

GOVERNMENT OF HARYANA
FINANCE DEPARTMENT
FINANCIAL HANDBOOK No. 4
PUNJAB BUDGET MANUAL

FIRST EDITION (REPRINT)
1986



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PREFACE

This is an up-to-date compilation of the Punjab Budget Manual Financial Handbook No. 4, as applicable in Haryana State. The last edition of this book was published in the year 1966. The present edition incorporates amendments issued by the Haryana Government up to November, 1985.

2. An attempt has been made to indicate briefly in footnotes the date from which the changes in the rules were effected.

3. It is requested that any errors or omissions found in this volume may kindly be brought to the notice of the Head of Departments who may please submit their proposals to the Finance Department through the Administrative Department concerned.

M. C. GUPTA,
Financial Commissioner & Secretary to Govt.,
Haryana, Finance Department,

PREFACE

The Punjab Budget Manual was first issued in 1940. The Constitution of India which came into force from the 26th day of January, 1950 brought about vast changes in the system of financial administration of the country, as also in the procedure laid down in the framing Budget Estimates. An attempt has been made to incorporate all important changes in this Edition. Opportunity has also been taken to make the Manual more comprehensive.

2. Finance Department are grateful for the co-operation they have received from the office of the Accountant-General, Punjab, in preparing this Manual.

Chandigarh,
The 17th September, 1966.

K. S. NARANG,
Secretary to the Government, Punjab,
Finance Department.

HARYANA GOVERNMENT
FINANCE DEPARTMENT
(REGULATIONS)
CORRIGENDUM

In the Punjab Budget Manual, Reprint, Edition 1986 (amended upto November, 1985), the following corrections may please be carried out:—

Sr. No.	Page No.	Ref. of rules	Ref. to the error/omission	Incorrect	Correct
1	2	3	4	5	6
1.	(ii)	Appendix E	1st line	expenditur	expenditure
2.	2	1.3	6th line	Rvenue	Revenue
3.	5	1.11	last line	desirabls	desirable
4.	17	1.34	12th line	/12th	1/12th
5.	19	2.2	2nd line	Punjab	Haryana
6.	22	2.29	1st line	Srevice	Service
7.	35	4.12	1st line	ensuring	ensuing
8.	41	5.7	2nd line	l d	and
9.	41	5.7	2nd & 3rd line	soon nn th	shown in the
10.	41	5.7	4th line	acoordance	accordance
11.	41	5.7	6th line	ande	and
12.	41	5.9	5th line	o modify	to modify
13.	63	8.4	10th line	death	dealt
14.	67	8.10	9th line	leavee	leave
15.	67	8.11	2nd & 3rd line	preprearc	prepare
16.	69	8.18	3rd line	lne	the
17.	71	9.2	last line	Gian	Gain
18.	72	9.3	6th line		Put (—) after words three parts
19.	73	9.7	1st line of foot-note	posposed	proposed
20.	73	9.7	7th line	rearily	readily
21.	74	9.8	17th line	amount	amounts
22.	75	10.1	8th line	latter	letter
23.	76	10.2	5th line	Forest	Forests
24.	77	10.5 (b)	2nd line	"Grant-in-aid"	"Grants-in-aid"
25.	77	10.5 (c)	2nd line	dietary	dietry
26.	79	11.1 (b) Note	1st line	authorised	authorised
27.	82	11.5	2nd para in 4th line		Put after the word treasury
28.	82	11.5	2nd para in 11th line	months	month
29.	82	12.5	2nd para in 20th line	close	closed
30.	85	12.2 (a)	2nd line	appropriate	appropriated
31.	85	12.2 (a)	3rd line	items	items
32.	86	12.3 (i)	In last line	Put between words G.H.	
33.	88	Note under 12.6	2nd line	grant of Appropriation	grant or Appropriation
34.	105	13.5	4th line	Embancement	Embankment
35.	134	15.8	10th line	or ginal	original
36.	136	15.10 (xi) (a)	3rd line	Omit word "the" between words "Organisation" and "of its"	

1	2	3	4	5	6
37.	139	15.17 (i)	1st line	recompensation	recommendations
38.	155	17.4 (ii)	4th line	Governments	Government
39.	166	18.10	19th line	reason,	season.
40.	194	App-D	in column 3 under Heading	Departments	Departments
41.	194	Do	against head 056 Jails in col. 3	Inspector	Inspector
42.	194	Do	Head 065 in column 2 Minor Heads etc.	(ii) Indian Armt Act	(ii) Indian Arms Act,
43.	209	Do	495-Capital outlay on other Social & Community Services	Haryana	Haryana
44.	213	Do	In "Extract of letter No. 763-FRII-65/1498 dt: 29-2-65" in 2nd line	Haryana, Finance	Pb., Finance
45.	217	App-E	3rd line Rules 10 (iv) 7th & 13th line	Words "and Haryana" should be omitted. "XLVIII--"	"066--"
46.	220	App-F & 221	Rules 4(b) (ii), (iii) & (iv)	"65--"	"266--"
47.	223	App-G	Rule 1 3rd line of Para 2nd.	Finance	Finance
48.	241	App-G	Rule 23(5) 3rd line	will	bill
49.	254	App-H	Rule 9 in 2nd line	unforeseen	unforeseen
50.	261	App-H	Rule 8 12th line	Two	To
51.	262	App-H	Rule 22 (10) (f) in 3rd line	unforeseen	unforeseen
52.	285	Form BM 11	Under (d) 1st line	principa	principal
53.	300	Form BM 26-A	column 11	Initials	Initials
54.	305	Form BM 29	Head line after Rule 12.18	Appendix	Appendix
55.	310	Form BM 32	Note (e)	Grant	Grant
56.	324-325	Form BM 40	in column Extension and Improvement in col. : Machinery & Equipment	Gross Total Tools and Parts	Gross Total Tools and Plant
57.	330	Form BM 43	in col. : Primary Unit of appropriation	contingencies	contingencies
58.	332	Form BM 44	in col. : Minor Heads	Extensions and Improvements	Extensions and Improvements

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Not in course

CHAPTER 1.—Introductory.

ANNUAL FINANCIAL STATEMENT OR "BUDGET"

1.1. Under Article 202 of the Constitution, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called "the annual financial statement" (or the "budget"), is to be laid before both the Houses of the State Legislature. The estimates of expenditure show 'charged' and 'voted' items of expenditure separately and distinguish expenditure on revenue account from other expenditure.

1.2. *Structure of Government Accounts.*—The receipts and disbursements of the State Government are shown in three separate parts, namely :—

Part I.—Consolidated Fund ;

Part II.—Contingency Fund ; and

Part III.—Public Account.

Consolidated Fund.—Under Article 266 *ibid*, all revenues received by a State Government, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all money received by that Government in repayment of loans form one consolidated fund, called "the Consolidated Fund of the State". No moneys out of this Fund can be appropriated except in accordance with law and for the purpose and in the manner provided in the Constitution.

Contingency Fund.—Under Article 267 (2) *ibid*, the State Legislature has established a Contingency Fund which is of the nature of an imprest and enables the Executive Government to meet unforeseen expenditure, pending its authorisation by the Legislature by law.

(See Punjab Contingency Fund Act, 1950 and the rules framed thereunder, as reproduced in Annexure to Chapter 17 of P.F.R., Volume I).

Public Account.—Receipts and disbursements, such as deposits, reserve funds, remittances, etc., which do not form part of the "Consolidated Fund", are included in the Public Account and are not subject to a vote by the Legislature, as they are not moneys issued out of the Consolidated Fund.

1.3. *Divisions of the Consolidated Fund.*—The main divisions of the Consolidated Fund are :—

- (i) Revenue Account ;
- (ii) Capital Account ;
- (iii) Debt (comprising Debt and Loans and Advances).

Revenue Account.—Revenue Account is the account of (i) the current income of Government derived mainly from taxes and duties, fees for services rendered, fines and penalties, etc ; and (ii) the expenditure met from that income. The difference between such income and expenditure represents the revenue surplus, or deficit, as the case may be, for the year.

Capital Account.—Capital Account is the account of expenditure incurred with the object either of increasing concrete assets of a material character, or of reducing recurring liabilities, such as those for future pensions by payment of the capitalised value. It also includes receipts arising generally from sale of concrete assets intended to be applied as a set-off to Capital expenditure. Expenditure on Capital account is usually met from borrowed funds or accumulated cash balances.

Debt.—This division comprises loan raised by Government, loans of a purely temporary nature classed as "Floating Debt" (such as Treasury Bills and Ways and Means Advances), as well as other loans classed as "Permanent Debt" and "Loans and Advances made by Government", togetherwith repayments of the former and recoveries of the latter. Transactions connected with these are recorded under "O—Public Debt" "P—Loans and Advances by the Central Government", and "Q—Loans and Advances by the State Government" both on the receipts and the disbursement sides.

1.4. *Divisions of Public Account.*—There are two divisions of the Public Account, namely, (1) Debt and Deposits and (2) Remittances. The first division comprises receipts and payments (other than those falling under Debt heads pertaining to the Consolidated Fund) in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with repayments of the former and recoveries of the latter. The second division embraces all merely adjusting heads, under which appear remittances of cash between

treasuries and transfers between different accounting circles. The initial debits or credits to the heads in this division are cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

1.5. The structure of accounts and estimates in respect of the Consolidated Fund is divided into Major Heads of accounts. The Major Heads are divided into Minor Heads (sometimes some sub-Major Heads are also introduced between a Major Head and Minor Head). The Major Heads in the Revenue and Expenditure sides are numbered serially, *Roman numerals being generally employed on the Receipts side and Arabic on the Disbursement side. For instance, "029 Land Revenue" is a Receipt head and "229 Land Revenue" an Expenditure head. The Debt, Deposit and Remittance heads are arranged in Sections bearing distinctive letter prefixed to its nomenclature, e.g., 'O—Public Debt', 'T—Deposits and Advances' and 'U—Remittances'.

Expenditure under each head is divided into sub-heads which in turn are further sub-divided into detailed heads. The detailed heads shall generally have the following Primary Units of Appropriation :—

- Pay of Officers,
- Pay of Establishment,
- Travelling Allowance,
- Other Allowances and Honoraria,
- Contingencies,
- Grant-in-aid, Contributions and Donations.

EXPENDITURE "CHARGED" UPON THE CONSOLIDATED FUND

1.6. Article 203 of the Constitution requires that so much of the estimates as relates to expenditure "charged" upon the Consolidated Fund of a State shall not be submitted to the vote of the Legislative Assembly, though the Legislature is not prevented from discussing any of these estimates. The estimates of expenditure, embodied in the budget, should show the items of "charged" expenditure, separately from other items. A list of such items is given in Appendix B.

*The sentence start from word "Roman" to "Disbursement side" should be considered as ignored in view of introduction of new Heads of Accounts 1974.

PREPARATION OF THE BUDGET

1.7. (a) It is the duty of the Finance Department to prepare the Budget and for its preparation it has the power to require Heads of Departments and other authorities to furnish materials on which to base its estimates. The Heads of Departments in turn depend for the material on district and other officers who collect the revenue or incur expenditure.

(b) The Budget framed by the Finance Department and submitted to the Legislative Assembly is a compilation on the basis of the following estimates :—

- (1) the estimates of income;
- (2) the estimates of ordinary expenditure;
- (3) the schedule of new expenditure;
- (4) the lists of major and minor works;
- (5) the estimates of charges in England;
- (6) the statements of anticipated excesses and surrenders.

1.8. These several estimates have to pass through many hands. The estimates of income and ordinary expenditure must be dealt with by Collecting or Disbursing Officers, by Controlling Officers and Heads of Departments, by the Accountant-General, and after they have been scrutinised in the Finance Department and printed, have to be seen again by the Heads of Departments. The schedule of new expenditure and the lists of major and minor works have to be prepared by the Heads of Departments and after scrutiny by the Administrative and Finance Departments, are to be passed by the Council of Ministers with reference to the funds available and the comparative urgency of the proposals. The estimates of charges in England have to go to the High Commissioner of India and back.

1.9. When compiled, these estimates have to be printed and presented to the Assembly without fail on a fixed day. It is, therefore, a matter of imperative necessity that the whole process should be worked on a time-table which should be scrupulously observed. This not only means that all officers must send in their contributions by definite dates but also means that there comes a time in the course of the preparation of the Budget when no fresh proposals for expenditure which may disclose themselves,

however administratively expedient, can be admitted. Experience has shown that if alterations are admitted after the dates prescribed in this Manual there is a grave risk that there will be either mistake in calculations or that the Budget will not be presented to the Assembly on the appointed day. That this is so, will be better appreciated, when it is realised that every figure altered, when the Budget is in print, involves the alteration of perhaps a dozen totals. It may be, therefore, accepted as one of the necessary features of the Budget that proposals, however desirable, which are not before the Finance Department in approved form by due dates, can find no place in it.

THE REVISED ESTIMATES

1.10. The estimates of income and expenditure include the revised budget for the current year. Of this it is sufficient in this place to say that it should be the best possible forecast of the actual income and expenditure of the year and is of use chiefly as a guide for the estimates of the next year.

The revised estimates of expenditure for the current year are not prepared by Disbursing Officers nor are they sent in by Heads of Departments along with the new year's Budget. The Budget estimates are prepared too early in the year and it has been found that the revised estimates prepared at that time cannot be of any value. The revised estimates are, therefore, inserted in the Budget volume by the Finance Department on the basis of the statements of anticipated excesses over and surrenders from modified appropriations which are submitted by Heads of Departments later on in the year.

ESTIMATES OF INCOME

1.11. Detailed instructions relating to the preparation of the estimates of receipts are contained in Chapter 4. It is sufficient to note here that the estimates of receipts should be as accurate as it is possible to forecast at the time of their preparation. In fact it is of great importance that the estimate of receipts should be accurately framed, for on the forecast of receipts depends the financing of the programme of expenditure in the various departments. While the under-estimating of receipts will unnecessarily depict an alarming position of ways and means, an over-estimate on the other hand is likely to raise unnecessarily sanguine hope which may be falsified in the end. It is accordingly very desirable

that the estimates submitted by Heads of Departments should neither be inflated nor under-pitched.

THE ESTIMATES OF ORDINARY EXPENDITURE

1.12. In framing estimates of ordinary expenditure it is necessary to exercise utmost foresight. All items of expenditure that can be foreseen should be provided for and care should be taken in consultation with the audit officer, where necessary to see that the provision is included under the proper sub-heads. It is, however, needless to say that although departments are asked to provide for all foreseeable items. Finance Department will exercise its right to excise or reduce the provision for any item where it thinks unjustifiable. An exhortation to show fore-sight is not an invitation to include additional items of expenditure without due consideration. While provision should be made for all items that can be fore-seen, it is essential that the amount of her provision should be restricted to the absolute minimum necessary

Programme involving new expenditure should be [carefully worked out before the estimates of ordinary expenditure are forwarded and kept separate from them. In theory, any new expenditure, that is, anything over and above what is provided in the Budget for the present year should be excluded from the estimates of ordinary expenditure and brought before the Legislative Assembly in the schedule of new expenditure or the list of major and minor works. But practical considerations modify the application of this principle. If, for example, Government sanctioned the creation of a new post during the current year finding money for it by re-appropriation, it is an idle formality to ask the Legislative Assembly to approve of this sanction. Therefore, it is conventionally established that when before September 20th (the date on which the schedules of new expenditure are sent in), a charge has been sanctioned, with effect extending to the following year and appropriation of funds in the current year, it may go in the estimates of ordinary expenditure.

SCHEDULE OF NEW EXPENDITURE

1.13. The schedule of new expenditure contains those items of expenditure which are treated as new expenditure and which, therefore, require special scrutiny before they can be included in the Budget as presented to the Legislative Assembly.

The principles on which distinction is made between ordinary and new expenditure are given in Chapters 5 and 7 of the Manual.

1.14. The schedule of new expenditure receives two-fold scrutiny; firstly by the Finance Department and secondly by the Council of Ministers. The primary object of the examination is to admit only such new expenditure as is either necessary or desirable; but as the total demands for new expenditure by the various departments are usually in excess of the funds available, the secondary object of examination by the Council of Ministers is to exclude from the Budget as presented to the Assembly those items of new expenditure which, while they may be desirable or even necessary, must yield for the time being to other items which are more desirable or of which the necessity is clearer.

Heads of Departments should, therefore, realise that the provision of funds depends to a large extent on the manner in which their case is presented, firstly to the Finance Department when the latter's consent to administrative approval is sought; and secondly to the Council of Ministers after administrative approval has been obtained. The case as presented to the Council of Ministers is contained in a memorandum which is attached to the schedule of new expenditure and as explained in Chapter 7, it is for the Head of Department to make this memorandum as convincing as the facts of the case permit.

LIST OF MAJOR AND MINOR WORKS

1.15. The list of major and minor works comprises of new works which it is desired to start in the coming year and which have received administrative approval. To this is added the list of works already budgetted for and sanctioned which the Public Works Department reports it cannot begin in the current year. Thus an opportunity is given of deciding whether any of the works thus delayed shall give place to new proposals. The lists of major and minor works are subject to the same two-fold scrutiny as schedule of new expenditure.

CHARGES IN ENGLAND

1.16. The expenditure in England on behalf of Government is incurred by the High Commissioner for India and this falls under heads, (1) Stores, (2) Leave and deputation allowance of

officers on leave in England, and (3) Miscellaneous expenditure. The estimates for these charges are prepared by Heads of Departments in India but as the High Commissioner has later and more accurate information with regard to the progress of expenditure, the price of stores, the dates on which they would be ready and the payments to be made for them, he modifies the estimates sent to him from India on the basis of fuller information available to him.

Detailed instructions in regard to the preparation of these estimates are contained in Chapter 8, but it is important to note here that the estimates of charges in England should be kept out of estimates of ordinary expenditure, otherwise the same item will occur twice over. In the Schedule of New Expenditure, expenditure incurred in England is shown over again but separately and *pro-forma* for the information of the Council of Ministers and care is taken that it shall not go into the estimates of expenditure in India.

STATEMENTS OF EXCESSES AND SURRENDERS

1.17. The statement of excesses and surrenders is intended for three purposes. Firstly, when there are excesses under any heads they can be set off, where this can be legally done, against savings under other heads, and after this has been done, the net excesses can be included in a supplementary statement of expenditure to be submitted to the Assembly. Secondly, this statement forms the basis for fixing the revised estimates of the year. Thirdly, it enables lapses in some cases to be carried over to next year's Budget. In the past a great defect of the Budget system has been that the fear of losing grants irrevocably has led to reckless spending in the last month of the year. Under the system now in vogue lapses reported under certain heads can be made good in the next year's Budget, provided that there is no excess over the major head and provided that the accounts bear out the estimate. It is accordingly in the interest of Departments to under-spend rather than to over-spend because if lapses are reported in time and the last date is January 15th (except under Public Works heads for which the date is February 1st) they will be restored and can be spent at leisure next year.

There is generally a tendency on the part of the Heads of Departments to treat the statement of excesses and surrenders as a means for making provision for additional funds the need for which has arisen subsequent to the framing of the Budget estimates,

This is, however, not actually the object of the statement of excesses and surrenders. If a particular department anticipates an excess over its existing appropriation, it is not sufficient to report the excess in the statement of excesses and surrenders. The correct procedure is to report the excess separately to the Finance Department through the Administrative Department concerned and have it either covered by a re-appropriation or to put in an application for a supplementary appropriation. On no account should a Head of Department authorise expenditure in anticipation of the provision of funds unless he is sure that savings would be forthcoming from the amounts placed at his disposal—under the minor heads concerned or unless he has had the specific approval of Government to do so.

ASSOCIATION OF MINISTERS IN THE PREPARATION OF THE BUDGET

1.18. As far as the preparation of the list of major and minor works and the schedule of new expenditure is concerned, and this represents the most contentious part of the Budget, Ministers are associated from the very beginning as these lists come from the Secretaries in the Administrative Departments. The remainder of the Budget which is in its earlier stages largely a matter of routine is, in order to save time, generally taken directly from Heads of Departments. In the month of December, the estimates of ordinary expenditure with the Budget notes are placed in the hands of the Secretaries of the Administrative Departments in order that they may lay them before the Ministers for any criticism that they may have to make and in January they receive the Budget in its practically complete form.

PROCEDURE IN LEGISLATURE IN RESPECT OF ESTIMATES

1.19. (a) The estimates of expenditure are submitted to the Legislative Assembly in the form of demands for grants and the Legislative Assembly shall have power to assent or to refuse to assent to any demand or to reduce the grant thereof, except as provided in clause (b) below. No demand for a grant shall be made, except with the recommendation of the Governor.

(b) The expenditure which is "charged" on the Consolidated Fund of the State is, however, not subject to the vote of the Assembly, though the Assembly is at liberty to discuss the estimates relating to such estimates.

(c) There is ordinarily one demand for grant for each Major Head of account; but in some cases two or more demands may be proposed for a Major Head, while in others, two or more major heads or parts of the major heads may be included in a single demand.

APPROPRIATION BILL

1.20. Article 204 of the Constitution provides that as soon as may be, after the grants 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 moneys required to meet :—

- (a) the grant so made by the Assembly; and
- (b) the expenditure charged on the Consolidated Fund of the State but not exceeding in any case the amounts shown in the statement previously laid before the House or Houses of the Legislature.

Except as provided in paragraphs 1.21 and 1.22, 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 the aforesaid Article 204, through an Appropriation Act.

SUPPLEMENTARY, ADDITIONAL OR EXCESS GRANTS

1.21. Article 205 of the Constitution provides that the Governor shall cause to be laid before the House or the Houses of the Legislature of the State another statement or demand for additional or excess expenditure, as the case may be, in the following cases :—

- (a) If the amount authorised by any law made in accordance with the provisions of Article 204 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.

In making any grant under this paragraph, the procedure to be followed is the same, as stated in paragraphs 1.19 and 1.20.

VOTES ON ACCOUNT, VOTES OF CREDITS AND EXCEPTIONAL GRANTS

1.22. Under Article 206 of the Constitution, the Legislative Assembly of the State have powers :—

- (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 Article 203 for the voting, of such grant and the passing of the law in accordance with the provisions of Article 204 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 service 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 of the State shall have power to authorise by law the withdrawal of moneys from the Consolidated Fund of the State for the purposes for which the said grants are made.

In making any grant under this paragraph the procedure to be followed is the same as stated in paragraphs 1.19 and 1.20.

COMMUNICATION AND DISTRIBUTION OF GRANTS

1.23. As soon as the Appropriation Bill is passed by both Houses of the Legislature and has also received the assent of the Governor, the amounts shown therein can be expended during the financial year concerned. The amounts shown therein are communicated by the Finance Department to the Heads of Departments concerned. The Heads of Departments, in turn, distribute the budget through the Controlling Officers to the Disbursing Officers. There are, however, certain items of expenditure detailed in the rules, which are either not communicated at all but remain at the disposal of the Finance Department, or if communicated, do not require distribution but are audited against the appropriation for the whole State. These items are called, "non-communicated or non-distributed appropriations."

CONTROL ON EXPENDITURE

1.24. The last and the most important duty in connection with the Budget is to see that allotments are not exceeded. With a vigilant Assembly jealous of its rights, the expenditure of sums substantially in excess of provision will embarrass Government very seriously, because the fundamental fact of the Constitution is that no expenditure should be incurred, unless it has been included in the schedules of authorised expenditure. To perform this duty the Heads of Departments have to make such arrangements as conditions in their respective departments require. The main principle is, however, the same in every case. Starting from the bottom, a Disbursing Officer must not, without authority, exceed the sum assigned to him under each primary or secondary unit of appropriation. If he has reason to anticipate increased expenditure, he has to apply to his superior officers for funds. The Head of a Department, under the powers delegated to him, can re-appropriate from one primary unit of appropriation to another within any minor head of account or he may take the supply distributed under any primary unit from one officer and give it to another. As the Disbursing Officer is responsible for proper sanction, so the Head of Department is responsible that his department as a whole shall not exceed the allotment under any minor head. If he anticipates additional expenditure under any minor head and can find savings under another he must apply to Government for re-appropriation, with the consent of the Finance Department, where necessary.

EXPENDITURE NOT PROVIDED FOR IN THE ESTIMATES

1.25. If, during the course of the year, it becomes necessary to incur additional expenditure not provided for in the estimates or to incur expenditure in excess of the sanctioned appropriation, the authority concerned shall apply to the Finance Department for a "Supplementary appropriation", showing cause why the requirement could not be foreseen and provided for in the original estimates, and why savings cannot be found by any legitimate postponement or curtailment of an expenditure for which provision has been made under other heads. The demand for supplementary appropriations, after they have been agreed to by the Finance Department, are dealt with, as laid down in paragraph 1.21.

1.26. If the expenditure in excess of the sanctioned appropriation can be met by "savings" from provision under other heads within the grant, necessary transfer known as "Re-appropriation" may be made. Subject to certain exceptions, laid down in the relevant chapters of this book, the Finance Department has full powers of re-appropriations within the grant, while the Administrative Departments/Heads of Departments can exercise powers of re-appropriations up to the extent indicated in those rules. If, however, the expenditure to be met out of savings relates to a "New Service", a token demand for supplementary appropriation must be submitted and dealt with in the same manner, as a supplementary demand, and the order of "Re-appropriation" will be issued, after the token demand has been voted and appropriation made through an Appropriation Bill.

1.27. As a rule, no expenditure, which is likely to involve an excess over the grant, can be incurred in anticipation of provision of funds, either through a supplementary grant or re-appropriation, in due course as the case may be. With a view, however, to financing unforeseen expenditure, a "Contingency Fund" has been established. Advances from this fund shall normally be made for meeting unforeseen and urgent expenditure on a "New Service". In such cases, the Heads of Departments concerned should make a special reference to the Administrative Departments concerned explaining why it is absolutely necessary to incur expenditure in anticipation of its due authorisation. The Administrative Department, if satisfied, will refer the matter to the Finance Department. The Finance Department, if it agrees, will authorise the incurring of the expenditure by making an advance

from the "Contingency Fund" and asking the Administrative Department to obtain the approval of the Council of Ministers (or the Chief Minister) for incurring voted expenditure, in anticipation of the Legislative Assembly. For charged expenditure Finance Department will ask the Administrative Department to obtain the sanction of the Governor, before the expenditure is incurred. The Administrative Department will then inform the Accountant-General, through the Finance Department. When the expenditure is so authorised the Heads of Departments should state clearly in a memorandum, accompanying the application for supplementary appropriation, that the expenditure has already been incurred, or authorised, and the circumstances in which this was authorised by Government.

COMMITTEE ON ESTIMATES

1.28. There is a Committee of Estimates constituted by the Legislative Assembly to examine such of the estimates as may seem fit to the Committee or are specifically referred to it by the House or Houses. The constitution and functions of the Committee are regulated by the rules of procedure and conduct of business of the Legislative Assembly as may be in force from time to time.

COMMITTEE ON PUBLIC ACCOUNTS

1.29. The Appropriation Act has the effect of determining the objects on which money may be spent from the Consolidated Fund of the State and the amount which can be spent on each object. The amount of expenditure which can be incurred is, thus, strictly controlled by the Legislature. The extent to which the wishes of the Legislature, as expressed by the demands voted by the Legislative Assembly, are not actually complied with, is investigated and brought to the notice of the Legislative Assembly by the "Committee on Public Accounts". For this purpose, the Audit Department, who keeps the accounts of the State, watches whether the moneys shown as disbursed, were legally available for and applicable to the service or purposes, to which they have been applied or charged, and brings to notice in the annual "Appropriation Accounts" any disbursements which do not pass this test. These "Appropriation Accounts" are placed

before the Legislature, and referred by the Legislative Assembly to the Committee on Public Accounts, for necessary investigation.

ECONOMY IN EXPENDITURE

1.30. All Heads of Departments and other Controlling and Disbursing Officers, as well as the Officers of the Administrative Departments in the Secretariat who have to deal with Budget and the sanctioning of expenditure, are expected to make themselves thoroughly familiar with the rules contained in this Manual. Adequate knowledge of the important financial and accounting rules contained in the various Financial Hand-books and in the various Departmental Codes and Manuals is also necessary for them. Ignorance of rules is never accepted as a plea for absolving an officer from the responsibility devolved on him in financial matters.

1.31. The need for effective control and strict economy in expenditure has repeatedly been emphasized in various Government orders, issued from time to time. In spite of this, cases often come to notice in which it is revealed that some waste of public money has taken place. In relation to certain official transactions, the amounts wasted may be small sums. For example, a telegram may be sent where, if a little forethought had been exercised and slightly prompter action had been taken, a letter would have sufficed. A telephone call may be made where a letter might have served the purpose equally well. An urgent telephone call may have been put through where an ordinary call would have been enough. Lights and fans may be left turned on unnecessarily. Excess postage stamps may be put on envelopes; and so on. In other cases; the amounts wasted may be very large sums, as when tools and plant are ordered without sufficient care and are later on found to be unsuitable for the purposes in view; or stores and materials are stocked very much in excess of requirements and deteriorate through lack of care or passage of time; or when the execution of large works is taken in hand without proper approved designs or estimates and a necessity of modifying the designs or estimates is discovered at a later stage, resulting in certain nugatory expenditure. The employment of unnecessarily large staff in Government offices, failure to enforce reasonable standards of work and outturn, failure to take proper care of Govern-

ment property, failure to ensure that the State gets its full money's worth when purchases are made on its behalf of goods or services, are some of the other forms of wastefulness which often come to notice. It is the duty of every public servant to strive to the utmost of his capacity to eliminate all unnecessary or infructuous expenditure. It is needless to add that any drive for economy in public expenditure can be successful only if the large majority of public servants, and, in particular, the senior officers in charge of the important spending departments, participate in the drive and co-operate with the Government to the fullest possible extent. The Heads of Departments and other senior officers can do much by precept and example, by supervision and by control, to make their subordinates truly economy minded.

1.32. It must be added, however, that the mere observance of rules and regulations will not result in all the economy that is desirable. The observance of the rules and regulations will certainly eliminate many losses which would otherwise have occurred, and to that extent Government money will undoubtedly be saved. But rules and regulations are in general designed only to delimit the sphere of any particular type of expenditure and to prevent mal-practices. Within that delimitation or restriction, however, there is always considerable scope for the exercise of discretion, specially in regard to the extent of expenditure, on the part of the spending officer. This discretion, if properly exercised, ensures that Government money is spent in the most economical manner possible. If the discretion is improperly or carelessly exercised, the mere adherence to rules will, no doubt, indicate that the expenditure is not technically irregular, but will not ensure that the expenditure has been as economical as possible. Accordingly the spending officers must not only act in strict accordance with the various rules and regulations but should also apply those rules and regulations in a spirit of devotion to the interests of the State. The rules should be administered not just mechanically but in an intelligent manner so that the intention behind the rules is fully realised. Spending Officers should constantly bear in mind that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

1.33. A related question, to which a reference must also be made, is the elimination of certain kinds of expenditure. It may be that a particular existing scheme or service is being administered with due regard to economy. But it may be possible either to give up the scheme altogether (because it has outlived its utility or has not come up to expectations or changed circumstances have made its continuance unnecessary), to amalgamate it with some other allied scheme or service, or at least to modify it, in such a manner that the expenditure incurred on it is appreciably reduced.

1.34. Expenditure on contingencies has to be incurred with utmost care. Attempts are sometimes made, in the closing weeks of the financial year, to use up the full provision for contingencies by making purchases which are either unnecessary or of no real urgency. Instructions have been issued from time to time, that orders for the purchases whatsoever of furniture and office equipment, etc., should be placed after the 15th January, and that no order/sanction for grant-in-aid, loan, etc., should be issued after the 15th March, in any financial year. The expenditure on contingencies should be staggered throughout the year and should be limited in the month of March, so as not to exceed $\frac{1}{12}$ th of the total Budget provision for the purpose. The Supervisory and Inspecting Officers in the course of their visits or inspections of their subordinate offices must take a point of checking the details of contingent expenditure and satisfying themselves that these instructions have not been infringed, that no expenditure has been incurred on avoidable items and that in respect of items which are necessary no lavishness has been indulged in. If any case comes to notice in which Government's instructions have not been observed, the question of taking suitable disciplinary action against the officials at fault should be examined in accordance with proper procedure.

CHAPTER 2.—Definitions.

In this Manual unless the context otherwise requires, the following terms and expressions have the meaning hereby assigned to them. The terms and expressions used in the Manual which are defined in the Constitution of India, or in the Rules and Orders framed thereunder bear the meanings assigned to them in those definitions.

2.1. "Administrative approval", is the formal acceptance by the Administrative Department (defined below) of a proposal to incur expenditure with or without a reference to the Finance Department as the case may be under the Assent Orders or the Delegation Orders appearing in Punjab Financial Handbooks Nos. 2 and 3 (Punjab Financial Rules, Volume I, and the Departmental Financial Rules).

2.2. "Administrative Department" means a department of the Punjab Government, other than the Finance Department.

2.3. "Annual financial statement" or "Budget" means the statement of the estimated receipts and expenditure of the State, for each financial year to be laid before the legislature under Article 202(1) of the Constitution of India.

2.4. "Appropriation" means the amount provided in the Budget estimates of a Unit of Appropriation or the part of that amount placed at the disposal of a Disbursing Officer.

2.5. "Appropriation Bill", means the bill introduced after grants have been made by the Assembly to provide for the appropriation, out of the Consolidated Fund of the State, of all moneys required to meet grants made by Assembly and the expenditure charged upon the Consolidated Fund of the State (Article 204 of the Constitution).

2.6. "Budget Estimates" are detailed estimates of receipts and expenditure of the financial year.

2.7. "Budget year" means the financial year commencing on the 1st April and ending with the 31st March for which the Budget is prepared.

2.8. "Charged expenditure" means such expenditure as is not subject to the vote of the Legislative Assembly under Article 203(1) of the Constitution of India.

2.9. "Controlling Officer" means authority responsible for the control of receipts or expenditure.

2.10. "Consolidated Fund of the State" means the fund into which all revenues received by the Government of the State, loans raised by the Government by the issue of treasury bills, loans or ways and means advances, and moneys received by the Government in repayment of loans, are credited and from which the expenditure of the State, when authorised by the Legislature, is met.

2.11. "Contingency Fund of the State" means the fund in the nature of an imprest, into which shall be paid from time to time such sums as may be determined by law to enable the Governor of Haryana to make advances out of such fund for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature by law under Article 205 or 206 of the Constitution.

2.12. "Detailed estimates" are the consolidated estimates prepared by the Finance Department from the estimates of ordinary expenditure combined with the schedules of new expenditure, list of major and minor works, lists of anticipated excesses and surrenders and estimates of charges in England.

2.13. "Demand for grant" is a proposal made to the legislature on the recommendation of the Governor for appropriation out of Consolidated Fund of the State, for expenditure other than charged (*vide* Article 203 of the Constitution).

2.14. "Departmental estimates" is the estimates of the income and ordinary expenditure of a department, submitted to the Finance Department as the material on which to base its estimates.

2.15. "Detailed Head" is a division of a minor head. Provision should not ordinarily be made under a new detailed

Note—The items of expenditure which are treated as "charged" in accordance with Provisions of the Constitution of India are detailed in Appendix B.

head without the prior approval of the Accountant-General to its operation.

2.16. "Disbursing Officer". A Disbursing Officer is a Government servant who has been declared as such by the Administrative Department concerned in consultation with Finance Department and who draws money for disbursement on bills/cheques from the treasury.

2.17. "Estimating Officer", means the departmental officer responsible for preparing of departmental estimate.

2.18. "Excess grant" means a grant voted by the Legislative Assembly to meet expenditure which at close of the year is found, through the appropriation accounts, to have been incurred in excess of the authorised expenditure under a grant.

2.19. "Exceptional Grant" is a grant made by the Legislative Assembly for an exceptional service which forms no part of the current service of any financial year. [Article 206 (1)(c) of the Constitution].

2.20. "Financial year"—See "Budget year".

2.21. "Grant" means the amount voted by the Legislative Assembly in respect of a demand for grant.

2.22. "Group Head" means a combination of sub-heads under one prominent sub-head, i.e. where several sub-heads form part and parcel of one common sub-head, the latter termed as 'Group Head'.

2.23. "Head of Department" means in relation to receipts and expenditure, under any head of account, the authority shown as such in Appendix 'D', to this Manual.

2.24. "Major Head" means a main head of account for the purposes of recording and classifying receipts and disbursements of the State.

2.25. "Minor Head" means a head subordinate to a major head or a sub-major head.

2.26. "Major work" means a work the estimated cost of which exceeds Rs. 20,000.

2.27. "Minor work" means a work the estimated cost of which does not exceed Rs. 20,000.

2.28. "Modified appropriation" means the sum allotted to any Unit of Appropriation as it stands on any particular date after it has been modified by re-appropriation or supplementary appropriations sanctioned by competent authority.

2.29. "New Service" means a service, expenditure on which is not contemplated in the Schedule of authorised expenditure for the year and for which a reference to the Legislature should be made.

Note—It is difficult to define with any precision the exact meanings of the expression "an object not specifically included in the estimates" or as it is usually termed as "a new service." But the following principles will enable a decision to be arrived at in most cases—

The test which should be accepted in audit as deciding whether a reappropriation is or is not for an object not specifically included in the estimates is whether the re-appropriation is seriously a diversion of funds to a purpose not contemplated by the legislature.

The creation of a post of a new kind not before provided for would undoubtedly be a new service, but to add to the number of officials engaged in an occupation provided for or to add to the pay of any one of them so engaged would not be a step which goes beyond the intentions of the Legislature in voting a grant. In other words, the expression "new service" must be regarded as applying not in the particular way in which money is spent but to the general purpose or object to which it is devoted. The primary test of "newness" of a service is whether or not the Legislature has voted expenditure of a similar nature in past years. In some cases, however, the expenditure on recognized services may from its extent be important enough to be regarded as a "new service."

2.30. "Primary unit of appropriation" is a portion of the supply under each minor head which is allotted to a prescribed sub-division of the head as representing one of the primary objects of the supply.

2.31. "Public Account of the State" is the account into which all public moneys other than those which form a part of the Consolidated Fund of the State, received by or on behalf of the State, are credited and from which disbursements are made in accordance with the prescribed rules. [Article 266(2) of the Constitution].

2.32. "Reappropriation" means the transfer of savings under the appropriations for unit of appropriation to meet excess expenditure anticipated under another unit.

2.33. "Revised estimate" is an estimate of the probable receipts or disbursements for a year framed in the course of the year with reference to the transactions already recorded.

2.34. "Secondary unit of appropriation" is a division of the appropriation for a primary unit and where definitely prescribed by the Finance Department appears in the accounts maintained by the Accountant-General.

2.35. "State expenditure" includes expenditure on any State subject included in List II of Seventh Schedule of the Constitution of India or other expenditure that may be incurred by the State under Article 282 of the Constitution.

2.36. "Sub-Head" means a head subordinate to a minor head.

2.37. "Sub-major head" means an intermediate head of account introduced between a major head and the minor heads under it, when the minor heads are numerous and can conveniently be grouped together under such intermediate heads.

2.38. "Supplementary appropriation" means an addition to the amount included in the schedule or in a supplementary schedule of authorised expenditure.

2.39. "Supplementary grant" means a grant voted by the Legislative Assembly on a supplementary statement of expenditure presented to it within the current financial year.

2.40. "Supplementary Appropriation Bill" means the bill authenticated by the Governor with reference to a supplementary statement of expenditure presented to the Legislature.

2.41. "Supplementary statement of expenditure" means the statement to be laid before the legislature showing the estimated amount of the expenditure over and above the expenditure authorised for that year (Article 205 of the Constitution).

2.42. "Technical sanction" is the sanction of the competent authority to a properly detailed estimate of the cost of a work of construction or repair.

2.43. "Token demand" is a demand made to the Legislative Assembly for a nominal sum when it is proposed to meet from savings within the grant expenditure which as constituting a "new service" not contemplated in the

budget of the year may not be incurred without the specific vote of the Assembly. The funds required in this connection are appropriated when the Appropriation Bill is enacted.

2.44. "Unit of appropriation" means the lowest account head for which a specific appropriation is placed at the disposal of a spending authority.

2.45. "Voted expenditure" means such expenditure as is submitted to the vote of the Legislative Assembly with reference to Article 203(2) of the Constitution of India.

2.46. "Vote on Account" is a grant made by the Legislative Assembly in advance, in respect of the estimated expenditure for a part of any financial year, pending completion of the procedure prescribed in Article 203 for voting of such grant and the passing of law in accordance with the provisions of Article 204 in relation to that expenditure [Article 206(1)(a) of the Constitution].

2.47. "Vote of Credit" is a grant made by the Legislative Assembly for meeting an unexpected demand upon resources of a State when on account of the magnitude, or the indefinite character of the service the demand cannot be stated with the details ordinarily given in an Annual Financial Statement. [Article 206(1)(b) of the Constitution].

CHAPTER 3.—Preparation and submission of the Departmental Estimates.

3.1. The Finance Department is responsible for the preparation of the annual statement of the estimated receipts and expenditure. In order to obtain from the Departments concerned material on which to base its estimates of revenue and expenditure to be laid before the Legislative Assembly each year the Finance Department will arrange to supply to the Heads of Departments by a date not later than the 1st July each year blank forms in which their estimates are to be prepared and submitted. Such forms will contain columns, arranged as in Form B.M.-1 to show in the case of revenue or expenditure, as the case may be,—

- (a) actuals of the previous financial year;
- (b) original estimate of the current year;
- (c) as regards revenue only, the revised estimate of the current year;
- (d) as regards expenditure only, the modified grant for the current year;
- (e) budget estimate proposed for the coming year.

These will be supplied in quadruplicate in respect of each minor head of account and detailed head, etc., subordinate to a minor head. Under certain receipt heads where second estimates are required to be submitted by the Head of Department concerned, extra copies of Forms B.M.-1 will be supplied. The Head of Department concerned will, in turn, arrange to supply the copies to the Collecting Officers and Disbursing Officers subordinate to him (in respect of whom he will maintain a complete list in his office).

3.2. The Finance Department will arrange to supply by the 1st July each year to the Heads of Departments named in Appendix D four copies of printed forms in which their departmental estimates are to be prepared and forwarded to the Finance Department along with four copies of the

Appendix to the Volume of the Budget Estimates relating to the number of posts and scales of pay of both permanent and temporary officers and establishments. The printed forms shall contain columns, arranged as in Form B.M.-2, to show in the case of either revenue or expenditure, as the case may be—

- (a) budget estimate proposed for the coming year, to be entered by Finance Department;
- (b) revised estimate of the current year, to be entered by the Finance Department;
- (c) as regards expenditure only and in the summary of minor heads only modified grant as it stood on 20th September;
- (d) original estimate of the current year;
- (e) accounts of the year just closed;
- (f) original budget estimate of the year just closed;
- (g) actuals of the two years preceding that just closed;
- (h) actuals of previous year for last 6 months;
- (i) actuals of current year for first 6 months;
- (j) as regards revenue only, the revised estimate proposed by Head of Department; and
- (k) new budget proposed by Head of Department.

The figures of actuals for the first two of the three years preceding that then current and of the original estimate of the current year, also the original estimate of the year just closed will be entered by the Finance Department in the forms before issue.

A similar form will be sent to the High Commissioner for India in U.K. in September for his estimates.

3.3. The Collecting or Disbursing Officer will fill in the forms received by him under paragraph 3.1 and after signing them, forward them to the Controlling Officer for the particular minor or detailed head concerned, accompanied, where he considers this necessary, by an explanatory note showing the reasons for his proposals. If the Controlling Officer and the Head of Department are the same, two copies will be sent. If the Controlling Officer is not also Head of the

Disbursing and Controlling Officers of the cost of permanently sanctioned establishments, fixed allowances, contract contingent grants etc.

In compiling the estimates in Form B.M.-2, the Head of Department will round off figures under each item to the nearest ten, i.e., the figures 4 or less should be ignored while 5 or over should be raised to the ten [above.

(c) The Head of Department will prepare a budget note, on behalf margin and on one side of the paper, containing his own proposals and reasons for them arranged by minor or sub-heads and primary units, etc., in the same order in which his budget has been consolidated. Each primary unit should be dealt with separately. The Budget note should contain an explanation of the differences between the proposed figures for the next year and figures of the budget estimates of the current year as shown in the final edition. It is important to explain the cause of increases under Pay of Establishment and Officers whether it is natural increments or sanctioned increases of establishment. Under other primary units increases unless satisfactorily explained will be cut out by the Finance Department.

The details under other contingencies will be shown by the Head of Departments in the budget note itself. The provision proposed for the budget year will be compared in the budget note with that provided in the current year's budget.

The budget note should also contain a concluding paragraph comparing the current year's budget excluding non-recurring items of new expenditure, which are to be provided through the Schedule of New Expenditure for the next year or which are not proposed to be undertaken with the proposed Budget for the next year; and then sum up the important reasons for increases or decreases, as indicated by this comparison.

3.6. A copy of form B.M.-2 and the budget note will be forwarded by each Head of Department to the Finance Department by the date noted in Appendix 'C'. A copy of the appendix to the volume of the Budget Estimates relating to the number of posts and scales of pay, supplied to him under

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[3.7

Paragraph 3.2 above, will also be returned to the Finance Department after making necessary corrections. Simultaneously, the Heads of Department will send two copies of the appendix with the abstract statement in form B.M.-3 to the Audit Office for checking the number of posts and the pay scales. One copy of the same duly checked will be supplied by the Audit Office to the Finance Department direct.

3.7. The Accountant-General will furnish the necessary data and suggest the estimates in respect of the following heads of account :—

049—Interest Receipts.

066—Contributions and Recoveries towards Pension and other Retirement benefits.

065—Other Administrative Services *(i) Fees for Government audit. †(ii) Collection of payments for service rendered.

‡363—Compensation and assignment to Panchayati Raj Institutions. Local Bodies and Assignments and Compensations. (Pensions in lieu of resumed lands)

249—Interest Payments.

266—Pensions and other Retirement Benefits.

254—Treasury and Accounts Administration—Local Fund Audit.

State Provident Funds.

*Prepared by Examiner, Local Fund Accounts.

†The Accountant-General will supply figures of leave salary contribution, etc., of officers lent to foreign service.

‡The Accountant-General will forward the estimate to the Financial Commissioner.

Cash remittances and adjustments
between officers rendering
accounts to the same Accountant
General.

Remittances by Bills.

Note. —The estimates under the heads "State Provident Funds", "Cash remittances and adjustments between officers rendering accounts to the same Accountant-General" and "Reserve Bank of India Remittances", will be furnished to the Finance Department twice, once by the middle of November based on 6+6 months' actuals and again by the middle of January based on 8+4 months' actuals.

3.8. In preparing their estimates the Collecting or Disbursing Officers and superior Estimating Officers will be guided by the instructions contained in the following chapters. They should bear in mind that the Finance Department is responsible only for the correctness of the estimates framed on the material so supplied, but for the correctness of that material the Collecting or Disbursing Officer, as the case may be, and superior Estimating Officers are responsible.

CHAPTER 4.—Estimates of Revenue and Receipts.

CURRENT BUDGET

4.1. As the estimates of revenue which appear in the Budget are not distributed the Collecting Officer will repeat in the Column for the current year's Budget in Form B.M.-1 the proposals he made last year.

REVISED ESTIMATES

4.2. The revised estimates are forecasts, as accurate as it is possible to make at the time, of what the actual receipts of the year will be : and the most important guide to their preparation will, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared with those of the corresponding period of the previous year, he will, *ceteris paribus*, be justified in assuming a continuance of the growth or decline at the same rate during the remaining months. The proportionate estimate based on this assumption, should, however, be corrected by a consideration of any other materials which are available for the formation of a sound forecast : earlier collection of a revenue, for instance, or the anticipation of agricultural or commercial depression may suggest that the rate of growth or decline will be retarded or accelerated, and the proportionate estimate should, therefore, only be used by the Estimating Officer as one among a number of factors which influence his decision. It is also rarely suitable for use in estimating land revenue and other receipts for which a fixed demand is formulated or income, such as that from the sale of land and houses, which necessarily fluctuated widely from year to year.

4.3. In all cases the reasons which have determined the Collecting Officer to adopt the figures which he proposes should be briefly, but clearly explained. This explanation should recount the particular circumstances which have, in his opinion, led to a recorded increase or decrease in the revenue of the earlier months, and the grounds on which he expects to obtain the balance of the estimate in the latter part of the year ; it should not be merely mechanical. A statement that the revised estimate

is based on the income to date plus that anticipated during the remaining months of the year is merely an arithmetical explanation, and is of no assistance to Controlling Officers in deciding whether the estimate is reasonable.

BUDGET ESTIMATES

4.4. The actuals of previous years and the revised estimates ordinarily afford the best guide in framing the Budget estimates : and a continuance of any growth or decline in income indicated by them, may, in the absence of definite reasons to the contrary, properly be assumed in all cases in which the proportionate estimates can be usefully employed. But special attention should be paid to new sources of revenue of which account has not been taken in previous years. The reasons which have led to the adoption of the figures for the Budget estimates should be briefly and clearly explained.

SPECIAL INSTRUCTIONS WITH REGARD TO PARTICULAR ESTIMATES

4.5. 029—*Land Revenue*.—(1) This Budget will be submitted by Deputy Commissioners direct to the Financial Commissioners by 10th October, with the *tauzih* for September. It will be consolidated in Form B.M.-2 in the Financial Commissioner's office and submitted to the Finance Department not later than 1st November.

(2) A statement will be attached in the Form B.M.-4. This form shows the actual Demand, Collections and Balance up to the date of its submission, and also the Deputy Commissioner's estimate for the whole of the current and following years. The totals for revised and Budget in column 4 (Collections) must agree with the totals for the current and following years in the Budget.

(3) Copies of the Budget and annexure should at the same time be sent by Deputy Commissioners to Commissioners who need take no action on them unless they consider them defective in which case they should address the Financial Commissioners by letter.

(4) The annexure should be consolidated into one total by the Financial Commissioners which should be forwarded with the Budget, together with the annexure in original, to the Finance Department.

(5) Each Deputy Commissioner should prepare on the basis of the most recent information available, a final estimate for all detailed heads subordinate to the major head 029—Land Revenue, and submit it to the Controlling Officer concerned by the 10th January each year in the same form as the original estimate. The Controlling Officers should send the final estimate to the Financial Commissioner who in turn should send it to the Finance Department duly completed in Form B.M.-2 and accompanied with a statement in Form B.M.-4 as regards Ordinarily Revenue and a note explanatory of the variations, not later than 25th January.

(6) The Financial Commissioners should in their Budget estimate under the head 029—Land Revenue Budget for credits to State Revenues on account of adjustment between the Civil and Military estimates of expenditure in connection with annual military grant of land and jagirs.

4.6. 039—*State Excise*.—The Financial Commissioners will submit to the Finance Department by 25th January, the most accurate forecast possible of the Excise Revenue for the succeeding financial year, together with fresh revised figures for the current year in Form B.M.-2.

4.7. 030.—*Stamps and Registration Fees*.—The Financial Commissioner will submit to the Finance Department by 25th January the most accurate forecast possible of the revenue under Stamps for the succeeding financial year, together with fresh revised figures for the current year in Form B.M.-2.

4.8. 049.—*Interest Receipts*.—In the State accounts this head is intended for showing the interest recoverable on loans and advances given by State Governments. It also includes the receipts on account of interest on investments of State balances in treasury bills or other securities of the Government of India. Each officer, who submits an estimate in Form B.M.-1 for interest on any class of loan included in the State Loan Form B.M.-5 showing the rate of interest recoverable and other information as required therein. The Head of Department, who prepares and submits the estimate in Form B.M.-2, will consolidate these statements and forward to the Finance Department, with his estimate, one statement for the whole State for each class of loan dealt with.

With a view to obtaining a later and more accurate estimate, Heads of Departments concerned should furnish Finance Department by 15th January, each year with an estimate of interest in Form B.M.-5. Any change proposed in the figures furnished in the earlier statement should be supported by explanatory memoranda.

4.9. 082.—Public Health—Sanitation and water supply.—It sometimes happens that the grant made to a local body by the Sanitary Board is not utilised in full and the unspent balance is to be refunded to Government. Such unspent balance must, under the audit rules, be brought to account as a receipt of the department concerned. The Director of Public Health will provide in his estimates of revenue and receipts under head 082—Public Health for any such recoveries of unspent balances.

4.10. 104.—Other General Economic Services and other Functional heads concerned.—Deputy Commissioners will prepare the estimate of receipts under this detailed head. The estimate should take into account all receipts likely to be realised from fees charged to petition-writers and deed-writers allowed to practise in Kacheri compounds, and from shop rents and other fees charged to sweetmeat-sellers and vendors of other eatables, and other miscellaneous income creditable to the Kacheri Fund.

4.11. The Financial Commissioner should submit to the Finance Department by the 25th January, each year a final forecast in Form B.M.-2 for the revised estimate of the current year and the Budget estimate of the following year for all heads subordinate to the major head 068.—Misc. General Services. In order to enable the Financial Commissioner to prepare this forecast, the Deputy Commissioner or Colonization Officer should submit to the Financial Commissioner not earlier than 1st January and not later than 16th January a final estimate in the same forms as the original estimate.

4.12. Re-payments of Loans and Advances.—Recoveries or re-payments of loans and advances included in the State Loan and Advance Account are taken as an item of receipt in the accounts. In preparing their estimates of loan and advances likely to be required the authorities named as Heads of Departments in Appendix 'D' will at the same time forward an estimate of the re-payments or recoveries expected both for the current year and

for the ensuing year in respect of the class of loans for which they are responsible.

4.13. Accountant-General will be supplied with first edition notes under receipt heads before the 15th December each year in order that his comments based on seven months' actuals may be sent in so as to reach the Finance Department by the first week of January. Accountant-General will supply the Finance Department for the purpose of its final revise notes nine month's actuals under the following heads by the 27th January, each year :—

113—Forests.

065—Other Administrative Services. A. Administration of Justice.

077—Education.

080—Medical.

105—Agriculture.

“Other Receipt” under residuary Major head in each Section.

068—Misc. General Services-unclaimed deposits.

CHAPTER 5.—Estimates of Ordinary Expenditure

5.1. The estimates of ordinary expenditure relate to such expenditure as is expected to be incurred during the next year for the normal working of the department, with reference to existing sanctions. These estimates do not include items of "New Expenditure", which are separately shown in the Schedule of New Expenditure.

The principles which should guide the estimating officers in deciding whether expenditure of a particular kind is to be included in the estimates of ordinary expenditure or in the schedule of new expenditure are as follows :—

I.—For inclusion in the schedule of new expenditure :

- (a) Expenditure relating to a *new service for which the Legislature has not previously voted provision.
- (b) Expenditure relating to a re-organisation of an existing service or to a substantial addition to an existing service of such importance as to make it desirable that the attention of the Legislative Assembly be particularly directed to the expenditure involved.
- (c) Expenditure relating to temporary establishment which has been included in a previous schedule of new expenditure or in a supplementary estimate and the retention of which was approved by the Assembly for a period less than that now required.

Note.—In cases where such expenditure has been voted by the Assembly for a period extending over a number of years, it should be shown in the ordinary budget for those years with a distinct mark (N.R.) and separate from the lump provision for temporary establishment, with an indication of the period, e.g., "4 Temporary draftsmen (N.R.) till 28th February, 19....."

- (d) Any non-recurring grant-in-aid, contribution or donation even though provision was made for it in the original or supplementary estimates of the current year.

Note.—A grant-in-aid voted for a stated or defined period will be treated as a non-recurring grant and included in the estimates of new expenditure after the expiry of the sanctioned period.

*The term "new service" is defined in paragraph 2.29.

- (e) Any excess over the lump provision included in the last final edition of the Budget for recurring grants.

II.—For inclusion in the estimates of ordinary expenditure

Expenditure other than that falling in the category of new expenditure.

Note—An ordinary increase in establishment required for an existing service to which the assent of the Finance Department has been obtained even though no appropriation has been made for it in the current year will be included in the estimates of ordinary expenditure. Similarly an increase over the provision made for Travelling Allowance, Other Allowances and Honoraria and Contingencies in the final edition of the current budget will be included in the estimates of ordinary expenditure provided they do not contemplate any new service or form part of a "new service".

REVISED ESTIMATES

5.2. The revised estimates are prepared from the statements of excesses and surrenders submitted by Heads of Departments in accordance with the instructions contained in Chapter 13.

It is used chiefly as a guide for the estimates of the next year.

BUDGET ESTIMATES

5.3. *Estimates to be complete and accurate.*—The Budget estimates of ordinary expenditure should be framed as accurately as possible. In framing these estimates it is necessary to exercise the utmost foresight. All items of expenditure that can be foreseen should be provided for and care should be taken, in consultation with the Accountant-General, where necessary, to see that the provision is included under the proper sub-heads. While provision should be made for all items that can be foreseen, it is essential that the amount of provision should be restricted to the absolute minimum necessary.

The estimates should be prepared on the basis of what is expected to be actually received or paid (under proper sanction) during the ensuing year and not only for the demand or the liability following due within the year. In no case should merely the net receipt or the net charges be entered but the gross transactions in full even where the receipts are to be shown as deduction from the expenditure.

To ensure accurate budgeting, heads of departments should review from time to time all sanctions to fixed establishment and recurring contingent expenditure; with a view to confirm or revoke such sanctions. What are called fixed establishments are not irrecoverably fixed for all time and should be brought under the formal review of heads of departments from time to time. Even when there is no thought or intention of making any change in establishments, it would still seem to be desirable that heads of departments should review the entire estimate of the requirements of their departments. This review can be carried out suitably by maintaining a register of sanctions. Similarly sanctions to recurring contingent expenditure should also be brought under the review of heads of departments from time to time.

All estimating officers must know that an avoidable extra provision in an estimate is as much a financial irregularity as an excess in the sanctioned expenditure and it can sometimes lead to serious consequences for which the officers found to be at fault may be held personally responsible.

Note—The dates for the submission of "Expenditure Estimates" to the Finance Department are laid down in Annexure I to Appendix C of this Manual.

5.4. *Obsolete items to be omitted.*—The estimates of the current year must not be accepted blindly as a basis for framing estimates of the next year. The need for every item must be fully scrutinized before it is entered in the estimates. The general tendency to take the current years estimates for granted and adding something to certain items on which increased expenditure is foreseen is to be strongly deprecated. The estimating officer must give his closest personal attention to each and every item and particularly see that the items of expenditure which have become obsolete are omitted. He should, further, see that provision for all expenditure that can be reasonably foreseen and does not constitute 'new expenditure' is made in the estimates. Care must, however, be taken that no provision for increased expenditure is included unless it has been sanctioned by the competent authority, and that even in the case of a sanctioned scheme, provision is made for only so much of it, as can actually be brought into effect in the budget year. When any item of expenditure, although covered by standing sanction, is to be held in abeyance under the orders of the competent authority, provision for it should be omitted. If it is proposed that it should be revived specific reference to the competent authority should be made well in time and

in that case the estimating officer can include the provision in the estimates by making a specific reference to this effect in his explanatory budget note at the appropriate place.

5.5. *Past liabilities to be included.*—An estimate should be for what is expected to be actually *paid during the year, including the arrears of the past years and also the liabilities falling due within the year.

5.6. *Estimates for pay and leave salaries of Officers and Establishment.*—In framing estimates for sanctioned establishment whether permanent or temporary, the pay including increments, which is likely to be drawn by persons on duty during the year should be provided for. No provision should be made in the estimates for appointments to be held in abeyance. Provision for those who are on deputation or absent in other ways and unlikely to return to the strength within the period should be excluded. In cases of establishments having no leave reserve an entry should be made for leave salary in India in one entry under the primary unit 'Pay of Officers' or 'Pay of Establishment', as the case may be. This should represent an estimate of the actual amount to be paid to Government employees on leave. Leave salary on account of officers on leave in England will be provided for in the estimates of "Charges in England" and should not, therefore, be included here. Finally a deduct entry should be made for 'probable savings' where experience shows that savings may be anticipated for other reasons. A comparison of the previous budget with actuals will show where the budget went wrong before and will enable the Head of the Department to estimate with ever-increasing accuracy.

The estimates for pay of officers and non-gazetted establishment on time-scales of pay should be accompanied by a nominal roll in form B.M.-10 showing the pay to be drawn by each officer during the year for which the estimate is made. The nominal roll should be prepared separately for gazetted and non-gazetted officers and submitted in duplicate, one copy being forwarded to the Accountant-General and the other to the Finance Department along with the departmental estimates.

*Note.—Net charges after making deductions for contributions to the provident fund and other similar deductions should not be shown but the gross transactions in full, unless in any particular case there are instructions to the contrary.

Provision for overseas pay drawn in India should be budgeted for by Heads of Departments in their estimates for 'Pay of Officers', Overseas pay payable in sterling will be provided for by the High Commissioner for India in his estimates.

5.7. Numerical Strength and Pay Scales.—The number and rates of pay of permanent officers and establishment, as shown in the Appendix to the Volume of Budget Estimates, supplied in accordance with para 3.2, should be checked and corrected where necessary. One copy will be returned to Finance Department and two copies with abstract statement in Form B.M.-3 to the Audit Office, as laid down in para 3.6.

5.8. Provision for T.A. and other Allowances.—Lump provision may be included for travelling allowance and other allowances and honoraria. Any excess over the provision made in the final edition of the current year's budget should be explained, otherwise the Finance Department will reduce the estimate to the provision in the current year's budget.

All compensatory allowances whether drawn by establishments included under the primary units of appropriation 'Pay of Officers' and 'Pay of Establishment' or by Class IV Government Employees whose pay is shown under 'Contingencies', should be budgeted for under the primary unit 'Other Allowances and Honoraria'.

5.9. Provision for Contingencies.—Estimates for fluctuating items of expenditure under Contingencies should be based on the allotment for the current year viewed in the light of the average of the past three years' actuals and allowance made for causes likely to modify that figure. Any excess over the current budget should be explained or it will ordinarily be reduced by the Finance Department.

The departmental estimating officers should attach an abstract statement in Form B.M.-3, which should show amount in respect of each of the recognised items of expenditure comprising the estimate of other Contingencies.

In the case of Contract Contingent charges, only the sanctioned contract grant, plus the reserve, if any, placed at the disposal of the Head of the Department, should be shown. No

additional provision should be made in the estimate without the sanction of competent authority.

5.10. Provision of losses.—Provision for losses should not ordinarily be made in the budget. If, however, the nature of the work of a department is such that some losses must be regarded inevitable each year, provision may be made with the special sanction of the Finance Department in each case.

5.11. Grants-in-aid to local bodies.—All expenditure from Government revenues in municipalities, notified areas or small towns other than loans granted by Government under the Local Authorities Loans Rules will (unless special orders are issued to the contrary) take the form of grants-in-aid to the Local Bodies concerned.

Grants-in-aid to local bodies for any of the purposes mentioned below will be budgeted for under the heads of account and by the Heads of Departments named in each case, and (unless in any case special orders are issued to the contrary) included in the estimates concerned :—

Purpose of grant-in-aid	Head of account under which to be budgeted for	Head of Department
Educational	277—Education—B and C—Grants	Director of Public Instruction
Medical	280—Medical—Grants to hospitals and dispensaries	Director of Health Services
Public Health	282—Public Health—Grants for Public Health purposes	Director of Health Services
Communications	259—Public Works—Grants in-aid	President, Communications Board
Consolidated and Development grants to Zila Parishads	Under Major/Minor heads concerned	Commissioner, Agricultural Production and Rural Development and Secretary to Government, Haryana, Panchayat & Development Department.

The Head of the Department will make his own rules (under the orders of the Minister concerned) for the sub-mission by authorities subordinate to him of applications or forecast of applications for grants or other material on which to base these estimates. The Head of Department should decide, in accordance with the principles laid down in paragraph 5.1, whether the whole grant or a portion thereof should be included in the estimate of ordinary expenditure or new expenditure.

5.12. Estimates of Loans and Advances by the State Government.—(a) The account relating to loans granted by the State Government will comprise loans falling under one or other of the following classes, which are treated in the accounts as minor heads :—

Class I.—Advances to cultivators granted under—

- (1) Land Improvement Loans Act, 1883.
- (2) Agriculturists Loans Act, 1884.
- (3) The Canal and Drainage Act, 1873.
- (4) Co-operative Credit Societies Act, 1963.

Class II.—Advances under Special Laws.

Class III.—Loans to Landholders and other Notabilities.

Class IV.—(i) Loans to Municipalities.

- (ii) Loans to District and other Local Fund Committees.

Class V.—(i) Loans under the Punjab State Aid to Industries Act, 1935.

- (ii) Loans by Director of Welfare, Scheduled Castes and Backward Classes, Haryana.

Class VI.—Other Loans—

- (i) Loans under Low Income Group Housing Scheme.
- (ii) Loans under Middle Income Housing Scheme.
- (iii) Loans under High Income Group Housing Scheme.
- (iv) Loans to Co-operative Societies of Industrial Workers under subsidized Industrial Scheme.
- (v) Loans under Punjab State Aid to Industries Act.

- (vi) Loans to Municipalities under the National Water-supply and Sanitation Scheme.
- (vii) Loans for building houses at Chandigarh.
- (viii) Loans to deserving persons of Scheduled Castes, Scheduled Tribes and Backward Classes.
- (ix) Loans under Slum Clearance Scheme.
- (x) Loans to poor students of various Engineering Institutes.
- (xi) Loans to Village Panchayats under Revenue Earning Scheme.
- (xii) Loans to Haryana State Electricity Board.
- (xiii) Loans to Harijans for purchase of Evacuee Lands.
- (xiv) Loans and Advances under the Community Development Programme.

(b) In the case of loans falling under Class IV, the estimates should include provision only for specific loans for which the applications have been received. All such loans should be given in detail. Heads of Departments will also deal with the revised estimates for the current year and explain in detail causes of variations between the sanctioned estimates and their proposed revised estimates.

(ii) With a view to obtaining a later and more accurate and revised estimate the Heads of Departments should furnish by the 15th January each year in form B.M.-11 revised figures in regard to fresh advances or repayments of loans already made. Any change proposed in the figures furnished in the earlier statement should be supported by explanatory memoranda.

For determining excess over the grant Heads of Departments should also furnish to the Finance Department by the 15th January each year a final statement only of excesses and surrenders for various classes of loans and advances.

Chap. 5] ESTIMATES OF ORDINARY EXPENDITURE [5.13—5.14

In regard to loans to local bodies, Deputy Commissioners, on the basis of the loan applications received, will intimate to Government in the Finance Department direct by the 1st February at the latest, provision to be excluded from the new budget. In the absence of any intimation it will be taken for granted that all loans provided for will be taken by the local bodies concerned.

(iii) The authority required to submit these estimates will make his own rules (under the orders of the Minister concerned) for the submission by authority subordinate to him of estimates, applications or forecasts of applications for loans or other material on which to base his estimates.

(c) *Estimate of loans to Government employees.*—Estimates of advances admissible under Chapter X of Punjab Financial Rules, Volume I, will be framed by the Finance Department on the basis of information supplied by heads of departments which they will submit, not later than 10th October each year in Form B.M.-1. Any modification of the original proposal can be communicated direct to the Finance Department by the 15th of January.

Note.—Receipt estimate will be prepared by the Finance Department without obtaining any material from heads of departments.

5.13. Rewards for passing examinations in Oriental languages.—Provision for these rewards should be made by Heads of Departments in their respective budgets under the primary unit "Other Allowances and Honoraria". For this purpose it is necessary for Heads of Departments to ascertain which of their officers are likely to present themselves for examination in the year.

5.14. Inter-Governmental adjustments.—(a) As the closing balance of a Government at the end of the year will be a credit in the books of the Reserve Bank as on 31st March with a physical amount of cash in its treasuries and sub-treasuries on that date, no inter-Governmental adjustments can be carried out after the 15th April on which date the books of the Bank are closed for the month of March. Every endeavour must, therefore, be made to settle, as far as possible, all book transactions before the close of the year and reduce the number of the outstandings to the minimum as adjustments that remain unadjusted will be taken against the balances of the Governments concerned in the accounts of the subsequent year.

These adjustments may be classed broadly under the following categories :—

A.—Adjustments of which the amounts are fixed before hand by competent authorities and are not dependent upon the actuals of the year.

B.—Adjustments made on the basis of actuals for the year—

(a) on account of the sanctioned cost of an establishment or a share thereof ;

(b) on account of the cost of service calculated at agreed rates or on a share of percentage of actual expenditure.

As regards items falling under Class A, the adjustments can be made before the close of the year. Similarly in regard to items falling under Class B(a), the data for calculating the amount being fixed, the adjustments can be affected before the close of the year. In respect of items falling under category B(b) the adjustments might be affected within the financial year on the basis of a calendar year. In cases, however, where the devise of the calendar year cannot be suitably adopted, adjustments may be made on the basis of approximate figures, the final corrections being thrown into the accounts of the next year.

(b) Estimates of claims likely to be made for a particular year should be submitted by Heads of Departments to the Administrative Department not later than 10th October of the previous year. Any changes which Heads of Departments consider necessary in the estimates for the current year should also be intimated at the same time. If no change is called for, an intimation to that effect should be sent. The amounts will be communicated by the Administrative Department to other Governments, etc., for inclusion in their estimates. They will be included in the estimates of this Government on the receipt or expenditure side according to the rules relating to the exhibition of recoveries in the Government accounts contained in Appendix E. The deduct entries on expenditure side should be exhibited under the head

“Charges Recoverable from other Governments, etc.” subordinate to the minor or sub-head concerned, under which charges for services rendered to another Government, etc., are booked. Where such entries are exhibited, the gross is carried over to the summary by minor heads.

For adjustment of actual expenditure, Head of Department concerned will furnish necessary information to the Administrative Department as soon as accounts for December are closed, but not later than 10th February.

5.15. Interest on Capital.—Provision for interest on Capital will be made in the estimates relating to commercial departments such as Forest, Irrigation, etc. Such provision will be estimated by the Head of Department concerned on the basis of the Capital invested and the rate of interest indicated below :—

- | | |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| (a) for Capital outlay met out of specific loans raised by the State Government in the market | At the rate actually paid on such loans plus the percentage rate of the cost incurred on raising such loans. |
| (b) for Capital outlay financed otherwise than from borrowings in the market— | |
| (i) <i>Pro forma</i> Irrigation Capital outlay up to the extent of Rs. 10 crores | At 3.5 per cent per annum. |
| (ii) Other Capital outlay | At 4 per cent per annum. |

5.16. Provision for decretal amounts, etc.—Expenditure on payments made in satisfaction of any judgement, decree of award of any Court or arbitral tribunal, is to be treated as ‘charged’ on the consolidated fund of the State. Provision for such expenditure, should, therefore, be shown in the estimates as ‘charged’.

5.17. *Items of Charged expenditure.*—“Charged” items should be shown in red ink and details given separately of the items included in this category, from those of “voted” items.

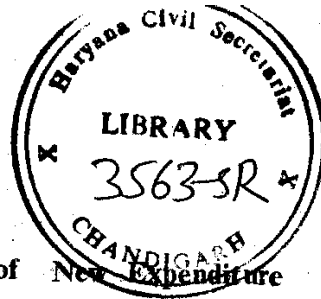
5.18. *Lump cut for savings.*—The Head of Department should include, where considered necessary, under primary unit, rather than in the grant as a whole, a lump cut for savings based on his knowledge of the probable course of expenditure and past experience.

5.19. Special instructions in regard to the preparation of the estimates of P.W.D. are shown in appendices ‘G’ and ‘H’ and for certain other estimates in appendix ‘F’.

Not in 2013

CHAPTER 6.—List of Late Sanctions

This list was previously meant for belated items of ordinary expenditure, as were sanctioned between 20th September and 15th November, with effect from a date within the current year. However, this list has since been discontinued.



CHAPTER 7.—Estimates of New Expenditure

7.1. Under the Rules of Business Finance Department is required to examine and advise on all schemes of 'New Expenditure' for which it is proposed to make provision in the estimates.

It is not possible to define rigidly the term 'New Expenditure', and in actual practice, based on convention, it bears a wide interpretation. Broadly speaking, expenditure involved on a New Scheme, in the adoption of a new policy, provisions of a new facility, or any substantial alteration in character or extent of an existing facility, is normally treated as constituting 'New Expenditure'. In some cases, increase in expenditure, other than increase due to normal growth or rise in prices; on the extension or development of an existing scheme or facility is also, where it is appreciable, treated as 'New Expenditure.'

7.2. The estimates of 'New Expenditure' consist of two classes, namely, 'New Expenditure' on works to be carried out by the Public Works Department and other 'New Expenditure'. The 'List of Major and Minor Works' deal with the former class and the "Schedules of New Expenditure" with the latter.

The provision for determining the items to be included in the Estimates of 'New Expenditure' are laid-down in paragraph 5.1 of this Manual.

7.3. To enable a proper and detailed examination to be carried out by the Finance Department, the departments should arrange to send to the Finance Department all proposals involving new expenditure on technically new schemes and new schemes both for Plan and Non-Plan strictly in accordance with the Schedule of dates prescribed in Annexure I to Appendix 'C'. The total departmental effort should be presented at one place *in a single case* for each of the categories 'Technically New Schemes' and 'New Schemes'. The Finance Department shall ordinarily decline to provide in the estimates any scheme which has not been submitted in time by the Administrative Department and administratively approved by the Finance Department, after proper examination. The Schedules and Memoranda should likewise be submitted to the Finance Department according to the dates prescribed in the said Annexure I.

The following instructions should be observed carefully by the Administrative Department when preparing such proposals :- Estimate for New Exp.

- (a) While forwarding its case, the Department should send to the Finance Department, in addition to individual schemes and the connected files, information in statements No. I to III referred to in Annexure I (Appendix C) which will indicate the extent of the total departmental effort. A brief Memorandum bringing out the salient points should also accompany the case of the Department. At the same time the information in respect of individual schemes relating to proposals for staff or for works expenditure (in departments other than B & R., Irrigation and Capital) should be furnished by the Department, in the *pro-forma* given in Annexure II of Appendix 'C', along with the individual files;
- ✓(b) a clear statement should be made of the additional expenditure arising out of travelling allowance, other allowances and honoraria and contingencies;
- ✓*(c) if a scheme involves the construction of buildings or other works the cost of such works should be stated;
- ✓(d) if the cost of a scheme is likely to increase from year to year the ultimate liability of Government should be specifically stated;
- ✓(e) if a scheme involves any loss of revenue to Government, this should be stated ;
- ✓(f) the proposals should show clearly what expenditure, if any, will be incurred in England;

*Proposals for minor works are not required to be referred to the Finance Department.

(g) "Hill Area Schemes" should be shown under a separate heading 'Hilly Area Schemes' in the Schedules of New Expenditure under the relevant Major Head/Plan Head. Each scheme will then be exhibited in the Budget as a separate sub-head under the Major Head concerned.

Note.—The Department may, at their option, send the cases individually or in one lot/group-wise. However, after the schemes have been got approved, a memorandum explaining the overall assessment of the departmental effort major headwise/plan headwise, separately for Non-Plan/Plan schemes, may be forwarded to the Finance Department along with the schedules and the memoranda for Technically New and New Schemes.

7.4. When administrative approval has been given to a major work which is to be carried out by the Public Works Department and it is intended to include the work in the lists of major and minor works, the Administrative Department will submit to the Secretary, Buildings and Roads Branch, Public Works Department, a statement in duplicate, in form B.M.-17 before the 15th* August. The first 9 columns of the form will be filled in by the Administrative Department. The Administrative Department will in turn forward the form in original to the Finance Department along with the lists of major and minor works and will also enter in the lists of major works the amount proposed by the Public Works Department.

7.5. After Administrative approval is accorded, the schedules of new expenditure will be prepared by Heads of Departments in form B.M.-16 and lists of major and minor works in form B.M.-18 in accordance with the instructions contained in paragraphs 7.6. and 7.7. They will be submitted in duplicate by Heads of Departments to Government in the Administrative Department not later than 20th September each year and the Administrative Department shall arrange to send a copy to the Finance Department not later than 1st October. The Administrative Department will check, if necessary, the order of urgency as shown in the schedules or lists and will exclude therefrom any item to which administrative approval has not been given.

*In the case of works proposed for inclusion in a supplementary demand, a statement in form B.M. 17 shall be submitted by the Administrative Department to the Secretary, Buildings and Roads Branch, Public Works Department as soon as permission to include the work in the supplementary estimates has been accorded.

Where no expenditure is proposed under any "grant" or major head, the Head of Department shall report that the return is blank.

7.6. The following instructions should also be observed in preparing the schedules of new expenditure or lists of major and minor works :—

(a) *Schedules of New Expenditure.*—All items of new expenditure whether "voted" or "charged" should appear in the schedule. It should show separately the expenditure to be incurred in England, if any. The recurring and non-recurring expenditure should also be shown separately. The schedule should be complete in itself for each department by major heads. The items should be arranged by minor heads with a separate sheet or sheets for each minor head and numbers should be affixed to each of the schemes included in the schedule, indicating the order of urgency. The total amount for each item should be rounded off to the nearest ten. The schedule must show clearly for each scheme the amount to be spent during the year in question and also the extra recurring cost, if any, in the following year. It should show the number of months during the year for which establishment is proposed and should clearly distinguish between temporary and permanent establishment. The provision may be made in the schedule on the assumption that the establishment will be employed for the full period proposed. Since, however, experience shows that expectations of the departments are rarely realised a lump sum cut for probable savings should ordinarily be made.

(b) Lists of Major and Minor Works :—

- (i) The lists of major works should be submitted separately from the lists of minor works. Major and minor works should be entered in order of urgency.
- (ii) No project should be included in the lists of major works which has not received the necessary administrative approval.
- (iii) No important project shall be included in the lists of major works unless detailed plans and estimates have already been approved by the Public Works Department.

- (iv) Works requiring further examination on whatever score, e.g., selection of site or design, etc., should not be included in the list of major works. In cases in which it may be considered necessary to include such a work this fact should be definitely stated in the explanatory memorandum with the reasons for its being put forward and it should also be made clear whether it is reasonably certain that the funds asked for will be actually required for expenditure during the year.
- (v) If in any case the Head of Department considers the execution of a major work, which does not fulfil either or both of the conditions mentioned in clauses (ii) and (iii) to be a matter of real urgency, he should make a separate reference on the question of providing funds for its execution with such explanations as may be necessary to enable Government to decide whether provision should be made and whether, if made, it is likely to be utilised in the forthcoming year. Such works should not be included in the lists of major works, but the proposals regarding them should reach the Finance Department at the same time as the lists of works.
- (vi) No work should be included in the lists of major and minor works for which provision has been made in the Public Works Department Budget under the head "259—Public Works/283—Housing/337—Road and Bridges", for the current year, even if construction has not begun at the time of the submission of the lists or is not likely to be taken in hand during the year. Provision for such works will be made by the Public Works Department either in their estimates for works-in-progress or if by November 1st, it does not appear likely that the work will be taken in hand in the current year in the manner laid down in paragraph 7.8 below.
- (vii) The Administrative Department for proposals involving outlay on additions or alterations to

existing residential buildings for all departments except the Irrigation, Buildings and Roads Branches in the Public Works Department. All such proposals by Heads of Departments for inclusion in the lists of major and minor works should accordingly be sent to the Department for inclusion in its list of departmental works.

- (viii) For the construction or purchase of residences for Government employees the list of major and minor works should be submitted by the Head of Department to Government in the Administrative Department concerned. The procedure for the submission of such works is the same as that laid down for other public works.
- (ix) Works to be constructed by departments other than the Public Works Department should be included in the schedules of new expenditure.

7.7. Each item in the schedule of new expenditure or in the lists of major works should be accompanied by a memorandum explanatory of it. In order to enable the Council of Ministers to examine the merits and urgency of different schemes and further to acquaint the Legislative Assembly fully with the proposals involving new expenditure, it is essential that every scheme should be carefully explained in the memorandum to be prepared by the Head of Department or the Administrative Department. The following instructions are laid down in this connection for the guidance of Administrative Secretaries and Heads of Departments, and if any memorandum has not been prepared in accordance with these instructions it will be returned to the Administrative Department concerned for redrafting—

- (a) It should be assumed that the Legislative Assembly knows nothing about the scheme and no reference should be made which assumes previous knowledge. The memorandum should therefore be a self-contained description of the scheme;
- (b) No reference to Government correspondence should be made in the memorandum. It is unnecessary to state that the scheme has been

approved by Government or that administrative approval has been given to it, since if these conditions were not satisfied the scheme should not find a place in the schedule or lists;

- (c) The memorandum will fail in its object unless it satisfies the Council of Ministers and the Legislative Assembly that the expenditure concerned is either necessary or desirable. The memorandum should, therefore, state precisely and clearly the facts which make the expenditure either necessary or desirable, as the case may be;
- (d) If a scheme involves heavy expenditure, either recurring or non-recurring, proceeding over a series of years, the memorandum explanatory of the scheme should give full information showing the probable ultimate cost, anticipated return and other relevant details, with the object of placing the entire project before the Legislature and of securing their approval in advance of the commencement of work upon the project;
- (e) The memorandum should state clearly the date from which it is proposed to incur expenditure or engage establishment, as the case may be. If a lump sum cut for probable savings is shown in the schedule, it may be explained in the memorandum that such savings will not accrue if delay does not occur in the execution of the scheme or in the engagement of establishment. Provided that a statement to this effect is included in the memorandum, the Finance Department will raise no objection to the cost during the year exceeding the net cost to the extent of savings and while by this device Heads of Departments will protect themselves against delay in the execution of schemes, they will also assist the Finance Department in avoiding over-budgeting;
- (f) When a proposal for a new item of grant-in-aid is included in a schedule of new expenditure, the memorandum relating to the item should always clearly specify the conditions attaching to the proposed grant;

(g) The memorandum submitted by the Head of the Department will be scrutinized by the Administrative Secretary who is responsible, firstly, for the accuracy of the facts stated in it; secondly, for satisfying himself that the scheme has received administrative approval and, thirdly, that the memorandum satisfies the conditions stated above.

7.8. The Buildings and Roads Branch will send to the Finance Department on or before 1st November, a separate list of new works for which provision has already been made in the civil works estimates of the current year and which are not anticipated to be commenced before the end of the current financial year. No expenditure should be incurred during the year on any works shown in this list.

7.9. The method of providing for works constructed by the Irrigation Branch of the Public Works Department is described in Appendix 'G'.

7.10. List of works to be constructed by departments other than the Public Works Department should be sent to the Finance Department with the departmental schedule of new expenditure.

7.11. Should, under any extraordinary necessity, it be necessary to include an item in the schedule or lists without the full examination required by paragraph 7.3, it will be clearly marked in the schedule or lists and in the budget as "Requires further examination by Finance Department." As such a course will mean an admission by the Finance Department of a partial breach of its statutory obligation to refuse to admit such items, it will be readily understood that such items will only be admitted, in most exceptional cases.

7.12. The schedules of new expenditure and lists of major and minor works are submitted by the Finance Department for consideration in the Council of Ministers about the middle of December. For this purpose the Finance Department gets the schedules and memo reprinted in the form of a volume and with the printed volume submits a brief note

based on the 1st edition estimates indicating the extent to which it would be possible to finance new schemes in the coming year.

After orders have been passed by the Council of Ministers, the Finance Department will scrutinize each item in order to see whether it is necessary to include it in the volume of new expenditure to be presented to the Legislature.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also highlights the role of internal controls in preventing fraud and errors.

2. The second part of the document focuses on the implementation of robust risk management strategies. It outlines various risk assessment techniques and provides guidance on how to identify, measure, and mitigate potential risks. The document stresses the need for a proactive approach to risk management to protect the organization's assets and reputation.

3. The third part of the document addresses the importance of effective communication and reporting. It discusses the need for clear and concise communication channels and the role of regular reporting in keeping stakeholders informed. This section also touches upon the importance of maintaining accurate financial statements and the role of external auditors in verifying the accuracy of these statements.

4. The fourth part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also highlights the role of internal controls in preventing fraud and errors.

5. The fifth part of the document focuses on the implementation of robust risk management strategies. It outlines various risk assessment techniques and provides guidance on how to identify, measure, and mitigate potential risks. The document stresses the need for a proactive approach to risk management to protect the organization's assets and reputation.

6. The sixth part of the document addresses the importance of effective communication and reporting. It discusses the need for clear and concise communication channels and the role of regular reporting in keeping stakeholders informed. This section also touches upon the importance of maintaining accurate financial statements and the role of external auditors in verifying the accuracy of these statements.

7. The seventh part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also highlights the role of internal controls in preventing fraud and errors.

8. The eighth part of the document focuses on the implementation of robust risk management strategies. It outlines various risk assessment techniques and provides guidance on how to identify, measure, and mitigate potential risks. The document stresses the need for a proactive approach to risk management to protect the organization's assets and reputation.

9. The ninth part of the document addresses the importance of effective communication and reporting. It discusses the need for clear and concise communication channels and the role of regular reporting in keeping stakeholders informed. This section also touches upon the importance of maintaining accurate financial statements and the role of external auditors in verifying the accuracy of these statements.

10. The tenth part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for ensuring transparency and accountability in financial operations. This section also highlights the role of internal controls in preventing fraud and errors.

Not in order

CHAPTER 8.—Estimates for Expenditure in England

A.—INTRODUCTORY

8.1. *General.*—The bulk of the expenditure of the State Government outside India is incurred at present in the United Kingdom for which provision is made under a separate minor head "Charges in England" under the appropriate major head, as prescribed by the Comptroller and Auditor-General of India. The expenditure is incurred by the High Commissioner for India, on behalf of the State Government, and is accounted for by the Chief Accounts Officer of that authority. It is transferred monthly through remittance accounts to the Accountant-General, Haryana, for incorporation under the appropriate heads of the State Accounts.

Note.—Provision for expenditure in other foreign countries is made, when necessary, under the appropriate minor heads and not under "charges in England"; and payments are made by the Indian Missions concerned on behalf of the State Government, in accordance with the procedure prescribed by the Government of India from time to time. The expenditure is initially met from the funds provided by the Government of India and necessary debit is subsequently passed on by the Accountant-General, Central Revenues, to the Accountant-General, Haryana, for adjustment against the accounts of the Haryana Government.

B.—PREPARATION OF ESTIMATES

8.2. The estimates for expenditure in England through the High Commissioner for India, are prepared by the Budget Officers concerned of the State Government, in accordance with the same rules and principles as are applicable to ordinary estimates of expenditure in India and are included by them in their respective departmental estimates. These charges fall mainly under the following categories :—

- (i) cost of stores purchased in England or indented for through the High Commissioner, by departments of the State Government;
- (ii) leave salaries and deputation pay paid to Government servants under the administrative control of the State Government, on leave or deputation in the United Kingdom;
- (iii) miscellaneous expenditure in England, as for example, scholarships; and

(iv) pensionary charges and overseas pay, payable in sterling.

Note.—(1) For all estimates of charges in England a conventional rate of exchange of 1s 6d, to a rupee, which is equivalent to Rs. 13½ to a £ has been fixed. So long as this rate continues, provision in sterling should be made in the estimates in multiples of £ 3.

Note.—(2) Articles ordered *direct* from the United Kingdom are debited to the India estimates and not to "charges in England".

C.—COST OF STORES

8.3. The Budget estimate of stores will be based on forecasts prepared by the State Government and forwarded to the High Commissioner in the manner prescribed in paragraph 8.4 following, and may be modified, if necessary, by the High Commissioner with reference to more up-to-date information at his disposal as regards prices, etc., and with reference to the estimated carry-over of previous year's indents.

8.4. Various indenting departments of the State Government will prepare in Form B.M.-19 forecasts of the value of their probable requirements in respect of stores which, under the rules governing the supply of stores for the public service will be procured from England during the ensuing financial year and will forward them in duplicate through Administrative Departments to the Finance Department annually by 15th October. For purposes of these forecasts, stores should be divided into two categories, viz.,—

- (i) consumable stores, such as, drugs, chemicals and such ordinary apparatus as from its frequent and general use is liable to breakage and regular replacement; and
- (ii) special apparatus (including, e.g., microscopes), models and costly materials for specialized investigations, the purchase of which does not frequently occur.

Annual allotments fixed by Government for stores falling in category (i) should be included in the forecasts under a separate head "ordinary recurring expenditure". For stores falling in category (ii) an itemized list of proposed purchases submitted with suitable explanatory remarks for the consideration of Government in the Administrative Department will be the basis of the budget provision. The items falling in category (ii) will be treated as items of new expenditure. The

necessary schedule and memo. in respect of such items will be submitted by the Administrative Department to the Finance Department, in accordance with the regular instructions contained in Chapter 7. The High Commissioner will, however, be informed of such items with a view to enable him to make necessary arrangements in advance for their purchase, etc.

When in the course of a year unforeseen emergency demands arise for stores falling in category (ii) indents should be sent with the previous approval of Government in the Administrative Department. Such demands will be dealt with by the Administrative Department in the same manner as demands for new expenditure arising during the course of the year.

Along with the forecast for the budget year, a revised forecast for the current year should be submitted in duplicate in Form B.M.-20. The object of the forecast, explained,—*vide* foot notes in the form, is to give as accurate information as possible to the High Commissioner, regarding—

- | | |
|----------------------------------|----------------------|
| (a) Indents that have been made | } for payment within |
| (b) Indents that will be made | |
| (c) Items that have been omitted | |
| from the original forecast. | |

This information will not only be of value to the High Commissioner in framing his revised estimates and in estimating the carry-over, but its compilation should secure accurate estimates by Departments. It is necessary that the description of the items and the estimated cost should be given with as much accuracy as possible.

8.5. The following special instructions are laid down with a view to avoid over-budgeting under this head :—

- (i) The general principle] that budget estimates should be framed on the rule of certainty rather than probability should be strictly observed. This is particularly necessary in the case of large projects, where the cost of stores is high and where it is difficult to foresee the rate of progress. The Legislature by approval of the principle of certainty as opposed to probability has by implication accepted a moral obligation to provide funds for stores essential to a sanctioned project if later in the year it is found that these are

required; and the Finance Department is, therefore, prepared to sanction the necessary expenditure in anticipation of the grant by the Legislature. No inconvenience to the Department concerned is thus involved in excluding from the estimates at the time of their preparation those items the necessity of which within the year is open to doubt. On the other hand, over-budgeting may cause serious loss to Government by excessive borrowing or underlending.

- (ii) The budget estimates under this head are intended to show the probable amount to be expended in England in the financial year next following the date of their receipt and as an interval must, of necessity, elapse between the arrival of an indent and the payment for stores demanded therein, it may, as a general rule, be assumed in their preparation that stores for which indents are received in the India Office, after January 1st, in any financial year will not be paid for until the following year. Hence indents should not be despatched between December 15th and the date of communication of grants without consulting the Finance Department, as they anticipate the vote of the Legislature.
- (iii) Where it is doubtful whether an item will be purchased in England or India, it is preferable not to provide for it in the High Commissioner's budget. If, later, it is ordered from England, the necessary transfer of funds can be made.
- (iv) It must be remembered that all charges paid at ports or elsewhere in India in connection with stores obtained from England, including any customs duty payable, are to be treated as Indian Expenditure.
- (v) The Indenting Officer should carefully follow the set of instructions that have been drawn up by the India Stores Department for the guidance of officers in the preparation of indents and receipt and examination of stores.

- (vi) The execution of indents is often delayed owing to being no provision in the High Commissioner's budget. It is often possible to find the sum required by re-appropriation and the remedy in such cases is to arrange for the transfer of funds from the Indian budget at the same time as the indents are sent to the India Stores Department and intimate this to the High Commissioner. Where it is not possible to find the money by re-appropriation the Indenting Officer should apply to the Finance Department for a certificate to authorize the execution of the indent in anticipation of the grant of funds. In the case of stores considered essential for a sanctioned project, there is no reason why, if it suits the Department concerned, the application for a certificate should not be made as soon as the nature of the requirements and the year in which they will be required are definitely known. The only condition, the Finance Department would attach to the grant of a certificate in such circumstances is that the indent should not be made so early as to effect delivery some months before the stores are actually required. If the stores are required in the current or the following year a certificate will be given; but in the latter case, clear instructions should accompany the indent that provision is certified for the ensuing and not the current year.

8.6. The forecast will be consolidated by the Finance Department, and the consolidated statements along with a copy each of the forecasts received from the Administrative Departments will be so forwarded to the High Commissioner by the air mail so as to reach him by the first week of November.

8.7. The High Commissioner will intimate his estimate for stores by cablegram not later than December 1st, as laid down in paragraph 8.16, but when forwarding a copy of the cable by post, he will also forward a statement showing the amount included in respect of each head of account and will explain therein the manner in which his figures are arrived at. The High Commissioner will also advise further changes required in this estimate as in paragraph 8.16.

D.—LEAVE AND DEPUTATION PAY

8.8. (a) The Finance Department has to supply data to the High Commissioner for the preparation of this estimate. For this purpose each Administrative Department will furnish the Finance Department not later than the 15th September, each year with a statement in duplicate in Form B.M.-21, showing the names of all officers in regard to whom there is definite information that they will be on leave or deputation for any portion of the ensuing year, and that they will draw their leave salaries or deputation pay and allowances from the High Commissioner for India in U.K. All such officers should be included whether they are on leave or not when the list is submitted, the only test being that their leave will include a portion of the budget year.

(b) Officers whose salaries are "charged" should be shown separately from those whose salaries are votable.

(c) If the deputation of an officer involves new expenditure, the cost should be shown in the appropriate column. A schedule in form B.M.-16, with an explanatory memo., should be furnished separately in respect of the new expenditure in accordance with the instructions laid down in Chapter 7.

(d) The extra cost of study leave, if any, should be given in the appropriate column.

(e) The monthly rate of allowance (columns 4 to 7) should take into account, the nature of the leave, e.g., on average pay or half-average pay and should give the relevant periods of each. Only such periods should be shown in these columns as are included in the budget year; but the whole of the period should be shown in columns 2 and 3 in whatever year or years it falls. The rates of allowances should be given in rupees only according to the actual amount. Sterling amount for the portion of leave salary representing overseas pay should be inserted as a sterling figure in the leave programme data.

8.9. (a) With the statement referred to in paragraph 8.8 the Administrative Department will submit a revised form of the programme of the current year in duplicate in form B.M.-22. This will, in the first place, show separately for votable and charged expenditure in column 1 the names of all officers included in the original programme, but the

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remaining columns will show the information available at the time, the statement is submitted and not as given in the original programme. Thus these columns will remain blank for an officer, who was entered in the original programme, but has not taken and will not take leave during the current year, a note to the effect that leave will not be taken, being entered in the remarks column.

(b) In the second place, the statement will give particulars regarding officers not included in the original programme, who—

- (i) have been on leave during a portion of the current year;
- (ii) will be on leave during a portion of the current year.

(c) The entries in columns 2 and 3 will show the total period of leave in whatever year it falls.

(d) The remaining columns will contain particulars for the current year only, inclusive of that portion previous to the submission of the statement.

8.10 The Administrative Department, when it submits the statements referred to in paragraphs 8.8 and 8.9 should convey any information it may have regarding—

- (i) Haryana Officers of the Department, the whole or part of whose leave salaries and deputation pay will be debitable to another State;
- (ii) Officers of other States who have been employed in the Department, and the whole or a portion of whose leave salaries and deputation pay will be debitable to the Haryana.

8.11. On receipt of the statements referred to in paragraphs 8.8 and 8.9 above, the Finance Department will prepare consolidated statements showing, by the several heads of account and for "voted" and "charged" expenditure separately, the amounts expected to be paid in England, and forward the consolidated statements with a copy each of the statements received from the Administrative Departments to

the High Commissioner by the air mail so as to reach that officer not later than the 15th October, in each year.

8.12. The Administrative Department should send to the Finance Department, not later than 1st December, any additions to, or alterations in, (i) the revised statement for the current year, (ii) the statement for the budget year. This supplementary information should be despatched by the Finance Department along with a consolidated covering statement so as to reach the High Commissioner by the 15th December.

E.—MISCELLANEOUS EXPENDITURE IN ENGLAND

8.13. (a) The items included in Miscellaneous Expenditure in England are—

- (i) Scholarship allowances.
- (ii) Allowances, etc., for Indian Civil Service candidates.
- (iii) Passages to India of recruits for services other than the Indian Civil Service, recruited in England.
- (iv) Special and exceptional items.

(b) Administrative Departments will submit in duplicate in Form B.M.-23, their estimates of expenditure for the Budget year, so as to reach the Finance Department not later than September, 15th.

The Finance Department will prepare a consolidated statement and will forward it to the High Commissioner by air mail so as to reach that officer not later than the 15th of October in each year.

(c) With the statement for the budget year the Administrative Department will submit in duplicate in Form B.M.-24 a revised statement of the current year, which will contain such alterations in, or additions to, the original statements as are necessitated by the information then available.

F.—PENSION CHARGES AND OVERSEAS PAY

8.14. The High Commissioner himself prepares the estimates for all pension charges payable in England in the

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same manner as the Accountant-General prepares the estimates for similar charges in India.

8.15. The estimate for overseas pay is prepared by the High Commissioner on the information which he receives from time to time through the Accountant-General, Haryana, in regard to officers who are eligible for such pay.

G.—PROGRAMME OF THE ESTIMATES

8.16. The High Commissioner's estimates under all the above heads are due on November 20th by mail, except the estimate of stores which is sent by cable not later than December 1st. First corrections are due on January 5th by mail and second corrections are due on January 25th, by cable.

8.17. The Finance Department will intimate to the High Commissioner by cable the observations of the Haryana Government on their estimates as follows :—

On the first revised estimate of the current year and the budget estimate of the ensuing year	Before December, 10th.
On the first corrections	Before January, 12th.

Acceptance of the estimates as modified by the second corrections, or any change made therein, will be intimated by cable before 10th March.

As soon as the estimates are passed by the Legislature and authenticated by the Governor in accordance with Article 204 of the Constitution of India, telegraphic information will be sent to the High Commissioner.

H.—ESTIMATES OF GAIN OR LOSS BY EXCHANGE

8.18. As stated in paragraph 8.1 the figures for charges in England are, for purposes of budget, converted into rupees at the conventional rate of exchange Rs. 13½ to a £. The difference between the rupee cost of the transactions in England at the average rate of exchange prevailing at the time and

their value at the conventional rate constitutes "Gain or Loss by Exchange". The procedure for adjustment of exchange transactions will be as follows :—

The average rate of exchange [for the year is intimated by the Government of India each year and from] this rate, the amount to be provided in the estimates for loss or gain by exchange per rupee is calculated. The total provision to be made for loss or gain by exchange is then worked out by the Finance Department for each major head after the estimates for receipts and charges in England have been passed. If any alterations are made in the estimates for transactions in England subsequently, the provision for loss or gain by exchange is recalculated.

Exchange in respect of transactions in England pertaining to Commercial Departments and Capital Major Heads is adjusted under the several major heads under which the transactions in England occur, while exchange pertaining to all revenue and service heads is adjusted in lump under the head "71/LII—Miscellaneous—Loss or Gain by Exchange". Although the separate minor head "Loss or Gain by Exchange" is provided under almost all the major heads of account, operation on that head will not be necessary except to the extent indicated above.

In the case of commercial services the transactions relating to which are required to be shown under a distinct minor head, the transactions in England should be brought to account at the average rate of exchange under that head "Receipts/Charges in England" and no further adjustment of loss or gain by exchange need be made in respect of such transactions.

CHAPTER 9.—Consolidation of Estimates and submission of Demands for Grants.

A.—DETAILS OF BUDGET LITERATURE

9.1. The Budget to be presented to the Legislature by the Finance Minister consists of the following documents :—

- (1) Detailed Estimates of revenue and expenditure for the budget year.
- (2) Schedules of New Expenditure :—
 - (a) Plan Schemes (Memoranda—Volume I).
 - (b) New Schemes (Other than Plan—Volume II).
- (3) Memorandum explanatory of the Budget.
- (4) Finance Minister's speech, together with—
 - (a) Budget at a glance;
 - (b) Haryana on the March; and
 - (c) Statistical Abstract for the previous year.

B.—CONSOLIDATION OF DETAILED ESTIMATES

9.2. The process of compiling the detailed estimates in the Finance Department will consist of the following functions :—

- (a) Scrutinizing and laying before the Council of Ministers the schedules of new expenditure and lists of major and minor works.
- (b) Scrutinizing the departmental estimates of revenue and of ordinary expenditure.
- (c) Adding to the estimates of ordinary expenditure, new expenditure approved by the Council of Ministers, revised estimates accepted by the Finance Department after consideration of the statements of excesses and surrenders, and estimates of charges in England and Loss or Gain by Exchange.

C.—MEMORANDUM EXPLANATORY OF BUDGET

9.3. Memorandum explanatory of Budget is prepared by the Finance Secretary. It contains a brief review of the

State finances as revealed by the actuals of the previous years, the revised estimates for the current year, a brief review of the departmental estimates, and detailed explanations for the variations in the estimates of expenditure for the budget year.

The Explanatory Memorandum consists of three parts :

Part A.—Containing a summary of the general financial position of the State.

Part B.—Detailed Memoranda explanatory of the estimates of Revenue and Demands for Grants.

Part C.—Detailed Memorandum explanatory of the Unfunded Debts, Deposits and Advances and Remittances.

D.—PRESENTATION OF THE BUDGET TO AND ITS DISPOSAL BY THE LEGISLATURE

9.4. The budget is presented to the Legislature ordinarily in the second half of February or early in March. In presenting the Budget the Finance Minister makes a speech in the Vidhan Sabha explaining the salient features of the budget and Government policies. In the Vidhan Parishad the budget is presented with a similar speech.

9.5. As soon as the budget is presented to the Legislature, a copy of the Budget speech of the Finance Minister together with the Budget Volume, Memoranda Explanatory of the Budget and the Schedules of New Expenditure should be supplied to the Government of India, Ministry of Finance, as well as to the High Commissioner for India, London. A copy of the final edition of the Budget Estimates, if printed, should also be supplied to these authorities.

9.6. On days to be appointed by the Speaker/Chairman the general discussion on the Budget as a whole or any question of principle or policy involved therein begins in both the Houses of Legislature.

9.7. After the general discussion is over the voting of the Demands for Grants is taken up in the Vidhan Sabha in accordance with the programme approved by the Speaker.