



OFFICE MANAGEMENT

Reading Material

(Revised 2024)



Dr. Marri Channa Reddy
Human Resource Development
Institute of Telangana, Hyderabad

DIRECTOR GENERAL'S MESSAGE

Dear Participants

Dr. MCR Human Resource Development Institute of Telangana, Government of Telangana has been conducting Capacity Building Programmes for the last 48 years. We have commenced a new initiative this year to develop department-specific training programmes. Towards this, an exercise has been conducted and departments have nominated Nodal Officers. Faculty members of the Institute visited the departments, held consultations, and conducted Training Needs Analysis (TNA) in order to identify areas of "Priority" for training your Officers/Staff.

The Manual on Office Management, published on 26th May, 2003, covered such themes as Office Procedures (District Office Manual), Budget Matters, Financial Code, Maintenance of Cash Accounts, Responsibilities of Drawing and Disbursing Officers, etc.

However, in view of the changes brought out and amendments issued by the Government from time to time, the above volume on Office Management has been revised and updated, with latest information covering various aspects of administration, including Integrated Finance Management & Information System (IFMIS).

It may be noted that the information given in this volume is for training purposes only and cannot be the basis for any litigation or legal action.

We propose to update and revise other handbooks too, in due course of time. We would, therefore, request you to study the material provided in these handbooks and send your suggestions, if any, directly to the Director General, Dr. MCR HRD Institute of Telangana, Road No. 25, Jubilee Hills, Hyderabad - 500 033. Please quote the title of the booklet while sending the suggestions.



Dr. Shashank Goel, IAS

Director General

Dr. MCR HRD Institute & Ex Officio Spl. Chief Secretary to
Government of Telangana

Hyderabad.

Date : 31-07-2024

CONTENTS

S.No	Details	Page Nos
1	District Office Manual	03-14
2	Budget Matters	14-30
3	Financial Code	31-48
4	Maintenance of Cash accounts- Responsibilities of Drawing & Disbursing Officers - IFMIS	49-58

CHAPTER - 1

DISTRICT OFFICE MANUAL

The Tottenham System of office procedures, as prescribed in the District Office Manual, mainly deals with the procedures to be followed for conducting routine work in Government offices. Following are some important aspects:

1. GENERAL DISCIPLINE

Discipline is an essential prerequisite for the efficient functioning of any office or organisation. Punctuality, promptness, regular attendance and obedience are the basic needs of discipline. Cleanliness, orderliness, quiet and dignified behaviour, observance of silence during working hours and mutual courtesy among the members of the staff will be conducive to the smooth running of the office. Divulgence of official information and secrets is a serious offence which should not be done at any cost. Lastly, honesty is the most essential code of conduct without which all other qualities are useless.

2. ATTENDANCE

- 2.1 All Government servants are expected to attend office from 10.30 a.m. to 5.00 p.m. on all working days. An attendance register should be maintained and all establishment members should initial it as soon as they come to office. A grace time of ten minutes is allowed after which the attendance register should be closed. Permission to attend late by one hour or leave office one hour earlier, not exceeding three times in each case, can be allowed with prior permission. Any member who attends late should sign after entering the hour of arrival. If he/she attends office before 2.00 p.m, with or without permission, it will be treated as a half day casual leave and attendance after 2.00 p.m. will be treated as a full day casual leave. One day casual leave should be deducted for every 3 days of late attendance. Casual leave, not exceeding 20 days for Women Employees, and 15 days for Men Employees, can be availed, with prior sanction by the competent authorities. It can be clubbed with any public holiday or optional holiday. However, such a spell of leave should not exceed 10 days.
- 2.2 **COMPENSATORY LEAVE (CPL):** If a Government servant is directed to attend the office on a public holiday, he/she will be permitted, by prior sanction, to avail leave for a working day in its place. Not more than ten days of compensatory leave may be granted in a calendar year and no such leave can be availed after expiry of six months from the public holidays for which it is sanctioned. Not more than seven such compensatory leave days may be accumulated. (This concession is available for ministerial staff).

3. ORGANISATION

For convenient and smooth transaction of official business, the office has to be divided into sections, comprising three or four or more Assistants according to the work load, ensuring equitable distribution of work among the Assistants. Each section will be denoted by an alphabetical letter and each Assistant by a figure suffixed to the letter by which the section is denoted. The work of each Assistant has to be specified by an office order issued by the Head of the office. The section head should exercise control and supervision over the Assistants in his section and ensure that the correspondence is promptly attended to. He/She will also be responsible for promptness in fair copying and dispatch of tappals.

4. OFFICE SYSTEM

The method of conducting official business is known as office system. The various stages of official business, starting from opening of tappals to consignment of files to records, comes under office system. The progress of work at various stages will be watched through appropriate registers prescribed under the District Office Manual. The catalogue of registers to be maintained to conduct official business is given in chapter IV of the District Office Manual.

5. OPENING AND REGISTRATION OF TAPPALS

- 5.1 There should be an office order regarding distribution of tappals in any office.
- 5.2 Generally, soon after the tappal/dak is received, the tappal should be opened, preferably in the presence of the Head of office or his/her Personal Assistant or any authorized officer. Important communications such as letter from Government, heads of departments, D.O letters and Confidential letters addressed to the head of the office must necessary be opened in the presence of the officer and seen by him before distribution to Assistants.
- 5.3 The officer, in whose presence the tappal/dak is opened, must peruse the tappals and give appropriate instructions at the stage of perusal of tappal itself, particularly in respect of urgent and important papers indicating the action to be taken. The tappals Assistant will thereafter sort out the tappals section wise and give them numbers, serially, as per the Inward Register. Cash and other valuables will be entered in the Security Register. When the tappals with the Distribution Register is received in the section, the section head should go through them, note the instructions of officers, if any, on them and then mark them to the

concerned Assistants. It should be ensured that all the Assistants to whom the tappals are marked in the Distribution Register should acknowledge them without fail. Otherwise, it would become difficult to account for the unacknowledged ones in the Distribution Register at a later stage, especially at the time of office inspection. Papers marked F (to be filed), XL DL Dis (to be lodged), need not be entered in the Distribution Register.

6. REGISTRATION

- 6.1 The tappals received by clerks contain either new cases (for which there is no pending file) or old cases (for which there is a pending file). Tappals received by clerks should be registered in the Personal Register without delay. New cases have to be registered as fresh currents noting the details, as required in Col. 4. Old cases have to be clubbed with the pending currents duly noting their particulars in Col. 9 and 10 of the PR. A current which originates in the office is also registered in the Personal Register like any other new case, but in Col. 4 the word "arising" has to be noted under the head "title".
- 6.2 Under the head "title" in Col. 4 of the Personal Register, appropriate main head and subhead should be given from the list of index heads in Appendix A of the DOM.
- 6.3 While opening a new Personal Register at the beginning of the calendar year, sufficient number of blank pages should be left to bring forward the currents of the previous year, which could not be closed by 31st March. Not more than three currents have to be entered on the page and they have to be divided by red lines. The main head has to be underlined in red ink.

7. MAINTENANCE OF FILES

- 7.1 A file includes both current and note file. The current file comprises incoming and outgoing references and other intermediary correspondence other than routine reminders. The note file is the one on which notes are written summarizing the facts reported in the reference, citing relevant provisions of law, rules, and orders of Govt., or other superior authorities, wherever required, and pointing out the matters requiring orders or clarifications.
- 7.2 The pages of the current file and the pages of the note file have to be tagged separately. The pages of the current file have to be numbered in red ink and the pages of the note file in black or blue ink, chronologically. Files have to be maintained neatly.

8. NOTING

- 8.1 Noting should be brief and to the point and should be in simple language. The object of the note is to present, in the most intelligible, condensed and convenient form, accompanied by a brief history / facts of the case. Points at issue requiring orders/ clarifications, etc. are to be examined with reference to any useful precedent, rule or Law and put up in order to enable the officers to arrive at quick and correct decisions.
- 8.2 Reproduction of facts already available in the file is not necessary. While drawing attention to the facts already available in the file, any other important or new points and precedents, if any, could be mentioned in the note. A leading note is improper and should be avoided.

9. CURRENT FILE ARRANGEMENT

The current file, with papers arranged chronologically, numbered in red ink and tagged together neatly, should be put up along with previous papers, or disposals obtained from records for reference in flat file pad marked 'Ordinary', 'Urgent', 'Very Urgent' as may be appropriate. Statements and maps should be placed for reference below the current file.

10. REFERENCING

Referencing is one of the important elements of noting or drafting for quick and proper disposal of papers. Facts of a case previously noted or reported, relevant previous decisions or orders, precedents, authorities and provisions of law should be aptly referred to in the notes. Any relevant portion in the pending file should also be referred to. Referencing is made by noting the page number of the current file or note file and the disposal number, G. O. No. Name of the Act. code or manual. Reference should be done in pencil in the margin of the note file or draft put up. Where disposals are put up for reference, they should be flagged. The flag of each disposal or statement put up should be denoted by an alphabetical letter. Flags attached to the disposals should be pinned only to the outer dockets. Flags should not be attached to any page of the C.F. or N.F. or to any page of any code, act, book or stock file.

11. LINKED FILES

Where pending files are put up for reference they should be linked to the main file on which orders have to be passed, by placing them underneath of the main file. The main file and linked file should be tied together with the strings of the linked file, if there is only one linked file. For more than one linked files, a slip should be fastened to the flap

of each linked file indicating L.F.I, L.F.II and so on. The slip fastened to the top file should indicate “top file for orders and linked file for reference”.

12. DRAFTING

- 12.1 After orders are passed on note file, draft should be put up. In simple cases, where a discussion on note is not necessary, draft may be put up along with the note.
- 12.2 The draft should begin with a proper title, whether it is memo, or letter or proceedings. The title should almost be the same as shown in the note file, with suitable modifications to indicate the exact nature of the reference made or orders passed.
- 12.3 Below the title, the references received from outside and the references sent, other than routine reminders, should be cited in chronological order.
- 12.4 The draft should be on the lines of the approved note taking into account the observations and comments made by the officers and orders passed. It should be in easy and natural style, and concise and at the same time comprehensive. Words or phrases which lead to ambiguity, confusion and necessitate looking back for date, person or thing referred to should be avoided. The following should also be avoided (i) long words (ii) foreign or classical words or expressions (iii) vague and clumsy phrases (iv) colloquial phrases, such as "so impertinent", "so many time", "not too bad", etc., (v) phrases which show discourtesy, "care to" (vi) short abbreviations (vii) split infinities, etc.

13. VARIOUS TYPES OF COMMUNICATIONS, THEIR FORM AND PURPOSE

- 13.1 The various types of communications are (i) Memo (ii) Letter (iii) D.O. Letter), and (iv) Proceedings.

(i) MEMO is a reference made to a subordinate or to petitioner.

(ii) LETTER is a reference made to an officer, often equivalent in rank, or to an officer of other department.

(iii) D.O. LETTER is generally written where personal attention of the officer concerned is required to be bestowed.

(iv) PROCEEDINGS is the final orders passed with reference to certain powers invested.

- (v) UO NOTE is the form of communication used within the office from one section / wing to another.
- (vi) OFFICE ORDER is the form of communication within the office issuing orders from Head of the office to several departments or persons.
- (vii) CIRCULAR is the form of communication / information within the office addressed to several sections or persons, simultaneously.

- 13.2 The communication should be precise and brief, setting forth the points in which clarifications or orders are required.
- 13.3 The proceedings should be complete in itself, with the title at the head, followed by such description as the communication with reference to which the proceedings are passed as well be sufficient to enable any officer to whom it is communicated to trace the previous correspondence on the subject in his office without any delay.

14. REMINDER DIARY

To watch the action on and ensure prompt replies to Government letters or other superiors, Reminder Diary should be maintained by each clerk/ section head.

15. DISPOSAL

15.1 The various kinds of disposals are :

- | | |
|------------|---|
| 1. R.Dis | To be retained permanently (Retain disposals). |
| 2. D.Dis | To be retained till the prescribed period of retention (10 years normally. Period can be extended, where necessary by obtaining order for further retention) (Destroy disposals). |
| 3. L.Dis | To be retained till one (or three) years. (Lodge disposal). |
| 4. N.Dis | To be returned in original (Endorsement Disposal). |
| 5. F.Dis | To be filed. |
| 6. X.L.Dis | To be filed without numbering. |
| 7. X.N.Dis | To be returned without numbering. |
| 8. K Dis | To be retained as per requirement (more than 1 year and less than 10 years). Depending upon the requirement, departments may fix suitable retention period. |

The nature of disposal depends on the importance of each file.

- 15.2 Government orders and proceedings of Heads of departments have to be filed normally. But, some of those Government orders or proceedings, require further action at times. Such papers should be registered in Personal Registers and final disposal given as R.Dis. or D. Dis. as is necessary.
- 15.3 Great care should be exercised in marking the nature of disposal. The Section head is responsible for marking the correct nature of disposal on the paper. For classifying a disposal under "R" series, orders of the head of the office have to be obtained. The Heads of the departments have since been empowered to prescribe suitable period of retention based upon the peculiar nature or work done in their departments and the estimated period of utility for reference, after getting such record retention schedules approved by the concerned administrative departments of the Secretariat (vide a new note added under para. 63 of the DOM in G.O.Ms.No. 65 GAD (Ser.C) dated 27.12.82). Consequently, in some departments new disposals, i.e, "K.Dis", etc., with 3 years of retention or 5 years of retention have been prescribed.
- 15.4 Further, as per the amendment issued to para. 80 of the DOM in the above G.O.Ms.No. 65 GAD (Services.C) dt. 27.12.82 at the initial stage of sending disposal in the "L.Dis" and any other series with limited periods of retention for less than ten years, it should be examined closely whether the disposal needs to be re-scrutinized after the prescribed period of retention and to be certified as fit for destruction or for further retention. The docket sheet of each such disposal should, therefore, carry a certificate to the effect. "To be destroyed straightaway/ sent back for re-scrutiny in the year..... after the prescribed retention period" (words not applicable to a disposal to be struck off). R Disposal requires scrutiny after 50 years in order to see whether they still require to be preserved or not.

16. DISPOSAL JACKETS

The R and D disposals should be covered with brown paper jackets and the entries should be made on the jackets as instructed in paragraph 65 of DOM.

17. CALL BOOK

Where no action is necessary for more than six months in a file it will be sent to Call Book closing the current in the Personal Register and indicating the date on which it is called back. The tappal clerk or record keeper will be responsible for the proper maintenance of the Call Book. When the time noted in col. (5) of the Call book for taking action approaches, the current should be reopened giving a fresh current number and entering in the personal register. As soon as this is done, the entry in the Call Book should be rounded off.

18. PERIODICALS

A report is one of the most important tools to take proper decisions. This may be for a specific period and called periodical. The purpose of the periodicals will be defeated if they are not sent or received in time. To ensure receipt of incoming periodicals in time, advance reminders should be issued. Where an outgoing periodical has to be compiled on the basis of figures furnished or reports made in the incoming periodicals, the compilation should be done expeditiously and outgoing periodicals dispatched in time. Each periodical will be assigned a periodical number. There will be only one set of serial numbers for periodicals in an office, depending on the nature, i.e., whether weekly, fortnightly, monthly, quarterly, half-yearly, annually, etc. A Consolidated Periodical Register has to be maintained for the entire office. A Periodical Register showing the incoming and outgoing periodicals, to be dealt with by each clerk has to be maintained by him/her. Periodicals should not be given R, D. or L. Disposal. They should be simply filed with the periodical numbers only.

19. FAIR COPYING AND DISPATCH

- 19.1 Fair copying and dispatch should be done without any delay. The Superintendent, fair copying section (wherever available) should see that there is no delay at any stage of fair copying, comparing and dispatch where there is pool system of typing in any office.
- 19.2 When the Superintendent, fair copying section, receives an approved draft for fair copying, he should check up whether all the particulars necessary for typing are available on the draft, such as the reference or disposal number, if it is a disposal, its nature, person or persons to whom it is to be sent, the enclosures to be sent with it, etc. He should also see if it is a R or D disposal, whether the Index slips in duplicate showing the title as noted in the draft has accompanied the draft. After satisfying that all the above details are available on the draft, he should give it to the typist for typing. Soon after they are typed, they should be compared with the approved draft, get them signed by the Head of office or concerned officer and dispatched.
- 19.3 A Fair Copy Register as in Form IV, should be maintained in the section. It serves as a dispatch register as well. Now-a-days, in many of the offices, section wise typists are allotted. The Head of the section should check the Fair Copy Register maintained by the typist at the end of each day to ensure that no delays are made in fair copying of the approved drafts. In most of the offices, a separate dispatch section is organized. For postal delivery, stamp account has also to be maintained besides the Postal Dispatch Register. For communications to be delivered locally by hand, a separate register "Local

Delivery Book" should be maintained and should be periodically checked. Presently, with introduction of computers, the Assistants themselves are doing the fair copying, hence, the need for FC register is reduced in many offices.

20. PREVENTION AND CHECKING OF ARREARS AND DELAY

- 20.1 The section heads should exercise effective supervision over the Assistants in their sections to prevent delays and arrears. The periodical checking of Personal, Periodical and other Registers even with long pending currents critically will be an effective check to prevent delays and arrears. The superintendent and the officer concerned should point out the delays and other irregularities, in the running note file accompanying the personal and periodical register put up for check, as per the programme of check drawn up and issue suitable instructions for avoidance of delays and rectification of defects. Compliance with the instructions should be insisted within 48 hours and non-compliance should be taken serious notice of.
- 20.2 Reminder should be issued promptly. A Reminder Diary should be maintained by each clerk for this purpose, which should also be checked periodically along with PRs, etc.
- 20.3 Arrear List showing the pendency of currents should be put up with the Personal Register. Long pending files should receive special attention of the section head.
- 20.4 Business return is prepared every half year to enable the head of office or his superiors to watch the progress of business in the office and to take suitable action for the reduction of pendency and arrears.

21. INDEXING OF THE TITLE

Preparation of index slips and their filling in the manner laid down in paragraphs 100 to 102 should carefully be done. The index title should correspond with the heading of the final draft and be normally identical with the entry made in col.4 of the personal register. One copy should be retained with the clerk and the duplicate copy should be retained in records. At the end of the year, the record clerk should prepare a general index register showing all the R.Dis and D.Dis files separately. The index register should be in the alphabetical order for ready reference. It should be typed or renewed and supplied to all sections and all officers.

22. RECORDS - FILING - MAINTENANCE & CUSTODY

Before the receipt of any disposal (handed over to the record keeper) is acknowledged, the record keeper should verify whether all the pages in the disposal have been numbered, securely stitched and are intact, whether the disposal number has been correctly noted and the disposal has been properly docketed, and if it is a R or D disposal and whether duplicate copy of index slip has accompanied it. According to the amendments issued to the DOM para 81, disposals have to be arranged in the record room basing on the year of disposal.

23. RESPONSIBILITY OF CLERKS AND HEADS OF SECTIONS

Every Assistant is responsible for the safe custody of the files, registers, stock files and other records in his charge. If any document submitted for orders bears a court fee or adhesive stamp, he will be responsible for seeing that it is punched. This does not, however, absolve the Heads of sections from the responsibility of seeing that stamps are punched.

23. SUBMISSION OF FILES AT HEAD-QUARTERS OR CAMP

- 24.1 All the files should be sent to the officer concerned who is on tour in locked tappal boxes, preferably steel boxes, with an invoice. The Camp Assistant of the officer should verify the tappals received with the invoice. The same procedure should be adopted when tappals are returned from camp. The invoice will be prepared by the Camp Assistant and the tappals on receipt in office will be verified by the Tappal Assistant.
- 24.2 When an officer is at headquarters, papers for orders, approval and signature should be submitted daily.
- 24.3 Confidential papers should be in separate confidential boxes locked and sealed.

25. PRECAUTIONS AGAINST FIRE

- 25.1 The precautions against fire to be observed in public offices are given in appendix-c.
- 25.2 Required firefighting equipment should be kept and they should be maintained in good condition. Office staff should be given practical drill. The head of the office should nominate an officer in his office for conducting the drill.

26. ECONOMY IN THE USE OF STATIONERY

Utmost economy should be observed in the use of stationery as per the instructions contained in para 140 of the District Office Manual.

WE CANT SPELL S_CCESS WITHOUT 'U'



Long ago a note has been sent to the works department to inform the personnel officer that the sanitary superintendent should issue orders to the assistant superintendent that this room should be ready before you arrive in the morning!

CHAPTER – 2

BUDGET MATTERS

1. The word "Budget" is derived from the old French word 'Budgettee' which means a 'Little Bag'. In Britain, the term was used to describe the leather bag in which the Chancellor of the Exchequer carried to the Parliament the annual statement of the Government's needs and resources.
 - 1.1 The study team on state level administration of the Administrative Reforms Commission of Government of India defined the term "Budget" as :

"just as Audit is the post-discipline, budget is the pre-discipline on public spending".
 - 1.2.1 The need for a Budget arises on account of the constitutional obligation laid down under Article 266 (3) which envisages Parliamentary and Legislative control over the expenditure.
 - 1.2.2 The budget of Government expresses its total activity in figures. Budget reflects what the Government is doing or intends to do. Expenses are budgeted in relation to anticipated income in a year.

OUTCOME/PERFORMANCE BUDGETING

2. A budget should not merely show financial outlays on various sectors and different functions. It should always indicate the physical achievements proposed to be attained from the financial outlays. A budget which exhibits not only the money but also the physical targets is a performance budget. Some of the development departments in the state are bringing out the physical achievements accomplished targeted in separate budget publication.

ZERO - BASED BUDGETING

3. It is to start from Zero based and view all activities and priorities a fresh and create a new and better set-up of allocations for the coming budget year. The essence of this budgeting is to prepare defence of a 'budget request' without making any reference to the level of previous appropriations. The Central and State Governments are required to follow this approach for the preparation of their budgets. Govt. have issued instructions in Memo No. 6087/957/BG/A1/2000 dt. 21.11.2000 in regard to preparation of Budget Estimates, Reorganization of Budget Demands, Tax and non-tax receipts, and user charges, etc. Separate proformae also attached to the said govt instructions.

PLANNING COMMISSION / NITI AYOOG

There is no reference to the Planning Commission in the Constitution, though several commissions have been given Constitutional status. The only reference to planning in the Constitution is in entry 20 of the concurrent list - 'Economic and Social Planning'. In pursuance of the power conferred by entry 20 of the concurrent list, a Planning Commission was set up in 1950 by the Government of India. This was an extra-Constitutional and non-statutory body set up by an executive resolution of the Government to act as an advisory body. Prime Minister Nehru was its first Chairman and ever since, every Prime Minister has become the chairman of the Commission. Minister of Finance is the Member of the Commission along with some other Ministers of Economic Ministries. There are also other members drawn from other fields, particularly from among persons having specialized knowledge in Economics. The function of the Commission is to formulate & integrate Five Year Plans for economic and social development and for the 'most effective and balanced utilization of the country's resources' which would initiate a process of development which will raise living standards and open out to the people new opportunities for a richer and more varied life'. The Planning Commission is, however, only an advisory body. It formulates Plans but has no executive authority to implement them. As the planning commission has been set up in pursuance of the power vested by the concurrent list subject, the Commission can make plans for the Union as also for the State, leaving their implementation to the Union Government or State Government as the case may be. Planning pervaded all Departments of Government both at Centre and in the States and this accounts for the ever increasing sweep of economic and financial responsibilities of the Planning Commission. The Central Plan assistance to the states is given by grants made under Article 282 of the Constitution and here the Planning Commission plays a decisive role in Federal Financial Relations.

CENTRALLY SPONSORED SCHEMES

5. Only such schemes will be taken up as Central Schemes which :
 - i) Relate to demonstrations, pilot projects, surveys and research
 - ii) Have a regional or inter-state character
 - iii) Require lump sum provisions until they could be broken down territorially, and
 - iv) Have an overall significance from all India angle.

- 5.1. These schemes are designed by the Central Government and implemented either directly or through the State Governments. The finances required by the State Governments to implement these centrally sponsored schemes are made available wholly or partly. In the latter case, the states make a matching contribution or meet the balance of cost. The C.S.S. are included in the Plan Budget.

NATIONAL DEVELOPMENT COUNCIL / THE RASTRIYA VIKAS PARISHED

6. The National Development Council was formed in 1952. It is an extra-constitutional and extra-legal body. It consists of the Prime Minister of India and Chief Ministers of all the States. Now all members of the Union Cabinet as also the Administrators of the Union Territories have become members of the council. The functions of the council are:

To strengthen and mobilise the efforts and resources of the Nation in support of the plans

To promote common economic policies in all vital spheres

To ensure balanced and rapid development of all parts of the country,

To review the working of the National Plan from time to time, and

To recommend measures for the achievement of the aims and targets set out in the National Plan.

- 6.1 This is the highest policy making body in our country, functioning almost as a super cabinet in economic affairs,

FINANCE COMMISSION

7. The Finance Commission is appointed by the President under Article 280 of the Constitution read with the Finance Commission (Miscellaneous Provisions) Act, 1951. It consists of a chairman and four other members. The Chairman shall be a person having experience in public affairs and the four other members shall be appointed from among the following :

Persons who are, or are qualified to be appointed as High Court Judges

Persons having special knowledge of the financial and accounts of the Government

Persons having wide experience in financial matters and administration, and

Persons having special knowledge of economics

- 7.1 It was intended that the Commission should be broad based, capable of looking at the problems facing it from all angles. The first Commission was appointed in the year 1952 and thereafter every five years. Sixteen (16) such commissions have been appointed so far. It is the duty of the commission to make recommendations to the President as to:

The distribution between the Union and the states of the net proceeds of taxes which are, or may be distributed between them and the allocation between the States of the respective shares of such proceeds: (Eg. Income Tax and Central Excise Duties).

The principles which should govern the grants-in-aid of the revenue of the states out of the Consolidated Fund of India.

Any other matters referred to the Commission by the President in the interest of sound finance.

- 7.2 By practice and convention, the needs of the states relate only to establishment budget (R1). Expenditure on Plan investment and central financial assistance to the states on account of State Plans and Centrally Sponsored Plans are outside its scope. While the scope of the Finance Commission is limited to review of the revenue segment of the Budget, the Planning Commission has taken an overall review embracing both capital and revenue requirements of states.

THE BUDGET Consists of

Consolidated Funds of the State,

Contingency Fund of the State, and Public Account of the State.

- 8.1 The transaction relating to the consolidated Fund of the state are accounted for in three different sections, viz. a) Revenue Account b) Capital Account c) Loan Account. As per article 266 (1) of the Constitution, all revenues received, all loans raised by the issue of Treasury Bills, loans, or ways and means advances and all moneys received in repayment of loan shall form "Consolidated Fund of the State".
- 8.2 As per art. 267 (2) of the Constitution "Contingency Fund of the State" is in the nature of an advance of 50 crores from the Consolidated Fund of the State. It is intended to provide advances for meeting unforeseen expenditure arising in the course of the year, pending authorization of such expenditure by law to be passed by the State Legislature under art. 205 and 206 of the Constitution.
- 8.3 As envisaged in art. 266 (2) and 284, the "Public Account" of the state 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. The State Government act as Bankers in receiving amount which they subsequently recover. Some are merely adjusting heads and all these transactions are cleared eventually by adjustment under final heads.

SEVEN TIER CLASSIFICATION

9. The Budget classification which came into force in 1974-75 and further revised from 1-4-87 is given below :
- i. **SECTORIAL CLASSIFICATION:** (Comprising sub-major head wherever necessary) to indicate the groups of various functions of the Government corresponding to the sectors of the Plan classification.
 - ii. **MAJOR HEADS:** (Comprising sub-major head wherever necessary) to indicate the functions of the Government such as agriculture, education, health, etc. and to correspond to heads of development in Plan classification.
 - iii. **SUB MAJOR HEADS:** This indicates further classifications of a Function or major head.
 - iv. **MINOR HEADS:** To denote the various Plan and Non-plan programmes under each function.
 - v. **GROUP SUB-HEAD:** This indicates a group of schemes.
 - vi. **SUB-HEAD:** To denote the schemes or organizations under each programme or minor head. These are bracketed in the Budget documents. To facilitate easy identification of certain common schemes, the State Government adopted standard code numbers to common sub-heads in para 5.22.6 of the Budget Manual.
 - vii. **DETAILED HEADS OF ACCOUNTS** are standard objects of expenditure (including sub-detailed heads wherever necessary) such as salaries, travel expenses, etc. are laid down in G.O.Ms.No. 304 Fin & Pig, dt. 5-12-94 and Govt. Memo No. 30136-4/917/Bu/A1/94, Fin & Pig dt. 5-12-94. The revised object heads of accounts have been incorporated vide G.O.Ms. No. 664 Fin & Pig. (BG-1) Department dt. 27.10.2001.
10. The revenue receipts have three sectors viz.(A) - Revenue, (B) - Non-Tax Revenue and (C)- Grants-in-aid and contributions.
- 10.1 The sectors relating to payments / expenditure are as follows:
- 10.1. 1) **GENERAL SERVICES:** Include services which are indispensable to the existence of an organized state such as Police, Jails, etc.
 - 10.1. 2) **SOCIAL SERVICES** deals with programmes connected with the provision of basic social services to consumers, such as education, medical relief, housing, social security and welfare and services needed for community living such as public health, urban development, information and publicity.

10.1.3) ECONOMIC SERVICES deal with programmes and activities in the fields of production and trade towards economic growth of the State/ Nation.

10.2 All expenditure on a function, programme or activity will be recorded under the appropriate major, minor or sub head for purposes of planning and review.

CONDIFICATION

11. A four digit numerical code has been assigned in the revised classification from 1-4-87. Two digit codes for sub - major heads have been adopted. In respect of certain minor heads having a common nomenclature in various major heads as far as possible, the same standard three digit code number is adopted. The coding pattern is that first digit in the Major heads under Receipts head is either 0 to 1 and the first digit of corresponding Revenue expenditure Heads, Capital Heads on Loans and Advances are derived by adding the number 2 to the first digit in each of the major heads of account. The illustration is as follows.

SI. No	Function	Major head Code Number			Loans & Advances Account
		Receipts Revenue Account	Expenditure Heads Revenue Account	Expenditure Heads Capital	
		1.	Medical and Public Health	0210	
2.	Road Transport	1055	3055	5055	7055

11.1 Under the scheme of codification, the 'receipt major heads' are assigned the block of consecutive serial numbers 0020 to 1999 and 'expenditure major heads' on revenue accounts from 2110 to 3909. The only capital receipt major heads on capital accounts are assigned code numbers from 6010 to 6100. The 'major heads under loans and advances', etc. are allotted code numbers 6101 to 7909. The only major head 'Contingency Fund' under part II has the code No. 8000. The major heads in part III Public Account are given code numbers 8001 to 8999 both for receipts and payments.

DEPARTMENTAL BUDGET ESTIMATES

12. The budget is based on the departmental estimates submitted by the heads of departments and certain other estimating officers and these departmental estimates are themselves based on the estimates submitted by the District Officers of the departments.

- 12.1 Heads of Departments and other estimating officer should prepare their estimates in duplicate on the skeleton forms furnished by the Finance Dept. and send one copy direct to the Finance dept. and the other to the Administrative Dept. of the secretariat concerned. As laid down in para 16. 9.1. of the Budget Manual, all budget estimates should be submitted to the Administrative Depts of Secretariat concerned with a copy to the Finance and Planning (Fin. Wing) Dept. not later than 1st October.
- 12.2 The administrative dept. should send the estimates with their comments so as to reach the Fin. Dept by 15th.
- 12.3 The form of departmental estimate is given below in which columns. 3, 4 & 5 are expressed in thousands.

Minor heads, sub heads and Detailed heads of appropriation	Accounts for the year (Nearest rupee)	Budget Estimates for the current year	Revised Estimates for the current year	Budget Estimates for the next year
1	2	3	4	5

- 12.4 An explanatory note to justify the provisions under each sub-head of account should be given covering the following :
- The objectives of the department or the scheme.
 - The quantum of work done by the department, the physical targets achieved under the scheme during the previous year and the physical targets proposed to be achieved during the current year and the next year.
 - The justification for various categories of posts and the number of posts in each category.
 - Relevance of the programme to the overall objective in the present context, and
 - The consequence of its non-funding.
- 12.5 The provisions under the concerned detailed heads, i.e, standard objects of expenditure, should be included keeping in view the guidelines indicated in T.G. Budget Manual read with G.O.Ms.No. 304 Fin. & Plg. dt. 5-12-94.
- 12.6 The provision for leave Travel Concession and other fringe benefits to employees, i.e, Educational Concessions, etc. shall be included under "Salaries".

12. 7 The estimates for contingent expenditure shown under "050 office expenses" should be prepared with reference to the instructions laid down in para 16.16 of the T. S. Budget Manual.
- 12.8 Details of the items of contingent expenditure included, detailed reasons together with figures should be furnished along with the actuals for the past three years in respect of each item.
12. 9 Proper attention must be paid while estimating water and electricity charges which should take into account pending arrear bill, the increase in tariff rate, etc. and provision for the amounts that will become payable in the year.
- 12.10 Wherever arrears are included, detailed reason together with figures should be furnished in the explanatory note.
- 12.11 Provisions should be made in the Budget Estimates for the coming year for all sanctioned schemes but not for schemes of new expenditure which have been submitted to Government but not yet sanctioned.
- 12.12 Inclusion of lump sum provision in the estimates should be avoided.
- 12.13 Estimating officers should in preparing the Budget estimates make provisions for contingent expenditure, etc. on the basis of the lowest expenditure incurred in any of last three years. No increase in provision will be allowed except for special reasons.
- 12.14 Provision for the maintenance of office motor vehicles should be made under the sub-detailed head "510/511 maintenance of functional vehicles". Similarly the provision required for maintenance of functional vehicles like Ambulance Van, etc. should be made under the sub-detailed head of account "512 Motor Vehicles - maintenance of Functional Vehicles under the detailed head of account 510 - Motor vehicles" under the respective sub-head of account. The payment required for hiring charges should be made under the head "130/134- Hiring of Private vehicles".
- 12.15 The estimating officers should ensure that provisions are included in the Budget Estimates for all items of expenditure which can be foreseen and avoid obtaining supplementary grants during the course of the year. They should prepare the estimates very accurately and include schemes and the provision therefore, which will definitely be spent during the year so as to avoid surrender of huge sums at the end of the year.

REVISED BUDGET ESTIMATES

13. The Revised Estimate for a year is an estimate of the probable receipts or disbursements under each head for that year framed in the course of the year with reference to the actual transactions recorded for the months of that year for which complete accounts have become available. The revised estimates are *prima facie* the best guide to the coming year's estimates. They would enable the Govt. to arrive at the appropriate closing balance for the current year which will become the opening balance for the next year. It is, therefore, essential that revised estimates are prepared with great care and should be as close as possible to the actuals. There are 3 methods for the calculation of revised estimates under para 16.6 of the Budget Manual. One of the 3 methods which is considered to be most suitable for each particular case can be adopted. It should be noted that the revised estimates do not authorize any expenditure. If provision is made for additional expenditure in them it is necessary to apply separately for additional appropriation required. Similarly, a reduction in the provision of funds for the revised estimates does not obviate the necessity for the formal surrender of any amount provided in the Budget Estimates.

NUMBER STATEMENTS

14. According to para 16.20.1 of T. S. Budget Manual, the Heads of Departments and the other Estimating officers are required to submit number statements to the Finance Dept. by 1st August, every year a statement giving particulars of posts in each permanent and temporary establishment (both gazetted and non-gazetted), the sanctioned monthly pay, the special pay, if any, and the fixed allowances attached to posts or individuals that will be drawn on the 1st April, of the following year and number of officers at each rate of pay for whom provision will be made in the departmental estimates. The provision required under "011 Pay of officer", "012 - Allowances", "013 - Dearness Allowance", "016 - House Rent Allowance", and "014 Sumptuary Allowance" shall be exhibited separately under the detailed head "010 Salaries". The provisions required for meeting the expenditure on educational concession, medical reimbursement charges, etc. should be shown under the sub-detailed head "014-Sumptuary allowances", and the LTC shall be shown under separate sub-detailed head "019 - Leave Travel Concession" under the detailed head salaries and the details given separately for each of the above items. The details of vacant posts and the period they are likely to be vacant should be indicated in the number statements. Copies of the Govt. sanctions in respect of all temporary establishments should be enclosed to the number statements and their references indicated in the statements where the particulars of staff are given. The number statements in respect of posts under Schemes (R2),

Establishment Budget (R1) and Grants-in-aid towards salaries shall be sent separately under respective sub-heads, major heads of accounts. All the Heads of Depts. and other estimating officers should furnish the number statements in the proforma-I and II prescribed by the Finance Dept.

BUDGET ESTIMATES RELATING TO PLAN (SCHEMES EXPENDITURE)

15. The heads of dept. and the estimating officers should prepare Schemes (R2) separately and should not mix up or merge with Establishment Budget (R1) provisions. The Departmental Clearance Committee constituted in G.O.Ms.No. 26 F & P (Plg.Wing TG.I.) Dept., dt. 8-5-95 is convened by the Administrative Dept. in secretariat in respect of continuing plan schemes. The Project and Programme Approval Committee constituted in G.O.Ms.No. 29, F&P (Plg Wing.TG) Dept, dt. 4-6-95, is convened by the Planning Dept. for new schemes included in the Plan. Proposals to the Departmental Clearance Committee/ Project and Programme Approval Committee in the proforma prescribed by the Govt. (Annexure I and II appended to Govt. U.O. Note No. 6217/ Fig. T.G./91-1, F & P Dept. dt. 1-4-91) should be furnished to the administrative Dept./Plg. Dept in 10 copies.

FINAL BUDGET

16. Finance Dept. will determine the final estimates, by about the end of January. Copies of the budget publication containing, *inter alia*, the "Annual Financial Statement" or "Budget" prepared by the Finance Dept. are sent to the Secretary to the State Legislature for circulation to the members at the time of presentation of Budget by the Finance Minister on a day to be fixed by the Governor which will ordinarily be towards the end of February.
17. There are three stages in the preparation, presentation and obtaining of approval of legislature for the Budget.
 - 17.1.1 FIRST STAGE: Under article 202, of the Indian Constitution, a statement of estimated receipts and expenditure of the State for each financial year has to be laid before the Legislature. This statement is known as the "Annual Financial Statement" or Budget". It shall show separately (a) the sums required to meet the expenditure charged on the Consolidated Fund of the State and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State. It shall distinguish expenditure on revenue account from the other expenditure.

17.2 SECOND STAGE: Under art. 203 of the Constitution demand for grants indicating the service of administration (or Dept.) to which the demands relate are presented to the legislature. These demands are discussed in the Legislative Assembly and voted.

17.3 THIRD STAGE: Under art. 204 of the Constitution, after the demands for grants are voted by the Assembly, an appropriation bill, with a schedule of grants made by the Assembly and the appropriations required to meet the expenditure charged on the Consolidated Fund, will then be introduced in the Legislative Assembly. After the bill is passed by the houses of Legislature the Appropriation Act will be submitted to the Governor for approval and this appropriation act, permits the chief controlling officers/ subordinate controlling officers / drawing and disbursing officers to incur expenditure from the Consolidated Fund of the State for meeting the day to day expenditure on public service.

VOTE ON ACCOUNT

18. The above three stages are normally expected to be completed by 31st March. If any delay is anticipated in this regard, demands for advance grants in respect of the estimated expenditure for a part of the Budget year, may be presented to the Legislative Assembly. Thereafter the demands will be discussed, voted and finally passed an appropriation act in the manner laid down in art. 203 and 204 of the Constitution. This is called "Vote on Account". It permits the Govt. to spend money from the "Consolidated Fund of the State", for a portion of the financial year from 1st April, pending the passing of appropriation bill for the whole year.

BUDGET CONTROL AND DISTRIBUTION OF FUNDS TO DISTRICT OFFICES

19. The expenditure incurred during the year should be kept within the provision authorized in the demands for grants and the Appropriation Act. There is a chief Controlling Officer for every service or administrative Department who will ensure control of expenditure with reference to details of expenditure reported by the Disbursing officers in Form "B" every month. The figures of expenditure received from the disbursing officers are consolidated in form "O" by the Chief Controlling Officer.

- 19.1 The Treasuries in the Districts and the Pay and Accounts Officer, in the twin cities render compiled account of receipts and expenditure of the Govt. to the Accountant General.
- 19.2 Computerization of each month's Govt. accounts including those relating to Pay and Accounts Office, Hyderabad is attempted from April, 1979. The purpose sought to be achieved by these computerized print-outs supplied by the Fin. & Plg. Dept. to the Chief Controlling Officers are : (a) reconciliation of receipts and expenditure treasury wise with District Departmental figures every month, (b) monitoring the progress of Schemes and Establishment budgets with reference to State level expenditure figures (c) reallocation of budgetary resources in time and (d) reconciliation of departmental figures with the books of the Accountant General.

RECONCILIATION OF DEPARTMENTAL FIGURES WITH THOSE BOOKED IN THE TREASURIES AND THE FIGURES BOOKED IN THE ACCOUNTANT GENERAL'S OFFICE

20. According to para 19 of the Budget Manual, every Chief Controlling Officer should watch the progress of expenditure continuously and for this purpose, he should require the Disbursing Officers to report every month the figures of actual expenditure during the previous month and the liabilities incurred, but not yet paid. Each Disbursing Officer should, therefore, maintain a register of disbursements and liabilities and as soon as a bill is encashed at the treasury, it should be posted in the appropriate columns of the register against the District Treasury in which the payment is made. The Disbursing Officer and the Chief Controlling Officer shall reconcile the figures of expenditure with those booked in the treasury and this reconciliation work must be completed on or before 4th of each month for the expenditure incurred in the previous month. After the close of each month, every Disbursing Officer should, after reconciliation with treasury figures as prescribed by the Chief Controlling Officers in consultation with the District Treasury Officer, forward to the controlling officer immediately superior to him an extract of his account.
- 20.1 The Chief Controlling Officer should consolidate the totals of his own expenditure and that shown in the extracts from the registers of the subordinate controlling officers and he should send an Assistant of his office to the Accountant General's office with the departmental registers, quarterly on a date to be fixed to each department by the Accountant General. The Assistant should, with the assistance of the AG's staff, compare the departmental figures with those recorded in the AG's books. A statement of discrepancies shall be prepared in duplicate and analyzed in two columns, one showing the

adjustments to be made in AG's books and the other showing the adjustments to be made by the Chief Controlling Officer. One copy of the statement of discrepancies shall be handed over immediately to the AG's office by Reconciliation Assistant for effecting the necessary adjustments and another copy will be taken by the Assistant to his office where necessary adjustments should be effected in the departmental registers. The Chief Controlling Officer should then send a certificate to the AG that this work has been done. Similarly, the AG's office makes the necessary adjustments in his books and informs the Assistant that the adjustments have been done. The Chief Controlling Officer should then send a certificate to the AG stating that the figures in his office registers have been reconciled with those in the books of the AG's office. The Treasury shall prescribe a date on which each Drawing Officer shall reconcile monthly figures with the Treasury or Pay and Accounts Office. The treasuries and pay and accounts office shall maintain a register showing the dates on which the reconciliation was made by the officers and shall verify the correctness of the certificate furnished by the Drawing Officers along with the pay bills.

20.2 The Chief Controlling Officer (i.e. Heads of departments) shall get the figures of receipts and expenditure for the entire state reconciled with those booked in the AG's office on quarterly basis by following the procedure already prescribed and a certificate to that effect shall be furnished to the Pay and Accounts Officer. The Chief Controlling Officer shall furnish the PAO the designation of the officer/ officers in his office entrusted with the responsibility of reconciling the consolidated state wide figures of receipts and expenditure with the Accountant General, head of account wise.

20.3 The salary of the concerned officer, who is responsible for reconciliation, shall not be allowed to be paid by the PAO for the second month in the next quarter if a certificate of reconciliation with the AG's figures is not furnished to the PAO, i.e, if the officer fails to get the accounts reconciled for the quarter April to June by the end of August, the salary for the month of September shall not be allowed to be drawn by the Treasury or the PAO, as the case may be.

20.4 A certificate stating that the reconciliation has been made must be appended to the Departmental Budget estimate vide G.O.Ms.No. 6087/ 957/BG/A1/2000 dt. 21.11.2000.

THE BUDGET CONTROL PROCEDURE

21. In order to ensure that the expenditure is kept well within the budget allotment and to avoid ways and means difficulties, Govt. introduced with effect from 1.8.67, a system of control over the expenditure with particular reference to the budget allotments.

- 21.1 Heads of departments should prepare and send the distribution statements of funds direct to their subordinate officers and the District Treasury Officers with copies to the Director of Treasuries and Accounts. The DTO should act on the basis of these statements without waiting for the authorization from the Director of Treasuries and Accounts and admit expenditure for the first three months of financial year, i.e, April, May and June.
- 21.2 In the meantime the Director of Treasuries and Accounts will scrutinize the statements and communicate them to the Treasury Officers for admitting expenditure, before the end of June.
- 21.3 The expenditure for the entire year should, however, be regulated only on the basis of authorized statements communicated by the Director of Treasuries and Accounts and variations in the statements first communicated by the controlling officers directly as compared to the figures authorized by the Director of Treasuries and Accounts, should be reported for reconciliation to the Heads of departments.
- 21.4 If the statements are not received before the end of June through the Director of Treasuries and Accounts, the DTO will not admit fresh expenditure in audit.
- 21.5 In respect of items which are exempted from Treasury Control, the DTO may continue to admit bills till the end of June even in the absence of distribution statements from the chief controlling officers.
- 21.6 In respect of departments having Chief Accounts Officers, while communicating the distribution statements to the DTO it should be clarified by the concerned heads of departments that statements of distribution are issued with the concurrence of Director of Treasuries and Accounts only, quoting his reference number and date. A copy of this should be marked to Director of Treasuries and Accounts. The DTO should not insist for a separate authorization from the Director of Treasuries and Accounts and can admit the bills.
- 21.7 The Chief Controlling Officer / Estimating Officers have to incur expenditure under Schemes (R2) and Establishment Budget (R1) on quarterly basis except where specific authorization was given by the Finance Department for incurring expenditure otherwise.

SUPPLEMENTAL GRANTS

22. Unavoidable and unforeseen circumstances may, however, sometimes, arise in the course of a financial year, making it necessary to incur urgently fresh expenditure under one or more detailed heads or to incur expenditure on a new service, not contemplated in the original Budget Estimates. In such cases, savings in other appropriations by postponement or curtailment of less urgent expenditure may be re-appropriated except when it is on account of a 'New Service'. If this is not possible a supplementary statement of expenditure should be presented to the Legislature as laid down in art. 205 of the Constitution. 15th February is fixed as the last date for submission to Govt. by controlling officers of applications for surrender of savings in appropriations and for re-appropriation and supplementary appropriations. 25th February is the date by which the Finance Dept. should receive the above proposals from the Administrative departments concerned.
- 22.1. In the case of supplemental grants, it is not necessary to postpone the expenditure till the receipt of Appropriation Act. Bills can be presented at the Treasuries/ PAO, after obtaining the approval of the Director of Treasuries and Accounts by appending the certificate, if it is under the purview of Treasury control, that "The additional amounts included in the statement are those for which the supplementary estimates have been accepted by the Fin & Plg. (Fin. Wing) Dept. (Govt. circular Memo No. 3511/d/20/W&HII/81 F&P and Govt. Memo No. 1589-B/25/W&HII, F&P).

NEW SERVICE

23. The revised monetary limits for treating the schemes to be introduced during the course of the year as "New Service/ New Instruments of Service" are indicated in the annexure to G.O.Ms.No. 265, Fin. (BG) Dept. dt. 18.5.90. Expenditure on a 'New Service' not contemplated in the Budget Estimates for the year should not be incurred whether the expenditure is charged or voted and whether it can be met by re-appropriation or not, until it is included in a supplementary statement of expenditure presented to the Legislature and eventually in an Appropriation Act. If the expenditure can be met from the savings within the grant, wholly or in part, it will be sufficient, if a token sum of Rs. 1,000/- or the balance actually required, as the case may be, is included in the supplementary statement of expenditure.

ADVANCES FROM CONTINGENCY FUND

- 23.1 Pending the authorization of funds by the Legislature, an advance may be sanctioned by the Governor from the "TG Contingency Fund" to enable urgent expenditure being incurred on a "New Service or on an existing service" Advance from the Contingency Fund does not lapse at the end of the financial year. Supplementary estimates for recoupment of advances sanctioned from the Contingency Fund should be to the Finance and Planning Dept. by the Administrative Dept. concerned.

REAPPROPRIATION OF FUNDS

24. Re-appropriation of funds as between different grants or between revenue, capital and loans sections within the same sections of the grant are not permissible. Re-appropriation should not be sanctioned by Heads of depts. From Schemes (R2) to Establishment Budget (R1) expenditure and vice-versa.
- 24.1 As per Govt. circular memo No. 2725/938/BGAI/97-1 F&P.; dt. 11.9.97, re-appropriation of funds from one head to the other as stipulated in para 20 of Budget Manual may be sanctioned by Heads of Department.
- 24.2 Re-appropriation should invariably be in multiple of Rs. 1,000/-
25. The final appropriations and the actual expenditure in the year under each heads of appropriation within the several grants will be shown in the detailed "Appropriation Accounts" prepared by the Accountant General, after the close of the financial year, together with the explanation reported to him by the controlling officers. Important variations and excesses or savings in the total final appropriation for each grant separately for voted and charged expenditure are brought clearly in the appropriation accounts, which are submitted to the Legislature by the Accountant General. The Legislative Assembly investigates the variations with reference to the explanations given by the Chief Controlling Officers. The Public Accounts Committee's recommendations are in a report presented to the Legislature.
26. The Legislature, thus, exercises a control over finance twice, once before the approval of the Budget, again, after the expenditure figures are brought out by the Accountant General in the form of Appropriation Accounts.
27. With effect from 2017-18 Government of Telangana dispensed with Plan and Non Plan budgets and replaced these with Pragathi Poddu (Scheme Expenditure) & Nirvahana Poddu (Expenditure for establishment/maintenance). Telangana State Government has prepared outcome budgets in respects of all the 40 grants for 2019-20.

28. Authorization from D.T.A / C.A.O / A.Os in Panchayat Raj and Rural Development Department.

Specially for Panchayat Raj & Rural Development Department, the procedure for Budget authorization has been revised and the CAOs/ AOs of that Department shall obtain concurrence from the DTA Hyderabad for all the releases to be made by them from the provisions made in the Budget for other than works for which LOE system is applicable, to have a uniform procedure in the pre-audit and also for effective computerized financial management w.e.f. 1.4.2002 (G.O.Ms. No. 495 Fin (BG) Department dt. 3.4.2002)

SCHEME WISE COST BENEFIT ANALYSIS

29. Govt. have issued instructions to send the scheme wise, cost benefit analysis statement and funds flow statement along with the progress reports in the respective annexures to G. O.Ms. No. 506 dt. 10.4.2002 to facilitate smooth flow of funds at the appropriation. These orders are also available on the T.G. Govt. Website "www.tg.gov.in".

Note: 01.04.20217 the budget estimates exhibited rupees in lakhs in the book

*A PLAN IS A REAL THING, AND THINGS
PROJECTED ARE EXPERIENCED. A PLAN
ONCE MADE AND VISUALISED BECOMES A
REALITY ALONG OTHER REALITIES - NEVER
TO BE DESTROYED BUT EASILY TO BE
ATTACKED*

-JOHN STEINBECK

CHAPTER – 3

FINANCIAL CODE

INTRODUCTION

1. The T.G. Financial code which is in two volumes deals with general provisions concerning financial administration of the Government. Aspects relating to various issues such as Revenue, expenditure, establishment charges, contingent charges, stores, works, grants-in aid, deposits, losses, misc. expenditure, loans and advances, miscellaneous subjects etc., and the proforma of contracts and agreements, various registers etc., are dealt in the Vol. I The Vol. II comprise appendices. Prominent among these appendices are those which deal with delegation of financial powers on various administrative and financial matters. In all, there are 330 articles and 27 forms in vol. I and 27 appendices in the vol.II.

GOVERNMENT TRANSACTIONS

2. Government's financial transactions consist of receipts and disbursements. The receipts comprise ordinary revenue derived from taxes, duties, fees, fines and similar items of current Government income and receipts of a deposit or banking nature including repayment of loans and advances. Government disbursements comprise expenditure out of ordinary revenues, capital expenditure and payment of banking nature including loans and advances and repayment of deposits (art. 1 &2).

RECEIPTS, THEIR COLLECTION AND CHECK

- 3.1 Every Government servant who is responsible for collecting of any moneys due to the Government should ensure that :
 - (a) Demands are made at once as payments become due.
 - (b) Effective steps are taken to ensure the prompt realization of all amounts due.
 - (c) Proper records are kept to account for all collections made
 - (d) The demand, collection and balance are monitored frequently to ensure complete realization. Irrecoverable due are written off as per provisions contained in appendix 23 TGHC Vol. II (Art. 7-9)
- 3.2 Rents of Government buildings due from Government servants should be recovered from the Government servant concerned promptly in accordance with the instructions contained in art 14-21 .

- 3.3 Where any Government property or right is sold by public auction, adequate time should be given between the date of notification of the auction and the actual date. The Government servant conducting the auction shall give adequate time before knocking down the bid in favor of the highest bidder and shall also obtain signatures of successful bidder and two other bidders lower to the highest bid (Art. 22-A).
- 3.4 REFUNDS OF REVENUE: Appendix 2, Vol. II deals with powers of various authorities regarding refunds of revenue. If it is an exgratia refund, claim for refund, is entertainable up to a time limit of one year where notice has not been given. When notice is given the time limit is one year. Statutory refunds are Governed by the law of limitations. As per G.O.Ms.No. 94 Fin & Plg dt. 27.3.86 original record should be traced and the fact of refund recorded in the departmental record and the counterfoil of the cash receipts. Original receipt issued to the payer should also be collected if possible and destroyed.

EXPENDITURE:

- 4.1 GENERAL PRINCIPLES: The following principles govern the incurring of expenditure from public funds. These are called standards of financial propriety.
- a) The expenditure must have been sanctioned by a general or special order of the authority competent to sanction such expenditure.
 - b) Sufficient funds must have been provided for the expenditure in the appropriation act for the current financial year or by a re-appropriation of funds sanctioned by a competent authority (Budget availability).
 - c) The expenditure should not be *prima facie* more than the occasion demands. Every Government servant should exercise diligence and care while incurring expenditure (art. 3 & 38).
- 4.2 It is the duty of every Government servant not merely to observe complete integrity in financial matters but also to be constantly watchful to see that the best possible value is obtained for all public funds spent by him or under his control and to guard scrupulously against every wasteful expenditure from public funds (Art.4).
- 4.3 All appropriations in the budget lapse at the close of the financial year. A Government servant should not on any account reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in cash chest any portion of an appropriation, i.e., Budget, remaining unspent during the year in order to prevent it from lapsing and use it for expenditure after the end of the year (Art. 39).

- 4.4 SANCTIONS: The powers of sanction of the subordinate authorities are laid down in TGFC Vol. II Appendix 7. In respect of consumer items and contingent expenditure, larger delegation of powers are vested on Heads of Departments, Dist. Collectors and other regional and district officers from time to time in G.O. (P) No. 703 GA (AR & T) Dept. dt. 4-12-78, G.O.Ms.No. 215, F & Plg. Dt. 14-7-83, G.O.Ms. No. 102 GAD dt. 24-2-86, G.O.Ms. No. 317, F & P dt. 13-6-86, G.O.Ms.No. 187, GAD dt. 24-8-87, G.O.Ms. No. 496, GAD dt.28-9-94 and G.O.Ms. No. 389 GA (AR & T) dt. 4-9-96.
- 4.5 A sanction order should stipulate the authority under which it is accorded. Copies of sanction should be sent to A.G. over ink signature of a Gazetted officer (art. 45).
- 4.6 Sanction of the Government or authority subordinate to the Government takes effect from the date of the order conveying the sanction unless otherwise stipulated in the sanction order under the rules on the subject (Art. 49).
- 4.7 A sanction for a fresh charge lapses if it has not been acted on for a year unless it is specifically renewed. The period of one year is taken into consideration from the date of issue of the sanction which should be considered to have been acted upon, if payment is whole or in part has been made in pursuance of the sanction within 12 months from the date of issue. In cases where part payment has been made within the stipulated period, subsequent payment of balance may be made without a fresh expenditure sanction.
- 4.7.1 When there is a specific provision in a sanction for any fresh charge to the effect that the expenditure would be met from the budget provisions a specialized financial year such sanction will lapse on the expiry of the specified financial year and will not be operative for one year from the date of sanction (art. 56.).
- 4.8 CONTRACTS: Authorities specified in appendix 4 of TGFC Vol. I are authorized to enter contracts on behalf of the Government. The standardized form of tender and contract in respect of stores is available in form No. 9 appended to the TGFC vol. I. Contracts in regard to which the Governments have not issued any definite rule and contracts containing unusual conditions should be made only after obtaining Government sanction (art. 51).
- 4.9 ARREAR CLAIMS: A Drawing Officer should obtain authorization of AG / PAO in regard to claims which are not preferred within one year of their becoming due. However, in regard to claims not exceeding Rs. 500/- of each individual monthly claim presented within 3 years of their becoming due can be drawn without the need for pre audit.

- 4.9.1 A TA Claim made after 3 months from the date on which the claim has fallen due should be refused. No claim for drawal of arrears of TA is admissible consequent on the fixation of pay in the revised pay scales etc. A leave travel concession bill, if preferred after one month of the completion of journeys, should be admitted only after imposing a 15% over the said claims.
- 4.9.2 The appointing authorities in respect of NGOs and the Heads of Departments in respect of Gazetted Officers are authorized to sanction arrear claims up to a period of 6 years after pre audit. Arrears claims for periods exceeding six years are sanctioned by the Heads of Departments on adhoc basis vide G. O.Ms. No. 161, F & Plg. dt.27-4-91. But in such cases two separate bills for period less than six years which requires pre audit and the order for the periods over and above six years which are sanctioned on adhoc basis by the Heads of Departments should be prepared vide G.O.Ms.No. 161, F&Plg. dt. 27-4-91.
- 4.10 Pay Etc. due to deceased Government servants: Pay, leave salary and the emoluments due to a Government servant are to be paid for the day of death irrespective of the hour of death. In respect of gross amount of claim up to Rs. 5,000/- payment to the person holding right and the title may be ordered by the Head of the Office without the need of any legal authority. If the gross amount exceeds Rs, 5,000/- orders of the Heads of the department should be obtained who will order the payment in accordance with the detailed procedure laid down in art. 80.
- 4.11 Payment in the case of employees whose whereabouts are not known (art 81 read with G.O.Ms.No. 241, F & P dt. 10-9-87 and G.O.Ms.No. 111 Fin & Plg. dt. 22.4.88).
- 4.11. 1) In the above case the family should obtain a report from concerned police station that the employee has not been traced. An indemnity bond from the Nominee/ dependent to the effect that all payment due to the employee, in case he appears on the scene and makes any claim should be obtained. All Government due should be recovered before effecting payment to the nominees.
- 4.11. 2) PENSION: Family pension, DCRG applications are entertained only after one year of disappearance.
- 4.11. 3) GROUP INSURANCE : Insurance claim is payable after 7 years of the month of the following month of disappearance provided the claimant produces a proper and indisputable proof of death or a decree of the court that the employee is presumed dead.

- 4.11. 4) Savings Fund is payable after one year after following the procedure laid down under 4.11. 1 above. However, in respect of total insurance claims for a period of one year, full subscription at the rate applicable on the date of disappearance together with interest at the rates applicable to savings fund should be recovered from the savings fund amount payable after one year. For a further period of 6 years or till the month in which insurance cover is paid, whichever is later, premium of insurance cover at 3/- per month for every Rs. 10,000/- along with interest should be recovered from the insurance cover payable after 7 years.
- 4.12 Tour Advances are sanctioned under art. 84 by heads of officers to themselves as well as employees of their offices to defray tour expenses. The advances should be adjusted in full at once when the Government servant 'returns to headquarters or by 31st March whichever is earlier'. Advances drawn in March may be adjusted before 30th April. No second advance should be sanctioned until the first has been fully adjusted. A register in form No. 23 TGFC Vol. I should be maintained for the adjustments of Tour advances (art. 84).
- 4.13 DEDUCTIONS OF INCOME TAX: Every Disbursing Officer should make the appropriate deductions of income tax in accordance with the provisions of IT Act. (art. 86.).
- 4.14 Attachment of pay and Allowances by civil courts : The maximum amount attachable by a civil courts calculated on the amount earned and not on what remains after satisfying debts due to the Government on account of advances taken under the rules. The emoluments excepting the compensatory allowances detailed in art. 87 are attachable by courts of law.

CONTINGENT CHARGES

- 5.1 Heads of offices have been empowered to incur or sanction expenditure on ordinary and recognized contingencies, subject to the condition that the expenditure should be non-recurring, i.e., should not involve any commitment beyond a single payment unless the authority concerned has been fully empowered to incur or sanction such recurring expenditure. Appendix 7 & 15 TGFC Vol. in particular deals with powers of various authorities in this regard.
- 5.2 DELEGATION OF POWERS: Head of offices may also delegate their powers to incur or sanction expenditure on contingencies to any gazetted Government servant serving under him subject to any further conditions and restrictions which he may consider necessary.

- 5.3 Government have prescribed the powers of various Heads of Departments and subordinate authorities in the following Codes :
- (a) Financial code Vol. I in regard to loans and advances and temporary advances under contingencies.
 - (b) Financial code Vol. II in regard to various aspects relating to refunds of revenue, entering into contracts, contingent expenditure, miscellaneous expenditure, write off of losses, etc.
 - (c) Departmental codes and manuals specifically for the officers of concerned departments.
 - (d) Executive orders / delegation of powers are accorded in (a) G.O.(P) No. 703 GAD dt. 4-12-78, (b) G.O.Ms.No. 102 GAD dt. 24-2-86 (c) G.O.Ms.No. 490 GAD dt. 28-9-94 (d) G.O.Ms.No. 389 G.A. (AR & T) dt. 4-9-96. and (e) G.O.Ms.No. 148 F & P (Admn I.T.F.R.) dt. 21-10-2000.
 - (e) Executive orders conferring larger powers in regard to some specific departments are issued in G.O.Ms.No.417 GAD dt. 5-8- 86, etc.
- 5.4 Contingent charges are recorded in a special register maintained in each office as per provisions under art 103 FC Vol. I Detailed classification of expenditure and the progressive totals against the budget allotted should be recorded in the contingent register as laid down in art. 103.
- 5.5 **DRAWAL OF MONEYS RELATED TO CONTINGENT EXPENDITURE:**
The moneys under contingencies are generally drawn from public account as follows :
- 5.5.1 **PERMANENT ADVANCE :** Each office is sanctioned the required amount of permanent advance by the Government Revision of P.A. may also be sanctioned by the above authority. The P.A. is accounted for in a special register prescribed in G.O.Ms.No. 54 F & P dt. 14-2- 79 appended to financial code Vol. I and is meant for making initial payments in regard to items of expenditure which are absolutely essential to meet. The expenses of an office (art. 9.4) and presentation of bills at the Treasury/ PAO (art 106).
- 5.5.2 **FULLY VOUCHERED BILLS:** In regard to transaction made on credit basis, the amounts required are drawn based on suppliers bills and advance stamped receipts. If these transactions come under countersigned contingencies, i.e, items specified for each department under appendix 8 TGFC Vol. I, controlling officer should countersign before draw 1. Otherwise, these can be drawn by drawing officers, themselves.

5.5.3 ABSTRACT CONTINGENT BILLS (A.C. bills) are drawn for the items of contingencies which require scrutiny and counter signature of the controlling officer after payment (art 102 and appendix 8 FC vol. II). The detailed contingent bills should be sent to controlling officer before the 10th of the succeeding month to which they relate. In respect of items of expenditure not already earmarked for draw 1 on A.C. bills under appendix B TGFC Vol. II, the Heads of departments may authorize drawals on A.C. bills for sums not exceeding Rs. 10,000/on each occasion.

5.5.4 Temporary Advance (Art. 99) may be drawn for meeting contingent expenditure of a specific fund by obtaining specific sanction of Government. Standing sanction in respect of some of the departments are detailed in art. 99. A second advance should not be drawn unless the detailed accounts for the earlier advance are submitted by Drawing Officer to AG/PAO and certificate to that effect recorded in the bill.

STORES

6. Stores include all articles and materials such as furniture, chemicals, scientific instruments, appliances, stationery articles, diet articles, material for construction of buildings, departmentally manufactured stores, tools and plant etc. (Art. 122)

All stores should be purchased through the Director, Printing and Stationery excepting those which have been specifically exempted from his purview under article 123 such as perishables like fruits, food stuff, newspapers etc. The items under rate contract finalized by Director of Printing and Stationery should be purchased from the earmarked firms. In cases of emergency, the Heads of Departments may purchase stores directly after obtaining approval of the stores purchasing committee in regard to other items as well.

Where stores are purchased directly, the following criteria should be followed in regard to preference in the purchases.

- 6.1 First preference for stores manufactured in sister Government department workshops.
- 6.2 Second preference in respect of standard items to fully owned Government undertakings and corporations in respect of standard items. These corporations need not participate in tenders.

- 6.3 In respect of non-standard items, the undertakings also have to participate in the tenders, if any, called by departments.
- 6.4 The items reserved for the SSI units should be exclusively purchased from them. The list can be had from Director of Industries. These units have also been exempted from the requirement of lodging earnest money and security deposit for these specified items for which they have been enlisted.
- 6.5 The goods manufactured in jails should be had from them only. They include furniture, stitching of khaki uniforms, attenders' liveries, and ammunition boots for officials of police, fire services and prison departments, phenyle, navar, etc., These items can be purchased from outside only after obtaining 'No Stock Certificate' from the jail department.
- 6.6 Modern office equipment such as computers, etc, should be purchased only through the T. G. Technology Services Ltd.
- 6.7 The cloth requirements of offices towards livery, etc., should be purchased from the TGCO. Likewise, the woolen carpets should be purchased only from TG. State Wool Industrial Co-operatives and Leather goods should be purchased from LIDCAP.
- 6.8 Steel furniture should be purchased solely from TGSSIDC, while wooden furniture should be purchased from the jail department, the Government centers like PWD workshops, Furniture Mill-cum-mechanical Wood Workshop, Sanathnagar, etc. Industries Centre, Hyd. should be given next preference.
- 6.9 Stitching of uniforms should be entrusted to physically handicapped co-op tailoring industries. Caning of chairs and manufacturing of garden chairs should be entrusted to physically handicapped co-op cane and weaving society. (G.O.Ms.No. 467 Fin & Pig. dt. 9-7-90, G.O.Ms.No. 770 Ind. and Commerce dt. 8-1-90, G.O.Ms.No. 717 plg. dt. 20-12-85, G.O.Ms. No. 106 GAD dt. 27-2-86, G.O.Ms. No. 594 GAD dt. 22-11-86).
- 6.9.1 When comparison of prices of products is made between the manufacturers within the State and those situated outside, the comparison should be on the bare cost exceeding taxes.
- 6.10 TENDERS: Article 125 deals with purchases through tender systems.
- 6.11 SINGLE TENDER SYSTEM: To be adopted in regard to purchases of a small order which does not exceed Rs. 10,000 and Rs. 20,000 if more than one kind of article is ordered at one time and propriety items.

- 6.12 LIMITED TENDER SYSTEM: More than Rs 10,000/20,000 and less than Rs.5.00 lakhs
- 6.13 OPEN TENDER SYSTEM : More than Rs.5.00 lakhs
- 6.13.1 When open tenders are called, circular communication should be sent to dealers of repute apart from vide publicity in Newspapers, trade bulletins, etc . A time gap of at least one month should be given between the date of notification of tender and the last date for submission of tenders. If the lowest tender is passed over specific reason therefore should be recorded (Art 125).
- 6.14 STOCK ACCOUNTS: Separate stock accounts should be maintained for expendables and non-expendables such as furniture, equipment, etc (art. 133).
- 6.15 INSPECTION OF STORES: Stores should be periodically inspected and action taken to regularize the short coming by recovery front from concerned, write off, etc. (art 139). The unserviceable articles should be identified and action taken for disposal and write off in the manner indicated in art. 143 TGFC Vol. I.

WORKS

7. When a Government building is occupied by more than one department, the Revenue Department, which occupies the major portion of the building will be termed as the department which uses or required the building (art. 151).

No work may be started without a proper estimate. The powers delegated to various departmental authorities to sanction expenditure on works are specified in Annexure 12 TGFC vol. II. The following are methods of execution of works (art. 163).

- 7.1 THE DEPARTMENTAL METHOD : Where the department itself engages the necessary daily labor and procures necessary materials. This method is adopted when no contractor is available or when it is considered economical.
- 7.2 PIECE WORK METHOD: The piece worker agrees to execute a work at specified rates without reference to quantity and this is adopted in regard to petty works.
- 7.3 LUMP SUM METHOD: The contractor agrees to execute a complete work with the specification for a lump sum payment.
- 7.4 SCHEDULE CONTRACT METHOD: The contractor agrees to execute a work at fixed rates and the amount paid to him depending upon the quantity of the work.

- 7.5 **AGREEMENT:** No work which is to be executed under a contract should be started until an agreement is executed with the contractor (art. 160).
- 7.6 **MUSTER ROLL:** Should be maintained in the manner prescribed / stipulated under art. 172 TGFC for all departmental works. The attendance of the work charged establishment and casual workers should be taken in the muster roll.
- 7.7 **MEASUREMENT BOOK** is the original record of actual measurement of the works executed and should be written in the manner laid down under art. 175 TGFC vol. I. It must be preserved with great care since it may have to be produced as evidence in a court of law in the event of legal disputes in regard to works.
- 7.8 **ADMINISTRATIVE APPROVAL AND TECHNICAL SANCTION:** Administrative approval means the formal acceptance by an administrative department of a proposal that PWD (R & B) or the Electricity Department, should incur a specified amount of expenditure on a specified work. Technical sanction means the order of a competent authority sanctioning a properly detailed estimate of the cost of a work to be carried out by PWD/ Electricity Dept. after the Administrative approval is obtained (art 185 TGFC Vol. I). For execution of works other than by departmental method the tender system should be followed (Art. 192).

GRANTS-IN-AID

8. Art 211 deals with grants-in-aid. Every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. An utilization certificate should invariably be obtained for all grants and the checks envisaged under art 211 scrupulously exercised.

DEPOSITS

9. Government receives money in connection with the transaction of public business termed as deposits which are repaid to the parties concerned by repayment or otherwise. Any department of Government may receive such deposits. A large number of these relate to revenue administration or the administration of justice. No amount should be credited under a deposit head if it can properly be credited to some other known head in Government account. The criteria under art. 267 and 268 should be followed in accepting deposits. The detailed procedure in regard to credit and repayment of deposits are laid down in T. R. 10 and T. R. 16 of TGTC code Vol. I. The departments should reconcile the balance under deposits with the Treasury I Bank every month.

CARRIAGE OF CASH

10. The minimum precautions to be observed for safeguarding Government money, i.e., the encashing of bills, in remitting money/ from one office to another are stipulated in art. 27 4A. The staff members should be detailed for the purpose keeping in view the volume of cash involved.

LOSSES

11. In the event of losses in cash and stores, the departments should follow the detailed procedure under art. 294, 302 of the code. Departmental action should be pursued to see that the losses are made good and where this is impossible, to get waiver by write off under order of competent authority. The *modus operandi* of the loss should be investigated thoroughly to know the defects in the system, if any, which resulted in the loss and to ensure necessary remedial measures.

Delegations of powers have been accorded in G.O.Ms. No. 490 GAD dt. 28-9-94 and G.O.Ms. No. 389 GA (AR & T) are modified. The latest delegation of powers ordered in G.O.Ms.No. 148 Fin. & Plg. dated 21-10-2000 and G.O.Ms. No: 178 Fin (TFQ) Dept. dated 19.08.2011 for heads of Department, District Collectors and Unit Officers are shown in the annexure appended. These orders will come into force with immediate effect.

ANNEXURE TO G.O.MS.NO. 148 (FW-ADMN.1 TFR) DEPARTMENT Dt. 21-10-2000

Sl. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit Officers
1	2	3	4	5
1.	Maintenance of Motor Vehicle : (a) Light Vehicles (b) Heavy Vehicles	Full Powers (Subject to guidelines vide G.O.Ms.No.333, G.A. (OP.II) Dept., Dt. 31-7-1997 -do-	20,000 per Vehicle 40,000 per Vehicle	20,000 per Vehicle 40,000 per Vehicle
2.	Purchase of Stationery	Full Powers	Full Powers	Full Powers
3.	Purchase of Steel & Wooden Furniture a) Purchase of Furniture	Full Powers	50,000	10,000
	b) Repairs to Furniture	Full Powers	5,000	5,000
4.	Rent for Office Building	Full Powers according to Plinth area values and rent assessment by R&B Dept. (Subject to following the instructions issued in	Full Powers according to plinth area values to and rent assessment by R & B Dept.	Full powers according to Plinth area values and rent assessment by R & B Dept.
G.O.Ms.No. 35 F & P (FWEBS. PWD) Dept. dt. 27-2-97 read with Memo No. 127 /R&B/97, dt. 9-6-97				

Sl. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit Officers
1	2	3	4	5
5.	Purchase of Bulbs & lamps	Full Powers	10,000	--
6.	Light Refreshments	Rs. 300/- at a time not exceeding Rs. 2,000/- p.m.	200/- p.m.	200/- p.m.
7.	Repairs to Type writers	Full Powers	Full Powers	Full Powers
8.	Condemnation of Vehicles	Full Powers subject to technical scrutiny Public Works Dept. or Area Transport officer	Full Powers subject to technical Scrutiny by Public Works Dept. or Area Transport Officer	Full Powers subject to technical Scrutiny by Public Works Dept. or area Transport Officer
9.	Repairs to Duplicators	Full Powers	Full powers	Full Powers
10.	Organization of Sports & Games	50,000	10,000	10,000
11.	Electrical Installations a) For additional improvements & alterations to the existing electrical installations for each building and apartments in the Compound.	Full Powers	5,000	5,000
	b) Improvements, alterations, and new installations to new buildings	1,00,000	50,000	50,000

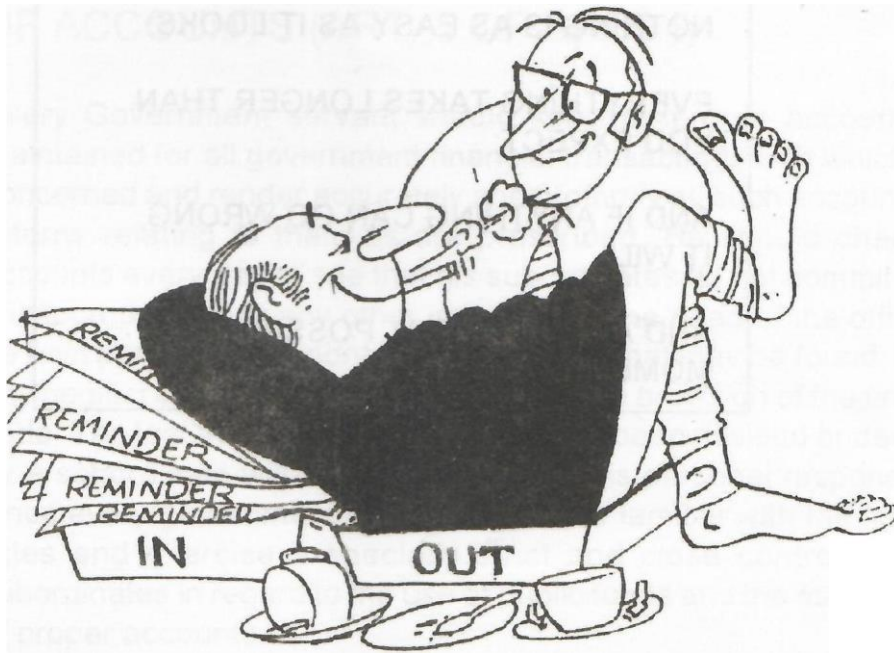
Sl. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit Officers
1	2	3	4	5
12.	Printing Locality without referring to Govt. Press	Full Powers	Full Powers	Full Powers
13.	Visits of High Personnel	Rs. 5,000/- one each Occasion Subject to a ceiling of Rs. 50,000/-	No limit on occasion not exceeding Rs. 5,000/- p.a.	No limit on occasion not exceeding Rs. 5,000/- p.a.
14.	Purchase of Non-Govt. publications relevant to law and Administrative Management	Full Powers	5,000	5,000
15.	Crockery, Cutlery & Utensils (initial Purchases)	5,000	1,000	1,000
16.	Printing and Binding	Full Powers	Full Powers	Full Powers
17.	Purchase of wall clocks not exceeding one piece of each unit office at a cost of not exceeding	1,000	500	500
18.	Purchase of Fans	Full Powers	Full Powers	Full Powers
19.	Write off of various kinds	Full Powers	Full Powers	Full Powers
20.	Air Coolers	Full Powers	-	-

Sl. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit
1	2	3	4	5
21.	Drawl of amounts on Abstract Contingent bills	20,000	-	-
22.	Photographic Charges	-	-	1,000
23.	Freight charges	Full Powers	Full Powers subject to eligibility	Full Powers Subject to eligibility
24.	Apparatus, instruments and Machinery	Full Powers	Full Powers	Full Powers
25.	Purchase of Stores	Full Powers	-	-
26.	Local Costs	Full Powers	Full Powers	Full Powers
27.	Expenditures on Exhibition	Full Powers	-	-
28.	Maintenance of Residential and non-residential buildings of prison's Department	Full Powers	-	-
29.	Petrol, Oil, Lubricants	Full Powers	Full Powers	Full Powers
30.	Maintenance of Computers	Full Powers (through TGTS or original Manufacturer	Full Powers through TGTS or original	Full Powers (through TGTS or original

SI. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit Officers
1	2	3	4	5
31.	Maintenance of Xerox Machine	Full Powers	Full Powers	Full Powers
32.	Maintenance of Fax Machine	Full Powers	Full Powers	Full Powers
33.	Purchase of Computer / Fax Machine Stationery (Printer Ribbons, Heads, Cartridges, Floppies CDs & Tapes etc.)	Full Powers	Full Powers	Full Powers
34.	Air Cooler repairs	Full Powers	Full Powers	-
35.	Supply of Uniform cloth to Class IV employees.	Full Powers	Full Powers	Full Powers
36:	Telephone for Connectivity Purchase	Full Powers	Full Powers	Full Powers
37.	Internet Service Charges	Full Powers	1,000	1,000
38.	Refreshments expenditure on visits of official from other states	Full Powers	1,000	500
39.	Purchase of batteries	Full Powers	Full Powers	Full Powers

Sl. No.	Item of Expenditure Depts./Heads of Depts/	Ceiling Limits for Secretariat Regional Officers	Ceiling limits for (other than Collectors)	Ceiling limit for No. Dist. Collectors Unit Officers
1	2	3	4	5
40.	Pest Control of Measures, Fire Alarm and Fire exit maintenance	Full Powers	Full Powers	Full Powers
41.	Electrical & Networking works relating to Computer, Air Conditioner and UPS equipment.	Full Powers	Full Powers	Full Powers
42.	Courier Charges	Full Powers	Full Powers	Full Powers
43.	Supply of Uniform cloth for Junior Forest Officers.	Full Powers	-	-

Art:125 amendment G.O.Ms.No: 489, Fin (TFRI) dated 08.12.2008. Limited budget (less than 5.00 lakhs or more too) Single to add (10k/20k)



Courtesy: A Consultant on the Rampage, By V.V. Prabhu

LAWS TO LIVE BY

MURPHY'S LAW

NOTHING IS AS EASY AS IT LOOKS;

EVERYTHING TAKES LONGER THAN
YOU EXPECT;

AND IF ANYTHING CAN GO WRONG,
IT WILL

AND AT THE WORST POSSIBLE MOMENT

CHISOHN'S LAW

ANYTIME THINGS APPEAR TO
BE GOING BETTER, YOU HAVE
OVERLOOKED SOMETHING.

CHAPTER - 4

MAINTENANCE OF CASH ACCOUNTS, RESPONSIBILITIES OF DRAWING & DISBURSING OFFICERS

1. RESPONSIBILITIES TOWARDS MAINTENANCE OF ACCOUNTS (ART. 5 OF TGFC I)

Every Government servant should see that proper accounts are maintained for all financial transactions with which he is concerned and render accurately and promptly all such accounts and returns relating to them as are prescribed. He should check the accounts every day to see that his subordinates do not commit fraud, misappropriation or any other irregularity. The head of the office will be held personally responsible for any loss that may be found due to any neglect of the duties laid upon him by the provision of the financial code. The fact that a head of the Office has been misled or deceived by a subordinate will in no way mitigate his personal responsibility, since every Government servant should be familiar with the financial rules and exercise a specially strict and close control over his subordinates in regard to the use of public funds and the maintenance of proper accounts.

2. RESPONSIBILITIES TOWARDS RECEIPTS (ARTS. 2.7 TO II OF TGFC I)

- i)
 - a) To assess the demands carefully in advance
 - b) To take steps to realize the revenues promptly
 - c) To maintain proper account of collection
 - d) To watch the progress of collections against the total demand (D.C.B.)
 - e) To take prompt steps to collect all arrears
 - f) To consolidate the figures in a register to show the total receipts for each month classified as per the Budget estimates
 - g) To compare the figures compiled in the register with (a) computer figures and (b) A.G.'s figures and reconcile difference, if any
 - h) To effect necessary corrections before the accounts of the year are closed, and
 - i) to take steps to apply to the competent authority for writing off the Irrecoverable arrears;

- ii) The receipts realized should not be locked up in the cash chest in huge balances. It should be remitted into the Treasury under the relevant head of account as frequently as possible so as to keep the balance of the chest at the lowest minimum.
- iii) On no account, the departmental receipts should be appropriated for incurring any departmental expenditure except in certain cases specified in T.R. 7(2). To meet any expenditure, amounts should be drawn separately from the Treasury according to the availability of funds.
- iv) Powers of subordinate authorities to write off losses on account of non-realization of sums due to the Government are contained in Appx. 23 of TGFC Vol. II.
- v) The detailed rules governing demand and collections are contained in the relevant departmental codes and manuals.
- vi) Audit of Receipts (Appendix. 10 of Vol. II).
 - a) Audit shall have power to examine the correctness of the sums brought to account as determined by the Government in consultation with the A.G.
 - b) Audit will not interfere with the executive responsibility of the departmental officers.
 - c) Audit shall not make enquiries with the tax payers.
 - d) Audit is done with reference to statutory provisions, financial rules and executive orders.
 - e) The chief aim should be to ascertain that adequate regulations and procedures have been framed to secure an effective check on the assessment, collections and proper allocation of revenue. In the Audit, general is more important than the particular.
 - f) Audit should ascertain what checks are imposed against the commission of irregularities at various stages of collection and accounting and suggest improvement in procedures.
 - g) Audit will see that no amounts due to the Government are left outstanding without sufficient reason and watch such outstanding and suggest measures for their recovery.
- vii) Refund of Revenue (Arts. 32 to 35 of TGFC Vol. I & SR 27 TR 16- TGTC I), Refund Bill (TGTC Form 62), Powers to orders refunds (Appendix 2 – TG FC Vol. 11).
 - i) Ex-gratia Government are under no legal obligation to make refund. Claims should be summarily rejected if the party does not present a case within 3 months from the date of notice.

- ii) a) Legally entitled : 1 year from the date of credit of Revenue to the Government.
- b) An order for refund of revenue remains in force for a period of 3 months only from the date of issue except otherwise provided by an law, rule or departmental regulation.
- c) The above rules of refund do not apply to certain classes of refunds detailed in Art.35.
- d) The powers to refund revenue as per Appx. 2 are subject to the departmental rules contained in departmental Manuals and codes.
- e) Original record to be traced and refund should be recorded against the original entry of receipt in the departmental accounts and also counterfoil of the receipts. Original receipts given to the payer to be collected back (if possible) and destroyed, except in the case of refunds of fine amounts by courts, where true copies of challans can be accepted, vide G.O.Ms. No.94 Fin. & Plg. { Admn.1) dated 27-3-1980.

3. RESPONSIBILITIES TOWARDS INCURRING OF EXPENDITURE (ARTS. 3,4 AND 38 TO 44 56 OF TGFC VOL.1)

- i. Every head of the Office should on no account incur any item of expenditure from public funds unless the following conditions are satisfied:
 - a) The expenditure must have been sanctioned by a general or special order of the authority competent to sanction such expenditure.
 - b) Sufficient funds must have been provided for expenditure in the budget of the financial year or by way of re-appropriation of funds sanctioned by the competent authority. Sufficient funds should have been released by the competent authority.
 - c) The expenditure should not exceed the appropriation.
 - d) On no account should funds be reserved or appropriated by transfer to a deposit head or drawn from the Treasury and kept in the cash chest to avoid lapse of appropriation.
 - e) There should be no undue rush of expenditure towards the end of financial year.
- ii) Further, every head of the Office should strictly adhere to the following principles known as the standards of financial property.
 - a) The expenditure should not be, *prima facie*, more than the occasion demands. He should exercise that same diligence and care in respect of all expenditure from public money under his control as a person of

ordinary prudence would exercise in respect of expenditure of his own money.

- b) He should not pass any order directly or indirectly to his own advantage.
 - c) Public money should not be utilized for the benefit of a particular person or section of community unless:
 - i) The amount of expenditure involved is insignificant, or
 - ii) A claim for the amount would be enforced in a court of law, or
 - iii) The expenditure is in pursuance of a recognized policy or custom.
 - d) The amount of any allowance such as T.A. granted to meet expenditure of a particular type should be so regulated that it is not, on the whole, a source of profit to the recipient.
- iii) It is the duty of every Government servant not merely to observe complete integrity in financial matters but also to be constantly watchful to see that best possible value is obtained for all the funds spent by him or under his control and to guard scrupulously against every kind of wasteful expenditure from public funds, Art. 4.
- iv) The Drawing Officer is responsible for the correctness of the amounts drawn. If there is excess draws, the D.O. will be required to make good the excess amount drawn. If it cannot be recovered from him for any reason, the officer who countersigned the bill will be liable to make good any loss arising from culpable negligence on his part and the T. O. who passed the bill also is similarly liable to make good the loss arising from culpable negligence on his part. Art. 56 of TGFC Vol. I.
- v) It shall be the responsibility of each HOD and the DDO to ensure compliance and it should be the responsibility of each Treasury Officer / PAO / PAO (W & P) to scrutinize the claims and certificates in accordance with these norms and guidelines issued in G.O.Ms. No. 507 I (Fin TFR) Department dt. 10.4.2002. These norms and guidelines are to be followed by all DDOs in order to have financial accountability.

4. CASH ACCOUNTS TO BE MAINTAINED BY THE HEAD OF THE OFFICE

	Name of the Register	Form No. of TGTC Vol. II
i.	Cash book	5
ii.	Pay bill register	47
iii.	T.A. Bill register	62
iv.	Misc. bills register	40

v.	Register of contingent charges	7 of TGFC Vol. I
vi.	Acquaintance Register for of pay and allowances.	88
vii.	Misc. acquittance register for payment of T.A. Festival Advance and other payments	58
viii.	U.D. Pay register	20
ix.	Permanent Advance Register	89
x.	Cash Book for non Govt. transactions	5
xi.	Treasury Bills Register	70
xii.	Office copy of L.P.C. Register issued	
xiii.	Register of true copies of L.P.Cs received.	
xiv)	Tour Advance Register	
xv)	Register of recoveries of Festival advance	
xvi)	Register of recoveries of Medical advances	
xvii)	Register of recoveries of loans granted to Govt. servants for purchase of Bicycles, House Building, Marriage, Motor Cycle, etc.	
xviii)	Register of recoveries of G. P. F.	
xix)	Register of recoveries of T.G.G.L.I. (See appx. 26 of TGFC Vol.II)	
xx)	Register of recoveries of PLI	
xxi)	Register or recoveries of advance on transfer	
xxii)	Increment watch register (Gazetted & Non Gazetted separately)	
xxiii)	Register showing the service books received from other offices and sent to other offices.	
xxiv)	Register showing the temporary establishment of the offices and their continuance.	
xxv)	File containing the original challans for the amounts remitted into the Treasury	
xxvi)	Register of actual expenditure incurred with progressive totals prescribed in Budget Manual	
xxvii)	Office copy of G. P. F. bills register	
xxviii)	Printed receipt books for the issue of receipts for the amounts received from the parties	
xxix)	Account of receipts used and unused	

All the registers should be neatly bound up and kept as they are of very important nature. The following instructions should be followed for their maintenance.

- i) All the pages of the register should be numbered and certificates appended on the front page under attestation of the head of the office showing the number of pages the register contained.

- ri) If the register is opened in manuscript for want of printed copy, the headings of the register should be typed and neatly pasted.
- iii) There should be no register without proper headings.
- iv) A register once exhausted should be withdrawn from the clerk concerned and sent to the record room for safe custody under proper acknowledgment.
- v) In case of Cash Book, permanent advance register and U.D. Pay register, the closing balance as appearing on the last page of the old register and a certificate to the effect should be appended in the new register under the attestation of the head of the Office.

5) CUSTODY OF CASH: CASH CHEST

- i) The office cash balance should be kept in the iron cash chest having double lock arrangements. The cash chest shall, if practicable, be embedded in masonry so as to prevent removal by thieves. One key of the cash chest should be held by the head of the office and the other by the Superintendent or any other senior most Government servant of the Office. They should personally hold the keys of the chest and the keys should never leave the possession of the government servant concerned. The cash chest should be opened and closed personally by them and should not be entrusted to the attenders. Whenever any Government servant holding the key of the cash chest happens to be on camp or go on C.L., he should personally hand over the key to any other Government servant who is authorized to hold the same during absence. It should not be sent through any other messenger who may unscrupulously prepare a duplicate key for its use at a later date without the notice of the head of the office and other Government servant holding the keys (S. Rs. 1 & 2 of T. R.11 of TGTC Vol. I).
- ii) Whenever there is change in the incumbent of the Government servant holding the key of the cash chest due to any kind of leave or transfer, the incoming Government servant should personally verify the cash and record a certificate of verification in the cash book under his own hand and affix his dated signature.
- iii) The duplicate keys of cash chest should be kept in a small packet, and the packet sealed and sent to the nearest treasury for safe custody. The receipt granted by the T.O. should be carefully filed. Thereafter every year, the sealed packet should be obtained from the treasury duly surrendering the receipt obtained at the time of deposit, the contents of the sealed packet checked up and the duplicate keys should again be deposited in the Treasury for safe custody (Instrn. 19 of T.R. 11 of TGTC Vol.I).

- iv) When leaving the office every day, after locking the cash chest a proper seal duly signed by the head of the office should be pasted in the cash chest and the sealed cash chest handed over to the night watchmen if there is one under his acknowledgment. On the next day when the office is opened, the cash chest should be taken over by the head of the Office by furnishing the acknowledgment. A register should be maintained for this purpose in the form noted in Appendix I. The night watchman is expected to be awake during the nights and guard the office and cash chest. He should be provided with a torch light and stick. Once in a fortnight the head of the office should make surprise visit to the office to find out whether the night watchman is performing the duties or not and record the result in the register. If the night watchman is found sleeping and in drunken state deterrent action should be taken against him

CASH BOOK (SR 3 T.R.10; SR2-R.R.II)

The following instructions should be followed in the maintenance of Cash Book.

- a) Every Government Office should maintain a Cash Book in T.G.T.C. Form No. 5 with the following columns;
- (i) Date of receipt. (ii) Particulars (iii) Amount (iv) Date of disposal or remittance to treasury (v) Particulars (vi) Amount (vii) Remarks
- b) There should be two cash books - one for Government transactions and the other for non-Govt. transactions if the Government servant is permitted to handle in his official capacity moneys received not on behalf of the Government Institution. The cash balance relating to Govt. transactions and non-Govt. transactions should be kept separately in the cash chest (S.R.7(c) T.R. 10 of TGTC Vol.I).
- c) It is not correct to multiply cash books and as far as possible only one cash book should be maintained. Subsidiary register may, however, be opened, if need be, taking their totals to the cash book.
- d) Money received on behalf of the Government (with the exception of moneys withdrawn from Treasuries on Bills for Pay, contingencies, etc., which are accounted for and watched in other ways) should immediately be accounted for in the Cash book (S.R 3-T.R. 10).
- e) For each entry on the receipts side of the Cash book, there should be a counterfoil of printed receipt. A printed receipt book should be maintained for the issue of receipt for the accounts received in the office (S.R 2-T R.10). Against each relevant entry of receipt for the amounts received in the cash book, the receipt number should be noted against each item in the Cash book.

- f) Before an officer signs a receipt he should see that the receipt of the money has been duly recorded in the cash book and in token of his check, he should initial with date the relevant entry in the Cash Book.
- g) When money is sent to the Treasury/ Bank for remittance entry should be made in the Cash Book while signing the challan. It should be attested only on receipt, of the challan after remittance.
- h) In respect of amounts received on account of encashment of bills & cheques at Treasury or Bank, they should be supported by relevant entries in the Treasury Bills register. or U.D.P. or P.A. register, etc.
- i) After totaling the receipts recorded in the cash book, the opening balance of the cash book should be added and grand total struck.
- j) For every item of disposal on the charges side of the cash book, there should be acquaintance in proof of having disbursed the amount.
- k) At the close of business on each working day, the Cash Book should be closed duly verifying the cash on hand and the closing balance arrived at in the Cash book.
- D) A memorandum of verification should be recorded in the Cash book duly counting the cash and verified with the book balance as shown in the Cash book and other registers after they have been closed for the day and then signed by the drawing officer as below :

A	Balance as per Cash Book	xxx
	Balance as per U.D.P. Register	xxx
	Balance as per P.A. Register	xxx
	Total Book Balance	xxx
B	Amount held in cash	xxx
	Amount held in the shape of	xxx
	Cheques and drafts	xxx
	Total	xxx
C	Cash balance as certified by counting	

- m) If there is difference between the book balance and the physical balance, the same should be reconciled. If it cannot be reconciled, action should be taken under Art. 294 of TGFC Vol. I and S. R. 2 of T.R. II of TGRC Vol. I.
- n) If the concerned Officer happens to be in camp or leave, the officer who looks after his work or the ministerial head should also check the cash book as above and the DO should, as soon as he returns, verify the entries in the Cash Book and the attest duly satisfying the correctness of the same.

PROCEDURE WITH REGARD TO DEMAND DRAFTS AND CHEQUES

Whenever a demand draft/ cheque is received in favor of Departmental officer towards the Government dues, it should be entered into security register.

A temporary receipt in T. G. T. C form No. 4 should be issued by the departmental officer for the draft / cheque. It should be recorded as receipt in the Cash book immediately on receipt. Once in a week or lesser intervals a challan for each draft/ cheque should be prepared and presented together with the draft / cheque to the bank duly making an entry on the payment side of the cash book for collection and crediting the proceeds to the Government account. The name of the individual on whose behalf the tax/ revenue covered by draft / cheque is remitted should be specified in the challan. After the proceeds covered by the cheque / draft are realized, a final receipt (in new CF Form No. 45 - Old CF No. 106) should be issued to the party. The challan No. and date should be noted against the relevant debit entry in the cash book and also in the security register.

PROCEDURE WITH REGARD TO POSTAL ORDER

The above procedure may be followed. In this case the challan may be presented along with the cash after the postal order is encashed.

INTIGRATED FINANCE MANAGEMENT AND INFORMATION SYATEM (IFMIS)

IFMIS is a unified, full-service web solution that the State Government uses to digitally process all types of bills, regardless of whether they are departmental costs like employee payroll, or outsourced project expenses like office infrastructure, repairs, schemes, etc.

Bills:

The following are the different types of bills that can be processed:

1. Salary Bills
 2. Contingent Bills/other bills
 3. Supplementary Bills
 4. Personal Deposit Account Module
- **Salary Bills** are bills generated to pay the monthly salaries of Government employees.
 - **Contingent Bills** are generated to pay for expenses and includes all incidental and other expenses which are incurred for the management of a Government office as an office or for the working of technical establishment such as laboratory, workshop, industrial installation, store depot and the like but other than expenditure which has been specifically classified as falling under some other head of expenditure, e.g., 'works', 'tools and plant'.
 - **Supplementary Bills** are bills filed in aid of an original bill to supply some defect in the latter, or to set forth new facts which cannot be done by amendment.
 - **Personal Deposit Account** provides a platform to organize the funding and Transactions in the Government system while maintaining the structure of Personal Deposit Accounts.

As a part of the IFMIS, detailed modules and videos have been developed, which are available in the website. (<https://ifmis.telangana.gov.in/login?forced>)

The DDO:

The **Drawing and Disbursing Officer (DDO)** is responsible for drawing funds from the State or Central Government Treasuries and drawing bills on behalf of the Government. The DDO maintains an updated record of all employee expenses of all variants and transactions on a timely basis that has to be submitted to the higher authorities at a specific time period. Therefore, the DDO is the person who feeds the basic ground-level data in a standardised format into the IFMIS DDO web application.

यदेव विद्यया करोति श्रद्धयोपनिषदा तदेव वीर्यवत्तरं भवति

**Duty performed
with Knowledge, Faith and Devotion,
becomes really effective**



Dr. Marri Channa Reddy
Human Resource Development
Institute of Telangana

Pavies