

INSTRUCTION No. 09 Of 2007

Office of the CGDA West Block-V, R.K.Puram, New Delhi-110066
(Pr. IFA Wing)

No. PIFA/Budget/15015

Dated: 30.05.2007

To

Sub: Monitoring of Expenditure against Allotment & Committed Liabilities

Ref: This Hqrs No even dated 24.08.2006

A substantial portion of the Defence revenue expenditure is now incurred under the delegated financial powers and the trend is expected to continue in the ensuing years. The delegation of financial powers envisages linkage between the expenditure and availability of budget for ensuring an optimal utilization of resources. The exercise of the financial powers is subject to availability of funds under the relevant budget heads, and the same should be worked out not merely on the basis of the expenditure compiled against the allotment but also liabilities committed but not yet liquidated. While providing concurrence about availability of funds, committed liabilities must be accounted for first before considering fresh liabilities. A build-up of committed liabilities forecloses future options, reduces flexibility to undertake high priority urgent expenditures and undermines operational efficiency.

2. The Revenue Prioritized Procurement Plan required to be prepared at each level of CFA, in consultation with the concerned IFA, for all major areas of procurement for each of the three Services; can be one of the mechanisms for monitoring of the committed liabilities. The PPP should provide details of carry

over liabilities as also details of new schemes to be concluded during the course of the financial year with the overall objective of ensuring proper and planned utilization of allocated resources.

3. The IFAs should use their expertise to monitor expenditure against allotment, and institute a system for monitoring of committed liabilities for providing analytical inputs to the CFAs and facilitating an effective system of budget management and financial control. Feed-back received from the IFAs indicates that in many cases the expenditure proposals are supported by a simple certificate that funds are available without indicating the details of the provisions under the relevant code-head, the progressive expenditure and the committed liabilities. Such certificates, in the absence of details, serve no purpose.

4. It has been decided that before according financial concurrence, IFAs should ensure the availability of the following information for each proposal.

- (i) **Code Head under which the expenditure is proposed.**
- (ii) **Total allocation under the code head**
- (iii) **Committed Liability carried forwarded from previous year**
- (iv) **Balance available for fresh commitments in current financial year**
[(ii)-(iii)]
- (v) **Commitments already made during the current financial year**
- (vi) **Cash outgo expected in current financial year against (v) above based on schedule of delivery and payment terms in supply orders/contracts.**
- (vii) **Net balance available for further concurrence. [(iv) –(vi)]**

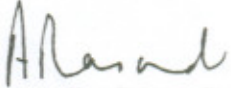
NOTE: Committed liability /commitments are defined as value of supply orders/contracts issued/concluded but payment not yet made.

5. IFAs should accord concurrence only after ensuring availability of the information as indicated above. Where there is inadequate balance available to meet the fresh proposals, CFA may be advised to obtain additional funds.

6. IFAs may bring the above requirements to the notice of the units/formations they are giving cover to and the CFAs concerned and allow for a reasonable period of time before enforcing the requirement. IFAs would be held personally accountable for any expenditure exceeding the budgetary allocations.

7. Feedback in this regard may also be sent to this Hqrs through the monthly activity report.

This issues with the approval of CGDA.


(Anuradha Prasad)
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