



SEEPZ-SEZ AUTHORITY

SPECIAL ECONOMIC ZONE

BUDGET MANUAL

OFFICE OF THE ZONAL DEVELOPMENT COMMISSIONER
SANTACRUZ ELECTRONICS EXPORT PROCESSING ZONE, SPECIAL ECONOMIC ZONE
GOVERNMENT OF INDIA, MINISTRY OF COMMERCE AND INDUSTRY
ANDHERI (E), MUMBAI – 400096

Index		
Sr. No.	Subject	Page No.
1	PREFACE	4
2	Chapter 1- Introduction	5
	1.1 Annual Financial Statement	5
	1.2 Financial Year	5
	1.3 Meaning of the Budget	6
	1.4 Scope of the Budget	7
3	Chapter 2 -Definitions and Glossary of important Budget related terms	8
4	Chapter 3 - Provisions to be complied with for execution of Annual Financial Statement as per the Budget Manual	13
	3.1 Rule 1	13
	3.2 Rule 2	14
	3.3 Rule 34	15
	3.4 Rule 35	15
	3.5 Rule 36	15
	3.6 Rule 37	15
	3.7 Rule 38	16
5	Chapter 4 - Organizational Aspects	17
	4.1 Roles and responsibilities of the SEZ authority	17
	4.2 Budget Presentation	18
	4.3 General discussions	18
	4.4 Cut-Motions	19
	4.5 Guillotine	19
	4.6 Appropriation Order	20
	4.7 Interim Passover on Accounts	20
	4.8 Role of the Executive in the Budget process	20
	4.9 Finance and Accounts Division, SEEPZ	21
	4.10 Budget Related Functions	22
	4.11 Administrative Divisions	24
	4.12 Role of Financial Advice section under Finance and Accounts Division	24
	4.13 Budget related checks at the end of Financial Advice Section	25
	4.14 Accountability checks on Executive	26
	4.14.1 The roles and procedures relating to the Standing Committees of the SEZ authority	26
	4.14.2 SEZ Public Accounts Committee	27
	4.14.3 SEZ Committee on Estimates	29
	4.14.4 Divisional related Standing Committee (DRSCs)	29
6	Chapter 5 - Comprehensive Structure of Accounts & the classification system	31
	5.1 Preparation and presentation of Accounts	31
	5.2 Cash based Accounting	31

	5.3 Period of Accounts	31
	5.4 Scheme of classification of accounts	31
7	Chapter 6 - The Budget Process	37
	6.1 (a) Presentation of Budget to SEZ Authority	37
	(b) Budget Calendar	37
	6.2 Budget Circular	37
	6.3 Relationship of Budget Heads with Account Heads	37
	6.4 (a) Contents of Budget	38
	(b) Supply of Forms for preparation of Budget Estimates	38
	6.5 Preparation of Budget Estimates	39
	6.6 Estimates of Revenue and Receipts	40
	6.7 Estimates of Expenditure – General Instructions	41
	6.7.1 Pay of Officers and Pay of Establishment	42
	6.7.2 Other Items	42
	6.7.3 Inevitable Payments	42
	6.7.4 Revised Estimates	42
	6.8 New Expenditure	44
	6.8.1 New Service	44
	6.8.2 Works carried out by the Estate Section	45
	6.9 Consolidation and Presentation of the Budget	46
	6.9.1 Parts of Financial Statement	46
	6.9.2 Divisional Estimates and abstract of receipts and Expenditure for the next financial year	47
	6.9.3 Presentation of the Budget to the SEZ Authority and Chairperson's Submission	47
	6.9.4 Appropriation Bill	47
	6.9.5 Mandated aspects for preparation of the Budget (Annual Financial Statement)	48
8	Chapter 7 - The Budget Implementation	50
	7.1 The Budget Implementation	50
	7.1.1 Communication of Grants(funds) to the Controlling Officer	50
	7.2 Supplementary, Additional and Excess Demands	50
	7.2.1 General Remarks	50
	7.2.2 Supplementary Grants(funds)	51
	7.2.3 Restriction on Expenditure not provided for	51
	7.2.4 Restriction on an item reduced or refused by The SEZ authority	52
	7.2.5 Procedure regarding Supplementary or Additional Grants(funds)	52
	7.2.6 Uncovered and inevitable expenditure	53
	7.2.7 Excess Grant(fund) of Appropriation	54
9	Chapter 8 - Re-Appropriations	55
	8.1 General Principles	55
	8.2 Powers of Re-Appropriation	56
10	Chapter 9 - Management of Accounts and Expenditure	58
	9.1 Information for the Appropriation Accounts	58
	9.2 Draft Audit Paragraphs	59

	9.3 Procedure in respect of irregularities	61
	9.4 Fiscal Responsibility and Budget Management Act	61
11	Chapter 10 - Monitoring the progress of Revenue and Expenditure	62
	10.1 Monitoring the progress of Revenue	62
	10.1.1 Duties of Collecting and Controlling Officers	62
	10.1.2 Revenue Returns	62
	10.2 Monitoring the progress of Expenditure	62
	10.2.1 Duties and Responsibilities of the Administrative Division	62
	10.2.2 Procedure for Controlling Officers	63
	10.2.3 Procedure for Disbursing Officers	63
	10.2.4 Register of Expenditure	64
	10.2.5 Controlling Officer's Statement of expenditure	64
	10.2.6 Finance and Accounts Division's control	64
	10.2.7 Surrender of Savings	64
	10.2.8 Zero-based budgeting	66
	10.2.9 Process of modification/changes in the Budget Manual	68

PREFACE

1. Budget Manual is a compendium of general provisions and procedures relating to Budget making to be followed by government organizations like SEEPZ which are involved in the budgeting exercise and dealing with matters relating to Budget as well as management and control of expenditure. This Manual is an attempt to cover the existing void faced hitherto due to the lack of a comprehensive guide book on the subject matter of Budget process in the SEEPZ Administrative set up. An attempt has been made to incorporate all the issues relating to Budget so as to make it a comprehensive one stop guidance material.
2. The purpose of this Budget Manual is to provide guidance material for the managerial and supervisory staff and above all to the employees dealing with the Budget and Budget related issues. It provides a comprehensive outline of the processes of budgeting and other related issues along with various aspects related to the SEZ act 2005, administrative policies, principles and practices which outline the budgeting system in SEEPZ. The effort has been made to draft this Manual in the form of a simple and usable document and as far as possible, to comprehensively outline the procedures and practices in vogue including the detailed check-lists and the mechanisms involved in its operation. The Manual attempts to outline in a linear fashion the entire chain of events leading to the presentation of Budget as an Annual Financial Statement and passing of the related Appropriation instructions/ orders, regulation of expenditure and finalization of Accounts by the SEZ authority.
3. Chapter 1 is introductory in nature and brings out the meaning and importance of Budget. Chapter 2 pertains to Definitions and glossary of important budget related terms. Chapter 3 brings out the important legal provisions related to Budget. Chapter 4 of the Manual deals with the Organizational aspects bringing out the roles and responsibilities of the SEZ authority and the responsibilities of various wings of the Executive in the Budget making process in SEEPZ administration. Chapter 5 of the Manual deals in a comprehensive manner with the Structure of Accounts and the classification system. This is very crucial for any budgetary process since the budgetary and accounting classifications follow a common pattern and their clear understanding is crucial for any analysis on Budget and the related provisions. A detailed analysis of the Funds under the SEZ Fund and matters thereof.

Chapter 1

Introduction

1.1 Annual Financial Statement

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Although the Indian Constitution does not mention the term 'Budget', it provides that the President shall, in respect of every financial year, cause to be laid before the Parliament, a statement of the estimated receipts and expenditure of the Government for that year. This statement known as the 'Annual Financial Statement' is the main fiscal or budgetary document of the Government of India.

1.2 Financial Year

The financial year for the Union and the State Governments in India is from April to March. Each financial year is, therefore, spread over two calendar years. The period of financial year from April to March was introduced in India from 1867. Prior to that, the financial year in India used to commence on 1st May and ended on 30th April. Government of India appointed L.K. Jha Committee in May, 1984 to look into the issue of the financial year. The Committee while recommending the commencement of financial year from January mainly with reference to the impact of South West monsoon on the economy, had mentioned in their Report that if for any reason, a changeover to the calendar year is not acceptable despite its many advantages, then on balance, it might be best to live with the existing financial year and avoid the problems of transition.

Government of India did not favor any change in the financial year for some of the reasons which are brought out below: -

- i. The advantages arising out of the change would only be marginal in view of the innumerable considerations in the formulation of budget policies;
- ii. Change in the financial year would upset the collection of data and it might take a long time to return to normalcy in this regard; and
- iii. The change would create a large number of problems, as extensive amendments to tax laws and systems, financial procedures relating to expenditure authorization and other matters would become necessary and, in that process, the administrative machinery would get diverted to problems of transition instead of concentrating on improving the tax collection machinery.

Therefore, presently, the Financial Year for SEZ authority too as specified in Chapter VI Rule 11 (1) and (2), Schedule III [See Rule 12(1)] under point 1 is from April to March in line with that for the Government of India.

1.3 Meaning of the Budget

A budget is defined as a legal document that is passed by the SEZ authority and assented by the Government of India in the Ministry of Commerce and Industry. The two basic elements of any budget are the revenues and expenditure.

The main objective of financial management is to determine how well the financial and resource management responsibilities have been discharged. This is based amongst others, on a comparison of accomplishments against the policies and administrative steps and the time bound Government instructions. These fiscal policies and programmes determine the Budget of the SEZ authority, through which the amounts of revenue to be raised and the allocation of sums for the respective administration and purposes are set. Budgeting therefore, involves determining for a future time period on what is to be done and achieved, the manner in which it is to be done and the resources required for the same. It requires the broad objectives of the SEZ Authority to be broken down into detailed work plans for each programme and sub-programme, activity and projects for each unit of the Government organization of SEEPZ.

Budget preparation in the SEEPZ-SEZ is an iterative process between the Accounts & finance Division/Section and the administrative Divisions. It is a combination of top-down approach with the Accounts Division/Section issuing guidelines for communicating instructions to spending Divisions based on directions of the SEZ authority or competent authority, and a bottom-up approach, wherein the spending Division presents requests for budget allocation. Some of the salient features of the Budget are as follows-

- 1. Budget is prepared on Cash Basis:** Whatever is expected to be actually received or paid under proper sanction during a financial year (including arrears of the past years) should be budgeted in that year.
- 2. Lapse of Budget:** All unutilized funds provided in the Budget lapse at the end of the financial year.
- 3. Realistic Estimation:** It is essential that the provisions in the budget should be restricted to the amount required for actual expenditure. The Finance and Accounts Division/Section is interested in seeing that the other divisions/section do not obtain more or less money than what they really need. If a division/section is allotted funds which it does not need, it will deprive some other division/section from getting the required resources.
- 4. Form of Estimates to Correspond to Accounts:** It is essential that the form in the Budget Estimates correspond to that of SEEPZ accounts as it is from these accounts, that the performance of the SEEPZ is judged and the estimation for subsequent years made. If these are prepared in different forms, financial control will also become difficult.

5. Estimates to be on Section Basis: Each Division prepares estimates for receipts and expenditure separately. Generally, one Demand is allocated in respect of each Division in terms of General Financial Rules. Demand is allocated on the basis of individual works/projects.

1.4 Scope of the Budget

The Budget is presented to the SEZ authority in such form as the Accounts Section may decide after considering the suggestions, if any, made by the other Section. Broadly the Budget documents depict information relating to receipts and expenditure for three years i.e.-

- i. Actuals of previous year
- ii. Revised Estimates for the current financial year; and
- iii. Budget Estimates for the next financial year.

Budget thus sets forth the receipts and the expenditure of the SEEPZ administration for three consecutive years. The Annual Financial Statement shows the receipts and expenditure of SEEPZ authority in separate parts under which Government accounts are maintained viz. (i) Grants(funds) from Government of India and (ii) receipts and expenditure by SEZ authority

As per Constitutional provisions (Article 202), the Annual Financial Statement has to distinguish expenditure on revenue account from other expenditure. It, therefore, comprises (i) Revenue budget and (ii) Capital Budget. Broad break-up of expenditure on Capital, expenditure on development, Revenue Expenditure i.e., expenditure which is part of normal activities of the SEEPZ administration or maintenance expenditure, sectoral allocation of capital and Revenue expenditure outlay are reflected in the budget documents.

The Demands for Grants(funds) in the Annual Financial Statement shows separately the revenue and capital heads of account. Similarly, estimates of receipts are classified as different revenue receipts are shown on the account of the SEZ authority.

The Statements presented to the SEZ authority under a dispensation of the Fiscal Responsibility and Budget Management Act, 2005 (AFRBM) mandate, has further enhanced the scope of Budget to provide an assessment of the performance of the SEEPZ administration, indicate the rolling targets for specific fiscal indicators as well as outline the strategic priorities of the SEEPZ administration in the fiscal area for the ensuing year.

The entire chain of Budget preparation process right from the issue of the Annual Budget Circular is elaborated in the Budget manual. It deals in detail with the process of estimations relating to receipts and expenditure and the consequent compilation of the

Statement of Budget Estimates including Revised Estimates and proposals for New Expenditure. The procedures of consolidation and presentation of the Budget Estimates to the SEZ authority and of the communication and distribution of the funds are also explained in the relevant areas of the budget manual.

Chapter 2

Definitions and Glossary of important Budget related terms

1. **“Accounts” or “Actuals” of a year** – means the amounts of actual receipts and disbursements for the financial year beginning on 1stApril and ending on following 31stMarch, as recorded in the Accounts finalized by Comptroller and Auditor General of India (C&AG)
2. (a) **“Administrative approval”** – means the formal acceptance by the competent authority in SEEPZ administration concerned of the proposals for an original work to be undertaken for the SEEPZ administration to which the work relates. It is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
(b) **“Administrative approval”** means **“authority to create liability and/ or incur expenditure.”**
3. **“Administrative Division”** - means the SEEPZ administration divisions to which the subject under consideration is assigned for disposal under the allocation of works
4. **“Appointing Authorities”**– means officers of the Government of India exercising the delegated authority of appointing persons to the posts under the SEEPZ Administration.
5. **“Annual Financial Statement ”** - means the statement of the estimated receipts and expenditure of the SEZ authority for a financial year to be laid before the SEZ authority and the proposals for the Grants(funds) and the appropriations included therein. It is commonly known as ‘Budget’.
6. **“Appropriation”** - means the amount authorized by the SEZ authority for expenditure under different primary units of appropriation or part thereof placed at the disposal of a Disbursing Officer for payment and for sanction by competent authority.
7. **“Appropriation Order”** - means the order made under provisions of the SEZ authority Rules, 2009 authorizing the appropriation of monies out of the funds available with the SEZ authority.
8. **“Appropriation Accounts”**– means the accounts of the SEZ authority prepared by the Accounts Division of SEEPZ division for each appropriation in which is indicated the amount of the final Grant(fund) included in the Appropriation Acts relating to the financial year and the amount spent on that behalf. Important variations

in the expenditure and the sanctioned Grant(fund) are explained therein.

9. **“Audit Report”** – means the report of the Comptroller and Auditor-General of India which contains points of interest arising out of the Finance Accounts of a year, comments on the Appropriations and accounts thereof with particular reference to budgeting and control of expenditure, financial irregularities, losses, etc., noticed in audit of expenditure and financial procedures, sanctions and disbursements thereof.
10. **‘Budget’** – It is the statement of estimated receipts and expenditure of the SEZ authority as per its policy for each financial year and placed before the SEZ authority.
11. **“Budget Estimate”**– means the detailed estimates of receipts and expenditure for the Budget year.
12. **“SEZ Authority Fund”** - is defined as “All revenues received by the SEZ authority, all receipts raised by the SEZ authority under the SEZ Act,2005 shall form one consolidated fund to be entitled “the SEZ authority fund.” No money out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the SEZ rules and budget manual.
13. **‘Contingency Fund’** – means the Contingency Fund of the SEZ authority established under a specific resolution of the SEZ authority. Contingency Fund is in the nature of an imprest, the corpus of which shall be decided by the SEZ authority. The Contingency Fund is intended to provide advances to the SEEPZ administration to meet unforeseen expenditure arising in the course of a year pending its authorization by the SEZ authority. The amounts drawn from the Contingency Fund are recouped after the SEZ authority approves it through the Supplementary Demands.
14. **‘Comptroller and Auditor General’ (C&AG)** - means the Comptroller and Auditor General of India.
15. **‘Competent Authority’**- means, in respect of the power to be exercised under any of the provisions of the SEZ Authority rules, 2009 and in compliance with the Delegation of Financial Powers Rules, or any other general or special orders issued by the SEZ authority.
16. **‘Controlling Officer’**- means authority for each Major Head or Minor Head, when used in this manual in connection with the control of expenditure and receipt. Where the same authority is notified by the SEEPZ Administration as Head of Division and Controlling Officer, he shall perform the functions of both.
17. **‘Division of the SEEPZ administration’** - means a Division of the SEEPZ authority as notified from time to time and listed in the allocation of works ordered by the SEEPZ administration by competent authority as amended from time to time.
18. **‘Drawing and Disbursing Officer’ (DDO)** – means a Head of Office and also any other Officer so designated by the SEEPZ administration, to draw bills and make payments on behalf of the SEEPZ administration for SEZ authority or for funds allocated by Government of India. The term shall also include a Head of Division where he himself discharges such function.
19. **“Detailed Estimates”** - means the consolidated estimates prepared by the

Divisions in SEEPZ administration and included in Budget Estimates on the basis of departmental estimates of expenditure and receipts, combined with the schedules of new expenditure.

20. **“Demand for Grant(fund)”** - means a proposal made on the recommendation of the Chairperson presented before the SEZ authority by the Secretary for the appropriation of revenues and other monies out of the Fund of the SEZ authority for a particular purpose.
21. **“Divisional Estimates”** - means estimates of receipts and expenditure of a division submitted to the Finance and Accounts Division as the material for preparation of the Detailed Estimates.
22. **“Estimating Officer”** - means the divisional officer made responsible under this Manual for preparing any part of a Divisional Estimate.
23. **“Excess Grant(fund) or Appropriation”** - means a provision included in an Appropriation order, passed in accordance with the SEZ Rules after the closure of a financial year, to cover expenditure incurred in excess of the amount previously included in the Appropriation Act or Acts for that year.
24. **“Finance Accounts”** – means an audited presentation of the general accounts of the SEZ authority to the Comptroller and Auditor General It comprises the accounts of the SEEPZ Administration as a whole.
25. **‘Financial Adviser’**- means an institutional mechanism comprising public finance and procurement domain experts appointed by SEPZ administration in a division or SEEPZ administration to look after the matters relating to financial advice, budget/ accounts, expenditure control/ audit etc. for and on behalf of the Accounts and Finance Department.
26. **“Fiscal Deficit”** - means the difference between the revenue receipts plus non capital receipts and the total expenditure including expenditures and liabilities to be met as admissible after due diligence and compliance to General Financial Rules by competent authority
27. **“Fiscal Indicators”**- means such figures, proportions, percentages as may be prescribed for evaluation of the fiscal position of the SEZ authority
28. **“Financial sanction”** - means the sanction of SEZ authority or of competent authority to which power has been delegated, for expenditure of public money for a specified purpose, and is subject to appropriation of funds.
29. **“Financial Year” or “Budget Year”** - means the year commencing on the 1st April of one calendar year and ending on the 31st March of the next calendar year.
30. **‘Grant(fund)’** - means the amount approved by the SEZ authority in respect of a demand for Grant(fund) on a specific service for a specific purpose.
31. **“Head of Division”** - means an officer declared as such by the SEEPZ

administration.

32. SEZ authority means the authority as defined under the SEZ Rules, 2009

33. (i) 'Major Head'- means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the SEZ Fund, generally corresponds to a 'function' of SEZ authority such as specified in Rule 6 (1) of the SEZ Rules, 2009.

(ii) "Sub-Major Head" - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.

34. (i) 'Minor Head' - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a specific expenditure for which fund is apportioned and provisioned to achieve the objectives of the functions/ administrative areas represented by the Major Head.

(ii) "Sub-Head" - means a unit of account next subordinate to a Minor Head which normally denotes the expenditure provision or Division under that Minor Head or programme.

35. 'Major Work' - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the SEZ authority from time to time.

36. 'Minor Work' - means an original work, the estimated cost of which exclusive of agency charges in case of admissible agency under General Financial Rules does not exceed the amount as notified by the SEZ authority from time to time.

37. (i) "Modified Grant(fund) or Appropriation" - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant(fund) by competent authority.

(ii) "Supplementary or Additional Grant(fund) or Appropriation" - means a provision included in an Appropriation order, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation order for that year.

38. 'New Service' - means new form of a service or a new form of expenditure which is contemplated for the first time arising out of a new policy decision at the level of SEZ authority or competent authority and which was not contemplated at the time of preparation of the Annual Financial Statement.

39. 'New Instrument of Service'- means relatively large expenditure arising out of important expansion of an existing activity.

40. 'Outcome Budget'- is the document prepared and presented annually to the Ministry of Commerce and Industry, Government of India, reflecting the purposes and objectives for which funds were provisioned, the cost of various programmes and activities proposed for achieving these objectives and quantitative projection of the

work performed and services rendered under each programme and activity.

41. "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(fund) to meet the excess expenditure anticipated under the latter unit within the same Grant(fund) or Charged Appropriation.

42. "Recurring Charge" - means a charge, which involves a recurring liability for expenditure beyond the financial year in which it is originally incurred.

43. "Revenue Deficit" - means the excess of the revenue expenditure over the revenue receipts in a financial year.

44. "Revenue Surplus" - means the excess of revenue receipts over the revenue expenditure.

45. "Revised Estimate" - means an estimate of the probable receipts or expenditure for a financial year prepared in the course of that year with reference to the transactions already recorded for a part of the year and anticipated expenditure for the remainder of the year, in the light of the orders issued or any other relevant facts.

46. "Sanctioned Contractual/ outsourced Post" - means the posts which were created by a sanction of the SEZ authority and has not been subsequently abolished or kept in abeyance by an order of the SEZ authority under Rule 9 (4) of the SEZ authority rules

47. "Schedule of New Expenditure" - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

48. "Sub-Head of appropriation" - means the portion of the Grant(fund) or Appropriation allotted to a prescribed subdivision of the head as representing one of the primary objects on which expenditure may be incurred. It is also called a unit of appropriation.

49. "Technical sanction" - means the technical sanction accorded by the competent authority to a properly detailed estimate for work to be one.

50. "Token demand" - means a demand made to the SEZ authority for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget Grant(fund).

51. "Total Liabilities" - means liabilities upon the SEZ authority Fund

52. "Supplementary Demands for Grants(funds)"- means the statement of supplementary demands laid before the SEZ authority, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

Chapter 3

Provisions to be complied with for execution of Annual Financial Statement as per the Budget Manual

3.1 Rule 1:

- (1) No division of SEEPZ administration shall, without previous consultation with the Finance and Accounts Division, authorize any orders (other than orders issued under any Act or Rules made there under, or pursuant to any general or specific delegation made by the Finance Department) which-
 - (a) Either immediately or by their repercussion, will affect the finances of the SEZ authority, or which, in particular-
 - (i) In any way involve any relinquishment of revenue, or
 - (b) Relate to the number or grading of cadre of contractual/ outsourced posts/ engagement of agency or the emoluments or other conditions of agency services or posts which are contractual/ outsourced;
 - (c) Involve the addition of a contractual/ outsourced post in the SEEPZ administration or the variation of emoluments of any contractual post or outsourced post;
 - (d) Involve the sanction of an allowance or special or personal pay for any contractual / outsourced posts or class of outsourced posts or to any employee of the SEEPZ administration;
 - (e) Involve expenditure for which no provision has been made in the Appropriation Order or which is in excess of the provision made in the Order.
- (2) No proposal which requires the previous consultation with the Finance and Accounts Division under this Rule, but in which the Finance and Accounts Division has not concurred, may be proceeded with unless a decision to that effect has been taken by the SEZ authority.
- (3) No Re-Appropriation shall be made by any Division other than the Finance and accounts division, except in accordance with such general delegation as the Finance and Accounts Division may have made.
- (4) Except to the extent that power may have been delegated to the Divisions under rules approved by the Finance and Accounts Division, every order of an administrative Division conveying a sanction to be enforced in audit shall be communicated to the audit authorities by the Finance and Accounts Division.

- (5) Nothing in this Rule shall be construed as authorizing any Division including the Finance and Accounts Division, to make Re-Appropriations from one Grant(fund) specified in the Appropriation Order to another such Grant(fund).

3.2 Rule 2: - The Finance and Accounts Division shall have the following functions, namely—

- (i) It shall, in Consultation with the Administrative Division, frame rules regulating the pay, leave of persons in the service of the SEEPZ Administration and rules regulating the number, grading or cadre and emoluments of contractual/ outsourced posts under the SEZ authority and also be responsible for seeing that these rules are properly applied;
- (ii) It shall advise on the financial aspects of all transactions relating to any expenditures or Grant(fund)s approved by the SEZ authority
- (iii) The Finance and Account Division shall lay down Rules relating to advances made to outsourced/ contractual posts for purchase or construction of houses and purchase of conveyances subject to the SEZ authority having specifically approved the same and in case for the permanent government servants the allowances shall be solely governed by Government of India standing circulars and orders for emoluments and allowances thereof;
- (iv) It shall be responsible for laying down appropriate financial rules for guidance of other divisions who are responsible for proper maintenance of accounts by themselves and by the establishments subordinate to them. Finance and Accounts Division may take such action as may be appropriate to enforce such accountability;
- (v) It shall prepare an estimate of the total receipts and disbursements of the SEZ authority in each year and shall be responsible during the year for watching the state of the SEZ authority balances and for optimizing returns thereof including off take for committed expenditure as per due process
- (vi) In connection with the budget and with supplementary estimates:
 - (a) It shall prepare a statement of estimated revenue and expenditure to be laid before the SEZ authority in each year and any supplementary estimates or demands for excess Grants(funds) which may be submitted to the SEZ authority after due approval by competent authority
 - (b) For the purpose of such preparation, it shall obtain from the Divisions concerned material on which to base its estimates, and it shall be responsible for the correctness of the estimates, framed on the material so supplied; and
 - (c) It shall examine and advise on all schemes of new expenditure for which it is proposed to make provisions in the estimates, and shall decline to provide in estimates for any scheme which has not been so examined.

(vii) On the receipt of a report from an Audit Officer that expenditure is being incurred for which there is no sufficient sanction, it shall require the Division concerned to obtain sanction or not to incur further expenditure;

(viii) On the receipt of a report that a financial rule has been contravened or a financial irregularity has been committed, it shall take steps to enforce the rule or to stop or rectify their regularity;

(ix) It shall lay before the Committee on Public Accounts the reports of the Auditor-General of India relating to the appropriation accounts of the SEZ authority and shall bring to the notice of the Committee all expenditure which has not been duly authorized and any financial irregularities, with the formal approval of the Chairperson, SEEPZ who shall take formal consent of the Ministry of Commerce and Industry, Government of India and place such report before the Auditor General of India through the Ministry of Commerce and Industries, Government of India only

(x) It shall advise the Divisions responsible for the collection of revenue regarding the progress of collection and the methods of collection employed.

3.3 Rule 34- (1) After the SEZ authority has given assent to the Appropriation Order, specifying—

(a) the Grants(funds) made by SEZ authority,

(b) the sums required to meet the expenditure, if any, demand on the revenue of the SEZ authority, the Finance and accounts Division shall have the power to sanction or to authorize any Re-Appropriation within a Grant(fund) from one Major, Minor, or Subordinate Head to another.

3.4 Rule 35- The Finance and Accounts Division shall also be consulted upon all proposals to sanction the relaxation of any financial rule and also before final orders are passed in any case of serious financial irregularity.

3.5 Rule 36- Where consultation with the Finance and Accounts Division is necessary under the Rules, it shall take place before the issue of orders or submission of the case to the SEZ authority with prior approval of the Chairperson;

Provided that it shall be open to the Finance and Accounts Division to prescribe, by general or special order, cases in which such consultation with it may not be necessary.

3.6 Rule 37-

(1) The Finance and Accounts Division may call for any papers in a case in which any of the matters is involved with the approval of the Chairperson, and the Division to whom the request is addressed shall furnish the papers with due process

(2) On receipt of the papers called for under sub-rule (1), the Finance and Accounts Division may request that the papers with a specific note on them shall be submitted to

the SEZ authority with approval of the Chairperson

(3) No Division shall have the right to call for the Finance and Accounts Divisions papers in a case.

3.7 Rule 38- The Finance and Accounts Division may make rules to govern financial procedure in general in all Divisions and to regulate the business of the Finance and Accounts Division and the dealing of other Division with the Finance and Accounts Division.

Chapter 4

Organizational Aspects

In this Chapter, the role played by various Divisions of the SEZ Administration and organizations in the Budget making process is elucidated in brief.

4.1 Roles and responsibilities of the SEZ authority

The SEZ authority control over public finances in the form of the SEZ Fund becomes operative primarily through the approval of the Annual Budget. This enormous responsibility of spending public funds falls upon the SEZ authority as well as the SEEPZ administration. While the SEZ authority is responsible for planning how public money should be spent, the SEZ authority's duty as the primary controlling body is to observe and scrutinize the SEEPZ administration proposals and policies. For such control under the Budget Manual no expenditure can be incurred except with the authorization of the SEZ authority; and SEZ authority shall, in respect of every financial year, cause to be laid through the offices of the Chairperson, SEEPZ and formally by the Secretary, SEZ authority the SEZ "Annual Financial Statement".

Thus, the SEEPZ administration is accountable to the SEZ authority in its financial management. The control of the SEZ authority extends to every single financial act which is processed and passed by the SEZ authority. The powers of the Chairman, SEZ authority under Rule 7 (2) shall also be subject to scrutiny and prior provision of Grants(funds) under the budget and inclusion in the appropriation order. However, proposals for the formulation of budget, determining SEZ SEEPZ administration accounts and expenditures, are prepared by the SEEPZ administration Divisions and consolidated in the Finance and Accounts Division.

The Annual Financial Statement, presented before the SEZ authority, constitutes the Budget of the SEZ authority. This statement takes into account a period of one financial year, which commences on April 1st each year. The statement embodies the estimated receipts and expenditure of the SEZ authority for the financial year. The Budget is conceptually divided into two sections, i.e., budget for current expenditures, known as the budget on revenue account, and a capital budget for infrastructure/ investment expenditure on SEEPZ mandate oriented development etc. The estimates of expenditure included in the Budget and required to be scrutinized by the SEZ authority are presented in the form of Demands for Grants(funds). These Demands are arranged Division-wise and a separate Demand for each of the major services is presented. Each Demand contains first a statement for the total Grant(fund)

and then a statement of the detailed estimates divided into items.

4.2 Budget Presentation

While presenting the Budget on the scheduled day in the SEZ authority, the Secretary to the SEZ authority makes a presentation giving *inter alia* details of the proposals for the new financial year regarding receipt and expenditure plans of the SEEPZ administration. The Budget presentation is largely a policy document whereby the Secretary, SEZ authority states the salient features of the financial administration of the year ending and the year for which the Budget is presented. The main purpose however is to focus attention on the policies and programmes of the SEEPZ administration and how far they have been already implemented and are proposed to be implemented during the forthcoming budget year.

Sets of Budget papers are supplied to all Members of the SEZ authority as soon as the budget is presented.

4.3 General discussions

As per the Budget manual Procedures, the General Discussions on Budget is held on the SEZ authority meeting either on date of presentation of the budget, or if Chairman, SEZ authority so decides, extended deliberation can be held subsequently again on a day appointed by the Chairman, subsequent to the day of presentation of the Budget and for such period of time as the Chairman, SEZ authority may decide. The SEZ authority is at liberty to discuss the budget as a whole or any question of principle involved therein, but no motion can be moved at the time of General Deliberation. The budget also cannot be submitted for the consideration of the members of the SEZ authority after the General Discussion. The Chairman, SEZ authority shall have a right to reply at the end of the deliberations if so needed. The scope of deliberation at this stage is confined to general examination of budget, policy compliance and expenditure projections as expressed in the Budget presentation of the Secretary, SEZ authority and general schemes and structure etc. Specific points or grievances can be deliberated again separately if needed for relevant Demands for Grants(funds).

Heads of Divisions are requested to depute Officials to cover the General Deliberation on General Budget. They shall immediately report important points to their Heads of Divisions for preparing 'Notes' thereon. It should be ensured that such Notes are prepared promptly and submitted to the Secretary, SEZ authority and should in no case be deferred to the following day if the deliberations are not concluded on that day. "Gist of Points" raised during the day are required to be submitted to the Secretary, SEZ authority.

4.4 Cut-Motions

After the General Deliberations, the Demands for Grants(funds) of individual Divisions are taken up for discussion as per the time table fixed by the Chairman, SEZ authority, and approved, considered and passed. When a Demand is taken up for deliberation, any Member may seek reduction in the amount of the Demand by moving any of the following types of 'Cut Motions', a notice for which should have been given by him earlier-

(a) Disapproval of Policy Cut: -by moving "that the amount of the Demand be reduced to Rs. 1/-", thus representing disapproval of the policy or proposal underlying the demand. The Member giving notice of 'Disapproval of Policy Cut' indicates in precise terms the particulars of the policy or proposal which he proposes to discuss. The discussion is confined to the specific points mentioned in the notice and it is open to the member to advocate an alternative policy. Formal record of such motions shall be made in the appropriation order and record of budget proceedings.

(b) Economy Cut: -by moving "that the amount of the demand be reduced by a specified amount" representing the economy that can be affected. The Member of the SEZ authority giving notice of 'Economy Cut' may indicate either a lump sum reduction in the Demand or omission or reduction of an item. He, briefly and precisely indicates the particular matter on which discussion is sought to be raised and his speech has to be confined to that matter as to how economy can be affected; and

(c) Token Cut: -by moving "that the amount of the demand be reduced by Rs. 100/-" in order to ventilate a specific grievance, which is in the sphere of the responsibility of the SEZ authority. The discussion is limited to a particular grievance specified in the motion.

Advance copies of Cut Motions are sent to the Finance and Accounts Division for preparation of briefs thereon for the Secretary, SEZ authority's submissions to the SEZ authority. Normally, Notes on each and every Cut Motions are not required to be prepared. It is for the Finance and accounts division to select such Motions which are important and prepare Notes thereon for submission to the SEZ authority. Cut motions are generally replied by the Secretary, SEZ authority based on the inputs of the Head of division of SEEPZ administration.

4.5 Guillotine: -

In a single day allotted for deliberation on the Demands for Grants(funds), at the time fixed in advance, the Chairman puts all the outstanding Demands for Grants(funds) for the consideration of all members of the SEZ Authority. This process

is known as 'Guillotine' and is a device for bringing the debate on financial proposals to an end within a specified time with the result that several Demands have to be passed without deliberations.

When time for applying the Guillotine is reached, Cut Motions if any which have been moved are immediately deliberated upon and addressed. Officials concerned with the Divisions whose Demands for Grants(funds) are guillotined should be present in the SEZ authority meeting so that they are available to provide material/ answer on points which may be raised by Members of the SEZ authority.

4.6 Appropriation Order

Passing of Grants(funds) by the SEZ authority does not by itself authorize the issue of money out of the SEZ Fund. The Appropriation order is the sole authority for the appropriation of money from the SEZ authority Fund. Therefore, after the Demands for Grants(funds) are passed by SEZ authority, an Appropriation order is introduced in the SEZ authority by the Secretary, SEZ authority seeking to authorize payment and appropriation of the sums so approved, as well as those required for meeting the expenditure from and out of the SEZ authority fund for the services during the financial year. Thereafter, the order is considered and passed by the SEZ authority.

Appropriation order for withdrawal from the SEZ authority Fund is introduced in the SEZ authority with the prior approval of the Chairman, SEZ authority. For its introduction, consideration and passing on the same day, a special permission has to be sought from the Chairman, SEZ authority. The scope of debate on an Appropriation order relating to Demands for Grants(funds) for the financial year after remaining demands have been guillotine derestricted to important matters or administrative policy implied in the Grants(funds) covered by the order which have not already been raised while relevant Demands for Grants(funds) were discussed in the SEZ authority.

4.7 Interim Passover on Accounts

Since the whole process beginning with the presentation of the budget and ending with discussion and voting on the Demands for Grants(funds) require sufficiently long time, a provision has been made in the budget manual which empowers the SEZ authority to make any Grant(fund) in advance in respect of the estimated expenditure for a part of the financial year pending completion of procedure for the deliberation and approval of the Demands.

The purpose of 'Interim Passover on Account' is to keep the SEZ Administration functioning, pending the approval of the final Grant(fund). As a convention, Interim Passover on Account is treated as a formal process and passed by the SEZ authority without any deliberation. Generally, Interim Passover on Account is taken up when the regular Budget is not presented due to specific administrative situations arising.

4.8 Role of the Executive in the Budget process

The executive authority of the SEZ Authority is vested in the Chairman, SEZ authority who exercises this authority either directly or through officers in accordance with provisions of the SEZ Act 2005 and the SEZ Authority Rules 2009. However, the Chairman, SEZ authority has to comply with all instructions of the SEZ authority in conformity with General Finance Rules and other mandates. Each official holding a position for formulating draft appropriation or expenditure shall be individually responsible alongside the Secretary, SEZ authority and Chairman, SEZ authority to oversee the implementation and ensure the efficient working of the administrative machinery under his charge.

To enable the Finance and Accounts Division to prepare the budget for the financial year, its own estimating authorities and those of other Divisions are required to prepare their Detailed Estimates. The Detailed Estimates of expenditure are prepared by the estimating authorities according to their assessment of requirements for the ensuing year, keeping in view the actuals of the past years, trends of expenditure in the current year, arrears of previous years and the decisions already taken by the SEZ authority. For framing the Detailed Estimates, the estimating authorities are expected to assess their receipts and expenditure requirements with good care. They are required to be judicious to avoid any extravagance in making provisions and under estimation of receipts, since these may lead to exclusion of some important items of expenditure for which provision could have been otherwise made. Under estimation of expenditure or over estimation of receipts may similarly result in undesirable deficit increase.

From the Detailed Estimates the Demands for Grants(funds) are prepared and then the figures of receipts and net figures of estimated expenditure (after the deduction of estimated recoveries) are grouped under each Major Head of account for inclusion in the 'Annual Financial Statement'.

The Annual Financial Statement of receipts and expenditure of the SEZ authority is required to be placed before the SEZ Authority meeting which, in each case, confers specific authority for raising revenue and incurring expenditure. In this regard, no money can be appropriated from the SEZ Fund except in accordance with law and for the purposes and in the manner provided in the General Financial Rules. The roles of the different Divisions and organizations in the budget preparation process are briefly mentioned as under-

4.9 Finance and Accounts Division, SEEPZ

The Finances of the SEZ authority have traditionally been controlled by the Finance and Accounts division. Various works have been handled by other Administrative Divisions, but the Finance and Accounts Division continues to have the

overall responsibility of coordination and control. The officer in charge of Finance and Accounts Division, assisted, inter-alia, by the other divisions, has the responsibility for producing the Budget, in the form of the Annual Financial Statement and such supplementary budgets as may be needed during a year for the SEZ authority as well as the other budget documents.

The Finance and Accounts Division (Budget) is responsible for issuing all instructions and guidelines for the preparation of Budget Estimates and for monitoring the timely receipt of the same from all the Divisions concerned. The Finance and Accounts Division has issued detailed regulations on budgetary procedures, financial management and control to be followed uniformly by the other Divisions. The Chairperson, SEEPZ being Senior Most Officer of the Finance and Accounts Division is required to keep a close watch on the entire budgeting process and his intervention/guidance is solicited to streamline the budget preparation/ finalization exercise.

The Finance and Accounts Division has the prime responsibility for the preparation and submission of Annual Budget to the SEZ authority, as well as the Supplementary Demands for Grants (funds) and the Demands for Excess Grants(funds). The functions of the Finance and Accounts Division, inter alia, includes:

-

- i. Cash Management
- ii. Preparation of Budget including Supplementary/ Excess Grants(funds).
- iii. Maintenance of optimal interest returns on funds held with SEZ authority
- iv. Contingency Fund of the SEZ authority and administration of the Contingency Fund.
- v. Monitoring of budgetary position of the SEZ authority
- vi. Regulation of Expenditure.
- vii. Submission of Accounts.

4.10 Budget Related Functions

The Finance and Accounts Division normally functions under the supervision of the Chairperson, SEEPZ. In addition to work of routine administrative nature and the vertical assignment of responsibilities to each officer and staff, all the officers and staff in the Finance and Accounts Division are responsible for budgetary matters pertaining to the Demands for Grants(funds) and allied subjects of different Divisions of SEEPZ Authority allocated to them.

The prime responsibility of the Division relates to the 'Scrutiny of Receipt and Expenditure Estimates' in the process of preparation of Budget Estimates and Revised Estimates, and related Statements/ Annexes of various budget documents. Although the Detailed Estimates of receipts and expenditure are prepared by the Administrative Divisions of the Authority in the prescribed forms and furnished to the Finance and Accounts Division, the actual preparation of the budget and the estimates is the

responsibility of the Finance and Accounts Division.

On receipt of the divisional estimates, the Finance and Accounts Division examines the estimates item by item with due regard to the explanations furnished by the Estimating Officers, the recommendations, if any, of the administrative divisions and the trends of actual expenditure/ receipt during the current year. In respect of the estimates of receipts, the Finance and accounts Division takes into account the special information affecting the estimates for the forthcoming year, which it may possess and which has not already been taken into account by the estimating authorities.

In respect of the estimates of expenditure, the Division does a close scrutiny of the items relating to fluctuating and non-recurring charges and will not allow any increase that is not adequately explained or justified. Similar scrutiny of non-recurring charges is required to ensure that the estimates are arrived at only after the completion of the processes of appraisals and approvals/ sanctions of the competent authorities. The purpose is to reduce or eliminate from the estimates of the forthcoming year, any provision where there is no reasonable certainty that the amount estimated will be spent. It also does a detailed scrutiny and makes such corrections as are necessary in the classification of receipts and expenditure under the various Major Heads, Revenue/Capital sections. In the course of examination, the Finance and Accounts Division may find and take needful action wherever in respect of particular items, further explanation or clarifications etc. are necessary before the estimates can be settled.

After the scrutiny of each divisional estimate, the Finance and Accounts Division adopts figures for each item included in the estimates and causes the estimates so adopted to be compiled in the form it appears in the various budget documents. After all the divisional estimates are settled and the Detailed Estimates are completed in all respects, it examines the estimates as a whole in order to assess the overall/ consolidated position and to carry out such changes as may be found necessary including any other financial factor affecting the estimates etc. with the approval and as per the directions of competent authorities. At any stage before the Budget is presented to the SEZ authority, the Finance and Accounts Division may make such modifications in the estimates as may be necessitated by the emergence of factors affecting the estimates so far framed. Such action is required in order to fulfill its responsibility to present the estimates as correctly as possible.

The Finance and Accounts Division is also concerned with expenditure related to financial policies of the SEZ Authority. The concept of expenditure management implies not only limiting expenditure within bounds dictated by prudence, but also ensuring proper inter-sectoral allocation and utilization of existing assets, both financial and physical, including manpower resources, for the optimal benefits and impact in achieving the desired objectives. The role of the Finance and Accounts Division is towards a more pro- active and positive interface between the Finance and Accounts Division and the other Divisions of the SEEPZ Authority.

While the estimates of expenditure are furnished to the Finance and Accounts Division in stages, the estimates for each Division are finalized subsequently around October/ November each year. The Divisions are instructed to frame the estimates keeping note of the past performance, constraints on spending by the SEZ authority, and most importantly, the quantum of financial resources lying with the recipient divisions in terms of provisioned budgets and non-utilization thereof.

4.11 Administrative Divisions

The basic responsibility for the administration of each Division's activities is entrusted to the Head of the Divisions concerned, who is guided and controlled by the administratively assigned duties for the said Division. In financial matters, each Head of the Division is thus responsible for the collection of revenue and control of expenditure pertaining to his division, the receipt and disbursement of which are usually affected at various places and through various persons/ authorities. The Head of Division of each Division discharges this function through and with the assistance of the Financial and Accounts Division financial advice section.

4.12 Role of Financial Procurement Advice section under Finance and Accounts Division

In view of the volume of expenditure particularly in regard to large projects and programmes, the system of 'Financial Procurement Advice Section has been established at the SEZ authority. This system ensures the availability of in-house expert advice to Administrative Divisions. For speedy and effective discharge of their functions in financial matters which include planning, programming, budgeting, internal control, monitoring and evaluation, a Financial Advise Section under the Finance and Accounts Division is available for each Administrative Division. The Financial Adviser Section, as the representatives of the Finance and Accounts Division, act as financial advisers in the respective Divisions. The Financial Adviser functions as financial adviser in the exercise of powers delegated to the Divisions and acts as a financial adviser on behalf of the Finance and Accounts Division in respect of matters outside the delegated powers of the Administrative Division.

Financial Advice Section is to be referred for all major financial matters as directed by the Chairperson, SEEPZ / Chairman, SEZ and the Finance and Accounts Division should keep a watch over the progress of expenditure and report to the departmental head concerned immediately if there is the likelihood of any Grant(fund) being exceeded. Such financial surveillance provides an additional control mechanism to enable timely action by the executive. The Financial Advice Section acts as the nodal points for respective Divisions for all activities relating to financial matters. The tasks of the Financial Advice Section on the subject of Budget formulation is as follows-

The Financial Advice Section is responsible for assisting Administrative

Divisions for Budget formulation. The Financial Advice Section mandate is to bring about more analytical inputs into the budget formulation process, for improved budgeting and facilitating movement from 'itemized' to 'budgetary' control of expenditure. In the present system which relies largely on previous year's programme allocations and continuing commitments without any real evaluation and expenditure analysis, the Financial Advice Section are required to assist the Administrative Divisions in moving towards zero based budgeting and assist in better inter-se program prioritization/ allocation within the indicated budgetary ceilings, based on analysis of expenditure profiles of each programme/ sub-programme and information on cost centers/ drivers, assessment of output, outcome and performance as well as the status of the projects/ programmes. The Finance and Accounts Division and other concerned officers will support them in this function. Such an analysis at the time of initial budget formulation should, over a period of time, help in hard budget constraints and reduce reliance on Supplementary Demand.

As the Finance Advice Section's internal budgetary exercise becomes more rigorous, their involvement in Finance and Accounts Division budgetary processes will increase. The Financial Advice section also have significant role relating to the allied issues of Fiscal Responsibility and Budgetary Management related tasks, Expenditure and Cash Management, Project/ programme formulation, appraisal, monitoring and evaluation, screening of proposals, leveraging of non- budgetary resources for sectoral development in the SEEPZ SEZ.

4.13 Budget related checks at the end of Financial Procurement and Advice Section

Some of the crucial budget specific tasks included in the items of work to be handled by the Finance Advice Section are-

- To ensure that the schedule for preparation of budget is adhered to by the Divisions and the Budget is drawn up according to the instructions issued by Finance and Accounts from time to time (the timelines and other stipulations indicated in the Budget Circular have to be closely monitored for adherence);
- To scrutinize budget proposals thoroughly before submission to the Finance and Accounts Division head;
- To screen the proposals for Supplementary Demands for Grants(funds);
- To keep closely associated with the formulation of schemes and important expenditure proposals from their initial stages;
- To associate with the evaluation of progress/ performance in the case of projects and other continuing schemes and to see that the results of such evaluation studies are taken into account in the budget formulation.
- With regard to the Budget Estimates, the Financial Advice Section are required to keep the following jurisdiction in purviews before sending the proposals to the Finance and Accounts Division-

1. Estimates received by the Financial Advice Section are to be scrutinized

in office with regard to the correctness of accounts classification, full coverage and reasonableness of the estimates and modified (reduced, increased and/or missing items added) to the extent necessary in the judgment of the Financial Advice Section.

2. Estimates of interest and Capital receipts are to be prepared in accordance with the guidelines in the Budget Circular and submitted to the Finance and Accounts Division in the prescribed form.
3. Expenditure estimates should be based upon realistic assessment and after a thorough review of plans and programmes and exclusion of discontinued programmes from the estimates. For new schemes, no provision should normally be made in the Budget without completion of pre-Budget scrutiny of a project/scheme.
4. It is necessary to take into account the instructions issued from time to time by Finance and Accounts, including the need to bring down administrative costs through improvement of operational efficiency and the estimates must conform and abide by the prescribed cuts and economy measures.
5. The Financial Advice Section should review the Statement of Budget Estimates for the current year in respect of their Demands for Grants(funds) and suggest to the Finance and Accounts Division such modifications as may be required keeping in view the guidelines issued by the Finance (Budget) Department.
6. Broad guidelines for preparation of the Notes on Demands as mentioned in the Budget Circular should be followed.
7. A statement showing items of new service/ new instrument of service is included in the Demands for Grants(funds).
8. While preparing the Detailed Demands for Grants(funds), it is important to ensure that the classification, namely, Major Head, Minor Head etc. is as per the heads of account prescribed in the List of Major and Minor Heads of Accounts.
9. Monthly Expenditure Plan [MEP] for the Divisions selected may be drawn up keeping in view the extant guidelines relating to release of funds, and included as an annex in the Detailed Demands for Grants(funds).

4.14 Accountability checks on Executive

4.14.1 The roles and procedures relating to the Standing Committees of the SEZ authority

The control over public expenditure is not limited to the approval of monies required by SEEPZ administration for carrying on the administration of the SEEPZ SEZ but also extends to ensuring prudent expenditure on Plans and programmers approved by the SEZ Authority for the achievement of underlying objectives. Even though the

SEZ authority deliberates the Demands for Grants(funds) yet it is almost impossible to scrutinize expenditure proposals effectively or minutely.

Having approved large sums of money, SEZ authority expects a detailed account of how the money has been spent, to satisfy itself that the money so approved were directed to intended purpose and were spent prudently and economically. It is difficult for the SEZ authority to examine in detail the Accounts which are complex and technical in nature. In order to exercise effective control over public expenditure, it will set up two financial Committees viz. SEZ Public Accounts Committee and Estimates Committee and Division Related Standing Committees (DRSCs) to consider the Demands for Grants(funds) of the concerned Divisions. These Committees serve as the principal tools of financial control over SEEPZ SEZ activities and have assumed a position of great importance in implementing the principle of accountability by keeping an unremitting vigil over SEEPZ administration spending and performance, and bringing to light inefficiencies, waste and indiscretion in the implementation of programmes and policies approved by the SEZ authority.

4.14.2 SEZ Public Accounts Committee

4.14.2.1 Functions of the Committee: -The Public Accounts Committee (PAC) is entrusted with the following functions: -

- (1) Examination of accounts showing the appropriation of sums Granted(funded) by the SEZ authority for the expenditure of the SEEPZ administration, the annual finance accounts of the SEZ authority and such other accounts laid before the SEZ authority as the Committee may think fit.
- (2) In scrutinizing the Appropriation orders of the SEZ authority and the report of the Comptroller and Auditor General thereon, it shall be the duty of the Committee to satisfy itself-
 - (a) That the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged;
 - (b) That the expenditure conforms to the authority which governs it; and
 - (c) That every Re-Appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.
 - (d) That every expenditure has been made in compliance to the General Financial Rules and the mandates of the Central Vigilance Commission
- (3) It shall also be the duty of the Committee-
 - (a) To examine the statement of accounts showing the income and expenditure of SEEPZ administration, trading and manufacturing schemes, concerns and

projects together with the balance sheets and statements of profit and loss accounts which the Chairman, SEZ Authority may have required to be prepared or are prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading or manufacturing scheme or concern or project and the report of the Auditor General thereon;

(b) To examine the statement of accounts showing the income and expenditure, the audit of which shall be conducted by the Auditor General; and

(c) To consider the report of the Auditor General in cases where the Chairman, SEZ authority may have required him to conduct an audit of any receipts or to examine the accounts of stores and stocks.

(4) If any money has been spent on any service during a financial year in excess of the amount Granted(funded) by the SEZ authority for that purpose, the Committee shall examine with reference to the facts of each case, the circumstances leading to such an excess and make such recommendation as it may deem fit.

4.14.2.2 Constitution of Committee: -

(1) The Committee shall consist of not more than three members, who shall be elected by recommendation of the SEZ authority every year from amongst its members and officials as considered essential representing the Finance and Accounts Division and other divisions on need basis.

(2) The term of office of members of the Committee shall not exceed 30 months from the date of the first formation.

4.14.2.3 Examination by the Committee: -

As an instrument of financial supervision and surveillance over the SEEPZ Executive, the SEZ Public Accounts Committee has a very effective role to perform. Controlling Officers may be summoned as witnesses before the SEZ Public Accounts Committee. They are liable to be examined generally on matters appearing in the Appropriation Accounts and the Accountant General's report thereon with which they are concerned and in particular with reference to the following—

- (a) Inaccuracy of budgeting;
- (b) Inadequacy of control over expenditure;
- (c) Financial irregularities and the disciplinary action taken with regard to them;
- (d) On any other matters as contained in Authority Rules.

The Chartered Accountant embedded with the Finance and Accounts Division and the auditor on behalf of the Comptroller and Auditor General is invited to attend the meetings of the Committee. The Secretary, SEZ authority forwards a copy of the proceedings of each meeting of the Public Accounts Committee to the Chairperson, SEEPZ for compliance. Any orders passed by Chairperson, SEEPZ on the report of the Committee will be communicated to the Secretary, SEZ authority not later than the 30th November so that he may be in a position to take the orders into consideration before the budget proposals of the next year. Secretary, SEZ authority will also present and elaborate the Chairperson's order before the Committee at its next meeting.

4.14.3 SEZ Committee on Estimates

4.14.3.1 Functions of Committee: -

The Estimates Committee is very important in the sense that through it the SEZ authority exercises control over the administrative machinery not only on the expenditure sanctioned and incurred by various Divisions of the SEEPZ authority, but also over the general policies of the administration. The Estimates Committee is constituted for the examination of such estimates as may be deemed fit by the Committee or those estimates which are specifically referred to by the Chairman, SEZ authority or any member of the SEZ authority. The functions of the Committee shall be:

- 1) to report what economies, improvements in organization, efficiency or administrative reform, consistent with the policy underlying the estimates, may be affected;
- 2) to suggest alternative policies in order to bring about efficiency and economy in administration;
- 3) to examine whether the money is well laid out within the limits of the policy implied in the estimates; and
- 4) to suggest the form in which the estimates shall be presented to the Authority.

4.14.3.2 Constitution of Committee: -

- (1) The Committee shall consist of not more than three members, who shall be elected by the SEZ authority every year from amongst its members
- (2) The term of office of members of the Committee shall not exceed 30 months from the date of the first formation.

4.14.3.3 Examination of estimates by Committee: -

The Committee may continue the examination of the estimates from time to time throughout the financial year and report to the SEZ authority as its examination proceeds. It shall not be incumbent on the Committee to examine the entire estimates of any one year. The Demands for Grants(funds) may be finally considered by SEZ authority and decided upon notwithstanding the fact that the Committee has made no

report.

4.14.4 Divisional related Standing Committee(DRSCs)

4.14.4.1 Constitution of the Committee: -

- (1) Each of the Standing Committees shall consist of not less than five members to be nominated by the Chairperson from amongst the members of the SEEPZ Administration
- (2) The Chairman of the Committee shall be appointed by the Chairperson from amongst the members of the Committee.
- (3) The term of office of the members of the Committee shall not exceed one year.

4.14.4.2 Functions of each of the Standing Committees: -

- (a) to consider the Demands for Grants(funds) of the concerned Departments and make a report on the same to the Finance and Accounts Division and the office of the Chairperson. The Report shall not suggest anything of the nature of Cut-Motions;
- (b) to consider annual report(s) of Departments, if any, and make reports thereon;
- (c) to consider basic long term policy documents of the SEEPZ authority presented to the Chairperson when referred to the Committee by the Chairperson, and make reports thereon;
- (d) The Standing Committee shall not consider the matters of day-to-day administration of the concerned Departments.

Chapter 5

SEEPZ, SEZ Authority Accounts

General Principles

5.1. Preparation and presentation of Accounts. –

Accounts of the SEEPZ SEZ Authority shall be prepared in every Financial Year showing the receipts and disbursements for the Financial Year, surplus or deficit generated during the Financial Year and changes in the Government assets and liabilities. The accounts so prepared shall be certified by the Comptroller and Auditor General (CAG) of India.

5.2. Cash based Accounting. –

The accounts shall be prepared on cash basis or on such basis as may be prescribed as per advice of the CAG of India.

5.3. Period of Accounts. –

The annual accounts of the SEEPZ SEZ Authority shall record transactions which take place during a Financial Year running from the 1st April to 31st March or on such a calendar as may be prescribed by the Government.

5.4. Scheme of classification of accounts

For the purpose of the SEEPZ SEZ Authority accounts are classified in Major Head and Minor Head.

a. Major Head

The Major Head, which stands for Authority, has been given two digits i.e. 10.

b. Sub Major Head

The first digit of the Sub Major Head's two-digit number designates a particular division, while the second is the default number, "1". Details are displayed below:

Division Names	Code assigned
Human Resources	H1
Disaster	D1
IT and E-Governance	I1
Security	S1
Estate	E1
Administration Expenses	A1
Income from Rent	R1
Other Income	O1

c. Minor Head

The Minor Head has two numerals assigned to it, which shows whether it is a Capital or Revenue in nature. The head of account will represent Capital Nature in the case of a digit of 100 and Revenue Nature in the case of a digit of 200.

d. Sub Minor Head

The Sub Minor Head, which represents the activities/projects in a specific Division, is given three digits.

e. Object

The object is given a two-digit number that represents the quantity of the activities listed under Sub Minor Head.

Classification of Accounts

Expenditure									
Human Resources									
Authority	Division	Capital = 100 Revenue = 200	Contract = 101 Remuneration(Govt.) = 102	Object	Final Head	Description of Activities	Object	Final Head	Description of Activities
Major Head	Sub Major Head	Minor Head	Sub Minor Head						
10	H1	200	101	01	10H120010101	Outsourcing of Junior Executive			
10	H1	200	101	02	10H120010102	Outsourcing of Executive			
10	H1	200	101	03	10H120010103	Outsourcing of Senior Executive			
10	H1	200	101	04	10H120010104	Outsourcing of Helper/ Liftman Charges			
10	H1	200	101	05	10H120010105	Outsourcing of Junior Engineers			
10	H1	200	102	01	10H120010201	Remuneration(Govt.)			
10	H1	200	102	02	10H120010202	Machine Operator Salary			
10	H1	200	102	03	10H120010203	Remuneration and Phone Allowance			
10	H1	200	102	04	10H120010204	Pump Operator Salary			
10	H1	200	102	05	10H120010205	Human Resource Development			
Disaster Management									
Authority	Division	Capital = 100 Revenue = 200	Management = 101 Safety & Security = 102 Fire = 103 Consultancy = 104 Other = 105	Object	Final Head	Description of Activities	Object	Final Head	Description of Activities
Major Head	Sub Major Head	Minor head	Sub Minor Head						
10	D1	100	101	01	10D110010101	Disaster Management and Safety Capital Expense			
10	D1	200	102	01	10D120010201	Safety Material Component			
10	D1	200	103	01	10D120010301	Fire Extinguisher Refilling Expenses			
10	D1	200	104	01	10D120010401	Fire/Life Safety Consultancy			
10	D1	200	105	01	10D120010501	Programs and Functions			
IT and E-Governance									
Authority	Division	Capital = 100 Revenue = 200	IT Expenditure = 101 Existing Project = 102 New Project = 103 AMC = 104 Consultancy = 105	Object	Final Head	Description of Activities	Object	Final Head	Description of Activities
Major Head	Sub Major Head	Minor head	Sub Minor Head						
10	I1	100	101	01	10I110010101	IT Capital Expenditure			
10	I1	200	101	01	10I120010101	Scanning & Digitisation Expenses			
10	I1	200	101	02	10I120010102	NICNET			
10	I1	200	101	03	10I120010103	E Office			
10	I1	200	101	04	10I120010104	IT Resources			
10	I1	200	101	05	10I120010105	Website Upgradation and Cloud Hosting DCDR			
10	I1	200	101	06	10I120010106	Miscellaneous Contingency Head			
10	I1	200	101	07	10I120010107	Social Media Management			
10	I1	200	101	08	10I120010108	Miscellaneous Contingency Head			
10	I1	200	101	09	10I120010109	ERP Related			
10	I1	100	102	01	10I110010201	RISE Project			

10	11	100	103	01	10110010301	Network Operation Center (NOC)
10	11	200	104	01	101120010401	Management System for Online QR Code Gate Pass Module
10	11	200	104	02	101120010402	Development and Implementation of Project Monitoring Solution
10	11	200	105	01	101120010501	IT Consultancy/Training
Security						
Authority	Division	Capital = 100 Revenue = 200	New Security Expenditure = 101 AMC = 102 Consultancy Service = 103 Upgradation Expenditure = 104 Other Expenditure = 105			
Major Head	Sub Major Head	Minor head	Sub Minor Head	Object	Final Head	Description of Activities
10	S1	100	101	01	10S110010101	Security Capital Expense
10	S1	100	101	02	10S110010102	Electric Golf Cart
10	S1	200	102	01	10S120010201	Security Services Expenditure
10	S1	200	102	02	10S120010202	CCTV Surveillance AMC/CCC
10	S1	200	102	03	10S120010203	AMC Walky Talky
10	S1	200	103	01	10S120010301	Security Consultancy
10	S1	100	104	01	10S110010401	IT Infrastructure Upgradation/CCC
10	S1	200	105	01	10S120010501	Airtime Services Expenses
10	S1	200	105	02	10S120010502	Xray Baggage Inspection System
10	S1	200	105	03	10S120010503	Hand held and Door frame Metal Detector AMC
10	S1	200	105	04	10S120010504	Guard Tour System Kit Maintenance Expenses
10	S1	200	105	05	10S120010505	Patriotism ceremony Expense (Independence and Republic Day)
Estate						
Authority	Division	Capital = 100 Revenue = 200	Establishment Expenditure = 101 Printing & Stationery = 102 Advertisement = 103 Works = 104 Guest House = 105 Utilities = 106 Cleaning & Maintenance/Facility - Management(AMC) = 107 Travelling = 108 Professional Fees = 109			
Major Head	Sub Major Head	Minor head	Sub Minor Head	Object	Final Head	Description of Activities
10	E1	200	101	01	10E120010101	Bank Charges
10	E1	200	101	02	10E120010102	Lease Rent Expenditure-MDC
10	E1	200	102	01	10E120010201	Permanent Gate Pass
10	E1	200	102	02	10E120010202	Vehicle Gate Pass and Stickers
10	E1	200	102	03	10E120010203	Printing & Stationery Miscellaneous
10	E1	200	102	04	10E120010204	DTP Design Charges
10	E1	200	102	05	10E120010205	Seepz Directory Printing
10	E1	200	103	01	10E120010301	Advertisement Expenditure
10	E1	100	104	01	10E110010401	Electrical Works - Capital
10	E1	200	104	01	10E120010401	Electrical Works - Revenue
10	E1	100	104	02	10E110010402	Civil Works - Capital
10	E1	200	104	02	10E120010402	Civil Works - Revenue
10	E1	100	104	03	10E110010403	Plumbing Works - Capital

10	E1		200	104	03	10E120010403	Plumbing Works - Revenue
10	E1	100	105	01	10E110010501	Guest house Renovation	
10	E1	200	105	01	10E120010501	Guest house maintenance	
10	E1	200	105	02	10E120010502	refreshment	
10	E1	200	106	01	10E120010601	Creche for children	
10	E1	200	106	02	10E120010602	Internet leased line charges (TATA PRI & ISP)	
10	E1	200	106	03	10E120010603	Imprest	
10	E1	200	106	04	10E120010604	Paper Sheding machine & labour	
10	E1	200	106	05	10E120010605	Liveries	
10	E1	200	106	06	10E120010606	Miscellaneous Contingency Head	
10	E1	200	106	07	10E120010607	Report on Investment powder (IIT Bombay)	
10	E1	200	107	01	10E120010701	STP maintenance	
10	E1	200	107	02	10E120010702	Removal of Dead trees & trimming of grown trees	
10	E1	200	107	03	10E120010703	House Keeping	
10	E1	200	107	04	10E120010704	Pest control	
10	E1	200	107	05	10E120010705	Segregation of Dry and Wet Waste	
10	E1	200	107	06	10E120010706	Bio Gas Amc	
10	E1	200	107	07	10E120010707	WASP and STP Upgradation	
10	E1	200	108	01	10E120010801	Vehicle Hiring & Taxi Charges	
10	E1	200	108	02	10E120010802	Accomadation and Air Fare Charges	
10	E1	200	108	03	10E120010803	Petrol and Coveyance Expense	
10	E1	200	109	01	10E120010901	Sturctural Audit	

Administration Expenses

Authority	Division	Capital = 100 Revenue = 200	Minor head	Sub Minor Head	Object	Final Head	Description of Activities
10	A1	200	101	Professional Fees = 101	01	10A120010101	Accounting Charges, Billing Services and Income Tax Assessment
10	A1	200	101	Consultancy Fees = 102	02	10A120010102	Internal Audit Fees
10	A1	200	101	Legal Fees/Charges = 103	03	10A120010103	Tax Audit Fees
10	A1	200	101	Engineer Related Expenses = 104	04	10A120010104	CRA Audit Fees
10	A1	200	102	Architect Related Expenses = 105	01	10A120010201	Labour Consultant (Individual/Firm)
10	A1	200	102	Health & Welfare Expense = 106	02	10A120010202	Public Procurement Consultant (Individual)
10	A1	200	102		03	10A120010203	Strategic Advisory Services (Consultancy) for Rejuvenation and Redevelopment
10	A1	200	102		04	10A120010204	Other Professional/Consultancy Services (Horticulture/ Energy audit/ Solar / Waste Management)
10	A1	200	102		05	10A120010205	Raibhasha Cell (Hindi Consultant - Individual)
10	A1	200	103		01	10A120010301	Legal Charges
10	A1	200	104		01	10A120010401	Civil Engineer (Individual)
10	A1	200	104		02	10A120010402	Electrical Engineer (Individual)
10	A1	200	104		03	10A120010403	Security Consultant (Individual)
10	A1	200	105		01	10A120010501	Development control Regulation (Architect)
10	A1	200	106		01	10A120010601	Employee Health Insurance
10	A1	200	106		02	10A120010602	Employee Training Expense

Classification of Accounts

Revenue						
Income from Rent						
Authority	Division	Capital = 100 Revenue = 200	Lease Rent = 101 Service Rent = 102 Fire cess Income = 103 Penal Interest = 104 Other = 105	Sub Major Head	Minor head	Final Head
Major Head	Sub Major Head	Minor head	Sub Minor Head	Object	Description of Activities	Final Head
10	R1	200	101	01	Lease Rent	10R120010101
10	R1	200	101	02	Rent Income from BFC Building	10R120010102
10	R1	200	101	03	Rent - Seepz Quarters	10R120010103
10	R1	200	101	04	Terrace Rent Income	10R120010104
10	R1	200	101	05	Rent from CFC	10R120010105
10	R1	200	101	06	Rent from NEST-1	10R120010106
10	R1	200	101	07	Rent from NEST-2	10R120010107
10	R1	200	102	01	Service Charges	10R120010201
10	R1	200	103	01	Fire Cess Income	10R120010301
10	R1	200	104	01	Penal Interest	10R120010401
10	R1	200	105	01	Other Rental Income	10R120010501
Other Income						
Authority	Division	Capital = 100 Revenue = 200	Gate Pass = 101 Crech = 102 Fine/ Penalty = 103 Income from waste = 104 Interest Income = 105 Miscellaneous = 106	Sub Major Head	Minor head	Final Head
Major Head	Sub Major Head	Minor head	Sub Minor Head	Object	Description of Activities	Final Head
10	O1	200	101	01	Gate Pass Income	10O120010101
10	O1	200	102	01	Crech Contribution	10O120010201
10	O1	200	103	01	Fine/Penalty	10O120010301
10	O1	200	104	01	Sale of Gutter Waste	10O120010401
10	O1	200	104	02	Sale of Investment Powder	10O120010402
10	O1	200	104	03	Sale of Non Hazardous waste	10O120010403
10	O1	200	104	04	Sale of Garbage	10O120010404
10	O1	200	105	01	Interest on Savings Account	10O120010501
10	O1	200	105	02	Interest on Security Deposit	10O120010502
10	O1	200	105	03	Interest on fixed Deposit	10O120010503
10	O1	200	106	01	Income From Guest House	10O120010601
10	O1	200	106	02	BMC Property Tax	10O120010602
10	O1	200	106	03	Income Tax Refund (Including Int.)	10O120010603
10	O1	200	106	04	Advertisement Income	10O120010604
10	O1	200	106	05	Other Miscellaneous Income	10O120010605
10	O1	200	106	06	Recovery from outstanding debtors	10O120010606

Chapter 6

The Budget Process

6.1 (a) Presentation of Budget to SEZ Authority–

(1) The Development Commissioner, SEEPZ shall cause to be laid before the SEZ authority, an Annual Financial Statement also known as the 'Budget' showing the estimated receipts and expenditure of the SEZ authority in respect of a Financial Year, before the commencement of that year in accordance with the provisions of Chapter VI Rule 11 (1), (2) and (3) of the SEZ Authority Rule, 2009 and Schedule III (Rule 12 (1))

(2) Finance and Accounts Division shall issue guidelines for preparation of budget estimates from time to time. All the Departments shall comply with those guidelines.

6.1 (b) Budget Calendar -

The Budget cycle normally starts towards the first week of March or from the date as notified by the SEEPZ, SEZ Authority from time to time of the current year and lasts till April of the next financial year.

6.2 Budget Circular

The commencement of the Budget Process takes place with the issue of the Budget Circular, which is normally issued in the month of August each year. The Budget Circular is issued with the purpose of providing guidance to the Divisions in framing their Revised Estimates for the current year and the Budget Estimates for the ensuing financial year, for further submission to the Finance and Accounts Section. This circular gives detailed instructions on the preparation of estimates of various types of receipts and expenditure, including the formats and statements in which the estimates are required to be furnished. The Budget Circular also outlines the processes that are to be followed with reference to various estimating requirements and the scheduled dates by which the information in the prescribed formats is required to be made available to the Finance and Accounts Division.

6.3 Relationship of Budget Heads with Account Heads

The Major and Minor Heads of Accounts as prescribed in Finance and Accounts Section notification are adhered to as far as practicable in selecting the Demand, Heads and Sub Heads of Demands and no important departure in this respect is made.

It is important to note that the Sub Head and Detailed Heads are introduced

entirely for convenience in budgeting and accounting. From this, it follows that in the matter of accounting and for control of expenditure, the nomenclature of the budget heads should be strictly followed. Even if the budget provision has originally been made under an incorrect unit, corresponding expenditure should be brought to account against that unit, unless there are strong reasons for a contrary course e.g., when such accounting is contrary to law, suitable action should be taken to ensure that provision is made correctly in the next year's budget. When, however, the following of the budget classification leads to misrepresentation of an accounting fact or to an incorrect result, the correct classification should be introduced after deciding each case on its merit and not as a matter of course.

The Officers in charge are responsible for estimating the receipts and expenditure for all the Detailed Heads of Accounts under the Minor Heads operated by them. They submit their estimates to the Heads of the Divisions to consolidate the estimates for the Major Heads operated by them. Heads of the Divisions submit their estimates to the Controlling Officers in the Administrative Divisions. The Administrative Divisions, in turn, examine the estimates and after necessary revision etc., forward these estimates to the Finance and Accounts Division for incorporation in the SEZ Authority Budget.

6.4 (a) Contents of Budget – The budget shall contain the following essentials, namely: -

- (a) Estimates of all revenue expected to be raised during the Financial Year;
- (b) estimates of all expenditure for each programme and project;
- (c) estimates of all interest and debt servicing charges and any repayments on loans;
- (d) Medium term fiscal plan in terms of mid-term management of revenues and outgoes
- (e) Any other information as may be prescribed from time to time.

6.4 (b) Supply of Forms for preparation of Budget Estimates

By 1st week of March every year, the Finance and accounts division arranges intimate Controlling Officers for distribution to the Estimating Officers for preparing Budget Estimates. These relate to "Budget Estimates (Receipt) and Budget Estimates (Expenditure)".

These are to be prepared carefully, 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.

6.5 Preparation of Budget Estimates

The Estimating Officer will fill in the Budget estimates and send it to the Controlling Officer through the prescribed channel or otherwise to the Finance and Accounts Section retaining one copy for record in his office. He will furnish the estimates of expenditure, the figures by Sub Heads of Appropriation only. He will furnish the figures by the Detailed Heads and Sub Detailed Heads. He will add an explanatory note, wherever necessary. The estimates should be prepared with due care. These should be neither overestimated nor underestimated but should be prepared, keeping in view the expenditure and receipts which the Estimating Officer expects to disburse payments or realize receipts during the financial year.

The Estimating Officer will also furnish suitable explanations in the space under "Explanatory remarks", for any increase or decrease in the proposed estimates as compared with the original sanctioned Budget Estimates or the Revised Estimates of the current financial year. The dates on which the Budget Estimates and Revised Estimates etc. are submitted shall be synchronized with the Budget Calendar.

The Finance and Accounts Division is required to obtain from the Divisions concerned, material on which to base its estimates and is responsible for the correctness of the estimates framed on the material so supplied. The preparation of the Divisional Estimates is the duty and a personal responsibility of the Estimating Officers.

On receipt of the estimates, the Controlling Officer will scrutinize and consolidate them together, with his own estimates for items with which he is concerned, into a self-contained budget for each Major Head or for the several Minor Heads for which he is responsible. He will exhibit actuals only of the previous financial year; of so many months of the current financial year as he is in a position to supply and of so many months of the previous financial year as taken with the former will make a continuous period of twelve months.

He will exhibit figures under Sub Heads of Appropriation only under Sub Detailed Heads of account. He will then forward the estimates with an explanatory memorandum to reach the Administrative Division not later than the date as allowed. At the same time, he will forward a duplicate copy of the estimates and explanatory memorandum to the Finance and Accounts Division. The latter should contain an explanation of the differences between the proposed figure for the coming financial year and the sanctioned estimate of the current financial year. He will also forward to the Finance and Accounts Division, one copy of each estimate received from the Estimating Officers, with figures proposed by him, filled in and duly signed.

The explanatory memorandum should not only explain substantial variations of the next year's estimate with the current year's sanctioned Grant(fund) but also with the actuals of the last year. Provision for temporary 'Establishment' should be

supported by details of temporary staff for which sanction exists for the current year.

As regards the preparation of Budget Estimates, the course of past actuals is a valuable aid and should normally be followed, unless there have been important changes due to expansion or retrenchment. This does not mean a mere repetition of the actuals of the previous year, either for the Revised Estimates of the current year or for the Budget Estimates of the next year. The previous year may have had abnormal features in it and the figures of the year prior to previous year may be a safer guide. Actuals of past years may also indicate increase or decrease but these could be due to some special circumstances which may no longer be relevant. In the ordinary course, the more recent actuals may be more useful as a guide to prepare Budget Estimates for the next year. Sometimes, estimating both for the Budget and the Revised Estimates can be done by calculation or determination of actual commitments.

The extent of help that may be rendered by the Chartered Accountant and in oversight thereof the CAG for SEEPZ Audit in the preparation of Annual Budget Estimate is as shown below: --

- (i) Supply of actuals of previous year;
- (ii) Supply of actuals of last seven months of the previous year;
- (iii) Supply of actuals of first five months of the current year;
- (iv) Verification of estimates relating to fixed charges i.e. pay etc. of permanent establishment and officers.

6.6 Estimates of Revenue and Receipts

The estimates of revenue and receipts should be prepared based on the existing rates of taxes, duties, fees etc. The estimates should show the amount expected to be actually realized within the year including arrears for previous years and advance collections for coming years. In estimating fixed revenue, the calculations should be based upon the actual demand, including any arrears due for past years and the probabilities of its realization during the current year. Any difference between the demand and expected realizations should be fully explained. In the case of fluctuating revenue, the estimate should be based upon a comparison of the last three years' receipts. In both instances, the probable effect of any factor known to be operative should be allowed for.

The Revised Estimates should be the best forecast that the Estimating Officer can make in light of both the actual receipts of the earlier months of the year, for which returns are submitted, and all facts and relevant data including actuals of the previous year within his cognizance. The reasons which have led him to adopt the figures should be briefly and clearly explained, while bald statements, for instance, that the estimates are framed on the actuals of previous months, should be avoided as offering no real assistance. Explanations for large variations from the past actuals should be furnished.

The actuals of previous years and the Revised Estimates ordinarily form the best guide in framing the Budget Estimates and any growth or decline indicated by them may be assumed to continue in the absence of definite reasons to the contrary when such growth or decline is established or can be explained.

The Chairperson or any other officer appointed by the SEEPZ, SEZ authority to perform the duties on behalf of the Chairperson receives quarterly statements of demand and collection in respect of revenue. He should consider the Budget Estimates in the light of these statements, and correct the former, wherever necessary. The estimates may be further revised by the Finance and Accounts Section in the light of the monthly returns received from the Pay and Accounts Officer in the role of DDO.

6.7 Estimates of Expenditure – General Instructions

The Estimating and Controlling Officers should furnish Revised Estimates under all Sub Heads of Appropriations including that of "Salaries". In framing the Budget Estimate, no new expenditure, i.e., expenditure of a nature for which no provision exists in the current financial year's budget, should be included by the Estimating Officer in the budget for the coming financial year. Unsanctioned charges or new items which require the sanction of the Government should not be included in the budget. The fact that expenditure has been sanctioned in former years is not by itself sufficient ground for inclusion of the same item or the same amount in the estimate. Each item must be properly scrutinized.

The estimate should be for charges which will be paid during the year, including arrears from previous years and not for liabilities falling due during the coming years. The fluctuating item should be estimated on a consideration of the last three years' actuals. Gross charges must be shown, and unless there are special instructions to the contrary, no deduction be made for recoveries. Exhibition of recovery of expenditure in SEEPZ authority accounts to be recorded.

Savings under a Grant(fund) in a financial year cannot be utilized for expenditure in the succeeding year. If, however, for a specific purpose, payable in a year, was not claimed in that year, and is required to be disbursed in the succeeding year, the necessary provision for the charge should be made in the estimates and a note should be made against the entry in the estimates explaining the cause of the increased provision. It is important that expenditure estimates should be accurately framed, that no charges which will have to be incurred should be omitted and that programmes involving new expenditure should be carefully worked out and submitted well in advance of the estimates.

6.7.1 Pay of Officers and Pay of Establishment

The charges falling under the Sub Heads of Appropriations "Salaries" will be estimated by Heads of Sections in the case of permanent officials and by the Estimating Officers of the various sections for the outsourced staff for other sections. 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 showing the actual pay drawn by each incumbent.

All additions to pay classed as Special Pay should be included, but all additions classed as Compensatory Allowances (e.g. Conveyance Allowance, House Rent Allowance etc.) should be excluded as they are to be separately estimated for under "Allowances" where this is shown as a separate Sub-Detailed Head. The estimate will allow for the increments to be drawn during the year. If owing to a post being held in abeyance, leave or temporary vacancies, it is anticipated that there will be savings; these are estimated in a lump sum by the Controlling Officer. This Lump sum will be taken by the Finance and Account section to an appropriate Sub Head or Sub Heads in the estimate as convenient. A Lump sum may also be estimated for temporary establishments; any increase in this amount over that of the current year must be fully explained.

If an establishment is sanctioned for one year from the 1stApril, the charge for the last month will become due when the next year has commenced and should be taken against the Grant(fund) for that year and provision therefore made accordingly. Charged items must in all cases be shown distinctly and entered in red ink.

6.7.2 Other Items

Estimates for Grants(funds)-in-aid, establishment charges payable to other Government and recoveries in reduction of expenditure will be taken by the Finance and Accounts Section to the appropriate Sub Heads and sections of the estimates.

6.7.3 Inevitable Payments

- (1) Money indisputably payable by the SEEPZ Authority shall not be left Unpaid.
- (2) Suitable provisions for anticipated liabilities shall invariably be made in the Demands for Grants(funds) to be placed before the SEEPZ, SEZ Authority.

6.7.4 Revised Estimates

The Revised Estimates should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of requirements in the light of the knowledge up to date. Before making Revised Estimates, the following factors should be ascertained -

- (i) the real position in regard to outstanding liabilities;
- (ii) intention of creditors in respect of the presentation of their claims; and
- (iii) the usual adjustments which take place during and after the close of the year.

The preparation of a Revised Estimate for the current year should always precede the making of a Budget Estimate for the next year. A Revised Estimate should be framed in the light of —

- (a) the actuals so far recorded in the current year;
- (b) the actuals for the same period of the past and previous years;
- (c) the 12 months' actuals of the past and previous years;
- (d) orders, already issued or contemplated, of appropriation, Re-Appropriation or sanction to expenditure;
- (e) Supplementary Demands, if any, taken during the year; and
- (f) any other relevant facts.

In preparing the Revised Estimates, particular care should be taken to enter what seem to be the most probable figures on the information available, irrespective of orders or sanction, and without leaving any margin on either side. Controlling Officers should notify at the earliest moment, any facts likely to affect the outcome of the year. In preparing the Revised Estimates, the following instructions should be borne in mind -

- (1) There should be no confusion of the fact actually known and already recorded, with the residue, which alone remains to be estimated. The comparison to be made is of the estimated residue during the last four, three or two months of the current year, with the accounts recorded during the same four, three or two months of the preceding year. In estimating this residue on the basis of the actuals of the corresponding months of previous year, due allowance must be made for any exceptional phenomena which affected the results of the years accepted as a guide; an allowance will also be made for the special and unusual characteristics of the year for which the Revised Estimate is being framed.
- (2) If, according to the Revised Estimate, the figures during the residual period are expected to differ much from the corresponding figures of the last preceding year, the reasons for such expectation must be carefully looked into.

On the other hand, if, while the phenomena of current year already recorded, differs materially from the corresponding phenomena of the last preceding year and of the earlier years, the Revised Estimate shows no corresponding difference during the

residual months, the reasons for thinking that the difference experienced in the earlier months will not continue should also be carefully considered. The Controlling Officers will prepare Revised Estimates for the guidance of the Finance and Accounts Division and will forward them so as to reach the Finance and Accounts Division not later than the 15th December of the year.

6.8 New Expenditure

- (1) Finance and Accounts Division to examine and advise on all schemes of new expenditure and to decline to provide in the estimates for any scheme which has not been so examined. Heads of the divisions should initiate their proposals in their own divisions from January each year and submit them to the Finance and Accounts section up to the end of February. No expenditure item should be submitted after the end of February. After they have been passed by the Finance and Accounts division, the Heads of divisions should be apprised of the fact. Thereafter, and not earlier, they should submit a schedule in the proper form. Those proposals, for which provision in the ensuing year's budget is desired, should be included by the administrative division of the Authority in the final schedule of new schemes which should be sent to the Finance and Accounts Division within 1st of March of the year.

- (2) "Schemes of new expenditure" means and includes —
 - (i) Schemes of expenditure on a New Service;
 - (ii) A new scheme of expenditure under an existing Service Head, which is of a nature unlike the items of expenditure provided for in the budget of the current year under that Service Head;
 - (iii) Additional and substantial recurring expenditure on some existing service necessitated by ordinary expansion of activities.

Previous to this schedule being sent, a list of such schemes as have been administratively approved or have been sent up for approval will be arranged by the Heads of Divisions in order of urgency, brief notes being recorded to explain the position in priority. This will be submitted to the SEEPZ SEZ authority in the Administrative division concerned (i.e. a separate list for each Section) not later than the 1st April of each year. The object of this list is to assist the Administrative division in selecting schemes for final inclusion in the schedule and in the budget.

6.8.1 New Service -

"Expenditure on a New Service" means expenditure out of the Consolidated Fund under a prescribed Major Head of account not included in the Appropriation Act authorizing expenditure for the current financial year.

If doubt arises as to whether a particular expenditure is to be treated as Scheme of New Expenditure, the matter should be referred to for advice to the Finance

and Accounts Section who reserves the right to decide whether or not to treat an item of expenditure as a Scheme of New Expenditure.

6.8.2 Works carried out by the Estate Section –

(a) Major Works

All works to be constructed by the Estate for which provisions in their Budget is desired and which are categorized as Major Works must be entered in the list referred. Works for which provisions have been made in the Budget under corresponding Major Heads of capital expenditure in the current year should not be included in these Lists.

In case of every Major Work, subject to orders issued by the SEEPZ, SEZ Authority from time to time, the consent of the Finance and Accounts Division to the Grant(fund) of administrative approval is necessary. This approval, except in case of special urgency, must have been obtained in consultation with the Finance and Accounts Section by 1st April. If preliminary plans and estimates have not already been prepared in the Estate Section, a very strong reason must be given for the inclusion of such works in the schedule. In any case, it is essential that the Estate Section should be consulted regarding the amount which is likely to be spent within the year, and the figure entered in the schedule.

The Estate Section will furnish to the Finance and Accounts Division not later than 1st of March of the year-

- (a) a list of works in progress for which provision is required in the next year, showing for each work, by Minor Heads-
 - (i) the amount of the sanctioned estimate;
 - (ii) the actual amount, if any, spent up to the end of the preceding financial year;
 - (iii) the amount anticipated to be spent during the current financial year;
 - (iv) the amount of anticipated expenditure for the coming year.

Note- An explanation should be given in any case the total expenditure is anticipated to exceed the original estimate by more than 10 per cent.

- (b) a list of new works for which provision has been made during the current year, but on which no expenditure is anticipated before the end of the year.

(b) Minor Works

A list of Minor Works is submitted each year by the Chairperson or any other Officer appointed by the Chairperson to perform the duties of the Commissioner and the Heads of Sections so as to reach the Administrative Division concerned not later than the 15th October of the year, in order to give the latter material for estimating the aggregate allotment. The amount as finally determined by the Finance and Accounts Division will be placed at the disposal of the Estate Section, and that Estate Section will allot funds to the Implementing Agency on the requisition of the Chairperson and Heads of the Administrative Sections. Allotment should first be made for incomplete Minor Works of the previous year. The balance, if any, should be made available for new Minor Works.

6.9 Consolidation and Presentation of the Budget

6.9.1 Parts of Annual Financial Statement

Subject to any orders that may be passed by the Chairperson, the Annual Financial Statement of receipts and expenditure which are to be credited to, or made out of the Consolidated Fund, may be laid before the SEZ Authority in three parts, namely

—

Part I—Annual Financial Statement i.e. statement of receipts and expenditure arranged by Major Heads of account, account from other expenditure.

Part II— The Detailed Estimates for all the Services and Utilities.

Part-III – Explanatory Memoranda - Subject to any orders that may be passed by the Chairperson, separate annual financial statements may be laid before the SEZ authority in respect of receipts and expenditure pertaining to the Contingency Fund.

Note 1- The rules regarding the operation and maintenance of accounts of the Contingency Fund are laid down separately.

Note 2- Normally, Detailed Estimates in respect of receipts and expenditure pertaining to the Contingency Fund and the Public Account are not prepared nor is it normally necessary to prepare any Explanatory Memorandum for such estimates unless it is so necessitated by any unusual feature.

The Detailed Estimates of the next financial year will be shown by Sub Heads and Detailed Heads of account, together with the Budget and Revised Estimates of the current financial year and actuals of the previous financial year.

Explanatory Memorandum also consists of various other **Budget Documents**. The Detailed Estimates of receipts and expenditure are prepared by the Administrative

Division and furnished to the Finance and Accounts Division (Budget). These Estimates are scrutinized in detail and further consolidated as part of the process of compilation of the Budget and related documents.

6.9.2 Divisional Estimates and abstract of receipts and expenditure for the next financial year

As soon as the Divisional Estimates are received, the Finance and Accounts Division scrutinizes them and after consultation with the Administrative Division, enters the figures which it accepts for the Revised and Budget Estimates. Before preparation of the Budget Estimates for the next financial year, the Finance and Accounts Division will enter in the Detailed Estimates, those items from the schedule of new schemes, the inclusion of which have been finally approved and will then send the Detailed Estimates for printing.

The Finance and Accounts Division will, after making necessary amendments, shall print the Detailed Estimates there with the statements of receipts and expenditure and the schedule of demands. The Finance and Accounts Division will also prepare the book of explanatory memoranda, which will deal separately with each item of new expenditure. The Detailed Estimates, statements of receipts and expenditure, schedule of demands and explanatory memoranda must be finally printed by the middle of February.

6.9.3 Presentation of the Budget to the SEZ Authority and Chairperson's Submission

The secretary to the SEZ Authority presents the budget to the SEZ Authority on a day fixed for the purpose with a written speech explaining the salient features of the budget, the fiscal health of the SEEPZ, SEZ authority, changes in revenues, if any, relief provided in the existing rates of rent/ cess and important projects and schemes to be undertaken during the ensuing financial year. Besides these, other documents presented to the SEZ authority include Statements including submission of compliance statements for GFR and CVC. This is followed by a general discussion on the Budget. During the general discussion, no fresh proposal with regard to the Budget can be moved nor can the demands be put to the SEZ authority. The passing of the demands for Grants(funds) is taken up after discussion is completed and on such dates as the Chairperson in consultation with the SEZ authority members, may allot for the purpose.

6.9.4 Appropriation Bill

After the Grants(funds) have been approved by the SEZ authority, the Finance and Accounts Division will prepare the Appropriation Statement which is introduced to provide for the appropriation out of the SEZ authority Fund of the Division of all sums required to meet-

- (i) The Grants(funds) approved by the SEZ authority, and
- (ii) The expenditure demand on the SEZ authority Fund.

The amount included in the Appropriation Statement will not exceed the amount shown in the financial statement previously laid before the SEZ authority.

6.9.5 Mandated aspects for preparation of the Budget (Annual Financial Statement)

Accuracy in budgeting must start upwards from the lowest stage of estimating.

The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative Sections and Finance and Accounts Division should, in checking the estimates, apply unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts which may modify that average. Against the close and intimate knowledge of the Estimating Officers must be set the wider perspective of the Administrative and Finance & Accounts Divisions and with a right combination of these requisites of sound budgeting, there is little possibility for normal expenditure to differ widely from the budget provision.

As regards defective control over expenditure, the statements for Supplementary Demands, surrenders and Re-Appropriations are generally based on mid-year Revised Estimates, or even later i.e. at a stage when the figures of actuals of expenditure for a major part of the year are available and it only remains for the Controlling Officers to estimate the expenditure during the remaining portion of the year and allow for adjustments towards or at the end of the year. Thus, the scope for the occurrence of any abnormal features is considerably reduced and consequently if the estimates are prepared with the required care, attention and foresight, the chances of excesses or savings should be very small.

The best remedy for avoiding these irregularities, therefore, is to devote considerable attention to the accuracy of the Revised Estimates. This cannot be done unless the Heads of Administrative Divisions are fully conversant with the month-to-month progress of expenditure. For this purpose, it is essential that they should insist on their staff following strictly the procedure laid down for the reconciliation of departmental accounts. It is also necessary that a careful watch should be kept of all liabilities for which debts may be raised by other divisions and due allowance for such adjustments should be made before surrenders or Re-Appropriations from an allocation are decided upon. When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender.

The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant(fund). Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month's expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

Re-Appropriation is generally necessitated either due to excess requirements on items provided in the budget or by additional expenditure not contemplated in the budget. In either case, a Re-Appropriation should not follow as a matter of course but after a careful estimate of the likely actual expenditure. More especially, in the latter case, the possibility of savings under the same head which can be utilized towards meeting the additional expenditure should be fully and thoroughly investigated. It is also observed that the necessary limits and restrictions relating to the Re-Appropriations as laid down vide the Delegation of Financial Powers Rules are not abided by the Divisions. No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Divisions are deprived of the funds which they could have utilized and thus avoidable demands for Supplementary Grants(funds) are preferred.

An uncovered excess is a serious irregularity. It is open to a competent authority to sanction Re-Appropriations even at a very late stage of the financial year. There is, therefore, no reason whatsoever why large excesses should accrue. Large excesses unmistakably reveal a defective control of expenditure by the officer concerned and should be strictly avoided.

Efforts should also be made to see, as far as possible, that no expenditure is incurred in the absence of an allocation. In this connection, it is useful to remember that phrases like "source will be pointed out later" or "necessary Re-Appropriation of funds will be sanctioned in due course" are no substitutes for definite allocations. At all events, allocations very late in the year should be avoided unless they are inevitable. Funds placed at the disposal of a Disbursing Officer late in the year may very often be looked upon as an invitation to extravagance or rush of expenditure. Misclassification generally occurs, as a result of reluctance to consider the relevant accounts publications at the time of classification. In any case, at the time of reconciliation of the divisional accounts, it should be possible to correct errors in classification.

Note 1.: Demand for supplementary Grants(funds) should only be resorted to when there is no possibility of augmentation of the fund through re-appropriation.

Note 2.: Supplementary demand should strictly be need based and demand should be made with utmost care to preclude any savings from the additional Grant(fund) thus approved by the legislature.

Chapter 7

7.1 The Budget Implementation

7.1.1 Communication of Grants(funds) to the Controlling Officer

As soon as the Annual Budget is passed by the SEZ Authority the Finance and Accounts Division is required to issue instructions to all Administrative Division for allotment of Budget Grants(funds) with a copy to the PAO in a single consolidated manner.

In communicating Grants(funds), the Finance and Accounts section will specify the Sub Heads of Appropriation and Detailed Heads, if any, in respect of which the Budget Estimate laid before the SEZ Authority has been reduced/ increased as per decision taken.

7.2 Supplementary, Additional and Excess Demands

7.2.1 General Remarks

When fresh, but not technically new, items of expenditure arise in the course of the year, Controlling Officers should not admit their inevitability too readily and the existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year's budget allotment being reduced. The process of controlling expenditure is not to adopt the appropriations to the expenditure, but to adopt the expenditure to the appropriations. Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year, but in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

A Supplementary or Additional Grant(fund) or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet-

- (1) Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- (2) Inadequacy of provision.
- (3) Fresh expenditure but not technically "Schemes of New Expenditure."
- (4) Omissions of provision.

When such additional expenditure is found, in consultation with the Finance and Accounts Section, to be inevitable and there is no possibility of effecting savings within the Grant(fund) to cover the excess by Re-Appropriation, the Chairperson concerned should propose to the SEEPZ, SEZ Authority for Supplementary or Additional Grant(fund) or Appropriation only for such additional expenditure as the Finance and Accounts Division has previously agreed to. No proposal for Supplementary or Additional Grant(fund) or Appropriation will ordinarily be accepted by the Finance and Accounts Division for expenditure which the Finance and Accounts Division has not previously agreed to.

7.2.2 Supplementary Grant(fund)

The proposal for Supplementary or Additional Grant(fund) or Appropriation should be in the forms prescribed for the purpose. The Explanatory note in the form should be brief but comprehensive and will mention the amount of advances from the Contingency Fund, if any, against each Sub Head concerned. A detailed explanatory note should also accompany the form showing therein the break- up of the Sub Heads concerned, by Detailed Heads.

7.2.3 Restriction on Expenditure not provided for

No expenditure under a particular Head (Major, Minor or Sub Head) against which no provision exists in the Budget as passed by the Authority can be incurred and the provision under a Grant(fund) can never be exceeded. No expenditure can, therefore, be incurred in anticipation of a Supplementary or Additional Grant(fund) or Appropriation and no expenditure under a Head (Minor or Sub Head) against which no provision exists, can be incurred prior to provision of funds by Re-Appropriation, where it is admissible and possible, sanctioned by a competent authority.

In deserving cases which are unforeseen and which cannot wait for provision by Supplementary or Additional Grant(fund) or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularized by a Supplementary Grant(fund) or Appropriation.

All proposals for Additional Grant(fund) or Appropriation for Schemes of New Expenditure should be appended with a Schedule of New Schemes in and should show that the expenditure could not be foreseen in due time either due to -

- (a) the expenditure having been newly imposed by Statute or by the order of Court of law or other competent authority; or
- (b) urgent necessity having been arisen for the proposed expenditure the postponement of which would cause serious loss to public service or Government revenue.

All proposals for Supplementary Grant(fund) or Appropriation to cover items

should explain the reasons for the inadequacy or omission of provision or why the need for the larger provision could not be foreseen when the departmental estimate was prepared and show that in the absence of the extra provision asked for, serious inconvenience or loss to public service will result.

No Supplementary Demand will be accepted by the Finance and Accounts Division unless it is accompanied by a specific statement to the effect that the existing provision under the appropriate Grant(fund) has been examined and it has been found that there will be no saving available there from to meet the present need by Re-Appropriation.

7.2.4 Restriction on an item reduced or refused by The SEZ authority

If the SEZ Authority reduces a particular item in a Grant(fund), a fresh demand must be made to the Authority before expenditure in excess of the amount originally approved by them is incurred; but in making the demand, the altered circumstances in which the additional expenditure under the same item becomes necessary. No Re-Appropriation can be made to recoup an item in a Grant(fund) if the appropriation for that item has been reduced by the SEZ Authority on a motion for reduction no matter whether that motion was for a real cut in the appropriation or only a token cut designed to enable the SEZ authority to discuss some matter of policy or criticize some action of the SEEPZ SEZ administration. In case of necessity, the SEZ authority must be approached again for sanction to a Supplementary Grant(fund).

7.2.5 Procedure regarding Supplementary or Additional Grant(fund)s

The Finance and Accounts Division will advise whether a Supplementary or Additional Demand shall be presented to the SEZ authority. When the expenditure requiring provision is obligatory (i.e., against commitment already made under orders of competent authority), a Supplementary Grant(fund) or Appropriation may be taken towards the end of the year provided that the total provision made by law, under the Grant(fund) concerned, is not exceeded before the Supplementary Demand is obtained. When, however, the expenditure required is not against any previously made commitment, the demand of the Additional Grant(fund) or Appropriation should be laid before the SEZ authority as early as possible and prior to incurring any expenditure.

Note: - The object of this distinction is -

- (i) to avoid, as far as possible, asking the Authority early in the year, for Supplementary Grant(fund)s(Demands) which may later on turn out to be unnecessary, there being adequate saving within the Grant(fund) to cover the extra expenditure, and
- (ii) to avoid incurring expenditure which is optional, i.e., expenditure on objects not contemplated in the budget by the SEZ Authority.

Explicit concurrence of the Authority shall be obtained through the process of a resolution for all Re-Appropriation from saving under any new Sub Head containing provision of funds made through Schedule of New Schemes or under any existing Sub Head accommodating provision made through such Schedule. The resolution to be moved in the SEZ authority should indicate in brief the reason for the savings and the excesses anticipated. When it is required at a stage after the enactment of the Appropriation Act to incur expenditure on a new form of service which comes within the category of Schemes of New Expenditure, a demand for the full amount of the expenditure will be presented irrespective of the fact that savings may be available from the amounts included in the Appropriation Act from which the new expenditure could be met, such saving being dealt only by surrender to the Finance and Accounts Division.

If, however, the expenditure is to be incurred on an existing or recognized service, the submission of a demand for Additional Grant(fund) is not compulsory when it can be met from the savings anticipated. When, however, the explicit concurrence of the SEZ Authority to such an item of expenditure is considered necessary on account of its extent, importance or any other reason, it may be obtained through the process of a resolution. Previous advice of the Finance and Accounts Division should be obtained in all such cases.

Note: - The word "Savings" denotes actual saving resulting from the completion of a project or projects at a lesser cost than provided for in the budget. If a work estimated to cost Rs.1 lakh is completed at an actual expenditure of Rs. 85,000/-, it is then that a saving of Rs. 15,000/- occurs. If, however, only a sum of Rs. 60,000/- is spent on that particular project out of a provision of Rs. 1 lakh leaving Rs. 40,000/- to be spent in the next year, there is no savings but transferring the liability to the subsequent year. Proper sense of the word should therefore, be borne in mind while submitting proposals for financing new schemes from "savings".

The Finance and Accounts Division will report to the SEZ Authority and the Accountant General cases in which SEEPZ, SEZ administration have specially authorized the incurring of expenditure from savings within the Grant(fund) in anticipation of the explicit concurrence of the SEZ authority

The decision to present a Supplementary or an Additional Demand will ordinarily be reached at the level of Chairperson before presentation of the demand to the SEZ Authority. It will then be included by the Finance and Accounts Division in a statement to be laid before the SEZ authority.

7.2.6 Uncovered and inevitable expenditure

If there be no provision in the Budget Estimates and if the expenditure cannot be met from the savings under the same Head or other Heads within the same

Grant(fund), the payment has to be held up till this can be covered by supplementary appropriation or by an advance Granted(funded) from the Contingency Fund pending regularization by supplementary appropriation in due course. In no circumstances can a payment be made so as to cause an excess over the Grant(fund) or Appropriation or over an advance sanctioned from the Contingency Fund.

If possible, liability for uncovered expenditure should not be undertaken till the preparation of new budget has given opportunity of making provision, and an Appropriation order has supplied the means. Except in the case of charges which are normally incurred in March and paid in April, a charge actually incurred in one year must on no account be thrown on the Grant(fund) of another year.

7.2.7 Excess Grant(fund) of Appropriation

If in respect of any financial year money has been spent on any Service in excess of the amount Granted(funded), for that Service and for that year, a statement of such excess expenditure, will be prepared by the Finance and Accounts Division on receipt of the Report to be laid before SEZ authority

Chapter 8

Re-Appropriation means the transfer, by competent authority, of savings from one head of appropriation to meet additional expenditure under another head within the Approved budget.

8.1 General Principles

- I. Proposals for Re-Appropriation might be-
 - a. From a Major Head to Major Head.
 - b. From a Minor Head to minor Head;
 - c. From a Minor Head to a Major Head;
 - d. From a Major Head to a Minor Head.
- II. No authority has power to Re-Appropriation from one Grant(fund) to another.
- III. Re-Appropriations are to be sanctioned by the SEEPZ-SEZ Authority according to the principles laid down for approved Expenditure.
- IV. No Re-Appropriation is admissible in cases as mentioned in I(c) and (d) above as an approved Grant(fund) cannot be decreased even by the Authority and can only be increased by Supplementary Grant(fund).
- V. Separate items of approved Grant(fund) and Appropriation for Charged Expenditure will be shown in the Appropriation Act. Each of these units of supplies shown separately in the Appropriation Act is termed as "Grant(fund) Appropriation." No Re- Appropriation should be made from one Grant(fund) Appropriation to another but Re- Appropriations of approved Grants(funds) or of Appropriations for Charged Expenditure, between General and Sixth Schedule (Part A) Areas under a subject demand are permissible.
- VI. Permissible Re-Appropriations within the Grant(fund) or Appropriations of a year can be sanctioned at any time within the year but not later than 15th February of the financial year under consideration.
- VII. No Re-Appropriation shall be made for any purpose whatsoever from Supplementary Grants(funds) approved by the Authority for a definite purpose, so as to ensure that a Supplementary Grant(fund) shall be used for the purpose for which it is approved and/or otherwise. The same principles shall apply to
Supplementary Demand Appropriations.

- (a) In a case in which provision made in the Budget under a Sub Head is expected to be exceeded, Re-Appropriation should ordinarily be postponed until a reliable forecast & reasonable justification is possible, as the information available in the earlier part of the year is not always a safe guide for Re-Appropriations. No expenditure should, however, be incurred on an object for which no provision exists in the budget, without making provision.
- (b) That no Re-Appropriation shall be made from or to the Head "Contract Contingencies".
- (c) That the Re-Appropriation is neither made for a New Service not contemplated in the budget for the year nor for an object not specifically included in that estimates and for which no provision has been made.
- (d) No Re-Appropriation from Capital to Revenue Head and vice-versa is permissible.
- (e) The Re-Appropriations are to be done after keeping in view the actual expenditure for a part of the financial year and the anticipated expenditure during the remaining part of the year.

8.2 Powers of Re-Appropriation

All proposals for Re-Appropriations need to be submitted through the Finance/Account Section for approval of SEEPZ-SEZ authority. The proposals of Re-Appropriations to be submitted to the SEEPZ-SEZ Authority for Approval subjected to the following conditions-

- i. A Section/Department may not meet any expenditure by Re-Appropriation which it is not authorized to incur.
- ii. No Re-Appropriation shall be made from one Grant(fund) to Appropriation for Charged Expenditure.
 - a. No Re-Appropriation should be made from one Grant(fund) to another;

- b. No Re-Appropriation should be made which involve the undertaking of liability which is likely to be extended beyond the financial year;
- c. No Re-Appropriation should be made from savings under salary to any other Head;
- d. No Re-Appropriation should be made against a NIL provision;
- e. No Re-Appropriation should be made from Plan fund to Non-Plan fund.
- f. No Re-Appropriation should be made from Revenue Head to Capital Head and vice-versa.

The power of Re-Appropriations from and to the provision for secret service expenditure vests with the SEEPZ-SEZ Authority.

Chapter 9

Management of Accounts and Expenditure

9.1 Information for the Appropriation Accounts

Copies of Draft Appropriation Accounts are expected to be furnished by the Secretary, SEEPZ, SEZ authority to the Controlling Officers for the purpose of scrutiny and providing information for the notes on accounts. They are required to explain all important variations between – (1) a Grant(fund) or Appropriation under Sub Heads as originally approved or sanctioned and its final figure as modified by supplementary provisions, surrenders and Re-Appropriations and (2) between the final figure and the actual expenditure.

The explanations should be precise and informative and phrases of the nature such as 'due to overestimating', 'covered by Re-Appropriation', 'Re-Appropriation proved unnecessary or inadequate' etc. and other likewise general terms should be avoided. For example, in the case of a saving under 'purchase of stores', the reasons for the smaller purchase should be given. Similarly, in case of an excess under 'Travelling Allowance', it should be explained why additional traveling could not have been foreseen and provision made to cover its costs. If the variation is due to several causes, the amount due to each such cause should be quoted.

No explanation is generally required if the modification caused by supplementary provisions, surrenders and Re-Appropriations is less than Rs. 1,000/-. No amounts or percentage are prescribed for explaining the variations between the final figure and the actual expenditure but variations of Rs.100/- or one percent of the allotment, whichever is less, need not be explained unless specifically asked for in any case by the SEZ authority or the C&AG for the purpose of Appropriation Account and Audit Report.

Failure to exercise adequate control over expenditure should be properly explained, such as cases where a Re-Appropriation to or from a Sub Head (or surrender from a Sub Head) merely enhanced the original saving or excess over the approved Grant(fund) or Demand Appropriation as a whole, it should be explained in greater detail why the excess could not be foreseen and a Supplementary Demand applied for in time. Similarly, if there was a case for a 'New Service not contemplated in the Budget' for which a Supplementary Grant(fund) was not obtained, the failure to obtain such a Grant(fund) should be set forth. Failure to surrender comparatively large sums out of the final savings for the approved Grant(fund) or Charged Appropriation should also be explained.

9.2 Draft Audit Paragraphs

Irregularities and Audit objections discovered in the course of audit, which are likely to find a place in the Report of the C&AG are first brought to the notice of the concerned Administrative division.

The Draft Audit Paragraphs are then sent to the concerned Administrative Division, with a copy to the Finance and Accounts Division, for verification and acceptance of facts within six weeks. If the final reply is not sent within the prescribed time of six weeks or if the reply given is found to be inadequate, the Draft Audit Paragraphs are incorporated in the Report of the C&AG on the basis of facts available. It is therefore imperative for the Administrative Divisions to ensure that replies to Draft Audit Notes/ Draft Audit Paragraphs are sent to the CAG with full facts and figures with a sense of urgency within the prescribed time of six weeks under intimation to the Finance and Accounts Division. In exceptional cases, where compliance is not possible within the period of six weeks, it is necessary that the Division should get in touch with the CAG and report the position with the available facts in the shape of an interim reply.

The comments on the Draft Audit Note/ Paragraphs should be normally communicated under the signature of the Chairperson, SEEPZ or otherwise it should be indicated in the forwarding letter that the comments have the approval of the Chairperson, SEEPZ. Copies thereof should be sent to the Finance and Accounts Division for reference. Facts coming to the notice of the Division after the Draft Paragraphs have been finalized by Audit, should also be transmitted to Audit under intimation to the Finance and Accounts Division for posting the Public Accounts Committee with up-to-date information at the time the Audit Paragraphs are taken-up for examination by the Committee, at a later stage.

Every Administrative Division should maintain a Control Register to watch the receipt and disposal of Draft Notes/ Paragraphs. Proper coordination should be maintained in all matters relating to Audit Paragraphs and attempts should be made as far as possible to use the facility of consultation with the Audit Officer in order to reduce the Draft Audit Paragraphs or objections at the very outset.

Non Receipt of copies of reply to Draft Audit Notes/ Paragraphs from the CAG pertaining to different Divisions, the following action should be taken in the Finance and Accounts Division-

- (i) A Control Register containing particulars of Draft Audit Notes/ Paragraphs pertaining to each Division should be maintained to watch the progress of action taken by the concerned Division.
- (ii) Finance and Accounts Division should associate itself closely with the examination of the Draft Audit Notes/ Paragraphs and give necessary guidance to the Administrative Divisions by pointing out to them whether the reply adequately covers the points raised in the Audit Paragraphs and what further remedial

measures, if any, are considered necessary.

- (iii) Cases of delay in the processing of Draft Audit Notes/ Paragraphs should be brought to the notice of the Chairperson, SEEPZ, SEZ by the Finance and Accounts Division.

9.3 Procedure in respect of irregularities

The Administrative Division, on hearing of a financial irregularity, will call for a report from the Head of the Division concerned and after such enquiry as is necessary, will record the findings. The orders passed, whether involving disciplinary action, or the issue of general instructions to prevent future misconduct or misunderstanding, or otherwise, will be issued with the concurrence of the Finance and Accounts Division and a copy will be sent to the CAG who is free to indicate whether he considers the action adequate or not and to comment on the matter. In the case of officers under the control of the Central Government, a report of the orders passed will simultaneously be made to the Ministry of Commerce of the Government of India.

9.4 Fiscal Responsibility and Budget Management Act

The Fiscal Responsibility and Budget Management Act was introduced by the Government during 2003 to provide for the responsibility of the Government to ensure fiscal stability, sustainability, improve efficiency and transparency in management of the public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove the impediments to effective conduct of fiscal policy and prudent debt management for improving the social and physical infrastructure and human development in the State.

SEEPZ, SEZ Authority while functioning under the SEZ Act, 2005 shall also adhere to the FRBM act for all purposes as applicable to the SEZ authority fund

Chapter 10

Monitoring the progress of Revenue and Expenditure

10.1 Monitoring the progress of Revenue

10.1.1 Duties of Collecting and Controlling Officers

It is the duty of Collecting Officers to see that all income claimable is claimed, realized and credited into the SEZ authority account. The Controlling Officers will supervise the proceedings of Collecting Officers, will satisfy himself, by inspection or otherwise, that claims to revenue are made when due, and will see by comparison of returns submitted by Collecting Officers with statements of treasury/ Bank credits furnished by them that the collections are properly credited in the Government accounts. The Controlling Officers shall pay special attention to prompt collection of revenue demands and ensure that arrear demands are kept as low as possible.

10.1.2 Revenue Returns

The Returns of Revenue will be submitted by Collecting Officers through the prescribed channel, if any, to the Controlling Officers. The return will be submitted monthly by the 3rd of the following month unless the Finance and Accounts Division otherwise directs.

The Controlling Officers will be responsible for verification of the figures contained in the returns submitted by the Collecting Officers

Collecting Officers should be careful to see that the figures reported are those actually credited during the preceding months.

10.2 Monitoring the progress of Expenditure

10.2.1 Duties and Responsibilities of the Administrative Division– Head of the Administrative Division shall, -

- (a) Be responsible and accountable for financial management of his division;
- (b) Ensure that the public funds allocated to the Division are used for the purpose for which they were allocated;
- (c) Be responsible for the effective, efficient, economical and transparent manner of Use of the funds of the Division in achieving the stated objectives of that Division, while complying with performance standards;
- (d) Appear before the Committee on Public Accounts and any other Committee of SEEP, SEZ authority as instructed

- (e) Review and monitor regularly the performance of the programme and projects assigned to the Division to determine whether stated objectives are achieved;
- (f) Be responsible for preparation of expenditure and other statements relating to the Administrative Division as required by regulations, guidelines or directives Issued by the Finance Division;
- (g) Ensure that the Administrative Division maintains full and proper records of financial transactions and adopts systems and procedures that at all times afford Internal control;
- (h) Ensure that the Division follows the Government procurement procedure for Procurement of goods and services and for execution of works and implements it in a fair, equitable, transparent, competitive and cost-effective manner; and
- (i) Take effective and appropriate steps to ensure that the Department, -
- (j) collects all moneys due to the Government;
- (ii) Accounts for all moneys collected; and
- (iii) Avoids unauthorized, irregular and wasteful expenditure.
- (k) Ensure strict compliance of the relevant provisions of the FRBM Act 2003 (As amended from time to time) by the entities under the Divisions.

10.2.2 Procedure for Controlling Officers

When Grant(fund) have been communicated and distributed among the Disbursing Officers, the Controlling Officers will open and maintain a register, showing the sums allotted to each officer to whom he distributes budget allocation, including his own office, by Sub Head of Appropriation or any subdivision thereof under each Sub Head of the accounts, and note therein the additions and reductions made by Supplementary Grant(fund)s or Re-Appropriations. The Controlling Officers will maintain an account of the total Grant(fund) for each Minor Head, Sub Head and Detailed Head in a register.

10.2.3 Procedure for Disbursing Officers

Disbursing Officers will maintain simple records showing -

- (i) The Grant(fund)(Funds) allotted to them under each Minor or Sub Head or section of the accounts;
- (ii) Additions made to such allotments;
- (iii) The date and number of the order sanctioning such additions;
- (iv) Reduction made from such allotments by redistribution or Re- Appropriation;
- (v) The date and number of the order sanctioning such reduction.

If the Controlling Officers desire a particular watch to be kept on expenditure against any Detailed Head or heads of Budget, he may, in distributing supply, break up

the Sub Head into as many Detailed Heads as are necessary according to the nomenclature of these Heads.

10.2.4 Register of Expenditure

On receipt of the intimation of budget allocation from the Controlling Officers, the disbursing officers will enter the appropriation made for each Detailed Head under the Sub Head of appropriation, as intimated, or any secondary sub-division thereof. Any expenditure which does not fall under one of these Heads must necessarily be expenditure which was not contemplated in the Budget, and should not be incurred without special orders.

10.2.5 Controlling Officer's Statement of expenditure

After examination, the Controlling Officers will consolidate the returns on expenditure from the disbursing officers on a monthly basis and prepare a monthly expenditure report that shall be appraised to the SEZ authority periodically.

10.2.6 Finance and Accounts Division's control

- (I) For the purpose of facilitating the watch over progress of expenditure and the provision of additional funds, when necessary, a statement should be submitted twice a year to reach the Finance and Accounts Division, once by the 25th November and again by the 1st January at the latest. The first statement should be based on the previous 7 months' actuals and the second on 8 months' actual, specifying the reasons for anticipated savings and excesses of expenditure over the sanctioned Budget Grant(fund) under each Head. The expenditure underpays heads and the actual requirements for the remaining part of the year should also be included in the statement giving reasons for saving or excess over normal expenditure. The Finance and Accounts Division will not consider any proposal for additional appropriation received after the 1st February unless it can be met by Re-Appropriations.
- (II) The Controlling Officer should in their turn arrange to obtain similar statements from the Disbursing Officers under them, as to enable them to prepare the statements to be submitted to the SEZ authority.

10.2.7 Surrender of Savings

During the second half of the financial year; it is essential for the Finance and Accounts Division to know as to what extent, the sanctioned Budget Grant(fund) (approved and charged) will be insufficient or in excess for the expenditure of the year.

This is necessary for two purposes- Firstly, when there is an excess under any Major Head, it must be met from Re-Appropriation of savings from elsewhere within the same Grant(fund) in pursuance of the principle that unanticipated expenditure should be met from savings within the same Grant(fund). Wherever this is not possible, Supplementary Demand needs to be presented to the Authority after regularizing the excess expenditure to the extent of ascertained savings. Secondly, the information is necessary for the preparation of the Revised Estimates of expenditure.

Statement of Savings- To secure the aforesaid objectives, a statement of anticipated savings in expenditure shall be submitted by all Controlling Officers so as to reach the Finance and Accounts (Budget) Section not later than 15th February of each year. The procedure for preparing the Statement and its importance is explained below-

The Administrative Division or the Drawing and Disbursing officer may find in the course of year that the expenditure under a particular Detailed Head is likely to be less than the provision made in the Budget. The savings may be due to one or more of the following reasons-

- i. actual postponement of expenditure;
- ii. real savings due to economy;
- iii. Normal savings due to original overestimating or usual administrative causes.

As a rule, these savings should in no circumstances be used for Re-Appropriation to meet new items of expenditure without the Finance Department's concurrence.

The Savings anticipated by the Drawing and Disbursing Officer should be reported not later than the 15th January to the Controlling Officer, who should proceed to deal with the savings as follows-

- i. He should in the first place examine the allotment given to other Disbursing Officers under the same Detailed Head within the same unit of appropriation and transfer to the Disbursing Officer who requires an additional allotment of such sums as can be permanently or temporarily spared. Since appropriation audit will ordinarily be conducted against total allotment for a unit, there is no question of Re-Appropriation in the technical sense of the word. The process amounts to nothing more than redistribution, which the Controlling Officer can ordinarily effect without reference to any other authority.
- ii. Should he find such redistribution impossible, he should examine the allotment against other Detailed Heads within the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is possible, he should, if he has been invested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.
- iii. If provision of funds within the primary unit proves to be impossible, an examination of the whole Grant(fund) or portion of the Grant(fund) with which he is

concerned should be undertaken to see whether there are likely savings under any of the other units of appropriation, which can be utilized. If so, he should proceed as indicated in clause (ii) above.

Where, after an examination of the savings and excesses in the manner described above, a Controlling Officer reasonably anticipated savings to accrue in the Grant(fund) administered by him, he should communicate to the Finance and Accounts Section not later than 15th February of each year for surrender of anticipated savings occurring under various units of appropriation to the SEZ Authority. It is important that the Controlling Officer surrenders to the SEZ Authority all anticipated savings immediately when they are foreseen without waiting till the end of the year and that he should not hold any savings in reserve for possible future excesses.

It is contrary to the interest of the SEZ Authority that money is spent in an ill-considered manner merely because it is available and that the lapse of a Grant(fund) can be avoided. In the public interest, it is essential that Grant(fund)s that cannot be properly utilized are surrendered without delay. The existence of likely savings should not be seen as an opportunity for introducing fresh items of expenditure, which might wait till the next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as breach of financial regularity.

On receipt of the Statements of anticipated savings proposed to be surrendered to the SEZ Authority, the Finance and Accounts Division will issue orders withdrawing the surrendered provision. This will have the effect of reducing the allotment at the disposal of the departmental officers by the surrendered amount, as accepted by the Finance and Accounts Division. A copy of the order of the Finance and Accounts Division accepting the surrender should be forwarded to the Comptroller and Auditor General and the Head of Division concerned. The latter will forward a copy of the order of withdrawal of provision to the Controlling Officer for information and distribution wherever necessary, of the surrendered amounts, among the subordinate officers for reduction of the allotment at the disposal of the latter.

If the necessity for Re-Appropriation from any surrendered amount, which has been formally withdrawn by the Administrative Division, actually arises, then, in special circumstances, such Re-Appropriation should be effected not by operating on the Sub Head affected by the surrender but by canceling or modifying, as the case may be, the original order of acceptance of surrender and re-appropriating thereafter, from the proper units, the amounts thus released to the units concerned.

10.2.8 Zero-based budgeting

Zero-based budgeting is an approach to planning and decision-making which reverses the working process of traditional budgeting. In traditional incremental budgeting, divisional officers justify only variances versus past years, based on the assumption that the "baseline" is automatically approved. By contrast, in zero-based budgeting, every line item of the budget must be approved, rather than only changes during the review process

and no reference is made to the previous level of expenditure. Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from the zero-base. This process is independent of whether the total budget or specific line items are increasing or decreasing. Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resources.

Advantages

1. Efficient allocation of resources, as it is based on needs and benefits rather than history.
2. Drives officers to find cost effective ways to improve operations.
3. Detects inflated budgets.
4. Increases staff motivation by providing greater initiative and responsibility in decision-making.
5. Increases communication and coordination within the organization.
6. Identifies and eliminates wasteful and obsolete expenses.
7. Identifies opportunities for outsourcing.
8. It helps in identifying areas of wasteful expenditure and, if desired, it can also be used for suggesting alternative courses of action.

Disadvantages

1. More time-consuming than incremental budgeting.
2. Justifying every line item can be problematic for Divisions with intangible outputs.
3. Requires specific training, due to increased complexity vs. incremental budgeting.

Outcome Budget

The Outcome Budget will be a progress card on what various Divisions have done with the outlay announced in the annual Budget. It is a performance measurement tool that helps in better service delivery; decision-making; evaluating programme performance and results; communicating programme goals; and improving programme effectiveness. It measures the development outcomes of all SEZ Authority programmes. It will evaluate whether the money has been spent for the purpose it was sanctioned and the outcome of the fund-usage. The Outcome Budget, however, will not necessarily include information of targets already achieved. It is a paradigm shift in Budget making with emphasis upon Outcomes and not Outlays. The idea is to make SEZ officials more result-oriented. It helps the Government make its budgets more cost effective, doubles up as a major device to fix accountability, and the Government manages its schemes better.

The Outcome Budget will also help gauge the effectiveness of the money spent on various heads by different Departments. It will also help ensure that programmes and schemes do not continue indefinitely, without an independent, in-depth evaluation. The Outcome Budget is expected to ensure efficient service delivery, transparency and

accountability.

Guidelines for preparation of Outcome Budget

For preparing the Outcome Budget, following guidelines are issued-

1. The Outcome Budget document will be prepared separately by each Division in respect of all appropriation controlled by them except those exempted from this requirement.
2. Target achieved during the last 7 months of the year and the targeted performance during the next year should be indicated.
3. The Outcome Budget should be prepared in the form of a document by each Division
4. The descriptions of items should match with descriptions shown for the different items in the expenditure budget documents. However, minor items may be clubbed to avoid cluttering up and for focusing attention on significant items.
5. When targeted Outcomes are not measurable and quantifiable, the likely benefit that will accrue may be incorporated.
6. The Outcome Budget reflects the ultimate aims of SEZ Authority policy through budgetary support/ Tax exemption/ concessions and preferential treatment in procurement of goods and services. The Department may include a Chapter in Outcome Budget detailing such extra Budgetary measures and their impact. The Revenue forgone in promotion of certain policy objectives is defined as tax expenditure and it would be useful if the impact of this implicit expenditure is also assessed.
7. The Department may go for assessment/ scrutiny/ evaluations of the achievements against physical output and final outcomes of major flagship schemes.
8. The real value of the Outcome Budget lies in its utility as a policy tool to establish effective linkage with allocation and disbursement of Public funds on the basis of measurable performances. Data should be aggregated scheme-wise, object head-wise in the case of Autonomous Institutions.
9. Demands/ Appropriations in respect of which Outcome Budget is not mandatory are- Pension, Interest Payment, Loans to employees and Repayment of Debt.

10.2.9 Process of modification/changes in the Budget Manual: -

Any amendment in the budget manual shall be with the SEEPZ-SEZ authority and confirmation thereof by official notification by SEEPZ administration and intimation to the Ministry of Commerce and Industry, Govt. of India.