



FINANCE (BG-I) DEPARTMENT  
SECRETARIAT,  
CHENNAI - 600 009.

**Letter No.21292/BG.I/2021-1, Dated 31.05.2021**

From  
Thiru. S. Krishnan, I.A.S.,  
Additional Chief Secretary to Government.

To  
The Additional Chief Secretaries / Principal Secretaries /  
Secretaries to Government, Department of Secretariat, Chennai - 9.  
The Secretary, Tamil Nadu Legislative Assembly Secretariat, Chennai - 9.  
All the Heads of Department.  
The Commissioner of Treasuries and Accounts, Chennai - 35  
The Secretary, TNPSC, Chennai - 3  
The Registrar, High Court, Chennai - 104  
The Registrar, High Court Bench, Madurai - 23.  
Heads of All State Owned Corporations/Boards.

Sir / Madam,

Sub : Final Modified Appropriation – Observation of the  
Accountant General – Furnishing Specific reasons for  
variation in the Final Modified Appropriation – Instruction  
– Issued - Regarding.  
Ref : Government Letter No. 48998 / Finance (B.Coord)  
Dept./2020, dated 29.12.2020.

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Attention is invited to the reference cited, wherein a detailed instruction have been issued to all Heads of Department for finalization of FMA for the year 2020-21. Among the detailed instructions, a consolidated possible reasons for increases and decreases were communicated.

2. The Principal Accountant General (G&SSA) is continuously mentioning that valid reasons for additional provision / withdrawal of provision are to be furnished in the re-appropriation orders. During the Exit Conference for finalization of Annual Accounts and Reports on State Finances for the year 2019-20, held on 12.03.2021, the Principal Accountant General (G&SSA) has raised this issue and insisted that vague reasons such as “based on higher requirement / actual requirement” etc. to be avoided. Also indicated that enhancement of provision made by re-appropriation in the first round was withdrawn in the second round or vice versa.

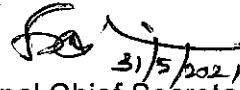
3. In view of para 2 above, I am to request you to furnish the exact / actual reasons for additional / surrender provisions, while sending Final Modified Appropriation proposal to the PCB Units concerned in the Finance Department, in the future. The possible reasons for increases and decreases are attached herewith, which has to be used only in the appropriate increases/decreases.

P.T.O.

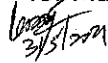
4. I am also to request you to calculate the exact requirement for the particular Financial Year and propose the same in the re-appropriation order, which will avoid surrender in the end of the Financial Year. The enhanced provision made in the first round of Final Modified Appropriation has to be fully utilized and the purpose of the sanction has to be served. The unspent amount, if any, to be surrendered in the Second round of the re-appropriation order. Surrendering of enhanced provision, which is made in the re-appropriation order should be avoided.

5. I am to request you give due attention, while preparing Final Modified Appropriation, in the future.

Yours faithfully,



for Additional Chief Secretary to Government



Copy to:

The Accountant General (A&E), Chennai-18.

The Finance (Audit) Department, Secretariat, Chennai-9.

All PCB Units in Finance Department, Secretariat, Chennai-9.

All Officers in Finance Department, Secretariat, Chennai-9.

**ANNEXURE**

**POSSIBLE REASONS FOR INCREASES AND DECREASES**

<b>Detailed Head</b>	<b>Reasons for Increases</b>	<b>Reasons for Decreases</b>
01 Salaries & 79 Salary Grants	Creation of new posts for the establishment of new offices/schools/courts/hospitals/medical colleges etc.	Due to delay/ non-recruitment and non filling up of vacant posts, resulting in savings of the provisions made in anticipation of such recruitment.
	Filling up of the existing vacant posts through recruitment agencies / employment offices	Due to abolition of posts/ closure/ merger of offices, after scheme completion
	Creation of new/ additional posts for establishment of new office or bifurcating existing office due to administrative purposes.	Due to re-deployment of posts from one office to another, resulting in savings/ excess under the related heads of accounts
	Formation of new Committees / Commission for specific purposes, for which new posts were created	Reorganization of administrative setup based on the recommendations of the specific committees setup by the Government
	Creation of project implementation units for implementation of new schemes	Due to surrendering of posts
	Creation of new land acquisition units and sanction of additional posts for acquisition of lands for various projects	Due to posts filled up with outsourcing on contract basis
	Upgradation of posts from one category to another/ Bulk promotion from one category to another.	Delay in the implementation of Pay Commission recommendations than initially thought of
	Bringing the existing staff from one administrative control into another	
	Revision of pay as per Pay Commission recommendations/ Sanction of Pay Commission Arrear	
	Revision of pay for specific category/ group of employees based on Court Orders, etc.	
Absorption of temporary employees engaged on contract basis into regular establishment/ introduction of special times of scales of pay		

Detailed Head	Reasons for Increases	Reasons for Decreases
02 Wages	Unscheduled enhancement of the rate of wages / Revised rates of wages	Reduction/ discontinuance of the daily wages posts
	Due to additional staff engaged under daily wages than anticipated	Conversion/ absorption into regular establishment/ Contract appointments
	Additional funds required for settlement of arrear claims, if any	Delay in engaging the daily wage workers
03 Dearness Allowances	Consequential impact of reasons envisaged for "Salaries"	Consequential impact of reasons envisaged for "Salaries"
	Enhancement in the rate of Dearness Allowance than estimated	Less than anticipated growth in the DA rates
04 Travel Expenses	Enhancement in the rates based on Pay Commission recommendations	Savings due to closure/ merger of offices, abolition of touring posts
	Adhoc increase in the rates for specific categories	Savings due to economy measures
	Impact of creation of new posts and offices and consequential increases	
	Settlement of pending bills	
	Expenditure in connection with foreign visit	
05 Office Expenses	Increase in telephone charges, office contingencies, electricity charges, postages, purchase of furniture, stationeries due to creation of new offices/ project units/ etc.	Delay in the formation of new offices
	Revision in tariff rates for telephones-mobile rentals/ electricity charges including tax revisions	Savings due to economy measures
	Sanction of additional telephone lines/ broad band connectivity/ approval for new CUGs	
	Replacement of old furniture not contemplated in Budget	
06 Rent, Rates and Taxes	Establishment of new offices/ units and accommodated in private rented buildings	Due to shifting of offices to Government buildings
	Enhancement of rate of rent and sanction of rent arrears	Delay in payment of dues to/ belated claims from Local Bodies
	Due to Revised tariff rates towards Property Tax / Water Charges and payment of arrears	Due to curtailment of lease of period

Detailed Head	Reasons for Increases	Reasons for Decreases
08 Advertising and Publicity	Hike in Advertisement and publicity charges including tax impact	Belated claims from the Advertising Agencies
	Publicity and propaganda in public interest on prevention of diseases and health care, functions and facilitations, launching of new schemes and programmes, visits of dignitaries, etc.	Due to economy measures
	Settlement of pending bills of the previous year	
09 Grants-in-Aid; 11 Subsidies; 12 Scholarships and Stipends	Revision in the scheme guidelines/ scope to cover additional beneficiaries resulting in cost increase	The reasons for the increase may very well suit the causes for the decrease/ savings in the expenditure, like restricting the scheme benefits/ beneficiaries/ reduction in rates, reduction/ delay in Central share and its corresponding impact on State share where both the Central and State share of funds are provided in the budget.
	Direct revision in the eligible grants/ subsidies/ scholarships either by the GoTN or by Gol	
	Announcement of new schemes not contemplated in the Budget	
	Delay and uncertainties in the receipt of central grants and its transfer through GoTN	
	Additional expenditure due to revision in sharing pattern/ short releases on committed liabilities, in cases where State share alone is provided in the budget	Belated claims/ delay in disbursement due to administrative reasons
	Change in the policies of the GoTN/ Gol affecting the scope/ beneficiaries/ existing rates	Savings on account of pruning of beneficiaries list
	Creation of new educational institutions/ medical colleges/ etc. resulting in larger intake of students and the requirement for higher amount of scholarships	Inter year variations in the beneficiary claims which affected the budget numbers
	Sanctions towards natural calamities Settlement of arrear/ belated claims	
10 Contributions	Hike in insurance premium and its tax impact	Discontinuance of specific schemes
	Enhancement in the Contribution to specific Funds due to mid year decisions, etc	Austerity Measures adopted

Detailed Head	Reasons for Increases	Reasons for Decreases
16 Major works	Mid-year announcements/ signing of new projects with external assistance/ funding for new schemes by NABARD, etc. for construction of new office buildings including staff quarters/ roads and bridges	Delay in finalization of tenders/ commencement of work due to various reasons including litigations on land acquisition issues
	Creation of additional amenities / infrastructure to the existing buildings	Natural Calamities/ litigations/ shortage material affecting the progress of works
	Change in the scope of work, escalation of price of materials / Schedule of Rates resulting in Revised Administrative Sanction	Water scarcity/ environmental clearance/ area specific problems-local problems
	Early completion of works/ quick progress of works than anticipated during the estimation	Scheme specific reasons should be assigned for the major schemes
	Settlement of pending bills	Shortfall in release of central grants
	Scheme specific reasons should be assigned for the major schemes	Delay in preparation of Detailed Project Report
	Receipt of additional central funds for schemes	
17 Minor Works	Escalation due to revisions in the schedule of rates/ additional or new requirements arising during implementation of works/ increase in labour cost	Due to non availability of materials specifically required
	Expenditure not contemplated in the Budget like repairs arising out of natural calamities, damages, VVIP visits, etc	Non-execution/ delay/ dropping of works
18 Maintenance	Escalation due to revisions in the schedule of rates/ additional or new requirements arising during implementation of works/ increase in labour cost	Due to non availability of materials specifically suited for the works
	Expenditure not contemplated in the Budget like repairs arising out of natural calamities, damages, VVIP visits, etc	Austerity Measures adopted
19 Machinery and Equipments	Based on mid year requirements due to repair/ replacement of existing plant and machinery	Litigations/ delay in supply/ Non-availability of specific materials and goods / administrative reasons
	Belated claims/ settlement	Savings in procurement
	Creation of new offices/ hospital establishments/ implementation of new schemes	Economy measures leading upto cut in sanctions
	Escalation in cost of procurement/ maintenance charges	

Detailed Head	Reasons for Increases	Reasons for Decreases
21 Motor Vehicles	Purchase of new vehicles in lieu of pre-condemned vehicles, not contemplated in budget	Savings in procurement
	Escalation of cost of new vehicles and changes in the tax rates / maintenance and hire charges	Delay in completing procurement procedure
	Purchase of vehicles to the newly established / formed / created Offices, Units, Courts, Commissions, Committees and etc.	Delay in procurements due to litigations/ non-availability of special types of vehicles/ etc
	Purchase of vehicles for the use of VVIPs	Economy measures leading upto cut in sanctions
	Purchase of new ambulances and other large vehicles to the hospitals / police/ prisons/ fire stations	
	Belated claims/ settlement	
24 Materials and Supplies	Creation of hospitals / laboratories / colleges, etc / escalation in cost / belated claim-settlement	Savings in procurement/ delay in supply/ austerity measures
25 Interest	Exchange rate fluctuations for the loans availed under Externally Aided Projects	Lesser provision required due to favourable Exchange rate fluctuations for the loans availed under Externally Aided Projects than anticipated
	Interest on the loans availed under the Floating rate charges	Lesser interest payments on the loans availed under the Floating rate charges than anticipated
	Higher Interest commitments due to inter-year variation of interest rates on the deposits of the GPF, All India Service Provident Fund, Teachers Provident Fund, Panchayat Union School Teachers Provident Fund and Municipal School Teachers Provident Fund	Due to lesser Interest commitments on account of downward reduction in rates on the deposits of the GPF, All India Service Provident Fund, Teachers Provident Fund, Panchayat Union School Teachers Provident Fund and Municipal School Teachers Provident Fund than anticipated
	Fluctuating balances maintained in the Public Deposit account by the account of the Boards and Corporations, Universities, Market Committees etc.	Due to lesser amount maintained in the Public Deposit account by the Boards and Corporations, Universities, Market Committees etc.
	Inter-year change in loan mobilization programme due to various factors like interest rate movements, cash flow requirements, etc.,	

Detailed Head	Reasons for Increases	Reasons for Decreases
27 Pensions; 27 06 Family Pensions	Due to implementation of Pay Commission revision	Belated payment of pay commission arrears
	Revision of pension for group of persons / categories based on the orders of the court	Revision in the age for superannuation
	Differences due to Commutation sanctions / recovery completion	Surrender of reserve provisions made in anticipation of court orders
	Payment of Pay Commission Arrears with retrospective effect	Demise of pensioner / family pensioner/ claimants
	Based on policy decision of the Government, bringing in employees under the Special Time Scale of Pay and consequently for Special pension.	
27 02 Commutation	Variations due to Individual based option exercised and the estimates fixed based on the trend.	Variations due to Individual pay which caused surrender
	Impact of revision in salary at the time of retirement	Revision in Commutation table
	Revision in Commutation table	
27 05 Social Security Pensions	Enhancement of monthly pensions / increase in the beneficiaries based on relaxation of norms or policy decision to relax the upper ceiling / launching of new schemes for targeted groups.	Due to decrease in the number of beneficiaries / claimants
28 Gratuities	Payment of Arrears	Belated settlement of claims
	Due to implementation of Pay Commission revision	Variations due to individual employee based drawals and the estimates can be trend based also
	Increase in Dearness Allowance	
	Variations due to individual employee based drawals and the estimates based on the trend.	
33 Payments for Professional and Special Services	Payment for litigations arising during the course of the year including appeal in Supreme Court	Non-receipt/ belated claims of bills for Pleader Fees/ Special Services/ Contract payments
	Belated claims/ settlement of pleader fees	Non finalisation of outsourcing agency for engaging staff on Contract basis/ litigations
	Increase in Contract payment due to filling up of temporary posts on contract basis/ creation of additional posts on contract basis/ revisions in the rate of contract payment/ belated claim-settlement to third party contract agencies	Termination of the contract workers and regular appointment made through recruiting agencies/ Non-filling up of posts under Contract basis



Detailed Head	Reasons for Increases	Reasons for Decreases
33 Payments for Professional and Special Services	Engagement of Specialised Services including payment of DPR charges/ Software development charges/ technical services for the new schemes	Delay in the selection of Special Services providing-software development agencies/ tender delays/ Non engagement of special services agencies
	Belated claims/ settlement for Special services	Delay in submission of DPRs/ completion of software programmes/ Other Reports resulting in withholding of payments
		Non issuance of G.O. due to administrative reasons
42 Service or Commitment Charges	Exchange rate fluctuations under Externally Aided Projects.	Lesser amount required towards commitment charges due to exchange rate fluctuations under Externally Aided Projects.
	Non-drawal of committed loan amount under Externally Aided Projects than anticipated.	Delay in signing of agreements / loan sanctions resulting in surrender of service charges
	Service charges for the new Loans signed during course of the year	
	Due to rate of revision of affiliation charges to the Medical Colleges and obligatory charges	
45 Petroleum, Oil and Lubricant	Additions to vehicles fleet on account of newly created offices / Units / Commissions / Committees; sanction of new vehicles to the existing offices	Reduction in vehicles fleet due to non-sanction of new vehicles in lieu of condemnation of existing vehicles/ vacancies in the posts officers eligible for use of Government vehicles/ delay-non-filling up of driver posts
	Due to fluctuations of prices of Petroleum, Oil and Lubricant	Delay in the purchase of new vehicles resulting lesser fuel
	Enhancement in fuel ceiling/ bringing in new cadre of officers eligible for fuel charges	Due to fluctuations of prices of Petroleum, Oil and Lubricant
47 Stores and Equipments	Mid year sanction of new hospitals/ medical colleges/ increase in in patient/ out patients resulting in additional purchase of Stores and Equipments	Delay in finalising tenders/ litigations/ non-availability of specialized procurements/ belated claims/ austerity measures
	Escalation in prices/ emergency procurements to control epidemics	Due to non issuance of G.O. due to Administrative Reasons
	Settlement of arrears / pending claims	
51 Compensation	Settlement of compensation as per directions of various Courts	Delay in settlement due to administrative reasons
	Accidental/ Incidental occurrences	

Detailed Head	Reasons for Increases	Reasons for Decreases
56 Feeding and Cash Doles	Expenditure made during Natural Calamities like drought, cyclone and flood.	
	Revision in the allowance for Uniformed Services	
	Additional recruitments	
64 Lands	Purchase of lands for new/ expansion of projects/ schemes based on mid year announcements	Non issuance of G.O. due to administrative reasons
	Increase in cost based on settlements through private negotiations	Slow progress of land acquisition including litigations
	Enhanced land compensation provided including interest as per the directions of the courts	Dropping of projects/ schemes due to non-viability
66 Medicine	Additional requirements due to increase in inpatient and outpatients/ emergency procurements to handle onslaught of new diseases/ spread of contagious diseases/ medical relief necessitated due to natural calamities	Due to lesser requirement than anticipated
	Increase in procurement due to establishment of new/expansion of Medical Colleges and Hospitals	Delay in finalization of tenders/ non availability of specific drugs
	Purchase of specific medicines from open market due to non availability/ shortage of drugs/ escalation in cost of procurements	Belated claims from suppliers
67 Feeding / Dietary Charges	Increase in the procurement rates / introduction of new edible items / increase in fuel cost / increase in student uptake	Shrinkage of beneficiaries / Stoppage of schemes
	Establishment of more number of hostels to the schools and Colleges and Anganwadi Centres	Delay in finalisation of Tender / Belated claims
	Increase in admittance of in-patients of the Government Hospitals and Medical College Hospitals	
68 Cost of Books/ Note Books/ Slates, etc	Establishment of more number of Medical Colleges, Government schools, Colleges, Engineering Colleges, Libraries and opening of new courts	Due to non finalisation of Tenders / Belated claims
	Starting of new courses and increase in the strength of the Students	

Detailed Head	Reasons for Increases	Reasons for Decreases
72 Training	Increase in expenditure due to fresh recruitments / increases in training cost.	Postponement of training / delay in anticipated recruitment / belated claims
	Introduction of new training programmes during the course of the year / belated settlement of previous year payments	Due to non receipt of claim from the Institute / Agencies
		Due to unavailability of faculties / non availability of office / space postponed training programmes
76 Computer and Accessories	Upgradation of software and hardware/ creation of new offices/ new schemes/ replacement of existing systems during the course of the year and attendant increase in consumables and maintenance cost	Due to delay in finalization of tenders/ non-availability of desired software/ hardware
	Escalation in cost	Belated claims by the suppliers
	Settlement of pending bills on purchase of computers and maintenance	

Note: If any savings arise due to economy measures ordered in the G.O.(Ms) No.249, Finance (BG-I) Department, dated 21.05.2020, the same shall be explained against the relevant heads of accounts

//True Copy//

*[Signature]*  
 31/5/2021  
 SECTION OFFICER  
*[Signature]*  
 31/5/2021