GOVERNMENT OF JAMMU AND KASHMIR

Jammu and Kashmir
BUDGET MANUAL

FINANCE DEPARTMENT
BUDGET DIVISION
SRINAGAR

AUGUST, 2011

Abdul Rahim Rather

Finance Minister,
Jammu & Kashmir

MESSAGE

Soon after taking over the responsibilities of Finance Department in the present Coalition Government, I had re-started my old practice of holding periodical review meetings, separately for each of the Department of Accounts and Treasuries, J&K Funds Organization, Commercial Taxes Department, Excise Department and FA & CAOs of the Secretariat. During one of such meetings, the necessity of revision and updating of the age old Manuals and Codes was strongly felt. I had directed the Finance Department to get the Budget Manual, J&K Treasury Code (Volume I & II) and J&K Funds Manual thoroughly revised and updated by outsourcing this task to the outside experts, preferably experienced and retired government officers who had long exposure in the respective fields.

Finance Department had initiated action accordingly. I am happy to note that the thoroughly revised and updated Budget Manual is now ready for printing. The concerned expert and officers in Finance Department who have richly contributed in giving the new Budget Manual its final shape need to be fully complimented.

I am sure that the new Budget Manual will provide comprehensive and lucid guidance to all the officers who are engaged in the annual exercise of budget formulation for the government. The Manual shall also be helpful in giving deep insight

to the students, academicians and other sections of our society who are eager to understand our system of public finances.

(Abdul Rahim Rather)

FOREWORD

This Budget Manual is third in the series. The first edition of Budget Manual was brought out in late nineteen forties which was revised and reprinted in September, 1970. Since then, many changes have taken place in the budgetary processes and procedures, which were implemented through the mechanism of instructions and guidelines but not formally documented as part of the Budget Manual.

2. The most important developments that have taken place in the intervening period were of revised Structure of Government Accounts and the Classification System of 1987, revision of forms used for Budget Estimates especially forms B-1 to B-4 and the Fiscal Responsibility & Budget Management legislation of 2006. There was, therefore, a felt need for bringing out a thoroughly revised, simplified and enriched version of the Budget Manual to put together the entire Budget related features and activities in a logical sequence. This edition of Manual unravels, in concise form, the detailed process involved in the entire gamut of Budget preparation.

3. With a view to ensuring correctness in usage of various Sections of the Constitution in obtaining sanctions of the Governor and also to serve as a standing guide for various other communications, model formats seeking sanctions of the Governor and communications to be addressed to other dignitaries in the course of presentation and passing of the Budget including moving of demands for grants, appropriation bills etc. have also been made part of this compilation for the first time. A new form 'Form B-1(a)' has been introduced to track arrears of revenue with their age profile for keeping a close watch on this important aspect of augmenting scarce resources of the State in all possible manner.

4. This Manual would impart deeper understanding to the Administrative Secretaries, HoDs and other Controlling Officers and officials of field functionaries of their roles and responsibilities in the handling of budget related features and activities. It is expected to serve as a guidebook for uniform administration of the Budgeting processes, procedure and practices in the State Government at all functional levels.

5. I would like to place on record the excellent work done by the Director General Budget, who has steered through the entire exercise with deep sense of professionalism soliciting from time to time my advice and also able guidance of Shri J.A. Khan, Economic Advisor to Govt. of J&K in transforming this Manual into a real one-stop reference material.

6. Finally, I would like to state that no document of this nature is ever static. It has to evolve to be relevant. Therefore, I would welcome suggestions to bring about further improvements. I would be equally appreciative of error, inaccuracy or omission, if any, are brought to my notice for correction.

(Sudhanshu Pandey)

Finance Secretary

Srinagar
August 29, 2011

PREFACE

Budget Manual is a compendium of general provisions and procedures relating to Budget making to be followed by all those officers in the State Government as are involved in the budgeting exercise and dealing with matters relating to Budget. It also provides an insight into various constitutional provisions and legislature procedures related to Budget. Organizational aspects brining out roles and responsibilities of various wings of Executive in the Budget making process are also incorporated in this compendium. Such a Manual is not complete if it does not impart clear understanding of the structure of Government Accounts, the Classification System and the three funds viz. Consolidated Fund of the State, the Contingency Fund and the Public Account being very crucial for any analysis of Budget and related aspects.

The existing 'Budget Manual' is the oldest document which was originally published by Finance Department in late nineteen forties and revised and reprinted in September, 1970. With the passage of time, it had lost relevance on many counts in the context of later developments and felt needs of Finance Department of a thoroughly revised, updated and comprehensive version capturing all important changes that had taken place over time in the procedures and practices of budgeting; more particularly the developments like Fiscal Responsibility & Budget Management enactment of 2006 and shifting to the Ways & Means mechanism of Reserve Bank of India w.e.f. April 1, 2011, both measures aimed at discipling the fiscal system in the State.

The 6- Part Manual outlines in a linear fashion the entire gamut of events leading to the presentation of the State Budgets in the Legislature, passing of related Appropriation Bills and the

expenditure control in the follow-up, both at Executive and Legislature levels.

An attempt has been made to re-write the Manual from the view-point of bringing together entire Budget related features and activities, procedures and practices, various processes involved as there was a felt need for a comprehensive improved version to serve not only as a guiding and educational material but also as a real one-stop reference book. While the redundant and outdated contents of existing Budget Manual have been removed, a lot of additional material by way of new chapters, appendices, annexures and all has been incorporated for providing a more holistic perspective on all related matters, be it Constitutional provisions, legislative procedures, composition of three funds viz. the Consolidated Fund, Contingency Fund, Public Account, structure of Government Accounts, Classification System, Control over expenditure exercised by Executive and the Legislature through its various Committees, arrangement of resources for funding the Budget and post-budget cash management in its implementation, Ways and Means forecast, re-appropriations, reconciliation, audit scrutiny or the role and responsibility of various wings of Executive in the Budget making process.

With a view to ensuring correctness in usage of various Sections of the Constitution in obtaining sanctions of the Governor and also to serve as a standing guide for various other communications, model formats of seeking sanctions of the Governor and communications to be addressed to other dignitaries, in both 'Full Budget' and 'Vote-on-Account' situations, for the presentation and passing of the Budget including moving of demands for grants, appropriation bills etc. have also been made part of this compilation for the first time.

While all forms relevant to Budget estimation and preparation have been given a whole new look on more scientific lines, a new from 'Form B-1(a)' has been introduced to track arrears of revenue with

their age profile for keeping a close watch on this important aspect of augmenting scarce resources of the State in all possible manner.

I would have felt difficulties in accomplishing this stupendous task in a short time had I not the privilege of untiring and able secretarial assistance of S. Robinder Singh working with me as Junior Stenographer. He demonstrates a performance level, which can be envy of even some of his senior colleagues in the line.

(RAVI MAGOTRA)

Director General (Budget)

Srinagar
August 29, 2011

J & K BUDGET MANUAL
CONTENTS

--.--

PART-I

PART- I

Chapter 1

IMPORTANT BUDGET RELATED TERMS

1.1.0 Unless the subject or context otherwise requires, the following terms have been used in the Manual in the sense hereby explained. Words and expressions used in the Manual which are defined in the Constitution of Jammu and Kashmir, or in the rules or orders framed under that Constitution bear the meaning assigned to them in those definitions.

1.2.0 **'Accounts' or 'Actuals' of a year** are the amounts of receipts and disbursements for the financial year as finally recorded in the Accountant General's books (as audited by Comptroller & Auditor General of India).

1.2.1 **Administrative Approval** of a scheme, proposal or work as defined in the Financial Code Volume-I is the formal acceptance thereof by the competent authority for incurring expenditure on a work initiated by, or connected with the requirements of the Department. In the case of works executed by the Public Works Department, it is in effect an order to that department to execute a certain specified work, at a stated sum to meet the administrative needs of the department requisitioning the work.

Note- Administrative Approval is not by itself an authorization to take up execution of a work unless there is a special provision of funds for that work and technical sanction stands accorded to its detailed estimates of quantities and costs.

1.2.2 **Annual Financial Statement (or Budget)** means the statement of estimated receipts and expenditure of the State Government as

per its policy in respect of a financial year and caused to be laid by the Governor before the two Houses of Legislature in terms of Section 79 of the Constitution.

1.2.3 **Appropriation** means the amount authorized by the Legislature for expenditure under a specific unit of appropriation or part of that amount placed at the disposal of a Disbursing Officer by a controlling authority, out of funds placed at its disposal.

1.2.4 **Appropriation Accounts** are the accounts in respect of a financial year prepared by the Comptroller & Auditor General of India for each grant or appropriation indicating the amounts of appropriation, including modified allocations under Revised Estimates and the amounts spent against such appropriations as a whole. Important variations in the expenditure and sanctioned allotments, whether voted or charged, are duly commented upon by him in the Appropriation Accounts. Under Article 151(2) of the Constitution of India, the Comptroller & Auditor General submits the Appropriation Accounts and the Audit Report of the State to the Governor to be laid before the Legislature.

1.2.5 **Appropriation Bill** refers to a bill introduced in the Legislative Assembly under Section 81 of the Constitution to provide for the appropriation out of the Consolidated Fund of the State of all moneys required to meet:-

(a) the grants so made by the Assembly; and

(b) the expenditure charged on the Consolidated Fund of the State [Section 79(3) of the Constitution] but not exceeding in any case the amounts shown in the Annual

Financial Statement previously laid before the House.

1.2.6 **Budget -** see Annual Financial Statement.

1.2.7 **Budget Calendar** means the calendar fixed by the Government for preparation of Budget and its completion up to the stage of passing of Appropriation Bills.

1.2.8 **Budget Estimates** are the detailed estimates of receipts and expenditure for the Budget year.

1.2.9 **Budget year or Financial year** means the year commencing on the April 1st and ending on the March 31st following.

1.2.10 **Budget Note** means a note prepared by Finance Department explaining the main variations between the estimates to be adopted and those proposed by the Departments. It also discusses broad policy objectives, estimates of receipts and expenditures both under non-plan and plan as also the scheme of financing the envisaged Plan size, the provision of resources for delivery of the same after taking into account the Balance from Current Revenues (BCR), the total central assistance and the extent of need to go for market borrowings for gap funding. The note may also analyze performance of any department in respect of its receipts, expenditure, reconciliation and compilation of accounts and matters incidental thereto.

1.2.11 **Budget Estimates** are the detailed estimates of the receipts and expenditure of the Budget year.

1.2.12 **Charged Expenditure** means such expenditure as is charged on the Consolidated Fund of the State and which is not subject to the vote of the Legislature under Sections 79(3), 108(3) and 136 of the Constitution.

Note – Sums relating to charged expenditure are printed in italics in the detailed estimates and grants and form part of the Appropriation Bills.

1.2.13 **Constitution** means the Constitution of Jammu and Kashmir.

1.2.14 **Consolidated Fund** means the fund as defined in Section 115 of the Constitution, comprising all revenues received by the Government, all loans raised by issue of treasury bills, loans or ways and means advances and all the moneys received by the Government in repayment of loans.

1.2.15 **Controlling Officer** means a Head of Department or other departmental officer who submits estimates to Government and is responsible for controlling the incurring of expenditure and/or the collection of revenue by the authorities subordinate to the department.

1.2.16 **Contingency Fund** means the Fund established under Section 116 of the Constitution the Corpus of which is ₹ one crore at present. Contingency Fund is in the nature of an imprest placed at the disposal of the Governor of the State and is intended to provide advances to the government to meet unforeseen expenditure arising in the course of a year. The amounts drawn from the Contingency Fund are recouped after the Legislature approves the Supplementary Demands.

1.2.17 **Deficit Budget -** In case the total estimated expenditure exceeds total receipts, the Budget is said to be Deficit Budget. As the States cannot seek vote for expenditure without matching income, it is implied that the States cannot have deficit budgets. Budget balancing has to be done to arrive at a zero deficit budget by going for additional resource mobilization, expenditure compression where possible and by market borrowings.

1.2.18 **Demands for Grants-** The estimates of expenditure from the Consolidated Fund included in the Budget Statements and required to be voted by the Legislative Assembly are broken into the Demands for Grants in terms of Rule 220 of J&K Legislative Assembly Business Rules. Normally a separate Demand is required to be presented for each Department or the major services under the control of a Department. Each such Demand includes the total provisions required for a service, i.e. provisions on account of revenue expenditure, capital expenditure, grants to autonomous bodies, local bodies etc. and also loans and advances relating to that service. Estimates of expenditure included in the Demands for grants are for gross amounts. The receipts and recoveries taken in reduction of expenditure are shown by way of below the line entries. The estimate of expenditure in the Demands for Grants for those amounts for which the vote of Legislative Assembly is required are shown separately, and is called 'voted' expenditure. The estimates for 'charged' expenditure under any head which are not subject to vote of the Legislative Assembly, are also indicated in the Demands for Grants but in italics. When there is no estimate for expenditure under any head requiring vote of Legislative Assembly, then it is not called a Demand. It is called

'Appropriation' and included as such in the list of Demands.

1.2.19 **Departmental Estimate** is the estimate of receipts or expenditure of a department in respect of any year submitted to Government by a Controlling Officer as the material on which to base its Budget Estimates.

1.2.20 **Drawing and Disbursing Officer** is an officer who is authorized to operate upon a treasury to the extent of the funds placed at his disposal. List of such authorities is fixed from time to time by the concerned Administrative Department in consultation with its Financial Advisor and Chief Accounts Officer in respect of the heads of accounts related to that Department.

1.2.21 **Disbursing officer -** means a Head of Office and also any other Gazetted Officer so designated by a Department of the State Government, a Head of Department or an Administrator, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department or an Administrator where he himself discharges such function.

1.2.22 **Excess Appropriation/ Grants** is grant passed by the Legislative Assembly under Section 82 of the Constitution to meet the expenditure which at the close of the financial year is found through Appropriation Accounts, to have been in excess of the amount granted for a function.

1.2.23 **Exceptional Grant** is Grant made by the Legislative Assembly under Section 83(3) of the Constitution to meet expenditure which forms no part of the current service of any financial year.

1.2.24 **Expenditure charged on the Consolidated Fund -** see 'Charged Expenditure' para 1.2.12.

1.2.25 **Financial Year -** see para 1.2.9.

1.2.26 **Fiscal deficit** is the excess of aggregate disbursements (net of debt repayments) over revenue receipts, recovery of loans and non-debt capital receipts.

1.2.27 **Function** represents a major division of the efforts of the Government in any field of its activity.

1.2.28 **Fiscal Indicators** are such indicators as may be prescribed for evaluation of the fiscal position of the Government.

1.2.29 **Fiscal targets** are the numerical ceilings and proportions to the total revenue receipts or GSDP for the fiscal indicators.

1.2.30 **Gran**t- see Demands for Grants.

1.2.31 **GSDP** means Gross State Domestic Product at current market prices.

1.2.32 **Major and Minor Works:-**

(a) Major Work means a work other than the minor work.

(b) Minor work means an original work or a work of repair or of improvement the estimated cost of which exclusive of departmental charges does not exceed the ceiling fixed in the Public Works Department in consultation with the Finance Department and Planning & Development Department. The Public Works Department includes all the departments

having responsibility of execution of works under rules, including Forest Department.

1.2.33 **Legislature** means the Legislature of Jammu and Kashmir as defined in the Constitution.

1.2.34 **New Service** as appearing in Section 82(1)(a) of the Constitution means expenditure arising out of a new policy decision not brought to the notice of Legislature earlier, including a new activity or a new form of investment.

1.2.35 **New Instrument of Service or Scheme** means relatively large expenditure arising out of important expansion of an existing activity as envisaged in Section 82(1)(b) of Constitution.

1.2.36 **Public Works Department** includes Roads and Buildings, Irrigation and Flood control, Public Health Engineering, Power Development and any other branches of Public Works Department inclusive of engineering and construction wings of Forest, Rural Development and other Departments.

1.2.37 **Public Account** as defined in Section 115(2) of the Constitution comprises all public money received by or on behalf of the Government other than those credited to the Consolidated Fund of the State.

1.2.38 **Public Debt** is an important source of raising money by the Government as loans of different kinds and in different forms including loans received from the Central Government in any arrangement for meeting its urgent developmental needs and other social obligations even while resources are scarce. Such expenditure should, however, have the potential of considerable revenue generation and creation of both employability and

employment opportunities for educated youth. Public Debt comprises Internal Debt, External Debt and Loans & Advances from the Central Government.

1.2.39 **Programme** is a definite type of plan which is formulated for achieving the objective of a function.

1.2.40 **Revenue Deficit** means excess of the revenue expenditure over revenue receipts.

1.2.41 **Revenue Surplus** means the excess of total revenue receipts over revenue expenditure.

1.2.42 **Re-appropriation** means the transfer of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant ordered by a competent authority.

1.2.43 **Recurring expenditure** is that which involves a liability beyond the financial year in which it is originally sanctioned.

1.2.44 **Revised Estimates** are the estimates of the probable receipts or expenditure of a financial year under the various major and minor heads and their primary units of appropriation, framed in the course of that year on the basis of the actual transactions recorded till then and in the light of any fact(s) which may be known as regards the remainder of the year. A revised estimate is in no way a provision for expenditure, and an entry in it carries with it no authority for expenditure of any kind. Revised Estimates are neither 'budget' or appropriations of money nor do they supersede the budget estimates as the basis for the regulation of expenditure. The inclusion of increased expenditure in the revised estimates does not supersede the necessity for applying for an additional appropriation nor

the revised estimates are the proper channel for such applications. Similarly, the revised estimates do not obviate the necessity for formal surrender of sums unlikely to be spent.

1.2.45 **Schedule of Excess Demand for Grants and Appropriations** means the statement of excess expenditure over total final appropriations under the several grants, whether in the 'charged' or 'voted' sections, as ascertained through the Appropriation Accounts presented to the Legislature after close of the year to which it relates.

1.2.46 **Supplementary Demands for Grants –** means the statement of supplementary demands laid before the Legislature in terms of Section 82 of the Constitution, showing an estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year.

1.2.47 **Schedule of New Expenditure** is a statement of items of expenditure not included in the previous budget.

1.2.48 **Supplementary Statement of Expenditure** is the one presented to the Legislature under Section 82 of the Constitution.

1.2.49 **i. Sector** represents a major division of functions of the Government.

ii. Sub-sector represents a group of allied functions within a sector.

iii. Major and Minor Heads:-

(a) Major Head means a main head of account for recording and classifying the receipts and expenditure of the revenue of the State under a particular function and is further broken into

Sub-Major Head(s) for convenience of classification where felt necessary.

(b) Minor Head means a head subordinate to a major head or a sub- major head.

Note – The introduction of any new Major or Minor head and the abolition or change of nomenclature of any of the existing Major or Minor heads requires the approval of the Comptroller & Auditor General of India.

iv. Sub-major head represents a group of allied functions under a major head.

v. Sub-minor head represents a definite activity under a minor head.

vi. Detailed Account Head means the lowest accounting unit below primary unit under which transactions are recorded in the Departmental Accounts and is also the lowest unit by which amounts are given in Budget Estimates. This is also referred to as Object of Expenditure

vii. Object of expenditure represents input implementation of a programme.

1.2.50 **Surplus Budget -** When it is a case that estimated aggregate of all receipts, both revenue and capital, exceeds the estimated aggregate of all expenditure, both revenue and capital, the budget is said to be a 'Surplus Budget'.

1.2.51 **Technical Sanction** means sanction of the competent authority to the technical specifications, calculations of quantities of items of work and material; and a properly detailed estimate of the cost of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally

sound and that the cost estimates are calculated and based on adequate data.

1.2.52 **Token Demand** is a demand made to the Legislative Assembly for a nominal sum of ₹ 100 when it is proposed to meet the entire expenditure from savings out of the sanctioned budget grant. The expenditure will constitute a "new service not contemplated in the sanctioned Budget of the year and it should not be incurred without the specific vote of the Legislature. Funds required in this connection are appropriated when the Appropriation Bill is enacted.

1.2.53 **Total Liability** means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the Public Sector Undertakings and the Special Purpose Vehicles and other equivalent instruments including guarantees by government where the principal and the interest are to be serviced out of the budget.

1.2.54 **Trading Account –** For ensuring equitable distribution to consumer public at large and generation of healthy competition among players in the private sector for making available quality products at reasonable prices, Government undertakes schemes that are purely commercial in nature but have social security purpose to be served. Milk Supply Schemes, schemes for providing quality seeds, fertilizers, agriculture implements, irrigation pump sets to growers are few of such examples. These are essentially trading activities having both expenditure and receipts aspects and do not form an item of 'Budget' in strict sense of the term. Government, therefore, maintains trading account of such schemes to watch that income matches the outgo and in case of subsidization, the accounts are squared up at

the close of the financial year by crediting the subsidy component built in the normal Budget to the trading account.

1.2.55 **Vote on account** means a grant in advance made by the Legislative Assembly under Section 83 of the Constitution pending completion of the detailed procedure as prescribed in Section 80 of the Constitution relating to the voting of grants and passing of the Appropriation Bill before the commencement of the Budget Year.

1.2.56 **Voted Expenditure** means expenditure which is subject to the vote of the Legislature.

1.2.57 **Ways and means** represent forecasts of inflow and outflow of cash for a financial year based on envisaged budget estimates for that year.

Chapter 2

INTRODUCTION TO THE BUDGET AND ITS IMPORTANCE

2.1.0 General outlook

2.1.1 The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budgeting involves determining for a future time period on what is to be done and achieved, the manner in which it is to be done and the resources required for the same. It requires the broad objectives of the Government to be broken down into detailed work plans for each programme and sub-programme, activity and projects for each unit of the Government organization. The budget is compiled for governance, utilization of natural, financial and human resources for social upliftment and economic development by way of creating infrastructure, commercial business enterprises, construction of projects, human resource management etc.

2.1.2 Since the volume of Governmental activities is huge, wide spread and varied in its nature it becomes necessary to have a defined structure of a budget to be followed uniformally which is given a legal sanctity with the help of provisions made for the purpose in the Constitution. Objectively, therefore, the general frame of the budget is rigid to be modified only after detailed deliberations and undergoing a pre-defined process. The methodology for development of contents of a budget does generally aim at:-

01 Setting up of goals and how these can be reached with comfort;

02 making available financial data both historical and current for various appraisals;

03 finding out of deficiencies in existing systems and policy for appropriate remedial measures;

04 Linking of costs with the resultant out come of investment made or to be made and helping in equilibrium between socio-economic and governance parameters at local, national and international levels.

2.1.3 In essence, therefore, every budgetary exercise is influenced by the need of the field of activity to be covered as also the circumstances obtaining at the time when it is made, fitting at the same time the conclusions into a pre-determined structural frame.

2.2.0 Legal frame of the State Budget :

A government budget is defined as a legal document that is passed by the Legislature, and approved by the Governor. The two basic elements of any budget are the revenues and expenses. The Budget is designed for optimal allocation of scarce resources taking into account larger socio-political considerations. Section 79 of the Constitution refers to the budget as 'Annual Financial Statement'.

2.2.1 **Divisions of the Budget:** The Constitution provides the broad framework in which a

budget has to be compiled. The following three funds have been established under Sections 115 and 116 of the Constitution:-

01. Consolidated Fund - (Section 115 of Constitution)
02. Contingency Fund - (Section 116 of Constitution)
03. Public Account - (Section 115 of Constitution)

2.2.2 The budget is prepared on annual basis. That is to say, there is one budget for one financial year. In order, however, to enable the Legislature to appreciate the estimates proposed in a year's budget document, information on the following is also given:

01. Figures of actual expenditure in respect of the financial year preceding to that in which a budget is prepared.

02. Estimates and the revised estimates in respect of the year in which the budget is prepared.

2.2.3 This information is given in respect of every individual item of receipt and expenditure and helps in making comparative analysis for assessing the reasonableness or otherwise of the proposed estimates which is also judged with reference to the assumed growth rates. For a better and broad budget analysis, it is equally necessary to examine various models underlying the economic growth which form the basis of the budget estimates. This becomes all the more necessary in the present day fast changing economic scenario.

2.2.4 Budget is prepared on **gross basis**. This means that in a budget receipts and expenditure are shown separately. Expenditure

on a function is not shown after adjusting the receipts accruing there from. Expenditure is accounted for separately and the receipts are also reflected separately on gross basis. In this manner it is possible to ascertain the direct financial return from the investments in various programmes. This does not, however, apply to recoveries under a Major head which are taken as deduct receipt. In such cases, gross expenditure under a capital Major head is accounted for obtaining the vote of the Legislature.

2.2.5 Budget is prepared on **cash basis** i.e. on the basis of what is expected to be received in cash and paid also in cash during a budget year. This, in other words means that unspent balances at the close of a year lapse and similarly the liabilities, if any, are carried forward from year to year. The State Government in the Finance Department may order compilation of the Budget on **accrual basis** for which it may issue appropriate guide lines as and when required.

2.2.6 The annual budget makes it possible **to measure achievements** of the Government against the budgeted targets through the mechanism of Appropriation Accounts, Finance Accounts and Audit Reports brought before the Legislature through the modalities provided for the purpose in the Constitution.

2.2.7 Apart from giving minute details in respect of the expenditures proposed for various programmes, the budget also indicates the overall position of the receipts and expenditures. In this way, the budget also brings out how far the expenditure falls short of receipts or how far the receipts exceed

expected expenditure. In the former situation i.e. when expenditure exceeds the receipts, the budget is known as a deficit budget and in the later case when receipts exceed the expenditure/ the budget is surplus. When the budget is deficit steps to be taken to bridge the gap, have also to be considered and spelled out for approval of the Legislature. This is so because the demands are enormous and the resource scarce and **balancing a budget** under these circumstances is a complex proposition. States have no mechanism available for covering the deficit and as such the budget balancing has to be done to arrive at a **zero deficit budget** by going for additional resource mobilization, expenditure compression where possible and meet the remaining gap by market borrowings. Attempt of the Government is to ensure that every available resource is utilized for promoting welfare of the society in an efficient manner. An ideal situation is that the budget should be a reasonably surplus one so that it may provide for scope to bridge the gap between the rich and the poor sections of the society by taxing the affluent sections and using the receipts to raise the standard of living of the weaker sections.

Chapter 3

CLASSIFICATION IN GOVERNMENT ACCOUNTS

3.1.0 Constitutional provisions having bearing on classification in Government accounts

3.1.1 Article 150 of the Constitution of India provides that the accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller & Auditor General of India, prescribe.

3.1.2 The basic requirement of classification is that it should be covered by the authority of the President who shall accord such an authority on the proposals worked out in this behalf by the Comptroller & Auditor General of India. This provision in the Constitution enables to ensure that a similar system of classification is followed through out the country. The system of classification is the same for different states of the Union and the Union Government. In the diversity of conditions prevailing in India, uniformity in preparation of budget and compilation of accounts is essential. It helps in a comparative study analyzing economic trends in different regions and states and facilitates working of Finance Commission, Planning Commission and others connected with fiscal management of the country. National averages can be drawn under different socio-economic and administrative fields according to acclaimed parameters for inter-state comparisons to facilitate application of corrective wherever and whenever required.

3.1.3 The general frame in which accounts have to be maintained and a budget prepared has also been laid down in the Constitution. The three Divisions of the accounts, namely Consolidated Fund, Contingency Fund and Public Account have been described in detail. Every type of transaction has to be accounted for in these Divisions according to its nature. Deviation from the procedure thus set, is not permissible except with the amendment in the Constitution.

3.1.4 In the Consolidated Fund transactions relating to all the revenues raised by the Government by way of imposition of taxes, collection of revenues attributable to various Governmental functioning and loans raised from time to time in different forms, are accounted for. Moneys received in repayment of loans and advances made by the Government have also to be credited to the same Fund. A distinction has been made between loans raised by the Government and the amounts received in repayment of loans and advances made by them. This being so there are three distinct categories into which receipts of the Government have to be categorized, namely: -

01. Revenues Receipts comprising revenues raised/received as a result of imposition of taxes, by normal functioning of the administrative machinery and by way of statutory and other transfer of resources from Centre to the states (excluding loans received from the Central Government);

02. **Public Debt** accounting for moneys raised as loans of different kinds and in different forms including loans received form the Central Government under any arrangement; and

03. **Loans and Advances,** representing recovery of loans and advances by the Government for various social and economic purposes including loans and advances given to Government employees.

3.1.5 The Government may from time to time authorize withdrawal of money form the said Fund to meet its requirements in accordance with the law and under authority of the Legislature. This is done through the mechanism of Annual Financial Statement. While presenting its demand of funds to the Legislature in the prescribed manner, the Government is required to maintain distinction between revenue and capital expenditures. Section 79 of the Constitution which deals with this subject, among other things, prescribe "... and shall distinguish expenditure on revenue account from other expenditure".

3.1.6 Revenue expenditure is incurred for meeting normal Government commitments like running of administration, maintenance of law and order, as also the expenditure, which does not result in creation of assets and is in the form of maintenance of level of development already reached. On the other hand, the term other expenditure used in this Section of the Constitution is in the form of creation of assets or reduction in debts or any other future liability. Obviously, therefore, there have to be

two sub-divisions in the Consolidated Fund for recording transactions relating to expenditure, viz:-

01 Expenditure within the Revenue Account

02 Capital expenditure outside Revenue Account

3.1.7 It has already been mentioned that on the receipt side of the Consolidated Fund, the transactions relating to loans raised by the Government and recovery of loans advanced by it have to be classified distinctively. That being so, similar treatment is given to the expenditure side of this transaction as well. Thus, apart from two sub-divisions mentioned above, there are two more sub-divisions on the expenditure side of this Fund, namely;

01 Public Debt Repayments
02 Loans and Advances

3.1.8 To sum up, the Consolidated Fund has the following sub-divisions.

Consolidated Fund receipts

01 Revenue receipts
02 Public Debt receipts
03 Loans and advances recoveries

Consolidated Fund disbursements

01 Expenditure within Revenue Account

02 Capital expenditure outside revenue Account

03 Public debt repayments

04 Loans and advances disbursements

3.1.9 Section 115 of the Constitution lays down that all other public moneys received by or on behalf of the Government shall be credited to Public Account of the State.

3.1.10 The transactions other than those, which fall in the domain of Consolidated Fund have to be classified in a separate division captioned Public Account. The following types of receipts and disbursements have been recognized to be classified in the public Account:-

01 **Those in respect of which Government has to act as a banker** The moneys received by the Government in this capacity are in the form of provident funds and small savings. These are in the form of saving deposits held by the Government for and on behalf of employees and the public in accordance with the rules and regulations which are framed to govern these deposits.

02 **Those in respect of which the Government has to act as a trustee** i.e. holding the moneys for some time on behalf of certain persons or bodies and have to be returned as per specified terms and conditions. These accounts are kept as reserve funds, depreciation fund, development fund etc. and all other deposit accounts like civil deposits, public works deposits, forest deposits, deposits of local bodies etc.

03 **Those as are in the nature of adjusting accounts** such as remittances, inter governmental adjusting accounts, suspense accounts and the like.

3.1.11 Accordingly, the public account has following sub-divisions, which have both receipts and disbursement sides: -

01 Small savings, provident funds etc.
02 Reserve funds
03 Deposits and advances
04 Suspense and miscellaneous
05 Remittances
06 Cash balance

3.1.12 The third Division of accounts classification has been created by Section 116 of the Constitution. This Division is called 'Contingency Fund'.

3.1.13 The Contingency Fund is an imprest kept at the disposal of Head of the State. Out of this Fund advances are given to the Government for meeting such expenditures which have not been provided for in the budget and appropriations authorized based thereon and are thus of unforeseen nature. Funds once drawn form the Contingency Fund are to be recouped, and the availability of funds therein is brought to the authorized level. At the time of recoupment of the amounts, these become part of the supplementary budget and it is through this mechanism that these are brought to the notice of Legislature for their approval. The essence of maintenance of this Fund is to enable the Government to meet such type of expenditure, need for which

arises because of various unforeseen considerations like, occurrence of natural calamities, satisfying of legal decrees etc. and do not therefore, form part of the budget passed by the Legislature. In this way requirement of the Constitution that the Government can incur expenditure from and out of Consolidated Fund only with the authorizations made by he State Legislature is met.

3.1.14 It is thus clear that whatever be the structure of classification, it has to be within the general framework as prescribed in the Constitution of India. Even within this structural frame, micro plans of classification in Government accounts have not been left to absolute authority of the Government. These have to be adopted with the approval of the President who accords such an approval on the advice of the Comptroller & Auditor General of India.

3.2.0 Classification within the three Divisions mentioned in the Constitution

3.2.1 It will not be sufficient to record financial transactions of the Government within the three Divisions i.e. Consolidated Fund, Contingency Fund and the Public Account as envisaged in the Constitution, for it will not meet the requirements of running of administration, planning, implementation and monitoring of developmental and other activities. The classification has to be much more broad based and transactions relating to the **Functions, Programmes** and **Activities** have to be brought out clearly in every system of classification.

3.2.2 The meaning of the terms “Function”, “Programme” and “Activity” is as under :-.

Function represents a major division of the efforts of the Government in any field of its activity. The term does not, refer to the policy objectives such as removal of poverty or reduction in regional disparity but to the distinct type of services such a defense, education, agriculture etc designed to secured policy objective of the Government.

Programme is a definite type of plan, which is formulated for achieving the objective of a function such as primary education under the function education and prevention of food adulteration under public health.

Activity identifies a scheme undertaken in pursuance to the programme framed for implementation of a function like ‘primary schools (boys)’ under ‘Primary Education’ and ‘testing labs’ under ‘Prevention of Food Adulteration’.

3.2.3 The programmes and activities are subdivisions of a Function, which are framed to secure its smooth implementation and control. In other words sum total of the expenditure transactions classified under different activities indicate expenditure under a programme and a similar aggregation of expenditure under various programmes of a function will be the total expenditure under that function.

3.2.4 It is also not sufficient to book transactions under various Functions, Programmes and Activities. In order to have a proper understanding of Government Accounts, it

should be possible to identify the functions and group these under different sections and sub-sections. The functions of allied nature are brought under relevant section/ sub-section. The sections known as sectors of classification are: -

01 General Services
02 Social and Community Services
03 Economic Services
04 Grants-in-Aid & Contributions

3.2.5 All the functions of the Government are fitted into these Sectors according to their nature as under: -

General Services: groups functions which are essential for running of administration like the Governor, Legislature, Judiciary, general administration, maintenance of law and order etc. etc.

Social & Community Services: include such of the functions which provide social and community services like education, medical, public health etc.

Economic Services: include efforts made to improve economy and increase in the production capacity besides creation of economic infrastructures such as, development of agriculture, industry, mining etc.

Grants-in-Aid & Contributions: includes grants given by the Central Government to the state for various purposes and assignments to the local bodies and Panchayati Raj Institutions.

3.2.6 Technically a Function is known as Major Head of account. The programme and activity are referred to as Minor and Sub-Minor heads of account respectively. In order to give better presentation to the developmental programmes (Plan schemes) Sub-Sectors and Sub Major heads of account have also been prescribed, wherever required.

3.2.7 An 'Activity' or a 'Sub-Minor head' of account is further divided into objects of expenditure. These are also known as detailed heads of account. This is the last tier of classification. The Object of Expenditure or a Detailed Head of Account helps in having an itemized control of expenditure on various inputs of an activity and are in the shape of salaries, wages, materials and supplies, maintenance etc.

3.2.8 To sum up, the general outlook of classification in government accounts emerges as under:-

Sector: Represents a major division of functions of the Government viz. General Services, Social and community Services, Economic Services and Grants-in-aid contributions.

Sub- Sector: Represents a group of allied functions within a Sector like health and family welfare under social and community services.

Major Head: Represents a distinct function under a Sector/Sub-sector like 'Administration of Justices' under general services – Organs of State, or 'Medical' and 'Public Health under 'Social and Community Services'.

Sub-major head: Represents a group of allied functions like 'urban health services'

under ‘social and community services - Health and Family Welfare.

Minor head: Represents a Programme undertaken to meet objectives of a function like ‘Hospitals and Dispensaries’ under ‘Social and Community Services - Health and Family Welfare - Urban Health Services’.

Sub minor head: Represents a definite activity under a programme like ‘SMHS Hospital’ under “Social and Community Services - Health & Family Welfare - Hospital and Dispensaries.”

Object of expenditure: Represents basic expenditure input of a programme like ‘salaries’ under social & community services - Health and Family Welfare - Hospitals and Dispensaries - SHMS Hospital.

3.2.9 It will be seen from the above that expenditure on Salaries in SHMS hospital will get reflected in Government Account as: -

“Consolidated Fund - Social & Community Services - Health & Family Welfare - Hospitals and Dispensaries - SHMS Hospital- Salaries.”

3.2.10 It is now clear that the financial transactions in the Government Account have to be classified according to the Function(s) to which these relate. Thus, the system is oriented towards Functions, Programmes and Activities. The departments where these originate are not relevant for this purpose. The expenditure on construction of a school building though originating in the public works department has to be classified as expenditure on the

“Function “Education” and not on “Public Works”. Similarly, ‘Takavi loans’ disbursed by the revenue agencies has not to be classified as expenditure on district administration but as agriculture expenditure to which the expenditure relates. In other words accounts classification is designed to enable working out of position of financial transactions on a Function. It is not however, possible to apply this rule strictly in respect of certain expenditures. At the apex of the administrative set up of the Government generally more than one Function is assigned to an Administrative department to deal with the policy formulation and monitor its implementation in the field. Every secretariat department deals with a number of functions. It will be cumbersome if expenditure on Secretariats is provided for under different Functions to meet the requirements of functional classification. The alternative is to book such expenditure initially under the Major Head relevant to the Function predominantly attended to by an Administrative Department and then distribute it on pro rata basis to the involved Major Heads of Account but this will be equally a difficult accounting problem. In order to overcome such a situation, the expenditure on Administrative Department is booked under “Secretariat -General Services”, “Secretariat - Social Services” “Secretariat Economic Services” without distributing it among the Major Heads falling in a Sector. It may also happen that a Secretariat Department is dealing with Functions falling under more than one sector. In that event, it is accounted for under the Secretariat Major Head in the Sector to which the major part of their work relates.

3.2.11 Investments in Public Sector and other Governmental Industrial Undertakings has also to be classified under the relevant Functional Major Heads of account irrespective of the department incurring the expenditure in connection with such investments. Similarly, loans and advances given by the Government for various purposes may originate in one single department for administrative and other reasons, the expenditures relating thereto have to be booked under relevant Functional Major Heads of account.

3.3.0 Codification of account heads

3.3.1 Each Division in the Consolidated Fund and the Public Account is divided into sectors, which may in some cases be further divided into sub-sectors and then into the six tiers of accounting classification. The number of classification in the Detailed Demands for Grants are not allowed to go beyond the standard six tiers indicated as under-

1. Major Head-	4 digits (Function);
2. Sub-Major Head-	2 digits (Sub-Function);
3. Minor Head-	3 digits (Programme);
4. Sub-Head-	2 digits (Scheme);
5. Detailed Head-	2 digits (Sub-Scheme); and
6. Object Head-	2 digits (Object Head or Primary Unit of Appropriation)

3.3.2 Same sectoral classification has been prescribed for Expenditure within Revenue Account and Capital Expenditure out side the Revenue Account. Nomenclature of the account heads is also the same except for the words “Capital outlay on” or “Loans for” as the

case may be being prefixed to every such head of account in the Capital Account. Distinction of account heads is made with reference to the code numbers pre-fixed to every Account Head. The code is of four digits (xxxx). The first digit indicates whether the major head is a Receipt head / revenue expenditure head / capital expenditure head / Loans and Advances head or a Public Debts head. These code numbers have been allotted in blocks as under:-

01. Revenue receipts/ Grant-in-Aid and contributions	- 0020 - 1606
02. Revenue expenditure	- 2011 - 3506
03. Capital expenditure	- 4046 - 5475
04. Public debt	- 6001 - 6005
05. Loans and advances/ Inter-state settlement/ contingency fund	- 6075 - 8000
06. Public account/ Miscellaneous	- 8001 – 8999

Capital Receipts are classified under Major Head – 4000.

3.3.3 Coding Pattern

a. Major Head

A Four digit code has been allotted to the Major Head, the first digit indicating whether the Major Head is a Receipt Head or Revenue Expenditure Head, or Capital Expenditure

Head or Loan Head. If the first digit is ‘0’ or ‘1’, the Head of Account will represent Revenue Receipt, ‘2’ or ‘3’ will represent Revenue Expenditure, ‘4’ or ‘5’ – Capital Expenditure, ‘6’ or ‘7’ Loan head, (4000 for Capital Receipt) and ‘8’ will represent Contingency Fund and Public Account.

Adding 2 to the first digit of the Revenue Receipt will give the number allotted to corresponding Revenue Expenditure Head, adding another 2 – the Capital Expenditure Head and another 2 - the Loan Head of Account, for example:

0401- Receipt Head for Crop Husbandry

2401- Revenue Expenditure Head for Crop Husbandry

4401- Capital Outlay on Crop Husbandry

6401- Loans for Crop Husbandry

b. Sub-Major Head

A two digit code has been allotted, the code starting from ‘01’ under each Major Head. Where no sub major head exists it is allotted a code ‘00’. A standard nomenclature ‘General’ has been allotted code ‘80’ so that even after further sub-major heads are introduced the code for ‘General’ will continue to remain the last one.

c. Minor Head

These have been allotted a three digit code, the codes starting from ‘001’ under each Sub-Major/Major Head (where there is no Sub Major Head). Codes from ‘001’ to ‘100’ and

few others like ‘750’ to ‘900’ have been reserved for certain standard Minor Heads. For example, Code ‘001’ always represents Direction and Administration. Non Standard Minor Heads have been allotted Codes from ‘101’ in the Revenue Expenditure series and ‘201’ in the Capital and Loan series, where the description under capital/loan is the same as in the Revenue Expenditure Section, the code number for the Minor Head is the same as the one allotted in the Revenue Expenditure Section. Code number ‘900’ is always reserved for Deduct Receipt or Deduct Expenditure Heads.

The Code for ‘Other Expenditure’ is ‘800’ while the codes for other grants/other schemes etc. where minor head ‘Other Expenditure’ also exists is kept as ‘600’. This has been done to ensure that the order in which the Minor Heads are codified is not disturbed when new Minor Heads are introduced.

The coding pattern for Minor Heads has been designed in such a way that in respect of certain Minor Heads having a common nomenclature under various Major/Sub-major Heads, as far as possible, the same three digit code is adopted.

Computer Cell of the Controller General of Accounts organisation is required to be consulted before any new code is allotted or existing code (at whatever level) is altered.

d. Sub Head/Detailed Head/Object Head

Sub Head represents schemes, the detailed head represents Sub-Schemes while the

Object Head represents the objects/items (e.g. Pay, DA, HRA, Rewards, Gratuity, etc.) on which the expenditure is incurred. Each of these levels has been allotted a two digit code. Wherever it is not feasible to break up the objects of expenditure into such details, the codes provided for aggregates of certain items may be used instead for computer processing. For example, where it is not possible to indicate Pay, DA, HRA, CCA etc. separately, the code for salaries may be used for representing the aggregate of these items. The Object Heads have been prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules. The power to amend or modify these object heads and to open new Object Heads rest with Department of Expenditure of Ministry of Finance on the advice of the Comptroller & Auditor General of India.

The Budget Heads exhibited in estimates of receipts and expenditure framed by the Government or in any appropriation order should conform to the prescribed rules of classification in accordance with Rule 74 of the General Financial Rules.

3.3.4 Such codification is necessary for computerization of the budget and maintenance of Government Accounts.

3.4.0 Classification of Plan expenditure

3.4.1 Expenditure on different Functions of the Government is either non-plan expenditure or plan expenditure. Broadly, non-plan expenditure is that which has to be incurred for running of administration, maintenance of assets already created or meeting of

pensionary and debt obligations of the Government. In other words, such expenditure does not result in creation of assets or extension in the existing level of development in different spheres of activity. Plan expenditure, on the other hand, refers to the activities, which are undertaken as a result of implementation of pre-conceived plans. Such expenditures are either developmental in nature or such which help in undertaking a developmental programme. Inspite of such a vivid difference between plan and non-plan expenditures, all transactions relate to one or the other activity under the three Sectors of accounts classification viz. General Services, Social Services and Economic Services. Therefore, an activity has both plan and non-plan components and both have to be classified as such. Thus, same classification is used for both plan and non-plan expenditures although the two are exhibited separately so that extent of developmental and non-developmental efforts under every activity could be ascertained at any time directly from accounts.

3.4.2 Recognizing the fact that taking up of activities under a Programme of a Function may vary from state to state as also from time to time, the State Government may open through the Budget Wing new Sub-Heads, Detailed Heads and Object Heads as may be needed to suit its own requirements. However, the sub-heads should not be multiplied unnecessarily and new ones are advised to be opened only when really necessary. Thus, for a new activity to be taken up in the process of implementation of developmental plans or otherwise, a new sub-head can be opened under the relevant Minor and Major head of

account. In this manner therefore, the functional or Major head, Sub-Functional or Sub-Major head and the Programme or Minor Head alone are fixed and can be supplemented or changed with the prior approval of the Comptroller and Auditor General of India except to the extent permitted by him as a general rule, if any. Sub-Minor heads and objects of expenditure can be introduced or deleted by the State Governments at their own level and according to their requirement.

3.4.3 Orders in this behalf shall be issued by Budget Wing of Finance Department based on the proposals drawn for the purpose by the Planning & Development Department.

3.5.0 Nature of revenue receipts and their classification

3.5.1 Revenue receipts are those which accrue to the Government as a result of its functioning on recurring basis. These are different as compared to the capital receipts which arise from sale of assets, recovery of loans and advances etc. Broadly, the sources of revenue receipts are grouped as under:-

Tax revenue: which accrue as a result of implementation of Acts passed by the Legislature and other statutory orders issued by the Government.

Non-tax revenue: accruing from the various Functions of the Government other than tax revenue.

Grants-in-aid/contributions represent transfer of resources from Centre to the

States on the basis of the awards of the Finance Commissions or for plan purposes on the basis of the settlements reached with the Planning Commission.

3.5.2 Independent heads of account are provided for recording transaction of every tax effort and for every major non-tax source of income. Under every Major Head of account, Minor heads have been opened for recording details of receipts for various accounting and managerial purposes. In this process refunds of tax and non-tax revenues are booked under a separate head "Deduct Refunds". Since taxation is a major revenue realization effort, "Deduct Refunds" is provided under each Sub-Head, subordinate to a relevant tax revenue Major Head of account. In case of non-tax revenue, however, Deduct-Refunds". is provided as a Sub-Head under the concerned Major Head of Account.

3.5.3 Transfer of resources from Centre to the States in the form of "grants-in-aid" and "Share in Central Taxes/Duties", are recorded in the section "Grants-in-aid/Contribution". Under the Constitution of India it is necessary for the Central Government to pay grant-in-aid to the federating units to enable them to cover gaps in their income and expenditure. Similarly, there are some taxes, which are levied and collected by the Union Government. Proceeds of these taxes are also shared by the Centre and the states in accordance with a formula evolved and adopted in this behalf by the Finance Commissions appointed for the purpose at periodical intervals of five years in accordance with the provisions made in this behalf in the Indian Constitution. The Finance

Commissions also determine the level of grants-in-aid to be paid to different states.

3.6.0 Expenditure within Revenue Account

3.6.1 Major heads relating to the expenditure within the Revenue Account are grouped into the following sectors: -

01 General Services
02 Social and Community Services
03 Economic Services

3.7.0 Capital expenditure outside Revenue Account

3.7.1 Capital expenditure in general terms refers to that which results in creation of assets or reducing a recurring liability. Expenditure on trading activities is also treated as capital expenditure outside the revenue account under certain circumstances. Normally, such activities are of a commercial nature and should not, therefore, be handled by the Government exclusively. These have to be left to the Public Sector or private entrepreneurs. Where, however, Government intervention is necessary, it is accounted for as capital expenditure. The receipts as a result of such activities are taken as "Deduct Recoveries on Capital Account" so that net position thereof becomes available conveniently at one place of accounting. Net receipts i.e. when receipts are more than expenditure are taken to the relevant major head under "revenue receipts." On the other hand, where the expenditure exceeds the receipts, the gap is in the form of subsidy and is transferred to the concerned Major heads under "Expenditure within the Revenue Account."

3.7.2 The capital major heads of accounts have been grouped into the same Sections as have been provided for expenditure within the revenue account viz. 'General Services' Social Services' and 'Economic Services'.

3.8.0 Public Debt

3.8.1 Public debt, as the name implies, is an important source of public finance for the Government to fund its urgent development needs and meet social obligations even while resources are scarce. Such expenditure should, however, have the potential of considerable revenue generation and creation of both employability and employment opportunities for the educated youth. Financial transactions on account of channelisation of institutional and non-governmental funds for various developmental activities should, therefore, find appropriate reflection in the Budget.

3.8.2 As a result of developmental planning process saving capacity improves and it will be only appropriate that these are optimally channelised for further developments. Similarly, buoyancy in industry, trade and commerce and for that matter in any other sector of economy can also be tapped for improving resource mobilization by the Government. After all, tax and non-tax revenue has its own limit. Income from such sources cannot be stretched beyond a reasonable and tolerable limit.

3.8.3 The Public Debt as a source of public finance for the Government is grouped as under:-

01 Internal debt

02 Institutional Finance and Open Market Borrowings

03 Loans and advances from the Central Government

3.8.4 **Internal Debt:-** Generally comprise of loans raised against treasury bills and issue of securities and other instruments. In case of Governments these also include ways and means advances obtained to tide over temporary short falls, which are caused by short-term excess of expenditure over the income and are generally liquidated before close of a financial year. Such advances are in fact in the form of over drafts.

3.8.5 **Institutional Finance and Open Market Borrowings** are contracted for funding the gap that may still exist between resources of the State including share in central taxes/ duties and other Central Assistance and the cost of development needs. States are authorized by the Planning Commission of India and the Ministry of Finance, GoI to raise institutional finance and also go for open market borrowings upto the limits fixed every year in the "Approved Scheme of Financing the Annual Plan". The institutions from which the loans are generally available at softer rates are LIC, NABARD, REC. Open market borrowings are contracted through the mechanism of auctions conducted by RBI.

3.8.6 **Loans & Advances from the Central Government:-** The Central Government advances loans to the State for various plan and non-plan purposes. Generally the loans are given under pre-defined arrangements. Plan loans are based on the parameters fixed

for plan financing by the Planning Commission, likewise some of the non-plan loans are given according to the yard sticks fixed by the Finance Commissions. Some savings like small savings are mobilized at the national level under the over all managerial control of the Central Government. The resource thus built has to be shared by the Central and State Governments.

3.8.7 As already pointed out debt obligations of the Government have to be much more transparent. It has to be noted that receipts as also disbursements are recorded under the same relevant head of account so that net position of outstanding in respect of every debt obligation is properly brought out.

3.9.0 Loans and Advances

3.9.1 The process of development or employees welfare involves giving of loans and advances for social and economic purposes. These loans and advances sometimes involve inter-state settlements also. As in case of transaction relating to 'Public Debt' the receipts and disbursements of loans and advances are also recorded under the same Functional (Major) Head of Account so that net outstanding in respect of each such loans and advances is easily ascertained at any given time or as and when required.

3.10.0 Public Account

3.10.1 Nature of the transaction falling under this division of accounts as envisaged in the Constitution has already been described earlier. Nature of the transactions grouped

into different sections under the Major Heads of account is discussed hereunder: -

3.10.2 **Small savings, provident funds etc.:-** Transaction relating to Small savings through its various schemes like Saving Deposits, Saving Certificates, State Provident Funds, Public Provident Funds, Trusts and Endowments, Insurance and Pension Funds and Special Deposits and accounts. In respect of all these accounts the Government operates as a trustee. The fact, however, remains that these Funds become available for undertaking developmental works and thus boost the economy of the State.

3.10.3 Saving deposits and saving certificates are raised at the national level and therefore every State of the country has a share in the resources, thus mobilized. The present practice is that eighty percent of the collections thus made in a State are advanced as loans to that State, bearing interest and a predefined schedule of repayment. These collections made by Government of India, though retained by them as a trust in Public Account are transferred to the states as Central Loans who have to classify these under “Public Debt”.

3.10.4 State Provident Funds and Public Provident Funds become available both to the States and the Central governments. These are in the form of compulsory deductions made form the salaries of the employees both in public and private sector as also matching contributions made thereto by the employers. The accounts relating to all such truncations are maintained separately by the respective Governments and the net proceeds during a

year retained by them also. This is equally true about the Trusts and Endowment as also Insurance and Pension funds.

3.10.5 For regulation of Savings as also Funds as indicated above every scheme has its own rules. This is true about the Provident and Pension Funds created and maintained in the private sector also. The regulating authorities of these Funds in this sector, generally have their own policy and rules for making investments there from. It is not compulsory for them to keep such deposits only with the Government. Sometimes these authorities may decide to make investments in Government bonds etc or lend money to them. In such situations the amounts received or repaid from these Funds of the private sector are taken as loans from them and classified as such in the "Public Debts". Such deposits are kept within the Government, as such, these are accounted for in the "Public Account" and do not form part of the "Consolidated Fund" as it happens in the earlier situation.

3.10.6 Detailed accounts in respect of each account in this category are maintained by the Designated Authorities, which reflect position in totality as also for individual accounts.

3.10.7 **Reserve Funds: -** These Funds are created to meet both foreseeable and unforeseen liabilities that may come up in future to be met by the Government. These Funds help in discharging such liabilities without any serious drain on the State Exchequer. Foreseeable Reserve Funds are in the nature of Reserve funds, sinking funds, and other developmental funds. The unforeseen reserve funds are like

Disaster Response Fund. A portion of normal revenue is kept apart on annual basis and the balances that may thus accumulate are used in future, as and when need arises.

3.10.8 **General Reserve Funds :-** These include developmental funds created out of the General Revenues of the State from year to year for creating a corpus for undertaking future development works not otherwise provided for in the approved Five Year or Annual Plans of the State like "Development Fund for Agriculture purposes", "General Insurance Fund", "Contribution to the Reserve Fund for Electricity" and "General Reserve" for development of departmental commercial undertakings.

3.10.9 **Sinking Fund: -** Debt is an obligation, which has to be discharged by the Government in accordance with the terms and conditions regulating such debts. In order to meet this requirement without any difficulty, a Sinking Fund is created. This Head is credited with the amounts each year for the purpose out of the General Revenues of the Government. These amounts are transferred to the Sinking Fund by obtaining an Appropriation from the Legislature through provision made under the relevant Major Head (2048- Appropriation for Reduction or Avoidance of Debt) in the Consolidated Fund. Sinking Fund can be for individual debts or for all loans floated by the Government. The Sinking Fund is, however, created only when it is obligatory to do so under law or undertaking given by the Government in any loan raised by it. Sinking funds can be invested in a manner so that cash is readily available at the time of discharging a debt liability. Profits if any,

realized on such investments are also credited to the Sinking Fund Investment Account. It may, however, be noted that in order to bring repayment of debts within the preview of the legislative control these are provided for in the 'Public Debt'. The balances in the Sinking Fund Account are transferred to the miscellaneous Government Account (ledger balance adjustment account), which falls in the Public Account.

3.10.10 **State Disaster Response Fund: -** This is generally a Statutory Fund, which is created for meeting unforeseen eventualities on account of natural calamities. It is credited with transfers made from Revenue Account and interest/gains raised from investments made form such Funds. Payments out of the Disaster Response Fund for the purposes(s) for which it has been established are regulated through Consolidated Fund. Again, the idea being that such expenditures should be authorized by the Legislature. The term disaster is to be interpreted in its widest sense to cover natural calamities of all types, such as floods, drought, earthquakes etc.

3.10.11 **Central Road Fund: -** This Fund is constituted out of the Excise and Import Duties on Motor Spirits and is earmarked for development of roads. The amount sanctioned each year for credit to this fund is transferred by the Central Government to the States, to the extent of 80% of the accumulations. Transfer of these funds to the States is related to the road works approved to be taken up as Central Road Fund Works from year to year. The funds received by the States from the Centre are classified in their accounts as 'Subvension from Central Road

Fund' under the section "Deposits and Advances". Expenditure on such works is initially booked by the states under the relevant Major Head of account in the Consolidated Fund which is then set aside by transfer to account head 'Subvension from Central Road Fund' at the close of each year.

3.11.0 Deposits and Advances

3.11.1 Deposits are both interest bearing and non-interest bearing. Grouping of transactions into these categories depends upon the terms and conditions attached to the acceptance of such deposits by the Government or law relating to their regulation. The Deposit and Advance heads relating to railways, defense, post and telecommunications are operated upon by the Central Government. The Deposits and Advances of Local Funds, Civil and Others are, on the other hand, operated upon both, by the Central and State governments.

3.11.2 The deposits of Local Funds include deposits of the Municipal Corporations, Municipalities and Town Area and Notified Committees. Deposits of Housing Boards, State Electricity Boards and of other autonomous bodies are also accounted for as deposits of Local Funds. The Government Companies, Corporations etc. can also open deposit accounts with the State Government.

3.11.3 Deposits made in the Judicial and Revenue courts on various accounts are also accounted for in this section. Payment of compensation to be made for acquisition of land for various public purposes are also part of Revenue Deposits. Security Deposits from

the contractors in case decided to be retained by the Government under certain circumstances are also accounted for here. Other deposits include personal deposits, deposits of educational institutions, deposits of trusts etc.

3.12.0 Suspense & Miscellaneous and Remittances

3.12.1 This section of Public Account is intended for classification of such of the transactions, which cannot be taken to the final heads of account at the time of their occurrence due to one reason or the other. Public works, forest and other commercial departments are authorized to draw their financial requirement or deposit their collections into the treasury in lump and maintain their detailed account at their own level as departmental chest holders. The departments render accounts direct to the Accountant General, J&K. Transactions of these departmental chest holders with the treasury are temporality accounted for under this section of the public account. Similarly, cash remittances from one treasury to another and resultant cash in transit are also accounted for here. The coinage accounts, cash balances including permanent cash imprests and deposit balances together with cash balance investments, security deposits of the government are also components of public account.

3.12.2 Adjusting Account as also Settlement accounts of officers rendering accounts to the same or different Accounts Officers together with the Adjusting Accounts as between different Governments within or outside the

Country form part of this section of the Public Account.

3.13.0 Over all view of the pattern of classification

3.13.1 The over all view of the pattern of classification, in other words structural frame of the budget and accounts is presented in the **CHART** appended to this chapter.

3.13.2 The functional classification as has been made clear is followed with a twin objective of booking the public expenditure on an identified Function in a manner so as to present an over all view of its implications irrespective of the department/organization authorizing it and co-relating the developmental (plan) and non-development (non-plan) expenditures on a Function. It has been, found that the planning machinery continues to follow the earlier plan expenditure classification with some modifications here and there. Plan programmes are no doubt provided for in the general budget according to the approved system of classification - a legal requirement for obtaining Appropriations from the Legislature and expenditure is also booked by the implementing agencies accordingly. The fact, however, remains that the plan expenditure classification adopted in the plan document is different which makes the co-relation between the outlays and the expenditures booked there against in the Government Accounts a difficult process. Under these circumstances, the planning machinery mainly depends upon the expenditure booked by the various departments and other agencies of the Government at their own level. Since

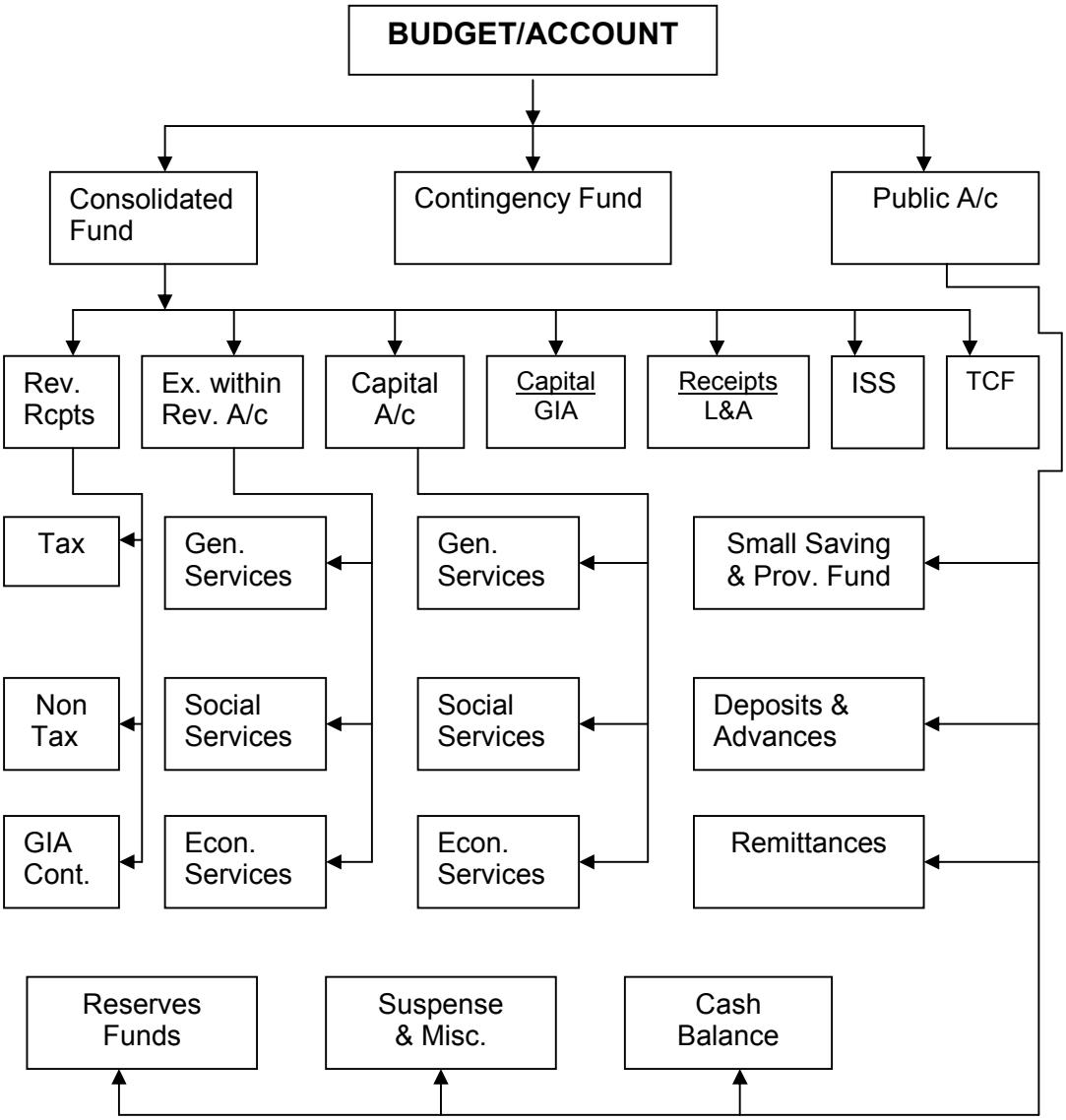
such accounts are not linked to the transactions originating in the treasury (a focal point for maintenance of Government Accounts) their dependability is debatable, more so for various account settlements including Devolution of Resources from Centre to the States. In the plan formulation Sectoral classification is followed as against the Functional pattern prescribed for the country under Constitutionally valid orders. Continuing with the earlier system of classification for plan purposes is because no attempt has been made to bring it at par with the budget. It may be also because the conventional system of plan classification gives more liberty to the plan implementing agencies to make adjustments in the outlays as may be required from time to time. This argument is not, however, well founded as new pattern of classification can also give such liberties besides being more meaningful and purposeful in its content. A lot of thought has gone into its development and it is in keeping with the national requirements of the financial management. Even without stretching this argument too far, following a similar structural framework for providing of outlays and expenditures has necessarily to be followed as otherwise there will be no comparisons of the two, which is highly essential for eventual analysis of inputs and outputs.

3.13.3 Under these circumstances, two data basis are also created - one based on Departmental figures and the other on the figures computed by the Accountant General. The two sets of figures seldom reconcile leading to a confusing situation, which needs to be rectified. Once the new system of

classification is followed for plan purposes also, it will besides bringing out a clear picture also facilitate computerization of accounts and formulation of the budget. It needs to be noted that Functional system of classification has an inbuilt orientation for computerization. Code numbers have been prescribed for all the tiers of classifications and in order to ensure its uniformity throughout the country no change can be brought about in this scheme of codification except with the sanction of the competent authority. Accounting classification for the planning purposes has to be restructured. It will no doubt make changes in presentation of a plan document but it will not at the same time involve any change in the fundamentals of the whole planning process right from conceptual stage to the conclusion of evaluation. A co-relation between plan and non-plan expenditures should therefore be followed for which a mechanism should be evolved in a joint exercise by the Finance and Planning & Development Departments.

CHART

(referred in Para 3.13.1)



GIA= Grants-in-aid, L&A=Loans & Advances, ISS= Interstate Settlements
TCF= Transfer to Contingency Fund

PART-II

PART- II

Chapter 4

BUDGET PREPARATION

4.1.1 The responsibility for formulation of the State budget lies with the Finance Department. It is the Finance Minister who presents the budget to the State Legislature for and on behalf of the Government. The Finance Department cannot complete this assignment without effective help from within and outside the Government. Every Administrative Department is therefore, called upon to formulate the proposals in respect of the functions falling within its jurisdiction. Similarly, the Comptroller and Auditor General of India through the Accountant General of the State is also required to render all possible help and inputs, which mainly includes supply of previous actuals and also estimates in respect of programmes and activities controlled by that authority. Finance Minister is equally at liberty to have consultations with the organizations and those connected with public finance and general economics. In this process, every possible attempt is made to make the budget an effective tool for accomplishment of various objectives, which are carefully identified with respect to the national and local requirements. In the present day scenario of the open market economy, global socio-economic and other factors also become important considerations for finalization of a budget.

4.1.2 The detailed estimates of expenditure are prepared by the Heads of Offices and Controlling Officers according to their

assessments of requirements for the ensuing year, keeping in view the actual expenditure in the past, current year's trends of expenditure, any new decisions taken by the Government which will have a bearing on the funding requirements etc. The following paragraphs bring out broadly the process of estimation and their collation which leads to the preparation of Budget Estimates.

4.1.3 The estimates of expenditure are prepared separately for Capital and Revenue as a constitutional requirement and split into Plan and Non Plan in keeping with the existing classification system. The estimates of Plan expenditure are made on the basis of the plan allocations approved by the Planning Commission of India and intimated to Administrative Departments by the State Planning & Development Department.

4.1.4 Budget is prepared by the Budget Division of Finance Department and approved by the Legislature for one Financial Year. Drawing of detailed estimates of expenditure and receipts by various departments of the Government and their subordinate authorities and their inclusion in the budget has, therefore, to be a time bound programme drawn in a manner that the approval of the Legislature becomes available before commencement of the Financial Year.

4.1.5 Considering the importance of timely completion of the budget it is highly essential that there is complete coordination between various Departments and other agencies involved in this exercise aiming at making the proposed budget document a meaningful

reflection of all the envisaged Programmes and Activities to be accomplished within the defined period of time. The estimation has to be as accurate as possible to be actualized during one year. Not only that, it should also reflect full details of the expenditure inputs and expected income. The budget for a year is an action plan for the Government to be implemented by its field formation. Any ambiguity in details of a Programme/Activities and financial provision made therefor, may cause delay in implementation and thus hamper accomplishment of the envisaged objectives.

4.1.6 The Departments responsible for Developmental Planning follow a different time frame for completing estimation of their financial requirements for implementation of identified Developmental Programmes. The result is that the estimates in respect of this important component of a budget are not reflected in detail and in a transparent manner. The estimates or outlays, as these are called in planning terminology, are provided in the budget as lump sum provisions and that being so, these are not directly available for operation to the implementing agencies even after the budget is approved by the Legislature. Such provisions are subsequently broken into Programmes and Activities by the Planning & Development Department through the instrument of executive orders. The genesis of the budget law that the Government can incur expenditure out of public funds only with the approval of the Legislature, who accord such an approval for specific purposes to be accomplished within specified appropriation and time frame, is diluted to this extent.

4.1.7 Attempts have been made to develop a complete co-relation between Plan and Non-Plan budget estimates. The structural frame of the budget or pattern of accounts classification in force at present with a legal backing is a step in this direction. While recognizing the need for uniformity in the budget structure it also gives flexibility to the Government who are authorized to modify, introduce or delete any Sub-Minor and Detailed Heads, which in essence are the Activities and basic expenditure inputs respectively under a Minor head, which is a Programme. The only requirement, therefore, is effective implementation of the present scheme of classification which calls for real coordinated effort between Planning & Development and Finance Departments charged with the responsibility of budget formulation.

4.1.8 Every Developmental Programme has two components, viz committed and expansion. The details of committed expenditure are by and large, firm and there should be no reason to bring about major modifications in such estimates during a budget period. This yardstick can be equally applied to expansion programmes as well, provided estimates covering these components of the budget are worked out thoughtfully. At the micro level, therefore, rigidity rather than flexibility should be the norm for budget formulation and its implementation more so when the period to be covered in these processes is only a year.

4.1.9 Even in decentralized planning process with people's participation the above approach should be followed. The estimates can be

finalized according to a time schedule, to help their incorporation in the budget at an appropriate time so that appropriations are obtained from the Legislature well before commencement of a Financial Year and these become straight away available to the implementing agencies. Sometimes it happens because of some exigencies that the Plan size and Scheme/Programme details remain undecided causing difficulties for their inclusion in the budget. Such a situation should, however, arise only in respect of new Programmes or Expansion Component of a Developmental Plan. Estimates in such cases alone should be provided in the budget in lump sum to be broken into various details at the earliest possible opportunity and Legislative approval obtained through Revised Budget at the appropriate time. **In short, inclusion of lump sum provisions in a budget has to be exceptional and not followed as a rule.**

4.2.0 Budget Calendar

4.2.1 There can't be any set dates as such to be followed as 'Budget Calendar' but broadly speaking, since while preparing budget estimates both in respect of receipts and expenditure for the ensuing financial year, the actuals of first six months of the ongoing financial year are also to be indicated, the exercise at the level of Heads of Offices and Controlling Officers can conveniently start soon after the accounts for September become available, say by 5th of October. The estimates alongwith budget notes then can be consolidated at the level of HoDs/other Controlling Officers by 15th of October and

simultaneously forwarded with detailed notes to the concerned Administrative Departments and the Finance Department latest by 20th October. Administrative Department may carry out due scrutiny of the estimates and forward their detailed recommendations to the Finance Department not later than 10th November so that after their examination in the Finance Department, the discussions on these proposals with HoDs/other Controlling Officers and Administrative Departments are started in the Finance Department soon after opening of offices in Jammu and the numbers crunched for incorporation in the Budget. **Same calendar can be followed, by and large, for preparation of plan proposals and the task of numbers crunching in the Planning & Development Department can be accomplished by end December.**

4.2.2 Detailed guidelines about the Calendar and for filling of the requisite forms are circulated by Finance Department sufficiently in advance, to serve as a reminder, as also for highlighting the latest requirements for the ensuing budget.

Chapter 5

ESTIMATES OF REVENUE RECEIPTS

5.1.0 General

5.1.1 Revenue accrues to the State Government from tax and non-tax sources. Receipts also accrue to the States by transfer of resources from the Central Government.

5.1.2 Whatever may be the source, revenue realization has to be controlled either by regulatory orders of the Government or laws passed by the Legislature and in force for the time being. Thus, every item of revenue has a sanction for collection.

5.1.3 A source of revenue is called effective if it does not result in large scale accumulation of arrears and also if its cost of administration is reasonable. It is highly essential that revenue receipts are recovered promptly and not allowed to fall in arrears. If the arrears cross a reasonable time limit, the situation becomes abnormal calling for detailed analysis of all the relevant facts and figures. Management lapses may also be responsible for such accumulation of arrears calling for appropriate action by the concerned Administrative Department who will submit a report in this behalf to the Finance Department. In certain cases it may also be prudent to order recovery under Land Revenue Act.

5.2.0 Revenue Collection Officers

5.2.1 The authorities empowered to collect revenue accruing to the Government are identified and notified by the Competent Authority (Administrative Departments in consultation with the Finance Department) from time to time. For example, Commercial Tax Officers for collection of General Sales Tax and VAT, Forest Officers for collection of Forest Royalty or Executive Engineers/Doctors for collection of user charges from consumers. Revenue Collection Officer is adequately empowered to make recoveries as and when these fall due. These Officers work under the supervision and control of respective Controlling Officers.

5.3.0 Estimating of Revenue receipts Role of Revenue Collecting Officer

5.3.1 It is Revenue Collecting Officer who can assess revenue receipt estimates for a year with reasonable degree of accuracy and therefore working out of these estimates should be initiated at this level. However, revenue collection targets can also be assigned to him by higher / controlling officers.

5.3.2 Revenue receipts broadly fall into following two categories namely: -

01 – Fixed charges

02 – Fluctuating charges.

Fixed charges are those, which become recoverable at fixed rates from year to year except when these are changed as a result of measures undertaken for additional resource

mobilization or due to any other reason. Fluctuating charges on the other hand are related to the volume of operations and rationalization at the applicable rates.

5.3.3 The basic records should be maintained by the Revenue Collecting Officer in a manner so that these can at any time indicate how much is recoverable and from whom. These records obviously form basis for formulation of the estimates to be recommended for adoption in a year's budget at this level. While doing so, due regards has to be given to the following factors: -

01. Estimates have to be calculated on the basis of the existing duties and taxes, rates and fees etc sanctioned by the competent authority and in force for the time being. Care has to be taken to ensure that these estimates are not worked out on the basis of the proposed increases/decreases or any rationalizations in the existing rates as may be considered necessary by the Collection Officers. But at the same time it also needs to be ensured that no trader, consumer or user is left out while making assessment of demand of revenue.

02. Since the budget is prepared on cash basis projecting the estimates on demand without considering how much of this demand can be realized in cash will not be correct. The estimates should be based on the consideration as to what is actually expected to be received in cash. But, care also needs

to be taken that the assessed demand is not allowed to fall in arrears unless there are cogent reasons to make any concession in any particular year with the approval of Competent Authority. The left over demand should, however, be recovered in the first opportunity and not allowed to accumulate for years. In a situation, where resources are scarce, there aught not to be a large mismatch between assessed demand and actual collection. If such laxity is allowed, it is likely to create difficulties in budget implementation as a whole.

03. In case of fixed charges, the estimates should be based on actual demand. In case it is not possible to recover the actual demand in full, the recovery should be estimated reasonably explaining the reasons for the short falls if any and the same should be made good in the succeeding financial year.

04. Total amount of outstanding arrears should be worked out thoughtfully so that a clear picture of dead and recoverable arrears emerges. Dead arrears are those, which have no doubt fallen due for recovery under the existing rules and regulations but cannot be recovered due to one reason or the other. Review of arrears should be constantly done and the cases where recoveries are doubtful should be referred to the Controlling Officer for write off or for taking any

other appropriate action by the competent authority. It may also be necessary to investigate as to how these arrears have become irrecoverable for application of corrective measures and taking of required administrative action.

05. Past actuals also provide an important clue for projecting future estimates. Care has, however, to be taken that such actuals are not as such taken as a base for future estimation. These actuals should be analyzed and it should be seen as to how far other circumstances responsible for collections in the earlier years are likely to remain similar before future estimates are based on them.

06. Effects of any special factor should not be ignored, special factors play an important role in estimating. These factors among others include natural calamities, which throw an adverse effect on the prospects of revenue realization. The favorable weather conditions yielding bumper crop can raise the hope of better collections during the forecast period. Thus, it is necessary that justification for every item is fully scrutinized before it is included in the forecast.

07. Estimation should be based on expected gross realizations in cash. Gross realization means expected recoveries without accounting for

refunds, if any, that may have to be made during a forecast period.

08. Refunds have to be provided for separately under a head of account subordinate to the Major Head of Account relevant to the source of revenue. In certain cases account head “Refunds” is provided under each Minor Head of a Major Head depending upon the magnitude of anticipated refunds. For clarification List of Major and Minor Heads of Account issued by the Comptroller & Auditor General of India should be consulted and instructions given therein followed. Refunds are caused due to various reasons generally because of acceptance of appeals against the recovery made under the orders of the Revenue Collecting Officer. It is necessary that quantum of such refunds becomes known for various administrative purposes and thus provided for separately. There cannot be any hard and fast rule for forecasting such refunds, which are thus provided for on the trend of past actuals.

09. As a matter of prudence, in the case of cost recovery of user charges for the services provided, there should be a standing formula of upward revision of cost of user charges by 10% every year on cumulative basis so that no public outcry is faced in revising such charges, which can be a case when a substantial upward revision is effected after a long gap. While such a step

ensures avoidance of public criticism, it also yields scope for buoyancy in non-tax revenues of the state.

10. In respect of receipts of the miscellaneous nature, such as sale proceeds of unserviceable dead stocks, old machinery, old tools and plants, old stocks of newspapers etc, past actuals are generally a guiding factor for forecasting.

11. It can happen that recoveries under two or more separate account heads are made through a common process, such as electricity consumption charges (non-tax revenue) along with Electricity Duty (tax revenue). In such cases, estimates and collections have to be separately classified under respective Account Heads.

5.4.0 Estimates Of Revenue receipts Role of Controlling Officer

5.4.1 The basic proposals drawn by a Revenue Collecting Officer are subject to further examination at the level of the Controlling Officer. They are finally settled in the Finance Department after obtaining approval of the State Cabinet wherever necessary. Such cabinet approvals are generally involved in the following cases:-

(01) When there is difference of opinion between Administrative Department and the Finance Department which can have substantial effect on budget forecast.

(02) When the current rate structure is proposed to be rationalized and or modified.

(03) When new measures are proposed to be implemented for augmenting the revenue receipts of the Government.

5.4.2 While, a Collecting Officer has limited jurisdiction in forecasting revenue estimates, the Controlling Officer is fully responsible for collections falling due to the Government in respect of a Function which has been put to its charge. Such an authority has, therefore, an important role in finalizing the revenue budget estimates. In the process of examination of the proposals of the Collecting Officer, the Controlling Officer may have to modify these estimates on the basis of latest policies, decisions and improved / better inputs available with him. The proposals have also to be checked at this level with reference to the previous actuals. In this way, it is necessary for the Controlling Officer to satisfy himself about the reasonability of the proposals received before submitting these to the apex level for final adoption. Such an exercise provides the Controlling Officers with yet another opportunity to review the working of their Departments. It can also be found as to how far it is necessary to revise or rationalize the existing structure of a source of revenue for various reasons. It has to be noted that such revision/rationalization schemes have not to form part of the routine budget proposals. These schemes with full justification and analysis need to be submitted to the Government separately as these form part of **additional resource mobilization** to be used for developmental purposes. The

Controlling Officer thus provides an important link between policy framing authority and the implementing agency.

5.5.0 Comparative role of authorities connected with Revenue Budget formulation

5.5.1. Development of a revenue budget forecast in the manner as described revolves around different authorities as under:-

Revenue Collecting Officer		Controlling Officer		Administrative/ Finance Department		Legislature
Maintenance of demand Registers. Forecasting current demand on existing rates Estimating recovery of arrears determinatiion of irrecoverable arrears with reason there-for	→	Modifying forecasts of revenue collecting officers Suggesting Rationalization of existing rates. Recommending new measures Talking a view on non revcoverable arrears and recommend its write off etc.	→	Adoption of forecasts. Adoption of Rationalization and new proposals. Decision on irrecoverable arrears. Adoption of additional resource mobilization (ARM) proposals	→	Approvals to the rationalization and new proposals wherever required.

5.6.0 Tax Revenue

5.6.1 The tax revenue broadly falls into the following two categories: -

01 Taxes on Property and Capital transactions.

02 Taxes on Commodities and Services.

5.7.0 Non-Tax Revenue

5.7.1 Non-Tax revenue accrues to the State as a consequence of undertaking various administrative and socio-economic Functions. These receipts also become due to the Government from recovery of interest on loans and advances given by it from time to time, besides, dividends from investments made in Government Companies or while participating in joint ventures. The non-tax revenues are, accordingly grouped into the following categories:

01 Fiscal services

02 Interest receipts, dividends and profits

03 Other Non-Tax revenues

Individual Functional Heads of Account have been provided under these sub-sections as indicated in the 'List of Major and Minor Heads of Account' as published by the Comptroller & Auditor General of India.

5.7.2 In the present day dispensation, the Government generally operates as a facilitator for the over all socio-economic growth, besides, maintenance of law and order and undertaking various regulatory measures. In view of this, commercial aspects of various Functions are left to the public sector. Trend of privatization is emerging very fast. The receipts from the functions left to the State Government's direct involvement are not, therefore, substantial. Nevertheless, estimation of whatever receipts accrue from such activities provides a full opportunity to under take review of implementation of the programmes under various Functions. Say for

example, admission fee from the schools can indicate coverage provided to children for imparting of education. Sale of out patient tickets in a hospital can create data for determination of adequacy or otherwise of providing of health coverage. Working out of such estimates should not therefore be taken as a routine. Generally, such forecasting is done with reference to the trend of past actuals. A better approach would be to relate these to the targets and their actualization, which can provide a far better opportunity to find out effectiveness of implementation of the Programmes where from such receipts, accrue to the Government.

5.7.3 In certain cases it becomes necessary for the State Government because of its commitments to the public, to take up Programmes, essentially of socio-economic nature, receipts where from are not commensurate with the expenditure incurred thereon. In other words, such a short fall in the receipts expected from a Programme take the form of **subsidies**, such as subsidies given on the sale of agricultural inputs or the support price for purchase of various products. The receipts from such Programme do not form part of the receipt budget. These programmes are either implemented by the Government or by other autonomous agencies generally owned by the Government. In case implementation is directly with the Government, receipts from these activities are taken as deduct receipts under the relevant Functional Heads so that net effects of expenditure becomes visible at a glance. This has to be on account of the subsidies only but some times other factors also contribute to such excess expenditures which, therefore,

call for an analysis of all relevant factors for application of necessary correctives. When these functions are left to be undertaken by autonomous organizations, the component of subsidy carefully worked out becomes payable to them.

5.7.4 Receipts from such activities when estimated need to be worked out, apart from other things, with reference to the envisaged target of sales/procurements. If such parameters are not enforced cautiously, the effective control over grant of these subsidies may slip and thus cause avoidable burden on the state exchequer.

5.7.5 Massive assistance for implementation of various Programmes with social orientation is received in kind from various national and global bodies. Sale proceeds of such material obtained by the Government in accordance with the terms and conditions attaching to such assistance need to be forecast and provided for in the budget distinctly under the relevant Functional Head of Account.

5.7.6 Although the forecasts of Non-Tax Revenues are generally based on current demand but some times arrears also get accumulated. Such activities, generally include interest receipts, dividends and profits, police deployed for dealing with law and order and for security requirements of other governments and private parties, sale of goods/ manufactured by the prisoners, testing fees, sale of stationery and gazettes, rent of government buildings, contributions towards leave and pensionary benefits, receipts from water supply schemes, recoveries from local bodies, sale of agriculture inputs, sale of

timber and other forest produce, receipts from irrigation schemes, receipts from sale of power, rent from industrial estates, sale of live stock, poultry, fish, auction proceeds of condemned vehicles, dead stock etc. In all such cases, while handling forecasting of the recoveries it becomes necessary to take into consideration the quantum of arrears recoverable during a budget period. The exercise can also provide an opportunity to analyze reasons for accumulation of arrears for the required administrative action. Dead arrears may have to be written off for recorded reasons by the authority competent to do so under rules and regulations prescribed for the purpose. Such sources are major non-tax revenues and forecasting of income there from has to be done objectively. That is, targets have to be determined according to the existing installed capacities and the level of their utilization on a most scientific basis. The estimation from these sources of revenue does not have to be adhoc or exclusively related to the past actuals. In other words, we have to find out potentials and how these can be optimally achieved. Better tapping of these sources can also contribute to bringing about improvements in the general economic health of the State.

5.7.7 Stocks are also created by undertaking some of the activities, for example, goods produced in jails and as a result of trainings imparted in various industrial and social welfare fields. The stocks are also created in public works departments. Accumulation of such stocks results in blockage of capital, which is not desirable. Forecasting of receipts under such relevant functions should therefore, take into consideration reduction in level of stocks and

keeping these within permissible limit. Building of unnecessary inventories results in avoidable costs, as these have to be maintained involving provision of space, security, accounting etc. Thus such of the stocks, which should not be retained after proper survey, need to be disposed off fetching whatever money is possible. Holding of stocks of whatever nature beyond prescribed or reasonable limits is a financial irregularity.

5.8.0 Grant in aid from Central Government

5.8.1 The most important source of non-tax revenue, which accrues to a State, is on account of Grants-in-Aid from Central Government. These grants mainly comprise: -

01 non-plan grants;

02 grants for state plan schemes;

03 grants for central plan schemes;

04 grants for centrally sponsored plan schemes,

05 grants for special plan schemes; and

06 grants for various individual programmes.

In short the Central Grants are either for non-plan or plan purposes. The non-plan grants are given by the Centre to the State pursuant to the provisions made in the Indian Constitution and rule and regulations made there under. Bulk of these grants is based on the recommendations of the Finance

Commission. Some of the grants come outside these recommendations also like subvension from Central Roads Fund, Grants for Relief and Rehabilitation of Displaced persons, grants in lieu of pension contributions and other grants. On the other hand, plan grants are given to the states by the Central Government on the recommendations of the Planning Commission of India. The Ministries incharge of Central Plan and Centrally Sponsored scheme also release grants to the states to cover expenditure on implementation of such Programmes entrusted to them from time to time.

5.8.2 Whereas the Statutory Grants based on the recommendations of the Finance Commission are ear-marked on five yearly basis, the quantum of plan grants is fixed on annual basis. The grants for purposes other than these are based on annual requirements of the states for implementation of the programmes of national importance.

5.8.3 Finalization of forecasts and other data, on which the Union Government or the respective authorized agencies base their recommendations are compiled in the Finance Department who generate these details with the help of various field formations. In order to get the optimum benefit of the said scheme of transfer of resources from Union to the State, it becomes necessary for the Finance and other Administrative Departments to keep themselves abreast with the: -

01 details of various entitlements from the Union Government;

02 details of the Central Plan schemes and the Centrally Sponsored Plan schemes, which are available from various Ministries of the Union Government; and

03 procedures to be followed for claiming transfer of resources from the Union Government on various accounts.

5.8.4 These are thus, special type of budgeting processes relevant to the subject, which are not covered by general rules and regulations. The quantum of receipts expected on the basis of the recommendations of the Finance Commission is determined on the forecasts of receipts and expenditures and other data compiled in accordance with the guidelines of that body and are spread over a period of five years, which are not reviewed during this period. For receipts estimates on account of Grants for implementation of Developmental Plans, the exercise is made by preparation of a **financial resource statement** for Plan funding. Such a forecast adopted for five years is reviewed annually. Sometimes midterm appraisals are also undertaken.

5.9.0 Additional Resource Mobilization

5.9.1 Rationalization of the existing sources and identification of new measures to be taken up for additional resource mobilization has to be highly thoughtful exercise because these proposals not only effect the economy of the State but also should carry with it public acceptability as far as possible. The additional resource mobilization proposals forming part of the budget can be both in the tax and non-

tax categories of revenue receipts. Any such good measure has the following main characteristics: -

01 should be well manageable;
02 should have buoyancy i.e. potential for a good sustained growth;
03 should involve minimal reasonable administrative costs;
04 should have public acceptability;
05 should be in keeping with deference for economic and social goals/commitments at the State and National levels.

5.9.2 In case the new measures fall under Tax Revenue, these should, besides other things, help also in reduction in disparities between the standards of living of different sections of population. Increased income accrues as a result of investment made by the Government into the economy by way of implementation of Developmental Plans. If a portion of this additional income is withdrawn through the process of taxation for reinvestment in Developmental Programmes it has to be viewed as reasonable. Occasion for criticizing such measures arise only when these are harsh and cause genuine difficulties for the tax payers. Evolving of tax measures both direct and indirect has to be a highly thoughtful exercise so that these besides meeting all the economic parameters are well absorbed by the public who have to bear their brunt.

5.9.3 Taxation becomes all the more difficult and tricky for the State Government because of the nature of the sources left to its jurisdiction under the present Constitutional dispensation. Whereas, the sources available to the Central

Government have more buoyancy, those left to be tapped by the State are inelastic. Not only that, in the present scenario of open market economy and liberalized trade and commerce it becomes equally necessary that the taxes are not levied in a manner that will hamper facing of competitive conditions by the local manufacturers. It is, therefore, essential that reasonably good data banks are created by the Taxation Department so that any new measure is carefully linked to such available facts and figures. Effects of taxation need to be kept under constant review by this Department for application of necessary correctives as and when required.

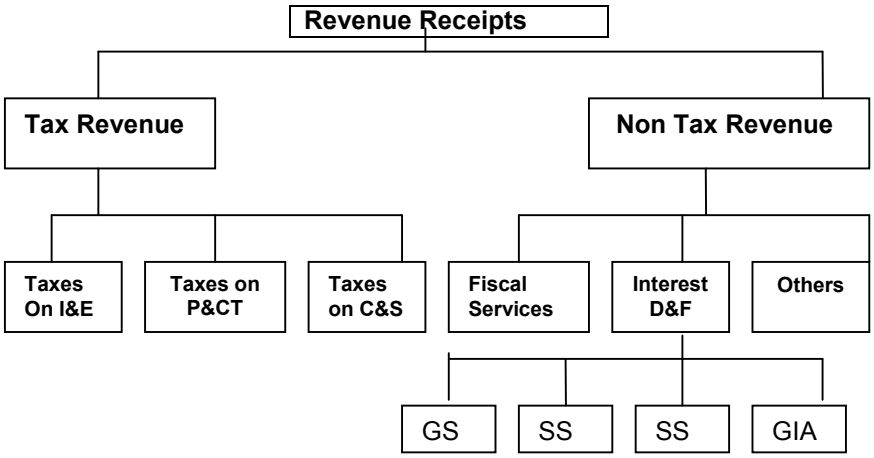
5.10.0 Transfer of the resources from State to Local Self Governments

5.10.1 There are some sources of tax revenue, which in essence are within the domain of Local Bodies but for certain administrative reasons are levied and collected by the State Government. Sometimes such taxes are levied by the Local Bodies and collected by the State Government. Such Local Body taxes generally take the form of entertainment tax, octroi, non-judicial stamps and urban immovable property tax. Whereas some of these taxes are shared between State and Local Self-Government, some are to be passed on to these Bodies, after deduction of collection charges. Such arrangements are, however, regulated according to the mutually accepted terms and conditions. Any way, proceeds from these taxes have to be budgeted for distinctly. Similarly, accounts in respect of the payments made to the Local Bodies have also to be maintained separately. The Major Heads provided for the purpose in

the List of Major and Minor Heads of Account carry specific Minor Heads, generally captioned "deduct payments to the local bodies." Sometimes, these collections are also passed on to these Bodies as grants-in-aid to cover the recovery of taxes and other revenue for and on their behalf or for any other purpose(s).

5.11.0 Over all view of Revenue Receipts Budget

5.11.1 Deducing from what has been stated in the foregoing paras, forecasting of revenue receipts can be projected as under: -



I & E = Income & Expenditure, P & CT = Property & Capital Transaction, C&S= Commodities & Services, D & F = Dividends and Profits, GS = General Services, SS = Social Services, ES = Economic services GIA = Grants-in-aid.

Chapter 6

ESTIMATES OF EXPENDITURE WITHIN REVENUE ACCOUNT

6.1.0 Estimates of expenditure within Revenue Account are also described as estimates of ordinary expenditure. Generally speaking, these represent committed expenditure i.e. those necessary for governance like running of administration and maintenance of law and order machinery. Maintenance of the level of development already reached as a result of undertaking of various Developmental Programmes from time to time is also taken as ordinary expenditure. These types of ordinary expenditure under every Function of the Government is in the form of committed expenditure and constitutes an important component of Expenditure within Revenue Account. Another group of items of expenditure falling in this category comprise general surveys and investigations, trainings and the like, which though necessary for developmental process but do not result in creation of assets or reduction in recurring liability. The Expenditure within the Revenue Account has, therefore, its predetermined pattern and has to be allowed a reasonable growth in relation to inflation in costs.

6.2.0 Administrative levels for estimation

6.2.1 Estimation of expenditure within the Revenue Account starts from the grass roots level of the administrative set up. The authority who has to implement a Programme can alone be the best judge of its financial requirements, particularly when these are need based. For purposes of

accountability and putting the estimation made at grass roots level in the general frame of the budget, it is necessary that the forecasts made at this level are scrutinized at higher levels also. The following levels of administrative set up are involved in expenditure forecasting: -

01 Disbursing officer

02 Drawing and disbursing officer

03 Controlling officer

04 Head of the department

05 Administrative department

06 Finance Department (Planning & Development Department in respect of Plan expenditure)

6.2.2 Drawing and Disbursing Officers are placed in different areas and make drawals from the respective treasuries for disbursement within their jurisdiction. There are more than one Drawing and Disbursing officers under the control of a Controlling Officer. The Head of the Department exercises control over his Controlling Officers. Administrative Departments, who formulate expenditure policies, exercise control over their Heads of Departments. The Finance Department exercises financial control over all the Administrative Departments.

6.2.3 Flow of data for formulation of budget moves in the same manner. One Head of the Department looks after one Function. Sometimes, however, more than one Head of Department control a Function and for this purpose jurisdictions are marked on geographical considerations. It is also possible that different aspects of the same Function are attended to by more than one

Department. Like, in case of Education, operation of Educational Institutions are under Director of Education, the works relating thereto in the form of up keep of assets as also their creation are carried out by the Public Works Department and grant of education loans is handled by some other Department. All these Departments, however, work out the estimates and book the expenditures using the Functional Accounts Classification prescribed for the Function. This equally holds good for other Functions. There has, therefore, to be close coordination between different Departments performing a Function. All of them prepare the estimates of their requirements, which are consolidated in the Finance Department.

6.2.4 Every agency connected with forecasting of this type of expenditure has to bear in mind that estimates are to be drawn as accurately as possible. Over budgeting is full of risks and excess in an estimate is as much a financial irregularity as excess in expenditure. This is particularly true about the estimates of ordinary expenditure, which are of a standing nature. The expenditure estimates of this nature provide an important base for working out Ways and Means budget, which is drawn to plan timely and regular flow of cash during the budget year, an important exercise, because evenness of such a flow through out the year is marred by various constraints. Faulty estimation can even lead to cash crunches and cause difficulties in implementation of Programmes.

6.3.0 Components of expenditure within Revenue Account

6.3.1 The main components of the expenditure within the Revenue Account are: -

01 Establishment Costs

02 Other Costs

6.3.2 The Other Cost include items like office expenses, travel expenses, maintenance and repairs, tools and plants, machinery & equipment, materials and supplies, drugs & instruments, POL, Rent/Rates and Taxes, grants-in-aid contributions and the like.

6.4.0 Estimates of establishment costs

6.4.1 Establishment Costs comprise Salaries payable to the employees and include allowances. This expenditure input assumes importance because it constitutes bulk of ordinary expenditure. Emoluments are given to the employees in different forms and according to the extant rules. The Object Of Expenditure Salaries includes: -

01 Basic pay/ Grade Pay

02 Special pay, if any

03 Dearness allowance

04 City Compensatory allowance

05 House Rent allowance

06 Risk allowance

07 Conveyance allowance

08 Washing allowance

09 Personal pay

10 Fixed medical allowance

11 Leave travel concession

12 Interim relief

13 Hardship allowance

14 Festival advance

15 Overtime allowance

16 Winter allowance

17 Kit maintenance allowance

18 Medical allowance/Medical reimbursement

19 Sumptuary allowance

20 Rural health allowance

21 Project allowance

22 Basta allowance

23 Cash in lieu of leave salary

24 Charge allowance

25 Officiating pay

26 Contributory Provident fund (employer's contribution)

27 Pensionary Charges (employer's contribution)

28 Compensatory allowance/Border allowance

29 Any other allowance

6.4.2 The object of expenditure 'Salaries' has not to be mistaken for Wages, estimation where under takes care of payments to be made to daily rated workers irrespective of the periods for which they are engaged. Wages are not of a standing order and have not to be included in the Salaries. Similarly, the head Salaries also exclude workers engaged in connection with implementation of works and projects. Expenditure on such establishment generally termed as Work Charged Employees form a component of the cost of the individual projects/works and have to

be treated as such for budget estimation. Casual/seasonal workers like *safayee karam charies, farm workers, nursery labour,* who are part time/seasonal workers in an office have not also to be accounted for under Salaries. Instead their cost is a charge on the head 'Wages'.

6.4.3 The components of Salary as mentioned here-in-before are scale regulated and payable monthly or on predefined dates. These do not include Travel Expenses, which are reimbursed (unless paid in advance under relevant rule and adjusted subsequently) to the employees after they undertake tours under competent orders. Such charges are estimated and booked under Travel Expenses, which is a separate Object Of Expenditure. Conveyance Charges paid as part of Salary are accounted for under the head 'Salary'.

6.4.4 Details of estimates under Salaries are worked out on establishment budget forms, which are designed in a manner so as to bring out details of Salary payable. The details are worked out systematically individual by individual. Anticipated increases in the current level of Salary by way of increments are also worked out according to the prescribed parameters. These estimates for Department are consolidated by the Head of the Department. The following are the important points, which have to be kept in view while making this exercise:

01 Estimates have to be prepared in respect of the staff strength which stands sanctioned for the Department and on the approved rates of pay and allowances. No revision in such strength and rates should be assumed even if the same is strongly expected.

02 The estimates should take care of pay and allowances expected to be drawn during a budget year.

03 In case of vacant posts, the estimates should be proposed at the minimum of the scale of pay attached to such posts.

04 When an employee is on leave and a substitute is engaged in such temporary vacancy, provision should be made for both leave salary payable to the original incumbent as also the emoluments payable to the substitute appointed in his place, keeping in view also the period of leave sanctioned.

05 Since the intention is that the estimates should be as accurate as possible, provision for an employee working on a higher post but placed in a lower scale of pay should be made in the lower scale only. The implication of putting such an employee in the higher grade during the course of a year gets reflected in the revised estimates for the year.

06 Salary for the month of March is drawn in April. Therefore, establishment budget estimates of a financial year are prepared from March to end of February.

6.4.5 Compilation of the establishment budget provides an opportunity for reviewing the staff strength sanctioned and that in position for implementation of an Activity. The Head of the Department should make this review so that surplus staff if any is identified and submit a report in this behalf as part of his budget

proposal to the Administrative Department who will decide about the steps that should be taken to deal with the surplus staff or arranging additional posts as per requirements in consultation with the Finance Department. These costs, if not, properly controlled become unsustainable. Down sizing of administration is a complicated problem because it generally leads to litigations. Once surplus staff is identified it can help in evolving suitable plans acceptable to the employees for its down sizing by way of adjustment in positions where it can be productive. Such identification can also make the planners and policy framers conscious of the avoidable expenditure incurred on the surplus staff.

6.4.6 The staff particularly in respect of Schemes/Activities, which form part of expenditure within the Revenue Account, should be need based. The fact also remains that the governance is generally committed to providing government jobs to educated unemployed youth. Attempt should be made to meet such commitments by resorting to the placements in the Programmes/Activities, which can absorb such costs. Such approach should be adopted for plan formulations in respect of meeting the need of infrastructural development in different sectors. While doing so it becomes equally necessary to adjust the already identified surplus person power. Care has also to be taken that in this process, the Developmental Plans do not get over loaded by establishment costs which can have the implication of prolonging gestation periods leading to cost over runs.

6.5.0 Estimates of other fixed costs

6.5.1 Estimates of fixed charges for running an office should be based on the average expenditure incurred during the past three years. In case of items of expenditure, which are governed by regular sanctions, such as engagement of labour and their rate of wages should be the guide for estimating financial requirements under the Object of Expenditure 'Wages'.

6.5.2 Maintenance and Repairs of the existing assets is also an important component of other fixed costs. Assets are created with heavy investments and it will be only prudent to maintain these in a proper form. Generally, it has been observed that the assets are not kept in good condition. Estimates under the Object of Expenditure Maintenance and Repairs need, therefore, to be drawn carefully which may interalia, involve surveying the assets and finding out their actual maintenance requirements. There is a practice of evolving norms for maintenance of assets, which are approved by the competent authority before adoption. Generally such norms are fixed as percentage of the capital investments. Such norms no doubt facilitate taking of decisions with regard to adoption of estimates under this object of expenditure; the system has some inherent deficiencies. Norms may not necessarily meet the actual fund requirements for maintenance. In case of newly created assets maintenance requirements may not be substantial and urgent. Working out estimates in such cases on the basis of the approved percentages of capital cost can cause over budgeting. Similarly, the capital cost in respect of old assets is not such which can provide a suitable base for assumption of maintenance and upkeep estimates. The best

approach, therefore, is to evolve the maintenance estimates in two components i.e. actual need for upkeep of an asset based on properly organized surveys, and routine maintenance and upkeep requirements, which can be assumed with reference to the norms evolved on scientific grounds. These estimates are worked out by Public Works Department separately in respect of each Function. This will have the advantage of earmarking funds for individual Functions and watching their utilization with reference to the purpose for which these are granted. The funds made available in this manner should be made known to the respective Functional Departments to enable them to press of their utilization on maintenance of their assets.

6.5.3 Some of the Objects of Expenditure under Other Costs are stock backed like Materials and Supplies, Tools and Plants, Machinery & Equipment, Clothing and Bedding, Furniture and Fixture, Uniforms, POL, Rent/Rates & Taxes, Drugs & Instruments and the like. Estimates under these heads have to be adopted carefully because the user Departments have a tendency to over estimate their requirements. Every such budget estimate, therefore, be backed by sufficient data and information. Every proposal for adoption of these estimates should justify the estimated requirement with reference to the stocks already held, details of the assessment for the year, basis taken for judicious assessment, estimated cost of the assessment made indicating the source of the rates adopted for the purpose. Inventory created in the process of these purchases has necessarily to be kept within reasonable limits as otherwise, there will be blockade of capital, a serious financial irregularity calling for the required administrative action. At the same time, these requirements

should also not be under estimated particularly in case of consumables like drugs provided to the needy through hospitals and dispensaries or class room aids needed by the educational institutions. Such under estimates eventually bring disrepute to the Government, which is not a good situation.

6.5.4 Grants-in-Aid also constitute an important component under other Fixed Costs. These are given to Non Government Organizations (NGOs) to facilitate taking up of such of the Activities, which are normally supposed to be performed by the Government as a part of their socio-economic commitments. Every Department connected with payment of grants prepares and adopt a set of rules to regulate such payments. These Departments also maintain list of the organizations that are given such grants. Estimates under this object of expenditure have to be based on entitlements worked out in accordance with the rules and regulations. Generally, this assistance is given to the NGOs as re-imbursement of expenditure already incurred by them. That being so, it becomes necessary to ensure that utilization certificates in respect of the earlier grants are taken into considerations while framing such proposals. Every Department reaches a level of disbursement of grants and any estimates crossing this level beyond a reasonable limit have to be supported by full justification. The NGOs receiving grants need also to be inspected by the Designated Authority under relevant rules. These inspection reports should be taken into consideration while working out estimates under the head Grants-in-Aid.

6.5.5 Institutional finances are also available to NGOs for funding of their Schemes/Activities towards

accomplishment of their declared objectives. Availing of such funding facilities has to be encouraged in the interests of the overall economic development of the State. Forecasting requirement of funds for grants should therefore take into consideration the efforts made by an NGO in channelizing institutional finances into its activities.

6.5.6 In view of this, estimation under Grants-in-Aids should be based on: -

01 rule and regulations governing giving of GIAs,

02 utilization of the grants released earlier,

03 inspection report of the Designated Authority under GIA rules,

04 efforts made in the area of pumping in institutional finances into its activities by the organization claiming grants.

6.5.7 Interest obligations in respect of debts raised by the Government internally and externally from time to time are yet another important charge on expenditure within the Revenue Account. These estimates are worked out by the authority required to maintain accounts of the loans raised. These loans are raised and received by the Finance Department who has therefore, to maintain their accounts. Interest liability need to be worked out in respect of every individual loan in accordance with the terms and conditions attached thereto. The estimates have also to be reflected accordingly in the budget. The quantum of funds to be received or repaid during a budget year are known in respect of the loans like Market Borrowings, Loans from Financial Institutions, Loans from Central Government and the like. The estimate of interest liability for such

loans has to be worked out accurately. In case of certain loans like Ways and Means advances (overdrafts) the estimates have to be forecast on the basis of the envisaged level of inflow and outflow of such over drafts during a budget year, which varies even on day to day basis depending upon liquidity of the Government. The estimates on this account should, among other things, be also related to the previous trend.

6.5.8 Generally, management of debt obligations and working out of budget estimates related thereto is taken as an accounting problem. These estimates are not by and large analyzed at the level of their adoption. Since the debt servicing constitutes a bulk charge on the expenditure, utmost care has to be taken while working out and adopting its forecasts. Such an exercise provides an opportunity to find out as to what extent the available resources from Public Debts have been tapped and whether their servicing is regular. Like in the case of Unfunded debts (GPF/CPF) it can be found as to what extent coverage of such schemes has reached or whether the loans available for Central Plan Schemes and Centrally Sponsored Schemes have been raised in full. Short falls in available debt raising or their irregular servicing can cause tremendous adversities in the financial management and upset the whole plan, present as well as future.

6.5.9 Subsidies borne by the State for various socio-economic purposes are also important commitments of Revenue Expenditure. Subsidies may be unavoidable in certain cases because with such measures, corrections can be applied in disparities prevailing in standards of living of different sections of the Society or these can help

in increasing productivity for the ultimate economic health of the State. Management of the subsidies should be highly effective so that chances of pilferages, if any, are minimized.

6.5.10 Subsidies are in respect of Programmes/Activities managed by the Government itself or those, which are handled by the Organizations/ Agencies outside the Government including Public Sector Enterprises fully owned by the Government. In the former situation, the subsidies represent net of the trading activities initially provided for in the capital expenditure sections of the budget. For example distribution and sale of agricultural inputs like fertilizers and pesticides and agricultural tools, implements and equipments, food grains to the poorer sections of the society etc. The Programmes/Activities-involving grants of subsidy are also undertaken by PSUs and other autonomous organizations. Some of the PSUs whose operations are not financially viable because of one reason or the other or their being placed in a situation where they cannot wind up an activity or have to undertake Programmes on the initiative from or under directions given by the Government are also subsidized for such activities. In their case the subsidies should be on reimbursement basis. But under certain circumstances these are paid in advance also. Budgetary support given to the PSUs or even to the Local Body setups are also types of subsidy as generally these loans are not repaid by them.

6.5.11 Where the Programmes involving grant of subsidy are implemented by various field formations of the State administrative set up, the forecasts are worked out on the basis of the expenditure estimates for procurement / manufacture of the items to be distributed,

organizational set up for such distribution net work and other costs which are then adjusted towards sale proceeds. The gap between the two is the element of the subsidy. Expenditures and the receipts thus, envisaged are initially provided for in the Capital Expenditure Section of the budget and accounts. The gap (subsidy) is then transferred to the Revenue Account. In this exercise care has to be taken that all the costs are provided for which also include interest on the investments etc so that no element of the subsidy remains hidden.

6.5.12 As regards subsidy given to the PSUs and other Autonomous Bodies like Local Self-Governments, Universities etc, every Programme for which subsidy is given needs a careful examination. In case of the Programmes, which are implemented by these organizations for and on behalf of the Government, subsidizing the expenditure to the extent of 100% is justified. This can hold good for the expenditures committed by them as a result of Government policy and directives. Where, however, budgetary support is given as a general policy it should be linked to the factors, which may eventually help these organizations to stand on their own strength. In other words, these subsidies need to be treated as stop gap arrangements available only for short period durations. Such subsidies should, therefore, be on tapering basis and made subject to the Organizations' efforts to improve their financial health. In respect of PSUs, subsidies, which are classified as grants, have to be provided for in the 'Expenditure within Revenue Account' section of the budget under the appropriate Major Head of Account.

Chapter 7

ESTIMATES OF CAPITAL EXPENDITURE AND PUBLIC ACCOUNT

7.1.0 Estimates of public works

7.1.1 Expenditure on public works is broadly on account of Works, Establishment, Tools & Plants, Equipments and Suspense transactions. Some expenditure is also necessitated as a result of undertaking of surveys and investigations and designing and planning.

7.1.2 Works, whether original or of maintenance nature will be either works-in-progress or new works. The works-in-progress are continuing works which have been taken up earlier and for which provision of funds in the budget becomes a first charge. New works, on the other hand, are those, which have to be taken up for the first time. These could be in turn, Major Works or Minor Works.

01. Works fall within the ultimate jurisdiction and control of the Public Works department like works relating to construction of roads including bridges, irrigation canals, khuls, water supply schemes, power projects etc. and those which relate to other Departments such as construction of school buildings, medical buildings, culture buildings and other functional buildings. All the works have to be classified under Functional Heads of Account to which these relate. Thus, the works are either those, which are initiated and concluded in the Public

Works Departments, or those which form part of the development of the Functions under control of different Departments.

02. Generally, because of their technical competence, all the works irrespective of the Functions to which these relate are executed by the Public Works Department and form a part of its budget. Exceptionally, however, works are also allowed to be executed by the respective Administrative Departments under special orders of the Government. In such cases the works expenditure estimates form part of the budget of such Departments.

03. Funds for the works belonging to the Public Works Department as mentioned at (01) above have to be arranged by that Department. On the other hand, funds for the works of other Functional Departments entrusted to the Public Works Department have to be initially arranged by those Departments. Once these form part of Public Works Department it becomes responsibility of that Department to arrange and control funds earmarked for such purposes.

04. Works excepting those relating to Repairs and Maintenance and of petty nature within the pre-determined financial ceilings are of development nature from general socio-economic point of view or in

certain cases these constitute investmental expenditure designed to yield suitable financial returns. Where as, Maintenance and Repair works as also Petty Works are treated as part of non-plan budget, the others are provided for in the Plan budget. However, since non-plan resources are scarce to meet the requirements of maintenance, a decision has been taken in recent times to earmark 10-15% of capital component of Plan of all departments for maintenance. Financial requirement in respect of non-plan works for their execution are provided in the budget as a normal course after their examination like any other non-plan budget estimates. The work to be provided for in the Developmental Plans, on the other hand, involve examina-tion in depth not only because these works have wider financial implications but also because these provide for infrastructures for sustained economic growth of the State. Techno-economic feasibility in respect of such works has to be worked out meticulously. Once it is established beyond doubt that it is necessary to take up such works/projects these form part of the Five Year and Annual Plans of the Government and are subjected to scrutiny at higher levels of planning process. The Government shall also constitute project clearance committee(s) for their recommendation to the taking of these as a part of the state budget. It

is incumbent upon the Planning & Development Department to constitute such committees with the concurrence of the Finance Department

05. The development works projects have their own gestation period. It is highly necessary that these gestation periods are carefully evolved, determined and controlled. It has generally been seen that project construction periods (gestation periods) if not adequately controlled can lead to time and cost over runs leading to the projects becoming unviable though considered to be viable at the time of their formulation. It then becomes difficult to accommodate these within the pre-fixed Plan Outlays without affecting other Developmental Programmes. In case of Major Project, PERT and CPM provide better guidelines for determination of financial requirements on annual basis.

06. Some times, projects are funded by external agencies, which may, for the State projects include national level funding arrangements concluded for such purposes, with the Central Government or any financial institution like HUDCO providing funds for housing projects, Power Finance Corporation, Rural Electrification Corporation for power projects, NABARD for agriculture and rural development and the like. In such situations it will be necessary to

follow the guidelines or the conditions, if any, prescribed by such authorities from time to time and accepted to be followed by the project implementing agency while working out the estimates for a budget period.

07. Some works are of strategic and national importance such as construction of National Highways and border roads. These works though funded and executed by the Central Government through their own agencies except to the extent allowed to be taken up by the State as a special arrangement form part of the State budget. The expenditure forecasts for such works should be ascertained from the respective authorities for their incorporation in the budget.

08. Certain road works are financed from Central Road Fund and are described as CRF works. Subvention from this Fund is earmarked for taking up of road works as approved by the concerned Ministry of Government of India. Estimates for such works should be incorporated in the budget accordingly.

09. The Government of India has also constituted a Fund captioned "National Highways Permanent Bridges Fund" from out of the proceeds of levy of fees for services rendered relating to the use of permanent bridges on national

highways. The amount available to the credit of this Fund is allocated by the Central Government for development of National Highways in the State, which is over and above the normal plan allocation. The individual works to be funded from this Fund have to be approved by the Central Government according to the proposals made available to them by the State Government. Estimates in respect of such works should be included in the budget on this basis.

10. There are some public works, which have commercial orientation, apart from their being necessary to meet social commitments. Irrigation works help the farmers to increase their agricultural production; power projects provide energy, which has its own value or water supply schemes are designed to provide portable drinking water. Objectively, every such project has to be included in a budget on the basis of their viability studies. In case of some of these projects clearance for their implementation has also to be obtained from National Level Authorities like Central Water Commission (CWC), Central Electricity Authority (CEA) and Central Wildlife Board. It is therefore, necessary that such approvals also form part of the examination of the expenditure forecasts in these cases.

11. It is equally necessary that the preliminaries of Administrative

Approval and Technical Sanction etc. are completed before the provision is made in the budget proposals – the idea again being that there should be a reasonable chance of the proposed budget estimates being purposefully utilized during a year.

12. In case of works-in-progress the proposals should be prepared with full justification making these as most realistic particularly keeping in mind the gestation period, the work already done and that likely to be done during the budget period.

13. Minor works estimates may not be prepared in respect of individual works as that will be cumbersome and time consuming. Moreover, such works are generally stray works necessitated to be implemented due to various reasons which cannot be accurately foreseen. That being the reason, such estimates are generally based on trend of past actuals (actuals for the last three years) to be modified for the known reasons.

14. The Estimates for Repairs and Maintenance should also be prepared with adequate care.

7.2.0 Establishment Budget of Public Works Departments

7.2.1 The establishment of the Public Works Department is regular establishment or work charged staff. The work charged establishment

is either put into regular scales of pay or retained on daily wages. Expenditure on both the categories of work charged establishment is directly attributable to the works and should therefore be part of the expenditure of works budget estimates. As regards regular establishment it is supervisory in nature and performs at sub-divisional and other levels of Public Works Departments. Expenditures estimates in respect of this establishment are worked out in accordance with the same guidelines as are applicable to the estimates relating to establishment of other Departments. Such estimates will, apart from Salaries, include other management expenditure requirements also. The same staff also takes care of designing and planning as well. As already mentioned earlier Public Works Departments have to implement works relating to different Functions undertaken by the Government. Ordinarily, the common expenditure in the form of establishment and planning and designing should be provided under relevant Functional Heads of Account but it is very difficult to do so because following such a system will involve a lot of calculations which will make budgeting as also accounting complicated. In view of this, provision for the cost of combined establishment is made initially under one Major Head of Account and then at the close of year transferred to the relevant Functional Heads on proportionate basis. In order further to reduce such adjustments, the common expenditures are distributed between communication works, administrative and functional buildings and housing construction Programmes only.

7.3.0 Estimates under Suspense

7.3.1 Account head 'Suspense' has been provided for such transactions, which cannot be taken to the final head of account immediately on their occurrence, due to various reasons. Such expenditures are eventually transferred to the relevant account heads when details become known and classification of expenditures settled. Thus, the account head 'Suspense' has both debit and credits. Making of provision under prescribed subheads of Suspense also enables exercise of control over such expenditures and their adjustments in the accounts, Excess of debits over credit under suspense is indicative of retention of stocks at higher levels, non rendering of accounts against the miscellaneous Public Works Advances drawn by the employees looking after execution of work etc. for application of necessary correctives. It has to be noted that outstanding balances under Suspense can be on account of the expenditures/liabilities already created in the process of implementation of works programmes. Once the Suspense Head remains thus uncleared it indicates that full debit is not passed to the relevant schemes, which may result in claiming of lesser funds from the Central Government or any other agencies funding these. Getting of lesser funds than falling due may even lead to cash crunches. Handling of adoption of forecasts under this head of account should be based on these considerations. Stock levels and normal out standings under other Suspense Heads is a serious exercise for the Public Works Department. Once these are rationally fixed and followed, expenditure control on execution of works becomes more effective and efficient.

7.4.0 Other Capital Expenditures:-

7.4.1 Apart from works, the other capital expenditure is in the form of trading activities undertaken by the State Government under certain specified circumstances like public distribution system for general and specific purposes. General public distribution involves purchase and sale of essential commodities. Such distribution for specific purposes arises from purchase/manufacture and sale of such commodities which are essential for the effective growth of various Sectors of economy like fertilizers, implements etc. for Agricultural development.

7.4.2 Capital expenditures also include investments in Public Sector Enterprises set up for various economic purposes. Normally, these activities should be left to be handled by Public or Private Sectors outside the State Government who should intervene only as facilitators of such activities. This approach becomes necessary in view of the subjecting of the country's economy to the open market forces.

7.5.0 Public Debt Estimates

7.5.1 **Composition of Public Debt**:-Public debt comprises, Internal Debt, External Debt and Loans and Advances from the Central Government. The Internal Debts are in the form of market Loans, treasury bills and connected securities issued by the Government, compensation and other bonds, special securities and ways and means advances raised from time to time. The External Debts are those raised from other countries and global organizations. The loans from the Central Government are for both plan and non-plan purposes.

7.5.2 The Internal Debts are authorized to be raised and managed by the authorities designated for the purpose by the State Government from time to time. Accordingly, it becomes necessary for the Designated Authority to compile budget estimates in respect of Internal Debts. Management of these debts is vested with the Finance Department, who are therefore, required to maintain all the relevant records as may be prescribed in consultation with the Accountant General of the State.

7.5.3 **Framing of Estimates:-**.Every internal debt is backed by an agreement to regulate its management. Such document therefore, form basis of forecasting these budget estimates, which have both inflow and outflow commitments. Inflow estimates may or may not be backed by agreements. Such of the internal debts which are to be raised for the first time in a budget year are provided for on the basis of assumption only. On the other hand, the Internal Debts which are of perpetual nature like overdrafts obtained from the bank to tie over temporary financial difficulties have to be estimated on the basis of previous trend and such of the known factors which can change the past behavior. Every Public Debt estimation both in respect of receipts and also repayments have to be based on the individual dispensations. Generally speaking budget estimates of the account heads falling under Public Debt have to be drawn keeping in view the following parameters:-

1.0 Estimates of inflow of Public Debt

1.1 Description of the public debt

1.2 Source of the Debt

1.3 Terms and conditions of the debt

1.4 Estimated receipts for the year

2.0 Disbursements

2.1 Outstanding if any including interest at the beginning of the year preceding to that for which budget is prepared

2.2 Additions to the debt including interest during the above year

2.3 Repayment made during the above year

2.4 Payment of interest made during the above year.

2.5 Opening balance of the debt in the budget year for which estimates are drawn(2.1+2.2-2.3-2.4)

2.6 Repayment of the debt during budget year based on agreements etc.

2.7 Payment of interest during budget year.

2.8 Provision of funds proposed for repayments in the said year.

7.5.4 It may sometimes happen that repayment of debts including interest during a year does not become possible due to one reason or other which causes arrears. Every attempt has to be made that such a situation does not arise as debts falling in arrears causes avoidable interest liabilities. Sometimes accumulation of such liabilities give rise to penal interests and handling of such situations becomes difficult. Debt servicing should therefore be a first charge on the resources available with the Government. Any mishandling of debt management adversely effects future Development effects future Developmental

Programmes and even makes management of resources a complicated issue.

7.6.0 Loans and Advances

7.6.1 These are third party Loans and Advances and are given for general, social, economic and other purposes. Giving of loans and advances are part of Developmental Planning process. Almost every sector of Plan Development has provision for disbursement of loans as a component of the outlay earmarked for it, for instance grant of education loan is a part of plan outlay under education. Similarly, loans given for construction of houses is debitable to the housing plan

7.6.2 In the present day financial management scenario funds for capital and other investments also become available from financial institutions and commercial banks. It, therefore, becomes necessary that these available resources are also channelised into the economic developmental process. One of the important mechanisms to do so can be by way of giving of margin money loans to the PSUs, Local Bodies and other Autonomous Organizations including NGOs to facilitate raising of further institutional finances. There are however, certain Sectors where Government's direct intervention becomes necessary so as to ensure that the benefit of such loans reaches the needy and their effect is wide spread as far as possible.

7.6.3 Every loan granted has its own terms and conditions which generally depend upon nature of such loans. The Loans and Advances given by the Government are categorized as "Productive", "Semi-Productive" and "Non-

Productive". This classification though conventional is adopted to regulate such loans and advances. As otherwise any capital investment has economic connotations, which may be tangible, intangible or both. The Government, therefore, formulates its own policy for grant of these third party loans which are then managed in accordance with the Rules and Regulations that may be framed pursuant to such policies in respect of every category of such Loans and Advances.

7.6.4 Every endeavor has to be made to recover the loans during the prescribed period of recovery inclusive of moratoriums if any provided. It has generally been seen that most of the loans are not recovered at the appropriate time during the stipulated period of recovery. This is particularly true about Loans and Advances granted by the Government. The recovery of their arrears at times and under certain circumstances becomes unmanageable. Formulation of the budget estimates under the category Loans and Advances provides an opportunity to review Loans and Advances disbursements and their recovery. Such an opportunity has to be made best use of so that loopholes wherever noticed are plugged. The exercise also helps in finding out as to how the targets fixed earlier have actualized so that defaulters if any, within and outside management are suitably dealt with. Drawing of estimates under Loans and Advances is therefore a serious exercise to be made by those who are holding their management and maintenance of accounts.

7.6.5 Loans and Advances estimates are in respect of both envisaged inflows and outflows. The estimation on both these sides has to be made accurately and the factors relevant to every

category of Loans and Advances play a vital role in this forecasting. The guidelines to be followed in this exercise are indicated hereunder:-

01 Estimates of recoveries and disbursements need to be drawn separately by the authorities entrusted with the responsibility of managing these Loans and Advances. At the micro level, the estimates need to be framed in respect of each individual loanee which are eventually consolidated by the controlling officers under prescribed heads of account.

02 Detailed individual accounts provide an important clue for drawing of these estimates.

03 While drawing the estimates, it becomes necessary to ascertain the level of outstandings in respect of different categories of loans at the beginning of the year in respect of which budget is prepared. While working out these arrears it is equally necessary that these are grouped according to their age. Generally loans outstanding for more than a year are shown separately so that an idea can be framed as to how their recovery should be dealt with.

04 The controlling officers while consolidating the estimates relating to Loans and Advances should analyze the position of outstanding arrears and fix the targets of recovery in a most realistic manner. Overstating the estimates of recovery disturbs the Ways and Means position of the

Government causing serious cash management problems.

05. While estimating disbursement of Loans and Advances it will be necessary to keep in mind the funds earmarked for the purpose in the Plan outlays under different Sectors of a Developmental Plan.

06 There are certain Loans and Advances like education loans, which are disbursed, to loanees in a phased manner over a period of time. The Loans and Advances thus given create a commitment which becomes first charge on the budget estimates drawn for such categories of loans and should therefore be dealt with accordingly.

7.6.6 The estimates thus drawn should be accompanied by a review of the loan accounts as also explanatory notes so as to facilitate their understanding and adoption.

7.7.0 Public Account

7.7.1 The composition of Public Account has been described in detail in Chapter 3.

7.7.2 **Estimation:-** The main sections of Public Account are Small Savings, Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Miscellaneous and Remittances. The transactions occurring under each of these Sections are by and large of adjusting nature. The accounts are maintained by the Accountant General of the State except in respect of the cases where such responsibility is undertaken by the State Government. Generally Small Savings, Provident Funds etc. accounts are

maintained by the State authorities. In respect of these accounts it is responsibility of the respective Account Maintaining Authorities to prepare budget estimates. These estimates are drawn on the basis of trend of past actuals which may however, be modified on certain known facts, for example, it may be found that full coverage has not been given to the employees in respect of their Provident Funds, Insurance Funds and Pension Funds. In that scenario therefore, a drive may have to be launched to bring more employees under these Schemes resulting consequently in pitching the estimates at a comparatively higher level.

7.7.3 In respect of some Reserve Funds like Famine Relief Fund, Central Road Fund, Roads and Bridges Fund, deposits of Local Fund etc. the estimates have to be worked out with reference to the rules governing such Funds. The expenditures initially provided in the 'Consolidated Fund' section of the Budget for meeting the purpose for which such Funds are instituted are eventually transferred to the 'Reserves and Deposits' section of the Public Account.

7.7.4 The estimates under Public Account need a careful appraisal as these may call for adjustments which may not have been carried out earlier due to one reason or the other. Such adjustments if not provided for and carried out properly at the appropriate time may even lead to understating the expenditures under various functions resulting in difficulties for settlement with Government of India, other States and organizations.

Chapter 8

BUDGET ESTIMATES IN RESPECT OF NEW SERVICES

8.1.0 Generally speaking estimates relating to the expenditure as may be necessitated due to adoption of a new policy or a new facility or substantial alteration in an existing service is treated as a "New Service" referred to in the Constitution. It may be mentioned that no precise definition of the term has been evolved so far. The general test applied in this behalf is to see whether any provision was made for a particular service in the previous year's budget before such a service could be classified as a New Service. A substantial addition to the existing services for which provision of funds exists is also treated as New Service. In other words, any additional expenditure on account of ordinary expansion of an existing service does not attract limitations for being classified as New Service expenditure. Some of the guiding factors for determining whether expenditure is on a New Service or not are: -

01 Substantial increase in the existing staff of a scheme.

02 Revision of pay scales involving additional recurring expenditure excepting that, which is caused by their unifications.

03 Conversion of the temporary posts into permanent one involving additional recurring expenditure over and above a pre-determined ceiling.

04 Revival of posts previously abolished with the cognizance of the Legislature.

05 Refund of amounts in pursuance of a deliberate change in policy.

06 Purchase of new machinery, plant or other stock on non-recurring basis involving an expenditure of large scale.

07 Substantial increase in grants-in-aid given to various organizations including NGOs.

8.2.0 Expenditure on a New Service can not be incurred unless it has been provided for in the budget. For this purpose, therefore, it is necessary that self contained proposals are drawn, examined and sanctioned by the competent authority declared or set up in this behalf before their inclusion in the budget.

8.3.0 During the course of a year, it may sometimes happen that expenditure on New Service cannot be avoided and has to be incurred due to one reason or the other. Under such circumstances, an advance is obtained from the Contingency Fund to be recouped subsequently when the Legislature meets.

PART-III

PART- III

Chapter 9

CONSOLIDATION OF THE BUDGET

9.1.0 Consolidation is summation of the estimates drawn under different Sectors of Classification so that an overall position of estimated receipts and disbursements during the budget year emerges. Such type of consolidation enables to find out deficit and surplus on various accounts for the required measures to handle such situation.

9.2.0 Ways & Means estimation

9.2.1 Inflow and outflow of funds does not remain uniform during different periods of the budget year. Sometimes cash inflow is more than the outflow. Similarly, during some periods the outflow exceeds inflow. Under the Ways & Means Advance (WMA) regime, the surplus funds are invested in 14 days Intermediate Treasury (IT) bills. This is in book entry form and issued for a minimum balance of ₹ 1 lakh and in multiples of ₹ 1 lakh. These are non-transferrable and issued at a discount and redeemed at par on expiry of 14 days from the date of issue. In the event of shortfall in the revenue it becomes essential that the gap is bridged by resorting to WMA provided by RBI. In order to give a scientific base to the requirements of the cash management, it will be proper to formulate a Ways and Means budget which also means drawing of fund flow forecast for the

budget year and watch its behaviour while the budget is under implementation.

9.2.2 For the said purpose the budget forecasts need to be bifurcated into quarters of the year. This process will generate targets for the implementing agencies to be monitored at various levels of Government.

More details for making ways and means forecasting are given in Chapter 15.0.0 titled "Cash management for Budget implementation"

9.3.0 Fiscal Responsibility

9.3.1 Consolidation of the budget casts a responsibility on State Government in the Finance Department to ensure that the data developed during various budgetary processes as discussed in the foregoing chapters of this Manual is thoughtfully analyzed to ensure prudence in the fiscal management, value addition to the available information and bringing about greater transparency in the current fiscal policy and for matters connected therewith or incidental thereto. Obliviously, it is not sufficient to consolidate the forecasts and prepare the ways and means estimates as indicated above. Consolidation should, therefore, aim at finding out as to how fiscal stability can be brought about mainly by progressive strengthening of revenue surplus, reduction of fiscal deficit and prudent debt management. The data needed to reach these objectives has to be developed and presented in various

formats which have to be supplementary to the normal budgetary exercise.

9.3.2 While moving in the above direction the State Legislature has enacted "Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006.

9.3.3 The Finance Department shall in close coordination with the Planning and Development Department prepare all the required statements and fill in the prescribed formats as envisaged in the said Act which shall form part of a year's Budget. Minister-in-charge Finance may constitute a team of officers from his own department as also the Planning and Development Department to do the required exercise to the satisfaction of the Finance Minister for determination of the action as may be required to be taken to accomplish objectives of compilation of the budget for making it a document for fiscal sustainability.

9.4.0 Holding of Budget Cabinet Meeting

9.4.1 Once consolidation of the Budget is completed, the Minister in charge Finance Department shall arrange convening of a Cabinet meeting where the proposals shall be discussed and approved to be laid before the State

Legislature on a date fixed for the purpose. The Memorandum for Submission to the Budget Cabinet as approved by the Finance Minister shall, *inter-alia,* specify:

01. the overall financial health of the State Government on various economic indicators,

02. overall position of the estimates of receipts and disbursements, spelling out the measures to be taken to bridge the deficits and how these can be converted into sustainable surpluses,

03. financial policy statements both short term and medium term,

04. disclosures required to be made before the State Legislature while presenting the budget, and

05. any other matter considered necessary to be brought to the notice of the cabinet for approval or information.

9.4.2 It is necessary for the Minister in charge Finance Department to ensure compliance with the provisions of the "Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006" and rules made thereunder, the full texts whereof are appended at the end of this Part of the Manual.

Chapter 10

PASSAGE OF BUDGET IN THE LEGISLATURE

10.1.0 General

10.1.1 All the matters relating to a budget are dealt with in Legislature in a special annual session called "Budget Session". The budget as compiled by the Government is placed before both the Houses of Legislature on a date fixed by the Head of the State namely, the Governor.

10.1.2 Budget session generally starts around the last week of February or first week of March every year. The Legislature is required to complete the whole process of passing the budget and adopting the Acts of Appropriation before commencement of the financial year to which they relate. Under certain exigencies, say during an election year, the Budget Session may be held at some other time of the financial year after the newly elected Government assumes office.

10.1.3 The deliberations of Legislature take place in the following stages: -

01 Presentation of budget.

02 Moving of Demands for Grants.

03 Consideration of Appropriation Bill and

04 Adoption of the Appropriation Act.

10.1.4 All these stages of budget examination and its approval by the Legislature have necessarily to be backed by sanctions of the Governor for which Chief Minister makes a special request to

Governor soon after holding of customary Budget Cabinet meeting. These sanctions are the instruments issued separately as under: -

01. Memorandum from Chief Minister to the Governor.

02. Sanction of the Governor to the presentation and consideration of the budget.

03. Sanction of the Governor for moving of Demands for Grants.

04. Sanction of the Governor for introduction and consideration of Appropriation Bills.

The model drafts for these memo, and sanctions as relating separately to 'Full Budget' and 'Vote on Account' are placed as **Appendices F.1 to F.20 and Appendices V.1 to V.13** to this Part of the Manual at the end.

10.1.5 Passage of the budget in all the above-mentioned stages is discussed in the following paras: -

10.2.0 Presentation of Budget

10.2.1 Presentation of budget is a very important occasion for the Legislature and the State as it is on this day various fiscal plans relating to governance, developmental programmes and other regulatory measures with economic connotations become known.

10.2.2 On the day fixed for budget presentation, the Finance Minister introduces the budget conventionally by reading from a written budget

speech. This is done in both the Houses of the Legislature simultaneously. While the Finance Minister introduces the budget and reads out the budget speech in the Lower House, any other Council Member does so in the Upper House.

10.2.3 The budget speech besides explaining salient features of the estimates included in the budget also gives an account of the past performance and the economic policies of the Government. It also outlines the steps that are proposed to be taken for raising of additional resources and the expected expenditure target, both developmental and non-develop-mental. Statements and other details as prescribed under the Fiscal Responsibility and Budget Management Act and rules made there under also form part of the budget documents. Besides, following documents have also been made mandatory for being presented along with Budget document :

i. Supplement to Budget Documents (Urban Local Bodies).
ii. Supplement to Budget Documents (Rural Local Bodies).
iii. Statement of subsidies.
iv. Statement of Gender Responsive Budgeting.
v. Information in respect of own Tax, Non-Tax revenue, transfers from Centre, Non-Plan and Plan Expenditure.
vi. Action Taken Report on announcements made in the previous Budget Speech and Budget-at-a-glance are also being placed as part of the Budget documents.

10.2.4 In order to enable the hon'ble members of the Legislature to appreciate the current economic background of the State, an Economic Survey is tabled in the Legislature one or two days prior to

budget presentation. The Budget presentation is followed by general discussion on the budget proposals of the Government in the Legislature. Every member is free to raise any issue relating to the budget during these general discussions. Every political party and independent members are allotted time by the Speaker according to a time schedule evolved and adopted for the purpose after consultations with the leaders of the different parties in accordance with the rules prescribed for conduct of business in the House.

10.2.5 The points raised during general discussion on budget are replied at the end of the debate by the Finance Minister. No motions are made or entertained during these discussions.

10.3.0 Moving of Demands for Grants

10.3.1 Demands for Grants are statements of expenditure to cover requirements of the Government on various functions undertaken by it through its various Departments and for which authorization of the Legislature is required. Obviously, Demands for Grants include all expenditures in the Consolidated Fund other than those, which are declared as charged on the Fund under provisions of the Constitution. The charged items of expenditure are not subject to vote of the Legislature. There is however, no bar in discussing components of the charged expenditure also. One Demand for Grants generally covers activities of one Department. There may, however, be more than one Demands for Grants for a Department depending upon magnitude of the activities undertaken.

10.3.2 A Demand for Grant has four parts as under: -

Part I - Indicates total funds required under a Demand

Part II - Gives details of the funds included in the Demand by Major Heads of Account.

Part III- Gives Minor Head-wise details of the requirement of funds under a Demand.

Part IV- Records details of items of expenditure on new services included in a Demand.

For all items of expenditure estimates in all parts of Demand figures are supplied separately for: -

01 actuals for the previous year, budget estimates of the current year that is in which budget is presented, revised estimates for the current year that is in which budget is presented; and

02 budget estimates for the year to which budget relates

10.3.3 Demand for Grant is prepared for gross amount of expenditure that is without taking into consideration the recoveries for the reason that the Legislature has to authorize all the expenditure from the Consolidated Fund.

10.3.4 Motion for taking a Demand for Grant into consideration by the House is moved by the concerned Minister in the following form: -

"that a sum of not exceeding ₹_____ be granted to the Government to defray charges which will come in course of payment during the year ending 31st day of March _____ in respect of _____."

10.3.5 The words "not exceeding" may be noted. It means that only maximum amount of the requirement is mentioned in the motion which when passed cannot be exceeded. The motion thus moved becomes open for deliberations by the hon'ble members. It has to be noted that the Demands for Grants can be moved only in the Legislative Assembly because it is that body which has final authority to authorize appropriation from and out of the Consolidated Fund.

10.3.6 When a Demand is moved in the manner mentioned above, members are free to table Cut Motions with the objective of making reductions in the amount in a particular Demand. Cut motions create a chance to enable a member to ventilate his/her grievances about a specific policy or its implementation by a Department of the Government.

10.3.7 As defined in Rule 224 of Business Rules of Legislative Assembly, there are three types of Cut Motions, namely: -

01 disapproval of policy Cut,

02 economy Cut, and

03 token Cut

10.3.8 After a Cut Motion is admitted by the Speaker, it is passed on to the Government well in advance so as to provide ample opportunity to the Minister concerned to prepare himself to face the point(s)

that may be raised by a member. After Cut Motions are discussed, the concerned Minister replies the debate which should be to the satisfaction of the member moving a Motion who has right to withdraw it after listening to the Minister or press for a vote. At the closing hour of such discussion fixed under rules by the House or at such other hour as the Speaker may fix in advance during the days allotted for voting of Demands of Grants the Speaker shall forthwith put every question necessary to dispose of all outstanding matters in connection with Demands for Grants. Time allotted for discussion on Demands for Grants and their ultimate disposal is not normally extended.

10.3.9 The Legislature may either accord assent to the Demands or refuse to give assent to any Demand or give assent to a Demand subject to reduction of amount specified there in.

10.3.10 It may be noted that the Legislature has no authority under the Constitution to increase the amount specified in a Demand for Grant. A Demand for Grant when passed by the Legislature becomes "Grant."

10.4.0 Consideration of Appropriation Bills

10.4.1 Voting of expenditure estimates through Demands for Grants does not by itself confer authority to the Government for incurring of expenditures. Therefore, after the Demands for Grants are passed by the Legislative Assembly an Appropriation Bill is introduced by the Finance Minister for consideration and passing by the House. As pointed out earlier this process has also to be undertaken with the sanction of the Governor.

10.4.2 The Appropriation Bill aims at authorizing appropriation from and out of the Consolidated Fund of all moneys voted as well as those which are treated as 'charged' on the Consolidated Fund as per Sections 79(3), 108(3) and 136 of the Constitution. The services and the purposes for which appropriations are thus proposed to be obtained are indicated in the schedule attached to the Appropriation Bill.

10.4.3 The bill when introduced and taken up for consideration, is put to a general debate by the members of the House. This debate is restricted to the matters of public importance. Only such of the points can be raised which have not been brought under consideration during discussions on Demands for Grants or general discussions on the budget. No amendments can be proposed to the Appropriation Bill which have the effect of varying the amount or altering the destination of the Grants made earlier by the House. The debate on the Appropriation Bill is concluded by the Finance Minister who replies the points raised by the participants in the debate. Thereafter the Bill is put to vote of the Legislative Assembly. After the Bill is thus passed other processes as discussed here-in-after are undertaken to give it shape of an Act of the Legislature. In case the Bill is not passed for whatsoever reason, the Government falls as such a situation is taken as a vote of no confidence.

10.4.4 After the Bill is passed by the Legislative Assembly, it is referred to the Legislative Council for their consideration. The Legislative Council cannot reject the Bill as the final authority for passing such a bill vests with the Legislative Assembly. The Legislative Council has however, power to make recommendation with regard to

modifications considered necessary by them for acceptance of the Legislative Assembly. This power is also subject to limitations as under: -

01. The Legislative Council must within a period of 14 days from the receipt of the Bill return it to the Legislative Assembly with their recommendations.

02. The Legislative Assembly may accept or reject all or any of the recommendations of the Legislative Council.

03. In case the Bill is not returned within this stipulated period of time it is deemed to have been passed by both of the Houses in the same form in which it stands passed by the Legislative Assembly.

10.4.5 The Appropriation Bill when passed by both the Houses of the Legislature is submitted to the Governor for his assent. Once this assent is accorded, the Appropriation Bill becomes an Appropriation Act giving legal authority to the Government to incur expenditure from and out of the Consolidated Fund in accordance with the stipulations made in the Act.

10.5.0 Money Bill and Finance Bill

10.5.1 These are two types of the Bills provided for in the Constitution for dealing with the financial matters of the State by the Legislature. Distinction between Money Bill and Finance Bill has to be understood clearly. A Money Bill is deemed to be one if it contains ONLY provisions dealing with all or any of the following matters: -

01. The imposition, abolition, remission alteration or regulation of any tax;

02. The regulation of borrowing powers of the Government;

03. Custody of the Consolidated Fund or the Contingency Fund, the payment of moneys into or withdrawal or money from any such Fund;

04. The appropriation of moneys out of the Consolidated Fund.

05. The declaring of any expenditure as charged on the Consolidated Fund or increasing amount of any such expenditure;

06. The receipt of money on account of Consolidated Fund or Public Account or the custody or issue of such money or the audit of the accounts of the State.

07. Any matter incidental to any of the matters specified above.

10.5.2 It has to be noted that a Bill shall not be deemed to a Money Bill by reason only that it provides for imposition of fines or other pecuniary penalties or for demand or the payment of fee for license or fee for services rendered or by reason that it provides for the imposition, remission, abolition, alteration or regulation of any tax by Local Body for local purposes.

10.5.3 Decision of the Speaker whether a bill is a Money Bill or not is final. This means that when a Bill is certified to be a Money Bill by the said authority it can not be challenged by any authority, whosoever.

10.5.4 All Money Bills are introduced in the Legislative Assembly with the sanction of the Governor. It is this House which has final authority to deal with such Bills. Power of the Legislative Council in respect of such Bills is limited. They can make only recommendations for consideration by the Legislative Assembly. In case such Bills are passed by the Legislative Assembly after accepting the recommendations of the Legislative Council it is deemed to have been passed by both the Houses. In case the Legislative Council retains the Bill for more than 14 days it is deemed to have been passed at the expiry of said period in the form in which it was passed by the Legislative Assembly. Thus, it will be seen that the provisions of the Constitution relating to joint sitting in the event of disagreement between two Houses are not attracted in case of Money Bills.

10.5.5 Finance Bill is one, which relates to revenue or expenditure. The Finance Bills are of two kinds as under: -

01. Those Bills which contain any of the matter, which fall within the jurisdiction of Money Bill, but does not deal exclusively with such matters. The example can be a Bill, which has a clause dealing with taxation but does not exclusively deal with the taxation as such.
02. Those ordinary Bills which involve expenditure from the Consolidated Fund.

10.6.0 Vote on Account

10.6.1 The Legislative Assembly has powers to make any Grant in advance in respect of the estimated expenditure for a part of any financial year

pending completion of the procedure prescribed for such Grants and passing of the law authorizing appropriation of moneys out of the Consolidated Fund to meet that expenditure. Such Grants are called "Vote on Account."

10.6.2 Necessity for obtaining a Vote on Account may arise every year so as to give full opportunity to the Legislature to discuss the Annual Financial Statement and the period of such an examination may extend beyond the date of commencement of the financial year to which this statement relates. In order to enable the Government to meet expenditure on various services during this period they obtain Vote on Account. Similarly, in the year when general election has to be held, the Government of the day may choose to obtain a Vote on Account.

10.6.3 The Vote on Account has also to be backed by an Appropriation Act which is obtained in the same manner as is done in case of a full budget.

10.7.0 Supplementary Grants

10.7.1 If the sums authorized by the Legislature to be spent on a service prove insufficient during the course of a year there will arise a need for obtaining Supplementary Grants. Similarly, when a New Service has to be undertaken for which no provision was made in the original Annual Financial Statement need for obtaining Supplementary Grant will arise. All such items are listed in a statement termed as "Supplementary Statement of Expenditure", which is disposed off in the same way as the Annual Financial Statement. A motion for Supplementary Grants states the total sum required and the amounts needed to be supplemented under each Grant. The sums

required under various Grants are mentioned in a scheduled appended to the motion. A motion relating to Supplementary Demand is made by the Finance Minister. Debate on Supplementary Grants is confined to the items constituting the same and no discussion is allowed on the original grants or the policy underlying them, except in so far as it may be necessary to explain or illustrate the point under discussion. The Supplementary Statement of expenditure has also to be introduced in Legislature Assembly with the sanction of the Governor.

10.8.0 Additional Grants

10.8.1 Additional grants are obtained from the Legislature through a Supplementary Statement of Expenditure so as to meet expenditure on a New Service not contemplated in the original budget.

10.9.0 Excess Grants

10.9.1 If after close of a financial year it is found that expenditure under a Grant has been more than the amount of funds that was available as a result of obtaining original Grants through Annual Financial Statement or Supplementary or Additional Grants obtained through Supplementary Statements of Expenditure or through both, Excess Grants have to be obtained from the Legislature. For this purpose a Statement of Excess Expenditure is presented to the Legislative Assembly by the Finance Minister. Thus the “Excess Grants” are those, which are necessitated to cover the expenditures, which have been found to be in excess of the appropriations available during a year, which has already passed. It is therefore a post budget exercise. Such excesses are

brought out in the Appropriation Accounts and the Excess Grants to cover these are obtained on the recommendations of the Public Accounts Committee. This Committee examines each such case before making its recommendations.

10.10.0 Exceptional Grants

10.10.1 The Legislature has also power to make Exceptional Grants which from part of the current services of any financial year.

10.11.0 Token Grants

10.11.1 When during the course of a financial year it is found that expenditure on a New Service for which funds should have been obtained from the Legislature can be arranged through re-appropriation for which the Government has powers, a Token Grant is obtained for rupee one or rupees hundred. Through this process, the Government obtains consent of the Legislature for taking up of such a New Service. No separate motion is made for obtaining such Grants which are obtained through Supplementary Statement of Expenditure. In this statement against such an item it is specifically indicated that the proposed estimates of expenditure are only token expenditures for which Token Grants are required as appropriation for such purposes can be arranged though re-appropriation within a Grant.

10.12.0 Procedures in Financial Matters

10.12.1 The constitutional provisions on Budget and Budget related issues as enshrined in the Constitution of Jammu and Kashmir and the Constitution of India are given in **Appendix - 3** and **Appendix - 4** at the end of this Part of the Manual.

10.12.2 The procedures for conduct of business relating to financial matters as contained in chapter xx of the Rules of Procedure and Conduct of Business in the J&K Legislative Assembly and in the J&K Legislative Council is given in the **Appendix - 5 and Appendix - 6** at the end of this Part of the Manual.

Chapter 11

DISTRIBUTION OF BUDGET

11.1.0 Distribution of budget

11.1.1 Execution of the budget starts immediately after the Appropriation Act becomes available. This Act gives an authority to the Government to incur expenditure. Such an authority is, however, conditional - the conditions being:

01. that the expenditure has to be kept within the Appropriation as is made available from and out of the Consolidated Fund through the instrument of Appropriation Act,

02. that the Appropriation has to be applied for the purpose(s), service(s) for which these are granted by the Legislature. The purpose(s) and service(s) are described together with appropriation limits in the "Detailed Grants" which form basis of an Appropriation Act.

11.1.2 It has to be noted that availability of Appropriation is not in itself sufficient for incurring of expenditure. It has also to be backed by adequate authority from the pre-defined functionaries of the Government at various levels in accordance with the approved scheme of delegation of powers sanctioned by it from time to time.

11.1.3 With the above basic parameters, the first step of execution of budget is distribution of

the Grants. The Finance Department is required to communicate, through the Administrative Department concerned, to the Heads of Departments the Grants placed at their disposal under various Heads of Account during the budget year. Copies of relevant Demands for Grants, which as already mentioned, gives all the required details and form basis of the Appropriation Act after these are passed by the Legislative Assembly, should be enclosed to such distribution of Grants orders. This action should be done by Finance Department soon after the Appropriation Act becomes available and in no case later than April 10th every year. While doing so, the Finance Department is required to draw specific attention to: -

01. the amounts if limited or reduced by the Legislative Assembly; and

02. the items of New Expenditure for which Appropriation has been authorized by the Legislature so as to facilitate issuance of administrative orders for implementation of such items of new expenditure.

11.1.4 On receipt of above information the Heads of Departments or other budget Controlling Officers including District Development Commissioners for district plans should make further distribution of funds among the Drawing and Disbursing Officers working under their control. While making distribution of funds at this level, the following guidelines should be followed: -

01. Process of distribution of funds should be completed as early as

possible and in any case it should be made before close of month of April every year.

02. Allotment of funds for charged items of expenditure should be separately indicated from the items, which are voted.

03. While making distribution of funds complete classification of accounts right from Major Head of Account down below to the Object of Expenditure should be clearly indicated.

04. Funds available under an Object of Expenditure may be distributed as a whole or a portion thereof may be kept as reserve. The later course may be found more pragmatic, as this will ultimately help in exercise of a better financial control over the subordinate officers.

05. Distribution of funds may not be made in respect of such of schemes/ programmes for which Head of the Department proposes to retain the entire appropriation and incur the expenditure centrally for the Department. Such an action should, however, have sufficient justification and should be taken for recorded reasons.

06. Any increase or reduction subsequently made in a Grant or a part thereof by the competent

authority through an act of Reappropriation or by obtaining Supplementary Grants needs to be communicated to the concerned Drawing and Disbursing Officers immediately after such decisions are taken and orders to regulate them are issued.

07. In order to exercise itemized control and for better expenditure planning, funds available under an Object of Expenditure may be sub-divided for example, funds under Office Expenses may be divided between Postage, Contingencies etc. Such distribution of funds will constitute only an "Order of Allotment" and so long as it remains within overall availability of funds no sanction of any authority is required to make such distribution or even to change it from time to time. Order of allotment does not constitute an Appropriation which is authorized by the Legislature and watched by the Accountant General on its behalf.

08. In order to **enforce economy** in expenditure, the Government may sometimes order reduction in allocations in specific or general terms. The reductions thus made should be kept in view by all concerned Departments and Controlling Officers while making allotment of funds, in case the

same are not already applied at source by Finance Department and/or Planning & Development Department as the case may be, while authorizing grants.

09. Under certain heads of account minus entries also appear which are on account of credits such as recoveries under suspense heads or the amounts transferred from one Major Head of Account to another, i.e. on account of establishment costs in case of Public Works Department or recoveries made under a Capital Major Head relating to a trading activity and the like, because gross amounts are included in the Appropriation Act in respect of such transactions. Actualization of envisaged recoveries/credits has also to be watched and it will be necessary if target for making of these recoveries are also fixed for Drawing and Disbursing Officers while making the allotment of funds.

11.1.5 The allotments made should be recorded in a register termed as "Register of Grants and Appropriations" to keep a note of availability of the Original Grants, their distribution among subordinate officers and modifications if any, made therein from time to time.

11.1.6 Copies of the allotment orders should invariably be made available to the concerned Treasury Officers to enable them to exercise budgetary control from the Treasury. Similarly,

copies of these orders should be given to the Accountant General who will need these for conduct of Appropriation Audit.

11.1.7 Once the budget allotments are received by the Drawing and Disbursing Officers they should open a budget register for recording details of such allotments made in their favour or as these may be modified from time to time by the competent authority. This register should also be used to record expenditures against the budget allotments in respect of different heads of accounts. The expenditure details need to be recorded in this register on monthly basis from basic accounting records. The idea being that the actual position with regard to net availability of funds at the end of the each month is easily ascertained. Separate pages should be opened for different Minor and Sub Heads under operation with a Drawing and Disbursing Officer.

Chapter 12

CONTROL OVER EXPENDITURE

12.1.0 Control over expenditure against sanctioned budget allotments has to be exercised at various levels as under:-

01. Drawing and disbursing officer
02. Concerned Treasury
03. Controlling officer/Head of the department
04. Administrative department
05. Office of the Accountant General
06. Finance Department

12.2.0 It is important that implementation of the budget should start immediately after the allotment of funds is made so that various targets both physical and financial as envisaged in the budget are accomplished within the year to which it relates. Any unexplained deviations from the approved target are taken as a financial irregularity for such administrative action as circumstances of each case may warrant.

12.3.0 Incurring of expenditure against budget allotments has to be kept within the powers given to the functionaries at various levels. It is also subject to certain general conditions or those prescribed for the purpose through special order(s) issued by the competent authority. The general conditions for incurring

of expenditures against budget allocations are:-

01. allotment are spent on the purpose(s) for which these have been granted;

02. an allotment is not utilized for any item of expenditure which is not covered by sanction - general or special;

03. allotment for charged items of expenditure are not appropriated to voted expenditure or vice versa, and ;

04. no expenditure is incurred on the items for which allotment of funds has been specifically refused.

12.4.0 Sanction of the competent authority to the incurring of expenditure remains valid until the funds necessary to make the sanction operative have not been refused. Thus, obtaining of sanction as also Appropriation is necessary before the expenditure is incurred. The sanction may be term sanction or perpetual sanction. In case of term sanction it is necessary to get it extended at the expiry of its original term before further expenditure is incurred. In such cases Appropriation, has also to be arranged. As regards perpetual sanctions, the only requirement is to obtain funds before expenditure is incurred.

12.5.0 As a matter of principle the claims against Government should be settled as and when these arise. Accumulation of liabilities does not reflect a sound financial management. Under certain circumstances, it so happens

that some liabilities remain unsettled at thetime of close of the financial year and are carried forward to the following year. The liabilities thus, carried forward become a first charge on the subsequent years budget. An Appropriation made available to the Head of the Department or to a subordinate officer is supposed to take care of past liabilities also.

12.6.0 An Appropriation is operative upto close of a financial year when any un-spent balance lapses and is not available for utilization in the following year. After close of a financial year on 31st of March all the transactions pertaining to that year which have remained unsettled are treated as pertaining to the following year. Bonafide transfer entries necessitated due to corrections etc. in the accounts are allowed to be made even after 31st of March till such time the accounts remain open and are not finally closed. Reasons for carrying forward liabilities should be investigated by the Controlling Officer and report in this behalf submitted to the Administrative and Finance Departments for necessary action at their end.

12.7.0 The sole aim of the procedure prescribed for distribution of Grants and prescribing of pre-requisite of sanctioning of expenditure is to ensure quick, effective and judicious implementation of the Programmes budgeted for. This is particularly true for implementation of plan programmes envisaged in the budget for the year. Any delay in taking up of such Programmes disturbs the targets set for the Development Planning process. The time overruns have to be avoided as far as possible. In order to ensure the delays are reduced, the Government functionaries at

various levels are given wide financial delegations particularly in respect of sanctioning of plan schemes. Under the present arrangements, the plan programmes relating to the development of a district are specifically identified. For speedy implementation, district headquarters are made focal points for sanctioning, implementating, monitoring and evaluation of such Programmes. District Development Commissioners have been given wide powers to accomplish this objective. Moving a step further in this direction even Cabinet meetings are held at district headquarters for sanctioning the Plan Programmes, which are not within the authority of a District Development Commissioner.

12.8.0 As mentioned earlier, execution of the budget involves all levels of administrative set up of the State. At the apex the Finance Department has to play its role and so is the case with the grass roots level of the administration. Role of every agency at every level is vital and any laxity in this behalf can have its own repercussions, which at times can even be serious. In this context, it is very essential that expenditures are kept under a constant review so that correctives as and when necessary are applied in good time while the budget is under implementation. This review is termed as control over expenditure. The best possible control over expenditure can be achieved if all the concerned authorities watch the expenditure as it occurs and compare it constantly with grants from which it is met. Requirement of expenditure control at different levels cannot be the same. The system of control over the

expenditure at different levels of administrative set up is described hereunder: -

12.9.0 Control over expenditure by Drawing and Disbursing Officers

12.9.1 There are two types of Drawing and Disbursing Officers operating upon a budget, namely: -

01. Civil Officers making drawls from the treasury through detailed bills. Different formats are used to meet requirements of different types of expenditure, and

02. Chest Holders who operate on the budget using cheques. These include different wings of Public Works Department, Power Development Department and Forest Department. In case of some civil departments who have their own works implementing agencies, drawls are made through detailed bills like other drawing and disbursing officers of such departments.

12.9.2 In both the dispensations the detailed accounts in respect of expenditures upto the lowest tier of classification are maintained for the time being by the Accountant General. In case of Civil Drawing and Disbursing Officers, the Accountant General is given the basic accounting details along with vouchers etc. by the Treasury Officers with whom such Drawing and Disbursing Officers are kept in

account. The cheque Drawing and Disbursing Officers render such accounts to the Accountant General directly at the end of each month in accordance with the rules and regulations prescribed for the purpose in the Public Works Accounts Code and Forest Account Code. The Cheque Drawing Officers who draw the money required for various purposes in lump sum through cheques are, therefore, Departmental Chest Holders and to that extent operate as Treasury Officers in their respective offices and render detailed accounts with supporting vouchers etc. directly to the Accountant General.

12.9.3 With the above background, it becomes necessary for a Civil Drawing and Disbursing Officer to give complete and correct classification on the bills which are presented by them at the treasury while operating on the budgetary allocations made in their favour by their respective Controlling Officers.

12.9.4 It is equally necessary that upto date record of expenditure against a budget allocation is also maintained by a Civil Drawing and Disbursing Officer so that it becomes easy to keep the expenditure within the authorized budgetary allocation. This budget control register format should correspond to the format of such control registers maintained at the treasury to facilitate periodical reconciliation.

12.9.5 As pointed out earlier, the Cheque Drawing Officers operate upon the budget by making lump sum drawals from the treasury through cheques. Such officers being chest holders operating as Treasury Officers in their respective jurisdictions also need to exercise control over expenditure viz-a-viz budget

allocations made to them by the competent authority from time to time. For this purpose, therefore, they should also maintain budget control register. In order to facilitate the budgetary control over such drawing and disbursing officers they should enclose a memo with the cheque as and when presented for making of drawls from the treasury. In this manner the concerned Treasury Officer will be in a position to ensure that the cheque Drawing Officers incur expenditure within the budgetary allocations made in their favour from time to time.

12.9.6 The Drawing and Disbursing Officers should at the close of each month reconcile accounts of expenditure against budget with the Treasury records in accordance with a predetermined procedure.

12.9.7 A consolidated statement of expenditure against the budget allocation in respect of every head of account should be drawn at the close of every month for submission to the Controlling Officer. Such an account statement should invariably be supported by a treasury document (drawal verification certificate) authenticating the details of expenditure. This occasion needs also to be used to find out behavior of the budget through the process of working out anticipated savings or excess for appropriate action. No savings should be held back as reserve for possible future excesses not covered by the allocations for the year. Copies of these expenditure accounts also need to be forwarded to the Controlling Officer within a maximum period of seven days of the month following that to which these relates.

12.10.0 Control over expenditure by Controlling Officers.

12.10.1 In order to watch receipt of returns prescribed for Drawing and Disbursing Officers, the Controlling Officers must maintain a broad sheet in which every Drawing and Disbursing Officer will be allotted a serial number. This broad sheet will also provide 12 columns for individual months of a year against each serial number. Receipt of returns pertaining to every month will be registered in the relevant column. In this manner, the broad sheet will bring out the defaults in receipt of return from the Drawing and Disbursing Officers for quick administrative action.

12.10.2 On receipt of the returns, the Controlling Officer will examine these carefully and satisfy himself that the :-

01. accounts classification recorded in the returns is correct,

02. the progressive totals of the expenditure have been correctly noted,

03. that the expenditure up-to-date is within the grant or appropriation,

04. the quantum of savings/excess if any, indicated in the return have been correctly worked out,

05. the return has been signed by the Drawing and Disbursing Officer.

12.10.3 When the returns of all the Drawing and Disbursing Officers have been received and

examined, a monthly compilation and reconciliation sheet should be prepared by the Controlling Officer. Separate sheet shall be opened for every head of account. These sheets indicating the total expenditure incurred by every Drawing and Disbursing Officer as also by the Controlling Officer himself will form basis for reconciliation of accounts with the books of the Accountant General.

12.10.4 In addition to above, a Controlling Officer is supposed to observe the following general guidelines: -

01. The outlay under a head is utilized proportionately as far as possible during a year. This is particularly necessary in respect of fixed expenditure. Any disproportionate expenditure, which comes to notice, must be investigated for such action as may be deemed necessary.

02. Anticipated savings if any, should be immediately surrendered to Government without waiting till end of the year. No savings should be held in reserve for meeting any possible future excesses. The money should not be spent in haste just because funds are available, which if not utilized will lapse to the Government. Rush of expenditure in the last quarter of the financial year and more particularly in the last month of the financial year should be avoided. Ideally, there aught to be greater evenness in the budgeted expenditure within the financial year,

especially in respect of items entailing large sums of advance releases and transfers to Corpus funds, Tendency of parking of funds should also be minimized.

03. Need for additional funds may arise due to some unforeseen emergency, under estimation or due to any other factor. Under such circumstances, immediate action should be taken to obtain additional funds. It may be noted that the simple fact that an application for additional funds has been made is not sufficient to exceed the original allocation. Unless the additional funds are provided by the competent authority, no additional expenditure should be authorized or incurred.

12.11.0 Control over expenditure by Administrative/ Finance Department

12.11.1 The function of the Administrative Department of the Government in respect of control over expenditure is supervisory. It is not considered desirable that they should assume any of the direct responsibilities which are prescribed for Controlling and Drawing and Disbursing Officers. These Departments can, however, take such action as may be necessary to check extravagance or excess over allotments.

12.11.2 The Finance Department apart from exercising control over expenditure is also responsible for maintaining adequate cash balances with the treasuries. Similarly, this Department is required to perform the function

of controlling the financial aspects of Central-State financial relations. In order to enable discharge of these duties, the department is required to maintain the accounts and develop the required data bank in accordance with the procedure laid down for the purpose, in Chapter 16 of this Manual. In this exercise the Accountant General has an obligation to render all assistance to the Finance Department as per requirements from time to time.

12.12.0 Budgetary control at Treasury:

12.12.1 Treasury is the focal point for Government's financial transactions and it, therefore, provides sufficient data for evolving and enforcing a sound budgetary management system. Budgetary control can be exercised very effectively from the Treasury because all the data required for the purpose is generated here while the budget is under implementation. Efficiency of budgetary control from Treasury is dependent upon pertinence and regularity of flow of information. In order to reach this goal, it is necessary to have sufficient clarity with regard to various aspects of this control like contents of the budget, its Controlling Officers, implementing agencies, means of communications etc.

12.12.2 The budget, as approved by the Legislature has to be the only authentic and lawful document for incurring of expenditures, which has to incorporate in it all details quite meticulously. Strictly, speaking, expenditure of not even a penny can be incurred by the Government except on the purpose(s) for which it is identified and granted by the

Legislature. Making of lump sum provisions, which has to be avoided, has unfortunately, become a routine in the process of budget formulation particularly on the Plan side. Making of such a pre-budget exercise, which will eliminate need for making lump sum provisions, has its own limitation. Yet every attempt has to be made to bring in maximum transparency in the budget, so that full details, with regard to envisaged Programmes and Activities together with their basic inputs under a Function becomes available to the implementing agency as early as possible after commencement of a financial year to which a budget relates. In case the budget is not a true reflection of all the activities, control over it is rendered difficult. Accomplishment of this objective should not be difficult. The Development Programmes are either, on-going or new Programmes. In case of ongoing Programmes, financial estimation of the required inputs is always available. It may be difficult, to determine expenditure inputs in detail, with sufficient degree of accuracy in case of new Programmes, nevertheless there has to be a forecast in this area also because without that, determination of an outlay will be absolutely adhoc, which is not a sound financial management practice. Keeping, the present scenario in view, it is high time that determination of financial estimates in respect of various inputs for a Developmental Programme is made a pre-budget exercise, linking it at the same time to the prescribed pattern of accounts classification which in any case, has to be uniform both for plan and non plan financial transactions of a Government and that also at the national level in accordance with Constitutionally backed guidelines prescribed by the Comptroller and

Auditor General of India from time to time. Separate, and divergent systems of classification, for plan and non-plan activities cannot be followed for it will render coordination difficult. After all, pattern of classification prescribed by the Comptroller and Auditor General, common to both plan and non-plan activities is a well thought out exercise having legal sanctity. It is only through the use of common classifications that the Planning, budgeting, accounting and reporting operations can be integrated.

12.12.3 **Budget Controlling Officers**: - The Finance Department shall declare a list of such officers who will communicate allotment of funds in favour of various Drawing and Disbursing Officers to the treasury, under different Heads of Account. The Administrative Departments including the Planning and Development Department have no authority to multiply this list at their own will. A list of Controlling Officers as also Drawing and Disbursing Officers should be incorporated in the "Demands for Grants" as presented to the legislature for obtaining approval to the budget and passing of budget laws every year.

12.12.4 **Communication of budget allocation to the Treasury**: - The pattern and the format to be used for the purpose should be uniform and classification/computer friendly. Budget communication orders form the foundation for the structure of the required budgetary control. The budget communication in this manner through notified Controlling Officers alone should be entertained at the Treasury.

12.12.5 **Misclassifications**:- Wrong or incomplete account classifications distort picture of Government Accounts, which can even lead to trouble in settlement of Central-State accounts. Classification on the bills or other instruments presented at the treasury for making of drawals or depositing revenues has to be recorded distinctly, completely and correctly through classification memos and any deviation in this regard should attract dishonouring of a claim by the Treasury.

12.12.6 **Chest holders**: - In the Treasury accounts, every transaction of these officers are temporarily classified under the suspense head "Remittances" which is eventually relieved in Accountant General's office where the transaction is taken to the relevant head in the Government Accounts. Although, a memo indicating budget allotment and the accounts classification is attached to every cheque presented by a Chest Holder at the Treasury, yet this memo does not serve the required purpose of allocating the expenditure to the relevant head of account.

12.12.7 The Chest Holders render accounts to the Accountant General at monthly intervals. These accounts, *interalia*, include a statement of budget allocations, and expenditures incurred there against. Immediately after an account is submitted to the Accountant General by a Chest Holder, a copy of such component of that account as relates to adjustments made against 'Remittances' head should be given to the Treasury as well, where it should be linked to the treasury records and verified.

12.12.8 Once the budget allotment orders with adequate details as envisaged are received, bills and other instruments presented with all the relevant account classification details and detailed account statement of the Chest Holders linked to transactions recorded under "Remittance head", it will be possible to maintain Budget Control Register with accuracy, to serve as an effective tool for enforcing a sound and systematic budgetary control. This register in fact, will be a ledgerised account of each officer in account with a Treasury, reflecting at any given point of time budgetary allocations available with him, transactions recorded there against and the balance left to reach the targets. Apart from meeting the objective of watching budgetary performance of the individual officers through these details, the budget control register shall also enable generation of the required data in a desired fashion for working out of returns to be eventually used for understanding, analyzing and interpreting the accounts of the Government as a whole. The budget control register, accordingly serves the twin purpose of: -

01. Itemized control over various budgetary inputs and outputs in respect of the officers in account with the Treasury so as to watch their operations within the indicated budgetary ceiling.

02. Enable making of returns on the basis of the data available in the register to

create an over all managerial account for the Government activities in their totality. It has been given this name because it will not be a substitute for the accounts complied by the Accountant General which as already stated earlier shall have to continue for various legal and other considerations.

12.12.9 The structure of budget control register for the Civil and Cheque Drawing Officers will vary to the extent that in the former case recording of expenditure against budget allocations will be direct and in the later it will have to be done at the close of a month. Initially, the transactions of the Cheque Drawing Officers, will be watched in totality through "Remittance head" as and when these take place. Composition of these two types of budget control registers is described as under: -

1.0 **BCR for Civil Departments**: - It will have three parts as under: -

Part-I Recording general information relating to Drawing and Disbursing Officer, his Department, Budget Controlling Officer, Account Heads operated upon with code numbers needed for any future reference.

Part-II Recording budget allocation made to a Drawing and Disbursing Officer for various activities under a

Function during a year with supplements/reductions, if any, separately for non plan (NP), state plan (SP), and district plan (DP), externally aided projects (EAP) and central plan (CP).

Part-III Recording day to day expenditure under each Object of Expenditure/detailed account head.

2.0 BCR for Cheque Drawing Officers: - It will also be in three parts as under -:

Part I Indicating general information about the Cheque Drawing Officer (CDO) for future reference.

Part II Total budget allocation made to a CDO and expenditure there against with out relating it to the Programmes, Activities or Objects of Expenditure. In this part the unspent budget allocations of previous financial year will also be brought forward to watch the clearance of cheques issued but not presented for payment at the Treasury before the close of previous financial year.

Part III Recording total expenditure during a month whether drawn from the Treasury or

made by accounting adjustments based on monthly account return submitted by a CDO to the Treasury Officer. This part III will, however, be finalized only after it is linked to part I in respect of the cheques drawn during a month.

Note: It will be seen that in part II provision has been made for recording unspent budget allocations brought forward from previous year because cheques issued by CDOs at the close of a year are generally presented for payment at the treasury in the subsequent year at least up to end of the month of June.

12.12.10 The formats of the Budget Control Register as prescribed shall only be used.

12.12.11 **Expenditure control in respect of the transactions for which budget allocation is not made:-** These transactions fall under Loans and Advances and other accounts under Public Account like Unfunded Debts, Reserves, Deposit and Advances, Suspense Accounts, Remittances, and Cash Balances. Expenditure ceilings in the form of budgetary allocations are not applicable to these kinds of transactions. Therefore, these transactions are not susceptible to any budgetary control. In case of transactions falling under 'Deposits and Advances', the ceilings are created within the Treasury through contra adjustments which have necessarily to be watched. This is done with the help of Deposits and Advances

Register, opened and maintained at the Treasury.

12.12.12 **Use of Treasury data to produce Government's managerial accounts**:- Presently, the Government Accounts are compiled by Accountant General. For this purpose the Treasuries render various returns supported by detailed vouchers to the Accountant General within a defined frame of time. By and large, this prescribed timetable is followed by the Treasury and all the details, returns etc. for a month become available to the Accountant General by 10th of the following month. In view of this, it should be possible to bring out Monthly Civil Accounts and other Annual Accounts, which are supposed to be compiled, promptly. This does not, however, happen for various reasons and these accounts become available much after the event. One of the important factors, for such a delay is that reconciliation of expenditure and receipts is not made by the departmental officers with the Accountant General's Office as per prescribed schedule of time. Compilation also falls in arrears, because of tremendous increase in the volume of the transactions, difficult to be handled centrally by one agency. In order to meet constitutional obligation the departmental accounts received by the Accountant General through Treasury are incorporated in most of the cases without reconciliation. This fact, coupled with inadequate (some time even wrong) accounting classification recorded on vouchers leads to misclassification of transactions and the present belief is that this menace has assumed alarming proportion. Thus, the accounts returns produced by the

Accountant General do not serve the managerial requirements of the Government and have assumed only a historical purpose. Whereas, the present system, of rendering accounts to the Accountant General may have to continue as its discontinuation and take over of accounting function by the Government has its own ramifications, legal, financial and administrative which need a detailed study. It is however, necessary now that some via media is found to evolve and monitor Government Account with managerial orientation involving least additional effort and cost. This can be done by making the optimum use of the data available from the Treasury in its Budget Control Register, Madwars, and Lists of Payment and Cash Accounts.

12.12.13 Since Drawing and Disbursing Officers have constant dealings with the Treasury, it will be feasible to develop a scheme, for their codification on scientific basis.

12.12.14 It should not be difficult to monitor receipt and expenditure of the various departments from the returns of the Treasuries and their consolidation to cover the financial operations of the Government as a whole. The following returns should be submitted by the treasury within five days after the last date fixed for submission of accounts, to the Accountant General.

01. Abstract of Revenue Receipts in the treasury drawn from the monthly cash account.

02 Abstract of Expenditure on the basis of the Budget Control Register

03. Abstract of Receipts and Disbursements in respect of individual Functional Heads of Account falling under Public Debt, Loans and Advances, Unfunded Debts and other heads under Public Account.

12.12.15 These returns received from the Treasuries in the given set of proformae shall be consolidated at the apex level in the Finance Department through a nucleus expenditure monitoring and analysing wing who shall circulate the consolidated managerial accounts at pre-determined periodical intervals. The consolidation of the accounts at the apex level will undergo the following processes: -

01. Returns received from Mufassil (Sub) Treasuries shall be consolidated into an account for the District.

02. The account of the Districts compiled as above shall be consolidated separately for Jammu & Kashmir divisions. Kashmir will include Leh and Kargil Districts.

03. The Divisional Accounts, thus, worked out shall be consolidated to make the account for the Government as a whole.

12.12.16 In this way, the accounting data based on transactions originating at the Treasury and thus authentic and dependable, reflecting a comparison between budget and actuals, shall be readily available at the apex for the Government, broken into Districts as also non plan, state plan, district plan, externally aided projects and central plan in respect of every month during a year and can be used for various requirements as may be identified or which may arise as a result of administrative exigencies.

12.13.0 Adjusting Accounts

12.13.1 These accounts are maintained for financial settlements in respect of payments made to and on behalf of the Central Government, other State Governments and other agencies like Railways, Defence etc. Such transaction originates at treasuries and is classified under various settlement accounts as prescribed by the Comptroller & Auditor General of India. It is the responsibility of the State Accountant General to ensure that these settlements are prompt.

12.13.2 As a process of budgetary control, the treasury officers should report monthly, the aggregate debits and credits raised under these adjusting heads. Similarly, the State Accountant General should also report the adjustments/cash transactions that originate in that office under these heads of account to the Finance Department on monthly basis. With the help of such details the Finance Department will be able to find out how far these settlements

remain pending and need to be pursued with the help of a properly designed return of such accounts and its analysis at the periodical intervals.

Chapter 13

REVISED ESTIMATES

13.1.0 As a result of control over expenditure which aims at constant review of the expenditure vis-à-vis the appropriations available under a head of account probable savings and excess come to light which will obviously, necessitate revision in the original estimates and the estimates thus revised are termed as “revised estimates”.

13.2.0 The “revised estimates” are, therefore, estimates of the probable revenue or expenditure of a financial year under various heads of account worked out in course of time while the budget is under implementation during a year.

13.3.0 These estimates have to be drawn in proforma which has the columns like head of account, original budget, actuals for the last six months of the previous year, actuals for the first six months of the budget or upto end of the month in which the exercise is made and the anticipated expenditure for the year.

13.4.0 Actuals for the first six months of the year and the actual for the last six months of the previous year can be very helpful indicators of the revised estimates. This information should not however be accepted without a check/analysis as the base for such estimation of revised estimates for which all other known factors should also be taken into consideration.

13.5.0 By the time revised estimates of expenditure are drawn all sanctions for implementation of the programmes in respect of which lump sum provisions are made in the original budget due to one reason or another are expected to have been issued by the competent authority(s).In the revised estimates of the year there is therefore need to incorporate full details of the estimates upto the lowest tier of accounts classification. The revised estimates drawn in this manner will present a fair picture of the expenditure plans and how these are behaving during the process of implementation.

13.6.0 Modified Grants

13.6.1 Original estimates when these are modified by valid orders of re-appropriation, acceptance of surrenders or supplementary grants etc. are termed as Modified Grants. Final Modified Grants for a budget year are prepared after close of that year and it is with reference to these Grants that final excesses and surrenders are worked out in the Appropriation Accounts which are examined by the Public Accounts Committee of the Legislature. It is necessary that reasons for modifications in the original estimates are recorded in brief but with clarity. According to the recommendations of the Public Accounts Committee, reasons for re-appropriation of funds/acceptance of surrenders have to be recorded in the orders sanctioning such reappropriations or accepting surrenders. Similarly, reasons for obtaining supplementary appropriations from the Legislature have also to be recorded in the Supplementary Statements of Expenditure when presented to the Legislature.

13.7.0 Re-appropriations

13.7.1 Appropriation Act indicates the limit upto which appropriations are available in a Grant. The purpose(s) for which, these appropriations have to be utilized are also defined.

13.7.2 During the course of implementation of the budget, it may happen that there are excesses under certain heads and similarly there may also be savings under other heads under a Grant. Subject to certain general conditions, the Government has an authority to adjust expected savings towards anticipated excesses within a Grant. It is such an act of making adjustments of savings towards excesses which is termed as re-appropriation. The general restrictions for sanctioning of re-appropriation are indicated here under: -

01. Re-appropriation cannot be sanctioned from one Grant to another. Within a Grant also such orders which will aim at re-appropriation of funds from Revenue Account to Capital Account and vice-versa cannot be made.

02. Re-appropriation cannot be made from charged items to Voted items and vice-versa.

03. Re-appropriation cannot be made to create an appropriation for meeting expenditure on a new service not contemplated in the original budget.

04. Re-appropriation cannot be made after close of the financial year.

05. Re-appropriation cannot be made in order to create provision of funds for such items which have been specifically omitted or reduced by the Legislature.

13.7.3 Over all control of the appropriation rests with the Finance Department. They have, therefore, full powers to sanction re-appropriation with the above restrictions. The powers to sanction re-appropriation are delegated also to the Administrative Departments and the Controlling Officers. The re-appropriation at these levels can be sanctioned between the heads of account subordinate to one Major Head of account within a Grant only. Sanctions for transfer of funds within a Grant from one Major Head of account to another Major Head by means of re-appropriation are issued only by the Finance Department. The general restrictions for sanction of re-appropriations by the Administrative Departments are as under:-

01. Re-appropriation to meet such expenditures which do not stand sanctioned by a competent authority cannot be made.

02. No re-appropriation can be made form salaries to meet expenditures on any other object of expenditure.

03. No re-appropriation may be made from savings to supplement a contract grant.

04. No re-appropriation is permissible from non-recurring items of expenditure to meet additional expenditure on recurring items.

05. No part of the provision of new service, which is not required for the purpose for which it was included in the estimates shall be utilized for any other purpose.

06. No re-appropriation is made from a lump sum provision provided in the budget pending sanction to its details.

07. No re-appropriation should be made which will result in increase in the provision meant for temporary staff.

08. Re-appropriation from or to funds provided for secret services cannot also be made.

09. Grants provided for one industrial concern cannot be diverted to other such concern.

10. No re-appropriation should be made which will involve expenditure during future year also.

11. Monetary limit for sanction of reappropriation by the Administrative Departments shall be fixed by the Finance Department from time to time.

13.7.4 In addition of the above restrictions the general restrictions for sanction of re-

appropriation by the Government are equally applicable.

13.7.5 The Heads of Departments and Controlling Officers are competent to sanction re-appropriation subject to the following FURTHER restrictions:-

01. Re-appropriation can be made in respect of the grants placed at their disposal only.

02. No re-appropriation can be made to supplement funds under travel expenses or temporary establishments unless such establishments stand sanctioned by the competent authority from time to time.

03. No re-appropriation is made from the estimates provided in the budget for special purposes.

04. No re-appropriation is made from the provision meant for grants-in-aid to the outside institutions.

05. In case of Head of Departments reappropriations should not exceed the limit prescribed for the purpose by the Finance Department from time to time.

13.7.6 In case of public works departments, the Chief Engineers have full powers to sanction reappropriation of works Grants subject of course to the above general and special restrictions. In other words, no monetary ceilings are prescribed for such re-

appropriations which are, however, subject to the following conditions: -

01. No expenditure on a new works is incurred unless it is administratively approved and orders of the competent authority to the taking up of such works have been obtained.

02. No expropriations should be made from plan to non plan works ordinarily. The Chief Engineer may however do so for recorded reasons.

03. Re-appropriations involving works of various departments should not be made without their prior consent.

04. Re-appropriation from original works to repairs should be made by the Finance Department only.

13.7.7 For works including the budget of the Forest Department, re-appropriations may be sanctioned by the Principal Chief Conservator of Forests subject to the above conditions.

13.8.0 Appropriation Accounts

13.8.1 Once final re-appropriation process is complete, implementation of a budget during a year gets concluded. The over all position of the behavior of the budget thus gets known and is reflected in the Appropriation Account prepared by the Comptroller & Auditor General of India through Accountant General of the State. This account indicates, the original estimates as approved by the Legislature and how these stand modified by the Acts of Re-appropriation, Supplementary

Grants and acceptance of Surrenders. Such accounts are prepared in respect of every individual Grant and presented to the Legislature by the Comptroller & Auditor General with comments. The Appropriation Accounts thus placed before the Legislature are referred to the Public Accounts Committee by it for their examination and making of final recommendations which become a binding for implementation. The excesses, wherever these may have occurred due to valid reasons, get regularized by obtaining “Excess Grants” from the Legislature, obviously after close of the year to which these relate. The same procedure is followed for obtaining these Excess Grants as is done in case of a Normal appropriation act or for getting Supplementary Grants.

APPENDICES TO PART-III

APPENDIX-1
(referred in Para 9.4.2)

JAMMU AND KASHMIR FISCAL RESPONSIBILITY & BUDGET MANAGEMENT ACT, 2006
[Act No. XII of 2006, dated 9.8.2006]

An Act to provide for the responsibility of the Government to ensure prudence in fiscal management and fiscal stability by progressive strengthening of revenue surplus, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto.

Be it enacted by the Jammu and Kashmir State Legislature in the Fifty-seventh Year of the Republic of India as follows:-

1. Short title and commencement

(1) This Act may be called the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006.

(2) It shall come into force on such date as the Government may, by notification in the Government Gazette, appoint in this behalf.

2. Definitions

In this Act, unless the context otherwise requires,-

(a) ‘Act’ means the Jammu and Kashmir Fiscal Responsibility and Budget management Act, 2006;

(b)‘Budget’ Means the “Annual Financial Statement” laid before the State Legislature under section 79 of the Constitution of Jammu and Kashmir;

(c)‘current year’ means the financial year preceding the ensuing year;

(d)‘ensuing year’ means the financial year for which the budget is presented;

(e) ‘financial year’ means the year beginning on the 1st day of April of a year and ending on 31st March of the year next following;

(f)‘fiscal deficit’ is the excess of aggregate disbursements (net of debt repayments) over revenue receipts, recovery of loans and non-debt capital receipts;

(g)‘fiscal indicators’ are such indicators as may be prescribed for evaluation of the fiscal position of the Government;

(h)‘fiscal targets’ are the numerical ceilings and proportions to total revenue receipts (TRR) or GSDP for the fiscal indicators;

(i)‘GSDP’ means Gross State Domestic Product at current market prices;

(j)‘Government’ means the Government of Jammu and Kashmir;

(k)‘Prescribed’ means prescribed by the rules made under this Act;

(l) ‘previous year’ means the year preceding the current year;

(m)‘revenue deficit’ is the excess of the revenue expenditure over total revenue receipts (TRR);

Explanation: ‘Total Revenue Receipts(TRR)’ includes state’s own receipts (both tax & non-tax) and current transfers from the Centre (comprising grants & State’s share of central taxes).

(n)‘revenue surplus’ is the excess of the total revenue receipts over revenue expenditure;

(o) ‘total liabilities’ means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and / or interest are to be serviced out of the budget.

3. Fiscal management objectives

The Government Shall-

a) take appropriate measures to strengthen the revenue surplus and thereafter build up adequate revenue surplus at a sustainable level, and utilize such surplus for discharging the liabilities in excess of the assets or for funding capital expenditure;

b) pursue policies to raise non-tax revenue with due regard to cost recovery and equity;

c) lay down norms for prioritization of capital expenditure; and

d) expenditure policies that would provide impetus for economic growth, poverty reduction and improvement in human welfare/ standard of life.

4. Fiscal management principles

The Government shall be guided by the following fiscal management principles, namely:-

(a)transparency in setting the fiscal policy objectives, the implementation of public policy and the publication of fiscal information so as to enable the public to scrutinize the conduct of fiscal policy and the state of public finances;

(b)stability and predictability in fiscal policy making process and in the manner in which fiscal policy impacts the economy;

(c)responsibility in the management of public finances, including integrity in budget formulation;

(d)fairness to ensure that policy decisions of the Government are taken having due regard to their financial implications on future generations; and

(e)efficiency in the design and implementation of the fiscal policy and in managing the assets and liabilities of the public sector balance sheet.

5. Fiscal Policy Statements to be laid before the Legislature:-

The Government shall in each financial year lay before each House of the State Legislature, the following statements of fiscal policy alongwith the budget, namely:-

(a) the macro-economic Framework Statement;
(b)the Medium Term Fiscal Policy Statement; and
(c) the Fiscal Policy Strategy Statement

6. Macro-economic Framework Statement

The Macro-economic Framework Statement, in such form as may be prescribed, shall contain an overview of the State economy, an analysis of growth and sectoral composition of GSDP, an assessment related to State Government finances and future prospects.

7. Medium Term Fiscal Policy Statement

(1) The Medium Term Fiscal Policy Statement shall set forth in such form as may be prescribed the fiscal management objectives of the Government and three year rolling targets for the prescribed fiscal indicators with clear enunciation of the underlying assumptions.

(2) In particular and without prejudice to the provisions contained in sub-section (1), the Medium Term Fiscal policy Statement shall include the various assumptions behind the fiscal indicators an assessment of sustainability relating to-
(i) the balance between revenue receipts and revenue expenditure;

(ii) the use of capital receipts including borrowings for generating productive assets;

(iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years; Provided that in case it is not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the

enforcement of the Act, the Government may, during that period, estimate the pension liabilities by making forecasts on the basis of trend growth rates.

8. Fiscal Policy Strategy Statement:-

The Fiscal Policy Strategy Statement shall be in such form as may be prescribed and shall contain, interalia-

(i) the fiscal policies of the government for the ensuing year relating to taxation, expenditure, borrowings and other liabilities (including borrowings by Public Sector Undertakings and Special Purpose Vehicle and other equivalent instruments where liability for repayment is on the Government), lending, investments, other contingent liabilities, user charges on ;public goods/utilities and description of other activities, such as guarantees and activities of Public Sector Undertakings which have potential budgetary implications;

(ii) the strategic priorities of the Government in the fiscal area for the ensuing year;

(iii) the key fiscal measures and the rationale for any major deviation in fiscal measures pertaining to taxation, subsidy, expenditure, borrowings and user charges on public goods/utilities; and

(iv) an evaluation of the current policies of the Government viz-a-viz the fiscal management principles set out in section 4, the fiscal objectives set out in the Medium Term Fiscal Policy Statement in sub-section (1) of section 7 and fiscal targets set out in section 9.

9. Fiscal Targets

(1) The Government may prescribe such targets as may be deemed necessary forgiving effect to the fiscal management objectives.

(2) In particular, and without prejudice to the generally of the foregoing provisions, the Government shall-

(a) maintain revenue surplus and initiate steps for progressive strengthening of the surplus;

(b) reduce pre-devolution non-plan deficit by an amount of equivalent to one percentage point as compared to the pervious financial year beginning from 1st April, 2010 and to maintain the level thereafter;

(c) reduce fiscal deficit by an amount equivalent to at least half percentage point of GSDP in each financial year beginning from the 1st day of April, 2006 so as to bring it down to not more than 3 percent (substituted by 4 percent on 21.04.2010) by the year ending March, 2010;

(d) beginning from the initial financial year on the1st day of April, 2006 and ending on the 31st day of March, 2010, the outstanding total liabilities do not exceed 55 percent of the estimated GSDP for that year by an annual reduction of 500 basis points every year;

(e) limit the amount of annual incremental risk weighted guarantees to 75 percent of the TRR in the year preceding the current year or at 7.5 percent of GSDP of the year preceding the current year, whichever is lower;

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground or grounds of unforeseen demands on the finances of the Government arising out of the internal disturbance or natural calamity or such other exceptional grounds as the Government may specify:

Provided, however, that a statement in respect of the ground or grounds specified in the first proviso shall be placed before each House of the State Legislature, as soon as may be, after such deficit amount exceeds the aforesaid targets.

10. Measures for Fiscal Transparency

(1) The Government shall take suitable measures to ensure greater transparency in its fiscal operations in the public interest and minimize as far as practicable, secrecy in the preparation of the budget.

(2) In particular and without prejudice to the generality of the foregoing provisions, the Government shall, at the time of presentation of the budget, make disclosures on the following, along with detailed information in such forms as may be prescribed :-

(a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of fiscal indicators;

(b) details of borrowings by way of ways and Means Advances/ Overdraft availed of from the Reserve Bank of India.

(3) Whenever the Government undertakes to unconditionally and substantially repay the principal amount and/ or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

11 Measures of Enforce Compliance

(1) The Minister- in – charge of the Department of Finance (here in after referred to as Minister of Finance), shall review every quarter, the trends in receipts and expenditure in relation to the budget estimates and place before each Houses of the State Legislature, the outcome of such reviews

(2) Whenever there is either shortfall in revenue or excess of expenditure over the intra-year targets mentioned in the Fiscal Policy Strategy Statement or the rules made under the Act, the Government shall take appropriate measures for increasing revenue and / or for reducing the expenditure, including curtailment of the sums authorized to be paid and applied from out of the Consolidated Fund of the State;

Provided that nothing in this sub-section shall apply to the expenditure charged on the Consolidated Fund of the State under sub-section (3) of section 79 of the Constitution of Jammu and Kashmir or any other expenditure, which is; required to be incurred under any agreement or contract, which cannot be postponed or curtailed.

(3) (a) Except as provided under the Act, no deviation in meeting the obligations cast on the Government under the Act, shall be permissible without approval of Legislature.

(b) Where owing to unforeseen circumstances, any deviation is made in meeting the obligations cast on the Government under the Act, the Minister of Finance shall make a statement in each House of the State Legislature explaining:-

(i) any deviation in meeting the obligations cast on the Government under the Act;

(ii) whether such deviation is substantial and relates to actual or the potential budgetary outcomes; and

(iii) the remedial measures the Government proposes to take.

(4) Any measures proposed in the course of the financial year, which may lead to an increase in revenue deficit, either through increased expenditure or loss of revenue, shall be accompanied by a statement of remedial measures, proposed to neutralize such increase or loss and such statement shall be placed before each House of the State Legislature

(5) The Government may set up an agency independent of the Government to review periodically the compliance of the provisions of the Act and table such reviews in each House of the State Legislature.

12 Power to make rules

(1) The Government may by notification in the Government Gazette, make rules for carrying out the provisions of the Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules

may provide for all or any or the following matters, namely:-

(a) the form of the Macro – economic Framework Statement under section 6;

(b) the form of Medium Term Fiscal Policy Statement, including the targets for the fiscal indicators, under section 7;

(c) the form of Fiscal Policy Strategy Statement under section 8;

(d) the forms for disclosure under sub-section (2) of section 10;

(e) measures to enforce compliance;

(f) the manner of review of compliance of the provisions of the Act by the independent agency under section 11; and

(g) any other matter which is required to be, or may be, prescribed.

13 Rules to be laid before Legislature

Every rule made under the Act shall be laid, as soon as may be after it is made, before each House of the State Legislature, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, the Houses agree in making any modification in the rule or the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such

modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

14 Protection of action taken in good faith

No suit, prosecution or other legal proceedings shall lie against the Government or any Officer of the Government for anything which is in good faith done or intended to be done under this Act or the rules made there under.

15 Application of other laws not barred

The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force

16 Power to remove difficulties

(1) If any difficulty arises in giving effect to the provisions of the Act, the Government may, by order published in the Government Gazette, make such provisions, not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty; Provided that no order shall be made under this section after the expiry of two years from the commencement of the Act

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of the State Legislature.

APPENDIX-2

(referred in Para 9.4.2)

JAMMU AND KASHMIR FISCAL RESPEONSIBILITY AND BUDGET MANAGEMENT RULES, 2008

-----.----

SRO 23, dated 18.1.2008

In exercise of the powers conferred by sub-section (1) of section 12 of the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006 (Act No. XII of 2006), The Government of Jammu and Kashmir makes the following rules, namely:-

1. Short title and commencement -

   (1) These rules may be called the Jammu and Kashmir Fiscal Responsibility and Budget Management Rules, 2008.

   (2) They shall come into force from the date of their publication in the Government Gazette.

2. Definitions -

   (1) In these rules, unless the context otherwise provides:-

   (a) "Act" means the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006 (Act No. XII of 2006);

   (b) "Budget" means Annual Financial Statement laid before the State Legislature under section 79 of the Constitution of the State;

(c) “Contingent liabilities” means the liabilities to Government that may arise out of the borrowings by Public Sector Undertakings and other Institutions;

(d) “Current year” means financial year preceding ensuing year;

(e) “Ensuing year” means the financial year for which Budget is presented;

(f) “Fiscal deficit” means the excess of aggregate disbursements (net of debt repayments) over revenue receipts, recovery of loans and non debt capital receipts.

(g) “Fiscal indicators” are such indicators as have been prescribed for evaluation of fiscal position of the government in detail in Form 1 appended to these rules;

(h) “Fiscal targets” are numerical ceilings and proportions to total revenue receipts (TRR) or GSDP for the fiscal indicators;

(i) “Form” means a form appended to these rules;

(j) “Financial year” means the year beginning on 1st of April of a calendar year and ending on 31st mach, the following year;

(k) “GSDP” means Gross State Domestic Product at current market prices;

(l) “Revenue deficit” means excess of the revenue expenditure over revenue receipts;

(m) “Revenue surplus” means the excess of total revenue receipts over revenue expenditure.

(n) "State Government" means Government of Jammu and Kashmir;

(o) "TRR" means Total Revenue Receipts;

(2) Words and expressions used herein but not defined in these rules shall have the meanings respectively assigned to them in the Act.

3. Macro-economic Framework Statement --

The Macroeconomic Framework Statement as required under section 6 of the Act be in Form F-1.

4. Medium Term Fiscal Policy Statement --

(1) The Medium Term Fiscal Policy Statement, as under sub section (1) of section 7 of the Act shall be in Form F-2 with three year rolling targets in respect of the following fiscal indicators :-

(a) Revenue deficit as a percentage of TRR;

(b) Fiscal deficit as a percentage GSDP;

(c) Outstanding total liabilities as a percentage of GSDP.

(2) The Medium Term Fiscal Policy Statement shall also explain the assumptions underlying the above mentioned targets for fiscal indicators and an assessment of sustainability relating to the items indicated in sub section (2) of section 7 of the Act.

5. The Fiscal Policy Strategy as required under section 8 of the Act shall be in Form F-3.

6. Disclosures --

(1) The State Government shall at the time of presenting the budget, make disclosures as required under section 10 together with the following statements:-

(a) a statement of select indicators of fiscal situation in Form D-1;

(b) a statement on components of State Government liabilities and interest, cost of borrowings/ mobilization of deposits in Form D-2;

(c) a statement of Consolidated Sinking Fund in Form D-3;

(d) a statement on guarantees given by the Government in Form D-4;

(e) a statement on outstanding risk-weighted guarantees in Form D-5;

(f) a statement on the Guarantee Redemption Fund in Form D-6;

(g) a statement of Assets in Form D-7;

(h) a statement on claims and commitments made by the State Government on revenue demands raised, but not realized in Form D-8;

(i) a statement on liability in respect of major works and contractors, committed liabilities in respect land acquisition charges and claims on the State Government in respect

of unpaid bills on works and supplies in Form D-9; and

(j) a statement giving details of number of employees in Government, Public Sector and Aided Institutions and the related salary expenditure, in Form D-10.

(2) The provisions of sub rule (1) shall be completed with not later than three years after the coming into force of Fiscal Responsibility and Budget Management (FRBM) Act.

7. Measures to enforce compliance --

In case the outcome of the quarterly review of trend in receipts and expenditure, at the end of second quarter of any financial year shows that:

(I) the total non-debt receipts are less than 35 percent of Budget Estimates for that year, or

(II) the Fiscal deficit is higher than 50 percent of the Budget Estimates for that year; or

(III) the revenue surplus is less than 35 percent of the Budget Estimates for that year, the State Government shall take appropriate measures; and the Minister Incharge shall make a statement in the Legislature during the sessions immediately following the end of the second quarter detailing the corrective measures taken and the prospects for the fiscal deficit of that financial year.

FORM F-1
(See Rule 3 and 4)

MACRO ECONOMIC FRAME WORK STATEMENT

1. Overview of the State Economy: {This paragraph shall contain a synoptic analysis of trend in the rate of growth of output. Information on key macroeconomic indicators shall be presented in the table at the end of this form}.

2. GSDP Growth: {This paragraph shall contain an analysis of trend in overall GSDP growth and its sectoral composition}.

3. Overview of State Government Finances: {This paragraph shall detail the developments in State Finances including an analysis of trends in review collections and expenditure, and the important fiscal deficit and debt indicators and the measures taken to improve the financial position of the State Government. Trends in State Government finances shall be presented in the format appended. This will, *interalia*, indicate the developments related to the Consolidated Sinking Funds, Guarantee Redemption Fund, and issuances of risk weighted guarantees and Ways and Means Advances availed from the RBI. This paragraph may also cover analysis of finances of local bodies and State level public sector undertakings including the progress made by them for compilation/finalization of annual statements of accounts and central transfers}.

4. Prospect: {Based on the trends in major sectors presented in the previous section, an assessment shall be made regarding the growth prospects, along with the underlying

assumptions. An assessment of fiscal prospects shall also be made}.

D: Rationale for Policy changes:-

{(1) The rationale for policy changes consistent with the Medium Term Fiscal Policy Statement, in respect of taxes proposed in the ensuing Budget shall be spelt out.

(2) The rationale for major policy changes in respect of budgeted expenditure including expenditure. Rationale for changes, if any, proposed, in the management of the public in respect of the charges for public debit shall be indicated.

(3) The need for changes, if any, proposed in respect of the charges for public utilities shall be spelt out}.

E: Policy Evaluation:-

{This paragraph shall contain an evaluation of the changes proposed in the fiscal policy for the ensuing year with reference to fiscal deficit reduction and objectives set out in the Medium Term Fiscal Policy Statement}.

F- 1 (Contd.)

ECONOMIC PERFORMANCE AT A GLANCE

Table 1: Trends in Select Macroeconomic and Fiscal Indicators

		Absolute Value (₹ in Crore)		Percentage Changes	
		April-Reporting Period*		April- Reporting Period*	
		Previous Year	Current Year	Previous Year	Current Year
	Real Sector:				
1	GSDP at factor cost				
	(a) at current price				
	(b) at 1993-94 price				
2.	Agriculture Production				
3.	Industrial Production				
4.	Tertiary sector Production				
	Government Finances:				
1.	Revenue Receipts (2+3)				
2.	Tax Revenue (2.1+2.2)				
2.1	Own Tax Revenue				
2.2	State's share in Central Taxes				
3.	Non-Tax Revenue (3.1+3.2)				
3.1	State's Own Non-Tax Revenue				
3.2	Central Transfers				
4.	Capital Receipts (5+6+7)				
5.	Recovery of loans				
6.	Other Receipts				
7.	Borrowings & other Liabilities				

8.	Total Receipts (1+4)				
9.	Non Plan Expenditure (10+12)				
10	Revenue Account of which				
11	(a) Interest payment				
	(b) Subsides				
	(c)Wages & Salaries				
	(d) Pension Payments				
12	Capital Account				
13	Plan Expenditure (14+15)				
14	Revenue Account				
15	Capital Account				
16	Total Expenditure (9+13)				
17	Revenue Expenditure(10+14)				
18	Capital Expenditure(12+15)				
19	Revenue Deficit (17-1)				
20	Fiscal Deficit {16-(1+5+6)}				
21	Primary Deficit (20-11)				

Memo:

Average amount of WMA from RBI

Average amount of OD from RBI

Number of days of OD

Number of occasions of OD

* Date will relate to the period up to which information for the current year is available. To facilitate comparison, date of previous year corresponds to the same period of current year. Accordingly, reporting period may vary for different items.

* The average amount of WMA/OD is calculated by summing up the outstanding amount of WMA as on each day (including holidays) and dividing by the total number of days during April-Reporting period.

FORM F-2
(See Rule 3 & 4)

MEDIUM TERM FISCAL POLICY STATEMENT

A: FISCAL INDICATORS-ROLLING TARGET

	Previous Year (Y-2) Actuals	Current Year (Y-1) Budget Estimates (BE)	Current Year(Y-1) Revised Estimates (RE)	Current Year (Y-1)Budget Estimates (BE)	Ensuring Year (Y) Budget Estimates (BE)	Targets For Next Two Years
1. Revenue Deficit as percentage of Total Receipts (TRR)						
2. Fiscal Deficit as percentage of GSDP						
3. Total outstanding Liabilities as percentage of GSDP						

B: ASSUMPTIONS UNDERLYING THE FISCAL INDICATORS

1. Revenue Receipts

(a) Tax Revenue-Sectoral and GSDP Growth Rates.

(b) Non Tax Revenue-Policy Stance.

(c) Devolution to Local Bodies.

(d) Share of Own Tax Revenue to Total Revenue.

(e) Share of Own Non-Tax Revenue to Total Non-Tax Revenue

2. Capital Receipts-Debt Stock, Repayment, Fresh Loans and Policy Stance

(a) Loans and advances from the Centre.

(b) Special Securities issued to the NSSF.

(c) Recovery of Loans and Advances.

(d) Borrowings from Financial Institutions.

(e) Other Receipts (net) - Small Savings, Provident Funds, etc.

(f) Outstanding Liabilities- Internal Debt and Other Liabilities.

3. Total expenditure-Policy Stance

(A) Revenue account

(i) Interest payments-(a) on borrowings during the year (aggregate and category-wise);

(b) on outstanding liabilities-(aggregate and category-wise).

(ii) Major subsidies.
(iii) Salaries.
(iv) Pensions.
(v) Others.

(B) Capital Account

(i) Loans and Advances
(ii) Capital Outlays

4. GSDP Growth

(c) Assessment of sustainability relating to --

(i) The balance between receipts and expenditure in general and revenue receipts and revenue expenditure in particular. The Medium Term Fiscal Policy Statement may specify the tax-GSDP ratio, own Tax - GSDP ratio and State's Share in Central Taxes-GSDP ratio, from the current year and subsequent two years with an assessment of the changes required for achieving it. It may discuss the non-tax revenues and the policies concerning the same. Expenditure on revenue account, both plan and non plan, may also be discussed with particular emphases on the measures proposed to meet the overall objectives. It may discuss policies to curtail expenditure on salaries, pension, subsidies and interest payments. An assessment of the capital receipts shall be made, including

the borrowings and other liabilities, as per the policies spelt out. The statement shall also give projections for GSDP and discuss it on the basis of assumptions underlying the indicators in achieving the sustainability objective.

(ii) The use of capital receipts including market borrowings for generating productive assets. The Medium Term Fiscal Policy Statement may specify the proposed use of capital receipts for generating productive assets in different categories. It may also spell out proposed changes among these categories and, discuss them in terms of the overall policy of the Government.

(iii) The estimated yearly pension liabilities worked out on actuarial basis for the next ten years. In case it is not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the coming into force of this Act, the State Government may, during that period, estimate the pension liabilities by making forecasts on the basis of trend growths rates i.e. average rate of growth of actual pension payments during the last three years for which data are available.

FORM F-3
(See Rule 3 & 5)

FISCAL POLICY STRATEGY STATEMENT

A: Fiscal Policy Overview: [This paragraph will present an overview of the fiscal policy currently in vogue].

B: Fiscal Policy for the ensuing year: [This paragraph shall have, *interalia*, six subparagraphs dealing with-

(1) Tax Policy: In the sub-paragraph on tax policy, major changes proposed to be introduced in direct and indirect taxes in the ensuing financial year will be presented. It shall contain an assessment of exemption in various taxes and how far it relates to principles regarding tax exemptions.

(2) Expenditure Policy: Under expenditure policy, major changes proposed in the allocation for expenditure shall be indicated. It shall also contain an assessment of principles regarding the benefits and target group of beneficiaries.

(3) Borrowing and other Liabilities, Lending and Investments: In this sub-paragraph on borrowings, the policy relating to internal debt, including the access to WMA/OD facility from the Reserve Bank of India. Government Lending, Investment and other activities; including principles regarding average maturity structure, bunching of repayments, etc., shall be indicated. The borrowings by Public Sector Undertakings and Special Purpose Vehicle, lending, investments, pricing of user charges on public goods and utilities and description of

other activities and activities of public sector undertakings which have potential budgetary implications and the key fiscal measures and targets pertaining to each of these shall be indicated.

(4) Consolidated Sinking Fund: In this sub-paragraph, the policy related to the Consolidated Sinking Fund (CSF) shall be indicated.

(5) Contingent and other liabilities: Any change in the policy on contingent and other liabilities, in particular guarantees, which have potential budgetary implications shall be indicated. Any change in the policy related to borrowings by Special Purpose Vehicle (SPV) and other equivalent instruments where liabilities for repayment is on the State Government shall be indicated. The policy on building up the Guarantee Redemption Fund (GRF) and commission charged/collected for guarantees issued shall also be indicated.

(6) Levy of User Charges: Any change proposed in the levy of user charges of public services shall be spelt out.

C: Strategic priorities for the ensuing year

(1) Resource mobilization for the ensuing financial year through tax, non-tax and other receipts shall be spelt out.

(2) The broad principles underlying the expenditure management during the ensuing year shall be spelt out.

(3) Priorities relating to management of public debt proposed during the ensuing year shall be indicated.

FORM D-1
(See Rule 7)

SELECT FISCAL INDCATORS

S.No.	Item	Previous Year	Current Year (Revised Estimates)
01	Gross Fiscal Deficit as percentage of GSDP		
02	Revenue Surplus as percentage of Gross Fiscal Deficit		
03	Revenue surplus as percentage of GSDP		
04	Revenue Surplus as percentage of TRR		
05	Total Liabilities – GSDP ratio %		
06	Total Liabilities- Total Revenue Receipts (%)		
07	Total Liabilities – State's own Revenue Receipts (%)		
08	State's own Revenue Receipts to Revenue Expenditure (%)		
09	Capital outlay as percentage of Gross Fiscal Deficit		
10	Interest payment as percentage of Revenue Receipts		
11	Salary Expenditure as percentage of Revenue Receipts		
12	Pension Expenditure as percentage of Revenue Receipts		
13	Non Development Expenditure as percentage of aggregate disbursements		
14	Gross transfers from the centre as percentage of aggregate disbursements		
15	Non- Tax Revenue as percentage of TRR		

FORM D-2
(See Rule 7)

A. COMP0NENTS OF STATE GOVERNMENT LIABILITIES

S. No	Category	Revised during the fiscal year		Re-payment / Redemption During the Fiscal Year		Outstanding Amount End-March	
		Previous Year (Actuals)	Current year Revised (Estimates)	Previous Year (Actuals)	Current Year Revised (Estimates)	Previous Year (Actuals)	Current Year Revised (Estimates)
01	Market Borrowings						
02	Loans from the centre						
03	Special Securities issued to NSSF						
04	Borrowings from the Financial Institutions/ Banks						
05	WMA/OD from RBI						
06	Small savings, Provident funds, etc.						
07	Reverse funds/ Deposits						
08	Other liabilities						
09	Total						

FORM D-2
(See Rule 7)

B. WEIGHTED AVERAGE INTEREST RATES ON STATE GOVERNMENT LIABILITIES

(percent)

	Raised during the Fiscal Year		Outstanding Amount (End- March)	
Category	Previous year (Actuals)	Current Year (RE)	Previous Year (Actuals)	Current Year (RE)
Market Borrowing				
Loans from Centre				
Special Securities issued to the NSSF				
Borrowings from Financial Institutions/ Banks				
WMA/OD from RBI				
Small Savings, Provident Funds etc.				
Reserve Funds / Deposits				
Other Liabilities				
Total*				

^ Weighted average interest rate where the respective weight is the amount borrowed. This is calculated on contractual basis and then annualized.

* Weighted average interest rate where the weights are the amount of the respective components of the State Government Liabilities.

<u>Example 1</u>

Suppose the State Government raised resources from the market on three occasions during a fiscal year for an aggregate amount of ₹ 600 crore. The annual rates of interest were 10 per cent, 12 percent and 14 percent, for ₹ 100 crore, ₹ 200 crore and ₹ 300

crore, respectively. The weighted average interest rate in respect of the resources raised during the year would therefore be:

₹ 100x (10/100) +₹ 200 (12/100) + ₹ 300x (14/100)/ (100 + 200 + 300) x 100 = [10 +24 +42] /600 x 100
= (76 / 600) x 100 = 12.67%

Example 2

Suppose the previous and current year pertain to 2004-05 and 2005-06. Suppose the total outstanding amount of special securities issued by the State government to the NSSF was ₹ 100 crore as at end – March 2004 and ₹ 150 crore as at end- March 2005. Suppose the total interest cost incurred by the State Government on this account during 2005-06 and 2006-07 amount to ₹ 10 crore and ₹ 12 crore, respectively. Then the weighted average cost on the outstanding amount of special securities issued to the NSSF during the previous year (ie. 2004-05) is equal to 10/100= 10 percent. Similarly, the weighted average interest cost on the outstanding amount of special securities issued to the NSSF during the current year (ie. 2005 -06) is equal to 12/ 150=8 percent.

FORM D-3
(See Rule 7)

CONSOLIDATED SINKING FUND

(Amount in ₹ Crore)

Outstanding at the beginning of the previous year	Additions during the previous year	Withdrawals during the previous year	Outstanding at the end of previous year/ beginning of the current year	(4)/ Stock of SLR borrowings (%)	Additions During the current year	Withdra-wals during the current year	Outstanding at the end of the previous year/ beginning of annual year	(8)/ stock of SLR Borrow-ings (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

FORM D - 4
(See Rule)

GURANTANTEE GIVEN BY THE GOVERNMENT

Category (No. of Guarant-ees within brackets)	Maximum Amount Guarant-eed during the year (₹ crore)	Outstan-ding at the begin-ning of the year (₹ crore)	Addi-tions during the year (₹ crore)	Reduct-ions during the year (other than invoked during the year) (₹ crore)	Invoked during the year (₹ crore)		Out-standing at the end of the year (₹ crore)	Guarantee Commission or Fee (₹ crore)		Remarks
					Dis-charged	Not dis-charged		Recei-vable	Recei-ved	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Note: Reporting Year refers to the second year proceeding the year for which the Budget is presented.

FORM D-5
(See Rule 7)
OUTSTANDING RISK WEIGHTED GUARANTEES

(Amount in ₹ crore)

Default Probability	Risk Weights (per cent)	Amount Outstanding as in the Previous year and the current Year		Risk weighted outstanding guarantee in the previous year and the current year	
		Previous year	Current year	Previous year	Current Year
Direct Liabilities	100				
High Risk	75				
Medium Risk	50				
Low Risk	25				
Very Low Risk	5				
Total Outstanding					

Note: The risk-weights have been pre-specified for the various risk categories.

FORM D-6
(See Rule 7)

GURANTEE REDEMPTION FUND (GRF)

(in ₹ crore)

Outstanding invoked guarantees at the end of the Previous year	Outstanding amount in GRF at the end of the previous year	Amount of Guarantees likely to be invoked during the current year	Addition to GRF during the current year	Withdrawal from the GRF during the current year	Outstanding amount in GRF at the end of current year
(1)	(2)	(3)	(4)	(5)	(6)

Note:(i) As per the terms of the GRF, during each year, the Government is required to contribute an amount equivalent at least 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year.

(ii) Previous year refers to the year preceding the current year.

FORM D-7
(See Rule 7)
STATEMENT OF ASSETS

	Assets at the beginning of the Reporting year	Assets acquired during the reporting year	Comulative total assets at the end of the reporting year
	Book value (₹ in cr.)	Book value (₹ in cr.)	Book value (₹ in cr.)
Financial Assets : Loans and Advances Loans to Local Bodies Loans to companies Loans to others Equity investment shares Bonus Shares Investments in GoI dated securities / Treasury bills Investments in 14-day intermediate Treasury Bills Other financial investments (pleases specify) Total			
Physical Assets : Land Building- Office/ Residential Roads Bridges Irrigation Projects Power Projects Other capital projects Machinery and equipment Office equipment Vehicles Total			

Note:-

1. Assets above the threshold value of ₹ two lakh only to be recorded.

2. Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are prescribed.

3. The Statement in respect of physical assets is to be prepared based on assets register maintained by the Government the value to be indicated would be book value i.e. acquisition cost netted for depreciation/impairment.

4. States that are not in a position to provide information in respect of physical assets may, to begin with, provide information only in respect of financial assets. They may disclose their physical assets within- years from the date of publication of the Notification of the Rules in the State Gazette

---

FORM D- 8
See Rule 7

TAX REVENUE RAISED BUT NOT REALIZED (PRINCIPAL TAXES)

(As at the end of the reporting year)

		Amount under disputes (₹ in crore)					Amount not under dispute (₹ crore)					Grad Total
Major Head	Description	Over 1 Year but less than two years	Over 2 Years but less than 5 years	Over 5 Years but less than 10 years	Over 10 years	Total	Over 1 Year but less than two years	Over 2 Year but less than 5 years	Over 5 Years but less than 10 years	Over 10 Years	Total	
	Taxes on Income & Expenditures											
	Agriculture Income Tax											
	Taxes on professions, traders, callings and employment											
	Taxes on property and Capital Services											
	Land Revenue											
	Stamps & Registration fees											
	Urban immovable property tax											
	Taxes on Commodities and services											
	Sales tax											
	Central Sales tax											
	Sales tax on Motor Sprit and Lubricants											
	Surcharges on Sales Tax											
	State Excise											
	Taxes on vehicles											
	Other taxes											
	Total											

Note: Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.

FORM D-9
(See Rule7)

STATEMENT OF MISCELLANEOUS LIABILITIES : OUTSTANDINGS

(in ₹ Crore)

	Outstanding Amounts$
Major Works and contracts	
Committed liabilities in respect of land acquisition charges	
Claims in respect of unpaid bills on works and supplies.	

$: The outstanding amount pertains to the end March position or the year before the current year.

FORM D -10
(See Rule 7)

STATEMENT OF NUMBER OF EMPLOYEES AND RELATED SALARY EXPENDITURE

PART-1
EMPLOYEES IN GOVERNMENT DEPARTMENT

Demand No. and Description	Number of employees In the current year			Salary Expenditure (In ₹ lakhs)															
	NP	SP	CSS	To-tal	Actual (Previous Year)				BE (Current Year)				RE (Current Year)				BE (Next Year)		
					NP	SP	CSS	To-tal	NP	SP	CSS	To-tal	NP	SP	CSS	To-tal	NP	SP	To-tal

NP: Non Plan, SP: State Plan, CSS: Centrally Sponsored Schemes (including NEC)

Previous Year: 2years preceding the year for which Budget is presented, Current Year: 1 Year Preceding the year for which Budget is presented, Next Year: Year for which Budget is presented.

PART-II
EMPLOYEES IN PUBLIC SECTOR

Name of the PSU	Name of the Controlling Administrative Department	Number of employees in the current Year	Salary Expenditure (in ₹ Lakhs)			
			Actuals (Previous Year)	BE (Current Year)	RE (Current Year)	BE (Next Year)

Previous Year : 2 years preceding the year for which Budget is presented, Current Year: 1 year preceding the year for which Budget is presented, Next year : Year for which Budget is presented.

PART- III
EMPLOYEES IN AIDED INSTITUTIONS

Name of the Aided Institution	Name of the Controlling Administrative Department	Number of employees in the current Year	Salary Expenditure (in ₹ lakhs)			
			Actuals (Previous Year)	BE (Current Year)	RE (current Year)	BE (Next Year)

Previous Year: 2 years preceding the year for which Budget is presented, Current Year : 1 year preceding the year for which Budget is presented, Next year : Year for which Budget is presented.

OUTCOME INDICATORS OF THE STATES OWN FISCAL CORRECTION PATH

(in ₹ Crore)

S. No.	Particulars	Base Year (2004-05 RE)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8	9
A	**STATE REVENUE ACCUNT**							
1	Own Tax Revenue							
2	Own Non-Tax Revenue							
3	Own Tax & Non Tax Revenue (1+2)							
4	Share in Central Taxes & Duties							
5	Plan Grants							
6	Non-Plan Grants							
7	Total Central Transfers (4 to 6)							
8	Total Revenue Receipts (3+7)							
9	Plan Expenditure							
10	Non-Plan Expenditure							
11	Salary Expenditure							
12	Pension							
13	Interest Payment							
14	Subsidies-General							
15	Subsidies-Power							
16	Total Revenue Expenditure (9+10)							
17	Salary + Interest + Pension (11+12+13)							
18	As% of Revenue Receipts (17/08)							
19	Revenue Surplus/ Defiit (8-16)							

B	**CONSOLIDATED REVENUE ACCOUNT**							
1	Power sector loss/profit net of actual subsidy transfer							
2	Increase in debtors during the year in power utility accounts [increase (-)]							
3	Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget							
4	Total (1 to 3)							
5	Consolidated Revenue Deficit (A19+B4)							
C	**CONSOLIDATED DEBT**							
1	Outstanding Debt and Utility							
2	Total Outstanding Guarantee of which Guarantee on account off budget borrowing and SPV Borrowing							
D	**CAPITAL ACCOUNT**							
1	Capital Outlay							
2	Disbursement of Loans and Advances							
3	Recovery of Loans and Advances							
4	Other Capital Receipts							
5	Gross Fiscal Deficit (GFD)*							
	GSDP (₹ in crores) at Current Prices							
	Actual/ Assumed Nominal Growth Rate (%)							
*	GFD as per para 19 of the Guidelines							
*	Included in Plan Expenditure							

APPENDIX-3

(referred in Para 10.12.1)

Extracts from the Constitution of Jammu & Kashmir relating to Budget

76. Special Procedure in respect of Money Bills: (1) A Money Bill shall not be introduced in the Legislative Council. (2) After a Money Bill has been passed by the Legislative Assembly, it shall be transmitted to the Legislative Council for its recommendations and the Legislative Council shall within a period of fourteen days from the date of its receipt of the Bill return the Bill to the Legislative Assembly with its recommendations, and the Legislative Assembly may thereupon either accept or reject all or any of the recommendations of the Legislative Council. (3) If the Legislative Assembly accepts any of the recommendations of the Legislative Council, the Money Bill shall be deemed to have been passed by both Houses with the amendments recommended by the Legislative Council and accepted by the Legislative Assembly. (4) If the Legislative Assembly does not accept any of the recommendations of the Legislative Council, the Money Bill shall be deemed to have been passed by both Houses in the form in which it was passed by the Legislative Assembly without any of the amendments recommended by the Legislative Council. (5) If a Money Bill passed by the Legislative Assembly and transmitted to the Legislative Council for its recommendations is not returned to the Legislative Assembly within the said period of fourteen days, it shall be deemed to have been passed by both Houses at the expiration of the said period in the form

in which it was passed by the Legislative Assembly.

77. Definition of "Money Bills":
(1) For the purposes of this part, a Bill shall be deemed to be a Money Bill if it contains only provisions dealing with all or any of the following matters, namely:-

a) the imposition, abolition, remission, alteration or regulation of any tax;

b) the regulation of the borrowing of money or the giving of any guarantee by the State, or the amendment of the law with respect to any Financial obligations undertaken or to be undertaken by the State;

c) the custody of the Consolidated Fund or the Contingency Fund of the State, payment of Moneys into or withdrawal of moneys from any such Fund;

d) the appropriation of moneys out of the Consolidated Fund of the State;

e) the declaring of any expenditure to be expenditure charged on the Consolidated Fund of the State, or the increasing of the amount of any such expenditure;

f) the receipt of money on account of the Consolidated Fund of the State or the public account of the State or the custody or issue of such money; or

g) Any matter incidental to any of the matter specified in clauses (a) to (f).

(2) A Bill shall not be deemed to be a Money Bill by reason only that it provides for the imposition of fines or other pecuniary penalties, or for the demand or payment of fees for licenses or fees for services rendered, or by reason that it provided for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

(3) If any question arises whether a Bill introduced in the Legislature is a Money Bill or not, the decision of the Speaker of the Legislative Assembly thereon shall be final.

(4) There shall be endorsed on every Money Bill when it is transmitted to the Legislative Council under section 76 and when it is presented to the Governor for assent under section 78, the certificate of the Speaker of the Legislative Assembly signed by him that it is a Money Bill.

78. Assent to Bills: When a Bill had been passed by both Houses of the Legislature, it shall be presented to the Governor and the Governor shall declare either that he assents to the Bill or that he withholds assent therefrom:

Provided that the Governor may, as soon as possible after the presentation to him of the Bill for assent, return the Bill if it is not a money bill together with a message requesting that the Houses will reconsider the bill or any specified provisions thereof and, in particular, will consider the desirability of introducing any such amendments as he may recommend in his message and, when a bill is so returned, the Houses shall reconsider the

Bill accordingly and if the Bill is passed again by the Houses with or without amendment and presented to the Governor for assent, the Governor shall not withhold assent therefrom.

Procedure in Financial Matters:

79. Annual Financial Statement: (1) The Governor shall in respect of every financial year cause to be laid before both Houses of the Legislature a Statement of the estimated receipts and expenditure of the State for that year, in this part referred to as the "annual financial statement." (2) The estimates of expenditure embodied in the annual financial statement shall show separately:-

a) The sums required to meet expenditure described by this Constitution as expenditure charged upon the Consolidated Fund of the State; and
b) The sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State;

and shall distinguish expenditure on revenue from other expenditure.

(3) The following expenditure shall be expenditure charged on the Consolidated Fund of the State:-

a) The emoluments and allowances of the Governor and other expenditure relating to his office;

b) The salaries and allowances of the Speaker and the Deputy Speaker of the Legislative Assembly and of the

Chairman and the Dy. Chairman of the Legislative Council;

c) Debt charges for which the State is liable including interest, sinking fund charges and redemption charges, and other expenditure relating to the raising of the loans and the service and redemption of debt;
d) Expenditure in respect of the salaries and allowances of the Judges of the High Court;
e) Any sums required to satisfy any Judgment, decree or award of any court or arbitral tribunal;
f) Any other expenditure declared by this Constitution or by Legislature by law, to be so charge.

80. Procedure in Legislature with respect to estimates: (1) So much of the estimates as relates to expenditure charged upon the Consolidated Fund of the State shall not be submitted to the vote of the Legislative Assembly, but nothing in this sub section shall be construed as preventing the discussion in the Legislature of any of those estimates. (2) So much of the said estimates as relates to other expenditure shall be submitted in the form of demands for grants to the Legislative Assembly and the Legislative Assembly shall have power to assent, or to refuse to assent, to any demand, or to assent to any demand subject to a reduction of the amount specified therein. (3) No demand for a grant shall be made except on the recommendation of the Governor.

81. Appropriation Bills: (1) As soon as may be after the grants under section 80 have been made by the Assembly, there shall be

introduced a bill to provide for the appropriation out of the Consolidated Fund of the State of all money required to meet:-

a) the grants so made by the Assembly; and

b) the expenditure charged on the Consolidated Fund of the state but not exceeding in any case the amount shown in the Statement previously laid before the Houses.

(2) No amendment shall be proposed to any such bill in either House of the Legislature which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Consolidated Fund of the State, and the decision of the person presiding as to whether an amendment is inadmissible under this sub section shall be final.

(3) Subject to the provisions of sections 82 and 83, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by Law passed in accordance with the provisions of this section.

82. Supplementary, additional or excess grants: (1) The Governor shall:-

a) if the amount authorized by any law made in accordance with the provisions of section 81 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or

additional expenditure upon some new service not contemplated in the annual financial statement for that year, or

b) if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, cause to be laid before the Houses of the Legislature another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly a demand for such excess, as the case may be.

(2) The provisions of sections 79, 80 and 81 shall have effect in relation to any such statement and expenditure or demand and also to any law to be made authorizing the appropriation of moneys out of the Consolidated Fund of the State to meet such expenditure or the grant in respect of such demand as they have effect in relation to the annual financial statement and the expenditure mentioned therein or to a demand for a grant and the law to be made for the authorization of appropriation of moneys out of the Consolidated Fund of the State to meet such expenditure or grant.

83. Votes on account, votes of credit and exceptional grants: (1) Notwithstanding anything in the foregoing provisions of this part, the Legislative Assembly shall have power:-

a) to make any grant in advance in respect of the estimated expenditure for a part of any financial year pending the completion of the procedure prescribed

in section 80 for the voting of such grant and the passing of the law in accordance with the provisions of section 81 in relation to that expenditure;

b) to make a grant for meeting an unexpected demand upon the resources of the State when on account of the magnitude or the indefinite character of the services the demand cannot be stated with the details ordinarily given in an annual financial statement;

c) to make an exceptional grant which forms no part of the current service of any financial year;

and the Legislature shall have power to authorize by law the withdrawal of moneys from the Consolidated Fund of the State for the purposes for which the said grants are made.

(2)The provisions of sections 80 and 81 shall have effect in relation to the making of any grant under sub section (1) and to any law to be made under that sub section as they have effect in relation to the making of a grant with regard to any expenditure mentioned in the annual financial statement and the law to be made for the authorization of appropriation of moneys out of the Consolidated Fund of the State to meet such expenditure.

84. Special provisions as to financial bills: (1) A bill or amendments making provision for any of the matters specified in clauses (a) to (f) of sub section (1) of section 77 shall not be introduced or moved except on the recommendation of the Governor, and a bill

making such provision shall not be introduced in the Legislative Council:

Provided that no recommendation shall be required under this sub section for the moving of an amendment making provision for the reduction or abolition of any tax.

(2) A bill or amendment shall not be deemed to make provision for any of the matters aforesaid by reason only that it provides for the imposition of fines or other pecuniary penalties or for the demand or payment of fees for licences or fees for services rendered, or by reason that it provides for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

(3) A bill which, if enacted and brought into operation, would involve expenditure from the Consolidated Fund of the State shall not be passed by a House of the Legislature unless the Governor has recommended to that House the consideration of the Bill.

108. Administrative expenses of the High Court: …(3) The administrative expenses of the High Court including all salaries, allowances and pensions payable to or in respect of the officers and servants of the Court, shall be charged upon the Consolidated Fund of the State, and any fees or other moneys taken by the Court shall form part of that fund.

114. Taxes not be imposed save by authority of law: No tax shall be levied or collected except by authority of law.

115. Consolidated Fund and Public Account: (1) Subject to the provisions of section 116, all revenues received by the Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one consolidated fund to be entitled 'the Consolidated Fund of the State." (2) All other public moneys received by or on behalf of the Government shall be credited to the public account of the State. (3) No moneys out of the Consolidated Fund of the State shall be appropriated except in accordance with the law and for the purposes and in the manner provided in this Constitution.

116. Contingency Fund: The Legislature may by law establish a Contingency Fund in the nature of an imprest to be entitled 'the Contingency Fund of the State' into which shall be paid from time to time such sums as may be determined by such law, and the such Fund shall be placed at the disposal of the Governor to enable advances to be made by him out of such Fund for the purposes of meeting unforeseen expenditure pending authorization of such expenditure by Legislature by law under section 82 or 83.

117. Expenditure defrayable by the state out of its revenues: The State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which the Legislature may make laws.

118. Custody etc. of Consolidated Funds, Contingency Funds and moneys credited

to the public account: The custody of the Consolidated Fund of the State and the Contingency Fund of the state, the payment of moneys into such Funds, the withdrawal of moneys therefrom, the custody of public moneys other than those credited to such Fund received by or on behalf of the Government, their payment into the public account of the state and withdrawal of moneys from such account and all other matters connected with or ancillary to matters aforesaid shall be regulated by law made by the Legislature and, until provision in that behalf is so made, shall be regulated by rules made by the Governor.

Custody, of suitor's deposits and other moneys received by public servants and courts: All moneys received by or deposited with:-

a) any officer employed in connection with the affairs of the state in his capacity as such, other than revenues or public moneys raised or received by the Government, or

b) any court within the state to the credit of any cause, matter, account or persons, shall be paid into the public account of the state.

136. Expenses of the (Public Service) Commission: The expenses of the Commission including any salaries, allowances and pensions payable to or in respect of the members or the staff of the Commission, shall be charged on the Consolidated Fund of the State.

APPENDIX-4

(referred in Para 10.12.1)

Extracts from Constitution of India relating to Budget

Distribution of Revenues between the Union and the States

268. Duties levied by the Union but collected and appropriated by the States: (1) Such stamp duties and such duties of excise on medicinal and toilet preparations as are mentioned in the Union List shall be levied by the Government of India but shall be collected—

(a) in the case where such duties are leviable within any Union territory, by the Government of India, and

(b) in other cases, by the States within which such duties are respectively leviable.

(2) The proceeds in any financial year of any such duty leviable within any State shall not form part of the Consolidated Fund of India, but shall be assigned to that State.

269. Taxes levied and collected by the Union but assigned to the States: (1) Taxes on the sale or purchase of goods and taxes on the consignment of goods shall be levied and collected by the Government of India but shall be assigned and shall be deemed to have been assigned to the States on or after the 1st

day of April, 1996 in the manner provided in clause (2).

Explanation.—For the purposes of this clause,-

(a) the expression "taxes on the sale or purchase of goods" shall mean taxes on sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce;

(b) the expression "taxes on the consignment of goods" shall mean taxes on the consignment of goods (whether the consignment is to the person making it or to any other person), where such consignment takes place in the course of inter-State trade or commerce.

(2) The net proceeds in any financial year of any such tax, except in so far as those proceeds represent proceeds attributable to Union territories, shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that tax is leviable in that year, and shall be distributed among those States in accordance with such principles of distribution as may be formulated by Parliament by law.

(3) Parliament may by law formulate principles for determining when a sale or purchase of, or consignment of, goods takes place in the course of inter-State trade or commerce.

270. Taxes levied and distributed between the Union and the States: (1) All taxes and duties referred to in the Union List, except the

duties and taxes referred to in articles 268 and 269, respectively, surcharge on taxes and duties referred to in article 271 and any cess levied for specific purposes under any law made by Parliament shall be levied and collected by the Government of India and shall be distributed between the Union and the States in the manner provided in clause (2).

(2) Such percentage, as may be prescribed, of the net proceeds of any such tax or duty in any financial year shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that tax or duty is leviable in that year, and shall be distributed among those States in such manner and from such time as may be prescribed in the manner provided in clause (3).

(3) In this article, "prescribed" means, —

(i) until a Finance Commission has been constituted, prescribed by the President by order, and

(ii) after a Finance Commission has been constituted, prescribed by the President by order after considering the recommendations of the Finance Commission.

271. Surcharge on certain duties and taxes for purposes of the Union: Notwithstanding anything in articles 269 and 270, Parliament may at any time increase any of the duties or taxes referred to in those articles by a surcharge for purposes of the Union and the whole proceeds of any such surcharge shall form part of the Consolidated Fund of India.

272. [Taxes which are levied and collected by the Union and may be distributed between the Union and the States.]—Rep. by the Constitution (Eightieth Amendment) Act, 2000.

273. Grants in lieu of export duty on jute and jute products: (1) There shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of the States of Assam, Bihar, Orissa and West Bengal, in lieu of assignment of any share of the net proceeds in each year of export duty on jute and jute products to those States, such sums as may be prescribed.

(2) The sums so prescribed shall continue to be charged on the Consolidated Fund of India so long as any export duty on jute or jute products continues to be levied by the Government of India or until the expiration of ten years from the commencement of this Constitution, whichever is earlier.

(3) In this article, the expression "prescribed" has the same meaning as in article 270.

275. Grants from the Union to certain States: (1) Such sums as Parliament may by law provide shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of such States as Parliament may determine to be in need of assistance, and different sums may be fixed for different States:

Provided that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of a State such capital and recurring sums as may be necessary to enable that State to meet the costs of such schemes of development as may be

undertaken by the State with the approval of the Government of India for the purpose of promoting the welfare of the Scheduled Tribes in that State or raising the level of administration of the Scheduled Areas therein to that of the administration of the rest of the areas of that State:

Provided further that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the State of Assam sums, capital and recurring, equivalent to—

(a) the average excess of expenditure over the revenues during the two years immediately preceding the commencement of this Constitution in respect of the administration of the tribal areas specified in Part I of the table appended to paragraph 20 of the Sixth Schedule; and

(b) the costs of such schemes of development as may be undertaken by that State with the approval of the Government of India for the purpose of raising the level of administration of the said areas to that of the administration of the rest of the areas of that State.

(1A) On and from the formation of the autonomous State under article 244 A,—

(i) any sums payable under clause (a) of the second proviso to clause (1) shall, if the autonomous State comprises all the tribal areas referred to therein, be paid to the autonomous State, and, if the autonomous State comprises only some of those tribal areas, be apportioned between the State of Assam and the

autonomous State as the President may, by order, specify;

(ii) there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the autonomous State sums, capital and recurring, equivalent to the costs of such schemes of development as may be undertaken by the autonomous State with the approval of the Government of India for the purpose of raising the level of administration of that State to that of the administration of the rest of the State of Assam.

(2) Until provision is made by Parliament under clause (1), the powers conferred on Parliament under that clause shall be exercisable by the President by order and any order made by the President under this clause shall have effect subject to any provision so made by Parliament:

Provided that after a Finance Commission has been constituted no order shall be made under this clause by the President except after considering the recommendations of the Finance Commission.

280. Finance Commission: (1) The President shall, within two years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, by order constitute a Finance Commission which shall consist of a Chairman and four other members to be appointed by the President.

(2) Parliament may by law determine the qualifications which shall be requisite for appointment as members of the Commission and the manner in which they shall be selected.

(3) It shall be the duty of the Commission to make recommendations to the President as to—

(a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds;

(b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India;

(bb) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State;

(c) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State;

(d) any other matter referred to the Commission by the President in the interests of sound finance.

(4) The Commission shall determine their procedure and shall have such powers in the performance of their functions as Parliament may by law confer on them.

281. Recommendations of the Finance Commission.—The President shall cause every recommendation made by the Finance Commission under the provisions of this Constitution together with an explanatory memorandum as to the action taken thereon to be laid before each House of Parliament.

282. Expenditure defrayable by the Union or a State out of its revenues.—The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.

293. Borrowing by States: (1) Subject to the provisions of this article, the executive power of a State extends to borrowing within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Legislature of such State by law and to the giving of guarantees within such limits, if any, as may be so fixed.

(2) The Government of India may, subject to such conditions as may be laid down by or under any law made by Parliament, make loans to any State or, so long as any limits fixed under article 292 are not exceeded, give guarantees in respect of loans raised by any State, and any sums required for the purpose of making such loans shall be charged on the Consolidated Fund of India.

(3) A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government.

(4) A consent under clause (3) may be granted subject to such conditions, if any, as the Government of India may think fit to impose.

APPENDIX-5

(referred in Para 10.12.2)

Procedure for conduct of business relating to financial matters as contained in "Rules of Procedure and Conduct of Business in J&K Legislative Assembly"

a) The Budget.

219. The Budget: (1) The Annual Financial Statement or the Statement of the Estimated Receipts and Expenditure of the Government in respect of each financial year (hereinafter referred to as the 'Budget') shall be presented to the House on such day as the Governor may direct. (2) The Budget shall be presented to the House in such form as the Finance Minister may settle.

220. Budget not to be discussed on presentation. There shall be no discussion of the Budget on the day on which it is presented to the House.

b) Demands for Grants.

221. Demands for Grants:- A separate Demand shall ordinarily be made in respect of the Grant proposed for each Ministry; provided that the Finance Minister may include in one demand grants proposed for two or more Ministries or Departments or make a demand in respect of expenditure which cannot readily be classified under particular Ministries or Departments. (2) Each Demand shall contain first a statement of the total Grant proposed and then a statement of the detailed estimate under each Grant divided into items.

222. General discussion on the Budget: (1) On a day to be appointed by the Speaker subsequent to the day on which the Budget is presented and for such time as the Speaker may allot for this purpose, the House shall be at liberty to discuss matters raised in the Budget or concerning, or connected with the Budget or any question of principle involved therein, but no motion shall be moved nor shall Budget be submitted to the vote of the House. (2) The Finance Minister shall have a general right of reply at the end of discussion. (3) The Speaker may, if he thinks fit, prescribe a time limit for speeches.

223. Voting of demands for grants: (1) The Speaker shall, in consultation with the Leader of the House, allot so many days as may be compatible with the public interest for the discussion and voting of demands for grants. (2) On the last day for the allotted days at the closing hour fixed, under these rules or, by the House, or at such other hour as the Speaker may fix in advance, the Speaker shall forthwith put every question necessary to dispose of all the outstanding matters in connection with the Demands for Grants. (3) Motions may be moved to reduce any Demand for Grant. (4) No amendments to motions to reduce any demand for grant shall be permissible. (5) When several motions relating to the same Demand for Grant are offered, they shall be discussed in the order in which the heads to which they relate appear in the Budget.

224. Cut motions. A motion may be moved to reduce the amount of a demand in any of the following ways:-

(a) “that the amount of the demand be reduced by ₹ 1/-“, representing disapproval of the policy underlying the demand. Such a motion shall be known as ‘Disapproval of Policy Cut’. A member giving notice of such a motion shall indicate in precise terms the particulars of the policy which he proposes to discuss. The discussion shall be confined to the specific point or points mentioned in the notice and it shall be open to members to advocate an alternative policy;

(b) “that the amount of the demand be reduced by a specified amount” representing the economy that can be effected. Such specified amount may be either a lump sum reduction in the demand or omission or reduction in the demand or omission or reduction of an item in the demand. The motion shall be known as “Economy Cut”. The notice shall indicate briefly and precisely the particular matter on which discussion is sought to be raised and speeches shall be confined to the discussion as to how economy can be effected;

(c) “that the amount of the demand be reduced by ₹ 100/-“in order to ventilate a specific grievance which is within the sphere of the responsibility of the Government. Such a motion shall be known as “Token Cut”, and the discussion thereon shall be confined to the particular grievance specified in the motion.

225. Conditions of admissibility of cut motions. In order that a notice of motion for reduction of the amount of demand may be admissible, it shall satisfy the following conditions, namely:-

(i) it shall relate to one demand only ;

(ii) it shall be clearly expressed and shall not contain arguments, inferences, ironical expression, imputations, epithets or defamatory statements ;

(iii) it shall be confined to one specific matter which shall be stated in precise terms ;

(iv) it shall not reflect, on the character or conduct of any person whose conduct can only be challenged on a substantive motion;

(v) it shall not make suggestions for the amendment or repeal of existing laws ;

(vi) it shall not refer to a matter which is not primarily concern of the Government ;

(vii) it shall not relate to expenditure charged on the Consolidated Fund of State;

(viii) it shall not relate to a matter which is under adjudication by a court of law having jurisdiction in any part of India ;

(ix) it shall not raise a question of privilege ;

(x) it shall not revive discussion on a matter which has been discussed in the same session and on which a decision has been taken ;

(xi) it shall not anticipate a matter which has been previously appointed for consideration in the same session.

(xii) It shall not ordinarily seek to raise a discussion on a matter pending before

any statutory tribunal or statutory authority performing any judicial or quasi-judicial functions or any commission or, court of enquiry appointed to enquire into, or investigate, any Matter.

Provided that the Speaker may in his discretion allow such matter being raised in the House as is concerned with the procedure or stage of enquiry, if the Speaker is satisfied that it is not likely to prejudice the consideration of such matter by the statutory tribunal, statutory authority, commission or court of enquiry; and

(xiii) it shall not relate on a trifling matter.

226. Speaker to decide admissibility of cut motions. The Speaker shall decide whether a cut motion is or is not admissible under these rules and may disallow any cut motion when in his opinion it is an abuse of the right of moving cut motions or is calculated to obstruct or prejudicially affect the procedure of the House or is in contravention of these rules.

227. Notice of cut motions. If notice of a motion to reduce any demand for grant has been given three clear days previous to the day, on which the demand is under consideration, any member may object to the moving of the motion, and such objection shall prevail, unless the Speaker allows the motion to be made.

228. Presentation of Budget in parts. Nothing hereinbefore contained shall be deemed to prevent the presentation of the Budget to the House in two or more parts and when such presentation takes place, each part shall be dealt

with in accordance with these rules as if it were the Budget.

229. Vote on account. (1) A motion for vote on account shall state the total sum required and the various amounts needed for each Ministry, Department or item of expenditure which compose that sum shall be stated in a schedule appended to the motion. (2) Amendments may be moved for the reduction of the whole grant for the reduction or omission of the items whereof the grant is composed. (3) Discussion of a general character may be allowed on the motion or any amendments moved thereto, but the details of the grant shall not be discussed further than is necessary to develop the general points. (4) In other respect, a motion for vote on account shall be dealt with in the same way as if it were a demand for grant.

230. Supplementary, additional, excess and exceptional grants and votes of credit. Supplementary, additional, excess and exceptional grants and votes of credit shall be regulated by the same procedure as is applicable in the case of demands for grants subject to such adaptations, whether by way of modification, addition or omission, as the Speaker may deem to be necessary or expedient.

231. Scope of discussion on supplementary grants. The debate on the supplementary grants shall be confined to the items constituting the same and no discussion may be raised on the original grants nor policy underlying them save in so far as it may be necessary to explain or illustrate the particular items under discussion.

232. Token grant. When funds to meet proposed expenditure on a new service can be made available by re-appropriation, a demand for the grant of a token sum may be submitted to the vote of the House and, if the House assents to the demand, funds may be so made available.

(c) Appropriation Bill.

233. Appropriation Bill: (1) Subject to the provisions of the Constitution, the procedure in regard to an Appropriation Bill shall be same as for Bill generally with such modifications as the Speaker may consider necessary. (2) At any time after the introduction in the House of an Appropriation Bill, the Speaker may allot a day or days, jointly or severally, for the completion of all or any of the stages involved in the passage of the Bill by the House, and when such allotment has been made, the Speaker shall, at the closing hour fixed, under these rules or by the House, on the allotted day or the last of the allotted days, as the case may, forthwith put every question necessary to dispose of all the outstanding matters in connection with the stage or stages for which the day or days have been allotted. (3) The Speaker may, if he thinks fit, prescribe a time limit for speeches at all or any of the stages for which a day or days have been allotted under sub-rule (2). (4) The debate on an Appropriation Bill shall be restricted to matters of public importance or administrative policy implied in the grants covered by the Bill which have not already been raised while the relevant demands for grant were under consideration. (5) The Speaker may, in order to avoid repetition of debate, require members desiring to take part in discussion on an Appropriation Bill to give advance intimation of the specific points they intend to raise, and he may withhold permission for raising such of the points as in his opinion appear to be repetitions

of the matters discussed on a demand for grant or as may not be of sufficient public importance. (6) If an Appropriation Bill is in pursuance of a supplementary grant in respect of an existing service, the discussions shall be confined to the items constituting the same, and no discussion shall be raised on the original grant nor the policy underlying it save in so far as it may be necessary to explain or illustrate a particular item under discussion.

(d) Finance Bill:

234. Finance Bill: (1) In this rule "Finance Bill" means the Bill ordinary introduced in each year to give effect to the financial proposals of the Government for the next following financial year and includes a Bill to give effect to supplementary financial proposals for any period. (2) At any time after the introduction in the House of a Finance Bill, the Speaker may allot a day or days, jointly or severally, for the completion of all or any of the stages involved in the passage of the Bill by the House, and when such allotment has been made, the Speaker shall at the closing hour fixed, under these rules or by the House on the allotted day or the last of the allotted days, as the case may be, forthwith put every question necessary to dispose of all the outstanding matters in connection with the stage or stages for which the day or days have been allotted:

Provided that if a Minister has a right of reply to the debate on the motion which is under discussion at such time, not being later than one hour prior to the closing hour so fixed, on that day and has not commenced his reply at such time, the Speaker shall inquire how much time not exceeding one hour he requires for his reply, and shall call upon any member for the time being addressing the House to resume his seat at such point of time as will leave available,

before the closing hour so fixed, the amount of time which the Minister has stated that he requires for his reply. (3) Where the question or one of the questions required by the sub-rule (2) to be put at the closing hour as aforesaid on the allotted day or the last day of the allotted days is that the Bill be passed, sub-rule (2) shall have effect notwithstanding that amendments to the Bill have been made. (4) Subject to the proviso to sub-rule (2), the Speaker may, if he thinks fit, prescribe a time limit for speeches at all or any of the stages for which a day or days have been allotted under that sub-rule. (5) On a motion that the Finance Bill be taken into consideration, a member may discuss matters relating to general administration, local grievances within the sphere of the responsibility of Government or monetary or financial policy of Government. (6) In other respects the rules applicable to Bills in Chapter X of these rules shall apply.

235. Business that can be taken up on a day allotted for financial business. Notwithstanding that a day has been allotted for other business under rule 222, 223, 233, or 234, a motion or motions for leave to introduce a Bill or Bills may be made and a Bill or Bills may be introduced on such day before the House enters on the business for which the day has been allotted.

236. Time limit for disposal of financial business. In addition to the powers exercisable under these rules, the Speaker may exercise all such powers as are necessary for the purpose of the timely completion of all financial business including allotment of time for the disposal of various kinds of such business; and where time is so allotted, he shall, at the appointed hour, put every question necessary to dispose of all the

outstanding matters in connection with the stage or stages for which time has been allotted.

Explanation. ----Financial business includes any business, which the Speaker holds as coming within this category under the Constitution.

237. Intimation to Finance Department. When the House has refused its assent to any demand or has assented to any demand subject to a reduction of an amount specified therein, the Secretary of Legislative Assembly shall send an intimation of the same to the Finance Department.

APPENDIX-6

(referred in Para 10.12.2)

Procedure for conduct of business relating to financial matters as contained in "Rules of Procedure and Conduct of Business in J&K Legislative Council"

181. The Budget: There shall be no discussion on the Annual Financial Statement or the Statement of the Estimate Receipts and Expenditure of the Government of Jammu and Kashmir (hereinafter referred to as the "Budget") on the day on which it is presented to the Council.

182. General discussion on the Budget: (1) On a day to be appointed by the Chairman subsequent to the day on which the Budget is presented and for such time as the Chairman may allot for this purpose, the Council, shall be at liberty to discuss the Budget as a whole or any question of principle involved therein but not motion shall be moved nor shall the Budget be submitted to the vote of the Council. (2) The Finance Minister shall have a general right of reply at the end of the discussion. (3) The Chairman may, if he thinks fit, prescribe a time-limit for speeches.

183. Presentation of the budget in parts: Nothing here-in-before contained shall be deemed to prevent the presentation of the Budget to the Council in two or more parts and when such presentation take place, each part shall be dealt with in accordance with these rules as if it were the budget.

184. Vote on account:

i. Papers relating to the vote on account in respect of which a motion has been made in the Assembly shall be laid on the Table;

ii. Discussion of a general character in respect of such papers shall be allowed but the details shall not be discussed further than is necessary to develop the general points.

185. Supplementary, Additional, Excess and Exceptional Grants and Votes of Credit: Supplementary, additional, excess and exceptional grants and votes credit shall be regulated by the same procedure as is applicable in the case of Budget subject to such adaptations, whether by way of modification, edition or omission, as the Chairman may deem to be necessary expedient.

186. Scope of discussion on Supplementary Grants: The debate on the Supplementary Grants shall be confined to the items constituting the same and discussion may be raised on the original grants nor policy underlying no ave in so far as it may be necessary to explain or illustrate the particular items under discussion.

187. Business that can be taken upon a day allotted for any kind of financial business: Notwithstanding that a day has been allotted for financial business, a motion or motions for leave to introduce a Bill or Bills may be made and a Bill or Bills may be introduced on such day before the Council enters on the business for which the day has been allotted.

Financial and Money Bills:

188. Provision as regards financial bills referred to in Sec 64 (1) of the Constitution:

(1) If notice of motion for leave to introduce a Bill making provision for any of the matters specified in sub-section (1) of Sec. 84 of the Constitution, is received, the Chairman may direct that it should not be included in the list of business.

(2) On a bill being put down for introduction, a member may at that stage or at any subsequent stage take objection that the Bill is a Financial Bill within the meaning of Sec 84(1) of the Constitution and should not be introduced in the Council.

(3) If the Chairman holds that the Bill is a Financial Bill within the meaning of Sec. 84(1) of the Constitution, he shall terminate discussion on the Bill forthwith and direct that it be struck off from the list of business and be removed from the Register of Bills pending in the Council.

(4) If the Chairman has any doubt in regard to validity of the objection, he shall refer the matter to the Speaker and if there is no agreement between the Speaker and the Chairman, the Chairman shall report the matter to the Council and take the sense of the Council as to whether they wish to proceed further with the bills.

189. Money Bills: (1) A Money Bill passed by the Assembly and transmitted to the Council shall, as soon as may be, be laid on the Table. (2) The Chairman in consultation with the Leader of the Council shall within two days

of the Bill being so laid on the Table allot a day or days or part of a day for the completion of all or any of the stages involved in the consideration and return of the Bill by the Council including the consideration and passing of amendments, if any, to the Bill. (3) When such an allotment has been made, the Chairman shall at the appointed hour on the allotted day or the last of the allotted days, as the case may be, forthwith put all the question necessary to dispose of the outstanding matters in connection with the stage or stages for which a day or days or part of a day has been allotted. (4) After the motion that the Bill be taken into consideration has been carried, the Bill shall be taken up clause by clause. At this stage amendments to be recommended to the Assembly may be moved to the Bill and the provisions of the Rules of the Council regarding consideration of amendments to Bills shall apply. (5) After the Bill has been considered clause by clause and the amendments, if any, have been disposed of, the member incharge of the Bill shall move that the Bill be returned. (6) When the motion that the Bill be returned has been carried, the Bill shall be returned to the Assembly in the case where the Council does not make any recommendations, with a message that the Council has not recommendation to make to the Assembly in regard to the bill, and in the case where any amendments have been recommended by the Council, with a message intimating to the Assembly the amendments so recommended.(7) On a Bill being introduced in the Council or at any subsequent stage, if an objection is taken that Bill is a Money Bill within the meaning of Sections 77 of the Constitution and should not be proceeded with within the Council, the

Chairman shall if he holds the objection valid direct that further proceedings in connection with the Bill be terminated. (8) If the Chairman has any doubt in regard to the validity of the objection, he shall refer the matter to the Speaker whose decision on the question shall be final in accordance with Section 77(3) of the Constitution.

APPENDICES NO. F.1 TO F.20
(referred in Para 10.1.4)

Formats of statutory communications and sanctions, appropriation bills and schedules

used in a

FULL BUDGET

situation

Appendix - F.1

MEMORANDUM

The State Cabinet vide its Decision No. _____ dated _____ has approved Revised Estimates for the FY _____ and the Annual Financial Statement for the FY _____.

Under Sections 79, 80, 81, 82 and 84 of the Constitution of Jammu & Kashmir, approval of the Governor is required to enable the Government to take further action accordingly.

His Excellency the Governor may feel pleased to:

1. Direct that the **Annual Financial Statement** of the estimated receipts and expenditure for the FY _____ **be laid before both** the Houses of Legislature in pursuance of Section 79 read with Sub-Section (3) of Section 80 of Constitution of Jammu and Kashmir.

2. Recommend **making in** Legislative Assembly, the **Demands for Grants** in respect of **Annual Financial Statement** for the **FY** _____ in pursuance of Sub-section (3) of Section 80 of the Constitution of Jammu & Kashmir.

3. Direct that the **Statement of Supplementary Expenditure** for the **FY** _____ **be laid before both the Houses** of Legislature in pursuance of Section 82 read with Sub-Section (3) of Section 80 of the Constitution of Jammu & Kashmir.

4. Recommend **making in** Legislative Assembly, the **Demand for Grants** in respect of **Statement of Supplementary Expenditure** for the **FY** _____ in pursuance of Sub-Section (2) of Section 82 read with Sub-Section (3) of Section 80 of the Constitution of Jammu & Kashmir.

5. Recommend **introduction in** and **consideration by** Legislative Assembly of the Bill styled as J&K Appropriation (No.1) Bill, _____ in pursuance of Section 81 read with Sub-Sections (1) & (3) of Section 84 of the Constitution of Jammu & Kashmir after the **Annual Financial Statement for Grants for FY** _____ **and Supplementary Demand for Grants for FY** _____ have been considered.

6. Recommend **consideration by** Legislative Council of the Bill styled as J&K Appropriation (No.1) Bill, _____ in pursuance of Sub-Sections (1) & (3) of Section 84 of the Constitution of Jammu & Kashmir after the **Annual Financial Statement for Grants for FY** _____ **and Supplementary Demand for Grants for FY** _____ have been considered.

7. Recommend **introduction in** and **consideration by** Legislative Assembly of the Bill styled as J&K Appropriation (No.2) Bill, _____ in pursuance of Section 81 read

with Sub-Sections (1) & (3) of Section 84 of the Constitution of Jammu & Kashmir after **Annual Financial Statement for Grants for FY** _____ and **Supplementary Demand for Grants for FY** _____ have been considered.

8. Recommend **consideration by** Legislative Council of the Bill styled as J&K Appropriation (No.2) Bill, _____ in pursuance of Sub-Sections (1) & (3) of Section 84 of the Constitution of Jammu & Kashmir after **Annual Financial Statement for Grants for FY** _____ and **Supplementary Demand for Grants for FY** _____ have been considered.

   Draft sanctions (10 in number) are enclosed.

Chief Minister

Governor,
Jammu & Kashmir.

Draft of sanctions from the Governor

In pursuance of Section 79 read with Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby direct that the Annual Financial Statement for the FY _____ shall be laid before the Legislative Council on _____.

(_____)

In pursuance of Section 79 read with Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby direct that the Annual Financial Statement for the FY _____ shall be laid before the Legislative Assembly on _____.

(_____)

In pursuance of Section 82 read with Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby direct that the Statement of Supplementary Expenditure for the FY _____ shall be laid before the Legislative Council on _____.

(_____)

In pursuance of Section 82 read with Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby direct that the Statement of Supplementary Expenditure for the FY _____ shall be laid before the Legislative Assembly on _____.

(_____)

In pursuance of Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend, the making in Legislative Assembly of Demands for Grants in respect of Annual Financial Statement for the FY _____ as detailed in the said statement.

(_____)

In pursuance of Sub-Section (2) of Section 82 read with Sub-Section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the making in of Demands for Grants in Legislative Assembly in respect of Statement of Supplementary Expenditure for the FY _____ as detailed in the said statement.

(_____)

In pursuance of Section 81 read with Sub-Sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the introduction in and consideration by the Legislative Assembly of the Bill styled as "The Jammu & Kashmir Appropriation (No.1) Bill, _____".

(_____)

In pursuance of Section 81 read with Sub-Sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the introduction in and consideration by the Legislative Assembly of the Bill styled as "The Jammu & Kashmir Appropriation (No.2) Bill, _____".

(_____)

In pursuance of Sub-Sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the consideration of the Bill styled as "The Jammu & Kashmir Appropriation (No.1) Bill, _____" by the Legislative Council.

(_____)

In pursuance of Sub-Sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the consideration of the Bill styled as "The Jammu & Kashmir Appropriation (No.2) Bill, _____" by the Legislative Council.

(_____)

Appendix - F.2

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that Annual Financial Statement for the FY _____ shall be laid before the Legislative Council on _____.

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.3

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Annual Financial Statement for the FY _____ shall be laid before the Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.4

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that Statement of Supplementary Expenditure for the FY _____ shall be laid before the Legislative Council on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.5

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Statement of Supplementary Expenditure for the FY _____ shall be laid before the Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.6

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu.

Sir,

Please take notice that Demands for Grants in respect of Annual Financial Statement for the FY _____ will be moved in J&K Legislative Assembly from _____ onwards.

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.7

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Supplementary Demands for Grants for the FY _____ will be moved in J&K Legislative Assembly from _____ onwards.

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.8

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will introduce Jammu and Kashmir Appropriation (No.1) Bill, _____, in the current session of Legislative Assembly and move that:

"a. The Bill be taken into consideration; and
b. The Bill be passed."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister of Finance

Appendix - F.9

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will introduce Jammu and Kashmir Appropriation (No. 2) Bill, _____, in the current session of Legislative Assembly and move that:

"a. The Bill be taken into consideration; and
b. The Bill be passed."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.10

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will commend Jammu and Kashmir Appropriation (No. 1) Bill, _____, in the current session of Legislative Council and move that:

"a. The Bill be taken into consideration; and
b. The Bill be returned to J&K Legislative Assembly."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.11

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will commend Jammu and Kashmir Appropriation (No. 2) Bill, _____ in the current session of Legislative Council and move that:

"a. The Bill be taken into consideration; and
b. The Bill be returned to J&K Legislative Assembly."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix - F.12

Government of Jammu and Kashmir
Civil Secretariat, Finance Department
…

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar

No: FD-VII-Gen. (102)- Dated:
Subject: Presentation of Budget _____ in the State Legislature.

Sir,

In connection with the subject cited above, kindly find enclosed the Demand List (Service & Purpose) for the financial year _____ for further necessary action at your end please.

Yours faithfully,

Dy. Director (Bgt.)
Finance Department

Encl. _____

Service and Purpose

Demand No. 01 - General Administration Department

2012	President, Vice President / Governor/ Administrator of Union Territories
2013	Council of Ministers
2015	Elections
2051	Public Service Commission
2052	Secretariat General Services
2055	Police
2070	Other Administrative Services
2251	Secretariat Social Services
2501	Special Programmes for Rural Development
3435	Ecology and Environment
3451	Secretariat Economic Services
3452	Tourism
3454	Census Surveys and Statistics
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services
4075	Capital Outlay on Miscellaneous General Services
4515	Capital Outlay on Other Rural Development Programmes
5425	Capital Outlay on Other Scientific & Environmental Research
5452	Capital Outlay on Tourism

Demand No. 02 - Home Department

2055	Police
2056	Jails
2070	Other Administrative Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services

Demand No. 03 – Planning & Dev. Department

3451	Secretariat Economic Services
3454	Census Surveys and Statistics
3475	Other General Economic Services
4059	Capital Outlay on Public Works
5475	Capital Outlay on Other General Economic Services

Demand No. 04 - Information Department

2220	Information and Publicity
4220	Capital Outlay on Information and Publicity

Demand No. 05 - Ladakh Affairs Department

2575	Other Special Areas Programmes
4575	Capital Outlay on Other Special Areas Programmes

Demand No.06 – Power Development Department

2801	Power
4801	Capital Outlay on Power Projects

Demand No. 07 – Education Department

2055	Police
2202	General Education
2204	Sports and Youth Services
3454	Census Surveys and Statistics
4202	Capital Outlay on Education, Sports, Art and Culture

Demand No. 08 – Finance Department

2030	Stamps and Registration
2035	Collection of Other Taxes on Property and Capital Transactions

2039	State Excise
2040	Taxes on Sales, Trade etc.
2045	Other Taxes and Duties on Commodities & Services
2047	Other Fiscal Services
2049	Interest Payments
2054	Treasury and Accounts Administration
2071	Pensions and Other Retirement Benefits
2075	Miscellaneous General Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4851	Capital Outlay on Village and Small Industries
5475	Capital Outlay on Other General Economic Services
6003	Internal Debt of the State Government
6004	Loans and Advances from the Central Government
6235	Loans for Social Security and Welfare

Demand No. 09 – Parliamentary Affairs Department

2011	State Legislatures
7610	Loans to Government Servants etc.

Demand No. 10 – Law Department

2014	Administration of Justice
2015	Elections
2030	Stamps and Registration
2041	Taxes on Vehicles
2070	Other Administrative Services
2230	Labour and Employment
4059	Capital Outlay on Public Works

Demand No. 11 – Industries & Commerce Department

2851	Village and Small Industries
2853	Non Ferrous Mining and Metallurgical Industries
4851	Capital Outlay on Village and Small Industries
4852	Capital Outlay on Iron and Steel Industries

4853	Capital Outlay on Non Ferrous Mining and Metallurgical Industries
6885	Other Loans to Industries and Minerals

Demand No. 12 – Agriculture Department

2029	Land Revenue
2236	Nutrition
2250	Other Social Services
2401	Crop Husbandry
2402	Soil and Water Conservation
2403	Animal Husbandry
2406	Forestry and Wildlife
2415	Agricultural Research and Education
2425	Cooperation
2435	Other Agricultural Programmes
2705	Command Area Development
2851	Village and Small Industries
4401	Capital Outlay on Crop Husbandry
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
4415	Capital Outlay on Agricultural Research and Education
4425	Capital Outlay on Cooperation
4705	Capital Outlay on Command Area Development
4851	Capital Outlay on Village and Small Industries

Demand No. 13 – Animal / Sheep Husbandry Department

2403	Animal Husbandry
4403	Capital Outlay on Animal Husbandry

Demand No. 14 – Revenue, Relief & Rehabilitation Department

2029	Land Revenue
2053	District Administration
2055	Police
2070	Other Administrative Services
2235	Social Security and Welfare

2245	Relief on Account of Natural Calamities
2250	Other Social Services
2401	Crop Husbandry
2506	Land Reforms
4059	Capital Outlay on Public Works
4235	Capital Outlay on Social Security and Welfare
4401	Capital Outlay on Crop Husbandry

Demand No. 15 – Consumer Affairs & Public Distribution Department

2408	Food Storage and Warehousing
3475	Other General Economic Services
4235	Capital Outlay on Social Security and Welfare
4408	Capital Outlay on Food Storage and Warehousing
5475	Capital Outlay on Other General Economic Services

Demand No. 16 – Public Works Department

2059	Public Works
2216	Housing
3054	Roads and Bridges
4059	Capital Outlay on Public Works
5054	Capital Outlay on Roads and Bridges

Demand No. 17 – Health & Medical Education Department

2210	Medical and Public Health
2211	Family Welfare
4210	Capital Outlay on Medical and Public Health

Demand No. 18 – Social Welfare Department

2070	Other Administrative Services
2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
2235	Social Security and Welfare
2236	Nutrition

4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
4235	Capital Outlay on Social Security and Welfare
4236	Capital Outlay on Nutrition

Demand No. 19 – Housing & Urban Development Department

2217	Urban Development
4216	Capital Outlay on Housing
4217	Capital Outlay on Urban Development
6216	Loans for Housing
7610	Loans to Government Servants etc.

Demand No. 20 – Tourism Department

2202	General Education
2205	Art and Culture
3452	Tourism
4202	Capital Outlay on Education, Sports, Art and Culture
5452	Capital Outlay on Tourism

Demand No. 21 – Forest Department

2402	Soil and Water Conservation
2406	Forestry and Wildlife
3435	Ecology and Environment
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
5425	Capital Outlay on Other Scientific and Environmental Research

Demand No. 22 – Irrigation & Flood Control Department

2700	Major Irrigation
2701	Medium Irrigation
2702	Minor Irrigation
2711	Flood Control and Drainage

4701	Capital Outlay on Medium Irrigation
4702	Capital Outlay on Minor Irrigation
4711	Capital Outlay on Flood Control Projects

Demand No. 23 – Public Health Engineering Department

2055	Police
2215	Water Supply and Sanitation
4215	Capital Outlay on Water Supply and Sanitation

Demand No. 24 – Hospitality & Protocol Department

2055	Police
2059	Public Works
2070	Other Administrative Services
2216	Housing
4059	Capital Outlay on Public Works

Demand No. 25 – Labour, Stationery & Printing Department

2058	Stationery and Printing
2230	Labour and Employment
4058	Capital Outlay on Stationery and Printing
4250	Capital Outlay on Other Social Services

Demand No. 26 – Fisheries Department

2405	Fisheries
4405	Capital Outlay on Fisheries

Demand No. 27 – Higher Education Department

2202	General Education
2203	Technical Education
2230	Labour and Employment
4202	Capital Outlay on Education, Sports, Art and Culture

4250	Capital Outlay on Other Social Services

Demand No. 28 – Rural Development Department

2236	Nutrition
2501	Special Programmes for Rural Development
2515	Other Rural Development Programmes
4515	Capital Outlay on Other Rural Development Programmes

Demand No. 29 – Transport Department

2041	Taxes on Vehicles
2070	Other Administrative Services
4059	Capital Outlay on Public Works
5055	Capital Outlay on Road Transport
7055	Loans for Road Transport

Note: The Major Heads included in a particular Demand for Grants may vary from time to time as per requirement of the Government.

Appendix - F.13

Government of Jammu and Kashmir,
Civil Secretariat, Finance Department
…

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar

No: FD-VII-Gen. (102)- Dated:
Subject: Moving of Demands for Grants in the Legislative Assembly.

Sir,

Kindly find enclosed the schedule for moving of Demands for Grants in the Legislative Assembly by various Ministers. While the reply to General Discussion on Budget will be made on _____ by the Hon'ble Minister for Finance, the 1st Demand will be moved on _____ by the Hon'ble Minister for _____ and last of the Demands will be moved by Hon'ble Minister for _____ on _____.

Yours faithfully,

Encl: (*Model*)Schedule

Director General (Bgt.)
Finance Department

Copy to the:

1. Special Assistant to Minister for Finance for information of Hon'ble Minister.
2. Pvt. Secretary to Commr. Secretary to Government, Finance Department.

Schedule for moving of Demands for Grants in the Legislative Assembly (February-March, 20… Session)

Date/Sitting	Presenting dignitary	Demand for Grant
	Hon'ble Minister for Finance & Ladakh Affairs	Reply to General Discussion on Budget.
1st	Hon'ble Minister for Finance & Ladakh Affairs	08. Finance (includes also Public Enterprises) 05. Ladakh Affairs
2nd	Hon'ble Minister for Health, Horticulture and Floriculture	17. Health & Medical Education
1st	Hon'ble Minister for Rural Development and Panchayats, Law & Parliamentary Affairs	09. Parliamentary Affairs 10. Law (includes also Elections) 28. Rural Development
2nd	Hon'ble Minister for Industries & Commerce	11. Industries & Commerce
1st	Hon'ble Minister for PHE, Irrigation & FC	22. Irrigation & Flood Control 23. PHE
2nd	Hon'ble Minister for CA&PD and Transport	15. Consumer Affairs & Public Distribution 29. Transport
1st	Hon'ble Minister for Revenue, Relief & Rehabilitation	14. Revenue, Relief & Rehabilitation
2nd	Hon'ble Minister for School Education and Public Enterprises	07. Education (includes also Youth Services & Sports, Sports Council)
1st	Hon'ble Minister for Agriculture Production	12. Agriculture Production (includes also Floriculture, Horticulture) 26. Fisheries
2nd	Hon'ble Minister for Higher Education, Labour & Employment	25. Labour & Employment (includes also Stationery & Printing, Govt. Presses) 27. Higher Education (includes also Technical Education)
2nd	Hon'ble Minister for Social Welfare, ARI, Trainings & Public Grievances	18. Social Welfare
1st	Hon'ble Minister for Forests, Environment and Ecology.	21. Forests
2nd	Hon'ble Minister for Animal Husbandry, Sheep Husbandry, Science & Technology and Information Technology	13. Animal/Sheep Husbandry
1st	Hon'ble Dy. Chief Minister	19. Housing & Urban Development, Municipalities.
2nd	Hon'ble Minister for Tourism and Culture	20. Tourism (includes also Libraries, Archives)
	Hon'ble Chief Minister	01. General Administration (includes also Science & Technology, Information Technology) 02. Home 03. Planning & Development 04. Information 06. Power Development 16. Public Works (R&B) 24. Hospitality & Protocol
	Hon'ble Chief Minister	Reply on his Demands for Grants.

Appendix - F.14

Government of Jammu and Kashmir
Civil Secretariat, Finance Department
…

The Secretary
Legislative Assembly Sectt.
Srinagar/Jammu

No: FD-VII-Gen. (102)- Dated:
Subject: Reply of HFM on general discussion on Budget.

Sir,

Kindly take note that Hon'ble Finance Minister will reply on general discussion on Budget _____ in the Legislative Assembly on _____ in the _____ sitting.

Yours faithfully,

Director General (Bgt.)
Finance Department

Appendix - F.15

Government of Jammu and Kashmir
Civil Secretariat, Finance Department
...

The Secretary,
J&K Legislative Council Secretariat,
Srinagar/Jammu

No: FD-VII-Gen. (102)- Dated:

Subject: Reply on general discussion on Budget _____.

Sir,

It is hereby intimated that Hon'ble Finance Minister will be replying to general discussion on Budget _____ in the Legislative Council on _____ in the _____ sitting.

Yours faithfully,

Director General (Bgt.)

Copy to the:

1. Special Assistant to Minister for Finance for information of Hon'ble Minister
2. Pvt. Secretary to Commr. Secretary to Govt. Finance Department.

Appendix - F.16

No: FD-VII-Gen. (102)-
Dated:

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar

Sir,

Please take notice that the undersigned will move Demands for Grants in the enclosed statements in J&K Legislative Assembly on _____ (____ sitting).

Yours faithfully,

Minister for _____

Demand No. 01

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2012	President, Vice President / Governor / Administrator of Union Territories
2013	Council of Ministers
2015	Elections
2051	Public Service Commission
2052	Secretariat - General Services
2055	Police
2070	Other Administrative Services
2251	Secretariat - Social Services
2501	Special Programmes for Rural Development
3435	Ecology and Environment
3451	Secretariat Economic Services
3452	Tourism
3454	Census Surveys and Statistics
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services
4075	Capital Outlay on Miscellaneous General Services
4515	Capital Outlay on Other Rural Development Programmes
5425	Capital Outlay on Other Scientific & Environmental Research
5452	Capital Outlay on Tourism

Demand No. 02

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2056	Jails
2070	Other Administrative Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Service

Demand No. 03

That a sum not exceeding ₹_____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

3451	Secretariat - Economic Services
3454	Census Surveys and Statistics
3475	Other General Economic Services
4059	Capital Outlay on Public Works
5475	Capital Outlay on Other General Economic Services

Demand No. 04

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2220	Information and Publicity
4220	Capital Outlay on Information and Publicity

Demand No. 05

That a sum not exceeding ₹_____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2575	Other Special Areas Programmes
4575	Capital Outlay on Other Special Areas Programmes

Demand No. 06

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2801	Power
4801	Capital Outlay on Power Projects

Demand No. 07

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2202	General Education
2204	Sports and Youth Services
3454	Census Surveys and Statistics
4202	Capital Outlay on Education, Sports, Art and Culture

Demand No. 08

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2030	Stamps and Registration
2035	Collection of Other Taxes on Property and Capital Transactions
2039	State Excise
2040	Taxes on Sales, Trade etc.
2045	Other Taxes and Duties on Commodities & Services
2047	Other Fiscal Services
2049	Interest Payments
2054	Treasury and Accounts Administration
2071	Pensions and Other Retirement Benefits
2075	Miscellaneous General Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4851	Capital Outlay on Village and Small Industries
5475	Capital Outlay on Other General Economic Services
6003	Internal Debt of the State Government
6004	Loans and Advances from the Central Government
6235	Loans for Social Security and Welfare

Demand No. 09

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2011	State Legislatures
7610	Loans to Government Servants etc.

Demand No. 10

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2014	Administration of Justice
2015	Elections
2030	Stamps and Registration
2041	Taxes on Vehicles
2070	Other Administrative Services
2230	Labour and Employment
4059	Capital Outlay on Public Works

Demand No. 11

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2851	Village and Small Industries
2853	Non Ferrous Mining and Metallurgical Industries
4851	Capital Outlay on Village and Small Industries
4852	Capital Outlay on Iron and Steel Industries
4853	Capital Outlay on Non-Ferrous Mining and Metallurgical Industries
6885	Other Loans to Industries and Minerals

Demand No. 12

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2029	Land Revenue
2236	Nutrition
2250	Other Social Services
2401	Crop Husbandry
2402	Soil and Water Conservation
2403	Animal Husbandry
2406	Forestry and Wildlife
2415	Agricultural Research and Education
2425	Cooperation
2435	Other Agricultural Programmes
2705	Command Area Development
2851	Village and Small Industries
4401	Capital Outlay on Crop Husbandry
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
4415	Capital Outlay on Agricultural Research and Education
4425	Capital Outlay on Cooperation
4705	Capital Outlay on Command Area Development
4851	Capital Outlay on Village and Small Industries

Demand No. 13

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2403	Animal Husbandry
4403	Capital Outlay on Animal Husbandry

Demand No. 14

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2029	Land Revenue
2053	District Administration
2055	Police
2070	Other Administrative Services
2235	Social Security and Welfare
2245	Relief on Account of Natural Calamities
2250	Other Social Services
2401	Crop Husbandry
2506	Land Reforms
4059	Capital Outlay on Public Works
4235	Capital Outlay on Social Security and Welfare
4401	Capital Outlay on Crop Husbandry

Demand No. 15

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2408	Food Storage and Warehousing
3475	Other General Economic Services
4235	Capital Outlay on Social Security and Welfare
4408	Capital Outlay on Food Storage and Warehousing
5475	Capital Outlay on Other General Economic Services

Demand No. 16

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2059	Public Works
2216	Housing
3054	Roads and Bridges
4059	Capital Outlay on Public Works
5054	Capital Outlay on Roads and Bridges

Demand No. 17

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2210	Medical and Public Health
2211	Family Welfare
4210	Capital Outlay on Medical and Public Health

Demand No. 18

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2070	Other Administrative Services
2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
2235	Social Security and Welfare
2236	Nutrition
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
4235	Capital Outlay on Social Security and Welfare
4236	Capital Outlay on Nutrition

Demand No. 19

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2217	Urban Development
4216	Capital Outlay on Housing
4217	Capital Outlay on Urban Development
6216	Loans for Housing
7610	Loans to Government Servants etc.

Demand No. 20

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2202	General Education
2205	Art and Culture
3452	Tourism
4202	Capital Outlay on Education, Sports, Art and Culture
5452	Capital Outlay on Tourism

Demand No. 21

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2402	Soil and Water Conservation
2406	Forestry and Wildlife
3435	Ecology and Environment
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
5425	Capital Outlay on Other Scientific and Environmental Research

Demand No. 22

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2700	Major Irrigation
2701	Medium Irrigation
2702	Minor Irrigation
2711	Flood Control and Drainage
4701	Capital Outlay on Medium Irrigation
4702	Capital Outlay on Minor Irrigation
4711	Capital Outlay on Flood Control Projects

Demand No. 23

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2215	Water Supply and Sanitation
4215	Capital Outlay on Water Supply and Sanitation

Demand No. 24

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2059	Public Works
2070	Other Administrative Services
2216	Housing
4059	Capital Outlay on Public Works

Demand No. 25

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2058	Stationery and Printing
2230	Labour and Employment
4058	Capital Outlay on Stationery and Printing
4250	Capital Outlay on Other Social Services

Demand No. 26

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2405	Fisheries
4405	Capital Outlay on Fisheries

Demand No. 27

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2202	General Education
2203	Technical Education
2230	Labour and Employment
4202	Capital Outlay on Education, Sports, Art and Culture
4250	Capital Outlay on Other Social Services

Demand No. 28

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2236	Nutrition
2501	Special Programmes for Rural Development
2515	Other Rural Development Programmes
4515	Capital Outlay on Other Rural Development Programmes

Demand No. 29

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2041	Taxes on Vehicles
2070	Other Administrative Services
4059	Capital Outlay on Public Works
5055	Capital Outlay on Road Transport
7055	Loans for Road Transport

Appendix - F.17

No: FD-VII-Gen. (102)-
Dated:

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar

Sir,

Please take notice that the undersigned will move the Supplementary Demands for Grants _____ in the enclosed statements in J&K Legislative Assembly on _____ (_____ sitting).

Yours faithfully,

Minister for Finance

Demand No. 01

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2012	President, Vice President / Governor / Administrator of Union Territories
2013	Council of Ministers
2015	Elections
2051	Public Service Commission
2052	Secretariat - General Services
2055	Police
2070	Other Administrative Services
2251	Secretariat - Social Services
2501	Special Programmes for Rural Development
3435	Ecology and Environment
3451	Secretariat Economic Services
3452	Tourism
3454	Census Surveys and Statistics
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services
4075	Capital Outlay on Miscellaneous General Services
4515	Capital Outlay on Other Rural Development Programmes
5425	Capital Outlay on Other Scientific & Environmental Research
5452	Capital Outlay on Tourism

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 02

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2056	Jails
2070	Other Administrative Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Service

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 03

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

3451	Secretariat - Economic Services
3454	Census Surveys and Statistics
3475	Other General Economic Services
4059	Capital Outlay on Public Works
5475	Capital Outlay on Other General Economic Services

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 04

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2220	Information and Publicity
4220	Capital Outlay on Information and Publicity

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 05

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2575	Other Special Areas Programmes
4575	Capital Outlay on Other Special Areas Programmes

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 06

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2801	Power
4801	Capital Outlay on Power Projects

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 07

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2202	General Education
2204	Sports and Youth Services
3454	Census Surveys and Statistics
4202	Capital Outlay on Education, Sports, Art and Culture

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 08

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2030	Stamps and Registration
2035	Collection of Other Taxes on Property and Capital Transactions
2039	State Excise
2040	Taxes on Sales, Trade etc.
2045	Other Taxes and Duties on Commodities & Services
2047	Other Fiscal Services
2049	Interest Payments
2054	Treasury and Accounts Administration
2071	Pensions and Other Retirement Benefits
2075	Miscellaneous General Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
4851	Capital Outlay on Village and Small Industries
5475	Capital Outlay on Other General Economic Services
6003	Internal Debt of the State Government
6004	Loans and Advances from the Central Government
6235	Loans for Social Security and Welfare

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 09

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2011	State Legislatures
7610	Loans to Government Servants etc.

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 10

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2014	Administration of Justice
2015	Elections
2030	Stamps and Registration
2041	Taxes on Vehicles
2070	Other Administrative Services
2230	Labour and Employment
4059	Capital Outlay on Public Works

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 11

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2851	Village and Small Industries
2853	Non Ferrous Mining and Metallurgical Industries
4851	Capital Outlay on Village and Small Industries
4852	Capital Outlay on Iron and Steel Industries
4853	Capital Outlay on Non-Ferrous Mining and Metallurgical Industries
6885	Other Loans to Industries and Minerals

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 12

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2029	Land Revenue
2236	Nutrition
2250	Other Social Services
2401	Crop Husbandry
2402	Soil and Water Conservation
2403	Animal Husbandry
2406	Forestry and Wildlife
2415	Agricultural Research and Education
2425	Cooperation
2435	Other Agricultural Programmes
2705	Command Area Development
2851	Village and Small Industries
4401	Capital Outlay on Crop Husbandry
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
4415	Capital Outlay on Agricultural Research and Education
4425	Capital Outlay on Cooperation
4705	Capital Outlay on Command Area Development
4851	Capital Outlay on Village and Small Industries

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 13

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2403 Animal Husbandry
4403 Capital Outlay on Animal Husbandry

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 14

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2029	Land Revenue
2053	District Administration
2055	Police
2070	Other Administrative Services
2235	Social Security and Welfare
2245	Relief on Account of Natural Calamities
2250	Other Social Services
2401	Crop Husbandry
2506	Land Reforms
4059	Capital Outlay on Public Works
4235	Capital Outlay on Social Security and Welfare
4401	Capital Outlay on Crop Husbandry

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 15

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2408	Food Storage and Warehousing
3475	Other General Economic Services
4235	Capital Outlay on Social Security and Welfare
4408	Capital Outlay on Food Storage and Warehousing
5475	Capital Outlay on Other General Economic Services

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 16

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2059	Public Works
2216	Housing
3054	Roads and Bridges
4059	Capital Outlay on Public Works
5054	Capital Outlay on Roads and Bridges

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 17

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2210	Medical and Public Health
2211	Family Welfare
4210	Capital Outlay on Medical and Public Health

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 18

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2070	Other Administrative Services
2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
2235	Social Security and Welfare
2236	Nutrition
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
4235	Capital Outlay on Social Security and Welfare
4236	Capital Outlay on Nutrition

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 19

That a sum not exceeding ₹_____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2217	Urban Development
4216	Capital Outlay on Housing
4217	Capital Outlay on Urban Development
6216	Loans for Housing
7610	Loans to Government Servants etc.

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 20

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2202	General Education
2205	Art and Culture
3452	Tourism
4202	Capital Outlay on Education, Sports, Art and Culture
5452	Capital Outlay on Tourism

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 21

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2402	Soil and Water Conservation
2406	Forestry and Wildlife
3435	Ecology and Environment
4402	Capital Outlay on Soil and Water Conservation
4406	Capital Outlay on Forestry and Wildlife
5425	Capital Outlay on Other Scientific and Environmental Research

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 22

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2700	Major Irrigation
2701	Medium Irrigation
2702	Minor Irrigation
2711	Flood Control and Drainage
4701	Capital Outlay on Medium Irrigation
4702	Capital Outlay on Minor Irrigation
4711	Capital Outlay on Flood Control Projects

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 23

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2215	Water Supply and Sanitation
4215	Capital Outlay on Water Supply and Sanitation

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 24

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2055	Police
2059	Public Works
2070	Other Administrative Services
2216	Housing
4059	Capital Outlay on Public Works

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 25

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2058	Stationery and Printing
2230	Labour and Employment
4058	Capital Outlay on Stationery and Printing
4250	Capital Outlay on Other Social Services

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 26

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2405	Fisheries
4405	Capital Outlay on Fisheries

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 27

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2202	General Education
2203	Technical Education
2230	Labour and Employment
4202	Capital Outlay on Education, Sports, Art and Culture
4250	Capital Outlay on Other Social Services

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 28

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2236	Nutrition
2501	Special Programmes for Rural Development
2515	Other Rural Development Programmes
4515	Capital Outlay on Other Rural Development Programmes

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Demand No. 29

That a sum not exceeding ₹ _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of:

2041	Taxes on Vehicles
2070	Other Administrative Services
4059	Capital Outlay on Public Works
5055	Capital Outlay on Road Transport
7055	Loans for Road Transport

Note: To be restricted only to relevant Major Heads for which 'Supplementary Vote' is required.

Appendix - F.18

Government of Jammu and Kashmir
Civil Secretariat, Finance Department
...

No: FD-VII-Gen. (102)-
Dated:

Subject: Introduction of Appropriation Bill No. 1 & 2 of _____.

The Appropriation Bills No. 1 & 2 of _____ are scheduled to be introduced in the J&K Legislative Assembly on _____. In this connection some points have been raised by Hon'ble Members. The same are enclosed for ready reference.

The undersigned is directed to request the Administrative Secretaries concerned to kindly send a brief reply on the points pertaining to their Department. The reply should reach Finance Department latest by _____. Soft copy of the reply may also be provided.

Deputy Director (Bgt.)
Finance Department

Financial Commissioner/
Principal Secretary to Government/
Commr. Secretary to Government/
Secretary to Government,
_____.

Encl: _____

Appendix - F.19

No: FD-VII-Gen. (102)-
Dated: _____

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Enclosed please find 10 copies of J&K Appropriation Bill (No. 1) of the year _____ with the request that the approval of the Hon'ble Speaker to its publication in the Government Gazette may kindly be obtained and the Bill published in the usual manner.

Yours faithfully,

Minister for Finance

(For Supplementary Demands)

THE JAMMU AND KASHMIR APPROPRIAITON (No. 1) BILL, _____.

(L. A. Bill No. of _____)

A Bill to authorize payment and Appropriation of certain sums from and out of the Consolidated Fund of the Jammu and Kashmir State for the services of the Financial Year _____.

Be it enacted by the Jammu and Kashmir State Legislature in the _____ Year of the Republic of India as follows:-

1. Short title: - This Act may be called the Jammu and Kashmir Appropriation (No. 1) Act, _____.

2. Issue of ₹ _____ lakh out of the Consolidated Fund of the Jammu and Kashmir State for the Financial Year _____:- From and out of the Consolidated Fund of the Jammu and Kashmir State there may be withdrawn sums not exceeding those specified in Column 5 of the Schedule hereto amounting in the aggregate to the sum of ₹ _____ (in words) towards defraying the several charges which will come in course of payment during the Financial Year _____ in respect of the services specified in Column 2 of the said Schedule.

3. Appropriation: - The sums authorized to be withdrawn from and out of the Consolidated Fund of the Jammu and Kashmir State by the Act, shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

_____

THE SCHEDULE

(See Sections 2 and 3)

No. of Demand	Service and purpose	Sums not exceeding *(in ₹ lakh)*		
		Voted by the Legislature	***Charged on the Consolidated Fund (in italics)***	**Total**
1.	2.	3.	4.	5.
1.	**General Administration Department**			
	I- Revenue Account			
	2012- President, Vice President / Governor / Administrator of Union Territories	...	...	...
	2013- Council of Ministers	...	...	...
	2015-Elections	...	...	...
	2051-Public Service Commission	...	...	...
	2052-Secretariat - General Services	...	...	...
	2055-Police	...	...	...
	2070-Other Administrative Services	...	...	...
	2251- Secretariat -Social Services	...	...	...
	2501- Special Programmes for Rural Development	...	...	...
	3435- Ecology and Environment	...	...	...
	3451- Secretariat -Economic Services	...	...	...
	3452- Tourism	...	...	...
	3454-Census, Survey and Statistics	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059-Capital Outlay on Public Works	...	...	...
	4070- Capital Outlay on Other Adm. Services	...	...	...
	4075- Capital Outlay on Misc. General Services	...	...	...
	4515- Capital Outlay on Other Rural Development Programmes	...	...	...
	5425- Capital Outlay on Other Scientific & Environmental Research	...	...	...
	5452- Capital Outlay on Tourism	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 01	**...**	**...**	**...**

.
.
.

29.	**Transport Department**			
	I- Revenue Account			
	2041- Taxes on Vehicles	...	...	...
	2070- Other Administrative Services	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059- Capital Outlay on Public Works	...	...	...
	5055- Capital Outlay on Road Transport	...	...	...
	7055- Loans for Transport	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 29	**...**	**...**	**...**

Total Revenue Account	**...**	**...**	**...**
Total Capital Account	**...**	**...**	**...**
Grand Total (All Demands) Supplementary Accounts	**...**	**...**	**...**

Note: Same format will be replicated for each of the 29 Demands for Grants except for the change in Demand No. and Major Heads under each of the Demand as listed out in the 'Service and Purpose' statement placed as annexure to Appendix - F.12.

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of section 81 of the Constitution of Jammu and Kashmir, to provide for the Supplementary Appropriation out of the Consolidated Fund of the Jammu and Kashmir State, of the moneys required to meet the expenditure charged on the Consolidated Fund and the grants made by the Legislative Assembly for expenditure of the Jammu and Kashmir Government for the Financial Year _____ in respect of the services and purposes specified in the Bill.

MINISTER for FINANCE

_____

Appendix - F. 20

No: FD-VII-Gen. (102)-
Dated: _____

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Enclosed please find 10 copies of J&K Appropriation Bill (No. 2) of the year _____ with the request that the approval of the Hon'ble Speaker to its publication in the Government Gazette may kindly be obtained and the Bill published in the usual manner.

Yours faithfully,

Minister for Finance

(For Main Budget)

THE JAMMU AND KASHMIR APPROPRIATION (No. 2) BILL, _____.

(L. A. BILL No. of _____)

A Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the Jammu and Kashmir State for the services of the Financial Year _____.

Be it enacted by the Jammu and Kashmir State Legislature in the _____ Year of the Republic of India as follows:-

1. Short title: - This Act may be called the Jammu and Kashmir Appropriation (No. 2) Act, _____.

2. Issue of ₹ _____ lakh out of the Consolidated Fund of the Jammu and Kashmir State for the Financial Year _____:- From and out of the Consolidated Fund of the Jammu and Kashmir State, there may be withdrawn sums not exceeding those specified in Column 5 of the schedule hereto amounting in the aggregate to the sum of ₹ _____(in words) towards defraying the several charges, which will come in course of payment during the Financial Year _____ in respect of the services specified in column 2 of the said schedule.

3. Appropriation:- The sums authorized to be withdrawn from and out of the Consolidated Fund of the Jammu and Kashmir State by the Act, shall be appropriated for the services and purposes expressed in the schedule in relation to the said year.

_____

THE SCHEDULE

(See Sections 2 and 3)

No. of Demand	Service and purpose	Sums not exceeding *(in ₹ lakh)*		
		Voted by the Legislature	***Charged on the Consolidated Fund (in italics)***	**Total**
1.	2.	3.	4.	5.
1.	**General Administration Department**			
	I- Revenue Account			
	2012- President, Vice President / Governor / Administrator of Union Territories	...	...	...
	2013- Council of Ministers	...	...	...
	2015-Elections	...	...	...
	2051-Public Service Commission	...	...	...
	2052-Secretariat - General Services	...	...	...
	2055-Police	...	...	...
	2070-Other Administrative Services	...	...	...
	2251- Secretariat -Social Services	...	...	...
	2501- Special Programmes for Rural Development	...	...	...
	3435- Ecology and Environment	...	...	...
	3451- Secretariat -Economic Services	...	...	...
	3452- Tourism	...	...	...
	3454-Census, Survey and Statistics	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059-Capital Outlay on Public Works	...	...	...
	4070- Capital Outlay on Other Adm. Services	...	...	...
	4075- Capital Outlay on Misc. General Services	...	...	...
	4515- Capital Outlay on Other Rural Development Programmes	...	...	...
	5425- Capital Outlay on Other Scientific & Environmental Research	...	...	...
	5452- Capital Outlay on Tourism	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 01	**...**	**...**	**...**

.
.
.
.
.
.

29.	**Transport Department**			
	I- Revenue Account			
	2041- Taxes on Vehicles	...	...	...
	2070- Other Administrative Services	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059- Capital Outlay on Public Works	...	...	...
	5055- Capital Outlay on Road Transport	...	...	...
	7055- Loans for Transport	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 29	**...**	**...**	**...**

Total Revenue Account	**...**	**...**	**...**
Total Capital Account	**...**	**...**	**...**
Grand Total (All Demands)	**...**	**...**	**...**

Note: Same format will be replicated for each of the 29 Demands for Grants except for the change in Demand No. and Major Heads under each of the Demand as listed out in the 'Service and Purpose' statement placed as annexure to Appendix - F.12.

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of sub-section (1) of section 81 of the Constitution of Jammu and Kashmir, to provide for the appropriation out of the Consolidated Fund of the Jammu and Kashmir State, of the moneys required to meet the expenditure charged on the Consolidated Fund and the Grants made by the Legislative Assembly for expenditure of the Jammu and Kashmir Government for the financial year _____ in respect of the services and purposes specified in the Bill.

MINISTER for FINANCE

_____

APPENDICES NO. V.1 TO V.13
(referred in Para 10.1.4)

Formats of statutory communications and sanctions, appropriation bills and schedules

used in a

VOTE ON ACCOUNT

situation

Appendix- V.1

MEMORANDUM

The State Cabinet vide its Decision No. _____ dated _____ has approved Revised Estimates for the year _____ and the Vote-on-Account for the period _____ to _____ of FY _____.

Under Sections 80, 81, 82 and 83 read with Section 84 of the Constitution of Jammu & Kashmir, approval of the Governor is required to enable the Government to take further action accordingly.

His Excellency the Governor may feel pleased to:

1. Director that the **Vote-on-Account** in respect of estimated expenditure for the period _____ **to** _____ **of FY** _____ **be laid before both the Houses of Legislature** in pursuance of Section 83 read with sub section (3) of Section 80 of the Constitution of Jammu and Kashmir.

2. Recommend **making in** Legislative Assembly, the requirement of expenditure in respect of **Vote-on-Account** for the period _____ **to** _____ **of FY** _____ in pursuance of sub-section (1) of Section 83 read with sub-section (3) of Section 80 of the Constitution of Jammu & Kashmir.

3. Direct that the **Statement of Supplementary Expenditure** for **FY** _____ **be laid before both the Houses of Legislature** in pursuance of sub-section (1) of Section 82 read with sub-section (3) of Section 80 of the Constitution of Jammu & Kashmir.

4. Recommend **making in** Legislative Assembly, the **Demand for Grants** in respect of **Statement of Supplementary Expenditure** for **FY** _____ in pursuance of sub-section (2) of Section 82 read with sub-section (3) of Section 80 of the Constitution of Jammu & Kashmir.

5. Recommend **introduction in** and **consideration by** Legislative Assembly of the Bill styled as J&K Appropriation (No.1) Bill, _____ in pursuance of Section 81 read with sub-sections (1) and (3) of Section 84 of the Constitution of Jammu & Kashmir after **Supplementary Demands for Grants for FY** _____ have been considered.

6. Recommend **introduction in** and **consideration by** Legislative Assembly of the Bill styled as J&K Appropriation (No.2) Bill, _____ in pursuance of Section 81 read with sub-sections (1) and (3) of Section 84 of the Constitution of Jammu & Kashmir after Demands for Grants under **Vote-on-Account** for the period _____ **to** _____ of **FY** _____ have been considered.

7. Recommend **consideration by** the Legislative Council of J&K Appropriation (No. 1) Bill, _____ in pursuance of sub-section (3) of Section 84 of the Constitution of Jammu & Kashmir after **Supplementary Demands for Grants for FY** _____ have been considered.

8. Recommend **consideration by** the Legislative Council of J&K Appropriation (No. 2) Bill, _____ in pursuance of Sub-Section (3) of Section 84 of the Constitution of Jammu & Kashmir after **Demands for Grants under Vote-on-Account for the period** _____ **to** _____ **of FY** _____ have been considered.

Draft sanctions (10 in number) are enclosed.

Chief Minister

Governor,
Jammu & Kashmir.

Draft of sanctions from the Governor

In pursuance of Section 83 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, hereby direct that the Vote-on-Account in respect of estimated expenditure for the period _____ to _____ of FY _____ shall be laid before the Legislative Council on _____.

(_____)

In pursuance of Section 83 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, hereby direct that the Vote-on-Account in respect of estimated expenditure for the period _____ to _____ of FY _____ shall be laid before the Legislative Assembly on _____.

(_____)

In pursuance of sub-section (1) of Section 82 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, hereby direct that the Statement of Supplementary Expenditure for FY _____ shall be laid before the Legislative Council on _____.

(_____)

In pursuance of sub-section (1) of Section 82 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, hereby direct that the Statement of Supplementary Expenditure for FY _____ shall be laid before the Legislative Assembly on _____.

(_____)

In pursuance of sub-section (1) of Section 83 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir hereby recommend making in Legislative Assembly, the Demands for Grants in respect of Vote-on-Account for the period _____ to _____ of FY _____.

(_____)

In pursuance of sub-section (2) of Section 82 read with sub-section (3) of Section 80 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir hereby recommend the making in of Demands for Grants in Legislative Assembly in respect of Statement of Supplementary Expenditure for FY _____.

(_____)

In pursuance of Section 81 read with sub-sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the introduction in and consideration by the Legislative Assembly of the Bill styled as "The Jammu & Kashmir Appropriation (No. 1) Bill, _____", after the Supplementary Demands for Grants for _____ have been considered.

(_____)

In pursuance of Section 81 read with sub-sections (1) and (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, hereby recommend the introduction in and consideration of the Bill styled as "The Jammu & Kashmir Appropriation (No. 2) Bill, _____", by Legislative Assembly after Vote-on-Account for the period _____ to _____ of FY _____ and Demands for Grants for the said period have been considered.

(_____)

In pursuance of sub-section (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the consideration of the Bill styled as "The Jammu & Kashmir Appropriation (No.1) Bill, _____" by the Legislative Council after Supplementary Demands for Grants for _____ have been considered.

(_____)

In pursuance of sub-section (3) of Section 84 of the Constitution of Jammu and Kashmir, I, _____, Governor of Jammu and Kashmir, do hereby recommend the consideration of the Bill styled as "The Jammu & Kashmir Appropriation (No.2) Bill, _____" by the Legislative Council after Vote-on-Account for the period _____ to _____ of FY _____ and Demands for Grants for the said period have been considered.

(_____)

Appendix- V.2

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that Vote-on-Account for FY _____ shall be laid before the Legislative Council on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.3

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Vote-on-Account for FY _____ shall be laid before the Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.4

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that Statement of Supplementary Expenditure for FY _____ shall be laid before the Legislative Council on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.5

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Statement of Supplementary Expenditure for FY _____ shall be laid before the Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.6

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Demands for Grants in respect of Vote-on-Account for a part of FY _____ will be moved in J&K Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.7

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that Supplementary Demands for Grants for FY _____ will be moved in J&K Legislative Assembly on _____.

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.8

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will introduce Jammu and Kashmir Appropriation (No.1) Bill, _____, in the current session of Legislative Assembly and move that:-

"a. The Bill be taken into consideration; and
c. The Bill be passed."

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister of Finance

Appendix- V.9

No: FD-VII-Gen. (102)-
Dated: _____

The Speaker,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will introduce Jammu and Kashmir Appropriation (No.2) Bill, _____, in the current session of Legislative Assembly and move that:-

"a. The Bill be taken into consideration; and
c. The Bill be passed."

2. Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.10

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will commend Jammu and Kashmir Appropriation (No. 1) Bill, _____ in the current session of Legislative Council and move that:-

"a. The Bill be taken into consideration; and
c. The Bill be returned to J&K Legislative Assembly."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.11

No: FD-VII-Gen. (102)-
Dated: _____

The Chairman,
J&K Legislative Council,
Jammu/Srinagar.

Sir,

Please take notice that undersigned will commend Jammu and Kashmir Appropriation (No. 2) Bill, _____ in the current session of Legislative Council and move that:

"a. The Bill be taken into consideration; and
c. The Bill be returned to J&K Legislative Assembly."

Sanction of His Excellency the Governor is enclosed.

Yours faithfully,

Minister for Finance

Appendix- V.12

No: FD-VII-Gen. (102)-
Dated: _____

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Enclosed please find 10 copies of J&K Appropriation Bill (No. 1) of the year _____ with the request that the approval of the Hon'ble Speaker to its publication in the Government Gazette may kindly be obtained and the Bill published in the usual manner.

Yours faithfully,

Minister for Finance

(For Supplementary Demands)

THE JAMMU AND KASHMIR APPROPRIAITON (No. 1) BILL, _____.

(L. A. Bill No. of _____)

A Bill to authorize payment and Appropriation of certain sums from and out of the Consolidated Fund of the Jammu and Kashmir State for the services of the Financial Year _____.

Be it enacted by the Jammu and Kashmir State Legislature in the _____ Year of the Republic of India as follows:-

1. *Short title*: - This Act may be called the Jammu and Kashmir Appropriation (No. 1) Act, _____.

2. *Issue of ₹_____ lakh out of the Consolidated Fund of the Jammu and Kashmir State for the Financial Year _____*:- From and out of the Consolidated Fund of the Jammu and Kashmir State there may be withdrawn sums not exceeding those specified in Column 5 of the Schedule hereto amounting in the aggregate to the sum of ₹ _____ (in words) towards defraying the several charges which will come in course of payment during the Financial Year _____ in respect of the services specified in Column 2 of the said Schedule.

3. *Appropriation:* - The sums authorized to be withdrawn from and out of the Consolidated Fund of the Jammu and Kashmir State by the Act, shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

_____

THE SCHEDULE

(See Sections 2 and 3)

No. of Demand	Service and purpose	Sums not exceeding (in ₹ lakh)		
		Voted by the Legislature	*Charged on the Consolidated Fund (in italics)*	Total
1.	2.	3.	4.	5.
1.	**General Administration Department**			
	I- Revenue Account			
	2012- President, Vice President / Governor / Administrator of Union Territories	...	...	...
	2013- Council of Ministers	...	...	...
	2015-Elections	...	...	...
	2051-Public Service Commission	...	...	...
	2052-Secretariat - General Services	...	...	...
	2055-Police	...	...	...
	2070-Other Administrative Services	...	...	...
	2251- Secretariat -Social Services	...	...	...
	2501- Special Programmes for Rural Development	...	...	...
	3435- Ecology and Environment	...	...	...
	3451- Secretariat -Economic Services	...	...	...
	3452- Tourism	...	...	...
	3454-Census, Survey and Statistics	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059-Capital Outlay on Public Works	...	...	...
	4070- Capital Outlay on Other Adm. Services	...	...	...
	4075- Capital Outlay on Misc. General Services	...	...	...
	4515- Capital Outlay on Other Rural Development Programmes	...	...	...
	5425- Capital Outlay on Other Scientific & Environmental Research	...	...	...
	5452- Capital Outlay on Tourism	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 01	**...**	**...**	**...**

.
.
.

29.	**Transport Department**			
	I- Revenue Account			
	2041- Taxes on Vehicles	...	...	...
	2070- Other Administrative Services	...	...	...
	Total Revenue Account	**...**	**...**	**...**
	II- Capital Account			
	4059- Capital Outlay on Public Works	...	...	...
	5055- Capital Outlay on Road Transport	...	...	...
	7055- Loans for Transport	...	...	...
	Total Capital Account	**...**	**...**	**...**
	Total Demand No. 29	**...**	**...**	**...**

Total Revenue Account	**...**	**...**	**...**
Total Capital Account	**...**	**...**	**...**
Grand Total (All Demands) Supplementary Accounts	**...**	**...**	**...**

Note: Same format will be replicated for each of the 29 Demands for Grants except for the change in Demand No. and Major Heads under each of the Demand as listed out in the 'Service and Purpose' statement placed as annexure to Appendix - F.12.

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of section 81 of the Constitution of Jammu and Kashmir, to provide for the Supplementary Appropriation out of the Consolidated Fund of the Jammu and Kashmir State, of the moneys required to meet the expenditure charged on the Consolidated Fund and the grants made by the Legislative Assembly for expenditure of the Jammu and Kashmir Government for the Financial Year _____ in respect of the services and purposes specified in the Bill.

MINISTER for FINANCE

_____

Appendix- V.13

No: FD-VII-Gen. (102)-
Dated: _____

The Secretary,
J&K Legislative Assembly,
Jammu/Srinagar.

Sir,

Enclosed please find 10 copies of J&K Appropriation Bill (No. 2) of the year _____ with the request that the approval of the Hon'ble Speaker to its publication in the Government Gazette may kindly be obtained and the Bill published in the usual manner.

Yours faithfully,

Minister for Finance

(For Vote on Account)

THE JAMMU AND KASHMIR APPROPRIATION (No. 2) BILL, _____.

(L. A. BILL No. of _____)

A Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of the Jammu and Kashmir State for the services of the Financial Year _____.

Be it enacted by the Jammu and Kashmir State Legislature in the _____ Year of the Republic of India as follows:-

1. *Short title:* - This Act may be called the Jammu and Kashmir Appropriation (No. 2) Act, _____.

2. *Issue of ₹ _____ lakh out of the Consolidated Fund of the Jammu and Kashmir State for the Financial Year _____:-* From and out of the Consolidated Fund of the Jammu and Kashmir State, there may be withdrawn sums not exceeding those specified in Column 5 of the schedule hereto amounting in the aggregate to the sum of ₹ _____(in words) towards defraying the several charges, which will come in course of payment during the Financial Year _____ in respect of the services specified in column 2 of the said schedule.

3. *Appropriation:-* The sums authorized to be withdrawn from and out of the Consolidated Fund of the Jammu and Kashmir State by the Act, shall be appropriated for the services and purposes expressed in the schedule in relation to the said year.

_____

THE SCHEDULE

(See sections 2 and 3)

Vote on Account _____
(From _____ to _____)

Demand 01- General Administration

Major Head of Account	Outlay				Total Outlay		
	Non Plan		Plan (Voted)				
	Charged	Voted	Normal	CSS	Charged	Voted	Total
1	2	3	4	5	6	7	8

(in ₹ lakh)

Revenue Account

2012- President, Vice President/ Governor/Administrator of Union Territories

2013- Council of Ministers

2015- Elections

2051- Public Service Commission

2052- Secretariat General Services

2055- Police

2070- Other Administrative Services

2251- Secretariat Social Services

1	2	3	4	5	6	7	8
2501- Special Programmes For Rural Development							
3435- Ecology and Environment							
3451- Secretariat Economic Services							
3452- Tourism							
3454-Census, Survey and Statistics							
Total Revenue Account							
Capital Account							
4059- Capital Outlay on Public Works							
4070- Capital Outlay on Other Administrative Services							
4075- Capital Outlay on Miscellaneous General Services							
4515- Capital Outlay on Other Rural Development Programmes							
5425- Capital Outlay on Other Scientific and Environmental Research							
5452- Capital Outlay on Tourism							
Total Capital Account							
Total Demand							

.

.

.

Vote on Account _____
(From _____ to _____)

Demand 29- Transport

Major Head of Account	Outlay				Total Outlay		
	Non Plan		Plan (Voted)				
	Charged	Voted	Normal	CSS	Charged	Voted	Total
(in ₹ lakh)							
Revenue Account							
2041- Taxes on Vehicles							
2070- Other Administrative Services							
Total Revenue Account							
Capital Account							
4059- Capital Outlay on Public Works							
5055- Capital Outlay on Road Transport							
7055- Loans for Transport							
Total Capital Account							
Total Demand							

Note: Same format will be replicated for each of the 29 Demands for Grants except for the change in Demand No. and Major Heads under each of the Demand as listed out in the 'Service and Purpose' statement placed as annexure to Appendix - F.12.

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of sub-section (1) of section 81 of the Constitution of Jammu and Kashmir, to provide for the appropriation out of the Consolidated Fund of the Jammu and Kashmir State, of the moneys required to meet the expenditure charged on the Consolidated Fund and the Grants made by the Legislative Assembly for expenditure of the Jammu and Kashmir Government for the financial year _____ in respect of the services and purposes specified in the Bill.

MINISTER for FINANCE

_____

PART-IV

PART- IV

Chapter 14

CASH MANAGEMENT FOR BUDGET IMPLEMENTATION

14.1.0 The cash management has two basic aspects, namely drawing of ways and means forecasts and making of resource arrangements. Broadly, the ways and means involves determination of cash availability and identifying the steps needed to manage the gaps between the cash inflow and outflow during the forecast period or to invest the surplus cash, if any, during such periods to yield optimum returns ensuring at the same time their easy retrievability. Resource arrangements on the other hand, is a system whereby total cash availability worked out through ways and means exercise is distributed among Government treasuries enabling these to meet their local demands.

14.2.0 Responsibility for doing this exercise is that of the Finance Department who have to be assisted in this behalf by the Controlling Officers because they are in the best position to know the period in which a particular item of receipt pertaining to a department will be realized or a particular payment will be made.

14.3.0 Every system of making ways and means exercise by the Finance Department, essentially involves: -

01. determination of the forecast period in a year,
02. identifying the authorities in the Governments administrative setup

to be involved in making the forecast,

03. methodology to be followed for working out the forecasts, and

04. interpretation of the forecasts for determination of the gaps and surpluses, if any.

14.4.0 **Determination of Forecast periods:-** Forecast period in relation to the ways and means exercise is that portion of a budget year in respect of which estimated inflow and outflow of the cash under various budgeted programmes is worked out with the objective of reducing the element of their uncertainty and also making it possible to closely watch their actualization. Duration of this period can obviously, be decided on the basis of the previous experience of the behaviour of the budget estimates projected for a year, broken into various periods. It equally depends upon the financial health of the State during a particular year. Sound financial position enables fixation of longer ways and means forecast periods. On the other hand, financial crunch will certainly call for going in for smaller forecast periods. Pattern of budgeting followed by the Government has also a close bearing on deciding such a forecast period. Because of various constraints both administrative and financial, it some times becomes necessary to make lump sum provisions in respect of various budgeted programmes. This is particularly true about plan developmental outlays and some non-plan expenditures like making of provision for likely increases in the salary and wage structure of the employees. These lump sum provisions are broken into details under

various expenditure object heads at different stages of budget implementation during a year. All such situations can vary from time to time, and therefore, ways and means forecast periods cannot be fixed permanently as a rule. Review of the forecasts may have to be made even during currency of a forecast period so as to account for unforeseen and the unpredictable elements of receipts and expenditure. Generally speaking, a quarter in a year is taken as a reasonable forecast period in a developing economy where realization of receipts is full of uncertainties and expenditure incurring dependant upon number of physical and financial constraints.

14.5.0 **Authorities to be involved in Ways and Means forecasting**:- Immediate responsibility for successful implementation of the budget rests with the Controlling Officers, declared as such by the Government from time to time. The list of these officers can decrease or increase with deletion of the completed schemes and addition of new programmes in the budget of a financial year. In order to have ready information about these officers the Finance Department may link them to the various programme heads of account and incorporate their details in the Demands for Grants as presented to the Legislature from year to year. It will facilitate identification of a Controlling Officer in respect of a head of account with reference to the Demand for Grants relevant to his/ her department. The Controlling Officers may be grouped for various budget programmes as under: -

01. For non-plan, state plan and state level externally aided programmes, centrally sponsored schemes or

central plan schemes....**Head of respective functional department.**

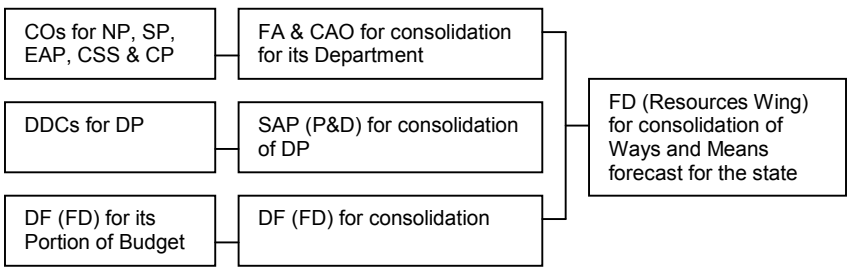
02. For district plan, including district level externally aided programmes, centrally sponsored schemes or central plan schemes.... **District Development Commissioners.**

03. For interest, pensions, internal debt of Government loans and advances from the Central Government, unfunded debts and other accounts grouped in the section Public Account of the budget.... **Finance Department in the Resource Section**.

14.6.0 It may be cumbersome to deal with all the Controlling Officers individually for purposes of the cash management, which involves collecting of data/information almost constantly through out the year. These officers should, therefore, be grouped under various administrative departments where the services of the FA and CAOs should be utilized to collect and consolidate the forecasts received from respective Controlling Officers. The FA and CAOs being representative of the Finance Department are charged with this responsibility and asked to submit the returns of ways and means forecasts to that department as and when called for. Involvement of the FA and CAOs should, however, be restricted only to (01) above. The developmental programmes at the district level taken up either as a part of district plan or as EAP or centrally sponsored schemes are under better control of the District Development Commissioners

coordinated by the Area Planning Wing of the Planning and Development Department. Ways and means forecasts prepared by the District Development Commissioners should be consolidated by the said wing of the Planning and Development Department who will in turn report to the Finance Department. In respect of the heads of account controlled by the Finance Department directly or through its heads of departments, the forecasts should be consolidated and processed for final adoptions by its Resources Division. The information/data from various quarters shall have to be consolidated at the apex in the Finance Department (Resource Division) so that ways and means forecast for the State as a whole becomes available.

14.7.0 The flow of information/data for ways and means forecasting as mentioned above, is described as in the following chart:



Note:- COs= Controlling Officers, DDCs=District Development Commissioners, DF=Director Finance, FA & CAO=Financial Advisor & Chief Accounts Officer, DAP= Director Area Planning, FD= Finance Department, P & D=Planning & Development Department.

14.8.0 **Methodology for working of ways & means forecast**: The forecast has to cover every activity involving finances i.e., receipts as also

disbursement as provided for in the 'Consolidated Fund' and 'Public Account' sections of the budget of a financial year. Since objective of the cash management is not accounts maintenance it is not necessary to follow budgetary classification strictly, though it can provide means to identify expenditure requirements under various important 'inputs' to facilitate development of a plan to spread these over the year keeping in view the various cash resource constraints and programme implementation requirements. It will not, thus, be necessary even to maintain distinction between revenue and capital expenditures as is the requirement for budget formulation and account maintenance while preparing a ways and means forecast, which in essence is an exercise to arrive at cash inflow and outflow during a forecast period within the over all budgetary ceilings for a financial year as a whole. In view of this, it will be expedient to categorize the various budgetary inputs as 'fixed' and 'variables' separately for non-plan and plan programmes and activities.

14.9.0 The 'fixed Inputs' are in a way expenditures relating to administrative and supervisory aspects of the governance and can, thus, be more or less evenly distributed over different months of a financial year. 'Variable inputs', on the other hand are such budgetary commitments which are not evenly distributable, but can arise at different times depending upon various considerations, like availability of working periods, PERT and CPM charts of major works and projects, finalization of contracts, availability of required materials etc. and above all, examination and sanctioning of the programmes and the

activities under valid orders of the competent authorities at various administrative levels, more so because in the system of public finance availability of appropriation alone is not an authority for incurring of expenditures, which have necessarily to be backed by the competent sanctions also.

14.10.0 In order to make forecasts in respect of 'fixed' and 'variable' inputs more realistically, it will be necessary to work out these separately for non-plan and plan budgeted programmes and activities. Whereas "non-plan" estimates are provided in the budget with full details, such details in respect of plan estimates continue to be in the process of settlement even after the budget is presented and approved by the Legislature. These are generally settled in the first quarter of a financial year, particularly in respect of district plans which have to be approved by the District Development Boards. Ideally, the state budget should be an action plan with full transparency about the various expenditure inputs whether plan or non-plan. Finalization of details of plan outlays should be a pre-budget exercise. Making of lump sum provisions if at all necessary should be resorted to only in vary rare cases. The plan outlays, in essence, have, either to be in respect of 'ongoing programmes' or for the 'new programmes'. 'Ongoing programmes' are committed expenditure on the total plan, be it State, District or Central/Centrally Sponsored Sectors. That being so, details of expenditure commitments in respect of such programmes are known and can be easily anticipated for the ensuing financial year in respect of which a budget is prepared. By and large, these details are also backed by appropriate sanctions. It may be under very exceptional circumstances

that decisions may have to be taken to abandon such programmes or curtail expenditures thereon due to various reasons, still such decisions can easily be a pre-budget exercise. Outlays for 'new programmes' should be worked out at least in broader details, because financial requirements have to be worked out and provided for in the budget. Every attempt has to be made to get the new programmes drawn, examined and sanctioned by the competent authority before Commencement of a budget year. All these processes of plan finalization have to be completed within a well defined time schedule as prescribed keeping in view that budget presentation and its passage for obtaining an eventual budget law from the Legislature has, in any case, to be accomplished by end of March of the year preceding that to which the budget relates. In this background block provisions have to be made only in rare cases. In actual practice it has been seen that the details of plan outlays are worked out by the Controlling Officers and made available to the Planning & Development Department while the State budget is under compilation in the Finance Department. Such details are also discussed and settled at least in case of 'ongoing programmes', `new programmes` alone being left to be decided separately. In fact such details are worked out in respect of the basic expenditure inputs, like salaries, travel expenses, works, land acquisition etc. in a form (GNO) prescribed for the purpose by the Planning & Development Department. In view of this also, making of the State budget as a perfect action plan should not be a difficult process. Once, this is done, it will ensure not only, implementation of the developmental programmes right from the beginning of every

financial year but will also go a long way in drawing a ways and means budget with reasonable degree of accuracy reducing the element of distortions, otherwise, caused by uncertainties in respect of plan provisions. While, visualizing these short comings, in the past (Sept. 1970) a 'special procedure for adoption of plan provisions and inclusion of details in the budget' has been prescribed by the State Government. The main features of these special instructions are briefly mentioned as under: -

01. The Planning & Development Department will every year by 15th of October, obtain annual plan proposals from the Administrative Departments on the proforma prescribed by them from time to time with the objective of bringing out achievements made under the particular schemes and targets for the ensuring year. These proposals will not be budget proposals and shall be submitted only to Planning & Development Department.

02. The Annual Plan proposals as at (01) above will be examined by the Planning & Development Department who will also get these approved by the council of ministers and submit the same to the Planning Commission, by end of October.

03. The budget proposals for committed expenditure i.e. expenditure on sanctioned plan schemes and its inputs shall be submitted to the Finance Department as part of regular budget proposals by November 15, who will

examine and adopt these subject to the eventual clearance of the Planning & Development Department.

04. After discussion with the Planning Commission, the Planning & Development Department will convey, if possible by December 10th to the departments, the amounts available for expansion for various plan schemes, giving them sufficient time for finalization of details of these expansion provisions with the approval of the competent authority(s) under the guidance and the supervision of the Planning & Development Department. This will enable the Finance Department to incorporate the required details in the State budget. Where, however, such details do not become available due to certain reasons, block provisions will be made to be operated upon, with the approval of the competent authority. This procedure should be followed by the Finance and the Planning & Development Departments as that alone can make the State budget a meaningful exercise providing a sound base for formulation of ways and means forecasts so essential for successful implementation of various thoughtfully budgeted programmes and activities.

14.11.0 For the sake of convenience, the 'fixed' and 'variable' inputs to regulate expenditure forecasts as a part of ways and means exercise should be adopted and utilized as under: -

1.0. Fixed inputs

01. **Establishment costs**: There are more or less fixed charges comprising salary, travel expenses, motor vehicles, office expenses, RRT, and other such items necessary to run and manage an office. Apart from being fixed in nature, these also, by and large remain uniform in all the months of a year and should be distributed accordingly.

02. **Maintenance and repairs**: The maintenance and repairs of the assets has to follow predetermined norms and a detailed works programme drawn for the purpose by the Controlling Officers in respect of their departments. The expenditure can therefore, be phased out depending upon the working seasons in a region of the State.

03. **Interest payments**: These are always predetermined and can be phased out according to the terms and conditions of the debts in respect of which such payments have to be made. Generally speaking, the interest payments should be planned to be made in the last quarter of the year. In case of Unfunded Debts these can even be made in the last month of the year. Interest on bank loans, market borrowings

and institutional finances is payable according to the already envisaged date and mode of payment and should be accordingly provided for.

04. **Pensions and other retirement benefits**: These can be easily spread through out the year on monthly basis.

05. **Repayment of debts**: These have also to be regulated according to the terms and conditions attaching to every debt and can be phased according.

06. **Investments**: The investments are generally to be made in PSUS and other autonomous organizations and are by and large regulated causing expenditure on quarterly basis.

07. **Grants-in-aid and contributions:** These are payable to the Local Bodies and other non-government organizations like educational institutions, medical assistance uni social welfare centers and the like in accordance with the rules and regulations governing each such grant-in-aid. The concerned Controlling Officers should draw a schedule of payment of such assistance and arrangements for machinery and equipments, award of contracts etc. Particular care needs to be taken in anticipating payments as may be required to

be made for land acquisition. It needs to be ensured that funds are not unnecessarily blocked while settling acquisition of land.

2.0. Variable Costs

01. **Works**: Constitute a major portion of the budget of a year. There can be minor works or major works executed departmentally or through construction agencies. Every work included in the budget has its own gestation period and it is highly essential that such periods are controlled with adequate care as otherwise there are likely to be cost over runs which adversely affect originally envisaged features of the work and benefits accruing there from to the economy of the State. It is, therefore, necessary to plan implementation of works well in advance of the commencement of a financial year. Determination of different stages of completion of works with their financial costs during a financial year has to be the responsibility of a Controlling Officer. On these factors it is, therefore, possible to anticipate expenditure requirements of the works during different periods of a year. Such planning will interalia, include material management,

02. **Materials and supplies**: Requirement of materials and supplies will vary from month to month depending upon the requirements of the function(s) under implementation with a Controlling Officer. These will not, however, relate to works, in which case, such requirements form part of works expenditure. Procurement of the materials has to be a well planned arrangement involving determination of the requirement, identifying the supply source and the period of supplies. All these indicators should enable the Controlling Officer to phase out spending of funds available during a year. Material for various controlled trading activities should be procured under a carefully drawn plan, because these generally involve heavy payments like those paid to FCI and other similar agencies. Any slightest carelessness on this account can seriously affect the ways and means position of the State.

03. **Machinery and equipment:** Like materials and supplies, the expenditure on machinery and equipment has also to follow a predetermined plan of procurement which can help in anticipating expenditure during different months of a year.

04. **Wages:** Expenditure under wages covers daily rated workers (DRWs) who are regular and seasonal/ casual labour is covered under object expenditure "Outsourcing of Upkeep" and the respective Plan schemes. Wages payable to regular DRWs can be easily spread over different months of the year. In the other categories of labour, the expenditure will be during a particular period of a year to be determined with reference to the requirements of a function for which such labour is engaged.

05. **Cost of power purchased from outside the State and from J&K State Power Development Corporation-** This constitutes a bulk charge on the non-plan budget of the State and any laxity in planning this expenditure can disturb the whole ways and means position of the State. It has, therefore, to be carefully provided for in the cash outflow forecasts taking into consideration agreements, MOUs etc. regulating such expenditures.

06. **Others**: This is a residuary head to accommodate cash outflow forecasts in respect of the items not otherwise provided for.

14.12.0 On the receipts side (cash inflow), the Finance Department, as already pointed out, has a vital role to play as they control Centre-State

financial relations, raising of institutional finances, market borrowing, other public debt, sources of cash inflow, and operation of the account heads grouped under 'Public Account' besides state tax revenues, control over the Governments bank account involving accountal of day to day cash transactions and regulation of over drafts etc. are also important. The heads of account controlled by the Finance Department constitute significant components of the ways and means forecasting.

14.13.0 Devolution of resources from centre to the state:

14.13.1 Responsibility for settlement of accounts in respect of devolution of resources from Centre to the State is that of the Finance Department. It is, therefore, necessary that detailed and accurate accounts in respect of such transactions are maintained in a manner that it is at any point of time, possible to find out the amounts that are due to and from the Central Government. Broadly, these accounts can be categorized as under: -

01. Accounts relating to devolution of resources pursuant to the recommendations of the Finance Commissions.
02. Accounts of Central assistance for implementation of Developmental Plans Comprising state plans, externally aided programmes, centrally sponsored schemes and central plan progarammes or any other developmental programme brought within the purview of the planning process from time to time.

03. Accounts of other Central assistance given to the State under some regular scheme(s) or in a special situation with a limited purpose like security related expenditures etc.

14.13.2 The Central assistance is in the form of both grants-in-aid and loan with standard or varying terms and conditions, depending upon the programme(s) or the activity(s) for which such assistance is given.

14.13.3 Indicators for forecasting receipts from and payments to the Government of India during a financial year are available. The Ministry of Finance indicates to the State Government, the amounts likely to be received by them on account of their share in indivisible pool of Central Taxes as also grants-in-aid under Article 275 of the Indian Constitution during a year well in advance of the compilation of the budget for that year. Revisions, if any, in such estimates are also indicated. These forecasts are based on the recommendations of the Finance Commission as applicable.

14.13.4 In addition to the transfer of resources in this arrangement, financial assistance is also given for implementation of Developmental Plans, by the Centre to the State. Estimates of this assistance are again fixed on the basis of predetermined norms for all states and also for special category states. On the basis of resource exercise made by the Planning Commission whereby entitlement of central assistance for implementation of State's annual plans is fixed every year. Up gradation and other infrastructure grants even if given on the recommendations of the Finance Commission are in effect treated as a

resource for plan financing and expenditure on such programmes form a part of the States Annual Plan outlay. Similar treatment is given to externally aided programmes. In addition to the State's Annual Plans, the various Ministries of Government of India are also administering different Centrally Sponsored Programmes. Every such Centrally Sponsored Programme has its own pattern of financial assistance and for fixing of implementing agencies. The central assistance is routed through the State budget. In certain cases, however, it is given directly to the implementing agencies.

14.13.5 Over and above, the non-plan and plan assistance given by the Centre to the State, they also get a share in small savings mobilized in the Country during a year which also accrues according to a set formula. This resource also flow to the State at pre-determined periodical intervals.

14.13.6 The objective of accounting of the financial transactions between Centre and the State is, to watch realization of the forecasts made on this account for a financial year and ensuring its prompt credit in the State Government account. The pattern of accounts should also be such which would enable working out of the payments that have fallen due to the Central Government mostly on account of debt obligations but also in respect of certain adjusting accounts which arise from payment made on their behalf and, thus, recoverable or revenues collected/recoveries made for them and thus payable to them. Such adjusting accounts are maintained by the State Accountant General separately for Defence Services, Railways and others.

14.13.7 The present arrangement for regulating this accounting arrangement is confined to the recording of sanctions issued by various Ministries of GOI from time to time in a year and the credit received there against through the official bankers of the State Government. This system is obviously inadequate as it does not enable keeping a watch on what is due from the Centre or what has to be repaid to them during a budget year. In order to streamline the system, it is necessary to adopt the following procedure.

01. The responsibility for maintenance of these accounts should be of the Resources Division of the Finance Department.

02. Immediately after the budget of a financial year is approved the Finance Department will open individual accounts of every identified source of flow of funds from the Centre to the State.

03. Although the accounts shall be maintained on yearly basis but at the same time these should be arranged in a manner that their position is readily and easily ascertained for the block periods covered by the Finance Commission and the Planning Commission respectively for non-plan and plan transfers.

04. Every individual account shall be in two parts - part 1st indicating the amount due during a year and how it has been arrived at and part 2nd, recording period

of release, reference to Government of India sanction, date of credit to the State's bank account and its transfer to the Finance Secretary's bank account.

05. Every individual account should be closed monthly or at such intervals as may be prescribed for the purpose with the objective of making a quarterly review of the amounts received, payments due to Centre and the payments made. The results of such a review, if considered necessary because of some substantial reasons may also be reported to the Cabinet by the Finance Department.

06. In case of certain accounts, it is necessary to monitor implementation of the programmes for which Central assistance is received. Similarly, assistance for Centrally Sponsored Scheme and Central plan programmes has to be related to the actual expenditure more so, in respect of such programmes where Central assistance is available on re-imbursement basis like family welfare, IWDP etc. It is, therefore, necessary to develop an account in every such case in a manner which will depict, assistance received and expenditures booked by the concerned implementing departments/agencies. Such an account, apart from helping in monitoring the expenditures will also enable to arrive at settlements with the Government of India.

07. It is also necessary to find out indebtedness of the State towards the Central Government. This will involve maintenance of detailed individual loan accounts, reflecting opening balance at the beginning of a year, amounts received during a year, repayments that have fallen due, repayments made and interest accruals so that outstanding at the close of the year in respect of the total debt obligation, debts due to be discharged with interest liability is easily worked out.

14.14.0 Control over Institutional Finances and Market Borrowings

14.14.1 Institutional finances are raised from various financial institutions operating at national level. These funds generally constitute a resource for plan and are in the form of loans to be utilized for productive purposes. These are therefore, related to specific development programmes with satisfactory economic viability. The quantum of such assistance to be raised from various financial institutions is determined in the resources exercise made annually by the Planning Commission and the State are authorized to lift the assistance accordingly. The same procedure is followed for raising of loans from the open capital market. Such market borrowings, however, are treated as a non-plan source of revenue.

14.14.2 The institutional finances or the borrowings from the market are predetermined and estimates in respect thereof are accordingly, incorporated in the state budget annually. The period of the year during which such loans are raised is determined by the Finance

Department from time to time depending upon various considerations like favorability of the capital market conditions, preparedness of the financial institutions to advance the loans, obtaining of required sanctions and the like.

14.14.3 The institutional finances, as already clarified, are tied up with implementation of various developmental programmes which have to qualify for such type of financing. Therefore, it follows that before expenditure on such programmes is incurred, it is necessary to get these cleared for funding by the concerned financial institutions, so that lifting of the assistance is facilitated. This seldom happens and on the contrary, expenditures are booked without the required financial tie-ups, which, obviously, disturb the whole ways and means position of the Government. Such a situation which has necessarily to be guarded against and therefore proper accountal of the receipts on account of these loans is essential. It is equally necessary that servicing of these debts by way of repayment of principal amounts due during a year as also annual interest accruals thereon are correctly accounted for, in the same manner in which it is to be done for loans received from Central Government for various purposes.

Chapter 15

15.1.0 Bank Account of the State Government

15.1.1 Prior to the switching over to the Ways & Means Advance (WMA) facility of RBI, the bank account was maintained with the official bankers of the State i.e. the J&K Bank. However, some times these accounts were also opened with other nationalized banks to meet various administrative and financial exigencies, in accordance with the Authorization made by the Finance Department in each such account. The accounts with the J&K Bank were alone main stream bank accounts and these were in two tiers. At the apex 'Finance Secretary's bank account' was used to regulate over all cash inflow of the Government, feeding of treasuries and overdrafts obtained from time to time and investments, if any made in term deposits. This account was built in respect of such transactions only which originated at the bank at the instance of Finance Department and did not get incorporated in any treasury account. Instead a separate account was prepared by the Resource Section, based on the transactions of the Finance Secretary's Account and submitted to Accountant General. It was done on the account statements received from the official and other banks at periodical intervals, with the sole objective of classifying the transactions under various heads of account for submission to the Accountant General to be incorporated in the Government accounts. This account (Finance Secretary's A/C) obviously served a special purpose which made it possible to arrive at the Government's bank balances on

day to day basis for regulating feeding of treasuries as also overdrafts along with interest accrual thereon and the investments, if any made, from time to time. In this context the agreement with the J&K Bank, interalia, envisaged that:-

01. Interest on overdraft has to be worked out after taking into account day to day credit balances if any, held by the bank over and above the minimum interest free retention balance.

02. The credits received directly in various bank branches is transferred to the apex account within stipulated period of time otherwise these shall also be liable for interest recovery from the bank at the rates applicable to the overdrafts.

15.1.2 Maintenance of detailed bank account by the Finance Department based on their own sources of information was all the more necessary to meet the above accounting requirements as otherwise there were no cross checks for ascertaining the correct cash balance available with the Government in all its bank accounts and determination of the quantum of overdraft on which interest became payable.

15.1.3 The second tier related to cash transactions of the Government originating at various treasuries and also in some designated branches of the J&K Bank. For purposes of maintaining a consolidated bank account of the Government, the Finance Department had to be fed with the required details, from both these sources. Keeping in view the objective of maintenance of the bank account, the Finance Department had to obtain aggregate

figures of total debits and credits raised to the various bank accounts operated by the treasury officers or maintained in the designated branches of the J&K Bank. The debits, in case of designated branches of the bank, would also include payments made by them on account of pensions and discharging of debt obligations arising from market borrowings and institutional finances. Government had made arrangement with the Bank to make such payments as and when these arose at their own level.

15.1.4 The 13th Finance Commission Award included a scheme of making a grant of ₹ 1000 crore and authorization of open market borrowings of ₹ 1300 crore for liquidation of Government's liability of ₹ 2300 crore along with the switch over to W&M regimen of RBI. The State was given two years' period to implement the scheme. The Finance Department proactively implemented the scheme during the first year of the award period i.e. Financial Year 2010-11 and closed the Overdraft with J&K Bank on 31st March, 2011 for shifting to WMA facility of RBI from April 1, 2011. The scheme governing WMA facility of RBI and instructions issued from time to time by Finance Department for implementation of the Scheme are appended at the end of this Part of the Manual.

Chapter 16

RESOURCE ARRANGEMENT

16.1.0 As already pointed out, once the ways and means forecasts are developed and adopted, the over all position of the cash availability and the expenditure commitments during a forecast period become known, department wise, with sufficient details and this provides the required data on which resource arrangement should be based, involving: -

01. keeping a close watch on the behavior of the forecasts so that cash accruals do not fall below the desired level at any time; and

02. feeding the individual treasuries in a manner that these have sufficient funds to meet the local demands.

16.2.0 Monitoring of cash inflow and outflow can be effective through the apex bank account maintained in accordance with the envisaged procedure with RBI in shape of Principal Deposit Account with CAS, Nagpur. The Resources Wing of the Finance Department should make out a daily report from the said account for a critical analysis aimed at identification of distortions if any, in the forecasts so that required remedial measures are applied. Such an exercise may even call for discussing the short comings with the concerned Controlling Officer(s). This will help, not only in taking proposed remedial

measures, but will also go a long way in making these officers to realize that their involvement is important for effective implementation of various budgeted programmes and activities. The Finance Department should accordingly, be in close contact with the major revenue realization and the spending Controlling Officers and make use of all the data/information available with them for ensuring that effective steps are taken by them in actualizing the ways and means forecasts for implementation of various budgeted programmes and activities.

16.3.0 **Feeding of treasuries: -** Under the new mechanism of Ways & Means Advance (WMA) facility of RBI, the agency bank branch, attached to each treasury has to make payments on behalf of the RBI and the responsibility of cash availability rests with that bank branch, as RBI settles the account with J&K Bank on daily basis through PAD, New Delhi. So there is no need for maintaining any cash limit. Also the Finance Department shall on daily basis, fix a cash limit for each treasury for operation for that particular day required in accordance with the prescribed WMA limits. The treasury cash limits have to be fixed reasonably, keeping in view the minimum cash requirements of a treasury in a day as also the fact that funds for abnormal expenditure requirements like those necessitated on the days of making salary/wage, disbursements can be arranged specially.

APPENDICES TO PART-IV

APPENDIX- 1

(referred in Para 15.1.4)

I- Memorandum of Instructions on Accounting and Reconciliation- State Government transactions

1. In terms of provisions of Sections 20, 21 and 21A of the Reserve Bank of India Act, 1934 the RBI acts as banker to the Central and State Governments. The Reserve Bank of India (RBI) provides to the Central and State Governments a full range of banking services such as acceptance of monies on Government account, Payment / withdrawal of funds and collection and transfer of funds throughout India. The work of actual Receipt and Payment of monies on behalf of State Governments is carried out at Offices of RBI and its Agency Banks (J&K Bank in our case) authorized to conduct Government Business on its behalf as per provisions of RBI Act, 1934.

2. While the Principal Government Deposit Accounts of State Governments are maintained at Central Accounts Section (CAS) of RBI at Nagpur, the Regional Offices of RBI maintain subsidiary accounts, which are in the nature of Transitory Account. Till 30th September 1987, the accounts were wholly centralized at Central Accounts Section, Nagpur. Due to the centralized reporting / accounting procedure followed by the Reserve Bank, State Governments were facing problems relating to reconciliation of accounts, MIS reporting etc. A comprehensive review by

a High Level Committee led to the introduction of "Scheme for Partial Decentralization" for reporting and accounting of State Government Transactions with effect from 1st October 1987, with the following features:

- The Office of RBI in the State Headquarters (or nearest to the State Headquarters) would account for the State Government transactions reported by Agency Banks and maintain in this regard, detailed subsidiary accounts of the transactions.

- The branches of Agency Banks conducting State Government work would report the transactions of the States effected by them, to their Link Office at the State Headquarters (or nearest to the State Headquarters) on daily basis. The latter would report the transactions to the RBI Office, Public Accounts Department (PAD) at that centre for accounting and settlement.

- PAD would advise the daily balance of the State Government in their books at the end of each day to Central Accounts Section (CAS), Nagpur to enable them to work out the overall balance position of the State Government which would be intimated by them along with the details of other transactions to the office of the RBI in the State Head Quarters for transmission to the State Government. The Principal Government Deposit Accounts of the State Governments would, however, continue to be maintained at CAS.

- The PAD maintaining the Deposit Account of the State Government would be responsible for the submission of Monthly Statement to Accountant General / Government and also for the reconciliation of difference between Treasury figures and bank figures, as reported by Accountant General, under the revised procedure introduced in July 1984.

- CAS, RBI would submit to Accountant General of each State, a Monthly Statement of Cash Balance and the latter should confirm the balance within a period of one month.

- Explicit reporting arrangements as between Treasury / Sub-Treasury and Agency Bank branches handling State Government transactions and RBI offices (PADs) concerned have been laid down in the Scheme.

3. The working of the "Partial Decentralization Scheme" revealed certain shortcomings specific to monitoring and management of finances by the State Government viz;-

- There were delays in reporting Cash Balance position.

- Information furnished by CAS to the Finance Departments was inadequate for analysis and monitoring.

- Figures reported in the Monthly Statements of Cash Balance by CAS could not be reconciled by the Accountants General with the corresponding figures arrived at from the accounts rendered by the Treasuries, making it difficult for the latter to furnish Balance Confirmation to CAS.

4. A Working Group constituted by RBI in 2001, found that the existing Scheme of Partial Decentralization was broadly adequate to meet the Accounting and Reconciliation requirements and that the present problems have been mostly due to inadequacies and lags in implementation of the Scheme by the parties involved. It also observed that with different levels of computerization prevailing and taking place in various State Governments, Agency Banks, Reserve Bank Offices and the Accountants General Offices,

it was appropriate to explore the ways to achieve the following objectives:-

- State Governments to get the accounts of their transactions expeditiously.
- Availability of faster and adequate Management Information System (MIS) reports to the parties concerned.
- Agency Banks to get timely reimbursement of Payments.
- To avoid errors in reporting and reconciliation by minimizing the points of data inputs and facilitate faster compilation of accounts at the Offices of Accountants General.

The Working Group desired that a pragmatic approach be adopted on computerization involving multiple agencies with a coordinated approach. There was a need to eliminate the differences in the Cash Balance of a State in the books of the banks and the Accountants General, as well as to ensure expeditious accountal of the cash transactions including the reimbursement to the banks. All Agency Bank branches handling Government business on one side and Sub-Treasures / Treasuries on the other should have towards centralized maintenance of accounts and processing. Accounting when centralized, reduces cost of operations, ensures availability of up-to-date information and improves management, paving the way for uniformity in standards. All the parties should make efforts to share their data electronically, duly ensuring transparency, correctness and security of the data.

Based on the recommendations of the Working Group, the following operational guidelines have been framed for implementation with immediate effect:-

II- Procedure to be followed by the Agency Bank Branch

1. The branch handling the State Government transactions has to send the Receipt/Payments Scrolls on a daily basis in the prescribed form (TR.44) along with the challans and cheques to the Sub-Treasury/ Treasury to whom they are attached.

2. The challans/cheques and bills will be arranged in the order in which they are entered in Receipt/Payment Scrolls and stitched to the respective scroll. They may be classified in such a manner as may be directed by the Accountant General. Further, the paid vouchers (cheques, bills etc.) sent to the Treasury should be conspicuously branded with the 'Paid' stamp. This is to avoid making payments against same document more than once.

3. Two Pass-Books with particulars of total Receipts and Payments and the number of supporting challans/cheques may be maintained, in which entries will be made based on Daily Scrolls. The form of the Pass-Book has been given below:

Pass-Book of Daily Transactions

Pass-Book of Receipts and Payments-**Side 'A'** (for use by Bank branch)

Date of Transmittal	Date of Transaction	Total Receipts for the day	No. of challans	Total Payments for the day	No. of vouchers	Initials of Branch Manager	Initials with date of Treasury/ Sub-Treasury Officer

Pass-Book of Receipts and Payments-**Side 'B'** (for use by Sub-Treasury/ Treasury)

Date of Transmittal	Date of Transaction	Total Receipts for the day	No. of challans	Total Payments for the day	No. of vouchers	Initials of Branch Manager	Initials with date of Treasury/ Sub-Treasury Officer
Preservation Period: Three years after the reconciliation of branch's monthly account.							

4. Two Pass-Books in the above mentioned format may be maintained for being used on alternate days so that one whole day is available to the Sub-Treasury/Treasury for checking the transactions as entered in the Pass-Book. Pass-Book envisages that a certificate of correctness of the transactions is given by the Sub-Treasury/Treasury, after verification of each item of Receipt and Payment undertaken by the Agency Bank and recorded in the scrolls with reference to the challans and cheques/Cheque Delivery Register (CDR) respectively. Further, where daily verification of the Receipts and Payments at the Agency Banks is completed by the Sub-Treasury/Treasury on the next day as prescribed, there could not difficulty in preparation of the monthly position expeditiously and accurately. Scope for discrepancies and reconciliation, thereafter, will be minimal. **Hence, the signature of the Sub-Treasury/Treasury Officer on the Pass-Book, is a confirmation and certificate of correctness of the transactions.**

5. The daily accounts i.e. scrolls will be prepared each day and the Manager or authorized official of the bank, after satisfying himself as to their accuracy will docket and forward to Sub-Treasury/Treasury, the Pass-Book of Daily Receipts and Payments with all challans and cheques at the close of the day.

6. **The scrolls, challans and vouchers should be sent in locked box** by the branch to the Sub-Treasury/Treasury in order to rule out the possibility of any alteration/obliteration

of any paper before they reach the hands at the other end.

7. There should be no delays in transmission of scrolls and challans/cheques by the Agency Bank to the Sub-Treasury/Treasury. For this purpose, specific columns for date of sending and returning it, in addition to the transaction date have been provided for in the Pass-Book. **This aspect should also be looked into by the respective Inspection Authorities of the Agency Banks as well as Sub-Treasury/Treasury.**

8. For communicating the discrepancies, if any, the Pass-Book to the Agency Bank by the Sub-Treasury/Treasury, the **Memorandum of Error** as per the format appended shall be used:-

Memorandum of Error

The Branch Manager,
Bank _____

_____

Dear Sir,

With reference to your Daily Receipt/Payment Scroll No. …… Dated ……. We advise that the following deficiencies have been observed:

Sl. No. In scroll	Receipt/ Payment	Amount	Nature of discrepancy	Suggested rectificatory action

Please arrange to rectify the above deficiencies at the earliest and confirm.

(Treasury Officer)
Date:

The above deficiencies have been rectified on _____ and reflected at serial no_____.in our scroll no_____of date _____.

(Branch Manager)
Bank's Seal
Date:

Preservation Period: Three years after the reconciliation of branch's monthly account.

Note: Three copies of the above Memorandum may be prepared by the Sub-Treasury/Treasury. Two copies of the same may be sent to the Agency Bank branch, one of which may be retained by the branch and the original returned with confirmation of rectificatory action, as stated above. To facilitate identification, 'Memorandum of Error' may be printed in red.

9. **The discrepancies have to be communicated immediately, but not later than the next working day.** Three copies of the **Memorandum of Error** may be prepared by the Sub-Treasury/Treasury. Two copies of the same may be sent to the Agency bank branch and one copy may be retained by the Sub-Treasury/Treasury. The Scroll containing the error together with relevant instrument and the Pass-Book may also be sent along with the Memorandum of Error to the Bank branch. On Receipt of Memorandum of error along with the documents listed above from the Sub-Treasury/Treasury, the branch should immediately rectify the irregularity pointed out therein after checking the documents and make necessary correction in the scroll and the Pass-Book under proper authentication. The entries may also be authenticated by the Sub-Treasury/Treasury in the Pass-Book. In the computerized environment necessary rectifications may be made with adequate safeguards.

10. At the close of business each day, an advice bearing separate serial number showing the aggregate Receipts and Payments of the day on State Government account is to be sent to the Link Office by fax/telex/telegram/e-mail by the Agency Bank branch. **The transactions should be reported on daily basis and there should**

not be bunching of two to three days transactions or reporting only once or twice in a month.

11. **A.** The Working Group **felt the need for introducing an element of accountability among the Agency Banks for prompt credit to Government Account by charging appropriate interest for delayed credit.** It has been decided that henceforth State Government may claim interest for delayed credit of collections as under:-

a. **Interest of two percentage points above the Bank Rate as notified by Reserve Bank (DGBA) based on Bank Rate prevailing as on May 1, and November 1, may be charged on delayed receipts of ₹ 10 lakhs and above,** if the period of delay exceeds the prescribed time for crediting such transactions. The prescribed period at present is 10 days for normal branches (within same municipal limits) and 15 days for the branches situated in far-flung areas.

b. The period for the above purpose will be counted from the date of receipt at the receiving branch till the date of its credit to State Government account at Public Accounts Department, Reserve Bank of India. Interest will be calculated for the period starting from the date of receipt as per challan in case of cash/transfer transaction or date of realization of cheque in case of clearing instruments by the receiving branch to the date preceding the date of settlement by the bank Link Cell with Reserve Bank of India offices.

B. The procedure for recovery of this penal interest by State Government from the Agency bank is as under:-

a. The treasury/Sub treasury officer on the basis of scrolls/challans received from the receiving branch, keep a record of such cases of delay. He may examine in detail each and every case of this nature and find out the stage i.e. receiving branch or Link Cell where the delay has occurred. He will claim interest on all such transactions of ₹ 10 lakhs and above and raise demand for payment of interest directly from the Link Cell of the concerned bank on a monthly basis. A copy of the reference made to bank in this regard will be sent to the Accountant General of the concerned State Government who will also keep watch on the recovery of the interest.

b. Once the responsibility for delay is fixed/established, interest for the relevant period should be paid by the Agency Bank to the State Government within a period of two weeks from the date of receipt of such establishment.

c. Payment of interest will be made by the bank to the state Government by means of a bank draft drawn on any of their branches at the station of the Link Office favouring the State Government concerned.

d. In case bank fails in making payment of penal interest within the above specified period the RBI reserves its discretion/right to debit the bank's

account in its books and credit state government account pursuant to the Principal Agency relationship.

e. Although the interest will be charged on the remittances of ₹ 10 lakhs and above delayed beyond a period of 10 days (including Sundays and Holidays) for normal branches (within same Municipal limits) and 15 days for the branches situated in far flung areas, it is not the intention to allow the banks longer time to transfer the revenue receipts and the banks should note to observe the current instructions on the subject under which a maximum period of 5 days for local transactions and 9 days for outstations transactions (including Sundays and Holidays) is permitted for the purpose. All efforts should, therefore, be made by the Agency Banks to credit the tax collections to Government account on a day to day basis.

12. At the end of each month, the branch should prepare the **Date-wise-Monthly Statement (DMS) in the prescribed form given overleaf, in five copies (for submission to Treasury) and in six copies (for submission to sub-treasury), based on the entries in Pass-Books as verified and certified both by the branch and sub-treasury/treasury. The DMs should dnot contain corrections or alterations.** All the copies of DMS should be duly signed by an authorized official of the branch. The generation of DFMS on computer is recommended. **DMS has to be submitted to the Sub-Treasury/Treasury not later than**

first working day of the succeeding month to which they relate. The statements submitted to the Sub-Treasury/Treasury will be scrutinized and two copies thereof will be returned within 2 days from the date of its Receipt from the branch, with a certificate to the effect that it has been checked and found to be correct.

Date-wise Monthly Statement (DMS) Statement for the month of ……., 20…… in respect of …….State Government transactions.				
Name of the Bank		Head of Government Account		Code No.
Name of the Bank				Code No.
Date	Receipts (₹)	Payments (₹)	Dr./Cr.	Net Balance (₹)
1				
2				
.				
.				
31				
Total				
Certified that the particulars furnished above are correct to the best of my knowledge.				
Officer-in charge of STO/TO		Branch Manager		
Date		Date		
Size 14" X 8.5" white sheet Preservation period: Three years after the reconciliation of branch's monthly account. **Amount to be rounded off to the nearest ₹.**				

13. The duly certified copy of DMS received from the Sub Treasury/Treasury, now be called Verified Date-wise Monthly Statement (VDMS), will be faxed by the branch to the designated Link Office on the day of its Receipt (i.e. on the 3rd working day of succeeding month) from the Sub-Treasury/Treasury, followed by post copy. **Branch shall keep a copy of VDMS for its record.**

14. All Agency Bank branches handling Government business should move towards centralized maintenance of accounts and processing. Accounting when centralized, reduces cost of operations, ensures

availability of up-to-date information, improves management and ensures uniformity in standards.

15. **Procedure to be followed by Agency Bank branches in computerized environment:**

- The Agency Bank branches will capture the data of challans in the format given below:-

Sr. NO.	Particulars	Specification
1.	Date	DDMMYYYY
2.	Major Head	Number, 4
3.	Beneficiary details	Character, 30
4.	Depositor's Name	Character, 30
5.	VAT/Professional Tax NO.	Number, 10
6.	Amount	Number, 16
7.	Flag	Character, 1

- At the end of the day, the branch will send an electronic scroll to the Sub-Treasury /Treasury. The data supplied by the branch can be used by the Sub-Treasury/Treasury for further value additions, if required. After checking the data, a flag should be set by the Treasury software to indicate the items, as accepted or unaccepted. The items flagged as unaccepted by the Treasury, will get copied into the floppy of the next day, prepared by the Sub-Treasury/Treasury.

- **The software ate the branch should ensure that the DMS is generated only after rectification of all such non-accepted items. As there will be no manual intervention, it is expected that the DMS will be 100% accurate when generated. Further, the data captured, can also serve the purpose of an electronic Pass-Book.**

- **Branch will receive data on cheques issued by the Sub-Treasury/Treasury through electronic mode (floppy/e-mail) under secured conditions,** so that the actual instruments, when presented to the bank, could be cross verified against the information

received from the Sub-Treasury/Treasury in order to avoid wrong payments.

III- Procedure to be followed by the Sub-Treasury Office

1. The Sub-Treasury Officer will receive the Pass-Book along with Receipts/Payments scrolls, challans and cheques etc. from the branch whereupon he will acknowledge the Receipt of each day on the Pass-Book tendered along with scroll, etc. for the same day/preceding day. He will verify the correctness of the entries made in the Pass-book with reference to scrolls, challans and vouchers of previous day. He will intial in the Pass-book in the column provided in token of having done so. The Pass-Book will be returned to the branch on the succeeding day either with initials of sub-treasury officer as mentioned above or with a Memorandum of Error indicating corrections. In such an even, the figures should be got reconciled with the least possible delay (on the same day or following day) and signed by Sub-Treasury officer immediately.

2. The Sub-Treasury will forward the daily scroll, challans and cheques etc. to the Treasury to which it is attached in accordance with State Treasury Rules for posting in its books and rendering accounts to the Accountant General.

3. On the first working day of every month the Sub-Treasury will receive six copies of DMS from the Agency Bank branch for the preceding month. These will be scrutinized and certified to the effect that they have been checked and found correct. Two copies of

VDMS will be returned to the concerned branch **within 2 days** from the date of its receipt, three copies will be sent to Treasury and **remaining one copy will be retained for its record.** Sub-Treasury will render monthly accounts to Treasury for the entire calendar month before 3rd of the succeeding month except for the month of March. In case of March, the monthly accounts will be submitted by 8th of next month.

IV- Procedure to be followed by the Treasury Office

1. The Treasury Officer will receive the Pass Book alongwith Reciept/Payment Scrolls, challans and cheques, etc. from the branch, whereupon the Treasury will acknowledge the Receipt of the documents each day on the Pass book tendered along with the scroll etc. of the same day/preceding day. The Treasury will verify the correctness of entries made in the passbook with reference to scroll, challans and cheques etc. and for doing so, the Treasury gets one day. The Treasury will initial in the Pass book in the column provided, in token of having received the documents and ensured the correctness. The Passbook will be returned to the bank branch on the succeeding day with the initials of Treasury or with a Memorandum of Error indicating corrections. In such an even, the figures should be got reconciled with the least possible delay and signed by Treasury immediately in the Passbook.

2. In the case of computerized Treasury, required corrections in the computer database may also be carried after taking necessary security precautions.

3. As detailed in para 6.2 above, the Sub-Treasury Officer will forward the daily scrolls, challans and paid cheques etc. to the Treasury to which it is attached in accordance with State Treasury Rules for posting in its books and rendering accounts to the Accountant General. Sub-Treasury officer will also render monthly accounts to the Treasury, which should be for entire calendar month in accordance with State Treasury Rules and instructions of the Accountant General.

4. On the first working day of the succeeding month, the Treasury will receive DMS from the branch in five copies, relating to the transactions of previous month. The Treasury will scrutinize and certify that the figues contained in the DMS have been checked and found correct. Two copies of this Verified DMS (VDMS) should be returned to the Agency Bank branch within 2 days from the day of its Receipt by Treasury. **Two copies of the VDMS together with consolidated statement of Receipt and Payment are to be forwarded to the Accountant General by 10th of the succeeding month, except for the month of March. For March, they should be submitted by 15th April.**

5. The Treasuries will report to the Accountant General, the Receipts and Payments transactions handled by the Agency Banks in the format prescribed by him.

6. **Treasuries should make all Government Payments by cheques only rounding off to the nearest ₹.**

7. The Data on cheques issued by computerized Sub-Treasury/Treasury should be in the following format:-

Sr. NO.	Particulars	Specification
1.	Instrument Number	Character, 3+ Number, 9
2.	Instrument Date	DDMMYYYY
3.	Beneficiary's Name	Character, 30
4.	Amount	Number, 16
5.	Signatory Code	Number, 5

The date may be transmitted to the bank branch through electronic media (floppy/e-mail)under secured conditions.

8. The State Governments should ensure timely submission of accounts to the Accountants General by the concerned Departments/Treasuries. While difference may occur in the month-wise balance, there should not be any difference between the cash balance position as per the Accountants General's book and the CAS figures, as at the closing of Annual Accounts by 25th April of every year.

9. It is observed that, in some states, more than one Treasury are linked to an Agency Bank Branch. This arrangement gives scope for mix up of the documents and figures relating to different Treasuries resulting in reconciliation problem between the Treasuries and banks. **PADs may, therefore, arrange to link 'one bank branch to one treasury' in consultation with the State Government and DGBA, Central Office.**

V- Procedure to be followed by the Link Office of Agency Banks

1. The link Office of Agency Banks will receive the Daily Advices from its ranches showing aggregate Receipts and Payments of the day

on State Government account. Such advices should be received from the branches, by fax/telex/telegram / email under secured conditions in all case.

2. The Link Office should consolidate the total Receipts and Payments on the basis of Daily Advices received by it and report the same to the designated Public Accounts Department (PAD), Reserve Bank of India.

3. As Daily Advices relating to State Government transactions of a month continue to be received from the branches even after the end of that month, **the Link Office prepares and sends two separate consolidate advices one for the previous month of account and the other for the current month of account to the designated PAD.**

4. The daily transactions relating to a month reported by the Agency Bank branches by telegram/fax or email should, on Receipt of VDMS from the Agency Bank branches, be verified by the Link Office and in case of any difference between the figures in the VDMS and the figures as reported by the Link Office to the PAD, **such differences should be rectified with reference to the VDMS during the current month only.**

5. Link Offices has to ensure that branches conducting Government work prepare DMS on the last day of calendar month and submit it to Sub-treasury/Treasury for certification. The Sub-Treasury/Treasury has to return two copies of VDMS within 2 dys of its receipt from the branch and branch has to forward the VDMS to the Link Office by fax on the same

day of receipt. Thus, the Link Office receives the VDMS from the branches by the 3rd of the succeeding month. **Link offices shold consolidate the VDMS figures and prepare the monthly statement of transactions and forward the same to the PAD by 8th of the succeeding month.**

6. On 8th of each month, the Link Office will Compile and submit to the designated PAD (RBI) six copies of the Statement of Transactions in the following format:-

Transaction date	Originally reported figures in (₹)			Figures in ₹ as per VDMS			Further adjustments in ₹ (Difference between columns 7&4)	Remarks
	Receipts	Payments	Net	Receipts	Payments	Net		
1	2	3	4	5	6	7	8	9
1								
2								
3								
.								
.								
.								
31								
Total for the month								

It may be ensured that the figures of VDMS and the original figures for each transaction date are shown branch-wise distinctly. The total monthly receipts and payments shown in this statement should tally with the total receipts and payments of each branch as already advised to the PAD through daily advices for that month and the total receipts and payments of each branch as per the VDMS.

7. Presently, all the Link Offices conducting State Government work with large network of branches, have already computerized branch wise receipts/payments figures. The Link Office will be getting copy of VDMS from almost all the branches (excepting far flung

branches and branches not having telecommunication facility) by 3rd of the succeeding month. However, the Link Office would have not received a few Daily advices. It should not wait for primary figures. The Link office should straightaway adopt the VDMS figures. On 8th of the succeeding month it should compile proposed statement of transaction. (Till full computerization at PAD, the monthly statement of transaction may be furnished in hard copy). The figures in respect of branches, which had not submitted VDMS by the stipulated date may be furnished to PAD later.

8. Transactions of previous months account received from the Agency Bank branches after 8th of the succeeding month and **transactions pertaining to the other months should be advised to the PAD, through a separate statement for** accounting in the format given below:-

Transaction month & Date	Originally reported figures in (₹)			Figures in ₹ as per VDMS			Further adjustments in ₹ (Difference between columns 7&4)	Remarks
	Receipts	Payments	Net	Receipts	Payments	Net		
1	2	3	4	5	6	7	8	9
Month & Date								

Link Office should follow strictly this method of reporting the transactions separately under two months' of account, irrespective of closure of month of account at the PAD or Central Accounts Section, Nagpur (CAS). It is for the Reserve Bank of India (PAD or CAS) to determine in which month of account the adjustments are to be incorporated. Any adjustment for previous month should not be mixed up with but should be distinctly. **The**

above arrangement dispenses with the need for maintenance of Branch Cards at Link Office and PADs. The Link Office should report transactions separately in respect of each transaction date. For example on a reporting date say, 14th April 2002, if the Link office reports the current dates transactions as also those of previous days (say 2nd April 2002, 10th April 2002), all the transactions should be shown distinctly with reference to each transaction date, as shown below, irrespective of whether accounts of the month are open or closed at PAD/ CAS.

Incorrect method of reporting				
Reporting Date: 14.04.2002				
Transaction Date	Receipt	Payment	Net	
	Credit	Debit	Credit	Debit
14.04.2002	11,000	10,550	450	
Incorrect method of reporting				
Reporting Date: 14.04.2002				
Transaction Date	Receipt	Payment	Net	
	Credit	Debit	Credit	Debit
14.04.2002	1,000	750	250	-
Previous adjustments	10000	9800	200	-
			450	
Correct method of reporting				
Reporting Date: 14.04.2002				
14.04.2002	1,000	750	250	-
02.04.2002	7,000	9,500	-	2,500
10.04.2002	3,000	300	2,700	-
Total	11,000	10550	2950	2500
Net			450	

The reporting of figures in respect of each transaction date is necessary to enable comparison and reconciliation of differences, if any, vis-à-vis the VDMS figures at a later stage.

9. Once the Link offices are fully computerized, they may in consultation with

PADs submit the daily report on branch-wise and transaction date-wise position to the concerned PADs, electronically.

VI- Procedure to be followed by the Public Accounts Department (PAD), Reserve Bank of India

1. PAD will open an account styled 'Agencies Transactions Account- State' in General Ledger. Separate subsidiary accounts will be maintained in the name of the Agency Banks for settlement of banks transactions relating to State Government. These accounts will be debited./credited with the total payments/total receipts reported by the Link office every day irrespective of month of transaction.

To facilitate the accounting of transactions the following Subsidiary Books of accounts will be maintained:

(a) Agencies Transactions Day Book (Form D)

(b) Agencies Transactions Account – State Ledger (Form E)

(c) Agencies Transactions Account-Agency Bank-wise Subsidiary Ledger-Account I

Agencies Transactions Account-Agency Bank-wise Subsidiary Ledger-State Account II

(d) Agencies Transactions Account-State-wise Subsidiary Ledger-State Account I

Agencies Transactions Account-State-wise Subsidiary Ledger-State Account II

(a) Agencies Transactions Day Book: The daily Receipts and Payments on account of the State Government/s reported by the Link Offices through Daily Statement will be posted by PAD under Receipts and Payment columns in a separate Day Book called Agencies Transactions Day Book (Form D) on a day-to-day basis. The total amount of Payments / Receipts as per the posting in the Day Book will be debited / credited to the Agencies Transactions Account. The net amount payable to or receivable from the Agency Banks will be credited or debited to their account maintained in Deposit Accounts Department (DAD).

(b) Agencies Transactions Account – State Ledger: Agencies Transactions Account – State Ledger (Form E) will be maintained to record daily total Receipts and Payments in respect of all State Governments reported by all Link Offices. The balance in the ledger account will show, on any day, the net amount of transactions effected by the Agency Banks on State Government account. The total Receipts and total Payments arrived at in the Agencies Transactions Day Book will be posted daily under Receipt and Payment columns respectively of the ledger and the balance arrived at.

(c) Agencies Transactions Account – Agency Bank-wise Subsidiary Ledger-Account I and Account II : Subsidiary Ledger (Form F) to record the Agency Bank-wise Receipts and Payments of the State Government/s reported by the Link Office/s through daily statements. Separate accounts (Account I and II) will be maintained in the Subsidiary Ledger to record the current

month‟s transactions and the previous month‟s transactions. The total of the balances appearing in these accounts will be tallied daily with the balance appearing in the main ledger viz. Agencies Transactions Account – State Ledger. Advices relating to transactions of a month reported upto 8th of the succeeding month will be posted in the relevant account in the ledger. The Link Office will furnish on 8th of the month succeeding the month of transactions, a monthly Statement of Transactions showing Receipts and Payments effected by each of the branches and reported to PAD for adjustment in State Government account through daily statements. The figures of Receipts and Payments shown in the monthly Statement of Transactions should be agreed with the figures appearing in the subsidiary ledger account of the Agency Bank concerned. **Thereafter, the balances in the Agencies Transactions Account of the State will be transferred to CAS, Nagpur as at the close of business on 11th of the succeeding month.**

(d) Agencies Transactions Account – State wise Subsidiary Ledger- State Account I and Account II : This ledger (Form G) will be maintained to record the State wise Receipts and Payments on month of account basis as reported by Link Office through their daily statements. The Account I and II will be opened to record the transactions of alternate months. These will be operated simultaneously from 1st to 8th of the succeeding month. The Receipt and Payments of previous and current month‟s account reported daily by Agency Bank through separate statements will be posted in the relevant account and balance arrived

at. The total of balance appearing in these accounts will be agreed daily with the balance appearing in the Agencies Transactions Account and the figures will be included in the State Government balance as advised by PAD in the daily position advice/s to CAS.

2. The daily Receipts and Payments on account of the State Government/s reported by the Link Offices, through the Daily Memo may be posted in the Day-Book on a day-to-day basis. The total amount of Receipts / Payments as per the posting in the Day Book may be debited / credited to the Agencies Transaction Account and the net amount payable to or recoverable from the Agency Bank be credited or debited to their account maintained in Deposit Accounts Department (DAD) and will also be posted in the Agency Transaction Day Book under the "Summary" column.

3. The daily position figures of State Governments will be advised to CAS along with the balances of various accounts through Fax as well as e-mail. The balances of the State Government viz. the balance held in Government Deposit Account and Agencies Transaction Account as at the close of business each day will be advised to CAS.

4. On the last working day of each calendar month, PAD will transfer balances in Government Deposit Account of the State Government maintained by it to CAS through RBI General Account. The month-end transfer of balances of the State Government will not include Agency transactions. **The month-end transfer message will however distinctly show the balance in the Agencies**

Transaction Account, which has been retained by the Office.

5. On 8th of the month following the month of transaction, the Link Office will submit monthly Statement of Transaction showing branch wise, transaction date wise, Receipts and Payments figures. The total figures of Receipts and Payments shown in the monthly statement submitted by the Link Office should be tallied with the figures appearing in the Day-Book.

6. PAD will maintain another subsidiary register styled "Agency Transaction – Discrepancy Adjustment", to record transactions pertaining to earlier months, but reported after 8th of the month and other adjustments of earlier months. The adjustments on account of these discrepancies should not be included in the current / previous month's account. Therefore, after all the transactions of previous month‟s account as reported upto the 8th of succeeding month are accounted for and after ensuring that the total Receipts and Payments as advised in the monthly Statement of Transactions received from the Link Office agree with the figures appearing in the books of PAD, following adjusting entries should be passed:-

Dr. / Cr. Agencies Transaction Account State/s
Cr. / Dr. concerned bank‟s Account.

7. The transfer of balance of previous month's account in the Agencies Transaction Account on 11th of the succeeding month to CAS may be made only after ensuring that adjustment on account of discrepancies have been carried out and posted in the relevant State

Government Account. Detailed statement showing name of branch, month of transaction, month in which actually accounted for and amount (Dr. / Cr.) will be prepared in four copies and sent to CAS along with four copies of bank-wise, branch-wise Statement of Transaction received from the Link Offices.

8. PAD will furnish to Accountant General and Finance Department an advance copy of the monthly closing statement showing the monthly Receipts and Payments at the Office and also at the Agency Bank and the net amount transferred to CAS. One copy of monthly Statement of Transaction received from the Link Offices will also be forwarded to Accountant General. Format of monthly statement is given hereunder :

Statement showing the monthly Receipts and Payments of …… State Government at Public Accounts Department (PAD), Reserve Bank of India…….. for the month of …… Year ……..			
	Payments	Receipts	Net balance
1. Transactions during ……. at PAD Reserve Bank of India……..			
2. Transactions during…….. at the branches of Agency Bank branches. (a) State Bank of (b) Punjab National Bank (c) ……			
PAD No. **Dated**			
Forwarded to			
(i) The Accountant General……			
(ii) The Secretary to Government of …… Finance Department			
Assistant General Manager			

9. PAD will continue to carry out adjustments of discrepancies etc., reported by the Agency Banks in the manner stated above, even after the relevant monthly statements are rendered to CAS. **However, the adjustments in respect of previous months should be based on copy of VDMS submitted by the Link Office.**

10. PAD maintaining accounts of more than one State Government, should ensure that the transactions are correctly accounted for in the respective State Government account and the accounting procedure outlined above is correctly followed.

11. On Receipt of advice regarding the Daily Balance position of State Government /s from CAS, Nagpur; alternatively downloading information from CAS website, the PAD will immediately send on daily basis an advice to the Finance Department of the concerned Government in the form appended:

Reserve Bank of India Public Account Department / State Government Cell		
Daily Position of State Government Balance as on ……..		Advice No. Date
Sl. No.		Amount in thousand of Rupees
1.	Previous day"s Balance	Dr. Cr.
2.	Adjustment of discrepancies relating transactions of pre-decentralisation period	Dr. Cr.
3.	Receipt on State Government Account	
	(i) At RBI Office	Cr.
	(ii) At Agency Bank branches	Cr.
4.	Payments on State Government Account	

	(i) At RBI Office	Dr.
	(ii) At Agency Bank branches	Dr.
5.	Inter Government Adjustments by CAS (vide Clearance Memo No.)	Dr. Cr.
6.	Closing Balance	Dr. Cr.
7.	Treasury Bill Holding – Progressive Balance	
8.	Ways and Means Advances	

Adjustments include	
(i) Rediscounting of Intermediate Treasury Bills	₹
(ii) Investment in Intermediate Treasury Bills	₹
(iii) Grant of Ways and Means Advances	₹
(iv) Repayment of Ways and Means Advances	₹

12. It is observed that, in some States, more than one Treasury are linked to an Agency Bank branch. This arrangement gives scope for mix up of the documents and figures relating to different Treasuries resulting in reconciliation problem between the Treasuries and banks. **PADs may therefore arrange to link 'one bank branch to one treasury' in consultation with the State Government and RBI, DGBA, Central Office.**

13. PADs should convene quarterly meetings of officials from State Government, Accountant General and Agency Banks headed by the Banking Department in-charge to discuss and resolve the issues relating to accounting of State Government transactions. The minutes of the meeting may be forwarded to DGBA, CO. PADs handling more than one State Government accounts, may consider convening such quarterly meetings in the respective State Headquarters in turns.

14. Discrepancies pertaining to **post-1987** period, should be settled through the existing arrangements of regular meetings of the

representatives of Accountant General, Agency Bank and Public Accounts Department (PAD).

15. As the Accountant General Offices have launched a massive voucher level computerization project in 20 States that have gone on-line, a proper electronic link is required to be established between the Accountant General Offices and RBI Offices (PADs) on the one hand and Accountant General offices and the CAS on the other, for better and speedy co-ordination. Reserve Bank Offices may finalise the arrangements in consultation with Department of Information Technology (DIT).

VII- Procedure to be followed by the Central Accounts Section (CAS), RBI, Nagpur

1. CAS will maintain Principal Government Deposit Accounts (PGDA) of all State Governments as hitherto.

2. CAS will continue to account for the State Government transactions / adjustments pertaining to the pre-partial decentralization period. Agency Banks should, therefore, report the State Government transactions, adjustments to the State Government transactions, etc., for the period prior to 1st October 1987 to CAS for accounting / settlement.

3. CAS will receive the daily position figures of Government transactions including those of Government Deposit Account from PADs by Fax as well by e-mail. On the basis of above

particulars, it will arrive at the balance in the account of the State Government concerned.

4. CAS will receive Inter-Government Adjustment Advices (IGAs) from the Accounts Officers of various Ministries / Departments of Central Government and the Accountants General of various State Governments for debit / credit of the amount mentioned on the advices to the accounts of the State Governments.

5. CAS will arrive at the Daily Balance position of the State Governments on the basis of opening balances, balances reported by the PADs, IGAs and other adjustments carried out by it in respect of discrepancies in agency bank transactions relating to pre-partial decentralization period which get reflected only in PGDA and adjustments on account of miscellaneous transactions such as discharge value / interest Payment on State Government borrowings, Liaison Office transactions, Currency Transfer transactions in respect of non-banking Treasuries, etc.

6. CAS will take necessary action to invest surplus balance in 14-Day Intermediate Treasury Bill or rediscount Treasury Bills holding of State Government or grant or recover Ways and Means advances and arrive at the net closing balance of the State Government as per instructions received from Central Office of RBI from time to time in this regard.

7. On transfer of balances in Government Deposit Account on the last working day of the month in respect of transactions undertaken by PAD through RBI General Account and on

11th of succeeding month in respect of Agency Transactions through RBI General Account, CAS will respond both the entries and account for them in the respective Principal Government Deposit Account of State Governments.

8. CAS will send advice to each PADs maintaining Deposit Account of the State Government giving the closing balance of the State Government, net adjustments carried out by it including amount of investment in Intermediate Treasury Bills, rediscounting of Treasury Bills, grant / repayment of Ways and Means Advances, etc.

9. CAS will receive four copies of the Monthly Statement of Transactions effected at the PAD and four copies of bank-wise, branch-wise Monthly Statement of Transactions furnished by the Link Offices on 11th of the succeeding month. CAS will compile and consolidate all the transactions and forward three copies of the Statements along with details of the transactions to the respective Accountants General by 15th of the succeeding month in case of all months other than March and by **15th May in case of March Account.**

10. The Inter Government transactions are directly ***put through*** by CAS on the basis of advices received from the Accountants General or the Pay and Accounts Officers. Increase or decrease in the Cash Balance of a State on this account is reported by the CAS through the Clearance Memo (CM). It is an on-going process and therefore, it is not uncommon to encounter differences in the Cash Balance of a State as per Banker‟s

Books (CAS) and the Books of the Accountant (Accountants General). The Accountants General, correspondingly increases or decreases the Cash Balance of a State in his books, only on Receipt of the CM. CAS is giving, on a monthly basis, to the Accountants General, **a list of CM**. Such a list should accompany the monthly report of Cash Balance being sent by CAS on the 15th of the following month. **Further, the Clearance Memo may be serially numbered, to enable the Accountants General to track the missing Memo.**

11. The State Governments should ensure timely submission of accounts to the Accountants General by the concerned Departments / Treasuries. While difference may occur in the month-wise balance, there should not be any difference between the cash balance position as per the Accountants General's book and the CAS figures, as at the closing of Annual Accounts by 25th April of every year.

12. As per the directions of Comptroller and Auditor General of India(C&AG), a cell called “RBD Cell” has been functioning in the office of the Accountants General (A&E) II, Maharashtra, Nagpur, since 2001 to coordinate with the Accountants General and CAS for the clearance of the outstanding discrepancies of the pre-1987 period. To strengthen these efforts, the Agency Banks and CAS may also set up separate cells consisting of dedicated staff so as to have better liaison with the Accountants General. There should be regular meeting of officials of the CAS, Agency Banks and the Accountants General Office at every quarter to sort out the

differences, if any. The minutes of the meeting may be forwarded to RBI (DGBA).

13. As the Accountant General Offices have launched a massive voucher level computerization project in 20 States that have gone on-line, a proper electronic link is required to be established between the Accountant General Offices and PADs on the one hand and Accountant General offices and the CAS on the other, for better and speedy co-ordination.

14. For freezing the old outstanding discrepancies 'as it were basis' and adopting the same by the parties concerned, particularly in the context of non-availability of old records and details to establish or disprove the claims of the parties (Agency Bank, Central and State Governments), following proposals may be implemented:

(i) The old outstanding discrepancies (prior to 1987) may be settled with reference to VDMS or other acceptable documents by mutual concurrence of the parties concerned through the meetings arranged by the RBD Cell of Accountant General (A&E) II, Maharashtra Nagpur.

(ii) Where relevant records are not available, approval of the State Government concerned may be taken for clearance of individual items up to Rs 20,000/- on adhoc basis, as was done in the case of Rajasthan Government.

(iii) Identify the discrepant items and amount that remains outstanding after doing the exercise mentioned in (i) & (ii) above and refer these cases to a Group comprising of an officer from RBI, Comptroller and Auditor General of India and Agency Bank (by rotation), to take a decision on the basis of facts and figures available.

VIII- Procedure to be followed by the Accountant General (AG)

1. The Accountant General will receive two copies of certified Date-wise monthly statements (VDMS) from the Treasury Officer along with normal monthly cash (RBD) statement in the usual manner.

2. The Accountant General will also receive from PAD(RBI), an advance copy of statements of monthly transactions along with monthly Statement of Transactions submitted by Link Offices of Agency Banks.

3. To facilitate timely compilation of the State Government accounts, CAS may send the Cash Balance report together with other documents by 15th of the following month.

4. The Accountant General will verify the figures reported by the Treasury with those reported by the CAS. Discrepancies between the two sets of figures may be listed and advised to PAD in the State or nearest to the State Headquarters, for rectification of the differences. While doing so, a copy of the

VDMS received from the Treasury should also be forwarded to PAD.

5. The Cash Balance of a State consists of (i) Transactions reported by the Agency Banks (ii) Transactions directly carried out at Regional Offices of RBI (iii) Inter Government Adjustments carried out at CAS and (iv) Adjustment Transactions of pre October 1987 period. The monthly statement of Cash Balance sent by the CAS to the Accountant General contains the net position (Debit or Credit) of all the above four items clubbed together. Simultaneously, the Accountant General arrives at the monthly Cash Balance of the State based on the computation of the accounts rendered by the Treasuries and other sources. Differences between the Cash Balance of a State as arrived at by the Accountants General and CAS have to be reconciled and cleared.

6. In respect of Inter Government Adjustments and other transactions carried out by CAS, the Accountant General may reconcile and confirm the balances on a case-by-case basis. To facilitate the item-wise reconciliation, CAS will furnish the net Cash Balance under each item supported by details. For example, while furnishing the Receipts, Payments and net balance under Inter Government Adjustments made by CAS, a list of advices supporting the Receipts and Payments will be sent to the Accountant General. Similarly, in respect of other State transactions put through at PADs, CAS will furnish the list of transactions along with the summary of Receipts, Payments and Balance. The format of Statement of the Closing Balance is given below:

Closing Balance Statement and Confirmation

Reserve Bank of India
Central Accounts Section
Nagpur

The Accountant General
Government of _____

Dear Sir,

We append the monthly account statement of closing balance of your State for the Month of _____. The supporting documents are also enclosed. We shall be glad if you will confirm that the balances shown in respect of items 1 to 9 in the statement agrees with the books of your Office. Please use enclosed Form „A" for the confirmation.

( )
P. Regional Director
Enclosure : Sheets

		Amount in ₹		
Sl. No.	Particulars	Receipts	Payments	Net
1.	Inter-Government and other transactions booked directly by CAS (as per date-wise list attached)			
2.	Transactions originated at RBI Offices other than that attached to your State and booked by CAS. (as per date-wise list attached)			
3.	Transactions of pre 1.10.1987 period, adjusted by CAS (as per statement attached)			
4.	Sub Total (1+2+3)			
5.	Transactions at RBI Office			
6.	Sub Total (4+5)			
7.	Transactions of Agency Banks (as per summary)			
8.	Total (6+7)			
9.	Net Dr. / Cr. for the month			
10.	Progressive Total brought forward from previous month			
11.	Progressive total up to current month carried over			
12.	Net Progressive Dr. / Cr.			

7. The Accountants General may give confirmation to the CAS on item-wise Cash Balance during the month **within fifteen days** of the reporting of the balances by the CAS. If the figures of an Accountant General vary from that reported by RBI during any month, the differences should be identified and reconciled expeditiously. Apart from the monthly reconciliation, there should be a system of confirmation of Annual Cash Balance of State **within two months** from the date of Receipt of the figures from RBI. Specimen of Certificate of Confirmation of Balances by the Accountant General is given below :

Certificate of Confirmation of Balances
Form 'A'

The Regional Director
Reserve Bank of India
Central Accounts Section
Nagpur

Dear Sir,

With reference to your monthly account statement for the month of _____ we confirm that the net amounts shown against items 1-9 tallies with our books.

With reference to your monthly account statement for the month of _____ we advise that the items shown below do not tally with our books for reasons mentioned there against.

	Amount in ₹

Sl. No.	Particulars	Net Amount as per Books of RBI	Net Amount as per AG"s Books	Reasons for variation	Remarks
1.	Inter-Govt and other transactions booked directly by CAS (date-wise list attached)				
2.	Transactions originated at RBI Offices other than that attached to your State and booked by CAS. (date-wise list attached)				

3.	Transactions of pre 1.10.1987 period, adjusted by CAS (statement attached)				
4.	Sub Total (1+2+3)				
5.	Transactions at RBI Office _____(attached to the State)				
6.	Sub Total (4+5)				
7.	Transactions of Agency Banks put through (as per summary)				
8.	Total (6+7)				
9.	Net Dr./ Cr. for the month				
10.					
11.					
12.					

(Signature of the authorized official)
Accountant General
Govt. of _____
_____

Date:

Strike out whichever is not applicable
Attach work- sheets if necessary

8. As the Accountant General Offices have launched a massive voucher level computerization project in 20 States that have gone on-line, a proper electronic link is required to be established between the Accountant General Offices and Reserve Bank Office (PADs) on the one hand and Accountant General Offices and the CAS on the other, for better and speedy co-ordination.

APPENDIX- 2
(referred in Para 15.1.4)

Government of Jammu and Kashmir
Finance Department
(Circular No. DGAT/PS-DR/269 dated 30.03.2011)

Sub : Conduct of treasury cash business in the State by Reserve Bank of India (RBI) through J&K Bank (as Agency Bank of RBI).

C I R C U L A R

The State Government has executed an agreement with the Reserve Bank of India (RBI) for conducting the treasury cash business through J&K Bank as Agency Bank of RBI. The new system shall come into force w.e.f. 01.04.2011. In this connection both the Joint Directors of Accounts & Treasuries and all the Treasury Officers are hereby directed to adhere to the following system w.e.f. 01.04.2011.

i. The Treasury Officers will receive the Pass Book along with Receipts / Payment Scrolls, challans and cheques etc. from the branch whereupon he will acknowledge the Receipt of each day on the Pass Book tendered along with scroll etc. for the same day / preceding day. He will verify the correctness of the entries made in the Pass Book with reference to scrolls, challan and vouchers of the previous day. He will initial in the Pass Book in the column provided in token of having done so. The Pass Book will be returned to the branch on the succeeding day either with initials of Treasury Officer as mentioned above or with a Memorandum of Error indicating corrections. In such an event, the figures should be got reconciled with the least possible delay (on the same day or the following day) and signed by Treasury Officer immediately.

ii. The branch handling the State Government transactions has to send the receipt/payment scrolls on a daily basis in the prescribed form alongwith the challans and cheques to the Sub Treasury / Treasury to whom they are attached.

iii. The challans / cheques and bills will be arranged in the order in which they are entered in receipt / payment scrolls and stitched to the respective scroll. They may be classified in such a manner as may be directed by the Accountant General. Further, the paid vouchers (cheques, bills etc.) sent to the Treasury should be conspicuously

branded with the "Paid" stamp. This is to avoid making payments against the same document more than once.

iv. Two Pass Books with particulars of total receipts and payments and the number of supporting challans / cheuqes may be maintained, in which entries will be made based on Daily Scrolls. The form of the Pass Book has been given below.

Pass Book of Receipts and Payments – Side "A" (for use by Bank Branch)							
Date of Transmittal	Date of Transaction	Total Receipts for the day	No. of challans	Total Payments for the day	No. of vouchers	Initials of Branch Manager	Initials of Treasury / Sub Treasury Officer

Pass Book of Receipts and Payments – Side "B" (for use by Sub Treasury / Treasury)								
Date of Receipt	Date of Transa-ction	Certified Receipts for the day.	No. of challans receipts	Certified Payments for the day	No. of vouchers received	Remarks (attach working sheets if required)	Initials of Treasury / Sub Treasury Officer	Initials of Branch Manager (with date)
Preservation Period : Three years after reconciliation of branch's monthly account								

The two Pass Books in the above mentioned format may be maintained for being used on alternate days so that one whole day is available to the Sub Treasury / Treasury for checking the transactions as entered in the Pass Book. Pass Book envisages that a certificate of correctness of the transactions is given by the Sub Treasury / Treasury, after verification of each item of receipt and payment under taken by the Agency Bank and recorded in the scroll with reference to the challans and cheques / Cheque Delivery Register (CDR) respectively. Further, where daily verification of the receipts and payments at the Agency Banks is completed by the Sub Treasury / Treasury on the next day as prescribed, there could be no difficulty in preparation of the monthly position expeditiously and accurately. Scope for discrepancies and reconciliation, thereafter, will be minimal. Hence the signature of the Sub Treasury / Treasury Officer on the Pass Book is a confirmation and certificate of correctness of the transactions.

v. The daily accounts i.e. scrolls will be prepared each day and the Manager or authorized official of the Bank, after satisfying himself as to their accuracy will docket and forward to Sub Treasury / Treasury

the Pass Book of Daily Receipts and Payments with all challans and cheques at the close of the day.

The Scrolls, challans and vouchers should be sent in a locked box by the branch to the Sub Treasury / Treasury in order to rule out the possibility of any alteration / obliteration of any paper before they reach the hands at the other end.

There should be no delays in transmission of scrolls and challans / cheques by the Agency Bank to the Sub Treasury / Treasury. For this purpose, specific columns for date of sending and returning it, in addition to the transaction date have been provided for in the Pass Book. This aspect should also be looked into by the respective Inspection Authorities of the Agency Banks as well as Sub Treasury / Treasury.

vi. For communicating the discrepancies, if any, in the Pass Book to the Agency Bank by the Sub Treasury / Treasury, the "Memorandum of Error" as per the format appended, shall be used.

Memorandum of Error

The Branch Manager,
_____ Bank.

Dear Sir,

With reference to your Daily Receipt / Payment Scroll No. _____ dated _____ we advise that the following deficiencies have been observed:

S. No. in Scroll	Receipt / Payment	Amount	Nature of discrepancy	Suggested rectificatory action.

Please arrange to rectify the above deficiencies at the earliest and confirm.

Treasury Officer
Date :

The above deficiencies have been rectified on _____ and reflected at S.No. _____ in our scroll No. _____ of date _____.
Branch Manager
Bank's Seal
Date :

Preservation Period : Three years after the reconciliation of branch's monthly account.

Note : Three copies of the above Memorandum may be prepared by the Sub Treasury / Treasury. Two copies of the same may be sent to the Agency Bank branch, one of which may be retained by the branch and the original returned with confirmation of rectificatory action, as stated above. To facilitate identification, "Memorandum of Error" may be printed in red.

The discrepancies have to be communicated immediately, but not later than the next working day. Three copies of the Memorandum of Error may be prepared by the Sub Treasury / Treasury. Two copies of the same may be sent to the Agency bank branch and one copy may be retained by the Sub Treasury / Treasury. The scroll contained the error together with relevant instrument and the Pass Book may also be sent along with the Memorandum of Error to Bank branch.

On receipt of Memorandum of Error along with the documents listed above from the Sub Treasury / Treasury, the branch should immediately rectify the irregularity pointed out therein after checking the documents and make necessary correction in the scroll and the Pass Book under proper authentication. The entries may also be authenticated by the Sub Treasury / Treasury in the Pass Book. In the computerized environment necessary rectifications may be made with adequate safeguards.

In the case of computerized treasury, required corrections in the computer database may also be carried out after taking necessary security precautions.

vii. On the first working day of succeeding month the Treasury will receive six copies of DMS (Datewise Monthly Statement) from the Agency Bank branch for the preceding month. These will be scrutinized and certified to the effect that they have been checked and found correct. Two copies of the VDMS (Verified Datewise Monthly Statements) will be returned to the concerned branch within 2 days from the date of its receipts. Two copies of the VDMS together with consolidated statement of receipt and payment are to be forwarded to the Accountant General by 10th of the succeeding month, except for the month of March. For March these should be submitted by 15th April. In the case of our state these statements shall be submitted to the Director General Accounts & Treasuries through concerned District Treasury Officers and the concerned Joint Directors for consolidation.

The format prescribed for DMS/VDMS is as under:-

Date-wise Monthly Statement (DMS) Statement for the month of ……., 20…. in respect of …….. State Government transactions.				
Name of the Bank		Head of Government Account		Code No.
Name of Branch				Code No.
Date	Receipts (Rupees)	Payments (Rupees)	Dr / Cr.	Net Balance (Rupees)
1.				
2.				
3.				
.				
.				
31.				
Total				
Certified that the particulars furnished above are correct to the best of my knowledge.				
Officer in-charge of STO / TO			Branch Manager	
Date :			Date :	
Size 14″ X 8.5″ white sheet. Preservation Period : Three years after the reconciliation of branch's monthly account. Amount to be rounded off to the nearest Rupee.				

The duly certified copy of DMS received from the Sub Treasury / Treasury, now be called Verified Date-wise Monthly State (VDMS).

3. The treasuries will report to the Director General Accounts & Treasuries, through the respective Joint Directors the receipts and payments transactions handled by the Agency Banks in the prescribed formats.

4. The data on cheques issued by computerized Sub Treasury / Treasury should be in the following format:-

S. No.	Particulars	Specification
1.	Instrument Number	Character, 3 + Number, 9
2.	Instrument Date	DDMMYYYY
3.	Beneficiary's name	Character, 30
4.	Amount	Number, 16
5.	Signatory Code	Number, 5

The data may be transmitted to the bank branch through electronic media (floppy / e-mail) under secured conditions.

5. All the Treasury Officers should ensure timely submission of accounts to the Accountant General and other quarters.

6. It has also been decided that henceforth State Government will claim interest for delayed credit of collections from the Agency Banks. In this connection all the Treasury Officers will ensure immediate credit of all the receipts that the J&K Bank branches receive on behalf of the State Government. In the event there is any delay in this behalf that should immediately be brought to the notice of the concerned Joint Directors / Director General Accounts & Treasuries further necessary action.

---.---

APPENDIX- 3
(referred in Para 15.1.4)

Government of Jammu and Kashmir
Finance Department
(Circular No. DGAT/PS-DR/297 dated 06.04.2011)

Subject:- Dispensing away with the MT system and introduction of revised procedure for authorisation of drawals at the Government treasuries in the J&K State.

C I R C U L A R

With the switching over to the conduct of treasury cash business in the State by Reserve Bank of India (RBI) through J&K Bank (as Agency Bank of RBI) and dispensing away with the MT system , it is hereby enjoined upon the Joint Directors of Accounts & Treasuries Kashmir /Jammu , District Treasury officers/ Treasury officers that:-

a) The District Treasury officers will prepare liability / demand headwise / treasury wise in the already devised format and submit the same to the respective Joint Directors of Accounts & Treasuries Kashmir/ Jammu on daily basis.

b) Likewise, the Joint Director , Accounts & Treasuries Kashmir/ Jammu shall consolidate the liability / demand , headwise / treasury wise and submit the same to the Director General, Accounts & Treasuries on daily basis as per the existing system.

c) The Director General, Accounts & Treasuries shall daily release the amounts to the District/ Additonal treasuries through Joint Director , Accounts & Treasuries Kashmir /Jammu as per the resources available with the Government (Finance Department). However, in respect of the treasuries of Civil Secretariat , Leh , Kargil , New Delhi and Mumbai the amounts shall be released directly by the Director General, Accounts & Treasuries, on the daily basis.

d) The District Treasury officers shall, as usual , submit the daily treasury wise and object wise distribution statements to their respective Joint Directors who in turn shall furnish the distribution statements to the Director General, Accounts & Treasuries on daily basis.

e) The District Treasury officers / Treasury officers of Leh. Kargil, Civil Secretariat Treasury, New Delhi and Mumbai shall, however, render their distribution/ utilisation statements directly to the Director General, Accounts & Treasuries on daily basis.

f) The Muffasil and sub-treasuries shall conduct the verification of the cash authority letter with their respective District Treasury officers who would then conduct verification with respective Joint Directors and the Joint Directors shall also conduct monthly verification with the Director General, Accounts & Treasuries office. Likewise the Treasury officer, Civil Secretariat , Leh, Kargil, New Delhi and Mumbai shall conduct the verification with the office of Director General, Accounts & Treasuries directly.

g) The receipts realized will be credited / transferred to the agency bank / government account on daily basis and no payment out of these receipts shall be authorised/ made during the day.

---.---

APPENDIX- 4
(referred in Para 15.1.4)

Government of Jammu and Kashmir
Finance Department

Subject:- Revised procedure for reimbursement of pensions paid by the J&K Bank Ltd. to the State pensioners.

Government Order No. 115 - F of 2011
Dated : 15.04.2011.

Vide Government Order No. 401 –F of 1977 dated 13.06.1977 it was notified that all **Civil Pensioners** of the State including **Family Pensioners** and **All India Service Pensioners** who retire/have retired from the State Government and are drawing pension from the State treasuries shall have an option either to draw their pension from the respective treasuries or through any branch of the Jammu and Kashmir Bank in the State convenient to them. It was further ordered that State pensioners in Delhi who draw their pension from the State Treasury New Delhi can also opt for drawal of their pension through the Irwin Road branch of the J&K Bank, New Delhi.

In the year 1983, two treasuries namely, Additional Treasury, Tankipora, Srinagar and Additional Treasury, Old Secretariat, Jammu were nominated as Nodal treasuries respectively for the erstwhile Districts of Srinagar (now trifurcated into Srinagar, Budgam and Ganderbal), Jammu and Kathua (now bifurcated into Kathua and Samba) for transfer of pension payment orders (PPOs) of the pensioners who opt for transfer of their pension cases to J&K bank Branches of their choice . The pension payment sheets (normally on monthly basis) were routed by the Bank branches of Jammu, Samba and Kathua branches through J&K Bank Chowk-Chabutra Branch Jammu for onward transmission to the J&K Bank Civil Secretariat Branch, where the reimbursement was made to the J&K Bank by debiting the said amount to Commissioner/Secretary Finance's OD-I account. Disbursement of the pension paid by the various other branches was being made by debiting the paid amount to government account in the respective District Treasuries.

Now with the introduction of the new system of Cash Management for conduct of treasury cash business in the State by Reserve Bank of India (RBI) through J&K Bank (as Agency Bank of RBI) and due to freezing of OD-I / OD-II and government accounts of all treasuries, the existing system of reimbursement of amounts on acount of pension paid to the pensioners by J&K Bank, is revised

as under. However, the scheme of drawing pension by the pensioners through various branches of J&K Bank as notified vide Government Order No. 401-F of 1977 dated 13.09.1977 shall remain unchanged / in force without any alteration:-

i. All the Treasury officers including Assistant Treasury officers shall be competent to transfer the pension cases to the pensioner's choice Branches of the J&K Bank within their respective districts. In case the pension cases are to be transferred in the jurisdiction of the another Treasury officer, an intimation of such transfer should be given to that Treasury Officer also enabling him to watch the reimbursement of pension paid by the Bank thereafter. A proper register as per the treasury guidelines issued by the Director General Accounts and Treasuries should be invariably maintained to watch and monitor the pension transfer cases authorised by the Treasury officers. In case any pensioner desires to transfer his pension case outside a particular district, the same should be got processed through the office of Principal Accountant General as required under rules. Similarly the pension cases should not be transferred from one treasury to the another treasury without orders of the Principal Accountant General's office;

ii. The Bank Managers disbursing the pensions shall be required to handover the Pensioners half of the Pension Payment Orders (PPos) to the concerned pensioners and retain only the treasury half of the Pension Payment Orders at the Bank and post the monthly pension payments in the Treasury Half of the Pension Payment Orders (PPos) as advised by the Principal Accountant General in the review meetings of the Treasuries chaired by the Hon'ble Finance Minister and the periodical audit reports.

iii. In the event the PPO half of any of the pensioner is not available with the Bank branch the same may be got issued from the nearest treasury after deposition of the prescribed fee of ₹1/- in each case by the concerned pensioner. The Treasury Officer will issue Xeros copy of the PPO half (Treasury Half) of the PPO duly attested under his own seal and signatures and return the treasury half of the PPO to the concerned pension paying branch of J&K Bank;

iv. It shall be deemed that all the cases to the nearest Bank branch have been transferred by the Treasury Officer of the area so that the re-imbursement sheet/sheets of a particular month are sent to the Treasury Officer nearer to the Bank Branch paying pension and not to the Treasury Officer who has actually transferred the pension case;

v. The Bank Managers paying pension shall be required to provide a list of the category-wise pensioners as on 01.04.2011 to the nearest Treasury

Officer who would in turn maintain a proper record and use it for conducting atleast half yearly on spot verification of the pension payments at the Bank branch /branches instead of leaving this job for PAG's audit parties;

vi. The Bank Managers dealing with the pension payments are required to note that the pension becomes due to a pensioner on the 1st day of the following month so no credits to pensioners be afforded on the last day of the month of pension. This has been pin pointed by the PAG's audit parties while checking the pension records at the Bank branches;

vii. Reimbursement of pension payments to civil pensioners of J&K State Government shall be claimed only from the respective Treasury (nearest treasury only). Both Centralized Pension Payment Department and Business Units (which have not so far implemented centralized pension payment mechanism and are themselves directly disbursing pension) shall also follow the revised procedure on seeking reimbursement from the concerned Treasury/ies and not raise debit to or seek reimbursement from Moving Secretariat branch; and

viii. In the event of recovery of excess pension paid to a pensioner after any discrepancy is detected by the pension paying branch or brought to its notice by Treasury Officer, Inspecting Officers/ Auditors, the concerned branch shall take immediate action for recovery of the excess amount drawn and pass on the credit on account of recoveries made from the pensioner to the concerned Treasury branch for crediting Government account under "Major Head 2071 – Other Pension and Pensionary Benefits - Recoveries".

ix. The J&K Bank Managers paying pension to the pensioners will henceforth pass on the monthly paid pension sheet / sheets (in duplicate) to the Treasury Branches nearest to their non-treasury Bank Branches for reimbursement of the amounts of pension released by those branches in favour of the State pensioners who are drawing their pension through the Bank;

x. All Treasury pension paying branches and non Treasury pension paying branches of the J&K Bank shall make payments to the State pensioners drawing pensions from their respective branches from their own resources as per the PPOs on or after first day of the following month to which the pension pertains;

xi. The claim for re-imbursement of the pension so paid to the State Government Pensioners shall be lodged immediately by the respective

treasury or non-treasury branches of the J&K Bank to the nearest Treasury Officer through the treasury branch connected with that treasury by submitting the pension payment statements/sheets;

xii. On receipt of the paid pension Statements / sheets from the connected Treasury Bank branch, the concerned Treasury officer shall check arithmetical accuracy of those sheets and project the amount in his daily liability statement for reimbursement;

xiii. The Treasury officer shall open a separate ledger of pension payments through J&K Bank and enter branch-wise total amounts of pension claimed by the Bank Branch alongwith the number of pensioners indicated in the pension payment sheet / sheets and closely monitor the excesses/ reductions in the volume of monthly payments or number of the pensioners;

xiv. Wherever the Treasury officer notices any abnormal increase or decrease in the pension payment amounts he should immediately ascertain reasons thereof from the concerned Bank Manager. However, the reimbursement of the amounts so claimed by the Bank Branch should not be delayed on this account;

xv. On receipt of the authority letter for reimbursement of amounts of pension payments to the J&K Bank, the Treasury officer shall pass the pension payments sheet/ sheets as received from the Treasury Bank Branch and handover one copy of the payment sheet to the J&K Bank branch handling the treasury business after recording treasury voucher number and date therein;

xvi. Second copy of the payment sheet also bearing the same treasury voucher number and date but marked "**Not For Payment**" will be retained by the Treasury Officer for his record and reference;

By order of the Government of Jammu and Kashmir.

---.---

APPENDIX- 5
(referred in Para 15.1.4)

Government of Jammu and Kashmir
Finance Department

Subject:- Procedure for collection of government receipts at J&K Bank Branches and their transfer and incorporation in the government accounts.

Government Order No : 116 - F of 2011
D a t e d : 15 - 04 – 2011

The procedure for acceptance and accounting of government receipts as was in vogue before taking over of Cash management by the Reserve Bank of India (RBI), shall remain unchanged. The Treasury officers are as such required to maintain a proper **General Receipts Register** as properly explained at para-3 of the Treasury Guidelines, issued by the Director General Accounts and Treasuries and also prescribed in the J&K Treasury Code Volume I. The entries in the **General Receipts Register** are to be cross checked with the government copies of the **Treasury Remittance Challans** (TRs) received from the connected branch of the J&K Bank, called as Treasury Branch by the authorities of the Bank, with the daily Bank Scroll and ensure that 100 % Treasury Receipts Numbers (T.R. Nos.) are given to the said T.R. Challans for incorporation of such receipts in the Government account.

Under different government orders and circular instructions, a few branches of the J&K Bank have been indentified as the designated branches for receipt of Commercial Taxes, Excise, Revenue, Passenger Tax and electric charges (Power Receipts). The revenue collections so made by the designated Bank Branches were periodically (normally weekly) transferred to the erstwhile OD-I & II accounts maintained, at the Civil Secretariat branch of J&K Bank, in the name of the Commissioner/Secretary Finance for crediting them to the proper account heads of the State Government. With the taking over of J&K State Government treasury business by the Reserve Bank of India (RBI) through J&K Bank (as their agency bank) w.e.f. 01.04.2011, the following guidelines are issued to all the treasuries and branches of the J&K Bank connected with the revenue receipts on behalf of the State Government.

i. Challans of all the State Government receipts received should be passed on to the nearest Treasury through the concerned treasury branch of the Bank for recording the T.R.No. and date and making an entry in the General Receipt Register by the Treasury Officer so that squaring is watched in respect of the daily receipts made directly by

the Treasury and receipts transferred by the nearest non-treasury branch / branches of the J&K Bank.

ii. The treasury branches of the J&K Bank shall ensure that the Challans received from the non-treasury Bank branch is passed to the Treasury Officer with the daily receipts and payments sheet (scroll) for recording of TR Nos. and date as enumerated at para-I above.

iii. Managers of non-treasury branches shall prepare Major Head wise Challans indicating the detailed receipt heads like VAT, GST, Traffic Police fines etc. therein as it would not be practically possible to allot TR Nos. and date on combined Challans showing receipts under different Major Heads of Accounts in view of maintenance of Head Wise Receipt Cash Books at the treasuries.

iv. It shall be obligatory on the part of the Treasury Officers not to allot Treasury Receipt (TR) Nos. to the Treasury challans accompanying the Government receipts on the next day until the T.R. Nos. are allotted to all the Government copies of the TRs and Remittance Challans of the designated branches of the previous working day.

v. At the close of the month reconciliation between the branches of Bank and the concerned treasuries shall be invariably conducted so as to ensure that no receipt is left out of the government / treasury accounts and in case there is any variation the matter be sorted out instantly

vi. The Receipt Heads of Power Development Department, Sales Tax, Passenger Tax, Police (Traffic) and Commercial Taxes are given as under:-

S. NO.	**DEPARTMENT**	**MAJOR HEAD**
1.	Receipts of Power Development Department	- 8782 Public Works Remittances – Power Receipts.
2.	Commercial Taxes	- 0040 – VAT, GST, Entry Tax & Motor Spirit Tax
3.	Passenger Tax	- 0042
4.	Property Tax	- 0035
5.	Stamps	- 0030 – Sale of Stamps
6.	Excess Pension Recoveries	- 2071 – Pension and other retirement benefits – Recoveries.
7.	Traffic Police fines	- 0055

By order of the Government of Jammu & Kashmir.

--.---

APPENDIX- 6
(referred in Para 15.1.4)

Government of Jammu and Kashmir
Finance Department
(Circular No. DGAT/PS-DR/441 dated 06.06.2011)

Subject:- Procedure for collection of government receipts at J&K Bank Branches and their transfer and incorporation in the government accounts .

C I R C U L A R

Vide Government Order No. 116-F of 2011 dated 15.04.2011 the procedure for collection of government receipts at J&K Bank branches and their transfer and incorporation in the government accounts was ordered. Addendum to the aforementioned Government order was issued under NO. DGAT/PS/DR/393 dated 24.05.2011 whereunder some more receipt heads were incorporated in Clause (vi) of the said Government order.

The issue was thoroughly discussed in the review meeting of treasuries of Jammu Division chaired by the Hon'ble Minister for Finance and Ladakh Affairs on 27.05.2011 as also in a meeting with the officers of Principal Accountant General and it was desired to incorporate the full and correct classification as under :-

S.No.	Department	Major Head / Minor Head	
1.	Receipts of Power Development Department	8782 , Public Works Remittances – Power Receipts	
2.	Commercial Taxes	0040-VAT, GST, Entry Tax and Motor Spirit Tax	In respect of Divisions credit should be given to Major Head 8782- remittance into the treasuries instead of Final Head of Account to which it is actually credited by the chest holders / divisions.
3.	Passenger Tax	Major Head - 0042 103- Tax Collection Passenger Tax	
4.	Property Tax	Major Head – 0035 101- Ordinary collection urban areas and non-urban areas	
5.	Stamps	0030- Sale of Stamps	

6.	Excess Pension Recoveries	2071- Pension and other Retirement Benefits – Recoveries	
7.	Traffic Police Fines	Major Head – 0055- Police 103- Fees, Fines and forfeitures Or 800- Other receipts	
8.	Refund of Closing Balance, Government Accounts No. _____ Treasury freezed on 01.04.2011	8675- Other Deposits with Reserve Bank 106- States 2500- Treasuries	
9.	Difference of daily receipts and payments worked out by the Treasury branches as per scrolls	8675- Other Deposits with Reserve Bank 106- States 2500- Treasuries	
10.	RTO's Receipts	0041- Taxes on Vehicles 102- Receipts under State Motor vehicles Taxation Act	

The Treasury officers are, as such, instructed to see that full and correct classification as indicated above is recorded in the treasury challans giving no chance of complaint from the office of Principal Accountant General.

PART-V

PART- V
Chapter 17

CONTINGENCY FUND

17.1.0 The Contingency Fund is in nature of imprest at the disposal of the Head of the State. Advances made from and out of this Fund have to be recouped to it. Financial requirement for such recoupement has to be adequately provided for in the revised estimates. It may be noted that advances from the Fund are made for meeting expenditure on New Services not envisaged in the budget of a year such as making payments to satisfy decrees issued by the courts. Thus, while making estimates for these recoupments all the details are already known. Sometimes it may happen that there are possibilities of arranging funds required for the purpose through re-appropriation as a result of savings available in a Grant. In such situations a token amount is included in the Supplementary Budget of the Government with explanation that the remaining amount is being arranged through the process of re-appropriation of funds.

17.2.0 J&K Contingency Fund Act, 1957, the rules made there under and instructions issued from time to time by Finance Department in the maintenance of accounts of the Fund are appended at the end of this Part of the Manual.

CHAPTER 18

SYSTEMS TO ENSURE CORRECT CLASSIFICATION OF EXPENDITURE / RECEIPTS AND TO CHECK LEGITIMACY OF EXPENDITURE INCURRED

18.1.0 Appropriation Accounts

18.1.1 As soon as possible after the close of the financial year, Controlling Officers should obtain from Disbursing Officers statements of expenditure incurred during the year under various units of appropriation and should deal at once with cases in which expenditure is in excess of allotments or far below the revised estimates. The causes of the latter, if they are likely to occur every year, should be noted for guidance in framing Budget estimates in future. In case of expenditure in excess of allotment of funds, disciplinary action should be initiated against the defaulters.

18.1.2 When the final figures are obtained from the Accountant General, any discrepancies with the departmental figures should be examined, and steps taken to remove the causes of such discrepancies, if possible. The Controlling Officers should then decide what action for enforcing responsibility is required against Disbursing Officers who have exceeded their allotments (if any). Controlling Officer should also prepare explanations for use before the Public Accounts Committee:-

a) if the voted grants have been exceeded;

b) if units of appropriation have been exceeded without reappropriation having been made.

18.1.3 In order to enable the Accountant General, to submit the Appropriation Accounts and Audit Reports to the Comptroller and Auditor General in time, it is essential that the Controlling Officers should bear in mind the time factor prescribed for giving materials to the communications relating to the Appropriation Accounts. They should be treated as immediate and final replies should be sent to the Accountant General within the time-limit and **in no case should they remain unanswered for more than two months.** The submission of belated replies to the Accountant General hampers the progress of compilation of the Appropriation Accounts in that office and consequently delays their publication and presentation to the Legislature. The delay in submitting replies or furnishing incomplete and inadequate materials compels the Accountant General to omit many explanations to which the Public Accounts Committee take exception. The Appropriation Accounts and the Audit Report for the year should generally be made available to the Legislature before the discussion of the Budget for the subsequent year starts i.e. by February. Unless the time factor is adhered to by the Controlling Officers, it will not be possible to present the document in time to the Legislature.

The following instructions should be carefully observed by all heads of departments and Controlling Officers:-

i. Explanations for variations should be concise, accurate and fully informative and should contain information as to whether the variation was inevitable and whether it could not be foreseen;
ii. Vaguely worded phrases such as "original provision proved insufficient or excessive", "based on progress of actuals, etc." should be avoided;
iii. It should be specifically stated why the original provision proved insufficient or excessive and how and why the actuals varied from the estimates;
iv. If the variation is due to more than one cause, the amount due to each cause should be stated.

18.1.4 The Comptroller and Auditor General presents to the Governor every year the Appropriation Accounts and the Finance Accounts for the previous year, with the audit report thereon, to be laid before the State Legislative Assembly under Article 151 (2) of the Constitution of India. On their receipt, the Finance Minister will place them on the table of the Legislative Assembly and move their publication. After the motion is approved, the Assembly Secretariat takes steps to place the Appropriation Accounts, the Finance Accounts and the Audit Reports thereon before the Public Accounts Committee of the Assembly.

18.1.5 The Appropriation Accounts, the Finance Accounts and the Audit Report of the Comptroller and Auditor General of India are supplied to the Controlling Officers by the Finance Department. These are otherwise also available on website: “http//agjk.nic.in”. On receipt of these documents each Controlling Officer should examine them and note special comments, if any, and should also be ready with explanation to give evidence in case the Public Accounts Committee wishes to examine the Controlling Officer at any time after one month from the date of presentation of Appropriation and Finance Accounts to the Legislature. Controlling Officer should also furnish information which the Finance Department or the Public Accounts Committee require of him/her for the examination of the report by the Committee within a period of one month unless circumstances warrant a longer period and even in such cases, the Committee should be appraised of the latest position from time to time.

18.1.6 **Objective of Appropriation Accounts:** The objective of the preparation of Appropriation Accounts and the Audit Report thereon is to present to the Legislature the Audited Accounts of all the expenditure incurred during a financial year, separately for each grant, with the more important observations which the Audit Officer consider it necessary to make as a result of their investigations. The appropriation accounts have been described as the coping stones of the financial structure of the year. The Audit Report on the Appropriation Accounts embody the comments of Audit on losses, nugatory expenditure, financial irregularities and other

topics of interest as are revealed during the course of the audit investigation.

18.1.7 It is difficult precisely to define the meaning of the term “Financial irregularity”, but it may be laid down that the vast majority of financial irregularities fall under one or other of the following headings:-

a) Expenditure incurred without sufficient sanction of appropriation;
b) Re-appropriation within a grant, not made in accordance with the rules sanctioned by the Government;
c) Expenditure on a ‘new service” not sanctioned by Government;
d) Breaches of the Jammu and Kashmir Financial Code and rules in other authorized codes;
e) Loss of public money or property due to fraud, neglect or misappropriation;
f) Drawing money from treasuries which is not required for immediate disbursement;
g) Abandonment of revenue without proper sanction;
h) Any irregularity connected with a contract such as:-

    i. placing of a contract without obtaining competitive tenders in an open and public manner;
    ii. acceptance without adequate reason of a tender other than the lowest;
    iii. inadequate scrutiny of tendered rates before acceptance;

iv. unsuitability of the form of contract;
v. failure to complete all necessary formalities connected with a contract including the obtaining of administrative approval and technical sanction to the expenditure before permitting the contractor to start work;
vi. deviation from contract terms in favour of the contractor;
vii. other omission to enforce conditions of contract such as those which require the deposit of security for due fulfillment or the payment of penalty for failure to fulfil it.

i) any irregularity connected with purchases, such as:-

i. purchases which contravene the orders of the supply of articles for the public service;
ii. purchases largely in excess of requirements;
iii. purchases of materials of inferior quality.

j) any extraordinary or apparently unnecessary expenditure such as:-

a) payments made as acts of grace;
b) compensation paid for damage sustained;

c) payments in excess of amounts admissible under statute, contract or rules;
d) payments necessitated by failure to enforce the terms of contract;
e) irrecoverable balances of advance payments made on account of services etc., which were ultimately not rendered;

k) any un-economical or apparently wasteful expenditure due to:-

i) the inception of works without adequate investigation of their utility or feasibility;
ii) the fixation of the rents of the residential buildings;
iii) other similar causes.

l) any irregularity connected with a grant-in-aid such as neglect:

i) by the sanctioning authority of the conditions precedent to the grant, or (ii) by the grant of conditions, expressed or implied, attached to the grant by the sanctioning authority.

m) any instance of the absence of administrative regulations and procedure sufficient to secure a proper and effective check upon monetary transactions.

18.2.0 Reconciliation of expenditure and receipts

18.2.1 The State Government have in consultation with the Accountant General circulated among Departments a time-table according to which the departmental representatives by various Departments of the Government have to be deputed to the Audit Office on specific dates for reconciliation of accounts (both of receipts and expenditure) booked in their office with these booked in the Audit Office. The date on which the departmental representatives have to attend the Audit Office, the sections of the Audit Office which are responsible for reconciliation in respect of each item and the procedure of reconciliation are already issued from time to time by the Audit Office. A procedure has been also laid down in consultation with the Accountant General that in case where the departmental representative would have any difficulty in effecting reconciliation according to the dates prescribed, he would bring his difficulties (lack of cooperation or any other difficulty) to the notice of the branch officer concerned in the Audit Office who should take remedial measures. If, however, no proper action would be taken, the concerned Controlling Officer should approach the Accountant General who will make necessary arrangements to ensure cooperation. These instructions are reiterated here for the use of the departmental representatives who in future should ensure that they attend the Audit Office on regular dates for reconciliation of accounts. The quarter-wise programme for reconciliation in the office of Accountant General is as under:-

1st Quarter ……..1st to 15th August
2nd Quarter ……1st to 15th November
3rd Quarter ……1st to 15th February
4th Quarter …… 1st to 15th June

In order to avoid any inconvenience, Controlling Officers should check with Audit Office in advance for the dates allotted for the conduct of quarterly reconciliation and accordingly depute their respective reconciliation teams to that office. A list of Heads of Departments /Controlling Officers is placed as **Appendix- 4** at the end of this Part of the Manual.

18.2.2 **Nomination of officials for reconciliation:** In each Department where reconciliation is to be done, the responsibility should be cast on an official to be nominated under intimation to Finance and Audit Departments. Where subsequently the official is replaced by another, his name who is to take should also similarly be communicated. An attempt should, however, be made to nominate an Accounts Officer or Asstt. Accounts Officer (AAO) for this purpose. Any other official may be nominated only, when even AAO is not available.

18.2.3 The official so nominated will be responsible for reconciliation of the expenditure in accordance with the prescribed time table in the Audit Department and in case any difficulty is experienced by him in this behalf, he will take the following action:-

i. If the difficulty is experienced in the Audit Department, he will bring the matter to the notice of the Branch Officer concerned of the Audit Department;

ii. If the difficulty is experienced in an office other than the Audit Department, he should report the matter to the Head of Department with a copy to the Finance Department indicating specifically what difficulty has been experienced by him in the discharge of his duties.

18.2.4 If the official fails to discharge his duties, his pay should be stopped forthwith and not disbursed so long as a certificate is obtained by him that expenditure figures have been reconciled. In case of persistent failure on two different occasions, the increment of the official should be stopped.

18.2.5 It is expected that the concerned will take action strictly in accordance with the foregoing instructions. Any further reports that the reconciliation has not been done by any Department in time will be viewed by Government with displeasure.

18.2.6 All the departments are required to nominate their representatives under intimation to the Finance Department in order to enable a register being maintained by the Finance Department (Accounts & Treasuries Organization) of officials responsible for this work in all offices so that at any time the responsibility in this behalf can be specifically located.

18.2.7 **Procedure of reconciliation:** According to the procedure, the Head of the Department alone and not the Controlling or the drawing and disbursing officer will be responsible for reconciliation of the two sets of figures and

where there is more than one Head of Department incharge of a grant, the reconciliation will have to be made by the Secretariat Department concerned, who will have to consolidate the total grant and expenditure incurred against the same. For this purpose, the Departments will have to obtain regularly necessary details from their subordinate drawing, disbursing and controlling officers. It is, however, again emphasized that the responsibility for reconciliation will rest with the Head of Department, or the Secretariat Department incharge in case of a grant having more than one Head of Department. To enable the Head of Department to reconcile the expenditure/receipts figures, it will be necessary for him/her to obtain voucher – wise / challan - wise details of expenditure/receipts from the drawing and disbursing officers and take other action as indicated by the Finance Department from time to time.

18.2.8 **Re-appropriation of Funds:** It has been found that large savings accrue because the funds provided in the budget are not utilized by the Departments concerned for one reason or the other. Large savings in grants is a financial irregularity which is to be avoided. Also funds are locked up when provisions are made in the budget and not utilized and sometimes it happens that the Departments which can spend funds profitably do not get them. As a result of these savings the Finance Department are not in a position to estimate the ways and means position accurately. In order to avoid this, it is necessary that if as a result of review of progress of expenditure it is found that savings are likely to occur in individual grants, the controlling officers and Heads of Departments

should immediately inform the Finance Department of such likely savings and the Finance Department will before the close of the financial year issue sanctions accepting all these savings specifying the individual primary units of appropriation within the grants from which amounts have been surrendered. When this is done, the detailed appropriation accounts of individual units of appropriation will be prepared against appropriations so reduced, which will be treated as final modified grant.

18.3.0 Coordination of Expenditure

18.3.1 The provision of the Budget Manual in the matter of watching the progress of expenditure are to be followed strictly. As provided in the Budget Manual, it is necessary that after the close of each month every disbursing officer should forward to the controlling officer immediately superior to him by the 7th of the month following that to which the expenditure relates, an extract of his/her accounts under each minor and detailed head. The controlling officer should after consolidating the figures supplied by his/her subordinate offices send a consolidated statement to his/her Head of Department by the 15th of the same month. The Head of Department will consolidate the figures for the Department as a whole and add to them the figures of book adjustments carried out by the Accountant General and prepare a statement in the same form in duplicate and send one copy to the administrative Secretariat concerned and the other to the Finance Department by the end of the same month. If this procedure is strictly adopted by all the Departments, it will be very easy for the Head of Department concerned to watch the progress

of expenditure and obtain necessary sanctions to re-appropriations, surrenders and extra grants in time and on a realistic basis. He/She will also be able to keep a better watch on his/her subordinate Departments both in financial and administrative matters.

(Note: For purposes of this paragraph also the Administrative Secretary concerned will be the Head of the Department in respect of the grants controlled by more than one Controlling Officer).

18.4.0 Draft Paras

18.4.1 **Disposal of draft paras proposed for incorporation in the Audit Report:-** Draft paras are prepared by the Accountant General for incorporation in Audit Report bringing out some major topics of interest and irregularities noticed during the course of audit. Before these are finally incorporated in the Audit Report, these paras are, however, forwarded to the Secretaries to Government concerned for favour of examination and communication of their remarks, if any, **within a prescribed period which is six weeks**. It has generally been observed that Departments have not been able to examine and communicate their views to the Accountant General within the time limit specified above and in many cases even interim replies have not been sent for much longer durations. It is again stressed upon the Departments that as soon as draft paras are received from the Audit Department in the concerned Department of the Secretariat, material required for its examination and preparation of comments thereon should be obtained from the Heads of Departments or subordinate offices concerned, as the case may

be, in order to ensure that a proper reply is prepared at the appropriate level and is sent to the Audit office within the period prescribed. If this procedure is strictly followed, it is expected that many of the draft paras will on receipt of suitable explanations from the Administrative Department be dropped from the Audit Report.

18.5.0 Objections—settlement of.

18.5.1 **Audit Objections and Audit Inspection Reports:**- A constant complaint, both of the Accountant General and the Public Accounts Committee, has been that adequate attention towards these two items has not been given in most of the cases with the result that items have piled up from year to year. A stage comes due to factor of time limit itself that the settlement of these objections becomes difficult for some genuine reasons. The Accountant General, in order to ensure the expeditious clearance of these objections, forwards to the departments half yearly consolidated statements indicating the lists outstanding and the progress of clearance during the previous half year. A quite helpful action in this direction would be for the Departments themselves to take further action to review these cases on the basis of reports received from the Accountant General with the concerned officers and fix a time schedule in each case for the clearance of the objections. A time schedule can be prescribed in each case and proper registers opened to keep a watch of the action taken. When even after a considerable lapse of time, the latest departmental replies are not found conducive for dropping of Audit Inspection Report paras, Accountant General leaves the task of taking appropriate administrative action on such paras to the departments and stops

including paras pertaining to a period prior to a certain cut off date in its half yearly consolidated statements. It has been observed that once those paras are taken off the half yearly consolidated statements, the departments become complacent and do not bother to take any further action in the matter. Such a situation is unwarranted and departments are advised to take conclusive action of dropping them on their administrative responsibility or of pursuing them for taking due action by subordinate offices before dropping them finally. FA & CAOs in the departments are charged with the responsibility of ensuring the same. A 'Standing Guard File' indicating procedures to be observed for ensuring speedy settlement of Audit Inspection Reports and timely disposal of draft paras is placed as **Appendix- 5** at the end of this Part of the Manual.

18.6.0 Special Audit and Inspections

Reports – settlement of objections.

18.6.1 Action for speedy settlement of audit and inspection paras of Special Audit Reports issued by Directorate of Audit & Inspections will also be taken, mutatis mutandis, as per the procedure laid down in the foregoing paras 20.5, 20.6 and in the Audit Manual of the Directorate of Audit & Inspections.

18.7.0 Administrative Inspections

18.7.1 A serious view has been taken by the Public Accounts Committee about the limited number of administrative inspections conducted by various Departments at different levels. The Committee have repeatedly stressed the need for ensuring that administrative inspection of

each office is conducted by the authority immediately superior to it at least once a year if not more and that copies of such inspection notes should be prepared and follow up action watched. The procedure have been explained to the Departments on various occasions and to reiterate briefly it may be stated that all offices of Heads of Departments should be inspected by the Secretaries to Government at least once a year in accordance with the circular of the Administrative Reforms & Inspection Department issued in this behalf. In no circumstances should there be any lapse in this behalf as the inspection of Heads of Departments by the Secretary to Government is very necessary to ensure not only the proper working of the Department but also to ascertain the progress of reconciliation settlement of audit objections, physical verifications and other allied, matters which in course of time come up before the Public Accounts Committee. Similarly, the Heads of the Departments should inspect the offices immediately subordinate to them and the system of administrative inspections in all Departments should be systematized in such a fool proof way that regular and effective annual inspections upto the lowest administrative unit in each Department are ensured. The administrative Department, in order to ensure this should take suitable steps by prescribing a firm schedule of inspection and make it incumbent upon various officers of the Departments under their Secretariat to conduct inspections according to that time schedule. This would ensure that the inspections are phased over a year and are not allowed to fall into arrears.

18.8.0 Stock Verification

18.8.1 Verifications of stock is another item which requires constant attention. It is not necessary, as has generally been the impression, that such verifications should be conducted only at the close of March each year. The actual requirement is that physical verifications of stores should take place at least once a year and not necessarily at the close of the year. In this connection, the proforma in which such verifications should be conducted and the procedure to be followed is reproduced as annexure to this brochure. The need for such regular verifications need not be over emphasized and the Departments should ensure that such verifications are conducted strictly according to the procedure laid down in the **Appendix- 6** at the end of this Part of the Manual. The Departments can with advantage introduce a concurrent system of verification in case of large stores as is the procedure followed elsewhere.

APPENDICES TO PART- V

APPENDIX- 1
(referred in Para 17.2.0)

JAMMU & KASHMIR CONTINGENCY FUND ACT, 1957

--.--

Act No. XXIV of 1957
(24th September, 1957)

An Act to provide for the establishment and maintenance of a Contingency Fund for the State of Jammu and Kashmir.

Whereas section 116 of the Jammu and Kashmir Constitution provides that the Legislature may by law establish a Contingency Fund in the nature of an imprest;

And whereas it is expedient to establish such a Contingency Fund for the State of Jammu and Kashmir.

It is hereby enacted as follows:-

1. Short title, extent and commencement

(1) This Act may be called the Jammu and Kashmir Contingency Fund Act, 1957.
(2) It extends to the whole of the State of Jammu and Kashmir.
(3) It shall come in to force at once.

2. Establishment of a Contingency Fund

(1) There shall be established for the State of Jammu and Kashmir a Contingency Fund in the nature of an imprest, called the "Contingency Fund of State of Jammu and

Kashmir" and consisting of a sum of [one hundred lakhs] of rupees withdrawn form the Consolidated Fund of the State.

(2) Such Contingency Fund shall be at the disposal of the [Governor]; and he shall have the authority to make advances there from for the purpose of meeting any unforeseen expenditure, pending authorization of such expenditure by the State Legislature by law under section 82 or section 83 of the Constitution of Jammu and Kashmir.

(3) As often as any such expenditure is authorized by law as aforesaid, the Government shall recoup to the Contingency Fund an amount equal to the advance taken from such Fund to meet the expenditure.

3. Power to make rules:-

The Government may, by notification, make rules for the purpose of carrying into effect the provisions of this Act.

APPENDIX- 2

(referred in Para 17.2.0)

JAMMU & KASHMIR CONTINGECY FUND RULES, 1958

Finance Deptt. Notification No. 109-F of 1958 dated 27th March, 1958

In exercise of the powers conferred by section 3 of the Jammu and Kashmir Contingency Fund Act, 1957 the Government hereby make the flowing rules;

1. These rules may be called the 'Contingency Fund of Jammu and Kashmir Rules, 1958.

2. The Contingency Fund of the State of Jammu and Kashmir shall be held on behalf of the Governor of Jammu and Kashmir by the Finance Department.

3. Advances from the Fund shall be made for the purposes of meeting unforeseen expenditure including expenditure on a new service not contemplated in the Annual Financial Statement.

4 Applications for advances from the Fund shall be referred to the Finance Department by the Administrative Department. The applications shall give:-

(i) brief particulars of the additional expenditure involved;

(ii) the circumstances in which provision could not be included in the Budget;

(iii) the reasons why its postponement is not possible;

(iv) the amount required to be advanced from the Fund with full cost of the proposal for the year or part of the year, as the case may be; and

(v) the grant or appropriation under which supplementary provision will eventually have to be obtained.

5.Supplementary estimates for all expenditure so financed shall be presented to the State Legislature at the first session meeting immediately after the advance is sanctioned. As soon as the State Legislature has authorized the additional expenditure by including it in any Supplementary Appropriation Act, the advances made from the Fund shall be resumed to the Fund.

Note 1. – In exceptional circumstances to be recorded in writing, the supplementary estimates, when they cannot be presented to the State Legislature in the ensuing session, may be so presented at a subsequent session.

Note 2.- While presenting to the State Legislature estimates for all expenditure financed from the Contingency Fund, a note to the following effect will be appended to such estimates.

"A sum of ₹…… has been advanced from the Contingency Fund in ……and an equivalent amount is required to enable repayment to be made to that Fund."

Note 3. – If the expenditure on a new service not contemplated in the Annual Financial Statement can be met, wholly or partly, from savings available within authorized appropriation, the note appended to the estimate submitted shall be in the following form :-

"The expenditure is on a new service. A sum of ₹……. Has been advanced from the Contingency Fund in ……. And an equivalent amount is required to enable re-payment to be made to that Fund.

The amount, viz ₹……. A part of that amount viz ₹…….. can be found by the reappropriation of savings within grant and a token vote only is now required/a vote is require for the balance viz ₹…… only"

6.A copy of the order sanctioning the advance which shall specify the amount of grant or appropriation to which it relates, and give brief particulars by sub-heads and units of appropriation of the expenditure for meeting which it is made, shall be forwarded by the Finance Department to the Accountant General, Jammu and Kashmir.

6-A.All advances sanctioned from the Contingency Fund to meet expenditure in

excess of the provision for the service included in an Appropriation (Vote on Account) Act shall be resumed to the Contingency Fund as soon as the Appropriation Act in respect of the expenditure on the service for the whole year, including the excess met from the advances from the Contingency Fund has been passed.

An advance obtained from the Contingency Fund for the expenditure on “New Service” during the (Vote on Account) period for which adequate provision exists in the Appropriation Bill for the year will stand resumed to the Fund as soon as the Appropriation Act for the whole year has been passed by the Legislature and assented to by the Governor.

[The Legislature may be apprised of such advances by placing a statement in the prescribed from **(Form AA)** on the table of the House by the Finance Minister showing advances sanctioned from the Contingency Fund during the “Vote on Account” period for expenditure on “New Service” items for which necessary provision has been made in the Budget Estimates of that year before the Appropriation Bill for the whole year is introduced in the Legislature. This arrangement will however, not apply to the Contingency Fund Advances for expenditure on “New Service” items sanctioned during the “Vote on Account” period but after the relevant demand for grant has been passed by the Legislature.]

7.A copy of the order resuming the advance, which shall give reference to the number and date of the order in which the original advance was made and to the supplementary Appropriation Act referred to in rule 5 shall be forwarded by the Finance Department to the Accountant General, Jammu and Kashmir, a copy to the Department concerned.

8. An account of the transactions of the Fund shall be maintained by the Finance Department in **Form-A** annexed to these rules.

9. Actual expenditure incurred against advances from the Contingency Fund of the State of Jammu and Kashmir shall be recorded in the account relating to the Contingency Fund in the same detail as would have been shown if it had been paid out of the Consolidated Fund

FORM 'A'

CONTINGENCY FUND OF THE STATE OF JAMMU AND KASHMIR

Amount of the Fund…… ₹……

s.no.	Date of Trans Action	No. and name of the grant or app-ropriation	No and Date of the of The app-lication for advance	No. and Date of the Order making The advance	Amo-unt of adva-ce	Supp-lemen-tary Appropri-ation Act pro-viding for the addl. expend-iture	Amo-unt of the adva-nce resu-med	Bala-Nice After' each trans-action	Initials of office In charge	Rem-raks
1	2	3	4	5	6	7	8	9	10	11

Note:

1 - The balance should be struck after each transaction.

2 - The amount of the advances should be entered in black ink, when made and in red ink, when resumed.

APPENDIX- 3
(referred in Para 17.2.0)

CIRCULAR

GOVERNMENT OF JAMMU AND KASHMIR, FINANCE DEPARTMENT

Subject. – Contingency Fund of Jammu and Kashmir.

Attention of all Departments of the Secretariat, Heads of Departments and Heads of Offices is invited to the Contingency Fund of Jammu and Kashmir Rules made under the Jammu and Kashmir Contingency Fund Act, 1957 and published under Government order No. 109- F of dated 27th of March, 1958 and they are requested to comply strictly with the provisions of these rules.

2. All Controlling Officers are requested to obtain from the Disbursing Officers concerned, the particulars of actual expenditure incurred in each month in respect of the allotments made out of an advance authorized from the Contingency Fund in the form of the statement enclosed as **Form 'C'** to this Circular. All the particulars received from the Disbursing Officers as above should be got typed separately in respect of each advance in the above form by the Controlling Officers concerned and copies thereof should be sent to the Finance Department and the Accountant General, Jammu and Kashmir by the 10th of the month following the month to which the report relates.

3. On the basis of the information received from the Disbursing Officers, the Controlling

Officers concerned should maintain the **form of the Statement 'B'** attached to this circular a monthly account of progressive expenditure separately in respect of each allotment made out of an advance from the Contingency Fund. On the basis of the progress of expenditure in respect of each allotment as revealed by the above account the Controlling Officers should redistribute, if necessary, the amount of advance according to the requirement of the Disbursing Officers.

4. A monthly account of progressive expenditure in respect of each advance from the Contingency Fund should also be maintained by the Controlling Officers in the above **Form 'B'** and a copy thereof should be forwarded each to the Finance Department and the Administrative Department of the Secretariat concerned by the 10th of the month following the month to which the account relates.

5. On the basis of the figures of monthly expenditure incurred out of the advances sanctioned from the Contingency Fund which information will be received in accordance with the instruction in paragraph 4 above the Departments of the Secretariat are requested to forward reports to the Finance Department regarding the actual total expenditure likely to be incurred against the various advances from the Contingency Fund. The report may be furnished twice a year, by the end of June and January, in respect of the advances sanctioned during the first half and the second half of the year respectively.

6. With a view to facilitating the proper appreciation of the operation of the Contingency Fund Rules, detailed instructions in this behalf are enclosed as **Annexure "I'** to this Circular. All Administrative Departments of the Secretariat and the Heads of Departments and the Heads of Offices under them are requested to study them carefully and follow them strictly in respect of all advances from the contingency Fund.

7. In order to ensure correct accounting of the expenditure met out of advances from the Contingency Fund, instructions contained in **Annexure II** hereto should be followed by all departmental officers.

FORM "AA"

Statement showing advances, drawn from the Contingency Fund during the "Vote-on-Account" period for expenditure on a "New Services" for which necessary provisions had been made in the Budget estimates for _____. The advances were later recouped to the Fund after the Appropriation Act was passed.

Particulars Of services	Name of Department	Amount of Advance From the Contingency Fund	Number and Name of The grant in which prov-Ision exists In the Bu-dget Est-Imates, with amo-unt of pro-vision	Brief reasons Why the ex-penditure Could not be deferred till the De-mands for Grants were voted by the Legislature
1	2	3	4	5

ANNEXURE "I"

I. GENERAL

Contingency Fund of the State forms a separate part of the Accounts of the State and is distinct from the Consolidated Fund and the Public Account. Expenditure on items which are unforeseen and unavoidable including expenditure on a new service should be met from an advance from the Contingency Fund pending approval of the Legislature to such items. The debit to the Contingency Fund is only to the extent of expenditure incurred out of such advances. No advance from the Contingency Fund can be sanctioned to cover any expenditure which has already been incurred out of the Consolidated Fund. Sanctions authorizing withdrawals from the Contingency fund lapse with the close of the financial year. They, however, lapse as soon as the Supplementary Appropriation Act, incorporating, the grants authorized by the Legislature in the first session meeting after the advance is sanctioned, is passed.

II. WHEN AND HOW TO APPLY FOR ADVANCE FROM THE CONTINGENCY FUND.

The Administrative Department, while recommending to the Finance Department proposals involving expenditure which cannot be met from sanctioned grants or which is on a "new" services should forward along with its file, an application in triplicate for an advance from the Contingency Fund in accordance with Rule 4 of the Contingency Fund rules. The reasons why this expenditure could not be foreseen and why it cannot be postponed till the necessary approval of the Legislature is obtained in its next session

should be clearly and convincingly stated. The classification of expenditure up to the smallest unit of appropriation viz. the sub-head should be given. Separate applications should be made for advances required under different sub-heads. The probable expenditure till the end of the financial year should also be stated. The advance applied for should be restricted to the exact requirements till the next Supplementary Appropriation Bill incorporating the sums required for repayment of the advance is enacted. In the remarks column, it should be stated whether the expenditure during the financial year can be met from savings and whether the scheme is included in the Five Year Plan.

III. HOW TO KEEP THE ACCOUNT OF ADVANCE

(a) Administrative Department -- As soon as an advance is sanctioned the branch which will prepare the Supplementary Demand required to recoup the Contingency Fund, should enter the relevant details in a loose leaf register in the shape of Form 'B' enclosed to this Circular, by the 10th of every month, when the Controlling Officer sends his report of withdrawals from the Contingency Fund in respect of this advance the relevant entries should be made and the balance struck. It is the responsibility of the Administrative Department to watch the progress of expenditure from these advances and to intimate to the Finance Department to cancel, reduce or increase the advance on the basis of progress of expenditure.

(c) Controlling Officer- As soon as an advance is sanctioned; the Controlling Officer should

enter the details in respect of the total advance as well as allotments to various Officers under him in **Form 'B'** attached. When the Disbursing Officers forward the details of withdrawals by the 5th of every month, relevant entries should be made in this register. The total withdrawals in a month in respect of each advance should be intimated to the Finance Department and the Administrative Department concerned by the 10th of the next month. On the basis of progress of expenditure in respect of each allotment, the Controlling Officer should redistribute, if necessary, the advance among the Disbursing Officers according to their requirements. If the amount advanced requires to be modified, this fact should be brought to the notice of the Administrative Department concerned. The Controlling Officer should also get all the treasury-wise details of withdrawals furnished by his subordinate officers typed in duplicate in **Form 'C'** attached, in respect of each advance and forward one copy to the Finance Department and the other to the Accountant General, Jammu and Kashmir, by the 10th of every month.

(c) Disbursing Officer -- When an allotment from the advance from the Contingency Fund is made by the Controlling Officer; the Disbursing Officer should enter the details in a loose-leaf register in the form enclosed as Form 'C'. Whenever any expenditure is incurred out of the allotment, relevant entry should be made. The balance should be struck at the end of every month. By the 5th of every month details of transactions of the previous month in respect of each allotment separately should be sent to the Controlling Officer. The Disbursing Officer

should in no case exceed the allotment. A separate bill should be preferred in respect of any expenditure incurred or any scheme or pay and allowances of additional staff etc., which has been directed to be met initially by debit to the Contingency Fund. The words "Contingency Fund" should be written in bold type in red ink at the top of the bill.

IV. HOW TO RECOUP THE CONTINGENCY FUND

It is the responsibility of the Administrative Department to recoup the Contingency Fund to the extent it has been expended by presenting a supplementary demand at the first session of the Legislature. The demand should be restricted to the probable withdrawal from the Contingency Fund till the Supplementary Appropriation Bill is enacted plus the expenditure that is likely to be incurred thereafter till the end of the financial year. If the entire amount can be found from savings within (i) the same sub-head, or (ii) any other head under the same grant (which usually is the same as a major head), only a token Supplementary demand should be presented. In the case of (ii), necessary re-appropriation orders should be issued as soon as the Supplementary Appropriation Bill is enacted and the Finance department issues a memorandum to the Accountant General, Jammu and Kashmir, to recoup the Contingency fund in respect of these advances. In cases where the advance was sanctioned in the previous financial year, the Supplementary demand in respect of expenditure incurred till 31st March of that year should be under the minor head "Repayments to the Contingency Fund" and

should be restricted to the actual amount outstanding against the Contingency Fund on 31st March in respect of this advance. For expenditure incurred during the same financial year the Supplementary demand should be asked for under the regular sub-head to which it is finally debitable.

When the Contingency Fund is thus recouped by debit to the grants under the relevant head, the fact should be noted at the time of framing the revised estimates. Any expenditure incurred after the advance is recouped, should be debited to the regular service head and not to the Contingency Fund. The transaction in the enclosed form 'B' and 'C' come to a close at this stage and the words "Recouped" may be written across them in red ink.

FORM "B"

Progressive totals of withdrawals from the Contingency Fund.

Number and date of the order sanctioning the scheme.
Subject ….. ….. ….. ……

Number and date of the Order sanctioning the advance.

Amount of advance sanctioned
allotment made out of advance

Designation of Controlling/ Disbursing Officer at whose disposal the advance/ allotment is placed.

Major, Minor and Sub-Heads to which the expenditure is finally debitable.

Month in which the expenditure has been Incurred	Amount with drawn during the month ₹	Total Withdrawals till date ₹	Balance in The advance from allotment made out of the contingency Fund ₹	Remarks
1	2	3	4	5

Note 1: On the basis of the reports received from the Disbursing Officers a progressive account of expenditure should be kept in this from:

(a) separately in respect of each of the allotments made out of an advance from the Contingency Fund; and

(b) in respect of each of the advances authorized from the Contingency Fund.

Note 2: Balance in the allotment or advance from the Contingency Fund, as the case may be, should be struck after each entry in the accounts kept in the above form.

Note 3 : A monthly report of the progressive expenditure in respect of each advance from the Contingency Fund should be forwarded in the above form to the Finance Department and the Administrative Department of the Secretariat concerned by the 10th of the next month.

No……..... Date……..

Forwarded to the Finance Department
Administrative Department.

Signature of the Controlling Officer.

FORM "C"

TREASURY-WISE DETAILS OF WITHDRAWALS FROM THE CONTINGENCY FUND

Number and date of the order sanctioning the scheme.

Subject …….

Number and date of the order sanctioning the advance.

Amount of Advance sanctioned
Allotment made out of advance

Designation of Controlling/ Disbursing Officer at whose disposal the advance/allotment is placed.

Major, Minor and Sub- Head to which the expenditure is finally debitable.

Designaton Of Drwaing Officers	Name of Treasuary	Voucher No.	Date	Amount With drawn from the Contingency Fund ₹	Balance ₹	Remarks
1	2	3	4	5	6	7

Note 1:- At the end of each month, balance in the allotment should be struck. The Disbursing Officer should forward to the Controlling Officer the details of transactions of each month in respect of each allotment out of an advance from the Contingency Fund separately by the 5th of the next month.

The Controlling Officer should consolidate in duplicate reports from all subordinate offices in respect of each advance in this form and send the details to the Finance Department and the Accountant General, Jammu and Kashmir, by the 10th of the next month.

No…… Date……..

Controlling Officer
Forwarded to the Finance Department Jammu and Kashmir
Accountant General

Signature of the Disbursing Officer
Controlling Officer

ANNEXURE II

EXTRACTS FROM FINANCE DEPARTMENT CIRCULAR LETTER NO. FD[VII-31 (6) 4552/68-69 DATED 18-04-1970.

---.---

Adjustment of advances from Contingency Fund of the state in the accounts.

---.---

With a view to ensure correct accounting of the expenditure met out of advances from the Contingency Fund, the following instructions are issued for the guidance of departmental officers:-

(i) The actual expenditure incurred out of advances from the Contingency Fund should be recorded under the Major Head "Contingency Fund" in the same details as it would have been recorded if it had been met out of the Consolidated Fund. For this purpose, each major head of expenditure (e.g. General Administration, Education, Police, Agriculture etc.) should be treated as minor head subordinate to the Major Head "Contingency Fund". All bills for such expenditure presented at the treasury should conspicuously be labeled as pertaining to the Contingency Fund, quoting the order sanctioning the advance from the Fund, and the usual classification of expenditure on the bills, viz. detailed head, unit of appropriation etc. should also invariably be given by the disbursing officers. In respect of P.W.D. and Forest Department disbursing officers who draw funds by means of cheques, such classification should be given in the vouchers concerned and reflected accordingly in the monthly accounts.

(ii) The Controlling and Disbursing Officers shall maintain a separate record of all transactions concerned with the expenditure out of the advances from the Contingency Fund in the same form or forms as are used for the maintenance of records of expenditure out of the Consolidated Fund and in similar details in respect of Major and Minor Heads and units of Appropriation as would have been operated upon, had the expenditure been incurred out of the Consolidated Fund. The form or forms referred to above may, however, be so amplified as to enable the Controlling Officers to keep a close watch on the progress of expenditure from and out of individual advances from the Fund as also to keep a record of the details in respect of recoupment, when made, of these advances to the fund.

(iii) The actual debit in respect of the expenditure incurred out of the advances from the Contingency Fund will fall on the Consolidated Fund in the year in which recoupment is made.

(iv) When supplementary funds for expenditure financed initially from the Contingency fund are provided by Legislature during the same financial year in which the advance was sanctioned and drawn by debit to the Contingency Fund, the entire expenditure is to be transferred from "Part-II- Contingency Fund" to "Part-I- Consolidated Fund" by minus debit under the various heads under the Contingency Fund, such expenditure as is recouped to the Contingency Fund during the same financial year will thus be wiped off from the Fund and only that expenditure which is not recouped

before the end of the financial year will remain outstanding under the Contingency Fund.

(v) When funds for recouping expenditure are provided by Legislature during the financial year following that in which it was incurred, the adjustment will be made by *contra credit* to the minor head 'Appropriations from the Consolidated Fund or from any Reserve Fund'. For such repayment from Consolidated Fund to the Contingency Fund of an advance taken in an earlier year but not recouped the same year, a new minor head 'Repayment to the Contingency Fund' will have to be opened under the Major Head concerned.

(vi) The Disbursing Officers of Departments rendering compiled accounts monthly to the Accountant General (e.g. P.W.D.,Forest) should carry out the adjustments mentioned above in their accounts. Such adjustment in respect of the other Departments will, however, be carried out by the Accountant General under intimation to the Department concerned.

(vii) While submitting the Excesses and Surrenders Statement to the Finance Department for adopting revised estimates, the items of the expenditure financed during the year out of the 'Contingency Fund' should be shown distinctly so that obtaining of the supplementary vote from the Legislature by the Finance Department is facilitated.

APPENDIX- 4

(referred in Para 18.2.1)

List of Major Heads of Departments/Controlling Officers			
S.No.	**Name of the Department**		**Name of the Controlling Officer**
1.	**ARI Training Department** **(03 controlling officers)**	1.	Director Stationery and Office Supplies J&K
		2.	General Manager Ranbir Government Press Jammu
		3.	General Manager Government Press Srinagar
2.	**Animal /Sheep Husbandry Department** **(04 Controlling Officers)**	4.	Director Animal Husbandry Jammu
		5.	Director Animal Husbandry Srinagar
		6.	Director Sheep Husbandry Jammu
		7.	Director Sheep Husbandry Srinagar
3.	**Tourism Department** **(30 Controlling Officers)**	8.	Director Tourism Kashmir
		9.	Director Tourism Jammu
		10.	Director SKICC, Srinagar
		11.	Director Libraries, J&K
		12.	Director Archives, Archaeology and Museums, J&K
		13.	Managing Director J&K TDC
		14.	Managing Director J&K State Cable Car Corporation
		15.	Secretary, Royal Spring Golf Course, Srinagar
		16.	Principal, Jawahar Institute of Mountaineering
		17.	Gulmarg Dev. Authority
		18.	Pahalgam Dev. Authority
		19.	Sonamarg Dev. Authority
		20.	Kokernag Dev. Authority
		21.	Wullar-Manasbal Dev. Authority
		22.	Aharbal Dev. Authority
		23.	Yousmarg Dev. Authority
		24.	Doodpathri Dev. Authority
		25.	Verinag Dev. Authority
		26.	Leh Dev. Authority
		27.	Kargil Dev. Authority
		28.	Zanaskar Dev. Authority
		29.	Patnitop Dev. Authority
		30.	Bhaderwah Dev. Authority
		31.	Kishtwar Dev. Authority
		32.	Poonch Dev. Authority
		33.	Rajouri Dev. Authority
		34.	Lakhanpur-Sarthal Dev. Authority
		35.	Surinsar-Mansar Dev. Authority
		36.	Secretary J&K Academy of Art, Culture & Languages
		37.	Executive Director, Mubarak Mandi Heritage Society, Jammu

4.	**Home Department (07 Controlling Officers)**	38.	Director General Police J&K
		39.	Director General Fire & Emergency Services, J&K
		40.	Addl. Director General Home Guards /CD/ Auxiliary Police, J&K
		41.	Inspector General Prisons, J&K
		42.	Director Forensic Science Laboratory J&K.
		43.	Director Sainik Welfare Board J&K
		44.	Chairman, State Advisory Board (under Public Safety Act) Jammu.
5.	**Agriculture production Department** **(17 Controlling Officers)**	45.	Director Agriculture Jammu
		46.	Director Agriculture Kashmir
		47.	Director Rakh & Farms
		48.	Director Horticulture Jammu
		49.	Director Horticulture Kashmir
		50.	Director, Horticulture (P&M)
		51.	Director Command Area Development, Jammu
		52.	Director Command Area Development, Kashmir
		53.	Director Sericulture, J&K
		54.	Registrar, Cooperative Societies J&K
		55.	Director Floriculture Jammu
		56.	Director Floriculture Kashmir
		57.	SKUAST, Jammu
		58.	SKUAST, Kashmir
		59.	J&K State Agro Industries Development Corporation
		60.	J&K Horticulture Processing & Marketing Corporation.
		61.	J&K State Advisory Board for the Development of Kissans
6.	**Health & Medical Education Department** **(11 Controlling Officers)**	62.	Principal Government Medical College Srinagar
		63.	Principal Government Medical College Jammu
		64.	Principal Government Dental College Srinagar
		65.	Principal Indira Gandhi Government Dental College Jammu
		66.	Director Health Services Kashmir
		67.	Director Health Services Jammu
		68.	Administrator Associated Hospitals Srinagar.
		69.	Administrator Associated Hospitals Jammu.
		70.	Director Indian System of Medicines J&K.
		71.	Director Family Welfare J&K
		72.	Controller Drug and Food Control Organisation J&K.

7.	**Forest Department** **(11 Controlling Officers)**	73.	Pr. Chief Conservator of Forests J&K
		74.	Director Fisheries, J&K
		75.	Director Environment & Ecology, J&K
		76.	Director State Forest Research Institute J&K
		77.	Director Soil Conservation J&K
		78.	Project Chief IWDP Hills-II J&K
		79.	Director Social Forestry Department J&K
		80.	Director Forest Protection Force J&K
		81.	Chief Wildlife Warden J&K
		82.	Chairman State Pollution Control Board.
		83.	Managing Director SFC J&K
8.	**Department of Law, Justice and Parliamentary Affairs.** (**13 Controlling Officers)**	84.	Registrar General High Court J&K
		85.	Advocate General J&K
		86.	Secretary J&K Legislative Assembly
		87.	Secretary J&K Legislative Council
		88.	Secretary State Human Rights Commission.
		89.	Secretary, J&K Accountability commission.
		90.	Presiding Officer Industrial Tribunal Labour Court.
		91.	Director Litigation Jammu.
		92.	Director Litigation Kashmir.
		93.	Presiding officer TADA/POTA Court Srinagar
		94.	Presiding officer MACT Tribunal Jammu.
		95.	Presiding officer, Transport Appellate Court, Srinagar / MACT Srinagar.
		96.	State Legal Authority J&K.
9.	**Power Development Department** **(12 Controlling Officers)**	97.	State Electricity Regulatory Commission J&K
		98.	Development Commissioner Power, J&K
		99.	CE, EM& RE Wing Kashmir
		100.	CE, EM& RE Wing Jammu
		101.	CE, System & Operation Jammu
		102.	CE, System & Operation Srinagar
		103.	CE, Electric Planning & Design, J&K
		104.	CE, Electric Procurement & Material Management J&K
		105.	CE, Commercial & Survey, J&K
		106.	Financial Organisation, Power Dev. Department
		107.	SE, Training Testing Inspection and Commissioning (TTIC)
		108.	Accounts Officer, Migrant Cell PDD

10.	**Social Welfare Department** **(11 Controlling Officers)**	109.	Director, Social Welfare Department Kashmir/Jammu
		110.	Secretary, Backward Classes Commission J&K.
		111.	Secretary, Advisory Board for Pahari Speaking People J&K
		112.	Secretary, Scheduled Caste Advisory Board Jammu.
		113.	Secretary, Gujjar and Bakerwal Advisory Board J&K.
		114.	Secretary, State Commission for Women J&K.
		115.	M.D, SC/ ST/ BCs Development Corporation Jammu
		116.	M.D, Womens' Development Corporation / Director, Madri Meharban Women and Child Welfare Institute Miskeen Bagh Srinagar.
		117.	Executive Director/ Secretary, State Social Welfare Board J&K
		118.	Executive Director/ Secretary, Social Welfare Board J&K
		119.	Executive Director Rehabilitation Council Social Welfare Department J&K.
11.	**Industries and Commerce Department** **(05 Controlling Officers)**	120.	Director Industries & Commerce Jammu.
		121.	Director I&C Kashmir
		122.	Director Geology & Mining
		123.	Director Handicrafts Dev. Deptt.
		124.	Director Handloom Dev. Deptt.
12.	**Education Department** (**05 Controlling Officers)**	125.	Director School Education, Jammu.
		126.	Director School Education , Kashmir
		127.	Deputy Director General, NCC
		128.	Director, Libraries/Research, J&K
		129.	Chief Accounts Officer, Migrant Cell.
13.	**PHE/ I&FC Department** **(05 Controlling Officers)**	130.	Chief Engineer I&FC Department, Jammu
		131.	Chief Engineer I&FC Department, Kashmir.
		132.	Chief Engineer, PHE Department, Jammu.
		133.	Chief Engineer, PHE Department, Kashmir
		134.	CE Ravi Tawi Irrigation Complex, Jammu
14.	**Revenue Department** **(06 Controlling Officers)**	135.	Financial Commissioner (Revenue)
		136.	Relief and Rehabilitation Commissioner (Migrants), J&K
		137.	Provincial Rehabilitation Officer
		138.	Chief Executive Officer FC (R)
		139.	Special Officer Auqaf
		140.	Custodian General

15.	**16 Public Works (R&B) Department** **(08 Controlling Officers)**	141.	Chief Engineer R&B Jammu
		142.	Chief Engineer Mechanical Engineering Department Kashmir
		143.	Chief Engineer R&B Kashmir
		144.	Chief Engineer Mechanical Engineering Department Jammu
		145.	Director Stores Procurement Department Jammu.
		146.	Chief Engineer Design Inspection and Quality Control Jammu.
		147.	Chief Engineer PMGSY Kashmir
		148.	Chief Engineer PMGSY Jammu.
16.	**General Administrative Department (FA & CAO's)** **(03 Controlling Officers)** FA & CAO GAD is the controlling officer for all the Administrative Departments of Civil Secretariat	149.	FA & CAO GAD
		150.	CAO Vigilance
		151.	Accounts Officer Civil Aviation
17.	**Higher Education Deptt.** **<u>Kashmir Division</u>** **(35 Controlling Officers)**	152.	Principal S.P. College
		153.	Principal Amar Singh College
		154.	Principal Govt. College of Edu. Srinagar.
		155.	Principal Govt. Women College M.A. Road, Srinagar
		156.	Principal Govt. College for Women Nawadakal
		157.	Principal Govt. Degree College Bemina
		158.	Principal Govt. College Ganderbal
		159.	Principal Govt. College Beerwah
		160.	Principal Govt. College Budgam
		161.	Principal Govt. College Bandipore
		162.	Principal GDC Boys Anantnag
		163.	Principal Govt. College for Women Anantnag.
		164.	Principal Govt. College Dooru
		165.	Principal Govt. College Bijbehara
		166.	Principal Govt. College Kulgam
		167.	Principal GDC Boys Pulwama
		168.	Principal Govt. College for Women Pulwama
		169.	Principal Govt. College Tral
		170.	Principal Govt. College Shopian
		171.	Principal GDC Boys Baramulla
		172.	Principal Govt. College for Women Baramulla

		173.	Principal Govt. Degree College for Boys College Sopore
		174.	Principal Govt. College for Women Sopore
		175.	Principal Govt. Degree College Uri
		176.	Principal Govt. Degree College Handwara
		177.	Principal Govt. Degree College Kupwara
		178.	Principal Govt. Degree College Pattan
		179.	Principal Govt. Degree College Gurez
		180.	Principal Govt. Degree College Uttrasoo
		181.	Principal Govt. College for Women Srinagar
		182.	Principal Govt. Degree College Kokernag
		183.	Principal Govt. Degree College Tanghdar
		184.	Principal Govt. Degree College Sogam
		185.	Principal GDC Khan Sahib
		186.	Principal Govt. Degree College Kellam
	<u>Jammu Division</u> **(36 Controlling Officers)**	187.	Principal GGM Science College
		188.	Principal Govt. M.A. M. College
		189.	Principal Women College Gandhinagar
		190.	Principal SPMR Commerce College
		191.	Principal Women College Paradeground
		192.	Principal Govt. College Paloura
		193.	Principal Govt. College of Education
		194.	Principal GCET, Jammu
		195.	Principal Govt. College R.S. Pura
		196.	Principal Govt. College Akhnoor
		197.	Principal Govt. College Samba
		198.	Principal GDC Boys Kathua
		199.	Principal Women College Kathua
		200.	Principal Govt. College Hiranagar
		201.	Principal Govt. College Basohli
		202.	Principal Govt. College Billawar
		203.	Principal Govt. College Poonch
		204.	Principal Govt. College Mendhar
		205.	Principal Govt. College Rajouri
		206.	Principal Govt. College Thanamandi
		207.	Principal GDC Boys Udhampur
		208.	Principal Women College Udhampur
		209.	Principal Govt. College Ramnagar
		210.	Principal Govt. College Reasi
		211.	Principal Govt. College Doda

		212.	Principal Govt. College Bhaderwah
		213.	Principal Govt. College Kishtwar
		214.	Principal Govt. College Ramban
		215.	Principal Govt. Degree College Chatroo
		216.	Principal Govt. Degree College Khilotaran
		217.	Principal Govt. College Banihal
		218.	Principal Govt. College Nowshehra
		219.	Principal Govt. College Dharmari
		220.	Principal Govt. College Budhal
		221.	Principal Govt. College Bani
		222.	Principal Govt. College Bishnah
18.	**Technical Education.** **(06 Controlling Officers)**	223.	Director Technical Education, J&K, Jammu.
		224.	Director State Gazetteers
		225.	Director Youth Services & Sports
		226.	Principal Govt. College of Physical Education, Ganderbal
		227.	Dy. Director Youth Services & Sports, Kashmir.
		228.	Dy. Director Youth Services & Sports, Jammu.
19.	**Transport Department** **(02 Controlling Officers)**	229.	Transport Commissioner
		230.	Director State Motor Garages
20.	**Labour and Employment Department** **(02 Controlling Officers)**	231.	Director Employment J&K, Jammu.
		232.	Labour Commissioner J&K, Jammu.
21.	**Housing & Urban Development Department** **(06 Controlling Officers)**	233.	Director, Urban Local Bodies Jammu.
		234.	Director, Urban Local Bodies Kashmir.
		235.	Chief Engineer, UEED, J&K
		236.	Chief Architect, J&K.
		237.	Chief Town Planner, Jammu.
		238.	Chief Town Planner, Kashmir.
22.	**Rural Development Department** **(04 Controlling Officers)**	239.	Director Rural Development Department Jammu.
		240.	Director Rural Development Department Kashmir.
		241.	Director Rural Sanitation J&K
		242.	State Nutrition Officer J&K.
23.	**CA & PD, Department.** **(03 Controlling Officers)**	243.	Director CA&PD Jammu
		244.	Director CA&PD Kashmir
		245.	Controller Legal Metrology

24.	**Hospitality & Protocol** **(05 Controlling Officers)**	246.	Resident Commissioner New Delhi
		247.	Assistant Resident Commissioner Mumbai
		248.	Director Hospitality Protocol
		249.	Toshakhana Officer J&K
		250.	Director Estates, J&K
25.	**Science and Technology Department** **(03 Controlling Officers)**	251.	Chief Executive Officer JAKEDA
		252.	Additional Director (S&T)
		253.	Project Director IREP
26.	**Planning and Development Department** **(01 Controlling Officer)**	254.	Director Economics and Statistics.
27.	**Ladakh Affairs Department** **(02 Controlling Officers)**	255.	Dy. Commissioner/CEO LAHDC Leh
		256.	Dy. Commissioner/CEO LAHDC Kargil
28.	**Director /Secretary to Government SKIMS Srinagar** **(01 Controlling Officer)**	257.	Director/ Secretary to Government SKIMS Srinagar.
29.	**Finance Department** **(12 Controlling Officers)**	258.	Director General Accounts & Treasuries
		259.	Joint Director Accounts & Treasuries Kashmir.
		260.	Joint Director Accounts & Treasuries Jammu.
		261.	Director J&K Funds Organisation
		262.	Joint Director Funds Kashmir
		263.	Joint Director Funds Jammu
		264.	Director Audit & Inspection
		265.	Chief Accounts Officer (Resources) Finance Department
		266.	Commissioner Commercial Taxes
		267.	Commissioner Stamps
		268.	Excise Commissioner
		269.	Registrar Sales Tax Tribunal

APPENDIX- 5

(referred in Para 18.5.1)

STANDING GUARD FILE

A) Speedy Settlement of Audit Objections

1. The responsibility for the removal of objections and the settlement of other points raised in audit devolves primarily upon disbursing officers, heads of offices, and Controlling authorities.

2. Audit objections and Inspection Reports are initially forwarded normally to the Heads of the offices concerned. Irregularities of a serious nature such as defalcation, culpable negligence etc. will be reported by the Accountant General, as soon as they are discovered, to the Secretary of the Department by name. The latter should give urgent attention to the rectification of the defect or remedial action to be taken and inform the Accountant General as quickly as possible of the action Government are taking or propose to take.

3. Responsibility for ensuring prompt attention to audit objections should be place upon a designated senior officer in each Department.

4. To enable the Department to have an idea of the objections/Inspection Reports pending against it as well as the offices attached or subordinate to it, the Accountant General will send half yearly lists of objections/Inspection Reports outstanding for over six months.

These lists will be sent to the Departments by the 15th June and 15th December each year in respect of objections etc. raised during April to September and October to March and not settled by the 2nd of March and September respectively. For instance, the half yearly list of objections etc. raised during the period from April to September 2011 and not settled by the end of March, 2011 shall be sent to the Department by the 15th June, 2012. Similarly, the half yearly list of objections etc. raised during the period from October, 2011 to March 2012 and not settled by the end of September, 2012 shall be sent to the Department by the 15th December, 2012.

5. Manner of preparation of half yearly lists. (i) All old items which are settled in a half year will be omitted and new items added in the next half year. In respect of the old items which remain unsettled at the time of the issue of the next list only a reference to the list in which the items are originally included will be given. (ii) The half yearly list will be compiled office or Department wise in duplicate. (iii) Action required to be taken against each item of the list will be indicated in the list. (iv) The half yearly list will contain relevant details such as particulars of objections (which are outstanding for over 6 months) period to which they relate, money value of the objections and replies of the administrative authorities, together with their latest references etc.

6. The Departments should obtain periodical returns from their own Branches and Sections and attached and subordinate offices showing the particulars of outstanding objections and the reasons for their non-settlement so that

they may check up these returns with the half yearly lists received from Audit and take such action as may be necessary in the circumstances of each item.

7. A copy of the half yearly lists of outstanding objections/Inspection Reports will be forwarded to the Financial Advisor & Chief Accounts Officer of the Department.

8. On receipt of the lists from Audit, the administrative Departments shall take necessary steps to settle the outstanding audit objections expeditiously in consultation with their Financial Advisors. Special care should be bestowed on such items as involve the possibility of recurring loss unless quick remedial action is taken. The replies in respect of audit objections may be sent by the Departments direct to Audit except in cases where the objection relates to views already expressed by the Finance Department or relates to the exercise of financial powers not delegated to the administrative Department or discloses any need for amending rules of a financial nature, in which case draft replies will be shown to the Finance Department before issue.

9. The Departments might also arrange that outstanding of objections are periodically discussed by the administrative authorities in the subordinate offices as well as in the Departments with the representatives of Audit at appropriate levels. This would facilitate a better understanding of each other's view point and lead to a quicker settlement of objections.

10. The Departments should intimate to Audit, half yearly the progress of settlement of audit objections. These progress returns should be sent by the 15th September (in respect of the list received from Audit by the 15th June) and by the 15th March following (in respect of the list received by the 15th December). The FA & CAOs in the Departments shall also maintain a register containing the items of outstanding objections, as reported by audit authorities, both in respect of the Secretariat proper and in respect of the attached and subordinate offices, and indicate the progress of action taken on each item. The Register will be open to inspection periodically by the accredited officer of Finance Department.

11. The progress of settlement of audit objections included in the half yearly lists sent by audit officers should be invariably reviewed by the Financial Adviser in the periodical meetings held to review the progress of expenditure and the progress indicated in minutes of the meeting. A copy of such minutes shall be forwarded to the Finance Department.

12. **General:** Each Department should fix a target date for clearance of outstanding audit objections and see that the date is adhered to.

13. The Executive Officers should, while inspecting the subordinate offices, make it a point to enquire about the disposal of audit objections and improvements effected in the procedure as a result thereof.

14. In every case in which an audit objection has been raised concerning irregular claims or action of officers, the officers concerned with

the alleged irregularity should never themselves deal with the objection but should submit the papers to higher authorities.

15. **Delegation of powers to regularize minor irregularities:** In all cases of audit objections arising out of breaches of rules and regulations, efforts should first be made to assess the loss/financial implication, if any, involved in the irregularity, where the loss to Government or the financial implication involved can be assessed, the Heads of Departments may themselves regularize such irregularities provided:

i. the regularization does not involve the exercise of powers in excess of those delegated under the said Rules;
ii. the irregularity does not disclose a defect in the rule or regulation, the amendment of which requires the orders of a higher authority;
iii. there has not been any serious negligence on the part of some individual Government officer or officers which may possibly call for disciplinary action requiring the orders of a higher authority.
iv. The Head of the Department is not himself responsible for the irregularity.

Similarly, Administrative Departments may also exercise this power. However, all cases where the loss/financial implication involved exceeds ₹ 5,000 should continue to be referred to the Finance Department.

B) Disposal of Draft Audit Paragraphs

16. The Branch Officers concerned in the Secretariat should ensure that all receipts, which disclose existing or likely audit objections and draft paragraphs for inclusion in the Audit Report, are invariably shown to the Secretary/Special Secretary concerned in dak.

17. Irregularities discovered in the course of audit which are likely to find place in the Audit Report will be discussed by an officer of the status of Dy. Accountant General or above with the Special/Additional Secretary dealing with subject in the Department concerned. If these discussions do not result in the settlement of the difference and the removal of the objections, the matter will be taken up by the Accountant General with the Secretary of the Department. The Special/Additional Secretary should keep the Secretary informed from time to time, of the disposal of these objections to give the latter an opportunity to intervene, if necessary and expedite a settlement.

18. As soon as the Accountant General decides that a case should be mentioned in the Audit Report, he would send the draft para to the Secretary concerned for verification and acceptance of facts.

19. The draft paras should be disposed of as expeditiously as possible and the comments of the Department intimated to Audit within a period not exceeding six weeks. If no final reply is sent within this prescribed period of six weeks, the paragraphs as prepared by Audit will be treated as final and included in the Audit Report.

Facts coming to the notice of the Departments after the draft para has been finalized by Audit should also be reported to Audit for due verification and posting the Public Accounts Committee with up to date information at the time these cases are taken up for consideration by the Committee.

20. It is not necessary that the contents or the language of the draft paragraphs should be specifically agreed to or that there should be any prior agreement as to what should be mentioned in the Report, but it is desirable that, on the facts as stated, there should be no dispute, though the conclusions and opinions will be those of Accountant General. This does not, however, preclude a Secretary from taking up with the Accountant General, the desirability or otherwise of mentioning particular cases in the Audit Report.

21. The names of the Departments, Organizations and parties connected with the irregularities may be mentioned by Audit in the draft Audit paragraphs except in cases in which the comments bring out some fraud or misappropriation on the part of an official against whom criminal proceedings have been initiated and any indication of the Department or Organization would give a clue to his identity. The names of the private firms etc. will not be mentioned in the Report where the facts of the case are likely to be the subject matter of litigation, etc. The names of individuals and officials will not, however, be mentioned and only the designation of the concerned officials will be indicated. In cases in which the mention of the names in question is not considered desirable, the same should be brought to the

notice of the Audit officer concerned well in time.

22. Final replies to Audit in respect of draft audit paras and audit note will invariably be shown to the Finance Department before they are forwarded to audit.

23. Prompt action on irregularities reported in the Audit Report of the Comptroller and Auditor General of India to the Appropriation Accounts and Finance Accounts:- Whenever irregularities are mentioned in the Audit Report, action to rectify them should be taken in advance of their consideration by the Public Accounts Committee, so that the Committee are informed of the final position and not merely told that the matter would be looked into.

24. The representatives of the Departments should have in their possession all the facts relating to the cases under examination when they appear before the Public Accounts Committee and, for this purpose, the Departments should take necessary action well in time by way of obtaining explanations, comments, etc. on the irregularities cited in the Audit Report.

25. Explanations and observations on the Audit Report by the Executive should always be submitted to the Public Accounts Committee in the first instance and should not be laid on the Table of the House.

26. Secretariat of Jammu and Kashmir Legislative Assembly has notified in May, 2003, the "Rules of Procedure (Internal Working) of the Public Accounts Committee" as

supplemented to the provisions contained in Rules 343 and 344 of the Rules of Procedure and Conduct of Business in the Jammu and Kashmir Legislative Assembly. Some of these rules describing the kind of assistance various authorities and officers of Government and the Accountant General are supposed to render to the Committee in the conduct of their business, are discussed briefly as under:-

i. As required under Rules 4 and 10, the Accountant General or in his absence his deputy, has to attend all the meetings of the Committee to assist them by pointing out the important items in the Accounts and Audit Report entrusted to them for scrutiny and advising them on the various points that may arise during subsequent discussions. The Comptroller and Auditor General of India may also attend any meeting of the Committee and offer similar advice.

ii. Under Rule 6, Committee can call upon Departments to submit notes, memoranda, etc. either in pursuance of action taken on the recommendations of the Committee or in reference to the point or points on which information is called for by the Committee or a member thereof and such notes and memoranda are required to be shown first to the Accountant General with all connected papers for purpose of verifying all the figures and statements of facts contained therein before their submission to the Public Accounts Committee.

iii. It is provided in Rule 10 that Committee may call the Secretaries to the Government and such other officers to

give evidence before them in person. If they are unable to attend in person for unavoidable reasons, they will depute suitable representatives with the permission of the Chairman. Officers summoned to give evidence may, if allowed by the Chairman, bring such other officers for their assistance as they consider necessary. The Committee may invite Secretary to Government, Finance Department whenever necessary to advice them on the points that may arise. Further, like Accountant General, Director Accounts & Treasuries is also required to attend all the meetings of the Committee.

iv. Under provisions of Rule 14, the Committee is empowered to require the attendance of persons or the production of papers or records, if such a course is considered necessary for the discharge of their duties.

v. It is envisaged in Rule 17 that if a Department is to be represented by more than one officer and desires that the grants with which a particular officer is concerned should first be considered, information shall be given in advance to the Committee regarding the order in which the particular grants are desired to be dealt with.

vi. Rule 29 ibid further envisages that on the basis of the replies given by the Departments etc., the Committee Branch of the Legislative Assembly Secretariat shall bring up to date the "Statement showing action taken or proposed to be taken on the recommendations of the

Public Accounts Committee" and arrange to circulate it to the Members of the Committee a week before the date of commencement of the meeting of the Committee for the examination of Accounts and Report. The statement shall also be accompanied by copies of the Memoranda, Notes or other literature forwarded by the Departments etc. stating the action taken by them on the particular item/items with which they are concerned.

27. Draft paras relating to State Undertakings: The draft paragraphs for inclusion in the Audit Report in respect of cases relating to the Public Undertakings will also be forwarded to the Secretary of the Department concerned and copies endorsed simultaneously to the Management of the concern. The procedure explained above in respect of disposal of draft paras will apply in these cases also.

C) Continuance of Payments Objected to by Audit

28. If any payment of a recurring nature is considered inadmissible by audit, the audit point of view should ordinarily be provisionally accepted by the administrative authority and further payments on that account should not normally be made till a final decision is obtained from the competent authority.

29. In exceptional cases where the administrative authorities consider that, in the public interest, the continuance of such payments pending a final decision by the competent authority is absolutely necessary, payments should be made provisionally and

subject to recovery; the payee being so informed. The fact that payments are being continued in spite of the audit objection should also be reported to the authority to whom the case is referred for a final decision.

APPENDIX- 6

(referred in Para 18.8.1)

Instructions regarding Physical Verification of Stores

(i) A physical verification of all stores should be conducted at least once a year. The work should be entrusted to a responsible officer other than the Store-keeper or the person responsible for the custody of the stores. The officer entrusted with the work of physical verification should be fully conversant with the classification, nomenclature or specification of the particular class of stores to be verified.

(ii) An essential pre-requisite for a successful stores verification is the maintenance of Store and Stock books and other connected records upto date. Unless the books are written up and all transactions upto the date of verification recorded therein, it will be difficult to compare the book and ground balances and work out the surpluses or deficiencies.

(iii) While stock verification is in progress, all receipt/issue transactions in respect of items actually taken up for verification by the Stock Verifier will remain suspended until the process of counting of such items is completed.

(iv) While stock books, showing the book balances of stores to be verified should not be made available to the Stock Verifier. Instead a complete list of stores held indicating the serial number, location, Part No. Nomenclature, etc. of each article (without giving the book balance) duly signed by the Store-keeper and his Head of Office should be given to the Stock Verifier in triplicate. These lists will be called 'Stock Verification Sheets'. A specimen of the form of Stock Verification Sheet is given at the end, and should be made use of, with suitable modification, where necessary, depending on

the nature of stores handled by a particular office/Department. The Stock Verifier will record the quantity, weight or number, as the case may be, as physically verified by him, against each article in column 5 of the Stock Verification Sheet. Separate Stock Verification Sheets should be prepared for each category and make of stores.

(v) The stores should be physically verified by the Stock Verifier in the presence of the Store-keeper or his representative by actual count weighment or measurement, as the case may be, and the result of verification recorded in the stock sheet. When stores of the same description are kept at more than one place, physical verification of such stores should be arranged at the same time by deputing more than one Stock Verifier. At the conclusion of each day's verification, the Stock Verifier will record the date of verification in the Stock Verification Sheet which will be signed by him. The Store-keeper or his representative will also sign the Stock Verification Sheet in token of his acceptance of the ground balances as recorded therein.

(vi) If the Store-Keeper or his representative has any doubt regarding the result of count, he should ask for a recount before the ground balances are accepted. This should be done within two days of the completion of the stock verification of the make/category. This recount should be carried out by the Stock Verifier, in the presence of Store-keeper or his representative. The recounted figure if different from the previous figure should be boldly written above the original figure which should be encircled under the attestation of the Store Verifier and the Store-keeper.

Over-writing or erasing of figures of ground balances in the stock sheet will not be permitted. If corrections are necessary, the original figures will be scored out and correct figures written and attested by Stock Verifier.

(vii) When the verification is completed, two copies of the Stock Verification Sheet should be forwarded by the Stock Verifier to the Store Keeper who should enter therein the book balances as recorded in his books and the excesses or shortages, as the case may be. The book balances as recorded by the Store-keeper on the Stock Verification Sheet will be checked by the Stock Verifier who will record thereon a certificate in the following form:-

> "Certified that the book balances as recorded in column 6 have been checked by me with the stock registers and found correct."

One copy, after action as indicated above is completed, should be forwarded by the Store-keeper to the Head of the Office/Department within 2 days of the date of completion of the Stock-taking.

(viii) While verifying the physical balances, the Stock Verifier should give a distinct note against all store articles which are broken defective or unserviceable and the Store-keeper, while forwarding the verified sheet to the Head of the Office/Department, should indicate action proposed to be taken in regard to such broken, defective and unserviceable articles.

(ix) The Stock Verifier will post the ground balances as verified by him in the Stock Books. He will draw a red line below the last entry in the stock register after leaving 4 lines blank. The ground balance will be recorded just below the red line. Cross reference to the serial number and page number of the Stock Sheet along with the date of stock verification should be noted against the

ground balance, which will be attested by the Stock Verifier. Further transactions in the stock book will be recorded with reference to the ground balance as posted in the Stock Books.

(x) Excesses that came to notice as a result of verification should be promptly brought on charge on a credit voucher. In the case of shortages, the reasons therefore should be fully investigated and if responsibility can be fixed the value of shortages should be recovered from the person at fault, otherwise the same should be written off with the sanction of the competent authority. The adjustment of excesses/shortages should be recorded in the stock book in the blank space above the red line, giving reference to the credit voucher or recovery/loss statement, as the case may be. In the case of Public Works Department, where both quantity and value accounts are kept, the value of stores found surplus or short, will be adjusted in accounts as per the procedure laid down in the State Public Works Account Code.

(xi) The Stock Verifier should, on completion of the verification of stock, render a certificate to the Head of Office/Department in the following form:-

> "Certified that all the items of stores located in different store houses in this office/department have actually been verified by me."

(xii) The Head of the Office will forward a copy of this certificate to the administrative Head of the Department. Within a period of three months from the completion of the stock verification he will also render a certificate to the Head of the Department that "Action as required under the rules/orders has been taken in the case of excesses/shortages (as the case be) which came to notice as a result of stock verification."

Specimen Form of Stock Verification Sheet

S. No.	Location	Part No.	Nomenclature	Ground balance Qty./weight/No. (as the case may be)	Book balance Qty./Weight/No. (as the case may be)	Excess (col. minus col.6)	Shortage (col.6 minus col.5)	Remarks
1	2	3	4	5	6	7	8	9

PART-VI

BUDGET FORMS
(B-1 TO B-11)

PART- VI

FORM B-1

BUDGET YEAR: 20…-20…

DEPARTMENT : …….

OFFICE : …….

HEAD OF ACCOUNT : …….

S. No.	Receipt head description	Accounts of the previous fin. year	Receipts for last 6 months of the previous fin. year	Receipts for 1st 6 months of the ongoing fin. year	Original Estimates for the ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5	6	7	8
	Deduct Refunds*						
	Grand Total:						

* Where applicable.

Signature and Designation of officer
Date:

Note: In column 3, kindly indicate actual realization during the financial year preceding the ongoing financial year. In columns 4 and 5, indicate realization during last six months of the year preceding the ongoing financial year and for first six months of the ongoing financial year. In columns 6 and 7, indicate original and revised estimates of the ongoing financial year. Column 8 relates to the Budget year.

FORM B-1 (a)

Estimates of recovery of Revenue Receipt (tax/non-tax) arrears with their age profile.

BUDGET YEAR: 20…-20…

DEPARTMENT : …….
OFFICE : …….
HEAD OF ACCOUNT : …….

Receipt Head description	Arrears at the close of previous fin. year				Recovery realization estimates for ongoing financial year.	Arrears at the close of ongoing fin. Year				
	More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs. old	Current from earlier financial year		More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs. old	Current from previous financial year	Total
1	2	3	4	5	6	7	8	9	10	11

Recovery realization estimates for the Budget Yr.	Arrears (est.) at the close of Budget year				
	More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs. old	Current from ongoing financial year	Total
12	13	14	15	16	17

Signature and Designation of officer
Date:

FORM B-2

BUDGET YEAR: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……
SUB-HEAD/DETAILED HEAD : ……

(in lakh ₹)

S. No.	Code	Object Head	Accounts of the previous year	Accounts for last 6 months of the previous year	Accounts for 1st 6 months of the ongoing fin. year	Original Estimates for year ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5	6	7	8	9
1	001	Salaries						
		.						
		.						
		.						
2	008	Electricity Charges						
		.						
		.						
		.						
3	011	Books & Periodicals						
		.						
		.						
		.						
4	043	Uniforms						
		.						
		.						
		.						
5	297	Furniture						
		.						
		.						
		.						
		Grand Total						

Signature and Designation of officer
Date:

Notes:

01. Separate forms shall be filled for Non-Plan(NP), State Plan (SP), Centrally Sponsored Schemes (CSS), Central Plan (CP) and Externally Auded Projects (EAP).
02. In column 4, kindly indicate accounts (actuals) of the financial year preceding the ongoing financial year. In columns 5 and 6, indicate accounts for last six months of the year preceding the ongoing financial year and for first six months of the ongoing financial year. In columns 7 and 8, indicate original and revised estimates of the ongoing financial year. Column 9 relates to the Budget year.
02. "Voted" and "Charged" items should be shown separately.

FORM B-3

BUDGET YEAR: 20…-20…

DEPARTMENT : ……..
OFFICE : ……..
DEMAND NO. : ……..
MAJOR HEAD : ……..
MINOR HEAD : ……..
SUB-HEAD/DETAILED HEAD : ……..

Code	Object Head	Designation/ Pay Band/No. of sanctioned posts	Amount (in ₹)
	(a) Pay of Officers		
001			
		Total : (a)	
	(b) Pay of Establishment		
001			
		Total: (b)	
	(c) Others		
002	Travel Expenses		
	.		
	.		
008	Electricity Charges		
	.		
	.		
011	Books & Periodicals		
	.		
	.		
043	Uniforms		
	.		
	.		
297	Furniture		
	.		
	.		
		Total: (c)	
		Grand Total: (a+b+c)	

Signature and Designation of officer
Date:

Notes:-

01. Separate forms shall be filled for Non-Plan(NP), State Plan (SP), Centrally Sponsored Schemes (CSS), Central Plan (CP) and Externally Auded Projects (EAP).
02. "Voted" and "Charged" items should be shown separately.

FORM B-4

Details of provision proposed for pay of Officers / Establishment.

BUDGET YEAR: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……
SUB-HEAD/DETAILED HEAD : ……

(in ₹)

Description	Pay Band of the post	Actual pay of the Govt. servant due on 1st April next year	Amount of provision for the year at the rates in Col.3	Amount of increment for the year	Provision for PP/SP/CA	Total provision for the year i.e. total of Col. 4+5+6	Remarks (mention 'vacant', if so)
1	2	3	4	5	6	7	8
A- Gazetted							
Total: (Gazetted)							
B- Non-Gazetted							
Total: (Non-Gazetted)							

PP- Personal Pay; SP- Special Pay; CA-Charge Allowance

Signature and Designation of officer
Date:

Notes: 01. "Voted" and "Charged" items should be shown separately.
02. Numbers and amount of provision should agree with entries in FORM B-4(ii).
03. Name need not be given.

FORM B-4 (i)

Object Head-wise provision proposed for pay of Officers / Establishment.

BUDGET YEAR: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……
SUB-HEAD/DETAILED HEAD : ……

(in ₹)

Object Head	Accounts of the previous fin. Year	Original Estimates for the ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5
A- Pay of officers				
Pay Band Pay				
Grade Pay				
PP/SP/CA				
D.A				
M.A				
H.R.A				
C.C.A				
T.M.A				
Others*				
Total (A)				
B- Pay of Establishment				
Pay Band Pay				
Grade Pay				
PP/SP/CA				
D.A				
M.A				
H.R.A				
C.C.A				
T.M.A				
Others*				
Total (B)				
Total (A+B)				

PP- Personal Pay; SP- Special Pay; CA-Charge Allowance
* Each of the allowance that is drawn along with salary should be shown separately with nomenclature.

Signature and Designation of officer
Date:

Notes:
01. In column 2, kindly indicate accounts (actuals) of the year preceding the ongoing financial year. In columns 3 and 4, indicate original and revised estimates for the ongoing financial year. Column 5 relates to the Budget year.
02. "Voted" and "Charged" items to be shown separately.

FORM B-4 (ii)

Details of posts / nomenclature-wise provision proposed for pay of Officers / Establishment

BUDGET YEAR: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……
SUB-HEAD/DETAILED HEAD : ……

Revised Estimates for the ongoing financial year

(in ₹)

S. No.	Sanctioned strength and nomenclature of posts	Pay Band	Salary			Salary Total	Allowances						Allowances Total	Grand Total
			Pay	Gr.Pay	PP/SP/CA		DA	MA	HRA	CCA	TMA	Others		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	A- Gazetted													
1.														
2.														
3.														
.														
.														
	Total (Gazetted)													
	B- Non-Gazetted													
1.														
2.														
3.														
.														
.														
	Total (Non-Gazetted)													

Estimates for the Budget year

S. No.	Sanctioned strength and nomenclature of posts	Pay Band	Salary			Salary Total	Allowances						Allowances Total	Grand Total
			Pay	Gr.Pay	PP/SP/CA		DA	MA	HRA	CCA	TMA	Others		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	A- Gazetted													
1.														
2.														
3.														
.														
.														
	Total (Gazetted)													
	B- Non-Gazetted													
1.														
2.														
3.														
.														
.														
	Total (Non-Gazetted)													

Signature and Designation of officer
Date:

Note: "Voted" and "Charged" items to be shown separately.

FORM B-5

Schedule of new expenditure proposed for inclusion in the estimates of Budget year: 20…-20…

DEPARTMENT : ……

OFFICE : ……

DEMAND NO. : ……

MAJOR HEAD : ……

MINOR HEAD : ……

S.No. Of item	Sub-Head / Detailed Head / Object Head	Particulars of Schemes	Recurring Expenditure		Non-recurring expenditure		Number and date of the order conveying administrative approval	Remarks	Col. for opinion of the Finance Department
			Cost in budget year	Ultimate recurring cost as far as ascertained	Cost in budget year	Further expenditure to be incurred, if any			
1	2	3	4	5	6	7	8	9	10

Signature and Designation of officer
Date:

Notes: 01. The schedule should be prepared for each minor head separately.

02. No scheme should be entered in this schedule if funds have been provided for in the estimates of ordinary expenditure submitted to the Finance Department.

FORM B-6

To be submitted in triplicate by the concerned officer if the sanctioning authority is the Minister-in-charge or the Finance Department.

FORM OF APPLICATION FOR REAPPROPRIATION OF FUNDS
Financial Year: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……

Sub-head / Detailed Head / Object Head	Appropriation and progress of expenditure				
	Amount as in the sanctioned estimates	Actual expenditure up to date	Probable expenditure during remainder of the year	Amount of additional appropriation required or available for reappropriation	Reasons for increase or reduction
1	**2**	**3**	**4**	**5**	**6**
Head of account proposed to be increased.					
Head of account proposed to be reduced.					

Signature and Designation of officer
Date:

Notes:

01. Separate statements should be submitted for voted or charged expenditure.
02. The statement should not relate to more than one grant.
03. Column (2) should always show the amounts provided in the sanctioned budget but all reappropriation from or to the unit of appropriation and extra grants under it sanctioned by competent authority up to the date of the application should also be entered in this column by means of plus or minus figures with explanatory notes indicating the authority for the sanctions.

*(A) For use in the Administrative Department.
(B) Order of sanction.
Re-appropriation of ₹ ……sanctioned.
(C) Communication of sanction.

Copy forwarded to:- #(1) Finance Department.
(2) A.G. (Audit).
$(3) Secretary to Government/Head of the Department/Controlling Officer

* Meant for the authorities forwarding the proposal to the next higher authority.
# In case two minor heads are involved.
$ Score out the officers to whom copies are not to be sent.

FORM B-7

APPLICATION FOR EXTRA GRANT
(Ongoing Financial Year: 20…-20…)

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……

Major and Minor heads, Sub-Head, Detailed Head and Object Head	Original appropriation as modified by competent authority	Expenditure		Additional appropriation required		Explanation
		Actuals up to the month of	Amount required for the remaining months of the year	Amount available by reappropriation	Amount proposed as an extra grant	

For use in the Administrative Department.

Signature and Designation of officer
Date:

FORM B-8

Schedule of new expenditure for the Budget year: 20…-20…
(for use by Finance Department)

Major head of the budget to which the charge is debitable	S..No. of item arranged in order of urgency	Nature of item together with minor and detailed heads to which the proposed expenditure is debitable	Recurring expenditure		Non-recurring expenditure		Order of Budget Council	Remarks
			Cost in budget year	Ultimate recurring cost, as far as ascertained	Cost in budget year	Further expenditure to be incurred, if any		
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**

Signature and Designation of officer
Date:

FORM B-9

Form for sending the receipts and expenditure forecast for the month of …… (current and next two months)

(should be sent to Finance Department on the 15th of every month for the ensuing three months)

S. No.	Object Head	Actuals of the last month available	Forecast previously made by the Controlling Officer for the same month	Receipts for the three months beginning with the current month			Expenditure for the three months beginning with the current month			Remarks (Details of an item may be mentioned)
				Current say, December	January	February				
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**

Signature and Designation of officer
Date:

FORM B-10

Statement of Excess and Surrenders for the ongoing financial year: 20…-20…

DEPARTMENT : ……
OFFICE : ……
DEMAND NO. : ……
MAJOR HEAD : ……
MINOR HEAD : ……
SUB-HEAD/DETAILED HEAD : ……

(in lakh ₹)

S. No.	Code	Object Head	Budget provision for the year	Sanctioned additions or alternation by re-appropriation or extra grant	Total (3+4)	Actual for last six months of Previous fin. year	Actual for 1st six months of ongoing fin. year	Total (6+7)	Anticipated total expenditure for the fin. year	Surrender	Excess	Revised Estimates adopted by the Finance Deptt.	Explanation for varioation
1		**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
1	001	Salaries											
		.											
		.											
		.											
2	008	Electricity Charges											
		.											
		.											
		.											
3	011	Books & Periodicals											
		.											
		.											
		.											
4	043	Uniforms											
		.											
		.											
		.											
5	297	Furniture											
		.											
		.											
		.											

Signature and Designation of officer
Date:

FORM B-11

Application for Advance out of the Jammu and Kashmir Contingency Fund.
(Ongoing Financial Year: 20…-20…)

DEPARTMENT : **…….**

OFFICE : **…….**

Brief particulars of the additional expenditure involved with full cost of the proposal for the year or part of the year	Circumstance in which provision was not included in the Budget	Reasons for which postponement is not possible	Amount to be advanced from the fund	Grant or Appropriation under which supplementary provision will be obtained	Remarks (for use in F.D)

No…… Date……

Submitted to the Secretary to Government, Finance Department through the ……..

Signature and Designation of officer
Date: