

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.

A copy Ministry of Defence (Fin/Budget) O.M. No. 9(2)/Bud-I/2014 dated 3rd 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 compiled with and there are no wasteful of 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)

