

PREFACE

The constitution of the Himachal Pradesh State Electricity Board with effect from 1st September, 1971 brought in its wake a number of changes in the Accounting and Budgeting pattern that was being followed in the erstwhile Multipurpose Projects and Power Department of Himachal Pradesh Government. Section 61 of Electricity (Supply) Act, 1948 stipulates that in February each year, the Board shall submit to the State Government, a Statement in the prescribed form, of estimated capital and revenue receipts and expenditure for the ensuing year, which shall be laid on the Table of the House of the State Legislature. Necessity was, therefore, felt that the relevant provisions of the Act and the rules made thereunder together with the orders and instructions issued from time to time in regard to the compilation of the Budget to the Board, should be consolidated and brought out in a compact and handy volume. This manual, therefore, takes into account all the relevant provisions of the Act and rules aforesaid and the orders issued so far. This manual has the approval of the Board. This is the 3rd edition of this Manual which has been brought in force with the introduction of Revised Accounts classification and budget statement prescribed by the Central Electricity Authority.

Accounts officer Budget Section, F&A Wing will be responsible for the up-keep of the Manual for issuing correction slips necessitated by any subsequent changes in procedures and practices. Suggestions for improvement in the Manual are welcome and may be addressed to the Senior Accounts Officer (Budget Section).

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CHAPTER –I
INSTRODUCTORY

ANNUAL FINANCIAL STATEMENT OR BUDGET

1.1. Budget – Under section 61 of the electricity (Supply) Act, 1948 in February of each year the Board is required to submit to the State Government, a statement in the prescribed form of the estimated capital and revenue receipts and expenditure of the Board for the ensuring year. The said statement will include a statement of the salaries of members, Officers and Employees of the Board and of such other particulars as may be prescribed.

The State Government will cause the statement to be laid on the table of the House of the State Legislature. The said statement in open to discussion but not subject to vote. The Board has to take into consideration any comments made on the statement in the State Legislature.

1.2. Supplementary Budget – The Board may at any time during the year in respect of which a statement under 1.1 had been submitted, submit to the State Government a supplementary statement and all the provisions of section 61 of the Electricity (Supply) Act. 1948 as specified in 1.1 above, shall apply to such supplement any statements mutandis-mutandis.

1. 3. The Budget will comprise the following Statements.

APPENDIX – A

Sr. No.	Particulars
1. Statement –I	Budget Estimates of Revenue & Expenditure.
2. Statement –II	Budget Estimates of Capital receipts & payments
3. Statement – III	Budget Estimates of Purchases, issues & stock held.
4. Subsidy Statement – I	Detailed Budget Estimates of revenue receipt.
5. Subsidy Statement – II	Detailed budget estimates of Revenue Expenditure.
6. Subsidy Statement – III	Budget Estimates of interest on loans.
7. Subsidy Statement –IV	Budget Estimates and other application & profit.
8. Subsidy Statement – V	Budget Estimates of Capital receipts.
9. Subsidy Statement – VI	Budget Estimates of Capital Payments.
10. Subsidy Statement – VII	Budget Estimates of loans and advances and other debit heads.
11. Subsidy Statement – VIII	Detailed Budget Estimates of purchases, issued and stock held.
12. Appendix –A	Details of staff Establishment.

The Central Electricity Authority has approved the above forms of Budget vide their D.O. letter No. MC-12/71732 dated 23-2-1979 and adopted by the H.P. State Electricity Board vide No. HPSEB/F and A/10-191/80-81-3650-370 dated 23rd July, 1979.

The forms of these statements are reproduced in list of Appendix to the Budget Manual (Table of Contents).

1.4 Structure of accounts and of budget estimates – The structure of budget estimates will follow the structures of account including its detailed classification as prescribed by the Board, which is arranged as follows:-

- (a) Main Ledger heads (corresponding to Major heads).
- (b) Sub. Ledger heads (“ “ Minor Heads).
- (c) Detailed heads (“ “ Detailed Heads)

1.5 Expenditure under each Sub-Ledger head is divided into primary units of appropriation (or detailed heads). These primary units are generally uniform as, for example, in the case of establishment charges:-

Pay of officers.
Pay of Establishment.
Dearness allowance.
Other allowances.
T.A.
Medical Charges.
Bonus
LTC

1.6. Classification of revenue – (a) Receipts can be either capital or revenue receipts.

(b) **Capital receipts** – Loans from State Government, Market borrowings, subventions or subsidies on capital account and grants received from State or Central Government are the main sources of capital receipts. These are supplemented by service connection charges, contributions including rentals from consumers, miscellaneous receipts on capital account and Board own resources.

(c) **Revenue Receipts** – The main sources of revenue receipts are revenue by sale of electricity for cash and credit, both to consumers within the State and in other states, and

by sale of stock, T & P, other unserviceable materials and miscellaneous revenue by way of meter rentals etc, from consumers.

1.7. Classification of expenditure – The estimates of expenditure embodied in the annual financial statement shall distinguish expenditure on revenue account from total expenditure. The estimate of expenditure falls under the divisions.:-

- (a) Revenue Account
- (b) Capital expenditure.

Expenditure on revenue account mainly comprises establishment expenditure and miscellaneous working charges (contingencies) debitible to revenue account, cost of power purchased, interest charges on loans, Board's contribution and subscriptions, expenditure on operation and maintenance of fixed assets in use.

Capital account is the account of expenditure of a capital nature and its main features are that it must either involve construction or acquisition of a work of permanent asset, including preliminary expenditure, intangible assets and expenditure on investigation of projects and schemes, and repayment of debts on loan account.

1.8. Debit and deposit account – Apart from revenue and capital accounts referred to above, there are other transactions of these types as well as all running accounts and items which are accountable only in the balance sheet of the Board (balance sheet heads) are the components of this group of accounts, which have been given their own classification in the Boards Accounts, Classification under Current Assets, Current Liabilities & Provisions (vide Appendix A, Statements VIII to X).

Chapter – II

PREPARATION OF THE BUDGET

2.1. Responsibility for preparation – The preparation of the Board’s Budget has been entrusted to the Finance and Accounts wing of the Board under the overall responsibility of the Member (Finance and Accounts). The Finance and Accounts Wing shall have the power to require all Heads and Departments in the Board and other authorities to furnish to it material, in such form as it may prescribe, on which the Budget is to be prepared. The Heads of Departments, in turn, depend for material on the field and other officers who collect revenue, incur expenditure or operate various heads of accounts.

2.2. Compilation of Estimates – (a) The Budget framed by the Finance and Accounts Wing is a compilation of the following estimates:-

1. The estimates of income.
2. The estimates of ordinary expenditure.
3. The list of late sanctions.
4. The schedule of new expenditure.
5. The list of major and minor works.
6. The statements of anticipated excesses and surrenders.

(b) During December each year the Secretary of the Board will forward to the Finance Department of the State Government through the administrative department, the loan requirement of the Board. The amount of the loan voted by the State Legislative Assembly will appear in the Government budget under ‘Loans to local funds, private parties, loan to Himachal Pradesh State Electricity Board.’ The amount of loan so appearing in the Government budget will be conveyed to the Finance and Accounts Wing by the Secretary of the Board for incorporation in the budget.

(c) The several estimates enumerated in part (a) above have to pass through many hands in the course of their preparation and final incorporation. The estimates of income and ordinary expenditure have to be dealt with by the Collecting or Disbursing Officer, by controlling officers and Heads of Departments and by the Finance and Accounts wing before they are incorporated in the form of the budget and presented to the Board for approval. The schedule of new expenditure and the list of major and minor works have to be prepared by the Head of Departments and after scrutiny by the Finance and Accounts Wing are to be incorporated in the budget proposals with reference to the funds available and the comparative urgency of the proposals before their presentation to the Board for approval.

(d) After compilation of the budget, Finance and Accounts Wing will forward the same to the Secretary of the Board for being caused to be placed before the Board for consideration and approval.

(e) After the approval of the Board is obtained to the budget proposals, the budget so approved will have to be placed before the Himachal Pradesh State Electricity Consultative Council constituted under the provisions of section 16 of the Indian Electricity (Supply) Act, 1948. The board shall take into consideration any comments made on such statements by the Council before submitting the same to the State Government under section 61 of the Electricity (Supply) Act, 1948.

(f) Adherence to time Schedule. – Keeping in mind the various stages enumerated above, it is a matter of imperative necessity that the whole process should be worked out on a time table, which should be scrupulously observed. This not only means that all officers must send their data by definite dates, but also means that they come well in time in the course of preparation of the budget and not afterwards, when no proposals for expenditure however, administrative by expedient can be admitted. Experience has shown that if alterations are admitted after dates prescribed in this manual, it is only with a grave risk that there will be either mistakes in calculations or that the budgets will not be submitted to the State Government on the appointed day. Every figure altered after the budget is under print, means for alteration of a dozen of totals. It has, therefore, to be accepted as one of the necessary features of the budget that proposals, however, desirable which are not before the Finance and Accounts Wing in approved form by due dates, can find no place in it.

(g) Appendix 'B' gives the schedule of dates prescribed for various stages involved in the preparation of the budget.

FROM OF DEPARTMENTAL BUDGET ESTIMATES

2.3 Preparation and submission of Departmental Budget Estimates – In order to obtain from the field offices concerned, the material on which to base its estimates of revenue and expenditure, Finance and Accounts Wing will arrange to supply to the Controlling and Disbursing Officers by date not later than the first of August of each year the blank forms in which their estimates are to be prepared and submitted and such forms will contain columns arranged as in specimen of statements referred in para 1.3 and shown in the Table of contents 12 to show, in the case of revenue of capital expenditure, as the case may be:-

- (a) Analysis for the previous year (preceding the current year).
- (b) Budget estimates for the current year.
- (c) Actual expenditure :-
 - (i) For the last 6 months of the previous year.
 - (ii) For the first 6 months of the current year.
- (d) Revised estimates for the current year.
- (e) Budget estimates for the next year.

2.4. Duties of the Collecting/Disbursing Officers:- The Collecting and Disbursing Officers will fill in the forms received from the Finance and Accounts Wing according to the requirement of funds for expenditure and anticipation of receipts in the case of revenue and then forward them to their Controlling Officers accompanied by an explanatory memorandum. In compiling the estimates, figures will be rounded off under explanatory memorandum. In compiling the estimates, figures will be rounded off under each item to the nearest hundred rupees i.e. less than fifty rupees should be ignored and excess over fifty rupees rounded off to the next hundred above. If the Controlling Officer and the Head of the Department are the same, the proposals will be sent in duplicate and if the Controlling Officer is not also the head of the Department then three copies of the budget statement will be sent to him. The collecting or Disbursing Officer will retain one copy for record in his own office. The dates by which the Budget Estimates prepared by the Collecting and Disbursing Officers are to reach their Controlling Officer are indicated in Appendix 'B'.

2.5 Duties of Controlling Officers:- On receipt of the budget estimates from the Collecting or Disbursing Officer, the Controlling Officers will scrutinize the same, add to or vary them to the extent necessary and forward the same, in duplicate, alongwith an explanatory note, in particular referring the variations suggested by him, to his Head of the Department.

Duties of the Head of the Department:- On receipt of the budget estimate from the Controlling Officers under his control, the Head of the Department will scrutinise the same, consolidate them were expedient, and forward the, through the Member concerned of the Board to the member (Finance and Accounts) for incorporation in the Budget of the Board. The head of the Department will prepare explanatory notes in support of his proposals, which inter-alia will high light the reasons for differences between the proposed figures for the next year and the figures of revised budget estimate for the current year.

2.6 Accuracy of data – In preparing the budget estimates, the Collecting or Disbursing Officers and Reviewing Officers will be guided by the Instructions contained in this manual. They should bear in mind the fact that the budget section in the Finance and Accounts Wing is responsible for the correct compilation of the Board's budget on the basis of the estimates furnished by the Heads of the Departments, but for the correctness of the material/date the Collecting and Disbursing Officer and their Reviewing Officers will be responsible.

27. Revised Estimates:- The estimates of income and expenditure include the revised budget for the current year. Of this, it is sufficient in this place to say that it should be the best possible forecast of the actual income and expenditure of a year based on the trends during the first six months of the current year and anticipations of the trends during the remaining six months of the year and is of use chiefly as a guide for the estimates of the next year. The list of excesses and surrenders which is required to be prepared and submitted to the Finance and Accounts Wing at about he same time will give details on the basis of which the revised estimates have been incorporated in the budget proposals and will be used as a cross check by the Finance and Accounts Wing while scrutinising the revised budget figures.

28. Estimate of Income :- Detailed instructions relating tot he preparation of the estimates of receipts are contained in Chapter IV. It is sufficient to not here that the estimates of receipts should be as accurate as it is possible to forecast at the time of their preparation. On the forecast of receipts depends the financing of the programme of expenditure in the Board and the assessment of surplus. While under estimation receipts will unnecessarily depict an alarming picture of ways and means, the over estimations on the other hand is likely to raise exaggerated hopes, which may be falsified in the end. It is, therefore, emphasized that estimates submitted by the controlling officers Head of Departments should neither be inflated nor under assessed.

29. Estimate of Revenue Expenditure :- (a) In framing estimates of revenue expenditure, utmost foresight has to be exercised and all items of expenditure that can be foreseen should be provided for under the appropriate heads of accounts. This done not mean to say that whatever is demanded will be accepted in to Finance and Accounts Wing will exercise the right to eliminate or reduce the provision for any item, which is considered unjustifiable or exorbitant. An exhortation to foresight is not an invitation to include additional items of expenditure or to entertain expenditure on an exorbitant scale without due consideration. It is emphasized that while provision should be made for all items that can be foresee. The amounts of demands should be restricted to the minimum necessity.

(b) Programmes involving new expenditure should be carefully worked out before the estimates of revenue expenditure are forwarded and kept separate from them. In theory any new expenditure that is over and above what is provided in the budget for the present year, should be excluded from the estimate of revenue expenditure and brought before the Board, in the schedule of new expenditure or the list of major and minor works. This principle, of course, will be modified, for example when a new post has been sanctioned during the current year finding money for it by re-appropriation, it would be an unnecessary formality to seek Board's approval to such a sanction. By convention, when before the submission of the schedules of new expenditure, a change has been sanctioned in effect extending to the

following year, which may go into the estimates of revenue expenditure without being deemed an item of new expenditure.

2.10 List of Late Sanctions – A question then arise as to the expenditure sanction in a similar fashion after 15th October, by which time it is too late for the Controlling Officer to include them in his estimates. To provide for this, a list of late sanctions providing for all charges sanctioned with appropriation in the current year upto December 15th, may be prepared and passed on by the Heads of Departments to the Finance and Accounts Wing for incorporation in the estimates of continuing expenditure.

Between December 15, and 1st of April of the next year the power of the Head of Departments to sanction expenditure, which affects the budget has to be kept in abeyance. If such action is imperatively necessary, prior concurrence of the Finance and Accounts wing must be taken for which purpose saving in the budget already proposed must be indicated.

2.11 Schedule of new expenditure – The schedule of new expenditure contains those items of expenditure which are treated as new expenditure and which, therefore, require special scrutiny before they can be included in the budget. The principles on which distinction is made between continuing and new expenditure are given Chapter IV.

The schedule of new expenditure receives two fold scrutiny, firstly by the Finance and Accounts Wing and secondly by the Members of the Board. The primary object of the examination is to admit such new expenditure as is either necessary or desirable, but as the total demands for the new expenditure are in excess of funds available, the second object of the examination by the Members of the Board is to exclude or reduce the provision in the budget of those items of new expenditure. Which while they may be desirable or necessary, must yield place for the time being, to other items which are more desirable or whose priority is established.

Heads Departments should, therefore, realise that the provision of funds depends to a large extent on the manner, in which there case is presented to the Board. The memorandum accompanying the schedule of new expenditure, should, therefore, present the case for new expenditure in as convincing a member as the facts of the case permit.

2.12 List of Major and Minor works – The list of major and minor works comprises new works which it is desired to start in the coming year and which should receive administrative approval. To this is added the list of works already budgeted for and sanctioned, which the Heads of Departments report cannot begin in the current year. Thus an opportunity is given of deciding whether any of the works so delayed should give place to new proposals. The list of major and minor works are also subject to two fold scrutiny like the schedule of new expenditure.

2.13. Statement of Excesses and Surrenders – The Statement of excesses and surrenders is intended to serve three purposes. Firstly, when there are excesses under any head they can be set off, where this can be legally done, against savings under other heads, and after this has been done, the net excesses can be included in a supplementary statement of expenditure to be submitted to the Board. Secondly this statement forms the basis for fixing the revised estimates of the year. Thirdly, it enables lapses in some cases to be carried over to the next year's Budget. In the past a great defect of the Budget system has been that the fear of losing grants irrevocably has led to reckless spending in the last month of the year. Under the system now in vogue lapses reported under certain heads can be made good in the next year's budget, provided that there is no excess over the major heads and provided that the accounts bear out the estimate. It is accordingly in the interest of the Board to under spend rather than to over

spend because if lapses are reported in time (the last date is 15th January) they will be restored and can be spent at leisure next year.

There is generally a tendency on the part of the Heads of Departments to treat the statement of excesses and surrenders as a means for making provision for additional funds the need for which has arisen subsequent to the framing of the budget estimates. This is however, not actually the object of the statement of excesses and surrenders. If a particular department anticipates an excess over its existing appropriation, it is not sufficient to report the excess in the statement of excess over its existing appropriation, it is not sufficient to report the excess in the statement of excesses and surrenders. The correct procedure is to report the excess separately to the Finance Wing and have it either covered by a re-appropriation or to put in an application for a supplementary appropriation. On no account should a Head of Department authorize expenditure in anticipation of the provision of funds unless he is sure that savings would be forthcoming from the amounts placed at his disposal under the minor heads concerned or unless he has had the specific approval of Board to do so.

Chapter –III

DEFINITIONS

3.1. Definitions – In this manual unless the context otherwise requires, the following terms and expressions have the meanings hereby assigned to them. Terms and expressions used in the manual which are defined in the constitution of India or in the rules and orders framed thereunder or in the Electricity (Supply) Act, 1948 or in rules thereunder have the meaning assigned to them in those definitions.

3.2 “Administrative approval” is the form of the acceptance of the competent authority of a proposal to incur expenditure with or without reference to the Finance Wing, as the case may be, under the delegation of powers approval by the Board.

3.3. “Annual Financial Statement” or “budget” means the statement of the estimated receipts and expenditure of the Board for each financial year to be laid before the Legislature as prescribed in section 61 of the Indian Electricity (Supply) Act, 1948.

3.4. “Appropriation” means the amount provided in the budget estimates of a unit of appropriation or part of that amount placed at the disposal of a disbarring officer.

3.5 “Budget” see Annual Financial Statement.

3.6 “Budget Year” means the financial year commencing on the 1st of April of the year and ending with 31st March of the following year, for which the budget is prepared.

3.7. “Detailed Estimates” are the consolidated estimates prepared by the Finance and Accounts Wing from the estimates of ordinary expenditure combined with the schedule of new expenditure, list of late sanctions, list of major and minor works, list of anticipated excesses and surrenders.

3.8 “Detailed Estimate” is the estimate of ordinary expenditure of a department submitted to the Finance and Accounts Wing.

3.9 “Estimating Officer” means a departmental officer responsible for preparing the departmental estimates.

3.10 “Financial Year” see budget year.

3.11. “Main Ledger Head” The term “Main Ledger Head” as used in the accounts classification issued by the Board corresponds to the term “major head” as used in the Government account.

3.12. “Group Classification” The term “Group Head” as used in the accounts classification of the Board corresponds to the term “minor head” as used in the Government accounts.

3.13. “Code Head Numbers” The term Code Head Numbers as used in the accounts classification of the Board corresponds to the detailed hands used in Government Accounts.

3.14. “Unit of appropriation” means the account heading numbers for which specific appropriation, is place at the disposal of a disbursing officer.

3.15. “Technical sanction” is a sanction of a competent authority to a property detailed as estimate of the cost of a work.

3.16. “Token demand” Token demand is a demand anticipated in the budget for nominal sum which it is proposed to meet from savings, for expenditure on new service not contemplated in the budget of the year.

3.17 “Minor works” means a work the estimated cost of which exceeds Rs. 75,000,00.

3.18 “Minor works” means a work the estimated cost of which does not exceed Rs. 75,000,00.

3.19 “Modified Appropriation” means the sum allotted to any unit of appropriation as it stands at a particular date after it has been modified by reappropriation as it stands at a particular date after it has been modified by reappropriation sanctioned by a competent authority.

3.20 “New Service” Means a service expenditure which is not contemplated in the schedule of authorized expenditure for the year and for which specific approval of the Board to include in the Budget is necessary.

3.21. “Reappropriation” Means a transfer of saving under one unit at appropriation to meet the excess expenditure anticipated under another unit of appropriation (see para 9.1).

3.22. “Revised Estimate” is an estimate of probable receipts or disbursements for a year framed in the course of the year with reference to the transaction already recorded for the first portion of the year.

3.23. “Ordinary Expenditure” means expenditure on continued works and specifically excludes new expenditure or expenditure on new service.

Chapter –IV

ESTIMATE OF REVENUE AND RECEIPTS

4.1 The estimates of revenue should be accurately framed for on the accurate forecast of receipts depends upon the realistic estimation of the financing of the programme of expenditure in the Board.

4.2 Revised Estimates – The Revised Estimates are forecasts, as accurate as it is possible to make at the time of what the actual receipts of the year will be, and the most important guide to their preparation will therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed. If an office observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared with those of the corresponding period of the previous year, he will normally be justified in assuming a continuance of the growth or decline at the same rate during the remaining months. The proportionate estimate based on this assumption, should, however, be corrected by a consideration of any other materials which are available for the formation of sound forecast, earlier collection of revenue, for instance, or the anticipation of domestic or commercial depression may suggest that the rate of growth or decline will be retarded or accelerated, and the proportionate estimate should, therefore, only be used by the Estimating officer as one among a number of factors which influence his judgement.

4.3. In all cases the reasons which have determined the collecting officer to adopt the figures which he proposes should be briefly but clearly explained. This explanation should recount the particular circumstances which have, in his opinion led to a recorded increase or decrease in the revenue of the earlier months, and the grounds on which he expects to obtain the balance of the estimate in the latter part of the year, it should not be merely mechanical. A statement that the revised estimate is based on the income to date plus that anticipated during the remaining months of the year is merely an arithmetical explanation and is of no assistance to controlling officers in deciding whether the estimate is reasonable.

4.4. Budget Estimates – The actual of previous year and the revised estimate's ordinarily afford the best guide in framing the budget estimates, and a continuance of any growth or decline in income indicated by them, may in the absence of definite reasons to the contrary be properly observed in all cases in which the proportionate estimates can be usefully employed. But special attention should be paid to new sources of revenue of which account has not been taken in previous years. The reasons which had led to the adoption of the figures for the budget estimates should be briefly and clearly explained.

CHAPTER –V

ESTIMATES OF ORDINARY EXPENDITURE

5.1 Guiding Principles – The principles which should guide the estimating officers in deciding whether expenditure of a particular kind is to be included in the estimates of ordinary expenditure or in the schedule of new expenditure are as follows:-

I For inclusion in the schedule of new expenditure - (a) Expenditure relating to a new service for the Board has not previously approved provision i.e. any new major work to be carried out by the field offices should be treated as a ‘New Service’ as defined in paragraph 3.20;

(b) Expenditure relating to a re-organisaiton of an existing service or to a substantial addition to an existing service of such importance as to make it desirable that the attention of the Board be particularly directed to the expenditure involved.

(c) Expenditure relating to temporary establishment which has been included in a previous schedule of new expenditure or in a supplementary estimate and the retention of which was approved by the Board for a period of less than that now required.

Note:- In cases where such expenditure has been approved by the Board for a period extending over a number of years, it should be shown in the ordinary budget for those years with a distinct mark (N.R.0 and separate from the lump provision for temporary establishment, with an indication of the period e.g. 4 temporary draftsmen (N.R.) till 28th February, 199.....

(d) Any non-recurring grant contribution of donation even through provision were made for it in the original or revised estimates of the current year.

Note:- A grant obtained for a stated or defined period will be treated as a non-recurring grant and included in the estimate of new expenditure after the expiry of the sanctioned period.

(e) Any excess over the lump provision included in the last final edition of the budget for recurring grants.

II. For inclusion in the estimates of ordinary expenditure- Expenditure other than that falling in the categories of new expenditure.

Note:- An ordinary increase in establishment required for an existing service to which the assent of the Finance Wing has been obtained even through no appropriation has been made for it in the current year will be included in the estimates of ordinary expenditure. Similarly an increase over the provision made for travelling allowances others allowances, Honoraria and Contingencies in the final edition of the current budget will be included in the estimates of ordinary expenditure provided they do not contemplate any new service or form part of a “New Service”.

Note II – The term “New Service” is defined in paragraph 3.20.

5.2. General instruction for preparation of estimates – The budget estimates or ordinary expenditure should be framed as accurately as possible. In framing these estimates it is necessary to exercise the utmost foresight. All items of expenditure that can be foreseen should be provided for and care should be taken, in consultation with the Finance and Accounts Wing, where necessary, to see that the provision is included under the proper sub-heads. While provision should be made for all items that

can be foreseen, it is essential that the amount of provision should be restricted to the absolute minimum necessary.

To ensure accurate budgeting, heads of Departments or controlling officer viz. Secretary of the Board, Chief Engineer, Superintending Engineers etc, should review from time to time all sanctions relating to regular establishment and recurring contingent expenditure etc. with a view to confirming or revoking such sanctions. What is called regular establishment is not irrevocably fixed for all times and should be formally reviewed by heads of departments periodically. Even when there is no intention of making any change in establishment it is desirable that heads of Departments should review entire estimates of their departments. This review can be carried out suitably by maintaining a register of sanctions. Similarly sanctions to recurring contingent expenditure etc. should also be brought under the review of heads of departments from time to time.

5.3. Specific Instructions – The following instructions should be observed in preparing the budget estimates of ordinary expenditure:-

- (a) The estimates of the current year must not be accepted blindly as a basis for framing estimates of the year. The need for every item must be fully scrutinized before it is entered in the estimates.
- (b) An estimates should be for what is expected to be actually paid (under proper sanction) during the yea including the arrears of the past years and not only for liabilities falling due within the year. The provision in Article 204-A of the account Code Vol. IV lays down that the adjustments should not be made in the previous year's account in certain circumstances and should not be used as a clock to conceal the results of defective budgeting. The onus of proving that disbursements could not have been reasonably anticipated lies on controlling officer.
- (c) In framing estimates for sanctioned establishment whether permanent or temporary, the pay including increments which is likely to be drawn by persons on duty during the year should be provided for. No. provision should be made in the estimates for appointments to be held in abeyance. Provision for those who are on deputation or absent in other way and unlikely to return to the strength within the period should be excluded in cases of establishment having no leave reserve an entry should be made for leave salary under the primary unit 'pay of officer' or pay of establishment' as the case may be. This should represent an estimate of the actual amount to be paid to the officials on leave.
- (d) The estimate for pay of officers and non-gazetted establishment on time scales of pay should be accompanied by statement VI (schedule of Staff) showing the pay to be drawn by each officer during the year for which estimate is made. It should be prepared separately for gazetted and non-gazetted official and submitted alongwith the estimates.
- (e) Estimates for fluctuating items of expenditure Under Contingencies as well as T.A. should be based on the allotment for the current year and it should be viewed in the light of the average of the past three year's actuals. Any excess over the current budget should be explained suitably giving due justification or it will ordinarily be reduced by the Budget Section of the Finance & Accounts Wing.

- (f) The controlling officer and head of department should include where considered necessary under the detailed heads rather than in the grant as a whole a lump sum cut for savings based on his knowledge of the probable course of expenditure and past experience.
- (g) Provision for losses should not ordinarily be made in the budget. If however the nature of the work of a department is such that some losses must be regarded as inevitable each year, provision may be made with the special sanction of the Member (Finance and Accounts in each case.
- (h) The Controlling officer/head of the department viz. Superintending Engineer/Chief Engineer will prepare work wise statement for the budget to see that the demand being made by them is not exceeding the estimated cost beyond the permissible limit. In case the demand is necessary, what steps have been taken by the executing officer for the preparation of revised estimates for the work and getting the sanction from the competent authority, which should be indicated. In case the work is not completed and expenditure so incurred at the time of submitting budget demand has exceeded considerably, the controlling officer/head of the department may reduce the demand or the Budget Section of the Finance and Accounts Wing will reduce it at the time of scrutinizing the same.
- (i) Provision for depreciation – The provision for “depreciation” of assets in use will be made by the Finance and Accounts Wing on the basis of details furnished by the disbursing officers.
- (j) Interest on Capital – The interest on capital will be worked out by the Finance and Accounts Wing on the basis of details maintained by the Accounts and Finance Wing itself.
- (k) Provision for other Heads of Accounts – There are number of Accounts Heading such as Board’s contribution and subscriptions, various reserves etc. which are operated by the Head Office in the Finance and Accounts Wing alone. Provision in respect of such Heads of Accounts will be made by the Finance and Accounts Wing.

Chapter VI

ESTIMATE OF NEW EXPENDITURE

6.1 What is new expenditure – This principles for determining the items to be included in the estimates of new expenditure are laid down in paragraph 5.1 of this manual.

6.2 Classes of New Expenditure – The estimates of new expenditure consist of two classes, namely, new expenditure on works to be carried out by the Board and other new expenditure. The lists of major and minor works deal with the former class and the schedule of new expenditure with the later.

6.3 Submission of proposals for new expenditure – The Finance and Accounts Wing is required to examine and advise on all schemes of new expenditure for which it is proposed to make provision in the estimates. To enable the examination to be carried out, the Heads of Departments should arrange to send to the Finance and Accounts Wing by the 1st September, at the latest each year all proposals involving new expenditure for the next year. The Finance and Accounts Wing ordinarily decline to provide in the estimates any scheme which has not been so examined by it.

6.4 Instructions for preparation of proposals for new expenditure – The following instructions should be observed carefully by the heads of Departments when preparing such proposals:-

- (a) The number and rates of pay of officers and establishment whether permanent or temporary should be given in detail, the period of employment of temporary officers and establishment should be stated.
- (b) A clear statement should be made of the additional expenditure arising out of travelling allowance, other allowances and honoraria and contingencies.
- (c) If a scheme involves the construction of building or other works the cost of such works should be stated.
- (d) If the cost of scheme is to likely increase from year to year the ultimate liabilities of the Board should be specifically stated.
- (e) If a scheme involves any loss of revenue to Board this should be stated.

6.5 Belated proposals – Proposals which are not reviewed by the Finance and Accounts Wing by due date will not ordinarily be examined by the Finance and Accounts Wing unless they are of such urgency as to be included in the supplementary schedules or lists referred to in paragraph 6.8. Proposals to be included in the Supplementary Schedules or lists will be examined only if received before the 1st October, at the latest.

Note :- Proposals for minor works are not required to be referred to the Finance and Accounts.

6.6. Where a proposal has been examined and approved by the Finance and Accounts Wing. It will be returned to the head of department concerned for conveying the necessary administrative approval, previous to inclusion in a schedule of new expenditure of list of major works, as the case may be, and for submission as indicated in this chapter.

6.7. Major works – When administrative approval has been given to major work which is to be carried out, it is intended to include the work in the lists of major and minor works. The controlling office will submit to the head of department, a statement in duplicate, in Appendix 'c'. The Head of Departments will in turn forward the original copy to the Finance and Accounts Wing and retain the other copy in his office.

6.8 After administrative approval is accorded, the schedule of new expenditure will be prepared by controlling officers in Appendix 'A' (Statement VII) and lists of major and minor works in Appendix 'C' in accordance with the instructions contained in paragraphs 6.9 and 6.10. They will be submitted in duplicate by the Heads of Departments and the heads of department shall arrange to send a copy to the Finance and Accounts Wing not later than 1st September. The Head of department will check, if necessary, the order of urgency as shown in the schedules or list and will exclude therefrom any item to which administrative approval has not been given. Where no expenditure is proposed under any heads of accounts, the head of department shall report that the return is blank.

6.9 General instructions – The following instructions should be observed in preparing the schedules of new expenditure or lists of major and minor works.:-

(a) Schedules of New Expenditure – All items of new expenditure should appear in the schedule. The recurring and non-recurring expenditure should also be shown separately. The schedule should be complete in itself and according to main account headings. The items should be arranged according to group classification of accounts with a separate sheet or sheets, for each group classifications should be affixed to each of the schemes included in the schedule, indicating the order of urgency. The total amount for each item should be rounded off to the nearest hundred rupee. The schedule must show clearly for each scheme the amount to be spent during the year in question and also the extra recurring cost, if any. In the following year. It should show the number of months during the year for which establishment is proposed. The provision may be made in the schedule on the assumption that the establishment will be employed for the full period proposed. Since, however, experience shows that expectations of departments are rarely realised, a lump sum cut for probable savings should ordinarily be made.

(b) **Lists of Major and Minor Works – (I)** The lists of major works should be submitted separately from the lists of minor works. Major and minor works should be entered in order of urgency.

(ii) No Project should be included in the lists of major works which has not received the necessary administrative approval.

(iii) No important project should be included in the lists of major works unless detailed plans and estimates have already been approved by the Board.

(iv) Works requiring further examination on whatever score, e.g. selection of site or design, etc, should not be included in the list of major works. In cases in which it may be considered necessary to include such a work, this fact should definitely be stated in the explanatory memorandum with the reason for its being put forward. It should also be made clear whether it is reasonably certain that the funds asked for will be actually required for expenditure during the year.

(v) If in any case the head of department considers the execution of a major work, which does not fulfil either both of the conditions mentioned in clauses (ii) and (iii), to be a matter of real urgency, he should make a separate reference on the question of providing funds for its execution with such explanations as may be necessary to enable Board to decide whether provision should be made and whether, if made, it is likely to be utilized in the forthcoming year. Such works should not be included in the lists of major works, but the proposals regarding them should reach the Finance and Accounts wing at the same time as the lists of works.

6.10 Each item in the schedule of new expenditure or in the lists of major works should be accompanied by a memorandum explanatory of it. In order to enable the head of department to examine the merits and urgency of different schemes and further to acquaint the Board fully with the proposals involving new expenditure, it is essential the every scheme should be carefully and completely explained in the memorandum to be prepared by the controlling officer. The following instructions are laid down in this connection for the guidance of departments/controllers and if any memorandum has not been prepared in accordance with these instructions it will be returned to the head of department concerned for redrafting:-

(a) It should be assumed that the Board knows nothing about the schemes and no reference should be made which assumes previous knowledge. The memorandum should, therefore, be a self contained description of the scheme.

(b) No reference to Government/Board correspondence should be made in the memorandum. It is unnecessary to state that the scheme has been approved by Government/Board or that administrative approval has been given for, if these conditions were not satisfied, the scheme should not find a place in the schedule or lists.

(c) The memorandum will fail in its object unless it satisfies the head of department and the Board that the expenditure concerned is either necessary or desirable. This memorandum should, therefore, state precisely and clearly the facts which make the expenditure either necessary or desirable as the may be.

(d) If a scheme involves heavy expenditure, either recurring or non-recurring proceeding over a series of years, the memorandum explanatory of the scheme shall give full information showing the probable ultimate cost, anticipate return and other relevant details, with the object of placing the entire project before the Board and of securing their approval in advance of the commencement of work upon the project.

(e) The memorandum should state clearly the date from which it is proposed to incur expenditure, or engage establishment, as the case may be. If a lump sum cut for probable savings

in shown in the schedule, it may be explained in the memorandum that such savings will not accrue if delay does not occur in the execution of the scheme or in the engagement of establishment. Provided that a statement to this effect is included in the memorandum, the Finance and Accounts Wing will raise no object to the cost during the year exceeding the net cost to the extent of savings and while by this device Heads of Departments will protect themselves against delays in the execution of schemes, they will also assist the Finance and Account wings in avoiding over budgeting.

(f) When a proposal for a new item of grant in aid is included in a schedule of new expenditure, the memorandum relating to the item should always clearly specify the conditions attaching to the proposed grant.

(g) The memorandum submitted by the controlling officer will be scrutinized by the head of department who is responsible, firstly, for the accuracy of the facts stated in it, secondly for satisfying himself that the scheme has received administrative approval and thirdly that the memorandum satisfies the conditions stated above.

6.11 Supplementary Schedules – Supplementary Schedules of new expenditure or supplementary lists of major and minor works may be submitted by the controlling officers so as to reach the Finance and Accounts Wing through the head of department by the 15th September. Such supplementary schedules or lists should contain only urgent items as stated in paragraph 6.5. These are not intended to provide for belated items which have been omitted from the ordinary schedules or lists owing to delay on the part of the controlling officer concerned. The urgency of cases included in the supplementary schedules or lists be clearly explained.

6.12 Should, under any extraordinary necessity, it be necessary to include an item in the schedule or lists without the full examination required by paragraph 6.5, it will be clearly marked in the schedule or lists and in the budget as requires further examination by the Finance and Accounts Wing. As such a course will be an admission by the Finance and Accounts Wing of a partial breach of its statutory obligation to refuse to admit such items, it will be readily understood that such items will only be admitted in most exceptional cases.

6.13 Approval of Board – The schedules of new expenditure and lists of major and minor works will be submitted by the Finance and Accounts Wing for consideration in the Board about the middle of November. For this purpose the Finance Wing will get the schedules and memo reprinted in the form of a volume and with the printed volume submit a brief note indicating the extent to which it would be possible to finance new schemes in the coming year.

Chapter –VII

RESPONSIBILITY FOR WATCHING THE PROGRESS OF REVENUE

7.1. General Instructions :- The responsibility for watching the progress of the revenue of the Board lies with the Collecting Officers, and Controlling Officers/Head of Department. The Divisional Officer is responsible for the detailed assessment of revenues to be obtained from electrical works within his division and it is his responsibility to maintain such records and accounts as may be prescribed for the purpose (See para 1.71 of Punjab P.W.D. Code). An electrical division being the executive unit of the Board is divided into a number of sub-divisions each under the charge of a sub-divisional Officer. A Sub-Divisional Officer is, of course, responsible to the Divisional Office for the management of revenue and the execution of works falling within his jurisdiction. The detailed rules and accounting procedure relating to assessment and realisation of revenue receipts in the Board divisions are contained in the Manual of Instructions issued by the Punjab State Electricity Board and adopted by our Board as well. In general Divisional Officers are responsible that demands are made as revenue falls, due, that steps are taken with a view to effecting prompt realisation of all revenue regular or occasional and that proper records are maintained in the Divisional Offices or in the Sub-Divisional Offices in respect of all items of revenue recurring and non-recurring and that the Board is kept informed about the progress of recovery and of the magnitude of arrears. The object is that all classes of revenue from any sources whatsoever are properly watched and that as soon as the realisations are made these should be promptly remitted into the banks with which the Board has opened its banking accounts.

7.2 Control and Watch of the progress of Revenue – Like expenditure, it is the responsibility of each Divisional officer to prepare an annual forecast about the revenue receipts likely to be realised during a year within his jurisdiction and to convey the same to his controlling officer i.e. Superintending Engineer with a copy of Chief engineer and the Accounts Wing for the preparation of Board's Annual Financial Statement. In assessing the quantum of revenue to be realised during the year, the Divisional Officer should keep in view all aspects relevant on the subject such as the tariff rates, the number of consumers in his division of all categories, the element of bad debts to be written off and the alive arrears expected to be recovered during the year. It will then be his responsibility to watch the progress of actual realisation every month with reference to the budgeted receipts and to keep the controlling officer informed about it from month to month in the manner desired by the later. The accounts officer will of course, judge the progress in the assessment of revenue from month to monthly account submitted by each division and no separate intimation is necessary to be conveyed on this behalf to the Account Wing. Since the initial records about the consumers accounts falling in the area of a division are maintained in the sub-divisional Officer, the Divisional Officer will have to prescribe suitable measures for keeping himself posted about the progress of revenue receipts in his division as a whole. At present two important returns about the revenue receipts concerning consumers are required to be submitted by every sub-divisional Officer to the Divisional Office vide instruction No. 49 of the Manual of Instructions. These are revenue statements (Form CA-52) which conveys complete information about total assessment of revenues on account of sale of power to all types of consumers during a month, the amount actually realised in cash power of all types of consumers during a month, the amount actually

relished in cash the balance in arrears. This form also gives information about the other items of revenue receipts such as rent of buildings and other miscellaneous receipts. Necessary columns have been provided in this form indicating the budget figures, total amount credited so far upto a particular month and the receipts anticipated during the remaining portion of the year. The other important monthly return received in the Divisional Office from the Sub-divisional Offices, is the list of defaulting consumers lingering on for the last 2-3 years. It is, therefore, the responsibility of the Divisional Officer to assemble full data about the progress of revenue receipts in his division and to keep a keen watch from month to month that there is no slackness in the recovery of Board's dues and that proper investigation is carried out under intimation to the controlling officer as and when a probability of short fall in the revenue receipts is sensed.

7.3 Submission of returns of receipts – Superintending Engineers in the Board are the controlling officers and they are responsible for the supervision and control of the assessment of revenue from sale of power or from other sources pertaining to their circle. In order to discharge their responsibility in the matter, they are required to obtain statement of revenue receipts from each division and to review them with reference to the budgeted revenue receipts for the circle as a whole. In order to satisfy themselves that the data received from the Divisional Office is correct, they should arrange periodical reconciliation of revenue receipt figures as intimated to them by the Divisional Offices with those actually appearing in the accounts maintained by the Accounts Wing and to investigate discrepancies or other defects in the system coming to their notice. The shortcoming noticed by the internal Audit Parties of the Accounts Wing in the maintenance of consumers accounts in the Sub-divisional Offices are regularly reported to the Divisional Officers/Superintending Engineers. They are expected to investigate them promptly and to take suitable steps to improve the revenue earnings of the units falling within their circles. Each Superintending Engineer will also prepare monthly statements to be submitted to the Board on the 15th of a month, their Technical Members indicating the position of Board's earnings/receipts in the following form:-

- (i) Amount of budgeted receipts.
- (ii) Receipts realised during the month.
- (iii) Total receipts realised upto the previous month.
- (iv) Progressive total.
- (v) Proportionate receipts which should have accrued on the basis of budgeted receipts upto the month of
- (vi) Difference in Col. (iv) and (v).
- (vii) Causes of variations)These should be in detail).

A copy of this statement is to be endorsed to the Finance and Accounts Wing (Budget Section) besides Controlling Officer/Head of Department.

7.4 On the basis of Circle Accounts received from the Board's Circles. The Accounts Wing will be compiling a monthly review indicating the position of actuals in respect of expenditure and receipts as compared to the budgeted figures. This will keep the Board apprised about the month to month progress in the realisation of revenue receipts as compared with those anticipated through the Board's Annual Financial Statement.

Chapter –VIII

STATEMENT OF EXCESSES AND SURRENDERS

8.1 Procedure for the Statement of Excesses and Surrenders – The statement of excesses and surrenders is intended solely for the purpose of fixing the revised estimates of expenditure of the year after examination of the actual expenditure to date and for indicating what surrenders or excesses are likely to arise over the grants sanctioned. It is not intended to be a means of making provisions for additional funds. The need or which may have arisen subsequent to the framing of the budget estimates. The mere fact that a particular office anticipates an excess over its existing grant and reports the excess in its statement of excesses and surrenders, does not by itself mean that the office had the liberty to incur expenditure beyond the original allotment. The report the facts for all of them, who anticipate expenditure in excess of their grants is to report the facts to the Finance and Accounts Wing through their head of department. The head of department will either propose a re-appropriation within the grant as a whole or prepare a supplementary demand for submission to the Board.

8.2 Object of Excesses and Surrenders Statement – The Main object of the statement of excesses and surrenders is to enable Finance and Accounts Wing to frame the preliminary revised estimates of the current year on the basis of which the ways and means position of the current and the next year is determined. It is, therefore, very necessary that heads of departments should prepare the statement of excesses and surrenders carefully and submit it punctually on the dates prescribed for its submission. The statement may also be used by the Heads of Department for calculating items for which supplementary or token appropriations may be required in respect of which they will initiate appropriate action separately.

8.3 Significance of Statement – So far as expenditure is concerned, this statement is the chief source of information on which Budget Section relies to determine whether the mortgaged grant be in excess or fall short of the resources mobilization for the year. It is, therefore, the main factor in fixing the closing balance of the current year and since it is on the estimate of the closing balance that the requirements of the Board are fixed by heads of Departments, any over estimation of excess may and probably will result in the Board borrowing more money than actually required and thus bearing for a series of year interest charges on a higher amount than was necessary,. If heads of department appreciate the fact that inaccurate estimates of excesses and surrenders do not merely cause inconvenience to the Board, but also result in definite loss, they will frame their estimates with the utmost care. Further, the statement of excesses and surrenders furnishes the material on which heads of department must base their demands for grants and supplementary grants and also their surrenders for acceptance by the Finance Wing. Once the net surrenders have been accepted by the Finance Wing on the basis of the statement of excesses and surrenders and communicated by it to the controlling officers/heads of department concerned, the latter will be precluded from using the surrenders accepted by the Finance and Accounts Wing without its previous consent.

It is, therefore, in the interest of the controlling officers/heads of departments themselves that they should frame their final revised estimates as accurately as possible.

8.4 Submission of Excesses and surrenders Statements – It is the duty of the Heads of departments to send to the Finance Wing the statement of excesses as surrenders not later than 20th October (see Appendix ‘B’) which should be regarded as absolutely final statements statement received after the due dates will be ignored.

In respect of interest and depreciation, Finance Wing may, make such modification on the basis of the revised estimates of expenditure and receipts as may becoming necessary.

8.5 Every controlling officer will also send a copy of the statement of excesses and surrenders to the Finance Wing at the same time as he sends it to the head of department for advance information. The head of the department will forward his copy of the statement to the Finance Wing with any remarks or modification he may wish to make, as per schedule mentioned in previous paragraphs. If he does not propose any change in the figures as proposed by the controlling officer. He will still submit his statement to the Finance Wing.

8.6 (a) The statement of excesses and surrenders will be submitted by the Heads of Departments to the Finance Wing in Appendix ‘D’ for complete schemes/works unless any part of the schemes/works in controlled by a different head of department. This statement should show Revenue Expenditure separately from Capital expenditure. They should also show the anticipated total expenditure and the resulting excesses over or surrenders from the modified grant for each primary unit. Figures reported should be totaled in all columns by group classification, Heading and Summaries should be appended as if in the printed budget.

(b) Along with the statement of excesses and surrenders, controlling office should submit a note on half margin explanatory of the excesses and surrenders. Each particular item of expenditure not provided for in the budget and necessity for increased expenditure on sanctioned projects/schemes should be fully justified therein. The reasons for variations between the anticipated expenditure and the budget grant should also be explained. In the explanatory note accompanying the statement of excesses and surrenders the heads of departments should also review as a whole the grant or the portion of the grant allotted to them and explain briefly the reasons for the excess or the savings that may be anticipated in the grant or the portion of the grant, as the case may be.

8.7 As explained in paragraph 3 above, heads of departments will be precluded from using the surrenders, after their acceptance by the Finance Wing to meet excesses within the grant, unless the consent of the Finance Wing is first obtained. Heads of Department should, therefore, sanction all re-appropriations within the powers delegated to them before they submit their statements of excesses and surrenders. If re-appropriation cannot be made in time they should retain un-surrendered such amounts which will be definitely required for re-appropriations within powers.

(a) Budget Section shall examine the statements of excesses and surrenders submitted by the controlling officer and the heads of departments in the light of progressive actuals and any other information on its possession.

(b) The re-appropriations framed on the basis of the statement of excesses and surrenders shall be communicated to the Controlling Officers/Head of Departments by the Finance Wing. In the letter of the Budget Section communicating the acceptance of the revised allotments and sanctioning the consequent re-appropriations within the grant which requires the sanction of the Finance Wing, net surrenders, if any, will at the same time be intimated. Further re-appropriations from the amount surrendered or withdrawn are authorised later and similarly communicated by the Budget Section in a letter to the Controlling Officers/Heads of Departments. In subsequent orders of re-appropriations the amount will be transferred from the sub-head 'Surrenders or withdrawals within the grant. This will result in a reduction of the amount appearing against this sub-head and a corresponding addition to the amount under the sub-heads, the provision for which is being increased.

Chapter – IX

APPROPRIATIONS IN THE ESTIAMTES AND RESPONSIBILITY FOR WATCHING THE PROGRESS OF EXPENDITURE.

9.1 Power of Appropriation – Out of the funds allotted to him in each primary unit of appropriation, the Head of Department and any subordinate officer to whom he has distributed the funds have, subject to the orders of the Member concerned, full power to appropriate sum to meet expenditure falling under that unit provided that:-

- (a) Funds provided for Revenue items of expenditure must not be appropriated to Capital items of expenditure and vice versa.
- (b) Funds must not be appropriated to meet any item of expenditure which has not received sanction by an authority empowered to sanction it.
- (c) Funds shall be appropriated only to objects for which the allotment is made.
- (d) No expenditure shall be incurred without previous approval of competent authority on objects the demands for which have been specifically refused or the provision for which has been specifically reduced either by the Head of the Department or the Board.
- (e) Funds shall not be appropriated towards expenditure which should be met from a contract contingent grant beyond the amount specified in the grant.

9.2 Limitation of Appropriation – A appropriation is intended to cover all the charges, including the liabilities of past years to be paid during the year or to be adjusted in the accounts of the year. It can be authorized at any time before, but not after the expiry of the year. It is operative until the close of the financial year, and any unspent balance lapses and is not available for utilisation in the following year.

9.3 Progress of expenditure and responsibility for watching it- The head of the Department is responsible for watching expenditure incurred against allotment communicated to him. The authority administering a grant, and not the Finance and Accounts Wing is ultimately responsible for keeping expenditure within the grant for this purpose the following procedure should be adopted by all disbursing officers, as well as controlling officers and Head of Department.

9.4. Steps to prevent excesses – The controlling officer is responsible for taking necessary steps to prevent expenditure in excess of grant.

- (a) By exercise of his delegated powers of re-appropriation.
- (b) By application for an extra grant under the prescribed rules as soon as the necessity for this course becomes definitely clear.

9.5 Responsibilities of disbursing officer – The disbursing officer is the officer directly responsible for the expenditure incurred against the grants allotted to him under each primary unit of appropriation. He shall keep a close watch over the progress of expenditure and in no case should he allow the appropriation for any unit or an item subordinate to a unit the appropriation for which has been specifically reduced by the Board to be exceeded without

obtaining the approval of the Board. He shall pay prompt attention to any warnings received from the Head of Department of controlling officer and arrange to submit an application for an additional appropriation as soon as the necessity arises.

9.6 Appropriation Register to be maintained – (a) In addition to the running account expenditure a register called the Appropriation Register should be kept in which will be shown sums initially allotted, supplementary grants and on the other side deductions/additions made by re-appropriation.

This must be kept by Heads of Departments :-

- (1) In the first place for each main account heading as a whole.
- (2) Secondly, for each group classification as a whole.
- (3) Thirdly, for each unit of appropriation.

Similarly , controlling and disbursing officers must keep a record of the sums allotted to them under each primary unit of appropriation, under the appropriate group classification and main account heading.

(b) The principal use of the register will be to serve as a check on the grants as shown in the monthly statements of expenditure. It is also used in preparing the statements of excesses and surrenders.

The Appropriation Register will be in the form shown in Appendix 'E'. the Principal use of the register will be to have a running account of the appropriation and allotments, the supplementary grants and variations made by re-appropriation so as to exhibit at any point of time during the year the up-to-date position of the allotments approved by the authorities competent to do so against which only expenditure is to be incurred. The register is also used in preparing the statements of excesses and surrenders.

9.7 Duties of the Finance and Accounts Wing – (a) The Budget Section in the Finance and Accounts Wing will maintain appropriation register disbursing officer wise grouped properly under the Controlling Officers and Head of Departments showing the original allotments for the Board as a whole. Detailed allotments and sub-allotments made by the Head of Departments to their controlling officers/dispersing officers and collecting officers will be intimated by these authorities to the Budget Section on the basis of the original budget allotment. It will be the duty of the budget section to maintain a record of all such allotments made by Heads of Departments downwards from time to time and to specify this with the allotments so made:-

- (i) In accordance with the approved budget.
 - (ii) That in making such allotments, the powers of appropriation mentioned in Para-9.1 have been properly kept in view, and
 - (iii) That the total allotment does not exceed the funds provided by the budget for each unit of appropriation group classification and main account heading.
- (b) All variations in the sums initially allotted under the orders of the competent authority whether by way of supplementary grants, reappropriation and so on, will also be duly

recorded in the Appropriation Register so as to exhibit the latest position of allotment from time to time.

(c) All collecting and disbursing units of the Board shall submit to the Budget Section a monthly return incorporating statements showing the actual expenditure/receipts during each month against the proportionate allotment (allotments giving original allotment as amended by supplementary grants upto the beginning of the month). These returns will be in 3 copies and the collecting and disbursing officers shall send one copy each to the controlling officer, the concerned Heads of the Departments and to the Budget Section of the Finance and Accounts Wing. On the basis of the copies sent to the controlling officer through head of the Department, the latter will be in possession of the flow of expenditure/receipts with which to exercise budgetary control at their level while on the basis of the copy of the return sent tot the Budget Section, the latter will exercise detailed appropriation audit of receipts and expenditure monthly by month. Budget Section will also reconcile the date received through these returns from the collecting officers and the disbursing officer with the figures booked in accounts and obtained from the Compilation Section/A&R Section of the Finance and Accounts Wing. Individual letters intimating all substantial shortfalls in utilisaiton of allotments and substantial variations in flow of revenue will be issued by the Budget Section to the collecting and disbursing officers concerned with copies to the Controlling Officers and the head of the Department concerned.

(d) **Monthly Budget review** – The Budget Section will prepare a monthly budget review for the Board as a whole showing proportionate allotment of the budget for the month and actual expenditure/receipts during the month, the progressive receipts/expenditure from April, of the year to date including the month under review and an explanatory memo showing the variations between the actual and the budget, submit to the Board for information necessary remedial action. Observations and directions, if any, of the Board on such monthly review shall be duly communicated by the Budget Section to concerned Member/Heads of the Departments for necessary implementation thereof.

(e) **Power of Finance and Accounts Wing** – In respect of any unit of appropriation/group classification/main account heading in respect of which the funds allotted to any disbursing officer/controlling officer/head of the department are exceeded in any month, the Finance and Accounts Wing in the Budget Section shall have the power to order the disbursing officer concerned to stop incurring any further expenditure there against. Copies of such stop orders will be issued to the Controlling Officers/Heads of Departments also for information. Simultaneously the Budget Section will report to the board of such cases where stop order have been issued giving details thereof and no expenditure shall be incurred against the concerned unit of appropriation unless the Board specifically authorizes incurring further expenditure there against indicating the extent to which such expenditure in excess of allotment has been allowed by the Board in each case. Primary responsibility of the disbursing officer not to exceed the budget allotment shall in no way be decreased only for the reason that such an excess has not come to the notice of the budget section in time or that Budget Section has not for any reason submitted a report to the Board on such excesses or for the reason that the Board has bot given any directions for the continuance of the expenditure against the units of appropriation concerned.

Chapter –X

EXPENDITURE NOT PROVIDED FOR IN THE BUDGET ESTIAMTES REAPPROPRIATIONS – SUPPLEMENTARY APPROPRIATIONS

A – General

10.1 Expenditure not provided in the Budget – (a) Expenditure for which no provision has been made in the original budget estimates provided for all items of expenditure for the year as far as they can be foreseen and within the limit of funds available. Proposals for fresh expenditure not provided for in the estimates during the course of the year are, therefore, not justified in ordinary circumstances and should not be made unless there are very special reasons, and that too only with the prior approval the Board.

(b) Unavoidable and unforeseen circumstances may, however, sometime arise in the course of a financial year making it necessary to incur urgent fresh expenditure on sanctioned activities or to incur expenditure on a new service not contemplated in the original budget estimates. In such cases the procedure for providing the requisite funds is as follows:-

- (1) Saving in other appropriations by postponement or curtailment of less urgent expenditure included in the same grant may be re-appropriated for the purpose, except when the additional expenditure is on account of a ‘new service’.
- (2) If the above mentioned course is not possible a Supplementary statement of expenditure should be presented to the Board/Legislature according to the provisions of section 61 of the electricity (supply), Act, 1948.
- (3) In each case, an application should be made by the Controlling Officer through the Head of Department concerned in accordance with the rules on the subject, to the Finance and Accounts Wing for necessary action.

B- REAPPROPRIATIONS

10.2 Definitions – Re-appropriations, which implies the transfer of funds from one unit of appropriation to another is permissible only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilized in full, or that savings can be effected in the appropriation for that unit. In no case it is permissible to re-appropriate from a unit when savings become available under other unit later in the year.

10.3 Re-appropriation is not permissible :-

- (i) From capital allotment to revenue allotment and vice versa.
- (ii) After the close of the financial year.
- (iii) To provide for new expenditure until such expenditure has been authorized by the Board under the provisions of chapter VI.
- (iv) From or to the amounts, if any, provision for which was specifically reduced or disapproved by the Board either through a substantive or a token cut.

- (v) From any unit of appropriation, which takes credit for probable savings unit sufficient savings to cover the credit have been surrendered.
- (vi) For an object not specifically included in the estimates.

Note – It is difficult to define with any precision the exact meaning of the expression ‘an object not specifically included in the estimate’ as it is otherwise known a ‘new service’. The following principles will enable a decision to be arrived at in most deciding whether re-appropriation is or is not for an object not specifically included in the estimate is whether the re-appropriation is seriously a diversion of funds to a purpose not contemplated by the Board. The creation of a post of a new kind not before provided for would undoubtedly be a new service but to add to the number of officials engaged in an occupation provided for or to add to the number of anyone of the so engaged would not be a step which goes beyond the intention of the Board in allowing the grant. In other words the expression new service must be regarded as applying not to the particular way in which money is spent but to the general purpose or object to which it is devoted. The primary test of a new service is whether or not the Board has allowed expenditure of a similar nature in the past years. In some cases the expenditure on a recognised service may from its extent be important enough to be regarded as a ‘new service’.

10.4 If the appropriation under a unit is reduced by re-appropriation sanctioned by a competent authority or by resumption the expenditure debitable to unit should be restricted to the reduced appropriation. No. authority subordinate to the one which sanctioned the reduction in the original appropriation may increase the appropriation in authority which reduced the appropriation. If such authority be the Board the sanction should be applied for when necessary through its Finance Wing.

10.5 Subject to the restriction mentioned in para 10.3 and para 104 above the powers of re-appropriation of the different authorities in the Board are as described below:-

Board – Full power.

Member, Finance and Accounts – Full powers from one main account heading to another main heading, subject to the following conditions:-

- (i) Re-appropriation does not involve undertaking a recurring liability that is to say a liability which extends beyond the financial year in question.
- (ii) No re-appropriations will be made from unanticipated credits due to enhanced recoveries which are accounted for due to reduction in money.
- (iii) No re-appropriations, will be made from lump sum provision.
- (iv) Re-appropriations will not be made to increase the revenue expenditure on an item, provision for which has specifically been reduced by the Board.
- (v) No re-appropriations will be made from the savings through full or postponement of a scheme, which finds place in the estimate either through the schedule of new expenditure or supplementary statement of expenditure.

Heads of Departments – Full powers in respect of detailed account headings within the same Group Head subject to the following restrictions:-

- (i) All the restrictions mentioned in para 10.3 and para 10.6 shall apply.
- (ii) In addition to the restrictions stated in (I) above, savings from establishment expenditure shall not be re-appropriated to other class of expenditure or vice-versa.
- (iii) General Establishment expenditure and miscellaneous working charges shall not be re-appropriated other class of expenditure (see note I below).

Controlling Officers – Subject to all the restrictions mentioned in para 10.3, 10.4, 10.6 and 10.7, controlling officers shall have full powers of re-appropriations from one detailed work to another detailed work within the same primary unit of appropriation, namely the detailed account heading/account number only (See note II below).

10.6 A copy of each order of re-appropriation sanctioned by the competent authority shall be furnished to the Heads of Departments and Finance and Accounts Wing of the board.

10.7 Instructions for the preparation submission etc, of applications for re-appropriation – An application for additional appropriation will be prepared in form Appendix ‘F’ and will set forth the particular unit of appropriation the provision for which has been or is likely to be exceeded. If the amount shown in column 4 of Appendix ‘F’ includes any additional appropriations already sanctioned during the year, the number and date of the order sanctioning it should be quoted. The applications shall be numbered and dated by the disbursing officer and forwarded to the following officers in succession:-

- (a) Controlling Officer.
- (b) Head of Department
- (c) Balance and Account Wing.

Provided that if at any point in the chain an officer is able to sanction a re-appropriation, he shall do so in accordance with the powers delegated to him. Similarly if at any point in the chain an officer considers that the application should be modified or rejected, he shall modify or reject it.

10.8 (a) When the application is for expenditure on a definite scheme or work which necessitates an additional appropriation, a letter recommending it should accompany the application for additional appropriation. In all other cases, the reasons for insufficiency of the appropriation and remarks regarding re-appropriation should be given in the form by the disbursing officer and also, if necessary, by the controlling officer and the Head of Department. No separate or covering letter is required in such cases.

Note I :- The terms general establishment and miscellaneous working charges used here have the same meaning as assigned to them in the accounts classification of the Board.

Note II :- Some of the activities or objects or expenditure of the Board are financed specifically through defined sources such as R.E.C. or grants/loans from Central Government. In such cases no-appropriation of ‘saving arising from funds obtained from specific sources for expenditure on specific objects can be made though of analogous nature.

(b) Each officer in forwarding the application should endeavor to suggest a source of re-appropriation. When disbursing and controlling officers and Heads of Department are not in a position to suggest any source, the head of department if satisfied that the grant for the unit of appropriation as a whole will be sufficient to meet the total expenditure, will allot funds to the disbursing officer concerned and communicate to Finance Wing that the source of re-appropriation will be conveyed later, adding a certificate that the Head of Department has satisfied himself that the grant under the unit of appropriation will be sufficient to meet the total expenditure. The head of Department will keep record of such cases in a register.

10.9 When a Head of Department or other authority subordinate to him sanctions an additional appropriation by re-appropriation he should forward the application in original as sanctioned by him to the Finance Wing and convey through the duplicate triplicate copies thereof to the controlling officer of the re-appropriation sanctioned.

10.10. (a) The above instructions refer to applications for additional appropriations submitted during the year before submission of the lists excesses and surrenders. After submission of lists of excesses and surrenders it may be also necessary to apply to the Finance Wing in special cases for individual appropriation, but generally speaking the statement of excesses and surrenders provides opportunity for a general review of the adequacy of the provision under the various heads and unless there is an urgent need for re-appropriation, it is convenient to deal with re-appropriation required later in the year on receipt of these statements.

(b) For sanctioning re-appropriations in the later part of the year, Heads of Departments should generally sanction re-appropriations on the basis of the statement of excesses and surrenders and after sanctioning all re-appropriations within their powers should move the Finance Wing/Board for the test, who will then take steps to obtain the sanction of the competent authority whenever this may be necessary.

10.11 If it is discovered after the submission of the statement of excesses and surrenders that more excesses are likely to occur by which additional funds can be found by re-appropriation requiring the sanction of Finance and Accounts Wing, formal applications for the same should be submitted without delay but the Finance and Accounts Wing will ordinarily not be able to entertain any such applications after 15th of March.

C – SUPPLEMENTARY APROPRIATIONS (SUPPLEMENTARY BUDGET)

10.12. Procedure – (a) A supplementary appropriation is an addition tot he total authorised grant as included in the original budget for the year and has to be prepared and orders obtained passing through the same stages as the annual financial statement or budget estimates.

(b) Proposals for supplementary appropriations are objectionable in principle and free resort to them indicates bad estimating and on the other hand impairs the proper management of the Board's finances. It is obvious that an equitable and well considered distribution of the total funds available and well considered distribution of the particular year can only be made at the time when the requirements of Board are being comprehensively considered, i.e. at the time of preparation of the annual estimates. The Board has further right to expect for sudden unexpected

and urgent demands the budget estimates as presented to it before the beginning of the year should an eventually so arise. Even the fact that circumstances often unexpectedly increase the revenue since the budget estimates were prepared, does not itself offer justification for presentation of supplementary applications which can accordingly only rest upon circumstances which are exceptional.

10.13. Submission of Supplementary Budget – (a) In theory, supplementary appropriation should be submitted as soon as Head of Department knows that it can not find funds for the purpose within the existing grant, but in practice it is probable that a Head of Department will not know till the statement of excesses and surrenders has been prepared and examined Heads of Departments are accordingly advised that unless they are certain before the preparation of these statements, that funds would not be available they should, as far as possible, postpone the submission of application for supplementary appropriations till the date of submission of the statement for excesses and surrenders. Applications for supplementary appropriations which involve expenditure on new services should however, be submitted as soon as the necessity of expenditure arises.

(b) Before submitting proposals for supplementary appropriations Heads of Departments should carefully examine whether additional expenditure can not be met from normal savings or by special economics or circumstances of expenditure under other heads of the grants. They should also keep in view in this connection that if after the close of the year any supplementary appropriation actually obtained in found to be unnecessary it will be regarded as a financial irregularity and the Accountant General will draw attention to it in his audit report and the Head of Department concerned will have to explain the matter before the Committee on Public Accounts.

(c) Proposals for supplementary loan appropriations should be submitted by the Board to Government in the administrative department. The administrative department will examine the proposals received by them and forward them with their recommendations to the Finance Department. The last date for the submission of proposals for supplementary appropriations to the Finance Department is 10th January.

10.14 Scope – (a) supplementary appropriations are required in the following cases:-

- (1) When the amount included in a grant is found to be insufficient for normal activities of the Board.
- (2) Expenditure on a new service in the technical sense and on new items such as new liens, new buildings, new sub stations etc.

(b) In regard to demands under (1) the authority concerned must show:-

- (i) Why the need for increased provision could not be foreseen at the time when the original departmental estimates were framed, and
- (ii) The in the absence of such provision serious inconvenience or serious loss of damage would be caused to the public service.

Normally in such cases an application for a supplementary appropriation will not be accepted unless (ii) it is quite clear that funds cannot be formed by an legitimate postponement of expenditure for which provision already exists.

(c) As regards demand under (2) there is a fundamental objection to admitting such demands in the middle of a year, for these being made during the course of year and not at the time of the preparation of the budget have necessarily to be dealt with singly and not in relation to other demands for other claimants. It is only when all such demands are viewed together that its it is possible to form an adequate idea of their relative urgency and to effect a fair distribution of the funds available. If such procedure is not allowed a single item may be accepted, which if it had been considered together with the whole body of demands would have been rejected because it would have been clear that its inclusion involved the exclusion of other more desirable items.

(d) It is, however possible that there may be occasion when it is necessary proved funds for 'new services' or new items even in the middle of the year. In sending proposal in such cases to the Finance and Accounts Wing, the Secretary to Board should explain clearly why they were not provided for in the original budget and why they can not be postponed for consideration in connection with the next budget. The authority concerned must further show either:-

- (1) That the expenditure has been newly imposed by statute or by order of court of law or other competent authority, or.
- (2) That urgent necessity has arisen for the proposed expenditure and postponement would involve extra expenditure ultimately.

The Finance and Accounts Wing must necessarily agreed to the presentation of additional demand in case (1) but in case (2) presentation of the supplementary appropriation will normally be agreed to only if it relates to a matter of real imperative necessity or to the earning or safeguarding of revenue.

10.15 Application or supplementary appropriation – when after consulting the Finance and Accounts Wing it is decided that a Supplementary or token appropriation is necessary the Administrative Department concerned will submit to the Finance and Accounts Wing an application for the supplementary or token appropriation required Appendix 'G' for proposals other than works and in Appendix 'H' for proposals for works. Before an application for supplementary appropriation for works is sent to Finance Wing the Heads of Department should be required to say how much to proposed works can be completed and paid for within the current financial year if started as soon as the Board have sanctioned the proposed outlay. In case of additional loans from the State Government the Supplementary demand in Appendix 'G' & H will be forwarded to the Secretary to Board with the application the Secretary to Board should forward a memorandum explaining fully the justification for the supplementary appropriation. This memorandum should generally be on the liens of a note and should be self-contained.

10.16 Token appropriations – Token appropriation should be taken at their face value and the amounts however small should be added to the grants for the service heads concerned. The reappropriation to be made will, therefore, be the total sum required less the amount of the token appropriation.

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Appendix –B

(Referred to in paragraph 2.2)

HIMACHAL PRADESH STATE ELECTRICITY BOARD.

SCHEDULE OF DATES FOR PREPARATION OF BUDGET ESTIMATES.

- | | | |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| (a). | Issuance of budget guidelines to controlling Officers under advise to Heads of Department | 10th |
| (b). | Dispatch of Budget proposals by Divisional Officers to the Circle Officer | 20th October |
| (c). | Dispatch of budget proposals by circle offices to heads of departments. | 31st October |
| (e) | Dispatch of Budget proposals by Heads of departments to F&A Wing. | 15th November |
| (e) | Communication of estimate of revenue receipts within the State & Outside in State and of power purchase etc. by the CE (Comm.) to F&A Wing. | 31st October |
| | (F) Communication of Scheme Project-wise distribution of Plan allocation by CE (P&M) to F&A Wing. | 31st October |
| (f) | Communication of Govt. Loans grants etc. to Secretary of Board & by CE (P&M) to F&A Wing. | 15th December |
| (g) | Submission of budget to the to the board for approval. | 20th January |
| (h) | Submission of budget to the Consultative Council. | 5th February |
| (i) | Submission of budget to State Government. | 20th February |
| (j) | Final appropriation & re-appropriation. | 15th March |

Appendix –‘C’

(Referred to in paragraph 6.8).

List of works for inclusion in the Annual Financial Statement Budget Estimates)

For the year

Name of Scheme

Main Heading

Sl. No.	Description of work	Total estimated cost of work	Total expenditure incurred/to be incurred to close of the year A	Proposed expenditure during the year. B	No. and date of order giving Administrative approval
1.	2.	3.	4.	5.	6.

- (a). **That is the year to which the estimate relates.**
- (b). **That is the year succeeding that to which the estimate relate.**

Appendix 'G'

(Referred to in paragraph 10.15)

**FROM OF SUPPLEMENTARY OR ADDITIONAL ESTIAMTE FOR
PROPOSALS OTHER THAN WORKS**

Ground Heading and primary unit of a appropriation and detailed demand for grant	Demand of Amount sub-divided into		Recurring cost in the year 19.....
	Non-recurring	Recurring	

Appendix 'H'

(Referred to in paragraph 10.15)

FORM OF SUPPLEMENTARY OR ADDITIONAL ESTIAMTE FOR WORKS.

(Grant No.)

Group heading and primary unit of appropriation	Detail of demand for grant	Total cost of each work	Cost in the year 19.....	Cost in the year	No. and date of order giving Administrative Approval

(a) This is the year to which the estimate relates.

(b) This is the year succeeding that to which the estimate relates.