

A.P.BUDGET MANUAL / BUDGET MATTERS

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BUDGET MATTERS

BUDGET MATTERS WERE DISCUSSED IN 4 CODES-

- 1) A.P.FINANCIAL CODE;-
- 2) A.P. TREASURY CODE;-
- 3) A.P. ACCOUNTSCODE;-
- 4) A.P. BUDGETMANUAL;-

“BUDGET” FRENCH WORD ‘BUDGETTEE’ MEANS A ‘LITTLE BAG’

IN BRITAIN, USED TO DESCRIBE THE LEATHER BAG IN WHICH THE CHANCELLOR OF THE EXCHEQUER CARRIED TO THE PARLIAMENT THE ANNUAL STATEMENT OF THE GOVERNMENT.

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”

BUDGET -THE CONSTITUTIONAL OBLIGATION – UNDER ART. 266(3), ENVISAGES LEGISLATIVE CONTROL OVER THE EXPENDITURE

BUDGET REFLECTS WHAT THE GOVERNMENT IS INTENDS TO DO.
EXPENSES BUDGETED IN RELATION TO ANTICIPATED INCOME IN A YEAR

PERFORMANCE BUDGETING

INDICATES THE PHYSICAL ACHIEVEMENTS PROPOSED TO BE ATTAINED FROM THE FINANCIAL OUTLAYS, WHICH EXHIBITS NOT ONLY THE MONEY BUT ALSO THE PHYSICAL TARGETS. SOME OF THE DEVELOPMENT DEPARTMENTS IN THE STATE BRINGING OUT THE PHYSICAL ACHIEVEMENTS ACCOMPLISHED TARGETED IN SEPARATE BUDGET PUBLICATION.

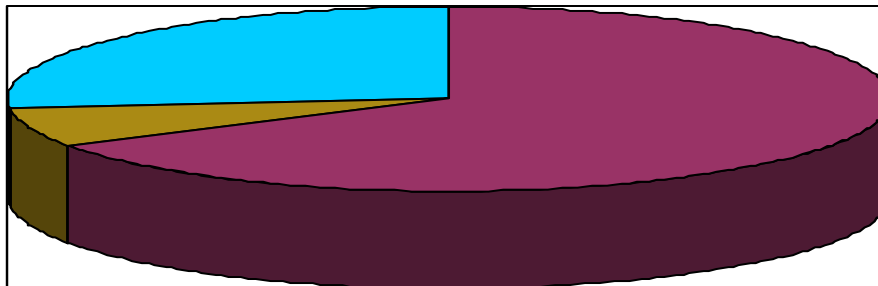
ZERO – BASE BUDGETING

IT STARTS 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 BUDGET CONSISTS OF :

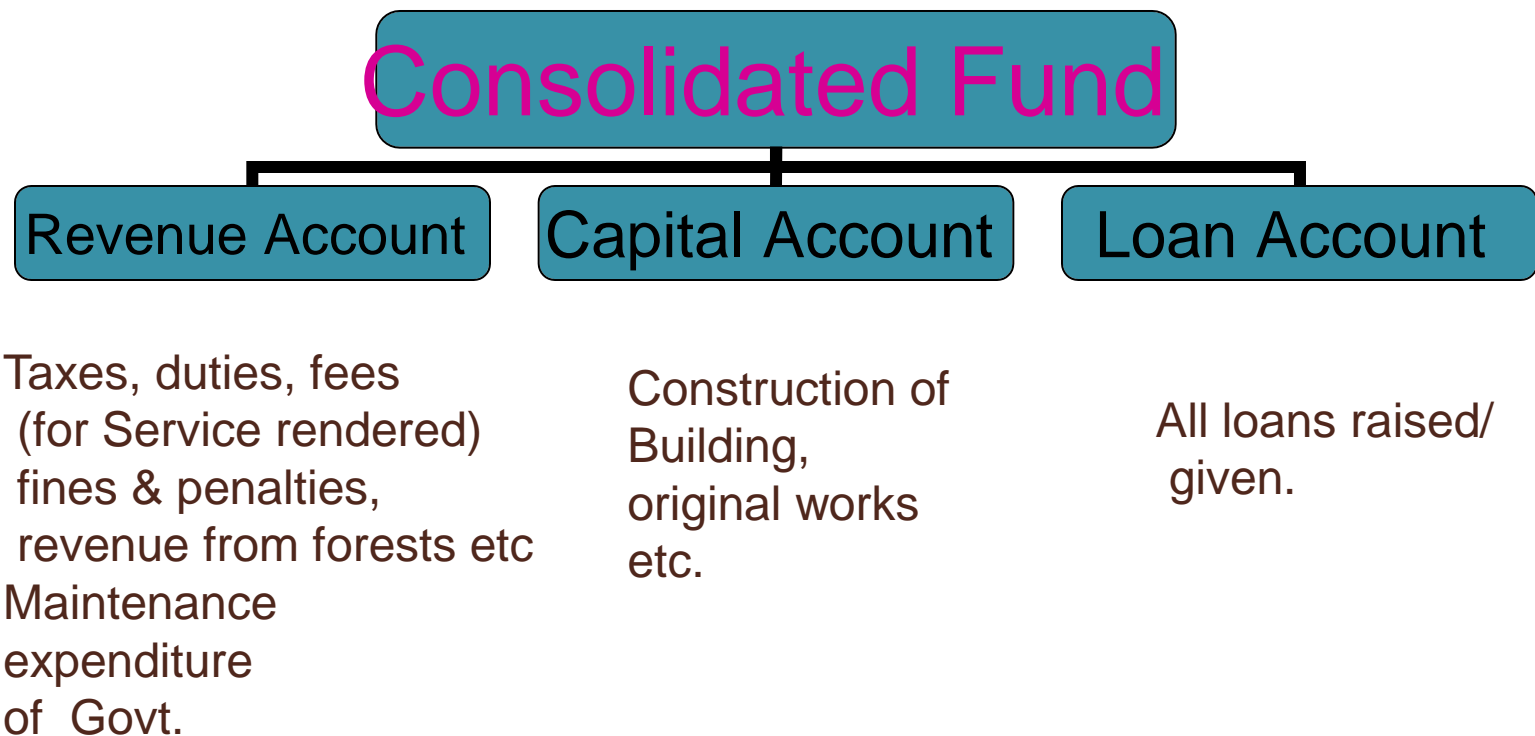
- † ***CONSOLIDATED FUND ;-***
- † ***CONTINGENCY FUND ;- AND***
- † ***PUBLIC ACCOUNT;-***



■ consolidated fund
■ Contingency fund
■ Public Account

1) “**CONSOLIDATED FUND**” FORMS

- a) ALL REVENUES RECEIVED,
- b) ALL LOANS RAISED BY THE GOVT BY ISSUE OF TREASURY BILLS, LOANS, OR WAYS AND MEANS ADVANCES, AND
- c) ALL MONEYS RECEIVED IN REPAYMENT OF LOAN/AID



2) “**CONTINGENCY FUNDS**” Is An Advance Of 200 Crores Under Art, 267(2) Of The Constitution - Intended To Meet Unforeseen Expenditure Arising Pending Authoritisation Passed By The State Legislature Under Art.205 And 206 Of The Constitution.

2. “**PUBLIC ACCOUNT**” Of The State Pertains To All Public Moneys Received Under Art. 266(2) And 284

- The Government Acts As Banker In Receiving Amount, All Public Moneys Received By Or On Behalf Of The State Govt. Which Are Not Creditable To The Consolidated FUND OF THE STATE I.E (1) P.F. (2) Deposits (3)Suspense / Misc.

- **CENTRALLY SPONSORED SCHEMES (PLAN SCHEMES)**

- a). Entirely financed by the state
- b) Matching aid 75% ; 25%
- c) 50% aid from centre
- d) Some funds directly from the Central Govt.
- e) U.Cs to be sent to AG for the Central Govt. Schemes

SEVEN TIER CLASSIFICATION

THE NEW REVISED BUDGET CLASSIFICATION CAME INTO
FORCE IN **1974-75**

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:- HAS 3. SECTORS VIZ. (I) – REVENUE (II)– NON – TAX REVENUE AND (III) – GRANTS – IN – AID AND CONTRIBUTIONS.

THE FUNCTIONS OF THE GOVERNMENT CORRESPONDING TO THE 4SECTORS

1) **GENERAL SERVICES**:- INCLUDE SERVICES, WHICH INDISPENSABLE TO THE EXISTENCE OF AN ORGANISED STATE SUCH AS POLICE, JAILS ETC.

II) **SOCIAL & COMMUNITY SERVICES**:- DEALS WITH PROGRAMMES CONNECTED WITH THE PROVISION OF BASIC SOCIAL SERVICES TO CONSUMERS, SUCH AS EDUCATION, MEDICAL RELIEF, HOUSING, SOCIAL SECURITY AND WELFARE, 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. ALL EXPENDITURE ON A FUNCTION, PROGRAMME OR ACTIVITY RECORDED UNDER THE APPROPRIATE MAJOR, MINOR OR SUB HEAD FOR PURPOSES OF PLANNING AND REVIEW

iv) **GRANTS IN AID, LOANS & ADVANCES** :-

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 Dispensaries
	----	A	Teaching Hospitals
	----	04	Osmania General Hospital
	----	010	Salaries
	----	011	Pay

RECONCILIATION OF ACCOUNTS

STO LEVEL

RECEIPTS & PAYMENTS – BY DRAWING & DISBURSING OFFICERS

DISTRICT LEVEL

RECEIPTS & PAYMENTS - BY THE SUBORDINATE CONTROLLING OFFICER

STATE LEVEL

1. AG COMMUNICATES THE SCHEDULE.
2. DISCREPANCIES IF ANY ARE TO BE CARRIED IN THE BOOKS OF AG & HOD AND COMMUNICATED.
3. THEN HOD ISSUES RECONCILIATION CERTIFICATES ON MONTHLY BASIS.

PURPOSE

- TO AVOID MISCLASSIFICATIONS
- TO WATCH PROGRESS OF EXPENDITURE
- TO AVOID MISAPPROPRIATION

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

CODIFICATION

A **four digit numerical code** assigned in the revised classification W.E.F.1.4.87 i) The **‘Receipt Major Heads’** assigned Sl. No.s 0020 to 1999 and

ii) **‘Expenditure Major Heads’** on revenue account from 2110 to 5909

iii) The **capital receipt** major heads assigned code No.s from 6010 to 6100

iv) The **‘major heads under loans and advances** code No.s 6101 to 7909

The only major head of part-II is **‘Contingency Fund’** code No.8000.

Public Account code No.s 8001 to 8999 both for receipts and payments in part-III

NUMBER STATEMENTS

- 1) THE DDOS/SUBORDINATE OFFICERS TO BE SUBMITTED TO HOD BY 1ST SEPTEMBER –
- 2) IN TURN THE HOD AND OTHER ESTIMATING OFFICERS ARE REQUIRED TO SUBMIT NUMBER STATEMENTS TO THE FINANCE DEPARTMENTS **BY 1ST NOVEMBER, EVERY YEAR**
- 3) POSTS IN EACH PERMANENT/ TEMP. ESTB. (BOTH GAZETTED/NON-GAZETTED), THE PAY, SPECIAL PAY IF ANY, & FIXED ALLOWANCES ATTACHED TO POSTS OR INDIVIDUALS DRAWN as **ON THE 1ST APRIL**
- 4) PROVISION UNDER “011 PAY OF OFFICERS”, “012 – PAY OF ESTB.”, 030 – D. A.”, “013 – H. R.A.”, AND “014 OTHER ALLOWANCES”, SHOWN SEPARATELY UNDER “010 SALARIES

- 5) EXPENDITURE ON EDUCATIONAL CONCESSION, MEDICAL REIMBURSEMENT ETC.SHOWN UNDER SUB-DETAILED HEAD “014 – OTHER ALLOWANCES”, AND THE LTC BE SHOWN UNDER “017 – L.T.C.” UNDER SALARIES
- 6) VACANT POSTS AND THE PERIOD TO BE VACANT BE INDICATED IN THE NUMBER STATEMENTS. COPIES OF THE GOVT. SANCTIONS IN RESPECT OF TEMP. ESTABLISHMENTS BE ENCLOSED TO THE NUMBER STATEMENTS
- 7) THE NUMBER STATEMENTS IN RESPECT OF POSTS UNDER PLAN, NON-PLAN AND GRANTS-IN-AID SENT SEPARATELY

- **A REVISED NEW HEADS REPLACED W.E.F. 2002-2003**

- (GO MS NO: 664 OF FINANCE (BG-1) DEPT. DT.27-1-2001)

1. **010 SALARIES**
2. **011 PAY**
3. **012 ALLOWANCES**
4. **013 DEARNESS ALLOWANCE**
5. **130 OVERTIME ALLOWANCE**

REVISED ESTIMATES;-THE REVISED ESTIMATES ARE PRIMA FACIE OF THE COMING YEAR,S ESTIMATES **WHILE PREPARATION OF R.E.s**THE FOLLOWING EXPENDITURE TO BE TAKEN INTO CONSIDERATION;-

- 1) ACTUAL EXPENDITURE OF FIRST FOUR MONTHS AND IN PROPORTION ESTIMATING THE REQUIREMENT FOR THE 8 MONTHS AS REVISED ESTIMATES
- 2) ACTUAL EXPENDITURE OF 1ST 4 MONTHS AND ACTUAL EXPENDITURE OF LAST 8 MONTHS OF LAST FINANCIAL YEAR
- 3) TAKING THE AVERAGE OF PAST 3 YEAR

- **SUPPLEMENTARY BUDGET ESTIMATES:-**
- FOR THE SCHEMES SANCTIONED AFTER COMMENCEMENT OF FINANCIAL YEAR.
- FOR THE ADDITIONALTY OF THE EXISTING INPUTS
- IN THE ORIGINAL B.E.S THROUGH SAVINGS OR **REAPPROPRIATION** BEFORE 25TH FEBRUARY OF EACH YEAR
- **SURRENDERS:-**
- By 25th of Dec. to HOD
- By 25th of Jan. to Finance Department.
- **NO RE-APPROPRIATIONS BETWEEN**
- I). ONE GRANT TO OTHER GRANT
- II). CHARGED TO VOTED VICEVERSA
- III) PLAN TO NON PLAN
- IV) DETAILED HEAD TO OTHER DETAILED HEAD
- V) SHOULD NOT BE DONE AS A TEMPORARY MEASURE
- **HOD S ARE PERMITTED TO ORDER RE-APPROPRIATIONS SUBJECT TO THE ABOVE**

BUDGET ESTIMATES RELATING TO PLAN

HODS AND THE ESTIMATING OFFICERS PREPARE PLAN BUDGET SEPARATELY.

THE DEPARTMENTAL CLEARANCE COMMITTEE;-
CONSTITUTED BY THE ADMISTRATIVE DEPARTMENT IN SECRETARIAT IN RESPECT OF CONTINUING PLAN SCHEMES (G.O.MS.NO.26 FIN.PLG. PLG.WING A.P.I) DEPT. DT.8.5.95)

THE PROJECT AND PROGRAMME APPROVAL COMMITTEE;-
CONSTITUTED BY THE PLANNING DEPT FOR NEW SCHEMES TO BE INCLUDED IN THE PLAN (G.O.MS.NO.29, FIN.&PLG.(PLG.WING – AP I) DEPT, DT.4.6.95) MEMBERS ARE-

Secretary to Government in the administrative department
Planning Secretary
Finance Secretary
Concerned HOD

PROPOSALS TO THE DEPARTMENTAL CLEARANCE COMMITTEE & PROJECT AND PROGRAMME APPROVAL COMMITTEE IN THE PROFORMA PRESCRIBED BE FURNISHED TO THE ADMINISRATIVE DEPT,/PLG.DEPT. IN 10 COPIES(ANNEXURE I AND II APPENDED TO GOVT. U.O.NOTE NO.6217 / PLG. A.P. / 91-1, FIN. & PLG. DEPT. DT.1.4.91)

SPILL OVER SCHEMES:-

From one 5 year plan to another 5 year plan

VOTE ON ACCOUNT

- I) IF DELAY IS ANTICIPATED TO DEMAND FOR ADVANCE GRANT IN RESPECT OF THE ESTIMATED EXPENDITURE FOR A PART OF THE BUDGET YEAR, MAY BE PRESENTED TO THE LEGISLATIVE ASSEMBLY.

- II) 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

- III) 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

IN ORDER TO ENSURE THE EXPENDITURE IS KEPT 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.

. CHIEF CONTROLLING OFFICER OF EACH ADVE. DEPT. ENSURE CONTROL OF EXPENDITURE WITH REFERENCE TO EXPENDITURE REPORTED BY THE DDOs IN FORM “B” EVERY MONTH. THE CHIEF CONTROLLING OFFICER CONSOLIDATES THE EXPENDITURE RECEIVED FROM THE DISBURSING OFFICERS IN FORM “O”

THE TREASURIES IN THE DISTRICTS AND THE PAO, IN THE TWIN CITIES RENDER COMPILED ACCOUNT OF RECEIPTS AND EXPENDITURE OF THE GOVT. TO THE A.G.

COMPUTERIZATION OF EACH MONTH’S GOVT. ACCOUNTS INCLUDING THOSE RELATING TO PAY AND ACCOUNTS OFFICE, HYDERABAD IS ATTEMPTED **FROM APRIL 1979.**

THE PURPOSES ARE:-

- (A) RECONCILIATION OF RECEIPTS AND EXPENDITURE TREASURY WISE WITH DISTRICT DEPARTMENTAL FIGURES EVERY 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.

IRREGULARITIES in BUDGET - POINTED OUT BY THE C&A.G.

1. THE NUMBER STATEMENTS, i.e. POSTS IN EACH ESTABLISHMENT, THE SANCTIONED MONTHLY PAY, ALLOWANCES ATTACHED TO POSTS OF INDIVIDUALS ARE NOT SENT BY THE SUBORDINATE OFFICERS TO HODs OR SENT DELAY
2. THE NUMBER STATEMENTS DUE TO FINANCE DEPARTMENT ON 1ST AUGUST SUBMITTED LATE BY DEPARTMENTS 1 to 3 MONTHS
3. PRE-BUDGET SURVEY IS NOT CONDUCTED IN DEPARTMENTS
4. THOUGH EXPENDITURE ON NEW SCHEMES PROVIDED IN THE ESTIMATES, THE PART II OF THE ESTIMATES ARE NOT SENT
5. BUDGET PROVISION MADE FOR POSTS WHICH NOT SANCTIONED OR POSTS WHICH VACANT OR KEPT IN ABEYANCE
6. B.C.R. IS NOT MAINTAINED BY SUBORDINATE/CONTROLLING OFFICERS
7. MONTHLY S.O.E.s DULY RECONCILED WITH THE TREASURY ARE NOT SENT BY DDOs TO CONTROLLING OFFICERS
8. PROPOSALS FOR SUPPLEMENTARY GRANT SUBMITTED WITHOUT ASCERTAINING/ASSESSING THE ACTUAL EXPENDITURE INCURRED RESULTING IN THE SUPPLEMENTARY GRANT PROVING UNNECESSARY.
9. SAVINGS SURRENDERED ONLY IN THE MONTH OF MARCH THOUGH THE RULES PRESCRIBED 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 FIANNCE 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 PLANBUDGET SPEECH
8. BUDGET ESTIMATES- PUBLIC ACCOUNT (VOL.IV) .
9. ESTIMATE OF EXPENDITURE BY MINOR HEADS (PLAN AND NON PLAN)

8. 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
- d) STATEMENT SHOWING THE AMOUNT OF PROVISION FOR ASSISTANCE TO LOCAL BODIES INCLUDING PANCHAYAT SAMITHIS AND ZILLA PARISHADS 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

PUBLIC ACCOUNTS COMMITTEE:- Leader of opposition head of PAC.

Examines the accounts furnished by CAG

THANK YOU