

File No. T.11025/28/2009 – NACO
Ministry of Health & Family Welfare
(Department of AIDS Control)

6th & 9th Floor, Chandralok Building
36 Janpath, New Delhi - 110001
Dated 26th August 2009

Subject: Instructions on operational expenses

Dear Project Director

With a view to have control over expenditure especially on non-development expenditure, and thereby ensuring adequate resources for meetings the objectives of the scheme, Government of India and inturn NACO has issued from time to time "austerity measures" to be observed by the SACS. Such measures were intended to promote fiscal discipline without restricting operational efficiency.

On an analysis of the expenditure pattern of the states, it has come to the notice that the component of salary and operational expenses are disproportionately high compared to other programme activities envisaged under the various components. Operational Expenses is meant to support other main activities and it is to be brought to minimum and the guiding principle is that that it should not exceed beyond a stipulated percentage. More importantly, Govt. of India has recently issued strict instructions to curtail indirect expenses like operational expenses because of the austerity measures to tide over the economic recess. Hence the following strict guidelines are issued for incurring operational expenses which is to be followed meticulously by the Project Directors.

1. General

- Day to day functioning shall be managed with utmost economy in operating expenses which shall be confined to the minimum essential in areas such as maintenance of building, office equipments, transport, communication, conservancy, stationery, furniture, hospitality and furnishing.
- Conferences, seminars, workshops shall be conducted only if it is absolutely necessary.
- Size of the official delegation should be restricted to the bare minimum.
- No vehicle purchase is to be undertaken without the permission of NACO and this will be restricted for programme activities like mobile ICTC, Blood Bank etc.

2. Salary

The posts sanctioned for various categories of States are listed in this office order No. A. 11011/69/2007-NACO (Admin) dated 15th October 2007 and the pay structure revised and intimated by vide letter no. A. 11011/18/2009 dated 24th June 2009. It has been observed that many SACS are employing more staff over and above what is envisaged under the above office order and payment is made without attention to the spirit of the letters. There seems to be no control over employing support staff like messenger, security guards etc. on daily or contractual basis. In one of the States it has been

observed that about eight support staff have been employed without sufficient justification and this practice is continued every month. Employment of support staff should be strictly for duties of casual nature on specific needs like World AIDS Day or any other special occasions.

It has also been observed that SACS are extending a salary at the highest range wherever salary range is specified in case of contractual employment without considering the workload the qualification and experience of the incumbent. This has resulted in disparities between identical post and staff with equal qualification in other States.

On analyzing the expenditure under operational expenses it also been observed that most of the SACS extend payment of honorarium or special incentives for routine work. The payment of honorarium even for taking classes in training sessions organized by SACS to the internal faculty (i.e. staff of SACS/TSU) is being followed.

Hence, it has been decided that:

- No appointments other than envisaged under the scheme vide letter dated 15th Oct. 2007 should be made in the state either through budgetary support or getting support from extra budgetary resources.
- Wherever, new appointments are made and the recommendation is to pay higher than the minimum prescribed, specific sanction of NACO should be obtained.
- No honorarium/special incentives to be paid to the staff for work of routine nature.
- Payment of honorarium for taking classes by internal faculty (staff of SACS - TSU) is strictly prohibited.
- No overtime allowance be paid to the employees.
- Outsourcing of routine services like cleaning of office, maintenance etc. may be encourage instead of appointing personnel on regular or contractual basis.
- Posts lying vacant for more than six months may be intimated to NACO for considering abolition of those posts.

3. Travelling Expenses

Official tour should be limited to supervisory visits and review meetings authorized by NACO. It may be ensured that permission to official travel is given judiciously by PDs and restrict only to absolutely essential official requirements. The following guidelines are issued:

- Air travel should be limited to the entitled officers only.
- Revised entitlement for air travel is being issued and it should be meticulously followed.
- The incentive schemes and concession by various airlines should be fully utilized to ensured utmost economy in air travel.
- Travel by airlines other than Air India also is permitted so as to take advantage of increasing competition and air travel schemes offering discounts.
- Wherever possible planning of travel should be done in such a way that the cheapest fare is availed.

- For attending meetings at Delhi or elsewhere only invitees should attend and under no circumstances a group of officers are deputed for all meetings. In case of any violation to these instructions, it would be viewed seriously and the expenditure for non-invitees though with the sanction of PD will have to be recovered from the pay of the respective officer.
- Revised guidelines for DA, stay arrangements etc. are also being issued. It should be meticulously followed.

4. Training and Conferences

- The practice of conducting training/conferences in STAR Hotels and luxurious rented premises should be discontinued forthwith. Instead availing the facilities of government training institutions and SACS premises should be brought into practice.
- The attendance to the workshops/conferences should be restricted to those which are absolutely essential.
- Wherever possible and appropriate, such events/activities, to the extent deemed essential, be organized under public private partnership with the partner contributing substantially to the expenditure.
- Expenses on working lunch should be limited to only participants, faculty for the day and one or two support staff of the SACS.
- Honorarium for taking classes should be given only to the outside faculty. SACS officers/ TSU staff who are internal faculty need not be paid any honorarium for this purpose as it is part of their duty.
- Incidental expenses like hiring of LCD etc. should be minimized and the equipments available in the SACS institutions should be utilized.
- Supply of conference bag, compliments should be avoided.
- Deputing officers of SACS for training in institutions by paying training fees should be done only with the concurrence of NACO.

5. Telephone and Communication expenses

- Only official call should be made from the office telephones.
- A register showing the details of calls made should be maintained as per the rules and wherever private calls are made corresponding recovery may be made from the concerned officials.
- Reimbursement of residential telephone, mobile phone charges etc. to be made after fixing a limit for each level of officers and if it is exceeded suitable action may be taken for restricting the same.
- To curtail the expenditure on telephone SACS can avail the services of providers other than MTNL and BSNL provided the criteria for selecting the alternative service providers are based on better and more competitive rates being offered by the latter.

6. Miscellaneous expenses

- It has been observed that all the states are incurring expenses under this head without any restrictions. This provision has been made to incur and unforeseen petty expenses like some cooli charges, minor repairs etc. But in most of the cases it is seen that huge amount is spent for

infructuous expenditure is incurred under this category from payment to staff or even purchases. There should be control over items of expenditure under this head and incurring expenditure without proper authorization should be avoided.

- Hiring of vehicles to be minimum and not on a regular basis as most of the SACS have sufficient vehicles at their disposal provided by state govts
- Furnishing of office, purchase of office equipments should be done only on need base with the prior approval of NACO

7. Printing and stationery

- Stationery purchases should be made as per the requirement only and in a staggered manner. Competitive rates should be obtained before purchase. As far as possible purchase should be made from government agencies like Kendriya Bhandar, State Cooperative Stores etc. and wherever possible DGS&D rates should be followed for purchases.
- In case of printing, wherever printing facilities are available in government presses it should be utilized. Engagement of private printers should be brought to the minimum and wherever than it should be done through an open tender process and quality to be ensured.

8. Postage and Courier

- The bulk mail transfer/ Business post scheme of Postal department to be utilized for sending IEC materials and other items to the districts and peripheral units.
- Courier service should be engaged only after an open tender process and negotiating for bulk rates

9. Advertisement

- In case of the advertisements in the newspapers for administrative purposes or for IEC the DAVP rates or state government rates only be paid.

10. Electricity & Water

- The payment should be made against actual bills and utmost economy should be made in use of electricity by switching off fans, lights, AC etc. when not in use.

11. Payment to Auditors

- Payment may be regulated against invoices and during negotiation efforts should be taken to bring down reasonable rates without compromising quality.

The above are only guidelines of general nature and Project Director of each State should apply the canons of financial propriety before sanction/incurred any expenditure on operational expenses. Clear and proper delegation should be made in the SACS so that the responsibility could be fixed in case of violation of any rules.

It is also emphasized that internal auditors and statutory auditors being requested to examine the operational expenses in details so that proper control is ensured and expenses which are reported to be against these guidelines would be recovered from the personnel concerned.

This is issued with the concurrence of Secretary & DG, NACO.



(Benoy Choudhury)

Under Secretary to the Govt. of India

To:

1. Project Directors of All SACS
2. Senior PS to Secretary & DG for information please
3. PS to JS for information of JS