

A.P.BUDGET MANUAL / **BUDGET MATTERS**

BUDGET MATTERS

The Word “Budget” is derived from the old French Word ‘Budgettee’ which means a ‘Little Bag’. In Britain, the term was used to describe the leather bag in which the Chancellor of the Exchequer carried to the Parliament the annual statement of the Government’s needs and resources.

1.The Study team on state level administration of the Administrative Reforms Commission of government of India defined the term “Budget” as :

“Just as Audit is the post-discipline, budget is the pre-discipline on public Spending”

2. The need for a Budget arises on account of the constitutional obligation laid down under Article 266(3), which envisages Parliamentary and Legislative control over the expenditure.

3. The budget of Government expresses its total activity in figures. Budget reflects what the government is doing or intends to do. Expenses are budgeted in relation to anticipated income in a year.

PERFORMANCE BUDGETING

A budget should not merely show financial outlays on various sectors and different functions. It should always indicate the physical achievements proposed to be attained from the financial outlays. A budget, which exhibits not only the money but also the physical targets, is a performance budget. Some of the development departments in the state are bringing out the physical achievements accomplished targeted in separate budget publication.

ZERO – BASE BUDGETING

It is to start from Zero base and view all activities and priorities afresh and create a new and better set-up of allocations for the coming budget year. The essence of this budgeting is to prepare defense of a ‘budget request’ with out making any reference to the level of previous appropriations. The Central and State Governments are required to follow this approach for the preparation of their budgets.

THE BUDGET Consists of :

- ❖ *Consolidated Fund of the States,*
- ❖ *Contingency Fund of the State, and*
- ❖ *Public Account of the State.*

1. The transaction relating to the consolidated Fund of the states are accounted for in three different sections, viz. (a) Revenue Account, (b) Capital Account, (c) Loan Account. As per article 266 (1) of the Constitution, all revenues received, all loans raised by the issue of Treasury Bills, loans, or ways and means advances and all moneys received in repayment of loan shall form “Consolidated Fund of the State”.

2. As per art, 267(2) of the constitution “Contingency Funds of the State” is the nature of an advance of 50 crores from the Consolidated Fund of the State. It is intended to provide advances for meeting unforeseen expenditure arising in the course of the year, pending authorisation of such expenditure by law to be passed by the State Legislature under art.205 and 206 of the Constitution.
3. As envisaged in art. 266(2) and 284, the “Public Account” of the state pertains to all public moneys received by or on behalf of the State Government, which are not creditable to the Consolidated Fund of the State. The State Government act as bankers in receiving amount, which they subsequently recover some, are merely adjusting heads and all these transactions are cleared eventually by adjustment under final heads.

SEVEN TIER CLASSIFICATION :

The new revised Budget classification, which came into force in 1974-75 and further revised from 01.04.1987 is given below :

- i. **SECTORIAL CLASSIFICATION**: (Comprising sub-major head wherever necessary) to indicate the groups of various functions of the government corresponding to the sectors of the Plan classification.
- ii. **MAJOR HEADS**: (Comprising sub-major head wherever necessary) to indicate the functions of the government such as agriculture, education, health etc. and to correspond to heads of development in Plan classification.
- iii. **SUB MAJOR HEADS** : This indicates further classifications of a Function or major head.
- iv. **MINOR HEADS**: To denote the various Plan and Non-plan programmes under each function.
- v. **GROUP SUB -HEAD**: This indicates a group of schemes.

- vi. **SUB-HEADS** : To denote the schemes or organizations under each programme or minor head. These are bracketed in the Budget documents. To facilitate easy identification of certain common schemes, the State government adopted standard code numbers to common sub-heads in para 5.22.6 of the Budget Manual.
- vii. **DETAILED HEADS OF ACCOUNTS** : are standard objects of expenditure (including sub-detailed heads wherever necessary) such as salaries, travel expenses etc. are laid down in G.O.Ms.No. 664 Fin.& Plg., dt.27.10.2001.

The revenue receipts have three sectors viz. 'A' – Revenue, 'B' – Non – Tax Revenue and 'C' – Grants – in – aid and contributions. The sectors relating to payments/ expenditure are as follows :

i) **GENERAL SERVICES** : Include services, which are indispensable to the existence of an organised state such as Police, Jails etc.

ii) **SOCIAL SERVICES** deals with programmes connected with the provision of basic social services to consumers, such as education, medical relief, housing, social security and welfare and services needed for community living such as public health, urban development, information and publicity.

iii) **ECONOMIC SERVICES** deal with programmes and activities in the fields of production and trade towards economic growth of the State/Nation.

All expenditure on a function, programme or activity will be recorded under the appropriate major, minor or sub head for purposes of planning and review.

7 – TIER CLASSIFICATION

MAJOR HEAD	----	4 DIGITS CODE
SUB MAJOR HEAD	----	2 DIGITS CODE
MINOR HEAD	----	3 DIGITS CODE
GROUP SUB HEAD	----	2 DIGIT CODE
SUB HEAD	----	2 DIGITS CODE
DETAILED SUB HEAD	----	3 DIGITS CODE
SUB DETAILED HEAD	----	3 DIGITS CODE

M. H.	----	2210	Medical & Public Health
	---	01	Urban Health Services
	----	110	Hospitals and Dispenciries
	----	01	Teaching Hospitals
	----	04	Osmania General Hospitals
	----	010	Salaries
8/16/2012	----	011	Pay

MAJOR HEAD -- TO INDICATE THE ‘FUNCTIONS’ OF THE GOVERNMENT (EX.2225 WELFARE OF SCs & STs AND OTHER OBCs)

SUB MAJOR HEAD -- AN INTERMEDIATE HEAD OF ACCOUNT (EX. 01 WELFARE OF SCs)

MINOR HEAD -- TO DENOTE ‘PROGRAMMES’ UNDER EACH FUNCTIONS (EX. 277 EDUCATION)

GROUP SUB HEAD - TO DENOTE THE ‘SCHEME’ UNDER EACH MINOR HEAD

AND SUB HEAD (EX. 11-CENTRAL SPONSOR SCHEMES; 07 - GOVT HOSTELS)

DETAILE HEAD -- TO INDICATE THE ‘NATURE’ OF EXPENDITURE

SUB DETAIL HEAD (EX. 130 - OFFICE EXPENSES 131 – Utility Payments)

AT STO LEVEL

Receipts & Payments – by Drawing & Disbursing Officers

AT DISTRICT LEVEL

Receipts & Payments - by the Subordinate Controlling Officers

AT STATE LEVEL

1. AG communicates the schedule.
2. Discrepancies if any are to be carried in the books of AG & hod and communicated. each other
3. Then HOD issues reconciliation certificates on monthly basis.

PURPOSE

- To Avoid Misclassifications
- To Watch Progress Of Expenditure
- To Avoid Misappropriation

CODIFICATION

A four digit numerical code has been assigned in the revised classification from 1.4.87. Two – digit code for sub-major heads has been adopted. In respect of certain minor heads having a common nomenclature in various major heads as far as possible, the same standard three-digit code number is adopted. The coding pattern is that first digit in the Major heads under Receipts head is either 0 to 1 and the first digit of corresponding Revenue expenditure Heads, Capital Heads on Loans and Advances are derived by adding the number 2 to the first digit in each of the major heads of account. The illustration is as follows.

Sl.no	Function	Receipts Heads Revenue Account	Expenditure Heads Revenue Account	Expenditure Heads Capital Account	Loans & Advances Account
1.	Medical and public health	0210	2210	4210	6210
2.	Road Transport	1055	3055	5055	7055

Under the scheme of codification, the ‘receipt major heads’ are assigned the block of consecutive serial numbers 0020 to 1999 and ‘expenditure major heads’ on revenue account from 2110 to 3909. The only capital receipt major heads on capital accounts are assigned code numbers from 6010 to 6100. The ‘major heads under loans and advances etc. are allotted code numbers 6101 to 7909. The only major head ‘Contingency Fund’ under part II has the code No.8000. The major heads in part III Public Account are given code numbers 8001 to 8999 both for receipts and payments.

NUMBER STATEMENTS

According to para 16.20.1 of A.P.Budget Manual, the Heads of Departments and the other Estimating officers are required to submit number statements to the Finance Departments by 1st August, every year a statement giving particulars of posts in each permanent and temporary establishment (both gazetted and non-gazetted), the sanctioned monthly pay, the special pay if any, and the fixed allowances attached to posts or individuals that will be drawn on the 1st April, of the following year and number of officers at each rate of pay for whom provision will be made in the departmental estimates. The provision required under “011 Pay of Officers”, “012 – Pay of establishment”, 030 – Dearness Allowance”, “013 – House Rent Allowance”, and “014 Other Allowances”, shall be exhibited separately under the detailed head “010 Salaries”. The provisions required for meeting the expenditure on educational concession, medical reimbursement charges etc. should be shown under the sub-detailed head “014 – other allowances”, and the LTC shall be shown under separate sub-detailed head “017 – Leave Travel Concession” under the detailed head salaries and the details given separately for each of the above items. The details of vacant posts and the period they are likely to be vacant should be indicated in the number statements. Copies of the govt. sanctions in respect of all temporary establishments should be enclosed to the number statements and their references indicated in the statement where the particulars to staff are given. The number statements in respect of posts under Plan, No-plan and Grants-in-aid towards salaries shall be sent separately under respective sub-heads, major heads of accounts. All the Heads of Depts. And other estimating officers should furnish the number statement in the proforma – I and II prescribed by the Finance Dept.

NOTE

Further in Go Ms No: 664 of Finance (BG-1) Department Dt.27-1-2001

A Revised New heads were communicated in place of existing heads for preparation of number statements

Revised Heads are as follows

- 1. 010 Salaries**
- 2. 011 Pay**
- 3. 012 Allowances**
- 4. 013 Dearness Allowance**
- 5. 130 Overtime Allowance**

This has to be followed strictly with effect from 2002-2003 Budget Estimates.

BUDGET ESTIMATES RELATING TO PLAN

The heads of dept. and the estimating officers should prepare Plan budget separately and should not mix up or merge with Non-plan provisions. The Departmental Clearance Committee constituted in G.O.Ms.No.26 Fin.&Plg. Plg.Wing A.P.I) Dept. dt.8.5.95 is convened by the Administrative Department in secretariat in respect of continuing plan schemes. The Project and Programme Approval Committee constituted in G.O.Ms.No.29, Fin.&Plg.(Plg.Wing – AP I – Dept, dt.4.6.95, is convened by the Planning Dept. for new schemes included in the Plan. Proposals to the Departmental Clearance Committee? Project and Programme Approval Committee in the proforma prescribed by the Govt. (Annexure I and II appended to Govt. U.O.Note No.6217 / Plg. A.P. / 91-1, Fin. & Plg. Dept. dt.1.4.91) should be furnished to the administrative Dept,/Plg.Dept. in 10 copies.

VOTE ON ACCOUNT

The above three stages are normally expected to be completed by 31st March. If any delay is anticipated in this regard, demands for advance grants in respect of the estimated expenditure for a part of the Budget year, may be presented to the Legislative Assembly. Thereafter the demands will be discussed, voted and finally passed and appropriation act in the manner laid down in art. 203 and 204 of the Constitution. This is called “Vote on Account”. It permits the Govt. to spend money from the “Consolidated Fund of the State”, for a portion of the financial year from 1st April, pending the passing of appropriation bill for the whole year.

BUDGET CONTROL AND DISTRIBUTION OF FUNDS TO DISTRICT OFFICES

The expenditure incurred during the year should be kept within the provision authorized in the demands for grants and the Appropriation Act. There is a chief controlling officer for every service or Administrative Department who will ensure control of expenditure with reference to details of expenditure reported by the Disbursing officers in Form “B” every month. The Chief Controlling Officer consolidates the figures of expenditure received from the disbursing officers in form “O”.

The Treasuries in the Districts and the Pay and Accounts Officer, in the twin cities render compiled account of receipts and expenditure of the govt. to the Accountant General.

Computerization of each month’s Govt. accounts including those relating to Pay and Accounts Office, Hyderabad is attempted from April 1979. The purpose sought to be achieved by these computerized print-outs supplied by the Fin. & Plg. Dept. to the Chief Controlling Officers are: (a) reconciliation of receipts and expenditure treasury wise with District Departmental figures very month, (b) monitoring the progress of Plan and Non-Plan schemes with reference to State level expenditure figures (c) reallocation of budgetary resources in time and (d) reconciliation of departmental figures with the books of the Accountant General.

Reconciliation of Departmental figures with those booked in the treasuries and the figures booked in the Accountant General's Office.

According to para 19 of the Budget Manual, every chief controlling officer should watch the progress of expenditure continuously and for this purpose, he should require the Disbursing Officers to report every month the figures of actual expenditure during the previous month and the liabilities incurred, but not yet paid. Each disbursing officer should therefore maintain a register of disbursements and liabilities and as soon as a bill is encashed at the treasury, it should be posted in the appropriate columns of the register against the District Treasury in which the payment is made. The disbursing officer and the chief controlling officer shall reconcile the figures of expenditure incurred in the previous month. After the close of each month, every disbursing officer should, after the close of each month, every disbursing officer should, after reconciliation with treasury figures as prescribed by the chief controlling officers in consultation with the District Treasury Officer, forward to the controlling officer immediately superior to him an extract of his account.

THE BUDGET CONTROL PROCEDURE

In order to ensure that the expenditure is kept well within the budget allotment and to avoid ways and means difficulties, Govt. introduced with effect from 1.8.67 a system of control over the expenditure with particular reference to the budget allotments.

EMPLOYEES ADVANCE BILL FORM (APTC Form 40)

It shall be used for the following purposes:

1. All Loans and Advances of employees.
2. APTC Form 40-A used as Annexure to APTC Form 40 for G.P.F. withdrawals.
3. Pay Advance / T.A Advance
4. Advance for Medical Expenses
5. Loans and Advances from APEWF and Final payments of GIS & FBF.

SALARY BILL FORM (APTC Form 47)

1. Pay and Allowances of Gazetted and Non-Gazetted employees
2. Encashment of Earned Leave

T.A BILL FORM (APTC Form 52)

1. Travelling Allowance for Gazetted and Non-Gazetted employees
2. Fixed Travelling Allowance
3. Conveyance Allowance
4. Payments towards bus warrants
5. Leave Travel Concession.

ABSTRACT CONTINGENT BILL FORM (APTC Form 57)

1. All types of Advances by the Govt. Officers for departmental purposes for which detailed bills are required to be submitted to the A.G.
2. Drawals under TR 27
 - In respect of items for which amount is to be normally drawn on fully vouched contingent bill, but when advance is drawn under specific sanction, this form shall be used.
 - Drawal on APTC Form 57 shall be permitted only against general or specific sanction of the Govt. A copy of the sanction of Govt. should be enclosed while presenting the bill.

FULLY VOUCHERED CONTINGENT BILL FORM (APTC Form 58)

For payment of services already availed or goods received and when vouchers along with stock entry and quantity verification etc., are enclosed to the bill.

- | | |
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| i. Overtime Allowance | ii) Tiffin Charges |
| iii) Medical Reimbursement | iv) Exgratia /Adhoc payments to G.S |
| v) Honoraria Payments | vi) Employees State Insurance Allowances |
| vii) Wages | viii) Office Expenses |
| ix) Professional and Special Services | x) Rents, Rates and Taxes |
| xi) Publications | xii) Advertising, Sales and Publicity |
| xiii) Hospitality Charges | xiv) Secret Services |
| xv) Materials and Supplies | xvi) Other Charges – Legal Charges |
| xvii) Diet Charges | xviii) Purchases of all kinds with Vouchers. |
| xix) Monthly Honorarium to
village servants/Anganwadi workers, Adult Education etc. | xx) Recoupment of Imprest extension workers. |

REFUND OF REVENUE BILL FORM (APTC Form 62)

Refund of Revenue

Refund on account of spoilt stamps

DEPOSIT REPAYMENT BILL FORM (APTC Form 6)

1. Repayment of Revenue Deposits
2. 2 Repayment of Court (Civil & Criminal) Deposits
3. Repayment of Earnest Money Deposits
4. 4.Repayments of other departmental deposits or Security Deposits
5. 5 Repayment of User Charge Deposits

PENSION BILL FORM (APTC Form 75/76)

1. First payment of pension
2. Life Time Arrears
3. Death Relief amount of a Pensioner / Family Pensioner

APTC Form 101

For authorizing messenger to receive payment on behalf of the DDO

GRANTS – IN – AID BILL FORM (APTC Form 102)

1. Grants-in-aid of all kinds
2. Social Security – Exgratia payments
3. Exgratia and Relief to victims of Natural Calamities Legal Aid to Poor
4. Discretionary of Grants made to Individuals / Institutions
5. Adjustment of Taxes / Cess to Local Bodies such as Entertainment Tax, Profession Tax, Water Tax, Surcharge on Stamp Duty, Motor Vehicle Tax, Mineral Cess etc.

SCHOLARSHIPS & STIPENDS BILL FORM (APTC Form 103)

For drawal of all kinds of scholarships and stipends

LOANS BILL FORM (APTC Form 108)

For drawal of loans sanctioned by Govt. in favour of institutions
and private individuals.

(G.O.Ms.No.87, Finance (TFR) Dept. Dated 31.01.20

Irregularities in Budgetary Procedures pointed out by the Comptroller and Auditor – General.

1. The Number statements, i.e, statements giving particulars of posts in each establishment, the sanctioned monthly pay, allowances attached to posts of individuals are either not sent by the subordinate officers to Heads of departments or sent after delay.
2. The Number Statements due to Finance department on Ist August are submitted late by departments with delays of are ranging from 1 to 3 months.
3. Pre-budget survey is not conducted in departments
4. Though expenditure on new schemes was provided in the estimates, the Part II of the estimates are not sent.
5. Budget provision is made for posts which were not sanctioned or posts which were vacant or kept in abeyance.

6. A liability register (to keep track of the un-discharged liabilities) is not maintained by subordinate/controlling officers
7. Monthly expenditure statement duly reconciled with the treasury are not sent by the subordinate offices to controlling officers.
8. Proposals for supplementary grant are submitted without ascertaining/assesing the actual expenditure incurred resulting in the supplementary grant proving unnecessary.
9. Savings are generally surrendered only in the moth of March though the rules prescribed that they should be surrendered as and when they were noticed.

Budget Documents

1. Annual Financial Statement and Statement of demand for grants (Vol.1)
2. Detailed estimates of Revenues (Vol.II)
3. Detailed P.W.D. Irrigation Budget
4. Explanatory memoranda on the Budget by Finance Secretary.
5. Budget estimates part I (Non Plan) Details of demands for grants (Vol.III)
6. Budget estimates Part II (Plan). Details of demands for grants (Vol. III Part.II) Schemes in the Plan.
7. Review of Economic Trade and State Plan.

- 8. Budget Speech**
- 9. Budget estimates- public Account (Vol.IV)**
- 10. Estimate of Expenditure by Minor Heads (Plan and Non Plan)**
- 11. Appendices to Budget estimates**
 - a) Particulars of strength of officers and staff, their, scales of pay and provision made in Budget (perm.&Temp. Shown separately)**
 - b) Statement showing expenditure on salaries, wages by Major Headwise**
 - c) Statement showing the amount of provision for assistance to Local Bodies including Panchayat Samithis and Zilla Parishads**

- d) Statement showing provision made in Budget for expenditure on scheduled Tribes**
- e) Statement showing provision made in Budget for expenditure on Scheduled Castes.**

12. Andhra Pradesh Budget in Brief.

Control over Expenditure with reference to Budget Provision (With effect from 1-8-1967)

G.O.Ms.No.101, Finance (BG-II) dt.18-5-1967

G.O.Ms.No.119, Finance & Plg., dt. 19-4-1974

G.O.Ms.No.111, Finance (W&M) dt, 24-7-1975

G.O.Ms.No.163, Finance & Plg. (W&M) dt.26-11-1980

G.O.Ms.No.7, Finance & Plg. (W&M) dt.8-1-1981

(Orders regarding Budget control, have been issued in the Government orders referred to above.)

Further the following information in respect of Budget matter will be available in

1. Memo.No.1764-A/456/BG/A1/2001 Dated:30.3.2001

Sub: Budget – Reappropriation of Funds by the HODs- Further delegation of Powers to the HODs – Instructions – Issued.

2. G.O.Ms.NO.507 Finance (TFR) Department Dated: 10-4-2002

Sub: Norms for Public Finance Accountability before releases and drawal of funds – Instructions – Issued.

3. G.O.Ms.No.441 Finance (BG) Department Dated:25-09-2003

Sub: Budget Estimates 2004-2005 – Instructions for the preparation of Budget Estimates Issued

THANK YOU