

**Fax/Speed-Post**

**OFFICE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS  
ULAN BATAR ROAD, PALAM, DELHI CANTT.-110010**

No. A/B/II/11244/Mont-XXXVII

Dated: 11-03-2016

To

All PCsDA/CsDA, PCA (Fys),  
All Pr.IFAs/IFAs

**Subject: Rush of expenditure in last Quarter of Financial Year.**

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A copy Ministry of Defence (Fin/Budget) O.M. No. 9(2)/Bud-I/2014 dated 3<sup>rd</sup> March, 2016 on the above subject is enclosed for information and necessary action.

2. Ministry of Defence (Fin) vide their ibid OM, have pointed out that various audit reports of the Comptroller and Auditor General (CAG) of India have observed in the past that there is huge rush to expenditure by the government departments during the last quarter of the financial year as well as during the last month of financial year. According to Rule 56(3) of General Financial Rules (GFR), rush to expenditure particularly in the closing months of financial year shall be regarded as a breach of financial propriety and shall be avoided. It has been further mentioned that Finance Ministry has already sensitized all administrative heads that rush of expenditure in the year end must be strictly avoided. As per their guidelines, the last quarter expenditure must be limited to actual procurement of goods and services and reimbursement of expenditure already occurred. Ministry of Finance's instructions seeks to restrict last quarter expenditure to 33% ceiling and last month (March) expenditure to 15% ceiling.

3. In order to compliance to the FRBM Act, 2003 and directions of Ministry of Finance to implement the proactive/affirmative action towards upholding the spirit of financial integrity in the Ministry of Defence, the following action may be taken by the Services and the Civil departments:

(a) Rush of expenditure on procurement should be avoided during the last quarter of the fiscal year and in particular the last month of the year so as to

ensure that all procedures are complied with and there are no wasteful or infructuous expenditure.

(b) No fresh financial commitment should be made on items which are not provided for in the budget approved by the Parliament.

(c) A code head wise compliance report on the above and on the provisions of FRBM Act shall be submitted by the Service HQs and Head of the Civil Departments to MoD (F) for analysis and submission to RM and Ministry of Finance.

4. It is therefore requested that necessary instructions in this regard may please be issued to all Sub Offices/Sections in the Main Office to ensure strictly compliance of above instruction issued by Budget Division of Ministry of Defence (Finance).

Please acknowledge receipt.



**Jt. CGDA (A/Cs & Budget)**

File No. 9(2)/Bud-I/2014

Ministry of Defence

Budget Division

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Dated 3<sup>rd</sup> March, 2016

Office Memorandum

**Subject: Rush of expenditure in last Quarter of Financial Year**

Various audit reports of the Comptroller and Auditor General (CAG) of India have observed in the past that there is a huge rush to expenditure by the government departments during the last quarter of the financial year as well as during the last month of the financial year. The financial ethics clearly spell out that rush to expenditure, especially in the last months of financial year should be avoided as it is regarded as breach of financial propriety on the part of the government. Also, such an act seriously undermines the quality of expenditure and raises qualms about the accountability of public expenditure.

2. According to Rule 56(3) of General Financial Rules (GFR), rush to expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial propriety and shall be avoided. Further, Finance Ministry has already sensitized all administrative heads that rush of expenditure in the year end must be strictly avoided. It also instructs that the last quarter expenditure must be limited to actual procurement of goods and services and reimbursement of expenditure already occurred. Ministry of Finance's instructions seeks to restrict last quarter expenditure to 33% ceiling and last month (March) expenditure to 15% ceiling. The underlying purpose of such restriction is laid down clearly as to ensure that all procedures are complied with and there is no infructuous or wasteful expenditure.

3. It is a known fact that wasteful spending of public expenditure can occur when the Government rushes to use funds at the end of the financial year. However, despite the above being known to the Services and the Civil Departments under Ministry of Defence, the expenditure has lagged behind in this fiscal too with a significant outlay (approximately 30%) under Revenue Non-Salary (Defence Service Estimates and Defence Civil Estimate) yet to be spent as per compiled actuals as on 31.1.2016. In this background it is enjoined upon all concerned to ensure necessary

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compliance to the FRBM Act, 2003 and directions of Ministry of Finance to implement the proactive/affirmative action towards upholding the spirit of financial integrity in the Ministry of Defence. For this purpose the following action may be taken by the Services and the Civil Departments:

- a) Rush of expenditure on procurement should be avoided during the last quarter of the fiscal year and in particular the last month of the Year so as to ensure that all procedures are complied with and there are no wasteful or infructuous expenditure.
  - b) No fresh financial commitment should be made on items which are not provided for in the budget approved by the Parliament.
  - c) A code head wise compliance report on the above and on the provisions of FRBM Act shall be submitted by the Service HQrs and Head of the Civil Departments to MoD (F) for analysis and submission to RM and Ministry of Finance.
4. A concurrent audit of sanctions issued in March 2016 will be conducted by MoD (Fin) and the results submitted to RM within a month from the closure of accounts. The concurrent audit of sanctions will focus on issues which can be analysed to help bringing about greater financial discipline, plugging the weaknesses, better planning for FY 2016-17 and ensuring quality expenditure in future.
5. Receipt of this OM may please be acknowledged.
6. This issues with the approval of RM.

  
(A.N Das)  
Addl FA (AN) & JS

**To**

**(As per list attached)**

To,

1. DGFP/ Army Hqrs
2. DNP/ NHQ.
3. D Fin P/ Air HQrs
4. DACIDS (Budget), HQ IDS
5. DB F&A/ DRDO
6. DGOF, Kolkata
7. DG NCC
8. DGQA.
9. DGAQA
10. ATVP (B&C) Group
11. Dte of Standardization
- ✓ 12. CGDA - with the request to have the instructions circulated to all concerned including all PCDA/CDAs and all Pr. IFAs & IFAs.

**Copy to:** DFA (MO) with request to circulate this to all concerned Budget holders for taking further necessary action.