

BUDGET

It is the statement of estimated receipts and expenditure of the State Government as per its policy for each financial year and placed before the Assembly.

“Annual Financial Statement” - means the statement of the estimated receipts and expenditure of the State for a financial year to be laid before the Assembly in accordance with the provisions of Article 202 of the Constitution and the proposals for the grants and the appropriations included therein. It is commonly known as ‘Budget’.

- **“Appropriation”** - means the amount authorised by the Assembly for expenditure under different primary units of appropriation or part thereof placed at the disposal of a Disbursing Officer. Appropriation (Charged) means sums required to meet charged expenditure as specified in the Constitution during the financial year concerned, on the services and purposes covered by ‘Charged Appropriation.’ It does not include provisions for Voted Expenditure.
- **“Appropriation Act”** - means the law made under provisions of Article 204 or Article 205 or Article 206 of the Constitution authorising the appropriation of moneys out of the Consolidated Fund of the State.
- **“Appropriation Accounts”** – means the accounts of the State prepared by the Comptroller and Auditor-General of India for each grant and charged appropriation in which is indicated the amount of the final grant and charged provision included in the Appropriation Acts relating to the financial year and the amount spent in that behalf. Important variations in the expenditure and the sanctioned grant are explained therein. Under Article 151(2) of the Constitution, the Comptroller and Auditor-General of India submits the Appropriation Accounts, Finance Accounts and the Audit Reports of the State to the Governor to be laid before the Assembly.

- **“Charged Expenditure”** - means expenditure chargeable upon the Consolidated Fund of the State and provided for in the Appropriation Act without obtaining a vote of the Assembly.
- **“Voted Expenditure”** - means expenditure which is subject to the vote of the Assembly, under Article 203(2) of the Constitution. It is to be distinguished from ‘Charged’ Expenditure, which is not subject to voting, even though can be discussed in the Assembly.

List of items of expenditure charged on Consolidated Fund of the State

1. The emoluments and allowances of the Governor and other expenditure relating to his office.
2. The salaries and allowances of the Speaker and the Deputy Speaker of the Legislative Assembly.
3. Debt charges for which the State is liable including interest, sinking fund charges, and redemption charges, and other expenditure relating to the raising of loans and the service and redemption of debt. Debt includes any liability in respect of any obligation to repay capital sums by way of amenities and any liability under any guarantee and “debt charges” shall be constructed accordingly.
4. Expenditure in respect of the salaries and allowances of Judges of the High Court.
5. The administrative expenses of a High Court including all salaries, allowances and pensions payable to or in respect of the officers and servants of the Court.
6. Any sums required to satisfy any judgment, decree or award of any Court or arbitral tribunal.
7. The expenses of the Public Service Commission, Meghalaya, including any salaries, allowances and pensions payable to or in respect of the members or staff of the Commission..

- **“Consolidated Fund of the State”** - is defined in Article 266 of the Constitution as “All revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State.” No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
- **“Contingency Fund”** – means the **Contingency Fund of the State established** under the Meghalaya Contingency Fund Act in terms of Article 267 (1) of the Constitution. Contingency Fund is in the nature of an imprest, the corpus of which is Rs... Crore at present. The Contingency Fund is intended to provide advances to the executive/ Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Assembly. The amounts drawn from the Contingency Fund are recouped after the Assembly approves it through the Supplementary Demands.
- **“Public Accounts”**- means the **Public Accounts of State referred to in Article 266(2)** of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances etc which do not form part of the Consolidated Fund of the State are included in the Public Account of State. Disbursements from the Public Account are not subject to vote by the Assembly, as they are not moneys issued out of the Consolidated Fund of the State.

Demands for Grants

The estimates of expenditure from the Consolidated Fund included in the Budget Statements and required to be voted by the Legislative Assembly are submitted in the form of Demands for Grants. Normally a separate demand is required to be presented for each Department or the major services under the control of a Department. Each demand normally includes the total provisions required for a Service, i.e. provisions on account of revenue expenditure, capital expenditure, grants to States and also loans and advances relating to that Service. Estimates of expenditure included in the Demands for grants are for gross amounts. The receipts and recoveries taken in reducing of expenditure are shown by way of below the line entries.

The estimates of expenditure in the Demands for Grants contain those amounts for which the vote of the Legislative Assembly is required separately, and is called 'Voted Expenditure'. The estimates for 'Charged Expenditure' under any Head for which vote of the Legislative Assembly is not required are also indicated in the Demands for Grants.

The estimates in the Demands for Grants are shown by Major Heads and the break-up under each Major Head is shown in the estimates under 'Charged' and 'Voted', 'Revenue' and 'Capital' and 'Plan' and 'Non-Plan' categories. The Demands for Grants are submitted to the Legislative Assembly along with the Annual Financial Statement.

- **“Departmental Estimates”** - means estimates of receipts and expenditure of a Department submitted to the Finance Department as the material for preparation of the Detailed Estimates.
- **“Detailed Estimates”** - means the consolidated estimates prepared by the Finance Department and included in Budget Estimates on the basis of departmental estimates of expenditure and receipts, combined with the schedules of new expenditure.
- **“Drawing and Disbursing Officer” (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function.
- **“Head of Department”** - means an officer declared as such by the Government.
- **Grant’** - means the amount voted by the Assembly in respect of a demand for Grant on a specific service for specific purpose.

- **Classification of transactions in Government Accounts (Relationship of Budget Heads with Account Heads) :** As a general rule, classification of transactions in Government Accounts, shall have a closer reference to functions, programmes and activities of the Government and the object of revenue or expenditure, rather than the department in which the revenue or expenditure occurs. Major Heads (comprising Sub-Major Heads wherever necessary) are divided into Minor Heads. Minor Heads may have a number of subordinate heads, generally known as Sub Heads. The Sub Heads are further divided into Detailed Heads followed by Object Heads. The Major Heads of account, falling within the sectors for expenditure heads, generally correspond to functions of Government, while the Minor Heads identify the programmes undertaken to achieve the objectives of the functions represented by the Major Head. The Sub Head represents schemes, the Detailed Head denotes sub scheme and Object Head represent the primary unit of appropriation showing the economic nature of expenditure such as salaries and wages, office expenses, travel expenses, professional services, grants-in-aid, etc. The above six tiers are represented by a unique 15 digit numeric code.

Major Head

- Revenue Receipts
- Revenue Expenditure
- 0070 - Other
Administrative service
- 2014 – Administration
of Justice

Classification Of Account

- Major Head - Function - 4 digits code
- Sub- Major Head - Specific Function - 2 digits code
- Minor Head - Program - 3 digits code
- Sub – Head - Scheme - 2 digits code within bracket
- Detailed Head - Sub- Scheme - 2 digits code
- Object Head - Primary Unit - 2 digits

Sub – Major Head

- Revenue Receipts
- Revenue Expenditure
- 0070- OAS
- 2014 – Administration of Justice
- 01 - Administration of Justice
- 00

MINOR HEAD

- Revenue Receipts
- 0070- OAS
- 01 - Administration of Justice
- 102 - Fines & Forfeiture
- Revenue Expenditure
- 2014 – Administration of Justice
-
- 105 - Civil & Session Courts

Sub - Head

- Revenue Receipts
- 0070- OAS
- 01 - Administration of Justice
- 102 - Fines & Forfeiture
- (01) – Fines & Forfeiture by Civil courts
- Revenue Expenditure
- 2014 – Administration of Justice
-
- 105 - Civil & Session Courts
- (02) - Fast Track Courts

Detailed Head

- Revenue Receipts
- 0070- OAS
- 01 - Administration of Justice
- 102 - Fines & Forfeiture
- (01) – Fines & Forfeiture by Civil courts
- No detailed head
- Revenue Expenditure
- 2014 – Administration of Justice
-
- 105 - Civil & Session Courts
- (02) - Fast Track Courts
- No detailed head

Object Head

- Revenue Receipts
- 0070- OAS
- 01 - Administration of Justice
- 102 - Fines & Forfeiture
- (01) – Fines & Forfeiture by Civil courts
- Need not have an object head only in certain cases
- Revenue Expenditure
- 2014 – Administration of Justice
- 105 - Civil & Session Courts
- (02) - Fast Track Courts
- 01 - Salaries

Final Picture

- Revenue Receipts
- 0070- OAS
- 01 - Administration of Justice
- 102 - Fines & Forfeiture
- (01) – Fines & Forfeiture by Civil courts
- Revenue Expenditure
- 2014 – Administration of Justice
-
- 105 - Civil & Session Courts
- (02) - Fast Track Courts
- 01 - Salaries

MEDICAL

Receipt Head	Expenditure Head	Capital Head	Loan, etc, Head
0210 (Medical & Public Health)	2210 (Medical & Public Health)	4210 (Capital outlay on Medical & Public Health)	6210 (Loan for Medical & Public Health)

From the above it is clear that the code number relating to the same function under the four sections are arranged consecutively and differ from one another by “2000”. This is meant for easy correlation between Receipt/Expenditure/Capital/Loan Head.

Under the Major Head and also sub-Major Head in some cases representing by 2 digits there are “Minor Heads” consisting of 3 digits represent the “programmes” undertaken to achieve the purpose of function.

The programme may consist “schemes of activities” correspond to “sub head” (indicating by 2 digits numbers). Below the Sub Head there is a Detailed Head which represents sub-schemes

Finally there are Object Heads which is termed as an object of classification. The Object Heads are the primary unit of classification and at present there are 70 standard.

Excess Grant or Appropriation- If in respect of any financial year money have been spent on any service in excess of an amount granted for the service in that particular year. Such excess expenditure occur after the expiry of the year ending 31st March, the statement of such expenditure will be prepared by the Finance Dept after the matter have been taken up in the PAC and also its report and recommendation to be laid before the Legislature under Article 205 of the Constitution

Supplementary/Addition Grant or Appropriation – The Supplementary or Additional Grant over the provision previously made by the Legislature for the year can be made before and not after the expiry of the year as it is found necessary to [meet:-](#)

- a) Expenditure on the scheme of new expenditure to be taken up during the year.
- b) Inadequacy of Budget Provision.
- c) Omission of Provision.

When such additional expenditure is found in consultation with Finance Dept., to be inevitable and there is no possibility of effecting saving within the Grants to cover the excess expenditure by re-appropriation supplementary or additional grant of appropriation may be made only to such additional expenditure as the Finance dept have agreed previously. The proposal for supplementary or Additional Grant of Appropriation should be made in the form prescribed for the purpose. The explanatory note in the form should be brief but comprehensive and will also include if any the amount of advances from the contingency fund against sub-head concerned.

Principle as to how budget estimate on expenditure is prepared:

1. New expenditure: No expenditure for which no provision exist in the current year budget be included in the estimate in the coming year. (It should be included in the Schedule of New Expenditure.)

2. Unsanctioned item of expenditure: Also unsanctioned charges on new items requiring Govt sanction/approval even already proposed need not to be included in the estimate for the coming year. However, in such a case a separate memorandum maybe attached for consideration of the Finance to include such new item as deemed to have been sanctioned.

3. Items of expenditure of previous years is not sufficient: Items of expenditure together with the amount sanctioned in the previous year is not sufficient ground for inclusion in the budget estimate for the coming year.

4. Liabilities: Items of expenditure liable for payment including arrears of previous years should be included e.g. Enhancement of rent.

5. Fluctuating Expenditure: Fluctuating expenditure of items should be estimated on the basis of the last three years actual. E.g. Fee, Honorarium.

6. Lumpsum estimate: Lumpsum estimate generally should be avoided. However with regards to items which may not be possible to distribute to any sub-head may be included as a special case or for any other reason but have to be supported by separate memorandum.

7. Saving- not to be included: Savings of grants for the year cannot be utilized as expenditure for the coming year. However, specific item of expenditure duly sanctioned payable during the year but not claim, may be included in the estimate of the coming year. (e.g Supply of machine duly received but not presented)

Preparation of Budget Estimates :

These forms are to be prepared in triplicate, and will contain columns for preparation of Budget Estimates to show—

- (a) Actuals of the previous year;
- (b) Original sanctioned estimate of the current financial year;
- (c) Actuals of last 7 months of the previous year;
- (d) Actuals of first 5 months of the current year;
- (e) Revised Estimates for the current financial year.
- (f) Proposed estimates for the coming financial year;
- (g) Explanatory remarks.

Pay of Officers and Pay of Establishment:

The charges falling under “Salaries” will be estimated by Heads of Departments in the case of officers borne on a State cadre, and by the Estimating Officers for other establishments. The whole sanctioned strength, both permanent and temporary, should be provided for under the different classes of establishment, the numbers and dates of pay being shown in the estimates supported by a statement in ‘Form L’ showing the actual pay drawn by each incumbent.

‘Supplementary Demands for Grants’- means the statement of supplementary demands laid before the Assembly, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year.

“Re-Appropriation” - means the transfer, by a competent authority, of savings/ funds from one unit of appropriation to another unit of appropriation within the same Grant to meet the excess expenditure anticipated under the latter unit within the same Grant or Charged Appropriation.

Re-appropriation-General Restrictions

Rule 38 of the Meghalaya rules of executive Business empower the Finance Department to sanction or authorize any re-appropriation within a Grant from one Major, Minor or sub-head to another, subject to the following restrictions-

(i) Permissible re-appropriation can be sanctioned at any time within the year but not after expiry of the year.

(ii) No re-appropriation shall be made for any purpose whatsoever from supplementary grant voted by the Assembly for a definite purpose, as to ensure that a supplementary grant shall be used for the purpose for which it is voted and for no other. The same principle applies to supplementary charged appropriation;

(iii) No re-appropriation is admissible from a charged head to a voted head or vice-versa;

(iv) No re-appropriation is admissible from a Capital head to Revenue head or vice-versa;

(v) Re-appropriation to the head Secret Service Expenditure in excess of 25 percent of the original provision made under the budget may be made only with prior consultation with the Accountant General.

Power of the Subordinate authorities for re-appropriation

The following subordinate authorities have been authorized to sanction re-appropriation within the heads subordinate to a minor heads subject to the conditions laid down below-

- (1) Administrative Department to sanction within a Grant, between heads subordinate to a minor heads, any re-appropriation which does not involve the undertaking of a recurring liability.
- (2) Heads of Department are authorized to sanction re-appropriation from one “Object head” to another “Object head” subject to the condition laid down below-
 - (a) that funds must not be re appropriated to meet an item of expenditure which has not been sanctioned by competent authority;
 - (b) that the re-appropriation does not involve the under-taking of a liability which is likely to extend beyond the financial year concerned;
 - (c) that funds provided for General Area should not be re-appropriation to provisions for Sixth Schedule (Part A) Areas and vice-versa;
 - (d) that no re-appropriation shall be made from saving under Salaries and Wages;
 - (e) that the re-appropriation is not made for a new service not contemplated in the budget for the year nor for an object not specifically included in the estimate and for which no provision has been made for the year concerned;
 - (f) that the re-appropriation has not the effect of increasing the expenditure on any item, the provision of which has been specifically reduced by a vote of the Assembly.

Re-appropriation in public works Department Budget: -

The following instructions apply to re-appropriation in the Public work Department Budget:-

- (i) The provision for original works in each department form a separate sub-head under the minor head Construction Administrative Department of Public works Department can re-appropriate between items included in any one of these sub-heads. Finance Department can re-appropriate from one minor head to another.
- (ii) Savings under the Major Works sub-head/ detailed head are not regarded as earmarked for the department concerned but may be freely re-appropriated by Finance Department to meet urgent demands under another such sub-heads/ detailed heads.
- (iii) Ordinarily, re-appropriation may be made from savings on works only for
 - (1) Works in progress
 - (2) Works (not amounting to new services in the primary sense of the term) which can be completed within the year. Exception to this rule may be made in certain cases, e.g. where a building, road, embankment or construction has been destroyed or so damaged that it must be rebuilt or repaired without delay. In such cases re-appropriation from savings may be allowed even though the work cannot be completed within the year.

Copies of orders sanctioning any re-appropriation must be communicated to the Account General and Finance Department as soon as such orders are passed. In all cases of re-appropriation sanctioned either by the controlling officers or by the Government a re-appropriation should invariably be used in the prescribed form. In case where Government sanction is required, the statement should be submitted in triplicate. The Finance department will not sanction re-appropriation received after 15th March.

Preparation of Development Expenditure Budget of the State:

After finalization of the Annual Plan of the State and the allocation fixed, the Planning Department distributes Sectoral Plan allocation of Annual Plan on the basis of Departmental demand and communicates it to all the line Departments for submission of Budget Estimates to the Finance (Budget) Department for incorporation of the same in the Annual Budget of the State. The concerned line Departments prepare Budget Estimates on the basis of guidelines issued by the Planning Department and furnish the same to the Finance (Budget) Department for making necessary provision in the Annual Budget. On receipt of the necessary information from the concerned Administrative Departments/ Development Departments, the Finance (Budget) Department scrutinizes the estimates vis-a-vis the allocation/ schematic break-up etc. as prepared by the Planning Department and makes appropriate provisions for these estimates/ schematic breakup etc. in the Budget.

Rule 78&79 of GFR

Rule 78 Classification of transactions in Government Accounts. As a general rule, classification of transactions in Government Accounts, shall have closer reference to functions, programmes and activities of the Government and the object of revenue or expenditure, rather than the department in which the revenue or expenditure occurs. Major Heads (comprising Sub-Major Heads wherever necessary) are divided into Minor Heads. Minor Heads may have a number of subordinate heads, generally known as Sub Heads. The Sub Heads are further divided into Detailed Heads followed by Object Heads. The Major Heads of account, falling within the sectors for expenditure heads, generally correspond to functions of Government, while the Minor Heads identify the programmes undertaken to achieve the objectives of the functions represented by the Major Head. The Sub Head represents schemes, the Detailed Head denotes sub scheme and Object Head represent the primary unit of appropriation showing the economic nature of expenditure such as salaries and wages, office expenses, travel expenses, professional services, grants-in-aid, etc. The above six tiers are represented by a unique 15 digit numeric code.

Rule 79 Authority to open a new Head of Account. The List of Major and Minor Heads of Accounts of Union and States is maintained by the Ministry of Finance (Department of Expenditure – Controller General of Accounts) which is authorised to open a new head of account on the advice of the Comptroller and Auditor General of India under the powers flowing from Article 150 of the Constitution. It contains General Directions for opening Heads of Accounts and a complete list of the Sectors, Major, Sub-Major and Minor Heads of Accounts and also some Sub/detailed heads, authorised to be so opened. Ministries/Departments may open SubHeads and Detailed Heads as required by them in consultation with the Budget Division of the Ministry of Finance. Their Principal Accounts Offices may open Sub/Detailed Heads required under the Minor Heads falling within the Public Account of India subject to the above stipulations. The Object Heads have been prescribed under Government of India's Orders below Rule 8 of Delegation of Financial Power Rules. The power to amend or modify these Object heads and to open new Object Heads rest with Department of Expenditure of Ministry of Finance on the advice of the Comptroller and Auditor General of India.