103. It is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. In the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

VIII - EXPENDITURE NOT PROVIDED FOR RE-APPROPRIATIONS AND SUPPLEMENTARY GRANTS.

GENERAL RULES FOR SUPPLEMENTARY GRANTS

104. Expenditure for which no provision has been made in the original budget estimate of the current financial year should rarely, if ever, be incurred.

105. (1) It may, however, be found that an excess is likely owing to either (a) an unforeseen emergency or, (b) underestimating or insufficient allowance for factors leading to the growth of expenditure. In the case of an excess of either type, the head of the department or controlling officer concerned should proceed as follows:-

(i) He should in the first place examine the allotments given to other disbursing officers under the same classification code inside the unit of appropriation, and transfer to the disbursing officer who requires an additional allotment such sums as can be permanently or temporarily spared. Since appropriation audit will ordinarily be conducted against total allotments for a unit there is no question of re-appropriation in the technical sense of the word. The process amounts to nothing more than redistribution, which the controlling officer can ordinarily effect without reference to any other authority.

(ii) Should he find such redistribution impossible, he should examine the allotments against other classification codes inside the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is feasible, he should, if he has been invested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.

(iii) If provision of funds from within the primary unit proves to be impossible, an examination of the whole grant should be undertaken to see whether there are likely to be savings under any of the other units of appropriation due to cause (iii) described in paragraph 101, which can be utilised to meet it. If so, he should proceed as indicated in clause (ii) above.

(iv) If such savings are not available, it should be seen whether special economies can be effected under other items of expenditure. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Finance Division through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All application for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

(2) All applications for supplementary grants under paragraph (1) should normally be submitted to Government so as to reach the Finance Division as far as possible, by the middle of December at the latest or by such other date as may be prescribed by the Finance Division from time
General Financial Rules

to time. Administrative Departments should not, however, hold up the applications till that date, but forward each application to the Finance Division as soon as they become convinced that a supplementary grant will be necessary.

(3) On receipt of an application for a supplementary grant, the Finance Division will review the position of the grant as a whole with reference to the known actuals of the year to date and actuals and estimates for previous years. If after this examination the Finance Division comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure within the sanctioned grant, either from normal savings or by special economies or in the last resort by judicious postponements of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to the Parliament. If, on the other hand, the Finance Division considers that a supplementary grant will be necessary a demand will be placed before the Parliament as soon as possible.

(4) The supplementary grants and appropriations referred to in the preceding paragraphs are such as are required by extra expenditure on the normal activities of the department. Expenditure on a new service, in the technical sense, and on new items, such as, new buildings, new roads, etc, for which no provision exists in the budget, may be incurred in the middle of the year only in exceptional cases. Government is averse, on general principle, to admitting such demands in the course of year. In case, however, the necessity to incur such expenditure is urgent, the Administrative Department should explain clearly why it was not provided for in the original Budget and it cannot be postponed for consideration in connection with the next Budget. The Finance Division, if satisfied on these points, will consider whether it would not be reasonable to ask the department concerned to curtail its other expenditure so as to keep the total within the grant. Ordinarily, no new service or item will be accepted by the Finance Division unless the department concerned can guarantee that the extra expenditure will be met from normal savings or by special economies within the grant. Cases which involve a supplementary grant will normally be accepted by the Finance Division only if they relate to matters of real imperative necessity, or to the earning or safe-guarding of revenue. In such cases the demand for a supplementary grant, or for a token grant in respect of a ‘new service’ if the expenditure can be met by re-appropriation, will be presented to the Parliament as soon as practicable after the need arises.

REAPPROPRIATION OF FUNDS

106. Reappropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilised in full, or that savings can be effected in the appropriation for that unit in the manner indicated in paragraph 101. In no case it is permissible to reappropriate from a unit with the intention of restoring the diverted appropriations to that unit when savings become available under other units later in the year. Any allotment or reappropriation within a grant or appropriation may be authorised at any time before but not after the expiry of the financial year to which such grant or appropriation relates.

107. The different kinds of re-appropriations that may arise and the authorities competent to sanction the re-appropriations are detailed below :-

(1) From a voted item to another voted item within a grant—
(a) The Finance Division can sanction reappropriation from one voted item to another voted item within a grant;

b) Ministers can sanction reappropriation between operating units which does not involve undertaking a recurring liability.