

New Delhi, dated the 25<sup>th</sup> January, 2010

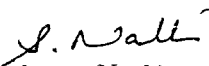
**Office Memorandum**

**Subject : Excess expenditure over voted grants - regarding**

In its Eightieth Report, the Public Accounts Committee (2008-09) has observed in Para 50 and 59 that some Ministries/Departments of Union Government continue to display indifferent attitude towards rules laid down for containing the expenditure within the authorized limits. While viewing this state of affairs with grave concern, the Committee emphasised and reiterated from their past Reports that the Secretary, Department of Expenditure in the Ministry of Finance should strongly and effectively draw the personal attention of the concerned Secretaries in the Ministries/Departments of the Union Government depicting excess expenditures to ensure financial discipline, which is now all the more necessary with the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 in operation. The Committee also desired the Ministry of Finance, being a nodal Ministry to control the exchequer of the Government of India to impress upon all the Ministries to ensure rigid enforcement of prescribed financial rules and procedure so as to contain the instances of excess expenditure to the bare minimum. It has also been recommended that action should also be taken to deal sternly with cases where any slackness is noticed in observance of prescribed financial rules.

2. In terms of Rule 52 (1) of the GFRs, Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the heads of Departments and other controlling officers, if any, and disbursing officers subordinate to them. Rule 52 (3) further provides that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the contingency fund. The GFRs also lay down detailed instructions on the procedure for effective control over expenditure by the Department controlling and disbursing officers. The ultimate responsibility of control of expenditure against the grant/appropriation lies with the authority administering a grant/appropriation.

3. Instructions have already been issued to all Financial Advisers on 26<sup>th</sup> October, 2009 to forward separate reports on a quarterly basis on pending ATNs in respects of paras selected by PAC. It is now advised that necessary steps may be taken by Secretaries to Govt. of India, being the Chief Accounting Authorities as per Rule 64 of GFR, to ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in BE or Supplementary grants, except in rare or exceptional circumstances. Special attention of Deptt. of Economic Affairs, M/o Defence, M/o Railways, Company Affairs and M/o Mines is invited to ensure that the phenomena of excess expenditure is not repeated.

  
(Sushama Nath)  
Secretary (Expenditure)

1. All Secretaries to Government of India
2. All Financial Advisers