

UÉ

1. PÁögZÀJ - ÁèYÁE APÁiRzÀOUAA: PÁiRzÀOUAA
2. J - ÁèDAVjAPADyöPÀ, À°ÉÁgJAUÉ
3. J - ÁèE - ÁSÁ a RÁ, gUAA: J - ÁèDAiPÁiÁ CAZÁdÁ CÇPÁj UAA
4. J - Áèf - ÁèYAZÁiÁviÉa RÁ PÁiRzÀOUAA a Á°PÁCCPÁj UAUÉ/
a RÁ - ÉÁÇPÁj UAUÉ
5. J - ÁèYÁzÉPÁDAiÁPÁ
6. J - Áèf - ÁÇPÁj UAUÉ
7. DyöPÁE - ÁSÉiÁ J - ÁèÇPÁj UAUÉa ÁVÁÇLÁSÉiÁUÉ
8. PÁj YÁe/ °ÉÁiÁ YÁOUAA

CEISAZA 1

DAIAPAIA

aZA

2009Š2010 gAJAUA CAZAdA aVA 2010Š2011 gA

-EZAIOPE	DAIAPAIA CAZAdA 2009Š10	YUVA CAZAdA UA 2009Š10	DAIAPAIA aVA, ZA, EZA : E½VA	aVA, ZA, aGA

GOVERNMENT OF KARNATAKA

No. FD/20/BPE/2009

Karnataka Government Secretariat
Vidhana Soudha
Bangalore, Dated: 6th November, 2009**CIRCULAR**

Subject:- Budget 2010-2011 Preparation of Expenditure Estimates.
(Other than Appendix-B).

Reference is invited to the Budget Calendar for 2010-11 issued in Official Memorandum No. FD 15 BPE 2009 dated 16th October 2009. The forms for explaining the variations between 2009-10 BE and 2009-10 RE and 2009-2010 RE and 2010-11 BE are here with enclosed (Annexure-I). Adequate number of copies of this annexure should be made by the Estimating Officers at their own end.

2. The Chief Accounts Officers of Zilla Panchayats are treated as Estimating Officers. They may get the estimates typed Major Head-wise. Breakup up to the detailed head level should be given for Revised Estimates for 2009-10 and Budget Estimate for 2010-11 under each scheme. Separate sheets should be used for each Major Head.

3. The Estimating Officers are requested to frame the Revised Estimates for the current year with reference to the actuals of the preceding years, the actuals of the first 6 months of the current year and the probable expenditure for the remaining six months. The variations between the 2009-10 BE and 2009-10 RE should be explained. Where increases are permitted by Government, reference to the Government Order in which increases were sanctioned / authorized should invariably be quoted.

4. The Estimates to be proposed for 2010-11 should be based on the actuals for the preceding years and also on the proposed RE 2009-10. The variations between the 2009-10 RE and the 2010-11 BE should be explained. Reasons for variations should be specified and, only the bare minimum requirements should be provided, keeping in view the instructions issued from time to time regarding the measures to enforce economy in expenditure and the general

need for economy particularly under non-plan items. The Estimating and Controlling Officers should bestow their personal attention to this matter.

5. It may be noted that mere inclusion of increased provision in the Revised Estimates carries with it no authority for incurring additional expenditure and does not dispense with obligation on the part of the Department to obtain necessary supplementary grants or re-appropriations, nor are the Revised Estimates, the proper channel for such application for additional allotments. Re-appropriations or Supplementary grants will not, therefore, be sanctioned unless separate proposals are received in the Finance Department.

6. Anticipated savings which are not required to cover the excesses under other heads within the same grant should be surrendered to Government and such savings have to be taken into account while fixing the Revised Estimates for the current financial year. In no case should such savings be kept in the P.D. Account of the Departments to avoid laps of grants. In the event of such a contingency, specific order of Government in the Finance Department should be taken.

7. **Budget Accuracy:-** Instances have occurred in the past, where substantial amounts are being surrendered either as a result of inclusion of provision in the budget in excess of the requirement or due to non implementation of the schemes provided for in the Budget. There have also been cases where, in the very first quarter of the financial year, the departments have approached Government for provisions of additional funds for certain items which they had not originally anticipated. Instances have also come to the notice of Government where the Departments have spent a major portion of the entire Budget provision within a couple of months and have approached the Finance Department for additional allotment. These instances should be avoided and Budget Estimates prepared with due care and forethought. Proposals should not, therefore, be based on hypothetical estimates but must be worked out on the basis of probable and realistic requirement of funds. This would avoid large variations between the Budget Estimates and the actual expenditure. The expenditure against the Budget provisions in all the months

should be at an even rate and there should not be any abnormal expenditure in the last quarter of the financial year.

8. The year 2010-11 is the fourth year of XI Five year Plan.

9. It should be noted that **Budget Control** by treasuries have been introduced. Hence, all the items of expenditure are to be classified properly under the relevant head of account. In the absence of proper classification, the treasuries will not be honoring the bills.

10. As soon as the Planning Department communicates the Sectoral Outlay for State Plan 2010-11, the Departments should work out the schematic breakup. The State component and the CSS/CPS components as the case may be, should be distinctly shown against each scheme. The provision for CSS/CPS schemes should be accurately made based on the scheme guidelines. **Such schematic breakup should be furnished to FD within Five Days of communication of Sectoral Outlay by PD. No separate instructions will be issued in this regard by Finance Department.**

11. All SCP / TSP outlays have to be classified under 786-Special Component Plan and 796-Tribal Sub Plan below the functional Major Heads and the corresponding object/detailed heads are 422 and 423.

12. Pre-budget scrutiny of new schemes.- The Internal Financial Advisor system has been introduced in most of the Secretariat Departments. One of the main functions of Internal Financial Advisor is to undertake pre-budget scrutiny of new schemes. Though this system is functioning from number of years, proposals are not being sent by Head of Departments for undertaking pre-budget scrutiny. The Public Accounts Committee has time and again brought to the notice of Finance Department the need for pre-budget scrutiny and it is insisting for its adoption. Heads of Department should send new plan schemes including new buildings proposed to be taken up during 2010-2011 for pre-budget scrutiny well in time before submission of estimates. For this purpose they may first address the concerned Secretaries to Government having Internal Financial Advisor system who in turn after scrutiny by Internal Financial Advisors will forward it to Planning Department and Finance Department for approval and clearance of the scheme and

inclusion in the budget estimates. In respect of Departments where Internal Financial Advisor system has not yet been introduced, proposals for pre-budget scrutiny may be sent on or before 30-11-2009 even if the plan allocation of the item / scheme is not known. This type of Pre-budget Scrutiny will avoid detailed examination of the proposals / Schemes at a later date and the schemes could be implemented in the beginning of the financial year itself.

13. Lands are being acquired for various activities of the Departments. The land holders usually approach courts for higher compensation. The Court decrees are to be fulfilled expeditiously. The Zilla Panchayats and the concerned Departments under State Sector have to propose sufficient provisions in their Budget Estimates to satisfy court decrees depending upon the cases on hand. The decrees are to be treated as "Charged" on the Consolidated Fund.

14. In case of Buildings the following instructions are issued.-

- (i) Provision for all buildings will be made under 'Plan' only. All departments including non-developmental departments such as Revenue, Judiciary, Police, Commercial Taxes etc., should get plan allocation for their requirements for buildings from the Planning Department. Planning Department is required to call for proposals from Non-Developmental Departments also and provide necessary plan allocations.
- (ii) The departments concerned should allocate sufficient amount out of their Plan allocation for buildings. While doing so, the Department concerned should take into account buildings that are already under construction and provide for new works after allocating sufficient amounts for works under progress. The Chief Engineer (C & B) should furnish a list of works in progress with Revised Estimates of 2009-2010 to the concerned Heads of Departments who will be responsible for providing necessary and sufficient funds under plan. The list of works and the estimates should be sent to Finance Department / Internal Financial Advisor along with the plan budget estimates. In accordance with the decision taken by Government, sufficient provision should be made so as to complete the work as per codal provisions. No token provision will be allowed.

15. In the case of execution of Buildings, Roads and Bridges etc., for which the Chief Engineer (Communication and Buildings) is responsible he should

see that no new works are entered in the Appendix 'E' unless Plan and Estimates have been approved administratively and sanctioned technically by the competent authority. In the matter of allocation of Budgetary provision between works in progress and fresh works to be taken up for execution, care should be taken to see that sufficient amounts are set apart for the on going works in order to complete them early, and in less than 2 years in any case. Accordingly, allocation of minimum 40% and 60% of the balance cost should be provided in 2010-11 & 2011-12 Budget. Only thereafter provisions may be proposed for fresh works. For this purpose a priority list may be prepared and sent to Government for consideration.

16. In respect of fresh works with estimates of less than Rs.5.00 crore, there should be a minimum provision of 40% in the first year; and such works should be completed in the second year by providing the remaining 60% of the required amount. In respect of works with estimates of more than Rs.5.00 crore, budget allocation of minimum 30% should be made during the first year. The balance cost of 70% should be provided in the next two years as per the implementation schedule. No token budget allotment shall be made and works included in Appendix 'E'.

17. With regard to Minor Irrigation Works, the Chief Engineer, Minor Irrigation and the Chief Engineer, Public Health Engineering, shall see that only such works which have been administratively approved by competent authority are provided for and entered in the Appendix 'E'. Before provision is earmarked in the budget for new Minor Irrigation works from out of the Irrigation Plan allocation, sufficient care should be taken to see that necessary funds are provided for the works which are already taken up for execution and are in various stages of progress.

18. The Heads of Departments, Estimating Officers, Deputy Commissioners, Chief Engineers and other Estimating Officers are requested to bestow their personal attention to the preparation of these Estimates and ensure that they are sent on a "TOP PRIORITY" basis in complete and final form supported by the Statements showing alteration both for the Revised Estimates for 2009-2010 and

for the Budget Estimates for 2010-2011, through the concerned Secretariats, IFA / or Secretaries, to the Finance Department on or before the due date fixed viz., 30th November, 2009. All Budget returns to be sent to Finance Department may be addressed to Deputy Secretary to Government (B & R), Finance Department and personal deliveries if any may kindly be arranged to be delivered directly in the Budget Compilation and Committee Section of Finance Department as soon as they are complete without waiting for expiry of prescribed date. The Department may collect all the necessary particulars from the Subordinate Offices from now itself to ensure strict adherence of the due dates.

19. The Heads of Department etc., are requested to see that the Estimates are forwarded to Government not later than the due dates fixed. The Estimates received after the due date will not be considered and estimates will be finalized on the basis of the information available in the Finance Department. Any short fall in the provision or omission in the Budget will be the responsibility of the Department concerned and supplementary grants for such omission will not be entertained during 2010-2011.

20. This Circular can be downloaded from the website:
www.kar.nic.in/finance.

(AJAY SETH)
Secretary to Government,
Finance Department (B.& R.)

Copy to.-

1. All Principal Secretaries / Secretaries to Government.
2. All the IFAs of Secretariat Departments.
3. All Heads of Departments / All estimating officers.
4. All the Chief Executive Officers / C.A.O.s of Zilla Panchayats.
5. All Regional Commissioners
6. All Deputy Commissioners.
7. All Officers & Sections in Finance Department.
8. Office Copies / Additional Copies.

Annex-1**Budget****Expenditure**

Statement showing the variations of revised estimates for the year 2009-2010 and

Head of Account	Budget Estimates 2009-10	Revised Estimates 2009-10	Variations in Budget increase / Decrease	Reasons for Variation

Estimates**Major Head of Account**

Budget Estimates for the year 2010-2011

Budget Estimates 2010-2011	Variations from the Revised Estimates Increase / Decrease	Reasons for Variations	to be filled by FD officers / offices		
			Accounts 20.....	Accounts for 6 months 20.....	Opinion of Finance Department