

FD
No. 10954/F.,
Bt-1-9/2001

GOVERNMENT OF ORISSA
FINANCE DEPARTMENT

OFFICE MEMORANDUM

Bhubaneswar, dated the 14th March, 2001

Sub: Austerity Measures.

The State Government is trapped in a vicious circle of mounting revenue deficits necessitating large scale borrowing from year to year which leads to higher revenue deficits and still higher doses of borrowing. The debt burden has reached such an unsustainable level that even record borrowing in a year is insufficient to overcome the revenue deficit. Added to this serious fiscal imbalance, the recent Super Cyclone 1999 and current year's drought situation in Orissa have affected large segments of population. With a view to restricting further growth in Non-Plan, non-developmental expenditure, Government have decided that the following austerity measures shall be enforced with immediate effect.

2. Right sizing the Bureaucracy

2.1 The most important factor responsible for mounting revenue expenditure is the steady increase in the expenditure liability on salary and pension of State Government employees and employees of aided institutions. At present there are 5,80,122 employees including 30,899 of them in aided educational institutions and 36,281 belonging to NMR/DLR/Job contract category. Orissa's expenditure on salary and pension consumes nearly 80% of State's total revenue leaving no scope for developmental outlay. Expenditure on salary and pension during the current year 2000-2001 would come to Rs. 4707.58 crores which is 148 percent of the state's own tax and non-tax revenues, taken together.

2.2 Based on above analysis it has been decided to ensure progressive reduction of staff in the manner indicated below.

- i) There shall be a complete ban on creation of any new post, under any scheme, whether Non-Plan or State Plan, Central Plan and Centrally Sponsored Plan. In case there is any absolute necessity for creation of posts for modernization of administration or effective implementation of development and people-oriented projects, the same may be done only by abolition of equivalent posts in the Govt. or corporation with the approval of the Finance Department. Similarly in case of Police organisation, if there is absolute necessity for creation of posts in connection with enforcing law and order or establishment of new Fire Stations etc. the minimum requirement of posts may be created but such posts shall have to be filled up only by redeployment of available manpower in different wings of the Police Organisation including Home Guard or eligible surplus employees from other Departments, after due training wherever necessary.

- ii) There shall be a selective ban on filling up the base level vacant posts in any department for direct recruitment. In case there is absolute necessity for filling up base level vacant posts in connection with enforcing collection of Govt. revenue or enforcing law & order or meeting the basic needs of Govt. or other Govt. organisations like security and the like it can be filled up only with the prior concurrence of Finance Department.
- iii) The vacant posts of Doctors and Nurses in Primary Health Centres, Hospitals and Medical Colleges and Primary school teachers and drivers, in schools and Govt. organisations may be filled up without seeking prior concurrence of Finance Department and for filling up other vacant posts in those institutions prior concurrence of Finance Department will be necessary.
- iv) 50% of the base level vacant posts as on 31st March of this financial year or 20% of the total base level posts in any grade which ever is less shall be abolished by the end of September, 2001. All Departments of Government shall ensure compliance to the above formula and then obtain clearance from Finance Department to fill up the vacant posts if any. Against the posts so abolished as well as against the posts already abolished under the ten percent rule in force, there shall be no recruitment even by rehabilitation assistance. Any candidate considered eligible under the rules in force under Rehabilitation Assistance has to wait for a regular vacancy in the un-abolished vacant posts with the clearance of Finance Department.
- v) If any order of a Tribunal or any Court of Law stipulates filling up the base level vacant posts or regularising temporary appointments etc Finance Department shall have to be consulted and FD's concurrence has to be taken before implementing or contesting the said orders.

3. Applicability to aided institutions/PSUs/Cooperatives/autonomous organisations etc.

3.1 The restrictions outlined in para 2 above regarding creation of posts and filling up vacant posts are applicable to all Aided Institutions/Public Sector Undertakings/Co-operatives/ Autonomous Organisations etc. in which the State Government has explicit or implicit financial stake.

3.2 The restrictions stipulated in para 2 are also applicable to all appointments concerning the posts which are covered under block grant/ plan grant. The base level vacancies in the non-teaching posts as on 31st March, 2000 or the vacancies in those posts that may arise in future shall stand abolished and no grant-in-aid will be released for those posts so abolished. In case of necessity, the Management may create fresh posts on their own and State Govt. shall not give any grant-in-aid in respect of those vacant posts or the posts that may be created by the management and lies vacant subsequently on account of promotion/retirement/death or otherwise.

3.3 The existing vacancies as well as future vacancies in the teaching posts shall be filled up only with concurrence of the Finance Department.

4. Ban on purchase of new Vehicles/ Restriction on consumption of fuel.

- (i) All purchase of new vehicles and equipments, except those for which concurrence of Finance Department is available for the year 2000-2001 shall be stopped forthwith.
- (ii) There shall be a ban on purchase of luxury vehicles. Luxury vehicle means the vehicle other than non AC Diesel Ambassador Cars or non AC Diesel Jeeps. The purchase of any Petrol 4 wheel vehicle is banned henceforth.
- (iii) The Ceiling of consumption of Petrol/Diesel per month for the vehicles used by different categories of Officers and Ministers as indicated below shall be strictly adhered to :

<u>Category of Officers using Govt. vehicles.</u>	<u>Ceiling of POL per month per vehicle, (subject to deviation only for tours.)</u>
Departments of Government	5 litres per working day.
Heads of Department.	5 litres per working day.
Collectors/ Superintendents of Police.	5 litres per working day.
Other District level Officers.	140 Litres - 4 litres per working day.
Officers having Sub-divisional Jurisdiction.	130 Litres - 3 litres per working day.
B.D.Os -	3 litres per working day
Tahsildars	3 litres per working day
For staff cars attached to Ministers	200 Litres per month excluding the consumption of Petrol/Diesel on tour Outside the Head Quarters.

- iv) No Car/ Vehicle of any Public Sector Undertaking should be retained by the office of any Minister or Secretary or Heads of Department or Other Officers of the State Government.
- v) After rationalisation of the vehicles the extra vehicles shall be drawn to a pool to be under the direct control of the departmental Secretary wherefrom officers either asked to go on Govt. duty or require to discharge any duty and not allotted with individual vehicles may file a requisition to the Secretary who will order for such a vehicle and the said vehicle can be used on the terms and conditions laid down by the Secretary and the log book maintained for the vehicle be signed for the time and by the officers using the said vehicles.
- vi) No additional provision should be allowed under M.V. in any Deptt. Additional requirement if any, required for any specific establishment under a particular Department should be made from out of the savings within the Department's aggregate budgetary provision, subject to the usual restrictions.

- vi)(a) Govt. in Finance Department in their O.M. No.Codes-10/98-28372/F., Dated 2...99 had revised the rate of payment from officers who desire to avail the facility of the use of staff Cars/Jeeps for journey from their residence to office and back. Govt. have now revised the rate of payment for the said purpose as mentioned below :-

Sl. No.	Category of Govt. Servants	Existing rate of recovery w.e.f. 1.7.99	Revised rate of Recovery
(1)	(2)	(3)	(4)
1.	Secretaries/Add. Secretaries/Heads of Departments/RDCs.	Rs.300.00 P.M.	Rs.500.00 P.M.
2.	Officers of Departments of Govt. and Heads of Department availing Pool facility of vehicles.	Rs.200.00 P.M.	Rs.300.00 P.M.
3.	Other Officers provided with Govt. vehicles individually.	Rs.300.00 P.M.	Rs.400.00 P.M.
4.	Collectors, ADMs, SPs & Addl. SPs	-	Rs. 300.00 PM.

- (b) The rate of recovery for use of staff Cars/Jeeps for private purpose up to 500 Km. P.M. by Secretaries and above, Addl. Secretaries/Heads of Departments/Collectors was fixed at Rs.700/- P.M. in the said O.M. Now this facility stands modified and they may be allowed the use of Govt. vehicles up to 500 Km. on payment of Rs.1250/- per month or up to 300 kms on payment of Rs. 800/- per month. The option once exercised can not be changed from month to month and the carry over of unused kilometers would be permissible within one quarter.
- (c) No officer can use any Govt. vehicle on Sundays and Public Holidays under the N. I. Act, unless so permitted by the Chief Secretary for the Secretaries and Secretaries for Heads of Department and District officers by the Collector of the District. Of course in case of police vehicles DIG for the circle, SP for the District and DG for the State may permit for the same for urgent Govt. work and except when they are on tour outside their Head quarters.

5. Restriction on Telephone.

Monthly telephone bills of Ministers/ Ministers of State (combined for both office and residence) shall be limited to Rs. 15,000/-. In respect of Officers entitled for S.T.D. facility (either for Office or for residence or both) telephone expenditure (combined) shall be restricted to Rs. 5,000/- per month.

STD Telephone facilities at home shall not be available to any Officer below the rank of R.D.C./Secretary/Addl. Secretary, Director/Addl. Director and Heads of the Department and Collectors/S.Ps/CDMOs/Chief Engineers/DGs, Addl. D.G/ I.Gs and D.I.Gs. The offices provided with e-mail facilities should use them more, than the telephones provided to them.

6. Economy Expenditure regarding travel expenses.

- (i) (a) Principal Secretaries, Secretaries and Special Secretaries to Govt. with permission of Chief Secretary may undertake air journey in connection with official work only once a month. If they require to undertake journey by air more than once

in a month in the exigency of official business prior permission of Chief Secretary through the Finance Department has to be taken.

- (b) Other officers entitled to air travel in the pay scale of 15100/- to 18300/- per month can do so only with prior approval of the Chief Secretary through the Finance Department.
 - (c) Travelling by air in the Executive class shall not be allowed except in case of the Chief Minister.
 - (ii) No Officer shall travel by rail in the Ist Class A.C. inspite of entitlement. Officers normally entitled for this facility shall travel in the 2nd Class A.C.
 - (iii) No entitled Officer shall be allowed to undertake journey by air for the purpose of attending training, seminars, workshops or coming back to join duty except when the organisers of the training/workshop or seminar pay for such air fare.
 - (iv) The Principal Resident Commissioner and Resident Commissioner are competent to deal with separate Ministries on behalf of our State Government and all Departments of State Govt. required to have discussions with Ministries shall appropriately brief the Principal Resident Commissioner/Resident Commissioner, Orissa about the subjects for which they would have gone to New Delhi for discussions with the Ministry officials. Consequently frequenting of officers for discussions with the Ministry officials at New Delhi should be discouraged except in cases where the PRC/RC is of the opinion that such visits are essential, and such opinion should be intimated to the concerned Department sufficiently in advance, assigning reasons therefor.
 - (v) In view of the Super Cyclone followed by prevailing drought situation and need for austerity, no State Govt. official or Minister may go abroad at the cost of the State Govt. or State level PSU/Co-operative till 31.03.2002. Orders in this regard have been issued vide O.O. No. 7878(180)/Gen Dt. 03.02.2001. That may be revised accordingly.
 - (vi) Stipulations contained in (i), (iv) and (v) are mutatis mutandis applicable to the Chairman/Managing Directors/CMD of Public Sector Undertakings/Co-operatives and such Autonomous organisations which are in receipt of Govt. aid. The stipulations contained in (ii) to (v) are applicable to other categories of employees of those organisations. Those organisations who receive Govt. grant if violates these instructions shall not be released with grants till that is remedied.
7. No Officer while on tour shall be allowed reimbursement for occupation of Star Hotels in Delhi and Calcutta except when the Home Department has regretted non availability of accomodation in writing in Govt. Bhawans or Niwases there. Such reimbursement of room rent however shall not exceed Rs. 1000/- per day, other terms and conditions in this regard remaining the same.
8. All L.T.C. can be availed only after the prior concurrence of Finance Department for the next two years.

9. Due to the devastating economic condition of the State the provision of Surrender Leave encashment is temporarily deferred until further orders, except for those who are going to retire.

10. **Restriction on Entertainment and Hospitality.**

- i) Refreshment in official meeting etc. shall be ordinarily limited to tea/coffee and not more than two pieces of biscuits.
- ii) Expenditure on account of hospitality and refreshments by the Ministers shall be limited to Rs. 1000/- per month only, except on special occasions for the interest of the State with prior permission of the Govt. in Finance Department.
- iii) Government sponsored and hosted tea parties and luncheon/dinner party shall be discontinued. The entertainment of guests from outside the state and outside the country can be adhered to only for the interest as per the previous scale and circular in this regard.
- iv) State Guest facilities will be restricted to those whose visits benefit the State. Dignitaries visiting the State on leave or in their personal capacities will not be treated as State Guests.

11. **Restriction on Other Contingencies**

Except with prior approval of Finance Department there shall be a ban on purchase of photo copier, A.C. Machine and Fax Machine in the current year as well as the next year. The Administrative Department and their Subordinate Offices should cut down expenditure by 20% of the budget provision under O.C. in Plan and Non-Plan sector for the current and the next financial year taken together.

12. **Restriction on Transfer**

There shall be no mass transfer of Govt. servants except on their stay for more than three years in a station and beyond six years in one district. Transfer of Government Servants shall be kept to the minimum and may be made as far as possible in the event of promotion, suspension and retirement. Any transfer beyond the transfer season, when a ban operates, has to be made only with the approval of the Govt. in the respective Departments or on administrative grounds to be recorded in writing. If a transfer is made on the representation of a Govt. servant, no transfer TA would be admissible.

13. **Ban on withdrawal from Civil Deposit**

There is heavy accumulation in the Civil deposits from year to year. Withdrawal from Civil Deposit leads to depletion of fund of the current year as a result of which implementation of essential programmes is severely affected. However, in those cases where withdrawal from Civil Deposits would ensure further release of Central Assistance or Additional Central Assistance under Externally Aided Projects etc., withdrawal can be made with prior concurrence of the Finance Department. No new Civil Deposits would be entertained without the Prior Permission of the Finance Deptt.

14. **Purchase of new machineries and Equipments in Engineering Organisations**

- (i) The Engineering Organisations under the Works, Water Resource, Energy, Rural Development, Housing and Urban Development Departments may not go for purchase of new machineries and equipments even where such budget provision has been made in the Plan except with prior concurrence of F.D. and P & C Department. Where replacement in the Non-Plan Sector is necessary, prior concurrence of the Finance Department may be obtained. The proposal shall contain details indicating the existing position of plant and machineries both in the Non-Plan and Plan Sectors and justification for the acquisition of Plant and Machineries. The Administrative Departments and Heads of Departments may review the provisions made in the budget in this regard with a view to identifying savings. A certificate to the effect that all machineries and equipments purchased earlier are in actual use would have to be given along with proposal for new equipments.
- ii) Strict Control may be exercised in the acquisition of machineries and equipments keeping in view optimum utilisation of existing machineries and equipments. All condemned light and heavy vehicles, trucks, machineries and equipments may be disposed of within Six months. The vehicles and machineries etc. which are likely to be unserviceable due to expiry of the prescribed life period or/and Kilometre coverage may be arranged to be condemned and disposed of in a phased manner by 31.3.2002. The District/Division level officers and all other officers above them, so connected, will be competent to take decisions. The Concerned officers of the M.V. Deptt. should expedite disposal on pains of proceedings.
- iii) All scraps belonging to Govt. or PSUs dumped at project sites or elsewhere in Water Resources/Works/RD/H & UD Departments should be disposed of following the prescribed procedure positively during the first six months of the financial year 2001-2002.

15. **Austerity Measures in Other Areas**

- i) No new furnitures, fixtures and fittings shall be acquired for the existing offices. Expenditures on renovation, remodelling, acquisition of furniture, fixtures, furnishing etc. of Govt. Offices during the year 2001-2002 will be completely avoided. The existing delegation of financial powers regarding purchase of furnitures, fixture and fittings shall not be exercised except in case of a new office in which case ordinary Steel furniture could be acquired from EPM rate contract parties or Exclusive List Parties, as the case may be.
- ii) Strict economy should be observed in the use of paper and other Stationery articles. Prices have gone up and paper continues to be in short supply. The instructions for typing and cyclostyling in single space and photo copying of both sides of papers should strictly be enforced. Writing of long and repetitive notes should be avoided in govt. files.
- iii) A review needs to be made immediately for drastic reduction in different items of non-essential Non-Plan expenditure, so that 10% reduction in the non-salary

component of Non-Plan expenditure can be effected in every Department. However, budgetary provisions for policing, fire services, health services, educational institutions, and Revenue earning Institutions may be protected from this expenditure compression measures as far as practicable keeping in view the need for overall reduction in revenue expenditure.

16. **Regular review of receipts and recoveries**

- i) The Administrative Department shall make every effort to achieve fully the levels of receipts and recoveries as per targets fixed in the budget. Monthly review meeting should be taken by Secretaries of Administrative Departments and the results of review be communicated to the Finance Department from time to time by the 20th of the following month.
- ii) While releasing provisions of share capital, grants, subsidy and assignment either under Plan and Non-Plan, the arrear outstanding loans, advances, interests and guarantee commission etc. recoverable from the undertakings concerned may be correctly assessed and adjusted against any fresh release. Without adjustment of outstanding govt. dues, fresh release shall not be made, except with the clearance of the Finance Department.

17. **Reimbursement of Expenditure & furnishing of Utilisation Certificate**

- i) The expenditure on Central Plan Schemes, Centrally Sponsored Plan Schemes and Schemes framed by Govt. of India and other financing agencies may be strictly limited to the allocations and releases received from Govt. of India/such agencies during 2000-2001. Where such expenditure is reimbursed by the Central Govt. after the same is incurred by the State Government, efforts may be made by the Administrative Department to ensure that the reimbursement is received within one month. The Administrative Department may review such schemes from time to time and take appropriate steps about such reimbursements and in case of delay beyond a period of two months, no further expenditure may be incurred on the Central or Centrally Sponsored Plan Schemes, without the concurrence of the Finance Department. A report on this may be furnished to the Finance Department under the signature of the Secretary of the Administrative Department bi-monthly (June, August, October, December, February). Schemes which are cleared by the Central Ministries towards the month of February and March may be implemented only with the specific sanction of Finance Department.
- ii) It is very often seen that the various Administrative Departments are not furnishing the Utilisation Certificate and Audit Certificate in respect of assistance received from the Central Government under Central Plan and Centrally Sponsored Plan Schemes. This has resulted in inordinate delay in releasing the subsequent Central Assistance. Henceforward, the Administrative Departments should ensure that utilisation certificates in respect of Central Assistance received in a financial year are submitted to the concerned Ministry of Government of India by the 30th June of the subsequent financial year, at the latest. The Audit Certificate in respect of the grants received from Government of India or other agencies, wherever necessary, should be furnished by 30th September of next financial year. This has to be meticulously followed by the concerned Administrative Departments, the default thereof being enjoined with responsibility.

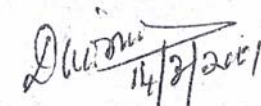
18. Restrictions and stipulations outlined in the preceding paragraphs are applicable, mutatis mutandis, to all Public Sector Undertakings, Co-operatives, Autonomous Bodies, Aided Institutions, Universities, Urban Local Bodies, Development Authorities and all institutions who receive grants, State Govt. guarantees, loans etc.

19. The provisions of this office memorandum will come into force w.e.f the date of issue and will remain in force until further orders in this regard. All other restrictions issued in earlier Economy circulars, Notifications or orders on the above subjects would remain in force if it does not contravene any of the provisions of this circular and those which are contrary to the contents of this circular shall be deemed to have been annulled by the present circular.


PRINCIPAL SECRETARY TO GOVT.

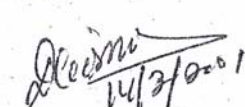
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Spl. Officer-cum-Joint Secretary to Govt.

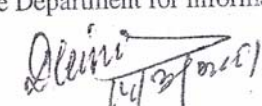
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Copy forwarded to the Secretary to Governor, Orissa/ Secretary to Chief Minister, Orissa/ P.S. to all Ministers/ Principal A.G. (A&E), Orissa/ A.G. (Audit-I)/ A.G. (Audit-II)/D.A.G, Puri/ All F.As and A.F.As/ All Treasuries, Spl. Treasuries and Sub-Treasuries/ Director General, Training & Co-ordination, Orissa, BBSR/ Director, M.I.A.F, BBSR/Principal, Secretariat Training Institute, BBSR/ Secretary, O.L.A., BBSR for information.


Spl. Officer-cum-Joint Secretary to Govt.

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Spl. Officer-cum-Joint Secretary to Govt.