

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 19444 /F., Date: 10 / 07 / 2023
FIN-BUD1-BT-0003-2023

From

**Dr. S. P. Rath, IAS,
Director, Budget**

To

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

Sub: Proposals for Supplementary Statement of Expenditure for the financial year 2023-24.

Sir/Madam,

I am directed to say that the Annual Budget, 2023-24 was presented in the Assembly on 24th February, 2023 and the Appropriation Act was enacted on 31st March, 2023.

2. In the meanwhile, some time has passed post the Annual Budget, 2023-24 and the Departments may need some internal realignment of Budget allocations to give effect to certain policy decisions, like – implementation of new Schemes and Programmes, new CSS Schemes of Government of India, and other evolving development and welfare priorities of the Government. There have also been instances of re-appropriations so as to meet any additional requirement by surrender under appropriate units of expenditure. Above issues need to be addressed in the Supplementary Statement of Expenditure, 2023-24. The Supplementary Budget, 2023-24 is likely to be presented in the Odisha Legislative Assembly anytime either in the Monsoon Session or the Winter Session of the Assembly. Accordingly, proposals for inclusion in the Supplementary Statement of Expenditure are required to be submitted to Planning & Convergence Department and Finance Department strictly in accordance with the guidelines indicated below.

3. **Government's current-year priorities:** The priorities of the State Government in the medium-term still remains to achieve Sustainable Development Goals through faster reduction of poverty, increasing farmers' income by crop diversification and direct benefit transfers, providing piped drinking water to all, making available quality affordable health care facilities, enabling quality education & skill development, providing quality physical infrastructure for improving economic activities. State Government is in mission mode to empower women in every sphere of economic activities, modernise the health facilities at PHC level and building world class tertiary healthcare facilities in the State and providing quality primary education at the village level, so that State could achieve an inclusive growth.

4. **Economic and Fiscal outlook:** RBI in its 27th issue (June, 2023) of the Financial Stability Report (FSR) has mentioned that the global economy is facing heightened uncertainty amidst persisting geopolitical tensions and moderating but elevated inflation. Despite global headwinds, the Indian economy and the domestic financial system remain resilient, supported by strong macroeconomic fundamentals. Continuing growth momentum, moderating inflation, narrowing current account deficit and rising foreign exchange reserves, ongoing fiscal consolidation and a robust financial system are setting the economy on a path of sustained growth. As per IMF's World Economic Outlook growth projections (April, 2023), India's growth would be around 6.3% during FY 2023-24. However, GSDP growth of the State will be 8% in 2023-24 as projected at the time of formulation of Annual Budget, 2023-24. The revenue receipts till June, 2023 have registered a growth of 12.79% over the previous years' collection. The total expenditure (other than debt servicing) till June, 2023 is 15% of the 2023-24 (BE) compared to 12.3% previous year. The pace of expenditure needs to be expedited, while enhancing the capacity at the execution level to increase the pace of expenditure particularly Capital spending.

5. **Exercise for re-prioritization of the Budget:** While formulating the Annual Budget, 2023-24, the limit of **fiscal deficit of 3% of GSDP** was fully employed for financing the Budget. However, expenditure relating to livelihood and completion of the ongoing capital projects are to be assessed by the Departments in a holistic manner, so that economic activities in the State will get the required boost. Hence, **Supplementary Statement of Expenditure, 2023-24 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. **High impact new Capital projects, announcements made by Government from time-to-time and proposal for enhancing livelihood activities shall be fully funded.**

6. **Supplementary proposals based on actual need and spending capacity:** It is observed very often that Supplementary Provisions, more so Programme Expenditure, are being made without due care and caution, which result in **substantial surrender of funds** at the end of the FY, with instances of **total surrender of funds being more than the supplementary provisions in some previous years**. Such large-scale surrender of Supplementary provision is being adversely commented upon by the C&AG year after year. Therefore, Supplementary proposals should not be prepared in a routine manner; rather should receive personal attention of the concerned estimating and controlling officer, so that **the proposals are based on actual need and should be commensurate with the actual spending capacity.**

7. **Preparation of supplementary proposals during FY 2023-24**

Keeping in view the above stipulations, Supplementary Schedules under Administrative Expenditure, Programme Expenditure, Disaster Response Funds and Transfers from State need to be furnished in the following manner: -

7.1 **Recoument of Advance from Odisha Contingency Fund (OCF)**

Advances from Odisha Contingency Fund (OCF) sanctioned from time to time are to be recouped in Supplementary Statement of Expenditure. In absence of recoument, it would not be possible to sanction further advance to meet any urgent requirement. Hence, proposals are to be submitted for recoument of any outstanding advance from Odisha

Contingency Fund (OCF) in the Supplementary Statement of Expenditure, 2023-24. **The recoupment orders should particularly be issued by the concerned Administrative Departments based on the actual expenditures incurred in implementation of emergent initiatives and not against the total fund sanctioned as advance out of the corpus of OCF.** 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.

7.2 **Provision for Pay and D.A.**

Sufficient provision has already been made for Pay and DA in 2023-24 (BE). Besides additional provision under the unit salary shall only 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.

7.3 **Provision of outstanding House Rent, Electricity Dues, Water Charges and Municipal Dues**

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

7.4 **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.

7.5 **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.

(b) Normal Land Acquisition charges wherever necessary for projects/ schemes should be proposed under the “Voted” section under the Detailed Heads meant for the project/ scheme.

7.6 **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, should 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.

7.7 **Additional requirement under State Sector Schemes funded by State Government**

If any new scheme is required for provision of emergent public service, execution of infrastructure projects, generation of livelihood opportunities, etc., the same can be taken up only after **appraisal by EFC/SFC** following the due procedure as laid in Finance Department **Circular No.9523/F dated 22.03.2021** 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.

7.8 **Centrally Sponsored Schemes (CSS)**

(i) The procedure for release of funds under the Centrally Sponsored Schemes (CSS) through Singe Nodal Account (SNA) in PFMS is now being implemented. In order to maintain separate Budget lines for Central and State Share under each CSS in the Detailed Demand for Grants (DDG) for ensuring smooth flow of central assistance to the State, two separate line items **78768-Central Share of CSS** and **78769-State Share of CSS** have been created. The Administrative Departments are now required to propose required provision of funds in above two units proportionate to the sharing pattern.

(ii) The detailed modality for drawal of salaries for employees covered under CSS has been issued vide FD Letter No.24616/F., Dated. 29.09.2022. The said modalities need to be adhered to meticulously, in order to avoid double drawal of funds from the Consolidated Fund of the State. This also requires recoupment of funds already drawn towards salaries after receipt of the Central Assistance under the Scheme.

(iii) Finance Department has already submitted a certificate on deposit of Central share of interest earned in SNA accounts till 31.03.2023 in the Consolidated Fund of India. As per data available in PFMS, some Departments are yet to complete the exercise. They need to expedite the process. They are also required to deposit State share of interest earned in SNA accounts till 31.03.2023 in the State exchequer under the chart of account "0049-Interest Receipts-04-Interest receipt of State-801-Interest or other earnings from Grantee on unspent balance-0250- Interest on the unspent balance of grants-02245-Interest on Unspent Balance."

7.9 **Limitation in cases where expenditure till 31st July, 2023 under a unit is within 25% of Budget provision**

Proposals involving additional requirement under units, where expenditure till 31st July, 2023 is less than 25% of Budget provision, shall not be considered for inclusion under the Supplementary Statement of Expenditure for the year 2023-24.

8. **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.

9. Submission of Budget Proposal and 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 Planning & Convergence (P&C) Department and Finance Department following the procedure detailed at **Annexure-I** 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 **31st July, 2023**.
 - b. The Programme Expenditure proposals should be submitted to P&C Department by **31st July, 2023**. The P&C Department shall communicate Programme ceiling to Administrative Departments thereafter. The Administrative Departments shall make scheme-wise distribution of the ceiling and submit it to P&C Department subsequently.
 - c. The Programme Expenditure proposals should be submitted to Finance Department, after concurrence of P&C 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) Any document to be submitted in support of any proposal may be uploaded in BETA or to be sent to the concerned Branch Officer electronically by e-mail. Similarly, any consultation, if required for finalization of Budget proposal, may be done either in physical or virtual mode as per convenience.

The Administrative Departments are, therefore, requested to instruct all the Controlling Officers under them to adhere to the guidelines and timelines mentioned in the foregoing paragraphs scrupulously. This circular is being hosted in the website of Finance Department (<https://finance.odisha.gov.in/>) for information of all concerned.

Yours faithfully,


10/31/2023
Director, Budget

Memo No. 19445 /F

Dated 10 / 07 / 2023

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.


Under Secretary to Government

Memo No. 19446 /F

Dated 10 / 07 / 2023

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


Under Secretary to Government

Memo No. 19447 /F

Dated 10 / 07 / 2023

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.


Under Secretary to Government

Memo No. 19448 /F

Dated 10 / 07 / 2023

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


Under Secretary to Government

Memo No. 19449 /F

Dated 10 / 07 / 2023


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


Under Secretary to Government

Memo No. 19450 /F

Dated 10 / 07 / 2023

Copy forwarded to the Portal-in-Charge, FID with request to upload the circular in the website of Finance Department at <https://finance.odisha.gov.in/>.


Under Secretary to Government

Annexure-I**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 due 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, 2023-24 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, then, would be required to submit the Programme Expenditure proposals in charts of account to Finance Department using Online Budget Compilation System in Secretariat LAN using the URL <http://onlinebudget.gov.in/BETA/>. **The Programme Expenditure proposals are also required to be submitted using the online system of IFMS and Budget application as the default mode.**

(iii) While submitting the proposals for **Supplementary Statement of Expenditure, 2023-24**, 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.
