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No. 30-1(36)/2008-Finance

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OFFICE MEMORANDUM

Subject: Expenditure Management – Economy Measures and Rationalization of Expenditure

The Ministry of Finance has been issuing guidelines on Austerity Measures from time to time with a view to containing expenditure especially on non-developmental expenditure in order to ensure adequate resources for meeting the objectives of development, priority schemes. Such measures are intended at promoting fiscal discipline without restricting the operational efficiency of an organization. The latest such instructions are issued vide OM No.7(1)/E.Coord/2008 on 5th June 2008 by the Ministry of Finance which have been examined at the CSIR Qtrs. Following points have been considered relevant in the context of CSIR and thus decided to be implemented with an objective to achieve economy and rationalization of expenditure without disturbing the operational efficiency:

1. *Formulation of Schemes and their implementation*

The year 2008-09 being the second year of the plan, should be a year of consolidation; of securing the ongoing programmes on firm financial foundations; of close monitoring of implementing and enforcing accountability; and of measuring the outcomes in terms of the targets achieved as well as their quality.

Further, the following instructions will be applicable for existing schemes:-

- (i) Additional expenditure over and above the prescribed approved ceiling for individual schemes shall not be permitted. In case a need arises 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.
- (ii) Since schemes are for a specified period, manpower proposals for Plan schemes should be formulated taking into account the provisions contained in CSIR guidelines issued for the purpose so that a permanent liability is not created.
- (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.

For file
29/8
Mrs. P. K. Choudhary

2. Cut in non-plan expenditure

Ministry of Finance instructions in the above referred OM suggest 10% cut in the following items of non-plan expenditure:-

- (j) Overtime allowance
- (k) Domestic and Foreign Travel expenses
- (l) Publications
- (m) Professional Services
- (n) Advertising & Publicity
- (o) Office expenses
- (p) POL
- (q) Other administrative expenses

The remaining portions of non-plan expenditure, excluding repayment of loan, salaries, pension, fellowship etc., will be subjected to mandatory 5% cut.

*CSIR Budget Section will review the position and make allocation to the Labs./Instts. after taking into account 10% or 5% cut wherever required. **Lab/Instt shall not exceed allocation under any circumstances.***

3. Economy measures

Whereas all efforts shall be made to avoid ostentatious and unnecessary expenditure and day-to-day functioning shall be managed with utmost economy in operating expenses confined to minimum essential in areas other than R&D especially Seminars and Conferences, Maintenance, Transport, Furnishing and hospitality by Labs/Instts, CSIR would ensure economy through budgetary allocation/control. No purchase of vehicle will be made in CSIR other than project specific vehicle for which the provision exists in the project. The existing ban on creation of posts shall continue.

4. Domestic & Foreign Travel

Instructions have already been issued in regard to the air travel according to which travel by airlines other than National carriers has also been permitted so as to take advantage of the increasing competition and air travel schemes offering discounts. These guidelines should be followed across CSIR for domestic and overseas trips in the best possible manners in order to minimize the travel expenses. Labs are also advised to utilize travel grant proportionately with equal pace of expenditure in order to ensure availability of the allocated funds through out the year as additional allocation under these heads may not be possible. Foreign travel may be kept project specific and be managed within allocation given by CSIR.

5. Advances

Advance payments need to be regulated strictly in terms of GFR 159(1). Subsequent payments must be related to deliverables/milestones as per the terms and conditions of the contract agreement etc.

6. *Balanced pace for expenditure*

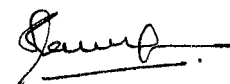
Rush of expenditure towards the end of the financial year continues to be an area of concern. As per extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides, the stipulation that during the month of March, 2008 the expenditure should be limited to 15% of the Budget Estimates is reiterated.

It is also considered desirable that in the last month of the year payments may be made only for the goods and services actually procured and for reimbursement of expenditure already incurred. Hence, no amount should be released in advance (in the last month) with the exception of the following:

- (i) Advance payments to contractors under terms of duly executed contracts so that CSIR would not renege on its legal or contractual obligations.
- (ii) Any loans or advances to Council servants etc. as a measure of relief and rehabilitation as per service conditions or on compassionate grounds.
- (iii) Any other exceptional case with the approval of the Financial Adviser. However, a list of such cases may be sent to the FA, CSIR by 30th April of the following year for information.

6. *Re-appropriation within approved heads*

Lab/Instt shall not make any re-appropriation from Plan to Non-Plan, from one scheme to another, from capital to revenue and vice-verse from salaries to non-salaries. In other cases, Labs may do so within the power delegated to them for the purpose under intimation to the CSIR.



(SHEILA SANGWAN)
FINANCIAL ADVISER

1. All Heads of National Labs./Instts.
2. Head RDPD/ISTAD/HRDG/HRDC/TNBD , CSIR Hqrs.

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