

**Reading material  
on  
Office Management**

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## DISCLAIMER

This reading material was prepared in the year 2000. It should not be quoted as authority in judicial or quasi judicial or any official proceedings. For statutory requirements, only original Acts/Rules and Government orders are to be quoted.

# CHAPTER - 1

## DISTRICT OFFICE MANUAL

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

### 1. GENERAL DISCIPLINE

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

### 2. ATTENDANCE

2.1 All Government servants are expected to attend office from 10.30 a.m. to 5.00 p.m. on all working days. An attendance register should be maintained and all establishment members should initial it as soon as they come to office. A grace time of ten minutes is allowed after which the attendance register should be closed. Permission to attend late by one hour or leave office one hour earlier, not exceeding three times in each case, can be allowed with prior sanction. Any member who attends late should sign after entering the hour of arrival. If he attends office before 2.00 p.m. with or without permission it will be treated as half day casual leave and attendance after 2.00 p.m. will be treated as a full day's casual leave. One day's casual leave should be deducted for every 3 days of late attendance. Casual leave not exceeding 15 days can be availed with prior sanction. It can be clubbed with any public holiday or optional holiday. However such a spell of leave should not exceed 10 days.

- 2.2. **COMPENSATORY LEAVE (CPL)** : If a Government Servant is directed to attend the office on a public holiday, he will be permitted, by prior sanction, to avail leave for a working day in its place. Not more than ten days of compensatory leave may be granted in a calendar year and no such leave can be availed after expiry of six months from the public holidays for which it is sanctioned. Not more than seven such compensatory leave days may be accumulated. (This concession is available for ministerial staff)

### 3. ORGANISATION

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

### 4. OFFICE SYSTEM

The method of conducting official business is known as office system. The various stages of official business, starting from opening of tappals to consignment of files to records, comes under office system. The progress of work at various stages will be watched through appropriate registers prescribed under the District Office Manual. The catalogue of registers to be maintained to conduct official business is given at pages 6 to 9 of the District Office Manual.

### 5. OPENING AND REGISTRATION OF TAPPALS

- 5.1 There should be an office order regarding distribution of tappals in any office.
- 5.2 Generally, soon after the tappal / dak is received, the tappal should be opened, preferably in the presence of the Head of office or his Personal Assisitant or any authorised officer. Important communications such as letters from Government, Heads of departments, D.O. letters and confidential letters addressed to the

Head of the office must necessarily be opened in the presence of the Head of the office and seen by him before distribution to Assistants.

- 5.3 The officer, in whose presence the tappal /dak is opened, must peruse the tappals and give appropriate instructions at the stage of perusal of tappal itself, particularly in respect of urgent and important papers indicating the action to be taken. The tappals Assistant will thereafter sort out the tappals section wise and give them numbers, serially, as per the Distribution Register. Cash and other valuables will be entered in the Security Register. When the tappals with the Distribution Register is received in the section, the section head should go through them, note the instructions of officers, if any, on them and then mark them to the concerned Assistants. It should be ensured that all the Assistants to whom the tapals are marked in the Distribution Register should acknowledge them without fail. Otherwise, it would become difficult to account for the unacknowledged ones in the Distribution Register at a later stage, especially at the time of office inspection. Papers marked F (to be filed), XL DL Dis (to be lodged), need not be entered in the Distribution Register.

## 6. REGISTRATION

- 6.1 The tappal received by clerks contain either new cases (for which there is no pending file) or old cases (for which there is a pending file). Tappals received by clerks should be registered in the Personal Register with out delay. New cases have to be registered as fresh currents noting the details, as required in col. 4. Old cases have to be clubbed with the pending currents duly noting their particulars in col. 9 and 10 of the PR. A current which originates in the office is also registered in the Personal Register like any other new case, but in col. 4 the word "arising" has to be noted under the head "title".
- 6.2 Under the head "title" in col.4 of the Personal Register, appropriate main head and subhead should be given from the list of index heads in Appendix A of the DOM.
- 6.3 While opening a new Personal Register at the beginning of the calender year, sufficient number of blank pages should be left to bring forward the currents of the previous year, which could not be closed by 31st March. Not more than three currents have to be entered on the page and they have to be divided by red lines. The main head has to be underlined in red ink.

## 7. MAINTENANCE OF FILES

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

## 8. NOTING

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

## 9. CURRENT FILE ARRANGEMENT

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

## 10. REFERENCING

Referencing is one of the important elements of noting or drafting for quick and proper disposal of papers. Facts of a case previously noted or

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

## 11. LINKED FILES

Where pending files are put up for reference they should be linked to the main file on which orders have to be passed, by placing them underneath of the main file. The main file and linked file should be tied together with the strings of the linked file, if there is only one or more than one linked files. A slip should be fastened to the flap of each linked file indicating L.F.I, L.F.II and so on. The slip fastened to the top file should indicate "top file for orders and linked file for reference".

## 12. DRAFTING

- 12.1 After orders are passed on note file draft should be put up. In simple cases, where discussions on note is not necessary, draft may be put up along with the note.
- 12.2 The draft should be with a proper title, whether it is memo, or letter or proceedings. The title should almost be the same as shown in the note file, with suitable modifications to indicate the exact nature of the reference made or orders passed.
- 12.3 Below the title, the references received from outside and the references sent, other than routine reminders, should be cited in chronological order.
- 12.4 The draft should be on the lines of the approved note taking into account the observations and comments made by the officers and orders passed. It should be in easy and natural style, and concise and at the same time comprehensive. Words or phrases which lead to ambiguity, confusion and necessitate looking back for date, person or thing referred to should be avoided. The following should also be avoided

(i) long words (ii) foreign or classical words or expressions (iii) vague and clumsy phrases (iv) colloquial phrases, such as "so impertinent", "so many time", "not too bad" etc., (v) phrases which show discourtesy, "care to" (vi) short abbreviations (vii) split infinates etc.

## 13. VARIOUS TYPES OF COMMUNICATIONS, THEIR FORM AND PURPOSE

13.1 The various types of communication are (i) Memo (ii) Letter (iii) D.O. Letter (iv) Proceedings and (v) Telegram.

- (i) MEMO is a reference made to a subordinate or to petitioner.
- (ii) LETTER is a reference made to an officer, often equivalent in rank, or to an officer of other department.
- (iii) D.O. LETTER is generally written where personal attention of the officer concerned is required to be bestowed.
- (iv) PROCEEDINGS is the final orders passed with reference to certain powers invested.
- (v) TELEGRAM should be brief and intelligible. It should be accompanied by a post copy.

13.2 The communication should be precise and brief, setting forth the points in which clarifications or orders are required.

13.3 The proceedings should be complete in itself, with the title at the head, followed by such description as the communication with reference to which the proceedings are passed as will be sufficient to enable any officer to whom it is communicated to trace the previous correspondence on the subject in his office without any delay.

## 14. REMINDER DIARY

To watch the action on and ensure prompt replies to Government letters or other superiors, to watch action on urgent and important references from others and ensure prompt replies to them, reminder diary should be maintained by each clerk/section head.

## 15. DISPOSALS

15.1 The various kinds of disposals are :

- 1. R. Dis to be retained permanently.
- 2. D.Dis to be retained till the prescribed period of retention (10

years normally. Period can be extended, where necessary by obtaining order for further retention)

3. L.Dis to be retained till one (or three) years.
4. N.Dis to be returned in original
5. F.D is to be filed
6. X.L.Dis to be filed without numbering.
7. X.N.Dis to be returned without numbering

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

15.2 Government orders and proceedings of Heads of departments have to be filed normally. But, some of those Government orders or proceedings, require further action at times. Such papers should be registered in Personal Registers and final disposal given as R.Dis. or D.Dis as is necessary.

15.3 Great care should be exercised in marking the nature of disposal. The Section head is responsible for marking the correct nature of disposal on the paper. For classifying a disposal under "R" series orders of the head of the office have to be obtained. The Heads of the departments have since been empowered to prescribe suitable period of retention based upon the peculiar nature or work done in their departments and the estimated period of utility for reference, after getting such record retention schedules approved by the concerned administrative departments of the Secretariat (vide a new note added under para. 63 of the DOM in G.O.Ms.No. 65 GAD (Ser.C) dated 27.12.82). Consequently, in some departments new disposals i.e. "K.Dis" etc., with 3 years of retention or 5 years of retention have been prescribed.

15.4 Further, as per the amendment issued to para. 80 of the DOM in the above G.O.Ms.No.65 GAD (Services.C) dt.27.12.82 at the initial stage of sending disposal in the "L.Dis" and any other series with limited periods of retention for less than ten years, it should be examined closely whether the disposal needs to be rescrutinised after the prescribed period of retention and to be certified as fit for destruction or for further retention. The docket sheet of each such disposal should therefore carry a certificate to the effect. "To be destroyed straightaway / sent back for rescrutiny in the year ..... after the prescribed retention period" (words not applicable to a

disposal to be struck off). R Disposals require scrutiny after 50 years in order to see whether they still require to be preserved or not.

## 16. DISPOSAL JACKETS

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

## 17. CALL BOOK

References of the Government and Heads of departments calling for a report after one year or so, and such other references where report is due after one year or so and where no action is necessary for more than six months will be entered in Call book closing the current in the Personal Register. The tappal clerk or record keeper will be responsible for the proper maintenance of the Call book. When the time noted in col. (5) of the Call book for taking action approaches, the current should be reopened giving a fresh current number and entering in the personal register. As soon as this is done, the entry in the Call book should be rounded off.

## 18. PERIODICALS

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

## 19. FAIR COPYING AND DESPATCH

19.1 Fair copying and despatch should be done without any delay. The Superintendent, fair copying section should see that there is no delay at any stage of fair copying, comparing and despatch where there is pool system of typing in any office.

19.2 When the Superintendent, fair copying section, receives an approved draft for fair copying, he should check up whether all the particulars necessary for typing are available on the draft, such as the reference or disposal number, if it is a disposal, its nature, person or persons to whom it is to be sent, the enclosures to be sent with it, etc. He should also see if it is a R or D disposal, whether the Index slips in duplicate showing the title as noted in the draft has accompanied the draft. After satisfying that all the above details are available on the draft, he should give it to the typist for typing. Soon after they are typed, they should be compared with the approved draft, get them signed by the Head of office or concerned officer and despatched.

19.3 A Fair Copy Register as in Form IV, should be maintained in the section. It serves as a despatch register as well. Now-a-days, in many of the offices, section wise typists are allotted. The Head of the section should check the Fair Copy Register maintained by the typist at the end of each day to ensure that no delays are made in fair copying of the approved drafts. In most of the offices, a separate despatch section is organised. For postal delivery, stamp account has also to be maintained besides the Postal Despatch Register. For communications to be delivered locally by hand a separate register "Local delivery book" should be maintained and should be periodically checked.

## 20. PREVENTION AND CHECKING OF ARREARS AND DELAY

20.1 The section heads should exercise effective supervision over the assistants in their sections to prevent delays and arrears. The periodical checking of Personal, Periodical and other Registers even with long pending currents critically, will be an effective check to prevent delays and arrears. The Superintendent and the officer concerned should point out the delays and other irregularities, in the running note file accompanying the personal and periodical register put up for check, as per the programme of check drawn up and issue suitable instructions for avoidance of delays and rectification of defects. Compliance with the instructions should be insisted within 48 hours and non-compliance should be taken serious notice of.

20.2 Reminder should be issued promptly. A Reminder Diary should be maintained by each clerk for this purpose, which should also be checked periodically along with PRs etc.

- 20.3 Arrear Lists showing the pendency of currents, should be put up with the Personal Register. Long pending files should receive special attention of the section head.
- 20.4 Business return is prepared every half year to enable the head of office or his superiors to watch the progress of business in the office and to take suitable action for the reduction of pendency and arrears.

## 21. INDEXING OF THE TITLE

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

## 22. RECORDS - FILING - MAINTENANCE & CUSTODY

Before the receipt of any disposal (handed over to the record keeper) is acknowledged, the record keeper should verify whether all the pages in the disposal have been numbered, securely stitched and are in tact, whether the disposal number has been correctly noted and the disposal has been properly docketed, and if it is a R or D disposal and whether duplicate copy of index slip has accompanied it. According to the amendments issued to the DOM para 81, disposals have to be arranged in the record room basing on the year of disposal and not according to the year of the current as is obtaining hitherto.

## 23. RESPONSIBILITY OF CLERKS AND HEADS OF SECTIONS

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

## 24. SUBMISSION OF FILES AT HEAD-QUARTERS OR CAMP

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

## 25. PRECAUTIONS AGAINST FIRE

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

## 26. ECONOMY IN THE USE OF STATIONERY

Utmost economy should be observed in the use of stationery as per the instructions contained in para 140 of the District office manual at page 59 to 61.

WE CANT SPELL S\_CCESS  
WITHOUT U

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

## CHAPTER - 2

# BUDGET MATTERS

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

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

## PERFORMANCE BUDGETING

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

## ZERO - BASE BUDGETING

3. It is to start from Zero base and view all activities and priorities afresh and create a new and better set-up of allocations for the coming budget year. The essence of this budgeting is to prepare defence of a 'budget request' with out making any reference to the level of previous appropriations. The Central and State Governments are required to follow this approach for the preparation of their budgets.

## PLANNING COMMISSION

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

## CENTRALLY SPONSORED SCHEMES

5. Only such schemes will be taken up as Central Schemes which :
- i) relate to demonstrations, pilot projects, surveys and research
  - ii) have a regional or inter-state character
  - iii) require lumpsum provisions until they could be broken down territorially, and

iv) have an overall significance from all India angle.

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

## NATIONAL DEVELOPMENT COUNCIL

6. The National Development Council was formed in 1952. It is an extra constitutional and extra legal body. It consists of the Prime Minister of India and Chief Ministers of all the States. Now all members of the Union Cabinet as also the Administrators of the Union Territories have become members of the council. The functions of the council are to strengthen and mobilise the efforts and resources of the Nation in support of the plans, to promote common economic policies in all vital spheres and to ensure the balanced and rapid development of all parts of the country and in particular.

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

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

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

## FINANCE COMMISSION

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

Persons who are, or are qualified to be appointed as High Court Judges  
Persons having special knowledge of the finance and accounts of the Government.

Persons having wide experience in financial matters and administration, and  
Persons having special knowledge of economics.

- 7.1 It was intended that the Commission should be broad based, capable of looking at the problems facing it from all angles. The first Commission was appointed in the year 1952 and thereafter every five years. Eight such commissions have been appointed so far. It is the duty of the commission to make recommendations to the President as to :
- the distribution between the Union and the states of the net proceeds of taxes which are, or may be distributed between them and the allocation between the States of the respective shares of such proceeds : (Eg. Income Tax and Central Excise Duties).
- the principles which should govern the grants-in-aid of the revenue of the states out of the Consolidated Fund of India.
- any other matters referred to the commission by the President in the interest of sound finance.
- 7.2 By practice and convention, the needs of the states relate only to non-plan expenditure. Expenditure on Plan investment and central financial assistance to the states on account of State Plans and Centrally Sponsored Plans are outside its scope. While the scope of the Finance Commission is limited to review of the revenue segment of the Budget, the Planning Commission taken an overall review embracing both capital and revenue requirements of states.

## THE BUDGET Consists of

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

- 8.1 The transaction relating to the consolidated Fund of the state are accounted for in three different sections, viz. (a) Revenue Account (b) Capital Account (c) Loan Account. As per article 266 (1) of the Constitution, all revenues received, all loans raised by the issue of Treasury Bills, loans, or ways and means advances and all moneys received in repayment of loan shall form "Consolidated Fund of the State".
- 8.2 As per art. 267 (2) of the Constitution "Contingency Fund of the State" is in the nature of an advance of 50 crores from the Consolidated Fund of the State. It is intended to provide advances for meeting unforeseen expenditure arising in the course of the year, pending authorisation of such expenditure by law to be passed by the State Legislature under art. 205 and 206 of the Constitution.

- 8.3 As envisaged in art. 266(2) and 284, the "Public Account" of the state pertains to all public moneys received by or on behalf of the State Government which are not creditable to the Consolidated Fund of the State. The State Government act as Bankers in receiving amount which they subsequently recover. some are merely adjusting heads and all these transactions are cleared eventually by adjustment under final heads.

## SEVEN TIER CLASSIFICATION

9. The new revised Budget classification which came into force in 1974-75 and further revised from 1-4-87 is given below :
- i. **SECTORIAL CLASSIFICATION** : (Comprising sub-major head wherever necessary) to indicate the groups of various functions of the government corresponding to the sectors of the Plan classification.
  - ii. **MAJOR HEADS** : (Comprising sub-major head wherever necessary) to indicate the functions of the government such as agriculture, education, health etc. and to correspond to heads of development in Plan classification.
  - iii. **SUB MAJOR HEADS** : This indicate further classifications of a Function or major head.
  - iv. **MINOR HEADS** : To denote the various Plan and Non-plan programmes under each function.
  - v. **GROUP SUB-HEAD** : This indicates a group of schemes.
  - vi. **SUB-HEADS** : To denote the schemes or organisations under each programme or minor head. These are bracketed in the Budget documents. To facilitate easy identification of certain common schemes, the State Government adopted standard code numbers to common sub-heads in para 5.22.6 of the Budget Manual.
  - vii. **DETAILED HEADS OF ACCOUNTS** are standard objects of expenditure (including sub-detailed heads wherever necessary) such as salaries, travel expenses etc. are laid down in G.O.Ms.No.304 Fin&Plg, dt. 5-12-94 and Govt. Memo No. 30136-4/917/Bu/A1/94, Fin & Plg, dt. 5-12-94.
10. The revenue receipts have three sectors viz. 'A' - Revenue, 'B' - Non-Tax Revenue and 'C' - Grants - in - aid and contributions.
- 10.1 The sectors relating to payments / expenditure are as follows :

- 10.1.1 GENERAL SERVICES : Include services which are indispensable to the existence of an organised state such as Police, Jails etc.,
- 10.1.2 SOCIAL SERVICES deals with programmes connected with the provision of basic social services to consumers, such as education, medical relief, housing, social security and welfare and services needed for community living such as public health, urban development, information and publicity.
- 10.1.3 ECONOMIC SERVICES deal with programmes and activities in the fields of production and trade towards economic growth of the State/ Nation.
- 10.2 All expenditure on a function, programme or activity will be recorded under the appropriate major, minor or sub head for purposes of planning and review.

## CONDIFICATION

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

Sl.No.	Function	Major head Code Number			
		Receipts Heads Revenue Account	Expenditure Heads Revenue Account	Expenditure Heads Capital Account	Loans & Advances Account
1.	Medical and public health	0210	2210	4210	6210
2.	Road Transport	1055	3055	5055	7055

- 11.1 Under the scheme of condification, the 'receipt major heads' are assigned the block of consecutive serial numbers 0020 to 1999 and

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

## DEPARTMENTAL BUDGET ESTIMATES

12. The budget is based on the departmental estimates submitted by the heads of departments and certain other estimating officers and these departmental estimates are themselves based on the estimates submitted by the District Officers of the departments.
- 12.1 Heads of Departments and other estimating officer should prepare their estimates in duplicate on the skeleton forms furnished by the Finance Dept. and send one copy direct to the Finance Dept. and the other to the Administrative Dept. of the Secretariat concerned. As laid down in para 16.9.1 of the Budget Manual, all budget estimates should be submitted to the Administrative Depts. of Secretariat concerned with a copy to the Finance and Planning (Fin.Wing) Dept. not later than 1st October.
- 12.2 The administrative dept. should send the estimates with their comments so as to reach the Fin. Dept by 15th.
- 12.3 The Accountant General will also forward the skeleton forms with the account figures of the previous budget year and the actuals for the first five months of the current financial year to the Fin. Dept. in batches between 10th October and 31st December.
- 12.4 The form of departmental estimate, is given below in which columns. 3, 4 & 5 are expressed in thousands.

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

- 12.5 An explanatory note to justify the provisions under each sub-head of account should be given covering the following :
  - a. the objectives of the department or the scheme.

- b. the quantum of work done by the department, the physical targets achieved under the scheme during the previous year and the physical targets proposed to be achieved during the current year and the next year.
  - c. the justification for various categories of posts and the number of posts in each category.
  - d. relevance of the programme to the overall objective in the present context, and
  - e. the consequence of its non-funding.
- 12.6 The provisions under the concerned detailed heads i.e. standard objects of expenditure, should be included keeping in view the guidelines indicated in A.P. Budget Manual read with G.O.Ms.No.304 Fin. & Plg. dt 5-12-94.
- 12.7 The provision for Leave Travel Concession and other fringe benefits to employees, i.e. Educational Concessions etc. shall be included under "Salaries"
- 12.8 The estimates for contingent expenditure shown under "050 office expenses" should be prepared with reference to the instructions laid down in para 16.16 of the A.P. Budget Manual.
- 12.9 Details of the items of contingent expenditure included, detailed reasons together with figures should be furnished along with the actuals for the past three years in respect of each item.
- 12.10 Proper attention must be paid while estimating water and electricity charges which should take into account pending arrear bill, the increase in tariff rate etc. and provision for the amounts that will become payable in the year.
- 12.11 Wherever arrears are included, detailed reasons together with figures should be furnished in the explanatory note.
- 12.12 Provisions should be made in the Budget Estimates for the coming year for all sanctioned schemes but not for schemes of new expenditure which have been submitted to Government but not yet sanctioned.
- 12.13 Inclusion of lumpsum provision in the estimates should be avoided.
- 12.14 Estimating officers should, in preparing the Budget estimates make provisions for contingent expenditure etc. on the basis of the lowest

expenditure incurred in any of last three years. No increase in provision will be allowed except for special reasons.

- 12.15 Provision for the maintenance of office motor vehicles should be made under the sub-detailed head "057 maintenance of functional vehicles". Similarly the provision required for maintenance of functional vehicles like Ambulance Van etc. should be made under the sub-detailed head of account "212 Motor Vehicles - maintenance of Functional Vehicles under the detailed head of account 210 - Motor vehicles" under the respective sub-head of account. The payment required for payment of hiring charges should be made under the head "690-Hiring of Private vehicles".
- 12.16 The estimating officers should ensure that provisions are included in the Budget Estimates for all items of expenditure which can be foreseen and avoid obtaining supplementary grants during the course of the year. They should prepare the estimates very accurately and include schemes and the provision therefor which will definitely be spent during the year so as to avoid surrender of huge sums at the end of the year.

## REVISED BUDGET ESTIMATES

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

## NUMBER STATEMENTS

14. According to para 16.20.1 of A.P. Budget Manual, the Heads of Departments and the other Estimating officers are required to submit number statements to the Finance Dept. by 1st August, every year a statement giving particulars of posts in each permanent and temporary establishment (both gazetted and non-gazetted), the sanctioned monthly pay, the special pay if any, and the fixed allowances attached to posts or individuals that will be drawn on the 1st April, of the following year and number of officers at each rate of pay for whom provision will be made in the departmental estimates. The provision required under "011 Pay of officers", "012 - Pay of establishment", "030 - Dearness Allowance", "013 - House Rent Allowance", and "014 Other Allowances" shall be exhibited separately under the detailed head "010 Salaries". The provisions required for meeting the expenditure on educational concession, medical reimbursement charges etc. should be shown under the sub-detailed head "014-other allowances", and the LTC shall be shown under separate sub-detailed head "017 - Leave Travel Concession" under the detailed head salaries and the details given separately for each of the above items. The details of vacant posts and the period they are likely to be vacant should be indicated in the number statements. Copies of the Govt. sanctions in respect of all temporary establishments should be enclosed to the number statements and their references indicated in the statement where the particulars of staff are given. The number statements in respect of posts under Plan, Non-Plan and Grants-in-aid towards salaries shall be sent separately under respective sub-heads, major heads of accounts. All the Heads of Depts. and other estimating officers should furnish the number statements in the proforma-I and II prescribed by the Finance Dept.

## BUDGET ESTIMATES RELATING TO PLAN

15. The heads of dept. and the estimating officers should prepare Plan budget separately and should not mix up or merge with Non-plan provisions. The Departmental Clearance Committee constituted in G.O.Ms.No. 26 F & P (Plg. Wing A.P.I.) Dept., dt. 8-5-95 is converted by the Administrative Dept. in secretariat in respect of continuing plan schemes. The Project and Programme Approval Committee constituted in G.O.Ms.No. 29, F&P (Plg.Wing.API) Dept, dt. 4-6-95,

is convened by the Planning Dept. for new schemes included in the Plan. Proposals to the Departmental Clearance Committee / Project and Programme Approval Committee in the proforma prescribed by the Govt. (Annexure I and II appended to Govt. U.O. Note No.6217/Plg.A.P./91-1, F&P Dept. dt 1-4-91) should be furnished to the administrative Dept./Plg. Dept in 10 copies.

## FINAL BUDGET

16. Finance Dept. will determine the final estimates, by about the end of January. Copies of the budget publication containing inter alia the "Annual Financial Statement" or "Budget" prepared by the Finance Dept. are sent to the Secretary to the State Legislature for circulation to the members at the time of presentation of Budget by the Finance Minister on a day to be fixed by the Governor which will ordinarily be towards the end of February.
17. There are three stages in the preparation, presentation and obtaining of approval of legislature for the Budget.
  - 17.1 **FIRST STAGE** : Under article 202, of the Indian Constitution, a statement of estimated receipts and expenditure of the State for each financial year has to be laid before the Legislature. This statement is known as the "Annual Financial Statement" or "Budget". It shall show separately (a) the sums required to meet the expenditure charged on the Consolidated Fund of the State and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State. It shall distinguish expenditure on revenue account from the other expenditure.
  - 17.2 **SECOND STAGE** : Under art. 203 of the Constitution, demand for grants indicating the service of administration (or Dept.) to which the demands relate, are presented to the legislature. These demands are discussed in the Legislative Assembly and voted.
  - 17.3 **THIRD STAGE** : Under art. 204 of the Constitution, after the demands for grants are voted by the Asembly, an appropriation bill, with a schedule of grants made by the Asembly and the appropriations required to meet the expenditure charged on the Consolidated Fund, will then be introduced in the Legislative Assembly. After the bill is passed by the houses of Legislature the Appropriation Act will be submitted to the Governor for approval and this appropriation Act, permits the chief controlling officers/subordinate controlling officers/

drawing and disbursing officers to incur expenditure from the Consolidated Fund of the State for meeting the day to day expenditure on public service.

## VOTE ON ACCOUNT

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

## BUDGET CONTROL AND DISTRIBUTION OF FUNDS TO DISTRICT OFFICES

19. The expenditure incurred during the year should be kept within the provision authorised in the demands for grants and the Appropriation Act. There is a chief Controlling Officer for every service or administrative Department who will ensure control of expenditure with reference to details of expenditure reported by the Disbursing officers in Form "B" every month. The figures of expenditure received from the disbursing officers are consolidated in form "O" by the Chief Controlling Officer.
  - 19.1 The Treasuries in the Districts and the Pay and Accounts Officer, in the twin cities render compiled account of receipts and expenditure of the Govt. to the Accountant General.
  - 19.2 Computerisation of each month's Govt. accounts including those relating to Pay and Accounts Office, Hyderabad is attempted from April, 1979. The purpose sought to be achieved by these computerised print-outs supplied by the Fin.&Plg.Dept. to the Chief Controlling Officers are : (a) reconciliation of receipts and expenditure treasury wise with District Departmental figures every month, (b) monitoring the progress of Plan and Non-plan schemes with reference to State level expenditure figures (c) reallocation of budgetary resources in time and (d) reconciliation of departmental figures with the books of the Accountant General.

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

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

office registers have been reconciled with those in the books of the AG's office. The Treasury shall prescribe a date on which each drawing officer shall reconcile monthly figures with the treasury or pay and accounts office. The treasuries and pay and accounts office shall maintain a register showing the dates on which the reconciliation was made by the officers and shall verify the correctness of the certificate furnished by the drawing officers along with the pay bills.

- 20.2 The chief controlling officer (i.e. Heads of departments) shall get the figures of receipts and expenditure for the entire state reconciled with those booked in the AG's office on quarterly basis by following the procedure already prescribed and a certificate to that effect shall be furnished to the Pay and Accounts Officer. The chief controlling officer shall furnish the PAO the designation of the officer / officers in his office entrusted with the responsibility of reconciling the consolidated state wide figures of receipts and expenditure with the Accountant General, head of account wise.
- 20.3 The salary of the concerned officer who is responsible for reconciliation, shall not be allowed to be paid by the PAO for the second month in the next quarter if a certificate of reconciliation with the AG's figures is not furnished to the PAO i.e. if the officer fails to get the accounts reconciled for the quarter April to June by the end of August, the salary for the month of September shall not be allowed to be drawn by the Treasury or the PAO, as the case may be.

## THE BUDGET CONTROL PROCEDURE

21. In order to ensure that the expenditure is kept well within the budget allotment and to avoid ways and means difficulties, Govt. introduced with effect from 1.8.67 a system of control over the expenditure with particular reference to the budget allotments.
- 21.1 Heads of departments should prepare and send the distribution statements of funds direct to their subordinate officers and the District Treasury Officers with copies to the Director of Treasuries and Accounts. The DTOs should act on the basis of these statements without waiting for the authorisation from the Director of treasuries and accounts and admit expenditure for the first three months of financial year i.e. April, May and June.
- 21.2 In the meantime the Director of treasuries and accounts will scrutinise the statements and communicate them to the Treasury officers for admitting expenditure, before the end of June.
- 21.3 The expenditure for the entire year should however be regulated only

on the basis of authorised statements communicated by the Director of Treasuries and Accounts and variations in the statements first communicated by the controlling officers directly as compared to the figures authorised by the Director of treasuries and accounts, should be reported for reconciliation to the Heads of departments.

- 21.4 If the statements are not received before the end of June through the Director of treasuries and accounts, the DTO will not admit fresh expenditure in audit.
- 21.5 In respect of items which are exempted from Treasury Control, the DTO may continue to admit bills till the end of June even in the absence of distribution statements from the chief controlling officers.
- 21.6 In respect of departments having Chief accounts officers, while communicating the distribution statements to the DTO it should be clarified by the concerned heads of departments that statements of distribution are issued with the concurrence of Director of Treasuries and Accounts only, quoting his reference number and date. A copy of this should be marked to Director of treasuries and accounts. The DTO should not insist for a separate authorisation from the Director of treasuries and accounts and can admit the bills.
- 21.7 The chief controlling officer / Estimating officers have to incur expenditure under Plan and Non-Plan on quarterly basis except where specific authorisation was given by the Finance department for incurring expenditure otherwise.

## SUPPLEMENTAL GRANTS

22. Unavoidable and unforeseen circumstances may, however, sometimes, arise in the course of a financial year, making it necessary to incur urgently fresh expenditure under one or more detailed heads or to incur expenditure on a new service, not contemplated in the original Budget Estimates. In such cases, savings in other appropriations by postponement or curtailment of less urgent expenditure, may be reappropriated except when it is on account of a 'New Service'. If this is not possible a supplementary statement of expenditure should be presented to the Legislature as laid down in art. 205 of the Constitution. 15th February is fixed as the last date for submission to Govt. by controlling officers of applications for surrender of savings in appropriations and for reappropriation and supplementary appropriations. 25th February is the date by which the Finance Dept. should receive the above proposals from the Administrative departments concerned.

- 22.1 In the case of supplemental grants, it is not necessary to postpone the expenditure till the receipt of Appropriation Act. Bills can be presented at the Treasuries/PAO, after obtaining the approval of the Director of treasuries and accounts by appending the certificate, if it is under the purview of Treasury control, that "The additional amounts included in the statement are those for which the supplementary estimates have been accepted by the Fin & Plg. (Fin. Wing) Dept" (Govt. circular Memo No. 3511/d/20/W&HII/81 F&P and Govt.Memo No.1589-B/25/W&HI, F&P).

## NEW SERVICE

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

## ADVANCES FROM CONTINGENCY FUND

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

## REAPPROPRIATION OF FUNDS

24. Reappropriation of funds as between different grants or between revenue, capital and loans sections within the same sections of the grant are not permissible. Reappropriation should not be sanctioned by Heads of depts. from Plan to Non-plan expenditure and vice-versa.
- 24.1 As per Govt. circular memo No. 2725/938/BGAI/97-1F&P., dt.11.9.97, reappropriation of funds from one head to the other as

stipulated in para 20 of Budget Manual may be sanctioned by Heads of Departments.

- 24.2 Reappropriation should invariably be in multiple of Rs.1,000/-.
25. The final appropriations and the actual expenditure in the year under each heads of appropriation within the several grants will be shown in the detailed "Appropriation Accounts" prepared by the Accountant General, after the close of the financial year, together with the explanation reported to him by the controlling officers. Important variations and excesses or savings in the total final appropriation for each grant separately for voted and charged expenditure are brought clearly in the appropriation accounts, which are submitted to the Legislature by the Accountant General. The Legislative Assembly investigates the variations with reference to the explanations given by the Chief Controlling Officers. The Public Accounts Committee's recommendations are in a report presented to the Legislature.
26. The Legislature, thus, exercises a control over finance twice, once before the approval of the Budget, again, after the expenditure figures are brought out by the Accountant General in the form of Appropriation Accounts.
27. Zero base Budgeting has been introduced in GO Ms. No. 42 (Fin & Plg F &W BG) Department dated 22 - 4 -2000 as per which each dept shall fix annual and quarterly targets to monitor performance and for this purpose departmental committees have been constituted. This G.O. Stipulates the criteria regarding Zero Base Budgeting and aims at a thorough examination of the on going schemes with reference to the present day needs and Budgeting should be undertaken only for need based schemes. A thorough examination right from the scratch is made with a view to ensuring that the inputs are relevant.

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

JOHN STEINBECK

# LAWS TO LIVE BY

## MURPHY'S LAW

NOTHING IS AS EASY AS IT LOOKS;

EVERYTHING TAKES LONGER THAN YOU EXPECT;

AND IF ANYTHING CAN GO WRONG,  
IT WILL

AND AT THE WORST POSSIBLE MOMENT

## CHISOHN'S LAW

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