

No. 1(5)/2016-E.II (A)
Government of India
Ministry of Finance
Department of Expenditure

North Block, New Delhi
Dated: 15th September, 2016

OFFICE MEMORANDUM

Subject: Committee on Establishment Expenditure (CEE).

Consequent upon the announcement in the Union Budget 2016-17 to do away with the Plan/ Non-Plan distinction at the end of the 12th Five year plan, this Department has issued revised guidelines for the formulation, appraisal and approval of public funded schemes and projects. It has accordingly been decided to revise the non-plan appraisal & approval mechanism in supersession of this Department's OM No. 1(5)/2016-E II(A) dated 27th May, 2016 relating to the financial powers of Ministries/ Departments with regard to expenditure on non-plan schemes and projects.

2. According to the Transaction of Business Rules, 1961 creation of a new company, autonomous body, institution/university or special purpose vehicle, along with creation of posts at the level of Joint Secretary & above, needs to be put for approval before the Cabinet. This is necessary to ensure that parastatal bodies do not multiply, and establishment liabilities of the Government, whether direct or contingent, do not increase at the cost of other desirable expenditure. For appraisal of such proposals, a Committee on Establishment Expenditure (CEE) is constituted as follows:

Committee on Establishment Expenditure	
Expenditure Secretary	Chairperson
Secretary of the Administrative Ministry/Department	Member
Joint Secretary, Department of Expenditure	Member
Adviser, PAMD, NITI Aayog	Member
Representative of Budget Division	Member
Financial Advisor of the Administrative Ministry/Department	Member-Secretary
<i>Representative of other Ministries/Departments/Agencies concerned may be invited as per the requirement.</i>	

3. CEE will serve as the appraisal forum for creation of all New Bodies, and will *inter alia* examine the following:

- (i) The need for creation of the new body and whether the stated policy objectives can be achieved by restructuring an existing body or expanding the scope of an attached/ subordinate office;

- (ii) The number of posts that need to be created in the new body and at what levels;
- (iii) What will be the recurring expenditure for ten years, including establishment, other running and O&M expenditure, if any?
- (iv) To what extent the recurring expenditure can be borne from internal resources thereby minimizing the budgetary burden on the Government?

4 Creation of a new body may not be an end in itself. In many cases, while creation of a new body is the primary objective, one-time project work may need to be undertaken. Sometimes, creation of a new body may be incidental to execution of a major project or implementation of a major scheme or a programme. *In such cases, depending on the level of delegation, a combined EFC/CEE or a combined PIB/CEE may be held.* However, after appraisal, while creation of the new body will be placed before the Cabinet for approval, the scheme or the project may be dealt with in accordance with the guidelines contained in this Department's OM No. 24(35)/PF-II/2012 Dated 05 August, 2016.

5 It is emphasised that creation of new posts, in Ministries/Departments, Attached or Subordinate offices, will continue to be processed on file, and not placed before the CEE. Similarly, creation of new posts within existing bodies may also be processed on file, and new project works in an existing body may be approved in accordance with the extant delegation of powers. However, no pre-investment activity related to creation of a New Body or Institution will be approved without the in principle approval of the Department of Expenditure, unless there is a specific budget announcement to that effect.

6 All matters required to be placed before the Cabinet Committee on Security may be forwarded to Pers. Division of the Department of Expenditure.

7 The Integrated Finance of the respective Administrative Ministry/ Department shall function as the Secretariat for the CEE.

8. **This issues with the approval of the Finance Minister and will come into force with immediate effect.**



(Annie G. Mathew)
Joint Secretary to the Government of India

To

All Secretaries to Government of India
All Financial Advisers to Ministries/ Departments
Cabinet Secretariat
Prime Minister's Office
NITI Aayog
Railway Board
Internal Circulation