

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**

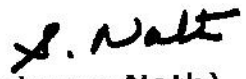
Purchase of vehicles, except for operational requirements of the Defence Forces, Central Para Military Forces and security related organizations, will not be permitted.

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)

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