

NH-11060/1/87-NHIII/DI

Dated the 10th August 1987

**SECRET**

Subject: Revised cost estimates of projects involving substantial increase in the approved cost estimates etc. — submission of cases to Cabinet Committee on Expenditure.

A copy of the secret O.M. No. CD. 11014/3/87/Coord (US) dated 27.7.1987 from the Coordination Section with enclosure on the subject mentioned above is enclosed. As desired by Secretary (SFT), all cases falling under this category should be processed and submitted to the Cabinet Committee on Expenditure. It is also requested that the instructions contained therein may be brought to the notice of the officers concerned in their zones.

*Encl. to letter No. NH-11060/1/87-NHIII/D/ dated the 10th Aug. 1987*

**COPY**

Subject: Revised cost estimates of projects involving substantial increase in the approved cost estimates etc. — submission of cases to Cabinet Committee on Expenditure.

A copy of Secret O.M. No. 74/1/2/87-Cab. dated 15th July '87 on the above subject received from the Cabinet Secretariat is enclosed. Secretary (SFT) has desired that the cases falling under this should be processed to the Committee.

*Copy of Secret O.M. No. 74/1/2/87-Cab. dated 15th July '87 from the Cabinet Sectt. addressed to Secretaries to Govt. of India.*

Subject: Revised cost estimates of projects involving substantial increase in the approved cost estimates etc. — Submission of cases to Cabinet Committee on Expenditure.

As the Ministry of Agriculture, etc., are aware, the functions of the Cabinet Committee on Expenditure are as under:

- (i) To review the deficit of Govt. from time to time and to monitor proposals for expenditure in various Ministries with a view to making functioning of Government cost effective and bringing down the cost of governance as a whole and to devise suitable measures to achieve the objective."
  - "2(i) To consider the proposals of expenditure, both Plan and Non-Plan for which there is no provision or inadequate provision of funds in the budget and where supplementary grant is considered necessary;
  - (ii) To consider cases of public sector undertakings (a) requiring additional budgetary support either on account of shortfall in internal and extra budgetary resources or increase in losses over those anticipated at the budget stage requiring supplementary grant during the year, and (b) defaulting in repayment of Govt. loans or interest thereon".
2. The Cabinet Committee on Expenditure in its meeting held on 15.6.87 directed with reference to its functions mentioned in para (2)(i) above that the revised cost estimates of any project, whether plan or non-plan, for which there is either no provision or there is inadequate provision of funds in the budget or where there is substantial increase in revised cost estimates, should be brought before it for approval. The Committee further decided that where provisions in the Annual Plan do not cover the escalation in the revised cost estimates of a project, new schemes should not be cleared.

3. Necessary action to amend the functions of the Cabinet Committee on Economic Affairs is being taken separately. In the meanwhile, Ministry of Agriculture, etc., are requested that in future the above types of cases be referred to the Cabinet Committee on Expenditure.
-