

No.G.23011/22/2009-IF.I  
Government of India  
Ministry of Human Resource Development  
Department of Higher Education  
(IF.I Section)

New Delhi, the 12<sup>th</sup> September, 2009.

***Subject: Expenditure Management- Economy Measures and Rationalization of Expenditure.***

Attention is invited to Ministry of Finance, Department of Expenditure O.M. issued in F.No.66 (16)/PF-II/2009 dated 24<sup>th</sup> July 2009 and No.7 (1).E.Coord/2009 dated 7<sup>th</sup> September, 2009 (copy enclosed) which inter alia, stipulate urgent need for rationalization of expenditure and optimization of available resources in order to ensure adequate resources for meeting the development needs of the social sector & infrastructure sector. Ministry of Finance has also imposed a mandatory cut in Non-Plan head for the year 2009-10.

2. These economy instructions are required to be followed mutatis mutandis by various autonomous and statutory bodies like Central Universities, IITs, etc. Some of the specific economy instructions which are required to be followed are reproduced below:

- (i) For the year 2009-10 there shall be a mandatory cut of 10% in non Plan expenditure under the following heads:
  - (a) Domestic and Foreign Travel expenses
  - (b) Publications
  - (c) Professional Services
  - (d) Advertising and Publicity
  - (e) Office expenses
  - (f) POL (except for security related requirement)
  - (g) Other administrative expenses
  
- (ii) The remaining portion of non-plan expenditure excluding salary and pension will be subjected to a mandatory 5% cut.

Contd.P/2

(iii) No increase in budgetary allocation under the heads of non-plan expenditure particularly where the cuts are now being imposed, will be allowed at the Revised Estimates stage except under extremely compelling circumstances.

3. Autonomous /Statutory bodies under the control of Department of Higher Education are accordingly requested to intimate immediately the revised calculations of allocation in respect of these heads of expenditure. Revised estimates will be decided taking into account the above mentioned mandatory cuts.

4. Some of the other measures that to be taken are as below:-

- (i) There should be strict monitoring of projects like construction of building, etc to ensure that there is no time and cost over run and accountability should be fixed for any lapse on this account.
- (ii) Proper planning should be done before procurement of equipments so as to ensure proper synchronization between the delivery of equipments and creation of necessary infrastructural facilities at the Institute level.
- (iii) Utmost economy need to be observed while organizing seminars conferences etc., and to be taken up where they are absolutely necessary.
- (iv) Domestic and foreign travel should be strictly regulated and foreign travel restricted to barest minimum. Ministry of Finance's instructions regarding "Class of Travel" during Foreign/ Domestic travel should be strictly adhered to. All the domestic travel will take place by economy class, irrespective of the entitlement. Faculty members and other officers and staff should be encouraged to avail the facility of low fare refundable air tickets. Similarly for payments of TA/DA to non-officials for attending meeting of governing Boards, etc., use of low fare refundable air tickets may be increasingly resorted to.
- (v) Purchase of vehicles will not be permitted.
- (vi) It should be ensured that advance payments for execution of contracts etc. are made strictly as per the provisions of the contract and not with a view to merely showing utilization of funds.


Contd.P/3

- (vii) Further, autonomous/Statutory bodies should on their own evolve ways and means for austerity in expenditure by way of saving in power consumption, restriction on hiring of taxies, etc.

5. It is reiterated once again that these economy instructions are mandatory in nature and no relaxation would be possible. The Ministry is at the same time aware that in academic institutions, it is often difficult, within the available resources, to meet the costs of various chemicals and consumables, etc., required in laboratories and also for meeting the cost of library books and journal, etc.. Given the constraint of resources leading to mandatory cuts in non-salary expenditure, it is expected that the institutions would make efforts to generate additional resources by gradual revision of tuition fees, levy of user fees, withdrawal of hostel subsidies and through other measures.

6. Similar instructions were conveyed last year vide my letter No.23011/26/2008-IF.I dated 7<sup>th</sup> July, 2008. However, I regret to say that those instructions were not given required importance. I would, therefore, request you to kindly attend to this personally and ensure that these economy instructions are followed scrupulously. I shall be grateful for an early response indicating the action taken in this regard.

Yours faithfully,



(R.P. Agrawal)  
Secretary (H.E.)

To  
Heads of all autonomous and statutory bodies under the Ministry of Human  
Resource Development

F.No. 66(16)/PF-II/2009  
Government of India  
Ministry of Finance  
Department of Expenditure

21/11  
New Delhi, the July, 2009.

**OFFICE MEMORANDUM**

**Subject: Expenditure Management**

With a view to ensuring availability of adequate resources for meeting the objectives of critical development, social sector, infrastructure sector and other priority schemes, Ministry of Finance has, from time to time, issued guidelines to be observed by the Ministries/ Departments of the Government. In the context of the current fiscal situation, there is tremendous pressure on Government's resources. Hence, there is an urgent need for rationalization of expenditure and optimization of available resources. With this objective, the following guidelines, applicable with immediate effect, are issued:-

**2. Formulation of schemes and their implementation**

2.1 Only those schemes and programmes, that are part of the Budget announcements 2009-10, may be introduced in the current financial year. Further, as far as existing schemes are concerned, the following instructions will be applicable:-

- (i) Additional expenditure over and above the prescribed approved ceiling for individual schemes shall not be permitted. In case a Ministry/Department wishes to amend a scheme that will result in expenditure beyond the approved outlay or seek additional allocation for an existing scheme, it must indicate matching savings from some other schemes/projects under the relevant 'Demand' under its administrative control.
- (ii) Manpower proposals for Plan schemes which are for a specified period should be formulated taking into account the provisions contained in GFRs 2005 regarding outsourcing of services, so that no permanent liability is created.

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- (iii) Strict monitoring and fixing of accountability must be done for delays in the implementation of schemes and projects that lead to major cost overruns and enhanced revised estimates.

2.2 This would also apply to non-plan schemes.

**3. Advances for Schemes/Projects**

All advance payments to implementing/production agencies for any scheme/project/acquisition shall be limited to 10% of the approved financial outlay in the current fiscal year. Subsequent payments must be strictly related to deliverables/milestones. This restriction shall be applicable in the case where expenditure is effected through a contract. Advances of grant-in-aid to institutions are not included within the ambit of this restriction.

4 Secretaries of the Ministries/Departments, being the Chief Accounting Authorities as per Rule 64 of GFR, shall be fully charged with the responsibility of ensuring compliance of the measures outlined at paras 2 and 3 above. Financial Advisers shall assist respective Departments in securing compliance with these measures.

*S. Nath*  
23/11/09

(Sushama Nath)  
Secretary to the Govt. of India

All Secretaries to the Govt. of India  
Copy to the  
Cabinet Secretary,  
Principal Secretary to the Prime Minister,  
Secretary, Planning Commission,  
Financial Advisers.

New Delhi, the 7<sup>th</sup> September, 2009

**OFFICE MEMORANDUM**

**Subject: Expenditure Management - Economy Measures and Rationalization of Expenditure**

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**1. Background**

1. With a view to ensuring availability of adequate resources for meeting the objectives of critical development and priority schemes, instructions on expenditure management have been issued on 24<sup>th</sup> July, 2009. In view of the current fiscal situation and that arising out of insufficient rain in large parts of the country, and the consequent pressure on Government's resources, there is need for further economy and rationalization of expenditure. In the circumstances, in continuation of the instructions issued on 24<sup>th</sup> July, 2009, the following further guidelines are issued with immediate effect:-

**2.1 Cut in Non-Plan expenditure**

(i) For the year 2009-10, every Ministry/Department shall effect a mandatory **10% cut** in non-Plan expenditure under the following heads:-

- a) Domestic and Foreign Travel expenses
- b) Publications
- c) Professional Services
- d) Advertising and Publicity
- e) Office expenses
- f) POL (except for security related requirement)
- g) Other administrative expenses

No. 7(1) E.Coord/2009  
Ministry of Finance  
Department of Expenditure

- (ii) The remaining portions of non-plan expenditure, excluding interest payments, repayment of debt, Defence capital, salaries, pension and the Finance Commission grants to the States, will be subjected to a mandatory **5% cut**. No re-appropriation of funds to augment the non-plan heads of expenditure shall be allowed during the current financial year.
  
- (iii) No increases in the budgetary allocations under the heads of non-plan expenditure, particularly where cuts are now being imposed, will be allowed at RE stage, except under very extraordinary and compelling circumstances.

## 2.2 Economy Measures

The following measures for fiscal prudence and economy will also come into force with immediate effect:-

### 2.2.1 Seminars and Conferences

- (i) The prescribed expenditure ceilings for holding seminars, conferences, workshops etc. should be enforced and a 10% cut on the budgetary allocation for seminars and conferences shall be effected.
- (ii) Holding of exhibitions/seminars/conferences abroad is strongly discouraged, except in the case of exhibitions for trade promotion.
- (iii) There will be a complete ban on holding of meetings and conferences at five star hotels.

### **2.2.2 Domestic and Foreign Travel**

- (i) No travel on Government account by air will take place by first class.
- (ii) All domestic travel on Government account by air will take place only by economy class, irrespective of the entitlement.
- (iii) Where travel is unavoidable, it will be ensured that officers of the appropriate level dealing with the subject are sponsored instead of those at higher levels. The size of delegation and the duration of visit will be kept to the absolute minimum.
- (iv) Proposals for participation in study tours, workshops/conferences/seminars/presentation of papers abroad at Government cost will not be entertained except those that are fully funded by sponsoring agencies.

### **2.2.3 Purchase of vehicles**


Purchase of vehicles, except for operational requirements of the Defence Forces, Central Para Military Forces and security related organizations, will not be permitted.

3. The instructions contained in the O.M. on Expenditure Management dated 17th September, 2007 in regard to publicity, usage of telephones, ban on creation of plan and non-plan posts, transfer policy, and use of information technology will continue to be applicable. Similarly, instructions contained in O.M. on Expenditure Management dated 5<sup>th</sup> June, 2008 in regard to observance of discipline in fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/State/Local level, balanced pace of expenditure and re-appropriation within approved Heads will also continue to apply.

No. 7(1) E.Coord/2009  
Ministry of Finance  
Department of Expenditure

#### 4. Compliance

Secretaries of the Ministries / Departments being the Chief Accounting Authorities as per Rule 64 of GFR shall be fully charged with the responsibility of ensuring compliance of the measures outlined above. Financial Advisers shall assist the respective Departments in securing compliance with these measures and also submit an overall report to the Minister-in-charge and to the Ministry of Finance on a quarterly basis regarding various actions taken on these measures/guidelines.

  
(Sushama Nath)  
Secretary (Expenditure)

All Secretaries to the Government of India  
Copy to the:-  
Cabinet Secretary,  
Principal Secretary to the Prime Minister,  
Secretary, Planning Commission  
Financial Advisers

F.No.CA.23011/26/2008-11.1  
Government of India  
Ministry of Human Resource Development  
Department of Higher Education  
(I.F.1 Section)

New Delhi, the 7<sup>th</sup> July, 2008

**Subject: Expenditure Management – Economy Measures and Rationalisation of Expenditure.**

It may be recalled that Government has recently issued a set of instructions with a view to containing expenditure especially non-developmental expenditure and thereby ensuring adequate resources for meeting the objective of development of social sectors, infrastructure sector and other schemes. The Prime Minister has also separately addressed his Cabinet colleagues to ensure economy in expenditure and cut out wasteful expenditure. A copy of the Ministry of Finance Office Memorandum No.7(1)E.Coord/2008, dated 5<sup>th</sup> June, 2008 listing out the various economy measures required to be taken and the Hon'ble Prime Minister's letter dated 4<sup>th</sup> June, 2008 are enclosed. Hon'ble Minister for Human Resource Development has desired strict compliance of all these instructions and has desired that austerity measures should be observed, besides affecting cost savings and avoiding all types of wasteful expenditure.

2. These economy instructions are required to be followed *mutatis mutandis* by various autonomous and statutory bodies like Central Universities, IITs, etc. Some of the specific economy instructions which are required to be followed are reproduced as under: -

- (i) For the year 2008-09, there shall be a mandatory 10% cut in non-plan expenditure under the following heads: -
  - a) Overtime allowance
  - b) Domestic and Foreign Travel expenses
  - c) Publications
  - d) Professional Services
  - e) Advertising and Publicity
  - f) Office expenses
  - g) POL
  - h) Other administrative expenses
- (ii) The remaining portion of non-plan expenditure, excluding salary and pension, will be subject to a mandatory 5% cut.
- (iii) No increase in the budgetary allocation under the Heads of non-plan expenditure particularly where the cuts are now being imposed will be allowed at RE stage except under extremely compelling circumstances.

3. Autonomous/statutory bodies under the control of Department of Higher Education are accordingly requested to intimate immediately the revised allocation in respect of these heads of expenditure. Revised Estimates will be decided taking into account the above mentioned mandatory cuts.

4. Some of the other measures that need to be taken are as below -

- (i) There should be strict monitoring of projects like construction of buildings, etc. to ensure that there is no time and cost over-run and accountability should be fixed for any lapse on this account.
- (ii) While seminars and conferences may not be discontinued totally, utmost economy need to be observed while organizing such seminar conferences etc., only where they are absolutely necessary.
- (iii) Domestic and foreign travel should be strictly regulated and foreign travel restricted to barest minimum. Faculty members and other officers and staff should be encouraged to avail the facility of low fare refundable air tickets. Similarly for payment of TA/DA to non-officials for attending meetings of Governing Boards etc. use of low fare refundable air tickets may be increasingly resorted to.
- (iv) It should be ensured that advance payments for execution of contracts etc. are made strictly as per the provisions of the contract and not with a view to merely showing utilization of funds.
- (v) Further, autonomous/statutory bodies should on their own evolve ways and means for austerity in expenditure by way of savings in power consumption, restriction on hiring of taxis, etc.

5. It is reiterated once again that these economy instructions are mandatory in nature and no relaxation would be possible.

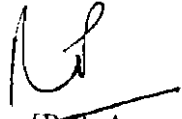
Yours faithfully,

O/Copy

[R.P. Agrawal]  
Secretary [Higher Education]

To: Heads of all autonomous and statutory bodies under the Department of Higher Education, Ministry of Human Resource Development.

Copy to Bureau Heads: - With a request to ensure compliance of these instructions by the autonomous bodies under their charge.

  
[R.P. Agrawal]  
Secretary [Higher Education]

o/c

(No. 71) E. Coord. 2009  
Ministry of Finance  
Department of Expenditure

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New Delhi, the 8<sup>th</sup> September, 2009

**Office Memorandum**

**Subject -** Expenditure Management-Economy Measures and Rationalization of Expenditure in autonomous bodies-reg

In consonance with the economy instructions issued by this Department vide OM of even No. dated 7<sup>th</sup> September 2009, appropriate economy measures need also be put in place to rationalize the expenditure of autonomous bodies. A mandatory cut of 10% and 5% on the same lines as indicated in para 2.1 of the above OM may be effected on the expenditure of autonomous bodies funded by the Government of India. Grants to be released during 2009-10 may be adjusted accordingly.

Further, economy measures outlined in para 2.2 of the O. M. dated 7th September, 2009 pertaining to Seminars & Conferences, Domestic & Foreign travel. Purchase of Vehicles and instructions contained in para 3 will also be applicable to autonomous bodies.

*S. Nath*

(Sushama Nath)  
Secretary (Expenditure)

To

All Secretaries to the Govt. of India

Copy to;

Cabinet Secretary  
Principal Secretary to the Prime Minister  
Secretary, Planning Commission  
Financial Advisers

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*Dir(LF)*