



Government Budget

SAI PRASAD

Mandate

Articles 110 (Finance Bill)

Article 112 (Annual Financial Statement)

Article 113 (Demands for Grants)

Provisions of the FRBM Act (Section 3 of the Act)

Articles 265, 266, 112 and 114 outline the mechanism for Parliamentary control over Public Finance

Charged items of expenditure

Features of the Budget



Budget prepared on Cash Basis



Rule of Lapse



Realistic Estimation



Budget to be Gross/Net basis



Estimates to correspond accounts



Estimates to be on Department basis

Some important terms

Scheme
Expenditure

Classification
system

Commercial
Departments

Central
Expenditure

Transfers to
States/Uts

Gender
Budgeting

Vote on
Account

Roles in Budget Preparation



The Budget Division in the Ministry of Finance is primarily responsible for preparation of Budget



The other Departments in the Ministry of Finance have specific roles in Budget



The IFA is responsible to both Administrative Ministry and Ministry of Finance



The FA should factor the sectoral priorities without compromising the budgetary integrity

Budget Process

- ❖ Budget process involves in collection of information on
 - ❖ Expenditure in previous years and preceding months in current year
 - ❖ Projected requirement for the remaining months of current year with justification
 - ❖ Projected requirement of funds for the next financial year with full justification
 - ❖ Expenditure of previous years
- ❖ Coordination with different Ministries/Department
- ❖ Scrutiny of the Estimates
- ❖ Pre-Budget Meetings



Budget Process

- Conveying ceilings
- Doing Scheme wise Allocations in consultation with the Administrative Ministry
- DDG to be in sync with DG of Ministry of Finance
- Preparation of Outcomes Budget
- Sending Material for FM Budget Speech
- Coordinating with Parliamentary Standing Committee



Budget circular

Timelines

Pre-Budget Meetings

Instructions relating to Expenditure Budget

Instructions relating to rationalisation of schemes and economy in expenditure

Instructions relating to budgeting for EAPs

Instructions relating to entering data in UBIS

Instructions relating to allocations for NorthEast



Budget Circular

Instructions relating to allocations for SC/ST sub-component

Instructions for Civil Pensions

Instructions relating to estimates to be included in composite demands controlled by Budget Division

Material for statements to be appended to Demands for Grants

Output Outcome Monitoring Framework

Material for statements to be appended to the Expenditure Profile



Budget circular

Disclosure statements required under the Fiscal Responsibility and Budget Management Rules, 2004

Detailed Demands for Grants

Estimates of Receipts – Revenue Receipts

Capital Receipts

Public Account

Appointing of Nodal Officer for Gender and Child Budgeting



List of
documents
presented

- **Budget Speech**
- **Annual Financial Statement (AFS)**
- **Demands for Grants (DG)**
- **Finance Bill**
- **Fiscal Policy Statements mandated under FRBM Act: i. Macro-Economic Framework Statement ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement**
- **Expenditure Budget**
- **Receipt Budget**
- **Expenditure Profile**



List of
documents
presented

- **Budget at a Glance**
- **Memorandum Explaining the Provisions in the Finance Bill**
- **Output Outcome Monitoring Framework**
- **Key Features of Budget**
- **Implementation of Budget Announcements,**

Supplementary, Additional or Excess Grant

- In cases where
 - Allocations made are found insufficient
 - For services not contemplated in the Budget
 - Proposals to contain only items specifically stated by the Ministry of Finance
 - Expenditure had already exceeded the amounts approved (Requires the recommendation of the PAC)

Cash Management in GOI



Cash Coordination Committee



Monthly and Quarterly Expenditure Plans



Utilisation of unspent balance of QEP



Month wise Estimate of Possible Non-Tax Inflows



Prior clearance of Budget Division for releases beyond specified limits



Timing of the Bulk expenditure items of specified value