

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. FIN-BUD1-BT-0003-2020 2 5 4 9 1 /F.,

Date: 11 / 09 / 2020

From

**Sri Ashok Meena, IAS,
Principal Secretary to Government**

To

**All Additional Chief Secretaries/
Principal Secretaries/
Commissioner-Cum-Secretaries/
Secretaries to Government**

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2020-21

Sir/Madam,

I am directed to say that Supplementary Statement of Expenditure for the financial year 2020-21 will be presented in the Odisha Legislative Assembly towards the month of November, 2020. Accordingly, proposals for inclusion in the Supplementary Statement of Expenditure are required to be submitted to Finance Department strictly in accordance with the guidelines indicated below.

2. COVID-19 has posed challenges in every sphere of our life. The State is fighting the pandemic with all its resources with “life above rest” approach. Saving lives and providing livelihoods would be a priority during the pandemic period. The fight against COVID appears longer, which would require higher expenditure. However, the strategic lockdown/ shutdown to contain the pandemic has adversely affected the economic activities and revenue realization. The National and State economy are likely to contract during 2020-21. Thus, there would be resource shortfall both on account of central transfer as well as own revenue.

3. The Odisha Budget, 2020-21 was presented in the Assembly on 18th February 2020 prior to onset of the pandemic. It was a transformational budget that had laid down the plan of building a “New Odisha”. The focus of the budget was on reviving the health care – through upgradation of existing facilities and building new state-of-art medical infrastructure, creating industrial and skill development hubs, boosting tourism and transforming rural and urban Odisha.

4. The enduring pandemic has completely changed the scenario. In the pandemic situation, life is above the rest. Saving life of the people has been the first priority of the Government. Specialized health infrastructures have been created with critical care facilities and ventilator support for treatment of the COVID patients. Owing to the prompt

real-time decision making and responsiveness of the Government, COVID situation in the State has remained well within control. The path looks long. The State would continue its focus in health sector as a priority in COVID management strategy. Social security transfers, generating employment, creation of livelihood opportunities for the people, protecting the vulnerable sections, promoting agriculture, reviving MSMEs as well as Industries sector would also be given importance. The COVID related lockdown has severely affected the resource realization. The spending priorities have changed and new priorities have emerged. Considering these realities, the State Cabinet in their meeting on 22nd July, 2020 have approved expenditure re-prioritization policy to align it with the current needs.

5. While formulating the Annual Budget, 2020-21, the limit of fiscal deficit of 3% of GSDP was fully employed for financing the Budget. Government of India has allowed additional borrowing of 2% of GSDP with certain conditions. The contraction of the GSDP along-with availing higher borrowing can jeopardise the debt sustainability unless a prudent fiscal path is adopted in medium term. Accordingly, it would not be possible to make substantive provision under any unit in absence of adequate resource back up except priority sectors. Hence, Supplementary Statement of Expenditure, 2020-21 is proposed to be an exercise for re-prioritization of the Budget in which the Administrative Departments would be allowed to augment the provision in one unit only by locating equivalent savings in some other unit of expenditure.

6. State government has taken some expenditure rationalization measures in the mean time keeping in view the revenue collection and liquidity position upto the month of August, 2020. Finance Department vide letter no 20042/F dated 07.07.2020, has restricted certain types of expenditure during the year 2020-21. Similarly, the Cash Management stipulations are put on hold for the FY-2020-21 for the Departments coming under Cash Management System vide Finance Department letter no 15275/F dated 15.05.2020. So, the Administrative Departments are required to submit supplementary proposals based upon the guidelines mentioned in the above mentioned letters.

7. It is observed very often that Supplementary Provision, more so Programme Expenditure (erstwhile Plan Provision), is being made without due care and caution which results in surrender of funds. In previous years, it is observed that the total **amount surrendered is substantial, even more than the supplementary provision in some years**. Such large scale surrender of Supplementary provision is adversely commented upon by the C&AG year after year. **Therefore, Supplementary proposal should not be prepared in a routine manner; but should receive personal attention of the concerned estimating and controlling officer so that the proposals are based on actual need and should commensurate with their actual spending capacity.**

8. Keeping in view the above stipulations, Supplementary Schedules under Administrative Expenditure, Programme Expenditure, Disaster Response Funds and Transfers from State may be furnished in the following cases:-

8.1 Expenditure related to COVID management.

The State Government has taken several pro-active steps for effective COVID management. Various initiatives have been taken in health sector, social security transfers, farm sector as well as generating employment. Several announcements including incentives for frontline COVID warriors have also been made. All these initiatives and announcements would be fully funded.

8.2 Recoupment of Advance from Odisha Contingency Fund (OCF)

Advance from Odisha Contingency Fund (OCF) sanctioned from time to time are to be recouped in Supplementary Statement of Expenditure. In absence of recoupment, it would not be possible to sanction further advance to meet any urgent requirement. Hence, proposals are to be submitted for recoupment of any outstanding advance from Odisha Contingency Fund (OCF) in the Supplementary Statement of Expenditure, 2020-21. While submitting schedules for recoupment, the Letter No. and the date of the sanction of OCF advance and details of head of account should be clearly indicated.

8.3 Provision for Pay and D.A.

Provision has been made for Pay & DA taking into account the requirement in revised pay as per ORSP Rules, 2017 in 2020-21 (BE). However, revision of pay in case of Judicial Officers and some others has not yet been done and they are still drawing their salary in pre-revised scale. Any shortfall in provision including Interim Relief for Judicial Officers to meet the requirement may be proposed in the Supplementary Statement of Expenditure, 2020-21. Besides, additional provision under the unit salary shall be allowed if the provision becomes inadequate due to filling up of posts or otherwise. Wherever required, it should be met by locating savings from the existing provision for re-allocation.

8.4 Provision of outstanding House Rent, Electricity Dues, Water Charges & Municipal Dues.

If the budget provision in respect of House Rent, Electricity Dues, Water Charges & Municipal Dues falls short of the requirement, proposal may be submitted for provision for the differential amount.

8.5 Regularization of Advance Expenditure incurred by way of Authorization.

In some cases, Engineering Departments have been authorized (under para 3.7.1(b) of the OPWD Code Vol.-I) to go ahead with the works and to incur expenditure in absence of budget provision. Regularization of such expenditure should be processed indicating savings/ specific source of funding, if any, for Supplementary provision both under Administrative Expenditure and Programme Expenditure, as the case may be.

8.6 Decretal Dues and Land Acquisition Charges.

(a) Amounts required for compliance of Court decrees in respect of Land Acquisition Cases, which have no scope for appeal should be proposed for inclusion in the Supplementary Budget under the “charged section”. All proposals for decretal dues

should be furnished with sufficient justification with firm decision of Government to implement the orders of the Hon'ble Court without going for further appeal or revision.

(b) Normal Land Acquisition charges wherever necessary for projects/ schemes should be proposed in the "voted section" under the detailed heads meant for the project/ scheme.

8.7 Technical Supplementary:-

Requirement of fund to meet the additionalities in needy sectors by locating savings or for accounting adjustment without any additional cash outgo, if any, may be proposed. For example: - transfer of provision from Revenue Account to Capital Account or from Voted to Charged or vice-versa. Accounting adjustment in respect of receipt of External Assistance under direct payment procedure for Externally Aided Projects should also be done in the Supplementary Statement of Expenditure. The EAP Branch of Finance Department will ask the Administrative Departments to submit the proposals to P&C Department.

8.8 Additional requirement under State Sector Schemes funded by State Government.

No new State Schemes/ Projects to be taken up by Administrative Departments except Health & Family Welfare Department. However, if any new scheme is essentially required for emergent public service, the same can be taken up only after appraisal by EFC/SFC following the due procedure and with specific concurrence of Finance Department for any expenditure under such scheme. For such exigency, the Departments are required to propose for reallocation of provision within the existing ceiling within the similar or same resource head and Demand. Proposals for additional provision in one unit should be matched by equivalent savings within the similar or same resource head and Demand.

8.9 Centrally Sponsored Schemes (CSS)

In case of a number of Centrally Sponsored Schemes (CSS), it is noticed that Government of India allocation towards Central Assistance varies from the provision made towards Central Share of the CSS in 2020-21 (B.E.). If the level of Central Assistance communicated by the concerned Ministry is higher than that provided in 2020-21 (B.E.), proposal should be submitted for the additional provision in the Supplementary Statement of Expenditure. Similarly, where there is reduction in allocation by Government of India, there should be equivalent reduction in provision towards Central Assistance for CSS. The State Share of the CSS should be increased or decreased proportionately. Besides, in case some new Centrally Sponsored Schemes have been launched by Government of India, for which provision is not made in 2020-21 (BE), proposal is to be submitted for provision towards both Central and State Share in the Supplementary Statement of Expenditure, 2020-21.

9. Improper Assessment of the requirement and accountability under the FRBM Act.

All Administrative Departments should make realistic assessment of requirement for the Supplementary Statement of Expenditure so that scarce resources can be utilized effectively, efficiently and in a prudent manner. Sound fiscal management is, therefore, of vital importance to Government. Further, the FRBM Act envisages that budget provision should be made on realistic basis. Hence, it is made clear that any deviation in this regard would attract personal liability under the provision of the FRBM Act.

10. Process for Submission of Budget Proposal

(i) The proposal for Administrative Expenditure, Disaster Response Funds and Transfers from State shall be **submitted by the Controlling Officer(s) to the Administrative Department using IFMS platform**. The consolidated proposal of all Controlling Officers of an Administrative Department will be transferred from IFMS to the "Online Budget Compilation System - BETA" seamlessly through web service. **The Administrative Departments after scrutiny of the consolidated proposal will submit the same to Finance Department using Online Budget Compilation System (URL <http://onlinebudget.gov.in/BETA/>) in Secretariat LAN.**

(ii) Similarly, Programme Expenditure proposals for the Supplementary Statement of Expenditure, 2020-21 shall also be initiated in the Budget preparation module of IFMS. The Controlling Officers are required to submit the proposal to the Administrative Department using IFMS platform. The Controlling Officer shall enter their Programme Expenditure proposals using the chart of account. The existing charts of account/ schemes are linked to the respective heads of development/ resource head. In case of entering new schemes/ chart of account, the Controlling Officers are required to link it to the appropriate heads of development/ resource head by selecting from the list. **The proposals submitted by the Controlling Officers are to be scrutinized by the concerned Administrative Department and the consolidated proposal is to be submitted by the Administrative Department.** The consolidated proposal of all Controlling Officers of an Administrative Department will be transferred from IFMS to the "Online Budget Compilation System" (BETA) seamlessly through web service. The heads of development-wise proposal would be available to the Planning & Convergence Department in BETA in the URL <http://onlinebudget.gov.in/BETA/>. Planning & Convergence Department shall allocate ceiling online as per heads of development. The Administrative Departments shall distribute the ceiling online among the development sector schemes which shall be approved by Planning & Convergence Department online. The Administrative Departments would be required to submit the Programme Expenditure proposal in charts of account to Finance Department using Online Budget Compilation System in Secretariat LAN using URL <http://onlinebudget.gov.in/BETA/>. **The Programme Expenditure proposals are also required to be submitted only online. Proposals are no more required to be submitted in hard file.**

(iii) While submitting the proposals for **Supplementary Statement of Expenditure, 2020-21**, the Administrative Departments would be required to identify savings under some units of expenditure to make provision afresh or by way of augmentation in some other units of expenditure through re-allocation. In order to ensure availability of adequate funds equivalent to savings located, the Administrative Departments would have to indicate availability of **funds under a particular unit in IFMS** and block the said savings under that unit until it is utilized through Supplementary linked surrender/ re-appropriation. IFMS will block the allocation identified as savings and not allow any further distribution/ utilization till the process of Supplementary linked surrender and re-appropriation is over.

11. Time Schedule

(i) The Administrative Departments are requested to formulate the Supplementary proposals expeditiously in accordance with the guidelines indicated above and submit their proposals online to Finance Department as per the time schedule given below.

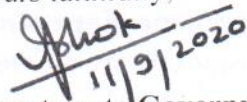
- a. In case of Administrative Expenditure, the proposals should be submitted online to Finance Department latest by the **12th October, 2020**.
- b. The Programme Expenditure proposals should be submitted to Planning and Convergence Department also by **12th October, 2020**. The Planning and Convergence Department shall communicate ceiling to Administrative Departments thereafter. The Administrative Departments shall make scheme-wise distribution of the ceiling and submit it to Planning and Convergence Department subsequently.
- c. The Programme Expenditure proposals after concurrence of Planning & Convergence Department should then be submitted to Finance Department.

(ii) The system will not allow processing of budget proposals after the due date as mentioned above. Hence, due care should be taken to stick to the stipulated deadlines.

(iii) Submission of papers or conduct of meeting in physical form shall be avoided. Any document to be submitted in support of any proposal is to be uploaded in BETA or to be sent to the concerned branch Officer by e-mail/ WhatsApp. Similarly, any consultation, if required for finalization of budget proposal, is to be done in virtual mode following all COVID-19 guidelines.

(iv) All Heads of the Departments and Controlling Officers are being informed. This circular is being placed in the website of Finance Department (<https://finance.odisha.gov.in/>) for information of all concerned.

Yours faithfully,


11/9/2020
Principal Secretary to Government

Memo No. 25492 /FDated 11/09/2020

Copy forwarded to all Heads of Departments (Controlling Officers)/ Financial Advisors/ Asst. Financial Advisors/ Accounts Officers of all Heads of Departments for information and necessary action.

Lingam Kanyan
11/09/2020
Under Secretary to Government

Memo No. 25493 /FDated 11/09/2020

Copy forwarded to all Officers/ Desk Officers/ Section Officers of Finance Department for information and necessary action.

Lingam Kanyan
11/09/2020
Under Secretary to Government

Memo No. 25494 /FDated 11/09/2020

Copy forwarded to all Treasury Officers of District Treasuries and Special Treasuries/ Sub-Treasury Offices/ F.A. & C.A.O. of all Irrigation Projects for information and necessary action.

Lingam Kanyan
11/09/2020
Under Secretary to Government

Memo No. 25495 /FDated 11/09/2020

Copy forwarded to Private Secretaries to Additional Chief Secretary/ Special Secretaries/ Additional Secretaries, Finance Department for kind information of Additional Chief Secretary/ Special Secretaries/ Additional Secretaries.

Lingam Kanyan
11/09/2020
Under Secretary to Government

Memo No. 25496 /FDated 11/09/2020

Copy forwarded to the Additional Secretary, P& C Department for information and necessary action.

Lingam Kanyan
11/09/2020
Under Secretary to Government

Memo No. 25497 /FDated 11/09/2020

Copy forwarded to the Head, State Portal with request to upload the circular in the website of Finance Department at www.finance.odisha.gov.in.

Lingam Kanyan
11/09/2020
Under Secretary to Government