

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

Puducherry, dated the 2nd January, 2018.

CIRCULAR

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

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.



- ii. There shall be restrictions on filling up of direct recruitment vacancies. However, the vacancies in Technical and Non-Technical operational posts arising in the normal course can be filled up by transfer, promotion, deputation, adjustment of staff rendered surplus, leave vacancies etc.,. Approval of Chief Secretary should be invariably obtained through Finance Department for any relaxation of this restriction.
- iii. Large number of staff may be rendered surplus as a result of completion of certain schemes / projects and there is often considerable pressure for carrying such surplus staff indefinitely on the pay roll. Such cases should be subjected to strict scrutiny and their continuance should not be allowed indefinitely.
- iv. Surplus staffs available in various departments and organizations due to winding up of certain activities of the departments must be suitably redeployed in the other departments, where it is essentially required through work study review.
- j) Casual Labour:
- The engagement of voucher paid staff for routine official work should be avoided.
- k) Travelling Allowance:
- Deputation for training courses involving course fee and for which TA/DA has to be paid by the Government may be curtailed.
- l) Acquisition of Land:
- Land should be procured or acquired strictly in conformity with the requirement of building programme. Mere purchase or acquisition of land with a view to taking up construction of buildings in distant or indefinite future should be avoided. No projects should be started without land availability and budget allocation and without the explicit approval of the Planning and Finance Departments.



m) Public Sector Undertakings:

- i. The release of funds to the Government Undertakings/Autonomous Bodies should be strictly according to budget provision and immediate needs and after full justification for release with reference to existing instructions on the subject. The Administrative Departments shall have to satisfy themselves on the proper utilization of funds by the organizations for the purpose for which it was released and ensure proper submission of UCs duly certified by the Director / Secretary of the Department concerned. The Departments should also ensure the timely completion of accounts and audit by the PSUs and its submission to the Deputy Accountant General, C&AG Office, Puducherry.
- ii. No engagement of staffs in PSUs /Corporations / Boards/ other autonomous bodies, shall be made without the approval of Government.
- iii. The Administrative Departments shall ensure that all Grant-in-aid institutions under their control increase their receipts / revenues through efficient management and operations and bring down costs through reduction in manpower or discontinuing loss making ventures.
- iv. It is noticed that Departments implementing schemes through PSUs / Boards / Societies / other autonomous bodies are drawing funds from the Consolidated Fund and allowing the autonomous bodies to park the same in bank accounts without utilization for a long time. In such cases, as there is no immediate need for utilization, such cash balances must be maintained in the Government account (Civil Deposits), as per Circular issued by DD (Ways & Means).
- v. All PSUs/Corporations/ Boards/other Autonomous Bodies shall strictly align their financial rules and practices in conformity with the rules and practices existing in the Government, through necessary amendments in the Memorandum of Association / Articles of Association / Bye-laws/Rules/ Regulations etc. and pending amendment of these documents, the financial rules and practices existing in the Government shall apply *mutatis mutandis* to all PSUs/



Boards/Societies / Corporations/ Autonomous Bodies etc. under the control of Government of Puducherry.

n) Rushing of Expenditure:

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

ii. In the last month of the financial year, payments should be made only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with exception of the following:

- Advance payment to contractors under terms of duly executed contracts so that Government would not renege on its legal or contractual obligations.
- Any loans or advances to Governments servants etc. or private individuals as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.
- Any other exceptional case with the approval of the concerned administrative Secretary. However, a list of such cases may be sent by HOD to the Finance Department by 30th April of the following year for information.

o) Achievements of revenue targets:

The departments should carefully monitor the targets towards revenue receipts fixed for the financial year and ensure that there is no shortfall in the collection. Where the scales of fees / receipts have not been revised for some time, these should be revised immediately taking into account the increase in costs

p) PFMS:

Departments / Autonomous Bodies receiving fund directly from Ministries of the Government of India through PFMS for implementation



of Central Sector schemes, should immediately intimate the details of receipt of funds to Planning Department and Finance Department.

3. These instructions are only illustrative and not exhaustive. The departments are free to adopt other austerity measures in areas of their choice.

4. This Circular shall *mutatis mutandis* apply to all the PSUs, Corporations, Boards, Societies and other Autonomous Bodies under the Government of Puducherry, irrespective of whether they receive any Grant-in-Aid from Government or not. The Managing Directors / Chief Executive Officers shall be responsible for strict compliance of provisions of GFR,2017 and instructions contained in this Circular.

5. Secretaries /Heads of Departments/Heads of Offices and Accounts Officers shall be individually and collectively responsible for ensuring strict compliance of the contents of this Circular. Finance Department will also scrutinize the budget proposals of the various departments taking into account these economy measures and Director of Accounts & Treasuries shall apply necessary control to ensure the compliance of this Circular.


02/01/18
(Dr. V.CANDAVELOU)

COMMISSIONER-CUM-SECRETARY (FINANCE)

To

1. All Secretaries /Special Secretaries, Chief Secretariat, Puducherry.
2. All Additional/Joint/Deputy/Under Secretaries, Chief Secretariat, Puducherry.
3. All the Heads of Departments (As per list)
4. All Public Sector Undertakings/Autonomous Institutions (As per list)

5. The Finance Department (F3), Chief Secretariat, Puducherry.
(with a request to upload in Finance portal)