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राष्ट्रीय राजधानी क्षेत्र दिल्ली सरकार

GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI

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F.2(1)/2014-15/Fin(B)/USFB/1258-90

दिनांक

Date

06-08-2013

Dear

The Finance Department has taken up the work of preparation of the Revised Estimates (RE) for the current financial year (2013-2014) and Budget Estimates (BE) for the next financial year (2014-2015). It is important that the officers in the Administrative Departments, entrusted with this work, keep in view the instructions issued by Finance Department at the time of compilation of estimates.

2. I am writing to request you to keep the following in mind while undertaking the exercise:-

(i) Since there is some change in the method of submitting the RE & BE proposal, due care is required while submitting the proposal to Finance (Budget) Department. From this year, the Statement No. II is also to be submitted in form of soft copy (in CD) in addition to usual hard copy. This Statement is in excel sheet and also uploaded on the web-site of Finance Department. This Statement can easily be downloaded from the web-site of this Department, after filling the same, a soft copy (CD) as well as hard copy (as per usual practice) is to be submitted in the Finance (Budget) Department. Detailed instructions in this regard are also elucidated in the enclosed Annexure titled as Important points to be kept in mind at the time of formulating expenditure estimates, in which several other instructions have been given for filling up of various statements.

(ii) Certain instructions regarding bifurcation of budget of Grant-in-aid (GIA) were issued by this department vide letter dated 18.2.2013 and subsequently reminded vide letter dated 18.4.2013, some of the departments have still not submitted bifurcation to this department. In such cases, Department will not be able to feed their RE 2013-14 in the requisite field. As such, these departments may submit their proposal of GIA with specific bifurcation of existing budget provision into three categories before submission the Revised Estimates 2013-14 to enable the timely release of Grant-in-aid as well as finalisation of their RE proposals.

(iii) The departments are also required to submit their RE 2013-14 & BE 2014-15 proposals in respect of Centrally Sponsored Schemes (CSS) being implemented by them. These estimates are to be submitted in a separate sheet numbered as statement-XIV. These estimates should be based on grant-in-aid released / to be released by the Ministries concerned in the Govt. of India and the unspent balance under the scheme and proposal of RE 2013-14 & BE 2014-15 may not be over the grant released /to be released by the Govt. of India in the relevant financial year.

(iv) There have been numerous instances of over estimation and under estimation of the funds requirement. It has been noticed that some of the departments/organisations have failed to estimate realistically the requirement of funds, even for salaries, which is based on sanctioned establishment strength.

(v) There have been instances when a supplementary grant was obtained in respect of schemes/sub heads but ultimately even the original budget provisions remained unutilised.

(vi) There are cases wherein the actual amount of expenditure at the close of the financial year was found either in excess or short of amount re-allocated after re-appropriation on the basis of the ten monthly estimates submitted by the departments. Even after re-appropriation of anticipated savings under a sub-head to other sub-heads, the anticipated savings did not materialise in many cases, resulting in excess expenditure at the close of the financial year.

(vii) Wide variations between the original Budget Estimates and the actual expenditure lead to an obvious conclusion that the estimating authorities have not been able to properly anticipate, assess and project actual requirement of funds. This may be attributable to various factors like over pitching of their funds requirements at the stage of Revised Estimates or ten monthly estimates stage in the hope that they would be able to utilise the funds by the end of the financial year. Such an approach is not conducive to a proper budgeting system and it invites adverse comments from Legislative Committee, CAG etc.

3. Utmost care is, therefore, needed in projecting the requirement of funds correctly at the stage of formulating the Budget/Revised Estimates. Instructions already exist for projection of estimates on realistic basis and for exercising a close watch over the trend of expenditure. Preparation of estimates on realistic basis can be ensured by strictly following the detailed instructions for preparation of budget/revised estimates, processing of Supplementary Demands, re-appropriation of funds and control over expenditure as contained in the General Financial Rules, 2005. The important points which need to

be kept in mind at the time of formulating the expenditure estimates are given in the **annexure** in this letter for guidance of all concerned.

4. Many of the expenditure estimates of the Government continue to be based on the past norms and yardsticks which may have ceased to be useful. There are continuing schemes/programme which have accumulated over the years and financial requirements of these continuing schemes and programmes are given the first/preferential claim on the present and future resources of the Government. As a consequence, their utility does not receive adequate scrutiny in the annual budgetary process. All the departments are, therefore, advised to carefully review, scrutinise and evaluate all the ongoing programmes/schemes so as to determine their continued relevance.
5. Management of public expenditure should be guided by economy, efficiency and effectiveness. In addition to the allocation of resources to different heads, we have to move from expenditure to outcomes. For this purpose, it is necessary to take into account how the government expenditure get translated into outputs and outcomes. Outputs are the direct result of government expenditure and outcomes are the final results. Budgetary process must include information on the relationship between expenditure and the corresponding performance in the producing real results.
- 6.. Such Outcome Budgeting should become an integral part of the preparation and evaluation of the budget. Each department should utilise the Outcome Budget for monitoring the Plan and Budget.
7. Statement in regard to Revised Estimates 2013-2014 and Budget Estimates 2014-2015 **as per revised guidelines** may be prepared and sent to the Finance (Budget) Department latest by **August 23, 2013**.
8. The departments should propose necessary provision for Gender Budget and Schedule Caste Sub-Plan (SCSP) for SC as per heads appearing in Book of Detailed Demands for Grants.
9. I would be grateful if you pay particular attention to these instructions while framing the Revised Estimates for the current financial year and Budget Estimates for the next financial year and submit the same, complete in all respects, by **August 23, 2013 positively**.

Yours sincerely,



(SHAKTI SINHA)

o/c

Sh/Smt. \_\_\_\_\_