Government of Jammu and Kashmir
Civil Secretariat, Finance Department

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Subject: Expenditure Reforms Measures – Guidelines thereof.

Ref : (i) Budget Speech 2018-2019.
(ii) Appropriation Act, 2018

Government Order No: 54 - F of 2018

Dated: 20- 02 - 2018

In order to promote fiscal prudence i.e the efficiency of public expenditures, which interalia, is dependent upon appropriate temporal spacing of expenditures during the course of a financial year.

2. Consequently, on the motion of the Government in the Finance Department, the State Legislature countenanced the rolling out of expenditure reform measures/protocols, as a part of the Appropriation Act for the year 2018-19, to rein in the runaway tendencies in the System to do bunched up spends in the last quarter. Following the legislative backing, these measures now have the force of law and, by implication, the attendant consequences.

3. These measures/protocols represent the first decisive step to reform the quality and efficiency of public expenditures and have been rolled out at two levels- Policy as well as Operational levels.

4. At the policy level, the legislative fiat to the Departments as to the expenditure reforms is as under:-

(i) Revenue and Capital budgets shall be released by the Finance Department and the Planning, Development and Monitoring Department to all the Administrative Departments within two weeks of the passage of the Appropriation Act.

(ii) The Administrative Departments shall, in turn, release the funds so received to the subordinate offices within four weeks of their receipt, failing which these funds shall be deemed to have been transferred to the intended DDOs on the dates they ought to have been released by the Administrative Departments/Controlling Officers.

(iii) Planning, Development and Monitoring Department shall appropriately classify all capital allocations to be made in the next fiscal, indicating therein the 'Name of the Work/Scheme' against Detailed Head '115-Works' as laid out in the authorized allocations. In the absence of the above schematic classification, the relevant Capex release shall be deemed as invalid and not open to being operationalized.

(iv) The Planning, Development and Monitoring Department shall mandatorily upload department-wise 'Name of the Schemes/Works/Projects', forming part of the Capex, for the fiscal 2018-19, or, as per the format notified from time to time, along with the respective allocations on its website.

(v) Only such works shall be authorized for execution, as have prior administrative approval, technical sanction and appropriate financial back up.

(vi) Expenditure monitoring across all departments shall be done on real time basis through BEAMS/PFMS.

(vii) Funds shall be spent only on the approved items of the expenditure and strictly for the purpose they have been released. There shall be no re-appropriation of funds except where the departments have spent at least 55 per cent of funds received ending December, 2017. However, where their spending levels are below 55 per cent, the remaining unspent balance of 70% of funds shall lapse to the Government.

(viii) The State Share of the CSSs and the expenditure to be incurred on utility shifting, land compensation etc. under PMDP projects shall be the first charge on the funds lapsing to the Government during the last quarter.

(ix) There shall be, henceforth, no engagement of casual workers, need based workers etc. by any department. The Planning, Development and Monitoring Department shall invariably condition all developmental/capex releases to the departments to the unconditional vouchsafing by the latter that they shall refrain from making fresh engagements.

5. **At the operational level, the legislative intervention on the expenditure reforms relates to:-**

(i) No payments shall be made by any Treasury Officer/PAO from the 1st of April, 2018, under any expenditure head, if the releases for the same have not been made and further received by the spending and bill passing officers via BEAMS. Treasury Officers/PAOs shall be personally liable for making payments on the funds released and received bypassing the BEAMS application.

(ii) The procurement plans of the departments in the next fiscal shall be limited by an outermost cap of 60 days. From conceiving the nature and quantity of public goods and services to be procured to preparing tenders/RFQs/EoIs to finally awarding the contract, the departments shall compulsorily finish the whole process within 60 days. Any spill over in timeline shall be allowed only under the orders of the Cabinet based on some cogent reasons. In all other cases, deviation from the norms shall be automatically visited with the appropriate disciplinary actions.

(iii) Expenditure during the last quarter shall be restricted to not more than 30 per cent of the Revised Estimates. Treasury Officers/PAOs shall have an added responsibility to ensure that the departments are held to the above expenditure ceiling.

(iv) No new procurement shall be made by any Department under "Machinery and Equipment" head without building a robust inventory management system so as to have proper justification for procurement of new machinery.

(a) For this purpose all Departments will make an "Asset Inventory" and further procurements can be made only with the approval of Competent Authority with full justification given therein.

(v) The funds under object head "Maintenance and Repairs" shall be spent only after detailed expenditure and action plan distributed into different components is approved by the competent authority with the concurrence of Director Finance/FA & CAO of the Department as the case may be.

(vi) Funds under the object head "Uniforms" shall be released to the Departments on case to case basis after backed duly by the supply order and invoice.

(vii) Funds under "Stipend and Scholarship" shall be operationalised subject to the condition that each beneficiary is verified through biometric adhaar based system. The database shall mandatorily be compiled latest by 31^{st} May, 2018 and in absence of the same no payment shall be made beyond 1^{st} June, 2018.

(viii) Procurement by debit to object head "Instruments" above Rs.50.00 lakhs shall have inbuilt clause in tenders for AMC for a minimum period of 5 years.

(ix) Any procurement under the head "Office Equipment and Machinery Appliances" will be made only after any inventory of such procurement made during last 10 years, their usage and conditions, requirement of further procurement as clearly brought out and approved by the Competent Authority.

(x) Transportation for the purpose of "Darbar Move", carrying of food grains for public distribution and for any major requirement of transport facility, the Departments must enter into a contract for at least two years with reputed transport/logistic company through transparent bidding system.

(xi) A new head "Wages (Outsourcing)" has been introduced under which funds for disbursement of all kinds of casual labours shall be released by Finance Department on case to case basis. No wages shall be paid out of any other head from next fiscal 2018-19. Treasury officers/PAOs shall ensure that no wages are drawn from maintenance/

outsourcing/any other head except under this newly introduced head.

(xii) Director Finance/FA & CAO in the Administrative Departments shall built inventory of existing civil deposits. All the civil deposits shall be recalled except in such cases where it is assured by the departments that they will use them in the next two months of making such deposits.

(xiii) Orders for deputation of officers/officials on short term trainings/seminars/higher education refresher courses/ conferences etc outside the State shall be issued only after obtaining prior approval of the Finance Department.

(xiv) With each bill, Treasury Officer/PAO shall ensure that the concerned DDO of the intending Department appends certificate indicating therein that no new engagement has been made or any sort of wages paid or intended to be paid to new engagements under any circumstances.

6. The objective of these measures is to enforce accepted standards of fiscal propriety, as also envisaged in the J&K Finance Code Volume I. The passage of these measures in the State Legislature, as a part of the Appropriation Act, is to ensure that conformity to these measures is treated by the Departments as a foregone conclusion. These measures, essentially, aim at drawing clear and visible red lines for the departments.

7. Accordingly, all the Administrative Secretaries are advised to immediately put in place appropriate and robust mechanism of checks and balances in their departments, so that sustained compliance with the above measures is not only ensured, but also facilitated. There is no better way for the departments to do this than by internalising and institutionalising the virtues of restraint, discipline and propriety in their operational systems and, accordingly, re- engineer their policy and operational paradigms. Any violation of the above protocols at any level in the system shall have consequences.

8. Further, there is an element of personal liability, both for Treasury Officers and PAOs, built in the above reform protocols, if they breach the red lines set up for them. They may, as such, note that any

violation, even unintended, will have costs, particularly, as no allowance has been made for any breach in these protocols, be it intended or unintended or circumstantial.

9. The compliance with the above protocols/measures shall be monitored by the Budget Division in the Finance Department on an ongoing basis.

By order of the Government of Jammu and Kashmir.

20.2.18

(Navin K. Choudhary), IAS
Principal Secretary to Government,
Finance Department.

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Copy to the:

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3. Director and Ex-Officio Secretary to Government, SKIMS, Soura, Srinagar.
4. All HoDs of the Finance Department.
5. Director Information for publicity through print and electronic media.
6. Consultant to the Minister for Finance, Labour & Employment for information of the Hon'ble Minister.
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