

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject : Austerity Measures for 2003-2004.

Read : Government Order No. : FD 3 BEM 2001, dated 17-10-2001,

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PREAMBLE :

A comprehensive Economy Order was issued in the GO cited under reference in order to conserve resources and exercise economy in Non-Plan Expenditure to make available more funds for Plan.

Widespread drought in Karnataka for the third successive year has caused severe and unprecedented distress and hardship to farmers. State Government has undertaken large scale relief measures for providing employment, supply of drinking water and also fodder for cattle. However, urgent relief measures are also necessary to revive agricultural economy and enabling the drought affected farmers and the related institutions to restart their operations.

The Government has proposed a package of relief to be extended to farmers in view of the prevailing drought situation. The cost of the package is estimated at about Rs. 880.00 Crores for which there is no Budget provision in the current Financial Year. Hence, it is necessary to immediately enforce strict economy/austerity measures to curtail Government expenditure. Hence the Order.

GOVERNMENT ORDER No. FD 02 BEM 2003, BANGALORE, DATED : 29-09-2003.

The following austerity measures come into force with immediate effect in addition to the Economy Measures already prescribed in Government Order dated 17-10-2001.

1. No department shall procure stores and stocks/furniture and fixtures even if the Budget Provision is made, until further orders. However, in respect of Externally Aided Projects and Health Services, the proposals shall be sent to Finance Department with full justification for procurement.
2. Though Budget has been provided for modernization under the object head 125-modernization for the year 2003-2004, departments should not incur any expenditure for modernization. The Director of Treasuries shall instruct the District Treasuries to freeze the operation of object head "125-modernization" for the remaining part of the Financial Year. Exceptional cases if any shall be only if the approval of Finance Department.
3. There shall be a reduction by 20% for Travel Expenses for all Secretaries of Departments including Legislature and the Council of Ministers. However, the reduction does not include Travel for enforcement of Law and Order and monitoring of drought. The departments shall reduce the official tours to enforce restrictions.
4. There shall be a total ban for journeys by Air, outside the State. In exceptional cases journey by Air shall be allowed only with the prior concurrence of Chief Secretary in respect of Heads of Departments and Secretaries to Government. Ministers shall be allowed journey by Air outside the State only with prior permission of Chief Minister.

5. Total ban on purchase of new vehicles including for the Council of Ministers and the Legislature. The expenditure on Petrol, Oil and Lubricants and Maintenance and Repairs of vehicles shall be reduced by 20% of the Budget Provision for the year 2003-2004.
6. There shall be 20% reduction in Telephone Bills, Stationery Articles in all offices including the Council of Ministers and Legislature.
7. There shall be total ban on creation and filling up of posts both under Plan and Non-Plan through Direct Recruitment. The ban however, shall not apply to Externally Aided Projects. But the proposals for creation and filling up of posts under Externally Aided Projects shall be only with the prior concurrence of Finance Department.

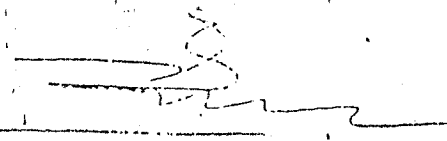
No re-appropriation should be allowed out of savings under Salaries for any Non-Salaries Expenditure. The Chief controlling Officers, Budget Estimating Officers and the Heads of Departments shall be responsible for the strict enforcement of these austerity measures. Any excess expenditure over and above the prescribed reductions will be viewed seriously.

As the Budget Control mechanism has been introduced in all the Treasuries, the District/Sub Treasuries shall scrutinize the bills presented and enforce strict Budget Control including the freezing/reductions proposed due to Economy/Austerity Measures.

The above measures shall apply *Mutatis-Mutandis* to Zilla Panchayats, Aided Institutions, Urban Local Bodies, Public Sector Undertakings, State Autonomous Bodies and Corporations.

Finance Department shall undertake a detailed review of the Impact of Economy Measures implemented by each Department towards the end of the Financial Year and if any department is found to have not complied, additional and extended austere measures will be imposed in 2004-05.

By Order and in the name of the
Governor of Karnataka,


(B. K. DAS)
Additional Chief Secretary &
Principal Secretary to Government
Finance Department

- To:
1. The Accountant General (R2), Karnataka, Bangalore.
 2. All the Principal Secretaries / Secretaries to Government.
 3. All the Heads of Departments.
 4. All the Divisional Commissioners.
 5. All the Deputy Commissioner / Chief Executive Officers of Zilla Panchayats.
 6. Chairman and Managing Directors of all State Public Sector Undertakings.
 7. The Compiler, Karnataka Gazette - to publish in the ensuing Gazette.