



THE JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 134] Jammu, Thu., the 2nd Sept., 2021/11th Bhad., 1943. [No. 23

CONTENTS	English Pages	Vernacular pages
PART I-A6 Appointments, promotions, transfers and leave of absence sanctioned by the Governor, Government and the Ministers	336-350	
PART I-B6 Notifications, Communiques and General Orders by the Government and the Ministers	387-402	
PART II-A6 Appointments, promotions, transfers and leave of absence sanctioned by Heads of Departments	45-46	
PART II-B6 Notifications, Notices and Orders by Heads of Departments, Provincial Heads, Magistrates and other officers competent to issue public notices under any law or rule	239-244	
PART II-C6 Notifications, Notices and Orders by Election Commission of India, Chief Electoral Officer, Jammu and Kashmir and other Officers of the Department, Election Petitions and Judgements of Election Tribunal		
PART III- Laws, Regulations and Rules passed thereunder		
PART IV6 Reprints from the Government of India Gazette or Gazettes of others Governments....		
PART V6 Information and Statistics		
(a) Rates and prices in the State....		
(b) Rates and wages		
(c) Crop Report and Forecasts		
(d) Whether Observations		
(e) Vital Statistics		
SUPPLEMENT-A6Trade Monthly Imports and Exports from the State		
SUPPLEMENT-B6Police		
SUPPLEMENT-C6Advertisements		
	105-108	

PART I-A

Jammu & Kashmir Government–Orders

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HIGH COURT OF JAMMU AND KASHMIR AT JAMMU/
SRINAGAR

(Exercising powers of Bar Council under Section 58 of the Advocates
Act, 1961).

Notification

No. 801/LP Dated 09-02-2021.

Provisional admission as an Advocate, granted under the Advocates
Act, 1961 in favour of Mr. Khaleeq Ashraf Chowhan S/o Mohd Ashraf
Chowhan R/o Village Sanai, Surankote, Poonch vide Notification
No. 1064 dated 27-03-2017 has been declared as absolute/final.

By order.

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Notification

No. 575 of 2021/RG Dated 28-04-2021.

It is hereby notified that Shri Kossar Ahmad Qureshi S/o Shri
Anythullah Qureshi R/o Malpora, Baramulla bearing Enrolment No. 178
dated 21st day of September, 1993, is now permitted to resume his
practice as an Advocate on the roll of Jammu and Kashmir Bar Council.

By order.

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Notification

No. 572 of 2021/RG Dated 01-04-2021.

It is hereby notified that vide High Court Order dated 23-03-2021
Ms. Shugufta Jeelani D/o Syed Gh. Mohi-ud-Din R/o Surasyar,

No. 23] The J&K Official Gazette, the 2nd Sept., 2021/11th Bhad., 1943. 337
Chadoora, Budgam (Kmr.) Village Pethyar Surasyar A/P Arigam
Khansahab, District Budgam has been admitted and enrolled as an
Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally
for a period of one year from the date of issuance of this notification,
subject to the verification of her Provisional/LL.B Degree Certificate
from the concerned University and verification of her character
and antecedents from CID. Her name has been entered under Serial
No. JK-95/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

No. 573 of 2021/RG Dated 06-04-2021.

It is hereby notified that vide High Court Order dated 23-03-2021
Mr. Shahzeb Ilam Khan S/o Nazar Mohd Khan R/o Rawalpura, Alamdar
Colony, Lane-C, Tehsil Chanpora, District Srinagar has been admitted
and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar
Council provisionally for a period of one year from the date of issuance
of this notification, subject to the verification of his Provisional/LL.B
Degree Certificate from the concerned University and verification of his
character and antecedents from CID. His name has been entered under
Serial No. JK-97/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

No. 552 of 2021/RG Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Aaqib Hussain Kumar S/o Abdul Salam Kumar R/o Narupora

Kokernag, Tehsil Kokernag, District Anantnag has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-247/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

No. 553 of 2021/RG Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Altaf Hussain Seh S/o Gh. Hassan Seh R/o Mehmood Abad Doru Shahabad, Tehsil Doru, District Anantnag has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-248/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

No. 554 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Arjun Singh S/o Rattan Singh R/o Chan Kanthi, Tehsil Thuroo,

No. 23] The J&K Official Gazette, the 2nd Sept., 2021/11th Bhad., 1943. 339
District Reasi has been admitted and enrolled as an Advocate on the
Rolls of Jammu and Kashmir Bar Council provisionally for a period of
one year from the date of issuance of this notification, subject to the
verification of his Provisional/LL.B Degree Certificate from the
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-249/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 555 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Ms. Aneesa Manzoor D/o Manzoor Ahmad Seh R/o Nathipora Doru
Anantnag, Tehsil Doru, District Anantnag has been admitted and enrolled
as an Advocate on the Rolls of Jammu and Kashmir Bar Council
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of her Provisional/LL.B Degree
Certificate from the concerned University and verification of her
character and antecedents from CID. Her name has been entered under
Serial No. JK-250/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 556 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Aamir Rashid Mughal S/o Mohd Rashid R/o Naka Manjhari, Tehsil
Mendhar, District Poonch has been admitted and enrolled as an Advocate

340 The J&K Official Gazette, the the 2nd Sept., 2021/11th Bhad., 1943. [No. 23
on the Rolls of Jammu and Kashmir Bar Council provisionally for a
period of one year from the date of issuance of this notification, subject
to the verification of his Provisional/LL.B Degree Certificate from the
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-251/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 557 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Asim Mujtaba Dar S/o Mushtaq Ahmad Dar R/o Village Maidanpora,
Tehsil Dangerpora, District Baramulla has been admitted and enrolled
as an Advocate on the Rolls of Jammu and Kashmir Bar Council
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of his Provisional/LL.B Degree
Certificate from the concerned University and verification of his
character and antecedents from CID. His name has been entered under
Serial No. JK-252/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 558 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Abhaydeep Singh Bali S/o Jagdeep Singh Bali R/o Bali House
Magarmal Bagh, Srinagar A/P H. No. 182, Lane 7, Sector-7, Nanak
Nagar, Jammu has been admitted and enrolled as an Advocate on the

No. 23] The J&K Official Gazette, the the 2nd Sept., 2021/11th Bhad., 1943. 341
Rolls of Jammu and Kashmir Bar Council provisionally for a period of
one year from the date of issuance of this notification, subject to the
verification of his Provisional/LL.B Degree Certificate from the
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-253/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 559 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Aaqib Mushtaq Sofi S/o Mushtaq Ahmad Sofi R/o Baghwan Pora,
Noor Bagh, Tehsil Eid Gah, District Srinagar has been admitted and
enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of his Provisional/LL.B Degree
Certificate from the concerned University and verification of his
character and antecedents from CID. His name has been entered under
Serial No. JK-254/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 560 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Ms. Ankita Bhat D/o Varinder Bhat R/o Nowabad Sunjuwan, Near Pooja
Medical Store, Tehsil and District Jammu has been admitted and enrolled
as an Advocate on the Rolls of Jammu and Kashmir Bar Council

342 The J&K Official Gazette, the 2nd Sept., 2021/11th Bhad., 1943. [No. 23
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of her Provisional/LL.B Degree
Certificate from the concerned University and verification of her
character and antecedents from CID. Her name has been entered under
Serial No. JK-255/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 561 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Audil Farooq Bhat S/o Farooq Ahmad Bhat R/o Pathan Pulwama,
Pahloo, Tehsil and District Pulwama has been admitted and enrolled as
an Advocate on the Rolls of Jammu and Kashmir Bar Council
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of his Provisional/LL.B Degree
Certificate from the concerned University and verification of his
character and antecedents from CID. His name has been entered under
Serial No. JK-256/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 562 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Adil Ali S/o Ali Mohammad R/o Qamarwari, Tehsil Shalteng, District
Srinagar has been admitted and enrolled as an Advocate on the Rolls
of Jammu and Kashmir Bar Council provisionally for a period of one

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Adil Rsool S/o Gh. Rasool Malik R/o Doulatpora Kreeri, Malik Mohalla, Tehsil Kreeri, District Baramulla has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-258/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Ms. Asmat Jan D/o Muzaffar Ahmad Dhobi R/o Sadar Bazar Mattan, District Anantnag has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the

344 The J&K Official Gazette, the 2nd Sept., 2021/11th Bhad., 1943. [No. 23
verification of her Provisional/LL.B Degree Certificate from the
concerned University and verification of her character and antecedents
from CID. Her name has been entered under Serial No. JK-259/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 565 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Arun Singh S/o Manohar Singh R/o H. No. 263, Paccki Dhakki Jain
Bazar, Tehsil and District Jammu A/P Behind Panchayat Ghar, Darap,
Gadigarh, Jammu has been admitted and enrolled as an Advocate on
the Rolls of Jammu and Kashmir Bar Council provisionally for a period
of one year from the date of issuance of this notification, subject to
the verification of his Provisional/LL.B Degree Certificate from the
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-260/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 566 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Amandeep Singh S/o Sham Singh R/o Garkhal, Tehsil Akhnoor,
District Jammu has been admitted and enrolled as an Advocate on the
Rolls of Jammu and Kashmir Bar Council provisionally for a period of
one year from the date of issuance of this notification, subject to the
verification of his Provisional/LL.B Degree Certificate from the

No. 23] The J&K Official Gazette, the 2nd Sept., 2021/11th Bhad., 1943. 345
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-261/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 567 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Ajay Kumar S/o Om Parkash R/o Londana, Rathian, Tehsil and
District Udhampur has been admitted and enrolled as an Advocate on
the Rolls of Jammu and Kashmir Bar Council provisionally for a period
of one year from the date of issuance of this notification, subject to
the verification of his Provisional/LL.B Degree Certificate from the
concerned University and verification of his character and antecedents
from CID. His name has been entered under Serial No. JK-262/2021
in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 568 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Ms. Anamika Angral D/o Suresh Kumar Angral R/o H. No. 2, Lane No.
6, Ext., Greater Kailash, Tehsil and District Jammu has been admitted
and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar
Council provisionally for a period of one year from the date of issuance
of this notification, subject to the verification of her Provisional/LL.B
Degree Certificate from the concerned University and verification of her
character and antecedents from CID. Her name has been entered under

346 The J&K Official Gazette, the the 2nd Sept., 2021/11th Bhad., 1943. [No. 23
Serial No. JK-263/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 569 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Mr. Ahmed Ubaid Ullah S/o Asif Ali Najar R/o Kishtwar Shaheedi
Mohalla, Tehsil and District Kishtwar has been admitted and enrolled
as an Advocate on the Rolls of Jammu and Kashmir Bar Council
provisionally for a period of one year from the date of issuance of this
notification, subject to the verification of his Provisional/LL.B Degree
Certificate from the concerned University and verification of his
character and antecedents from CID. His name has been entered under
Serial No. JK-264/2021 in the Roll of Advocates maintained by this
Registry.

The renewal/extension of provisional licence/enrollment must be
sought before the date of expiry unless the absolute/final enrollment as
an Advocate is ordered therebefore.

Notification

Notification

No. 570 of 2021/RG/LP Dated 03-07-2021.

It is hereby notified that vide High Court Order dated 02-07-2021
Ms. Azfar Pirzada D/o Miraj Azim R/o Rambagh, Near Diamond Silk
Factory, Rambagh, Srinagar has been admitted and enrolled as an
Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally
for a period of one year from the date of issuance of this notification,
subject to the verification of her Provisional/LL.B Degree Certificate
from the concerned University and verification of her character
and antecedents from CID. Her name has been entered under Serial
No. JK-265/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Ms. Bilquees Jan D/o Waseem Ahmad Sheikh R/o Bemina Nund Reshi Colony, Tehsil Shalteng, District Srinagar has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of her Provisional/LL.B Degree Certificate from the concerned University and verification of her character and antecedents from CID. Her name has been entered under Serial No. JK-266/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Chandan Kumar S/o Badri Nath R/o W. No. 7, Gandhi Chowk, Near Nariniketan, Tehsil and District Kathua has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-267/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Danesh Sharma S/o Girdhari Lal R/o Kana Chak, R. S.Pura Tehsil R. S. Pura, District Jammu has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-268/2021 in the Roll of Advocates maintained by this Registry.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Mr. Dinesh Kumar S/o Parshotam Lal R/o House No. 127, Jamola, Tehsil Koteranka, District Jammu has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of his Provisional/LL.B Degree Certificate from the concerned University and verification of his character and antecedents from CID. His name has been entered under Serial No. JK-269/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Ms. Dakshita Sharma D/o Jagdish Sharma R/o W. No. 15, H. No. 165, Karlai Kangloo, Tehsil and District Udhampur A/P W. No. 39, Lower Patoli Magotrian, Jammu has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of her Provisional/LL.B Degree Certificate from the concerned University and verification of her character and antecedents from CID. Her name has been entered under Serial No. JK-270/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Ms. Evani Gupta D/o Ajay Kumar Gupta R/o H. No. 636/1 Ward No. 1, Saheedi Chowk, Jammu has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of her Provisional/LL.B Degree Certificate from the concerned University and verification of her character and antecedents from CID. Her name has been entered under Serial No. JK-271/2021 in the Roll of Advocates maintained by this Registry.

The renewal/extension of provisional licence/enrollment must be sought before the date of expiry unless the absolute/final enrollment as an Advocate is ordered therebefore.

Notification

It is hereby notified that vide High Court Order dated 02-07-2021 Ms. Fatima Wali D/o Wali Mohammad Rather R/o Kathpora Bahar Abad, Tehsil Hajin, District Bandipora has been admitted and enrolled as an Advocate on the Rolls of Jammu and Kashmir Bar Council provisionally for a period of one year from the date of issuance of this notification, subject to the verification of her Provisional/LL.B Degree Certificate from the concerned University and verification of her character and antecedents from CID. Her name has been entered under Serial No. JK-272/2021 in the Roll of Advocates maintained by this Registry.

Registrar (Adm.).



सत्यमेव जयते

THE

JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 134] Jammu, Thu., the 2nd Sept., 2021/11th Bhad., 1943. [No. 23

Separate paging is given to this part in order that it may be filed as a
separate compilation

PART I—B

Jammu and Kashmir Government—Notifications.

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GOVERNMENT OF JAMMU AND KASHMIR,
CIVIL SECRETARIAT& REVENUE DEPARTMENT.

Notification No. 124-Rev (LAJ) of 2020

Dated 08-06-2020.

Whereas, the land, specifications whereof are given below is required
for public purposes viz. for construction of PWD road Auto Masri to Karella
via Thilroo, Jagrote in Village Jagrote, Tehsil and District Doda ;

District	Tehsil	Village	Kh. Nos.	Area
				K. M.
Doda	Doda	Jagrote	81 min	01-04
			86 min	01-04
			86 min	01-11
			86 min	01-02
				66666
			Total	05-01
				66666

388 The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. [No. 23
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Whereas, on the basis of an indent placed by Executive Engineer, PWD (R&B), Division Doda, a notification under section 4 (1) was issued by Collector, Land Acquisition (ACR), Doda vide letter No. 1432-40/Acq dated 12-01-2019, for land measuring 05 Kanals and 01 Marla in Village Jagrote, Tehsil and District Doda for construction of PWD road Auto Masri to Karella via Thilroo, Jagrote ;

Whereas, the Collector, Land Acquisition (ACR), Doda vide letter No. 1293-98/Acq dated 10-10-2019 has reported that the notification issued under section 4 (1) of the J&K State Land Acquisition Act by him was served upon the interested persons for filing objections, if any, to the proposed acquisition, but no objection was received from the land owners/interested persons within the prescribed period as required under sections 5 & 5-A of the Land Acquisition Act ;

Whereas, the report furnished by Collector, Land Acquisition (ACR), Doda vide letter referred to above duly endorsed by District Collector, Land Acquisition (DC), Doda vide No. 432/LAC/D/19 dated 15-10-2019, Divisional Commissioner, Jammu vide No. 502/3839/PWD/Jagrote/D/19/2651 dated 29-10-2019 and Financial Commissioner, Revenue, J&K, Jammu vide No. FC-LS/LA-5183/2020 dated 19-03-2020 has been examined and it has been found that the land owners did not file any objection to the proposed acquisition ;

Whereas, the Government is satisfied that the land particulars whereof are given above is required for public purpose viz. for construction of PWD road Auto Masri to Karella via Thilroo, Jagrote.

Now, therefore, in pursuance of section 6 of the J&K State Land Acquisition Act, Samvat 1990, it is declared that the land measuring 05 Kanals and 01 Marla in Village Jagrote, Tehsil and District Doda for construction of PWD road Auto Masri to Karella via Thilroo, Jagrote. Further, the Collector, Land Acquisition (ACR), Doda is directed under section 7 of the said Act to take orders for acquisition of the said land after giving prescribed notice to the interested person (s) as required under Land Acquisition Act/Rules.

However, the Collector concerned shall be personally responsible for identification and proper title verification of all types of lands involved in the

No. 23] The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. 389
 case for making apportionment of compensation amongst all the interested
 persons/rightful claimants, in accordance with the relevant laws/rules in
 force, while making the award.

(Sd.) DR. PAWAN KOTWAL, IAS,

Principal Secretary to Government,
Revenue Department.

GOVERNMENT OF JAMMU AND KASHMIR,
CIVIL SECRETARIAT& REVENUE DEPARTMENT.

Notification No. 144-Rev (LAJ) of 2020

Dated 10-06-2020.

Whereas, the land specifications whereof are given below is required for construction of Government ITI Building, Ramban, Tehsil and District Ramban ;

District	Tehsil	Village	Kh. Nos.	Area
				K. M.
Ramban	Ramban	Ramban	23	25-00

Whereas, on the basis of an indent placed by the Director, Technical Education, Jammu, a notification under section 4 (1) was issued by the Collector, Land Acquisition, ACR, Ramban vide letter No. Acq/Gen/1385-93 dated 15-03-2013, for land measuring 25 Kanals, 00 Marla, situated in Village Ramban, Tehsil and District Ramban ;

Whereas, the Collector, Land Acquisition (ACR), Ramban vide letter No. Acq/Gen/19/751-53 dated 05-10-2019, has reported that the notification issued under section 4 (1) of the J&K State Land Acquisition Act by him was served upon the interested persons for filing objections, if any, to the proposed acquisition, but, no objection was received from the

390 The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. [No. 23
land owners/interested persons within the prescribed period as required
under sections 5 & 5-A of the Land Acquisition Act ;

Whereas, the report furnished by Collector, Land Acquisition (ACR),
Ramban vide letter referred to above duly endorsed by the District Collector
(DC), Ramban vide No. DC/LA/Rbn/384-85 dated 12-10-2019 and endorsed
by the Financial Commissioner, Revenue, J&K, Jammu vide No. FC-LS/
LA-5135/2020 dated 05-03-2020 has been examined and it has been found
that the land owners did not file any objection to the proposed acquisition ;

Whereas, the Government is satisfied that the land particulars whereof
are given above is required for public purpose viz. construction of Government
ITI Building, in Village Ramban, Tehsil and District Ramban.

Now, therefore, in pursuance of section 6 of the J&K State Land
Acquisition Act, Samvat 1990, it is declared that the land measuring
25 Kanals and 00 Marla situated in Ramban, Tehsil and District Ramban is
required for public purpose, construction of Government ITI Building.
Further, the Collector, Land Acquisition, ACR, Ramban is directed under
section 7 of the said Act to take orders for acquisition of the said land after
giving prescribed notice to the interested person (s) as required under the
Land Acquisition Act/Rules.

However, the Collector concerned shall be personally responsible for
identification and proper title verification of all types of lands involved in
the case for making apportionment of compensation amongst all the
interested persons/rightful claimants, in accordance with the relevant laws/
rules in force, while making the award.

(Sd.) DR. PAWAN KOTWAL, IAS,

Principal Secretary to Government,
Revenue Department.

GOVERNMENT OF JAMMU AND KASHMIR,
CIVIL SECRETARIATô REVENUE DEPARTMENT.

Notification No. 145-Rev (LAJ) of 2020

Dated 10-06-2020.

Whereas, the land, specifications whereof are given in Annexure-"A"
to this notification is required for construction of Km. 1st RD 600 of L 026

No. 23] The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. 391
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to Joura Khurd under PMGSY situated in Village Joura Khurad, Tehsil
Kahara, District Doda ;

Whereas, on the basis of an indent placed by Chief Engineer, PMGSY, (JKRDDA), Jammu, a notification under section 4 (1) was issued by Collector, Land Acquisition (SDM), Thathri vide letter No. SDM/T/LAC/176-83 dated 28-09-2019 for land measuring 31 Kanals, 1½ Marlas in Village Joura Khurad, Tehsil Kahara, District Doda for construction of 1st RD 600 of L026 to Joura Khurd under PMGSY ;

Whereas, the Collector, Land Acquisition (SDM), Thathri vide letter No. SDM/T/LAC/2019-20/373 dated 18-10-2019 has reported that the issued under section 4 (1) of the J&K State Land Acquisition Act by him was served upon the interested persons for filing objections, if any to the proposed acquisition, but no objection was received from the land owners/interested persons within the prescribed period as required under section 5 & 5-A of the Land Acquisition Act ;

Whereas, the report furnished by Collector, Land Acquisition (SDM), Thathri vide letter referred to above duly endorsed by District Collector, Land Acquisition (DC), Doda vide No. 505/LAC/D/19 dated 21-10-2019, Divisional Commissioner, Jammu vide No. 502/3860/PMGSY/Joura Khurd/19/Doda/3075 dated 21-12-2019 and Financial Commissioner, Revenue, J&K, Jammu vide No. FC-LS/LA-5185/2020 dated 19-03-2020 has been examined and it has been found that the land owners did not file any objection to the proposed acquisition ;

Whereas, the Government is satisfied that the land particular whereof are given above is required for public purpose viz. for construction of 1st RD 600 of L026 to Joura Khurd under PMGSY.

Now, therefore, in pursuance of section 6 of the J&K State Land Acquisition Act, Samvat 1990, it is declared that the land measuring 31 Kanals, 1½ Marlas in Village Joura Khurad, Tehsil Kahara, District Doda for construction of 1st RD 600 of L026 to Joura Khurd under PMGSY.

Further, the Collector, Land Acquisition (SDM), Thathri, is directed under section 7 of the said Act to take orders for acquisition of the said land after giving prescribed notice to the interested person (s) as required under the Land Acquisition Act/Rules.

However, the Collector concerned shall be personally responsible for identification and proper title verification of all types of lands involved in the case for making apportionment of compensation amongst all the interested persons/rightful claimants, in accordance with the relevant laws/rules in force, while making the award.

Principal Secretary to Government,
Revenue Department.

Particulars of land

Annexure "A"

District	Tehsil	Village	Kh. Nos.	Area
1	2	3	4	5
				K. M.
Doda	Kahara	Joura Khurad	192 min	00-01
			192 min	01-14
			192 min	00-11
			484/192	00-03½
			190	00-02
			192 min	00-03
			484/192	00-03
			190	00-09

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Dated 10-06-2020.

Whereas, on the basis of an indent placed by the Executive Engineer, PMGSY Division, Poonch, a notification under section 4 (1) was issued by the Collector, Land Acquisition (ACR), Poonch vide letter No. DCP/LA/1127-35 dated 28-09-2019, for land measuring 24 Kanals, 15 Marlas and 02 Sarsai situated at Village Narian, Tehsil Haveli, District Poonch for construction of road from Seri-Khawaja to Narian by PMGSY ;

Whereas, the report furnished by District Collector, Land Acquisition (DC), Poonch, vide letter referred to above duly endorsed by the Divisional Commissioner, Jammu vide No. 502/3784/Narian/PMGSY/Poonch/19/2627 dated 29-10-2019 and endorsed by the Financial Commissioner, Revenue, J&K, Jammu vide No. FC-LS/LA-5137/2020 dated 06-03-2020 has been examined and it has been found that the land owners did not file any objection to the proposed acquisition ;

Whereas, the Government is satisfied that the land particulars whereof are given above is required for public purpose viz. for construction of road from Seri-Khawaja to Narian by PMGSY.

Now, therefore, in pursuance of section 6 of the J&K State Land Acquisition Act, Samvat 1990, it is declared that the land measuring 24 Kanals, 15 Marlas and 02 Sarsai situated at Village Narian, Tehsil Haveli, District Poonch for construction of road from Seri-Khawaja to Narian by PMGSY. Further, the Collector, Land Acquisition (ACR), Poonch is directed

under section 7 of the said Act to take orders for acquisition of the said land after giving prescribed notice to the interested person (s) as required under the Land Acquisition Act/Rules.

[Signature]

(Official Seal)

However, the Collector concerned shall be personally responsible for identification and proper title verification of all types of lands involved in the case for making apportionment of compensation amongst all the interested persons/rightful claimants, in accordance with the relevant laws/rules in force, while making the award.

(Sd.) DR. PAWAN KOTWAL, IAS,

Principal Secretary to Government,
Revenue Department.

Particulars of land

Annexure 'A'

District	Tehsil	Village	Kh. Nos.	Area
				K. M. S.
Poonch	Haveli	Narian	192	00-05-03
			186	01-17-05
			185	00-16-00
			351/184	02-08-02
			176	06-18-07
			154	03-12-03
			153	00-07-00
			177	04-00-06
			177	01-10-03
			146	00-04-00
			147	02-15-00
				00000000
			Total	24-15-02
				00000000

Whereas, the Government is satisfied that the land particulars whereof are given above is required for public purpose viz. for constructton of PWD road Bheri Battal-Hanch.

Now, therefore, in pursuance of section 6 of the J&K State Land Acquisition Act, Samvat 1990, it is declared that the land measuring 23 Kanals and 05 Marlas in Village Rotipaderna, Tehsil and District Doda for construction of PWD road Bheri Battal-Hanch. Further, the Collector, Land Acquisition (ACR), Doda is directed under section 7 of the said Act to take orders for acquisition of the said land after giving prescribed notice to the interested person (s) as required under the Land Acquisition Act/Rules.

(S d .) DR. PAWAN KOTWAL, IAS,

Principal Secretary to Government,
Revenue Department.

Annexure-'A'

District	Tehsil	Village	Kh. Nos.	Area
1	2	3	4	5
				K. M.
Doda	Doda	Rotipaderna	660/417/1	00-12
			660/417/1	04-00
			660/417/1	02-12
			660/417/1	01-07
			660/417/1	00-11
			660/417/1	00-10
			660/417/1	00-12

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Whereas, the land, specifications whereof are given below is required for construction of "Defence Complex" situated at Village Batote (Dharmound), Tehsil Batote, District Ramban ;

District	Tehsil	Village	Kh. Nos.	Area
K. M.				
Ramban	Batote	Batote (Dharmound)	96	00-07
			97	06-14
			Total	07-01

Whereas, on the basis of an indent placed by Defence, Estate Officer, Northern Command, a notification under section 4 (1) was issued by Collector, Land Acquisition (ADC), Ramban vide No. 253-59/ACQ dated 21-06-2002, for land measuring 214 Kanals and 06 Marlas situated in Village Batote (Dharmound), Tehsil Batote and District Ramban, sections 6 & 7 was issued vide No. 91-RD of 2002 dated 18-10-2002 and final award was issued vide No.1040-42/Acq dated 14-02-2005.

Whereas, the Collector, Land Acquisition, (ACR), Ramban vide No. Acq/Gen/2019-20/878-82 dated 20-02-2020, has reported that the Mst. Sakina Khana Nasheen D/o Gulab Din challenged the acquisition in the Hon'ble High Court, J&K, Jammu, primarily on the ground that it contravenes section 11-B of the State Land Acquisition Act, Svt. 1990 in terms of its non-issuance within stipulated times ;

Whereas, the Hon'ble High Court, while disposing off the writ petition titled Sakina V/s State of J&K, in its judgment passed on 09-07-2019 issued directions and relevant part is reproduced as under :ô

"..... in view of these peculiar circumstances, it would not be in the interest of justice to put the petitioner back in possession of the acquired land or permit her to continue the possession as the may be as that would be to the serious prejudice of the security of the Army. Accordingly, taking cue from the judgement of the Supreme Court of

No. 23] The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. 401
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India in the case of Bhimadas Ambwani V/s Delhi Power Compnay Limited, reported in 2013 (14) SCC 195. This petition is disposed of by directed the Collector, Land Acquisition respondent No. 2 to make the award treating section 4(1) notification issued on the date i. e. 09-07-2019 and make the award after hearing the parties within a period of four months from today. The inquiry of the Collector, Land Acquisition shall only be limited to the working out of the just compensation payable to the petitioner for her land acquired by the respondents. Needless to say that the petitioner if not satisfisfied within the amount of compensation paid, shall be at liberty to seek a reference under section 18 of the Act and to pursue the remedies available to her under the Act."

Whereas, the Collector, Land Acquisition (ACR), Ramban vide letter referred to above duly endorsed by District Collector (DC), Ramban vide letter No. DC/LA/Rbn/643-44 dated 27-02-2020, Divisional Commissioner, Jammu vide No. 502/4162/Acq/Def/Dharmound/Rbn/20/5188 dated 10-07-2020 and Financial Commissioner, Revenue, J&K, Jammu vide No. FC-LS/LA-1277/2020 dated 23-07-2020 recommended the case to this department for issuance of notification under sections 6, 7 & 17 ;

Whereas, the matter has been examined in the light of the directions of the Hon'ble High Court, keeping in view the Security aspect and recommendations of Deputy Commissioner it would be prudent to issue the declaration under sections 6 & 7 and it could not be in the interest of Security to put the petitioner in he said land, and thus would be serious prejudice for national security.

Whereas, the Government is satisfied that the land particulars whereof are given above is required for Defence Complex situated at Village Batote (Dharmound), Tehsil Batote, District Ramban.

Now, therefore, in pursuance of section 6 of the J&K State Land Aquisition Act, Samvat 1990, it is declared that the land measuring 07 Marlas under Khasra No. 96 and 06 Kanals 14 Marlas under Khasra No. 97 totaling 07 Kanals 01 Marla situated at Village Batote (Dharmound) Tehsil Batote, District Ramban is required for Defence Complex. Further,

402 The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. [No. 23
the Collector, Land Acquisition (ACR), Ramban is directed under section 7
of the said Act to take orders for acquisition of the said land after giving
prescribed notice to the interested person (s) as required under Land
Acquisition Act/Rules.

Further, in pursuance of section 17 of the Land Acquisition Act Samvat 1990, it is also ordered that on expiry of fifteen days from the publication of the notification under section 9 (2) of the said Act, the Collector will take possession of the aforementioned land in Village Batote (Dharmound), Tehsil Batote, District Ramban, required for Defence Complex, subject to fulfillment of the conditions prescribed under section 9 (2) and section 17-A of the Land Acquisition Act and rule 63 of the Land Acquisition Rules.

However, the Collector concerned shall be personally responsible for identification and proper title verification of all types of lands involved in the case for making apportionment of compensation amongst all the interested persons/rightful claimants, in accordance with the relevant laws/rules in force, while making the award.

(Sd.) DR. PAWAN KOTWAL, IAS,

Principal Secretary to the Government.
Revenue Department.



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THE

JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 134] Jammu, Thu., the 2nd Sept., 2021/11th Bhad., 1943. [No. 23
Separate paging is given to this part in order that it may be filed as a
separate compilation.

PART II—A

Orders by Heads of Departments.

CHARGE REPORTS

Certified that we today on 27th day of April, 2021 (F. N.) respectively
made over and received the charge of the Office of Munsiff/Additional
Special Mobile Magistrate, Khaltsi.

Memo of balance for which responsibility is accepted by the Officer
Receiving Charge.

1. Cash : Nil
2. Stamps : Nil

Dated :

(Sd.)

Munsiff/Additional
Special Mobile Magistrate, Khaltsi.

Relieved Officer.

(Sd.)

Munsiff/Additional
Special Mobile Magistrate, Khaltsi..

Relieving Officer.

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46 The J&K Official Gazette, 2nd Sept., 2021/11th Bhad., 1943. [No. 23
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Certified that we have today on 5th day of April, 2021 F. N.
respectively made over and received the charge of the Office of
Principal Magistrate Juvenile Justice Board, Leh.

Memo of balance for which responsibility is accepted by the Officer
Receiving Charge.

1. Cash : Nil
2. Stamps : Nil

(Sd.)

Relieved Officer.

(Sd.)

Relieving Officer.



THE

JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 134] Jammu, Thu., the 2nd Sept., 2021/11th Bhad., 1943. [No. 23

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PART II—B

Notifications, Notices and Orders by the Heads of Departments.

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GOVERNMENT OF JAMMU AND KASHMIR,
MUNICIPAL COMMITTEE, DOORU, VERINAG.

Subject :ô Public Notification regarding prohibited material.

Reference :ô Director, Urban Local Bodies, Kashmirø Circular
No. DULB/CC/129-II/11/1943-1951 dated 13-11-2020.

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Public Notice

In compliance to the orders of Honøble High Court of J&K passed on 23-10-2020 in PIL (OWP) No. 159/2002/titled Sayed Tahir Iqbal Geelani V/s State & Others. It is hereby notified for information of all concerned within the limits of Municipal Committee, Dooru, Verinag are as under :ô

1. No establishment within the jurisdictions of Municipal Committee, Dooru, Verinag will use or sell the banned polythene/ plastic and other prohibitory material.

2. No person shall carry or use the banned polythene/plastic and other prohibitory material within the jurisdictions of Municipal Committee, Dooru, Verinag.
3. No vehicle shall carry/transport the banned polythene/plastic and other prohibitory material within the jurisdictions of Municipal Committee, Dooru, Verinag.
4. Any person found violating the prohibitory orders or found using/ carrying the banned polythene/plastic etc. shall be dealt strictly under the provisions of Solid Waste/Plastic Waste Management Rules and appropriate fine will be imposed upon the defaulters.
5. Any vehicle found carrying the banned polythene/plastic and other prohibitory material will be dealt as per law and appropriate penalty will be imposed upon the violators, which may extend up to the seizure of vehicles and imposition of fine as per rule.
6. In order to curb the menace of dumping, no person shall place the garbage/waste construction materials in or around Water Bodies within the jurisdictions of Municipal Committee, Dooru, Verinag.
7. General public and all stakeholders are advised to cooperate and adhere to the advisories already notified by the Municipal Committee, Dooru, Verinag as displayed on banners/hoardings etc. installed by this institution.
8. Any violations if noticed shall be punishable as per law.

(Sd.)

Executive Officer,
Municipal Committee,
Dooru, Verinag.

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THE JAMMU AND KASHMIR STATE BOARD OF SCHOOL
EDUCATION, NEW CAMPUS, BEMINA, SRINAGAR.

Notice

The candidate whose particulars are mentioned below is claiming to have lost/gutted his Original and as well as Duplicate Qualification Certificate/s issued by J&K State Board of School Education, under serial Nos. 1649 and 4181 of AHK-SSE-5000 respectively, with following particulars :

1. Name : Mehmooda Khan
2. Parentage : Gh. Mohd Khan
3. Residence : Pandan, Nowhatta
4. Date of Birth : 08-07-1962
5. Roll No. : 18293
6. Session : 1980 (Nov.)
7. Result : Pass

Now, the candidate has applied for 2nd Duplicate Qualification Certificate. Before, the same is processed and provided to the concerned candidate, any person/s having any objections in this regard, may please file the same before the Secretary, BOSE or to the undersigned within a period of seven days from the date of issue of this notice.

Besides, the above referred both Qualification Certificates be treated as cancelled.

(Sd.)

Assistant/Deputy Secretary,
Certificates, K. Div.

Notice

I, Ritika Sharma D/o Surinder Koul R/o Nallia, Jib, Udhampur that my name has been wrongly written in my School record is Ritika instead of Ritika Sharma. Now I want to get duplicate of the same. Objection, if any, may be conveyed it to concerned Authority within seven days from the publication of this notice.

It is certified that I have complied with other legal requirements in this connection.

Ritika Sharma D/o Surinder Koul
R/o Nallia, Jib, Udhampur.

Notice

No Legal responsibility is accepted for the publication of Advertisements/Public Notices in this Part of the Official Gazette of UT of J&K. Persons notifying the Advertisements/Public Notices will remain solely, responsible for the legal consequences and also for any other misrepresentation etc.

By Order.

General Manager,
Ranbir Govt. Press, Jammu.

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Notice

I, Service No. 9111794Y Ex. Nk Sat Pal S/o Behari Lal R/o Mullo Chak, Tehsil Suchetgarh, Jammu states that my mother's name has been wrongly recorded as Kushba Devi instead of correct name Pushpa Devi (D. o. B. 01-02-1950) in my service records maintained by JAK Li Records Office. Now I am going to apply for the correction of the same concerned please note.

It is certified that I have complied with other legal requirements in this connection.

Ex. Nk Sat Pal S/o Behari Lal
R/o Mullo Chak, Tehsil Suchetgarh, Jammu.

Notice

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By Order.

General Manager,
Ranbir Govt. Press, Jammu.

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Notice

I, Showkat Ali F/o Aksa Kousar R/o Pangali, Kandoli Nagrota, Jammu state that my name, my daughter name and my wife name has wrongly been written as Shokat Ali F/o Aksa H/o Sasfia Khatoon instead of correct name is Showkat Ali F/o Aksa Kousar H/o Saffia Khaton in student record (Studying in 7th Class), under Roll No. 12, Session 2021. Now I am applying for corrections of the same. Objection, if any, may be conveyed to concerned Authority within seven days.

It is certified that I have complied with other legal requirements in this connection.

Showkat Ali F/o Aksa Kousar
R/o Pangali, Kandoli Nagrota, Jammu.

Notice

No Legal responsibility is accepted for the publication of Advertisements/Public Notices in this Part of the Official Gazette of UT of J&K. Persons notifying the Advertisements/Public Notices will remain solely, responsible for the legal consequences and also for any other misrepresentation etc.

By Order.

General Manager,
Ranbir Govt. Press, Jammu.

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Notice

I, Showkat Ali F/o Atika Kousar R/o Pangali, Kandoli, Nagrota, Jammu state that my name, my daughter name and my wife name has wrongly been written as Shokat Ali F/o Atika H/o Sasfia Khatoon instead of correct name is Showkat Ali F/o Atika Kousar H/o Saffia Khaton in student record (Studying in 6th Class), under Roll No. 1, Session 2021. Now I am applying for corrections of the same. Objection, if any, may be conveyed to concerned Authority within seven days.

It is certified that I have complied with other legal requirements in this connection.

Showkat Ali F/o Atika Kousar
R/o Pangali, Kandoli, Nagrota, Jammu.

Notice

No Legal responsibility is accepted for the publication of Advertisements/Public Notices in this Part of the Official Gazette of UT of J&K. Persons notifying the Advertisements/Public Notices will remain solely, responsible for the legal consequences and also for any other misrepresentation etc.

By Order.

General Manager,
Ranbir Govt. Press, Jammu.

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Notice

I, Rajiv S/o Sh. Dewan Singh R/o Village Barwal, Tehsil and District Kathua hereby inform through this public notice that the parents name in the school record of my daughter namely Ridhima has wrongly written as Rajiv Singh and Shallu Jasrotia instead of Rajiv and Shallu Jamwal.

Objection, if any, may be conveyed to concerned office within a period of one week from DoP of this notice.

It is certified that I have complied with other legal requirements in this connection.

Rajiv S/o Dewan Singh
R/o Village Barwal,
Tehsil and District Kathua.

Notice

No Legal responsibility is accepted for the publication of Advertisements/Public Notices in this Part of the Official Gazette of UT of J&K. Persons notifying the Advertisements/Public Notices will remain solely, responsible for the legal consequences and also for any other misrepresentation etc.

By Order.

General Manager,
Ranbir Govt. Press, Jammu.



THE

JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 134] Jammu, Thu., the 2nd Sept., 2021/11th Bhad., 1943. [No. 23

Separate paging is given to this part in order that it may be filed as a
separate compilation.

ADVERTISEMENTS—C

UNION TERRITORY OF JAMMU AND KASHMIR, RAJYA
SAINIK BOARD AMBPHALLA JAMMU-180005.

ADVERTISEMENT NOTICE 208 RSB/FS/2021

Dated 27 July, 2021.

1. Applications are invited on the prescribed application as per Appendix to this Notification from the ex-servicemen of the District Jammu for the post of Accountant for Fund Section on contractual basis with honorarium of Rs. 20,000/- PM.

2. The eligibility criteria/terms and conditions for appointment are as under :

- (a) Should be a JCO CLK (having adequate Knowledge of Accounts and computer).

- (b) Should not be more than 55 yers of age as on 1-1-2021.
- (c) Minimum Educational Qualification BA/B.Sc/B.Com. Working Knowledge of computer is a must.
- (d) Should bear an Exemplary Character at the time of retirement from Defence Services rendered by him.
- (e) Should be in Medical Category Shape-1.
- (f) The candidate will not claim the seniority/permanency of the service rendered by him.
- (g) It is a contractual post and hence no pensionary or terminal benefits for the service rendered can be claimed. Max. terms of engagement will be 60 years of age or 10 years of service whichever is earlier.

3. Application forms should reach J&K Rajya Sainik Board Office by 26 Aug. 2021, positively, completed in all respects along with Following documents duly attested :ô

- (a) Matriculate Certificate with Date of Brith.
- (b) Permanent Resident Cerificate/Domicile Certificate.
- (c) Attested copy of discharge certificate.
- (d) Certificates of Academic Qualification.
- (e) Experience Certificate, if any.

4. Incomplete applications will not be considered. The department has full right to reject the application forms not meeting the eligibility. Eligible ex-servicemen will have to appear for a written test and

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Secretary,
Rajya Sainik Board.

APPLICATION FORM FOR APPOINTMENT OF
EX-SERVICEMEN IN THE SAINIK WELFARE DEPARTMENT
OF UT, J&K

- SPACE FOR
PHOTOGRAPH DULY
ATTESTED

14. Medical Category at the time of discharge.....

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EXTRAORDINARY

REGD NO. JK-33



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THE

JAMMU AND KASHMIR OFFICIAL GAZETTE

Vol. 133] Jammu, Wed., the 28th Oct., 2020/6th Kart., 1942. [No. 30-j

Separate paging is given to this part in order that it may be filed
as a separate compilation.

PART I—B

Jammu and Kashmir Government—Notifications.

GOVERNMENT OF JAMMU AND KASHMIR
CIVIL SECRETARIAT—FINANCE DEPARTMENT

Notification

Srinagar, the 28th of October, 2020.

SO-334.—In exercise of the powers conferred under section 67 of the Jammu and Kashmir Reorganisation Act, 2019, the Lieutenant Governor, Union Territory of Jammu and Kashmir is pleased to revise “Budget Manual” of erstwhile Jammu and Kashmir State as indicated in Annexure-A, to this notification.

By order of the Lieutenant Governor.

(Sd.) DR. ARUN KUMAR MEHTA, IAS,

Financial Commissioner,
Finance Department.

CHAPTER 1

Important Budget Related Terms

- 1.1.0** Unless the subject or context otherwise requires, the following terms have been used in the Manual in the sense hereby explained.
- 1.2.0** **‘Accounts’ or ‘Actuals’ of a year** are the amounts of receipts and disbursements for the financial year as finally recorded in the Comptroller and Auditor General’s books (as audited by Comptroller & Auditor General of India).
- 1.2.1** **Administrative Approval** of a scheme, proposal or work is the formal acceptance thereof by the competent authority for incurring expenditure on a work initiated by, or connected with the requirements of the Department. In the case of works executed by the Public Works Department, it is in effect an order to that department to execute a certain specified work, at a stated sum to meet the administrative needs of the department requisitioning the work.
- Note.**—Administrative Approval is not by itself an authorization to take up execution of a work unless there is a special provision of funds for that work and technical sanction stands accorded to its detailed estimates of quantities and costs.
- 1.2.2** **Annual Financial Statement (or Budget)** means the statement of estimated receipts and expenditure of the Government of Union territory of Jammu and Kashmir as per its policy in respect of a financial year and caused to be laid by the Lieutenant Governor before the Legislative Assembly in terms of Section 41 of the Jammu and Kashmir Reorganisation Act, 2019.
- 1.2.3** **Appropriation** means the amount authorized by the Legislative Assembly for expenditure under a specific unit of appropriation or part of that amount placed at the disposal of a Disbursing

Officer by a controlling authority, out of funds placed at its disposal.

- 1.2.4 **Appropriation Accounts** are the accounts in respect of a financial year prepared by the Comptroller & Auditor General of India for each grant or appropriation indicating the amounts of appropriation, including modified allocations under Revised Estimates and the amounts spent against such appropriations as a whole. Important variations in the expenditure and sanctioned allotments, whether voted or charged, are duly commented upon by him in the Appropriation Accounts. The Comptroller & Auditor General submits the Appropriation Accounts and the Audit Report of the Union territory of Jammu and Kashmir to the Lieutenant Governor to be laid before the Legislative Assembly.
- 1.2.5 **Appropriation Bill** refers to a bill introduced in the Legislative Assembly under Section 81 of the Jammu and Kashmir Reorganisation Act, 2019 to provide for the appropriation out of the Consolidated Fund of the Union territory of Jammu and Kashmir of all moneys required to meet:—
- (a) the grants so made by the Assembly; and
 - (b) the expenditure charged on the Consolidated Fund of the Union territory of Jammu and Kashmir [Section 43 (1) of the Jammu and Kashmir Reorganisation Act, 2019] but not exceeding in any case the amounts shown in the Annual Financial Statement previously laid before the House.
- 1.2.6 **Budget** see Annual Financial Statement.
- 1.2.7 **Budget Calendar** means the calendar fixed by the Government for preparation of Budget and its completion up to the stage of passing of Appropriation Bills.
- 1.2.8 **Budget Estimates** are the detailed estimates of receipts and expenditure for the Budget year.
- 1.2.9 **Budget year or Financial year** means the year commencing on the April 1st and ending on the March 31st following.

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

1.2.11 **Charged Expenditure** means such expenditure as is charged on the Consolidated Fund of the Union territory of Jammu and Kashmir and which is not subject to the vote of the Legislative Assembly under Section 41(3) of the Jammu and Kashmir Reorganisation Act, 2019.

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

1.2.12 **Constitution** means the Constitution of India.

1.2.13 **Consolidated Fund** means the fund as defined in Section 67 of the Jammu and Kashmir Reorganisation Act, 2019, comprising all revenues received by the Government, all loans raised by issue of treasury bills, loans or ways and means advances and all the moneys received by the Government in repayment of loans.

Controlling officer means Head of the Department defined in rules notified by Finance Department from time to time.

1.2.14 **Budget Controlling Officer** means Financial Advisor/Chief Accounts Officer/Accounts Officer who with the approval of the Head of Department submits estimates to Government and is responsible for budgeting and controlling the incurring of expenditure and/or the collection of revenues by the authorities subordinate to the department.

- 1.2.15 **Contingency Fund** means the Fund established under Section 69 of the Jammu and Kashmir Reorganisation Act, 2019 of appropriate sum established by Law. Contingency Fund is in the nature of an imprest placed at the disposal of the Lieutenant Governor of the Union territory of Jammu and Kashmir and is intended to provide advances to the government to meet unforeseen expenditure arising in the course of a year. The amounts drawn from the Contingency Fund are recouped after the Legislative Assembly approves the Supplementary Demands.
- 1.2.16 **Deficit Budget**-In case the total estimated expenditure exceeds total receipts, the Budget is said to be Deficit Budget. As the Government cannot seek vote for expenditure without matching income, it is implied that the Government cannot have deficit budgets. Budget balancing has to be done to arrive at a zero deficit budget by going for additional resource mobilization, expenditure compression where possible and by market borrowings.
- 1.2.17 **Demands for Grants**-The estimates of expenditure from the Consolidated Fund included in the Budget Statements and required to be voted by the Legislative Assembly are broken into the Demands for Grants in terms J&K Legislative Assembly Business Rules. Normally a separate Demand is required to be presented for each Department or the major services under the control of a Department. Each such Demand includes the total provisions required for a service, i.e. provisions on account of revenue expenditure, capital expenditure, grants to autonomous bodies, local bodies etc. and also loans and advances relating to that service. Estimates of expenditure included in the Demands for Grants are for gross amounts. The receipts and recoveries taken in reduction of expenditure are shown by way of below the line entries. The estimate of expenditure in the Demands for Grants for those amounts for which the vote of Legislative Assembly is required are shown separately, and is called 'voted' expenditure. The estimates for 'charged' expenditure under any head which are not subject to vote of the Legislative Assembly are also indicated in the Demands for Grants but in italics. When there is no estimate for expenditure under any head requiring

vote of Legislative Assembly, then it is not called a Demand. It is called 'Appropriation' and included as such in the list of Demands.

- 1.2.18 **Departmental Estimate** is the estimate of receipts or expenditure of a department in respect of any year submitted to Government by a Budget Controlling Officer/HOD as the material on which to base its Budget Estimates.
- 1.2.19 **Drawing and Disbursing Officer** is an officer who is authorized to operate upon a treasury to the extent of the funds placed at his disposal. List of such authorities is fixed from time to time by the concerned Administrative Department in consultation with its Director Finance/Financial Advisor and Chief Accounts Officer in respect of the heads of accounts related to that Department.
- 1.2.20 **Disbursing officer** means a Head of Office and also any other Gazetted Officer so designated by a Department of the Union Territory of Jammu and Kashmir, a Head of Department or an Administrator, to make specific payments on behalf of the Government of Jammu and Kashmir. The term shall also include a Head of Department or an Administrator where he/she himself/herself discharges such function.
- 1.2.21 **Excess Appropriation/Grants** is grant passed by the Legislative Assembly under Section 44 of the Jammu and Kashmir Reorganisation Act, 2019 to meet the expenditure which at the close of the financial year is found through Appropriation Accounts, to have been in excess of the amount granted for a function.
- 1.2.22 **Exceptional Grant** is Grant made by the Legislative Assembly under Section 44 of the Jammu and Kashmir Reorganisation Act, 2019 to meet expenditure which forms no part of the current service of any financial year.
- 1.2.23 **Expenditure charged on the Consolidated Fund** see 'Charged Expenditure' para 1.2.11.
- 1.2.24 **Financial Year** see para 1.2.9.

- 1.2.25 **Fiscal deficit** is the excess of aggregate disbursements and Advances over the revenue receipt (of whatever nature)
- 1.2.26 **Function** represents a major division of the efforts of the Government in any field of its activity.
- 1.2.27 **Fiscal Indicators** are such indicators as may be prescribed for evaluation of the fiscal position of the Government.
- 1.2.28 **Fiscal targets** are the numerical ceilings and proportions to the total revenue receipts or GDP for the fiscal indicators.
- 1.2.29 **Grant-** see Demands for Grants.
- 1.2.30 **GDP** means Gross Domestic Product at current/constant market prices of the Union territory of Jammu and Kashmir.
- 1.2.31 **Major and Minor Works:—**
- (a) Major Work means a work other than the minor work.
 - (b) Minor work means an original work or a work of repair or of improvement the estimated cost of which exclusive of departmental charges does not exceed the ceiling fixed in the Public Works Department in consultation with the Finance Department. The Public Works Department includes all the departments having responsibility of execution of works under rules, including Forest Department.
- 1.2.32 **Legislative Assembly** means the Legislative Assembly of Jammu and Kashmir as defined in the Jammu and Kashmir Reorganisation Act, 2019.
- 1.2.33 **New Service** means expenditure arising out of a new policy decision not brought to the notice of Legislative Assembly earlier, including a new activity or a new form of investment.
- 1.2.34 **New Instrument of Service or Scheme** means relatively large expenditure arising out of important expansion of an existing activity.
- 1.2.35 **Public Works Department** includes Roads and Buildings, Irrigation and Flood control, Public Health Engineering, Power

Development and any other branches of Public Works Department inclusive of engineering and construction wings of Forest, Rural Development and other Departments.

- 1.2.36 **Public Account** as defined in Section 68 of the Jammu and Kashmir Reorganisation Act, 2019 comprises all public money received by or on behalf of the Government other than those credited to the Consolidated Fund of the Union territory of Jammu and Kashmir.
- 1.2.37 **Public Debt** is an important source of raising money by the Government as loans of different kinds and in different forms including loans received from the Central Government in any arrangement for meeting its urgent developmental needs and other social obligations even while resources are scarce. Such expenditure should, however, have the potential of considerable revenue generation and creation of both employability and employment opportunities for educated youth. Public Debt comprises Internal Debt, External Debt and Loans & Advances from the Central Government.
- 1.2.38 **Programme** is a definite type of plan which is formulated for achieving the objective of a function.
- 1.2.39 **Revenue Deficit** means excess of the revenue expenditure over revenue receipts.
- 1.2.40 **Revenue Surplus** means the excess of total revenue receipts over revenue expenditure.
- 1.2.41 **Re-appropriation** means the transfer of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant ordered by a competent authority.
- 1.2.42 **Recurring expenditure** is that which involves a liability beyond the financial year in which it is originally sanctioned.
- 1.2.43 **Revised Estimates** are the estimates of the probable receipts or expenditure of a financial year under the various major and minor heads and their primary units of appropriation, framed in the course of that year on the basis of the actual transactions

recorded till then and in the light of any fact(s) which may be known as regards the remainder of the year. A revised estimate is in no way a provision for expenditure, and an entry in it carries with it no authority for expenditure of any kind. Revised Estimates are neither 'budget' nor appropriations of money nor do they supersede the budget estimates as the basis for the regulation of expenditure. The inclusion of increased expenditure in the revised estimates does not supersede the necessity for applying for an additional appropriation nor the revised estimates are the proper channel for such applications. Similarly, the revised estimates do not obviate the necessity for formal surrender of sums unlikely to be spent.

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

1.2.45 **Supplementary Demands for Grants** means the statement of supplementary demands laid before the Legislative Assembly in terms of Section 44 of the Jammu and Kashmir Reorganisation Act, 2019, showing an estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year.

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

1.2.47 **Supplementary Statement of Expenditure** is the one presented to the Legislative Assembly under Section 44 of the Jammu and Kashmir Reorganisation Act, 2019.

- i) **Sector** represents a major division of functions of the Government.
- ii) **Sub-sector** represents a group of allied functions within a sector.

iii) Major and Minor Heads:—

- a) Major Head means a main head of account for recording and classifying the receipts and expenditure of the Union territory of Jammu and Kashmir under a particular function and is further broken into Sub-Major Head(s) for convenience of classification where felt necessary.
- b) Minor Head means a head subordinate to a major head or a sub- major head.

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

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

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

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

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

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

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

cost estimates are calculated and based on adequate data and reasonability of rates.

- 1.2.50 **Token Demand** is a demand made to the Legislative Assembly for a nominal sum of Rs 100 when it is proposed to meet the entire expenditure from savings out of the sanctioned budget grant. The expenditure will constitute a “new service not contemplated in the sanctioned Budget of the year and it should not be incurred without the specific vote of the Legislative Assembly. Funds required in this connection are appropriated when the Appropriation Bill is enacted.
- 1.2.51 **Total Liability** means the liabilities under the Consolidated Fund of the Union Territory of Jammu and Kashmir and the Public Account of the Union Territory of Jammu and Kashmir and includes borrowings by the Public Sector Undertakings and the Special Purpose Vehicles and other equivalent instruments including guarantees by government where the principal and the interest are to be serviced out of the budget.
- 1.2.52 **Trading Account** for ensuring equitable distribution to consumer public at large and generation of healthy competition among players in the private sector for making available quality products at reasonable prices, Government undertakes schemes that are purely commercial in nature but have social security purpose to be served. Milk Supply Schemes, schemes for providing quality seeds, fertilizers, agriculture implements, irrigation pump sets to growers are few of such examples. These are essentially trading activities having both expenditure and receipts aspects and do not form an item of ‘Budget’ in strict sense of the term. Government, therefore, maintains trading account of such schemes to watch that income matches the outgo and in case of subsidization, the accounts are squared up at the close of the financial year by crediting the subsidy component built in the normal Budget to the trading account.
- 1.2.53 **Vote on account** means a grant in advance made by the Legislative Assembly pending completion of the detailed procedure as prescribed in Section 41, 42 and 43 of the Jammu

and Kashmir Reorganisation Act, 2019 relating to the voting of grants and passing of the Appropriation Bill before the commencement of the Budget Year.

- 1.2.54 **Voted Expenditure** means expenditure which is subject to the vote of the Legislative Assembly.
- 1.2.55 **Ways and means** represent forecasts of inflow and outflow of cash for a financial year based on envisaged budget estimates for that year.
- 1.2.56 **Accounting Authority** means the authority which shall maintain the accounts of the Union Territory of Jammu and Kashmir in such form as the Lieutenant Governor may, after obtaining advice of the Comptroller and Auditor General of India prescribe by rules.
- 1.2.57 **Auditing Authority** means the authority designated for conduct of Audit functions prescribed under rules.

CHAPTER 2

Introduction to the Budget and its Importance

2.1.1 General outlook

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

2.1.3 Since the volume of Governmental activities is huge, wide spread and varied in its nature it becomes necessary to have a defined structure of a budget to be followed uniformly which is given a legal sanctity with the help of provisions made for the purpose in the Jammu and Kashmir Reorganisation Act, 2019. Objectively, therefore, the general frame of the budget is rigid to be modified only after detailed deliberations and undergoing a pre-defined process. The methodology for development of contents of a budget does generally aim at:—

1. Setting up of goals and how these can be reached with comfort;
2. making available financial data both historical and current for various appraisals;
3. finding out of deficiencies in existing systems and policy for appropriate remedial measures;
4. Linking of costs with the resultant outcome of investment made or to be made and helping in equilibrium between socio- economic and governance parameters at local, national and international levels.

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

2.1.4 Legal frame for Budget of the Union territory of Jammu and Kashmir:

A government budget is defined as a legal document that is passed by the Legislative Assembly, and approved by the Lieutenant Governor. The two basic elements of any budget are the revenues and expenses. The Budget is designed for optimal allocation of scarce resources taking into account larger socio-political considerations. Section 41 of the Jammu and Kashmir Reorganisation Act, 2019 refers to the budget as ‘Annual Financial Statement’.

2.1.5 Divisions of the Budget: The Jammu and Kashmir Reorganisation Act, 2019 provides the broad framework in which a budget has to be compiled. The following three funds have been established under Sections 67, 68 and 69 of the Jammu and Kashmir Reorganisation Act, 2019:—

01. Consolidated Fund - (Section 67 of Jammu and Kashmir Reorganisation Act, 2019)
02. Contingency Fund - (Section 69 of Jammu and Kashmir Reorganisation Act, 2019)
03. Public Account - (Section 68 of Jammu and Kashmir Reorganisation Act, 2019)

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

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

2. Estimates and the revised estimates in respect of the year in which the budget is prepared.
- 2.1.7 This information is given in respect of every individual item of receipt and expenditure and helps in making comparative analysis for assessing the reasonableness or otherwise of the proposed estimates which is also judged with reference to the assumed growth rates. For a better and broad budget analysis, it is equally necessary to examine various models underlying the economic growth which form the basis of the budget estimates. This becomes all the more necessary in the present day fast changing economic scenario.
- 2.1.8 Budget is prepared on **gross basis**. This means that in a budget receipts and expenditure are shown separately. Expenditure on a function is not shown after adjusting the receipts accruing there from. Expenditure is accounted for separately and the receipts are also reflected separately on gross basis. In this manner it is possible to ascertain the direct financial return from the investments in various programmes. This does not, however, apply to recoveries under a Major Head which are taken as deduct receipt. In such cases, gross expenditure under a capital Major Head is accounted for obtaining the vote of the Legislative Assembly.
- 2.1.9 Budget is prepared on **cash basis** i.e. on the basis of what is expected to be received in cash and paid also in cash during a budget year. This, in other words means that unspent balances at the close of a year lapse and similarly the liabilities, if any, are carried forward from year to year. The Government in the Finance Department may order compilation of the Budget on **accrual basis** for which it may issue appropriate guide lines as and when required.
- 2.1.10 The annual budget makes it possible **to measure achievements** of the Government against the budgeted targets through the mechanism of Appropriation Accounts, Finance Accounts and Audit Reports brought before the Legislative Assembly through

the modalities provided for the purpose in the Jammu and Kashmir Reorganisation Act, 2019.

- 2.1.11 Apart from giving minute details in respect of the expenditures proposed for various programmes, the budget also indicates the overall position of the receipts and expenditures. In this way, the budget also brings out how far the expenditure falls short of receipts or how far the receipts exceed expected expenditure. In the former situation i.e. when expenditure exceeds the receipts, the budget is known as a deficit budget and in the later case when receipts exceed the expenditure, the budget is surplus. When the budget is deficit, steps to be taken to bridge the gap, have also to be considered and spelled out for approval of the Legislative Assembly. This is so because the demands are enormous and the resources scarce and **balancing a budget** under these circumstances is a complex proposition. States/Union territories have no mechanism available for covering the deficit and as such the budget balancing has to be done to arrive at a **zero deficit budget** by going for additional resource mobilization, expenditure compression where possible and meet the remaining gap by market borrowings. Attempt of the Government is to ensure that every available resource is utilized for promoting welfare of the society in an efficient manner. An ideal situation is that the budget should be reasonably surplus one so that it may provide for scope to bridge the gap between the rich and the poor sections of the society by taxing the affluent sections and using the receipts to raise the standard of living of the weaker sections.

CHAPTER 3

Classification in Government Accounts

3.1.0 Constitutional provisions having bearing on classification in Government accounts

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

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

- 3.1.3 The general frame in which accounts have to be maintained and a budget prepared has also been laid down in the Jammu and Kashmir Reorganisation Act, 2019. The three Divisions of the accounts, namely Consolidated Fund, Contingency Fund and Public Account have been described in detail. Every type of transaction has to be accounted for in these Divisions according

to its nature. Deviation from the procedure thus set, is not permissible except with the amendment in the Jammu and Kashmir Reorganisation Act, 2019.

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

1. **Revenues Receipts** comprising revenues raised/received as a result of imposition of taxes, by normal functioning of the administrative machinery and by way of statutory and other transfer of resources from Centre to the Union Territory of Jammu and Kashmir (excluding loans received from the Central Government);
2. **Public Debt** accounting for moneys raised as loans of different kinds and in different forms including loans received from the Central Government under any arrangement; and
3. **Loans and Advances**, representing recovery of loans and advances by the Government for various social and economic purposes including loans and advances given to Government employees.

3.1.5 The Government may from time to time authorize withdrawal of money from the said Fund to meet its requirements in accordance with the law and under authority of the Legislative Assembly. This is done through the mechanism of Annual Financial Statement. While presenting its demand of funds to the Legislative Assembly in the prescribed manner, the Government is required to maintain distinction between revenue and capital expenditures. Section 41 of the Jammu and Kashmir

Reorganisation Act, 2019 which deals with this subject, among other things, prescribe "... and shall distinguish expenditure on revenue account from other expenditure".

- 3.1.6 Revenue expenditure is incurred for meeting normal Government commitments like running of administration, maintenance of law and order, as also the expenditure, which does not result in creation of assets and is in the form of maintenance of level of development already reached. On the other hand, the term other expenditure used in the Jammu and Kashmir Reorganisation Act, 2019 is in the form of creation of assets or reduction in debts or any other future liability.

Obviously, therefore, there have to be two sub-divisions in the Consolidated Fund for recording transactions relating to expenditure, viz:—

1. **Expenditure within the Revenue Account**
2. **Capital expenditure outside Revenue Account**

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

- i. **Public Debt Repayments**
- ii. **Loans and Advances**

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

Consolidated Fund receipts

1. Revenue receipts
2. Public Debt receipts
3. Loans and advances recoveries

Consolidated Fund disbursements

- a. Expenditure within Revenue Account
- b. Capital expenditure outside revenue Account
- c. Public debt repayments
- d. Loans and advances disbursements

3.1.9 Section 68 of the Jammu and Kashmir Reorganisation Act, 2019 lays down that all other public moneys received by or on behalf of the Government shall be credited to Public Account of the Union Territory of Jammu and Kashmir.

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

- (a) **Those in respect of which Government has to act as a banker** The moneys received by the Government in this capacity are in the form of provident funds and small savings. These are in the form of saving deposits held by the Government for and on behalf of employees and the public in accordance with the rules and regulations which are framed to govern these deposits.
- (b) **Those in respect of which the Government has to act as a trustee** i.e. holding the moneys for some time on behalf of certain persons or bodies and have to be returned as per specified terms and conditions. These accounts are kept as reserve funds, depreciation fund, development fund etc. and all other deposit accounts like civil deposits, public works deposits, forest deposits, deposits of local bodies etc.
- (c) **Those as are in the nature of adjusting accounts** such as remittances, inter-governmental adjusting accounts, suspense accounts and the like.

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

- (a) Small savings, provident funds etc.

- (b) Reserve funds
- (c) Deposits and advances
- (d) Suspense and miscellaneous
- (e) Remittances
- (f) Cash balance

3.1.12 The third Division of accounts classification has been created by Section 69 of the Jammu and Kashmir Reorganisation Act, 2019. This Division is called 'Contingency Fund'.

3.1.13 The Contingency Fund is an imprest kept at the disposal of Head of the Union Territory of Jammu and Kashmir. Out of this Fund advances are given to the Government for meeting such expenditures which have not been provided for in the budget and appropriations authorized based thereon and are thus of unforeseen nature. Funds once drawn from the Contingency Fund is to be recouped, and the availability of funds therein is brought to the authorized level. At the time of recoupment of the amounts, these become part of the supplementary budget and it is through this mechanism that these are brought to the notice of Legislative Assembly for their approval. The essence of maintenance of this Fund is to enable the Government to meet such type of expenditure, need for which arises because of various unforeseen considerations like, occurrence of natural calamities, satisfying of legal decrees etc. and do not therefore, form part of the budget passed by the Legislative Assembly. In this way requirement of the Jammu and Kashmir Reorganisation Act, 2019 that the Government can incur expenditure from and out of Consolidated Fund only with the authorizations made by the Legislative Assembly is met.

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

approval on the advice of the Comptroller & Auditor General of India.

3.2.0 Classification within the three Divisions mentioned in the Jammu and Kashmir Reorganisation Act, 2019

3.2.1 It will not be sufficient to record financial transactions of the Government within the three Divisions i.e. Consolidated Fund, Contingency Fund and the Public Account as envisaged in the Jammu and Kashmir Reorganisation Act, 2019, for it will not meet the requirements of running of administration, planning, implementation and monitoring of developmental and other activities. The classification has to be much **more broad** based and transactions relating to the Functions, Programmes and Activities have to be brought out clearly in every system of classification.

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

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

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

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

3.2.3 The programmes and activities are sub-divisions of a Function, which are framed to secure its smooth implementation and control. In other words sum total of the expenditure transactions

classified under different activities indicate expenditure under a programme and a similar aggregation of expenditure under various programmes of a function will be the total expenditure under that function.

- 3.2.4 It is also not sufficient to book transactions under various Functions, Programmes and Activities. In order to have a proper understanding of Government Accounts, it should be possible to identify the functions and group these under different sections and sub-sections. The functions of allied nature are brought under relevant section/sub-section. The sections known as sectors of classification are:—

01. Administrative Sector
02. Social Sector
03. Infrastructure Sector
04. Economic Sector
05. Finance Sector
06. Entitled Grants & Devolutions

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

Administrative Sector groups functions which are essential for running of administration like the Lieutenant Governor, Legislative Assembly, Judiciary, general administration, maintenance of law and order, exigency functions like disaster management, relief, distribution and rehabilitation etc.

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

Infrastructure Sector includes such functions which involve infrastructure development in the Union Territory like Power Development, Public Works, Public Health Engineering, Irrigation, Housing and Urban Sector and innovation in Science and Technology etc.

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

Finance Sector includes financial Sector and planning functionality. Finance sector is pivotal for development, resource planning and expenditure management policy of the Union Territory of Jammu and Kashmir.

Entitled Grants & Devolutions includes grants given by the Central Government to the Union Territory of Jammu and Kashmir for various purposes and assignments to the local bodies and Panchayati Raj Institutions.

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

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

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

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

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

Major Head Represents a distinct function under a Sector/Sub-sector like ‘Administration of Justices’ under general Sector :

Organs of Union Territory of Jammu and Kashmir, or ‘Medical’ and ‘Public Health under ‘Social and Community Sector’.

Sub-major Head: Represents a group of allied functions like ‘Urban Health Sector’ under ‘social and community Sector - Health and Family Welfare.

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

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

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

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

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

3.2.10 It is now clear that the financial transactions in the Government Account have to be classified according to the Function(s) to which these relate. Thus, the system is oriented towards Functions, Programmes and Activities. The departments where these originate are not relevant for this purpose. The expenditure on construction of a school building though originating in the public works department has to be classified as expenditure on the “Function “Education” and not on “Public Works”. Similarly, ‘Takavi loans’ disbursed by the revenue agencies has not to be classified as expenditure on district administration but as agriculture expenditure to which the expenditure relates. In

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

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

3.3.0 Codification of account heads

- 3.3.1 Each Division in the Consolidated Fund and the Public Account is divided into sectors, which may in some cases be further divided into sub-sectors and then into the six tiers of accounting

classification. The number of classification in the Detailed Demands for Grants are not allowed to go beyond the standard six tiers indicated as under-

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

- 3.3.2 Same sectoral classification has been prescribed for Expenditure within Revenue Account and Capital Expenditure outside the Revenue Account. Nomenclature of the account heads is also the same except for the words “Capital outlay on” or “Loans for” as the case may be being prefixed to every such head of account in the Capital Account. Distinction of account heads is made with reference to the code numbers pre-fixed to every Account Head. The code is of four digits (xxxx). The first digit indicates whether the major head is a Receipt Head/Revenue Expenditure Head/Capital Expenditure Head/Loans and Advances head or a Public Debts head. These code numbers have been allotted in blocks as under:—

01. Revenue Receipts/Grant-in-Aid and contributions	- 0020 - 1606
02. Revenue expenditure	- 2011 - 3506
03. Capital expenditure	- 4046 - 5475
04. Public debt	- 6001 - 6005
05. Loans and advances/Inter- State/Union Territory Settlement/ Contingency Fund	- 6075 - 8000
06. Public Account/ Miscellaneous	- 8001 - 8999

Capital Receipts are classified under Major Head - 4000.

Coding Pattern

a. Major Head

A Four digit code has been allotted to the Major Head, the first digit indicating whether the Major Head is a Receipt Head or Revenue Expenditure Head, or Capital Expenditure Head or Loan Head. If the first digit is '0' or '1', the Head of Account will represent Revenue Receipt, '2' or '3' will represent Revenue Expenditure, '4' or '5' : Capital Expenditure, '6' or '7' Loan Head, (4000 for Capital Receipt) and '8' will represent Contingency Fund and Public Account.

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

0401- Receipt Head for Crop Husbandry

2401-Revenue Expenditure Head for Crop Husbandry 4401-Capital Outlay on Crop Husbandry

6401- Loans for Crop Husbandry

b. Sub-Major Head

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

c. Minor Head

These have been allotted a three digit code, the codes starting from '001' under each Sub- Major/Major Head (where there is no Sub Major Head). Codes from '001' to '100' and few others like '750' to '900' have been reserved for certain standard Minor Heads. For example, Code '001' always represents Direction and Administration. Non Standard Minor Heads have been allotted Codes from '101' in the Revenue Expenditure series and '201' in

the Capital and Loan series, where the description under capital/loan is the same as in the Revenue Expenditure Section, the code number for the Minor Head is the same as the one allotted in the Revenue Expenditure Section. Code number '900' is always reserved for Deduct Receipt or Deduct Expenditure Heads.

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

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

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

d. Sub Head/Detailed Head/Object Head

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

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

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

3.4.0 Classification of Capital expenditure

- 3.4.1 Expenditure on different Functions of the Government is either Revenue Expenditure or Capital Expenditure. Broadly, Revenue expenditure is that which has to be incurred for running of administration, maintenance of assets already created or meeting of pensionary and debt obligations of the Government. In other words, such expenditure does not result in creation of assets or extension in the existing level of development in different spheres of activity. Capital Expenditure, on the other hand, refers to the activities, which are undertaken as a result of implementation of pre-conceived plans. Such expenditures are either developmental in nature or such which help in undertaking a developmental programme. In spite of such a vivid difference between Capital and Revenue expenditures, all transactions relate to one or the other activity under the five Sectors of accounts classification viz. Administrative Sector, Social Sector, Infrastructure Sector, Economic Sector and Finance Sector. Therefore, an activity has both Capital and Revenue components and both have to be classified as such. Thus, same classification is used for both Capital and Revenue expenditures although the two are exhibited separately so that extent of developmental and non-developmental efforts under every activity could be ascertained at any time directly from accounts.

- 3.4.2 Recognizing the fact that taking up of activities under a Programme of a Function may vary from Union Territory to Union Territory as also from time to time, the Union Territory of Jammu and Kashmir Government may open through the Budget Wing new Sub-Heads, Detailed Heads and Object Heads as may be needed to suit its own requirements. However, the Sub-Heads should not be multiplied unnecessarily and new ones are advised

to be opened only when really necessary. Thus, for a new activity to be taken up in the process of implementation of developmental plans or otherwise, a new Sub-Head can be opened under the relevant Minor and Major Head of account. In this manner therefore, the functional or Major Head, Sub-Functional or Sub-Major Head and the Programme or Minor Head alone are fixed and can be supplemented or changed with the prior approval of the Comptroller and Auditor General of India except to the extent permitted by him as a general rule, if any. Sub-Minor Heads and objects of expenditure can be introduced or deleted by the Government of Jammu & Kashmir at its own level and according to its requirement.

- 3.4.3 Orders in this behalf shall be issued by Budget Division of the Finance Department.

3.5.0 Nature of revenue receipts and their classification

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

Tax revenue which accrue as a result of implementation of Acts passed by the Legislative Assembly and other statutory orders issued by the Government from time to time and those

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

Grants-in-aid/contributions represent transfer of resources from Centre to the Union Territory of Jammu and Kashmir on the basis of the awards of the Finance Commissions or for developmental purposes.

- 3.5.2 Independent heads of account are provided for recording transaction of every tax effort and for every major non-tax source of income. Under every Major Head of account, Minor Heads have been opened for recording details of receipts for various accounting and managerial purposes. In this process

refunds of tax and non-tax revenues are booked under a separate head “Deduct Refunds”. Since taxation is a major revenue realization effort, “Deduct Refunds” is provided under each Sub-Head, subordinate to relevant tax revenue Major Head of account. In case of non-tax revenue, however, Deduct- Refunds”, is provided as a Sub-Head under the concerned Major Head of Account.

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

3.6.0 Expenditure within Revenue Account

Major Heads relating to the expenditure within the Revenue Account are grouped into the following sectors:—

1. Administrative Sector
2. Social Sector
3. Infrastructure Sector
4. Economic Sector
5. Finance Sector

3.7.0 Capital expenditure outside Revenue Account

- 3.7.1 Capital expenditure in general terms refers to that which results in creation of assets or reducing a recurring liability. Expenditure

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

- 3.7.2 The capital major heads of accounts have been grouped into the same Sections as have been provided for expenditure within the revenue account viz. Administrative Sector, Social Sector, Infrastructure Sector, Economic Sector and Finance Sector.

3.8.0 Public Debt

- 3.8.1 Public debt, as the name implies, is an important source of public needs and meet social obligations even while resources are scarce. Such expenditure should, however, have the potential of considerable revenue generation and creation of both employability and employment opportunities for the educated youth. Financial transactions on account of channelisation of institutional and non-governmental funds for various developmental activities should, therefore, find appropriate reflection in the Budget.
- 3.8.2 As a result of developmental planning process saving capacity improves and it will be only appropriate that these are optimally channelised for further developments. Similarly, buoyancy in industry, trade and commerce and for that matter in any other sector of economy can also be tapped for improving resource mobilization by the Government. After all, tax and non-tax

revenue has its own limit. Income from such sources cannot be stretched beyond a reasonable and tolerable limit.

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

1. Internal debt
2. Institutional Finance and Open Market Borrowings
3. Loans and advances from the Central Government

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

3.8.5 **Institutional Finance and Open Market Borrowings** are contracted for funding the gap that may still exist between resources of the Union Territory of Jammu and Kashmir including share in central taxes/duties and other Central Assistance and the cost of development needs. Union Territory of Jammu and Kashmir is authorized to raise institutional finance and also go for open market borrowings upto the limits fixed from time to time by the Legislative Assembly by law as provisioned in the Section 70 of the Jammu and Kashmir Reorganisation Act, 2019. The institutions from which the loans are generally available at softer rates are LIC, NABARD, REC. and like Banks Open market borrowings are contracted through the mechanism of auctions conducted by RBI.

3.8.6 **Loans & Advances from the Central Government:**—The Central Government advances loans to the Union Territory of Jammu and Kashmir for Developmental purposes. Generally the loans are given under pre-defined arrangements. Developmental loans are based on the parameters fixed for developmental financing by the Ministry of Finance, Government of India, likewise some of the non-developmental loans are given according to the yard sticks fixed by the Finance Commissions.

Some savings like small savings are mobilized at the national level under the overall managerial control of the Central Government. The resource thus built has to be shared by the Central and State Governments including Union Territory of Jammu and Kashmir.

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

3.9.0 Loans and Advances

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

3.10.0 Public Account

- 3.10.1 Nature of the transaction falling under this division of accounts as envisaged in the Jammu and Kashmir Reorganisation Act, 2019 has already been described earlier. Nature of the transactions grouped into different sections under the Major Heads of account is discussed hereunder:—

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

- 3.10.3 Saving deposits and saving certificates are raised at the national level and therefore every State/Union Territory of the country has a share in the resources, thus mobilized. The present practice is that eighty percent of the collections thus made in a Union Territory of Jammu and Kashmir are advanced as loans to that Union Territory of Jammu and Kashmir, bearing interest and a predefined schedule of repayment. These collections made by Government of India, though retained by them as a trust in Public Account are transferred to the Union Territory of Jammu and Kashmir as Central Loans who have to classify these under “Public Debt”.
- 3.10.4 Provident Funds become available both to the Union Territory of Jammu and Kashmir and the Central governments. These are in the form of compulsory deductions made from the salaries of the employees both in public and private sector as also matching contributions made thereto by the employers. The accounts relating to all such truncations are maintained separately by the respective Governments and the net proceeds during a year retained by them also. This is equally true about the Trusts and Endowments as also Insurance and Pension funds.
- 3.10.5 For regulation of Savings as also Funds as indicated above every scheme has its own rules. This is true about the Provident and Pension Funds created and maintained in the private sector also. The regulating authorities of these Funds in this sector generally have their own policy and rules for making investments there from. It is not compulsory for them to keep such deposits only with the Government. Sometimes these authorities may decide to make investments in Government bonds etc or lend money to them. In such situations the amounts received or repaid from these Funds of the private sector are taken as loans from them and classified as such in the “Public Debts”. Such deposits are kept within the Government, as such, these are accounted for in the “Public Account” and do not form part of the “Consolidated Fund” as it happens in the earlier situation.
- 3.10.6 Detailed accounts in respect of each account in this category are maintained by the Designated Authorities, which reflect position in totality as also for individual accounts.

- 3.10.7 **Reserve Funds:**—These Funds are created to meet both foreseeable and unforeseen liabilities that may come up in future to be met by the Government. These Funds help in discharging such liabilities without any serious drain on the Exchequer. Foreseeable Reserve Funds are in the nature of Reserve funds, Sinking Funds, and other developmental funds. The unforeseen reserve funds are like Disaster Response Fund. A portion of normal revenue is kept apart on annual basis and the balances that may thus accumulate are used in future, as and when need arises.
- 3.10.8 **General Reserve Funds:**—These include developmental funds created out of the General Revenues of the Union Territory of Jammu and Kashmir from year to year for creating a corpus for undertaking future development works not otherwise provided for in the approved Five Year or Annual Plans of the Union Territory of Jammu and Kashmir like “Development Fund for Agriculture purposes”, “General Insurance Fund”, “Contribution to the Reserve Fund for Electricity” and “General Reserve” for development of departmental commercial undertakings.
- 3.10.9 **Sinking Fund:**—Debt is an obligation, which has to be discharged by the Government in accordance with the terms and conditions regulating such debts. In order to meet this requirement without any difficulty, a Sinking Fund is created. This Head is credited with the amounts each year for the purpose out of the General Revenues of the Government. These amounts are transferred to the Sinking Fund by obtaining an Appropriation from the Legislative Assembly through provision made under the relevant Major Head (2048- Appropriation for Reduction or Avoidance of Debt) in the Consolidated Fund. Sinking Fund can be for individual debts or for all loans floated by the Government. The Sinking Fund is, however, created only when it is obligatory to do so under law or undertaking given by the Government in any loan raised by it. Sinking Funds can be invested in a manner so that cash is readily available at the time of discharging a debt liability. Profits if any, realized on such investments are also credited to the Sinking Fund Investment Account. It may, however, be noted that in order to bring repayment of debts within the preview of the legislative control

these are provided for in the 'Public Debt'. The balances in the Sinking Fund Account are transferred to the miscellaneous Government Account (ledger balance adjustment account), which falls in the Public Account.

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

3.10.11 Central Road Fund:—This Fund is constituted out of the Excise and Import Duties on Motor Spirits and is earmarked for development of roads. The amount sanctioned each year for credit to this fund needs to be transferred by the Central Government to the Union Territory of Jammu and Kashmir, to the extent of 80% of the accumulations. Transfer of these funds to the Union Territory of Jammu and Kashmir is related to the road works approved to be taken up as Central Road Fund Works from year to year. The funds received by the Union Territory of Jammu and Kashmir from the Centre are classified in their accounts as 'Subvension from Central Road Fund' under the section "Deposits and Advances". Expenditure on such works is initially booked by the Union Territory of Jammu and Kashmir under the relevant Major Head of account in the Consolidated Fund which is then set aside by transfer to account head 'Subvension from Central Road Fund' at the close of each year.

3.11.0 Deposits and Advances

3.11.1 Deposits are both interest bearing and non- interest bearing. Grouping of transactions into these categories depends upon the terms and conditions attached to the acceptance of such deposits by the Government or law relating to their regulation. The Deposit and Advance heads relating to railways, defense, post

and telecommunications are operated upon by the Central Government. The Deposits and Advances of Local Funds, Civil and Others are, on the other hand, operated upon both, by the Central and State/Union Territory Governments.

- 3.11.2 The deposits of Local Funds include deposits of the Municipal Corporations, Municipalities and Town Area and Notified Committees. Deposits of Housing Boards, Electricity Boards and of other autonomous bodies are also accounted for as deposits of Local Funds. The Government Companies, Corporations etc. can also open deposit accounts with the Government of Jammu and Kashmir.
- 3.11.3 Deposits made in the Judicial and Revenue courts on various accounts are also accounted for in this section. Payments of compensation to be made for acquisition of land for various public purposes are also part of Revenue Deposits. Security Deposits from the contractors in case decided to be retained by the Government under certain circumstances are also accounted for here. Other deposits include personal deposits, deposits of educational institutions, deposits of trusts etc.

3.12.0 Suspense & Miscellaneous and Remittances

This section of Public Account is intended for classification of such of the transactions, which cannot be taken to the final heads of account at the time of their occurrence due to one reason or the other. The coinage accounts, cash balances including permanent cash imprests and deposit balances together with cash balance investments, security deposits of the government are also components of public account.

- 3.12.2 Adjusting Account as also Settlement accounts of officers rendering accounts to the same or different Accounts Officers together with the Adjusting Accounts as between different Governments within or outside the Country form part of this section of the Public Account.

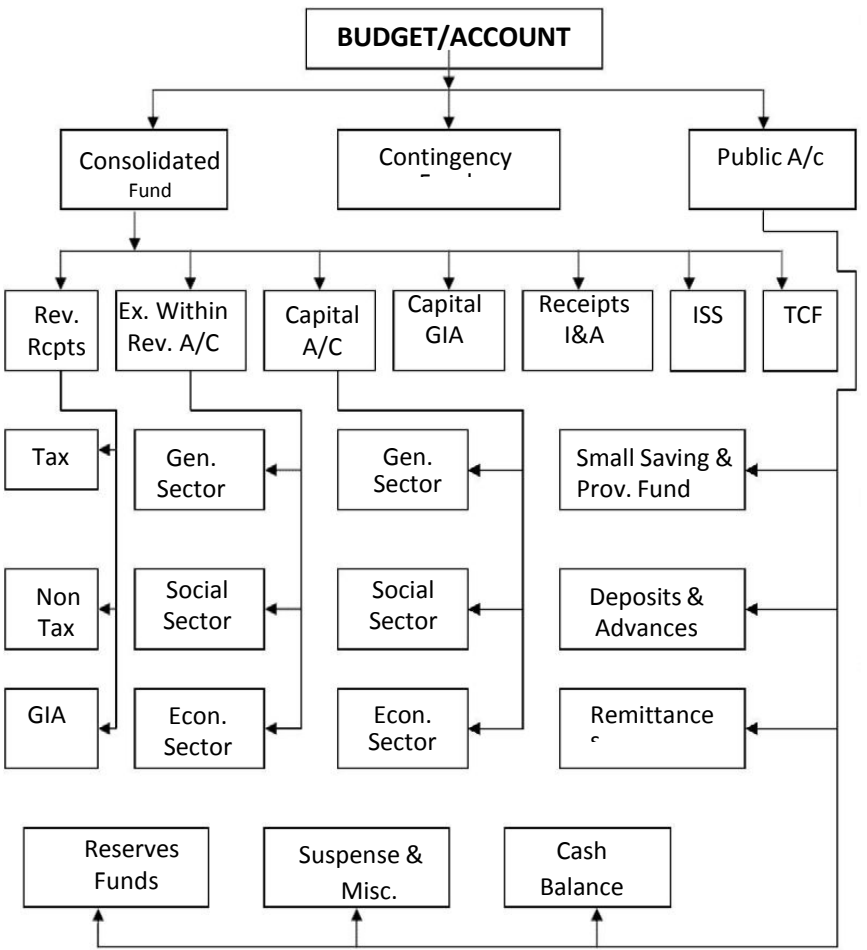
3.13.0 Overall view of the pattern of classification

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

- 3.13.2 The functional classification as has been made clear is followed with a twin objective of booking the public expenditure on an identified Function in a manner so as to present an overall view of its implications irrespective of the department/organization authorizing it and co-relating the developmental (Capital) and non-development (Revenue) expenditures on a Function. Developmental programmes are no doubt provided for in the general budget according to the approved system of classification-a legal requirement for obtaining Appropriations from the Legislative Assembly and expenditure is also booked by the implementing agencies accordingly. In the Capital formulation sectoral classification is followed as against the Functional pattern prescribed for the country under constitutionally valid orders.
- 3.13.3 Under these circumstances, two data basis are also created - one based on Departmental figures and the other on the figures computed by the Comptroller and Auditor General. The two sets of figures seldom reconcile leading to a confusing situation, which needs to be rectified. Once the new system of classification coupled with implementation of Budget Estimation Allocation Management System (BEAMS) is followed for Capital Expenditure purposes also, it will besides bringing out a clear picture also facilitate computerization of accounts and formulation of the budget with real time on-line analysis. It needs to be noted that Functional system of classification has an inbuilt orientation for computerization. Code numbers have been prescribed for all the tiers of classifications and in order to ensure its uniformity throughout the country no change can be brought about in this scheme of codification except with the sanction of the competent authority. Accounting classification for the planning purposes has been restructured with the introduction of BEAMS. It will no doubt make changes in presentation of a plan document but it will not at the same time involve any change in the fundamentals of the whole planning process right from conceptual stage to the conclusion of evaluation. A co-relation between Capital and Revenue expenditures should therefore be followed for which a robust mechanism has been evolved in BEAMS by the Finance Department.

CHART

(Referred in Para 3.13.1)



GIA=Grants-in-aid, L&A=Loans & Advances, ISS=Inter-State/Union Territory Settlements TCF= Transfer to Contingency Fund.

CHAPTER 4

Budget Preparation

- 4.1.1 The responsibility for formulation Budget for the Union Territory of Jammu and Kashmir lies with the Finance Department. It is the Finance Minister who presents the budget to the Union Territory of Jammu and Kashmir Legislative Assembly for and on behalf of the Government. The Finance Department cannot complete this assignment without effective help from within and outside the Government. Every Administrative Department is therefore, called upon to formulate the proposals in respect of the functions falling within its jurisdiction. Similarly, the Comptroller and Auditor General of India through the Accountant General of the Union Territory of Jammu and Kashmir is also required to render all possible help and inputs, which mainly includes supply of previous actuals and also estimates in respect of programmes and activities controlled by that authority. Finance Minister is equally at liberty to have consultations with the organizations and those connected with public finance and general economics. In this process, every possible attempt is made to make the budget an effective tool for accomplishment of various objectives, which are carefully identified with respect to the national and local requirements. In the present day scenario of the open market economy, global socio-economic and other factors also become important considerations for finalization of a budget.
- 4.1.2 The detailed estimates of expenditure are prepared by the Heads of Offices and Budget Controlling Officers according to their assessments of requirements for the ensuing year, keeping in view the actual expenditure in the past, current year's trends of expenditure, any new decisions taken by the Government which will have a bearing on the funding requirements etc. The following paragraphs bring out broadly the process of estimation and their collation which leads to the preparation of Budget Estimates.

- 4.1.3 The estimates of expenditure are prepared separately for Capital and Revenue as a constitutional requirement and split into Capital and Revenue in keeping with the existing classification system. The estimates of Capital expenditure are made on the basis of the allocations approved by the Finance Department and intimated to Administrative Departments.
- 4.1.4 Budget is prepared by the Budget Division of Finance Department and approved by the Legislative Assembly for one Financial Year. Drawing of detailed estimates of Capital expenditure and receipts by various departments of the Government and their subordinate authorities and their inclusion in the budget has, therefore, to be a time bound programme drawn in a manner that the approval of the Legislative Assembly becomes available before commencement of the Financial Year.
- 4.1.5 Considering the importance of timely completion of the budget it is highly essential that there is complete co-ordination between various Departments and other agencies involved in this exercise aiming at making the proposed budget document a meaningful reflection of all the envisaged Programmes and Activities to be accomplished within the defined period of time. The estimation has to be as accurate as possible to be actualized during one year. Not only that, it should also reflect full details of the expenditure inputs and expected income. The budget for a year is an action plan for the Government to be implemented by its field formation. Any ambiguity in details of a Programme/Activities and financial provision made therefor, may cause delay in implementation and thus hamper accomplishment of the envisaged objectives.
- 4.1.6 The Departments responsible for Developmental Planning follow a different time frame for completing estimation of their financial requirements for implementation of identified Developmental Programmes. The result is that the estimates in respect of this important component of a budget are reflected in detail and in a transparent manner.

- 4.1.7 Attempts have been made to develop a complete co-relation between Capital and Revenue budget estimates. The structural frame of the budget or pattern of accounts classification in force at present with a legal backing is a step in this direction. While recognizing the need for uniformity in the budget structure it also gives flexibility to the Government who are authorized to modify, introduce or delete any Sub-Minor and Detailed Heads, which in essence are the Activities and basic expenditure inputs respectively under a Minor head, which is a Programme.
- 4.1.8 Every Developmental Programme has two components, viz. committed and expansion. The details of committed expenditure are by and large, firm and there should be no reason to bring about major modifications in such estimates during a budget period. This yardstick can be equally applied to expansion programmes as well, provided estimates covering these components of the budget are worked out thoughtfully. At the micro level, therefore, rigidity rather than flexibility should be the norm for budget formulation and its implementation more so when the period to be covered in these processes is only a year.
- 4.1.9 Even in decentralized planning process with people's participation, the above approach should be followed. The estimates can be finalized according to a time schedule, to help their incorporation in the budget at an appropriate time so that appropriations are obtained from the Legislative Assembly well before commencement of a Financial Year and these become straight away available to the implementing agencies. Sometimes it happens because of some exigencies that the Capital Expenditure size and Scheme/Programme details remain undecided causing difficulties for their inclusion in the budget. Such a situation should, however, arise only in respect of new Programmes or Expansion Component of a Developmental Plan. Estimates in such cases alone should be provided in the budget in lump sum to be broken into various details at the earliest possible opportunity and Legislative approval obtained through Revised Budget at the appropriate time. **In short, inclusion of**

lump sum provisions in a budget has to be exceptional and not followed as a rule.

4.2.0 Budget Calendar

4.2.1 There can't be any set dates as such to be followed as 'Budget Calendar' but broadly speaking, since while preparing budget estimates both in respect of receipts and expenditure for the ensuing financial year, the actuals of first six months of the ongoing financial year are also to be indicated, the exercise at the level of Heads of Offices and Budget Controlling Officers can conveniently start soon after the accounts for September become available, say by 5th of October. The estimates along with budget notes then can be consolidated at the level of HoDs/other Budget Controlling Officers by 15th of October and simultaneously forwarded with detailed notes to the concerned Administrative Departments and the Finance Department latest by 20th October. Administrative Department may carry out due scrutiny of the estimates and forward their detailed recommendations to the Finance Department not later than 10th November so that after their examination in the Finance Department, the discussions on these proposals with HoDs/other Budget Controlling Officers and Administrative Departments are started in the Finance Department soon thereafter and the numbers crunched for incorporation in the Budget.

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

CHAPTER 5

Estimates of Revenue Receipts

5.1.0 General

- 5.1.1 Revenue accrues to the Union Territory of Jammu and Kashmir from tax and non-tax sources. Receipts also accrue to the Union Territory of Jammu and Kashmir by transfer of resources from the Central Government.
- 5.1.2 Whatever may be the source, revenue realization has to be controlled either by regulatory orders of the Government or laws passed by the Legislative Assembly and in force for the time being. Thus, every item of revenue has a sanction for collection.
- 5.1.3 A source of revenue is called effective if it does not result in large scale accumulation of arrears and also if it's cost of administration is reasonable. It is highly essential that revenue receipts are recovered promptly and not allowed to fall in arrears. If the arrears cross a reasonable time limit, the situation becomes abnormal calling for detailed analysis of all the relevant facts and figures. Management lapses may also be responsible for such accumulation of arrears calling for appropriate action by the concerned Administrative Department who will submit a report in this behalf to the Finance Department. In certain cases it may also be prudent to order recovery under Land Revenue Act.

5.2.0 Revenue Collection Officers

- 5.2.1 The authorities empowered to collect revenue accruing to the Government are identified and notified by the Competent Authority (Administrative Departments in consultation with the Finance Department) from time to time. For example, Tax Officers for collection of General Sales Tax and VAT, Forest Officers for collection of Forest Royalty or Executive Engineers/Doctors for collection of user charges from

consumers. Revenue Collection Officer is adequately empowered to make recoveries as and when these fall due. These Officers work under the supervision and control of respective Controlling Officers.

5.3.0 Estimating of Revenue receipts Role of Revenue Collecting Officer

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

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

1. Fixed charges
2. Fluctuating charges.

Fixed charges are those, which become recoverable at fixed rates from year to year except when these are changed as a result of measures undertaken for additional resource mobilization or due to any other reason. Fluctuating charges on the other hand are related to the volume of operations and rationalization at the applicable rates.

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

- a. Estimates have to be calculated on the basis of the existing duties and taxes, rates and fees etc. sanctioned by the competent authority and in force for the time being. Care has to be taken to ensure that these estimates are not worked out on the basis of the proposed increases/decreases or any rationalizations in the existing rates as may be

considered necessary by the Collection Officers. But at the same time it also needs to be ensured that no trader, consumer or user is left out while making assessment of demand of revenue.

- b. Since the budget is prepared on cash basis projecting the estimates on demand without considering how much of this demand can be realized in cash will not be correct. The estimates should be based on the consideration as to what is actually expected to be received in cash. But, care also needs to be taken that the assessed demand is not allowed to fall in arrears unless there are cogent reasons to make any concession in any particular year with the approval of Competent Authority. The left over demand should, however, be recovered in the first opportunity and not allowed to accumulate for years. In a situation, where resources are scarce, there ought not to be a large mismatch between assessed demand and actual collection. If such laxity is allowed, it is likely to create difficulties in budget implementation as a whole.
- c. In case of fixed charges, the estimates should be based on actual demand. In case it is not possible to recover the actual demand in full, the recovery should be estimated reasonably explaining the reasons for the short falls if any and the same should be made good in the succeeding financial year.
- d. Total amount of outstanding arrears should be worked out thoughtfully so that a clear picture of dead and recoverable arrears emerges. Dead arrears are those, which have no doubt fallen due for recovery under the existing rules and regulations but cannot be recovered due to one reason or the other. Review of arrears should be constantly done and the cases where recoveries are doubtful should be referred to the Budget Controlling Officer for write off or for taking any other appropriate action by the competent authority. It may also be necessary to investigate as to how these arrears have become irrecoverable for application of corrective measures and taking of required administrative action.

- e. Past actuals also provide an important clue for projecting future estimates. Care has, however, to be taken that such actuals are not as such taken as a base for future estimation. These actuals should be analyzed and it should be seen as to how far other circumstances responsible for collections in the earlier years are likely to remain similar before future estimates are based on them.
- f. Effects of any special factor should not be ignored, special factors play an important role in estimating. These factors among others include natural calamities, which throw an adverse effect on the prospects of revenue realization. The favorable weather conditions yielding bumper crop can raise the hope of better collections during the forecast period. Thus, it is necessary that justification for every item is fully scrutinized before it is included in the forecast.
- g. Estimation should be based on expected gross realizations in cash. Gross realization means expected recoveries without accounting for refunds, if any, that may have to be made during a forecast period.
- h. Refunds have to be provided for separately under a head of account subordinate to the Major Head of Account relevant to the source of revenue. In certain cases account head "Refunds" is provided under each Minor Head of a Major Head depending upon the magnitude of anticipated refunds. For clarification List of Major and Minor Heads of Account issued by the Comptroller & Auditor General of India should be consulted and instructions given therein followed. Refunds are caused due to various reasons generally because of acceptance of appeals against the recovery made under the orders of the Revenue Collecting Officer. It is necessary that quantum of such refunds becomes known for various administrative purposes and thus provided for separately. There cannot be any hard and fast rule for forecasting such refunds, which are thus provided for on the trend of past actuals.
- i. As a matter of prudence, in the case of cost recovery of user charges for the services provided, there should be a

standing formula of upward revision of cost of user charges by 10% every year on cumulative basis so that no public outcry is faced in revising such charges, which can be a case when a substantial upward revision is effected after a long gap. While such a step ensures avoidance of public criticism, it also yields scope for buoyancy in non-tax revenues of the Union Territory of Jammu and Kashmir.

- j. In respect of receipts of the miscellaneous nature, such as sale proceeds of unserviceable dead stocks, old machinery, old tools and plants, old stocks of newspapers etc., past actuals are generally a guiding factor for forecasting.
- k. It can happen that recoveries under two or more separate account heads are made through a common process, such as electricity consumption charges (non- tax revenue) along with Electricity Duty (tax revenue). In such cases, estimates and collections have to be separately classified under respective Account Heads.

5.4.0 Estimates of Revenue receipts Role of Budget Controlling Officer

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

- 1. When there is difference of opinion between Administrative Department and the Finance Department which can have substantial effect on budget forecast.
- 2. When the current rate structure is proposed to be rationalized and or modified.
- 3. When new measures are proposed to be implemented for augmenting the revenue receipts of the Government.

5.4.2 While, a Collecting Officer has limited jurisdiction in forecasting revenue estimates, the Budget Controlling Officer is fully responsible for collections falling due to the Government in respect of a Function which has been put to its charge. Such an

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

5.5.0 **Comparative role of authorities connected with Revenue Budget formulation**

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

Revenue Collecting Officer	Budget Controlling Officer	Administrative/Finance Department	Legislative Assembly
Maintenance of demand Registers. Forecasting current demand on existing rates Estimating recovery of Arrears determination of irrecoverable arrears with reads on therefore	Modifying fore-casts of revenue collecting officers Suggesting Rationalization of existing rates. Recommending new measures Talking a view on non-recover- rabble arrears and recommend its write off etc.	Adoption of fore-casts. Adoption of Rationalization and new Proposals. Decision on irrecoverable arrears. Adoption of additional resource mobilization (ARM) proposals	Approvals to the rationalization and new proposals wherever required.

5.6.0 Tax Revenue

The tax revenue broadly falls into the following two categories:—

- i. Taxes on Property and Capital transactions.
- ii. Taxes on Commodities and Services.

5.7.0 Non-Tax Revenue

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

1. Fiscal services;
2. Interest receipts, dividends and profits;
3. Other Non-Tax revenues Individual Functional Heads of Account have been provided under these sub-sections as indicated in the 'List of Major and Minor Heads of Account' as published by the Comptroller & Auditor General of India.

5.7.2 In the present day dispensation, the Government generally operates as a facilitator for the overall socio-economic growth, besides, maintenance of law and order and undertaking various regulatory measures. In view of this, commercial aspects of various Functions are left to the public sector. Trend of privatization is emerging very fast. The receipts from the functions left to the Jammu and Kashmir Government's direct involvement are not, therefore, substantial. Nevertheless, estimation of whatever receipts accrue from such activities provides a full opportunity to undertake review of implementation of the programmes under various Functions. Say for example, admission fee from the schools can indicate coverage provided to children for imparting of education. Sale of out-patient tickets in a hospital can create data for determination

of adequacy or otherwise of providing of health coverage. Working out of such estimates should not therefore be taken as a routine. Generally, such forecasting is done with reference to the trend of past actuals. A better approach would be to relate these to the targets and their actualization, which can provide a far better opportunity to find out effectiveness of implementation of the Programmes where from such receipts, accrue to the Government.

- 5.7.3 In certain cases it becomes necessary for the Government of Jammu and Kashmir because of its commitments to the public, to take up Programmes, essentially of socio-economic nature, receipts where from not commensurate with the expenditure are incurred thereon. In other words, such a short fall in the receipts expected from a Programme take the form of **subsidies**, such as subsidies given on the sale of agricultural inputs or the support price for purchase of various products. The receipts from such Programme do not form part of the receipt budget. These programmes are either implemented by the Government or by other autonomous agencies generally owned by the Government. In case implementation is directly with the Government, receipts from these activities are taken as deduct receipts under the relevant Functional Heads so that net effects of expenditure becomes visible at a glance. This has to be on account of the subsidies only but sometimes other factors also contribute to such excess expenditures which, therefore, call for an analysis of all relevant factors for application of necessary correctives. When these functions are left to be undertaken by autonomous organizations, the component of subsidy carefully worked out becomes payable to them.
- 5.7.4 Receipts from such activities when estimated need to be worked out, apart from other things, with reference to the envisaged target of sales/procurements. If such parameters are not enforced cautiously, the effective control over grant of these subsidies may slip and thus cause avoidable burden on the exchequer.
- 5.7.5 Massive assistance for implementation of various Programmes with social orientation is received in kind from various national and global bodies. Sale proceeds of such material obtained by

the Government in accordance with the terms and conditions attaching to such assistance need to be forecast and provided for in the budget distinctly under the relevant Functional Head of Account.

- 5.7.6 Although the forecasts of Non-Tax Revenues are generally based on current demand but sometimes arrears also get accumulated. Such activities, generally include interest receipts, dividends and profits, police deployed for dealing with law and order and for security requirements of other governments and private parties, sale of goods/manufactured by the prisoners, testing fees, sale of stationery and gazettes, rent of government buildings, contributions towards leave and pensionary benefits, receipts from water supply schemes, recoveries from local bodies, sale of agriculture inputs, sale of timber and other forest produce, receipts from irrigation schemes, receipts from sale of power, rent from industrial estates, sale of livestock, poultry, fish, auction proceeds of condemned vehicles, dead stock etc. In all such cases, while handling forecasting of the recoveries it becomes necessary to take into consideration the quantum of arrears recoverable during a budget period. The exercise can also provide an opportunity to analyze reasons for accumulation of arrears for the required administrative action. Dead arrears may have to be written off for recorded reasons by the authority competent to do so under rules and regulations prescribed for the purpose. Such sources are major non-tax revenues and forecasting of income there from has to be done objectively. That is, targets have to be determined according to the existing installed capacities and the level of their utilization on a most scientific basis. The estimation from these sources of revenue does not have to be *ad hoc* or exclusively related to the past actuals. In other words, we have to find out potentials and how these can be optimally achieved. Better tapping of these sources can also contribute to bringing about improvements in the general economic health of the Union Territory of Jammu and Kashmir.
- 5.7.7 Stocks are also created by undertaking some of the activities, for example, goods produced in jails and as a result of trainings imparted in various industrial and social welfare fields. The

stocks are also created in public works departments. Accumulation of such stocks results in blockage of capital, which is not desirable. Forecasting of receipts under such relevant functions should therefore, take into consideration reduction in level of stocks and keeping these within permissible limit. Building of unnecessary inventories results in avoidable costs, as these have to be maintained involving provision of space, security, accounting etc. Thus such of the stocks, which should not be retained after proper survey, need to be disposed off fetching whatever money is possible. Holding of stocks of whatever nature beyond prescribed or reasonable limits is a financial irregularity.

5.8.0 Grant in aid from Central Government

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

1. Revenue deficit grants;
2. grants for Capital schemes;
3. grants for central sector schemes;
4. grants for centrally sponsored schemes;
5. grants for special assistance schemes; and
6. grants for various individual programmes.

In short the Central Grants are either for Revenue or Capital Expenditure purposes. The Revenue grants are given by the Centre to the Union Territory of Jammu and Kashmir pursuant to the provisions made in the Indian Constitution and rule and regulations made thereunder. Bulk of these grants is based on the recommendations of the Finance Commission. Some of the grants come outside these recommendations also like subvention from Central Roads Fund, Grants for Relief and Rehabilitation of Displaced persons, grants in lieu of pension contributions and other grants. The Ministries incharge of Central Schemes and Centrally Sponsored Schemes also release grants to cover

expenditure on implementation of such Programmes entrusted to them from time to time.

5.8.2 Whereas the Statutory Grants based on the recommendations of the Finance Commission are earmarked on five yearly bases, the quantum of Capital grants is fixed on annual basis. The grants for purposes other than these are based on annual requirements of the States/Union territories for implementation of the programmes of national importance.

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

- i. details of various entitlements from the Union Government;
- ii. details of the Central Schemes and the Centrally Sponsored Schemes, which are available from various Ministries of the Union Government; and
- iii. procedures to be followed for claiming transfer of resources from the Union Government on various accounts.

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

preparation of a **financial resource statement** for Plan funding. Such a forecast adopted for five years is reviewed annually. Sometimes midterm appraisals are also undertaken.

5.9.0 Additional Resource Mobilization

5.9.1 Rationalization of the existing sources and identification of new measures to be taken up for additional resource mobilization has to be highly thoughtful exercise because these proposals not only effect the economy of the Union Territory of Jammu and Kashmir but also should carry with it public acceptability as far as possible. The additional resource mobilization proposals forming part of the budget can be both in the tax and non-tax categories of revenue receipts. Any such good measure has the following main characteristics:—

1. should be well manageable;
2. should have buoyancy i.e. potential for a good sustained growth;
3. should involve minimal reasonable administrative costs;
4. should have public acceptability;
5. should be in keeping with deference for economic and social goals/commitments at the Union Territory and National levels.

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

economic parameters are well absorbed by the public who have to bear their brunt.

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

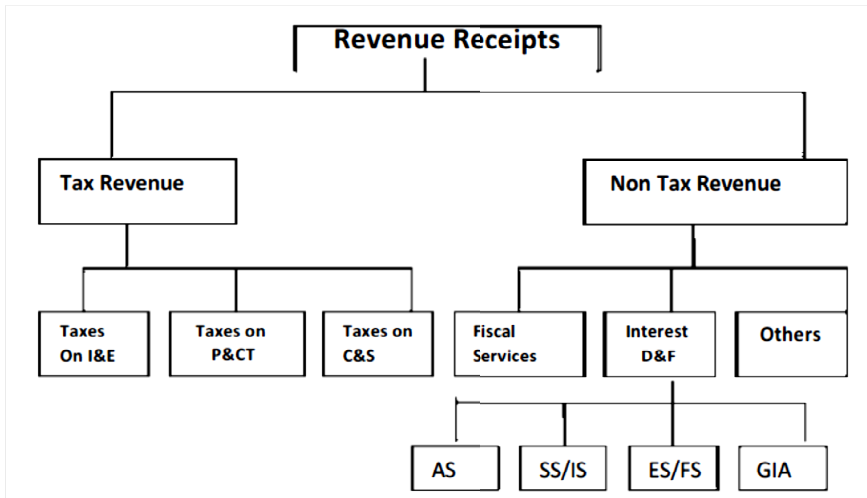
5.10.0 Transfer of the resources from Government of Jammu and Kashmir to Local Self Governments

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

the local bodies”. Sometimes, these collections are also passed on to these Bodies as grants- in- aid to cover the recovery of taxes and other revenue for and on their behalf or for any other purpose(s).

5.11.0 Over all view of Revenue Receipts Budget

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



I & E = Income & Expenditure, P & CT = Property & Capital Transaction, C&S= Commodities & Services,

D & F = Dividends and Profits, AS = Administrative Sector, SS= Social Sector, ES = Economic Sector, IS=Infrastructure Sector, FS=Finance Sector and GIA = Grants-in-aid.

CHAPTER 6

Estimates of Expenditure within Revenue Account

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

6.2.0 Administrative levels for estimation

Estimation of expenditure within the Revenue Account starts from the grass root level of the administrative set up. The authority who has to implement a Programme can alone be the best judge of its financial requirements, particularly when these are need based. For purposes of accountability and putting the estimation made at grass roots level in the general frame of the budget, it is necessary that the forecasts made at this level are scrutinized at higher levels also. The following levels of administrative set up are involved in expenditure forecasting:—

1. Disbursing officer;
2. Drawing and disbursing officer;
3. Budget Controlling Officer;
4. Head of the department;

5. Administrative department;
 6. Finance Department.
- 6.2.2 Drawing and Disbursing Officers are placed in different areas and make draws from the respective treasuries for disbursement within their jurisdiction. There are more than one Drawing and Disbursing officers under the control of a Budget Controlling Officer. The Head of the Departments exercises control over his Controlling Officers. Administrative Departments, who formulate expenditure policies, exercise control over their Heads of Departments. The Finance Department exercises financial control over all the Administrative Departments.
- 6.2.3 Flow of data for formulation of budget moves in the same manner. One Head of the Department looks after one Function. Sometimes, however, more than one Head of the Department control a Function and for this purpose jurisdiction are marked on geographical considerations. It is also possible that different aspects of the same Function are attended to by more than one Department. Like, in case of Education, operation of Educational Institutions are under Director of Education, the works relating thereto in the form of upkeep of assets as also their creation are carried out by the Public Works Department and grant of education loans is handled by some other department. All these Departments, however, work out the estimates and book the expenditures using the Functional Accounts Classification prescribed for the Function. This equally holds good for other Functions. There has, therefore, to be close coordination between different Departments performing a Function. All of them prepare the estimates of their requirements, which are consolidated in the Finance Department.
- 6.2.4 Every agency connected with forecasting of this type of expenditure has to bear in mind that estimates are to be drawn as accurately as possible. Over budgeting is full of risks and excess in an estimate is as much a financial irregularity as excess in expenditure. This is particularly true about the estimates of ordinary expenditure, which are of a standing nature. The expenditure estimates of this nature provide an important base

for working out Ways and Means budget, which is drawn to plan timely and regular flow of cash during the budget year, an important exercise, because evenness of such a flow throughout the year is marred by various constraints. Faulty estimation can even lead to cash crunches and cause difficulties in implementation of Programmes.

6.3.0 Components of expenditure within Revenue Account

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

01. Establishment Costs;
02. Other Costs.

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

6.4.0 Estimates of establishment costs

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

1. Basic pay;
2. Special pay, if any;
3. Dearness allowance;
4. City Compensatory allowance;
5. House Rent allowance;
6. Risk allowance;
7. Conveyance allowance;
8. Washing allowance;
9. Personal pay;
10. Fixed medical allowance;

11. Leave travel concession;
12. Interim relief;
13. Hardship allowance;
14. Festival advance;
15. Overtime allowance;
16. Winter allowance;
17. Kit maintenance allowance;
18. Medical allowance/Medical reimbursement;
19. Sumptuary allowance;
20. Rural health allowance;
21. Project allowance;
22. Basta allowance;
23. Cash in lieu of leave salary;
24. Charge allowance;
25. Officiating pay;
26. Contributory Provident fund (employer's contribution);
27. Pensionary Charges (employer's contribution);
28. Compensatory allowance/Border allowance;
29. Any other allowance.

6.4.2 The object of expenditure 'Salaries' has not to be mistaken for wages, estimation whereunder takes care of payments to be made to daily rated workers irrespective of the periods for which they are engaged. Wages are not of a standing order and have not to be included in the Salaries. Similarly, the head Salaries also exclude workers engaged in connection with implementation of works and projects. Expenditure on such establishment generally termed as Work Charged Employees form a component of the cost of the individual projects/works and have to be treated as such for budget estimation. Casual/seasonal workers like *safayee karamcharies*, *farm workers*, *nursery labour*, who are part time/seasonal workers in an office have not also to be accounted for under Salaries. Instead their cost is a charge on the head 'Wages (Outsourcing)'.

- 6.4.3 The components of Salary as mentioned here-in-before are scale regulated and payable monthly or on predefined dates. These do not include Travel Expenses, which are reimbursed (unless paid in advance under relevant rule and adjusted subsequently) to the employees after they undertake tours under competent orders. Such charges are estimated and booked under Travel Expenses, which is a separate Object of Expenditure. Conveyance Charges paid as part of Salary are accounted for under the head 'Salary'.
- 6.4.4 Details of estimates under Salaries are worked out on establishment budget forms, which are designed in a manner so as to bring out details of Salary payable. The details are worked out systematically individual by individual. Anticipated increases in the current level of Salary by way of increments are also worked out according to the prescribed parameters. These estimates for department are consolidated by the Head of the Department. The following are the important points, which have to be kept in view while making this exercise:
1. Estimates have to be prepared in respect of the staff strength which stands sanctioned for the Department and on the approved rates of pay and allowances. No revision in such strength and rates should be assumed even if the same is strongly expected.
 2. The estimates should take care of pay and allowances expected to be drawn during a budget year.
 3. In case of vacant posts, the estimates should be proposed at the minimum of the scale of pay attached to such posts.
 4. When an employee is on leave and a substitute is engaged in such temporary vacancy, provision should be made for both leave salary payable to the original incumbent as also the emoluments payable to the substitute appointed in his place, keeping in view also the period of leave sanctioned.
 5. Since the intention is that the estimates should be as accurate as possible, provision for an employee working on a higher post but placed in a lower scale of pay should be made in the lower scale only. The implication of putting such an employee in the higher grade during the course of a year gets reflected in the revised estimates for the year.

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

6.4.5 Compilation of the establishment budget provides an opportunity for reviewing the staff strength sanctioned and that in position for implementation of an Activity. The Head of the Department should make this review so that surplus staff if any is identified and submit a report in this behalf as part of budget proposal to the Administrative Department who will decide about the steps that should be taken to deal with the surplus staff or arranging additional posts as per requirements in consultation with the Finance Department. These costs, if not, properly controlled become unsustainable. Downsizing of administration is a complicated problem because it generally leads to litigations. Once surplus staff is identified. It can help in evolving suitable plans acceptable to the employees for its downsizing by way of adjustment in positions where it can be productive. Such identification can also make the planners and policy framers conscious of the avoidable expenditure incurred on the surplus staff.

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

6.5.0 Estimates of other fixed costs

6.5.1 Estimates of fixed charges for running an office should be based on the average expenditure incurred during the past three years.

In case of items of expenditure, which are governed by regular sanctions, such as engagement of labour and their rate of wages should be the guide for estimating financial requirements under the Object of Expenditure 'Wages (Outsourcing)'.

- 6.5.2 Maintenance and Repairs of the existing assets is also an important component of other fixed costs. Assets are created with heavy investments and it will be only prudent to maintain these in a proper form. Generally, it has been observed that the assets are not kept in good conditions. Estimates under the Object of Expenditure Maintenance and Repairs need, therefore, to be drawn carefully which may *inter alia*, involve surveying the assets and finding out their actual maintenance requirements. There is a practice of evolving norms for maintenance of assets, which are approved by the competent authority before adoption. Generally such norms are fixed as percentage of the capital investments. Such norms no doubt facilitate taking of decisions with regard to adoption of estimates under this object of expenditure; the system has some inherent deficiencies. Norms may not necessarily meet the actual fund requirements for maintenance. In case of newly created assets maintenance requirements may not be substantial and urgent. Working out estimates in such cases on the basis of the approved percentages of capital cost can cause over budgeting. Similarly, the capital cost in respect of old assets is not such which can provide a suitable base for assumption of maintenance and upkeep estimates. The best approach, therefore, is to evolve the maintenance estimates in two components i.e. actual need for upkeep of an asset based on properly organized surveys, and routine maintenance and upkeep requirements, which can be assumed with reference to the norms evolved on scientific grounds. These estimates are worked out by Public Works Department separately in respect of each Function. This will have the advantage of earmarking funds for individual Functions and watching their utilization with reference to the purpose for which these are granted. The funds made available in this manner should be made known to the respective Functional Departments to enable them to press of their utilization on maintenance of their assets.

- 6.5.3 Some of the Objects of Expenditure under Other Costs are stock backed like Materials and Supplies, Tools and Plants, Machinery and Equipment, Clothing and Bedding, Furniture and Fixture, Uniforms, POL, Rent/Rates and Taxes, Drugs and Instruments and the like. Estimates under these heads have to be adopted carefully because the user Departments have a tendency to overestimate their requirements. Every such budget estimate, therefore, be backed by sufficient data and information. Every proposal for adoption of these estimates should justify the estimated requirement with reference to the stocks already held, details of the assessment for the year, basis taken for judicious assessment, estimated cost of the assessment made indicating the source of the rates adopted for the purpose. Inventory created in the process of these purchases has necessarily to be kept within reasonable limits as otherwise, there will be blockade of capital, a serious financial irregularity calling for the required administrative action. At the same time, these requirements should also not be underestimated particularly in case of consumables like drugs provided to the needy through hospitals and dispensaries or class room aids needed by the educational institutions. Such under estimates eventually bring disrepute to the Government, which is not a good situation.
- 6.5.4 Grants-in-Aid also constitute an important component under other Fixed Costs. These are given to Non-Government Organizations (NGOs) to facilitate taking up of such of the Activities, which are normally supposed to be performed by the Government as a part of their socioeconomic commitments. Every Department connected with payment of grants prepares and adopt a set of rules to regulate such payments. These Departments also maintain list of the organizations that are given such grants. Estimates under this object of expenditure have to be based on entitlements worked out in accordance with the rules and regulations. Generally, this assistance is given to the NGOs as re-imbursement of expenditure already incurred by them. That being so, it becomes necessary to ensure that utilization certificates in respect of the earlier grants are taken into considerations while framing such proposals. Every Department reaches a level of disbursement of grants and any estimates crossing this level beyond a reasonable limit have to be

supported by full justification. The NGOs receiving grants need also to be inspected by the Designated Authority under relevant rules. These inspection reports should be taken into consideration while working out estimates under the head Grants-in-Aid.

6.5.5 Institutional finances are also available to NGOs for funding of their Schemes/Activities towards accomplishment of their declared objectives. Availing of such funding facilities has to be encouraged in the interests of the overall economic development of the Union Territory of Jammu and Kashmir. Forecasting requirement of funds for grants should therefore take into consideration the efforts made by an NGO in channelizing institutional finances into its activities.

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

1. rule and regulations governing giving of GIAs;
2. utilization of the grants released earlier;
3. inspection report of the Designated Authority under GIA rules;
4. efforts made in the area of pumping in institutional finances into its activities by the organization claiming grants.

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

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

- 6.5.8 Generally, management of debt obligations and working out of budget estimates related thereto is taken as an accounting problem. These estimates are not by and large analyzed at the level of their adoption. Since the debt servicing constitutes a bulk charge on the expenditure, utmost care has to be taken while working out and adopting its forecasts. Such an exercise provides an opportunity to find out as to what extent the available resources from Public Debts have been tapped and whether their servicing is regular. Like in the case of Unfunded debts (GPF/CPF) it can be found as to what extent coverage of such schemes has reached or whether the loans available for Central Plan Schemes and Centrally Sponsored Schemes have been raised in full. Short falls in available debt raising or their irregular servicing can cause tremendous adversities in the financial management and upset the whole plan, present as well as future.
- 6.5.9 Subsidies borne by the Union Territory of Jammu and Kashmir for various socioeconomic purposes are also important commitments of Revenue Expenditure. Subsidies may be unavoidable in certain cases because with such measures, corrections can be applied in disparities prevailing in standards of living of different sections of the Society or these can help in increasing productivity for the ultimate economic health of the Union Territory of Jammu and Kashmir. Management of the subsidies should be highly effective so that chances of pilferages, if any, are minimized.
- 6.5.10 Subsidies are in respect of Programmes/Activities managed by the Government itself or those, which are handled by the Organizations/Agencies outside the Government including

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

- 6.5.11 Where the Programmes involving grant of subsidy are implemented by various field formations of the Union Territory of Jammu and Kashmir administrative set up, the forecasts are worked out on the basis of the expenditure estimates for procurement/manufacture of the items to be distributed, organizational set up for such distribution net work and other costs which are then adjusted towards sale proceeds. The gap between the two is the element of the subsidy. Expenditures and the receipts thus, envisaged are initially provided for in the Capital Expenditure Section of the budget and accounts. The gap (subsidy) is then transferred to the Revenue Account. In this exercise care has to be taken that all the costs are provided for which also include interest on the investments etc. so that no element of the subsidy remains hidden.
- 6.5.12 As regards subsidy given to the PSUs and other Autonomous Bodies like Local Self-Governments, Universities etc, every Programme for which subsidy is given needs a careful examination. In case of the Programmes, which are implemented by these organizations for and on behalf of the Government,

subsidizing the expenditure to the extent of 100% is justified. This can hold good for the expenditures committed by them as a result of Government policy and directives. Where, however, budgetary support is given as a general policy it should be linked to the factors, which may eventually help these organizations to stand on their own strength. In other words, these subsidies need to be treated as stopgap arrangements available only for short period durations. Such subsidies should, therefore, be on tapering basis and made subject to the Organizations' efforts to improve their financial health. In respect of PSUs, subsidies, which are classified as grants, have to be provided for in the 'Expenditure within Revenue Account' section of the budget under the appropriate Major Head of Account.

CHAPTER 7

Estimates of Capital Expenditure and Public Account

7.1.0 Estimates of public works

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

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

- a. Works fall within the ultimate jurisdiction and control of the Public Works Department like works relating to construction of roads including bridges, irrigation canals, khuls, water supply schemes, power projects etc. and those which relate to other departments such as construction of school buildings, medical buildings, culture buildings and other functional buildings. All the works have to be classified under Functional Heads of Account to which these relate. Thus, the works are either those, which are initiated and concluded in the Public Works Departments, or those which form part of the development of the Functions under control of different departments.
- b. Generally, because of their technical competence, all the works irrespective of the Functions to which these relate are executed by the Public Works Department and form a part of its budget. Exceptionally, however, works are also allowed to be executed by the respective Administrative Departments under special orders of the Government. In such cases the works expenditure estimates form part of the budget of such departments.

- c. Funds for the works belonging to the Public Works Department as mentioned at (01) above have to be arranged by that Department. On the other hand, funds for the works of other Functional Departments entrusted to the Public Works Department have to be initially arranged by those Departments. Once these form part of Public Works Department it becomes responsibility of that department to arrange and control funds earmarked for such purposes.
- d. Works excepting those relating to Repairs and Maintenance and of petty nature within the pre-determined financial ceilings are of development nature from general socio-economic point of view or in certain cases these constitute investmental expenditure designed to yield suitable financial returns. Whereas, Maintenance and Repair works as also Petty Works are treated as part of revenue budget, the others are provided for in the capital budget. However, since revenue resources are scarce to meet the requirements of maintenance, it is imperative to earmark 10-15% of capital component of all departments for maintenance. Financial requirement in respect of capital works for their execution are provided in the budget as a normal course after their examination like any other revenue budget estimates. The work to be provided for in the Developmental Plans, on the other hand, involves examination in depth not only because these works have wider financial implications but also because these provide for infrastructures for sustained economic growth of the Union Territory of Jammu and Kashmir. Techno-economic feasibility in respect of such works has to be worked out meticulously. Once it is established beyond doubt that it is necessary to take up such works/projects these form part of the Five Year and Annual Plans of the Government and are subjected to scrutiny at higher levels of planning process. The Government shall also constitute project clearance committee(s) for their recommendation to the taking of these as a part of the Union Territory of Jammu and Kashmir budget. It is incumbent upon the departments to constitute such committees with the concurrence of the Finance Department

- e. The development works/projects have their own gestation period. It is highly necessary that these gestation periods are carefully evolved, determined and controlled. It has generally been seen that project construction periods (gestation periods) if not adequately controlled can lead to time and cost over runs leading to the projects becoming unviable though considered to be viable at the time of their formulation. It then becomes difficult to accommodate these within the pre-fixed Plan Outlays without affecting other Developmental Programmes. In case of Major Projects, PERT and CPM provide better guidelines for determination of financial requirements on annual basis.
- f. Sometimes, projects are funded by external agencies, which may, for the Union Territory projects include national level funding arrangements concluded for such purposes, with the Central Government or any financial institution like HUDCO providing funds for housing projects, Power Finance Corporation, Rural Electrification Corporation for power projects, NABARD for agriculture and rural development and the like. In such situations it will be necessary to follow the guidelines or the conditions, if any, prescribed by such authorities from time to time and accepted to be followed by the project implementing agency while working out the estimates for a budget period.
- g. Some works are of strategic and national importance such as construction of National Highways and border roads. These works though funded and executed by the Central Government through their own agencies except to the extent allowed to be taken up by the Government of Jammu and Kashmir as a special arrangement form part of the Union Territory of Jammu and Kashmir budget. The expenditure forecasts for such works should be ascertained from the respective authorities for their incorporation in the budget.
- h. Certain road works are financed from Central Road Fund and are described as CRF works. Subvention from this

Fund is earmarked for taking up of road works as approved by the concerned Ministry of Government of India. Estimates for such works should be incorporated in the budget accordingly.

- i. The Government of India has also constituted a Fund captioned “National Highways Permanent Bridges Fund” from out of the proceeds of levy of fees for services rendered relating to the use of permanent bridges on national highways. The amount available to the credit of this Fund is allocated by the Central Government for development of National Highways in the Union Territory of Jammu and Kashmir, which is over and above the normal plan allocation. The individual works to be funded from this Fund have to be approved by the Central Government according to the proposals made available to them by the Union Territory of Jammu and Kashmir Government. Estimates in respect of such works should be included in the budget on this basis.
- j. There are some public works, which have commercial orientation, apart from their being necessary to meet social commitments. Irrigation works help the farmers to increase their agricultural production; power projects provide energy, which has its own value or water supply schemes are designed to provide portable drinking water. Objectively, every such project has to be included in a budget on the basis of their viability studies. In case of some of these projects clearance for their implementation has also to be obtained from National Level Authorities like Central Water Commission (CWC), Central Electricity Authority (CEA) and Central Wildlife Board. It is therefore, necessary that such approvals also form part of the examination of the expenditure forecasts in these cases.
- k. It is equally necessary that the preliminaries of Administrative Approval and Technical Sanction etc. are completed before the provision is made in the budget

proposals – the idea again being that there should be a reasonable chance of the proposed budget estimates being purposefully utilized during a year.

- l. In case of works-in-progress the proposals should be prepared with full justification making these as most realistic particularly keeping in mind the gestation period, the work already done and that likely to be done during the budget period.
- m. Minor works estimates may not be prepared in respect of individual works as that will be cumbersome and time consuming. Moreover, such works are generally stray works necessitated to be implemented due to various reasons which cannot be accurately foreseen. That being the reason, such estimates are generally based on trend of past actuals (actuals for the last three years) to be modified for the known reasons.
- n. The Estimates for Repairs and Maintenance should also be prepared with adequate care.

7.2.0 Establishment Budget of the Public Works Departments

- 7.2.1 The establishment of the Public Works Department is regular establishment or work charged staff. The work charged establishment is either put into regular scales of pay or retained on daily wages. Expenditure on both the categories of work charged establishment is directly attributable to the works and should therefore be part of the expenditure of works budget estimates. As regards regular establishment it is supervisory in nature and performs at sub-divisional and other levels of Public Works Departments. Expenditures estimates in respect of this establishment are worked out in accordance with the same guidelines as are applicable to the estimates relating to establishment of other Departments. Such estimates will, apart from Salaries, include other management expenditure requirements also. The same staff also takes care of designing and planning as well. As already mentioned earlier Public Works Departments have to implement works relating to different

Functions undertaken by the Government. Ordinarily, the common expenditure in the form of establishment and planning and designing should be provided under relevant Functional Heads of Account but it is very difficult to do so because following such a system will involve a lot of calculations which will make budgeting as also accounting complicated. In view of this, provision for the cost of combined establishment is made initially under one Major Head of Account and then at the close of year transferred to the relevant Functional Heads on proportionate basis. In order to further reduce such adjustments, the common expenditures are distributed between communication works, administrative and functional buildings and housing construction programmes only.

7.3.0 Estimates under Suspense

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

for the Public Works Department. Once these are rationally fixed and followed, expenditure control on execution of works becomes more effective and efficient.

7.4.0 Other Capital Expenditures:—

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

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

7.5.0 Public Debt Estimates

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

7.5.2 The Internal Debts are authorized to be raised and managed by the authorities designated for the purpose by the Government from time to time. Accordingly, it becomes necessary for the

Designated Authority to compile budget estimates in respect of Internal Debts. Management of these debts is vested with the Finance Department, who are therefore, required to maintain all the relevant records as may be prescribed in consultation with the Comptroller and Auditor General of India.

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

1. Estimates of inflow of Public Debt

- 1.1. Description of the public debt.
- 1.2. Source of the Debt.
- 1.3. Terms and conditions of the debt.
- 1.4. Estimated receipts for the year.

2. Disbursements

- 2.1 Outstanding, if any, including interest at the beginning of the year proceeding to that for which budget is prepared.
- 2.2 Additions to the debt including interest during the above year.
- 2.3 Repayment made during the above year

- 2.4 Payment of interest made during the above year.
- 2.5 Opening balance of the debt in the budget year for which estimates are drawn (2.1+2.2- 2.3-2.4)
- 2.6 Repayment of the debt during budget year based on agreements etc.
- 2.7 Payment of interest during budget year.
- 2.8 Provision of funds proposed for repayments in the said year.

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

7.6.0 Loans and Advances

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

7.6.2 In the present day financial management scenario funds for capital and other investments also become available from financial institutions and commercial banks. It, therefore, becomes necessary that these available resources are also channelised into the economic developmental process. One of the important mechanisms to do so can be by way of giving of

margin money loans to the PSUs, Local Bodies and other Autonomous Organizations including NGOs to facilitate raising of further institutional finances. There are however, certain Sectors where Government's direct intervention becomes necessary so as to ensure that the benefit of such loans reaches the needy and their effect is wide spread as far as possible.

- 7.6.3 Every loan granted has its own terms and conditions which generally depend upon nature of such loans. The Loans and Advances given by the Government are categorized as "Productive", "Semi-Productive" and "Non-Productive". This classification though conventional is adopted to regulate such loans and advances. As otherwise any capital investment has economic connotations, which may be tangible, intangible or both. The Government, therefore, formulates its own policy for grant of these third party loans which are then managed in accordance with the Rules and Regulations that may be framed pursuant to such policies in respect of every category of such Loans and Advances.
- 7.6.4 Every endeavor has to be made to recover the loans during the prescribed period of recovery inclusive of moratoriums, if any, provided. It has generally been seen that most of the loans are not recovered at the appropriate time during the stipulated period of recovery. This is particularly true about Loans and Advances granted by the Government. The recovery of their arrears at times and under certain circumstances becomes unmanageable. Formulation of the budget estimates under the category Loans and Advances provides an opportunity to review Loans and Advances disbursements and their recovery. Such an opportunity has to be made best use of so that loopholes wherever noticed are plugged. The exercise also helps in finding out as to how the targets fixed earlier have actualized so that defaulters if any, within and outside management are suitably dealt with. Drawing of estimates under Loans and Advances is therefore a serious exercise to be made by those who are holding their management and maintenance of accounts.

7.6.5 Loans and Advances estimates are in respect of both envisaged inflows and outflows. The estimation on both these sides has to be made accurately and the factors relevant to every category of Loans and Advances play a vital role in this forecasting. The guidelines to be followed in this exercise are indicated hereunder:—

1. Estimates of recoveries and disbursements need to be drawn separately by the authorities entrusted with the responsibility of managing these Loans and Advances. At the micro level, the estimates need to be framed in respect of each individual loanee which is eventually consolidated by the controlling officers under prescribed heads of account.
2. Detailed individual accounts provide an important clue for drawing of these estimates.
3. While drawing the estimates, it becomes necessary to ascertain the level of outstanding in respect of different categories of loans at the beginning of the year in respect of which budget is prepared. While working out these arrears it is equally necessary that these are grouped according to their age. Generally loans outstanding for more than a year is shown separately so that an idea can be framed as to how their recovery should be dealt with.
4. The controlling officers while consolidating the estimates relating to Loans and Advances should analyze the position of outstanding arrears and fix the targets of recovery in a most realistic manner. Overstating the estimates of recovery disturbs the Ways and Means position of the Government causing serious cash management problems.
5. While estimating disbursement of Loans and Advances it will be necessary to keep in mind the funds earmarked for the purpose in the capital outlays under different Sectors of a Developmental Plan.
6. There are certain Loans and Advances like education loans, which are disbursed, to loanees in a phased manner over a period of time. The Loans and Advances thus given create

a commitment which becomes first charge on the budget estimates drawn for such categories of loans and should therefore be dealt with accordingly.

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

7.7.0 Public Account

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

- 7.7.2 **Estimation:**—The main sections of Public Account are Small Savings, Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Miscellaneous and Remittances. The transactions occurring under each of these Sections are by and large of adjusting nature. The accounts are maintained by the Accounting Authority except in respect of the cases where such responsibility is undertaken by the Union Territory Government. Generally Small Savings, Provident Funds etc. accounts are maintained by the authorities, in Union Territory of Jammu and Kashmir. In respect of these accounts it is responsibility of the respective Account Maintaining Authorities to prepare budget estimates. These estimates are drawn on the basis of trend of past actuals which may however, be modified on certain known facts, for example, it may be found that full coverage has not been given to the employees in respect of their Provident Funds, Insurance Funds and Pension Funds. In that scenario therefore, a drive may have to be launched to bring more employees under these Schemes resulting consequently in pitching the estimates at a comparatively higher level.

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

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

CHAPTER 8

Budget Estimates in Respect of New Services

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

1. Substantial increase in the existing staff of a scheme.
2. Revision of pay scales involving additional recurring expenditure excepting that, which is caused by their unifications.
3. Conversion of the temporary posts into permanent one involving additional recurring expenditure over and above a pre-determined ceiling.
4. Revival of posts previously abolished with the cognizance of the Legislative Assembly.
5. Refund of amounts in pursuance of a deliberate change in policy.
6. Purchase of new machinery, plant or other stock on non-recurring basis involving an expenditure of large scale.
7. Substantial increase in grants-in-aid given to various organizations including NGOs.

8.2.0 Expenditure on a New Service cannot be incurred unless it has been provided for in the budget. For this purpose, therefore, it is necessary that self contained proposals are drawn, examined and

sanctioned by the competent authority declared or set up in this behalf before their inclusion in the budget.

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

CHAPTER 9

Consolidation of the Budget

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

9.2.0 Ways & Means estimation

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

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

9.2.3 More details for making ways and means forecasting are given in Chapter 15 titled “Cash management for Budget implementation”

9.3.0 Fiscal Responsibility

9.3.1 Consolidation of the budget casts a responsibility on Government in the Finance Department to ensure that the data

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

9.3.2 While moving in the above direction the erstwhile Legislative Assembly has enacted “Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006” which shall remain in operation after implementation of the Jammu and Kashmir Reorganisation Act, 2019 from the appointed day without amendments as required under law.

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

9.4.0 Holding of Budget Cabinet Meeting

9.4.1 Once consolidation of the Budget is completed, the Minister in charge Finance Department shall arrange convening of a Cabinet meeting where the proposals shall be discussed and approved to be laid before the Union Territory of Jammu and Kashmir Legislative Assembly on a date fixed for the purpose. The

Memorandum for Submission to the Budget Cabinet as approved by the Finance Minister shall, *interalia*, specify:

1. the overall financial health of the Union Territory of Jammu and Kashmir on various economic indicators,
2. overall position of the estimates of receipts and disbursements, spelling out the measures to be taken to bridge the deficits and how these can be converted into sustainable surpluses,
3. financial policy statements both short term and medium term,
4. disclosures required to be made before the Union Territory of Jammu and Kashmir Legislative Assembly while presenting the budget, and
5. any other matter considered necessary to be brought to the notice of the cabinet for approval or information.

9.4.2 It is necessary for the Minister in charge Finance Department to ensure compliance with the provisions of the “Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006” and rules made thereunder.

CHAPTER 10

Passage of Budget in the Legislature

10.1.0 General

- 10.1.1 All the matters relating to a budget are dealt with in Legislature in a special annual session called “Budget Session”. The budget as compiled by the Government shall be placed before Legislature of UT of J&K on a date fixed by the Head of the State namely, the Lieutenant Governor in the same manner as is laid down in the Parliament by the Department of Economic Affairs, Ministry of Finance, Government of India.
- 10.1.2 Budget session generally starts around the last week of February or first week of March every year. The Legislature is required to complete the whole process of passing the budget and adopting the Acts of Appropriation before commencement of the financial year to which they relate. Under certain exigencies, say during an election year, the Budget Session may be held at some other time of the financial year after the newly elected Government assumes office.
- 10.1.3 The deliberations of Legislature take place in the following stages:—
1. Presentation of budget.
 2. Moving of Demands for Grants.
 3. Consideration of Appropriation Bill and
 4. Adoption of the Appropriation Act.
- 10.1.4 All these stages of budget examination and its approval by the Legislature have necessarily to be backed by sanctions of the Lieutenant Governor for which Chief Minister makes a special request to Lieutenant Governor soon after holding of customary Budget Cabinet meeting. These sanctions are the instruments issued separately as under:—
1. Memorandum from Chief Minister to the Lieutenant Governor.

2. Sanction of the Lieutenant Governor to the presentation and consideration of the budget.
3. Sanction of the Lieutenant Governor for moving of Demands for Grants.
4. Sanction of the Lieutenant Governor for introduction and consideration of Appropriation Bills.

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

10.2.0 Presentation of Budget

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

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

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

1. Supplement to Budget Documents (Urban Local Bodies).
2. Supplement to Budget Documents (Rural Local Bodies).
3. Statement of subsidies.
4. Statement of Gender Responsive Budgeting.

5. Information in respect of own Tax, Non-Tax revenue, transfers from Centre, Revenue and Capital Expenditure.
6. Action Taken Report on announcements made in the previous Budget Speech and Budget-at-a-glance are also being placed as part of the Budget documents.

10.2.4 In order to enable the Hon'ble members of the Legislature to appreciate the current economic background of the UT, an Economic Survey shall be tabled in the Legislature one or two days prior to budget presentation. The Budget presentation is followed by general discussion on the budget proposals of the Government in the Legislature. Every member is free to raise any issue relating to the budget during these general discussions. Every political party and independent members are allotted time by the Speaker according to a time schedule evolved and adopted for the purpose after consultations with the leaders of the different parties in accordance with the rules prescribed for conduct of business in the House.

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

10.3.0 Moving of Demands for Grants

10.3.1 Demands for Grants are statements of expenditure to cover requirements of the Government on various functions undertaken by it through its various Departments and for which authorization of the Legislature is required. Obviously, Demands for Grants include all expenditures in the Consolidated Fund other than those, which are declared as charged on the Fund under provisions of the Constitution of India and J&K Re-organization Act, 2019. The charged items of expenditure are not subject to vote of the Legislature. There is however, no bar in discussing components of the charged expenditure also. One Demand for Grants generally covers activities of one Department. There may, however, be more than one Demand for Grants for a Department depending upon magnitude of the activities undertaken.

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

Part I - Indicates total funds required under a Demand.

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

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

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

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

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

02 budget estimates for the year to which budget relates.

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

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

“that a sum of not exceeding_____be granted to the Government to defray charges which will come in course of payment during the year ending 31st day of March in respect of_____.”

10.3.5 The words “not exceeding” may be noted. It means that only maximum amount of the requirement is mentioned in the motion which when passed cannot be exceeded. The motion thus moved becomes open for deliberations by the Hon’ble members.

10.3.6 When a Demand is moved in the manner mentioned above, members are free to table Cut Motions with the objective of

making reductions in the amount in a particular Demand. Cut motions create a chance to enable a member to ventilate his/her grievances about a specific policy or its implementation by a Department of the Government.

10.3.7 As defined in Business Rules of Legislative Assembly amended from time to time, there are three types of Cut Motions, namely:—

1. disapproval of policy Cut,
2. economy Cut, and
3. token Cut.

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

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

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

10.4.0 Consideration of Appropriation Bills

10.4.1 Voting of expenditure estimates through Demands for Grants does not by itself confer authority to the Government for

incurring of expenditures. Therefore, after the Demands for Grants are passed by the Legislative Assembly an Appropriation Bill is introduced by the Finance Minister for consideration and passing by the House. As pointed out earlier this process has also to be undertaken with the sanction of the Lieutenant Governor.

- 10.4.2 The Appropriation Bill aims at authorizing appropriation from and out of the Consolidated Fund of all moneys voted as well as those which are treated as ‘charged’ on the Consolidated Fund as per relevant Sections of the J&K Re-organization Act, 2019. The services and the purposes for which appropriations are thus proposed to be obtained are indicated in the schedule attached to the Appropriation Bill.
- 10.4.3 The bill when introduced and taken up for consideration is put to a general debate by the members of the House. This debate is restricted to the matters of public importance. Only such of the points can be raised which have not been brought under consideration during discussions on Demands for Grants or general discussions on the budget. No amendments can be proposed to the Appropriation Bill which have the effect of varying the amount or altering the destination of the Grants made earlier by the House. The debate on the Appropriation Bill is concluded by the Finance Minister who replies the points raised by the participants in the debate. Thereafter the Bill is put to vote of the Legislative Assembly. After the Bill is thus passed other processes as discussed here-in-after are undertaken to give it shape of an Act of the Legislature.
- 10.4.4 The Appropriation Bill when passed by the Legislature shall be submitted to the Lieutenant Governor for his assent. Once this assent is accorded, the Appropriation Bill becomes an Appropriation Act giving legal authority to the Government to incur expenditure from and out of the Consolidated Fund in accordance with the stipulations made in the Act.

10.5.0 Money Bill and Finance Bill

- 10.5.1 These are two types of the Bills provided for in the Constitution for dealing with the financial matters of the UT by the Legislature. Distinction between Money Bill and Finance Bill

has to be understood clearly. A Money Bill is deemed to be one if it contains ONLY provisions dealing with all or any of the following matters:—

1. The imposition, abolition, remission alteration or regulation of any tax;
2. The regulation of borrowing powers of the Government;
3. Custody of the Consolidated Fund or the Contingency Fund, the payment of moneys into or withdrawal of money from any such Fund;
4. The appropriation of moneys out of the Consolidated Fund;
5. The declaring of any expenditure as charged on the Consolidated Fund or increasing amount of any such expenditure;
6. The receipt of money on account of Consolidated Fund or Public Account or the custody or issue of such money or the audit of the accounts of the Union Territory;
7. Any matter incidental to any of the matters specified above.

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

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

10.5.4 All Money Bills are introduced in the Legislative Assembly with the sanction of the Lieutenant Governor.

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

1. Those Bills which contain any of the matter, which fall within the jurisdiction of Money Bill, but doesnot deal

exclusively with such matters. The example can be a Bill, which has a clause dealing with taxation but does not exclusively deal with the taxation as such.

2. Those ordinary Bills which involve expenditure from the Consolidated Fund.

10.6.0 Vote on Account

- 10.6.1 The Legislative Assembly has powers to make any Grant in advance in respect of the estimated expenditure for a part of any financial year pending completion of the procedure prescribed for such Grants and passing of the law authorizing appropriation of moneys out of the Consolidated Fund to meet that expenditure. Such Grants are called "Vote on Account."
- 10.6.2 Necessity for obtaining a Vote on Account may arise every year so as to give full opportunity to the Legislature to discuss the Annual Financial Statement and the period of such an examination may extend beyond the date of commencement of the financial year to which this statement relates. In order to enable the Government to meet expenditure on various services during this period they obtain Vote on Account. Similarly, in the year when general election has to be held, the Government of the day may choose to obtain a Vote on Account.
- 10.6.3 The Vote on Account has also to be backed by an Appropriation Act which is obtained in the same manner as is done in case of a full budget.

10.7.0 Supplementary Grants

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

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

10.8.0 Additional Grants

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

10.9.0 Excess Grants

- 10.9.1 If after close of a financial year it is found that expenditure under a Grant has been more than the amount of funds that was available as a result of obtaining original Grants through Annual Financial Statement or Supplementary or Additional Grants obtained through Supplementary Statements of Expenditure or through both, Excess Grants have to be obtained from the Legislature. For this purpose a Statement of Excess Expenditure is presented to the Legislative Assembly by the Finance Minister. Thus the "Excess Grants" are those, which are necessitated to cover the expenditures, which have been found to be in excess of the appropriations available during a year, which has already passed. It is therefore a post budget exercise. Such excesses are brought out in the Appropriation Accounts and the Excess Grants to cover these are obtained on the recommendations of the Public Accounts Committee. This Committee examines each such case before making its recommendations.

10.10.0 Exceptional Grants

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

10.11.0 Token Grants

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

10.12.0 Procedures in Financial Matters

10.12.1 The constitutional provisions on Budget and Budget related issues as enshrined in the Constitution of India are given in **Appendix-3** at the end of this Part of the Manual. Motion for taking a Demand for Grant into consideration by the House is moved by the concerned Minister is shown in **Appendix-2**. The Appropriation Bills and other related documents shall be laid down in the legislature in the same manner as Union Budget is presented in the Central Government by the Department of Economic Affairs, Ministry of Finance, Government of India.

CHAPTER 11

Distribution of Budget

11.1.0 Distribution of budget

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

1. that the expenditure has to be kept within the Appropriation as is made available from and out of the Consolidated Fund through the instrument of Appropriation Act;
2. that the Appropriation has to be applied for the purpose(s), service(s) for which these are granted by the Legislature. The purpose(s) and service(s) are described together with appropriation limits in the “Detailed Grants” which form basis of an Appropriation Act.

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

11.1.3 With the above basic parameters, the first step of execution of budget is distribution of the Grants. The Finance Department is required to communicate, through the Administrative Department concerned, to the Heads of Departments the Grants placed at their disposal under various Heads of Account during the budget year. Copies of relevant Demands for Grants, which as already mentioned, gives all the required details and form basis of the Appropriation Act after these are passed by the Legislative Assembly, should be enclosed to such distribution of

Grants orders. This action should be done by Finance Department (Budget Division) soon after the Appropriation Act becomes available and in no case later than April 10th every year. While doing so, the Finance Department is required to draw specific attention to—

1. the amounts if limited or reduced by the Legislative Assembly; and
2. the items of New Expenditure for which Appropriation has been authorized by the Legislature so as to facilitate issuance of administrative orders for implementation of such items of new expenditure.

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

1. Process of distribution of funds should be completed as early as possible and in any case it should be made before close of month of April every year.
2. Allotment of funds for charged items of expenditure should be separately indicated from the items, which are voted.
3. While making distribution of funds complete classification of accounts right from Major Head of Account down below to the Object of Expenditure should be clearly indicated.
4. Funds available under an Object of Expenditure may be distributed as a whole or a portion thereof may be kept as reserve. The later course may be found more pragmatic, as this will ultimately help in exercise of a better financial control over the subordinate officers.
5. Distribution of funds may not be made in respect of such of schemes/programmes for which Head of the Department

proposes to retain the entire appropriation and incur the expenditure centrally for the Department. Such an action should, however, have sufficient justification and should be taken for recorded reasons.

6. Any increase or reduction subsequently made in a Grant or a part thereof by the competent authority through an act of Re-appropriation or by obtaining Supplementary Grants needs to be communicated to the concerned Drawing and Disbursing Officers immediately after such decisions are taken and orders to regulate them are issued.
7. In order to exercise itemized control and for better expenditure planning, funds available under an Object of Expenditure may be sub-divided for example, funds under Office Expenses may be divided between Postage, Contingencies etc. Such distribution of funds will constitute only an "Order of Allotment" and so long as it remains within overall availability of funds no sanction of any authority is required to make such distribution or even to change it from time to time. Order of allotment does not constitute an Appropriation which is authorized by the Legislature and watched by the Accountant General on its behalf.
8. In order to **enforce economy** in expenditure, the Government may sometimes order reduction in allocations in specific or general terms. The reductions thus made should be kept in view by all concerned Departments and Budget Controlling Officers while making allotment of funds, in case the same are not already applied at source by Finance Department while authorizing grants.
9. Under certain heads of account minus entries also appear which are on account of credits such as recoveries under suspense heads or the amounts transferred from one Major Head of Account to another, i. e. on account of establishment costs in case of Public Works Department or recoveries made under a Capital Major Head relating to a trading activity and the like, because gross amounts are

included in the Appropriation Act in respect of such transactions. Actualization of envisaged recoveries/credits has also to be watched and it will be necessary if target for making of these recoveries are also fixed for Drawing and Disbursing Officers while making the allotment of funds.

- 11.1.5 The allotments made should be recorded in a register termed as “Register of Grants and Appropriations” to keep a note of availability of the Original Grants, their distribution among subordinate officers and modifications, if any, made therein from time to time.
- 11.1.6 Copies of the allotment orders should invariably be made available to the concerned Treasury Officers to enable them to exercise budgetary control from the Treasury. Similarly copies of these orders should be given to the Accountant General who will need these for conduct of Appropriation Audit.
- 11.1.7 Once the budget allotments are received by the Drawing and Disbursing Officers they should open a budget register for recording details of such allotments made in their favour or as these may be modified from time to time by the competent authority. This register should also be used to record expenditures against the budget allotments in respect of different heads of accounts. The expenditure details need to be recorded in this register on monthly basis from basic accounting records. The idea being that the actual position with regard to net availability of funds at the end of the each month is easily ascertained. Separate pages should be opened for different Minor and Sub-Heads under operation with a Drawing and Disbursing Officer.

CHAPTER 12

Control over Expenditure

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

1. Drawing and Disbursing Officer
2. Concerned Treasury
3. Budget Controlling Officer
4. Head of the Department
5. Administrative Department
6. Office of the Comptroller and Auditor General
7. Finance Department

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

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

1. allotment are spent on the purpose(s) for which these have been granted;
2. an allotment is not utilized for any item of expenditure which is not covered by sanction - general or special. Only such works shall be authorized for execution as have prior administrative approval, technical sanction and appropriate financial backup;

3. allotment for charged items of expenditure are not appropriated to voted expenditure or vice versa; and
4. no expenditure is incurred on the items for which allotment of funds has been specifically refused;
5. Expenditure monitoring shall be done on a real time basis through Information Technology enabled services like BEAMS, Public Financial Management System (PFMS) and Direct Benefit Transfer (DBT);
6. The procurement plans of the Departments in the next fiscal shall be limited by an outermost cap of 60 days. From conceiving the nature and quantity of public goods and services to be procured to preparing tender/RFQs/EOIs to finally awarding the contract, the departments shall compulsorily finish the whole process within 50 days invariably;
7. The Annual Procurement Plan needs to be prepared by each Department before the commencement of the Financial Year and the same shall be placed on their website.

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

12.5.0 As a matter of principle the claims against Government should be settled as and when these arise. Accumulation of liabilities does not reflect a sound financial management. Under certain circumstances, it so happens that some liabilities remain unsettled at the time of close of the financial year and are carried

forward to the following year. The authorized liabilities thus, carried forward become a first charge on the subsequent years budget. An Appropriation made available to the Head of the Department or to a subordinate officer is supposed to take care of past liabilities also. Reasons for carrying forward liabilities should be investigated by the Budget Controlling Officer and report in this behalf submitted to the Administrative and Finance Departments for necessary action at their end.

12.6.0 An Appropriation is operative up to close of a financial year when any un-spent balance lapses and is not available for utilization in the following year. After close of a financial year on 31st of March all the transactions pertaining to that year which have remained unsettled are treated as pertaining to the following year. *Bona fide* transfer entries necessitated due to corrections etc. in the accounts are allowed to be made even after 31st of March till such time the accounts remain open and are not finally closed.

12.7.0 The sole aim of the procedure prescribed for distribution of Grants and prescribing of pre-requisite of sanctioning of expenditure is to ensure quick, effective and judicious implementation of the Programmes budgeted for. This is particularly true for implementation of plan programmes envisaged in the budget for the year. Any delay in taking up of such Programmes disturbs the targets set for the Development Planning process. The time overruns have to be avoided as far as possible. In order to ensure the delays are reduced, the Government functionaries at various levels are given wide financial delegations particularly in respect of sanctioning of developmental schemes. Under the present arrangements, the developmental programmes relating to the development of a district are specifically identified. For speedy implementation, district headquarters are made focal points for sanctioning, implementing, monitoring and evaluation of such Programmes. District Development Commissioners have been given wide powers to accomplish this objective. Moving a step further in these direction even Cabinet meetings is held at district

headquarters for sanctioning the developmental Programmes, which are not within the authority of a District Development Commissioner.

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

12.9.0 Control over expenditure by Drawing and Disbursing Officers

12.9.1 With the implementation of Civil Accounting System as recommended by the Comptroller and Auditor General of India from time to time all the detailed accounts in respect of expenditure up to the lowest tier of classification shall be maintained in the form as prescribed by the Comptroller and Auditor General of India. The basic accounting details along with vouchers/electronic vouchers etc. prepared by Drawing and Disbursing Officers shall be submitted by the Treasury Officer/Pay and Accounts Officer who in turn shall furnish accounts to the authority designated by law.

12.9.2 With the above background, it becomes necessary for a Drawing and Disbursing Officer to give complete and correct

classification on the bills which are presented by them at the treasury while operating on the budgetary allocations made in their favour by their respective Budget Controlling Officers.

- 12.9.3 It is equally necessary that up to date record of expenditure against a budget allocation is also maintained by a Drawing and Disbursing Officer so that it becomes easy to keep the expenditure within the authorized budgetary allocation. This budget control register format should correspond to the format of such control registers maintained at the treasury to facilitate periodical reconciliation.
- 12.9.4 The Drawing and Disbursing Officers should at the close of each month reconcile accounts of expenditure against budget with the Treasury records in accordance with a predetermined procedure.
- 12.9.5 A consolidated statement of expenditure against the budget allocation in respect of every head of account should be drawn at the close of every month for submission to the Budget Controlling Officer. Such an account statement should invariably be supported by a treasury document (drawal verification certificate) authenticating the details of expenditure. This occasion needs also to be used to find out behaviour of the budget through the process of working out anticipated savings or excess for appropriate action. No savings should be held back as reserve for possible future excesses not covered by the allocations for the year. Copies of these expenditure accounts also need to be forwarded to the Budget Controlling Officer within a maximum period of seven days of the month following that to which these relates.

12.10.0 Control over expenditure by Budget Controlling Officers

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

broad sheet will bring out the defaults in receipt of return from the Drawing and Disbursing Officers for quick administrative action.

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

1. accounts classification recorded in the returns is correct;
2. the progressive totals of the expenditure have been correctly noted;
3. that the expenditure up-to-date is within the grant or appropriation;
4. the quantum of savings/excess, if any, indicated in the return have been correctly worked out;
5. the return has been signed by the Drawing and Disbursing Officer.

12.10.3 When the returns of all the Drawing and Disbursing Officers have been received and examined, a monthly compilation and reconciliation sheet should be prepared by the Budget Controlling Officer. Separate sheet shall be opened for every head of account. These sheets indicating the total expenditure incurred by every Drawing and Disbursing Officer as also by the Budget Controlling Officer will form basis for reconciliation of accounts with the authority designated as per law.

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

1. The outlay under a head is utilized proportionately as far as possible during a year. This is particularly necessary in respect of fixed expenditure. Any disproportionate expenditure, which comes to notice, must be investigated for such action as may be deemed necessary.
2. Anticipated savings if any should be immediately surrendered to Government without waiting till end of the year. No savings should be held in reserve for meeting any possible future excesses. The money should not be spent in haste just because funds are available, which if not utilized

will lapse to the Government. Rush of expenditure in the last quarter of the financial year and more particularly in the last month of the financial year should be avoided. Expenditure during the last quarter should be restricted to not more than 30% of the Revised Estimates. Treasury Officers/Pay and Accounts Officers (PAOs) shall have an added responsibility to ensure that the Departments are held to the above expenditure ceiling. Ideally, there ought to be greater evenness in the budgeted expenditure within the financial year, especially in respect of items entailing large sums of advance releases and transfers to Corpus funds, Tendency of parking of funds should also be minimized.

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

12.11.0 Control over expenditure by Administrative/Finance Department

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

12.11.2 The Finance Department apart from exercising control over expenditure is also responsible for maintaining adequate cash balances with the treasuries. Similarly, this Department is required to perform the function of controlling the financial aspects of Central-Union Territory financial relations. In order to

enable discharge of these duties, the department is required to maintain the accounts and develop the required data bank in accordance with the procedure laid down for the purpose, in Chapter 16 of this Manual. In this exercise the Comptroller and Auditor General through designating authority has an obligation to render all assistance to the Finance Department as per requirements from time to time.

12.12.0 Budgetary control at Treasury

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

12.12.2 The budget, as approved by the Legislative Assembly has to be the only authentic and lawful document for incurring of expenditures, which has to incorporate in it all details quite meticulously. Strictly, speaking, expenditure of not even a penny can be incurred by the Government except on the purpose(s) for which it is identified and granted by the Legislative Assembly. Yet every attempt has to be made to bring in maximum transparency in the budget, so that full details, with regard to envisaged Programmes and Activities together with their basic inputs under a Function becomes available to the implementing agency as early as possible after commencement of a financial year to which a budget relates. In case the budget is not a true reflection of all the activities, control over it is rendered difficult. Accomplishment of this objective should not be difficult. The Development Programmes are either, on-going or new

Programmes. In case of ongoing Programmes, financial estimation of the required inputs is always available. It may be difficult to determine expenditure inputs in detail, with sufficient degree of accuracy in case of new Programmes, nevertheless there has to be a forecast in this area also because without that, determination of an outlay will be absolutely *ad hoc*, which is not a sound financial management practice. Keeping, the present scenario in view, it is high time that determination of financial estimates in respect of various inputs for a Developmental Programme is made a pre-budget exercise, linking it at the same time to the prescribed pattern of accounts classification which in any case, has to be uniform both for developmental and non-developmental financial transactions of a Government and that also at the national level in accordance with Constitutionally backed guidelines prescribed by the Comptroller and Auditor General of India from time to time. Separate and divergent systems of classification, for developmental and non-developmental activities cannot be followed for it will render coordination difficult. After all, pattern of classification prescribed by the Comptroller and Auditor General, common to both developmental and non-developmental activities is a well thought out exercise having legal sanctity. It is only through the use of common classifications that the Planning, budgeting, accounting and reporting operations can be integrated.

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

12.12.4 Communication of budget allocation to the Treasury:—The pattern and the format to be used for the purpose should be

uniform and classification/computer friendly. Budget communication orders form the foundation for the structure of the required budgetary control. The budget communication in this manner through notified Budget Controlling Officers alone should be entertained at the Treasury.

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

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

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

2. Enable making of returns on the basis of the data available in the register to create an overall managerial account for the Government activities in their totality. It has been given this name because it will not be a substitute for the accounts compiled by the authority designated by the Comptroller and Auditor General of India.

12.12.7 **BCR for Civil Departments:**—It will have three parts as under:—

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

Part-II Recording budget allocation made to a Drawing and Disbursing Officer for various activities under a Function during a year with supplements/reductions, if any, separately for Revenue, Capital Expenditure, and district Capital Expenditure, externally aided projects (EAP) and Central Schemes.

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

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

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

12.12.1 Use of Treasury data to produce Government's managerial

accounts:—Presently, the Government Accounts are compiled by Accountant General. For this purpose the Treasuries render various returns supported by detailed vouchers to the Accountant General within a defined frame of time. By and large, this prescribed timetable is followed by the Treasury and all the details, returns etc. for a month become available to the Accountant General by 10th of the following month. In view of this, it should be possible to bring out Monthly Civil Accounts and other Annual Accounts, which are supposed to be compiled, promptly. This does not, however, happen for various reasons and these accounts become available much after the event. One of the important factors, for such a delay is that reconciliation of expenditure and receipts is not made by the departmental officers with the Accountant General's Office as per prescribed schedule of time. Compilation also falls in arrears, because of tremendous increase in the volume of the transactions, difficult to be handled centrally by one agency. In order to meet Constitutional obligation the departmental accounts received by the Accountant General through Treasury are incorporated in most of the cases without reconciliation. This fact, coupled with inadequate (some time even wrong) accounting classification recorded on vouchers leads to misclassification of transactions and the present belief is that this menace has assumed alarming proportion. Thus, the accounts returns produced by the Accountant General do not serve the managerial requirements of the Government and have assumed only a historical purpose. Whereas, the present system, of rendering accounts to the Accountant General may have to continue as its discontinuation and takeover of accounting function by the Government has its own ramifications, legal, financial and administrative which need a detailed study. It is however, necessary now that some via media is found to evolve and monitor Government Account with managerial orientation involving least additional effort and cost. This can be done by making the optimum use of the data available from the Treasury in its Budget Control Register, Madwars, and Lists of Payment and Cash Accounts.

12.12.11 Since Drawing and Disbursing Officers have constant dealings with the Treasuries, it will be necessary to have codification on scientific basis.

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

1. Abstract of Revenue Receipts in the treasury drawn from the monthly cash account.
2. Abstract of Expenditure on the basis of the Budget Control Register.
3. Abstract of Receipts and Disbursements in respect of individual Functional Heads of Account falling under Public Debt, Loans and Advances, Unfunded Debts and other heads under Public Account.

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

1. Returns received from Mufassil (Sub) Treasuries shall be consolidated into an account for the District.
2. The account of the Districts compiled as above shall be consolidated separately for Jammu and Kashmir divisions of the Government.
3. The Divisional Accounts, thus, worked out shall be consolidated to make the account for the Government as a whole.

4. The overall compilation of Union Territory level accounts shall be the responsibility of Directorate General of Accounts and Treasuries. The accounts shall be periodically reconciled with the accounts rendered to the accounting authority designated by law.

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

12.13.0 Adjusting Accounts

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

12.13.2 As a process of budgetary control, the treasury officers should report monthly, the aggregate debits and credits raised under these adjusting heads. Similarly, the Union Territory of Jammu and Kashmir Accounting Authority should also report the adjustments/cash transactions that originate in that office under these heads of account to the Finance Department on monthly basis. With the help of such details the Finance Department will be able to find out how far these settlements remain pending and need to be pursued with the help of a properly designed return of such accounts and its analysis at the periodical intervals.

12.14.0 Control of Expenditure through BEAMS Application

12.14.1 The control over expenditure at all levels shall now become easy with the introduction of BEAMS in the Union territory from last two years. The BEAMS is an online application which enables budget control over the expenditure on real time basis and there are minimal chances of misclassification under new system.

12.14.2 All the control process mentioned in the pre-paras at all levels has become now quite easy with the implementation of the BEAMS throughout the Union Territory of Jammu and Kashmir.

CHAPTER 13

Budget Allocation Estimation Monitoring System (BEAMS)

- 13.1.0 In a bid to have paperless budget, Government of Jammu and Kashmir has introduced Budget Estimation Allocation Monitoring System (BEAMS) with the objective of facilitating easy co-ordination among the Drawing and Disbursing Officer, Head of Departments, respective Administrative Departments, Finance Department and Union Territory of Jammu and Kashmir Treasuries/PAO offices through Electronic Platform. This system owes its origin from one of the core infrastructure components introduced by the Government of India under National e-governance Plan (NeGP) to support budgeting process more efficiently, improve cash flow management, promote real time reconciliation of accounts, and strengthening management information systems. Improved accuracy and timelines in preparation of accounts bring transparency and efficiency in public delivery systems and for better financial management along with improved quality of governance in the Union Territory of Jammu and Kashmir.
- 13.1.1 The BEAMS is an online computerized system to distribute the budget and to authorize expenditure. As soon as the budget is released, the Administrative Departments can allocate funds to their Controlling Officers/Drawing and Disbursing Officers through this system. All the expenditure is thereafter not only checked for budget availability before the bills can be submitted, but also the monthly cash flows are controlled against pre-determined targets.
- 13.1.2 This system permits the withdrawal/surrender of budget grants. The system provides limited facility to modify cash flows. Management Information System (MIS) within the reporting System gives various reports on budget authorizations, cash flows, fund transfer transactions and authorization slips generation.
- 13.2.0 Scope of BEAMS**
- 13.2.1 BEAMS application has a wide scope in comparison to the manual budgeting process which lacks transparency and is

construed with difficulties due to time delay in authorizations, ineffective monitoring and budget control mechanism. The new system offers greater flexibility of inputs and in return process for greater emphasis on outputs and performance. The BEAMS application enables to view budget allocation instantly without any time delay just at the click of the button. The flow of information is very reliable, accurate and fast enabling better monitoring, control and sustainable decision support system for better planning and expenditure audit. The BEAMS has inbuilt tools enabling internal budget control and external interface in following manner.

13.3.0 Internal Monitoring and Budget control tools

13.3.1 Following are the functional tools available within the application which augment internal control mechanism—

- Budget Estimation
- Budget Allocation
- Withdrawals and Re-allocation
- Excess/Surrender
- Re-appropriations
- Budget Control Register
- Monitoring of the CSS and other resources
- Budget Release order, Discussion Sheets

13.4.0 External Interface Support System

13.4.1 BEAMS enable following external interface mechanisms:—

- Integration with Treasury/PAO system
- Interface between functional DDO and Payment system
- Reporting and expenditure reconciliation system with Accounting authority

13.5.0 Objectives of BEAMS

13.5.1 Objectives of the BEAMS application can be summed up as under:—

- To automate the workflow process of Budget Estimation and Budget Allocation functioning and carry out the processes, defined in a systematic manner.

- To enable exchange of Data between BEAMS and Treasury Net.
- To generate data for Budget Expenditure monitoring.
- To provide interface for exchange of information with AG/accounting authority.
- To keep the checks and balances on diversion/blockage of funds.
- To monitor the Centrally Sponsored Schemes (CSS) and the generation of utilization certificates.

13.6.0 Budgeting Structure levels

13.6.1 There are various levels of Budget Estimation and Data exchange. The information flows from one level to another in a bidirectional manner. Each level is defined as under.

13.7.0 Drawing and Disbursing (DDO) level

13.7.1 DDO is the basic expenditure incurring level in the overall budget allocation, monitoring and control system. BEAMS application enables each DDO to frame online Budget Estimates which are approved by the Budget Controlling Officer (BCO) and information flow in upward direction as well as downward direction.

13.8.0 Budget Controlling Officer (BCO) Level

13.8.1 At this level the Budget is scrutinized which is furnished by each DDO under the jurisdiction of one BCO and the scrutinized Budget after made necessary changes if any are forwarded online by the BCO to the next higher authority which is the Budget Controlling Authority (BCA), most probably Head of the Department.

13.9.0 Budget Controlling Authority (BCA)

13.9.1 At the level of BCA the Budget of the Department is prepared which comprises of, the budget furnished by each subordinate BCO and the corrections made at each subordinate levels are scrutinized at the level of BCA and the whole Budget Estimates of the Department are furnished by the BCA in the application to the next higher authority which is the Administrative Department

(FDA) and ultimately it is the FDA which formulate budget of the whole Department at the Union Territory level.

13.10.0 Finance Department (FD)

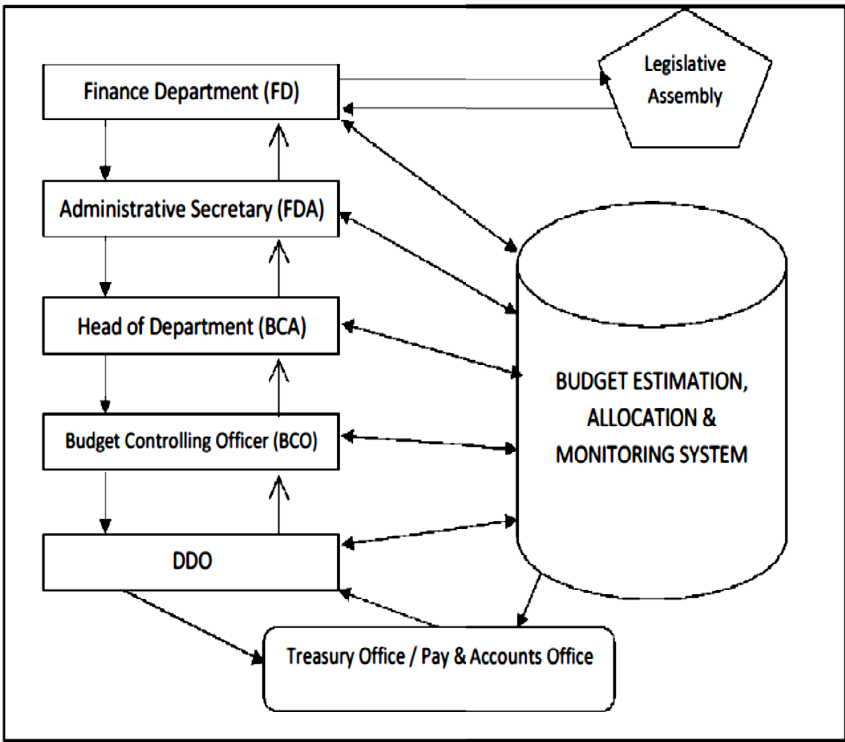
13.10.1 The Budget formulated by the BCAs at the Union Territory Level is consolidated thereafter at the Finance Department in tandem with the availability of the resources. The FD level in the application has access to the whole budget of the Union Territory of Jammu and Kashmir and Management Information System (MIS) is developed in the application at FD level. The flow of Information from FD level to down the DDO levels is bidirectional.

13.10.2 The matrix below shows the role of each Functional authority and their nomenclature in the BEAMS Software Application.

S. No.	Role defined in BEAMS	Functional Authority	Job Profile	
			Distribution	Estimation
1	FD	Finance Department	Fund Allocation starts from this point. The FD release the funds for HOD	Final authority to finalize the estimation received various from department and forward to Budget Preparation authority
2.	FDA	Administrative Secretaries	Receives the Allocation from the FD and forward to the Heads of the Departments	Finalize the estimation of the Department and forward to the Finance Department
3.	BCA	Heads of the Department	Receives the Allocation and further allocates the funds to District Level Officers or to DDO's	Complies the estimation of District/Sectoral Officer and forward to the administrative secretaries
4.	BCO	Financial Advisor/ Chief Accounts Officer/	Receive the Funds Allocation from the BCA and further	Compiles the estimation received from DDO/Lower level BCO under his jurisdiction and

		Accounts Officer	distribute the Funds among lower level BCO or DDO	forward to BCA
5.	DDO	Drawing and Disbursing Officer	Receive the Funds either from BCA or BCO and book the expenditure against the allocation	Prepare the Estimation of the office and forward it to theBCO or BCA

13.10.3 The Budget formulation involves from the actual base unit of expenditure incurring authority to the highest level which authorizes the expenditure that is Legislature of the Union Territory of Jammu and Kashmir. The structural System of BEAMS is shown diagrammatically as under:—



13.11.0 BEAMS Systems

13.11.1 The descriptions of various Systems of BEAMS application are given as under.

13.12.0 Estimation System

13.12.1 Under this System, budget estimates in the prescribed formats are formulated. The estimation System involves two modes of processing systems, one is the estimate formulation by the maker system and another is the scrutinisation/checking of the estimates by the checker system. The two processes in the Budget Estimation System are—

- a) Budget Estimation Proposals/Compilation
- b) Budget Estimation Approvals

13.13.0 Allocation System

13.13.1 The budget formulated in the Estimation System after proper approval is allocated to various Departments through this System. All the levels from the FD to DDO level is involved in the Budget allocation part. The various processes involved in this System involve:

- a) Budget Allocation
- b) Additional Allocation
- c) Common Scheme Allocation
- d) Resources Allocation

13.14.0 Expenditure System

13.14.1 Under this System expenditure can be monitored on real time basis directly from treasury system. The expenditure progress can be monitored on monthly basis under all the head of accounts from detailed head to the major head of account department-wise. This is an important tool for top management level for ensuring better fund utilization management and liquidity management. The processes involved in this System include—

- a) Bill Entry

- b) Authorization Slip Generation
- c) Treasury Interface

13.15.0 Budget Cut System

13.15.1 This System of BEAMS gives position of anticipated excess/surrender position so that appropriate decision is taken whether to withdraw funds or re-allocate under different head of account. This System involve following three processes:—

- a) Withdrawal
- b) Surrender
- c) Re-allocation/re-appropriation

13.16.0 Reporting System

13.16.1 BEAMS application enables to generate various statements which are vital from the management's perspective and facilitates building a constructive Management Information System which could be explored for effective performance appraisal and valuable for implementation of zero-based Budgeting and performance based Budgeting system. The reporting System of the BEAMS application generate following reports relevant for effective governance and up-to-date information which can be utilized for calculation of various developmental indices. These reports are as under:—

- a) Budget Release Orders
- b) Budget Allocation and Expenditure Reports
- c) DDO Budget Register
- d) Discussion Sheets
- e) Resources Funds Position
- f) Re-appropriation Orders

13.17.0 Interfacing System

13.17.1 The BEAMS application can be interfaced with other systems to take mutual benefits of each sub-system in the overall Integrated Financial Management System. The BEAMS application can be

integrated with the Public Financial Management System (PFMS) application to obtain information of each Centrally Sponsored Scheme and its corresponding Union Territory share to be adopted for distribution through BEAMS. The BEAMS has to be integrated with the Treasury/PAO system to ensure adherence to proper accounting standards under relevant heads of accounts as per the allocations made by the Finance Department. The expenditure shall be booked in the Treasury/PAO only under the proper classification which shall be easily accessed from the BEAMS application. The BEAMS application is integrated with the Pay-Sys/DDO application to get the exact estimates from the DDOs including Salary Budget under Revenue Account as well as Capital Expenditure Budget. Following are the three systems with which BEAMS integration is under final stages and shall be a major step forward to develop an efficient and effective Integrated Financial Management System in the Union Territory of Jammu and Kashmir for better public delivery and governance system.

- a) Public Financial Management System (PFMS)
- b) Treasury/PAO System
- c) Pay-Sys/DDO Application

13.18.0 Receipt of Budget Estimates in the Finance Department

13.18.1 The Budget Estimates are being received in the Finance Department through BEAMS online portal, apart from Budget Estimation has to be made by each Department in the prescribed formats which are given in **Appendix 1** of this manual.

CHAPTER 14

Revised Estimates

- 14.1.0 As a result of control over expenditure which aims at constant review of the expenditure visa-vis the appropriations available under a head of account probable savings and excess come to light which will obviously, necessitate revision in the original estimates and the estimates thus revised are termed as “revised estimates”.
- 14.2.0 The “revised estimates” are, therefore, estimates of the probable revenue or expenditure of a financial year under various heads of account worked out in course of time while the budget is under implementation during a year.
- 14.3.0 These estimates have to be drawn in proforma which has the columns like head of account, original budget, actuals for the last six months of the previous year, actuals for the first six months of the budget or up to end of the month in which the exercise is made and the anticipated expenditure for the year.
- 14.4.0 Actuals for the first six months of the year and the actual for the last six months of the previous year can be very helpful indicators of the revised estimates. This information should not however be accepted without a check/analysis as the base for such estimation of revised estimates for which all other known factors should also be taken into consideration
- 14.5.0 By the time revised estimates of expenditure are drawn all sanctions for implementation of the programmes in respect of which lump sum provisions are made in the original budget due to one reason or another are expected to have been issued by the competent authority(s). In the revised estimates of the year there is therefore need to incorporate full details of the estimates up to the lowest tier of accounts classification. The revised estimates drawn in this manner will present a fair picture of the expenditure plans and how these are behaving during the process of implementation.

14.6.0 Modified Grants

- 14.6.1 Original estimates when these are modified by valid orders of re-appropriation, acceptance of surrenders or supplementary

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

14.7.0 Re-appropriations

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

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

1. Re-appropriation cannot be sanctioned from one Grant to another. Within a Grant also such orders which will aim at re-appropriation of funds from Revenue Account to Capital Account and vice-versa cannot be made.
2. Re-appropriation cannot be made from charged items to voted items and vice-versa.
3. Re-appropriation cannot be made to create an appropriation for meeting expenditure on a new service not contemplated in the original budget.

4. Re-appropriation cannot be made after close of the financial year.
5. Re-appropriation cannot be made in order to create provision of funds for such items which have been specifically omitted or reduced by the Legislature.

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

1. Re-appropriation to meet such expenditures which do not stand sanctioned by a competent authority cannot be made.
2. No re-appropriation can be made from salaries to meet expenditures on any other object of expenditure.
3. No re-appropriation may be made from savings to supplement a contract grant.
4. No re-appropriation is permissible from non-recurring items of expenditure to meet additional expenditure on recurring items.
5. No part of the provision of new service, which is not required for the purpose for which it was included in the estimates shall be utilized for any other purpose.
6. No re-appropriation is made from a lump sum provision provided in the budget pending sanction to its details.
7. No re-appropriation should be made which will result in increase in the provision meant for temporary staff.

8. Re-appropriation from or to funds provided for secret services cannot also be made.
9. Grants provided for one industrial concern cannot be diverted to other such concern.
10. No re-appropriation should be made which will involve expenditure during future year also.
11. Monetary limit for sanction of re-appropriation by the Administrative Departments shall be fixed by the Finance Department from time to time.

14.7.4 In addition of the above restrictions the general restrictions for sanction of re-appropriation by the Government are equally applicable.

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

1. Re-appropriation can be made in respect of the grants placed at their disposal only.
2. No re-appropriation can be made to supplement funds under travel expenses or temporary establishments unless such establishments stand sanctioned by the competent authority from time to time.
3. No re-appropriation is made from the estimates provided in the budget for special purposes.
4. No re-appropriation is made from the provision meant for grants-in-aid to the outside institutions.
5. In case of Head of Departments re-appropriations should not exceed the limit prescribed for the purpose by the Finance Department from time to time.

14.7.6 In case of Public Works Departments, the Chief Engineers have full powers to sanction re-appropriation of works grants subject of course to the above general and special restrictions. In other words, no monetary ceilings are prescribed for such

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

1. No expenditure on a new works is incurred unless it is administratively approved and orders of the competent authority to the taking up of such works have been obtained.
2. No re-appropriations should be made from plan to non-plan works ordinarily. The Chief Engineer may however do so for recorded reasons.
3. Re-appropriations involving works of various departments should not be made without their prior consent.
4. Re-appropriation from original works to repairs should be made by the Finance Department only.

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

14.8.0 Appropriation Accounts

14.8.1 Once final re-appropriation process is complete, implementation of a budget during a year gets concluded. The overall position of the behavior of the budget thus gets known and is reflected in the Appropriation Account prepared by the Comptroller & Auditor General of India. This account indicates the original estimates as approved by the Legislature and how these stand modified by the Acts of Re-appropriation, Supplementary Grants and acceptance of Surrenders. Such accounts are prepared in respect of every individual Grant and presented to the Legislature by the Comptroller & Auditor General with comments. The Appropriation Accounts thus placed before the Legislature are referred to the Public Accounts Committee by it for their examination and making of final recommendations which become a binding for implementation. The excesses, wherever these may have occurred due to valid reasons, get regularized by obtaining “Excess Grants” from the Legislature, obviously after close of the year to which these relate. The same procedure is followed for obtaining these Excess Grants as is done in case of a normal appropriation act or for getting Supplementary Grants.

CHAPTER 15

Cash Management for Budget Implementation

- 15.1.0 The cash management has two basic aspects, namely drawing of ways and means forecasts and making of resource arrangements. Broadly, the ways and means involves determination of cash availability and identifying the steps needed to manage the gaps between the cash inflow and outflow during the forecast period or to invest the surplus cash, if any, during such periods to yield optimum returns ensuring at the same time their easy retrievability. Resource arrangements on the other hand, is a system whereby total cash availability worked out through ways and means exercise is distributed among Government treasuries enabling these to meet their local demands.
- 15.2.0 Responsibility for doing this exercise is that of the Finance Department who have to be assisted in this behalf by the Budget Controlling Officers because they are in the best position to know the period in which a particular item of receipt pertaining to a department will be realized or a particular payment will be made.
- 15.3.0 Every system of making ways and means exercise by the Finance Department, essentially involves:—
1. determination of the forecast period in a year;
 2. identifying the authorities in the Governments administrative setup to be involved in making the forecast;
 3. methodology to be followed for working out the forecasts; and
 4. interpretation of the forecasts for determination of the gaps and surpluses, if any.
- 15.4.0 **Determination of Forecast periods.**—Forecast period in relation to the ways and means exercise is that portion of a budget year in respect of which estimated inflow and outflow of the cash under various budgeted programmes is worked out with

the objective of reducing the element of their uncertainty and also making it possible to closely watch their actualization. Duration of this period can obviously, be decided on the basis of the previous experience of the behaviour of the budget estimates projected for a year, broken into various periods. It equally depends upon the financial health of the Union Territory of Jammu and Kashmir during a particular year. Sound financial position enables fixation of longer ways and means forecast periods. On the other hand, financial crunch will certainly call for going in for smaller forecast periods. Pattern of budgeting followed by the Government has also a close bearing on deciding such a forecast period. Because of various constraints both administrative and financial, it sometimes becomes necessary to make lump sum provisions in respect of various budgeted programmes. This is particularly true about Capital developmental outlays and some non-Capital expenditures like making of provision for likely increases in the salary and wage structure of the employees. These lump sum provisions are broken into details under various expenditure object heads at different stages of budget implementation during a year. All such situations can vary from time to time, and therefore, ways and means forecast periods cannot be fixed permanently as a rule. Review of the forecasts may have to be made even during currency of a forecast period so as to account for unforeseen and the unpredictable elements of receipts and expenditure. Generally speaking, a quarter in a year is taken as a reasonable forecast period in a developing economy where realization of receipts is full of uncertainties and expenditure incurring dependent upon number of physical and financial constraints.

15.5.0 Authorities to be involved in Ways and Means forecasting.—

Immediate responsibility for successful implementation of the budget rests with the Controlling Officers, declared as such by the Government from time to time. The list of these officers can decrease or increase with deletion of the completed schemes and addition of new programmes in the budget of a financial year. In order to have ready information about these officers the Finance

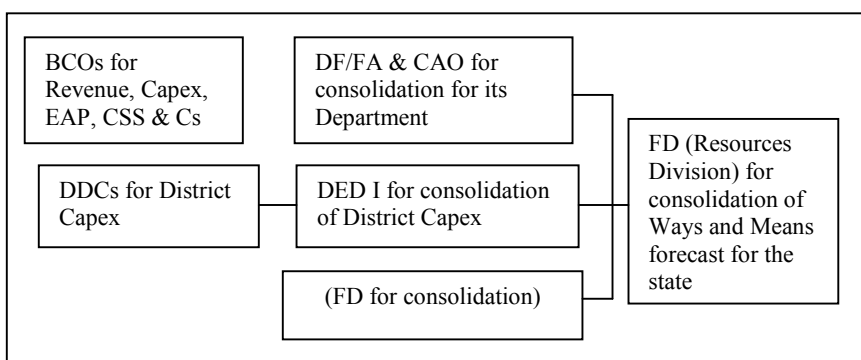
Department may link them to the various programme heads of account and incorporate their details in the Demands for Grants as presented to the Legislative Assembly from year to year. It will facilitate identification of a Controlling Officer in respect of a head of account with reference to the Demand for Grants relevant to his/her department. The Controlling Officers may be grouped for various budget programmes as under:—

1. For Revenue, Capital and Union Territory of Jammu and Kashmir level externally aided programmes, centrally sponsored schemes or central sector schemes **Financial Advisor/Chief Accounts Officer/Accounts Officer of the respective functional department.**
2. For District Capital expenditure, including district level externally aided programmes, centrally sponsored schemes or Central Capital schemes **District Development Commissioners.**
3. For interest, internal debt of Government loans and advances from the Central Government, unfunded debts and other accounts grouped in the section Public Account of the Budget **Resource/Budget Division in the Finance Department.**

15.6.0 It may be cumbersome to deal with all the Budget Controlling Officers individually for purposes of the cash management, which involves collecting of data/information almost constantly throughout the year. These officers should, therefore, be grouped under various administrative departments where the services of the Director, Finance(s)/FA&CAO should be utilized to collect and consolidate the forecasts received from respective Budget Controlling Officers. The Director, Finance(s)/FA&CAO being representative of the Finance Department are charged with this responsibility and asked to submit the returns of ways and means forecasts to that department as and when called for. Involvement of the Director, Finance(s)/FA&CAO should, however, be restricted only to (01) above. The developmental programmes at

the district level taken up either as a part of District Capital or as EAP or centrally sponsored schemes are under better control of the District Development Commissioners coordinated by the Budget and Development Expenditure Divisions in the Finance Department. Ways and means forecasts prepared by the District Development Commissioners should be consolidated by the said Division of the Finance Department. In respect of the heads of account controlled by the Finance Department directly or through its heads of departments, the forecasts should be consolidated and processed for final adoptions by its Resources Division. The information/data from various quarters shall have to be consolidated at the apex in the Finance Department (Resource Division) so that ways and means forecast for the Union Territory of Jammu and Kashmir as a whole becomes available.

15.7.0 The flow of information/data for ways and means forecasting as mentioned above, is described as in the following chart:—



Note:—BCOs=Budget Controlling Officers, DDCs=District Development Commissioners, DF=Director Finance, FA & CAO=Financial Advisor & Chief Accounts Officer, DED I=Development Expenditure Division-I, FD=Finance Department

15.8.0 **Methodology for working of ways and means forecast.**—The forecast has to cover every activity involving finances i. e., receipts as also disbursement as provided for in the

‘Consolidated Fund’ and ‘Public Account’ sections of the budget of a financial year.

15.9.0 The ‘fixed Inputs’ are in a way expenditures relating to administrative and supervisory aspects of the governance and can, thus, be more or less evenly distributed over different months of a financial year. ‘Variable inputs’, on the other hand are such budgetary commitments which are not evenly distributable, but can arise at different times depending upon various considerations, like availability of working periods, PERT and Critical Path Methodology (CPM) charts of major works and projects, finalization of contracts, availability of required materials etc. and above all, examination and sanctioning of the programmes and the activities under valid orders of the competent authorities at various administrative levels, more so because in the system of public finance availability of appropriation alone is not an authority for incurring of expenditures, which have necessarily to be backed by the competent sanctions also.

15.10.0 In order to make forecasts in respect of ‘fixed’ and ‘variable’ inputs more realistically, it will be necessary to work out these separately for Revenue and Capital budgeted programmes and activities. Ideally, the budget for the Union Territory of Jammu and Kashmir should be an action plan with full transparency about the various expenditure inputs whether Capital or Revenue. Finalization of details of Capital outlays should be a pre-budget exercise. The Capital outlays, in essence, have, either to be in respect of ‘ongoing programmes’ or for the ‘new programmes’. ‘Ongoing programmes’ are committed expenditure on the total Capital, be it Union Territory of Jammu and Kashmir, District or Central/Centrally Sponsored Sectors. That being so, details of expenditure commitments in respect of such programmes are known and can be easily anticipated for the ensuing financial year in respect of which a budget is prepared. By and large, these details are also backed by appropriate sanctions. It may be under very exceptional circumstances that

decisions may have to be taken to abandon such programmes or curtail expenditures thereon due to various reasons, still such decisions can easily be a pre-budget exercise. Outlays for 'new programmes' should be worked out at least in broader details, because financial requirements have to be worked out and provided for in the budget. Every attempt has to be made to get the new programmes drawn, examined and sanctioned by the competent authority before commencement of a budget year. All these processes of Capital finalization have to be completed within a well defined time schedule as prescribed keeping in view that budget presentation and its passage for obtaining an eventual budget law from the Legislative Assembly has, in any case, to be accomplished by end of March of the year preceding that to which the budget relates. In this background block provisions have to be made only in rare cases. In actual practice the details of Capital outlays are to be worked out by the Budget Controlling Officers and made available to the Finance Department through online BEAMS application. Such details are also discussed and settled at least in case of 'ongoing programmes', 'new programmes' alone being left to be decided separately. Once, this is done, it will ensure not only, implementation of the developmental programmes right from the beginning of every financial year but will also go a long way in drawing a ways and means budget with reasonable degree of accuracy reducing the element of distortions, otherwise, caused by uncertainties in respect of Capital provisions. While, visualizing these short comings, a 'special procedure for adoption of Capital provisions and inclusion of details in the budget' is prescribed for the Union Territory Government. The main features of these special instructions are briefly mentioned as under:—

1. The Finance Department will every year obtain annual Capital proposals activity based from the Administrative Departments on the proforma prescribed in BEAMS from time to time with the objective of bringing out achievements made under the particular schemes and

targets for the ensuring year along with the ‘Outcome budget’.

2. The Annual Capital proposals as at (01) above will be examined by the Finance Department who will also get these approved by the competent authority.
3. The budget proposals for committed expenditure i.e. expenditure on sanctioned Capital schemes and its inputs shall be submitted to the Finance Department as part of regular budget proposals

15.11.0 For the sake of convenience, the ‘fixed’ and ‘variable’ inputs to regulate expenditure forecasts as a part of ways and means exercise should be adopted and utilized as under:—

1.0 Fixed inputs

1. **Establishment costs.**—These are more or less fixed charges comprising salary, travel expenses, motor vehicles, office expenses, RRT, and other such items necessary to run and manage an office. Apart from being fixed in nature, these also, by and large remain uniform in all the months of a year and should be distributed accordingly.
2. **Maintenance and repairs.**—The maintenance and repairs of the assets has to follow predetermined norms and a detailed works programme drawn for the purpose by the Budget Controlling Officers in respect of their departments. The expenditure can therefore, be phased out depending upon the working seasons in a region of the Union Territory of Jammu and Kashmir.
3. **Interest payments.**—These are always predetermined and can be phased out according to the terms and conditions of the debts in respect of which such payments have to be made. Generally speaking, the interest payments should be planned to be made in the last quarter of the year. In case of Unfunded Debts these can even be made in the last month of the year. Interest on bank loans, market borrowings and institutional finances is payable according to the already

envisaged date and mode of payment and should be accordingly provided for.

4. **Pensions and other retirement benefits.**—These can be easily spread throughout the year on monthly basis.
5. **Repayment of debts.**—These have also to be regulated according to the terms and conditions attaching to every debt and can be phased according.
6. **Investments.**—The investments are generally to be made in PSUS and other autonomous organizations and are by and large regulated causing expenditure on quarterly basis.
7. **Grants-in-aid and contributions.**—These are payable to the Local Bodies and other non-government organizations like educational institutions, medical assistance in social welfare centers and the like in accordance with the rules and regulations governing each such grant-in-aid. The concerned Budget Controlling Officers should draw a schedule of payment of such assistance and arrangements for machinery and equipments, award of contracts etc. Particular care needs to be taken in anticipating payments as may be required to be made for land acquisition. It needs to be ensured that funds are not unnecessarily blocked while settling acquisition of land.

2.0 Variable Costs

1. **Works.**—Constitute a major portion of the budget of a year. There can be minor works or major works executed departmentally or through construction agencies. Every work included in the budget has its own gestation period and it is highly essential that such periods are controlled with adequate care as otherwise there are likely to be cost over runs which adversely affect originally envisaged features of the work and benefits accruing therefrom to the economy of the Union Territory of Jammu and Kashmir. It is, therefore, necessary to Capital implementation of works well in advance of the commencement of a financial year. Determination of different stages of completion of works with their

financial costs during a financial year has to be the responsibility of a Budget Controlling Officer. On these factors it is, therefore, possible to anticipate expenditure requirements of the works during different periods of a year. Such planning will *inter alia*, include material management.

2. **Materials and supplies.**—Requirement of materials and supplies will vary from month to month depending upon the requirements of the function(s) under implementation with a Budget Controlling Officer. These will not, however, relate to works, in which case, such requirements form part of works expenditure. Procurement of the materials has to be a well planned arrangement involving determination of the requirement, identifying the supply source and the period of supplies. All these indicators should enable the Budget Controlling Officer to phase out spending of funds available during a year. Material for various controlled trading activities should be procured under a carefully drawn Capital, because these generally involve heavy payments like those paid to FCI and other similar Agencies. Any slightest carelessness on this account can seriously affect the ways and means position of the Union Territory of Jammu and Kashmir.
3. **Machinery and equipment.**—Like materials and supplies, the expenditure on machinery and equipment has also to follow a predetermined plan of procurement which can help in anticipating expenditure during different months of a year.
4. **Wages.**—Expenditure under wages covers daily rated workers (DRWs) who are regular and seasonal/casual labour is covered under object expenditure “Wages/Outsourcing” and “Outsourcing of Upkeep” and the respective Capital schemes. Wages payable to regular DRWs can be easily spread over different months of the year. In the other categories of labour, the expenditure will be during a particular period of a year

to be determined with reference to the requirements of a function for which such labour is engaged.

5. Cost of power purchased from outside the Union Territory of Jammu and Kashmir and from Power Development Corporation.—This constitutes a bulk charge on the Revenue budget of the Union Territory of Jammu and Kashmir and any laxity in planning this expenditure can disturb the whole ways and means position of the Union Territory of Jammu and Kashmir. It has, therefore, to be carefully provided for in the cash outflow forecasts taking into consideration agreements, MOUs etc. regulating such expenditures.

6. Others.—This is a residuary head to accommodate cash outflow forecasts in respect of the items not otherwise provided for.

15.12.0 On the receipts side (cash inflow), the Finance Department, as already pointed out, has a vital role to play as they control Centre-Union Territory financial relations, raising of institutional finances, market borrowing, other public debt, sources of cash inflow, and operation of the account heads grouped under 'Public Account' besides tax revenues, control over the Governments bank account involving account of day-to-day cash transactions and regulation of over drafts etc. are also important. The heads of account controlled by the Finance Department constitute significant components of the ways and means forecasting.

15.13.0 Devolution of resources from Centre to the Union Territory of Jammu and Kashmir

Responsibility for settlement of accounts in respect of devolution of resources from Centre to the Union Territory of Jammu and Kashmir is that of the Finance Department. It is, therefore, necessary that detailed and accurate accounts in respect of such transactions are maintained in a manner that it is at any point of time, possible to find out the amounts that are due to and from

the Central Government. Broadly, these accounts can be categorized as under:—

1. Accounts relating to devolution of resources pursuant to the recommendations of the Finance Commissions.
2. Accounts of Central assistance for implementation of developmental plans comprising Union Territory plans, externally aided programmes, centrally sponsored schemes and central sector programmes or any other developmental programme brought within the purview of the planning process from time to time.
3. Accounts of other Central assistance given to the Union Territory of Jammu and Kashmir under some regular scheme(s) or in a special situation with a limited purpose like security related expenditures etc.

15.13.2 The Central assistance is in the form of both grants-in-aid and loan with standard or varying terms and conditions, depending upon the programme(s) or the activity(s) for which such assistance is given.

15.13.3 Indicators for forecasting receipts from and payments to the Government of India during a financial year are available. The Ministry of Finance indicates to the Union Territory Government, the amounts likely to be received by them on account of their share in indivisible pool of Central Taxes as also grants-in-aid under Article 275 of the Indian Constitution during a year well in advance of the compilation of the budget for that year. Revisions, if any, in such estimates are also indicated. These forecasts are based on the recommendations of the Finance Commission as applicable.

15.13.4 In addition to the transfer of resources in this arrangement, financial assistance is also given for implementation of developmental plans, by the Centre to the Union Territory of Jammu and Kashmir. Estimates of this assistance are again fixed

on the basis of predetermined norms by the Finance Commission. Similar treatment is given to externally aided programmes. In addition to the Union Territory of Jammu and Kashmir's Annual plans, the various Ministries of Government of India are also administering different Centrally Sponsored Programmes. Every such Centrally Sponsored Programme has its own pattern of financial assistance and for fixing of implementing agencies. The Central assistance is routed through the Union Territory of Jammu and Kashmir budget. In certain cases, however, it is given directly to the implementing agencies.

15.13.5 Over and above, the Revenue and Capital assistance given by the Centre to the Union Territory of Jammu and Kashmir, States/Union Territories also get a share in small savings mobilized in the Country during a year which also accrues according to a set formula. This resource also flows to the Union Territory of Jammu and Kashmir at predetermined periodical intervals.

15.13.6 The objective of accounting of the financial transactions between Centre and the Union Territory of Jammu and Kashmir is, to watch realization of the forecasts made on this account for a financial year and ensuring its prompt credit in the Union Territory of Jammu and Kashmir Government account. The pattern of accounts should also be such which would enable working out of the payments that have fallen due to the Central Government mostly on account of debt obligations but also in respect of certain adjusting accounts which arise from payment made on their behalf and, thus, recoverable or revenues collected/recoveries made for them and thus payable to them. Such adjusting accounts are maintained by the Union Territory of Jammu and Kashmir Accountant General separately for Defence Services, Railways and others.

15.13.7 The present arrangement for regulating this accounting arrangement is confined to the recording of sanctions issued by various Ministries of Government of India from time to time in a

year and the credit received there against through the official bankers of the Union Territory Government. This system is obviously inadequate as it does not enable keeping a watch on what is due from the Centre or what has to be repaid to them during a budget year. In order to streamline the system, it is necessary to adopt the following procedure:—

1. The responsibility for maintenance of these accounts should be of the Resources Division of the Finance Department.
2. Immediately after the budget of a financial year is approved the Finance Department will open individual accounts of every identified source of flow of funds from the Centre to the Union Territory of Jammu and Kashmir.
3. Although the accounts shall be maintained on yearly basis but at the same time these should be arranged in a manner that their position is readily and easily ascertained for the block periods covered by the Finance Commission and the various Central Ministries respectively for Revenue and Capital transfers.
4. Every individual account shall be in two parts - part 1st indicating the amount due during a year and how it has been arrived at and part 2nd, recording period of release, reference to Government of India sanction, date of credit to the Union Territory of Jammu and Kashmir's bank account and its transfer to the Finance Secretary's bank account.
5. Every individual account should be closed monthly or at such intervals as may be prescribed for the purpose with the objective of making a quarterly review of the amounts received, payments due to Centre and the payments made. The results of such a review, if considered necessary because of some substantial reasons may also be reported to the Cabinet by the Finance Department.
6. In case of certain accounts, it is necessary to monitor implementation of the programmes for which Central

assistance is received. Similarly, assistance for Centrally Sponsored Scheme and Central Capital programmes has to be related to the actual expenditure more so, in respect of such programmes where Central assistance is available on re-imbursement basis like family welfare, IWDP etc. It is, therefore, necessary to develop an account in every such case in a manner which will depict, assistance received and expenditures booked by the concerned implementing departments/agencies. Such an account, apart from helping in monitoring the expenditures will also enable to arrive at settlements with the Government of India.

7. It is also necessary to find out indebtedness of the Union Territory of Jammu and Kashmir towards the Central Government. This will involve maintenance of detailed individual loan accounts, reflecting opening balance at the beginning of a year, amounts received during a year, repayments that have fallen due, repayments made and interest accruals so that outstanding at the close of the year in respect of the total debt obligation, debts due to be discharged with interest liability is easily worked out.

15.14.0 Control over Institutional Finances and Market Borrowings

15.14.1 Institutional finances are raised from various financial institutions operating at national level. These funds generally constitute a resource for Capital Expenditure and are in the form of loans to be utilized for productive purposes. These are therefore, related to specific development programmes with satisfactory economic viability. The quantum of such assistance to be raised from various financial institutions is determined by the Ministry of Finance as per law in terms of Jammu and Kashmir Reorganisation Act, 2019 and the Union Territory of Jammu and Kashmir is authorized to lift the assistance accordingly. The same procedure is followed for raising of loans from the open capital market. Such market borrowings, however, are treated as a Capital Receipts.

15.14.2 The institutional finances or the borrowings from the market are

predetermined and estimates in respect thereof are accordingly, incorporated in the budget annually of the Union Territory of Jammu and Kashmir. The period of the year during which such loans are raised is determined by the Finance Department from time to time depending upon various considerations like favorability of the capital market conditions, preparedness of the financial institutions to advance the loans, obtaining of required sanctions and the like.

15.14.3 The institutional finances, as already mentioned, are tied up with implementation of various developmental programmes which have to qualify for such type of financing. Therefore, it follows that before expenditure on such programmes is incurred, it is necessary to get these cleared for funding by the concerned financial institutions, so that lifting of the assistance is facilitated. This seldom happens and on the contrary, expenditures are booked without the required financial tie-ups, which, obviously, disturb the whole ways and means position of the Government. Such a situation which has necessarily to be guarded against and therefore proper account of the receipts on account of these loans is essential. It is equally necessary that servicing of these debts by way of repayment of principal amounts due during a year as also annual interest accruals thereon are correctly accounted for, in the same manner in which it is to be done for loans received from Central Government for various purposes.

CHAPTER 16

Bank Account of the Government of Union Territory of Jammu and Kashmir

16.1.1 Prior to the switching over to the Ways and Means Advance (WMA) facility of RBI, the bank account was maintained with the official bankers of the Union Territory of Jammu and Kashmir i.e. the J&K Bank. However, sometimes these accounts were also opened with other nationalized banks to meet various administrative and financial exigencies, in accordance with the authorization made by the Finance Department in each such account. The accounts with the J&K Bank were alone main stream bank accounts and these were in two tiers. At the apex 'Finance Secretary's bank account' was used to regulate over all cash inflow of the Government, feeding of treasuries and overdrafts obtained from time to time and investments, if any made in term deposits. This account was built in respect of such transactions only which originated at the bank at the instance of Finance Department and did not get incorporated in any treasury account. Instead a separate account was prepared by the Resource Section, based on the transactions of the Finance Secretary's Account and submitted to authority designated by the Comptroller and Auditor General of India. It was done on the account statements received from the official and other banks at periodical intervals, with the sole objective of classifying the transactions under various heads of account for submission to the designated authority to be incorporated in the Government accounts. This account (Finance Secretary's A/C) obviously served a special purpose which made it possible to arrive at the Government's bank balances on day-to-day basis for regulating feeding of treasuries as also overdrafts along with interest accrual thereon and the investments, if any made, from time to time. In this context the agreement with the J&K Bank, *inter alia*, envisaged that:—

1. Interest on overdraft has to be worked out after taking into account day-to-day credit balances, if any, held by the bank

over and above the minimum interest free retention balance.

2. The credit received directly in various bank branches is transferred to the apex account within stipulated period of time otherwise these shall also be liable for interest recovery from the bank at the rates applicable to the overdrafts.

16.1.2 Maintenance of detailed bank account by the Finance Department based on their own sources of information was all the more necessary to meet the above accounting requirements as otherwise there were no cross checks for ascertaining the correct cash balance available with the Government in all its bank accounts and determination of the quantum of overdraft on which interest became payable.

16.1.3 The second tier related to cash transactions of the Government originating at various treasuries and also in some designated branches of the J&K Bank. For purposes of maintaining a consolidated bank account of the Government, the Finance Department had to be fed with the required details, from both these sources. Keeping in view the objective of maintenance of the bank account, the Finance Department had to obtain aggregate figures of total debits and credits raised to the various bank accounts operated by the Treasury Officers or maintained in the designated branches of the J&K Bank. The debits, in case of designated branches of the bank, would also include payments made by them on account of pensions and discharging of debt obligations arising from market borrowings and institutional finances. Government had made arrangement with the Bank to make such payments as and when these arose at their own level.

16.1.4 The 13th Finance Commission Award included a scheme of making a grant of Rs. 1000 crore and authorization of open market borrowings of Rs. 1300 crore for liquidation of Government's liability of Rs. 2300 crore along with the switch over to W&M regimen of RBI. The Union Territory of Jammu

and Kashmir was given two years' period to implement the scheme. The Finance Department proactively implemented the scheme during the first year of the award period i.e. Financial Year 2010-11 and closed the Overdraft with J&K Bank on 31st March, 2011 for shifting to WMA facility of RBI from April 1, 2011.

CHAPTER 17

Resource Arrangement

17.1.0 As already pointed out, once the ways and means forecasts are developed and adopted, the overall position of the cash availability and the expenditure commitments during a forecast period become known, department-wise, with sufficient details and this provides the required data on which resource arrangement should be based, involving:—

1. keeping a close watch on the behavior of the forecasts so that cash accruals do not fall below the desired level at any time; and
2. feeding the individual treasuries in a manner that these have sufficient funds to meet the local demands.

17.2.0 Monitoring of cash inflow and outflow can be effective through the apex bank account maintained in accordance with the envisaged procedure with RBI in shape of Principal Deposit Account with CAS, Nagpur. The Resources Wing of the Finance Department should make out a daily report from the said account for a critical analysis aimed at identification of distortions, if any, in the forecasts so that required remedial measures are applied. Such an exercise may even call for discussing the short comings with the concerned Budget Controlling Officer(s). This will help, not only in taking proposed remedial measures, but will also go a long way in making these officers to realize that their involvement is important for effective implementation of various budgeted programmes and activities. The Finance Department should accordingly, be in close contact with the major revenue realization and the spending Budget Controlling Officers and make use of all the data/information available with them for ensuring that effective steps are taken by them in actualizing the ways and means forecasts for implementation of various budgeted programmes and activities.

17.3.0 **Feeding of treasuries.**—Under the new mechanism of Ways and Means Advance (WMA) facility of RBI, the agency bank branch, attached to each treasury has to make payments on behalf of the RBI and the responsibility of cash availability rests with that bank branch, as RBI settles the account with J&K Bank on daily basis through PAD, New Delhi. So there is no need for maintaining any cash limit. Also the Finance Department shall on daily basis, fix a cash limit for each treasury for operation for that particular day required in accordance with the prescribed WMA limits. The treasury cash limits have to be fixed reasonably, keeping in view the minimum cash requirements of a treasury in a day as also the fact that funds for abnormal expenditure requirements like those necessitated on the days of making salary/wage, disbursements can be arranged specially.

CHAPTER 18

Public Financial Management System (PFMS)

18.1.0 Introduction

18.1.1 The Public Financial Management System (PFMS), earlier known as Central Plan Schemes Monitoring System (CPSMS), is a web-based online software application. PFMS was initially started during 2009 as a Central Sector Scheme of Planning Commission with the objective of tracking funds released under all Plan schemes of GoI, and real time reporting of expenditure at all levels of programme implementation. Subsequently the scope was enlarged to cover direct payment to beneficiaries under all the schemes. The latest enhancement in the functionalities of PFMS commenced in late 2014, wherein it has been envisaged that the digitization of accounts shall be achieved through PFMS and the additional functionalities would be built into PFMS in different stages. The primary objective of PFMS is to facilitate sound Public Financial Management System by establishing an efficient fund flow system as well as a payment-cum-accounting network. PFMS provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system, as part of the Digital India initiative of Government of India. There are various Centrally Sponsored Schemes (CSS) which are implemented by the Union Territory Governments and funded by Central Government. For these schemes, the PFMS facilitates instant availability of sanction orders, credit advice and date of payments to Union Territory Governments. This supports the Administrative Secretaries of Union Territory Ministries and to the Finance Secretary in the authorization and release of the funds to the executing agencies. PFMS captures payment at each level and transmits the information to the parent agency/Ministry on real time basis. Till now the process has been dependent on the physical authorizations but due to enhanced technological interventions it has become now more feasible at Central Ministry and at the Union Territory Government levels to carry

out certain processes under e-governance ecosystem. The link between the Central Ministry and the Union Territory Government is now established through exchanging data electronically. The interface and data exchange process between Central Government Ministries and the Union Territory Government Ministries is termed as Public Financial Management System (PFMS). PFMS help for tracking and monitoring fund disbursement and utilization under Central or Centrally Sponsored Schemes on a real time basis. PFMS is a financial management platform for all CSS schemes under which a data base of all the recipient agencies, integration with core banking solutions, integration with Union Territory treasuries and tracking of fund flow efficiently and effectively can be established leading to better monitoring of the schemes implemented by the agencies of the Union Territory or Central Government. A real time access to information on resource availability and utilization can be administered by each executing agency at all the levels of executive management in the Department. PFMS has been implemented across J&K in all the Ministries. The fund flow of various CSS is now being monitored through PFMS portal.

18.2.0 Objectives of PFMS

18.2.1 The scope and extent of PFMS is very vast. Union Territory Government can instantly receive details of funds devolved from Government of India. The utilization can be monitored by Union Territory Departments for the schemes where funds received from Government of India is further transferred to Implementing Agencies. The information on releases will be known to each Department. The scope of work varies from monitoring at the top level of management to removal of ghost beneficiaries at the bottom level through online validation of bank accounts and other online available verification tools.

18.2.2 Few of the objectives of PFMS are enlisted below:—

- Tracking of flow of funds to the lowest level of implementation.

- Online information of bank balances to facilitate “just-in-time” provision of funds to implementing agencies.
- E-Payment to ultimate beneficiaries.
- Decision Support System for all levels of programme managers.
- Dissemination of relevant information to citizens.
- Enhance transparency and accountability in public expenditure.

18.3.0 Modules of PFMS

18.3.1 There are various modules of PFMS developed for the user agencies which are discussed below:—

18.3.2 Fund Flow Monitoring Module

18.3.3 This module contains various processes given hereunder:—

a) Agency Registration

This is a registration process under which each agency has to register in the PFMS portal. Each agency is assigned its login for further creation of Management Information System (MIS) scheme-wise which is electronically mapped with the CSS or CS scheme of the Government of India.

b) Expenditure-Advance-Transfer (EAT) module

This is an extremely important functional module of PFMS for monitoring the ultimate utilization of funds. After completion of registration process, the agencies can create Maker and Checker type users to use Expenditure-Advance-Transfer (EAT) module for transferring funds or advances to lower level agencies and e-payments to vendors, employees and beneficiaries. This is the real time financial Management Information System (MIS).

c) Fund tracking system for Union Territory schemes

The flow of funds from Central Ministry to each Union Territory Department can be tracked online under this

module and a reporting system can be generated for monitoring utilization of funds under fund tracking system. This is an efficient fund flow monitoring and decision support system for effective management of the available resources with less chance of wasteful expenditure and wedge on the diversion of funds.

18.4.0 Direct Benefit Transfer (DBT) Module

18.4.1 The DBT schemes are under way of implementation in the Union Territory for making payments directly to the beneficiaries. The use of PFMS, DBT module enables payment, accounting and reporting under Direct Benefit Transfer. DBT schemes are processed for electronic transfer by creating an e-file in the PFMS payment module.

18.5.0 Bank and Treasury Interface Module

18.5.1 Treasury Interface enables sharing Union Territory Treasury data with PFMS for tracking utilization of funds for all Central Schemes and CSS. PFMS–Core Banking Solution (CBS) interface helps tracking of funds transferred from Central Ministries at each successive stage, starting with the initial release to the level of actual realization. PFMS-Core Banking Solution Interface facilitates online validation of beneficiaries, and agencies bank account details. Electronic payment files are generated through PFMS for three modes of payments, viz. Print payment Advice (PPA), Digital Signature Certificate (DSC) and Corporate Internet Banking (CINB).

18.6.0 Administrative structure for the implementation of the PFMS in the Union Territory

18.6.1 PFMS has multi-tiered project organizational structure explained hereunder:—

01. **Advisory Committee (SAC) at apex level.**—The Advisory Committee is headed at the apex level by the Chief Secretary of the Union Territory. The Advisory Body

has been formulated to monitor progress under implementation of PFMS in the Union Territory of Jammu and Kashmir.

02. **Project Management Unit (SPMU) at Union Territory level.**—Project Monitoring Unit has been created in the Union Territory and manpower to administer the SPMU has been provided by the Government of India, Ministry of Finance and also rest of the staff is augmented by the Union Territory Government.
03. **District Project Management Unit (DPMU) at district level.**—District Project Management Units are small group of people positioned at the District level to oversee training and co-ordination. Personnel required for the DPMU need to have skill-sets in the areas of training, handholding. SPMU is empowered to provide the manpower through outsourcing as the need arises to DPMU.

CHAPTER 19

Contingency Fund

19.1.0 The Contingency Fund is in nature of imprest at the disposal of the Head of the Union Territory of Jammu and Kashmir defined in the Section 69 of the Jammu and Kashmir Reorganisation Act, 2019. Advances made from and out of this Fund have to be recouped to it. Financial requirement for such recoupment has to be adequately provided for in the revised estimates. It may be noted that advances from the Fund are made for meeting expenditure on New Services not envisaged in the budget of a year such as making payments to satisfy decrees issued by the courts. Thus, while making estimates for these recoupments all the details are already known. Sometimes it may happen that there are possibilities of arranging funds required for the purpose through re-appropriation as a result of savings available in a Grant. In such situations a token amount is included in the Supplementary Budget of the Government with explanation that the remaining amount is being arranged through the process of re-appropriation of funds.

19.2.0 J&K Contingency Fund has been created and the rules made thereunder and instructions shall be issued from time to time by Finance Department in the maintenance of accounts of the Fund.

CHAPTER 20

Systems to Ensure Correct Classification of Expenditure/Receipts and to Check Legitimacy of Expenditure Incurred

20.1.0 Appropriation Accounts

20.1.1 As soon as possible after the close of the financial year, Budget Controlling Officers should obtain from Disbursing Officers statements of expenditure incurred during the year under various units of appropriation and should deal at once with cases in which expenditure is in excess of allotments or far below the revised estimates. The causes of the latter, if they are likely to occur every year, should be noted for guidance in framing Budget estimates in future. In case of expenditure in excess of allotment of funds, disciplinary action should be initiated against the defaulters.

20.1.2 When the final figures are obtained from the accounting authority any discrepancies with the departmental figures should be examined, and steps taken to remove the causes of such discrepancies, if possible. The Budget Controlling Officers should then decide what action for enforcing responsibility is required against Disbursing Officers who have exceeded their allotments (if any). Budget Controlling Officer should also prepare explanations for use before the Public Accounts Committee:—

- i. if the voted grants have been exceeded;
- ii. if units of appropriation have been exceeded without re-appropriation having been made;
- iii. works are being executed without tendering, AA and TS.

20.1.3 In order to enable, to submit the Appropriation Accounts and Audit Reports to the Comptroller and Auditor General in time, it is essential that the Budget Controlling Officers should bear in mind the time factor prescribed for giving materials to the communications relating to the Appropriation Accounts. They

should be treated as immediate and final replies should be sent to the authority designated by the Comptroller and Auditor General within the time limit and **in no case should they remain unanswered for more than two months.** The submission of belated replies to the Authority designated by the Comptroller and Auditor General hampers the progress of compilation of the Appropriation Accounts in that office and consequently delays their publication and presentation to the Legislative Assembly. The delay in submitting replies or furnishing incomplete and inadequate materials compels the accounting authority to omit many explanations to which the Public Accounts Committee takes exception. The Appropriation Accounts and the Audit Report for the year should generally be made available to the Legislative Assembly before the discussion of the Budget for the subsequent year starts i.e. by February. Unless the time factor is adhered to by the Budget Controlling Officers, it will not be possible to present the document in time to the Legislative Assembly.

20.1.4 The following instructions should be carefully observed by all heads of departments and Budget Controlling Officers:—

- i. Explanations for variations should be concise, accurate and fully informative and should contain information as to whether the variation was inevitable and whether it could not be foreseen;
- ii. Vaguely worded phrases such as “original provision proved insufficient or excessive”, “based on progress of actuals, etc.” should be avoided;
- iii. It should be specifically stated why the original provision proved insufficient or excessive and how and why the actuals varied from the estimates;
- iv. If the variation is due to more than one cause, the amount due to each cause should be stated.

20.1.5 The Comptroller and Auditor General presents to the Lieutenant Governor every year the Appropriation Accounts and the

Finance Accounts for the previous year, with the audit report thereon, to be laid before the Legislative Assembly under Article 151 (2) of the Constitution of India. On their receipt, the Finance Minister will place them on the Table of the Legislative Assembly and move their publication. After the motion is approved, the Assembly Secretariat takes steps to place the Appropriation Accounts, the Finance Accounts and the Audit Reports thereon before the Public Accounts Committee of the Assembly. The Appropriation Accounts, the Finance Accounts and the Audit Report of the Comptroller and Auditor General of India are supplied to the Controlling Officers by the Finance Department. On receipt of these documents the Budget Controlling Officer should examine them and note special comments, if any, and should also be ready with explanation to give evidence in case the Public Accounts Committee wishes to examine the HoD and Budget Controlling Officer at any time after one month from the date of presentation of Appropriation and Finance Accounts to the Legislative Assembly. Budget Controlling Officer should also furnish information which the Finance Department or the Public Accounts Committee require of him/her for the examination of the report by the Committee within a period of one month unless circumstances warrant a longer period and even in such cases, the Committee should be appraised of the latest position from time to time.

20.2.0 Objective of Appropriation Accounts

20.2.1 The objective of the preparation of Appropriation Accounts and the Audit Report thereon is to present to the Legislative Assembly the Audited Accounts of all the expenditure incurred during a financial year, separately for each grant, with the more important observations which the Audit Officer consider it necessary to make as a result of their investigations. The appropriation accounts have been described as the coping stones of the financial structure of the year. The Audit Report on the Appropriation Accounts embody the comments of Audit on losses, nugatory expenditure, financial irregularities and other

topics of interest as are revealed during the course of the audit investigation.

20.2.2 It is difficult precisely to define the meaning of the term “Financial irregularity”, but it may be laid down that the vast majority of financial irregularities fall under one or other of the following headings:—

- a) Expenditure incurred without sufficient sanction of appropriation;
- b) Re-appropriation within a grant, not made in accordance with the rules sanctioned by the Government;
- c) Expenditure on a “new service” not sanctioned by Government;
- d) Breaches of the provisions of the General Financial rules and rules in other authorized codes;
- e) Loss of public money or property due to fraud, neglect or misappropriation;
- f) Drawing money from treasuries which is not required for immediate disbursement;
- g) Abandonment of revenue without proper sanction;
- h) Any irregularity connected with a contract such as:—
 - i. placing of a contract without obtaining competitive tenders in an open and public manner;
 - ii. acceptance without adequate reason of a tender other than the lowest;
 - iii. inadequate scrutiny of tendered rates before acceptance;
 - iv. unsuitability of the form of contract;
 - v. failure to complete all necessary formalities connected with a contract including the obtaining of administrative approval and technical sanction to the

expenditure before permitting the contractor to start work;

- vi. deviation from contract terms in favour of the contractor;
- vii. other omission to enforce conditions of contract such as those which require the deposit of security for due fulfillment or the payment of penalty for failure to fulfil it.

i) Any irregularity connected with purchases, such as:—

- i. purchases which contravene the orders of the supply of articles for the public service;
- ii. purchases largely in excess of requirements;
- iii. purchases of materials of inferior quality.

j) Any extraordinary or apparently unnecessary expenditure such as:—

- a. payments made as acts of grace;
- b. compensation paid for damage sustained;
- c. payments in excess of amounts admissible under statute, contract or rules;
- d. payments necessitated by failure to enforce the terms of contract;
- e. irrecoverable balances of advance payments made on account of services etc., which were ultimately not rendered;

k) any uneconomical or apparently wasteful expenditure due to:—

- I. the inception of works without adequate investigation of their utility or feasibility;
- II. the fixation of the rents of the residential buildings;
- III. Other similar causes.

- l) any irregularity connected with a grant-in-aid such as neglect:—
 - (i) by the sanctioning authority of the conditions precedent to the grant; or
 - (ii) by the grant of conditions, expressed or implied, attached to the grant by the sanctioning authority.
- m) any instance of the absence of administrative regulations and procedure sufficient to secure a proper and effective check upon monetary transactions.

20.2.3 Appropriate actions shall be initiated by the Government in each irregularity notified by the Government as per Conduct rules.

20.3.0 Reconciliation of expenditure and receipts

20.3.1 The Government of Union Territory of Jammu and Kashmir in consultation with the Authority designated by the Comptroller and Auditor General shall circulated among Departments a time-table according to which the departmental representatives by various Departments of the Government have to be deputed to the Audit Office on specific dates for reconciliation of accounts (both of receipts and expenditure) booked in their office with these booked in the Audit Office. The date on which the departmental representatives have to attend the Audit Office, the sections of the Audit Office which are responsible for reconciliation in respect of each item and the procedure of reconciliation are already issued from time to time by the Audit Office. A procedure shall be laid down in consultation with the Authority designated by the Comptroller and Auditor General that in case where the departmental representative would have any difficulty in effecting reconciliation according to the dates prescribed, he would bring his difficulties (lack of cooperation or any other difficulty) to the notice of the branch officer concerned in the Audit Office who should take remedial measures. If, however, no proper action would be taken, the concerned Budget Controlling Officer should approach the Accounting Authority

designated by the Comptroller and Auditor General who will make necessary arrangements to ensure cooperation. These instructions are reiterated here for the use of the departmental representatives who in future should ensure that they attend the Office on regular dates for reconciliation of accounts. The quarter-wise programme for reconciliation is as under:—

1 st Quarter	1 st to 15 th August
2 nd Quarter	1 st to 15 th November
3 rd Quarter	1 st to 15 th February
4 th Quarter	1 st to 15 th June

- 20.3.2 In order to avoid any inconvenience, Budget Controlling Officers should check in advance for the dates allotted for the conduct of quarterly reconciliation and accordingly depute their respective reconciliation teams to that office.

20.4.0 Nomination of officials for reconciliation

- 20.4.1 In each Department where reconciliation is to be done, the responsibility should be cast on an official to be nominated under intimation to Finance and Audit Departments. Where subsequently the official is replaced by another, name of officer who is to take task should also similarly be communicated. An attempt should, however, be made to nominate an Accounts Officer or Asstt. Accounts Officer (AAO) for this purpose. Any other official may be nominated only, when even Accounts Officer and AAO is not available.

- 20.4.2 The official so nominated will be responsible for reconciliation of the expenditure in accordance with the prescribed time table and in case any difficulty is experienced by him in this behalf, he will take the following action:—

- i. If the difficulty is experienced in the Audit Department, he will bring the matter to the notice of the Branch Officer concerned of the Audit Department;

- ii. If the difficulty is experienced in an office other than the Audit Department, he should report the matter to the Head of Department with a copy to the Finance Department indicating specifically what difficulty has been experienced by him in the discharge of his duties.

20.4.3 If the official fails to discharge his duties, his pay should be stopped forthwith and not disbursed so long as a certificate is obtained by him that expenditure figures have been reconciled. In case of persistent failure on two different occasions, the increment of the official should be stopped.

20.4.4 It is expected that the concerned will take action strictly in accordance with the foregoing instructions. Any further reports that the reconciliation has not been done by any Department in time will be viewed by Government with displeasure.

20.4.5 All the departments are required to nominate their representatives under intimation to the Finance Department in order to enable a register being maintained by the Finance Department (Accounts and Treasuries Organization) of officials responsible for this work in all offices so that at any time the responsibility in this behalf can be specifically located.

20.5.0 Procedure of reconciliation

20.5.1 According to the procedure, the Head of the Department alone and not the Budget Controlling or the Drawing and Disbursing Officer will be responsible for reconciliation of the two sets of figures and where there is more than one Head of Department incharge of a grant, the reconciliation will have to be made by the Secretariat Department concerned, who will have to consolidate the total grant and expenditure incurred against the same. For this purpose, the Departments will have to obtain regularly necessary details from their subordinate Drawing, Disbursing and Budget Controlling Officers. It is, however, again emphasized that the responsibility for reconciliation will rest with the Head of Department, or the Secretariat Department

incharge in case of a grant having more than one Head of Department. To enable the Head of Department to reconcile the expenditure/receipts figures, it will be necessary for him/her to obtain voucher-wise/challan-wise details of expenditure/receipts from the Drawing and Disbursing Officers and take other action as indicated by the Finance Department from time to time.

20.6.0 Re-appropriation of Funds

- 20.6.1 It has been found that large savings accrue because the funds provided in the budget are not utilized by the Departments concerned for one reason or the other. Large savings in grants is a financial irregularity which is to be avoided. Also funds are locked up when provisions are made in the budget and not utilized and sometimes it happens that the Departments which can spend funds profitably do not get them. As a result of these savings the Finance Department are not in a position to estimate the ways and means position accurately. In order to avoid this, it is necessary that if as a result of review of progress of expenditure it is found that savings are likely to occur in individual grants, the Budget Controlling Officers and Heads of Departments should immediately inform the Finance Department of such likely savings and the Finance Department will before the close of the financial year issue sanctions accepting all these savings specifying the individual primary units of appropriation within the grants from which amounts have been surrendered. When this is done, the detailed appropriation accounts of individual units of appropriation will be prepared against appropriations so reduced, which will be treated as final modified grant.

20.7.0 Coordination of Expenditure

- 20.7.1 The provision of the Budget Manual in the matter of watching the progress of expenditure are to be followed strictly. As provided in the Budget Manual, it is necessary that after the close of each month every disbursing officer should forward to

the Budget Controlling Officer immediately superior to him by the 7th of the month following that to which the expenditure relates, an extract of his/her accounts under each minor and detailed head. The Budget Controlling Officer should after consolidating the figures supplied by his/her subordinate offices share a consolidated statement to his/her Head of Department by the 15th of the same month. The Head of Department will consolidate the figures for the Department as a whole and add to them the figures of book adjustments carried out by the Authority designated by the Comptroller and Auditor General and prepare a statement in the same form in duplicate and send one copy to the Administrative Secretariat concerned and the other to the Finance Department by the end of the same month. If this procedure is strictly adopted by all the Departments, it will be very easy for the Head of Department concerned to watch the progress of expenditure and obtain necessary sanctions to re-appropriations, surrenders and extra grants in time and on a realistic basis. He/She will also be able to keep a better watch on his/her subordinate Departments both in financial and administrative matters.

(Note:—For purposes of this paragraph also the Administrative Secretary concerned will be the Head of the Department in respect of the grants controlled by more than one Budget Controlling Officer).

20.8.0 Draft Paras.—The Advance para observed by the auditing authority when no reply is sent or the reply is not helpful to resolve the observation is developed into draft para for incorporation in the report.

20.9.0 Disposal of draft paras proposed for incorporation in the Audit Report

20.9.1 Draft paras are prepared by the authority designated by the Comptroller and Auditor General for incorporation in Audit Report bringing out some major topics of interest and irregularities noticed during the course of audit. Before these are finally incorporated in the Audit Report, these paras are, however, forwarded to the Secretaries to Government concerned for favour of examination and communication of their remarks,

if any, **within a prescribed period which is six weeks**. It has generally been observed that Departments have not been able to examine and communicate their views to the Authority designated by the Comptroller and Auditor General within the time limit specified above and in many cases even interim replies have not been sent for much longer durations. It is again stressed upon the Departments that as soon as draft paras are received from the Audit Department in the concerned Department of the Secretariat, material required for its examination and preparation of comments thereon should be obtained from the Heads of Departments or subordinate offices concerned by the Director Finance(s) or FA/CAO(s), as the case may be, in order to ensure that a proper reply is prepared at the appropriate level and is sent to the Audit Office within the period prescribed. If this procedure is strictly followed, it is expected that many of the draft paras will on receipt of suitable explanations from the Administrative Department be dropped from the Audit Report.

20.10.0 Objections—settlement of

20.11.0 Audit Objections and Audit Inspection Reports

20.11.1 A constant complaint, both of the Authority designated by the Comptroller and Auditor General and the Public Accounts Committee, has been that adequate attention towards these two items has not been given in most of the cases with the result that items have piled up from year to year. A stage comes due to factor of time limit itself that the settlement of these objections becomes difficult for some genuine reasons. The auditing authority, in order to ensure the expeditious clearance of these objections, forwards to the departments half yearly consolidated statements indicating the lists outstanding and the progress of clearance during the previous half year. A quite helpful action in this direction would be for the Departments themselves to take further action to review these cases on the basis of reports received from the Authority designated by the Comptroller and Auditor General with the concerned officers and fix a time schedule in each case for the clearance of the objections. A time

schedule can be prescribed in each case and proper registers opened to keep a watch of the action taken. When even after a considerable lapse of time, the latest departmental replies are not found conducive for dropping of Audit Inspection Report paras, authority designated by the Comptroller and Auditor General leaves the task of taking appropriate administrative action on such paras to the departments and stops including paras pertaining to a period prior to a certain cutoff date in its half yearly consolidated statements. It has been observed that once those paras are taken off the half yearly consolidated statements, the departments become complacent and do not bother to take any further action in the matter. Such a situation is unwarranted and departments are advised to take conclusive action of dropping them on their administrative responsibility or of pursuing them for taking due action by subordinate offices before dropping them finally. Director Finance/FA & CAOs in the departments are charged with the responsibility of ensuring the same.

20.12.0 Special Audit and Inspections

20.12.1 Reports – settlement of objections.

20.12.2 Action for speedy settlement of audit and inspection paras of Special Audit Reports issued by Directorate of Audit and Inspections will also be taken, *mutatis mutandis*, as per the procedure laid down in the foregoing paras 20.10, 20.11 and in the Audit Manual of the Directorate of Audit and Inspections.

20.13.0 Administrative Inspections

20.13.1 The Public Accounts Committee takes note of the limited number of administrative inspections conducted by various Departments at different levels. Departments must ensure that administrative inspection of each office is conducted by the authority immediately superior to it at least once a year if not more and that copies of such inspection notes should be prepared and follow up action watched. The procedure has been explained to the Departments on various occasions and to reiterate briefly it may be stated that all offices of Heads of Departments should be inspected by the Secretaries to Government at least once a year.

In no circumstances should there be any lapse in this behalf as the inspection of Heads of Departments by the Administrative Secretary to Government is very necessary to ensure not only the proper working of the Department but also to ascertain the progress of reconciliation settlement of audit objections, physical verifications and other allied, matters which in course of time come up before the Public Accounts Committee. Similarly, the Heads of the Departments should inspect the offices immediately subordinate to them and the system of administrative inspections in all Departments should be systematized in such a fool proof way that regular and effective annual inspections upto the lowest administrative units in each Department are ensured. The Administrative Department, in order to ensure this should take suitable steps by prescribing a firm schedule of inspection and make it incumbent upon various officers of the Departments under their Secretariat to conduct inspections according to that time schedule. This would ensure that the inspections are phased over a year and are not allowed to fall into arrears. Inspection of maintenance of accounts as per law has to be ensured at least once in year by Director Finance/FA & CAO at the Directorate level and by Budget Controlling officer in all the offices under Heads of the Departments.

20.14.0 Stock Verification

20.14.1 Verifications of stock is another item which requires constant attention of the Budget Controlling Officers. It is not necessary, as has generally been the impression, that such verifications should be conducted only at the close of March each year. The actual requirement is that physical verifications of stores should take place at least once a year and not necessarily at the close of the year. In this connection, the proforma in which such verifications should be conducted shall be circulated by the Finance Department. The need for such regular verifications need not be over emphasized and the Departments should ensure that such verifications are conducted strictly according to the procedure laid down. The Departments can with advantage introduce a concurrent system of verification in case of large stores as is the procedure followed elsewhere.

APPENDIX-1

(Referred in Para 13.18.1)

BUDGET FORMS

(B-1 TO B-12, D-1 to D-10)

FORM B-1

BUDGET YEAR: 20.....20...

DEPARTMENT :

OFFICE :

HEAD OF ACCOUNT :

S. No.	Receipt head description	Accounts of the previous fin. year	Receipts for last 6 months of the previous fin. year	Receipts for 1st 6 months of the ongoing fin. year	Original Estimates for the ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5	6	7	8
	Deduct Refunds*						
	Grand Total:						

* Where applicable.

Signature and Designation of officer Date:

Note:—In column 3, kindly indicates actual realization during the financial year preceding the ongoing financial year. In columns 4 and 5, indicate realization during last six months of the year preceding the ongoing financial year and for first six months of the ongoing financial year. In columns 6 and 7, indicate original and revised estimates of the ongoing financial year. Column 8 relates to the Budget year.

FORM B-1 (a)

Estimates of recovery of Revenue Receipt (tax/non-tax) arrears with their age profile.

BUDGET YEAR: 20...-20...

DEPARTMENT :
OFFICE :
HEAD OF ACCOUNT :

Receipt Head description	Arrears at the close of previous fin. year				Recovery realization estimates for ongoing financial year.	Arrears at the close of ongoing fin. Year					Recovery realization estimates for the Budget Yr.	Arrears (est.) at the close of Budget year				
	More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs.	Current from earlier financial year		More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs. old	Current from earlier financial year	Total		More than 5 yrs. old	3 yrs. to 5 yrs. old	Less than 3 yrs. old	Current from earlier financial year	Total
1	2	3	4	5	6	7	8	9	01	11	12	13	14	15	16	17

Signature and Designation of officer Date:

FORM B-2
BUDGET YEAR: 20...-20...

DEPARTMENT :

OFFICE :

DEMAND NO. :

MAJOR HEAD :

MINOR HEAD :

SUB-HEAD/DETAILED HEAD :

(in lakh ₹)

S. No.	Code	Object Head	Accounts of the previous year	Accounts for last 6 months of the previous year	Accounts for 1st 6 months of the ongoing fin. year	Original Estimates for year ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5	6	7	8	9
1	001	Salaries						
		.						
		.						
		.						
2	008	Electricity Charges						
		.						
		.						
		.						

3	011	Books & Periodicals						
		.						
		.						
		.						
4	043	Uniforms						
		.						
		.						
		.						
5	054	Furniture						
		.						
		.						
		.						
		Grand Total						

Signature and Designation of officer Date:

- Notes:**
01. Separate forms shall be filled for Revenue, Centrally Sponsored Schemes (CSS), Central Schemes (CS) and Externally Aided Projects (EAP).
 02. In column 4, kindly indicate accounts (actuals) of the financial year preceding the ongoing financial year. In columns 5 and 6, indicate accounts for last six months of the year preceding the ongoing financial year and for first six months of the ongoing financial year. In columns 7 and 8, indicate original and revised estimates of the ongoing financial year. Column 9 relates to the Budget year.
 03. “Voted” and “Charged” items should be shown separately.

FORM B-3

BUDGET YEAR: 20...-20...

DEPARTMENT :

OFFICE :

DEMAND NO. :

MAJOR HEAD :

MINOR HEAD :

SUB-HEAD/DETAILED HEAD :

Code	Object Head	Designation/ Pay Level/No. of sanctioned posts	Amount (in Rs)
001	(a) Pay of Officers		
		Total : (a)	
	(b) Pay of Establishment		
001			
		Total : (b)	
	(c) Others		

002	Travel Expenses		
	.		
	.		
008	Electricity Charges		
	.		
	.		
011	Books & Periodicals		
	.		
	.		
043	Uniforms		
	.		
	.		
054	Furniture		
	.		
	.		
		Total: (c)	
		Grand Total: (a+b+c)	

Signature and Designation of officer Date:

- Notes:-** 01. Separate forms shall be filled for Revenue, Centrally Sponsored Schemes (CSS), Central Schemes (CS) and Externally Aided Projects (EAP).
02. “Voted” and “Charged” items should be shown separately.

FORM B-4

Details of provision proposed for pay of Officers/Establishment.

BUDGET YEAR: 20...-20...

DEPARTMENT :
OFFICE :
DEMAND NO. :
MAJOR HEAD :
MINOR HEAD :
SUB-HEAD/DETAILED HEAD :

(in Rs)

Description	Pay Level of the post	Actual pay of the Govt. servant due on 1 st April next year	Amount of provision for the year at the rates in Col. 3	Amount of increment for the year	Provision for PP/SP/CA	Total provision for the year i.e. total of Col.3 4+5+6	Remarks (mention 'vacant', if so)
1	2	3	4	5	6	7	8
A- Gazetted							
Total: (Gazetted)							

B- Non-Gazetted							
Total: (Non-Gazetted)							

PP- Personal Pay; SP- Special Pay; CA-Charge Allowance

Signature and Designation of officer Date:

- Notes:** 01. “Voted” and “Charged” items should be shown separately.
02. Numbers and amount of provision should agree with entries in FORMB-4(ii).
03. Name need not be given.

FORM B-4 (i)
Object Head-wise provision proposed for pay of Officers/Establishment.
BUDGET YEAR: 20...-20...

DEPARTMENT :
OFFICE :
DEMAND NO. :
MAJOR HEAD :
MINOR HEAD :
SUB-HEAD/DETAILED HEAD :

(in Rs.)

Object Head	Accounts of the previous fin. year	Original Estimates for the ongoing fin. year	Revised Estimates for the ongoing fin. year	Estimates for the Budget year
1	2	3	4	5
A- Pay of officers				
Pay in the Pay Level				
PP/SP/CA				
D.A				
M.A				
H.R.A				
C.C.A				
T.M.A				
Others*				
Total (A)				

B- Pay of Establishment				
Pay in the Pay Level				
Grade Pay				
PP/SP/CA				
D.A				
M.A				
H.R.A				
C.C.A				
T.M.A				
Others*				
Total (B)				
Total (A+B)				

PP- Personal Pay; SP- Special Pay; CA-Charge Allowance

*Each of the allowance that is drawn along with salary should be shown separately with nomenclature.

Signature and Designation of officer Date:

- Notes:** 01. In column 2, kindly indicate accounts (actuals) of the year preceding the ongoing financial year. In columns 3 and 4, indicate original and revised estimates for the ongoing financial year. Column 5 relates to the Budget year.
02. “Voted” and “Charged” items to be shown separately.

182

The J&K Official Gazette, 28th Oct., 2020/6th Kart., 1942.

[No. 30-j]

DEPARTMENT	:
OFFICE	:
DEMAND NO.	:
MAJOR HEAD	:
MINOR HEAD	:
SUB-HEAD/DETAILED HEAD	:

(in Rs.)

[illegible]

[illegible]

Estimates for the Budget year

[illegible]

	B-Non-Gazetted												
1.													
2.													
3.													
.													
.													
	Total (Non-Gazetted)												

Signature and Designation of officer Date:

Note: “Voted” and “Charged” items to be shown separately.

FORM B-5

**Schedule of new expenditure proposed for inclusion in the estimates of
BUDGET YEAR: 20...-20...**

DEPARTMENT :
OFFICE :
DEMAND NO. :
MAJOR HEAD :
MINOR HEAD :

S. No. of item	Sub-Head/ Detailed Head/ Object Head	Particulars of schemes	Recurring Expenditure		Non-recurring expenditure		Number and date of the order conveying administrative approval	Remarks	Col. for opinion of the Finance Department
			Cost in budget year	Ultimate recurring cost as far ascertained	Cost in budget year	Further expenditure to be as incurred, if any			
1	2	3	4	5	6	7	8	9	10

Signature and Designation of officer Date:

- Notes:** 01. The schedule should be prepared for each minor head separately.
02. No scheme should be entered in this schedule if funds have been provided for in the estimates of ordinary expenditure submitted to the Finance Department.

FORM B-6

**To be submitted in triplicate by the concerned officer if the sanctioning authority is the
Minister-in-charge or the Finance Department**

FORM OF APPLICATION FOR REAPPROPRIATION OF FUNDS

Financial Year: 20...-20...

DEPARTMENT :

OFFICE :

DEMAND NO. :

MAJOR HEAD :

MINOR HEAD :

Sub-head/Detailed Head/Object Head	Appropriation and progress of expenditure				
	Amount as in the sanctioned estimates	Actual expenditure up to date	Probable expenditure during remainder of the year	Amount of additional appropriation required or available for reappropriation	Reasons for increase or reduction
1	2	3	4	5	6
Head of account proposed to be increased.					
Head of account proposed to be reduced.					

Signature and Designation of officer Date:

- Notes: 01. Separate statements should be submitted for voted or charged expenditure.
02. The statement should not relate to more than one grant.
03. Column (2) should always show the amounts provided in the sanctioned budget but all reappropriation from or to the unit of appropriation and extra grants under it sanctioned by competent authority up to the date of the application should also be entered in this column by means of plus or minus figures with explanatory notes indicating the authority for the sanctions.

* (A) For use in the Administrative Department.

(B) Order of sanction.

Re-appropriation of ` sanctioned.

(C) Communication of sanction.

Copy forwarded to:- # (1) Finance Department.

(2) CAG.

\$ (3) Secretary to Government/Head of the Department/Controlling Officer

*Meant for the authorities forwarding the proposal to the next higher authority.

Incase two minor heads are involved.

\$Score out the officers to whom copies are not to be sent.

FORM B-7
APPLICATION FOR EXTRA GRANT
(Ongoing Financial Year: 20...-20...)

DEPARTMENT :

OFFICE :

DEMAND NO. :

MAJOR HEAD :

MINOR HEAD :

Major and Minor heads, Sub-Head, Detailed Head and Object Head	Original appropriation as modified by competent authority	Expenditure		Additional appropriation required		Explanation
		Actuals up to the month of	Amount required for the remaining months of the year	Amount available by re-appropriation	Amount proposed as an extra grant	

For use in the Administrative Department.

Signature and Designation of officer Date:

FORM B-8

Schedule of new expenditure for the Budget year: 20...-20... (for use by Finance Department)

Major head of the budget to which the charge is debitable	S. No. of item arranged in order of urgency	Nature of item together with minor and detailed heads to which the proposed expenditure is debitable	Recurring expenditure		Non-recurring expenditure		Order of Budget Council	Remarks
			Cost in budget year	Ultimate recurring cost, as far as ascertained	Cost in budget year	Further expenditure to be incurred, if any		
1	2	3	4	5	6	7	8	9

Signature and Designation of officer Date:

FORM B-9

Form for sending the receipts and expenditure forecast for the month of (current and next two months)

(Should be sent to Finance Department on the 15th of every month for the ensuing three months)

S. No .	Object Head	Actuals of last month available	Forecast previously made by the Budget Controlling Officer for the same month	Receipts for the three months beginning with the current month			Expenditure for the three months beginning with the current month			Remarks (Details of an item may be mentioned)
				Current say, December	January	February				
1	2	3	4	5	6	7	8	9	10	11

Signature and Designation of officer Date:

FORM B-10

Statement of Excess and Surrenders for the ongoing financial year: 20...-20...

DEPARTMENT :
OFFICE :
DEMAND NO. :
MAJOR HEAD :
MINOR HEAD :
SUB-HEAD/DETAILED HEAD :

(in lakh ₹)

S. No.	Code	Object Head	Budget provision for the year	Sanctioned additions or alternation by re-appropriation or extra grant	Total (3+4)	Actual for last six months of Previous fin. year	Actual for 1st six months of ongoing fin. year	Total (6+7)	Anticipated total expenditure for the fin. year	Surrender	Excess	Revised Estimates adopted by the Finance Deptt.	Explanation for variation
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	001	Salaries											
		.											
		.											
		.											
2	008	Electricity Charges											
		.											
		.											
		.											

3	011	Books & Periodicals											
		.											
		.											
		.											
4	043	Uniforms											
		.											
		.											
		.											
5	297	Furniture											
		.											
		.											
		.											

Signature and Designation of officer Date:

FORM B-11

Application for Advance out of the Jammu and Kashmir Contingency Fund.

(Ongoing Financial Year: 20...-20...)

DEPARTMENT :

OFFICE :

Brief particulars of the additional expenditure involved with full cost of the proposal for the year or part of the year	Circumstance in which provision was not included in the Budget	Reasons for which postponement is not possible	Amount to be advanced from the fund	Grant or Appropriation under which supplementary provision will be obtained	Remarks (for use in F.D)

No.....

Date.....

Submitted to the Administrative Secretary to Government, Finance Department through the

Signature and Designation of officer Date:

FORM B-12
(Works Statement)

Statement of ongoing and new works for the financial year: 20....-20...

DEPARTMENT :

OFFICE :

DEMAND NO. :

MAJOR HEAD :

MINOR HEAD :

SUB-HEAD/DETAILED HEAD/Activity Code :

(in lakh ₹)

S. No.	Name of the Work activity-wise	District	Location	Project initiation year	Original Cost of the Projects	Revised Cost	Whether AA/TEC accorded if yes, No. & Dated	Cumulative Exp. Ending 31 st March	Approved Capex Budget	Expenditure ending September	Anticipated Exp. Ending March	Proposed Capex Budget for ensuing year	Date of Completion of the Project	Physical Status (%age) with Photo-graph
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note: In case of CSS/Loan/ other central schemes both Matching Share and Central Share needs to be shown in the statement.

Signature and Designation of officer Date:

_____ **Department**

Name of Scheme (CSS/UT) _____

[illegible]

FORM D-1**SELECT FISCAL INDICATORS**

S. No.	Item	Previous Year	Current Year (Revised Estimates)
01.	Gross Fiscal Deficit as percentage of GDP		
02.	Revenue Surplus as percentage of Gross Fiscal Deficit		
03.	Revenue surplus as percentage of GDP		
04.	Revenue Surplus as percentage of TRR		
05.	Total Liabilities – GDP ratio %		
06.	Total Liabilities- Total Revenue Receipts (%)		
07.	Total Liabilities – State's own Revenue Receipts (%)		
08.	Own Revenue Receipts to Revenue Expenditure (%)		
09.	Capital outlay as percentage of Gross Fiscal Deficit		
10.	Interest payment as percentage of Revenue Receipts		
11.	Salary Expenditure as percentage of Revenue Receipts		
12.	Pension Expenditure as percentage Revenue Receipts		
13.	Non Development Expenditure as percentage of aggregate disbursements		
14.	Gross transfers from the centre as percentage of aggregate disbursements		
15.	Non- Tax Revenue as percentage of TRR		

FORM D-2

A. COMPONENTS OF STATE GOVERNMENT LIABILITIES

S. No.	Category	Revised during the fiscal year		Re-payment/Redemption during the Fiscal Year		Outstanding Amount End- March	
		Previous Year (Actuals)	Current year Revised (Estimates)	Previous Year (Actuals)	Current year Revised (Estimates)	Previous Year (Actuals)	Current year Revised (Estimates)
01.	Market Borrowings						
02.	Loans from centre						
03.	Special Securities issued to NSSF						
04.	Borrowings from the Financial Institutions/Banks						
05.	WMA/OD from RBI						
06.	Small savings, Provident funds, etc.						
07.	Reverse funds/Deposits						
08.	Other liabilities						
09.	Total						

FORM D-2

B. WEIGHTED AVERAGE INTEREST RATES ON STATE GOVERNMENT LIABILITIES

(Percent)

Category	Raised during the Fiscal Year		Outstanding Amount (End- March)	
	Previous year (Actuals)	Current Year (RE)	Previous year (Actuals)	Current Year (RE)
Market Borrowing				
Loans from Centre				
Special Securities issued to the NSSF				
Borrowings from Financial Institutions/Banks				
WMA/OD from RBI				
Small Savings, Provident Funds etc.				
Reserve Funds/Deposits				
Other Liabilities				
Total*				

^ Weighted average interest rate where the respective weight is the amount borrowed. This is calculated on contractual basis and then annualized.

* Weighted average interest rate where the weights are the amount of the respective components of the Government Liabilities.

Example 1

Suppose the State Government raised resources from the market on three occasions during a fiscal year for an aggregate amount of ₹ 600 crore. The annual rates of interest were 10 per cent, 12 percent and 14 per cent, for ₹ 100 crore, ₹ 200 crore

and ₹ 300 crore, respectively. The weighted average interest rate in respect of the resources raised during the year would therefore be:

$$\begin{aligned} & ₹ 100 \times (10/100) + ₹ 200 (12/100) + ₹ 300 \times (14/100) / (100 + 200 + 300) \times 100 = \\ & [10 + 24 + 42] / 600 \times 100 \\ & = (76/600) \times 100 = 12.67\% \end{aligned}$$

Example 2

Suppose the previous and current year pertain to 2004-05 and 2005-06. Suppose the total outstanding amount of special securities issued by the State government to the NSSF was ₹ 100 crore as at end – March 2004 and ₹ 150 crore as at end- March 2005. Suppose the total interest cost incurred by the State Government on this account during 2005-06 and 2006-07 amount to ₹ 10 crore and ₹ 12 crore, respectively. Then the weighted average cost on the outstanding amount of special securities issued to the NSSF during the previous year (i.e. 2004-05) is equal to 10/100=10 per cent. Similarly, the weighted average interest cost on the outstanding amount of special securities issued to the NSSF during the current year (i.e. 2005 -06) is equal to 12/150=8 percent.

FORM D-3
CONSOLIDATED SINKING FUND

(Amount in ₹ Crore)

Outstanding at the beginning of the previous year	Additions during the previous year	Withdrawals during the previous year	Outstanding at the end of previous year/beginning of the current year	(4)/ Stock of SLR borrowings (%)	Additions During the current year	Withdrawals during the current year	Outstanding at the end of the previous year/beginning of annual year	(8)/ stock of SLR Borrowings (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

FORM D - 4

GURANTANTEE GIVEN BY THE GOVERNMENT

Category (No. of Guarantees within brackets)	Maximum Amount Guaranteed during the year (₹ crore)	Outstanding at the beginning of the year (₹ crore)	Additions during the year (₹ crore)	Reductions during the year (other than invoked during the year) (₹ crore)	Invoked during the year (₹ crore)		Out- standing at the end of the year (₹ crore)	Guarantee Commission or Fee		Remarks
					Dis- charged	Not dis- charged		Receivable	Received	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Note :—Reporting Year refers to the second year proceeding the year for which the Budget is presented.

FORM D-5
OUTSTANDING RISK WEIGHTED GUARANTEES

(Amount in ₹ crore)

Default Probability	Risk weighted (per cent)	Amount Outstanding as in the Previous year and the current Year		Risk weights outstanding guarantee in the previous year and the current year	
		Previous year	Current year	Previous year	Current year
Direct Liabilities	100				
High Risk	75				
Medium Risk	50				
Low Risk	25				
Very Low Risk	5				
Total Outstanding					

Note:—The risk-weights have been pre-specified for the various risk categories.

FORM D-6
GURANTEE REDEMPTION FUND (GRF)

(in ₹ crore)

Outstanding invoked guarantees at the end of the Previous year	Outstanding amount in GRF at the end of the previous year	Amount of Guarantees likely to be invoked during the current year	Addition to GRF during the current year	Withdrawal from the GRF during the current year	Outstanding amount in GRF at the end of current year

- Note:—(i) As per the terms of the GRF, during each year, the Government is required to contribute an amount equivalent at least 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year.
- (ii) Previous year refers to the year preceding the current year.

FORM D-7
STATEMENT OF ASSETS

	Assets at the beginning of the Reporting year	Assets acquired during the reporting year	Cumulative total assets at the end of the reporting year
	Book value (₹ in cr.)	Book value (₹ in cr.)	Book value (₹ in cr.)
Financial Assets : Loans and Advances Loans to Local Bodies Loans to companies Loans to others Equity investment shares Bonus Shares Investments in GoI dated securities/Treasury bills Investments in 14-day intermediate Treasury Bills Other financial investments (pleases specify) Total			
Physical Assets : Land Building- Office/ Residential Roads			

Bridges			
Irrigation Projects			
Power Projects Other			
capital projects			
Machinery and equipment			
Office equipment Vehicles			
Total			

- Note:—**1. Assets above the threshold value of ₹ two lakh only to be recorded.
2. Reporting year refers to the second year preceding the year for which the annual financial Statement and demands for grants are prescribed.
 3. The Statement in respect of physical assets is to be prepared based on assets register maintained by the Government the value to be indicated would be book value i.e. acquisition cost netted for depreciation/impairment.
 4. States that are not in a position to provide information in respect of physical assets may, to begin with, provide information only in respect of financial assets. They may disclose their physical assets within- years from the date of publication of the Notification of the Rules in the State Gazette

FORM D- 8

TAX REVENUE RAISED BUT NOT REALIZED (PRINCIPAL TAXES)

(As at the end of the reporting year)

Major Head	Description	Amount under disputes (₹ in crore)					Amount not under dispute (₹ crore)					Grand Total
		Over 1 Year but less than two years	Over 2 Year but less than 5years	Over 5 Years but less than 10 years	Over 10 Years	Total	Over 1 Year but less than two years	Over 2 Year but less than 5years	Over 5 Years but less than 10 years	Over 10 Years	Total	
	Taxes on Income & Expenditures											
	Agriculture Income Tax											
	Taxes on professions, traders, callings and employment											
	Taxes on property and Capital Services											
	Land Revenue											
	Stamps & Registration fees											

	Urban immovable property tax											
	Taxes on Commodities and services											
	Sales tax											
	Central Sales tax											
	Sales tax on Motor Sprit and Lubricants											
	Surcharges on Sales Tax											
	State Excise											
	Taxes on vehicles											
	Other taxes											
	Total											

Note:—Reporting year refers to the second year preceding the year for which the annual financial Statement and demands for grants are presented.

FORM D-9
STATEMENT OF MISCELLANEOUS LIABILITIES : OUTSTANDINGS

(in ₹ Crore)

	Outstanding Amounts \$
Major Works and contracts	
Committed liabilities in respect of land acquisition charges	
Claims in respect of uRevaid bills on works and supplies.	

\$: The outstanding amount pertains to the end March position or the year before the current year.

FORM D -10**STATEMENT OF NUMBER OF EMPLOYEES AND RELATED SALARY EXPENDITURE****PART-1****EMPLOYEES IN GOVERNMENT DEPARTMENT**

Demand No. and Description	Number of employees in the current year			Salary Expenditure (In ₹ lakhs)										
	REV	CSS	Total	Actual (Previous Year)			BE (Current Year)			RE (Current Year)			BE (Next Year)	
				REV	CSS	Total	REV	CSS	Total	REV	CSS	Total	REV	Total

REV: Revenue Expenditure, CSS: Centrally Sponsored Schemes (including NEC)

Previous Year: 2years preceding the year for which Budget is presented, Current Year: 1 Year Preceding the year for which Budget is presented, Next Year: Year for which Budget is presented.

PART-II
EMPLOYEES IN PUBLIC SECTOR

Name of the PSU	Name of the Controlling Administrative Department	Number of employees in the current Year	Salary Expenditure (in ₹ Lakhs)			
			Actual (Previous Year)	BE (Current Year)	RE (Current Year)	BE (Next Year)

Previous Year : 2 years preceding the year for which Budget is presented, Current Year: 1 year preceding the year for which Budget is presented, Next year : Year for which Budget is presented.

PART- III
EMPLOYEES IN AIDED INSTITUTIONS

Name of the Aided Institution	Name of the Controlling Administrative Department	Number of employees in the current Year	Salary Expenditure (in ₹ Lakhs)			
			Actual (Previous Year)	BE (Current Year)	RE (Current Year)	BE (Next Year)

Previous Year: 2 years preceding the year for which Budget is presented, Current Year : 1 year preceding the year for which Budget is presented, Next year : Year for which Budget is presented.

OUTCOME INDICATORS OF THE STATES OWN FISCAL CORRECTION PATH

(in ₹ Crore)

S. No.	Particulars	Base Year (2004-05 RE)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8	9
A	STATE REVENUE ACCOUNT							
1	Own Tax Revenue							
2	Own Non-Tax Revenue							
3	Own Tax & Non Tax Revenue (1+2)							
4	Share in Central Taxes & Duties							
5	Plan Grants							
6	Non-Plan Grants							
7	Total Central Transfers (4 to 6)							
8	Total Revenue Receipts (3+7)							
9	Revenue Expenditure							
10	Capital Expenditure							
11	Salary Expenditure							
12	Pension							
13	Interest Payment							

14	Subsidies-General							
15	Subsidies-Power							
16	Total Revenue Expenditure (9+10)							
17	Salary + Interest + Pension (11+12+13)							
18	As% of Revenue Receipts (17/08)							
19	Revenue Surplus/ Deficit (8-16)							
B	CONSOLIDATED REVENUE ACCOUNT							
1	Power sector loss/profit net of actual subsidy transfer							
2	Increase in debtors during the year in power utility accounts [increase (-)]							
3	Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget							
4	Total (1 to 3)							
5	Consolidated Revenue Deficit (A19+B4)							

C	CONSOLIDATED DEBT							
1	Outstanding Debt and Utility							
2	Total Guarantee Outstanding of which Guarantee on account off budget borrowing and SPV Borrowing							
D	CAPITAL ACCOUNT							
1	Capital Outlay							
2	Disbursement of Loans and Advances							
3	Recovery of Loans and Advances							
4	Other Capital Receipts							
5	Gross Fiscal Deficit (GFD)*							
	GDP (₹ in crores) at Current Prices							
	Actual/ Assumed Nominal Growth Rate (%)							
*	GFD as per para 19 of the Guidelines							
*	Included in Capital Expenditure							

Appendix-2

(Referred in Para 13.18.1)

Demand No. 1

That a sum not exceeding Rs _____ lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March, _____ in respect of :

2012	President, Vice-President/Governor/Administrator of Union Territories
2013	Council of Ministers
2015	Elections
2051	Public Service Commission
2052	Secretariat - General Services
2055	Police
2062	Vigilance
2070	Other Administrative Services
2251	Secretariat - Social Services
2501	Special Programmes for Rural Development
3435	Ecology and Environment
3451	Secretariat Economic Services
3452	Tourism
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services
4075	Capital Outlay on Miscellaneous General Services
5452	Capital Outlay on Tourism

Demand No. 2

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2055	Police
2056	Jails
2070	Other Administrative Services
2235	Social Security and Welfare
4055	Capital Outlay on Police
4059	Capital Outlay on Public Works
4070	Capital Outlay on Other Administrative Services

Demand No. 3

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 3454 | Census Surveys and Statistics |
| 4059 | Capital Outlay on Public Works |
| 4235 | Capital Outlay on Social Security and Welfare |
| 5475 | Capital Outlay on Other General Economic Services |

Demand No. 4

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2220 Information and Publicity

4220 Capital Outlay on Information and Publicity

Demand No. 5

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2575 Other Special Area Programmes

4575 Capital Outlay on Other Special Area Programmes

Demand No. 6

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2801 Power

4801 Capital Outlay on Power Projects

Demand No. 7

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2202 General Education

2204 Sports and Youth Services

4202 Capital Outlay on Education, Sports, Art and Culture

Demand No. 8

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2030	Stamps and Registration
2039	State Excise
2040	Taxes on Sales, Trade etc.
2043	Collection Charges under State Goods and Services Tax
2045	Other Taxes and Duties on Commodities & Services
2047	Other Fiscal Services
2048	Appropriation for Reduction or Avoidance of Debt
2049	Interest Payments
2054	Treasury and Accounts Administration
2071	Pensions and Other Retirement Benefits
2075	Miscellaneous General Services
2235	Social Security and Welfare
4059	Capital Outlay on Public Works
5465	Investments in General Financial and Trading Institutions
5475	Capital Outlay on Other General Economic Services
6003	Internal Debt of the State Government
6004	Loans and Advances from the Central Government
6885	Other Loans to Industries and Minerals

Demand No. 9

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2011 State Legislatures

7610 Loans to Government Servants Etc.

Demand No. 10

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2014	Administration of Justice
2015	Elections
2030	Stamps and Registration
2041	Taxes on Vehicles
2070	Other Administrative Services
2230	Labour and Employment
4059	Capital Outlay on Public Works

Demand No. 11

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2055	Police
2851	Village and Small Industries
2853	Non Ferrous Mining and Metallurgical Industries
4851	Capital Outlay on Village and Small Industries
4852	Capital Outlay on Iron and Steel Industries
4853	Capital Outlay on Non-Ferrous Mining and Metallurgical Industries
6885	Other Loans to Industries and Minerals

Demand No. 12

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2029	Land Revenue
2250	Other Social Services
2401	Crop Husbandry
2402	Soil and Water Conservation
2403	Animal Husbandry
2406	Forestry and Wildlife
2415	Agricultural Research and Education
2435	Other Agricultural Programmes
2705	Command Area Development
2851	Village and Small Industries
4401	Capital Outlay on Crop Husbandry
4406	Capital Outlay on Forestry and Wildlife
4415	Capital Outlay on Agricultural Research and Education
4705	Capital Outlay on Command Area Development
4851	Capital Outlay on Village and Small Industries

Demand No. 13

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|-------------------------------------|
| 2403 | Animal Husbandry |
| 4403 | Capital Outlay on Animal Husbandry |
| 4404 | Capital Outlay on Dairy Development |

Demand No. 14

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2053	District Administration
2070	Other Administrative Services
2235	Social Security and Welfare
2250	Other Social Services
4059	Capital Outlay on Public Works

Demand No. 15

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 2408 | Food Storage and Warehousing |
| 3475 | Other General Economic Services |
| 4235 | Capital Outlay on Social Security and Welfare |
| 4408 | Capital Outlay on Food Storage and Warehousing |
| 5475 | Capital Outlay on Other General Economic Services |

Demand No. 16

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2059	Public Works
2216	Housing
3054	Roads and Bridges
4059	Capital Outlay on Public Works
5054	Capital Outlay on Roads and Bridges

Demand No. 17

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2210 Medical and Public Health

2211 Family Welfare

4210 Capital Outlay on Medical and Public Health

Demand No. 18

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|--|
| 2055 | Police |
| 2070 | Other Administrative Services |
| 2071 | Pensions and Other Retirement Benefits |
| 2225 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes |
| 2235 | Social Security and Welfare |
| 2236 | Nutrition |
| 4225 | Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes |
| 4235 | Capital Outlay on Social Security and Welfare |
| 4236 | Capital Outlay on Nutrition |

Demand No. 19

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|-------------------------------------|
| 2217 | Urban Development |
| 4216 | Capital Outlay on Housing |
| 4217 | Capital Outlay on Urban Development |

Demand No. 20

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

452 Tourism

5452 Capital Outlay on Tourism

Demand No. 21

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 2402 | Soil and Water Conservation |
| 2406 | Forestry and Wildlife |
| 3435 | Ecology and Environment |
| 4402 | Capital Outlay on Soil and Water Conservation |
| 4406 | Capital Outlay on Forestry and Wildlife |
| 5425 | Capital Outlay on Other Scientific and Environmental Research |

Demand No. 22

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|--|
| 2700 | Major Irrigation |
| 2701 | Medium Irrigation |
| 2702 | Minor Irrigation |
| 2711 | Flood Control and Drainage |
| 4701 | Capital Outlay on Medium Irrigation |
| 4702 | Capital Outlay on Minor Irrigation |
| 4711 | Capital Outlay on Flood Control Projects |

Demand No. 23

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2055 Police

2215 Water Supply and Sanitation

4215 Capital Outlay on Water Supply and Sanitation

Demand No. 24

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2055	Police
2059	Public Works
2070	Other Administrative Services
2216	Housing
4059	Capital Outlay on Public Works

Demand No. 25

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 2058 | Stationery and Printing |
| 2230 | Labour and Employment |
| 4058 | Capital Outlay on Stationery and Printing |
| 4250 | Capital Outlay on Other Social Services |

Demand No. 26

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2405 Fisheries

4405 Capital Outlay on Fisheries

Demand No. 27

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2202 General Education

2203 Technical Education

4202 Capital Outlay on Education, Sports, Art and Culture

Demand No. 28

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|--|
| 2236 | Nutrition |
| 2501 | Special Programmes for Rural Development |
| 2515 | Other Rural Development Programmes |
| 4515 | Capital Outlay on Other Rural Development Programmes |

Demand No. 29

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2041	Taxes on Vehicles
2070	Other Administrative Services
4059	Capital Outlay on Public Works
5055	Capital Outlay on Road Transport
7055	Loans for Road Transport

Demand No. 30

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2225 Welfare of Scheduled Castes, Scheduled Tribes and
Other Backward Classes

4225 Capital Outlay on Welfare of Scheduled Castes.
Scheduled Tribes and Other Backward Classes

Demand No. 31

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|--|
| 2202 | General Education |
| 2205 | Art and Culture |
| 3452 | Tourism |
| 3454 | Census Surveys and Statistics |
| 4202 | Capital Outlay on Education, Sports, Art and Culture |

Demand No. 32

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2236	Nutrition
2401	Crop Husbandry
2435	Other Agricultural Programme
4401	Capital Outlay on Crop Husbandry

Demand No. 33

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 2055 | Police |
| 2235 | Social Security and Welfare |
| 2245 | Relief on Account of Natural Calamities |
| 4235 | Capital Outlay on Social Security and Welfare |

Demand No. 34

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|--|
| 2203 | Technical Education |
| 2204 | Sports and Youth Services |
| 2230 | Labour and Employment |
| 4202 | Capital Outlay on Education, Sports, Art and Culture |
| 4250 | Culture Capital Outlay on Other Social Services |

Demand No. 35

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

- | | |
|------|---|
| 3435 | Ecology and Environment |
| 4075 | Capital Outlay on Miscellaneous General Services |
| 5425 | Capital Outlay on Other Scientific and Environment and Research |

Demand No. 36

That a sum not exceeding Rs_____lakh may be granted to Government to defray the charges which will come in course of payment during the year ending 31st March,_____in respect of :

2425 Co-operation

4425 Capital Outlay on Co-operation

APPENDIX-3

(Referred in Para 10.12.1)

Extracts from Constitution of India relating to Budget***Distribution of Revenues*****268. Duties levied by the Union but collected and appropriated by the States/Union Territories:**

- (1) Such stamp duties and such duties of excise on medicinal and toilet preparations as are mentioned in the Union List shall be levied by the Government of India but shall be collected—
 - (a) in the case where such duties are leviable within any Union territory, by the Government of India, and
 - (b) in other cases, by the States within which such duties are respectively leviable.
- (2) The proceeds in any financial year of any such duty leviable within any State shall not form part of the Consolidated Fund of India, but shall be assigned to that State.

269. Taxes levied and collected by the Union but assigned to the States/Union territories:

- (1) Taxes on the sale or purchase of goods and taxes on the consignment of goods shall be levied and collected by the Government of India but shall be assigned and shall be deemed to have been assigned to the States on or after the 1st day of April, 1996 in the manner provided in clause (2), Explanation.—For the purposes of this clause,—
 - (a) the expression “taxes on the sale or purchase of goods” shall mean taxes on sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of interstate trade or commerce;

(b) the expression “taxes on the consignment of goods” shall mean taxes on the consignment of goods (whether the consignment is to the person making it or to any other person), where such consignment takes place in the course of interstate trade or commerce.

- (2) The net proceeds in any financial year of any such tax, except in so far as those proceeds represent proceeds attributable to Union Territories, shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that tax is leviable in that year, and shall be distributed among those States in accordance with such principles of distribution as may be formulated by Parliament by law.
- (3) Parliament may by law formulate principles for determining when a sale or purchase of, or consignment of, goods takes place in the course of inter-state trade or commerce.

270. Taxes levied and distributed between the Union and the States: (1) All taxes and duties referred to in the Union List, except the duties and taxes referred to in articles 268 and 269, respectively, surcharge on taxes and duties referred to in article 271 and any cess levied for specific purposes under any law made by Parliament shall be levied and collected by the Government of India and shall be distributed between the Union and the States in the manner provided in clause (2).

- (2) Such percentage, as may be prescribed, of the net proceeds of any such tax or duty in any financial year shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that tax or duty is leviable in that year, and shall be distributed among those States in such manner and from such time as may be prescribed in the manner provided in clause (3).
- (3) In this article, “prescribed” means, —
 - (i) until a Finance Commission has been constituted, prescribed by the President by order, and

- (ii) after a Finance Commission has been constituted, prescribed by the President by order after considering the recommendations of the Finance Commission.

271. Surcharge on certain duties and taxes for purposes of the Union: Notwithstanding anything in articles 269 and 270, Parliament may at any time increase any of the duties or taxes referred to in those articles by a surcharge for purposes of the Union and the whole proceeds of any such surcharge shall form part of the Consolidated Fund of India.

272. [Taxes which are levied and collected by the Union and may be distributed between the Union and the States.]—Rep. by the Jammu and Kashmir Reorganisation Act, 2019 (Eightieth Amendment) Act, 2000.

273. Grants in lieu of export duty on jute and jute products:

- (1) There shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of the States of Assam, Bihar, Orissa and West Bengal, in lieu of assignment of any share of the net proceeds in each year of export duty on jute and jute products to those States, such sums as may be prescribed.
- (2) The sums so prescribed shall continue to be charged on the Consolidated Fund of India so long as any export duty on jute or jute products continues to be levied by the Government of India or until the expiration of ten years from the commencement of this Jammu and Kashmir Reorganisation Act, 2019 whichever is earlier.
- (3) In this article, the expression “prescribed” has the same meaning as in article 270.

275. Grants from the Union to certain States: (1) Such sums as Parliament may by law provide shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of such States as Parliament may determine to be in need of assistance, and different sums may be fixed for different States:

Provided that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of a State such capital and recurring sums as may be necessary to enable that State to meet the costs of such schemes of development as may be undertaken by the State with the approval of the Government of India for the purpose of promoting the welfare of the Scheduled Tribes in that State or raising the level of administration of the Scheduled Areas therein to that of the administration of the rest of the areas of that State:

Provided further that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the State of Assam sums, capital and recurring, equivalent to—

- (a) the average excess of expenditure over the revenues during the two years immediately preceding the commencement of Jammu and Kashmir Reorganisation Act, 2019 in respect of the administration of the tribal areas specified in Part I of the table appended to paragraph 20 of the Sixth Schedule; and
- (b) the costs of such schemes of development as may be undertaken by that State with the approval of the Government of India for the purpose of raising the level of administration of the said areas to that of the administration of the rest of the areas of that State.

(1A) On and from the formation of the autonomous State under article 244 A,—

- (i) any sums payable under clause (a) of the second proviso to clause (1) shall, if the autonomous State comprises all the tribal areas referred to therein, be paid to the autonomous State, and, if the autonomous State comprises only some of those tribal areas, be apportioned between the State of Assam and the autonomous State as the President may, by order, specify;
- (ii) there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the autonomous State sums,

capital and recurring, equivalent to the costs of such schemes of development as may be undertaken by the autonomous State with the approval of the Government of India for the purpose of raising the level of administration of that State to that of the administration of the rest of the State of Assam.

- (2) Until provision is made by Parliament under clause (1), the powers conferred on Parliament under that clause shall be exercisable by the President by order and any order made by the President under this clause shall have effect subject to any provision so made by Parliament:

Provided that after a Finance Commission has been constituted no order shall be made under this clause by the President except after considering the recommendations of the Finance Commission.

280. Finance Commission: (1) The President shall, within two years from the commencement of this Jammu and Kashmir Reorganisation Act, 2019 and thereafter at the expiration of every fifth year or at such earlier time as the President Considers necessary, by order constitute a Finance Commission which shall consist of a Chairman and four other members to be appointed by the President.

- (2) Parliament may by law determine the qualifications which shall be requisite for appointment as members of the Commission and the manner in which they shall be selected.
- (3) It shall be the duty of the Commission to make recommendations to the President as to—
 - (a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds;
 - (b) the principles which should govern the grants-in-aid of the revenue of the States out of the Consolidated Fund of India;

- (c) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State;
 - (d) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State;
 - (e) any other matter referred to the Commission by the President in the interests of sound finance.
- (4) The Commission shall determine their procedure and shall have such powers in the performance of their functions as Parliament may by law confer on them.

281. Recommendations of the Finance Commission.—The President shall cause every recommendation made by the Finance Commission under the provisions of this Jammu and Kashmir Reorganisation Act, 2019 together with an explanatory memorandum as to the action taken thereon to be laid before each House of Parliament.

282. Expenditure defrayable by the Union or a State out of its revenues.—The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislative Assembly of the State, as the case may be, may make laws.

283. Borrowing by States:

- i. Subject to the provisions of this article, the executive power of a State extends to borrowing within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Legislative Assembly of such State by law and to the giving of guarantees within such limits, if any, as may be so fixed.

- ii. The Government of India may, subject to such conditions as may be laid down by or under any law made by Parliament, make loans to any State or, so long as any limits fixed under article 292 are not exceeded, give guarantees in respect of loans raised by any State, and any sums required for the purpose of making such loans shall be charged on the Consolidated Fund of India.
- iii. A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government.
- iv. Consent under clause (3) may be granted subject to such conditions, if any, as the Government of India may think fit to impose