

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 2 0 0 4 2 /F
FIN-BUD1-MISC- 0003-2020

Date: 07.07.2020

From

**Shri Ashok Meena, IAS
Principal Secretary to Government**

To

**The Additional Chief Secretaries/
Principal Secretaries/
Commissioner-cum-Secretaries/
Secretaries to Government
All Departments**

Sub: - Adoption of expenditure rationalization measures in the wake of economic downturn due to the global pandemic Covid19.

Sir/ Madam,

I am directed to say that we are going through a crisis of unprecedented nature due to the global pandemic COVID-19. It has posed challenges in every sphere of our life. The State Government has been fighting the pandemic with all its might to minimize the casualty. Strategic imposition of shutdowns/lockdowns at various places could ensure minimum spread of virus. However, nation-wide lockdown/ shutdown has interrupted the economic activities which resulted in shortfall in realization of resources. On the other hand COVID management would require higher expenditure. There would also be higher spending need for generating employment and livelihoods for the most affected sections of the society.

2. Therefore, all Administrative Departments are required to prioritize their expenditure needs in order to limit the expenditure within the resources available with priority to make fiscal space for COVID-19 related expenditure. Accordingly, it has been decided to adopt the following expenditure rationalization measures until further orders:

3. **Rationalisation of expenditure on travel and vehicle:**

- a. There shall be complete ban on purchase of new vehicles for the next two years.
- b. Travel/ official tours have to be avoided in general. Video Conferencing / use of IT for meetings/ official work should become preferred default mode.
- c. There shall be complete ban on travel outside the country and air travel in business class using government funds. Air journey should be avoided and

meetings through Video Conferencing may be preferred. In exigencies, approval of authority one level higher than the present delegation would be required for journey by air.

- d. There shall be complete ban on journey by train in 1st class AC by Government Officers.
- e. New hiring of vehicles would require concurrence of Finance Department. Expenditure on POL shall be minimized.
- f. No Officer while on tour shall be allowed reimbursement for occupancy in any hotel in Delhi, Kolkata, Mumbai and Chennai except when the Home Department has regretted availability of accommodation in the respective Government Bhawans or Niwas.

4. Rationalisation of Establishment Expenditure :

- a. There shall be complete ban on purchase of new equipment except medical equipment and equipment required for internal security. However, equipment required for promoting digital communication can be procured with concurrence of Finance Department.
- b. There shall be complete ban on expenditure on renovation, remodelling, furnishing etc and purchase of furniture and fixtures in Government Offices.
- c. There shall be complete ban on meetings, seminars, workshops and hosting of Official lunch and dinner in hotels through Government funds. Video Conferencing should be the preferred mode for meetings and conferences.
- d. There shall be complete ban on sanction and drawl of new Long-term Advances (HBA, Motor Car Advance, Computer advance etc) and other advances. However, if a part of the HBA out of the total sanctioned amount is drawn, the balance will be allowed to be drawn.
- e. There shall be complete ban on LTC for two years i.e. till 31st March, 2022.
- f. Strict economy should be observed in the use of paper and other stationary articles. Use of electronic mode of communication (such as OSWAS, e-dispatch, e-Office etc) along-with digital/e-signatures should be the preferred mode instead of physical communication using paper.
- g. Expenditure out of the provision 'Other Contingencies' to be kept at the minimum level. Only expenditure relating to COVID management and other essential expenditure like purchase of office stationeries etc may be incurred. There shall be no expenditure on purchase of office furniture/ fixtures and furnishing. Expenditure out of the provision 'Other Contingencies' will be capped at 60% of the Budget Provision for the whole year.
- h. Most economic scheme with unlimited call facility may be opted to minimize the telephone expenses.

5. Recruitment and Man power engagement:

- a. There shall be a complete ban on creation of new posts except for Health & Family Welfare Department. In case there is absolute necessity for creation of posts for modernization of administration or effective implementation of development and welfare programmes, the same shall be considered only against abolition of equivalent posts with concurrence of Finance Department.
- b. There shall be automatic abolition of redundant posts which have remained vacant for more than 5 years. All the Administrative Departments are to issue formal abolition order by 31st July 2020 and furnish a report to Finance Department and G.A and P.G Department.
- c. New engagement of consultants, outsourcing and engagement of retired Government employees shall be restricted and prior concurrence of Finance Department would be required for the purpose.

6. Austerity in implementation of Schemes :

- a. No new State Schemes/ Projects to be taken up by Administrative Departments except Health & Family Welfare Department. However, if any new scheme is essentially required for emergent public service, the same can be taken up only after appraisal by EFC/SFC following the due procedure and with specific concurrence of Finance Department for any expenditure under such scheme.
- b. There shall be capping of expenditure on continuing State Schemes for the current financial year 2020-21 except schemes relating to Livelihoods in Agriculture & allied sector and expenditure for combating COVID-19. The list of such schemes will be shared with the Administrative Departments separately.
- c. Operation and Maintenance expenditure can be incurred only after approval of Annual Maintenance Plan (AMP) by Finance Department. Engineering Departments to prepare their AMP for the year 2020-21 limiting it to a level of 60 % of the Budget provision, in consultation with Finance Department initially and on availability of resources balance work could start after November-2020.
- d. Administrative expenditures, if permitted as part of State Scheme guidelines, should be minimized and restricted below 1% of the funds in that scheme. In case some manpower has been engaged for monitoring the scheme and there is difficulty in meeting their salary due to the above restriction, concurrence of Finance Department would be required for such additional expenditure.
- e. No expenditure for renovating and re-furnishing of Offices, guest houses and Government buildings will be permitted. Expenditure for repair and renovation of Government quarter should be minimized. Expenditure of more than Rs.5 lakh for repair and renovation of any Government Office building and more than Rs.2 lakh for repair and renovation of any Government residential quarter during this year, would require approval of Government.

- f. No expenditure should be incurred for construction of new statues and beautification of parks and public places during this year should be avoided.
- g. New tender of execution of works, procurement of goods and services is to be avoided. However, if it is necessary to meet any emergent public service, floating of new tender exceeding value of Rs.5 crore and procurement of goods and services exceeding value of Rs.25 lakh would require prior concurrence of Finance Department. For values less than indicated here, Administrative Department need to take approval of Government before floating tender/ bid.
- h. If a tender has already been floated, the same is to be reviewed and if it is not urgent in nature, the same should be cancelled and work/ procurement order should not be issued. Tenders related to new official buildings, Guest houses and Residential buildings shall be cancelled forthwith for a period of two years till 31st March, 2022.
- i. Expenditures in respect of Centrally Sponsored Schemes (CSS) shall be incurred only after receipt of Central Share. In case of salary component of the CSS, expenditure can be incurred without receipt of Central Assistance only with concurrence of Finance Department. Financial Advisors of the Administrative Department shall ensure the discipline. The relaxation allowed in this regard in the para-10(ii) of 'Regulations to incur expenditure out of Budget Provision' circular issued vide FD Letter No-10324/F Dt.23.03.2020 has been' withdrawn and communicated vide FD Letter No-15275/F Dt.15.05.2020.
- j. RIDF, EAP and other resource tied up projects and schemes may be implemented in time bound manner. Incomplete and on-going capital works should be completed to realize the intended public benefits. However, projects which have long gestation period may be deferred.

7. Applicability to aided institutions/ Cooperatives/ autonomous organizations

These restrictions, as may be relevant, shall also be applicable to all Aided Institutions/ Co-operatives/ Autonomous Organizations in which the State Government has explicit or implicit financial stake.

I would, therefore, request you to kindly adhere to the above expenditure rationalization measures and instruct the COs/ DDOs under your control accordingly so as to enable the State Government to meet the expenditure requirement in effective management of COVID-19.

Yours faithfully,

Johok
7/7/2020

Principal Secretary to Government

Memo No. 20043 /FDate 07.07.2020

Copy forwarded to Director Treasuries and Inspection for information and necessary action.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20044 /FDate 07.07.2020

Copy forwarded to FAs /AFAs of all Administrative Departments for information and necessary action.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20045 /FDate 07.07.2020

Copy forwarded to all Treasury Officers of District Treasuries and Special Treasuries/ Sub-Treasury Offices/Divisional Officers of all Public Works Divisions/ F.A. & C.A.O. of all Irrigation Projects for information and necessary action.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20046 /FDate 07.07.2020

Copy forwarded to Private Secretaries to Principal Secretary/ Special Secretaries/ Additional Secretaries, Finance Department for kind information of Principal Secretary/ Special Secretaries/ Additional Secretaries.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20047 /FDate 07.07.2020

Copy forwarded to all Officers and Branches of Finance Department for information and necessary action.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20048 /FDate 07.07.2020

Copy forwarded to the Additional Secretary, P& C Department for information and necessary action.

DW 7/7/2020
Joint Secretary to Government

Memo No. 20049 /FDate 07.07.2020

Copy forwarded to the Head, State Portal with request to upload the circular in the website of Finance Department at www.finance.odisha.gov.in/.

DW 7/7/2020
Joint Secretary to Government