CHAPTER VI
BUDGET GRANTS AND APPROPRIATIONS

I. BUDGET

70. Presentation of budget to Legislature - The Finance Department shall arrange to lay before the State Legislature, in accordance with the provisions of Article 202 (1) of the Constitution, an ‘annual financial statement’ also known as the ‘Budget’ showing the estimated receipts and expenditure of the Government in respect of a financial year, before the commencement of that year.

71. Form of presentation of expenditure estimates -(1). The estimates shall show separately the sums required to meet expenditure ‘charged’ on the Consolidated Fund under Article 202(3) of the Constitution and sums required to meet other expenditure for which a vote of the Legislature is required under Article 203 (2) of the Constitution.

(2). The estimates shall also distinguish provision for expenditure on revenue account from that for other expenditure including expenditure on capital account, on loans by Government and for repayment of loans etc.

(3). The estimates for expenditure for which a vote of the Legislature is required shall be presented in the form of “Demands for Grants” after obtaining the recommendation of the Governor.

Note:- The provision for charged expenditure under any head for which there is a voted demand is to be included in that demand and shown separately but not presented for vote. Where the provision for expenditure is wholly charged, a separate appropriation is included for it in the book of Demands for Grants.

72. Demands to be gross expenditure and annual financial statement to show net expenditure- (1) The demands for grants to be presented to the Legislature shall be for the gross amount of expenditure to be incurred and shall show recoveries to be taken in reduction of expenditure separately by way of footnotes.

(2) The annual financial statement shall show the net amount of total expenditure under each head of account.

Explanation - As the demands for grants are for gross expenditure and the annual financial statement gives the net amount to be expended under each head, the totals of the two should be reconciled after adjustment of the recoveries taken in accounts in deduction of gross expenditure.
73. Form of annual financial statement and demands for grants: The form of the annual financial statement and of the demands for grants shall be laid down by the Finance Department and no alteration of arrangement or classification shall be made without the approval of that department.

74. Detailed heads or sub-heads may be opened by each department in consultation with the Finance Department as and when necessary.

II. PREPARATION AND SUBMISSION OF DETAILED ESTIMATES - GENERAL PROCEDURE

75. Submission of detailed estimates by estimating authorities - (1) The heads of departments and subordinate authorities concerned shall submit to the Finance Department detailed estimates and such other material as may be called for by that department from time to time for preparation of the Budget and the demands for grants.

(2) Estimates under the minor and the detailed heads in each case shall be framed in round hundreds of rupees and the totals under the major heads should be rounded to the nearest thousand rupees.

(3) Estimates of fluctuating receipts and charges may be based on the average of the corresponding actual receipts and expenditure for the three preceding years, suitably modified with reference to any changes anticipated on account of special circumstances in respect of the year estimated for. The reason for any such modification should be clearly noted against the item concerned, either in the remarks column or in a separate explanatory note, with sufficient data to justify the estimate as made.

(4) No items of receipts or expenditure should be included in the estimates for which specific sanction or general authority does not exist.

Note: Items of receipts or expenditure which, although not sanctioned at the time of preparation of the estimates, have already been proposed and are expected to be sanctioned for the year under estimated, should be explained in a note to be appended to the estimate. Such items should be arranged according to the appropriate major or minor head of the main departmental estimates and the remarks column should draw attention to the appended note.

(5) In the case of cost of establishment, the estimates should be prepared in accordance with the following instructions -

(i) The full expenditure on account of the sanctioned scale as on 1st April of the year estimated for should be shown, the details of rates of pay and the number of persons borne on the establishment at each rate being concisely quoted in brackets after the detailed head.
In the case of progressive salaries, the actual salary earned on 1st April of the year estimated for should be shown and the amounts on account of increments falling due during the financial year should be included separately against each name.

Note: Irrespective of the date on which an increment falls due in a particular month, provision for the entire month should be made in the budget proposals.

Where saving are expected owing to the absence of incumbents or other causes, a lump sum deduction should be made from the total for establishment costs under the appropriate minor head.

Recurring personal, local, conveyance and house rent allowances should be shown separately and immediately after the salary of the official to whom the allowances has been granted.

Estimates of allowances of a fluctuating nature should be framed as prescribed in sub-rule(3).

The estimates for contingent charges should not, without special reasons to be clearly stated either in the remarks column or in a separate explanatory note, exceed the average actual expenditure for the three preceding years. The estimates for contingent charges should be shown separately under each detailed head.

(6) Pay of officers, pay of establishment and fixed allowances should be grouped together as ‘Salaries’. Fluctuating allowances, including travelling allowances, and contingent expenditure, should be shown separately.

III. SCRUTINY OF ESTIMATES

76. On receipt of the departmental estimates the Finance Department will subject each such estimates to careful scrutiny and after discussion with departmental officers, where necessary, embody the results thereof and its recommendations in each estimate.

77. The Finance Department will thereafter consolidate all the departmental estimates into a self-contained Budget in the prescribed form exhibiting receipts and expenditure under major heads so as to show at a glance the financial position of the Government for the year estimated for as compared with the position obtaining in two preceding years before presentation to the Legislature.
IV. VOTE ON ACCOUNT

78. **Vote on Account** - Pending completion of the procedure prescribed in Article 203 of the Constitution for the passing of the Budget, the Finance Department may arrange to obtain a Vote on Account to cover expenditure for one month or such longer period as may be necessary, in accordance with the provisions of Article 206 of the Constitution. Vote on Account will not be utilised for expenditure on a ‘New Service’.

79. **Expenditure in anticipation of the passing of the Appropriation Bill:**- No expenditure shall be incurred out of the Consolidated Fund in anticipation of the passing of the Appropriation (Vote on Account) Bill or the Appropriation Bill relating to the Budget of a financial year, as the case may be.

V. COMMUNICATION AND DISTRIBUTION OF GRANTS

80. **Communication of grants and appropriation** - The consolidated Budget as finally approved and voted upon by the Legislature will become the authorised fund of the Government for the year to which it relates. The Finance Department shall, after the Appropriation (Vote on Account) Bill or the Appropriation Bill relating to the Budget, as the case may be, is passed by the Legislature, communicate to the administrative departments concerned the grants made and the appropriation sanctioned by the Legislature.

81. **Distribution of grants and appropriations** - The administrative department concerned on whose behalf a grant or appropriation is authorised by the Legislature, may distribute the sanctioned funds, where necessary, among the controlling and disbursing officers subordinate to it.

82. **Availability of a grant or appropriation for the financial year for which it is sanctioned** - A grant or appropriation shall be utilised to cover the charges, including the liabilities, if any, of the past year, to be paid during the financial year or to be adjusted in the accounts of the financial year for which such grant or appropriation is sanctioned. Such charges can be authorised by a competent authority, any time before, but not after, the expiry of the financial year. Any unspent balance shall lapse and shall not be available for utilisation in the following year.

VI. CONTROL OF EXPENDITURE

83. **Responsibility for control of expenditure**: (1) The administrative department concerned on whose behalf a grant or appropriation is authorised by the Legislature shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at its disposal and shall exercise its control through the heads of departments and other controlling officers, if any, and disbursing officers subordinate to them.
Note :- In order to ensure that the departmental accounts are sufficiently accurate and to render possible an efficient departmental control of expenditure, reconciliation of figures given in the accounts maintained by the head of the department with those that appear in the Accountant General’s books is most essential. The head of the department and the Accountant General shall be jointly responsible for this reconciliation which should be made monthly, the initial responsibility resting with the Accountant General. It should be remembered that the account finally published will be those maintained by the Accountant General.

(2) In order that the control of departments over such expenditure may be effective and real and that the controlling officer should be in a position from month to month to estimate the likelihood of savings in and excess over grants and appropriations, the Finance Department may lay down the detailed procedure for observance by all drawing, disbursing and controlling officers concerned.

(3) For the purpose of control of expenditure, the administrative departments of the Government should obtain from the controlling and disbursing officers subordinate to them, monthly and progressive total figures of Plan and Non-Plan expenditure separately. The information so obtained should be posted by each department in a Register kept for the purpose with a view to enabling a proper watch of total expenditure incurred against the sanctioned grant or appropriation.

(4) The administrative departments should also obtain from the controlling officers and other authorities subordinate to them statements showing the name of the scheme, the budget provision for each scheme, the progressive expenditure in each scheme, the progress of the scheme in physical terms and the detailed reasons for any shortfalls or excesses, both financial and physical. The above said data should be analysed by the administrative departments by corelating the progress of expenditure on each scheme to the progress of the scheme in physical terms and the results reported to the Government for initiating remedial action promptly, where necessary.

(5) In order to maintain proper control over expenditure a controlling officer should obtain from the spending authorities liability statements monthly from the month of October in each financial year which should be progressive and should give the position of outstanding liabilities upto the month to which the statement relates. This liability statement will be obtained in addition to the monthly statement of actual expenditure incurred.

(6) A controlling officer should maintain a liability register in which particulars furnished in the monthly statement should be consolidated. This will not only facilitate the exercise of effective exchequer control and the preparation of correct budget estimates but will also help in the elimination of cases of excesses over grants/appropriations and of non-surrender of savings.
84. **Surrender of savings** - Departments of Government shall surrender to the Finance Department, before the close of the financial year, all the anticipated savings noticed in the grants or appropriations controlled by them. The Finance Department shall communicate the acceptance of such surrenders as are accepted by them to the Accountant General before the close of the year.

*Note 1:* The savings should be surrendered to Government immediately they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses.

*Note 2:* Provision that cannot be profitably utilised should be surrendered. It is contrary to the interest of the Government that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which might wait till the next year.

*Note 3:* Rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided.

85. **Reappropriation of funds**—(1) Reappropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation shall be sanctioned by the Finance Department at any time before the close of the financial year to which such grant or appropriation relates.

(2) Reappropriation of funds shall be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation for the said amount.

(3) Funds shall not be reappropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings become available under other units later in the year.

(4) No reappropriation shall be made from one grant or appropriation to another grant or appropriation.

(5) The authority sanctioning the reappropriation shall enclose a copy of the order to the Accountant General.

(6) Funds shall not be appropriated or reappropriated to meet expenditure which has not been sanctioned by an authority competent to sanction it.
(7) Funds provided for charged expenditure shall not be appropriated or reappropriated to meet voted expenditure and funds provided for voted expenditure shall not be appropriated or re-appropriated to meet charged expenditure.

(8) Funds provided for revenue expenditure shall not be appropriated or reappropriated to meet capital expenditure and funds provided for capital expenditure shall not be appropriated or reappropriated to meet revenue expenditure.

(9) Funds provided for Plan expenditure shall not be appropriated or reappropriated to meet Non-Plan expenditure and funds provided for Non-Plan expenditure shall not be appropriated or reappropriated to meet Plan expenditure.

(10) Funds shall not be appropriated or reappropriated to meet expenditure on a new service not contemplated in the budget as approved by the State Legislature.

(11) Funds shall not be appropriated or reappropriated to any work which has not received administrative approval and technical sanction as prescribed by rules from time to time.

(12) The amount appropriated to any work shall not exceed the amount approved or sanctioned for that work by a sum greater than the excess which may be authorised under the rules.

(13) Since voted and charged portions as also the revenue and capital sections of a grant/appropriation are distinct and reappropriation inter se is not permissible, an excess in any one portion or section is treated as an excess in the grant/appropriation.

86. Supplementary grants - If the amount provided for in the sanctioned Budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some ‘new service’ not contemplated in the original budget for that year, the head of the department concerned shall arrange to obtain the necessary supplementary grants or appropriations in accordance with the provisions of Articles 205(I) of the Constitution.

Note: The expression ‘new service’ has not been defined in the Constitution. As decided by the Central Government in consultation with the Comptroller and Auditor General of India, no attempt should be made to define the definition of it, but the matter should be allowed to be regulated by experience and the evolution of a body of case-laws.

87. Advance from Contingency Fund - (I) When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation or on a ‘new service’ not provided in the budget and there is no sufficient time for
the voting of the supplementary demand and the passing of the connected appropriation bill, an advance from the Contingency Fund set up under Article 267(2) of the Constitution shall be obtained before incurring the expenditure.

(2) An advance from the Contingency Fund shall also be obtained to meet expenditure in excess of the provision for the service included in an Appropriation (Vote on Account) Act.

(3) The procedure to be followed for obtaining an advance from the Contingency Fund shall be as laid down in the Sikkim Contingency Fund Rules, 1975 (Appendix 6), as amended from time to time.

88. Inevitable payments - (1) Subject to the provisions of Article 204(3) of the Constitution, money indisputably payable by Government shall not ordinarily be left unpaid and the payments made shall not be kept out of accounts longer than is absolutely necessary.

(2) Suitable provision for anticipated liabilities should invariably be made in demands for grants to be placed before the Legislature. The onus of proving that the disbursements could not have reasonably been anticipated would be on the controlling officer.

Note: It is not open to a disbursing authority to incur or authorise payments in excess of the amounts provided in the Appropriation Act. If inevitable payments, for which no appropriation exists in the Appropriation Act, have to be made, an advance from the Contingency Fund should be obtained before the expenditure is actually incurred.

VII. REVISED ESTIMATES

89. In the first week of October very year, all heads of departments will review the progress of receipts and expenditure against the approved budget for the year with reference to the actual for such period as may be available and prepare revised estimates for the year. If any savings from or excess over the original estimates are proposed, the reason therefor should be recorded in an explanatory note which, together with the revised proposals, should be forwarded to the Finance Department in the prescribed form not later than 31st October. Any appreciable variations discovered in the revised figures of expenditure and receipts subsequent to their communication to the Finance Department should be intimated to that department as early as possible but not later that 15th January in any case.

90. On receipt of the revised estimates from all the departments, the Finance Department will compile a consolidated statement of revised estimates for the entire Government in the prescribed form.

91. It should be noted that the revised estimates do not constitute sanctions for additional expenditure over the original budget and the procedure prescribed in rule 86 or rule 87 should be followed before incurring the additional expenditure.