



Telangana State
**BUDGET
MANUAL**

BUDGET MANUAL

Presented by : YADAGIRI BOLLA
Deputy Director, DTO HYD.

DEFINITIONS :

- ◉ **Annual Financial Statement** : As per article 202 (i) of the constitution of India “The statement of the estimated receipts and expenditure of the state, for each financial year to be laid before the Assembly” is commonly termed as “Budget”.
- ◉ **Budget Year/Financial Year** : Commencing on the 1st April and ending with 31st March.

DEFINITIONS :

- ◉ **Charged Expenditure** : There are certain offices , the holders of which should function independently and even the legislature should not have any control over them. Ex: Judiciary salaries, Speaker, Deputy Speaker, Governor office and Public service commission.

DEFINITIONS :

- ◉ ***Voted Expenditure*** : Expenditure other than the expenditure charged on the Consolidated Fund shall be submitted to the vote of the Legislative Assembly under Article 203. So far as the voted expenditure is concerned the Legislature will have full control. Assembly has the power either to assent or refuse.

DEFINITIONS :

- ◉ CCO /HOD : A Head of the Department or Other officer who submits budget estimates directly to the Government, is called as Chief Controlling Officer.
- ◉ SCO : An intermediate controlling officer immediately subordinate to a CCO.
- ◉ DDO : A government officer who draws money from the treasury on bill is called Drawing and Disbursing Officer.

BUDGET

Under article 202 Constitution of India budget consists of 3 main divisions

1. Consolidated Fund of the state
2. Contingency Fund of the State.
3. Public Account of the State.

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1. Consolidated Fund Of the State : Is formed out of all revenues received by the Government of state, all loans raised by the government, ways and means advances and all moneys received by the Government in repayment of loans.

- The transactions relating to the consolidated fund are accounted for in 3 different sections.

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- a. Revenue Account
- b. Capital Account
- c. Loan Account

Revenue Account is the account of Government total revenue receipts and expenditure. Revenue receipts mainly comes from Tax Revenue, Non-Tax Revenue, Interest, Dividends, Royalties etc and Grant-In aid and contributions.

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Capital Account is the incurring expenditure and receipts come under this account. Capital expenditure will create an assets.

Loan Account comprises all loans taken and disbursed by the State Government.

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- ◉ **2. Contingency Fund Of the State** : Article 267 (2) constitution of India creates the contingency fund of the state. This fund is intended to provide advances for meeting unforeseen expenditure arising in a year. It will recoup from Consolidated Fund of the State.
Eg : Natural calamities, floods etc.
- ◉ Government of Telangana is having Rs 50 Crores in the fund.

3. Public Account :

- Article 266 (2) and 284 of the constitution of India pertains to all public moneys received by or on behalf of the state government which are not creditable to the consolidated fund of the state.

- It comprises
 - I. Provident Funds
 - II. Reserve Funds
 - III. Deposits and Advances
 - IV. Suspense and miscellaneous
 - V. Remittances
 - VI. Cash balance

- In this account Government will act as a Bankers.

BUDGET PREPARATION

Number Statement : Every HOD/CCO are required to submit Number Statement to the Finance Dept by 1st August every year.

- ⦿ A statement detailing particulars of posts in each permanent and temporary establishment (both Gazetted and Non-Gazetted).
- ⦿ If any posts is vacant that will also include in the statement with a minimum time scale of that post. Eg: Pay, DA, HRA other allowances etc.

BUDGET PREPARATION

Preparation Of Budget Estimates : The budget is based on the departmental estimates (receipts and payments) submitted by CCO and Other Estimating Officers which are in turn based on the estimates submitted by the SCOs of the departments.

- ◉ HODs and Other Estimating Officers should prepare their estimates and submit to the concerned Secretariat Administrative Department by 1st October of every year.
- ◉ The Administrative Department should send the estimates with their comments so as to reach the Finance Department by 15th October.
- ◉ Revised estimates should submit along with Budget Estimates which includes an estimate of actual transactions recorded in the year.

BUDGET PREPARATION

- After receiving all the Departments Budget Estimates the Finance department will prepare and laid before the Assembly for approval by the Finance Minister.
- Approval of the Assembly Appropriation Act will be passed.

BUDGET DISTRIBUTION AND EXPENDITURE

- Budget Release Orders (BROs/LOC) issued by the Finance department Quarterly.
- The concerned Secretariat Administrative Department will issue Administrative Sanction Orders.
- The CCO/HOD should prepare the distribution statement sent to DTA for authorization.
- Accordingly the distribution statement authorized by DTA.
- The concerned DDOs will prepare the bill and submit to Treasury/PAO for incur of expenditure.

HEAD OF ACCOUNT (HOA)

- Total Budget Estimates having full details in 7 tier classification of HOA.

- **7 tier classification**

1. Major Head (4) digits
2. Sub Major Head (2) digits
3. Minor Head (3) digits
4. Group Sub Head (2) digits
5. Sub Head (2) digits
6. Detailed Head (3) digits
7. Sub-Detailed Head (3) digits

HEAD OF ACCOUNT (HOA)

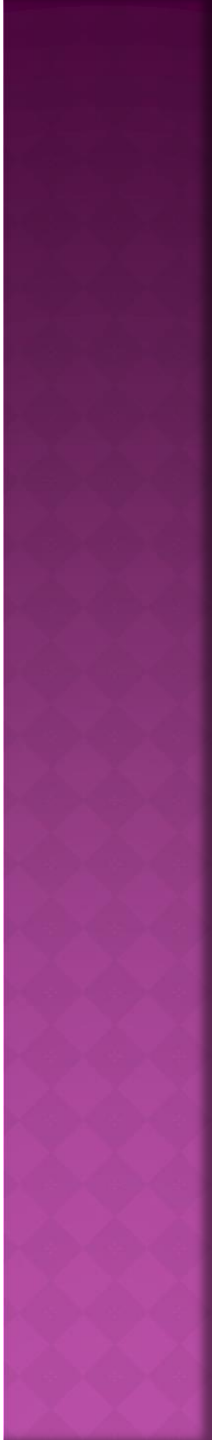
Head Of Accounts starts with

- 0 and 1 : Receipts
- 2 and 3 : Revenue Expenditure
- 4 and 5 : Capital Expenditure
- 6 and 7 : Loans
- 8 and 9 : Deposits

Recently the Government Of Telangana has introduced new Group Sub-Head due to abolition of plan and non-plan schemes by GOI, which are 25 State Sector Scheme (Pragathi Paddu) , 00 Establishment Expenditure (Nirvahana Paddu).

RECONCILIATION

- As per the Budget Manual every CCO should watch the progress of expenditure as well as receipts continuously. CCO shall obtain every month each SCO wise reconciled figures.
- Every DDO should reconcile receipts and payments figures with concerned Treasury every month. This Reconciliation Statement will be sent to the SCO.



Thank you !!