requirement, in addition to the funds allocated to them in B.E. / R.E. / F.R. Such additional funds may be allocated by EMC after examination and subject to the availability of funds.

**3.6.2** The Budgetary Authorities under CBIC for the two object heads namely "**Customs**" (MH: 2037-Cus.) & "**GST**" (MH: 2038-UED) formations are separate as per Annexure-VII. The Major Head **2042** will be implemented from Financial Year 2018-19.



### 3.7 PROCEDURE FOR CREATION OF NEW BUDGETARY AUTHORITY

**3.7.1** For creation of a new BA, the authority intending to be a separate BA is required to make a request to the EMC with full justification. On receipt of such request, necessary examination is done at the level of DGHRD and after obtaining approval of CBIC, submits the request to the Financial Advisor (Finance). After approval of the FA (Finance), a notification to this effect is issued by Ad-IV section of CBIC. The HoD(s) is required to declare its DDO(s). The said DDO is to obtain code for itself from the Principal Chief Controller of Accounts (Pr. CCA) through relevant ZAO in order to become fully functional.

# CHAPTER – 4

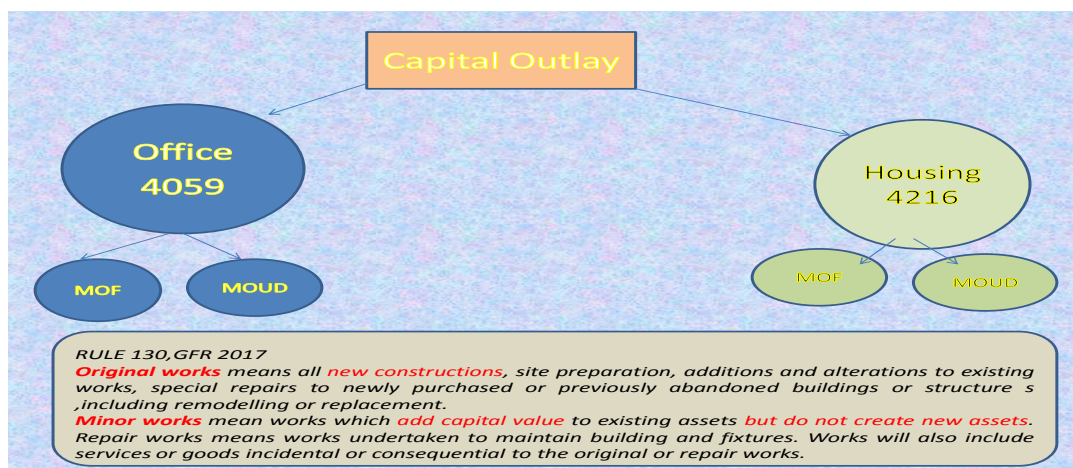
## BUDGETING

### ‘Revenue’ / ‘Capital’ Expenditure

**4.1** Budget is the **Annual Financial Statement** of all transactions of the Central Government in and outside India, including estimated receipts and expenditure during the year for which the statement is prepared. It also estimates and projects the likely receipts and expenditure during the ensuing year. All the CBIC formations undertake this annual extensive process to make projections for requirements of funds for office expenses, salary, wages, publications, etc. The budgeting for infrastructure creation or its maintenance is to be classified as follows:

- (i) Capital outlay on other fiscal services
- (ii) Capital outlay for office building works
- (iii) Capital outlay for housing works
- (iv) Capital outlay for ready built accommodation
  - (a) Office
  - (b) Housing
- (v) Purchase of Land
- (vi) Repairs and maintenance of existing Housing / Offices

**4.1.1** “Revised Estimate” is the sum total of the actual expenditure incurred till the time of preparation of the estimates and the expenditure anticipated for the rest of the financial year. The estimates for the ensuing financial year are termed as “Budget Estimates / Schedule of Demands”.



### 4.2 BUDGETING BY THE MINISTRY OF FINANCE

**4.2.1** The Budgeting in respect of the following items of work is being done by the Department of Revenue, Ministry of Finance:

- a. Acquisition of ships/fleet/anti-smuggling equipment –Major Head ‘4047’

- b. Office – Major Head ‘4059’
- c. Housing – Major Head ‘4216’

**4.2.2** The Expenditure Management Wing of DGHRD is required to project the requirement of funds under the Heads mentioned above on the basis of proposals for acquisition of ready-built office and residential accommodation received from the field formations, which are likely to be approved by the competent authority. It must be ensured by the field formations that funds are requested for on the basis of concrete proposals and no funds remain unspent.

### **4.3 OBJECT HEADS PERTAINING TO REVENUE / CAPITAL SECTION OF GRANT**

**4.3.1** The budgeted expenditure is required to be spent strictly on the basis of the budget provided under various object heads. The Object Heads pertaining to the Indirect Taxes & Customs Department (Grant No.35-Indirect Taxes) can be categorized under “**Revenue Section**” and “**Capital Section**”.

#### **4.3.2 What is “Capital” or “Revenue” Expenditure?**

**4.3.2.1 As per Rule 98 of GFR, 2017 “Capital Expenditure”** is the Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organisation and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as “Capital expenditure”.

Subsequent, charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses, shall be classified as “Revenue expenditure”.

**4.3.2.2** The following are the **main principles governing the allocation of expenditure between Revenue and Capital**:

- (a) Capital shall bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It shall also bear charges for such further additions and improvements, which enhance the useful life of the asset, as may be sanctioned under rules made by competent authority.
- (b) Subject to Clause (c) below, Revenue shall bear subsequent charges for maintenance and all working expenses for upkeep of the project and also on renewals and replacements and additions, improvements or extensions.
- (c) Only the cost of genuine improvements, which enhance the useful life of the asset whether determined by prescribed rules or formulae, or under special orders of Government, may be debited to Capital.
- (d) Expenditure on account of reparation of damage caused by

extraordinary calamities such as flood, fire, earthquake, enemy action, etc., shall be charged to Capital, or to Revenue, or divided between them, depending upon whether such expenditure results in creation/acquisition of new assets or whether it is only for restoring the condition of the existing assets, as may be determined by Government according to the circumstance of each case.

- (e) Expenditure on a temporary asset cannot ordinarily be considered as a capital expenditure and shall not, except in cases specifically authorised by the President on the advice of the Comptroller and Auditor General of India, be debited to a Capital Head.

#### **4.4 BUDGETING BY MINISTRY OF HOUSING & URBAN AFFAIRS (MOHUA)**

As per the current procedure, budgeting in respect of items at S. No. (i), (ii) and (iv) of items mentioned in Para 4.1 above is done by the MoUD. The CPWD under the MoUD is the organization entrusted with the task of construction / maintenance of all offices / residential buildings of Customs & Central Excise/ Department apart from those of other Central Government Departments. Field formations of the CPWD, in consultation with the field formations of the CBIC, arrive at estimates of funds required for construction / maintenance for the current fiscal year. Field formations of the CBIC have the responsibility of projecting likely expenditure in the ensuing year which would in turn depend upon the latest appreciation of the projects to be executed and their specific status in terms of likelihood of sanction from the competent authority.

#### **4.5 PREPARATION OF BUDGET FOR THE CPWD**

**4.5.1** Budget Estimates (including Revised Estimates) for works, etc., should be prepared in the forms prescribed by the MOHUA. For the expenditure, the estimates have to be submitted before 31<sup>st</sup> October.

**4.5.2** Proposal for Revised Estimates for the current year and Budget Estimates for the ensuing year in respect of Revenue Section (Works) under Demand for Public Works and Demand for Housing and Urban Affairs may be prepared in the following manner:

##### **New construction projects or purchase of land**

The schedules to be prepared must incorporate new construction projects to be executed by the Central Public Works Department under the following categories:

- a. Major Head “4059” – Capital Outlay** for purchase of land / construction of office building for Customs & Central Excise and other construction activities on such purchase, e.g. boundary wall, etc. in Demand No. 105 –CPWD (MoUD) under “Public Works”.
- b. Major Head “4216” – Capital Outlay on Housing** for purchase of land / Construction of residential building for Customs & Central Excise and other construction activities on such purchase in Demand No. 104–CPWD (MoUD).

**NOTE:** No outlay for civil works (residential and non-residential buildings) should be proposed before the land is actually made available and requirements of the buildings have been finalized by the administrative Ministry.

#### 4.6 PROJECTION FOR PROVISION OF FUNDS

**4.6.1** The provision for funds should be made only when the specific project is most likely to be approved by the competent authority. Accordingly, the Department and the CPWD have the twin responsibility of ensuring that the desired funds are projected in such a way that the funds should neither remain unspent nor should the project suffer for want of funds. The projection of funds needed should be well analysed to avoid over / under budgeting. Over budgeting is likely to result in funds provided in the budget remaining unspent due to:

- (i) Delay in sanction
- (ii) Delay in execution

The Standing Finance Committee of Parliament examines all such cases of unspent budget amounts and takes a very serious view of such cases. As such this aspect needs to be well understood at all levels of officers engaged in the process of budgeting.

#### 4.7 HEADS OF ACCOUNT

**4.7.1** The budget is prepared under various Heads of Accounts depending upon the nature of the expenditure to be made. Different Heads of Account are controlled by different Ministries / Departments.

**Note: Demand Grant No. pertains to a particular Financial Year and it should be ensured that correct Demand No is mentioned and the same confirmed before submitting the proposal.**

Main Heads:

<b>BUDGET HEADS FOR INFRASTRUCTURE PROPOSALS</b>		
<b>Demand No. 35 – Indirect Taxes</b>		<b>FY 2017-18</b>
<b>Item of Expenditure</b>	<b>Object Head</b>	<b>Major Head</b>
Repairs/Maintenance of Departmental Office Building of Customs	Minor Works	2037
Repairs/Maintenance of Departmental Office Building of Central Excise	Minor Works	2038
Repairs/Maintenance of Departmental Office Building under GST	Minor Works	2042*
Repairs/Maintenance of Departmental Residential/Office Accommodation	Minor Works	2216
Purchase of Ready Built Office Accommodation	Investments	4059
Purchase of Ready Built Residential Accommodation by Customs & Central Excise	Investments	4216
<b>Demand No. 92 – Department of Urban Affairs/CPWD</b>		<b>FY 2017-18</b>
<b>Item of Expenditure</b>	<b>Description</b>	<b>Major Head</b>
Purchase of land/construction of residential building and other construction activities on such purchase e.g., boundary wall	Finance (Revenue)	4216
Purchase of land/construction of office building and other construction activities on such purchase e.g. boundary wall	Finance (Revenue)	4059

## WORKS

**4.8 ‘Original works’** means all new constructions, site preparation, additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodelling or replacement. **“Minor works”** means works which add capital value to existing assets but do not create new assets. **“Repair works”** means works undertaken to maintain the building and its fixtures. Works will also include services or goods incidental or consequential to the original or repair works as per Rule 130 GFR, 2017.

**4.8.1** A Ministry or Department at its discretion may directly execute repair works estimated to cost **up to Rupees Thirty Lakhs** after following due procedure indicated in Rule 139, 159 & 160 of GFR, 2017.

**4.8.2** A Ministry or Department may, at its discretion, assign repair works estimated to cost **above Rupees thirty Lakhs and original/minor works** of any value to any Public Works Organisation (PWO) such as Central Public Works Department (CPWD), State Public Works Department, other Central Government organisations authorised to carry out civil or electrical works such as Military Engineering Service (MES), Border Roads Organisation (BRO), etc. or Ministry/Department’s construction wings of Ministries of Railways, Defence, Environment & Forests, Information & Broadcasting and Departments of Posts, and Space etc. as per Rule 133 (2) GFR, 2017.

**4.8.3** As an alternative to 133(2), a Ministry or Department may award repair works estimated to **cost above Rupees Thirty Lakhs and original works** of any value to:

- i. any Public Sector Undertaking set up by the Central or State Government to carry out civil or electrical works or
- ii. to any other Central/ State Government organisation /PSU which may be notified by the Ministry of Housing & Urban Affairs (MOHUA) for such purpose after evaluating their financial strength and technical competence. For the award of work under this sub-rule, the Ministry/ Department shall ensure competition among such PSUs/ Organisations. This competition shall be essentially on the lump sum service charges to be claimed for execution of work. In exceptional cases, for award of work under (i) and (ii) above, on nomination basis, the conditions contained in Rule 194 would apply. The work under these circumstances shall also be awarded only on the basis of lump sum service charge.

**4.8.4** For purpose of **approval and sanctions**, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority for a project which consists of such a group of work should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. This provision, however, shall not apply in case of works of similar nature which are independent of each other. Any anticipated or actual savings from a sanctioned estimate for

a definite project, shall not, without special authority, be applied to carry out additional work not contemplated in the original project.

**4.8.5 Procedure for Execution of Works.** The broad procedure to be followed by a Ministry or Department for execution of works under its own arrangements shall be as under:-

- i. the detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by the Central Public Works Department (CPWD);
- ii. Preparation of detailed design and estimates shall precede any sanction for works;
- iii. no work shall be undertaken before Issue of Administrative Approval and Expenditure Sanction by the competent Authority on the basis of estimates framed;
- iv. open tenders will be called for works costing Rs. Five lakh to Rs. Thirty lakh;
- v. limited tenders will be called for works costing less than Rupees five lakhs;
- vi. execution of Contract Agreement or Award of work should be done before commencement of the work;
- vii. final payment for work shall be made only on the Personal Certificate of the Officer-in-charge of execution of the work in the format given below: "I ..... Executing Officer of (Name of the Work), am personally satisfied that the work has been executed as per the specifications laid down in the Contract Agreement and the workmanship is up to the standards followed in the Industry."

As per **Rule 140, GFR, 2017** for original/minor works and repair works entrusted as per Rule 133(2) or Rule 133(3), the Administrative Approval and Expenditure Sanction shall be accorded and funds allotted by the concerned authority under these rules and in accordance with the Delegation of Financial Power Rules. The Public Works Organisation or the Public Sector Undertaking or any Organisation allotted the work shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organisation. A Memorandum of Understanding (MoU) may be drawn with Public Works Organisation or the Public Sector Undertaking for proper execution of work.

**Rule 141** After a **project costing Rs. 100 crore or above** is approved, the Administrative Ministry or Department will set up a **Review Committee** consisting of a representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less than Rs. 100 crore, it will be at the discretion of the Administrative Ministry/Department to set up a suitable mechanism for review and acceptance of variation within 10% of the approved estimates.

# CHAPTER – 5

## PROVISIONS OF DELEGATION OF FINANCIAL POWERS RULES RELATED TO EXPENDITURE BUDGET

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**5.1** The funds as sanctioned and allocated to the various Budgetary Authorities are required to be spent in accordance with the Delegation of Financial Powers Rules by the Heads of the Department (HoDs) under CBIC. While exercising control on the allocated funds under various heads, the respective Heads of the Department should be careful that they do not exceed the stipulated limits and also follow the due procedures as mentioned in the Delegation of Financial Powers Rules, 1978 (DFPR), as amended from time to time.

### **5.2 Relevant provisions of the Delegation of Financial Powers Rules (DFPR):**

Following provisions relating to Delegation of Financial Powers Rules (DFPR) should be kept in mind while administering the expenditure budget:

**Rule 6 (1): Effect of sanction:** It provides that no expenditure shall be incurred against a sanction unless funds are made available to meet the expenditure or liability by valid Appropriation or Re-appropriation.

**Rule 7: Provision of funds by Parliament:** This rule mentions that the Demands for Grants and Appropriations for charged expenditure are presented to Parliament on behalf of the appropriate Ministry or authority concerned. Only after the demands have been voted and the necessary Appropriation Act passed by Parliament that the amounts so authorized become available to the Ministry or authority concerned for Appropriation or Re-appropriation to meet the sanctioned expenditure.

**Rule 8: Primary Units of Appropriation:** This Rule lists the standardized list of the primary Units of Appropriation or the Object Heads and the six tier classification system in the Government accounts.

**Rule 9: Allotment of Funds:** This Rule provides that the Ministry or authority on whose behalf a Grant or Appropriation for charged expenditure is authorized by Parliament shall distribute the sanctioned funds, where necessary, among the controlling and disbursing officers subordinate to it.

It also provides that subject to any special rules or orders issued by the President, the whole or part of provision under a primary unit may be placed at the disposal of a controlling or a disbursing officer, or the primary unit may be broken into a number of secondary units and the provision under

any of these, wholly or in part, may be placed at the disposal of the controlling or disbursing officers.

**Rule 10: Appropriation and Re-appropriation** - General Restrictions: This rule lists out the general restrictions relating to the Appropriations and Re-appropriations.

**Rule 13: Powers of subordinate Authorities:** This rule provides for the delegations in respect of the subordinate authorities, including for Appropriations and Re-appropriations.

**Rule 18: Expenditure on schemes and projects:** This rule provides for the delegation of powers in relation to the sanction of expenditure on schemes and projects and the procedures relating to the Appraisal and Approval of Plan Schemes/ Projects and the sanction of Non- plan expenditure.

**5.3** It is to be mentioned that in addition to the above rules, the HoD may also consult relevant Rules as mentioned in DFPR.

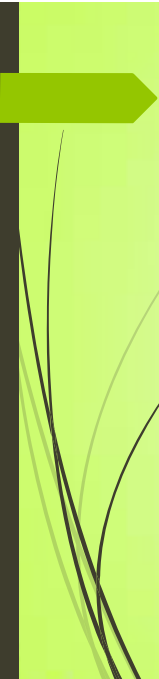
**5.4** The powers of expenditure as per Delegation of Financial Powers Rules are further mentioned in OM dated 15th September, 2011 on the subject “Delegation of Financial Powers to Heads of Departments of Department of Revenue, CBDT and CBIC” issued under F. No. 15/6/2008-IFU.III dtd.15.09.2011 by the Joint Secretary & Financial Adviser (Finance). The same is required to be followed by all Heads of Department while sanctioning expenditure for the various items, as mentioned therein, under the major head of expenditure. A copy of the above mentioned Office Memorandum is placed at **Annexure -VIII**.

**5.5** Partial modification of the above referred OM was made vide OM dated Nov. 01, 2012 on the subject “Delegation of Financial Powers to Heads of Departments of CBDT and CBIC” issued under F. No. 15/6/2008-IFU-III by the Director (Fin-Rev). As per the said OM, the financial powers upto Rs.1 crore have been delegated to the Chief Commissioners of CBIC and CBDT for ‘Original Works for Office Accommodation only’, where the funds are provided under MoUD / CPWD Grants. A copy of the said Office Memorandum is placed at **Annexure-IX**.

**5.6** DGHRD has also circulated a letter dated 15.04.2013 issued under F. No. 919/07/R&M/DFR/HOD/HRD/2013 giving clarifications of the Ministry / IFU on certain issues relating to the OMs mentioned at Para 5.4 and 5.5 above. A copy of the said letter is placed at **Annexure-X**.

**5.7** Partial modification of the OM F. No. 15/6/2008-IFU.III dtd.15.09.2011 was made vide OM dated 17.08.2017 on the subject “Delegation of Financial Powers to Heads of Departments of CBDT and CBIC” issued under F. No. 14/11/2017-IFU (B&A) DT dated 16.08.2017. As per the said OM, the financial powers upto Rs.60/90 lakhs per annum have been delegated to the Head of Departments of CBIC and CBDT for ‘Outsourcing of Services’. A copy of the said Office Memorandum is placed at **Annexure-X A**.

**5.8** With the announcement in the Union Budget 2016-17 of doing away with Plan/ Non-Plan distinction at the end of the 12<sup>th</sup> Five Year Plan, revised guidelines relating to the formulation, appraisal and approval of public funded schemes and projects, except matters required to be placed before the Cabinet Committee on Security, were issued by the **Department of Expenditure, Ministry of Finance vide OM No. 24(35)/PF-II/2012 dated 05 August, 2016. A copy of the said OMs is placed at Annexure-X-B.**



## Employee Master and Related Functionalities

- Expected to bring preparation of centralized employee master by 1<sup>st</sup> January 2015.
- The DDOs will be required to capture all details of employees under them.
- The Pay Bill preparation and other related bill processing will be brought online on the PFMS.
- Centralized GPF

# CHAPTER – 6

## NEW INSTRUMENT OF SERVICE

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**6.1** As per **Rule 63, GFR 2017**, 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 of GFR, 2017**.

Expenditure on ‘New Service’ not contemplated in the budget of the year, cannot be incurred in any financial year, except after obtaining a supplementary grant of appropriation or an advance from the Contingency Fund of India.

**6.2** The provisions relating to New Service/New Instruments of Services are contained in F. No. F.1 (23)-B (AC)/2005 dated 25th May, 2006 as issued by Department of Economic Affairs, Budget Division; Ministry of Finance is placed at **Annexure – XI**.

**6.3** Wherever the proposed estimates attract the limitations of 'New Service/New Instrument of Service', the fact must be specifically highlighted. The guidelines to be followed in this regard are indicated in Annexure - I to Appendix-3. For all 'new' schemes, other than purely 'works' projects, the estimates proposed should be supported by details set out in Annexure - II to Appendix-3. In the case of provisions of 'Grants-in-aid' to non-Government entities, the full purpose thereof and the nature of the grants, whether recurring or non-recurring, should also be indicated.

**6.4** The details in respect of any proposal for inclusion of provision for a new service are required to be furnished in the prescribed form called “Memorandum for Proposals Involving Expenditure on New Service or New Instrument of Service” as given in Annexure -II to Appendix-3 of GFR, 2017. In accordance with the commitment made in the Fiscal Policy Strategy Statement (Budget 2005-06) under the mandate of the Fiscal Responsibility and Budget Management (FRBM) Legislation and in pursuance of the approval of Public Accounts Committee (2005-06) in the twenty third report (Fourteenth Lok Sabha) on the proposals for review of Financial Limits to be observed in determining the cases relating to ‘New Service’ / ‘New Instrument of Service’ for re-appropriation of funds, which has the concurrence of the C&AG.

The revised guidelines for re-appropriation of funds were conveyed vide O.M. No F.1 (23)-B (AC)/2005 dated 25<sup>th</sup> May 2006 in modification of Finance Ministry’s Office Memorandum No. F.7 (15)-B (RA)/82 dated 13th April 1982.

**6.5** It is advisable that the budget circular of a specific year should also be consulted/ followed while proposing 'New Service' / 'New Instrument of Service'.

**6.6** Circumstances for obtaining Supplementary Grants for Expenditure qualifying as 'New Service / New Instrument of Service' and the reporting procedure thereof are as under:

- (i) If sufficient savings are available within the same section of the relevant grants for meeting additional expenditure to the extent mentioned in column 2 of the annexure to the O.M., re-appropriation can be made subject to report to Parliament.
- (ii) The report of Parliament should ordinarily be made through the ensuing batch of Supplementary Demands for Grants, failing which, by adding an Annexure in the Detailed Demands of the Ministry / Department for the ensuing year.
- (iii) A suitable write-up of such cases, where possible, may also be made in the Notes on Demands for Grants of the Ministry / Department.
- (iv) Mere depiction of augmented provision in the Revised Estimates included in the Demands for Grant will not be adequate to meet the requirement to incur expenditure. In cases where the financial limits of 'New Service / New Instruments of Service' are attracted, approval of Parliament may be obtained for incurring such expenditure through supplementary demands for grants.
- (v) The provisions in the 'Vote on Account' are not intended to be used for expenditure on any 'New Service / New Instrument of Service'. In cases of urgency, expenditure on a 'New Service' during Vote on Account period can, therefore, be incurred only by obtaining an advance from the Contingency Fund in the manner recommended by the Sixth Lok Sabha Committee on the Papers Laid on the Table in their 4th Report (as referred to in para 2(iv) of the O.M. dated 25th May 2006). Such advances will be resumed to the Contingency Fund on enactment of Appropriation Act in respect of expenditure for the whole year.

# CHAPTER – 7

## ADVANCES TO GOVERNMENT SERVANTS

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**7.1** The Government provides various types of advances to a Government servant for catering to his personal needs, looking to his requirement. It is an important welfare measure. A Competent Authority may grant advances to Government servants from public funds in accordance with the Compendium of Rules on Advances to Government Servants which came into force from 1st July 2005 vide G.I., M.F., O.M. No.8/9E.II(A)/2003 dated the 1st July, 2005, as amended / revised from time to time. For sanctioning an advance to the Government servant, the said rules are required to be followed by the Competent Sanctioning Authority.

**7.2** Certain advances carry interest while others are interest free. The details of such advances are as follows:

### **7.2.1 Interest Free Advances**

1. Advance of T.A. on tour.
2. Advance of T.A. on transfer.
3. Advance of T.A. on retirement.
4. Advance of T.A. to a family of a deceased Government servant.
5. Advance in connection with Leave Travel Concession.
6. Advance in first appointment / deputation and leave ex- India.
7. Advance from General Provident Fund.
8. Advance for Medical Treatment.
9. Advance to provide for immediate relief to the families of Government servants who die while in service.
10. Advance for payment of fees for training in Hindi Typewriter and Hindi Stenography at the private training institutions.

### **7.2.2 Interest Bearing Advances**

1. Advance for purchase of personal computer.
2. Advance for construction / purchase of house / flat / enlargement of living accommodation.

EMC, DGHRD places the funds with the Budgetary authorities for rendering the following advances:

- (i) House Building Advance (HBA)
- (ii) Other Advance (OA) and
- (iii) Computer Advance (CA)

### **7.3 IMPORTANT NOTE:**

**Discontinuation of few advances** on the recommendations of the Seventh Pay Commission.

In pursuance of the decision taken by the Government on the Seventh Pay Commission's recommendations relating to **advances, interest-bearing advances relating to Motor Car Advance and Motorcycle / Scooter / Moped Advance** will stand **discontinued**. {Ref: OM No. 12(1)/EII(A)/2016 Dated 7<sup>th</sup> October, 2016 attached as Annexure-XVII A & XVII B.

**7.4** The advances are to be sanctioned and disbursed by the respective competent authorities as per extant rules. Therefore, the competent authority may refer to the relevant rules relating to advances to Government servants as per **"Compendium of Rules on Advances to Government Servants"**. The conditions of grant of advances for the purchase of conveyances and all other conditions laid down in the Compendium regulating the sanctioning of motor car advance will apply to the advance which may be sanctioned for the purchase of a personal computer etc. as reproduced below:

#### **I. GENERAL**

**Rule 1.** A competent authority may grant advances from public funds in accordance with the provisions contained in this Compendium.

**Rule 2.** The competent authority shall charge simple interest at such rates as may be specified by the Ministry of Finance from time to time for this purpose.

**Rule 3.** A subordinate authority empowered to sanction a cash grant may sanction any advance not exceeding the amount of the cash grant.

**Rule 4.** An advance from public funds shall not be granted to a Government servant without a substantive appointment, except as provided in Rule 5, and the grant of the advance shall be subject to such general or special instructions as may be issued from time to time by the Finance Ministry: Provided that this restriction shall not apply in the case of advances which may be sanctioned under Section XII of this Compendium.

**Rule 5.** A Government servant without a substantive appointment may be granted an advance from public funds provided he furnishes along with his application for the grant of such advance, a Surety Bond in Form 1 of the Compendium, from a permanent Central Government servant having a status comparable to, or higher than, that of the Government servant who applies for the advance.

**EXPLANATION** A permanent employee of a State Government, on deputation to the Central Government, is not required to furnish a Surety Bond.

**NOTE** - State Governments have agreed to accord reciprocal treatment, in the matter of grant of advances to permanent Central Government employees, on deputation for service under the State Governments.

**Rule 6.** If an advance is granted to a Government servant who is due to retire or whose services are likely to be terminated within the maximum period prescribed for its repayment, the number of instalments shall be so regulated that the repayment of advance with interest, if any, is completed before retirement, or termination of service, as the case may be.

**Rule 7. Amount of Advance.** The amount of advance, after it is determined in accordance with provisions contained in this Compendium should be rounded off to the nearest multiple of Rs.50. Provided that no such rounding off shall be done in respect of advances which may be sanctioned under Section XII of this Compendium.

**Rule 8. Instalment of Repayment.** Each instalment on account of repayment of advance except the last one shall be a number of whole rupees; the amount of the last instalment being raised or reduced, if necessary, to admit of the fixation of such instalment and recovery of the balance including any fraction of a rupee.

**Rule 9. Variation in the amount of instalments.** Where the advance is adjusted by repayment in monthly instalments, an authority competent to sanction an advance may, in exceptional cases, vary the amount of such instalments provided that-

- (i) In the case of interest-bearing advances, the whole amount of advance is completely recovered in the number of instalments not exceeding that initially fixed for repayment of the advance;
- (ii) The amount of monthly instalment shall not be reduced only on the ground that the Government servant is drawing leave salary or subsistence allowance as distinct from pay.

**Rule 10. Availability of funds.** No sanction for the payment of an advance shall be issued unless the authority competent to sanction the advance has satisfied himself that funds are available in the year in which the amount of the advance is to be paid and every such sanction must clearly indicate that funds are so available.

**Rule 11. Meaning of the word "Pay".** For the purposes of the rules in this Compendium 'Pay' shall mean pay as defined in FR 9(21)(a)(i).

**NOTE 1.** In the case of a Government servant, who has not opted for the revised scale of pay in terms of the Central Civil Services (Revised Pay) Rules, 1997, pay for the purpose of these rules shall mean basic pay as drawn in the existing scale and shall include Dearness Allowance up to AICPI 1510, Interim Reliefs I and II as were admissible as on 31-12-1995.

**NOTE 2.** Non-Practising Allowance sanctioned to medical posts may be treated as part of 'Pay' for the purposes of sanctioning of advances contained in this Compendium.

**Rule 12. Detailed Accounts of Individual Advances. –**

- (a) Heads of Offices will effect recovery of the advances granted in accordance with the provisions of the rules contained in this Compendium, and of interest, if any, recoverable, and see that the conditions attached to each advance are fulfilled.
- (b) Subject to such general or specific directions as may be given by the Controller- General of Accounts on the advice of the Comptroller and Auditor-General in this behalf, detailed accounts of individual advances in respect of advances paid under the rules contained in Section III and XVII of this Compendium (generally referred to as 'long term' advances) will be maintained by the Accounts Officers.
- (c) Heads of Offices will maintain detailed accounts of advances granted to Government servants in terms of the rules contained in Sections IV, V, V-A, X, XI and XV of this Compendium (generally referred to as 'short term' advances) and submit returns to Accounts Officers, in the manner indicated in Annexure 'A' to this Compendium.

**Rule 13. Irrecoverable advances.** An officer who is responsible for the detailed control, accounting and supervision of advances shall, as soon as any advance is found to be irrecoverable, take necessary steps to get the advances written off the accounts under the sanction of the appropriate authority and advise the Accounts Officer accordingly in order that he may make the necessary adjustment in the accounts and shall also maintain a record of advances so written off in order that any possible recovery may be eventually effected.

**Rule 14. Date of drawal of an Advance.-** For the under-mentioned purposes the date of drawal of an advance sanctioned for the purchase of a conveyance shall be:

- a. the date of issue of the cheque by the Treasury Officer/Accounts Officer where personal cheques are drawn in favour of the Government servant; and
- b. the date of actual disbursement of the Government servants whose pay is drawn on establishment bills and who are disbursed the advance by the Head of Office after drawing the money from the Treasury / Bank-
  - (i) Recovery of the first installment towards repayment of the advance (vide Rule 24).
  - (ii) Completion of negotiations and purchase of the motor car / motor cycle (vide Rule 28).
  - (iii) Calculation of interest (vide Rule 20).

## **II. SPECIAL CONDITION OF GRANT OF ADVANCES FOR THE PURCHASE OF MOTOR CARS AND MOTOR CYCLES**

### **A. MOTOR CARS**

**Rule 21 (1). Amount of Advance.** The total amount of advance which may be granted to a Government servant for the purchase of a motor car for the first occasion shall not exceed Rs.1,80,000/- (Rupees One Lakh eighty thousand) or eight months' basic pay and dearness pay of the Government servant taken together, or the anticipated price of the motor car, to be purchased by the Government servant, whichever is the least. If the actual price of the motor car purchased by the Government servant is less than the amount of advance, then he shall refund the balance to Government forthwith.

**Rule 21 (2). Quantum of advance.** The quantum of advance that may be granted on the second or subsequent occasions for the purchase of a motor car shall not exceed Rs.1,60,000/- (Rupees One Lakh Sixty Thousand) or eight months' basic pay and dearness pay of the Government servant taken together, or the anticipated price of motor car to be purchased, whichever is the least.

Such second or subsequent advances for the purchase of a motor car will be admissible only after four years, reckoned from the date of drawal of the last advance, have elapsed. Provided that this restriction of 4 years shall not apply in the following cases:-

- (a) Where an advance had been allowed earlier for the purchase of a motor cycle but it is desired to draw the advance for the purchase of motor car.
- (b) Where a Government servant disposes of his motor car in India prior to his posting abroad or deputation/training abroad lasting more than one year and returns to India without a motor car.
- (c) Where a Government servant is appointed to a regular post abroad and does not take his motor car along with him.

**NOTE 1.** The word "price" used in the above sub-rules includes the Registration money paid for in advance by the Government servant to the dealer while booking for the new car and which is later adjusted by the dealer on allotment/delivery towards the price of the new car.

**NOTE 2.** Where a Government servant desire to keep two vehicles of different types, i.e., a motor car and a motor cycle/ scooter and has purchased one type of vehicle with the advance drawn from the Government and wants to have advance for purchasing a different type of vehicle, he may be sanctioned the same under the provisions of the Compendium, as amended from time to time, without being required to sell the previous vehicle, provided he repays the outstanding amount of advance with interest before drawing the fresh advance. An advance given in such a case will be treated as second advance.

**Rule 21 (3).** A Government servant holding regular post abroad or on training/ deputation abroad for period exceeding one year who is otherwise eligible for the grant of motor car advance under these rules may be granted an advance admissible to him in the above sub-rules in two instalments-first at the time of purchase of the car abroad and the second at the time of payment of Customs Duty on the car brought in India on completion of his tenure.

**NOTE 1.** In this rule, the expression “actual price” includes Sales Tax and the cost of such items, e.g., spare wheel, tyre and a tube or a pillion seat in a scooter, on the purchase of which the purchaser has no choice. It does not, however, cover the cost of certain accessories, e.g., radio in the car, plastic covers, which are not essential and are purchased by the customer of his own volition. Insurance and registration charges of the vehicle are also not included in “actual price”.

**NOTE 2.** The expression “actual price” used in this rule shall also cover in the case of first purchase, the following items: -

- (i) the cost of transportation of the conveyance up to the place of the duty of Government servant concerned at the time of purchase irrespective of whether the transport is arranged by the distributors or by the Government servant himself; and
- (ii) the octroi charges actually paid.

**NOTE 3.** The maximum amount of the advance for the purchase of a motor car by officers of the Indian Foreign Service or Central Government servants holding regular posts abroad will be the amount specified in this rule or the amount admissible from the foreign exchange angle, whichever is less. In this case, the ‘actual price’ may also include purchase tax payable outside India and Customs duty payable in India.

**Rule 21. (4)** A Government servant who fulfils the conditions specified in Rule 21 (3) for the grant of advance for payment of Customs duty and who has not drawn advance in terms of Rules 21(1) and (2) for the purchase of motor car, may be sanctioned the advance for payment of Customs duty levied on the car brought along with him to India, in one instalment, as per his entitlement in terms of Rule 21(1). The advance paid for payment of Customs duty should be regulated in accordance with the provisions of rules for sanctioning advance for the purchase of motor car.

#### **7.4. III CONDITIONS OF GRANT OF COMPUTER ADVANCE**

**Rule 21 (5)** The Computer advance will be allowed maximum five times in the entire service.

<b>Advance</b>		<b>Quantum</b>	<b>Eligibility Criteria</b>
Personal Advance	Computer	Rs. 50,000 or actual price of PC, whichever is lower	All government employees

## **Conditions of sanction**

- a. The Government servant, who has already drawn an advance for purchase of a personal computer and a period of 3 (three) years has not elapsed from the date of drawal of the earlier advance, shall not be eligible for the grant of second or subsequent advance for the purchase of a personal computer.
- b. The personal computer will be required to be mortgaged in the name of the President and for this purpose Form IV of the Compendium, may be used by substituting the words 'motor vehicle' with the words 'personal computer'. Similarly, Forms of Agreement for drawing an advance for the purchase of motor car may be used by substituting the words 'motor vehicle' with the words 'personal computer'. Make, Model and Chassis No. of the personal computer may be entered in the Mortgage Deed.
- c. An application for the grant of advance for the purchase of a personal computer shall be required to be made in Form VI of the Compendium.
- d. No advance for payment of custom duty on the personal computer shall be sanctioned.

## **Recovery of advance**

- (1) The advance sanctioned for the purchase of a personal computer shall be recovered in such number of equal monthly instalments as the Government servant may elect, but not exceeding 150.
- (2) Total recoveries on account of all advances including computer advance, taken by a Government servant shall not exceed 50% of the total emoluments.

## **Interest**

- (1) Simple interest at such rates as may be fixed by Government from time to time for the motor car advance shall be charged on advance granted to Government servants for the purchase of personal computer.

All other conditions laid down here regulating the sanctioning of motor car advance will apply to the advance which may be sanctioned for the purchase of a personal computer.

## **7.5 SPECIAL CONDITIONS FOR GRANT OF ADVANCES TO GOVERNMENT SERVANTS FOR BUILDING HOUSES, ETC.**

**Rule 86.** Advances to Government servants for the purpose of building houses, etc., shall be regulated by the rules issued by Government from time to time.

**NOTE.** The Rules to regulate the grant of advances to Central Government Servants for building, etc., of houses, issued by the Ministry of Urban Affairs

with the concurrence of the Finance Ministry have been published separately which may be referred to.

**7.6 General instructions** for the maintenance of detailed accounts of advances paid to Government Servants under rules should also be followed. Please refer to the rules contained in Sections IV, V, V-A, X, XI and XV of the Compendium of Rules on Advances to Government Servants (Annexure A of the Compendium). In this regard, the following points should be kept in mind:

- (1) Heads of offices should ensure that the conditions attached to grant of advances as per the relevant rules are fulfilled and that proper accounts are maintained and the recoveries of the advances and of interest wherever recoverable, are effected.
- (2) The payment of each such advance should be entered invariably and distinctly by each Drawing and Disbursing Officer (Departmental Officer) in the relevant column of the Pay Bill Register maintained in the Form TR-22-A. Monthly recoveries effected from individuals concerned and also of interest wherever recoverable should also be noted in the recoveries column (advance-wise) in that register. No separate register merely for watching the recoveries of advances individual-wise is required to be maintained by the departmental officers. A monthly abstract of recoveries (but not of interest) in Form 'A' appended should be prepared and attached to the last establishment Pay Bill for a month by each Drawing Officer and separate Monthly Abstract Schedules shall be prepared for advances accountable under separate units of appropriation (heads) appearing in the Demands for Grants. Office copies of the monthly abstracts should be maintained by them systematically and kept bound for each year separately.
- (3) Each departmental officer shall be wholly and solely responsible for effecting the recoveries of such advances. The relevant Pay and Accounts Officer shall check the Monthly Abstract Schedules soon after receipt, specially in regard to opening balances, accretions during the month, etc., and point out discrepancies, if any, for early scrutiny and settlement. He will also arrange to file the Abstract Schedules systematically DDO-wise in his office as these would serve as important documents for tallying with Accounts figures, etc., Internal check parties shall also verify that payment entries are properly made in the Pay Bill Registers and that recoveries are regularly effected and verify the entries in the Monthly Abstract Schedule and particulars of transfers 'in' and 'out' cases in Columns 3 and 5 thereof.
- (4) When a Government servant is transferred from one office to another, the amount of each such advance paid and the balance (instalment and amount) outstanding as on the date of transfer shall be mentioned in the 'Last Pay Certificate' to be issued by the departmental officer. (Where the transfer 'in' or 'out' is on foreign

service or on deputation to Railways/ P&T / Defence/State Governments, recoveries of principal and interest, if any, are to be remitted by means of cheque, by the Drawing and Disbursing Officer of the Department which effects the recoveries, to the Drawing and Disbursing Officer of the Department which would have paid the advance; but no cash settlement to pass on either credit or debit is to be effected between Drawing and Disbursing Officers in cases of transfers between Civil Ministries / Departments of Central Government. Simultaneously, he will enter the number of such transfers 'in' and transfers 'out' cases between Civil Departmental Offices and amount of outstanding advance adopted or dropped, as the case may be, in the monthly abstract of drawals and recoveries (From A).

- (5) Separate orders have been issued by Controller General of Accounts to various Principal Accounts Offices in regard to the reckoning of variations arising due to balances adopted / dropped by Drawing Officers on account of transfers 'in' and transfers 'out' cases of employees transferred between Civil Ministries / Departments of Central Government.

**7.7** Consequent upon decisions taken by Government on the recommendations of Seventh Central Tax Commission, the existing orders related to **Uniform Allowance** have been revised vide Department of Expenditure instructions dated 2<sup>nd</sup> August, 2017 of F.No.19051/1/2017-E.IV placed as **Annexure XVII-C**

**7.8** The existing Government instructions on the following advances are placed as **Annexure XVII-D**.

- (i) Reimbursement in respect of **Newspapers** supplied to officers at their residences.
- (ii) Facility of Telephone at the residence of entitled officers.
- (iii) Internet facility through Data Card.

**7.9** The latest instructions relating to Grant of **House Rent Allowance** (HRA) to Central Government Employees consequent to implementations of recommendations of Seventh Central Pay Commission issued vide Department of Expenditure instructions vide F.No.2/5/2017-E.II (B) dated 7<sup>th</sup> July, 2017 are placed as **Annexure XVII-E**.

# CHAPTER -8

## PROCUREMENT OF GOODS AND SERVICES

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### E-PROCUREMENT

- \* **E-Procurement {Rule 160, GFR 2017}**
- \*\* **Government e-Marketplace (GeM) {Rule 149, GFR 2017}**

### I. PROCUREMENT OF GOODS

**8.1** Procurement of goods and service required for use in public service is integral part of all Ministries and Departments for smooth and efficient functioning of office in general administration. The power of procuring goods in public interest is delegated with the authorities as per Delegation of Financial Powers Rules (DFPR). Such authorities have responsibility and accountability in matters of public procurement in this regard.

**8.2** Detailed rules of procurement of goods and service are prescribed in the **Rules 142 to 176 in Chapter-6 of the General Financial Rules, 2017 (GFR)**

### **8.3 FUNDAMENTAL PRINCIPLES OF PUBLIC BUYING (FOR ALL PROCUREMENTS INCLUDING PROCUREMENT OF WORKS).**

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

**8.3.1** The procedure to be followed in making public procurement must conform to the following yard sticks:-

- i. The description of the subject matter of procurement to the extent practicable should –
  - a. be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.
  - b. not indicate a requirement for a particular trade mark, trade name or brand.
- ii. The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential

- features, which may result in unwarranted expenditure.
- iii. Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist. Provided that a procuring entity may, for reasons to be recorded in writing, adopt any other technical specification.
  - iv. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
  - v. Offers should be invited following a fair, transparent and reasonable procedure.
  - vi. The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.
  - vii. The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required.
  - viii. At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
  - ix. A complete schedule of procurement cycle from date of issuing the tender to date of issuing the contract should be published when the tender is issued.
  - x. All Ministries/Departments shall prepare **Annual Procurement Plan** before the commencement of the year and the same should also be placed on their website.

#### **8.4 GOVERNMENT E-MARKET PLACE (GeM) (<https://gem.gov.in>)**

**8.4.1 As per Rule 149, GFR 2017** GeM is an e-Marketplace to be utilized by Government buyers for direct on-line purchase. DGS&D or any other agency authorized by the Government will host an online Government e-Marketplace (GeM) for common use Goods and Services. **The Procurement of Goods and Services by Ministries or Departments will be mandatory for Goods or Services available on GeM.** The credentials of suppliers on GeM shall be certified by DGS&D. The procuring authorities will certify the reasonability of rates.

**8.4.2** The GeM portal shall be utilized by the Government buyers for direct on-line purchases as under:-

- i. **Up to Rs.50,000/- through** any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period.
- ii. **Above Rs.50,000/- and up to Rs.30,00,000/-** through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online

- bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority.
- iii. **Above Rs.30,00,000/-** through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM.
  - iv. The invitation for the online e-bidding/reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/services under the particular product/service category, as per terms and conditions of GeM.
  - v. The above mentioned monetary ceiling is applicable only for purchases made through GeM. For purchases, if any, outside GeM, relevant GFR Rules shall apply.
  - vi. The Ministries/Departments shall work out their procurement requirements of Goods and Services on either “OPEX” model or “CAPEX” model as per their requirement/ suitability at the time of preparation of Budget Estimates (BE) and shall project their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval.
  - vii. The Government Buyers may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department’s own Last Purchase Price etc.
  - viii. A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.

**8.4.3** This is an initiative of the Directorate General of Supplies & Disposals (DGS&D) and National Institute of Financial Management (NIFM). Copy of “Quick Start Guide for Government Buyers” is placed as **Annexure-XIV-A and Annexure-XIV-B**.

**8.4.4** The procedures for payments to sellers / suppliers in GeM have been circulated vide Procurement Policy Division, Department of Expenditure, Ministry of Finance OM No. F.26/4/2016-PPD dated 20.09.2016, copy of which is placed as **Annexure-XV**.

**8.4.5** GeM will enhance transparency, efficiency and speed in public procurement. It will also provide the tools of e-bidding and reverse e-auction as well as demand aggregation to facilitate the government users to achieve the best value for the money. DGS&D is taking appropriate actions to align the existing rules to cater to GeM including swift payment to Suppliers / Sellers after successful delivery of Goods & Services.

**8.4.6** The **Proof of Concept (POC)** is being developed by DGS&D in association with NeGD (DeitY) for some Goods / Services namely Desktop Computers, Laptops, UPS, Air Conditioners and hiring of transport services. The POC for GeM will be opened for Central Government Departments and

CPSUs located in Delhi / NCR. Depending on the experience, more Goods & Services will be offered and also will be extended to other parts of the country. After comprehensive study through a consultant followed by engaging a Managed Service Provider (MSP), a full-fledged version of GeM has been positioned in March, 2017.

#### **8.5 RESERVED ITEMS AND OTHER PURCHASE/PRICE PREFERENCE POLICY. (Ref: Rule 153, GFR 2017)**

- i. The Central Government, through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from **Khadi Village Industries Commission (KVIC)**. It has also reserved all items of handloom textiles required by Central Government departments for exclusive purchase from KVIC and/or the notified handloom units of **Association of Corporations and Apex Societies of Handlooms (ACASH)**.
- ii. Ministry of Micro, Small and Medium Enterprises (MSME) have notified **procurement policy** under section 11 of the Micro, Small and Medium Enterprises Development Act, 2006.
- iii. The Central Government may, by notification, provide for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.

#### **8.6 PURCHASE OF GOODS WITHOUT QUOTATION**

Purchase of goods upto the value of Rs. 25,000 (Rupees twenty five thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format

*“I, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”*

#### **8.7 PURCHASE OF GOODS BY PURCHASE COMMITTEE. (Ref: Rule 154, GFR 2017)**

**8.7.1** Purchase of goods costing **above Rs. 25,000 (Rupees twenty five thousand only) and upto Rs.2,50,000/-** (Rupees two lakh and fifty thousand only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

*“Certified that we, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question, and it is not debarred by Department of Commerce or Ministry/ Department concerned.”*

### **8.7.2 Purchase of goods directly under Rate Contract.**

**As per Rule 156(1), GFR 2017** in case a Ministry or Department directly procures Central Purchase Organisation (e.g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the Rate Contract. The Ministry or Department shall make its own arrangement for inspection and testing of such goods where ever required. As per **Rule 156 (2)** The Central Purchase Organisation (e.g. DGS&D) should host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by the procuring Ministry or Department.

### **8.8 PURCHASE OF GOODS BY OBTAINING BIDS.**

**(Ref: Rule 158, GFR 2017)**

Except in cases covered under Rule 154,155, and 156(1), Ministries or Departments shall procure goods under the powers referred to in Rule 147 above by following the standard method of obtaining bids in : (i) Advertised Tender Enquiry (ii) Limited Tender Enquiry (iii) Two-Stage Bidding (iv) Single Tender Enquiry (v) Electronic Reverse Auctions.

### **8.9 E-PUBLISHING**

**(Ref: Rule 159, GFR 2017)**

- i. It is mandatory for all Ministries/ Departments of the Central Government, their attached and Subordinate Offices and Autonomous /Statutory Bodies to publish their tender enquiries, corrigenda thereon and details of bid awards on the **Central Public Procurement Portal (CPPP)**.
- ii. Individual cases where confidentiality is required, for reasons of national security, would be exempted from the mandatory e-publishing requirement. The decision to exempt any case on the said grounds should be approved by the Secretary of the Ministry/ Department with the concurrence of the concerned Financial Advisor. In the case of Autonomous Bodies and Statutory Bodies’ approval of the Head of the Body with the concurrence of the Head of the Finance should be obtained in each such case. Statistical information on the number of cases in which exemption was granted and the value of the concerned contract should be intimated on a Quarterly basis to the Ministry of Finance, Department of Expenditure.

- iii. The above instructions apply to all Tender Enquiries, Requests for Proposals, Requests for Expressions of Interest, Notice for pre Qualification/ Registration or any other notice inviting bids or proposals in any form whether they are advertised, issued to limited number of parties or to a single party.
- iv. In the case of procurements made through DGS&D Rate Contracts or through any other Central Procurement Organizations (CPOs) only award details need to be published.
- v. These instructions would not apply to procurements made in terms of provisions of Rules 154 (Purchase of goods without quotations) or 155 (Purchase of goods by purchase committee) of General Financial Rules.

## **8.10 E-PROCUREMENT (Ref: Rule 160, GFR 2017)**

- i. **It is mandatory for Ministries/ Departments to receive all bids through e-procurement portals in respect of all procurements.**
- ii. Ministries/ Departments which do not have a large volume of procurement or carry out procurements required only for day-to-day running of offices and also have not initiated e-procurement through any other solution provided so far, may use e-procurement solution developed by NIC. Other Ministries/ Departments may either use e-procurement solution developed by NIC or engage any other service provider following due process.
- iii. These instructions will not apply to procurements made by Ministries / Departments through DGS&D Rate Contracts.
- iv. In individual case where national security and strategic considerations demands confidentiality, Ministries/ Departments may exempt such cases from e-procurement after seeking approval of concerned Secretary and with concurrence of Financial Advisers.
- v. In case of tenders floated by Indian Missions Abroad, Competent Authority to decide the tender, may exempt such case from e - procurement.

**8.10.1** Department of Expenditure, Ministry of Finance have issued instructions for mandatory publication of all tender enquiries, corrigenda thereto and details of contracts awarded thereon on the Central Public Procurement Portal (CPP Portal) by all Ministries / Departments, their attached and subordinate offices, Central Public Sector Enterprises and autonomous / statutory bodies. These instructions further envisaged implementation of comprehensive end-to-end e-procurement.

**8.10.2** With effect from 1<sup>st</sup> April, 2016, all Commissionerates/Directorates working under CBIC and all attached/ subordinate offices, etc. were required to commence e-procurement for all goods/services having value of Rs.2 lakh and above compulsorily and to publish their tender enquiries, corrigenda thereto and details of bids awarded on the CPP Portal.

**8.10.3** DG,HRD, vide OM Nos. 900/33/Admn./e-Procurement/HRD/2015 dated 7.7.2015;19.10.2105 & 1.1.2016 has advised the field

formations to commence e-procurement in respect of all procurements having tender value of more than two lakh w.e.f FY 2016-17 ( **Annexures XIII-A1/A2/A3**).

**8.10.4** CBIC has opted for the e-Procurement solution developed by NIC accessible through CPP Portal for implementation of e-Procurement system in CBIC in consultation with NIC to provide the services and to give training to the officers of the CBIC in a phased manner.

**8.10.5** DGHRD, in coordination with NIC, has been organizing trainings for all the CBIC formations for “Implementation of e-Procurement” in a phased manner at NACIN and its RTIs all over the country. E-Procurement shall be enabled only in those Commissionerates/Directorates who have received training and are mapped on the module and will not process tenders manually thereafter.

**8.10.6** NIC has developed an e-procurement solution which may be accessed through the link <http://eprocure.gov.in>). Detailed guidelines on using the solution on e-procurement have been circulated by NIC separately and the same is also available on the CPP Portal. OM No. 10/1/2011-PPC dated 30<sup>th</sup> November, 2011, No. 10/3/2012-PPC dated 30<sup>th</sup> March, 2012 and No. 10/3/2012-PPC dated 9<sup>th</sup> January, 2014 related to e-tendering are placed as **Annexure – XIII-B**.

#### **8.10.7 General Guidelines for e-procurement under Central Public Procurement Portal ([eprocure.gov.in](http://eprocure.gov.in))**

1. Office Memorandums dated 30<sup>th</sup> March, 2012, 9<sup>th</sup> Jan, 2014 & 21<sup>st</sup> January 2016 and other OMs (please refer ‘Instructions related to CPPP’ at [eprocure.gov.in](http://eprocure.gov.in)) issued by the Department of Expenditure, Ministry of Finance **mandates all Ministries/Department of Central Government their attached and subordinated offices, Central Public Sector Enterprises (CPSEs) and Autonomous / Statutory Bodies to commence e-Procurement in respect of all procurements.**

2. For facilitating Ministries/Departments, NIC is implementing its own e-Procurement application called Govt. e-Procurement System of NIC (GePNIC), which is accessible through the Central Public Procurement (CPP) Portal ([URL:http://eprocure.gov.in](http://eprocure.gov.in)).

3. Ministries/Departments/Organisations indenting to use e-Procurement solution of NIC may write a letter to NIC (may also mail to [cphp-nic@nic.in](mailto:cphp-nic@nic.in)) clearly indicating their intent along with volume (number) of tenders to be floated in a year. In addition, may also specify number of locations from where tenders are being published. Any other special requirements may also be indicated. These details would facilitate NIC in estimating the load on the back-end/ infrastructure and other support system required to support concerned Ministries / Departments/ Organisations under CPP Portal. NIC may submit a proposal indicating the timelines and cost considerations to augment (if required) in providing required e-Procurement support to Ministries/Departments/Organisations under CPPP.

4. The table below shows the key differences between **e-Publishing** module and **e-Procurement** module of NIC accessible through the CPP Portal.

e-Publishing Module	e-Procurement Module
<ol style="list-style-type: none"> <li>1. Entails publishing of all tender enquiries, corrigenda thereto and awards of contract thereon on the CPP Portal.</li> <li>2. Under e-Publishing, the User Organisations will <b>continue to invite bids in paper based format</b>.</li> <li>3. User Organisations are required to define <b>two roles</b> for their officials authorized to use this module, viz.</li> <li>4. <b>Tender Creator</b> - responsible for filling up and uploading the details of a tender enquiry / corrigenda / award of Contract on the CPP Portal.</li> <li>5. <b>Tender Publisher</b> - responsible for publishing the tender enquiry /corrigenda / award of contract created by the Tender Creator on the CPP Portal.</li> <li>6. All authorized department users, from the User Organisations, can login using a login ID and password assigned to them, to operate the e-Publishing module of the CPP Portal. They do not need any Additional mode of authentication.</li> <li>7. e-Publishing <b>does not require the bidder to enroll on the CPP Portal</b>, since the bids will continue to be submitted in the paper based format.</li> </ol>	<ol style="list-style-type: none"> <li>1. Covers the complete tendering process starting from online publishing of tender enquiries, online bid submission by the bidders, online bid opening, uploading of bid evaluation results and publication of award of Contract.</li> <li>2. Under e-Procurement, <b>the complete tendering will be online</b>, including the submission of bids by the bidders,</li> <li>3. <b>Two additional roles</b> viz.</li> <li>4. The role of <b>Bid Opener</b> is Critical for e-Procurement. Bid openers should be identified for each tender at the time of publishing of the tender Enquiry.</li> <li>5. <b>Bid Evaluator</b> - authorized to upload the results of the various stages of bid Evaluation on the CPP Portal</li> <li>6. Minimum of 4 Bid openers must be configured against each tender to avoid any issues in tender opening.</li> <li>7. At least 5 Digital Signature Certificate is required to complete one tender cycle</li> <li>8. All authorized department users, from the User Organisations, will be required to have valid Digital Signature Certificates (DSCs), in addition to their user ID and password, to be able to operate the e-Procurement Module.</li> <li>9. Procurement <b>requires the bidders to enrol on the CPP Portal, using a valid Digital Signature Certificate (DSC)</b> and Valid email address. The bidders</li> </ol>

	will be required to submit their bids online on the e-Procurement Module
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## ePublishing vs. eProcurement

Features	ePublishing	eProcurement
Online Tender Creation	✔	✔
Online Tender Publishing	✔	✔
Online Corrigendum	✔	✔
Online Bid Submission	✘	✔
Online Bid Opening	✘	✔
Evaluation Result Upload	✘	✔
User : 1. Tender Creator	✔	✔
User : 2. Tender Publisher	✔	✔
User : 3. Tender Opener	✘	✔
User : 4. Tender Evaluator	✘	✔
Digital Signature Certificate	✘	✔
Online Award of Contract	✔	✔



### 8.10.8 Pre-requisites and Guidelines for using the E-Procurement Module

The following document provides the pre-requisites and guidelines for using the e-Procurement module of NIC under CPPP.

#### A. Enrolment on e-Procurement module under CPPP

To enrol, each User Organisation (Ministry/Department, attached or subordinated office) should follow the steps listed below:

##### I. Acquire Digital Signature Certificates(DSCs)

To carry out e-Procurement using NIC's e-Procurement Module, the authorised users of the User Organisation will be required to obtain valid DSCs. DSCs may be obtained from any authorised agency registered with the Certifying Authority (CA) in India. Authorised users will be required to procure DSC (both Signing and Encryption) of Class-II or Class-III DSCs.

## How to get enrolled for e-Procurement

- First get a class 2 Digital Signature Certificate (DSC) with signing and encryption key, from authorized vendors (List of authorized vendors available at [https://eprocure.gov.in/eprocure/app?component=%24DirectLink & page=DSCInfo&Service=direct&Session=T](https://eprocure.gov.in/eprocure/app?component=%24DirectLink&page=DSCInfo&Service=direct&Session=T)).
- Download Nodal officer Account creation form (available at CPPP <https://eprocure.gov.in/cppp/downloaddisp>) and send the duly filled form to DGHRD (Nodal Officer can be an Assistant Commissioner or above level officer).
- Nodal Officer Account will be created by DGHRD.
- Nodal Officer will map his/her DSC to his/her account on CPP Portal.
- Nodal Office will create at least Four Department Users (each having a class 2 DSC)
- Each user will submit a duly filled Application Form for Creation of User Account (available at <https://eprocure.gov.in/cppp/downloaddisp>) to their concerned the Nodal Officer.
- Roles of tender Creator/Publisher/Bid Opener/Evaluator (all four roles to each user) will be assigned to Department users by the Nodal Officer.
- Each Department user will map his/her own DSC to their account or IDs on CPP Portal..

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### Transition From Manual Tendering to e-Procurement

<b>Step 1</b>	Getting enrolled on Central Public Procurement (CPP) Portal
<b>Step 2</b>	Getting trained for e-Procurement with the help of DGHRD and NIC
<b>Step 3</b>	Practicing for preparing tenders and BOQs (Bill of Quantity)
<b>Step 4</b>	Going live with e-tendering on CPP Portal

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## II. Selection/ Nomination of Nodal Officer

Each User Organisation (Ministry/ Department, attached or subordinated office) is required to nominate one official as nodal officer in e-Procurement module who would manage user accounts of concerned user organisation in the e-Procurement module. For details, pl refer Annexure-1. User Organisations should submit filled-in Nodal Officer Account Creation form to NIC / [cppp-nic@nic.in](mailto:cppp-nic@nic.in). On creation of nodal officer account in e-Procurement module under CPPP, Nodal officer should (a) Set Password & (b) Mapping of DSC with the account.

## III. Setting up of Organizational Hierarchy for mapping on the CPP Portal

Every User Organisation has to ensure that their organisational structure/hierarchy (of tender floating locations only) is properly mapped in

e-Procurement Module. The sample format given under **Annexure XIII-C** may kindly be modified according to user organisation hierarchy and may mail to DGHRD ([dghrdCBIC.admn@gov.in](mailto:dghrdCBIC.admn@gov.in)) NIC/ [cphp-nic@nic.in](mailto:cphp-nic@nic.in) for its creation.







#### **IV. Creation of User Accounts for officials of the User Organisation**



The Nodal Officer/ sub-Nodal Officer(s) of each User Organisation will authorise users within the organisation for various roles such as Tender Creator, Tender Publisher, Bid Opener and Bid Evaluator who would use the e-Procurement module. For further details, please refer Annexure 1.

#### **V. Mapping of DSCs for all user accounts created in the User Organisation**

The authorised users will be required to Set Password as well as map their DSCs with their respective user profiles created by the Nodal Officer on the e-Procurement module.

### **Usage of Digital Signature Certificates (DSC's)**

-  DSC is issued to an individual, not to the Post/ Designation. Owner to keep it safely and avoid misuse by others.
-  If retired, this has to be returned back to the concerned department.
-  If transferred to another dept, the DSC can be continued to be used in the new dept.
-  DSC's comes with a validity of 2 to 3 years
-  Users are requested to keep a copy of encryption certificate in their mail or any other storage for future purpose.
-  After validity period is over, the DSC has to be renewed without fail and Token not to be initialized.

Govt. eProcurement System of National Informatics Centre (GePNIC)

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#### **VI. Assistance in floating of First /Pilot Tender in selected locations.**

User Organisation has to modify its tender document for e-Procurement (e-compliance) prior to publishing on the e-Procurement module under CPPP. **Notice Inviting Tender in .pdf format is mandatory.** Also, **e-Compliant Tender Document is required.**

User Organisation, if required, may request NIC / [cphp-nic@nic.in](mailto:cphp-nic@nic.in) well in advance, for any assistance in floating of its first/ pilot Tender. Based on the availability of manpower with NIC prevalent at that time, may provide required support at selected locations. Deputed manpower would guide user

organisation on e-Tendering aspects only. Logistics support, if any, may be provided by concerned user organisation.

If required, for onsite continuous hand holding support / training services in user organisation, Facility Management Partner (FMP) manpower may be hired thru NICS empanelled vendors in consultation with NIC.

## VII. Training / Assistance in implementing e-Procurement Solution of NIC

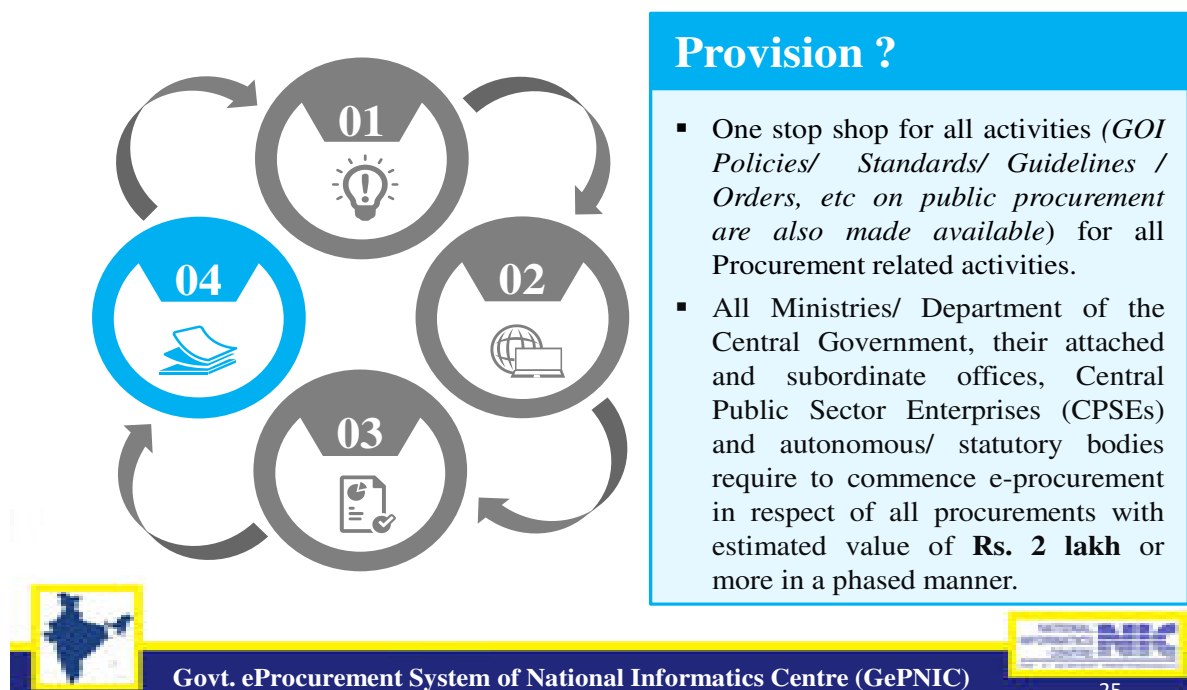
Users Organisations may attend training on e-Procurement under CPPP at:

- The training session of “Training Program on Public Procurement” held at National Institute of Financial Management (NIFM), Faridabad
- Web learning sessions (daily) on e-Procurement.
- Details and schedule for above mentioned trainings is available on <https://eprocure.gov.in/cppp/trainingdisp>.

### 8.11 ABOUT CENTRAL PUBLIC PROCUREMENT PORTAL (CPPP)

## Central Public Procurement Portal

(<https://eprocure.gov.in>)



**8.11.1** In pursuance of the recommendations of the Committee on Public Procurement headed by Shri Vinod Dhall and the decisions thereon of the Group of Ministers constituted to consider measures to tackle corruption and ensure transparency, the Department of Expenditure has taken action for setting up a Central Public Procurement Portal (CPP Portal). National

Informatics Centre (NNIC) has been given the responsibility for setting up this portal.

**8.11.2** The complete backend hardware and software support for implementation of the system will be from NIC. The user department has to make provisions for the front end infrastructure such as desktop system, printer & scanner, NICNET/ internet connection.

**8.11.3** The primary objective of the portal is to provide a single point access to the information on procurements made across various Ministries and the line Departments. The CPP Portal is accessible at the URL <http://eprocure.gov.in> and it has e-publishing and e-procurement modules. It will be mandatory for all Ministries / Departments of the Central Government, Central Public Sector Enterprises (CPSEs) and Autonomous and Statutory Bodies to publish all their tender enquiries issued on or after the following dates, on the CCPP Portal:

- a. In the case of Ministries / Departments and their attached and subordinate offices w.e.f. 1st January 2012 ;
- b. In the case of CPSEs w.e.f. 1st February 2012 ;
- c. In the case of Autonomous / Statutory Bodies w.e.f. 1st April 2012.

## **8.12 HOW TO PUBLISH TENDER INFO ON CPPP?**

- ✓ Use e-Publishing Module of NIC <http://eprocure.gov.in/> e-publish, if bids are received manually.
- ✓ Only Publishing of Tenders/ Corrigenda and AoC.
- ✓ Free for use by all. Only user account is to be created and Digital Signature Certificate (DSC) is not required.
- ✓ Mail to: [cphp-nic@nic.in](mailto:cphp-nic@nic.in) for creation of organisation structure as well as nodal officer account. Nodal officer would then create further user accounts.
- ✓ Details are automatically pushed on to the CPPP portal.

## **8.13 HOW TO JOIN E-PROCUREMENT UNDER CPPP :**

- ❖ By completing required formalities, e-Procurement under CPPP (<http://eprocure.gov.in/eprocure>) can be joined.
- ❖ It covers complete e-Tendering cycle starting from Publishing, Bid Submission, Bid Opening, Uploading of results of Evaluation & AoC and also other modules.
- ❖ DSC is mandatory in addition to user account.
- ❖ Details of Tender documents/ Corrigenda/AoC are automatically pushed on to the CPPP portal.

## **8.14 REGISTRATION FOR XML & DATA TRANSFER METHOD**

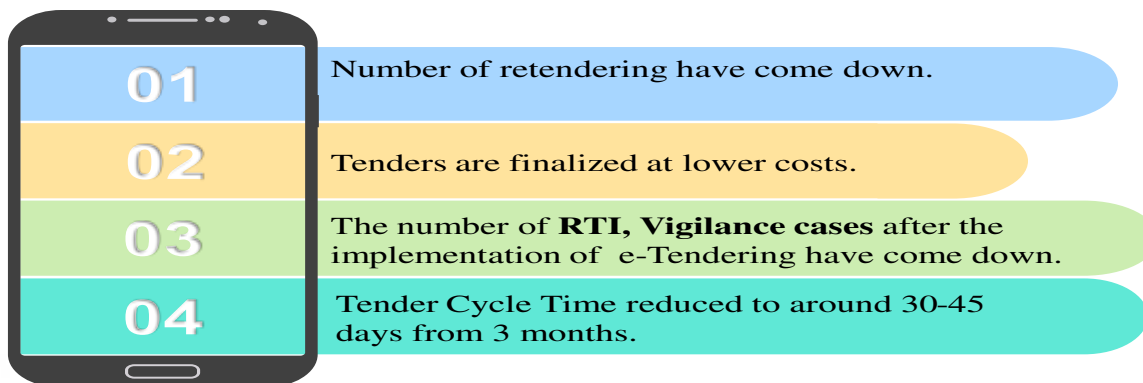
- Registration of the concerned tendering organization in the CPP portal.
- Registration is a one time activity to authorise user for data transfer.
- Registration form is to be filled up (available in CPP Home Page) and sent to [cphp-nic@nic.in](mailto:cphp-nic@nic.in).

- On approval of the same, the user will be permitted to carry out the XML transfer.
- At the time of XML transfer, the user credentials are verified and only valid users are permitted for data transfer.
- A test run is carried before moving to live data transfer.

## 8.15 BACK END SUPPORT

- ❖ Daily Web Learning facility is available on different topics of e-Procurement at <http://webcon.nic.in>
- ❖ Dedicated Email Support for any Technical queries related to Operation is available (Email ID [support-eproc@gov.in](mailto:support-eproc@gov.in) / [cphp-nic@nic.in](mailto:cphp-nic@nic.in))
- ❖ Regular Class Room based training at NIFM, Faridabad as part of Management Development Programme on Public Procurement
- ❖ On site comprehensive training by NIC experts for Department/Organisation implementing e-Procurement in project mode.
- ❖ 24 X7 Telephonic Help Desk facility is available

## Benefits Realized So Far



## 8.16 ADVERTISED TENDER ENQUIRY

### 8.16.1 As per Rule 161, GFR 2017

- (i) Subject to exceptions incorporated under Rule 154, 155, 162 and 166 invitation to tenders by advertisement should be used for **procurement of goods of estimated value of Rs. 25 lakhs (Rupees Twenty Five Lakh) and above.** Advertisement in such cases should be given on Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in) and on GeM. An organisation having its own website should also publish all its advertised tender enquiries on the website
- (ii) The organisation should also post the complete bidding document in its website and on CPPP to enable prospective bidders to make

- use of the document by downloading from the web site.
- (iii) The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.
  - (iv) In order to promote wider participation and ease of bidding, no cost of tender document may be charged for the tender documents downloaded by the bidders.
  - (v) Where the Ministry or Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or Department may send copies of the tender notice to the Indian Embassies abroad as well as to the foreign Embassies in India. The selection of the embassies will depend on the possibility of availability of the required goods in such countries. In such cases e-procurement as per Rule 160 may not be insisted.
  - (vi) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the Department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidder

### **8.16.2 Limited Tender Enquiry**

As per Rule 162, GFR 2017:

- (i) This method may be adopted **when estimated value of the goods to be procured is up to Rupees Twenty five Lakhs**. Copies of the bidding document should be sent directly by speed post/registered post/courier/email to firms which are borne on the list of registered suppliers for the goods in question as referred under Rule 150 above. The number of supplier firms in Limited Tender Enquiry should be more than three. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis. Further, an organisation should publish its limited tender enquiries on Central Public Procurement Portal (CPPP) as per Rule 159. Apart from CPPP, the organisations should publish the tender enquiries on the Department's or Ministry's web site.
- (ii) The unsolicited bids should not be accepted. However Ministries/ Departments should evolve a system by which interested firms can register and bid in next round of tendering.
- (iii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five Lakhs, in the following circumstances:
  - a. The competent authority in the Ministry or Department certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The Ministry or Department should also put on record the nature of the urgency and reasons why the procurement could not be anticipated.

- b. There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
- c. The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped is remote.

(iv) Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.

### **8.17 ELECTRONIC REVERSE AUCTION**

(i) Electronic Reverse Auction means an **online real-time purchasing technique** utilised by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period of time and automatic evaluation of bids;

(ii) A procuring entity may choose to procure a subject matter of procurement by the electronic reverse auction method, if:

- a. It is feasible for the procuring entity to formulate a detailed description of the subject matter of the procurement;
- b. There is a competitive market of bidders anticipated to be qualified to participate in the electronic reverse auction, so that effective competition is ensured;
- c. The criteria to be used by the procuring entity in determining the successful bid are quantifiable and can be expressed in monetary terms; and

(iii) The procedure for electronic reverse auction shall include the following, namely:

- a. The procuring entity shall solicit bids through an invitation to the electronic reverse auction to be published or communicated in accordance with the provisions similar to e-procurement; and
- b. The invitation shall, in addition to the information as specified in e-procurement, include details relating to access to and registration for the auction, opening and closing of the auction and Norms for conduct of the auction. Rule 168 Contents of Bidding Document All the terms, conditions, stipulations

### **8.18 BUY-BACK OFFER**

When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated

in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

## **8.19 PROCUREMENT OF SERVICES**

{Ref: Rules 177-195, GFR 2017}

### **8.19.1 Consulting Services**

- a. As per **Rule 177, GFR 2017 "Consulting Service"** means any subject matter of procurement (which as distinguished from 'Non- Consultancy Services' involves primarily non-physical project-specific, intellectual and procedural processes where outcomes/ deliverables would vary from one consultant to another), other than goods or works, except those incidental or consequential to the service, and includes professional, intellectual, training and advisory services or any other service classified or declared as such by a procuring entity but does not include direct engagement of a retired Government servant. Note: These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants, communications consultants, Advisory and project related Consulting Services which include, feasibility studies, project management, engineering services, finance, accounting and taxation services, training and development etc.
- b. **Identification of Services required to be performed by Consultants (Rule 180):** Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Ministry/ Department does not have requisite expertise. Approval of the competent authority should be obtained before engaging consultant(s). Rule 181 Preparation of scope of the required Consultant(s): The Ministries/ Departments should prepare in simple and concise language the requirement, objectives and the scope of the assignment. The eligibility and prequalification criteria to be met by the consultants should also be clearly identified at this stage.
- c. **Estimating reasonable expenditure (Rule 182):** Ministry or Department proposing to engage consultant(s) should estimate reasonable expenditure for the same by ascertaining the prevalent market conditions and consulting other organisations engaged in similar activities.
- d. **Identification of likely sources (Rule 183)**
  1. Where the estimated cost of the consulting service is **up to Rupees twenty-five lakhs**, preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Ministries or Departments or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.
  2. Where the estimated cost of the consulting services is **above Rupees twenty-five lakhs**, in addition to(i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published on Central Public Procurement Portal (CPPP) at ***www.eprocure.gov.in*** and on **GeM**.

An organisation having its own website should also publish all its advertised tender enquiries on the website. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the Ministry or Department, eligibility and the pre-qualification criteria to be met by the consultant(s) and consultant's past experience in similar work or service. The consultants may also be asked to send their comments on the objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested consultants.

- e. **Short listing of consultants (Rule 184)** On the basis of responses received from the interested parties as per Rule 183 above, consultants meeting the requirements should be short listed for further consideration. The number of short listed consultants should not be less than three.
- f. **Preparation of Terms of Reference (TOR) (Rule 185)**

The TOR should include:

- (i) Precise statement of objectives.
  - (ii) Outline of the tasks to be carried out.
  - (iii) Schedule for completion of tasks.
  - (iv) The support or inputs to be provided by the Ministry or Department to facilitate the consultancy.
  - (v) The final outputs that will be required of the Consultant.
- g. **Preparation and Issue of Request for Proposal (RFP)**

**As per Rule 186**, RFP is the document to be used by the Ministry/Department for obtaining offers from the consultants for the required service. The RFP should be issued to the shortlisted consultants to seek their technical and financial proposals. The RFP should contain:

- a. A letter of Invitation
  - b. Information to Consultants regarding the procedure for submission of proposal.
  - c. Terms of Reference (TOR).
  - d. Eligibility and pre-qualification criteria in case the same has not been ascertained through Enquiry for Expression of Interest.
  - e. List of key position whose CV and experience would be evaluated.
  - f. Bid evaluation criteria and selection procedure.
  - g. Standard formats for technical and financial proposal.
  - h. Proposed contract terms.
  - i. Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.
- h. **Receipt and opening of proposals (Rule 187)**

Proposals should ordinarily be asked for from consultants in ‘**Two bid**’ **system** with technical and financial bids sealed separately. The bidder should put these two sealed envelopes in a bigger envelop duly sealed and submit the same to the Ministry or Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Ministry or Department at the specified date, time and place.

i. **Quality and Cost Based Selection (QCBS) (Rule 192)**

QCBS may be used for Procurement of consultancy services, where quality of consultancy is of prime concern.

- a. QCBS initially the quality of technical proposals is scored as per criteria announced in the RFP. Only those responsive proposals that have achieved at least minimum specified qualifying score in quality of technical proposal are considered further.
- b. After opening and scoring, the Financial proposals of responsive technically qualified bidders, a final combined score is arrived at by giving predefined relative weight ages for the score of quality of the technical proposal and the score of financial proposal.
- c. The RFP shall specify the minimum qualifying score for the quality of technical proposal and also the relative weight ages to be given to the quality and cost (determined for each case depending on the relative importance of quality vis-a-vis cost aspects in the assignment, e.g. 70:30, 60:40, 50:50 etc). The proposal with the highest weighted combined score (quality and cost) shall be selected.
- d. The weightage of the technical parameters i.e. non- financial parameters in no case should exceed 80 percent.

j. **Least Cost System (LCS)(Rule 193)**LCS is appropriate for assignments of a standard or routine nature (such as audits and engineering design of non-complex works) where well established methodologies, practices and standards exist. Unlike QCBS, there is no weight age for Technical score in the final evaluation and the responsive technically qualified proposal with the lowest evaluated cost shall be selected.

k. **Single Source Selection/Consultancy by nomination (Rule 194).**

The selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate **only under exceptional circumstance** such as:

- (i) Tasks that represent a natural continuation of previous work carried out by the firm;
- (ii) In case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance; and
- (iii) Situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise.

- (iv) Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.
- (v) It shall ensure fairness and equity, and shall have a procedure in place to ensure that the prices are reasonable and consistent with market rates for tasks of a similar nature; and the required consultancy services are not split into smaller sized procurement.

## **OUTSOURCING OF SERVICES**

### **8.19.2 "Non-Consulting Service"**

As per **Rule 197 "Non-Consulting Service"** means any subject matter of procurement (which as distinguished from 'Consultancy Services'), involve physical, measurable deliverables/ outcomes, where performance standards can be clearly identified and consistently applied, other than goods or works, except those incidental or consequential to the service, and includes maintenance, hiring of vehicle, outsourcing of building facilities management, security, photocopier service, janitor, office errand services, drilling, aerial photography, satellite imagery, mapping etc.

**Rule 198: Procurement of Non-consulting Services.** A Ministry or Department may procure certain non-consulting services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the following basic guidelines.

**Rule 199: Identification of likely contractors.** The Ministry or Department should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other Ministries or Departments and Organisations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, web site etc.

#### **Rule 200: Preparation of Tender enquiry.**

Ministry or Department should prepare a tender enquiry containing, inter alia:

- a) The details of the work or service to be performed by the contractor;
- b) The facilities and the inputs which will be provided to the contractor by the Ministry or Department;
- c) Eligibility and qualification criteria to be met by the contractor for performing the required work/service; and
- d) The statutory and contractual obligations to be complied with by the contractor.

#### **Rule 201: Invitation of Bids.**

- (i) For estimated value of the non consulting service **up to Rupees ten lakhs or less**, the Ministry or Department should scrutinise the preliminary list of likely contractors as identified as per Rule 199 above, decide the prima facie Eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard practice. The number of the contractors so identified for issuing limited tender enquiry should be more than three.
- (ii) For estimated value of the non consulting service **above Rs.10 lakhs**, the Ministry or Department should issue advertisement in such case should be given on Central Public Procurement Portal (CPPP) at ***www.eprocure.gov.in*** and **on GeM**. An organisation having its own website should also publish all its advertised tender enquiries on the website. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.

**8.19.3** The above Rules should be followed while procuring any goods and services by the competent authority, as updated from time to time.

**8.19.4** The Government of India had constituted Expenditure Management Commission (EMC) in September 2014 to look into various aspects of Expenditure Reforms to be undertaken by the Government. The EMC has made recommendations related to Public Procurement. Copies of Procurement Policy Division, Department of Expenditure, Ministry of Finance OMs, all dated 4<sup>th</sup> August 2016, issued under F. No. 16/1/2016-PPD are appended as **Annexure – XIII**.

**Rule 206:** Any **circumstances which are not covered in Rule 198 to Rule 205** for procurement of non-consulting services, the procuring entity **may refer Rule 135 to Rule 176 pertaining to procurement of goods** and not to the procurement of consulting services.

# CHAPTER - 9

## MONTHLY EXPENDITURE STATEMENT

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### 9.1 MONTHLY EXPENDITURE STATEMENT REQUISITIONED BY HEAD OF DEPARTMENT FROM THE DDOS

Every office is required to send the monthly statement of expenditure to **the Head of Department** generally by **the 3<sup>rd</sup> of the following month**. Each Budgetary Authority (BA) is required to submit its Monthly Expenditure Statement to **EMC by the 10<sup>th</sup> of following month**. The Proforma for the statement is appended to this manual at **Annexure-XVIII**. Total expenditure incurred during the month is taken from the Pay and Allowances Register, Contingent Register and any other registers maintained to keep a record of any special type of expenditure incurred by the office. Generally the figures are rounded to the nearest hundred rupees and shown in the statement. The statement contains columns for Budget Grant, Proportionate Grant, Actual Expenditure during the month, Progressive Total up to the month, variation between Proportionate Grant and Progressive Total, Anticipated Expenditure for the remaining months and Total Requirements for the year. These particulars are to be shown for each primary unit / detailed / sub-detailed heads, etc, as per the budget grant. The proportionate grant is arrived at by dividing the grant by 12 and multiplying the same with the number of months. For example, the statement for August will contain proportionate grant as: Budget Grant / 12 x 5. Progressive total is calculated by adding the month's expenditure to the progressive total shown in the previous month's statement. Statements for the months April to July will contain total requirements as shown in the budget grant. Since the Revised Estimates are calculated and submitted in August, the statement for August onwards will show the figures of Revised Estimates under the column for Total Requirements. In the statement for February, the Final Estimates are calculated and shown as total requirements for the year. The anticipated requirements for the remaining months can be arrived at by deducting the progressive total from the total requirements. Reasons for variations are required to be given in brief. The Statement for February showing the final Estimates will, however, contain variations in detail in full justification of the excesses or savings.

### 9.2 MONTHLY EXPENDITURE STATEMENT CALLED BY EXPENDITURE MANAGEMENT CELL

Monthly Expenditure is also required by the EMC to assess and review the expenditure incurred by the BAs. The same is called for in the proforma as mentioned above (**Annexure-XVIII**). BAs are requested to submit the same **by the 10<sup>th</sup> of the next month**.

# CHAPTER - 10

## EXPENDITURE AUDIT

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The scheme of departmentalization of Union Government Accounts provides for setting up of an efficient internal audit organization to ensure accuracy in accounts and efficiency in the operation of the accounts set up. Internal Audit organizations have accordingly been set up in most of the Ministries / Departments. The scope and function of the internal audit organization will depend on the nature of work, the number of subordinate offices, the strength of establishment, nature and quantum of expenditure etc. Each Ministry / Department therefore, will draw up a Manual of Internal Audit specifying the duties and functions of the organization, with particular reference to the prevailing conditions in the Ministry / Department. The guidelines contained in this chapter will regulate the working of these organizations. These guidelines are however, broad in nature and have to be supplemented by detailed instructions issued by each Ministry / Department.

### 10.1 SCOPE OF INTERNAL AUDIT

**10.1.1** The Internal Audit Unit will work directly under the Pr. CCAs / CCAs / CAs, with overall responsibility remaining with the concerned Financial Adviser and Secretary of the Ministry / Department. The Principal Accounts Office, the Pay and Accounts Offices as well as the offices of DDOs in Ministries / Departments, Indian Missions and other Govt. of India offices abroad, shall be within the jurisdiction of internal audit. In addition to these offices, internal audit shall be required to audit the implementing agencies for various schemes and programmes of the Ministry / Department.

**10.1.2** Internal Audit shall also check the initial accounts maintained in the executive offices to ascertain the extent of following of the rules and regulations, system and procedures in accounting and financial matters. The scrutiny would cover checking of all accounting records including those relating to fund accounts, loans and advances, disposal of confiscated stores (in CBIC), review of the installation and operating efficiency of expensive equipments and machinery and examination of records relating to physical verification of stores, equipments, tools and plant. The accounts of all grantee Institutions or Organizations shall be open to inspection by the sanctioning authority and audit, both by the Comptroller and Auditor General of India under the provision of CAG (DPC) Act, 1971 and internal audit by the Principal Accounts Office of the Ministry or Department, whenever the Institution or Organization is called upon to do so and a provision to this effect should invariably be incorporated in all orders sanctioning grant in aid.

## **10.2 DUTIES OF INTERNAL AUDIT**

The duties of the internal audit organization will include following:

- (i) Study of accounting procedures prescribed for the department with a view to ensuring that they are correct, adequate and free from any defects or lacunae;
- (ii) Watch over the implementation of the prescribed procedures and the orders issued from time to time;
- (iii) Scrutiny and check of payments and accounting work of the accounting units;
- (iv) Investigation of important arrears in accounting and other connected records;
- (v) Coordination with other Ministries and Controller General of Accounts regarding internal audit procedures;
- (vi) Periodical review of all accounts records;
- (vii) Pursuance/settlement of objections taken in test audit notes issued by statutory audit offices and other matters relating to statutory audit;
- (viii) To examine and report on points or irregularities brought to its notice by the Principal Accounts Office / PAOs; and
- (ix) Preparation and submission of 'Annual Review' on performance of internal audit wing to the Controller General of Accounts.

## **10.3 DUTIES AS PER NEW CHARTER OF CHIEF CONTROLLER OF ACCOUNTS:**

As per the new charter of duties and responsibilities of Chief Controllers of Accounts issued by the Secretary, Department of Expenditure, Ministry of Finance, the following functions will be carried out by the Controller General of Accounts from time to time.

- (i) The appraisal, monitoring and evaluation of individual schemes;
- (ii) Assessment of adequacy and effectiveness of internal controls in general, and soundness of financial systems and reliability of financial and accounting reports in particular;
- (iii) Identification and monitoring of risk factors including those contained in the Outcome Budget;
- (iv) Critical assessment of economy, efficiency and effectiveness of service delivery mechanism to ensure value for money; and
- (v) Providing an effective monitoring system to facilitate mid course corrections.

## **10.4 PROCEDURE FOR CONDUCTING INTERNAL AUDIT**

The work relating to internal audit should normally be conducted by inspecting various units and offices and "on the-spot" verification of accounts records. The work of the inspection parties may be coordinated through internal audit cell at the headquarters, depending upon the nature, number and size of the internal audit setup.

## **10.5 QUANTUM OF AUDIT**

An internal audit party should conduct a general review of all the accounts records maintained by an office since the last inspection or in case of new units, since the formation of that office. Apart from the general review, it should also conduct a detailed check of accounts records of at least one month in a year, selected by the Controller / Deputy Controller in charge of internal audit. The percentage of bills / vouchers / cases, etc. other than the month selected for detailed check will be left to the discretion of the Head of the internal audit unit / team. The extent and nature of checks will include the following:

- (a) Detailed scrutiny of accounts records required to be maintained in Pay and Accounts Offices / DDOs offices;
- (b) Verification of payment and accounting procedures in the departmentalized system of accounts including procedures to be followed by cheque drawing DDOs. It will be seen in particular that the scope and extent of pre-check and post-check by PAOs are adequate and that the procedures for maintenance of provident fund accounts, finalization of pension cases etc are duly observed.
- (c) Verifying the extent and frequency of controls and checks exercised by head of office to locate any lacunae in the procedures, that may cause frauds or defalcations either individually or in collusion. Wherever necessary, steps to remove such lacunae will be suggested;
- (d) Scrutiny of the sanctioning and purchase procedures in the office inspected, so as to ensure that they are free from any defect or lacunae;
- (e) Checking the procedures followed for disposal of assets etc to ensure that they are as per laid down condemnation and disposal procedures;
- (f) Scrutiny of general office management procedures adopted by the heads of offices in areas having financial and accounting implications, so as to suggest measures for tightening up administrative and financial control, savings in expenditure or streamlining of accounting.

## **10.6 NATURE OF CHECKS TO BE EXERCISED**

**10.6.1** Internal audit parties will exercise the following checks during inspection of accounts records of various offices:

### **(A) Pay and Accounts Offices:**

- (a) All the required accounts records are being maintained in the prescribed forms, compiled accurately and in correct manner;
- (b) Payment are made in accordance with the rule and orders governing them with correct arithmetical calculations;
- (c) Last claims of government servants are correctly paid and over payments if any, brought to the notice of concerned DDO for appropriate action;

- (d) Recoveries and deductions made from the bills are in order;
- (e) Pay fixations are correct;
- (f) All payments and receipts are duly accounted for;
- (g) All transactions are accounted under the correct heads of account and the classification checked by the JAO/AAO/AO/Sr. AO to the extent prescribed. No unauthorized head of account is operated in the Classified Abstract / Consolidated Abstract;
- (h) Various Broadsheets, Objection Books and Calendar of Returns are being maintained properly. It will further be seen that the broadsheets are closed regularly on monthly basis, differences between Broadsheets and Ledger figures are analyzed and steps taken for their expeditious clearance;
- (i) The balances outstanding under various Debt, Deposit, Suspense and Remittance heads are reviewed at periodical intervals and steps taken to clear them as expeditiously as possible;
- (j) Interest wherever required has been correctly calculated and accounted for;
- (k) GPF/CPF accounts are being maintained properly and reconciled through the prescribed broadsheets. It will further be checked that no missing debits / credits and un-posted items are kept outstanding for unduly long periods and the closing of annual accounts and issue of statements of account are done by the due dates;
- (l) Foreign service contributions wherever necessary are recovered correctly;
- (m) Loans, advances and grants-in-aid are paid correctly and over payments if any, are brought to the notice of concerned DDO for appropriate action;
- (n) Receipt scrolls / payment scrolls with challans and paid cheques are received in time from the bank branches, checked properly as per laid down instructions and discrepancies if any, are pointed out promptly;
- (o) In the case of payments made by cheque-drawing DDOs, the list of payments accompanied by paid vouchers are received from them every week by the prescribed dates, checked properly and accounted for;
- (p) The weekly accounts of receipts realized and remitted by the departmental officers with duplicate copies of challans are being received, and checked properly with the bank scrolls;
- (q) The instructions on reconciliation of figures under the heads Public Sector Bank, Suspense and Revenue Bank Deposits are being duly followed;
- (r) The instructions regarding reconciliation of expenditure and revenue receipts are being followed; and
- (s) To check whether there have been undue delay in the finalization of pension cases, Internal Audit Party will conduct test-checks with reference to the pension papers received from the Heads of Office.
- (t) To check whether the contributions towards Defined

Contribution Pension Scheme are correctly recovered from the Government servants covered under the Scheme and bills for drawal of Government's Contributions are drawn / submitted alongwith the pay bills, the monthly reports on Defined Contribution Pension Scheme are sent to the Principal Accounts Office on due dates and the records pertaining to Defined Contribution Pension Scheme are properly maintained as also all instructions with regard to Defined Contribution Pension Scheme are complied with by PAO's.

**(B) Cheque drawing / non-cheque drawing DDOs**

- (a) All the required accounts records are maintained in the prescribed forms;
- (b) Payments made by the Cheque Drawing DDOs are in accordance with the rules and orders governing them, with correct arithmetical calculations and proper recoveries / deductions made from the bills. It will further be checked whether the List of Payment with paid vouchers are sent by them every week to the concerned PAO by the prescribed dates, and as per given instructions;
- (c) The instructions for the maintenance of Cash Book, Contingent Register, Stock and Stores Accounts, Log Books and other accounts records are duly observed;
- (d) 'Account Payee' cheques issued by PAOs after pre-check of relevant bills to DDOs are not being entered in their own cash book, and that the delivery and acknowledgement of such cheques is being watched through a separate register required to be maintained for the purpose in Civil Accounts Manual (CAM- 12).
- (e) Pay fixations are done correctly;
- (f) The weekly accounts of receipts with duplicate copies of challans are being sent to the concerned PAO;
- (g) Purchases are made as per rules and orders governing them and the reasons recorded for the cases where lowest quotations are not accepted;
- (h) All sub-vouchers pertaining to contingent charges / bills that are not required to be sent to the PAO are available in the office, are otherwise in order and properly cancelled;
- (i) GPF / CPF accounts of Group 'D' employees are maintained properly;
- (j) The instructions relating to the processing and submission of pension cases are observed;
- (k) Verification through vouchers, etc. that payment entries are made properly in the Pay Bill Register for the advances drawn, and that the recoveries are being effected regularly from the concerned Government servants. The correctness of entries should also be checked in the monthly abstracts of recoveries, especially those relating to 'transfer in' and 'transfer out' cases.
- (l) Every Personal Deposit Account in the Ministry / Department

is alive and in operation.

- (m) All instructions relating to Defined Contribution Pension Scheme including maintenance of Pay Bill Register, Pay Bills, etc. are strictly followed.

**10.6.2** The Internal Audit Party shall take an extract from the Register of PPOs in the Principal Accounts Office for the PPOs routed through it and those sent directly by the PAO. A test check of these cases as well as those paid by the originating Pay & Accounts Office itself will be carried out in the PAO, with reference to the pension papers received from the concerned Head of Office.

## **10.7 PROGRAMME FOR INTERNAL INSPECTION**

The internal inspection programme for each party will be chalked out by the internal audit organization with the approval of the Chief Controller / Controller / Deputy Controller in charge of Internal Audit Wing. Timely intimation of the proposed visit of inspection party will be sent to all the officers concerned. A copy of the programme will also be forwarded to the concerned PAO.

## **10.8 RECORDS, DOCUMENTS TO BE MADE AVAILABLE TO THE INTERNAL AUDIT PARTIES**

**10.8.1** The Heads of the Offices that are to be inspected will be advised of the dates of inspection will in advance. A list of records proposed to be examined during internal audit shall also be prepared and sent to him along with the notice of inspection, so that these are kept ready before the arrival of the audit party.

**10.8.2** The accounts records maintained will be made available promptly to the internal audit parties, by the offices visited.

**Note 1:** The payments made by a cheque drawing DDO during the selected month (s) will be verified by the internal audit party with reference to the counterfoils of cheques, copies of bank scrolls, Pay Bill Register and the office copies of the paid vouchers available with the DDO. It will not be necessary for the inspection party to obtain original paid vouchers, etc. from the PAO. However, for payments relating to long term loans / advances etc. for which bills are presented to PAO for pre-check and payment, the Internal Audit Party shall obtain the list of payments made during the month(s) selected for audit from the PAO. This is for the purpose of checking that the cheques / bank drafts marked 'Account Payee' had been made over to the correct payees and their acknowledgements were obtained and for the cheques / bank drafts issued in favour of the cheque-drawing DDO for arranging payment in cash, they had been entered in the cash book maintained by him.

**Note 2:** In the case of DDOs without cheque drawing powers, the Internal Audit Parties will check the original paid vouchers for the month(s) selected for audit, and maybe obtained from the concerned PAO.

**Note 3:** The lists of payments and paid vouchers will be furnished by the PAO to the inspection party promptly, on receipt of necessary requisitions. The PAOs will also furnish a list showing particulars of discrepancies / defects or other irregularities if any, noticed during the course of scrutiny of bank scrolls with reference to the related paid vouchers and cheques remaining unsettled. Any other important issue requiring investigation may also be included in the list and furnished to the Internal audit parties for 'on the spot' examination and report.

**Note 4:** In the case of Divisional Offices working on the Public Works system, the paid vouchers and other original records pertaining to the month(s) selected for audit shall be similarly sent by the PAO to the Internal Audit Party. A record of paid vouchers furnished to / received back from internal audit will be maintained by the PAO in a register in the form given in **Annexure 'A'**. This register will be reviewed on monthly basis and necessary action shall be taken if the paid vouchers are not received back. It will be the Inspecting Officer's responsibility to return the vouchers immediately after completing the internal audit of the concerned office.

**Annexure A**

[Referred to in Note 4 below para10.8.2]

**REGISTER SHOWING PARTICULARS OF PAID VOUCHERS FURNISHED TO INTERNAL / STATUTORY AUDITPARTIES**

Sl. No.	Particulars of office to be audited	No. & date of requisition	No. & date of letter with which sent	Particulars of inspecting officer to whom sent	Month(s) to which the vouchers required	No. of vouchers furnished	No. & date of letters with which vouchers received	No. of vouchers received back	No. & date of reminders, if any, issued	Remarks
	2	3	4	5	6	7	8	9	10	11

**Note**—Separate register will be maintained for recording particulars of vouchers supplied to the internal and statutory audit parties.

# CHAPTER - 11

## FUNCTIONS OF VARIOUS AUTHORITIES

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### **HEAD OF OFFICE / DRAWING & DISBURSING OFFICER / PRINCIPAL CHIEF CONTROLLER OF ACCOUNTS / ZONAL ACCOUNTS OFFICE**

#### **11.1 Head of Office (HoO) and Drawing and Disbursing Officer (DDO)**

**11.1.1** As per Article 53 of the Constitution of India, the executive powers vest with the President of India. The Council of Ministers headed by the Prime Minister advises the President on the exercise of these powers. Various Ministries / Departments functioning under the charge of Ministries are assisted by Heads of Department. All these authorities either take decisions or convey Government's decisions to the lower formations. These decisions are ultimately implemented by the numerous individual offices/units functioning throughout the county. Each of these offices is headed by a senior officer declared as Head of Office for that particular office.

**11.1.2** The Head of Office, in charge of a particular office, is responsible to carry out various functions as per the directions of the Government and in accordance with various Rules and orders issued by the Government from time to time. The primary responsibility for preparation of Budget Estimates, Control of Expenditure, Maintenance of Accounts, looking after recruitment and other staff matters, maintenance of discipline and decorum in the office, purchase of stores, etc. is entrusted to the Head of office. There are officers / staff in different categories to assist the Head of Office.

**11.1.3** The Departments of the Central Government, Heads of Departments and Administrators have powers (vide Rule 114 of Delegation of Financial Powers Rules, 1978) to declare any Gazetted Officer subordinate to them as the **Head of Office**. The **Head of Office** or any other Gazetted Officer designated as Disbursing Officer by a Department of the Central Government, a **Head of Department** or an **Administrator** [vide Rule 2 (xii) of GFRs] functions as the **Drawing & Disbursing Officer** for drawing bills and making payments on behalf of the Central Government and is responsible for all moneys received or disbursed in his office and the maintenance of accounts thereof. In accordance with Rule 35(2) of Central Government Account (Receipts and Payments) Rules, the Head of Office may, however, authorize any Gazetted Officer serving under him to sign a bill or order for him, communicating the name and specimen signature of the officer to the Pay and Accounts Officer (PAO) or cheque-drawing DDO / Treasury Officer with whom he has an account. This does not however, confer on the Gazetted Officer so authorized, any powers of the Head of Office, nor does it relieve the Head of Office in any way of his responsibility for the accuracy of the bill or for the disposal of the money received in payment.

**11.1.4** The responsibility of running an office efficiently lies with the Head of Office, assisted by the DDO on financial / accounting matters and in some of the establishment / administrative functions. The Heads of Office and the Drawing and Disbursing Officers thus play a vital role in the efficient functioning of the Government.

**11.1.5** In order to carryout his functions in an effective manner, the Head of Office is given the required powers, both financial and administrative. The Head of Office and the DDO should first acquaint themselves with their powers. There are Rules on financial and service matters which are followed by numerous orders / administrative instructions, etc. It is essential that the Heads of Offices / DDOs become conversant with at least the basic provisions of these Rules as they are expected to take independent decisions on such subjects within their powers.

#### **11.1.6 Types of DDOs**

There are three types of DDOs as follows:

- (i) Cheque Drawing DDOs
- (ii) Non-cheque Drawing DDOs
- (iii) Merged DDOs

##### **(i) Cheque Drawing DDOs**

Under the departmentalized accounting system, all payments are to be made by the Pay and Accounts Offices of the Ministry / Department after pre-check. However, certain Drawing and Disbursing Officers of offices which are located at different station where there is no Pay and Accounts Office have been vested with cheque drawing powers for arranging payments of specified nature. These DDOs are known as Cheque Drawing DDOs. The specified nature of payments are, Pay and Allowances (including T.A., Wages and Medical Claims), Office Contingencies, Advances from Provident Funds for all categories of staff, part final withdrawal and final withdrawals of accumulations in the GPF Account of Group 'D' Government servants, payments arising under the Deposit Linked Insurance Scheme to Group 'D' Government servants, short term loans and advances to all Government servants. Bills for all other kinds of payments like payment of long-term loans and advances and for withdrawal from provident fund (other than Group 'D' staff), Pension, Gratuity, etc. are to be presented by these DDOs to the PAO concerned for pre-check and payments.

##### **(ii) Non-cheque Drawing DDOs**

The DDOs who have not been vested with cheque drawing powers are known as Non-cheque Drawing DDOs. These DDOs prepare and submit their bills for payments to their accredited PAO / Cheque Drawing DDO. After obtaining the cheques from the PAO / Cheque Drawing DDO, these DDOs handover the cheques to the concerned party / official or disburse

the amount to the concerned officers after obtaining the cash from banks.

**Note:** The difference between a Non-cheque Drawing DDO and Cheque Drawing DDO is that the former submits the bill to PAO / another Cheque Drawing DDO for pre-check and payment, whereas the latter draws the payment and then submits the paid vouchers to PAO for post-check.

### **(iii) Merged DDOs**

In order to avoid duplicity in maintenance of accounts records / subsidiary accounts books in the office of DDO and PAO, merged DDO scheme at Secretariat level was introduced with effect from 1st April, 1986. Consequently, these DDOs have been placed under the control of Chief Controller of Accounts / Controller of Accounts / Dy. Controller of Accounts, as the case may be, under the overall charge of the Financial Adviser of the Ministry / Department concerned. Under this scheme, the maintenance of various broadsheets of long-term advances, short term advances and GPF ledgers, etc. were done away with. The Bill Register maintained by merged DDO forms the basic record for all type of transactions in respect of personal claims. As such, schedules for provident fund, long-term advances, etc. need not be prepared and attached with the bills by these DDOs. However, schedules for license fees or other deductions for which the credits have to be passed on for adjustment in other accounting circles will continue to be attached with the Pay Bill for taking necessary action in Pay and Accounts Offices. These DDOs will also be responsible for watching the recoveries of Leave Salary and Pension Contribution in respect of persons lent on Foreign Service. The merged DDOs will also be responsible for expenditure control in regard to heads of accounts operated by them. Under the scheme of merged DDO, an examiner from the office of PAO is to scrutinize the bills in the office of DDO and prepare the cheques thereof which are signed by the Pay & Accounts Officer.

## **11.2 DUTIES AND RESPONSIBILITIES OF DDOS AND HEADS OF OFFICE (HOO)**

DDOs as authorized by the Head of the Office are required to carry out various functions. In this regard, duties and responsibilities of the DDO / HoO are as follows:

### **11.2.1 Duties regarding maintenance & rendition of Accounts**

The Drawing & Disbursing Officer is personally responsible for the correct maintenance and timely rendition of accounts or returns in respect of public funds or stores handled in his office.

### **11.2.2 Specimen signatures of DDO signing cheques etc.**

**Every Government Officer who is authorized to (i) sign or counter sign bills (ii) draw cheques, shall send specimen of his signatures to his Accounts Officer / branch bank concerned, duly attested by the relieving officer or through some superior officer whose specimen signature is already available with the Accounts Officer / Bank concerned.**

### **11.2.3 Security Deposits by Govt. servants handling cash/stores**

The Drawing & Disbursing Officer shall see that, subject to the provisions of Rule 271 and 272 of GFRs, every Government servant, whether gazetted or non-gazetted, who is entrusted with the custody of cash or stores, is required to furnish security, for such amount as may be prescribed and to execute a security bond setting forth the conditions under which Government will hold the security and may ultimately refund or appropriate it.

**NOTE 1-**The security to be taken from a Government servant should be in the form of cash or promissory notes or post office cash certificates or Ten Years Social Security Certificates or in other forms as mentioned in Rule 274 of GFRs.

**NOTE 2-** To safeguard fully the interests of Government the security deposit taken from a Government servant should be retained for atleast six months after the date when he vacates is post, but a security bond should be retained permanently or until it is certain that there is no further necessity for its retention.

**NOTE 3-** Post Office savings bank passbooks, deposit receipts of banks, fidelity bonds and security bonds or agreements should be kept in the safe custody of the Departmental authority authorized to accept security under Rule 275 of GFRs.

### **11.2.4 Instructions for Handling Cash by DDOs**

The Drawing & Disbursing Officer shall ensure that, except where otherwise specifically authorized, Government money is kept in strong treasure chests secured by two locks of different patterns and the keys of one lock shall be kept apart from the keys of the other and in the custody of a different person wherever practicable. The chest shall not be opened unless both the custodians of the keys of the two locks are present. (It would, however be proper that the cash chests are embedded in an inner wall of the room occupied by the DDO or by the Cashier).

**NOTE -** Duplicate keys of the departmental treasure chest and promissory notes, savings certificates etc. received as securities can be kept for safe custody in the accredited Public Sector Bank free of charge, subject to the availability of adequate strong room facilities at the branch concerned and the observance of the usual banking procedure. Where these cannot be lodged in the relevant branch of the accredited bank, then they may be pledged with officers of higher rank than the custodian of the chest.

## **11.2.5 Maintenance of Cash Book**

**11.2.5.1** The DDO will ensure that all monetary transactions in his office are entered in a cash book in the prescribed form. The other important instructions mentioned in the ensuing paragraphs should be observed in this regard.

**11.2.5.2** The cash book should be maintained in Form GAR3 / TR4. It should be bound and its pages machine-numbered. Before bringing a cash book into use, the DDO should count the number of pages and record a certificate of count on the first page of the cashbook.

**11.2.5.3** All monetary transactions should be entered in the cash book as soon as they occur and be attested by the DDO in token of such check.

**NOTE** - "Account payee cheques" issued by the PAOs / Cheque-Drawing DDOs in favour of Government servants and third parties, being payable only to the parties, need not be entered in the cash book. The delivery and acknowledgements of such cheques should, however, be watched through a separate register.

**11.2.5.4** The cash book should be closed regularly and completely checked. The DDO should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.

**11.2.5.5** At the end of each month, the DDO should verify the cash balance in the cash book and record assigned and dated certificate to that effect. In case, such verification of the balance is not possible on the last working day due to disbursement of salary, the cash verification may be done on the first working day of the next month before any transaction arises on that day.

**NOTE** – The monthly verification of cash should be supplemented by a surprise check of cash by some responsible official to be nominated by the Head of Office.

**11.2.5.6** When Government moneys in the custody of a Government Officer are paid into Government account in the accredited bank, the DDO making such payments should compare the Bank's receipt on the pay-in-slip / challan with the entry in the Cash Book before attesting it, and satisfy himself that the amount has been actually credited into the bank.

**11.2.5.7** An erasure or overwriting of an entry once made in the Cash Book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The DDO should initial every such correction and date his initials invariably.

**11.2.5.8** A Government Officer who handles Government money should

not, except with the special sanction of the Head of Office, be allowed to handle also in his official capacity, money which does not belong to the Government. Where under any special sanction, a Government Officer deals with both Government and non-Government money in his official capacity, the Government money should be kept in a cash box separate from the non-Government money and the transactions relating to the latter should be accounted for in a separate set of books and be kept entirely out of the Government account.

**NOTE 1** – The duties mentioned above required to be performed by the Head of Office himself may be entrusted to a subordinate Gazetted Officer nominated by the Head of Office for the purpose.

**NOTE 2** - In the case of large receipts, a register of valuables as prescribed in Note 3 below Rule 13 of Central Government Account (Receipts & Payments) Rules [GCA (R&P) Rules] may be maintained.

**11.2.5.9** The employment of peons to fetch or carry cash should be discouraged. Where it is absolutely necessary to employ one for this purpose, a person of some length of service and proved trustworthiness should only be selected.

#### **11.2.6 Drawal and Disbursement of Pay & Allowances**

**11.2.6.1** The Head of Office is personally responsible for the amount drawn on a bill, signed by him or on his behalf until he has paid it to the person(s) entitled to receive it and has obtained a legally valid acquittance.

**11.2.6.2** In a case where a Government servant is physically unable to sign the acquittance, the payment should be made to the person who has been nominated by the Government servant to receive his Provident Fund dues.

**11.2.6.3** If for any reason, payment cannot be made within the course of the month, the amount drawn should be refunded by short drawal in the next bill and when the occasion for making the payment arises, the amount may be drawn afresh under Rule 89 of CGA (R&P) Rules.

**NOTE** - The amount of undisbursed pay and allowances may, at the option of the Head of the Office, be retained for any period not exceeding three months, provided that proper arrangements are made for the safe custody of the sums retained.

**11.2.6.4 Accounts of the Undisbursed amounts.** - An account of Undisbursed pay and allowances should be kept in a Register in Form GAR 25 / TR 71. Entries of the total and particular amount of undisbursed pay and allowances may be made against each bill serially and subsequent payments thereof entered in the appropriate columns of the Register and the Cash book, each such entry being attested by a Gazetted Officer. From this Register, an abstract of amounts remaining undisbursed for three months should be prepared in order to ensure their refund either in cash or by short drawal from the next bill.

**11.2.6.5** Pay and allowances can be drawn for the day of the Government Servant's death irrespective of time of death. 'Day', for this purpose means the calendar day beginning and ending at midnight.

**11.2.6.6** Dues in respect of pay and allowances of all kinds claimed on behalf of a deceased Government servant upto and including the day of death may be paid without the production of usual legal authority, if the Head of Office is satisfied about the right of the claimant. If the gross amount of the claim exceeds Rs.10,000/-, payment may be made by Head of Office only on the execution of an indemnity bond in form GAR 26 duly stamped for the gross amount due for payment after obtaining two sureties.

**11.2.6.7 Attachment of Salary.** - It is the duty of the officer [Head of Office / DDO] receiving the attachment order from the Court of Law that proper deduction is made in satisfaction of such order from the pay of the Government Servant concerned and to keep a record of such deductions in Form GAR 22.

### **11.2.7 Recoveries on Account of Professional Tax & Dues of Co-Operative Societies, etc.**

Recoveries from the salaries of Government servants on account of profession tax levied under an Act of a State Government and dues of Co-operative Societies registered under the various Co-operative Societies Acts, where such Acts impose a statutory obligation on the Government to effect such recoveries, shall be made by the drawing and disbursing officer in accordance with such procedure as may be laid down by Government from time to time.

**NOTE** - A Drawing and Disbursing Officer may effect recoveries on account of dues of Co-operative Societies from the salary payable to a Government servant provided that Government servant authorizes the Disbursing Officer in writing.

### **11.2.8 Maintenance of Bill Register**

A bill register in Form GAR 9 / TR 28-A should be maintained by DDOs. The register should be reviewed monthly and the result of the review recorded thereon.

### **11.2.9 Procedure for Receipts Against the Amounts Received and Rendition of Accounts**

**11.2.9.1** The Head of Office receiving moneys on behalf of the Government must give the payer a receipt (GAR 6 / TR5) duly signed by him or by any subordinate officer authorized by him after satisfying himself that the amount has been properly entered in the cashbook.

**NOTE 1** - The procedure in regard to the grant of receipt to be followed in respect of cheques, bank drafts, postal orders tendered in payment

of Government dues, the form and custody of receipt books and issue of duplicates or copies of receipts etc. is laid down in Rule 19 to 23 of CGA (R&P) Rules or in other departmental regulations.

**NOTE 2** – The head of account to which the receipt is creditable should be clearly indicated in the challan form.

**11.2.9.2** All moneys received by or on behalf of Government either as dues of Government or for deposit, remittance or otherwise should be immediately brought to account by the DDO in the cash book and remitted into the Bank.

**NOTE** - These receipts should not be utilized to meet departmental expenditure except in certain cases by Deptt. of Posts, Deptt. of Telecommunication, Railways, Public Works Deptt., etc.

### **11.2.10 Departmental Officers other than Cheque Drawing DDO's**

**11.2.10.1** Departmental Officers (other than cheque drawing DDOs) located at the same station as of the PAO should remit the collections received in cash or by local cheques / demand drafts into the bank in which the PAO holds an account duly supported by a pay-in-slip (challans).

**11.2.10.2** They should send to the PAO a weekly list of remittances into the bank to enable the latter to verify the corresponding credits in the Bank Scroll received by him from the Bank.

**11.2.10.3** Departmental Officers located at a station other than that of the PAO should accept receipts either by Bank Draft drawn in favour of the PAO concerned or in cash which should be converted into a demand draft drawn in favour of the Pay and Accounts Officer. They should then remit these demand drafts to the PAO for credit to Government Account.

### **11.2.11 Duties of Cheque Drawing DDOs**

**11.2.11.1** The receipt accepted by the Cheque Drawing Officer should be remitted into the branch of the Bank accredited to that officer on prescribed pay-in-slip (challans).

**11.2.11.2** Based on the pay-in-slip (challans) received by him the cheque drawing officer shall prepare a weekly statement of receipts, indicating the No. and date of the pay-in-slip (challan), name of the depositor, and the amount deposited and check the entries with the Bank Scroll received by him. He should also reconcile discrepancies, if any, between his figures and those in the Bank Scrolls and send a monthly bank reconciliation statement in the prescribed form to the PAO concerned.

**NOTE** – In the case of revenue earning departments like CBIC, CBDT, etc. the detailed procedure for crediting revenues into the banks and their reconciliation etc. as laid down in various office Orders /

Instructions will be followed.

### **11.2.12 Refunds of Revenue**

**11.2.12.1** The procedure for payment of refund of revenue as laid down in Rules 139 to 145 of CGA (R&P) Rules should be observed except that the bill for refund of revenue should be presented to the PAOs to whom the departmental officers are attached. The PAO will, before making payment, verify the original credit from his records.

**11.2.12.2** In the case of refunds of revenue which were originally deposited before the date of departmentalization of accounts and accounted for by the Treasuries, the departmental officers will first send the bill to the treasury officers concerned for verifying the original credit with reference to the details in columns 4 and 5 of the refund bill GAR 33 / TR41 and for affixing their Treasury Officer's signature in column 6 in token of having done so. After due certification by the Treasury Officer the bills should be presented by the Departmental officers to the PAOs concerned for making payment. The PAOs will ensure that the above requirements have been compiled with.

### **11.2.13 Defalcations & Losses**

**11.2.13.1** Save as otherwise specifically provided, any loss or shortage of public money, departmental revenue or receipts, stamps, stores or other properties held by or on behalf of Government, caused by defalcation or otherwise including losses and shortages, noticed as a result of physical verification, should be reported immediately by the subordinate authority concerned to the next higher authority.

**11.2.13.2** The subordinate authority should also report the losses and shortages (other than petty losses and shortages not exceeding Rs.2,000 in each case) to the Principal Accounts Officer of the Ministry / Department and the Statutory Audit Officer, even when such loss has been made good by the party responsible.

**NOTE** – The above mentioned duties / responsibilities are not exhaustive and the relevant provisions may be referred to, as updated from time to time.

**11.2.14** Following points should be kept in mind by the DDOs / HoDs while carrying out their duties

#### **(a) Cash & Accounts**

1. All monetary transactions should be entered in the cash book in the prescribed form as soon as they occur and duly attested.
2. The cash book should be closed regularly and checked. At the end of each month the cash balance should be verified physically.
3. In respect of Government moneys paid in to the bank, the relevant entry in the cash book should not be attested unless the bank's

- receipt on the challans is verified.
4. No money should be disbursed unless a legal acquittance from the person(s) entitled to receive the amount drawn on a bill is obtained.
  5. An account of undisbursed Pay & Allowances should be kept in a register in form GAR 25 and the amounts remaining undisbursed for 3 months should be refunded.
  6. For all moneys received, receipts in the prescribed form GAR 6 should be issued and it should be ensured that such receipts have duly been entered in the cash book.
  7. All moneys received in cash or by cheques / Demand Drafts should be promptly paid into the bank/sent to the PAO, as the case maybe.
  8. A proper account of expenditure and revenue receipts should be rendered to the PAO by the prescribed dates and in the prescribed forms.
  9. Save as otherwise specifically provided, any loss or shortage of public money, stamps, stores or other properties caused by defalcation or otherwise should be immediately reported to the next higher authority as well as to the Principal Accounts Officer and the concerned Audit Officer.

#### **(b) Withdrawal from Government Account**

1. No expenditure should be incurred without the sanction of the competent authority.
2. All charges actually incurred must be drawn and paid at once and under no circumstances be allowed to stand over to be paid from the next years' grants.
3. No money should be drawn in anticipation of demand or to prevent lapse of budget grant.
4. Expenditure relating to two or more major heads should not be included in one bill and full account classification must be recorded on each bill.
5. Expenditure control register should be maintained to exercise an effective check over expenditure against the budget allotment.
6. Bills for pay, leave salary and allowances should be prepared separately for:-
  - (i) Establishments whose charges are debitable to different heads of Accounts,
  - (ii) Personnel to whom salary is payable individually by cheque, and
  - (iii) Group 'D' Employees.
7. T.A. claim not preferred within one year from the date on which it became due should be dealt with in accordance with the provisions of SR 194-A and the Government of India Orders thereunder.
8. Contingent charges should not be drawn in advance in abstract

bills except in the case of contingent charges requiring counter signature by the Controlling authority after payment. In such cases the amount of each sub voucher in support of the charges should be given in the Abstract bill.

**(c) Cheque Drawing DDOs**

1. Cheque Drawing DDOs should pay such claims only by cheque (e.g. pay and allowances, office contingencies etc.) as they have been authorized to entertain. Bills for other kinds of payments should be presented to the PAO concerned, and such bills should in no case be paid directly by the Cheque Drawing DDOs.
2. It should be ensured that cheques are not drawn in excess of the limits prescribed in the letters of credit.
3. The bills should be subjected to the prescribed checks enumerated in CGA(R&P) Rules / CAM before they are passed for payment.
4. All cheques should be drawn in cheque books supplied by the PAO, and the instructions contained in the Central Government Account (Receipts & Payment) Rules with regard to cheques and cheque books should be followed.

**(d) Service Books**

1. A service book should be maintained by the Head of Office for every Government servant (Gazetted and Non-Gazetted) holding a substantive post or a temporary post likely to last for more than one year and every step in a Government servant's official life should be recorded in the service book and attested by Head of Office.
2. The Head of Office should show the service book to each Government servant every year and obtain his signature therein in token of his having inspected the service books.
3. The Head of Office should scrutinize atleast ten percent of the service books every year.
4. In the beginning of each year, all the service books should be taken up for verification of service and a certificate of verification of service recorded therein.
5. A note should be kept in the service book regarding the receipt of nominations for Death Cum Retirement Gratuity (DCRG) and Family Pension, etc and related notices from the Government servant and also indicating as to where they have been lodged for safe custody.

**(e) Central Government Employees Group Insurance Scheme (CGEGIS).**

1. The Head of Office should ensure that a suitable note has been

- made regarding membership of the scheme and the employees have been informed accordingly.
2. Nomination(s) in prescribed form should be obtained from the Government servant without delay, duly countersigned by the Head of Office and pasted in the Service book.
  3. The Head of Office should ensure that the Group-wise register of members are maintained in the prescribed form and kept up-to-date. He should also ensure that the necessary verification / certification of the correctness of the deductions of subscriptions from the salaries as noted in the register is done annually by the concerned DDO.
  4. The rate of subscription for the scheme is fixed according to the Group to which an employee belongs, and the salary for January determines the rate of subscription. In the case of promotion of an employee from one Group to another, the subscription should be revised from next anniversary, i.e. January of the following year. The DDO should ensure that once an official has been admitted to a higher Group, the rate of subscription at enhanced rate continues and is not reduced even if the official is reverted to a lower post, from a later date.
  5. In the case of death of a Government servant who is a member of the Scheme, the Head of Office should ensure that payment on account of insurance as well as saving fund is drawn without delay from the PAO and disbursed to the nominee (s), as per nomination.
  6. In the case of resignation or retirement, saving fund balance should be drawn promptly from the PAO and disbursed to the official.

**(f) Finalization of Pension Case**

1. The Heads of Offices should see that pension cases are finalized expeditiously and there should be no delay in the payment of pensions, Death Cum Retirement Gratuity (DCRG) and commuted value of pension.
2. The preparation of pension papers should be initiated two years before the retirement of the Government servant. Verification of the qualifying service including completion of service books to be completed 8 months in advance of the date of retirement of the Government servant.
3. The pension papers duly completed after determining the qualifying service, the average emoluments and the admissible pension and gratuity should be sent to the PAO not later than six months before the date of retirement of Government servant.
4. In exceptional cases, where it is not found possible to complete the pension papers within the prescribed time schedule, the Head of Office should authorize the payment of provisional pension, gratuity and commuted value of pension by the first of the month in which it is due.
5. In order to ensure timely finalization of pension case, suitable

action should be taken to ascertain Government dues including license fee in respect of Government accommodation well in time and to adjust them in accordance with the prescribed procedures.

**(g) Maintenance of GPF Accounts of Group 'C' Employees**

1. All permanent employees and temporary employees in continuous service of more than one year should be assigned GPF Account Numbers.
2. A ledger account for each subscriber should be maintained in the prescribed form and posted every month from the schedule of GPF deductions.
3. A broadsheet in the prescribed form should be maintained and posted every month directly from the ledgers and not from the schedules or vouchers.
4. The total of monthly debits and credits on account of GPF (Group 'D') should be reported every month to the Head of Department in the prescribed form and on the prescribed date.
5. Interest for each year should be calculated and entered in the ledger accounts as well as in the broadsheet. The amount of bonus admissible under the New Incentive Bonus Scheme should also be posted in the ledger accounts and in the broadsheet. A statement of interest / bonus thus credited should be sent to the Head of Department by the prescribed date.
6. A pass book should be issued to each subscriber in the prescribed format.
7. At the end of each year the pass books should be collected for completion and returned to the subscribers.
8. Final payment of GPF moneys should be made, after the accounts have been thoroughly checked. In the case of a Government servant dying in harness, payment on account of Deposit-linked Insurance Scheme should also be made along with GPF balance to the nominees (s) of the deceased Government servant.

**(h) Advances to Government Servants**

1. The Head of Office should ensure that the conditions attached to the grant of advances are fulfilled and that proper accounts are maintained.
2. Recoveries of advances and of interest wherever recoverable should be affected in time and delayed on no account.
3. The detailed accounts of all short term advances and their instalment of recovery should be maintained by the Head of Office.
4. Every payment of advance should be entered in the pay bill register and the recoveries affected along with the interest, if any,

- should be noted in that register.
5. A monthly abstract of recoveries in the prescribed form (but not of interest) should be prepared and attached to the last Pay Bill for a month.
  6. Discrepancies pointed out by the PAO in the monthly abstracts should be attended to promptly.
  7. In the case of transfer of a Government servant from one office to another, the amount of each such advance paid and the balance outstanding should be mentioned in the Last Pay Certificate (LPC).

**(i) Stores**

1. Purchase orders should not be split up to avoid the necessity of obtaining the sanction of higher authority.
2. All materials received shall be examined, counted, measured or weighed as the case may be, when delivery is taken and they should be taken charge by a responsible Government Officer.
3. A physical verification of all stores should be made at least once in every year.
4. Previous sanction of the Controlling authority should be obtained to the write off of all losses, deficiencies or depreciation in the value of stores.

**(j) Miscellaneous**

1. All accounts /records are maintained in the prescribed forms.
2. Payment made by the cheque drawing DDOs should be in accordance with the Rules and orders governing them. Their arithmetical calculations should be correct and the recoveries/deductions made from bills are in order. The lists of payments accompanied by paid vouchers are sent every week to the concerned Z.A.O. by the prescribed dates.
3. The instructions for the maintenance of cash book, contingent register, stock and stores accounts, log books and other accounts records are duly observed.
4. 'Account payee' cheques (in favour of government servants and third parties being payable only to the concerned payees) issued by ZAOs after pre-check of relevant bills to DDOs, to be entered in the cash book and delivery / acknowledgement of such cheques to be watched through a separate register required to be maintained for this purpose.
5. DDO's should ensure that pay has been fixed correctly.
6. The weekly accounts for receipts with duplicate copies of challans are being sent to the concerned ZAO.
7. Purchases are made as per Rules and orders governing them. If in any case, lowest quotations have not been accepted, reasons thereof to be duly recorded,
8. All sub-vouchers pertaining to contingent charges not sent to the ZAO. along with contingent bills are made available for

- inspection, and these are in order and have been duly cancelled,
9. GPF accounts of Group 'D' employees are maintained properly,
  10. The instructions for processing / submission of pension cases to the concerned Z.A.O are being observed,
  11. Payment entries have been correctly made in the pay bill register and that recoveries are being affected regularly from the concerned Government servant and also check correctness of entries in the monthly abstracts of recoveries, especially entries relating to 'transfer In' and 'transfer out' cases.
  12. Scrutinize every Personal Deposit Account in operation.

### **11.3 REGISTERS TO BE MAINTAINED BY DDOs.**

Each Drawing & Disbursing Officer / Head of Office is required to maintain various accounts registers. Some of them are mentioned as below:

#### **1. Bill register**

Bill register is the nucleus of all financial transaction / activity emanating at the level of the DDO, and as such this register should be maintained with precise care and accuracy. Each bill should be numbered and dated starting from Bill No.1 onwards from 1<sup>st</sup> April and numbering should continue till the last day, i.e. 31<sup>st</sup> March of each financial year before its submission to the Treasury Office for payment orders / passing by the concerned treasury. The position of bills so sent to the treasury should be periodically monitored by the DDO himself / herself so as to know the status of the bill whether it has been passed for payment or objected. As soon as cheques for the bills presented for payment are received, the same shall 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 there marks column in TR 28-A. The bill register should be referred to by the DDO while checking and signing the entries recorded in the cash book by the writer of the cash book. Similarly, this register must be referred to while comparing the treasury schedules / voucher numbers received from the treasury. The bill number allotted serially to a particular bill must be tallied by the DDO while signing corresponding entries of the bills in other accounts registers such as contingent registers / token registers / loans and advances registers and so on.

#### **2. Contingent register**

Each bill for the drawal of money under Standard Object of Expenditure (SOE) should be entered sub-voucher wise in the contingent register, classifying expenditure for each particular charge, i.e. service postage charges, water and electricity charges, telephone charges, rent, rate and taxes, stationery, POL (petrol, oil and lubricants) other miscellaneous office expenses etc. so as to know the trend of progressive expenditure under each classification and take measures to restrict the expenditure to the authorized ceiling limits. The correct and updated maintenance of the

contingent register provides two pronged assistance to the Drawing & Disbursing Officer. Firstly, to restrict the flow of expenditure item-wise and secondly, to exercise full vigil and control on the total budget under each Standard Object of Expenditure (SOE).

### **3. Monthly and quarterly expenditure register**

The bill wise consolidated expenditure under each SOE incurred during each month should be reflected in the monthly expenditure register and the progressive total of expenditure incurred from 1<sup>st</sup> April onwards in each financial year should be deducted from the total budget allotment under each SOE to exercise proper control on expenditure. Monthly reconciliation of expenditure should be done by each Drawing & Disbursing Officer with the concerned treasury office regularly each month and a certified statement of reconciliation done at the treasury and Drawing & Disbursing Officer level should be submitted to the competent authority by the 10<sup>th</sup> of the following month.

### **4. Token register**

Token register is one of the important documents to be maintained at the Drawing & Disbursing Officer level. Each bill submitted to the treasury should be entered in the token register on the standard format and the bills presented at the treasury should be handed over and received back by the Drawing & Disbursing Officer level to avoid any loss/misplacement of bills in transit. The objected bills when received back and again presented at the treasury after attending to the observations should again be entered in the Token Register and transacted following the same procedure. The status of the bills presented and received back by the Drawing & Disbursing Officer should be regularly reviewed by the Drawing & Disbursing Officer to keep a proper track of the bills prepared, presented, received back and encashed. The token register along with the bill register / bill book should invariably be personally checked and referred to by the Drawing & Disbursing Officer while comparing the treasury schedule and writing and signing the cash book, in order to detect and rectify the discrepancies and to ensure the correctness of the entries recorded in the cash book.

### **5. Loans and advances register**

In order to exercise proper check on the recoveries of short-term as well as long-term loans and advances drawn by the employees, the loans and advances register must be prepared and regularly updated each month. The monthly deductions made from the salary or otherwise, i.e. credit through treasury challans from the employee concerned towards loan should be regularly incorporated in the register. The details of balance of recoveries to be effected must invariably be reflected correctly in the last pay certificate and conveyed to the next DDO in the event of the employee being transferred to other office / institution. It may also be borne in mind by the DDO that the amount recoverable from the employees on account of payments of short-term advances such as travelling expenses, pay advance, medical advance, LTC advance, etc. is fully adjusted and recovered from the concerned

employee within the stipulated time-limit and in the manner prescribed in the rules / Instructions applicable in each case. Any delay or laxity on the part of the DDO in the adjustment or full recovery of loans / advances constitutes a grave financial irregularity on the part of the DDO and renders himself / herself liable to action and such a situation should be scrupulously avoided at all levels.

## **6. Expenditure control and budget check register**

The main object of maintaining the expenditure control and budget check register at the Drawing & Disbursing Officer level is to exercise proper control on the flow of expenditure within the authorized limit. It is, therefore, imperative that each bill prepared under each SOE (Standard Object of Expenditure) should be entered in the budget check register. The position of the expenditure already incurred and balance funds available should be regularly reviewed by the Drawing & Disbursing Officer to avoid unbalanced and unplanned expenditure, as well as, rush of expenditure at the fag end of the financial year. The Drawing & Disbursing Officer should, therefore, carefully assess the need-based minimum requirements, lay down the priorities, plan spending and ensure utilization of the budget allotments in the manner conforming to the Rules and allied instructions / guidelines issued by the Government / Department from time to time.

## **7. Stores and stock register**

As a custodian of the Government property, it is incumbent on the part of each Drawing & Disbursing Officer / Head of Office to maintain stock and stores register properly in the manner prescribed under the relevant Rules / Instructions. The Officer-in-charge of stores shall maintain suitable item-wise lists and accounts and prepare accurate returns in respect of the goods and materials in his charge making it possible at any point of time to check the actual balances with the book balances.

The form of the stock accounts mentioned above shall be determined with reference to the nature of the goods and materials, the frequency of the transactions and the special requirements of the concerned Ministries / Departments. It is to be ensured that the register is maintained properly, neatly and complete in all respects, duly authenticated by the Drawing & Disbursing Officers at the appropriate place so that it serves the intended purpose, including that of audit and inspection of accounts.

## **8. Ledger:**

Ledger is the principal book for writing down the amount of funds received and spent. It should be maintained scrupulously.

## **9. Maintenance of Cash Book**

The DDO will ensure that all monetary transactions in his office are entered in a cash book in the prescribed form. Following should be observed in this regard.

- (i) The cash book should be maintained in form GAR 3/TR 4.
- (ii) It should be bound and its pages machine-numbered.
- (iii) Before bringing a cash book into use, the DDO should count the number of pages and record a certificate of count on the first page of the cash book.

10. A suitable register should be maintained by every Drawing & Disbursing Officer for recording all amounts disallowed by the PAO under Rule 73 of CGA(R&P) Rules. Separate columns may be provided to show the name and office of the person from whom the recovery is to be affected, the nature and amount of the over-payment and the method by which it has been adjusted.

11. All Drawing & 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. 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.

12. Separate registers shall be kept for the following:

- (i) Fixed Assets such as plant, machinery, equipment, furniture, fixtures, etc. in the Form GFR-40.
- (ii) Consumables such as office stationery, chemicals, maintenance spare parts, etc. in the Form GFR-41.
- (iii) Library books in the Form GFR-35.
- (iv) Assets of historical / artistic value held by museum / government departments in the Form GFR-42.

#### **11.4 PRINCIPAL CHIEF CONTROLLER OF ACCOUNTS AND ZONAL ACCOUNTS OFFICE**

**11.4.1** The Principal Chief Controller of Accounts (Pr. CCA) is the apex authority of the accounting organisation of the Central Board of Indirect Taxes & Customs. Under the Departmentalized set up, the Pr. CCA, CBIC has been assigned the function relating to accounting of all receipts and refunds pertaining to the Indirect Taxes, the expenditure relating to Indirect Taxes & Customs Department and conducting internal audit of Indirect Taxes & Customs Departments, its attached offices and the banks engaged in indirect tax work. Pr. CCA, CBIC oversees and monitors the overall banking operations in regard to collection and refund of indirect taxes and their reconciliation & remittance, to the Government account. It also renders financial and technical advice to the Ministry of Finance on matters relating to collection, accounting, remittance expenditure and reconciliation of indirect taxes.

**11.4.2** The Zonal Accounts Office (ZAO) has been formed to look after the accounts of the Indirect Taxes & Customs Department of various zones and works as the accounts office of the field formation of Central Board of Indirect Taxes & Customs. Zonal Accounts Office under CBIC prepares two separate accounts, i.e. Revenue Accounts and Expenditure Accounts, monitors the collections under various Indirect Taxes, prepares reports to impose penal interest on Banks for delayed remittances, reconciles figures with banks, etc.

**11.4.3** Apart from this, ZAO along with Field Pay Units (FPUs) / Cheque Drawing & Disbursing Officers (CDDOs) makes payment of salaries and all other types of Establishment Bills, settles the retirement benefits, maintains GPF Accounts, settles recoveries deducted from salary bills of Government employees in respect of Indirect Taxes & Customs Departments such as Income Tax, License Fee, New Pension System (NPS) subscription, reconcile accounts figures with Indirect Taxes & Customs Departments, etc.

## **11.5 DUTIES AND RESPONSIBILITIES OF ZAO**

Duties and responsibilities of ZAO in brief are as under:

- 1) Make Budget Provisions and check against Provision of Funds.
- 2) Scrutiny of Distribution of grants Appropriation, check of Re-appropriation orders and scrutiny with reference to the guidelines on 'New Service / New Instrument of Service'
- 3) Check the sanctions for Expenditure. Mandatory review of sanctions above Rs.50 lakh and Rs.1 crore by Deputy Controller of Accounts / Chief Controller of Accounts, respectively.
- 4) Check of Classification in Accounts.
- 5) Allocation of Expenditure between Capital and Revenue.
- 6) General instructions on Classification of Expenditure.
- 7) General checks to be exercised in respect of bills submitted for Pre-Check.
- 8) Check of Establishment Pay Bills.
- 9) Check of Increment Certificates.
- 10) Check of Last Pay Certificate.
- 11) Check of Pay Fixation Cases.
- 12) Check of Overtime Allowance Claims.
- 13) Check of Children Education Allowance / Tuition Fees.
- 14) Check of Travelling Allowance Bills.
- 15) Leave Travel Concession to Central Government Servants.
- 16) Check of Medical Reimbursement Claims.
- 17) Checks on various types of contingencies.
- 18) Call charges
- 19) Fee for Engagement of Lawyers
- 20) Cancellation of Sub Vouchers
- 21) Check of Grant in Aid Bills

- 22) Check of Scholarship bills
- 23) Loans and Advance Bills
- 24) Long Term Advances to Government Servants
- 25) Check of contracts
- 26) Final Post Check of Bills Paid after Pre-Check
- 27) Post Check of Bills Paid by Cheque Drawing DDOs
- 28) Compilation of expenditure and receipt Account and submission to principal accounts office
- 39) Transfer Entries
- 40) Maintenance of Provident Fund Accounts as follows:
  - a. Nominations
  - b. Subscriptions
  - c. Advances from the GP Fund and Corresponding Provisions of CPF (India) Rules
  - d. Withdrawal from the GP Fund and Corresponding Provisions of CPF (India) Rules
  - e. Transfer of GP Fund Account
  - f. Maintenance of GP Fund Account
  - g. Maintenance of Broadsheets
  - h. Annual Closing of Accounts
  - i. Register of Missing Credit / Debit
  - j. Transfer of GPF balances in respect of staff under the jurisdiction of merged DDOs and their reconciliation
- 41) Final settlements of pension and other retirement benefits, GPF, leave encashment, CGEGIS etc.
- 42) Bank reconciliation and review of balances under Debt. Deposit and Remittance Heads.
- 43) Quarterly assignment by means of Letter of Credit (LOC)
- 44) Preparation and submission of Management Information System (MIS) and other reports and returns to concerned quarters.

## **11.6 COORDINATION BETWEEN DDO AND ZAO**

**11.6.1** As a general rule, in the departmentalized system of payment, all payments are to be made only by the Pay & Accounts Offices of the Ministry / Department after proper pre-check. However, as a partial exception to this rule, the Drawing and Disbursing Officers of offices which are not located at the same station as of the Pay & Accounts Office, may be permitted to draw funds directly from the local branches of the bank accredited to the Ministry / Department concerned by means of cheques, for payment of pay and allowances (including travelling allowances and medical claims - both advances and final bills) and office contingencies. Bills for other kinds of payments will be presented to the Pay and Accounts Office concerned for pre-check and payment by bank drafts. Such bills shall in no case be paid directly by the DDO. Therefore a cheque drawing DDO assists and coordinates with ZAO in functioning at the places where no ZAO or PAO is located. This is further detailed in the following paragraphs.

**11.6.2** The Cheque Drawing DDO will draw cheques only on the branch / branches of the RBI / SBI or its subsidiary or the public sector bank, with

which he has an account and the bank will make payment of cheques upto the limit prescribed in the letter of credit. The DDO should keep a close watch over the drawals and should take prompt action for the renewal of the letter of credit by assignment of additional funds by PAO, when needed.

**11.6.3** In addition to pay and allowances and office contingencies, Cheque Drawing DDOs are also authorized to make payments by cheques, of the claims of the following categories after sanction of the competent authority a copy of which should be sent to the Pay & Accounts Office:

- (a) Final payment of GPF moneys and withdrawals of moneys from GPF for Group 'D' Government servants.
- (b) All short-term loans and advances to Government servants (i.e. those recoverable in less than 60 installments).

**11.6.4** In the case of Provident Fund advances paid by the Drawing & Disbursing Officer, a statement of the amounts paid and the particulars of the sanction, names of subscribers, their account numbers, etc. should be forwarded to the PAO every month, to enable the latter to ensure that the debit vouchers are received and posted in the accounts of the subscribers and that the debits adjustable by Accounts Officers of other Departments / Governments are passed on to them without fail

**11.6.5** Cheque Drawing DDOs shall prepare a list of payments in triplicate in the prescribed form CAM 21 at the end of every week. Two copies of the list of payments accompanied by the paid vouchers, schedules, etc. should be sent to the Pay & Accounts Office on the due dates as mentioned below:

- (a) 1<sup>st</sup> to 7<sup>th</sup> by the 9<sup>th</sup> of the month
- (b) 8<sup>th</sup> to 14<sup>th</sup> by the 16<sup>th</sup> of the month
- (c) 15<sup>th</sup> to 21<sup>st</sup> by the 23<sup>rd</sup> of the month
- (d) 22<sup>nd</sup> to the end of the month by the 3<sup>rd</sup> of the following month

**11.6.6** The Cheque Drawing DDOs should prepare a bank reconciliation statement every month and send it to the Pay & Accounts Officer.

**11.6.7** Departmental Officers (other than cheque drawing DDOs) located at the same station as the PAO should remit the collections received in cash or local cheques / demand drafts into the bank in which the PAO holds an account duly supported by a pay-in-slip (challan).

**11.6.8** They should send to the PAO a weekly list of remittances into the bank to enable the latter to verify the corresponding credits in the Bank Scroll received by him from the Bank.

### **11.6.9 Refunds of Revenue**

**11.6.9.1** The procedure as laid down in Rules 139 to 145 of CGA (R & P) Rules should be observed in the case of refunds of revenue, except that the bill for refund of revenue should be presented to the PAOs to whom the

departmental officers are attached. The PAO, before making payments, shall verify the original credit from his records.

**11.6.9.2** A suitable register should be maintained by every disbursing officer for recording all amounts disallowed by the PAO under Rule 73 of CGA (R & P) Rules. Separate columns may be provided to show the name and office of the person from whom the recovery is to be affected, the nature and amount of the overpayment and the method by which it has been adjusted.

**11.6.9.3** The DDO should attend promptly to all objections and orders communicated to him by PAO.

**11.6.9.4** When the PAO disallows a payment as unauthorized, the DDO is bound not only to recover the amount disallowed without heeding any objection or protest but to decline to pay it in future till the PAO authorises the resumption of the payment.

## **11.7 MONTHLY RECONCILIATION OF FIGURES**

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 of 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 of the expenditure control register or 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 extracts from the PAO, 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 the 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.

## **11.8 PENSION CASES**

**11.8.1** Head of office is required to forward pension papers in Form-5 and Form-7 along with the service book and other documents complete in all aspects for verification to the Pay and Accounts Office and further processing. The Head of Office has to forward the pension papers to the Pay and Accounts Officer not later than six months before the date of retirement of the Govt. servant. He should also retain a copy of all these papers for their record;

**11.8.2** He will give a copy of the pension calculation sheet to the pensioner, which will include the details of period of service rendered, date and rate of last increment and scale of pay etc;

**11.8.3** Even after forwarding of the pension documents, if the Head of Office comes across any event that may have a bearing on the admissible pension, he should immediately intimate the same to the PAO;

**11.8.4** The Head of Office after ascertaining and assessing the dues against the Government servant shall furnish their details to the PAO, at least two months before the date of retirement of the Government servant. This is to enable the recovery of the outstanding dues from the gratuity amount before its payment is authorized; and

**11.8.5** The Head of Office can sanction Provisional Pension, if he is convinced that it will not be possible to finalize the pension papers to be sent to the Accounts Officer within the prescribed period. The sanction letter in such cases will be addressed to the employee with a copy endorsed to the Accounts Officer.

### **11.8.6 BHAVISHYA (Pension Sanction Payment Tracking System)**

#### **a. Objective/Description:**

1. The ultimate purpose is timely and accurate payment of retirement dues and timely disbursement of first & subsequent pensions
2. Retirees can track the details related to their pension and retirement benefits online.
3. The software helps the retirees to take timely steps related to the retirement process.
4. The system sends alerts to each stakeholder for every action due & performed.

#### **b. Implementation:**

Implemented in 89 Ministries/Departments and 281 attached/subordinate offices.

c. **Outcome/Impact:**

- Retirees & Head of Offices (HoD) have started filling pension forms online & on-time.
- Duplicate entry of information required for processing of pension at the end of retiring employee, HoD & PAO avoided.
- PPOs are issued on time, which results in credit of first pension on time.

**Contact Details**

Department of Pension & Pensioners Welfare,  
Lok Nayak Bhawan Khan Market,  
New Delhi - 110 003  
**<https://bhavishya.nic.in>**

**11.8.7 'BHAVISHYA' portal for Pensioners in CBIC**

The main function of the ' BHAVISHYA' portal for Pensioners software in CBIC is timely and accurate payment of retirement dues and timely disbursement of first & subsequent pensions. This online portal enables Retirees to track the details related to their pension and retirement benefits online and helps the retirees to take timely steps related to the retirement process. The system also sends alerts to each stake holders for every action due & performed. The software provides platform to Retirees & Head of Offices (HOO) to fill pension forms online & on-time. This software also enables the issuing of PPOs to pensioners online, thereby plugging in the delays. The goal is to ensure payment of all retirement dues and delivery of Pension Payment Order (PPO)to retiring employees on the day of retirement itself. The system provides for on-line tracking of pension sanction and payment process by the individual as well as the administrative authorities. The 'Bhavishya' software also keeps retiring employees informed of the progression of pension sanction process through SMS/E-Mail.

# CHAPTER - 12

## MISCELLANEOUS

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**Letters of Authorization  
Personal Deposit Account (PD) Accounts  
Earnest Money Deposit (EMD) Performance Security**

### 12.1 LETTERS OF AUTHORIZATION

**12.1.1** Letter of authorization relates to the programmes or activities where one Ministry / Department utilizes the services of another Central Ministry / Department as its agent for executing the activity. In such cases, the Financial Adviser / Pr. Chief Controller of Accounts / Chief Controller of Accounts / Controller of Accounts of the functional Ministry / Department will issue annual budget allocation letter, indicating the amount approved in the Budget for the year for the programme or activity assigned to the agent or executing Department, after obtaining necessary financial sanctions.

**12.1.2** The executing Ministry / Department are authorized to incur expenditure up to the limits specified in the authorization letter. The allocated amount in such cases will not be available for re-appropriation by the concerned Ministry / Department without the concurrence of agent Ministry / Department. A copy of such sanction has to be endorsed to the Accounts Officer of the functional Department to enable him to keep a note of this in the Expenditure Control Register maintained by him.

**12.1.3** The functional Ministry / Department would also communicate the computer code number relating to the heads to the Pay & Accounts Office of the agent Ministry in the authorization letter.

**12.1.4** The executing agent / Ministry or Department, on the condition of observance of normal procedure of sanction, will incur the expenditure. The Pay & Accounts Office of the executing Ministry will book the expenditure under the relevant expenditure head against the Demand for Grants of the functional Ministry / Department and furnish the monthly and progressive figure of expenditure to the Pr. Accounts Office of the functional Ministry / Department. This is to enable the latter to monitor the flow of expenditure on the programme / activity and to prepare Appropriation Accounts related to the Grant.

**12.1.5.** The Accounts Officer of the executing agent / Ministry will not honour any claim that would result in excess over the amount authorized by functional Department, in any case.

**12.1.6** The Principal Accounts Officer of both agent and functional Ministries / Departments will conduct annual reconciliation of expenditure, before preparing their Statement of Central Transactions (SCT) and Appropriation Accounts, respectively.

## **12.2 PERSONAL DEPOSIT ACCOUNT (P.D. ACCOUNT)**

**Rule 96, GFR 2017, for Personal Deposit Account are as follows:**

**a. Personal Deposit Account** is a device intended to facilitate the Designated Officer thereof to credit receipts into and effect withdrawals directly from the account, subject to an overall check being exercised by the bank in which the account is authorised to be opened. The Designated Officer shall ensure (with the help of a personal ledger account to be maintained by the bank for the purpose) that no withdrawal will result in a minus balance therein. Only Government officers acting in their official or any other capacity shall be the Designated Officer thereof.

### **b. Authority to open Personal Deposit Account: Rule 97 (1)**

The Personal Deposit Account shall be authorised to be opened by a special order by the concerned Ministry or Department in consultation with the Controller General of Accounts. Such special order or permission shall be issued or granted by the Ministry or Department concerned after it is satisfied that the initial accounts of the moneys to be held in a personal deposit account and disbursed, shall be arranged to be maintained properly and shall be subject to audit. Every personal deposit account so authorised to be opened, shall form part of the Government Account and be located in the Public Account thereof. **The provisions relating to “Personal Deposit Account” are contained in para 16.7 of Civil Accounts Manual and Rule 191 to 194 of Central Government Account (Receipts and Payments) Rules.**

**c. Personal Deposit accounts shall generally be authorised to be opened in the following types of cases:**

As per Rule 97 (2):

- a. In favour of a Designated Officer appointed for the purpose of administering monies tendered by or on behalf of wards and attached estates under Government management. It shall also be ensured that proper arrangements are made for the maintenance and audit of connected initial accounts;
- b. In relation to Civil and Criminal Courts’ deposits, in favour of the Chief Judicial Authority concerned;
- c. Where, under certain regulatory activities of the Government, receipts are realised and credited to a Fund or Account under the provisions of an Act to be utilised towards expenditure there under and no outgo from the Consolidated Fund is involved.
- d. Where a personal deposit account is required to be created by a law or rules having the force of law and certain liabilities devolve on the Government out of the special enactments;
- e. Officers commanding units and others concerned in the administration of public funds in the Defence Departments can be authorised to open personal deposit accounts for such funds.

## **12.3 PERFORMANCE SECURITY**

**Rule 171 of GFR 2017, for Performance Security is as follows:**

(i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of five to ten per cent. of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of an Account Payee Demand Draft,

Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.

(ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.

(iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

**12.4 INTER-DEPARTMENTAL TRANSACTIONS: ADJUSTMENT OF EXPENDITURE**

**(A) The inter-Departmental or inter- Governmental transactions will be settled by different procedures as given below:**

- (i) Direct booking of expenditure by agent Ministry / Department against the Demands for Grants of the functional Ministry;
- (ii) Issue of advices to RBI, Central Accounts Section, Nagpur; and
- (iii) Cash settlement.

**(B) Transactions Arising in the Accounts of the Pay and Accounts Office which are Adjusted by the Accounts Officer of Another Government / Department on Cash Settlement Basis.**

- (i) The Pay and Accounts Office in whose books the transactions originate should initially adjust such transactions under the suspense head "8658-Suspense Accounts-Pay and Accounts Office Suspense-transactions adjustable by ..... " (Name of Accounts Officer / Authority concerned in whose books the transactions are finally adjustable). Different Accounts officers / Authorities may open such sub-heads as required to record the adjustable transactions distinctly.
- (ii) After daily compilation is completed, these transactions shall be posted by the PAO in the Outward Claims Register in Form CAM-53, on daily basis, using separate folio for each accounts Officer or Authority. The closing will be done at the end of each month for the

purpose of cash settlement, except for transactions arising in March (Para 8.4.1 may be referred for settlement of transactions arising in the month of March).

(iii) However, the PAOs of Department of Supply are required to maintain separate subsidiary registers on account of heavy volume of such transactions, and enter weekly totals in the Outward Subsidiary Claims Register for effecting weekly settlement.

(a) If the account closes with some amount due to other party, a bill should be prepared for the net amount due and sent to the cheque section for obtaining a cheque in favour of the Accounts Officer of the Government / Department concerned. The bill will be classified as minus credit under PAO Suspense for the gross amount of receipts, while the amount already paid earlier should be classified as minus debit. The original credit / debit balance under the suspense head will be cleared automatically at the time of compiling of this voucher in the accounts section. The cheque will be sent to the concerned party along with necessary schedules and vouchers in support of the transactions in Form CAM-54. The receipt of acknowledgement of the cheque by the other party should be watched and when the acknowledgement is received, it should be noted in the register.

(b) In the opposite case, when payments on behalf of the other Government / Department are more than the receipts from them during the month, the schedules with supporting vouchers, etc. should be sent to the other accounts officer, demanding payment through cheque. On receipt of the cheque from the other party it will be sent to the bank for clearance, and on receiving the credit through bank scroll, the outstanding debit / credit (original) under the suspense head will be cleared by affording a responding minus debit for the gross payments and minus credit for the balances receipts.

**Note 1: Direct Booking of Recoveries.** The recoveries from salary bills on account of income tax, surcharge, CHGS contributions, license fees for government quarters, education cess, service tax, contributions towards defined contribution pension scheme, CGEGIS and PLI premia, etc. will not be passed on to the Accounts Officers of the concerned Ministry/ Department. These recoveries will be credited in the books of Pay and accounts Officer to appropriate final head of account and included in the final compiled account rendered to the Principal Accounts Office. The accounts rendered by the Principal Accounts Office of the Ministry / Department to the Controller General of Accounts will include the credits adjusted under these heads. The Principal Accounts Officer will send a statement in the prescribed form every month to the concerned departmental officers wherever required by the prescribed due dates. In addition to this, the PAO concerned will send the schedule of recovery of license fees to the concerned Assistant Director of Estates, in the form prescribed by him.

**Note 2: Recoveries Arising in the Salary Bills etc.** The following recoveries arising in salary bills, etc. in the books of Non-Civil Ministries/Departments, viz. Defense, Railways, Posts, Telecommunications and U.T. Government / Administrations will also be adjusted to the final head of account by their Accounts Officers to reduce inter-departmental adjustments.

- a. Central Government Employees' Insurance Scheme, 1977;
- b. Central Government Employees' Group Insurance Scheme, 1980;
- c. U.T. Government Employees' Group Insurance Scheme, 1984;
- d. A.I.S. Officers borne on U.T. cadre and subscribing to the A.I.S. Officers (Group Insurance Rule, 1981); and
- e. Postal Life Insurance Premia Recoveries.

The transactions arising in the books of Railways including for their own employees, would be settled with the PAO (Exp.) for the Central Government Employees' Insurance Scheme, 1977 and Central Government Employees' Group Insurance Scheme, 1980. Similarly, it will be settled with the PAO, U.T. Govt. /Adm. from which the employees had come, for the scheme for U.T. Government Employees' Group Insurance Scheme, 1984, and with the PAO (Delhi Admn.) for the scheme of A.I.S. Officers borne on U.T. cadre and subscribing to the A.I.S. Officers (Group Insurance Rules), 1981. The schedules of recovery of Postal Life Insurance Premia in the format supplied by the Director, P.L.I., Kolkata indicating therein the transfer-in and transfer-out cases along with a monthly statement of booked figures may be sent to him.

The Accounts Officers of Central Civil, Railways, Defence, Posts, Telecommunications, U.T. Government / Administration will include the relevant transactions relating to officers on deputation, in the statistics to be furnished under the schemes at Sl. No. (b) and (d) above.

Subscriptions under the All India Services Officers (Group Insurance) Rules, 1981, recovered from All India Service Officers borne on a State cadre but serving on deputation with Government of India or U.T. Government / Administration will not be included in the statistics of the accounts officer of the parent State Government.

**Note 3: Recoveries of Provident Fund, Loans and Advances** Recoveries on account of provident fund or loans and advances in respect of other than Central (Civil) Ministries / Departments, for example, of officers belonging to All India Services that are adjustable in the books of Accounts Officer of other Government / Department, will be initially booked under PAO Suspense head, and then cleared by remittance of cheque / draft as per the prescribed procedure.

**Note 4: Recoveries in respect of Officials on Foreign Service from the Public Sector Undertakings, Autonomous Bodies, Institutions, etc.:**

- (i) This procedure applies in respect of employees taken on foreign service from the public sector undertakings, autonomous bodies, institutions, etc. Recoveries on account of their contributions to the Contributory Provident Fund maintained by such bodies and other recoveries like instalments of repayment of conveyance advance, house building advance, etc. drawn by them from their parent organization, are adjustable finally in the books of these bodies. These recoveries shall not enter the accounts of Government and will therefore not be entered in the body of the bills.
- (ii) The concerned drawing and disbursing officer shall prepare and attach a separate schedule relating to such amounts for remittance to the parent body. Such recoveries will be indicated only on the outer cover of the bill as 'Payable to ..... Organisation' for obtaining a crossed cheque / bank draft in favour of the concerned organization, for dispatching it to them. The PAO will pass the bill and issue one cheque for the net amount of the salary payable to the employee and another in favour of the parent organisation specified in the bill. The same shall be dispatched by the DDO to the concerned organisation with a covering letter, indicating the name of the employee and details of the recovery against which the cheque is forwarded.

**Note 5: Payment on account of Stores Supplied / Services rendered by DGS&D to various Ministries / Departments.**

Payment on account of cost of stores supplied or services rendered by DGS&D to various Ministries / Departments are made by the Department of Supply (other than those mentioned in para 8.8 below). The payment is initially classified under the "PAO-Suspense" head, to be eventually accounted against the grant of the respective Ministries / Departments that receive the stores. The reimbursement is made to PAO, Department of Supply on receipt of claims for the payment made initially by them. It is necessary that both parties take prompt action to adjust all such claims promptly, so as to have better budget control and avoid savings / excesses under the grants, and to avoid mounting outstanding amounts under "PAO-Suspense" head, which makes subsequent clearance difficult.

**(C) Transactions Arising in the Books of Account Officers of Other Government / Departments, which are Adjustable in the Books of the PAO on Cash Settlement Basis.**

- (i) Such transactions may represent either recoveries or receipts initially accounted for by the Accounts Officer of the other department or Government or payments made by other Government / Department, which are finally adjustable in the books of the Pay and Accounts Office. In the former case, the other Accounts Officer will send to the Pay and Accounts Office a cheque for receipts / recovery along with supporting schedules etc. (Form CAM 54). On receipt of the cheque or draft, the PAO will send it to the bank for credit to Government account along with a challan showing the classification of the receipt or recovery and credit the final head of

account at the time of compiling the account on receipt of the bank scrolls.

- (ii) In the latter case, i.e. when another Department or Government has made payment, an account with supporting vouchers will be sent by the other party along with a claim for reimbursement. On receipt of the claim, the PAO will examine it to see whether, prima facie, it pertains to the Department under his payment control and if necessary consult the Departmental officer. If it pertains to his department, he will have a bill prepared for the amounts duly classified under final head, pass and send the bill to the cheque section, just as in the case of a bill presented at the bill counter of the Pay and Accounts Office. The cheque section will issue the cheque and send the paid voucher to the accounting section along with other vouchers paid during the day. The debit will be classified under the final heads at the time of compiling vouchers received from the Cheque Section as in the case of other payments. The cheque will be dispatched to the Accounts officer of the Government or Department concerned along with a forwarding letter in Form CAM-56, giving reference to the number and date of the letter through which the claim was received.
- (iii) Specimen entries of the accounting adjustments to be made in the books of the Pay and Accounts Office on account of Inter-Departmental and Inter-Governmental transactions are given below:

**(a) Recovery (say of Rs. 500) made from pay bill towards Provident fund subscription adjustable in the books of another Accounts Officer:**

**First Stage:-**When the recovery is effected it will be classified under “8658-Suspense Accounts- PAO Suspense-Transactions” adjustable by PAO ‘X’-Rs. 500/- Credit-Original.

**Second Stage:-**When the cheque is issued in favour of the other accounts officer, schedule of Debit or Credit received in Form CAM-54 will serve the purpose of bill. The accounting entry will be as follows-

“8658-Suspense Account-PAO Suspense - transactions” adjustable by PAO ‘X’-Rs.500/- minus credit, and credit shall be afforded to “8670-Cheques and Bills-PAO Cheques” Rs. 500/-. The credit under PAO cheques will be cleared on receipt of the bank scroll, indicating payment of the cheque.

**(b) Payment made by the Pay and Accounts Office on behalf of another Government/ Department:**

In such cases, payment will be initially debited to “8658-Suspense Accounts-PAO suspense” head and the account of the payment will be sent to other Accounts Officer concerned for reimbursement. On getting cheque from the other Accounts Officer, it will be sent to bank for credit to Government account. When the bank scroll is received with this credit, the item will be

classified as minus debit under the suspense head referred to above.

**(c) Recovery made by other Accounts Officer which is adjustable in the books of the pay and accounts Office:**

When the cheque is received in the Pay & Accounts Office from the other Accounts Officer along supporting schedule, it will be sent to bank for clearing, alongwith the challan indicating final classification of the receipt. On receipt of the bank scroll, the credit will be taken to the final head of account.

**(d) Payment or services rendered by another Government / Department adjustable in the books of pay and Accounts Officer:**

- i. On the basis of preliminary checks, if the PAO prima facie finds the accounts received (from the other Accounts Officer) adjustable in his books, he should reimburse the full amount claimed by the Accounts Officer within a period of 7 days of the receipt of the account. He should not wait for the detailed audit of vouchers. Wherever the PAO finds it necessary to consult the Departmental Officer, the payment so made will be classified under the minor head Expenditure Awaiting Transfer (EAT) to other heads below the concerned functional head of the Department. Otherwise, he will adjust the payment to the final head of account and intimate the Departmental officer.
- ii. In the cases where Departmental Officers are to be consulted, the PAO will communicate the details of the debit claims received by him for acceptance by the departmental officer. When the acceptance is received, the PAO will clear the booking under EAT by contra debit to the final head of account.
- iii. On receipt of the remarks of the Department, if it is found that the transactions are not adjustable in the books of the PAO, he will raise claim for the payment already made to the originating Accounts Officer, in the accounts for the month in hand. All the supporting vouchers, etc. received from the other Accounts Officer should also be returned.
- iv. The PAO must keep a close watch over clearance of the transactions recorded under the suspense head. The reasons for delays over a month will be thoroughly investigated and appropriate action taken.
- v. A Register of Inward Claims in Form CAM-55 will be maintained to watch the settlement of accounts and claims from other accounts offices, with separate folios used for claims received from different Governments / Departments. For watching the clearance and settlement of Inward and

Outward Claims, PAO Suspense Broadsheet has to be maintained in FormCAM-64.

- vi. The Pay and Accounts Offices may directly raise the Outward claims that requires to be settled with State Accountants General. But the outward claims of State Accountants General which as a special arrangement are required to be settled with Pay and Accounts Offices, may be routed through the concerned Principal Accounts Office, except those relating to expenditure, etc. on National Highways.
- vii. Outward claims of G.P.F. pertaining to State Government or U.T. employees on deputation with Central Government will be settled directly with the Accountants General / authority nominated by the State / U.T Government for the maintenance of G.P.F. accounts of its employees by the PAO. Wherever a state or U.T. Government has taken over the work relating to maintenance of G.P.F. accounts from the Indian Audit & Accounts Department, it will be done without routing through the A.G. office.

**(D) Procedure for Settlement of Transactions Arising in the Month of March.**

- (i) Normally, reimbursement of transactions arising during a month, or in the last week of a month in the case of Supply Department, is claimed by the first week of the following month.
- (ii) However, all the transactions arising in the month of March are required to be accounted for during the same financial year in the books of the concerned Accounts Officers.
- (iii) To do so, all the accounts Officers in Civil Ministries, State Accountants General, Railways, Defence, Posts and Telecommunications Departments should endeavor to settle transactions arising during the first 3 weeks of March, by arising debits duly supported with vouchers and schedules, etc. at weekly intervals, against the Accounts Officers concerned. The Accounts Officers receiving the debits should respond to ensure immediate settlement of such claims by issue of cheque.
- (iv) For the debits or payments arising on or after 25th March of the year, a telegraphic / fax intimation indicating the net amount of claim to be reimbursed, briefly indicating the nature of the transaction should be sent to the concerned Accounts Officer. In the case of departmentalized offices, the Accounts Officers receiving the claim shall immediately arrange to send the cheque for such claims by placing the amount under the minor head EAT under the relevant functional major head of account, pending receipt of voucher and documents in support of this debit. Since payment against such telegraphic / fax intimation are envisaged to be made even where details are not received by the responding Accounts Officers, the Accounts Officer raising the telegraphic / fax debit should take utmost care that it is sent to the correct Accounts Officer, and for the correct net amount. He should invariably ensure the dispatch of supporting

voucher / schedules, etc. by speed post on or before the 10th of April of the succeeding financial year. On receipt of voucher, etc. the responding Accounts Officer should adjust the debit to the final head of account before the close of March (Supplementary) account and clear the suspense head EAT.

Despite adhering to the procedure indicated earlier, there might be cases where debits do not reach the concerned Accounts Officer in time to enable him to issue cheque / demand draft on or before 31st March of the same year. In such cases, where the debits supported by the voucher are received in the succeeding financial year, but before March (Supplementary) accounts are closed, the Accounts Officer to whom the debits pertain shall accept and respond to the inward debit claim by issuing a cheque. He should in such cases, debit the suspense head PAO suspense, in the accounts of the year in which the debit is received. A transfer entry shall simultaneously be inserted in the March (supplementary) accounts of the preceding year, by debiting the final head of expenditure and minus debiting the head 'PAO Suspense'. This will serve to incorporate the expenditure in the accounts (including Appropriation Accounts) of the year, in which the payment was made by the outward claim originating Accounts Officer, and avoid lapse of funds in the Demand for Grants of the consignee concerned.

The above procedure will also be applicable for adjustment of miscellaneous receipts appearing in the books of an Accounts Officer that require final accounting in the books of another Accounts Officer.

#### **(E) Settlement of Transaction Arising in Missions/Posts Abroad**

- (i) In respect of payments made abroad by the Indian Missions which require cash settlement with other accounts authorities, the Disbursing Officers should send to the Pay and Accounts Officer, Ministry of External Affairs, schedules and vouchers on a weekly basis. This is required to promptly claim reimbursement against it from the concerned accounting authorities.
- (ii) Transactions of the State Governments taking place abroad shall be settled in cash by the Chief Controller of Accounts, Ministry of External Affairs with the Accountants General of the concerned States. This will be done by operating the head "8658-Suspense Accounts-PAO Suspense-transactions adjustable by ..... (name of the Accountant General concerned)".

### **12.5 Procedure for creation of Imprest Account (Permanent Advance)**

**12.5.1** Permanent advance or Imprest for meeting day to day contingent and emergent expenditure may be granted to a government servant by the Head of the Department in consultation with Internal Finance Wing, keeping

the amount of advance to the minimum required for smooth functioning. Procedures for maintenance of permanent advance or imprest are available in para 10.12 of the Civil Accounts Manual, Volume-I.

**12.5.2** Advances for Contingent and Miscellaneous purpose:

- (1) The Head of the Office may sanction advances to a Government Servant for purchase of goods or services or any other special need for the management of the office, subject to the following conditions:
  - (i) The amount of expenditure being higher than the Permanent Advance available, cannot be met out of it.
  - (ii) The purchase or other purpose cannot be managed under the normal procedures, envisaging post-procurement payment systems.
  - (iii) The amount of advance should not be more than the power delegated to the Head of the Office for the purpose.
  - (iv) The Head of the office shall be responsible for timely recovery or adjustment of the advance.
- (2) The adjustment bill, along with balance if any, shall be submitted by the government servant within fifteen days of the drawal of advance, failing which the advance or balance shall be recovered from his next salary(ies).
- (3) The Ministry or Department may sanction the grant of an advance to a Government Pleader in connection with law suits, to which Government is a party, upto the maximum limits of Rupees five thousand at a time. The amount so advanced should be adjusted at the time of settlement of Counsel's fee bills.
- (4) In this regard, relevant **Rules of GFR (Rule 322 to 324 GFR 2017)** may be referred to.

# CHAPTER - 13

## PUBLIC FINANCIAL MANAGEMENT SYSTEM (PFMS)

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As per **Rule 86, GFR 2017** regarding **Public Financial Management System** (PFMS):

(1) Public Financial Management System (PFMS), an integrated Financial Management System of Controller General of Accounts, Government of India, shall be used for sanction preparation, bill processing, payment, receipt management, Direct Benefit Transfer, fund flow management and financial reporting.

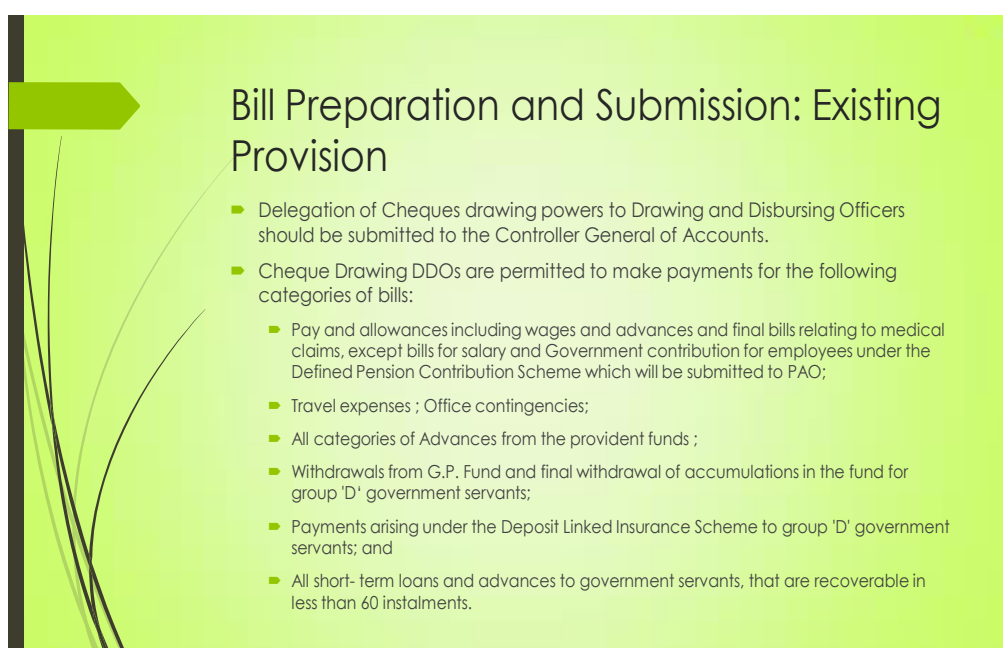
(2) All the ministries sanctioning grant-in aid shall register all implementing agencies till as level of implementation on PFMS to track fund flow and unspent balances.

(3) All the payment, to the extent possible, shall be released 'just-in-time' by the Ministries through PFMS.

(4) Detailed Demand for Grants (DDG), as approved, must be uploaded on PFMS at the start of each Financial Year.

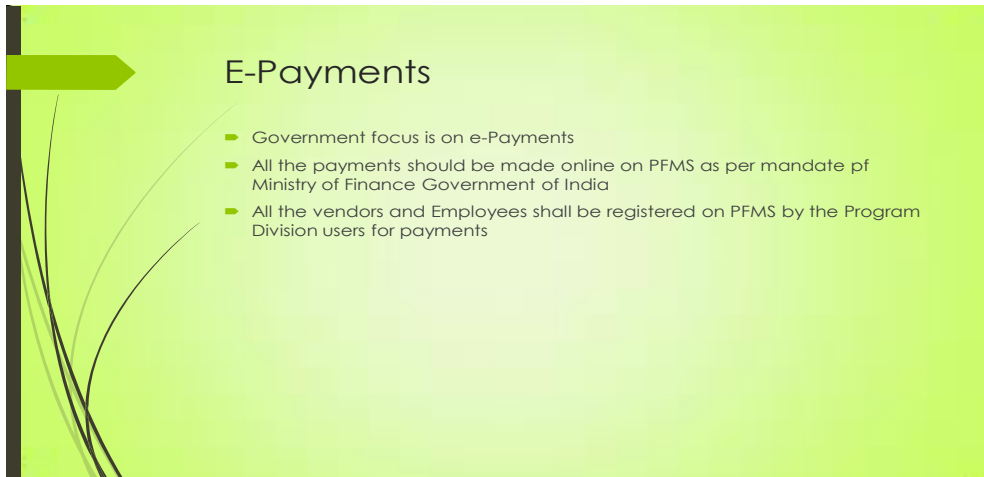
(5) All the re-appropriation orders, surrender order shall be generated through PFMS system.

(6) All grantee institutions shall submit Utilisation Certificates on PFMS.



**Bill Preparation and Submission: Existing Provision**

- Delegation of Cheques drawing powers to Drawing and Disbursing Officers should be submitted to the Controller General of Accounts.
- Cheque Drawing DDOs are permitted to make payments for the following categories of bills:
  - Pay and allowances including wages and advances and final bills relating to medical claims, except bills for salary and Government contribution for employees under the Defined Pension Contribution Scheme which will be submitted to PAO;
  - Travel expenses ; Office contingencies;
  - All categories of Advances from the provident funds ;
  - Withdrawals from G.P. Fund and final withdrawal of accumulations in the fund for group 'D' government servants;
  - Payments arising under the Deposit Linked Insurance Scheme to group 'D' government servants; and
  - All short- term loans and advances to government servants, that are recoverable in less than 60 instalments.



### **13.1 Mandate**

The mandate given to PFMS by Cabinet decision is to provide:

- A financial management platform for all plan schemes, a database of all recipient agencies, integration with core banking solution of banks handling plan funds, integration with State Treasuries and efficient and effective tracking of fund flow to the lowest level of implementation for plan scheme of the Government.
- To provide information across all plan schemes/ implementation agencies in the country on fund utilization leading to better monitoring, review and decision support system to enhance public accountability in the implementation of plan schemes.
- To result in effectiveness and economy in Public Finance Management through better cash management for Government transparency in public expenditure and real-time information on resource availability and utilization across schemes. The roll-out will also result in improved programme administration and management, reduction of float in the system, direct payment to beneficiaries and greater transparency and accountability in the use of public funds. The proposed system will be an important tool for improving governance.

### **13.2 Enhanced Mandate of Ministry of Finance**

Ministry of Finance, Dept. of Expenditure OM No 49 (7) /PF- I/ 2014 dated 02.12.2014 directed CGA to proceed with Digitization of Govt. Accounts through PFMS.

#### **Modules to implement the Mandate**

Modules developed /under development by PFMS for stakeholders as per the Union Cabinet above mandate are as under:

#### **I. Fund Flow Monitoring**

- a) Agency registration

- b) Expenditure management and fund utilisation through PFMS EAT module
- c) Accounting Module for registered agencies
- d) Treasury Interface
- e) PFMS-PRI fund flow and utilization interface
- f) Mechanism for State Governments towards fund tracking for State schemes
- g) Monitoring of Externally Aided Projects (EAP):

## **II. Direct Benefit Transfer DBT modules**

- (a) PAO to beneficiaries
- (b) Agency to beneficiaries
- (c) State treasuries to beneficiaries

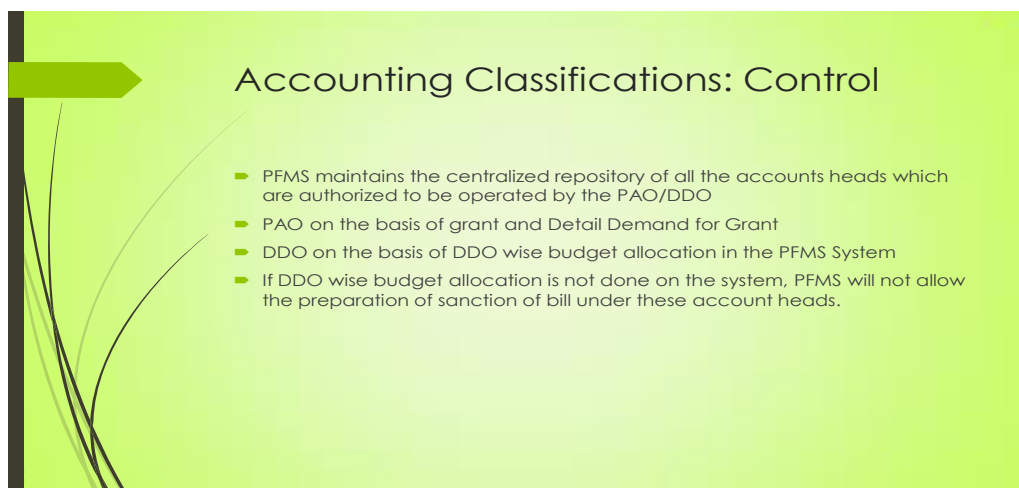
## **III. Interfaces for Banking**

- (a) CBS
- (b) India Post
- (c) RBI
- (d) NABARD & Cooperative Banks

## **Modules to implement Enhanced mandate:**

## **IV. PAO Computerization-Online payments, receipts and accounting of Govt. of India**

- (a) Programme Division module
- (b) DDO module
- (c) PAO module
- (d) Pension module
- (e) GPF & HR module
- (f) Receipts including GSTN
- (g) Annual Financial Statements
- (h) Cash Flow Management
- (i) Interface with non-civil ministries



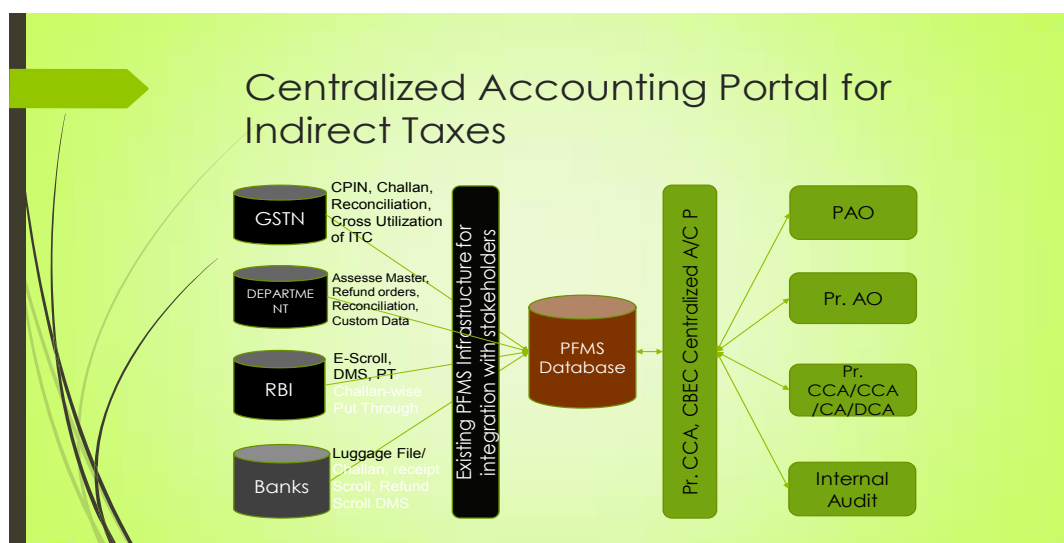
**Accounting Classifications: Control**

- PFMS maintains the centralized repository of all the accounts heads which are authorized to be operated by the PAO/DDO
- PAO on the basis of grant and Detail Demand for Grant
- DDO on the basis of DDO wise budget allocation in the PFMS System
- If DDO wise budget allocation is not done on the system, PFMS will not allow the preparation of sanction of bill under these account heads.

## V. Implementation Strategy

An action Plan has been prepared and approved by Ministry of Finance for phased implementation of Public Financial Management System.

- Improved Financial Management through:
  - Just in Time (JIT) release of funds
  - Monitoring of use of funds including ultimate utilization ' Strategy:
  - Universal rollout of PFMS which inter alia includes
  - Mandatory registration of all Implementing Agencies (IA) on PFMS and
  - Mandatory use of Expenditure Advance & Transfer (EAT) Module of PFMS
- by all IAs



VI. For further details, please visit <https://pfms.nic.in/Users/LoginDetails/Login.aspx> or **PFMS Project Cell**, HELP DESK; Toll Free No. 1800 118 111  
Mail Address:

O/o Controller General of Accounts  
Ministry of Finance, Department of Expenditure  
Public Financial Management System - PFMS  
3rd & 4th Floor, Shivaji Stadium Annexe  
Connaught Place, Shaheed Bhagat Singh Marg  
New Delhi – 110001  
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Email: cpsms-mof[at]nic[dot]in, cpsmsproject[at]gmail[dot]com

# CHAPTER - 14

## NORMS FOR DEPLOYMENT OF VEHICLES IN CBIC FORMATIONS

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The requirement of vehicles is an ongoing process. While many vehicles are already deployed in the formations with the due sanction of the competent authority, subsequent to reorganization of formations in the GST regime, w.e.f 01.07.2017, the vehicles need to be redeployed in the new/reorganized formations. The norms prescribed herewith will ensure uniformity in vehicle deployment as also facilitate fund projection and provisioning. **The norms are only indicative as an 'entitlement' and do not amount to a sanction.** Additional vehicles, if any, required over and above the sanctioned vehicles, shall need the specific administrative approval and financial sanction of the respective competent authorities. For hiring any additional vehicle, prior approval of IFU/Ministry is mandatory after following the provisions of GFR and the instructions of Department of Revenue. The vehicles may be hired only on the basis of actual requirement and the hiring may be discontinued immediately when the vehicles are no longer required for the offices for which they were sanctioned.

The norms have been uploaded on the websites of CBIC ([cbic.gov.in](http://cbic.gov.in)) and DGHRD ([dghrdcbic.gov.in](http://dghrdcbic.gov.in)) and will be effective from 04.12.2017 (**Annexure XX**) and shall supersede the Vehicle Deployment Policy circulated w.e.f 01.04.2017.

While the vehicle entitlement is computed on the basis of Sanctioned Strength, however, IFU invariably limits the requirement to actual working strength only. Therefore, in cases where the number of vehicles indicated against the formation ('entitlement') is more than the actual number of vehicles deployed (i.e more than those sanctioned by IFU upto date), the prior and specific sanction of IFU/Ministry is mandatory. The proposals for hiring additional vehicles may be sent to DGHRD/IFU along with proper justification keeping in view the above and it shall be considered on case-to-case basis. The upper ceiling for hiring of operational vehicles is @ Rs. 40,000/- (excluding taxes) per month and the kilometer ceiling is of 2000 kilometers per month for 20-25 days per month subject to the following conditions:

- (i) The existing instructions of DoR and provisions of GFR 2017 be followed.
- (ii) The hiring of vehicle will be effective prospectively i.e from the date of issue of sanction order.

- (iii) The vehicles may be hired only on the basis of actual requirement and may not be used as staff car.
- (iv) The hiring may be discontinued immediately when the vehicles are no longer required for the offices for which these are sanctioned.

All the CBIC formations/Directorates are requested to kindly deploy the vehicles as per the norms and guidelines attached.

# **ANNEXURES**

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