

No.G.24011/1/2017-18/F1(B)  
GOVERNMENT OF PUDUCHERRY  
FINANCE DEPARTMENT

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Puducherry, dated the 2<sup>nd</sup> January, 2018.

**CIRCULAR**

Sub: Finance Department – Expenditure Management- Economy Measures and Rationalization of Expenditure to face the emerging financial challenges - Reg.

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Government of India has been time and again stressing the need to curb unproductive expenditure, especially the Revenue expenditure associated with non-productive consumptions which does not translate into durable economic assets / infrastructure. The sharp increase in the committed expenditure of the Government of Puducherry due to revision of pay & pension and Dearness Allowance / Dearness Relief rates, gradual increase in borrowings to meet developmental needs leading to high debt servicing obligations, increased cost of power purchase etc, have necessitated to prune the unproductive expenditure and to put in place appropriate economy measures for strict observance by all the stakeholders in the Government including PSUs and all autonomous organizations under the administrative control of the UT Government in order to ensure both the financial stability and credit of the Union Territory of Puducherry.

2. Therefore, in view of the current tight financial scenario, in addition to the various measures already in force, it is necessary to strictly follow the below listed expenditure control and rationalization measures to ensure the financial stability and credit of the Union Territory of Puducherry:

a) Expost facto approval:

i. It is noted that various departments / autonomous bodies, as a matter of routine are following ex-post facto approval route to bypass budget / expenditure controls ( i.e. to execute the scheme or work without budget allocation or sufficient funds in the relevant head) leading to liability and a fait accompli situation, which cannot be reversed. Such actions in the current financial scenario would undermine the financial discipline and fiscal prudence. Therefore, any award of works, execution of schemes and procurements of goods and



services shall have to be done with the prior administrative approval and expenditure sanction of the expenditure sanctioning authority based on fund availability and fund certification, in strict compliance with GFR provisions.

- ii. No fresh financial commitments should be made on items which are not provided for in the approved budget. Similarly, PSUs/Corporations/ Boards and other Autonomous bodies should not create any contingent liability on the Government through loans obtained by them directly from the Banks / Financial Institutions.

b) Public Works:

In order to prevent creation of new liabilities without budgetary support, any proposal for new works should be referred to Finance Department along with details of liability for ongoing works / completed works / works already sanctioned and the fund availability in the budget. No tenders should be floated without administrative approval based on fund availability & fund certification by the Department/Finance Department, as the case may be.

c) Office expenses:

- i. A moderate 10% cut in the expenditure on office expenses including telephone charges, fuel expenses, refreshments etc.

d) Staff car:

- i. Purchase of new vehicles against the replacement of condemned vehicle should be deferred except essential utility vehicles, such as ambulance, fire tenders, etc.
- ii. Outsourcing of vehicles should be curtailed. Staff cars should be parked near office buildings so as to reduce the dead mileage to the maximum extent possible. These vehicles should not be allowed to be parked at the residence of the drivers under any circumstance.

e) Procurement of Goods and Services:

- i. Restrictions on purchase of banned items would continue. However, necessary exemption can be taken in the case of Centrally



Sponsored Schemes (CSS) / Central Sector Schemes or other approved schemes which specifically permit the procurement of such items for implementation of the scheme.

ii. All the procurements of goods and services should be made through GeM Portal, as per MHA's letter No. 15039/168/2017-UT (Coord) dated 04/10/2017 and as per the guidelines issued by Finance Department vide I.D.Note dated 21.09.2017. Procurement through GeM is mandatory, if the goods and services are available on GeM portal. This will help to procure goods and services at a lower / competitive price through a fair and transparent manner in compliance with Rule 149 of GFR, 2017.

f) Festival, Fairs and Exhibitions:

The practice of holding meetings, conferences, functions etc., at hotels may be discontinued. Further, the conduct of events / shows which is not part of any approved scheme/programme may be avoided.

g) Air travel:

Air travel to be restricted to Economy Class and the tickets to be procured in the lowest fare available in Economy class. The officers may be advised to book the air tickets directly from the airlines website, as far as possible.

h) Save Electricity:

Expenditure on consumption of electricity should be reduced by a minimum of 5% by all offices and public buildings with reference to the consumption during the corresponding month of the previous year, through efficient utilization and saving of power, like by switching off lights and other appliances including ACs / fans/ computers etc. when officers are not in the office room or when not required. Likewise, PWD / Electricity Department / all Local Bodies should ensure that public lighting systems are properly switched off during day times.

i) Creation and filling up of posts:

i. The ban on creation of new posts shall continue.

