E. No. 27.
500—2-11-94.

KEEP-WITH CURRENT No.

dated 189 .

GOVT. OF MADRAS. } 1895. { P. W. DEPT.

EXAMINER, P. W. ACCOUNTS.

Madras, 27 August 1895.

Office Note No. 2999 A.

Diary No. 283
28 AUG 95
Enclosures
RAILWAY ACCOUNTS, MADRAS.

To

W, through C.R.

The three months leave without allowances granted to clerk A.Arulmarinathan Pillai in G.O.No.1382 W. dated 10th.June 1895 will expire on the 24th. instant, and the Examiner, Guaranteed Railway Accounts, Madras, has, at the instance of the Engineer-in-Chief, Nilgiri Railway, asked for an extension of the leave without allowances for a further period of six months.

2. Sanction of Government is requested to the extension. I have personally no objection to its being allowed.

27/8
C.
27/8

Forwarded to W. for favourable consideration.

E W Waller
C. R.
28/8

No 1382 W d/ 10-6-95
430 W d/ 20-2-95
3039 W d/ 27-11-94
222 b W d/ 6-9-94
2503 W d/ 23-10-85

P. W. CURRENT No. 6635

Rd 29-8-95

No 2236 W dg 9th September 1895

B
Sanctioned

Sanctioned.

29

DEPARTMENT
9 SEP 96

Omar Pasha
Omar Pasha

INSTRUCTIONS

RELATING TO THE

PREPARATION OF BUDGET ESTIMATES

AND

RULINGS REGARDING EXPENDITURE.

MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1895.

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INSTRUCTIONS RELATING TO THE PREPARATION OF BUDGET ESTIMATES.

SECTION I.—FORM AND SUBMISSION OF BUDGETS.

1. As soon as possible after the issue of the Civil Budget Estimates in each year, forms are supplied by the Accountant-General to heads of departments wherein they may prepare complete estimates of the receipts and of the charges on account of the salaries and contingencies of themselves and their establishments for the ensuing year. These forms are drawn up in such a manner that every departmental budget is prepared in exactly the same form in which it is finally incorporated in the printed civil estimates of the Presidency. Art. 1515, C.A. Code. G.O., 22nd June 1895, No. 470, Finl., para. 3. G.O., 19th July 1894, No. 558, Finl., para. 1.

2. Budgets should be submitted punctually by the dates fixed in the Appendix to G.O., dated 22nd June 1895, No. 470, Financial. Delays in the submission of the estimates retard the compilation of the general budget, limit the time requisite for the due consideration by Government of the demands made and occasion undue haste in the disposal of subjects which should be dealt with in a deliberate and careful manner. With proper arrangements, which it is in the power of every head of an office to make, there is no reason why a budget estimate should be submitted one day after the prescribed date. G.O., 16th Aug. 1881, No. 1485, Finl., and G.O., 8th Jan. 1881, No. 44, Finl.

3. *Detailed accounts* should be furnished, as far as possible, for each *minor head*, with full particulars for the items comprised within the totals, summaries and abstracts being added wherever necessary. G.O., 2nd Oct. 1894, No. 802, Finl.

4. Receipts and charges should be submitted on separate sheets of paper. Heads of departments will be at liberty to forward the estimates under the several detailed accounts separately, if they find this more convenient than submitting them in a consolidated form. Explanatory memoranda and subsidiary statements for purely departmental purposes and for elucidating the budgets should also, where necessary, be submitted. G.O., 22nd June 1895, No. 470, Finl., paras. 5 and 6, and G.O., 1st Dec. 1894, No. 1053, Finl.

5. Explanations for variations in figures should be furnished, opposite the entry concerned, on the blank pages facing the estimates. G.O., 19th July 1894, No. 558, Finl., para. 2.

6. Covering letters are generally unnecessary; but when they are considered indispensable, they should be as brief and clear as possible, dealing only with the general financial position of the department concerned, and calling attention to such special points as may require the orders of Government. Mere repetitions of figures and statements appearing in the body of the estimates should be avoided. Ditto., para. 3.

7. In compiling the figures, the totals of major heads should be worked up to even thousands of rupees. Minor heads should be rounded to even hundreds of rupees as far as possible. Annas and pies should invariably be omitted. G.O., 3rd Oct. 1894, No. 809, Finl. Art. 1520, C.A. Code.

8. The history of a budget extends over three years, and the facts and figures relating to all the three years should be placed before Government in an accurate and lucid manner. Rule 1, Chap. 73, C.A. Code, 3rd Edition.

SECTION II.—THE COLUMNS OF THE BUDGET.

(A) ACTUALS OF THE PREVIOUS YEAR.

9. These should invariably correspond exactly with the figures recorded in the Accountant-General's *final accounts*. Every head of a department is bound to reconcile the differences that may have arisen and to ensure the rectification of the

accounts, as directed in paragraph 5 of G.O., dated 19th March 1895, No. 256, Financial.

10. To ensure that these instructions have been complied with, a certificate in the following form should be appended to each budget:—

"Certified that the actuals as entered above are those shown in the departmental accounts; they have been verified with the statements furnished by the Accountant-General and all discrepancies noticed have been duly pointed out to him."

(B) SANCTIONED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

11. The Budget Estimates are passed before the commencement of the year to which they apply and when formally sanctioned in budget orders become the authorized programme of expenditure. In the case of *salaries* and *establishments*, they merely *provide* for expenditure within certain limits; alterations in rates of pay or numbers of employés sanctioned during the course of the year take effect without reference to the original budget provision. In the case of *allowances*, *supplies and services*, and *contingencies* however, the sanctioned figures are the *grants* and form the sole *authority* for expenditure (subject to any alterations of grants subsequently made).

Art. 1519, C.A. Code, and Rule 11, Chap. 73, C.A. Code, 3rd Edition.

12. The figures of the sanctioned estimates should therefore be entered exactly as given in the printed civil estimates. An additional grant sanctioned during the course of the year is authority for increasing the revised estimate, but it cannot alter the fact that it was not included in the sanctioned budget. Should a complete reorganization of establishment have been effected after the passing of the estimate for the year, whereby designations as well as salaries are altered and do not correspond with the entries in the printed civil estimates, the total of the sanctioned estimate should be entered, all details being omitted.

P.W.D. Code, Vol. II, Chap. IV, rule 132.

(C) REVISED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

13. The Revised Estimates (not revised budget estimates) make no *provision* for any expenditure whatever; they are *accepted*, not sanctioned, by Government, and no entry in them carries with it any authority for expenditure of any kind. They do not even provide for or authorize the expenditure of charges already entered in the budget estimates; for these latter alone possess authority. The revised estimates are not budgets or appropriations of money, nor do they supersede the budget estimates as the basis for the regulation of expenditure. They are estimates pure and simple, prepared for information, in order to indicate to Government how far the expenditure already sanctioned (in the budget estimates and in subsequent additional grants, if any) will be worked up to. They should not be quoted as authority for expenditure in excess of grants. The inclusion of increased expenditure in the revised estimates does not supersede the necessity of applying for an additional grant nor are the revised estimates the proper channel for applying for additional grants to cover expenditure which has not been provided for in the budget estimates.

P.W.D. Code, Vol. II, Chap. IV, rules 121, 122.

G.O., 2nd May 1895, No. 353, Finl.

14. When the general review of the year's requirements, which is made for the purposes of the revised estimates, discloses for the first time the necessity for any unforeseen expenditure, an application for an additional grant should be made at once, separately, and in a complete form, so that it may be disposed of quite apart from the revised estimates. Such application has, indeed, no connection with those estimates; for the making of the application is a condition precedent to the inclusion of the sum applied for in the estimates: in short, the estimates depend on the grant, not the grant upon the estimates.

15. The revised estimates are usually arrived at by—

Art. 1522, C.A. Code.

(i) adding to the ascertained actuals of past months of the current year those of the closing months of the previous year; or

(ii) assuming that the actuals in the remaining months of the current year will be in the same proportion as those in the earlier months, *e.g.*, if the first four months gave x, the last eight months would give $2x$; or

(iii) working out a proportional estimate arithmetically as follows:— Art. 1523 (*d*), C.A. Code.

Let b be the amount recorded in the accounts of the current year to the end of the latest month of which the figures are known;
a the amount recorded to the same date of the preceding year, or, if the figures of that year were abnormal, then of the latest year of which they were normal;
c the total amount recorded in the accounts of the year from which a is taken; and
d the proportional estimate.

Then $a : b :: c : d$.

Heads of Departments should use their discretion as to which of the methods indicated above should be adopted in framing the revised estimate under any particular head. If the amount under any head of account is fixed, or if the entries are subject to no regular influences but are irregular and fluctuating, the third method is inapplicable. If comparison with the previous year is impracticable the second method is preferable. Art. 1523 (*e*), C.A. Code.

16. The revised estimates framed in accordance with the mechanical processes above named should be corrected from what is known, or can be ascertained, of the history of the past and the expectations of the coming months, and regard should be had to the experience of earlier years. Particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of Government Orders or sanctions, and without leaving any margin on either side. Art. 1522, C.A. Code.

17. There should be no confusion of the facts actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last months of the current year, with the accounts recorded during the same months of preceding years, primarily of the last preceding year. Art. 1523 (1), C.A. Code.

18. In estimating this residue on the basis of the actuals of corresponding months of previous years, due allowance should be made for any exceptional phenomena, which affected the results of the years accepted as a guide, and allowance should also be made for the special and unusual characteristics of the year for which the revised estimate is being framed. Art. 1523 (1), C.A. Code.

19. If, according to the revised estimate, the figures during this residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation should be definitely stated. Art. 1523 (2), C.A. Code.

20. On the other hand, if, while the phenomena of the current year already recorded differ materially from the corresponding phenomena of the last preceding year and of the earlier years, the revised estimate shows no corresponding difference during the residual months, the Head of the Department should state his reasons for thinking that the difference experienced in the earlier months will not continue. In such circumstances, the proportional estimate is *primâ facie* the best. Art. 1523 (3), C.A. Code.

21. Whenever the budget provision is exceeded, or there is a lapse, a note should be made to the effect that an additional grant has been separately applied for or the saving formally reported to Government (*vide* rule 103 *infra*). Art. 1523 (5), C.A. Code.

Add as Rule 21-A.

21-A. Whenever an excess over the budget grant has already been provided for by re-appropriation by Government, the same should be noted in the explanatory column of the budget estimate, the number and date of the order sanctioning the additional allotment being quoted.

G.O., No. 777, Financial, dated 14th November 1896.

23. One of the most important duties of every head of a department, as an estimating officer, is to keep himself thoroughly acquainted with the progress of the revenue and expenditure under his control, so as to be able at once to bring to the notice of Government any matter demanding its attention. He is charged with the administration of those numerous matters in respect of which Government is debtor or creditor, so far as his department is concerned, and it is his duty to see that proper estimates are made for all those transactions, and that due measures are taken to watch Art. 1634, C.A. Code.

Rule-23 vide slip attached.

Add at the end of rule 23. There is a tendency to over-estimate expenditure and to under-estimate receipts which is due to a not unnatural desire on the part of an officer to provide for all the expenditure that may be required should the year be favourable and at the same time not to commit himself to a higher estimate of receipts than will probably be realized should the year be unfavourable. This is clearly wrong from a financial point of view, as the estimate of both revenue and expenditure should be based upon one common hypothesis.

G.O., No. 721, Financial, dated 23rd September 1895.

ultimate facts as truly as possible; and estimates habitually and largely more unfavourable than the facts defeat themselves, and are only less mischievous than too favourable estimates.

Art. 155 (*a*), C.A. Code.

25. The Budget estimate should be made up for what is expected to be actually received or paid (under proper sanction) during the year, including the arrears of past years—not for the demand or the liabilities falling due within the year.

Art. 155 (*a*), C.A. Code.

26. Net receipts or net charges should not be entered in any case; the gross transactions should be exhibited in full, except where definite instructions to the contrary have been issued.

Art. 154 (2), C.A. Code. G.O., 19th July 1894, No. 558, Finl., para. 10.

27. When new schemes are included in budgets the fact should be brought prominently to notice. Sanction to the schemes should however be applied for in ordinary course, without reference to budget provision, through the Secretariat department concerned.

Art. 155 (*g*), C.A. Code.

28. No new charge of even *a petty character* may be included in the budget until sanctioned by competent authority, but a note may be made at the end of the budget (with explanation) of any fresh charge that is expected to be sanctioned and to come in course of payment during the year to which the budget relates.

(E) EXPLANATORY REMARKS.

29. Explanations are not required for differences between the actuals of the previous year and of the preceding years, nor for those between the actuals and the estimates of the previous year; but any abnormal variations in actuals as compared with the revised and budget estimates should be fully accounted for.

Art. 1555, C.A. Code.

30. The principal explanations required are in connection with the difference between the budget figures proposed for the ensuing year and the corresponding figures in other columns.

Art. 1554, C. A. Code.

31. The explanations should be as short as is consistent with clearness. It is better, however, that they should be too full than too scanty, so that no difference requiring explanation may escape observation merely through its being counterbalanced by an opposite difference.

Rule 9 (*b*), Chap. 73, C.A. Code, 3rd Edition.

32. It is not sufficient to explain mere variations in the totals from year to year; an item may have been once passed or omitted as an exceptional case, and its repetition or continued omission may require to be accounted for.

Art. 155 (*e*), C.A. Code.

33. Variations in the columns of numbers as well as in those of amounts must be explained.

Art. 155 (*e*), C.A. Code.

34. In the case of variations which are based on an order of Government, the number and date *as well as the purport* of the order should be specified.

Art. 155 (*d*), C.A. Code.

35. For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

P.W.D. Code, Chap. IV, rule 58.

36. In the case of special expenditure, which is to be met from Provincial as well as from Local or private funds—*e.g.*, Students' Hostels, water-supply and drainage schemes—the explanatory column should specify what portions of the proposed expenditure will be defrayed from other than Provincial funds.

Averages of past years' actuals, &c.

37. In the case of the more important heads of revenue, the actuals of the first five or six months of the current year should be compared with those of the corresponding periods of the three preceding years.

Art. 155 (*e*), C.A. Code.

38. Opposite every item of fluctuating charge, viz., Special departmental charges, Supplies and services, Allowances, and Contingencies, the actual expenditure of each of the three years last past should be entered in red ink together with a brief explanation of all abnormal variations.

Art. 155 (*f*), C.A. Code.

39. Averages should likewise be shown in the above cases, but the estimate of receipts and varying charges should not be merely an arithmetical average of the three years' figures. The average is a guide, but it should not be taken absolutely.

Art. 1523 (*f*), C.A. Code.

40. The figures for former years should range and correspond exactly with those to be estimated, both in character and as to the periods to which they belong. If any change is made in the constitution of any head of account by the addition or deduction of items, the figures of the earlier years should be re-adjusted in the same way, the principle being carefully kept in view that like things must be compared with like.

SECTION III.—DETAILS OF BUDGET PROVISION.

G.O., 19th July 1894, No. 558, Finl., para. 9.

41. The various rulings relating to the correct classification of receipts and charges under individual heads will be found in Appendix P to the Civil Account Code and these should be closely adhered to.

42. *Roman* numerals are prefixed to Major heads of *Revenue* or *Receipts*, and *Arabic* numerals to those of *Disbursements* or *Expenditure*, *e.g.*, I, *Land Revenue;* 3, *Land Revenue.*

43. The principles governing the correct classification of receipts and charges under Major, Minor, and Detailed heads are laid down in Articles 1005 to 1008 of the Civil Account Code.

44. The incidence of the cost of officers serving in more than one department or transferred from one department to another is indicated in Article 773 of the Civil Account Code.

45. The incidence of the cost of travelling allowances in such cases is determined in accordance with Articles 1294 to 1296 of the Civil Service Regulations.

G.O., 19th July 1894, No. 558, Finl., para. 9.

46. The above rulings together with the instructions relating to *Inter-departmental* transfers and the *sundry rulings* in Chapter 6 of the Civil Account Code should be carefully borne in mind.

Art. 155 (*h*), C.A. Code.

47. Every department should provide for the whole of the receipts and charges with which it finally deals.

G.O., 16th Aug. 1887, No. 915, Finl., para. 5.

48. Minute details should be furnished under *Receipts*, as the audit of receipts and the check over departmental revenue have to be exercised by the controlling authorities.

Ditto, para. 6.

49. On the expenditure side, totals should be given under *Salaries*, *Establishment*, *Allowances*, *Supplies and Services*, *Special Charges* and *Contingencies* in the separate column set apart for this purpose. Grand totals should also be given in every case.

Ditto, para. 6.

50. Lump deductions on account of probable savings should be made only in the case of *Salaries and Establishments*, the provision for *Contingencies* being limited to actual requirements.

Ditto, para. 3.

51. Charges on account of *Petty Construction and Repairs* should be shown for each minor head under *Supplies and Services.*

Ditto, para. 3.

52. Expenditure incurred on account of *Printing at Private Presses* and *Stationery purchased in the country* should be shown separately under 30, *Stationery and Printing.*

Art. 1357, C.A. Code.

53. *Refunds* of collections under the principal heads of Revenue should be shown under 1, *Refunds and drawbacks.* Under other heads, refunds should appear as a separate minor head under each major head.

Art. 155 (*i*), C.A. Code.

54. As charges for the freight paid in India on stores received from England is borne by the department against which the cost of the stores is charged in the home accounts, provision should be made accordingly in departmental estimates.

Rule 59, P.W.D. Code, Vol. II, Chap. IV.

55. The budget estimate should include that portion of the *cost of stores* which have been indented for on Europe and which, it is expected, will be paid for and entered in the accounts within the year. Heads of departments should ascertain the necessary particulars from the Accountant-General.

55-A

wide slip attached.

LISHMENTS.

G.O., 5th Nov. 1887, No. 1175, Finl.

"*Establishments*" is mainly that between gazetted and non-gazetted officers.

Art. 155 (c), C.A. Code.

57. In the case of both *Salaries* and *Establishments* the column of *numbers* should be carefully checked. The rate of pay should be entered *within* parenthesis, the number in each rate being shown *without*, as follows:— 3 (500), 7 (400), 12 (300), &c.; but where there is only one officer on each rate of pay, the number (1) need not be specified, thus "3 clerks (75), (50), (30)." The entries should admit of verification with the column of charge.

G.O., 5th Nov. 1887, No. 1175, Finl. Art. 155 (b), C.A. Code.

58. Progressive salaries should invariably be shown as such, the maximum and minimum being specified, but the provision should be for the actual salary which is being earned on 1st April of the year for which the estimate is made, without reckon-

Add at the end of Rule 58.

G.O., 5t No. 117

A statement should be attached to each budget estimate showing, in the case of each progressive salary, the actual salary earned on 1st April.

G.O., No. 902, Financial, dated 26th December 1896.

from the different sources.

Art. 155 (b), C.A. Code.

60. For fixed charges, the detailed estimate should show the full amount of the sanctioned scale, and when it is found by experience that a saving will arise from absence or other cause, a lump deduction should be made.

G.O., 19th July 1894, No. 558, Finl.

61. Leave allowances and pensions (and in a few cases salaries) which are payable in England are chargeable to the Home accounts and should not be provided for

61-A. No separate provision should be made for deputation or leave allowances payable in India. Such liabilities form a set-off against probable savings due to absence on leave to Europe. The revised estimates should, however, represent the actual facts as nearly as possible.

No. 1175, Finl.

ances, local allowances, house-rent allowances, exchange compensation allowance, and fixed special allowances given for separate duties (*e.g.*, lunatic asylum allowances to medical officers). But those allowances should be shown separately immediately below the salary of the officer concerned. The number of officers and the rate drawn by each should also be given so as to admit of verification with the column of charge.

G.O., 18th July 1895, No. 531, Finl.

63. The budget estimate for exchange compensation allowance should be calculated from the amounts (1) paid in the previous year, and (2) entered in the revised estimate as likely to be paid in the current year, the proportion to those amounts depending on the percentages of salary payable in the two years (1) and (2) and that resulting from the rate of exchange adopted for calculating exchange compensation allowance in the budget estimates. If there is a difference in the result of the calculations from the two years (1) and (2), that which is considered to be the better guide to the payments in the year to which the budget estimates relate should be adopted.

G.O., 5th Nov. 1887, No. 1175, Finl.

64. Additional allowances which are not salaries should be distinguished as such and shown under "*Allowances.*"

Ditto.

65. Wherever "*free quarters*" are allowed, an entry to that effect should be made within parenthesis, after the rate of salary.

Ditto.

66. A salary divided between two departments should be entered as if it were chargeable to the principal head only (the combined designation of the officer being there shown in full); the amount to be transferred to the estimate under the other head being deducted at foot. Under the head to which the amount is transferred, an entry should be made showing the part salary transferred.

Ditto.

67. All graded officers of any regular service, *e.g.*, Tahsildars, Sub-Registrars, &c., should be entered under Salaries.

Ditto.

68. Deductions on account of Civil Service Annuity Funds should be avoided by showing the salaries of Indian Civil Servants *net* as follows:—

		Rs.
1	Chief Secretary (3,000)⁴	34,560
2	Secretaries, Judicial (2,250)⁴ and Financial (1,800)⁴	46,656
3	Under Secretaries (1,000),⁴ (1,000)⁴, (800)⁴	32,256

where the figure ⁴ means subject in the case of Indian Civil Servants to 4 per cent. deduction for annuity.

[Statutory Civilians and Officers of the Provincial Civil Service should be shown separately.]

69. *Establishments.*—Under this head, ...hments of different classes should be shown separately. Clerks should ...ished from servants. Persons serving in special capacities, such as ...s and nazirs,

G.O., 5th Nov. 1887, No. 1175, Finl.

69-A

wide slip attached

69-A. Allowances paid to members of ... the... and should

Art. 154 (1), C.A. Code.

Comptroller-General's letter, No. 933, dated 17th September 1895.

reference ... time; even hours required o... lishments, it charges on account of e...

P.W.D. Code, Chap. IV, rule 48.

is still desirable that heads of departments should review the entire estimate of the requirements of their departments. The budget estimate is however not the place for submitting for consideration any changes in establishment. Care should therefore be taken that all necessary increases or decreases of establishment are fully considered and disposed of prior to the time of preparing the estimate.

Ditto, rule 49.

71. In urgent cases, however, when the sanction to a proposed increase has not been obtained, but is sure to be accorded, the establishment which has not been sanctioned should be separately detailed, and the cause of the reference not being submitted for orders earlier should be fully explained. The proposals themselves should, in all cases, be submitted separately from the budget.

Ditto, rule 77.

72. The provision for *temporary* establishments should be quite distinct from that for *permanent* establishments, details of the nature and rate of pay being given. The periods for which the former may have to be retained should also be specified within parenthesis.

Art. 155 (g) 1, C.A. Code.

73. It not unfrequently happens that an establishment or some special allowance is sanctioned for an official year, and the charge for the last month of the year only becomes due when the new year has commenced and must be taken against the grant of that year. Provision should accordingly be made for the charges of March payable in April in the estimates of the year concerned.

74. A numerical establishment statement, in exactly the form adopted in the appendix to the Civil estimates, should accompany each budget forwarded to the Accountant-General.

(B) ALLOWANCES.

G.O., 20th Oct. 1888, No. 783, Finl.

75. Under the head *Allowances* are entered the following:—

(1) Travelling allowances (fixed, &c.).	(7) Allowances to Conductresses and peons (Educational).
(2) Tentage ,,	(8) Family allowances (Ramdsmen).
(3) Horse ,,	(9) Capitation allowances.
(4) Conveyance ,,	(10) Commission.

~~ime and other fees.~~

Rule 75 wide slip attached

75. Delete item (11), *Overtime a*

In the case of officers drawing fixed tentage, travelling and conveyance allowances, the designation of the officer and the rate drawn by each should invariably be given, *e g.*—

Tentage.

Collectors and Magistrates 2⁰ (50), &c.

Horse Allowance.

Inspectors 10 (15), &c.

(C) CONTINGENCIES.

Art. 79, C.A. Code.

76. The Government of India "expects that every public officer will exercise the same vigilance in respect to *petty contingent expenses* that he would do if spending his own money, and has further ordered that a register of contingent expenditure shall be kept in each office, and the initials of the head of the office shall be entered against the date of payment of each item." A large number of columns is set apart in this register for the record of the several classes of contingent expenditure, and if this register is properly maintained, there should be no difficulty in specifying at any moment the expenditure which has been incurred in the past under each head.

Art. 825, C.A. Code.

77. The responsibility for the effective control of contingent expenditure rests primarily with heads of offices. Controlling officers are, however, required to scrutinize the expenditure in addition to the scrutiny of heads of offices.

78. A large proportion of the expenditure is usually classed as *I (b)*, *Contingencies admissible without detailed audit*, and the Accountant-General merely sees that budget grants are not exceeded and that questionable items are not admitted. It is therefore of great importance that the grants for each individual office should be determined with the greatest possible accuracy.

79. Immediately on receipt of the printed Civil Estimates each year, every head of a department should furnish the Accountant-General with a statement showing, by districts or offices, the distribution of the lump grant assigned for his department.

80. The Government expects every head of a department to furnish, with his estimates, detailed and accurate information regarding every entry under *Contingencies*. Vague entries, such as "*Other items*", "*Charges admissible without detailed audit*", "*Reserve*", &c., should not find a place in the budget.

81. Endeavours should be made to exhibit every item of expenditure separately, subsidiary statements being added where the details are too numerous to be inserted in the body of the budget itself. The estimates should be based on past actuals and include every item of expenditure likely to be incurred during the year. The distinction between *I (a)* and *I (b)* charges will, so far as the estimates are concerned, be entirely ignored, and all lump amounts entered under *Office expenses* or *Miscellaneous* will be struck out by Government and the budget passed for specified charges only.

82. Provision for the purchase of new furniture and similar articles should be accompanied by notes, stating when the last purchase was made and explaining the necessity for the proposed expenditure.

SECTION IV.—SPECIAL BUDGETS.

G.O., 20th July 1895, No. 534, Finl.

83. Immediately on the issue of orders sanctioning an expedition or other measures involving large special expenditure, the spending departments concerned should, without waiting to be called upon to do so, prepare and submit to Government detailed forecast estimates of the extra expenditure likely to be incurred under their respective orders, for the period the operations are expected to last. The estimate should be prepared so as to distinguish the monthly recurring extra expenditure from the initial charges, which are incurred once for all at the commencement or during the progress of the operations, and from the terminal charges similarly incurred at the close of the operations.

RULINGS REGARDING EXPENDITURE.

SECTION I.—EXPENDITURE NOT PROVIDED FOR AND APPLICATIONS FOR ADDITIONAL ALLOTMENTS.

84. The fact of a charge which requires special sanction having been included and passed in a budget is no authority for its payment. Art. 156 (1), C.A. Code.

85. Under no circumstances may liabilities be incurred in one year against anticipated grants in a succeeding year. P.W.D. Code, Vol. II, Chap. IV, rule 16.

86. The want of provision in the estimate does not operate to prevent payment of any sums really due by Government, nor the want of sanction to prevent record of any actual payment. Money indisputably payable should never be left unpaid; money paid should, under no circumstances, be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments, and it is an object of very great importance to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Arts. 161 and 162, C.A. Code.

87. Expenditure which cannot be met from the grant made at the beginning of the year for the service of the department to which it appertains requires, *ipso facto* and apart from all other rules, the sanction of Government. Every application for such sanction should be accompanied by a statement in the subjoined form, showing how the expenditure is proposed to be met:— Art. 158, C.A. Code.

STATEMENT proposing expenditure for which provision has not been made in the budget for 189 and which cannot be met from anticipated savings under the grant head. G.O., 29th June 1893, No. 608, Finl.

Amount of allotment required.	Major head under which the expenditure will fall.	Explanation as to why no re-appropriation within the budget grant is considered possible.	Major head from which a transfer to meet the charge is ordered.
			*

* Entries in this column are to be made by Government alone.

88. Save for exceptional reasons, expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be sanctioned; in the absence of special arguments the Government assumes that any Art. 159, C.A. Code.

88. A with slips attached

88-A. Applications for increases to establishment, or other charges involving increased expenditure, are not justifiable on the mere ground that the proposed expenditure is desirable or that it can be met from savings. Each head of a department, when submitting his budget for the year, is expected to ensure that it is a proper representation of his programme for the coming year. Supplemental demands indicate, as a rule, want of [illegible] budget and, unless [illegible]

G.O., No. 1922, Financial, dated 1st September 1883.

88-A. In submitting fresh proposals for expenditure, it should be distinctly stated whether provision for the proposed change has or has not been made in the budget estimates of the year.

G.O., No. 315, Financial, dated 11th April 1895.

G.O., No. 721, Financial, dated 23rd September 1895. [illegible] directly productive of revenue develops the utilization of forest produce and so materially increases the receipts. Additional grants will be sanctioned without re-appropriation from other heads, whenever it is anticipated that such grants are necessary to earn, and will probably earn, additional revenues of a more than equivalent amount.

be shown—

(1) that the expenditure is necessary and unavoidable, or at least in the highest degree advisable;

(2) that it could not have been foreseen when the budget estimates were prepared; or, if it could have been, it must be explained why the necessary

Add as Rule 91-A.

91-A. Whenever heads of departments apply for additional allotments, whether (*a*) upon calls from the Accountant-General, (*b*) on their own initiative, or (*c*) in reply to calls from Government, the applications should be submitted through the Accountant-General, who will, when transmitting them to Government, make any necessary comments and indicate, where possible, the head from which re-appropriation should be made.

G.O., No. 777, Financial, dated 14th November 1896.

P.W.D. Code, Vol. II, Chap. IV, rule 18.

to them or make reductions from them during the course of the year.

G.O., 31st Dec. 1891, No. 1382, Finl.

93. The Financial Department alone sanctions transfers from one *major head to another*.

94. The following Heads of Departments can sanction transfers from one *minor head to another within the same major head*, provided the expenditure is entirely under their control:—

The Hon'ble the Judges of the High Court.
" Board of Revenue (all departments).
" Inspector-General of Police.
" " " of Prisons.
" " " of Registration.
" Director of Public Instruction.
" Surgeon-General.

G.O., 17th Nov. 1894, No. 1000, Finl.

95. All other Heads of Departments are competent to transfer from one detailed head to another *within the same minor head.*

P.W.D. Code, Chap. IV, rule 135 (*d*) (1).

But in all such cases of transfers, Heads of Departments can utilize savings under one head only for the purpose of meeting unexpected excesses under another head; they are not at liberty to authorize any new charge not already included in the sanctioned grants, or to divert funds to objects not sanctioned by competent authority.

Ditto, rule 134 (III).

96. The aggregate of the re-appropriations under each head should never exceed the grant under that head.

Ditto, rule 134 (II).

97. No expenditure against one grant should be incurred in expectation of short outlay against another grant, nor should any expenditure be allowed without obtaining the appropriation for it at once. Sanction to expenditure must be followed simultaneously by an appropriation of funds, limiting the amount to be spent.

98. Savings accruing under *Salaries and Establishments* should not be utilized for any other purposes, especially for *Contingencies*, without the special sanction of Government.

SECTION III.—REPORT OF LAPSES AND SURRENDER OF ASCERTAINED SAVINGS.

99. After the close of the year, if the grants have not been completely utilized, the unspent balances lapse in ordinary course and are not available for expenditure in the following year.

Art. 293, C.A. Code.

100. A sanction for any charge, when not acted on for twelve months, becomes void and must be renewed if the expenditure is required. Actual disbursements of any one year can only be met from the grants of that year, and cannot be debited against the grants of the preceding and succeeding years.

101. Expenditure which might otherwise be postponed is not, however, to be incurred in the month of March, solely with a view to prevent lapses of budget grants. The prospect of an eventual saving is not a sufficient justification, in all instances, for an immediate increase of expenditure, and the fact that economies can be effected in the cost of a department affords of itself no grounds for increased expenditure in that or any other department.

G.O., 31st Oct. 1894, No. 919, Finl.; P.W.D. Code, rule 146.

102. On the other hand, lapses and savings in one department may be utilized during the year by Government for the requirements of other departments. It is therefore essential that funds should not be unnecessarily locked up, and that Government should be kept informed of the progress of expenditure. Every head of a department should submit a formal report as soon as he foresees any lapses or savings, and surrender whatever is not likely to be of use to him during the remainder of the

Add after Rule 102.

102-A. It is the duty of heads of departments continuously to watch the progress of expenditure in their respective branches of the administration, and at the same time to ensure the speedy development of departmental operations and the utilization of the sanctioned grants before the close of the year. It is, therefore, incumbent on them to review their revised estimates in the light of the Accountant-General's corrections based on later information and to advice Government in order that the *altered grants* under each head may be finally determined with some degree of precision. These *altered grants* form the sole authority for disbursements; the Accountant-General has, under article 158 of the Civil Account Code, to conduct his audit against them, and the actual expenditure of the year ought to approximate to them as closely as possible.

G.O., Nos. 139–40, Financial, dated 3rd March 1896.

102-B. The Accountant-General will, therefore, supply copies of the Preliminary Civil budget estimates to heads of departments, who will, within a week of the receipt of these, forward through him to Government, in the subjoined form, a memorandum of all further alterations of grants that may appear to them to be necessary from an administrative point of view:—

MEMORANDUM of altered Grants for the current year in department.

Major head of account.

Minor and detailed heads of account.	Budget grant.	Amount already sanctioned by re-appropriation		Altered grant.	Grant now considered necessary.	Additional allotment required.	Amount surrendered.	Accountant-General's revised estimate.	Remarks.
		By Government.	By the head of the department under paragraphs 94 and 95 of the budget rules * for contingencies only.			Net total additional allotment required or net total amount surrendered.			
1	2	3	4	5	6	7	8	9	10
						(*a*)	(*b*)		

G.O., No. 777, Financial, dated 14th November 1896.

* This should be reported to Accountant-General for verification.

(*a*) The excess of column 6 over column 5. (*b*) The deficiency of column 6 below column 5.

Corrected
Corrected up to G.O. 902 Fin. dt. 26-12-96

Budget Rules -
Civil

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P. W. C. I
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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., dated 22nd May 1860, No. 228, Financial.

ABSTRACT.—Introducing the system of Budget Estimates prevailing in England as the most important step towards securing financial economy in the administration of the Indian Empire.

G.O., dated 7th December 1880, No. 2808 W., Public Works.

G.O., dated 16th August 1881, No. 1485, Financial.

ABSTRACT.—Issuing instructions regarding the punctual submission of Budget Estimates.

G.O., dated 16th August 1887, No. 915, Financial.

ABSTRACT.—Passing orders in regard to the preparation and submission of the Budget Estimates for 1888–89.

G.O., dated 5th November 1887, No. 1175, Financial.

ABSTRACT.—Communicating to all Heads of Departments letter from the Government of India forwarding copy of the preface to the Civil Estimates for 1887–88 and inviting attention to the change of practice and of form described therein.

G.O., dated 20th October 1888, No. 783, Financial.

ABSTRACT.—Circulating to all officers, for guidance, the list of *Contingent charges* and *Supplies and Services* as amended by the Accountant-General.

G.O., dated 19th July 1894, No. 558, Financial.

ABSTRACT.—Issuing certain instructions with a view to ensure greater uniformity and clearness in the form in which the detailed Budget Estimates of the various departments of the Public service are now prepared.

G.O., dated 20th June 1895, No. 470, Financial.

ABSTRACT.—Issuing orders regarding the distribution of the Consolidated Civil Budget Estimates of this Presidency for 1895–96, and the supply of printed forms to Heads of Departments for the estimates of 1896–97.

READ—also letter from the Accountant-General, dated 13th August 1895, No. 2123.

ORDER—dated 20th August 1895, No. 602, Financial.

The accompanying pamphlet contains a summary of rulings relating to the preparation of Budget Estimates. The attention of all Heads of Departments is particularly directed to these instructions in connection with the submission of the estimates for 1896–97. The opportunity has been taken to embody some general rulings as regards expenditure.

2. Rules 76 to 82 regarding "Contingencies" should be carefully noted; estimates not conforming to the instructions therein laid down will be returned for revision.

3. Should there be any difficulty in furnishing all the detailed information required by the dates on which the various budgets are due with Government, the estimates may be forwarded in advance and further particulars furnished later on.

(True Extract.)

for *Chief Secretary.*

To the Revenue Department,
" all Heads of Departments under the Chief Secretary,
" the Accountant-General,
" the Comptroller and Auditor General,
Copy to the Public Works Department,
} with pamphlet.

S.C.S will follow from Madras office

Ed. A. Raitt.

6-4-18V

P. W. CURRENT No. 6764

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Encl: 1 (40 S.C)

Recd: 4.5.95

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No. 2233 W.J. 7th September 1895.

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Govt. of {1895} Madras.

FINANCIAL.

Issued

Recd. 2-9-95 Encl. 1

G.O., 20th August 1895, No. 602.

AUGUST.

No Ex Pkt with 10 SC.
The Emperor
" Ex for 9
" Ex for Pkg with 20 SC

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8-SEP-95

Budget Estimates.

Directing the attention of all Heads of Departments to the rulings relating to the preparation of —, in connection with the submission of the estimates for 1896–97; and forwarding copies of the pamphlet containing a summary of the ruling.

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INDEXED

12/9

INSTRUCTIONS

RELATING TO THE

PREPARATION OF BUDGET ESTIMATES

AND

RULINGS REGARDING EXPENDITURE.

MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1895.

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INSTRUCTIONS RELATING TO THE PREPARATION OF BUDGET ESTIMATES.

SECTION I.—FORM AND SUBMISSION OF BUDGETS.

1. As soon as possible after the issue of the Civil Budget Estimates in each year, forms are supplied by the Accountant-General to heads of departments wherein they may prepare complete estimates of the receipts and of the charges on account of the salaries and contingencies of themselves and their establishments for the ensuing year. These forms are drawn up in such a manner that every departmental budget is prepared in exactly the same form in which it is finally incorporated in the printed civil estimates of the Presidency. Art. 1515, C.A. Code. G.O., 22nd June 1895, No. 470, Finl., para. 3. G.O., 19th July 1894, No. 558, Finl., para. 1.

2. Budgets should be submitted punctually by the dates fixed in the Appendix to G.O., dated 22nd June 1895, No. 470, Financial. Delays in the submission of the estimates retard the compilation of the general budget, limit the time requisite for the due consideration by Government of the demands made and occasion undue haste in the disposal of subjects which should be dealt with in a deliberate and careful manner. With proper arrangements, which it is in the power of every head of an office to make, there is no reason why a budget estimate should be submitted one day after the prescribed date. G.O., 16th Aug. 1881, No. 1485, Finl., and G.O., 8th Jan. 1881, No. 44, Finl.

3. *Detailed accounts* should be furnished, as far as possible, for each *minor head*, with full particulars for the items comprised within the totals, summaries and abstracts being added wherever necessary. G.O., 2nd Oct. 1894, No. 802, Finl.

4. Receipts and charges should be submitted on separate sheets of paper. Heads of departments will be at liberty to forward the estimates under the several detailed accounts separately, if they find this more convenient than submitting them in a consolidated form. Explanatory memoranda and subsidiary statements for purely departmental purposes and for elucidating the budgets should also, where necessary, be submitted. G.O., 22nd June 1895, No. 470, Finl., paras. 5 and 6, and G.O., 1st Dec. 1894, No. 1053, Finl.

5. Explanations for variations in figures should be furnished, opposite the entry concerned, on the blank pages facing the estimates. G.O., 19th July 1894, No. 558, Finl., para. 2.

6. Covering letters are generally unnecessary; but when they are considered indispensable, they should be as brief and clear as possible, dealing only with the general financial position of the department concerned, and calling attention to such special points as may require the orders of Government. Mere repetitions of figures and statements appearing in the body of the estimates should be avoided. Ditto., para. 3.

7. In compiling the figures, the totals of major heads should be worked up to even thousands of rupees. Minor heads should be rounded to even hundreds of rupees as far as possible. Annas and pies should invariably be omitted. G.O., 3rd Oct. 1894, No. 809, Finl. Art. 1520, C.A. Code.

8. The history of a budget extends over three years, and the facts and figures relating to all the three years should be placed before Government in an accurate and lucid manner. Rule 1, Chap. 73, C.A. Code, 3rd Edition.

SECTION II.—THE COLUMNS OF THE BUDGET.

(A) ACTUALS OF THE PREVIOUS YEAR.

9. These should invariably correspond exactly with the figures recorded in the Accountant-General's *final accounts*. Every head of a department is bound to reconcile the differences that may have arisen and to ensure the rectification of the

accounts, as directed in paragraph 5 of G.O., dated 19th March 1895, No. 256, Financial.

10. To ensure that these instructions have been complied with, a certificate in the following form should be appended to each budget :—

"Certified that the actuals as entered above are those shown in the departmental accounts; they have been verified with the statements furnished by the Accountant-General and all discrepancies noticed have been duly pointed out to him."

(B) SANCTIONED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

11. The Budget Estimates are passed before the commencement of the year to which they apply and when formally sanctioned in budget orders become the authorized programme of expenditure. In the case of *salaries* and *establishments*, they merely *provide* for expenditure within certain limits; alterations in rates of pay or numbers of employés sanctioned during the course of the year take effect without reference to the original budget provision. In the case of *allowances*, *supplies and services*, and *contingencies* however, the sanctioned figures are the *grants* and form the sole *authority* for expenditure (subject to any alterations of grants subsequently made).

Art. 1519, C.A. Code, and Rule 11, Chap. 73, C.A. Code, 3rd Edition.

12. The figures of the sanctioned estimates should therefore be entered exactly as given in the printed civil estimates. An additional grant sanctioned during the course of the year is authority for increasing the revised estimate, but it cannot alter the fact that it was not included in the sanctioned budget. Should a complete reorganization of establishment have been effected after the passing of the estimate for the year, whereby designations as well as salaries are altered and do not correspond with the entries in the printed civil estimates, the total of the sanctioned estimate should be entered, all details being omitted.

P.W.D. Code, Vol. II, Chap. IV, rule 132.

(C) REVISED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

13. The Revised Estimates (not revised budget estimates) make no *provision* for any expenditure whatever; they are *accepted*, not sanctioned, by Government, and no entry in them carries with it any authority for expenditure of any kind. They do not even provide for or authorize the expenditure of charges already entered in the budget estimates; for these latter alone possess authority. The revised estimates are not budgets or appropriations of money, nor do they supersede the budget estimates as the basis for the regulation of expenditure. They are estimates pure and simple, prepared for information, in order to indicate to Government how far the expenditure already sanctioned (in the budget estimates and in subsequent additional grants, if any) will be worked up to. They should not be quoted as authority for expenditure in excess of grants. The inclusion of increased expenditure in the revised estimates does not supersede the necessity of applying for an additional grant nor are the revised estimates the proper channel for applying for additional grants to cover expenditure which has not been provided for in the budget estimates.

P.W.D. Code, Vol. II, Chap. IV, rules 121, 122.

G.O., 2nd May 1895, No. 353, Finl.

14. When the general review of the year's requirements, which is made for the purposes of the revised estimates, discloses for the first time the necessity for any unforeseen expenditure, an application for an additional grant should be made at once, separately, and in a complete form, so that it may be disposed of quite apart from the revised estimates. Such application has, indeed, no connection with those estimates; for the making of the application is a condition precedent to the inclusion of the sum applied for in the estimates: in short, the estimates depend on the grant, not the grant upon the estimates.

Art. 1522, C.A. Code.

15. The revised estimates are usually arrived at by—

(i) adding to the ascertained actuals of past months of the current year those of the closing months of the previous year; or

(ii) assuming that the actuals in the remaining months of the current year will be in the same proportion as those in the earlier months, *e.g.*, if the first four months gave x, the last eight months would give $2x$; or

Art. 1523 (*d*), C.A. Code.

(iii) working out a proportional estimate arithmetically as follows :—

Let b be the amount recorded in the accounts of the current year to the end of the latest month of which the figures are known;
a the amount recorded to the same date of the preceding year, or, if the figures of that year were abnormal, then of the latest year of which they were normal;
c the total amount recorded in the accounts of the year from which a is taken; and
d the proportional estimate.

Then $a : b :: c : d$.

Art. 1523 (*e*), C.A. Code.

Heads of Departments should use their discretion as to which of the methods indicated above should be adopted in framing the revised estimate under any particular head. If the amount under any head of account is fixed, or if the entries are subject to no regular influences but are irregular and fluctuating, the third method is inapplicable. If comparison with the previous year is impracticable the second method is preferable.

Art. 1522, C.A. Code.

16. The revised estimates framed in accordance with the mechanical processes above named should be corrected from what is known, or can be ascertained, of the history of the past and the expectations of the coming months, and regard should be had to the experience of earlier years. Particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of Government Orders or sanctions, and without leaving any margin on either side.

Art. 1523 (1), C.A. Code.

17. There should be no confusion of the facts actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last months of the current year, with the accounts recorded during the same months of preceding years, primarily of the last preceding year.

Art. 1523 (1), C.A. Code.

18. In estimating this residue on the basis of the actuals of corresponding months of previous years, due allowance should be made for any exceptional phenomena, which affected the results of the years accepted as a guide, and allowance should also be made for the special and unusual characteristics of the year for which the revised estimate is being framed.

Art. 1523 (2), C.A. Code.

19. If, according to the revised estimate, the figures during this residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation should be definitely stated.

Art. 1523 (3), C.A. Code.

20. On the other hand, if, while the phenomena of the current year already recorded differ materially from the corresponding phenomena of the last preceding year and of the earlier years, the revised estimate shows no corresponding difference during the residual months, the Head of the Department should state his reasons for thinking that the difference experienced in the earlier months will not continue. In such circumstances, the proportional estimate is *primâ facie* the best.

Art. 1523 (5), C.A. Code.

21. Whenever the budget provision is exceeded, or there is a lapse, a note should be made to the effect that an additional grant has been separately applied for or the saving formally reported to Government (*vide* rule 103 *infra*).

(D) BUDGET ESTIMATES OF THE ENSUING YEAR.

Art. 1523 (6), C.A. Code.

22. *Primâ facie*, and subject always to any known disturbing influences, the revised estimate is the best guide to the new estimate.

Art. 1634, C.A. Code.

23. One of the most important duties of every head of a department as an

Add at the end of rule 23. There is a tendency to over-estimate expenditure and to under-estimate receipts which is due to a not unnatural desire on the part of an officer to provide for all the expenditure that may be required should the year be favourable and at the same time not to commit himself to a higher estimate of receipts than will probably be realized should the year be unfavourable. This is clearly wrong from a financial point of view, as the estimate of both revenue and expenditure should be based upon one common hypothesis.

G.O., No. 721, Financial, dated 23rd September 1895.

and direct the various matters which make up the estimates.

Art. 1523 (7), C.A. Code.

24. The immediate practical purpose of the budget estimates is to ascertain what ways and means must be provided for the service of the ensuing year. As it is essential that such provision should be adequate, care should be taken to avoid rash or sanguine estimating. At the same time, the object is still to ascertain the

ultimate facts as truly as possible; and estimates habitually and largely more unfavourable than the facts defeat themselves, and are only less mischievous than too favourable estimates.

Art. 155 (*a*), C.A. Code.

25. The Budget estimate should be made up for what is expected to be actually received or paid (under proper sanction) during the year, including the arrears of past years—not for the demand or the liabilities falling due within the year.

Art. 155 (*a*), C.A. Code.

26. Net receipts or net charges should not be entered in any case; the gross transactions should be exhibited in full, except where definite instructions to the contrary have been issued.

Art. 154 (2), C.A. Code. G.O., 19th July 1894, No. 558, Finl., para. 10.

27. When new schemes are included in budgets the fact should be brought prominently to notice. Sanction to the schemes should however be applied for in ordinary course, without reference to budget provision, through the Secretariat department concerned.

Art. 155 (*g*), C.A. Code.

28. No new charge of even *a petty character* may be included in the budget until sanctioned by competent authority, but a note may be made at the end of the budget (with explanation) of any fresh charge that is expected to be sanctioned and to come in course of payment during the year to which the budget relates.

(E) EXPLANATORY REMARKS.

29. Explanations are not required for differences between the actuals of the previous year and of the preceding years, nor for those between the actuals and the estimates of the previous year; but any abnormal variations in actuals as compared with the revised and budget estimates should be fully accounted for.

Art. 1555, C.A. Code.

30. The principal explanations required are in connection with the difference between the budget figures proposed for the ensuing year and the corresponding figures in other columns.

Art. 1554, C. A. Code.

31. The explanations should be as short as is consistent with clearness. It is better, however, that they should be too full than too scanty, so that no difference requiring explanation may escape observation merely through its being counterbalanced by an opposite difference.

Rule 9 (*b*), Chap. 73, C.A. Code, 3rd Edition.

32. It is not sufficient to explain mere variations in the totals from year to year; an item may have been once passed or omitted as an exceptional case, and its repetition or continued omission may require to be accounted for.

Art. 155 (*c*), C.A. Code.

33. Variations in the columns of numbers as well as in those of amounts must be explained.

Art. 155 (*e*), C.A. Code.

34. In the case of variations which are based on an order of Government, the number and date *as well as the purport* of the order should be specified.

Art. 155 (*d*), C.A. Code.

35. For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

P.W.D. Code, Chap. IV, rule 58.

36. In the case of special expenditure, which is to be met from Provincial as well as from Local or private funds—*e.g.*, Students' Hostels, water-supply and drainage schemes—the explanatory column should specify what portions of the proposed expenditure will be defrayed from other than Provincial funds.

Averages of past years' actuals, &c.

37. In the case of the more important heads of revenue, the actuals of the first five or six months of the current year should be compared with those of the corresponding periods of the three preceding years.

Art. 155 (*e*), C.A. Code.

38. Opposite every item of fluctuating charge, viz., Special departmental charges, Supplies and services, Allowances, and Contingencies, the actual expenditure of each of the three years last past should be entered in red ink together with a brief explanation of all abnormal variations.

Art. 155 (*f*), C.A. Code.

39. Averages should likewise be shown in the above cases, but the estimate of receipts and varying charges should not be merely an arithmetical average of the three years' figures. The average is a guide, but it should not be taken absolutely.

Art. 1523 (*f*), C.A. Code.

40. The figures for former years should range and correspond exactly with those to be estimated, both in character and as to the periods to which they belong. If any change is made in the constitution of any head of account by the addition or deduction of items, the figures of the earlier years should be re-adjusted in the same way, the principle being carefully kept in view that like things must be compared with like.

SECTION III.—DETAILS OF BUDGET PROVISION.

G.O., 19th July 1894, No. 558, Finl., para. 9.

41. The various rulings relating to the correct classification of receipts and charges under individual heads will be found in Appendix P to the Civil Account Code and these should be closely adhered to.

42. *Roman* numerals are prefixed to Major heads of *Revenue* or *Receipts*, and *Arabic* numerals to those of *Disbursements* or *Expenditure*, *e.g.*, I, *Land Revenue*; 3, *Land Revenue*.

43. The principles governing the correct classification of receipts and charges under Major, Minor, and Detailed heads are laid down in Articles 1005 to 1008 of the Civil Account Code.

44. The incidence of the cost of officers serving in more than one department or transferred from one department to another is indicated in Article 773 of the Civil Account Code.

45. The incidence of the cost of travelling allowances in such cases is determined in accordance with Articles 1294 to 1296 of the Civil Service Regulations.

G.O., 19th July 1894, No. 558, Finl., para. 9.

46. The above rulings together with the instructions relating to *Inter-departmental* transfers and the *sundry rulings* in Chapter 6 of the Civil Account Code should be carefully borne in mind.

Art. 155 (*h*), C.A. Code.

47. Every department should provide for the whole of the receipts and charges with which it finally deals.

G.O., 16th Aug. 1887, No. 915, Finl., para. 5.

48. Minute details should be furnished under *Receipts*, as the audit of receipts and the check over departmental revenue have to be exercised by the controlling authorities.

Ditto, para. 6.

49. On the expenditure side, totals should be given under *Salaries*, *Establishment*, *Allowances*, *Supplies and Services*, *Special Charges* and *Contingencies* in the separate column set apart for this purpose. Grand totals should also be given in every case.

Ditto, para. 6.

50. Lump deductions on account of probable savings should be made only in the case of *Salaries and Establishments*, the provision for *Contingencies* being limited to actual requirements.

Ditto, para. 3.

51. Charges on account of *Petty Construction and Repairs* should be shown for each minor head under *Supplies and Services*.

Ditto, para. 3.

52. Expenditure incurred on account of *Printing at Private Presses* and *Stationery purchased in the country* should be shown separately under 30, *Stationery and Printing*.

Art. 1357, C.A. Code.

53. *Refunds* of collections under the principal heads of Revenue should be shown under 1, *Refunds and drawbacks*. Under other heads, refunds should appear as a separate minor head under each major head.

Art. 155 (*i*), C.A. Code.

54. As charges for the freight paid in India on stores received from England is borne by the department against which the cost of the stores is charged in the home accounts, provision should be made accordingly in departmental estimates.

Rule 59, P.W.D. Code, Vol. II, Chap. IV.

55. The budget estimate should include that portion of the *cost of stores* which have been indented for on Europe and which, it is expected, will be paid for and entered in the accounts within the year. Heads of departments should ascertain the necessary particulars from the Accountant-General

55-A. The cost of stores (including stationery, &c.) supplied from England to Imperial departments in India is adjusted in the Comptroller-General's accounts and need not be included in the local estimates.

Article 1297, Civil Account Code.

G.O., 5th Nov. 1887, No. 1175, Finl.

between gazetted and non-gazetted officers.

Art. 155 (c), C.A. Code.

57. In the case of both *Salaries* and *Establishments* the column of *numbers* should be carefully checked. The rate of pay should be entered *within* parenthesis, the number in each rate being shown *without*, as follows:— 3 (500), 7 (400), 12 (300), &c.; but where there is only one officer on each rate of pay, the number (1) need not be specified, thus "3 clerks (75), (50), (30)." The entries should admit of verification with the column of charge.

G.O., 5th Nov. 1887, No. 1175, Finl. Art. 155 (b), C.A. Code.

58. Progressive salaries should invariably be shown as such, the maximum and minimum being specified, but the provision should be for the actual salary which is being earned on 1st April of the year for which the estimate is made, without reckoning any future increments.

G.O., 5th Nov. 1887, No. 1175, Finl.

59. Every salary or rate of pay should be separately traceable in the estimates. Where, however, allowances chargeable to various heads of account are drawn by the same officer, a foot-note should be added in each case showing the rates of pay drawn from the different sources.

Art. 155 (b), C.A. Code.

60. For fixed charges, the detailed estimate should show the full amount of the sanctioned scale, and when it is found by experience that a saving will arise from absence or other cause, a lump deduction should be made.

G.O., 19th July 1894, No. 558, Finl.

61. Leave allowances and pensions (and in a few cases salaries) which are payable in England are chargeable to the Home accounts and should not be provided for in the local estimates.

61. A vide slip attached

61-A. No separate provision should be made for deputation or leave allowances payable in India. Such liabilities form a set-off against probable savings due to absence on leave to Europe. The revised estimates should, however, represent the actual facts as nearly as possible.

[illegible] to medical officers). But those allowances should be shown separately immediately below the salary of the officer concerned. The number of officers and the rate drawn by each should also be given so as to admit of verification with the column of charge.

G.O., 18th July 1895, No. 531, Finl.

63. The budget estimate for exchange compensation allowance should be calculated from the amounts (1) paid in the previous year, and (2) entered in the revised estimate as likely to be paid in the current year, the proportion to those amounts depending on the percentages of salary payable in the two years (1) and (2) and that resulting from the rate of exchange adopted for calculating exchange compensation allowance in the budget estimates. If there is a difference in the result of the calculations from the two years (1) and (2), that which is considered to be the better guide to the payments in the year to which the budget estimates relate should be adopted.

G.O., 5th Nov. 1887, No. 1175, Finl.

64. Additional allowances which are not salaries should be distinguished as such and shown under "*Allowances.*"

Ditto.

65. Wherever "*free quarters*" are allowed, an entry to that effect should be made within parenthesis, after the rate of salary.

Ditto.

66. A salary divided between two departments should be entered as if it were chargeable to the principal head only (the combined designation of the officer being there shown in full); the amount to be transferred to the estimate under the other head being deducted at foot. Under the head to which the amount is transferred, an entry should be made showing the part salary transferred.

Ditto.

67. All graded officers of any regular service, *e.g.*, Tahsildars, Sub-Registrars, &c., should be entered under Salaries.

Ditto.

68. Deductions on account of Civil Service Annuity Funds should be avoided by showing the salaries of Indian Civil Servants *net* as follows:—

		Rs.
1	Chief Secretary (3,000)[4]	34,560
2	Secretaries, Judicial (2,250)[4] and Financial (1,800)[4]	46,656
3	Under Secretaries (1,000),[4] (1,000)[4], (800)[4]	32,256

where the figure [4] means subject in the case of Indian Civil Servants to 4 per cent. deduction for annuity.

[Statutory Civilians and Officers of the Provincial Civil Service should be shown separately.]

G.O., 5th Nov. 1887, No. 1175, Finl.

69. *Establishments.*—Under this head, the establishments of different classes should be shown separately. Clerks should always be distinguished from servants. Persons serving in special capacities, such as translators, civil court ameens and nazirs, [illegible] shown separately, and not lumped up with clerks.

69. A vide slip attached

69-A. Allowances paid to members of regular establishments for additional work done by them out of office hours and determined with reference to the quantity of work done or extra hours required on the work should be shown as charges on account of establishments.

Comptroller-General's letter, No. 933, dated 17th September 1895.

the requirements of their departments. The budget [illegible] place for submitting for consideration any changes in establishment. Care should therefore be taken that all necessary increases or decreases of establishment are fully considered and disposed of prior to the time of preparing the estimate.

Ditto, rule 49.

71. In urgent cases, however, when the sanction to a proposed increase has not been obtained, but is sure to be accorded, the establishment which has not been sanctioned should be separately detailed, and the cause of the reference not being submitted for orders earlier should be fully explained. The proposals themselves should, in all cases, be submitted separately from the budget.

Ditto, rule 77.

72. The provision for *temporary* establishments should be quite distinct from that for *permanent* establishments, details of the nature and rate of pay being given. The periods for which the former may have to be retained should also be specified within parenthesis.

Art. 155 (g) 1, C.A. Code.

73. It not unfrequently happens that an establishment or some special allowance is sanctioned for an official year, and the charge for the last month of the year only becomes due when the new year has commenced and must be taken against the grant of that year. Provision should accordingly be made for the charges of March payable in April in the estimates of the year concerned.

74. A numerical establishment statement, in exactly the form adopted in the appendix to the Civil estimates, should accompany each budget forwarded to the Accountant-General.

(B) ALLOWANCES.

G.O., 20th Oct. 1888, No. 783, Finl.

75. Under the head *Allowances* are entered the following:—

(1) Travelling allowances (fixed, &c.).	(7) Allowances to Conductresses and peons (Educational).
(2) Tentage ,,	(8) Family allowances (Bandsmen).
(3) Horse ,,	(9) Capitation allowances.
(4) Conveyance ,,	(10) Commission.
(5) Hill journey ,,	(11) ~~Overtime and other fees.~~
(6) Warm clothing allowance.	

Rule 75 with slip attached.

75. Delete item (11), *Overtime and other fees.* [illegible] and conveyance allowances, the designation of the officer and the rate drawn by each should invariably be given, *e g.*—

Tentage.

Collectors and Magistrates 20 (50), &c.

Horse Allowance.

Inspectors 10 (15), &c.

(C) CONTINGENCIES.

Art. 79, C.A. Code.

76. The Government of India "expects that every public officer will exercise the same vigilance in respect to *petty contingent expenses* that he would do if spending his own money, and has further ordered that a register of contingent expenditure shall be kept in each office, and the initials of the head of the office shall be entered against the date of payment of each item." A large number of columns is set apart in this register for the record of the several classes of contingent expenditure, and if this register is properly maintained, there should be no difficulty in specifying at any moment the expenditure which has been incurred in the past under each head.

Art. 825, C.A. Code.

77. The responsibility for the effective control of contingent expenditure rests primarily with heads of offices. Controlling officers are, however, required to scrutinize the expenditure in addition to the scrutiny of heads of offices.

78. A large proportion of the expenditure is usually classed as *I (b)*, *Contingencies admissible without detailed audit*, and the Accountant-General merely sees that budget grants are not exceeded and that questionable items are not admitted. It is therefore of great importance that the grants for each individual office should be determined with the greatest possible accuracy.

79. Immediately on receipt of the printed Civil Estimates each year, every head of a department should furnish the Accountant-General with a statement showing, by districts or offices, the distribution of the lump grant assigned for his department.

80. The Government expects every head of a department to furnish, with his estimates, detailed and accurate information regarding every entry under *Contingencies* Vague entries, such as "*Other items*", "*Charges admissible without detailed audit*", "*Reserve*", &c., should not find a place in the budget.

81. Endeavours should be made to exhibit every item of expenditure separately, subsidiary statements being added where the details are too numerous to be inserted in the body of the budget itself. The estimates should be based on past actuals and include every item of expenditure likely to be incurred during the year. The distinction between *I (a)* and *I (b)* charges will, so far as the estimates are concerned, be entirely ignored, and all lump amounts entered under *Office expenses* or *Miscellaneous* will be struck out by Government and the budget passed for specified charges only.

82. Provision for the purchase of new furniture and similar articles should be accompanied by notes, stating when the last purchase was made and explaining the necessity for the proposed expenditure.

SECTION IV.—SPECIAL BUDGETS.

G.O., 20th July 1895, No. 534, Finl.

83. Immediately on the issue of orders sanctioning an expedition or other measures involving large special expenditure, the spending departments concerned should, without waiting to be called upon to do so, prepare and submit to Government detailed forecast estimates of the extra expenditure likely to be incurred under their respective orders, for the period the operations are expected to last. The estimate should be prepared so as to distinguish the monthly recurring extra expenditure from the initial charges, which are incurred once for all at the commencement or during the progress of the operations, and from the terminal charges similarly incurred at the close of the operations.

RULINGS REGARDING EXPENDITURE.

SECTION I.—EXPENDITURE NOT PROVIDED FOR AND APPLICATIONS FOR ADDITIONAL ALLOTMENTS.

84. The fact of a charge which requires special sanction having been included and passed in a budget is no authority for its payment. Art. 156 (1), C.A. Code.

85. Under no circumstances may liabilities be incurred in one year against anticipated grants in a succeeding year. P.W.D. Code, Vol. II, Chap. IV, rule 16.

86. The want of provision in the estimate does not operate to prevent payment of any sums really due by Government, nor the want of sanction to prevent record of any actual payment. Money indisputably payable should never be left unpaid; money paid should, under no circumstances, be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments, and it is an object of very great importance to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Arts. 161 and 162, C.A. Code.

87. Expenditure which cannot be met from the grant made at the beginning of the year for the service of the department to which it appertains requires, *ipso facto* and apart from all other rules, the sanction of Government. Every application for such sanction should be accompanied by a statement in the subjoined form, showing how the expenditure is proposed to be met:— Art. 158, C.A. Code.

STATEMENT proposing expenditure for which provision has not been made in the budget for 189 and which cannot be met from anticipated savings under the grant head. G.O., 29th June 1893, No. 608, Finl.

Amount of allotment required.	Major head under which the expenditure will fall.	Explanation as to why no re-appropriation within the budget grant is considered possible.	Major head from which a transfer to meet the charge is ordered.
			*

* Entries in this column are to be made by Government alone.

88. Save for exceptional reasons, expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be Art. 159, C.A. Code.

88-A. Applications for increases to establishment, or other charges involving increased expenditure, are not justifiable on the mere ground that the proposed expenditure is desirable or that it can be met from savings. Each head of a department, when submitting his budget for the year, is expected to ensure that it is a proper representation of his programme for the coming year. Supplemental demands indicate, as a rule, want of care in framing the budget, and, unless urgency is established, will be rejected. G.O., No. 1922, Financial, dated 1st September 1883.

88-A. In submitting fresh proposals for expenditure, it should be distinctly stated whether

89-A. In the case of the Forest Department, which is a quasi-commercial organisation, the prompt provision of funds to meet charges directly productive of revenue develops the utilization of forest produce and so materially increases the receipts. Additional grants will be sanctioned without re-appropriation from other heads, whenever it is anticipated that such grants are necessary to earn, and will probably earn, additional revenues of a more than equivalent amount. G.O., No. 721, Financial, dated 23rd September 1895.

91. As soon, then, as ... be necessary, an application for an additional grant should be made at once. It must be shown—

(1) that the expenditure is necessary and unavoidable, or at least in the highest degree advisable;

(2) that it could not have been foreseen when the budget estimates were prepared; or, if it could have been, it must be explained why the necessary provision was not made;

(3) that it cannot be met by re-appropriation within the budget grant for the expenditure of the department.

91-A. When proposals are submitted for the entertainment of additional, or for the revision of existing, establishments, and it is practically certain that *exchange compensation allowance* will be an element of the proposed expenditure, it should be included in the estimate of cost and should be calculated at the rate adopted in the budget estimates of the year.

G.O., No. 808, Financial, dated 11th October 1895.

P.W. II, C rule 18.

G.O., 31st Dec. 1891, No. 1382, Finl.

93. The Financial Department alone sanctions transfers from one *major head to another*.

94. The following Heads of Departments can sanction transfers from one *minor head to another within the same major head*, provided the expenditure is entirely under their control:—

The Hon'ble the Judges of the High Court.
„ Board of Revenue (all departments).
„ Inspector-General of Police.
„ „ „ of Prisons.
„ „ „ of Registration.
„ Director of Public Instruction.
„ Surgeon-General.

G.O., 17th Nov. 1894, No. 1000, Finl.

95. All other Heads of Departments are competent to transfer from one detailed head to another *within the same minor head.*

P.W.D. Code, Chap. IV, rule 135 (*d*) (1).

But in all such cases of transfers, Heads of Departments can utilize savings under one head only for the purpose of meeting unexpected excesses under another head; they are not at liberty to authorize any new charge not already included in the sanctioned grants, or to divert funds to objects not sanctioned by competent authority.

Ditto, rule 134 (III).

96. The aggregate of the re-appropriations under each head should never exceed the grant under that head.

Ditto, rule 134 (II).

97. No expenditure against one grant should be incurred in expectation of short outlay against another grant, nor should any expenditure be allowed without obtaining the appropriation for it at once. Sanction to expenditure must be followed simultaneously by an appropriation of funds, limiting the amount to be spent.

98. Savings accruing under *Salaries and Establishments* should not be utilized for any other purposes, especially for *Contingencies*, without the special sanction of Government.

SECTION III.—REPORT OF LAPSES AND SURRENDER OF ASCERTAINED SAVINGS.

99. After the close of the year, if the grants have not been completely utilized, the unspent balances lapse in ordinary course and are not available for expenditure in the following year.

Art. 293, C.A. Code.

100. A sanction for any charge, when not acted on for twelve months, becomes void and must be renewed if the expenditure is required. Actual disbursements of any one year can only be met from the grants of that year, and cannot be debited against the grants of the preceding and succeeding years.

101. Expenditure which might otherwise be postponed is not, however, to be incurred in the month of March, solely with a view to prevent lapses of budget grants. The prospect of an eventual saving is not a sufficient justification, in all instances, for an immediate increase of expenditure, and the fact that economies can be effected in the cost of a department affords of itself no grounds for increased expenditure in that or any other department.

102. On the other hand, lapses and savings in one department may be utilized during the year by Government for the requirements of other departments. It is therefore essential that funds should not be unnecessarily locked up, and that Government should be kept informed of the progress of expenditure. Every head of a department should submit a formal report as soon as he foresees any lapses or savings, and surrender whatever is not likely to be of use to him during the remainder of the year.

G.O., 31st Oct. 1894, No. 919, Finl.; P.W.D. Code, rule 146.

103. In the review by Government of the accounts of each year, heads of departments will be called upon for explanation, except when the differences are trifling or could not have been foreseen—

Art. 1523 (5), C.A. Code, rule 21 *supra*.

(1) why additional allotments were not applied for in the case of excess expenditure over budget grants, and

(2) why the savings were not formally surrendered to Government in the case of lapses and short expenditure.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., dated 22nd May 1860, No. 228, Financial.

ABSTRACT.—Introducing the system of Budget Estimates prevailing in England as the most important step towards securing financial economy in the administration of the Indian Empire.

G.O., dated 7th December 1880, No. 2808 W., Public Works.

G.O., dated 16th August 1881, No. 1485, Financial.

ABSTRACT.—Issuing instructions regarding the punctual submission of Budget Estimates.

G.O., dated 16th August 1887, No. 915, Financial.

ABSTRACT.—Passing orders in regard to the preparation and submission of the Budget Estimates for 1888–89.

G.O., dated 5th November 1887, No. 1175, Financial.

ABSTRACT.—Communicating to all Heads of Departments letter from the Government of India forwarding copy of the preface to the Civil Estimates for 1887–88 and inviting attention to the change of practice and of form described therein.

G.O., dated 20th October 1888, No. 783, Financial.

ABSTRACT.—Circulating to all officers, for guidance, the list of *Contingent charges* and *Supplies and Services* as amended by the Accountant-General.

G.O., dated 19th July 1894, No. 558, Financial.

ABSTRACT.—Issuing certain instructions with a view to ensure greater uniformity and clearness in the form in which the detailed Budget Estimates of the various departments of the Public service are now prepared.

G.O., dated 20th June 1895, No. 470, Financial.

ABSTRACT.—Issuing orders regarding the distribution of the Consolidated Civil Budget Estimates of this Presidency for 1895–96, and the supply of printed forms to Heads of Departments for the estimates of 1896–97.

Govt. of {1895} Madras.

FINANCIAL.

№2233 W 97 7 Sep: 1895

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Issued

Recd. *Encl.*

G.O., 20th August 1895, No. 602.

AUGUST.

Budget Estimates.

Directing the attention of all Heads of Departments to the rulings relating to the preparation of —, in connection with the submission of the estimates for 1896-97; and forwarding copies of the pamphlet containing a summary of the ruling.

The Govt Pleader
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GW 6764/95

INSTRUCTIONS

RELATING TO THE

PREPARATION OF BUDGET ESTIMATES

AND

RULINGS REGARDING EXPENDITURE.

MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1895.

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INSTRUCTIONS RELATING TO THE PREPARATION OF BUDGET ESTIMATES.

SECTION I.—FORM AND SUBMISSION OF BUDGETS.

1. As soon as possible after the issue of the Civil Budget Estimates in each year, forms are supplied by the Accountant-General to heads of departments wherein they may prepare complete estimates of the receipts and of the charges on account of the salaries and contingencies of themselves and their establishments for the ensuing year. These forms are drawn up in such a manner that every departmental budget is prepared in exactly the same form in which it is finally incorporated in the printed civil estimates of the Presidency.

Art. 1515, C.A. Code. G.O., 22nd June 1895, No. 470, Finl., para. 3. G.O., 19th July 1894, No. 558, Finl., para. 1.

2. Budgets should be submitted punctually by the dates fixed in the Appendix to G.O., dated 22nd June 1895, No. 470, Financial. Delays in the submission of the estimates retard the compilation of the general budget, limit the time requisite for the due consideration by Government of the demands made and occasion undue haste in the disposal of subjects which should be dealt with in a deliberate and careful manner. With proper arrangements, which it is in the power of every head of an office to make, there is no reason why a budget estimate should be submitted one day after the prescribed date.

G.O., 16th Aug. 1881, No. 1485, Finl., and G.O., 8th Jan. 1881, No. 44, Finl.

3. *Detailed accounts* should be furnished, as far as possible, for each *minor head*, with full particulars for the items comprised within the totals, summaries and abstracts being added wherever necessary.

G.O., 2nd Oct. 1894, No. 802, Finl.

4. Receipts and charges should be submitted on separate sheets of paper. Heads of departments will be at liberty to forward the estimates under the several detailed accounts separately, if they find this more convenient than submitting them in a consolidated form. Explanatory memoranda and subsidiary statements for purely departmental purposes and for elucidating the budgets should also, where necessary, be submitted.

G.O., 22nd June 1895, No. 470, Finl., paras. 5 and 6, and G.O., 1st Dec. 1894, No. 1053, Finl.

5. Explanations for variations in figures should be furnished, opposite the entry concerned, on the blank pages facing the estimates.

G.O., 19th July 1894, No. 558, Finl., para. 2.

6. Covering letters are generally unnecessary; but when they are considered indispensable, they should be as brief and clear as possible, dealing only with the general financial position of the department concerned, and calling attention to such special points as may require the orders of Government. Mere repetitions of figures and statements appearing in the body of the estimates should be avoided.

Ditto., para. 3.

7. In compiling the figures, the totals of major heads should be worked up to even thousands of rupees. Minor heads should be rounded to even hundreds of rupees as far as possible. Annas and pies should invariably be omitted.

G.O., 3rd Oct. 1894, No. 809, Finl. Art. 1520, C.A. Code.

8. The history of a budget extends over three years, and the facts and figures relating to all the three years should be placed before Government in an accurate and lucid manner.

Rule 1, Chap. 73, C.A. Code, 3rd Edition.

SECTION II.—THE COLUMNS OF THE BUDGET.

(A) ACTUALS OF THE PREVIOUS YEAR.

9. These should invariably correspond exactly with the figures recorded in the Accountant-General's *final accounts*. Every head of a department is bound to reconcile the differences that may have arisen and to ensure the rectification of the

accounts, as directed in paragraph 5 of G.O., dated 19th March 1895, No. 256, Financial.

10. To ensure that these instructions have been complied with, a certificate in the following form should be appended to each budget :—

"Certified that the actuals as entered above are those shown in the departmental accounts; they have been verified with the statements furnished by the Accountant-General and all discrepancies noticed have been duly pointed out to him."

(B) SANCTIONED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

11. The Budget Estimates are passed before the commencement of the year to which they apply and when formally sanctioned in budget orders become the authorized programme of expenditure. In the case of *salaries* and *establishments*, they merely *provide* for expenditure within certain limits; alterations in rates of pay or numbers of employés sanctioned during the course of the year take effect without reference to the original budget provision. In the case of *allowances*, *supplies and services*, and *contingencies* however, the sanctioned figures are the *grants* and form the sole *authority* for expenditure (subject to any alterations of grants subsequently made).

Art. 1519, C.A. Code, and Rule 11, Chap. 73, C.A. Code, 3rd Edition.

12. The figures of the sanctioned estimates should therefore be entered exactly as given in the printed civil estimates. An additional grant sanctioned during the course of the year is authority for increasing the revised estimate, but it cannot alter the fact that it was not included in the sanctioned budget. Should a complete reorganization of establishment have been effected after the passing of the estimate for the year, whereby designations as well as salaries are altered and do not correspond with the entries in the printed civil estimates, the total of the sanctioned estimate should be entered, all details being omitted.

P.W.D. Code, Vol. II, Chap. IV, rule 132.

(C) REVISED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

13. The Revised Estimates (not revised budget estimates) make no *provision* for any expenditure whatever; they are *accepted*, not sanctioned, by Government, and no entry in them carries with it any authority for expenditure of any kind. They do not even provide for or authorize the expenditure of charges already entered in the budget estimates; for these latter alone possess authority. The revised estimates are not budgets or appropriations of money, nor do they supersede the budget estimates as the basis for the regulation of expenditure. They are estimates pure and simple, prepared for information, in order to indicate to Government how far the expenditure already sanctioned (in the budget estimates and in subsequent additional grants, if any) will be worked up to. They should not be quoted as authority for expenditure in excess of grants. The inclusion of increased expenditure in the revised estimates does not supersede the necessity of applying for an additional grant nor are the revised estimates the proper channel for applying for additional grants to cover expenditure which has not been provided for in the budget estimates.

P.W.D. Code, Vol. II, Chap. IV, rules 121, 122.

G.O., 2nd May 1895, No. 353, Finl.

14. When the general review of the year's requirements, which is made for the purposes of the revised estimates, discloses for the first time the necessity for any unforeseen expenditure, an application for an additional grant should be made at once, separately, and in a complete form, so that it may be disposed of quite apart from the revised estimates. Such application has, indeed, no connection with those estimates; for the making of the application is a condition precedent to the inclusion of the sum applied for in the estimates: in short, the estimates depend on the grant, not the grant upon the estimates.

Art. 1522, C.A. Code.

15. The revised estimates are usually arrived at by—

(i) adding to the ascertained actuals of past months of the current year those of the closing months of the previous year; or

(ii) assuming that the actuals in the remaining months of the current year will be in the same proportion as those in the earlier months, *e.g.*, if the first four months gave x, the last eight months would give $2x$; or

(iii) working out a proportional estimate arithmetically as follows :— Art. 1523 (*d*), C.A. Code.

Let b be the amount recorded in the accounts of the current year to the end of the latest month of which the figures are known;
a the amount recorded to the same date of the preceding year, or, if the figures of that year were abnormal, then of the latest year of which they were normal;
c the total amount recorded in the accounts of the year from which a is taken; and
d the proportional estimate.

Then $a : b :: c : d$.

Heads of Departments should use their discretion as to which of the methods indicated above should be adopted in framing the revised estimate under any particular head. If the amount under any head of account is fixed, or if the entries are subject to no regular influences but are irregular and fluctuating, the third method is inapplicable. If comparison with the previous year is impracticable the second method is preferable. Art. 1523 (*e*), C.A. Code.

16. The revised estimates framed in accordance with the mechanical processes above named should be corrected from what is known, or can be ascertained, of the history of the past and the expectations of the coming months, and regard should be had to the experience of earlier years. Particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of Government Orders or sanctions, and without leaving any margin on either side. Art. 1522, C.A. Code.

17. There should be no confusion of the facts actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last months of the current year, with the accounts recorded during the same months of preceding years, primarily of the last preceding year. Art. 1523 (1), C.A. Code.

18. In estimating this residue on the basis of the actuals of corresponding months of previous years, due allowance should be made for any exceptional phenomena, which affected the results of the years accepted as a guide, and allowance should also be made for the special and unusual characteristics of the year for which the revised estimate is being framed. Art. 1523 (1), C.A. Code.

19. If, according to the revised estimate, the figures during this residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation should be definitely stated. Art. 1523 (2), C.A. Code.

20. On the other hand, if, while the phenomena of the current year already recorded differ materially from the corresponding phenomena of the last preceding year and of the earlier years, the revised estimate shows no corresponding difference during the residual months, the Head of the Department should state his reasons for thinking that the difference experienced in the earlier months will not continue. In such circumstances, the proportional estimate is *primâ facie* the best. Art. 1523 (3), C.A. Code.

21. Whenever the budget provision is exceeded, or there is a lapse, a note should be made to the effect that an additional grant has been separately applied for or the saving formally reported to Government (*vide* rule 103 *infra*). Art. 1523 (5), C.A. Code.

(D) BUDGET ESTIMATES OF THE ENSUING YEAR.

22. *Primâ facie*, and subject always to any known disturbing influences, the revised estimate is the best guide to the new estimate. Art. 1523 (6), C.A. Code.

23. One of the most important duties of every head of a department, as an estimating officer, is to keep himself thoroughly acquainted with the progress of the revenue and expenditure under his control, so as to be able at once to bring to the notice of Government any matter demanding its attention. He is charged with the administration of those numerous matters in respect of which Government is debtor or creditor, so far as his department is concerned, and it is his duty to see that proper estimates are made for all those transactions, and that due measures are taken to watch and direct the various matters which make up the estimates. Art. 1634, C.A. Code.

24. The immediate practical purpose of the budget estimates is to ascertain what ways and means must be provided for the service of the ensuing year. As it is essential that such provision should be adequate, care should be taken to avoid rash or sanguine estimating. At the same time, the object is still to ascertain the Art. 1523 (7), C.A. Code.

ultimate facts as truly as possible; and estimates habitually and largely more unfavourable than the facts defeat themselves, and are only less mischievous than too favourable estimates.

Art. 155 (*a*), C.A. Code.

25. The Budget estimate should be made up for what is expected to be actually received or paid (under proper sanction) during the year, including the arrears of past years—not for the demand or the liabilities falling due within the year.

Art. 155 (*a*), C.A. Code.

26. Net receipts or net charges should not be entered in any case; the gross transactions should be exhibited in full, except where definite instructions to the contrary have been issued.

Art. 154 (2), C.A. Code. G.O., 19th July 1894, No. 558, Finl., para. 10.

27. When new schemes are included in budgets the fact should be brought prominently to notice. Sanction to the schemes should however be applied for in ordinary course, without reference to budget provision, through the Secretariat department concerned.

Art. 155 (*g*), C.A. Code.

28. No new charge of even *a petty character* may be included in the budget until sanctioned by competent authority, but a note may be made at the end of the budget (with explanation) of any fresh charge that is expected to be sanctioned and to come in course of payment during the year to which the budget relates.

(E) EXPLANATORY REMARKS.

29. Explanations are not required for differences between the actuals of the previous year and of the preceding years, nor for those between the actuals and the estimates of the previous year; but any abnormal variations in actuals as compared with the revised and budget estimates should be fully accounted for.

Art. 1555, C.A. Code.

30. The principal explanations required are in connection with the difference between the budget figures proposed for the ensuing year and the corresponding figures in other columns.

Art. 1554, C. A. Code.

31. The explanations should be as short as is consistent with clearness. It is better, however, that they should be too full than too scanty, so that no difference requiring explanation may escape observation merely through its being counterbalanced by an opposite difference.

Rule 9 (*b*), Chap. 73, C.A. Code, 3rd Edition.

32. It is not sufficient to explain mere variations in the totals from year to year; an item may have been once passed or omitted as an exceptional case, and its repetition or continued omission may require to be accounted for.

Art. 155 (*c*), C.A. Code.

33. Variations in the columns of numbers as well as in those of amounts must be explained.

Art. 155 (*e*), C.A. Code.

34. In the case of variations which are based on an order of Government, the number and date *as well as the purport* of the order should be specified.

Art. 155 (*d*), C.A. Code.

35. For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

P.W.D. Code, Chap. IV, rule 58.

36. In the case of special expenditure, which is to be met from Provincial as well as from Local or private funds—*e.g.*, Students' Hostels, water-supply and drainage schemes—the explanatory column should specify what portions of the proposed expenditure will be defrayed from other than Provincial funds.

Averages of past years' actuals, &c.

37. In the case of the more important heads of revenue, the actuals of the first five or six months of the current year should be compared with those of the corresponding periods of the three preceding years.

Art. 155 (*e*), C.A. Code.

38. Opposite every item of fluctuating charge, viz., Special departmental charges, Supplies and services, Allowances, and Contingencies, the actual expenditure of each of the three years last past should be entered in red ink together with a brief explanation of all abnormal variations.

Art. 155 (*f*), C.A. Code.

39. Averages should likewise be shown in the above cases, but the estimate of receipts and varying charges should not be merely an arithmetical average of the three years' figures. The average is a guide, but it should not be taken absolutely.

40. The figures for former years should range and correspond exactly with those to be estimated, both in character and as to the periods to which they belong. If any change is made in the constitution of any head of account by the addition or deduction of items, the figures of the earlier years should be re-adjusted in the same way, the principle being carefully kept in view that like things must be compared with like.

Art. 1523 (*f*), C.A. Code.

SECTION III.—DETAILS OF BUDGET PROVISION.

41. The various rulings relating to the correct classification of receipts and charges under individual heads will be found in Appendix P to the Civil Account Code and these should be closely adhered to.

G.O., 19th July 1891, No. 558, Finl., para. 9.

42. *Roman* numerals are prefixed to Major heads of *Revenue* or *Receipts*, and *Arabic* numerals to those of *Disbursements* or *Expenditure*, *e.g.*, I, *Land Revenue*; 3, *Land Revenue*.

43. The principles governing the correct classification of receipts and charges under Major, Minor, and Detailed heads are laid down in Articles 1005 to 1008 of the Civil Account Code.

44. The incidence of the cost of officers serving in more than one department or transferred from one department to another is indicated in Article 773 of the Civil Account Code.

45. The incidence of the cost of travelling allowances in such cases is determined in accordance with Articles 1294 to 1296 of the Civil Service Regulations.

46. The above rulings together with the instructions relating to *Inter-departmental* transfers and the *sundry rulings* in Chapter 6 of the Civil Account Code should be carefully borne in mind.

G.O., 19th July 1894, No. 558, Finl., para. 9.

47. Every department should provide for the whole of the receipts and charges with which it finally deals.

Art. 155 (*h*), C.A. Code.

48. Minute details should be furnished under *Receipts*, as the audit of receipts and the check over departmental revenue have to be exercised by the controlling authorities.

G.O., 16th Aug. 1887, No. 915, Finl., para. 5.

49. On the expenditure side, totals should be given under *Salaries*, *Establishment*, *Allowances*, *Supplies and Services*, *Special Charges* and *Contingencies* in the separate column set apart for this purpose. Grand totals should also be given in every case.

Ditto, para. 6.

50. Lump deductions on account of probable savings should be made only in the case of *Salaries and Establishments*, the provision for *Contingencies* being limited to actual requirements.

Ditto, para. 6.

51. Charges on account of *Petty Construction and Repairs* should be shown for each minor head under *Supplies and Services*.

Ditto, para. 3.

52. Expenditure incurred on account of *Printing at Private Presses* and *Stationery purchased in the country* should be shown separately under 30, *Stationery and Printing*.

Ditto, para. 3.

53. *Refunds* of collections under the principal heads of Revenue should be shown under 1, *Refunds and drawbacks*. Under other heads, refunds should appear as a separate minor head under each major head.

Art. 1357, C.A. Code.

54. As charges for the freight paid in India on stores received from England is borne by the department against which the cost of the stores is charged in the home accounts, provision should be made accordingly in departmental estimates.

Art. 155 (*i*), C.A. Code.

55. The budget estimate should include that portion of the *cost of stores* which have been indented for on Europe and which, it is expected, will be paid for and entered in the accounts within the year. Heads of departments should ascertain the necessary particulars from the Accountant-General.

Rule 59, P.W.D. Code, Vol. II, Chap. IV.

(A) SALARIES AND ESTABLISHMENTS.

56. The distinction between "*Salaries*" and "*Establishments*" is mainly that between gazetted and non-gazetted officers.

G.O., 5th Nov. 1887, No. 1175, Finl.

Art. 155 (c), C.A. Code.

57. In the case of both *Salaries* and *Establishments* the column of *numbers* should be carefully checked. The rate of pay should be entered *within* parenthesis, the number in each rate being shown *without*, as follows:— 3 (500), 7 (400), 12 (300), &c.; but where there is only one officer on each rate of pay, the number (1) need not be specified, thus "3 clerks (75), (50), (30)." The entries should admit of verification with the column of charge.

G.O., 5th Nov. 1887, No. 1175, Finl. Art. 155 (b), C.A. Code.

58. Progressive salaries should invariably be shown as such, the maximum and minimum being specified, but the provision should be for the actual salary which is being earned on 1st April of the year for which the estimate is made, without reckoning any future increments.

G.O., 5th Nov. 1887, No. 1175, Finl.

59. Every salary or rate of pay should be separately traceable in the estimates. Where, however, allowances chargeable to various heads of account are drawn by the same officer, a foot-note should be added in each case showing the rates of pay drawn from the different sources.

Art. 155 (b), C.A. Code.

60. For fixed charges, the detailed estimate should show the full amount of the sanctioned scale, and when it is found by experience that a saving will arise from absence or other cause, a lump deduction should be made.

G.O., 19th July 1894, No. 558, Finl.

61. Leave allowances and pensions (and in a few cases salaries) which are payable in England are chargeable to the Home accounts and should not be provided for in the local estimates.

G.O., 5th Nov. 1387, No. 1175, Finl.

62. *Salaries.*—The amounts given under *Salaries* include salaries, personal allowances, local allowances, house-rent allowances, exchange compensation allowance, and fixed special allowances given for separate duties (*e.g.*, lunatic asylum allowances to medical officers). But those allowances should be shown separately immediately below the salary of the officer concerned. The number of officers and the rate drawn by each should also be given so as to admit of verification with the column of charge.

G.O., 18th July 1895, No. 531, Finl.

63. The budget estimate for exchange compensation allowance should be calculated from the amounts (1) paid in the previous year, and (2) entered in the revised estimate as likely to be paid in the current year, the proportion to those amounts depending on the percentages of salary payable in the two years (1) and (2) and that resulting from the rate of exchange adopted for calculating exchange compensation allowance in the budget estimates. If there is a difference in the result of the calculations from the two years (1) and (2), that which is considered to be the better guide to the payments in the year to which the budget estimates relate should be adopted.

G.O., 5th Nov. 1887, No. 1175, Finl.

64. Additional allowances which are not salaries should be distinguished as such and shown under "*Allowances.*"

Ditto.

65. Wherever "*free quarters*" are allowed, an entry to that effect should be made within parenthesis, after the rate of salary.

Ditto.

66. A salary divided between two departments should be entered as if it were chargeable to the principal head only (the combined designation of the officer being there shown in full); the amount to be transferred to the estimate under the other head being deducted at foot. Under the head to which the amount is transferred, an entry should be made showing the part salary transferred.

Ditto.

67. All graded officers of any regular service, *e.g.*, Tahsildars, Sub-Registrars, &c., should be entered under Salaries.

Ditto.

68. Deductions on account of Civil Service Annuity Funds should be avoided by showing the salaries of Indian Civil Servants *net* as follows:—

		Rs.
1	Chief Secretary $(3,000)^4$	34,560
2	Secretaries, Judicial $(2,250)^4$ and Financial $(1,800)^4$	46,656
3	Under Secretaries $(1,000)^4$, $(1,000)^4$, $(800)^4$	32,256

"where the figure ^{4} means subject in the case of Indian Civil Servants to 4 per cent. deduction for annuity.

[Statutory Civilians and Officers of the Provincial Civil Service should be shown separately.]

G.O., 5th Nov. 1887, No. 1175, Finl.

69. *Establishments.*—Under this head, the establishments of different classes should be shown separately. Clerks should always be distinguished from servants. Persons serving in special capacities, such as translators, civil court ameens and nazirs, should be shown separately, and not lumped up with clerks.

Art. 154 (1), C.A. Code. P.W.D. Code, Chap. IV, rule 48.

70. What are called fixed establishments are not irrevocably fixed and should be brought under formal review by heads of departments from time to time; even when there is no thought or intention of making any change in establishments, it is still desirable that heads of departments should review the entire estimate of the requirements of their departments. The budget estimate is however not the place for submitting for consideration any changes in establishment. Care should therefore be taken that all necessary increases or decreases of establishment are fully considered and disposed of prior to the time of preparing the estimate.

Ditto, rule 49.

71. In urgent cases, however, when the sanction to a proposed increase has not been obtained, but is sure to be accorded, the establishment which has not been sanctioned should be separately detailed, and the cause of the reference not being submitted for orders earlier should be fully explained. The proposals themselves should, in all cases, be submitted separately from the budget.

Ditto, rule 77.

72. The provision for *temporary* establishments should be quite distinct from that for *permanent* establishments, details of the nature and rate of pay being given. The periods for which the former may have to be retained should also be specified within parenthesis.

Art. 155 (g) 1, C.A. Code.

73. It not unfrequently happens that an establishment or some special allowance is sanctioned for an official year, and the charge for the last month of the year only becomes due when the new year has commenced and must be taken against the grant of that year. Provision should accordingly be made for the charges of March payable in April in the estimates of the year concerned.

74. A numerical establishment statement, in exactly the form adopted in the appendix to the Civil estimates, should accompany each budget forwarded to the Accountant-General.

(B) ALLOWANCES.

G.O., 20th Oct. 1888, No. 783, Finl.

75. Under the head *Allowances* are entered the following:—

(1) Travelling allowances (fixed, &c.).	(7) Allowances to Conductresses and peons (Educational).
(2) Tentage ,,	(8) Family allowances (Bandsmen).
(3) Horse ,,	(9) Capitation allowances.
(4) Conveyance ,,	(10) Commission.
(5) Hill journey ,,	(11) Overtime and other fees.
(6) Warm clothing allowance.	

In the case of officers drawing fixed tentage, travelling and conveyance allowances, the designation of the officer and the rate drawn by each should invariably be given, *e g.*—

Tentage.

Collectors and Magistrates 20 (50), &c.

Horse Allowance.

Inspectors 10 (15), &c.

(C) CONTINGENCIES.

Art. 79, C.A. Code.

76. The Government of India "expects that every public officer will exercise the same vigilance in respect to *petty contingent expenses* that he would do if spending his own money, and has further ordered that a register of contingent expenditure shall be kept in each office, and the initials of the head of the office shall be entered against the date of payment of each item." A large number of columns is set apart in this register for the record of the several classes of contingent expenditure, and if this register is properly maintained, there should be no difficulty in specifying at any moment the expenditure which has been incurred in the past under each head.

Art. 825, C.A. Code.

77. The responsibility for the effective control of contingent expenditure rests primarily with heads of offices. Controlling officers are, however, required to scrutinize the expenditure in addition to the scrutiny of heads of offices.

78. A large proportion of the expenditure is usually classed as *I* (*b*), *Contingencies admissible without detailed audit*, and the Accountant-General merely sees that budget grants are not exceeded and that questionable items are not admitted. It is therefore of great importance that the grants for each individual office should be determined with the greatest possible accuracy.

79. Immediately on receipt of the printed Civil Estimates each year, every head of a department should furnish the Accountant-General with a statement showing, by districts or offices, the distribution of the lump grant assigned for his department.

80. The Government expects every head of a department to furnish, with his estimates, detailed and accurate information regarding every entry under *Contingencies* Vague entries, such as "*Other items*", "*Charges admissible without detailed audit*", "*Reserve*", &c., should not find a place in the budget.

81. Endeavours should be made to exhibit every item of expenditure separately, subsidiary statements being added where the details are too numerous to be inserted in the body of the budget itself. The estimates should be based on past actuals and include every item of expenditure likely to be incurred during the year. The distinction between *I* (*a*) and *I* (*b*) charges will, so far as the estimates are concerned, be entirely ignored, and all lump amounts entered under *Office expenses* or *Miscellaneous* will be struck out by Government and the budget passed for specified charges only.

82. Provision for the purchase of new furniture and similar articles should be accompanied by notes, stating when the last purchase was made and explaining the necessity for the proposed expenditure.

SECTION IV.—SPECIAL BUDGETS.

G.O., 20th July 1895, No. 534, Finl.

83. Immediately on the issue of orders sanctioning an expedition or other measures involving large special expenditure, the spending departments concerned should, without waiting to be called upon to do so, prepare and submit to Government detailed forecast estimates of the extra expenditure likely to be incurred under their respective orders, for the period the operations are expected to last. The estimate should be prepared so as to distinguish the monthly recurring extra expenditure from the initial charges, which are incurred once for all at the commencement or during the progress of the operations, and from the terminal charges similarly incurred at the close of the operations.

RULINGS REGARDING EXPENDITURE.

SECTION I.—EXPENDITURE NOT PROVIDED FOR AND APPLICATIONS FOR ADDITIONAL ALLOTMENTS.

84. The fact of a charge which requires special sanction having been included and passed in a budget is no authority for its payment. Art. 156 (1), C.A. Code.

85. Under no circumstances may liabilities be incurred in one year against anticipated grants in a succeeding year. P.W.D. Code, Vol. II, Chap. IV, rule 16.

86. The want of provision in the estimate does not operate to prevent payment of any sums really due by Government, nor the want of sanction to prevent record of any actual payment. Money indisputably payable should never be left unpaid; money paid should, under no circumstances, be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments, and it is an object of very great importance to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Arts. 161 and 162, C.A. Code.

87. Expenditure which cannot be met from the grant made at the beginning of the year for the service of the department to which it appertains requires, *ipso facto* and apart from all other rules, the sanction of Government. Every application for such sanction should be accompanied by a statement in the subjoined form, showing how the expenditure is proposed to be met:— Art. 158, C.A. Code.

STATEMENT proposing expenditure for which provision has not been made in the budget for 189 and which cannot be met from anticipated savings under the grant head. G.O., 29th June 1893, No. 608, Finl.

Amount of allotment required.	Major head under which the expenditure will fall.	Explanation as to why no re-appropriation within the budget grant is considered possible.	Major head from which a transfer to meet the charge is ordered.
			*

* Entries in this column are to be made by Government alone.

88. Save for exceptional reasons, expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be sanctioned; in the absence of special arguments the Government assumes that any expenditure proposed is intended to have effect from the beginning of the following financial year and not earlier. Art. 159, C.A. Code.

89. Extra expenditure may occasionally be highly advisable, though not absolutely unavoidable. For instance, expenditure which produces revenue may have to be increased in the course of the year; and if a demand should spring up it must be met at once, or the revenue may be altogether lost. But in all cases the necessity for the proposed excess expenditure must be fully explained and justified in detail: mere general references to a probable increase in the receipts are insufficient. G.O., 2nd May 1895, No. 353, Finl.

90. Sanction to all expenditure in excess of budget provision must be applied for *as soon as it becomes apparent that such expenditure will be necessary.* Ditto.

91. As soon, then, as it appears that expenditure in excess of budget sanction will be necessary, an application for an additional grant should be made at once. It must be shown— Ditto.

(1) that the expenditure is necessary and unavoidable, or at least in the highest degree advisable;

(2) that it could not have been foreseen when the budget estimates were prepared; or, if it could have been, it must be explained why the necessary provision was not made;

(3) that it cannot be met by re-appropriation within the budget grant for the expenditure of the department.

SECTION II.—RE-APPROPRIATIONS.

P.W.D. Code, Vol. II, Chap. IV, rule 18.

92. The same authorities who make the original grants can sanction additions to them or make reductions from them during the course of the year.

G.O., 31st Dec. 1891, No. 1382, Finl.

93. The Financial Department alone sanctions transfers from one *major head to another*.

94. The following Heads of Departments can sanction transfers from one *minor head to another within the same major head*, provided the expenditure is entirely under their control:—

The Hon'ble the Judges of the High Court.
" Board of Revenue (all departments).
" Inspector-General of Police.
" " " of Prisons.
" " " of Registration.
" Director of Public Instruction.
" Surgeon-General.

G.O., 17th Nov. 1894, No. 1000, Finl.

95. All other Heads of Departments are competent to transfer from one detailed head to another *within the same minor head.*

P.W.D. Code, Chap. IV, rule 135 (*d*) (1).

But in all such cases of transfers, Heads of Departments can utilize savings under one head only for the purpose of meeting unexpected excesses under another head; they are not at liberty to authorize any new charge not already included in the sanctioned grants, or to divert funds to objects not sanctioned by competent authority.

Ditto, rule 134 (III).

96. The aggregate of the re-appropriations under each head should never exceed the grant under that head.

Ditto, rule 134 (II).

97. No expenditure against one grant should be incurred in expectation of short outlay against another grant, nor should any expenditure be allowed without obtaining the appropriation for it at once. Sanction to expenditure must be followed simultaneously by an appropriation of funds, limiting the amount to be spent.

98. Savings accruing under *Salaries and Establishments* should not be utilized for any other purposes, especially for *Contingencies*, without the special sanction of Government.

SECTION III.—REPORT OF LAPSES AND SURRENDER OF ASCERTAINED SAVINGS.

99. After the close of the year, if the grants have not been completely utilized, the unspent balances lapse in ordinary course and are not available for expenditure in the following year.

Art. 293, C.A. Code.

100. A sanction for any charge, when not acted on for twelve months, becomes void and must be renewed if the expenditure is required. Actual disbursements of any one year can only be met from the grants of that year, and cannot be debited against the grants of the preceding and succeeding years.

101. Expenditure which might otherwise be postponed is not, however, to be incurred in the month of March, solely with a view to prevent lapses of budget grants. The prospect of an eventual saving is not a sufficient justification, in all instances, for an immediate increase of expenditure, and the fact that economies can be effected in the cost of a department affords of itself no grounds for increased expenditure in that or any other department.

G.O., 31st Oct. 1894, No. 919, Finl.; P.W.D. Code, rule 146.

102. On the other hand, lapses and savings in the department may be utilized during the year by Government for the requirements of other departments. It is therefore essential that funds should not be unnecessarily locked up, and that Government should be kept informed of the progress of expenditure. Every head of a department should submit a formal report as soon as it foresees any lapses or savings, and surrender whatever is not likely to be of use to them during the remainder of the year.

Art. 1523 (5), C.A. Code, rule 21 *supra*.

103. In the review by Government of the accounts of each year, heads of departments will be called upon for explanation, except when the differences are trifling or could not have been foreseen—

(1) why additional allotments were not applied for in the case of excess expenditure over budget grants, and

(2) why the savings were not formally surrendered to Government in the case of lapses and short expenditure.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., dated 22nd May 1860, No. 228, Financial.

ABSTRACT.—Introducing the system of Budget Estimates prevailing in England as the most important step towards securing financial economy in the administration of the Indian Empire.

G.O., dated 7th December 1880, No. 2808 W., Public Works.

G.O., dated 16th August 1881, No. 1485, Financial.

ABSTRACT.—Issuing instructions regarding the punctual submission of Budget Estimates.

G.O., dated 16th August 1887, No. 915, Financial.

ABSTRACT.—Passing orders in regard to the preparation and submission of the Budget Estimates for 1888–89.

G.O., dated 5th November 1887, No. 1175, Financial.

ABSTRACT.—Communicating to all Heads of Departments letter from the Government of India forwarding copy of the preface to the Civil Estimates for 1887–88 and inviting attention to the change of practice and of form described therein.

G.O., dated 20th October 1888, No. 783, Financial.

ABSTRACT.—Circulating to all officers, for guidance, the list of *Contingent charges* and *Supplies and Services* as amended by the Accountant-General.

G.O., dated 19th July 1894, No. 558, Financial.

ABSTRACT.—Issuing certain instructions with a view to ensure greater uniformity and clearness in the form in which the detailed Budget Estimates of the various departments of the Public service are now prepared.

G.O., dated 20th June 1895, No. 470, Financial.

ABSTRACT.—Issuing orders regarding the distribution of the Consolidated Civil Budget Estimates of this Presidency for 1895–96, and the supply of printed forms to Heads of Departments for the estimates of 1896–97.

READ—also letter from the Accountant-General, dated 13th August 1895, No. 2123.

ORDER—dated 20th August 1895, No. 602, Financial.

The accompanying pamphlet contains a summary of rulings relating to the preparation of Budget Estimates. The attention of all Heads of Departments is particularly directed to these instructions in connection with the submission of the estimates for 1896–97. The opportunity has been taken to embody some general rulings as regards expenditure.

2. Rules 76 to 82 regarding "Contingencies" should be carefully noted; estimates not conforming to the instructions therein laid down will be returned for revision.

3. Should there be any difficulty in furnishing all the detailed information required by the dates on which the various budgets are due with Government, the estimates may be forwarded in advance and further particulars furnished later on.

(True Extract.)

J. F. PRICE,
Chief Secretary.

To the Revenue Department,
" all Heads of Departments under the Chief Secretary,
" the Accountant-General,
" the Comptroller and Auditor General,
Copy to the Public Works Department,
} with pamphlet.

Exd. A. Raitt.

Govt. of {1895} Madras.

FINANCIAL.

No 2233 Wdg 7 September 1895

Recorded

(Sd) J. B.

Issued

Recd. *Encl.*

G.O., 29th August 1895, No. 602.

AUGUST.

The Exec. P.W.a.
" C.E. for I.
" C.E. for Rys.

Budget Estimates.

Directing the attention of all Heads of Departments to the rulings relating to the preparation of —, in connection with the submission of the estimates for 1896–97; and forwarding copies of the pamphlet containing a summary of the ruling.

8. *Revetment to chamber and aprons.*—The chamber to be revetted to $1\frac{1}{2}$ to 1 slope. Revetment to be carried up to H.S.T. + 6″ and to be of 1′ thickness of stone, a large proportion of which to be laid as through stones or headers, with 6″ thickness of gravel backing. The toe of the revetment to abut against a toe wall of surki concrete. Aprons in chamber, to a length of 10 feet at each end, to be allowed with retaining walls of surki concrete. At top of revetment, *i.e.*, at level of H.S.T. + 6″, a platform 9 feet wide to be cut out and gravelled, and platform to meet natural ground level at a slope of 2 to 1 (*vide* type plan), this slope being turfed. The revetments and aprons at lock on canal side to be 15 feet in length and to be carried to same height as the chamber revetments.

9. *Approach of Lock.*—The approach to all locks to be straight for a length of at least 150 feet.

10. *Design of gates.*—The gates to be of the usual type, planked to H.S.T. + 6″, and to be sheeted with copper to 6 feet from the bottom. The heel and mitres of the additional gates to be raised, so as to swing above the balance beams of the existing flood gates.

11. *Temporary diversions.*—Temporary diversions in all cases to be provided to pass traffic during construction of locks.

12. *Locks to which general type plan and report apply.*—Type plan and report to apply to all flood gates yet to be converted into locks, viz. :—

1. Romperu flood gate.
2. Gundlakama flood gate.
3. Paleru do.
4. North Manneru do.
5. South Paideru do.
6. Covelong South flood gate.
7. Pálár North flood gate.
8. Pálár South do.
9. Paleru do. do.
10. Swarnamuki North flood gate.

On the north bank of the Kandaleru and at miles 159 and 66, north canal, where locks are to be built, there is no existing flood gate. The lock to consist in this case of a 150 feet chamber with a pair of gates at each end facing towards canal, and masonry and gates only to be carried up to H.S.T. + 6″, so as merely to form a lock to impound and retain tidal water, floods whether from river or canal, being allowed to top lock. As the lock is to be placed over a mile away from the river, this will be perfectly safe, and there is practically no difference in level at lock site between height of river and canal floods. The details of construction will be precisely the same as for all other locks.

13. *Skeleton Reports to be submitted with detailed estimates for each individual Lock.*—The skeleton reports will merely give the actual values in figures of H.S.T., L.R.T., &c., together with any special information necessary, and in conjunction with the general type plan and report will thus enable each individual estimate to be properly checked. The variation between values of H.S.T., &c., at each lock is, as a rule, inconsiderable.

MADRAS,
15th August 1894.

(Signed) A. S. RUSSELL,
Ex. Engr., Buckingham Canal.

(True Copy.)

(Signed) W. B. DEWINTON,
Ag. Asstt. Chief Engineer for Irrigation.

P.S.—Owing to the great difficulty experienced in breaking up the cement concrete floor of existing flood gates, in order to lower flood gate sills 9″, for additional lock gates to abut against, *vide* paragraph 3 (*b*) above, the sills of all flood gates built since January 1895, have been raised 6″ in place of being lowered 9″.

MADRAS,
2nd January 1896.

(Signed) A. S. RUSSELL,
Ex. Engr., Buckingham Canal.

REPORT TO ACCOMPANY GENERAL TYPE PLAN FOR TIDAL LOCKS ON THE BUCKINGHAM CANAL.

Object of Tidal Locks.—To impound and retain as much tidal water as can possibly be locked within a canal reach, and, owing to increased depth of water thus maintained, to reduce cost of clearances, especially during months January to May, when tides run very low, and clearances have hitherto been very heavy. To avoid silting and erosion by doing away with the daily flow through the flood gates hitherto caused by tides running into and out of canal.

2. *Height of walls of Locks.*—Locks to be designed with coping 6 inches above H.S.T. level and without reference to M.W.L. in canal, any overflow from land floods being allowed to top the locks. This proposal has been sanctioned in memorandum by Chief Engineer for Irrigation, No. II/23 B.C., dated 4th May 1894, passing orders on proposals by Executive Engineer, Buckingham Canal, embodied in this office No. 163 of 19th April 1894.

3. *Alterations and additions required to existing flood gates in order to convert them into Tidal Locks.*—The principal alterations and additions are—

(*a*) Addition of another pair of gates to masonry of existing flood gate, and of a new block of masonry 150 feet off on canal side, fitted with a pair of gates, so as to form a lock 150 feet in length, the two new pairs of gates being faced *towards* the canal so as to admit and retain tidal water as shown in type plan accompanying.

(*b*) Lowering sill of existing flood gate by 9″ in order to allow the additional gates to swing. Old sill level L.R.T.—4·50, and new sill level, or floor level of flood gate, thus to be L.R.T.—5·25.

(*c*) Constructing pillars of cement concrete well founded, as shown in plan, to act as buttresses for the new gates in masonry of existing flood gates.

(*d*) Constructing pillars at quadrants of existing flood gate to act as fender piles to protect the new gates from shocks of passing boats, the corners to be rounded as shown in plan.

(*e*) Forming recesses in the side walls of existing flood gate to 8 feet high from sill level, or just sufficient to receive the valve shuttters, and cutting a groove top of wall to receive rack.

(*f*) Removing and rebuilding revetment and apron where necessary.

4. *Sill and floor level of lock gates.*—Sill level to be L.R.T.—4·50, and floor level to be L.R.T.—5·25, *vide* longitudinal section.

5. *Foundation to Locks.*—Soil being generally firm sand, the foundations (with exceptions to be specially noted hereafter in submitting detailed estimates in any case where firm sand is not found) to be of surki concrete of following depths:—

(*a*) *Side walls and wings.*—Four feet in depth below sill level, sill level (with one exception which will be noticed in submitting detailed estimate) being L.R.T.—4·50.

(*b*) *Retaining or protective walls at ends of lock between wings.*—Six feet in depth below sill level, and extra depth of 2 feet to be carried into the wings 4 feet on each side, as shown in section D.D.; width of foundations to be the same as width of base of wings.

(*c*) *Thickness of flooring.*—To be 3 feet below sill level, the upper six inches in depth to be of cement concrete.

6. *Superstructure.*—To be of surki concrete, except coping, which for a depth of 1 foot will be of cement concrete. Top of side walls and wings to be 6″ above H.S.T. and to be 1½ feet in width. Side walls and wings to have a batter of 1 in 4. Wings to be built solid from foundation and to extend to termination of slope of revetment—*vide* type plan for all these details.

7. *Width of gates and length of chamber.*—A clear width of 18 feet between quoins and a length of 150 feet between sills of flood gate and lock are allowed.

Govt. of {1895} Madras.

FINANCIAL.

CHIEF ENGINEER FOR IRRIGATION
9 SEP. 95
No. 8533

Issued

Recd. Encl.

G.O., 20th August 1895, No. 602.

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Budget Estimates.

Directing the attention of all Heads of Departments to the rulings relating to the preparation of —, in connection with the submission of the estimates for 1896–97; and forwarding copies of the pamphlet containing a summary of the ruling.

P.T. Please procure a spare copy of the Manual for W. Circle

Copy received 9/10 MG 10/10

MG 10/9/95 CCS 26/9

40

Order No 2233 W dy 7 Sep: 1895

Recorded.

(Sd) E Stuart
Under Secretary to Govt
P.W.D

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The Examiner P.W accounts
" Chief Engr. for Irrign
" Consg Engr for Rlys.

Ext
MG

P. W. Department
Proc. of the Madras Govt
Read the following

20TH AUGUST 1895, No. 602, FINANCIAL.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., dated 22nd May 1860, No. 228, Financial.

ABSTRACT.—Introducing the system of Budget Estimates prevailing in England as the most important step towards securing financial economy in the administration of the Indian Empire.

G.O., dated 7th December 1880, No. 2808 W., Public Works.

G.O., dated 16th August 1881, No. 1485, Financial.

ABSTRACT.—Issuing instructions regarding the punctual submission of Budget Estimates.

G.O., dated 16th August 1887, No. 915, Financial.

ABSTRACT.—Passing orders in regard to the preparation and submission of the Budget Estimates for 1888–89.

G.O., dated 5th November 1887, No. 1175, Financial.

ABSTRACT.—Communicating to all Heads of Departments letter from the Government of India forwarding copy of the preface to the Civil Estimates for 1887–88 and inviting attention to the change of practice and of form described therein.

G.O., dated 20th October 1888, No. 783, Financial.

ABSTRACT.—Circulating to all officers, for guidance, the list of *Contingent charges* and *Supplies and Services* as amended by the Accountant-General.

G.O., dated 19th July 1894, No. 558, Financial.

ABSTRACT.—Issuing certain instructions with a view to ensure greater uniformity and clearness in the form in which the detailed Budget Estimates of the various departments of the Public service are now prepared.

G.O., dated 20th June 1895, No. 470, Financial.

ABSTRACT.—Issuing orders regarding the distribution of the Consolidated Civil Budget Estimates of this Presidency for 1895–96, and the supply of printed forms to Heads of Departments for the estimates of 1896–97.

READ—also letter from the Accountant-General, dated 13th August 1895, No. 2123.

ORDER—dated 20th August 1895, No. 602, Financial.

The accompanying pamphlet contains a summary of rulings relating to the preparation of Budget Estimates. The attention of all Heads of Departments is particularly directed to these instructions in connection with the submission of the estimates for 1896–97. The opportunity has been taken to embody some general rulings as regards expenditure.

2. Rules 76 to 82 regarding "Contingencies" should be carefully noted; estimates not conforming to the instructions therein laid down will be returned for revision.

3. Should there be any difficulty in furnishing all the detailed information required by the dates on which the various budgets are due with Government, the estimates may be forwarded in advance and further particulars furnished later on.

(True Extract.)

J. F. PRICE,
Chief Secretary.

To the Revenue Department,
„ all Heads of Departments under the Chief Secretary,
„ the Accountant-General,
„ the Comptroller and Auditor General,
Copy to the Public Works Department,
} with pamphlet.

Exd. A. Ratt.

INSTRUCTIONS

RELATING TO THE

PREPARATION OF BUDGET ESTIMATES

AND

RULINGS REGARDING EXPENDITURE.

MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1895.

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INSTRUCTIONS RELATING TO THE PREPARATION OF BUDGET ESTIMATES.

SECTION I.—FORM AND SUBMISSION OF BUDGETS.

1. As soon as possible after the issue of the Civil Budget Estimates in each year, forms are supplied by the Accountant-General to heads of departments wherein they may prepare complete estimates of the receipts and of the charges on account of the salaries and contingencies of themselves and their establishments for the ensuing year. These forms are drawn up in such a manner that every departmental budget is prepared in exactly the same form in which it is finally incorporated in the printed civil estimates of the Presidency.

Art. 1515, C.A. Code. G.O., 22nd June 1895, No. 470, Finl., para. 3. G.O., 19th July 1894, No. 558, Finl., para. 1.

2. Budgets should be submitted punctually by the dates fixed in the Appendix to G.O., dated 22nd June 1895, No. 470, Financial. Delays in the submission of the estimates retard the compilation of the general budget, limit the time requisite for the due consideration by Government of the demands made and occasion undue haste in the disposal of subjects which should be dealt with in a deliberate and careful manner. With proper arrangements, which it is in the power of every head of an office to make, there is no reason why a budget estimate should be submitted one day after the prescribed date.

G.O., 16th Aug. 1881, No. 1485, Finl., and G.O., 8th Jan. 1881, No. 44, Finl.

3. *Detailed accounts* should be furnished, as far as possible, for each *minor head*, with full particulars for the items comprised within the totals, summaries and abstracts being added wherever necessary.

G.O., 2nd Oct. 1894, No. 802, Finl.

4. Receipts and charges should be submitted on separate sheets of paper. Heads of departments will be at liberty to forward the estimates under the several detailed accounts separately, if they find this more convenient than submitting them in a consolidated form. Explanatory memoranda and subsidiary statements for purely departmental purposes and for elucidating the budgets should also, where necessary, be submitted.

G.O., 22nd June 1895, No. 470, Finl., paras. 5 and 6, and G.O., 1st Dec. 1894, No. 1053, Finl.

5. Explanations for variations in figures should be furnished, opposite the entry concerned, on the blank pages facing the estimates.

G.O., 19th July 1894, No. 558, Finl., para. 2.

6. Covering letters are generally unnecessary; but when they are considered indispensable, they should be as brief and clear as possible, dealing only with the general financial position of the department concerned, and calling attention to such special points as may require the orders of Government. Mere repetitions of figures and statements appearing in the body of the estimates should be avoided.

Ditto., para. 3.

7. In compiling the figures, the totals of major heads should be worked up to even thousands of rupees. Minor heads should be rounded to even hundreds of rupees as far as possible. Annas and pies should invariably be omitted.

G.O., 3rd Oct. 1894, No. 809, Finl. Art. 1520, C.A. Code.

8. The history of a budget extends over three years, and the facts and figures relating to all the three years should be placed before Government in an accurate and lucid manner.

Rule 1, Chap. 73, C.A. Code, 3rd Edition.

SECTION II.—THE COLUMNS OF THE BUDGET.

(A) ACTUALS OF THE PREVIOUS YEAR.

9. These should invariably correspond exactly with the figures recorded in the Accountant-General's *final accounts*. Every head of a department is bound to reconcile the differences that may have arisen and to ensure the rectification of the

accounts, as directed in paragraph 5 of G.O., dated 19th March 1895, No. 256, Financial.

10. To ensure that these instructions have been complied with, a certificate in the following form should be appended to each budget :—

"Certified that the actuals as entered above are those shown in the departmental accounts; they have been verified with the statements furnished by the Accountant-General and all discrepancies noticed have been duly pointed out to him."

(B) SANCTIONED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

11. The Budget Estimates are passed before the commencement of the year to which they apply and when formally sanctioned in budget orders become the authorized programme of expenditure. In the case of *salaries* and *establishments*, they merely *provide* for expenditure within certain limits; alterations in rates of pay or numbers of employés sanctioned during the course of the year take effect without reference to the original budget provision. In the case of *allowances*, *supplies and services*, and *contingencies* however, the sanctioned figures are the *grants* and form the sole *authority* for expenditure (subject to any alterations of grants subsequently made).

Art. 1519, C.A. Code, and Rule 11, Chap. 73, C.A. Code, 3rd Edition.

12. The figures of the sanctioned estimates should therefore be entered exactly as given in the printed civil estimates. An additional grant sanctioned during the course of the year is authority for increasing the revised estimate, but it cannot alter the fact that it was not included in the sanctioned budget. Should a complete reorganization of establishment have been effected after the passing of the estimate for the year, whereby designations as well as salaries are altered and do not correspond with the entries in the printed civil estimates, the total of the sanctioned estimate should be entered, all details being omitted.

P.W.D. Code, Vol. II, Chap. IV, rule 132.

(C) REVISED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

13. The Revised Estimates (not revised budget estimates) make no *provision* for any expenditure whatever; they are *accepted*, not sanctioned, by Government, and no entry in them carries with it any authority for expenditure of any kind. They do not even provide for or authorize the expenditure of charges already entered in the budget estimates; for these latter alone possess authority. The revised estimates are not budgets or appropriations of money, nor do they supersede the budget estimates as the basis for the regulation of expenditure. They are estimates pure and simple, prepared for information, in order to indicate to Government how far the expenditure already sanctioned (in the budget estimates and in subsequent additional grants, if any) will be worked up to. They should not be quoted as authority for expenditure in excess of grants. The inclusion of increased expenditure in the revised estimates does not supersede the necessity of applying for an additional grant nor are the revised estimates the proper channel for applying for additional grants to cover expenditure which has not been provided for in the budget estimates.

P.W.D. Code, Vol. II, Chap. IV, rules 121, 122.

G.O., 2nd May 1895, No. 353, Finl.

14. When the general review of the year's requirements, which is made for the purposes of the revised estimates, discloses for the first time the necessity for any unforeseen expenditure, an application for an additional grant should be made at once, separately, and in a complete form, so that it may be disposed of quite apart from the revised estimates. Such application has, indeed, no connection with those estimates; for the making of the application is a condition precedent to the inclusion of the sum applied for in the estimates: in short, the estimates depend on the grant, not the grant upon the estimates.

Art. 1522, C.A. Code.

15. The revised estimates are usually arrived at by—

(i) adding to the ascertained actuals of past months of the current year those of the closing months of the previous year; or

(ii) assuming that the actuals in the remaining months of the current year will be in the same proportion as those in the earlier months, *e.g.*, if the first four months gave x, the last eight months would give $2x$; or

(iii) working out a proportional estimate arithmetically as follows :— Art. 1523 (*d*), C.A. Code.

Let b be the amount recorded in the accounts of the current year to the end of the latest month of which the figures are known;
a the amount recorded to the same date of the preceding year, or, if the figures of that year were abnormal, then of the latest year of which they were normal;
c the total amount recorded in the accounts of the year from which a is taken; and
d the proportional estimate.

Then $a : b :: c : d$.

Heads of Departments should use their discretion as to which of the methods indicated above should be adopted in framing the revised estimate under any particular head. If the amount under any head of account is fixed, or if the entries are subject to no regular influences but are irregular and fluctuating, the third method is inapplicable. If comparison with the previous year is impracticable the second method is preferable. Art. 1523 (*e*), C.A. Code.

16. The revised estimates framed in accordance with the mechanical processes above named should be corrected from what is known, or can be ascertained, of the history of the past and the expectations of the coming months, and regard should be had to the experience of earlier years. Particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of Government Orders or sanctions, and without leaving any margin on either side. Art. 1522, C.A. Code.

17. There should be no confusion of the facts actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last months of the current year, with the accounts recorded during the same months of preceding years, primarily of the last preceding year. Art. 1523 (1), C.A. Code.

18. In estimating this residue on the basis of the actuals of corresponding months of previous years, due allowance should be made for any exceptional phenomena, which affected the results of the years accepted as a guide, and allowance should also be made for the special and unusual characteristics of the year for which the revised estimate is being framed. Art. 1523 (1), C.A. Code.

19. If, according to the revised estimate, the figures during this residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation should be definitely stated. Art. 1523 (2), C.A. Code.

20. On the other hand, if, while the phenomena of the current year already recorded differ materially from the corresponding phenomena of the last preceding year and of the earlier years, the revised estimate shows no corresponding difference during the residual months, the Head of the Department should state his reasons for thinking that the difference experienced in the earlier months will not continue. In such circumstances, the proportional estimate is *primâ facie* the best. Art. 1523 (3), C.A. Code.

21. Whenever the budget provision is exceeded, or there is a lapse, a note should be made to the effect that an additional grant has been separately applied for or the saving formally reported to Government (*vide* rule 103 *infra*). Art. 1523 (5), C.A. Code.

(D) BUDGET ESTIMATES OF THE ENSUING YEAR.

22. *Primâ facie*, and subject always to any known disturbing influences, the revised estimate is the best guide to the new estimate. Art. 1523 (6), C.A. Code.

23. One of the most important duties of every head of a department, as an estimating officer, is to keep himself thoroughly acquainted with the progress of the revenue and expenditure under his control, so as to be able at once to bring to the notice of Government any matter demanding its attention. He is charged with the administration of those numerous matters in respect of which Government is debtor or creditor, so far as his department is concerned, and it is his duty to see that proper estimates are made for all those transactions, and that due measures are taken to watch and direct the various matters which make up the estimates. Art. 1634, C.A. Code.

24. The immediate practical purpose of the budget estimates is to ascertain what ways and means must be provided for the service of the ensuing year. As it is essential that such provision should be adequate, care should be taken to avoid rash or sanguine estimating. At the same time, the object is still to ascertain the Art. 1523 (7), C.A. Code.

ultimate facts as truly as possible; and estimates habitually and largely more unfavourable than the facts defeat themselves, and are only less mischievous than too favourable estimates.

Art. 155 (*a*), C.A. Code.

25. The Budget estimate should be made up for what is expected to be actually received or paid (under proper sanction) during the year, including the arrears of past years—not for the demand or the liabilities falling due within the year.

Art. 155 (*a*), C.A. Code.

26. Net receipts or net charges should not be entered in any case; the gross transactions should be exhibited in full, except where definite instructions to the contrary have been issued.

Art. 154 (2), C.A. Code. G.O., 19th July 1894, No. 558, Finl., para. 10.

27. When new schemes are included in budgets the fact should be brought prominently to notice. Sanction to the schemes should however be applied for in ordinary course, without reference to budget provision, through the Secretariat department concerned.

Art. 155 (*g*), C.A. Code.

28. No new charge of even *a petty character* may be included in the budget until sanctioned by competent authority, but a note may be made at the end of the budget (with explanation) of any fresh charge that is expected to be sanctioned and to come in course of payment during the year to which the budget relates.

(E) EXPLANATORY REMARKS.

29. Explanations are not required for differences between the actuals of the previous year and of the preceding years, nor for those between the actuals and the estimates of the previous year; but any abnormal variations in actuals as compared with the revised and budget estimates should be fully accounted for.

Art. 1555, C.A. Code.

30. The principal explanations required are in connection with the difference between the budget figures proposed for the ensuing year and the corresponding figures in other columns.

Art. 1554, C. A. Code.

31. The explanations should be as short as is consistent with clearness. It is better, however, that they should be too full than too scanty, so that no difference requiring explanation may escape observation merely through its being counterbalanced by an opposite difference.

Rule 9 (*b*), Chap. 73, C.A. Code, 3rd Edition.

32. It is not sufficient to explain mere variations in the totals from year to year; an item may have been once passed or omitted as an exceptional case, and its repetition or continued omission may require to be accounted for.

Art. 155 (*c*), C.A. Code.

33. Variations in the columns of numbers as well as in those of amounts must be explained.

Art. 155 (*c*), C.A. Code.

34. In the case of variations which are based on an order of Government, the number and date *as well as the purport* of the order should be specified.

Art. 155 (*d*), C.A. Code.

35. For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

P.W.D. Code, Chap. IV, rule 58.

36. In the case of special expenditure, which is to be met from Provincial as well as from Local or private funds—*e.g.*, Students' Hostels, water-supply and drainage schemes—the explanatory column should specify what portions of the proposed expenditure will be defrayed from other than Provincial funds.

Averages of past years' actuals, &c.

37. In the case of the more important heads of revenue, the actuals of the first five or six months of the current year should be compared with those of the corresponding periods of the three preceding years.

Art. 155 (*e*), C.A. Code.

38. Opposite every item of fluctuating charge, viz., Special departmental charges, Supplies and services, Allowances, and Contingencies, the actual expenditure of each of the three years last past should be entered in red ink together with a brief explanation of all abnormal variations.

Art. 155 (*f*), C.A. Code.

39. Averages should likewise be shown in the above cases, but the estimate of receipts and varying charges should not be merely an arithmetical average of the three years' figures. The average is a guide, but it should not be taken absolutely.

Art. 1523 (*f*), C.A. Code.

40. The figures for former years should range and correspond exactly with those to be estimated, both in character and as to the periods to which they belong. If any change is made in the constitution of any head of account by the addition or deduction of items, the figures of the earlier years should be re-adjusted in the same way, the principle being carefully kept in view that like things must be compared with like.

SECTION III.—DETAILS OF BUDGET PROVISION.

G.O., 19th July 1894, No. 558, Finl., para. 9.

41. The various rulings relating to the correct classification of receipts and charges under individual heads will be found in Appendix P to the Civil Account Code and these should be closely adhered to.

42. *Roman* numerals are prefixed to Major heads of *Revenue* or *Receipts*, and *Arabic* numerals to those of *Disbursements* or *Expenditure*, *e.g.*, I, *Land Revenue*; 3, *Land Revenue*.

43. The principles governing the correct classification of receipts and charges under Major, Minor, and Detailed heads are laid down in Articles 1005 to 1008 of the Civil Account Code.

44. The incidence of the cost of officers serving in more than one department or transferred from one department to another is indicated in Article 773 of the Civil Account Code.

45. The incidence of the cost of travelling allowances in such cases is determined in accordance with Articles 1294 to 1296 of the Civil Service Regulations.

G.O., 19th July 1894, No. 558, Finl., para. 9.

46. The above rulings together with the instructions relating to *Inter-departmental* transfers and the *sundry rulings* in Chapter 6 of the Civil Account Code should be carefully borne in mind.

Art. 155 (*h*), C.A. Code.

47. Every department should provide for the whole of the receipts and charges with which it finally deals.

G.O., 16th Aug. 1887, No. 915, Finl., para. 5.

48. Minute details should be furnished under *Receipts*, as the audit of receipts and the check over departmental revenue have to be exercised by the controlling authorities.

Ditto, para. 6.

49. On the expenditure side, totals should be given under *Salaries*, *Establishment*, *Allowances*, *Supplies and Services*, *Special Charges* and *Contingencies* in the separate column set apart for this purpose. Grand totals should also be given in every case.

Ditto, para. 6.

50. Lump deductions on account of probable savings should be made only in the case of *Salaries and Establishments*, the provision for *Contingencies* being limited to actual requirements.

Ditto, para. 3.

51. Charges on account of *Petty Construction and Repairs* should be shown for each minor head under *Supplies and Services*.

Ditto, para. 3.

52. Expenditure incurred on account of *Printing at Private Presses* and *Stationery purchased in the country* should be shown separately under 30, *Stationery and Printing*.

Art. 1357, C.A. Code.

53. *Refunds* of collections under the principal heads of Revenue should be shown under 1, *Refunds and drawbacks*. Under other heads, refunds should appear as a separate minor head under each major head.

Art. 155 (*i*), C.A. Code.

54. As charges for the freight paid in India on stores received from England is borne by the department against which the cost of the stores is charged in the home accounts, provision should be made accordingly in departmental estimates.

Rule 59, P.W.D. Code, Vol. II, Chap. IV.

55. The budget estimate should include that portion of the *cost of stores* which have been indented for on Europe and which, it is expected, will be paid for and entered in the accounts within the year. Heads of departments should ascertain the necessary particulars from the Accountant-General.

(A) SALARIES AND ESTABLISHMENTS.

G.O., 5th Nov. 1887, No. 1175, Finl.

56. The distinction between "*Salaries*" and "*Establishments*" is mainly that between gazetted and non-gazetted officers.

Art. 155 (*e*), C.A. Code.

57. In the case of both *Salaries* and *Establishments* the column of *numbers* should be carefully checked. The rate of pay should be entered *within* parenthesis, the number in each rate being shown *without*, as follows:— 3 (500), 7 (400), 12 (300), &c.; but where there is only one officer on each rate of pay, the number (1) need not be specified, thus "3 clerks (75), (50), (30)." The entries should admit of verification with the column of charge.

G.O., 5th Nov. 1887, No. 1175, Finl. Art. 155 (*b*), C.A. Code.

58. Progressive salaries should invariably be shown as such, the maximum and minimum being specified, but the provision should be for the actual salary which is being earned on 1st April of the year for which the estimate is made, without reckoning any future increments.

G.O., 5th Nov. 1887, No. 1175, Finl.

59. Every salary or rate of pay should be separately traceable in the estimates. Where, however, allowances chargeable to various heads of account are drawn by the same officer, a foot-note should be added in each case showing the rates of pay drawn from the different sources.

Art. 155 (*b*), C.A. Code.

60. For fixed charges, the detailed estimate should show the full amount of the sanctioned scale, and when it is found by experience that a saving will arise from absence or other cause, a lump deduction should be made.

G.O., 19th July 1894, No. 558, Finl.

61. Leave allowances and pensions (and in a few cases salaries) which are payable in England are chargeable to the Home accounts and should not be provided for in the local estimates.

G.O., 5th Nov. 1887, No. 1175, Finl.

62. *Salaries.*—The amounts given under *Salaries* include salaries, personal allowances, local allowances, house-rent allowances, exchange compensation allowance, and fixed special allowances given for separate duties (*e.g.*, lunatic asylum allowances to medical officers). But those allowances should be shown separately immediately below the salary of the officer concerned. The number of officers and the rate drawn by each should also be given so as to admit of verification with the column of charge.

G.O., 18th July 1895, No. 531, Finl.

63. The budget estimate for exchange compensation allowance should be calculated from the amounts (1) paid in the previous year, and (2) entered in the revised estimate as likely to be paid in the current year, the proportion to those amounts depending on the percentages of salary payable in the two years (1) and (2) and that resulting from the rate of exchange adopted for calculating exchange compensation allowance in the budget estimates. If there is a difference in the result of the calculations from the two years (1) and (2), that which is considered to be the better guide to the payments in the year to which the budget estimates relate should be adopted.

G.O., 5th Nov. 1887, No. 1175, Finl.

64. Additional allowances which are not salaries should be distinguished as such and shown under "*Allowances.*"

Ditto.

65. Wherever "*free quarters*" are allowed, an entry to that effect should be made within parenthesis, after the rate of salary.

Ditto.

66. A salary divided between two departments should be entered as if it were chargeable to the principal head only (the combined designation of the officer being there shown in full); the amount to be transferred to the estimate under the other head being deducted at foot. Under the head to which the amount is transferred, an entry should be made showing the part salary transferred.

Ditto.

67. All graded officers of any regular service, *e.g.*, Tahsildars, Sub-Registrars, &c., should be entered under Salaries.

Ditto.

68. Deductions on account of Civil Service Annuity Funds should be avoided by showing the salaries of Indian Civil Servants *net* as follows:—

		Rs.
1	Chief Secretary (3,000)[4]	34,560
2	Secretaries, Judicial (2,250)[4] and Financial (1,800)[4]	46,656
3	Under Secretaries (1,000),[4] (1,000)[4], (800)[4]	32,256

where the figure [4] means subject in the case of Indian Civil Servants to 4 per cent. deduction for annuity.

[Statutory Civilians and Officers of the Provincial Civil Service should be shown separately.]

G.O., 5th Nov. 1887, No. 1175, Finl.

69. *Establishments.*—Under this head, the establishments of different classes should be shown separately. Clerks should always be distinguished from servants. Persons serving in special capacities, such as translators, civil court ameens and nazirs, should be shown separately, and not lumped up with clerks.

Art. 154 (1), C.A. Code. P.W.D. Code, Chap. IV, rule 48.

70. What are called fixed establishments are not irrevocably fixed and should be brought under formal review by heads of departments from time to time; even when there is no thought or intention of making any change in establishments, it is still desirable that heads of departments should review the entire estimate of the requirements of their departments. The budget estimate is however not the place for submitting for consideration any changes in establishment. Care should therefore be taken that all necessary increases or decreases of establishment are fully considered and disposed of prior to the time of preparing the estimate.

Ditto, rule 49.

71. In urgent cases, however, when the sanction to a proposed increase has not been obtained, but is sure to be accorded, the establishment which has not been sanctioned should be separately detailed, and the cause of the reference not being submitted for orders earlier should be fully explained. The proposals themselves should, in all cases, be submitted separately from the budget.

Ditto, rule 77.

72. The provision for *temporary* establishments should be quite distinct from that for *permanent* establishments, details of the nature and rate of pay being given. The periods for which the former may have to be retained should also be specified within parenthesis.

Art. 155 (*g*) 1, C.A. Code.

73. It not unfrequently happens that an establishment or some special allowance is sanctioned for an official year, and the charge for the last month of the year only becomes due when the new year has commenced and must be taken against the grant of that year. Provision should accordingly be made for the charges of March payable in April in the estimates of the year concerned.

74. A numerical establishment statement, in exactly the form adopted in the appendix to the Civil estimates, should accompany each budget forwarded to the Accountant-General.

(B) ALLOWANCES.

G.O., 20th Oct. 1888, No. 783, Finl.

75. Under the head *Allowances* are entered the following:—

(1) Travelling allowances (fixed, &c.).
(2) Tentage ,,
(3) Horse ,,
(4) Conveyance ,,
(5) Hill journey ,,
(6) Warm clothing allowance.
(7) Allowances to Conductresses and peons (Educational).
(8) Family allowances (Bandsmen).
(9) Capitation allowances.
(10) Commission.
(11) Overtime and other fees.

In the case of officers drawing fixed tentage, travelling and conveyance allowances, the designation of the officer and the rate drawn by each should invariably be given, *e g.*—

Tentage.

Collectors and Magistrates 20 (50), &c.

Horse Allowance.

Inspectors 10 (15), &c.

(C) CONTINGENCIES.

Art. 79, C.A. Code.

76. The Government of India "expects that every public officer will exercise the same vigilance in respect to *petty contingent expenses* that he would do if spending his own money, and has further ordered that a register of contingent expenditure shall be kept in each office, and the initials of the head of the office shall be entered against the date of payment of each item." A large number of columns is set apart in this register for the record of the several classes of contingent expenditure, and if this register is properly maintained, there should be no difficulty in specifying at any moment the expenditure which has been incurred in the past under each head.

Art. 825, C.A. Code.

77. The responsibility for the effective control of contingent expenditure rests primarily with heads of offices. Controlling officers are, however, required to scrutinize the expenditure in addition to the scrutiny of heads of offices.

78. A large proportion of the expenditure is usually classed as *I (b), Contingencies admissible without detailed audit*, and the Accountant-General merely sees that budget grants are not exceeded and that questionable items are not admitted. It is therefore of great importance that the grants for each individual office should be determined with the greatest possible accuracy.

79. Immediately on receipt of the printed Civil Estimates each year, every head of a department should furnish the Accountant-General with a statement showing, by districts or offices, the distribution of the lump grant assigned for his department.

80. The Government expects every head of a department to furnish, with his estimates, detailed and accurate information regarding every entry under *Contingencies*. Vague entries, such as "*Other items*", "*Charges admissible without detailed audit*", "*Reserve*", &c., should not find a place in the budget.

81. Endeavours should be made to exhibit every item of expenditure separately, subsidiary statements being added where the details are too numerous to be inserted in the body of the budget itself. The estimates should be based on past actuals and include every item of expenditure likely to be incurred during the year. The distinction between *I (a)* and *I (b)* charges will, so far as the estimates are concerned, be entirely ignored, and all lump amounts entered under *Office expenses* or *Miscellaneous* will be struck out by Government and the budget passed for specified charges only.

82. Provision for the purchase of new furniture and similar articles should be accompanied by notes, stating when the last purchase was made and explaining the necessity for the proposed expenditure.

SECTION IV.—SPECIAL BUDGETS.

G.O., 20th July 1895, No. 534, Finl.

83. Immediately on the issue of orders sanctioning an expedition or other measures involving large special expenditure, the spending departments concerned should, without waiting to be called upon to do so, prepare and submit to Government detailed forecast estimates of the extra expenditure likely to be incurred under their respective orders, for the period the operations are expected to last. The estimate should be prepared so as to distinguish the monthly recurring extra expenditure from the initial charges, which are incurred once for all at the commencement or during the progress of the operations, and from the terminal charges similarly incurred at the close of the operations.

RULINGS REGARDING EXPENDITURE.

SECTION I.—EXPENDITURE NOT PROVIDED FOR AND APPLICATIONS FOR ADDITIONAL ALLOTMENTS.

84. The fact of a charge which requires special sanction having been included and passed in a budget is no authority for its payment. Art. 156 (1), C.A. Code.

85. Under no circumstances may liabilities be incurred in one year against anticipated grants in a succeeding year. P.W.D. Code, Vol. II, Chap. IV, rule 16.

86. The want of provision in the estimate does not operate to prevent payment of any sums really due by Government, nor the want of sanction to prevent record of any actual payment. Money indisputably payable should never be left unpaid; money paid should, under no circumstances, be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments, and it is an object of very great importance to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Arts. 161 and 162, C.A. Code.

87. Expenditure which cannot be met from the grant made at the beginning of the year for the service of the department to which it appertains requires, *ipso facto* and apart from all other rules, the sanction of Government. Every application for such sanction should be accompanied by a statement in the subjoined form, showing how the expenditure is proposed to be met:— Art. 158, C.A. Code.

STATEMENT proposing expenditure for which provision has not been made in the budget for 189 and which cannot be met from anticipated savings under the grant head. G.O., 29th June 1893, No. 608, Finl.

Amount of allotment required.	Major head under which the expenditure will fall.	Explanation as to why no re-appropriation within the budget grant is considered possible.	Major head from which a transfer to meet the charge is ordered.
			*

* Entries in this column are to be made by Government alone.

88. Save for exceptional reasons, expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be sanctioned; in the absence of special arguments the Government assumes that any expenditure proposed is intended to have effect from the beginning of the following financial year and not earlier. Art. 159, C.A. Code.

89. Extra expenditure may occasionally be highly advisable, though not absolutely unavoidable. For instance, expenditure which produces revenue may have to be increased in the course of the year; and if a demand should spring up it must be met at once, or the revenue may be altogether lost. But in all cases the necessity for the proposed excess expenditure must be fully explained and justified in detail: mere general references to a probable increase in the receipts are insufficient. G.O., 2nd May 1895, No. 353, Finl.

90. Sanction to all expenditure in excess of budget provision must be applied for *as soon as it becomes apparent that such expenditure will be necessary.* Ditto.

91. As soon, then, as it appears that expenditure in excess of budget sanction will be necessary, an application for an additional grant should be made at once. It must be shown— Ditto.

(1) that the expenditure is necessary and unavoidable, or at least in the highest degree advisable;

(2) that it could not have been foreseen when the budget estimates were prepared; or, if it could have been, it must be explained why the necessary provision was not made;

(3) that it cannot be met by re-appropriation within the budget grant for the expenditure of the department.

SECTION II.—RE-APPROPRIATIONS.

P.W.D. Code, Vol. II, Chap. IV, rule 18.

92. The same authorities who make the original grants can sanction additions to them or make reductions from them during the course of the year.

G.O., 31st Dec. 1891, No. 1382, Finl.

93. The Financial Department alone sanctions transfers from one *major head to another*.

94. The following Heads of Departments can sanction transfers from one *minor head to another within the same major head*, provided the expenditure is entirely under their control:—

The Hon'ble the Judges of the High Court.
" Board of Revenue (all departments).
" Inspector-General of Police.
" " " of Prisons.
" " " of Registration.
" Director of Public Instruction.
" Surgeon-General.

G.O., 17th Nov. 1894, No. 1000, Finl.

95. All other Heads of Departments are competent to transfer from one detailed head to another *within the same minor head.*

P.W.D. Code, Chap. IV, rule 135 (*d*) (1).

But in all such cases of transfers, Heads of Departments can utilize savings under one head only for the purpose of meeting unexpected excesses under another head; they are not at liberty to authorize any new charge not already included in the sanctioned grants, or to divert funds to objects not sanctioned by competent authority.

Ditto, rule 134 (III).

96. The aggregate of the re-appropriations under each head should never exceed the grant under that head.

Ditto, rule 134 (II).

97. No expenditure against one grant should be incurred in expectation of short outlay against another grant, nor should any expenditure be allowed without obtaining the appropriation for it at once. Sanction to expenditure must be followed simultaneously by an appropriation of funds, limiting the amount to be spent.

98. Savings accruing under *Salaries and Establishments* should not be utilized for any other purposes, especially for *Contingencies*, without the special sanction of Government.

SECTION III.—REPORT OF LAPSES AND SURRENDER OF ASCERTAINED SAVINGS.

99. After the close of the year, if the grants have not been completely utilized, the unspent balances lapse in ordinary course and are not available for expenditure in the following year.

Art. 293, C.A. Code.

100. A sanction for any charge, when not acted on for twelve months, becomes void and must be renewed if the expenditure is required. Actual disbursements of any one year can only be met from the grants of that year, and cannot be debited against the grants of the preceding and succeeding years.

101. Expenditure which might otherwise be postponed is not, however, to be incurred in the month of March, solely with a view to prevent lapses of budget grants. The prospect of an eventual saving is not a sufficient justification, in all instances, for an immediate increase of expenditure, and the fact that economies can be effected in the cost of a department affords of itself no grounds for increased expenditure in that or any other department.

G.O., 31st Oct. 1894, No. 919, Finl.; P.W.D. Code, rule 146.

102. On the other hand, lapses and savings in one department may be utilized during the year by Government for the requirements of other departments. It is therefore essential that funds should not be unnecessarily locked up, and that Government should be kept informed of the progress of expenditure. Every head of a department should submit a formal report as soon as he foresees any lapses or savings, and surrender whatever is not likely to be of use to him during the remainder of the year.

Art. 1523 (5), C.A. Code, rule 21 *supra*.

103. In the review by Government of the accounts of each year, heads of departments will be called upon for explanation, except when the differences are trifling or could not have been foreseen—

(1) why additional allotments were not applied for in the case of excess expenditure over budget grants, and

(2) why the savings were not formally surrendered to Government in the case of lapses and short expenditure.

4050

20TH AUGUST 1895, No. 602, FINANCIAL.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers :—

G.O., dated 22nd May 1860, No. 228, Financial.

ABSTRACT.—Introducing the system of Budget Estimates prevailing in England as the most important step towards securing financial economy in the administration of the Indian Empire.

G.O., dated 7th December 1880, No. 2808 W., Public Works.

G.O., dated 16th August 1881, No. 1485, Financial.

ABSTRACT.—Issuing instructions regarding the punctual submission of Budget Estimates.

G.O., dated 16th August 1887, No. 915, Financial.

ABSTRACT.—Passing orders in regard to the preparation and submission of the Budget Estimates for 1888–89.

G.O., dated 5th November 1887, No. 1175, Financial.

ABSTRACT.—Communicating to all Heads of Departments letter from the Government of India forwarding copy of the preface to the Civil Estimates for 1887–88 and inviting attention to the change of practice and of form described therein.

G.O., dated 20th October 1888, No. 783, Financial.

ABSTRACT.—Circulating to all officers, for guidance, the list of *Contingent charges* and *Supplies and Services* as amended by the Accountant-General.

G.O., dated 19th July 1894, No. 558, Financial.

ABSTRACT.—Issuing certain instructions with a view to ensure greater uniformity and clearness in the form in which the detailed Budget Estimates of the various departments of the Public service are now prepared.

G.O., dated 20th June 1895, No. 470, Financial.

ABSTRACT.—Issuing orders regarding the distribution of the Consolidated Civil Budget Estimates of this Presidency for 1895–96, and the supply of printed forms to Heads of Departments for the estimates of 1896–97.

Read—also letter from the Accountant-General, dated 13th August 1895, No. 2123.

Order—dated 20th August 1895, No. 602, Financial.

The accompanying pamphlet contains a summary of rulings relating to the preparation of Budget Estimates. The attention of all Heads of Departments is particularly directed to these instructions in connection with the submission of the estimates for 1896–97. The opportunity has been taken to embody some general rulings as regards expenditure.

2. Rules 76 to 82 regarding "Contingencies" should be carefully noted; estimates not conforming to the instructions therein laid down will be returned for revision.

3. Should there be any difficulty in furnishing all the detailed information required by the dates on which the various budgets are due with Government, the estimates may be forwarded in advance and further particulars furnished later on.

(True Extract.)

J. F. PRICE,
Chief Secretary.

To the Revenue Department,
„ all Heads of Departments under the Chief Secretary,
„ the Accountant-General,
„ the Comptroller and Auditor General,
Copy to the Public Works Department,
} with pamphlet.

Exd. A. Raitt.

Govt. of {1895} Madras.

FINANCIAL.

No 2233 W a/7 2 September 1895

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G.O., 20th August 1895, No. 602.

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AUGUST.

To
The Exors P.W. Accts
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a- C. E for Kyd

Budget Estimates.

Directing the attention of all Heads of Departments to the rulings relating to the preparation of —, in connection with the submission of the estimates for 1896–97; and forwarding copies of the pamphlet containing a summary of the ruling.

INSTRUCTIONS

RELATING TO THE

PREPARATION OF BUDGET ESTIMATES

AND

RULINGS REGARDING EXPENDITURE.

MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1895.

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INSTRUCTIONS RELATING TO THE PREPARATION OF BUDGET ESTIMATES.

SECTION I.—FORM AND SUBMISSION OF BUDGETS.

1. As soon as possible after the issue of the Civil Budget Estimates in each year, forms are supplied by the Accountant-General to heads of departments wherein they may prepare complete estimates of the receipts and of the charges on account of the salaries and contingencies of themselves and their establishments for the ensuing year. These forms are drawn up in such a manner that every departmental budget is prepared in exactly the same form in which it is finally incorporated in the printed civil estimates of the Presidency.

Art. 1515, C.A. Code. G.O., 22nd June 1895, No. 470, Finl., para. 3. G.O., 19th July 1894, No. 558, Finl., para. 1.

2. Budgets should be submitted punctually by the dates fixed in the Appendix to G.O., dated 22nd June 1895, No. 470, Financial. Delays in the submission of the estimates retard the compilation of the general budget, limit the time requisite for the due consideration by Government of the demands made and occasion undue haste in the disposal of subjects which should be dealt with in a deliberate and careful manner. With proper arrangements, which it is in the power of every head of an office to make, there is no reason why a budget estimate should be submitted one day after the prescribed date.

G.O., 16th Aug. 1881, No. 1485, Finl., and G.O., 8th Jan. 1881, No. 44, Finl.

3. *Detailed accounts* should be furnished, as far as possible, for each *minor head*, with full particulars for the items comprised within the totals, summaries and abstracts being added wherever necessary.

G.O., 2nd Oct. 1894, No. 802, Finl.

4. Receipts and charges should be submitted on separate sheets of paper. Heads of departments will be at liberty to forward the estimates under the several detailed accounts separately, if they find this more convenient than submitting them in a consolidated form. Explanatory memoranda and subsidiary statements for purely departmental purposes and for elucidating the budgets should also, where necessary, be submitted.

G.O., 22nd June 1895, No. 470, Finl., paras. 5 and 6, and G.O., 1st Dec. 1894, No. 1053, Finl.

5. Explanations for variations in figures should be furnished, opposite the entry concerned, on the blank pages facing the estimates.

G.O., 19th July 1894, No. 558, Finl., para. 2.

6. Covering letters are generally unnecessary; but when they are considered indispensable, they should be as brief and clear as possible, dealing only with the general financial position of the department concerned, and calling attention to such special points as may require the orders of Government. Mere repetitions of figures and statements appearing in the body of the estimates should be avoided.

Ditto., para. 3.

7. In compiling the figures, the totals of major heads should be worked up to even thousands of rupees. Minor heads should be rounded to even hundreds of rupees as far as possible. Annas and pies should invariably be omitted.

G.O., 3rd Oct. 1894, No. 809, Finl. Art. 1520, C.A. Code.

8. The history of a budget extends over three years, and the facts and figures relating to all the three years should be placed before Government in an accurate and lucid manner.

Rule 1, Chap. 73, C.A. Code, 3rd Edition.

SECTION II.—THE COLUMNS OF THE BUDGET.

(A) ACTUALS OF THE PREVIOUS YEAR.

9. These should invariably correspond exactly with the figures recorded in the Accountant-General's *final accounts*. Every head of a department is bound to reconcile the differences that may have arisen and to ensure the rectification of the

accounts, as directed in paragraph 5 of G.O., dated 19th March 1895, No. 256, Financial.

10. To ensure that these instructions have been complied with, a certificate in the following form should be appended to each budget:—

"Certified that the actuals as entered above are those shown in the departmental accounts; they have been verified with the statements furnished by the Accountant-General and all discrepancies noticed have been duly pointed out to him."

(B) SANCTIONED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

11. The Budget Estimates are passed before the commencement of the year to which they apply and when formally sanctioned in budget orders become the authorized programme of expenditure. In the case of *salaries* and *establishments*, they merely *provide* for expenditure within certain limits; alterations in rates of pay or numbers of employés sanctioned during the course of the year take effect without reference to the original budget provision. In the case of *allowances*, *supplies and services*, and *contingencies* however, the sanctioned figures are the *grants* and form the sole *authority* for expenditure (subject to any alterations of grants subsequently made).

Art. 1519, C.A. Code, and Rule 11, Chap. 73, C.A. Code, 3rd Edition.

12. The figures of the sanctioned estimates should therefore be entered exactly as given in the printed civil estimates. An additional grant sanctioned during the course of the year is authority for increasing the revised estimate, but it cannot alter the fact that it was not included in the sanctioned budget. Should a complete reorganization of establishment have been effected after the passing of the estimate for the year, whereby designations as well as salaries are altered and do not correspond with the entries in the printed civil estimates, the total of the sanctioned estimate should be entered, all details being omitted.

P.W.D. Code, Vol. II, Chap. IV, rule 132.

(C) REVISED ESTIMATES OF THE CURRENT YEAR.

G.O., 2nd May 1895, No. 353, Finl.

13. The Revised Estimates (not revised budget estimates) make no *provision* for any expenditure whatever; they are *accepted*, not sanctioned, by Government, and no entry in them carries with it any authority for expenditure of any kind. They do not even provide for or authorize the expenditure of charges already entered in the budget estimates; for these latter alone possess authority. The revised estimates are not budgets or appropriations of money, nor do they supersede the budget estimates as the basis for the regulation of expenditure. They are estimates pure and simple, prepared for information, in order to indicate to Government how far the expenditure already sanctioned (in the budget estimates and in subsequent additional grants, if any) will be worked up to. They should not be quoted as authority for expenditure in excess of grants. The inclusion of increased expenditure in the revised estimates does not supersede the necessity of applying for an additional grant nor are the revised estimates the proper channel for applying for additional grants to cover expenditure which has not been provided for in the budget estimates.

P.W.D. Code, Vol. II, Chap. IV, rules 121, 122.

G.O., 2nd May 1895, No. 353, Finl.

14. When the general review of the year's requirements, which is made for the purposes of the revised estimates, discloses for the first time the necessity for any unforeseen expenditure, an application for an additional grant should be made at once, separately, and in a complete form, so that it may be disposed of quite apart from the revised estimates. Such application has, indeed, no connection with those estimates; for the making of the application is a condition precedent to the inclusion of the sum applied for in the estimates: in short, the estimates depend on the grant, not the grant upon the estimates.

Art. 1522, C.A. Code.

15. The revised estimates are usually arrived at by—

(i) adding to the ascertained actuals of past months of the current year those of the closing months of the previous year; or

(ii) assuming that the actuals in the remaining months of the current year will be in the same proportion as those in the earlier months, *e.g.*, if the first four months gave x, the last eight months would give $2x$; or

Art. 1523 (*d*), C.A. Code.

(iii) working out a proportional estimate arithmetically as follows:—

Let b be the amount recorded in the accounts of the current year to the end of the latest month of which the figures are known;
a the amount recorded to the same date of the preceding year, or, if the figures of that year were abnormal, then of the latest year of which they were normal;
c the total amount recorded in the accounts of the year from which a is taken; and
d the proportional estimate.

Then $a : b :: c : d$.

Art. 1523 (*c*), C.A. Code.

Heads of Departments should use their discretion as to which of the methods indicated above should be adopted in framing the revised estimate under any particular head. If the amount under any head of account is fixed, or if the entries are subject to no regular influences but are irregular and fluctuating, the third method is inapplicable. If comparison with the previous year is impracticable the second method is preferable.

Art. 1522, C.A. Code.

16. The revised estimates framed in accordance with the mechanical processes above named should be corrected from what is known, or can be ascertained, of the history of the past and the expectations of the coming months, and regard should be had to the experience of earlier years. Particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of Government Orders or sanctions, and without leaving any margin on either side.

Art. 1523 (1), C.A. Code.

17. There should be no confusion of the facts actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last months of the current year, with the accounts recorded during the same months of preceding years, primarily of the last preceding year.

Art. 1523 (1), C.A. Code.

18. In estimating this residue on the basis of the actuals of corresponding months of previous years, due allowance should be made for any exceptional phenomena, which affected the results of the years accepted as a guide, and allowance should also be made for the special and unusual characteristics of the year for which the revised estimate is being framed.

Art. 1523 (2), C.A. Code.

19. If, according to the revised estimate, the figures during this residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation should be definitely stated.

Art. 1523 (3), C.A. Code.

20. On the other hand, if, while the phenomena of the current year already recorded differ materially from the corresponding phenomena of the last preceding year and of the earlier years, the revised estimate shows no corresponding difference during the residual months, the Head of the Department should state his reasons for thinking that the difference experienced in the earlier months will not continue. In such circumstances, the proportional estimate is *primâ facie* the best.

Art. 1523 (5), C.A. Code.

21. Whenever the budget provision is exceeded, or there is a lapse, a note should be made to the effect that an additional grant has been separately applied for or the saving formally reported to Government (*vide* rule 103 *infra*).

(D) BUDGET ESTIMATES OF THE ENSUING YEAR.

Art. 1523 (6), C.A. Code.

22. *Primâ facie*, and subject always to any known disturbing influences, the revised estimate is the best guide to the new estimate.

Art. 1634, C.A. Code.

23. One of the most important duties of every head of a department, as an estimating officer, is to keep himself thoroughly acquainted with the progress of the revenue and expenditure under his control, so as to be able at once to bring to the notice of Government any matter demanding its attention. He is charged with the administration of those numerous matters in respect of which Government is debtor or creditor, so far as his department is concerned, and it is his duty to see that proper estimates are made for all those transactions, and that due measures are taken to watch

Rule 23 is also attached

Add at the end of rule 23. There is a tendency to over-estimate expenditure and to under-estimate receipts which is due to a not unnatural desire on the part of an officer to provide for all the expenditure that may be required should the year be favourable and at the same time not to commit himself to a higher estimate of receipts than will probably be realized should the year be unfavourable. This is clearly wrong from a financial point of view, as the estimate of both revenue and expenditure should be based upon one common hypothesis.

G.O., No. 721, Financial, dated 23rd September 1895.

ultimate facts as truly as possible; and estimates habitually and largely more unfavourable than the facts defeat themselves, and are only less mischievous than too favourable estimates.

Art. 155 (*a*), C.A. Code.

25. The Budget estimate should be made up for what is expected to be actually received or paid (under proper sanction) during the year, including the arrears of past years—not for the demand or the liabilities falling due within the year.

Art. 155 (*a*), C.A. Code.

26. Net receipts or net charges should not be entered in any case; the gross transactions should be exhibited in full, except where definite instructions to the contrary have been issued.

Art. 154 (2), C.A. Code. G.O., 19th July 1894, No. 558, Finl., para. 10.

27. When new schemes are included in budgets the fact should be brought prominently to notice. Sanction to the schemes should however be applied for in ordinary course, without reference to budget provision, through the Secretariat department concerned.

Art. 155 (*g*), C.A. Code.

28. No new charge of even *a petty character* may be included in the budget until sanctioned by competent authority, but a note may be made at the end of the budget (with explanation) of any fresh charge that is expected to be sanctioned and to come in course of payment during the year to which the budget relates.

(E) EXPLANATORY REMARKS.

29. Explanations are not required for differences between the actuals of the previous year and of the preceding years, nor for those between the actuals and the estimates of the previous year; but any abnormal variations in actuals as compared with the revised and budget estimates should be fully accounted for.

Art. 1555, C.A. Code.

30. The principal explanations required are in connection with the difference between the budget figures proposed for the ensuing year and the corresponding figures in other columns.

Art. 1554, C. A. Code.

31. The explanations should be as short as is consistent with clearness. It is better, however, that they should be too full than too scanty, so that no difference requiring explanation may escape observation merely through its being counterbalanced by an opposite difference.

Rule 9 (*b*), Chap. 73, C.A. Code, 3rd Edition.

32. It is not sufficient to explain mere variations in the totals from year to year; an item may have been once passed or omitted as an exceptional case, and its repetition or continued omission may require to be accounted for.

Art. 155 (*c*), C.A. Code.

33. Variations in the columns of numbers as well as in those of amounts must be explained.

Art. 155 (*c*), C.A. Code.

34. In the case of variations which are based on an order of Government, the number and date *as well as the purport* of the order should be specified.

Art. 155 (*d*), C.A. Code.

35. For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

P.W.D. Code, Chap. IV, rule 58.

36. In the case of special expenditure, which is to be met from Provincial as well as from Local or private funds—*e.g.*, Students' Hostels, water-supply and drainage schemes—the explanatory column should specify what portions of the proposed expenditure will be defrayed from other than Provincial funds.

Averages of past years' actuals, &c.

37. In the case of the more important heads of revenue, the actuals of the first five or six months of the current year should be compared with those of the corresponding periods of the three preceding years.

Art. 155 (*e*), C.A. Code.

38. Opposite every item of fluctuating charge, viz., Special departmental charges, Supplies and services, Allowances, and Contingencies, the actual expenditure of each of the three years last past should be entered in red ink together with a brief explanation of all abnormal variations.

Art. 155 (*f*), C.A. Code.

39. Averages should likewise be shown in the above cases, but the estimate of receipts and varying charges should not be merely an arithmetical average of the three years' figures. The average is a guide, but it should not be taken absolutely.

Art. 1523 (*f*), C.A. Code.

40. The figures for former years should range and correspond exactly with those to be estimated, both in character and as to the periods to which they belong. If any change is made in the constitution of any head of account by the addition or deduction of items, the figures of the earlier years should be re-adjusted in the same way, the principle being carefully kept in view that like things must be compared with like.

SECTION III.—DETAILS OF BUDGET PROVISION.

G.O., 19th July 1894, No. 558, Finl., para. 9.

41. The various rulings relating to the correct classification of receipts and charges under individual heads will be found in Appendix P to the Civil Account Code and these should be closely adhered to.

42. *Roman* numerals are prefixed to Major heads of *Revenue* or *Receipts*, and *Arabic* numerals to those of *Disbursements* or *Expenditure*, *e.g.*, I, *Land Revenue*; 3, *Land Revenue*.

43. The principles governing the correct classification of receipts and charges under Major, Minor, and Detailed heads are laid down in Articles 1005 to 1008 of the Civil Account Code.

44. The incidence of the cost of officers serving in more than one department or transferred from one department to another is indicated in Article 773 of the Civil Account Code.

45. The incidence of the cost of travelling allowances in such cases is determined in accordance with Articles 1294 to 1296 of the Civil Service Regulations.

G.O., 19th July 1894, No. 558, Finl., para. 9.

46. The above rulings together with the instructions relating to *Inter-departmental* transfers and the *sundry rulings* in Chapter 6 of the Civil Account Code should be carefully borne in mind.

Art. 155 (*h*), C.A. Code.

47. Every department should provide for the whole of the receipts and charges with which it finally deals.

G.O., 16th Aug. 1887, No. 915, Finl., para. 5.

48. Minute details should be furnished under *Receipts*, as the audit of receipts and the check over departmental revenue have to be exercised by the controlling authorities.

Ditto, para. 6.

49. On the expenditure side, totals should be given under *Salaries*, *Establishment*, *Allowances*, *Supplies and Services*, *Special Charges* and *Contingencies* in the separate column set apart for this purpose. Grand totals should also be given in every case.

Ditto, para. 6.

50. Lump deductions on account of probable savings should be made only in the case of *Salaries and Establishments*, the provision for *Contingencies* being limited to actual requirements.

Ditto, para. 3.

51. Charges on account of *Petty Construction and Repairs* should be shown for each minor head under *Supplies and Services*.

Ditto, para. 3.

52. Expenditure incurred on account of *Printing at Private Presses* and *Stationery purchased in the country* should be shown separately under 30, *Stationery and Printing*.

Art. 1357, C.A. Code.

53. *Refunds* of collections under the principal heads of Revenue should be shown under 1, *Refunds and drawbacks*. Under other heads, refunds should appear as a separate minor head under each major head.

Art. 155 (*i*), C.A. Code.

54. As charges for the freight paid in India on stores received from England is borne by the department against which the cost of the stores is charged in the home accounts, provision should be made accordingly in departmental estimates.

Rule 59, P.W.D. Code, Vol. II, Chap. IV.

55. The budget estimate should include that portion of the *cost of stores* which have been indented for on Europe and which, it is expected, will be paid for and entered in the accounts within the year. Heads of departments should ascertain the necessary particulars from the Accountant-General.

55-A

--- vide slip attached.

55-A. The cost of stores (including stationery, &c.,) s[illegible]ISHMENTS.

Article 1297, Civil Account Code.

ments in[illegible] General's [illegible]*ishments*" is mainly that between gazetted and non-gazetted officers.

G.O., 5th Nov. 1887, No. 1175, Finl.

the local est.

Art. 155 (*c*), C.A. Code.

57. In the case of both *Salaries* and *Establishments* the column of *numbers* should be carefully checked. The rate of pay should be entered *within* parenthesis, the number in each rate being shown *without*, as follows:— 3 (500), 7 (400), 12 (300), &c.; but where there is only one officer on each rate of pay, the number (1) need not be specified, thus "3 clerks (75), (50), (30)." The entries should admit of verification with the column of charge.

G.O., 5th Nov. 1887, No. 1175, Finl. Art. 155 (*b*), C.A. Code.

58. Progressive salaries should invariably be shown as such, the maximum and minimum being specified, but the provision should be for the actual salary which is being earned on 1st April of the year for which the estimate is made, without reckoning any future increments.

G.O., 5th Nov. 1887, No. 1175, Finl.

59. Every salary or rate of pay should be separately traceable in the estimates. Where, however, allowances chargeable to various heads of account are drawn by the same officer, a foot-note should be added in each case showing the rates of pay drawn from the different sources.

Art. 155 (*b*), C.A. Code.

60. For fixed charges, the detailed estimate should show the full amount of the sanctioned scale, and when it is found by experience that a saving will arise from absence or other cause, a lump deduction should be made.

G.O., 19th July 1894, No. 558, Finl.

61. Leave allowances and pensions (and in a few cases salaries) which are payable in England are chargeable to the Home accounts and should not be provided for in the local estimates.

61-A. No separate provision should be made for deputation or leave allowances payable in India. Such liabilities form a set-off against probable savings due to absence on leave to Europe. The revised estimates should, however, represent the actual facts as nearly as possible.

and fixed special allowances given for separate duties (*e.g.*, lunatic asylum allowances to medical officers). But those allowances should be shown separately immediately below the salary of the officer concerned. The number of officers and the rate drawn by each should also be given so as to admit of verification with the column of charge.

G.O., 18th July 1895, No. 531, Finl.

63. The budget estimate for exchange compensation allowance should be calculated from the amounts (1) paid in the previous year, and (2) entered in the revised estimate as likely to be paid in the current year, the proportion to those amounts depending on the percentages of salary payable in the two years (1) and (2) and that resulting from the rate of exchange adopted for calculating exchange compensation allowance in the budget estimates. If there is a difference in the result of the calculations from the two years (1) and (2), that which is considered to be the better guide to the payments in the year to which the budget estimates relate should be adopted.

G.O., 5th Nov. 1887, No. 1175, Finl.

64. Additional allowances which are not salaries should be distinguished as such and shown under "*Allowances.*"

Ditto.

65. Wherever "*free quarters*" are allowed, an entry to that effect should be made within parenthesis, after the rate of salary.

Ditto.

66. A salary divided between two departments should be entered as if it were chargeable to the principal head only (the combined designation of the officer being there shown in full); the amount to be transferred to the estimate under the other head being deducted at foot. Under the head to which the amount is transferred, an entry should be made showing the part salary transferred.

Ditto.

67. All graded officers of any regular service, *e.g.*, Tahsildars, Sub-Registrars, &c., should be entered under Salaries.

Ditto.

68. Deductions on account of Civil Service Annuity Funds should be avoided by showing the salaries of Indian Civil Servants *net* as follows:—

		Rs.
1	Chief Secretary (3,000)[4]	34,560
2	Secretaries, Judicial (2,250)[4] and Financial (1,800)[4]	46,656
3	Under Secretaries (1,000),[4] (1,000)[4], (800)[4]	32,256

where the figure [4] means subject in the case of Indian Civil Servants to 4 per cent. deduction for annuity.

[Statutory Civilians and Officers of the Provincial Civil Service should be shown separately.]

G.O., 5th Nov. 1887, No. 1175, Finl.

69. *Establishments.*—Under this head, the establishments of different classes should be shown separately. Clerks should always be distinguished from servants. Persons serving in special capacities, such as translators, civil account officers and [illegible]

69-A. Allowances paid to members of regular establishments for additional work done by them out of office hours and determined with reference to the quantity of work done or extra hours required on the work should be shown as charges on account of establishments.

Comptroller-General's letter, No. 933, dated 17th September 1895.

is still desirable that heads of departments should review the entire estimate of the requirements of their departments. The budget estimate is however not the place for submitting for consideration any changes in establishment. Care should therefore be taken that all necessary increases or decreases of establishment are fully considered and disposed of prior to the time of preparing the estimate.

Ditto, rule 49.

71. In urgent cases, however, when the sanction to a proposed increase has not been obtained, but is sure to be accorded, the establishment which has not been sanctioned should be separately detailed, and the cause of the reference not being submitted for orders earlier should be fully explained. The proposals themselves should, in all cases, be submitted separately from the budget.

Ditto, rule 77.

72. The provision for *temporary* establishments should be quite distinct from that for *permanent* establishments, details of the nature and rate of pay being given. The periods for which the former may have to be retained should also be specified within parenthesis.

Art. 155 (*g*) 1, C.A. Code.

73. It not unfrequently happens that an establishment or some special allowance is sanctioned for an official year, and the charge for the last month of the year only becomes due when the new year has commenced and must be taken against the grant of that year. Provision should accordingly be made for the charges of March payable in April in the estimates of the year concerned.

74. A numerical establishment statement, in exactly the form adopted in the appendix to the Civil estimates, should accompany each budget forwarded to the Accountant-General.

(B) ALLOWANCES.

G.O., 20th Oct. 1888, No. 783, Finl.

75. Under the head *Allowances* are entered the following:—

(1) Travelling allowances (fixed, &c.).	(7) Allowances to Conductresses and peons (Educational).
(2) Tentage "	(8) Family allowances (Bandsmen).
(3) Horse "	(9) Capitation allowances.
(4) Conveyance "	(10) Commission.
(5) Hill journey "	(11) ~~Other fees.~~

Rule 75 with slip attached

75. Delete item (11), *Overtime and other fees.*

In the case of officers drawing fixed tentage, travelling and conveyance allowances, the designation of the officer and the rate drawn by each should invariably be given, *e g.*—

Tentage.

Collectors and Magistrates 20 (50), &c.

Horse Allowance.

Inspectors 10 (15), &c.

(C) CONTINGENCIES.

Art. 79, C.A. Code.

76. The Government of India "expects that every public officer will exercise the same vigilance in respect to *petty contingent expenses* that he would do if spending his own money, and has further ordered that a register of contingent expenditure shall be kept in each office, and the initials of the head of the office shall be entered against the date of payment of each item." A large number of columns is set apart in this register for the record of the several classes of contingent expenditure, and if this register is properly maintained, there should be no difficulty in specifying at any moment the expenditure which has been incurred in the past under each head.

Art. 825, C.A. Code.

77. The responsibility for the effective control of contingent expenditure rests primarily with heads of offices. Controlling officers are, however, required to scrutinize the expenditure in addition to the scrutiny of heads of offices.

78. A large proportion of the expenditure is usually classed as *I (b)*, *Contingencies admissible without detailed audit*, and the Accountant-General merely sees that budget grants are not exceeded and that questionable items are not admitted. It is therefore of great importance that the grants for each individual office should be determined with the greatest possible accuracy.

79. Immediately on receipt of the printed Civil Estimates each year, every head of a department should furnish the Accountant-General with a statement showing, by districts or offices, the distribution of the lump grant assigned for his department.

80. The Government expects every head of a department to furnish, with his estimates, detailed and accurate information regarding every entry under *Contingencies* Vague entries, such as "*Other items*", "*Charges admissible without detailed audit*", "*Reserve*", &c., should not find a place in the budget.

81. Endeavours should be made to exhibit every item of expenditure separately, subsidiary statements being added where the details are too numerous to be inserted in the body of the budget itself. The estimates should be based on past actuals and include every item of expenditure likely to be incurred during the year. The distinction between *I (a)* and *I (b)* charges will, so far as the estimates are concerned, be entirely ignored, and all lump amounts entered under *Office expenses* or *Miscellaneous* will be struck out by Government and the budget passed for specified charges only.

82. Provision for the purchase of new furniture and similar articles should be accompanied by notes, stating when the last purchase was made and explaining the necessity for the proposed expenditure.

SECTION IV.—SPECIAL BUDGETS.

G.O., 20th July 1895, No. 534, Finl.

83. Immediately on the issue of orders sanctioning an expedition or other measures involving large special expenditure, the spending departments concerned should, without waiting to be called upon to do so, prepare and submit to Government detailed forecast estimates of the extra expenditure likely to be incurred under their respective orders, for the period the operations are expected to last. The estimate should be prepared so as to distinguish the monthly recurring extra expenditure from the initial charges, which are incurred once for all at the commencement or during the progress of the operations, and from the terminal charges similarly incurred at the close of the operations.

RULINGS REGARDING EXPENDITURE.

SECTION I.—EXPENDITURE NOT PROVIDED FOR AND APPLICATIONS FOR ADDITIONAL ALLOTMENTS.

84. The fact of a charge which requires special sanction having been included and passed in a budget is no authority for its payment. Art. 156 (1), C.A. Code.

85. Under no circumstances may liabilities be incurred in one year against anticipated grants in a succeeding year. P.W.D. Code, Vol. II, Chap. IV, rule 16.

86. The want of provision in the estimate does not operate to prevent payment of any sums really due by Government, nor the want of sanction to prevent record of any actual payment. Money indisputably payable should never be left unpaid; money paid should, under no circumstances, be kept out of the accounts a day longer than is absolutely necessary. It in no way promotes economy to postpone inevitable payments, and it is an object of very great importance to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Arts. 161 and 162, C.A. Code.

87. Expenditure which cannot be met from the grant made at the beginning of the year for the service of the department to which it appertains requires, *ipso facto* and apart from all other rules, the sanction of Government. Every application for such sanction should be accompanied by a statement in the subjoined form, showing how the expenditure is proposed to be met:— Art. 158, C.A. Code.

STATEMENT proposing expenditure for which provision has not been made in the budget for 189 and which cannot be met from anticipated savings under the grant head. G.O., 29th June 1893, No. 608, Finl.

Amount of allotment required.	Major head under which the expenditure will fall.	Explanation as to why no re-appropriation within the budget grant is considered possible.	Major head from which a transfer to meet the charge is ordered.
			*

* Entries in this column are to be made by Government alone.

88. Save for exceptional reasons, expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be sanctioned; in the absence of special arguments the Government assumes that any expenditure proposed is intended to have effect from the beginning of the following Art. 159, C.A. Code.

88-A

vide slip attached.

88-A. Applications for increases to establishment, or other charges involving increased expenditure, are not justifiable on the mere ground that the proposed expenditure is desirable or that it can be met from savings. Each head of a department, when submitting his budget for the year, is expected to ensure that it is a proper representation of his programme for the coming year. Supplemental demands indicate, as a rule, want of care in framing the budget, and, unless urgency is established, will be rejected.

G.O., No. 1922, Financial, dated 1st September 1883.

88-A. In submitting fresh proposals for expenditure, it should be distinctly stated whether provision for the proposed change has or has not been made in the budget estimates of the year.

G.O., No. 315, Financial, dated 11th April 1895.

G.O., No. 721, Financial, dated 23rd September 1895.

directly productive or revenue develops the utilization of forest produce and so materially increases the receipts. Additional grants will be sanctioned without re-appropriation from other heads, whenever it is anticipated that such grants are necessary to earn, and will probably earn, additional revenues of a more than equivalent amount.

(1) that the expenditure is necessary and unavoidable, or at least in the highest degree advisable;

(2) that it could not have been foreseen when the budget estimates were prepared; or, if it could have been, it must be explained why the necessary provision was not made;

91-A. When proposals are submitted for the entertainment of additional, or for the revision of existing, establishments, and it is practically certain that *exchange compensation allowance* will be an element of the proposed expenditure, it should be included in the estimate of cost and should be calculated at the rate adopted in the budget estimates of the year.

G.O., No. 808, Financial, dated 11th October 1895.

P.W.D. Code, Vol. II, Chap. IV, rule 18.

92. The same authorities who make the original grants can sanction additions to them or make reductions from them during the course of the year.

G.O., 31st Dec. 1891, No. 1382, Finl.

93. The Financial Department alone sanctions transfers from one *major head to another*.

94. The following Heads of Departments can sanction transfers from one *minor head to another within the same major head*, provided the expenditure is entirely under their control:—

The Hon'ble the Judges of the High Court.
" Board of Revenue (all departments).
" Inspector-General of Police.
" " " of Prisons.
" " " of Registration.
" Director of Public Instruction.
" Surgeon-General.

G.O., 17th Nov. 1894, No. 1000, Finl.

95. All other Heads of Departments are competent to transfer from one detailed head to another *within the same minor head.*

P.W.D. Code, Chap. IV, rule 135 (*d*) (1).

But in all such cases of transfers, Heads of Departments can utilize savings under one head only for the purpose of meeting unexpected excesses under another head; they are not at liberty to authorize any new charge not already included in the sanctioned grants, or to divert funds to objects not sanctioned by competent authority.

Ditto, rule 134 (III).

96. The aggregate of the re-appropriations under each head should never exceed the grant under that head.

Ditto, rule 134 (II).

97. No expenditure against one grant should be incurred in expectation of short outlay against another grant, nor should any expenditure be allowed without obtaining the appropriation for it at once. Sanction to expenditure must be followed simultaneously by an appropriation of funds, limiting the amount to be spent.

98. Savings accruing under *Salaries and Establishments* should not be utilized for any other purposes, especially for *Contingencies*, without the special sanction of Government.

SECTION III.—REPORT OF LAPSES AND SURRENDER OF ASCERTAINED SAVINGS.

99. After the close of the year, if the grants have not been completely utilized, the unspent balances lapse in ordinary course and are not available for expenditure in the following year.

Art. 293, C.A. Code.

100. A sanction for any charge, when not acted on for twelve months, becomes void and must be renewed if the expenditure is required. Actual disbursements of any one year can only be met from the grants of that year, and cannot be debited against the grants of the preceding and succeeding years.

101. Expenditure which might otherwise be postponed is not, however, to be incurred in the month of March, solely with a view to prevent lapses of budget grants. The prospect of an eventual saving is not a sufficient justification, in all instances, for an immediate increase of expenditure, and the fact that economies can be effected in the cost of a department affords of itself no grounds for increased expenditure in that or any other department.

G.O., 31st Oct. 1894, No. 919, Finl.; P.W.D. Code, rule 146.

102. On the other hand, lapses and savings in one department may be utilized during the year by Government for the requirements of other departments. It is therefore essential that funds should not be unnecessarily locked up, and that Government should be kept informed of the progress of expenditure. Every head of a department should submit a formal report as soon as he foresees any lapses or savings, and surrender whatever is not likely to be of use to him during the remainder of the year.

Art. 1523 (5), C.A. Code, rule 21 *supra*.

103. In the review by Government of the accounts of each year, heads of departments will be called upon for explanation, except when the differences are trifling or could not have been foreseen—

(1) why additional allotments were not applied for in the case of excess expenditure over budget grants, and

(2) why the savings were not formally surrendered to Government in the case of lapses and short expenditure.