

Relaxation on govt expenditure may continue in July-Sept quarter

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Cash management guidelines (CMG) for quarter beginning July 1 is unlikely to see any change, a senior government official said. This means relaxed norms applicable for capital expenditure and expenditure under Centrally Sponsored Scheme (CSS) would continue.

These two account for nearly 41 per cent of total budget size in FY24. The Union Budget for FY24 has provided ₹10-lakh crore for capital expenditure and ₹3.7-lakh crore for grants-in-aid for creation of capital assets, taking the effective total to ₹13.7-lakh crore. Similarly, for 58 CSS, ₹4.76-lakh crore have been provided.

Relaxation in expenditure is critical, keeping in line with the expenditure push required from the government. In the first month of the fiscal, the Centre spent nearly 7 per cent of the total budget allocation with capital expenditure recorded at 10 per cent of overall allocation. Considering the revenue situation, the Economic Affairs Department issues guidelines for "Cash management system in Central Government-Modified Exchequer Control Based Expenditure



BUDGET ALLOCATION.

The Union Budget for FY24 has provided ₹10-lakh crore for capex and ₹3.7-lakh crore for grants-in-aid for creation of capital assets

Management," before the beginning of each quarter to set the framework for expenditure in the next three months.

Normally, Central Ministries and Departments are required to make monthly or quarterly expenditure plans, and they are permitted to spend up to 25 per cent of budget estimates in each of the first three quarters (April-June, July-September and October-December). For the fourth quarter (January-March), the cap is 33 per cent. These limits are kept with cash flow in mind and evenly spread the expenditure over 12 months.

For the first quarter of FY24, the Finance Ministry relaxed

norms under the cash management guidelines for capital expenditure and expenditure under CSS. It was decided to relax stipulations (prescribed in office memorandum issued in May last year) applicable for big releases of ₹500 crore or more.

The OM, issued last May, said that Ministries need to prepare a calendar of releases of amounts between ₹500 crore and ₹2,000 crore. The date of range should be 21st to 25th of a month, as GST is deposited after 20th of every month. For expenditure of ₹500 crore or more, prior approval with two working days' notice shall be taken from the Budget Division. In case of single payment of ₹5,000 crore, prior permission from the Budget Division is a prerequisite. The same will be applicable for autonomous bodies under Treasury Single Account.

SEPARATE ADVISORY

It also clarified that relaxation in stipulations for April is implemented with immediate effect. For subsequent quarters, separate advisory will be issued before the commencement of the quarter. Further, the relaxation will be subjected to strict adherence to the SNA/CNA guidelines issued by Department of Expenditure, it added.