

**No.4/51/2006-PC**  
**Government of India**  
**Ministry of Information & Broadcasting**  
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Shastri Bhawan  
New Delhi 110001  
Dated the 18 July, 2006

**OFFICE MEMORANDUM**

**Sub: General Procedure and Guidelines for Plan Schemes, incurring Non-Plan expenditure, Financial Procedures etc.**  
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Instructions have been issued from time to time with regard to (a) formulation of Plan schemes including the procedures to be adopted and (b) financial procedures to be followed in accordance with General Financial Rules (GFR), Delegation of Financial Powers Rules (DFPR) etc. It is however often observed that proposals received from organisations under this Ministry are neither complete nor in accordance with the prescribed instructions, guidelines and procedures. This results in delay in approval/clearance of the proposals and consequential delay in implementation of various schemes as well as audit objections due to non-adherence to procedures. With a view to facilitating faster clearance/approval of Plan schemes and ensuring better financial management, the following instructions are once again reiterated.

2. The Ministry of Finance has notified the General Financial Rules, 2005 which came into effect on 1<sup>st</sup> July, 2005. Among others, Chapter 3 (Second Part) on 'Control of Expenditure Against Budget, Chapter 5 on 'Works', Chapter 6 on 'Procurement of Goods and Services' and Chapter 9 on 'Grants-in-aid & Loans' (for Autonomous and Statutory Bodies) are important and need to be thoroughly understood and complied with by all concerned in the Ministry and Organisations under the Ministry.

**PLAN PROPOSALS:**

3. The Ministry of Finance (MOF), Planning Commission, etc. have issued guidelines from time to time about formulation, appraisal and approval of Plan Schemes and Projects. Such instructions have been compiled in September 2004 by the Plan Finance Division of Department of Expenditure, Ministry of Finance (copy enclosed). The said Compendium is also available on MOF official website ([http://finmin.nic.in/the\\_ministry/dept\\_expenditure/plan\\_finance2](http://finmin.nic.in/the_ministry/dept_expenditure/plan_finance2)). The latest

revised format for submission of EFC/SFC proposals is also available on this website. The important sequential stages and formalities to be completed for Plan schemes as paraphrased below:-

- a) Identification of Scheme/project and preparation of Feasibility Report. [Guidelines for preparation of Feasibility Report are contained in para 2(i) of Section I of the above Compendium)
- b) Submission of the Feasibility Report by the Ministry to the Planning Commission seeking "In-Principle Approval" for inclusion in the Annual Plans
- c) "In-Principle Approval " by the Planning Commission
- d) Preparation of Draft Project Report (DPR) (Guidelines for preparation of DPR are contained in paras 2(ii) & (iii) of Section 1 of the above Compendium)
- e) Submission of Plan proposal to the Ministry. [The total requirement of outlay for the project/scheme, year-wise phasing, Capital-Revenue break-up, detailed justification, physical targets etc. should be available in the proposal]
- f) Inclusion of the project/scheme in Five Year Plan/Annual Plan;
- g) Appraisal and recommendation by the competent body (i.e., SFC/EFC/PIB, as the case may be depending upon the financial limit prescribed under Rule 18 of the Delegation of Financial Power Rules, 1978). Approval has to be sought on the stipulated formats given under Section 9 of the Compendium cited in para 3 above. For seeking approval of SFC/EFC, identical formats can be adopted
- h) Preparation of Outcome Budget in respect of the project/scheme
- i) Approval by the competent authority in terms of the delegation of powers and issue of expenditure sanction thereafter
- j) Completion of Tendering and other codal procedures stipulated under GFR, 2005
- k) Awarding of the Work/Contract/Supply Order etc. (wherever involved)
- l) Implementation of the scheme/execution of the project and constant review and monitoring.

#### **FINANCIAL MANAGEMENT & PROCEDURES:**

4. The following fundamental financial principles may be followed by all concerned in the interests of better financial management:

- (a) All expenditure should be restricted to the provisions available in the budget under each Head of Account.

- (b) The pace of expenditure should be uniform throughout the financial year and there should be no bunching of expenditure in the last quarter. Organisations which do not utilise funds in the first two quarters are likely to suffer cuts at the time of finalisation of Revised Estimates (RE) in the third quarter. As per MOF instructions, release of funds in the last quarter will not exceed  $\frac{1}{3}$  of the Budget Estimates (BE).
- (c) The physical and financial targets set for the year should be fully achieved, as surrender of funds provided in the budget reflects poor financial management. Regular monitoring of progress is essential to ensure optimum achievement of targets.
- (d) Economy measures issued by Government should be scrupulously followed to avoid wasteful expenditure. Copy of latest instructions issued by MOF dated 23<sup>rd</sup> November 2005 in this regard is enclosed.
- (e) Asset Registers shall be maintained by all Organisations in the prescribed format.
- (f) Any proposal for re-appropriation of funds should be based on proper justification and in accordance with the instructions on the subject.
- (g) No expenditure on a new scheme should be incurred without In-Principle Approval of Planning Commission, clearance through SFC/EFC/PIB and approval of the competent authority.
- (h) In case a plan scheme is proposed to be financed through the internal resources of the organisation, a statement giving details of the commitments i.e. schemes already approved and are to be financed through its own resources along with budgeted year-wise funds, need to be sent with proposal. The Administrative Wings, IFD and SFC/EFC members would require this information to ascertain the availability of funds for the proposed scheme after meeting the existing commitments.
5. In addition to the above, some of the procedures prescribed by the Ministry of Finance etc. with regard to the following important subjects are also briefly recapitulated as follows:

(i) Creation/Review/Revival of posts

- a) According to Ministry of Finance OM No. 7(5)/E-Coord/2004 dated 24 September 2004 (copy enclosed) there is total ban on creation of Plan and Non-Plan posts. Any proposal for the creation of posts requires prior approval of the MOF (copy enclosed).
- b) If a post is held in abeyance or remains unfilled for one year or more, it is deemed as abolished and cannot be filled up without first reviving the post. Ministries/Departments have been delegated powers for revival of such posts up to Deputy Secretary/Director level subject to the conditions laid down in MOF OM No. 2(1)/E.Coord.I/2003 dated 9<sup>th</sup> September 2003 (copy enclosed).
- c) Promotional posts lying vacant for less than one year in Media Units other than Song & Drama Division (S&DD) and Publications Division can be filled up according to the Recruitment Rules (copy of MOF OM dated 23.10.2000 enclosed). However, as far as S&DD and Publications Division are concerned, Ministry of Finance has directed [vide ID No. 340/E-Coord.I/2005 dated 23.2.2005] that for filling up of any post/vacancy, prior approval of the MOF is required to be obtained.
- d) In case of Direct Recruitment vacancies, only those posts which are cleared by the Screening Committee in the Ministry can be filled up. Remaining posts/vacancies are to be abolished (copy of MOF OM dated 16<sup>th</sup> May 2001 is enclosed).
- e) In case of posts/vacancies to be filled up through methods other than promotion & direct recruitment like deputation, transfer, contract, etc. prior permission of Ministry of Finance is to be obtained (Copy of MOF OM dated 23.10.2000 enclosed).
- f) Posts vacant for more than a year are deemed as abolished. However, this does not apply in case the vacant posts pertaining to reserved category. (DOPT OM dated 3.11.2004 enclosed).
- g) As per MOF OM dated 23<sup>rd</sup> November 2005 (copy enclosed) all Ministries/Departments and their subordinate and attached offices are to carry out a review of posts lying vacant for more than six months. Until this review is

conducted, these vacant posts are not to be filled up. Media units which have not done this review should do so without further delay.

(ii) **Appraisal of Non-Plan Schemes by CNE**

For Non-Plan Schemes, approval of the Committee on Non-Plan Expenditure [CNE] is required to be obtained in terms of the instructions contained under Rule 18 of the DFPR, 1978. In terms of these instructions, Secretary of the Administrative Ministry is competent to approve Non-Plan Schemes up to Rs. 5 crores.

(iii) **Procedure for re-appropriation of funds**

Re-appropriation of funds within a Grant can be done subject to the terms & conditions stipulated under Rule 10 of DFPR, 1978 and subject to such other general or specific restrictions as may be imposed by the Finance Ministry. The power to re-appropriate funds within a Grant vests only with the Ministry and Ministry of Finance. Heads of Departments/Heads of Office etc. cannot exercise these powers.

(iv) **Procurement of Goods & Services**

Procurement of goods & services should be done strictly in accordance with the procedures stipulated under Rules 135 to 177 of the GFR, 2005. The registration of suppliers under Rule 142, Purchase Committee procedure under rule 146, tendering procedure under Rule 149-158, payment of advance to suppliers under rule 159 of GFR etc. are of special importance and must be strictly followed by all concerned.

Purchase of Notebooks/Laptop computers should be done strictly subject to the terms & conditions laid down in MOF OM No. 1(29)/E.II(A)/2000 dated 19<sup>th</sup> April 2004 (copy enclosed). According to these instructions, such items can be purchased only with the approval of Secretary in consultation with the FA.

- (vi). Irrespective of rank, officers in media units/Autonomous Bodies, are not eligible for mobile phones facilities. This facility can be extended to media units/Autonomous Bodies only with prior approval of Ministry of Finance.

**(vii) Outsourcing of Services**

Outsourcing of services can be done subject to the conditions laid down under Rules 179 to 185 of the GFR, 2005. Such powers are vested in the Ministry and Heads of Departments/Heads of Office cannot exercise these powers.

**(viii) Grants-in-aid procedures to Autonomous Bodies**

Grants-in-aid to Autonomous Bodies are subject to the provisions of Rule 20 of the DFPR, 1978 and Rules 206 to 215 of the GFR, 2005. Any proposal for sanction of Grant-in-aid should be accompanied by the details and documents stipulated in the above Rules. As prescribed in GFR, in case of non-recurring grants, Utilisation Certificates (UC) for the previous year needs to be furnished within 12 months of the closing of the financial year. In case of recurring grants, funds up to 75% of the allocation can be released on the basis of provisional UC for the immediate previous year. For remaining 25%, UC and audited statement of annual accounts need to be furnished to the satisfaction of the Sanctioning Authority.

**(ix) Procedure for appointment of Consultants**

- a) The proposals for appointment of consultants should be sent only after following up the prescribed procedures. Copies of DOPT consolidated OM dated 13-2-1998, and 28-7-2005 are enclosed.

**(x) Contingent Expenditure**

Attention of all Heads of Department is invited to the amendment to Schedule V of the Delegation of Financial Power Rules, 1978 *vide* Ministry of Finance Notification No. 1(11)E.II (A)03 dated 16<sup>th</sup> September 2003 (copy enclosed). According to this Notification, Departments of the Central Govt. in the matter of contingent expenditure shall in consultation with the Financial Adviser of the Department concerned have full powers for deciding the financial limit up to which they can delegate powers to Heads of Department. Wherever required, HOD may send appropriate proposals to the Administrative Divisions and get such delegation decided in consultation with the Financial Adviser.

(xi) Foreign deputation proposals

Foreign deputation to workshops, seminars, trainings, etc. have been banned vide MOF OM dated 24<sup>th</sup> September 2004 and 23<sup>rd</sup> November 2005. Deputation proposals should be restricted to multilateral body meetings like for attending World Bank, IMF, ADB, etc. meetings.

Such proposals should contain a panel of eligible/suitable officers from which the competent authority would select the candidate. Further such proposals should be sent well in advance so that the Ministry has enough time to process the proposal and submit to the Minister. Ministry circular in this regard is enclosed for reference.

6. All concerned are accordingly requested to carefully go through the above-mentioned rules and instructions and ensure that the procedures are understood properly and followed scrupulously. Clarifications, if any, on any of these or other financial issues may be sought from the Finance Wing of the Ministry.

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All Officers/Sections in Main Secretariat  
Heads of all Media Units/Autonomous Bodies