

Government of Odisha
Finance Department

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From

Sri U.N. Behera, I.A.S.
Additional Chief Secretary to Government

To

All Additional Chief Secretaries/
Principal Secretaries/
Commissioner-Cum-Secretaries/
Secretaries/
Special Secretaries to Government/
Heads of Departments

Sub: Preparation of Revised Estimates for 2014-15 & Budget Estimates for 2015-16.

Sir/Madam,

I am directed to say that the process of formulation of Revised Estimates for 2014-15 and Budget Estimates for 2015-16 shall have to be initiated and completed in time so as to enable Finance Department to present the budget in the Odisha Legislative Assembly at the appropriate time. In this connection, attention of all Departments/ Heads of Department/ Controlling Officers is invited to the general instructions contained in Chapter- III of Odisha Budget Manual for formulation of Budget Estimates. The following supplementary instructions may be taken into consideration while framing the Revised Estimates for the current year 2014-15 and Budget Estimates for the financial year 2015-16.

2. The Odisha Fiscal Responsibility & Budget Management Act, 2005 prescribes generation of revenue balance and containment the Fiscal deficit within 3% of GSDP by 2011-12 and to maintain the same in subsequent years. Further, the Debt/GSDP ratio is also to be kept within the 13th Finance Commission recommended level. These conditions necessitate rationalization and prioritization of revenue expenditure.

3. Further, State Government on their own are implementing several schemes for the benefit of the common man such as Biju KBK Yojana, Gopabandhu Grameen Yojana, Biju Gramjyoti Yojana, Biju Saharanchal Bidyutikaran Yojna, Biju Pukka Ghar Yojana, Madhubabu Pension Yojana, MAMATA, Construction of Check Dams in water deficit areas and distribution of subsidized rice to BPL families etc. A number of new and innovative schemes have also been introduced during the current financial year. All these State Sector Schemes require large financial resources commitment. Besides, in order to achieve revenue balance during 2015-16, unproductive revenue expenditure is to be curtailed. Keeping all these in view, utmost care is to be taken while preparing the RE for 2014-15 and BE for 2015-16.

4. **Receipts for 2014-15 (RE) & 2015-16(BE)**

a) **RE of Receipts, 2014-15:**

(i) Pre-actuals of the State's revenue receipts for the year 2013-14 have been made available to the State Government by the AG (A&E), Odisha. The Revised Estimates for 2014-15 are to be formulated on the basis of the previous year's actuals, current year's trend and any other specific factors, which may increase or decrease revenue in course of the year. Special emphasis is to be given on collection of arrears and pursuing disposal of cases pending in different courts of law.

(ii) As pointed out earlier, a number of new schemes are being implemented which require resource commitment. The resource realization during the 1st half of current Financial Year is also not encouraging. Besides, the annual plan outlay of ₹ 35,661.54 crore has been approved by the Planning Commission for the year 2014-15. Thus, there is a tremendous pressure on State's resources. All these call upon all concerned to mobilize adequate resources to fund the requirements.

(iii) The level of receipts likely to accrue from all the sources indicated above should be furnished in a small write up and the details may be furnished (detailed head-wise) in **Annexure-I**.

(iv) Loans outstanding as on 1.04.2014, recovery fallen due during 2014-15 etc. in respect of loans sanctioned by Government to PSUs, Cooperatives, Local Bodies and Govt. servants etc. should be furnished in proforma at **Annexure-I (A)**.

b) **Budget Estimates of Receipts for 2015-16:**

(i) The estimate of revenue and other receipts of the State Government should be prepared taking into account the need to accelerate collection. While estimating revenue receipts for 2015-16, the factors indicated in para-4(a) (i) may also be taken into account. In no case, the estimates of revenue receipts for the year 2015-16 shall be less than 15% over the 2014-15(RE). Estimates of revenue receipts for 2015-16 should be shown in **Annexure-I**.

(ii) Revenue Estimates for 2015-16 should indicate anticipated receipts from additional resource mobilization measures implemented or likely to be implemented during 2015-16.

(iii) Non-Tax Revenue is estimated to grow @ 7%-8% as per the Medium Term Fiscal Plan.

(iv) However, keeping in view the additional expenditure commitments and higher plan outlay, steps should be taken to augment State's own revenue by at least 15% more than the previous period and reduce the unproductive expenditure as far as possible.

(v) Details of Budget Estimates for loans recovery for 2015-16 should be indicated separately in **Annexure-I (B)**.

(vi) Item-wise sources of revenue receipts recorded under Heads “Other Receipts” and “Miscellaneous” should be indicated in the estimate of receipts so that these items can be expedited in a transparent manner.

(vii) A list of organizations from which guarantee fees and dividends are due, should be furnished in a separate statement indicating the arrears as on 01.04.2014 and the current demand.

5. Special statement on collection of Arrear Revenue

(i) Collection of arrears up to September, 2014 in respect of items of tax and non-tax revenue receipts, need to be indicated along with anticipated arrears to be collected during the current year. The arrear position as on 01.04.2014 and the expected receipt therefrom during 2014-15 should be separately shown with justification. In the meanwhile, report of the C & AG, India on revenue receipts for the year ending 31.03.2013 has been laid in the OLA on 28.07.2014. The report inter alia brings out the details of outstanding arrear tax and non-tax revenue and cases of under assessment /escapement from assessment/ loss of revenue on account of short levy etc. Persistent efforts should be made to collect the arrears. Hence, list of all court cases in which revenue are locked up, the reasons of accumulation of arrears, steps taken to collect the same, arrear, if any collected/ to be collected should be indicated year-wise along-with write up on action taken/contemplated on the observations of C&AG in the report for 2012-13 to be attached to **Annexure-II & III** (Tax & Non Tax Revenue).

(ii) Interest due/ outstanding on loans sanctioned by the State Govt. to PSUs/ Cooperatives/ Local Bodies etc. loanee-wise should also be furnished along with the steps taken to recover the dues in **Annexure – IV**.

(iii) The Administrative Departments should also indicate the position of dividend receipt/ receivable from PSUs/ Companies under their jurisdiction in **Annexure – V** in terms of the Dividend Policy of the State Government vide FD OM No-52286/F Dt.12.12.2011.

6. Priority areas for augmentation of revenue while preparing Revised Estimates for 2014-15 and Budget Estimates for 2015-16

While making resource estimates, the following aspects may be taken into consideration.

- (i) Revenue likely to accrue on compliance to the observations of C&AG in their Report for 2012-13 and earlier years.
- (ii) Strengthening the revenue machinery to step up revenue collection.
- (iii) Implementation of recommendations of Expert Committee on Revenue Enhancement Measures and other Policy and Administrative Reform measures recommended/ accepted to increase the revenue yield.
- (iv) Revision of user fees wherever rates have not been revised for more than 3 years.
- (v) Collection of arrear revenue.

- (vi) Expeditious disposal of court cases involving substantial revenue implications.

7. Revised Estimates of Expenditure for 2014-15

Revised Estimates should be arrived at by adding up the actuals of first six months and the requirements of the next six months, based on an appropriate calculation, such as the actuals of the corresponding six months of the previous year, with due allowance for the special features that prevailed during that period and those that are anticipated in the current year. Further, the Revised Estimates for the current year are prima facie the best indicator as to what the Budget Estimates for the coming year should be. It may be noted that mere inclusion of increased provision in the Revised Estimates carries with it no authority for incurring additional expenditure and does not dispense with the obligation on the part of the Department to obtain necessary supplementary grants or re-appropriation. Re-appropriations or supplementary grants will not, therefore, be sanctioned unless separate proposals are received in the Finance Department. The recent circular on Supplementary Statement of Expenditure for 2014-15 issued vide Finance Department letter No. 28225/F dated 27.09.2014 may be referred to.

8. Budget Estimates for 2015-16 Expenditure – Broad Guidelines Priority Areas.

- (i) Increase capital outlay with emphasis on completion of ongoing investment projects.
- (ii) Adequate provision of funds for EAP, Central Plan, Centrally Sponsored Plan & other resource tied up schemes including the flagship programmes/ schemes like AIBP, SSA, JNNURM, Rural Health Mission, and MGNREGS etc.
- (iii) Utilization of Central Assistance for education, health and other social sector schemes.
- (iv) In order to make adequate provision for salary in the Budget Estimates for 2015-16, it is necessary to ascertain the particulars of staff position. The required information should be furnished in **Annexure- VI & VII** indicating the sanctioned posts under Non Plan and Plan, the number of vacant posts, posts abolished and men in position. The details of contractual/regular posts created and permitted to be filled up including exempted posts like Doctor, Nurse, Pharmacist, MPHW (Male/ Female) under H&FW Department and personnel in uniform under Home Department may be submitted in **Annexure-VIII** without which pre-budget scrutiny meeting shall not take place. It is to be compared with the compiled data furnished in the Annual Establishment Review uploaded in the Treasury Portal.

9. Salary i.e. Pay, DA, HRA and Leave Encashment

- (i) There shall be no salary provision against the vacant posts except in cases where Finance Department has explicitly allowed filling up of vacancies. Due provision shall be made for newly recruited personnel in different sectors such as police, health, education etc.

(ii) Adequate provision shall be made for the NMR/Work charged/ J.C. employees, who have in the meantime been regularized. Also provision shall be made for NMR employees who have been converted to work charged employees in Works, R.D., W.R. and H & UD Departments.

(iii) The provision of DA shall be worked out depending on the quantum of Pay (Pay + Grade Pay).

(iv) The estimates of grant-in-aid salary should be accompanied by the information in **Annexure-IX**. School & Mass Education Department and Higher Education Department are to furnish separate information in **Annexure- IX (A) & IX (B)**.

(v) Provision of DA @ 122% on (Basic pay + Grade Pay) should be provided for 2015-16. However, additional DA dose, if any, to be released during 2015-16, shall be worked out in Finance Department keeping in view the availability of resources.

(vi) House Rent Allowance may be provided @ 15% of the (Basic Pay + Grade Pay) or the actual house rent being paid during 2014-15, whichever is less.

(vii) **Salary provision for additional appointments on consolidated/ contractual salary:** In certain cases, in lieu of abolition of posts or otherwise, if fresh creation of posts on consolidated pay/ contractual, salary has been made with the concurrence of FD, consolidated pay required for such contract appointees should be separately worked out indicating the details of contractual posts sanctioned, the rate of consolidated pay and requirement for full financial year 2015-16. This should be shown separately as consolidated pay for contractual appointees.

(viii) Requirement of funds for the positions in which the contractual appointees with consolidated salary are likely to be regularised with regular scale of pay with allowances.

(ix) Requirement of funds for salary/ wages of work charged/ J.C. employees/ NMR/ DLR should be furnished in **Annexure –X**.

10. Non-Salary Items

(i) Steps should be taken to contain contingent and office expenditure as far as possible.

(ii) **Decretal dues and Land Acquisition Cases:** It is desirable to provide for unforeseen expenditure arising from court decree. Amounts required for satisfaction of Court decree in respect of Land Acquisition cases, which have no scope for appeal, should be proposed for inclusion in the Budget Estimates under the “Charged” Section. Normal land acquisition charges for projects/ schemes should be proposed in the voted section under detailed heads made for the project/ scheme.

(iii) Provision in respect of new schemes may be proposed only with the prior concurrence of FD in case of non plan and P&C Department in respect of Plan Schemes with details of the source of funding and objective of the scheme.

(iv) The recommendations of the Departmentally Related Standing Committee should be examined by Administrative Departments having regard to the availability of budgetary

allocations. Accordingly, proposals may be submitted for provision of funds which have been accepted by Government.

(v) Rule 59 of Budget Manual envisages that lump provision should not, as a rule be made in the Budget Estimates. In some cases, however lump provisions are available, e.g., provision for grants to local bodies or to private managements for educational institutions, maintenance expenditure and the like. In such cases, the full explanation for justification of provisions should be given in the 'Remarks' column. If a lump provision for a scheme is included in the budget and voted by the Assembly, the details of the scheme should be sent to Finance Department for preliminary examination before they are brought into operation.

(vi) Estimates of the current year must never be adopted in a routine manner as the basis of framing estimates of the following year. Care must, however, be taken that no provision for increase in expenditure requiring specific sanction of the competent authority is included without such sanction and that in the case of a sanctioned scheme; provision is made for only so much of it as can actually be brought into effect in the budget year.

(vii) Estimates should be based on the actuals of the preceding years and also on the proposed Revised Estimates for 2014-15. The variations between 2014-15 (BE), 2014-15 (RE) and 2015-16 (BE) should be properly explained. Reasons for such variation should be specified scheme-wise and only the minimum requirements should be provided. Keeping in view the instructions issued from time to time relating to measures to enforce economy in expenditure and the general need, particularly under Non Plan items, the estimates should be framed.

(viii) Estimates of committed expenditure, which has been provided for the first time as Non Plan in the current five year plan period and thereafter proposed in the BE 2015-16 should be shown separately under the specific detailed head.

(ix) Unspent balances, as on 31st March, 2014 with grantee/ loanee bodies which receive more than ₹ 1.00 crore grants/ loans during 2013-14 (separate details of each body) should be furnished along with status of pending UCs in respect of grant-in-aid in **Annexure-XI**.

11. Guidelines for Specific Items

(i) IT Related Expenditure

The proposal relating to Budget Estimates for computer related expenditures, acquisition of hardware/software as well as development and maintenance of software should invariably be classified under the detailed head "78118-Upgradation of Computer Facilities", "78012-Computer Consumables", "33001-Spares & Services" and "12001-Consulting Charges".

(ii) Provision of Scholarships & Stipends

Full provision of stipends for SC/ST & Other Backward students and scholarship for eligible students in Schools and Colleges should be provided. This should be justified indicating expenditure incurred during 2013-14 and 2014-15 and likely level of expenditure during 2015-16. Details of students' strength and the rate should be indicated and

calculation sheet should be provided to justify the requirement proposed in view of surrender of such provision in the previous years. All the three related Departments namely, School & Mass Education Department, Higher Education Department and ST & SC Development and Minorities & Backward Classes Welfare Department should make necessary arrangement for direct transfer of the amount to the recipient's account.

(iii) Professional and Consultancy Support to Departments

Support for Professional and Consultancy Services for implementation of Government Schemes and programmes including monitoring & evaluation shall be provided in the Budget for 2015-16. The Departments are required to come up with proposal with detail justification for lump sum support for Professional and Consultancy Services subject to maximum of ₹15.00 lakh.

(iv) Provision for RCM

The provision of RCM for 2015-16 should be taken at par with the provisions of 2014-15.

(v) Provision for Motor Vehicles

Provision under Motor Vehicle will be taken at an increased rate of 10% over the original Budget Estimates for 2014-15. The complete position of vehicles should be furnished in **Annexure-XII**. It should however be borne in mind that there will be no provision for new vehicles in the B.E. 2015-16 except on replacement basis. Purchase of new vehicles shall be governed by instructions issued by F.D. from time to time.

However, hiring of vehicles is encouraged for office use where ever necessary for discharging public services. The detailed guidelines for hiring of vehicles along with entitlements and rates is brought out in FD OM No-34085/F Dt.29.09.2012. Provision for hiring of vehicles may be proposed as per the above circular. Provision for purchase/ hiring of vehicles should be made under the Unit "Motor Vehicles".

(vi) LTC

Provision for LTC for 2015-16 BE shall be taken at par with the provisions of 2014-15.

(Vii) Rent, Rate & Taxes (RRT)

Full provision for Rent may be made in respect of Govt. offices functioning in private buildings based on the Fair Rent Certificate or higher rent sanctioned by competent authority. Steps should be taken to shift Govt. office running in private building to Govt. accommodation.

(viii) Provision for Municipal Taxes to be made in full

All Departments and organizations should ensure full payment of municipal taxes wherever it is due and accordingly, required budget provision should be made and such payment must be ensured in time.

(ix) **Provision for Water Charges**

There should be full provision for water charges payable by the concerned Departments. It shall be the responsibility of the concerned ADs/ Controlling Officers to realistically project the requirement. Any delayed payment surcharge levy shall be the personal responsibility of the concerned Head of Office/ DDO. No provision shall be made for arrear dues as full provision is being made every year on such account.

(x) **Provision for Electricity Charges**

Instructions have been issued in Finance Department vide Letter No-3842(230)/F Dt.08.02.2013 to the effect that:-

- i. All Government Offices will not be required to make any payment towards Arrear Electricity Dues pertaining to the period up to 31.3.2012 which would be settled by Finance Department against the receivables from GRIDCO and the DISCOMs.
- ii. If any payment has been made after 1st April, 2012 towards Arrear Electricity Dues by any Government Office, it is to be adjusted against the current Electricity Dues for the period beginning from 1st April, 2012.
- iii. Besides, arrear dues for the year 2012-13 onwards should be assessed along with the additional requirement for the current financial year on account of enhanced tariff and advance payment; if any for prepaid Energy Meter in terms of Energy Department Letter No. 2323 R&R-1/2013(Pt) dated 16.03.2013.

All Administrative Departments are, therefore, requested to assess the current requirement of Electricity Dues on the above lines and propose for full provision for current requirement of electricity charges. It shall be the responsibility of the concerned ADs/ Controlling Officers to realistically project the requirement. Any delayed payment surcharge levy shall be the personal responsibility of the concerned Head of Office/ DDO.

(xi) **Maintenance Expenditure of Capital Assets**

(a) Provision should be made for maintenance and upkeep of capital assets consistent with the recommendations made by the 13th Finance Commission for the financial year 2015-16. In addition to ensuring adequacy of provision for maintenance of capital assets, Administrative Departments concerned are required to put in place appropriate institutional reforms for effective and productive utilization of the budgeted provision for Operations & Maintenance (O&M). Towards this end, the Departments concerned should endeavour to bring about **Annual Maintenance Plans (AMPs)** setting out, *inter alia*, the following:

- Principles and criteria to be followed for allocation of the budgeted provision for O&M amount towards the functional and administrative units in charge of maintenance of capital assets. Amounts allocated for routine and periodic maintenance should be separately indicated. Besides, sums earmarked, if any, for special repairs of capital assets of high priority should also be separately shown.
- Unit wise allocation of O & M funds on the basis of the agreed norms

- Monitoring and oversight arrangements for ensuring regular upkeep and maintenance of capital assets.

(b) Such annual maintenance plans should be formulated by the Departments concerned (Works Department, R.D. Department, H & U.D. Department and Water Resources Department) and get the same vetted by the Finance Department preferably before the commencement of the financial year 2015-16. Departments can engage professionals for preparation of Annual Maintenance Plan (AMP) so that it is prepared before presentation of Annual Budget.

(c) The information relating to estimates for the minor works' grants is to be furnished in **Annexure-XIII** and the estimate of wages/work charge establishments (Non-Plan) under Minor Works grants is to be indicated in **Annexure-XIV**. The requirement of fund for maintenance of capital assets is to be given in **Annexure-XV**.

12. Other Non-Salary Items

Provision of funds towards telephone, TE and OC shall be increased rate of 5% by original budget provision of 2014-15.

13. State Plan, 2015-16

(a) The plan ceiling for various sectors of the State's Annual Plan, 2015-16 and the Department-wise ceiling for 2015-16 will be communicated separately by P & C Department. On the basis of ceiling communicated by P & C Department, the schemes should be revised, firmed up and cleared through the pre-budget scrutiny meetings. The list of new works for the year 2015-16 may be furnished to the Finance Department in **Annexure-XVI**.

(b) In addition to these statements regarding BE, expenditure incurred, reimbursement claim filed, anticipated expenditure in 2014-15 and 2015-16 in respect of projects under EAP and RIDF shall be furnished to P & C Department for realistic assessment and provision of funds **in Annexure-XVII and XVIII**. Specific provision should be made for external assistance received/ to be received under the direct payment procedure for accounting adjustment of payment made directly to contractors/consultants by the Donor Agency. In case of pipeline projects, the status of preparatory action should be indicated. Earmarked resources such as NABARD Assistance under LTO, RIDF and other EAP allocations, should be proposed in correct proportion so that there would be no scope for diversion of tied up resources to finance the untied schemes.

(c) Departments executing public infrastructure projects (like irrigation, roads and bridges, water supply and power projects) may make appropriate provision for survey & investigation, preparation of project reports, land acquisition, forest, environment clearance and other regulatory clearances. Such provision will facilitate completion of pre-project activities and timely execution of the projects when they are grounded.

(d) To ensure preparation of plans/ programmes in time, Administrative Departments are to prioritize the programmes assuming 10% increase over allocation for 2014-15 pending communication of exact allocation by P & C Department.

(e) **No State Plan Scheme with provision below ₹1.00 crore should be formulated separately. Any existing or new State Plan Scheme with provision below ₹1.00 crore should be merged to and shown as a sub-scheme of a scheme of similar nature.**

(f) **Abstract and Detailed list of Plan Schemes shall no more form a part of the Demand for Grants. If such a list is required, the Administrative Departments should annex this list in the Outcome Budget document. However, list of new schemes or services are to be annexed to the budget document.**

14. Central Plan & Centrally Sponsored Plan Schemes

It is necessary to closely monitor the pendency in submission of Utilization Certificate in respect of Central Assistance received under State Plan, Central Plan and Centrally Sponsored Plan Schemes. Unless UC is submitted in time, it will not be possible to leverage higher Central Assistance in order to implement as well as complete various Plan Schemes. The details of Central Assistance received, utilization certification submitted to Govt. of India etc. shall be worked out in **Annexure-XIX**. UC received for Central Assistance received till the end of 2013-14 should be submitted by 31.12.2014, failing which no additional provision will be allowed. Administrative Departments shall make all out efforts to avail Central Assistance for new CSS Schemes announced in Union Budget 2014-15 and thereafter from different Ministries of Govt. of India. The Budget Estimates for CP, CSP & CSS Schemes under State Plan is to be based on firm commitment of the concerned Administrative Ministries of Central Govt. for funding the scheme and in accordance with the funding pattern approved by the concerned Ministries.

15. Report to be laid in OLA as per FRBM Act – at the time of presentation of Annual Budget

As per provisions of the FRBM Act, 2005 and Rules there under, the following statements are required to be presented to the Legislature along with the Annual Budget on the fiscal status of the State, as a measure fiscal transparency:-

- (i) Fiscal Policy Strategy Statement (As per Rule 4(1) of the FRBM Rules, 2005).
- (ii) Medium Term Fiscal Plan (As per Rule 4(2) of the FRBM Rules, 2005).
- (iii) Disclosures Statement which will specify:
 - a) List of incomplete projects/works i.e. administrative approval accorded, work commenced with cost estimate and expenditure incurred (**Annexure-XX**).
 - b) Subsidies being given in the budget of different Departments (**Annexure-XXI**).
 - c) Department-wise Grant-in-aid being provided (**Annexure-XXII**).
- (iv) Statement on number of employees and related salaries (**as per Rule 7 of FRBM Rules, 2005 in Form IV**).
- (v) Statement of deferred liabilities (as per Rule 7 of the **FRBM Rules, 2005**).

- (vi) Tax Concession and Exemptions given in a financial year (as per Section 6(11) of the FRBM Rules, 2005 (**Annexure-XXIII**).
- (vii) Statement on arrear revenue (**as per Section 6(7) of the FRBM Rules, 2005**).
- (viii) Statement on new policies being introduced in Annual Budget-Write Up to be furnished (**as per Section 6(5) of the FRBM Rules, 2005**).
- (ix) Statement on prioritizing allocation of funds under Zero Based Investment Review (As per Section 6(8) of the FRBM Act, 2005 (**Annexure-XXIV**).
- (x) Statement on institution-wise guarantees given (As per Section 6(9) of FRBM Act, 2005) (**Annexure-XXV**).

It is, therefore, urged upon that the Administrative Departments should furnish the required information in respect of statements (iii), (iv), (vi), (vii), (viii), (ix) & (x) above in the proforma indicating the steps taken in respect of above points by 05.01.2015. On the basis of information received from different Departments, Finance Department will prepare a comprehensive report to be laid in the Assembly, as mandated under FRBM Act, 2005.

- (xi) Administrative Departments are to furnish a statement showing funds transferred to Local Bodies (Urban Local Bodies & Panchayati Raj Institutions) in their demands for grant as devolution of resources and for implementation of Central/State schemes (**in Annexure-XXVI**). The information on this score is being asked for by Govt. of India.

16. Information relating to additional statements on committed liabilities, implications of Major Policy Decisions / New Schemes proposed in the Budget and Segregation of Maintenance Expenditure into Salary and Non-salary items

All Departments are required to furnish the information in **Annexures XXVII, XXVIII and XXIX** for statements of disclosure relating to committed liabilities, implications of major policy decisions / new schemes proposed in the budget and segregation of maintenance expenditure into salary and non-salary items as these statements are is required to be incorporated in Finance Accounts.

17. Medium Term Expenditure Framework:

Medium Term Expenditure Framework can provide a credible roadmap for medium term and long term fiscal policy of the Government. Since it is a rolling plan, it adapts to the changes in overall macroeconomic conditions. The Thirteenth Finance Commission (para-9.38) have recommended that the Central Government revises the existing medium term fiscal policy statement with a more detailed Medium Term Fiscal Plan (MTFP) which contains three-year-forward estimates of revenues and expenditures, with detailed breakup of major items that form a part of the revenue and expenditure, together with a narrative explanation of how these estimates have been generated. Accordingly, Government of India have introduced the Medium Term Expenditure Framework which brings out three-year rolling target for major items of expenditure along-with narrative explanation of the reasons. In the Medium Term Fiscal Plan being presented under Rule-4(2) of the FRBM

Rules, 2005, the total Expenditure Policy Stance of the State Government is being presented along with the Annual Budget. Accordingly, the State Government intends to bring out a Medium Term Expenditure Framework under the Medium Term Fiscal Plan as a part of the Total Expenditure Policy Stance in conformity with the fiscal targets of the MTFP which would incorporate three-year rolling target for major items of expenditure along-with explanatory notes. All Administrative Departments/ Heads of Departments and Controlling Officers are requested to make a realistic estimate of the expenditure in major items of expenditure and furnish information as in the format prescribed in **Annexure-XXX**.

18. Formats for preparing the Revised Estimates for 2014-15 and Budget Estimates for 2015-16:- proper accounting classification, schematic break up and account head-scheme mapping:

(i) The Administrative Departments and Controlling Officers are required to prepare the RE for 2014-15 and BE for 2015-16 as per the list of proformas enclosed. All the items of expenditure should be classified under detailed Head of Account provided by Finance Department below the approved major and minor heads contained in the list of major and minor heads published by the Controller General of Accounts. In absence of proper classification of receipt and expenditure, it will not be possible to accept the item of receipt or honour the claim for payment in Treasury under computerized Odisha Treasury Management System.

(ii) On receipt of sectoral outlay for State Plan, 2015-16 from the P & C Department, the Administrative Departments should work out the schematic break up. The state share of the restructured Centrally Sponsored Schemes (CSS) / Centrally Sponsored Plan Schemes/ Central Plan Scheme Components, as the case may be, should be distinctly shown against each scheme in the schedule. The provision of funds for CSS under State Plan, CP and CSP Schemes should be accurately made basing on the scheme guideline. The detailed accounting heads in respect of the provision proposed under each scheme should be indicated in the scheme schedule so as to enable Finance Department/ P&C Department and implementing Departments to map the account head to the scheme for tracking and monitoring of expenditure under plan schemes.

(iii) Further, all special component plan/tribal plan outlays have to be classified under the minor heads “789-Special Component Plan” and “796-Tribal Areas Sub Plan” respectively below the respective functional major heads. The division of allocation between district sector and state sector should also be brought out as per the plan allocation in the Department-wise Plan Ceiling.

19. Gender Responsive Budgeting

(i) The State Govt. have started preparation of a special statement on gender budgeting depicting the magnitude of budget allocations for various schemes/programmes that are substantially benefiting women, along with budget documents for 2012-13. This is in line with the decision made by Govt. of India. It is to be noted that the initiative on Gender Responsive Budgeting aims at categorization of specific schemes/ programmes in the

budget with a direct focus on women and girls, specific schemes/ programmes which are stated to have components on women and the exact budget shares of these components. Gender Responsive Budgeting is to analyse how effectively Govt. policies, programmes and budgetary allocations respond to the needs and concerns of the females.

(ii) Budget data have to be prepared in such a manner that gender focus of the allocations is clearly highlighted. All Administrative Departments/ Heads of Departments and Controlling Officers shall furnish information as in the format prescribed in **Annexure-XXXI**. Primarily, the entire provision for schemes classified for the welfare of women/girls shall be furnished in first part of the aforesaid Annexure. In the second part, the percentage of women/girls beneficiaries should be indicated. For example, percentage shares of stipend given to girl students for pre-matric studies.

20. Outcome Linked Budget

Outcome Budget was introduced for Works, Rural Development, Water Resources, Panchayati Raj, and Women & Child Development Departments for the financial year 2010-11. In 2011-12, Outcome Budget was introduced in 8 more Departments namely, School & Mass Education, Health & Family Welfare, Agriculture, Fisheries & ARD, Housing & Urban Development, Forest & Environment, ST & SC Development and Minorities & Backward Classes Welfare and Energy Departments. It is proposed to prepare Outcome Budget for these 13 Departments for the Financial Year 2015-16. These Departments are required to prepare a statement in **Annexure-XXXII** relating to the scheme-wise outlays under Non-Plan, State Plan, Central Plan & Centrally Sponsored Plan and link it to intermediate/ final outputs and outcomes in terms of measurable and verifiable indicators /parameters. For preparation of Outcome Budget Document, the Departments will be provided support from the consultants of Project Performance and Outcome Monitoring Unit (PPOMU) set up under Finance Department, so that the quality of the Outcome Budget Document would be enhanced. The Administrative Departments which are preparing the Result Framework Document (RFD) would also continue to prepare their Outcome Budget Document for 2015-16 for which separate guidelines will be issued.

21. Supplement to the budget documents for local bodies:

Para-10.161 & 10.162 of the recommendations of the 13th Finance Commission with reference to para-10.110 envisage that for the years 2011-12, 2012-13, 2013-14 and 2014-15, a State Government will be eligible to draw down its share of the general and special area performance grant for the Local Bodies only if it complies with nine conditions. One of the conditions is; the State Government must put in place **a supplement to the budget documents for local bodies (separately for PRIs and ULBs)** furnishing the details of plan and non-plan-wise classification of transfers separately for all categories of ULBs and all tiers of PRIs, from major head to object head, which have been depicted in the main budget under the minor heads 191, 192 & 193 and 196, 197 & 198 respectively. This supplement could also incorporate details of funds transferred directly to the local bodies outside the State Government's budget. The State has been preparing these documents for last 4 years and would continue the practice for the year 2015-16 as a measure of fiscal transparency in respect of funds transferred to the third tier of

Government. The supplement should aim to provide details of spatial distribution of transfers at least upto district level. The Panchayatiraj Department is required to prepare the supplement in respect of the PRIs and the H&UD Department need to prepare the same for the ULBs for the financial year 2015-16 observing 13th Finance Commission guidelines.

22. Process for Submission of Budget Proposal

(i) In order to facilitate submission of budget proposals from the Controlling Officer, a separate module is being developed in iOTMS/iFMS platform for facilitating submission of budget proposal by Controlling Officer to Administrative Department. Administrative Department after due scrutiny of the consolidated budget proposal of the Controlling Officers will seamlessly transfer to Finance Department using Online Budget Compilation System in Secretariat LAN using URL <http://172.16.139.139/beta>. The Non-Plan Budget part of the budget preparation module of iFMS is ready for use. All the Controlling Officers are required to submit their proposal to the Administrative Department using iOTMS/iFMS platform. The consolidated proposal of all Controlling Officers of an Administrative Department will be transferred to the “Online Budget Compilation System” seamlessly through web service. The Administrative Departments after scrutiny of the consolidated proposal will submit the same to Finance Department using Online Budget Compilation System in Secretariat LAN. All the Annexures may be prepared in a single Excel file using required number of sheets and the same may be uploaded to the system. Training to the concerned Officials will be imparted for using the module.

(ii) Plan proposals for the Revised Estimates, 2014-15 and Budget Estimates, 2015-16 shall also be processed only online using Online Budget Compilation System in Secretariat LAN using URL <http://172.16.139.139/beta>. The Administrative Departments shall enter their Plan proposals using the chart of account. The existing charts of account/ schemes are linked to the respective heads of development. In case of entering new schemes/ chart of account, the Administrative Departments are required to link it to the appropriate heads of development by selecting from the list. After completing the entry of the plan proposal, the heads of development-wise proposal would be available to the Planning & Coordination Department. Planning & Coordination Department shall allocate ceiling online as per heads of development. The Administrative Departments shall distribute the ceiling online among the development sector schemes which shall be approved by Planning & Coordination Department online which will enable transfer of plan proposal in charts of account to Finance Department. The Plan proposals are also required to be submitted only online. Proposals are no more required to be submitted in hard file.

23. Time Schedule

A lot of information is to be collected and compiled before the budget is placed before OLA along with documents placed under FRBM Act, 2005 and rules there under. Hence, budget documents are to be prepared in a tight time schedule. Therefore, all Departments and Controlling Officers are required to submit the required information online in annexures to Finance Department latest by **15.12.2014**. **Similarly, the Plan proposals for Budget Estimates for 2015-16 shall be submitted to P&C Department online**

by **15.12.2014**. Planning & Coordination and Finance Department will communicate the programmes for pre-budget scrutiny meeting under Plan & Non Plan Scheme respectively.

It should be noted that the estimates received after the due date will not be considered and will be finalized on the basis of the information available in Finance Department. Any shortfall in the provision or omission in the budget will be the responsibility of the Department concerned.

Last but not the least, due attention should be given while filling up Annexures in the prescribed proforma. Any incomplete/haphazard information will lead to shortfall/omission in the Budget Estimates/Revised Estimates for which the concerned Departmental Authorities will be held responsible.

The soft copy of the circular is available at the website of Finance Department i.e. www.odisha.gov.in/finance.

Enclosures: List along with proforma.

Yours faithfully


12/11/2014

Additional Chief Secretary to Government

Memo No. 31476 /F,Date: 12-11-2014

Copy forwarded to all Controlling Officers/Financial Advisers/Asst. Financial Advisers of Departments of Government and Accounts Officers of Heads of Departments for information and necessary action. The information received in Annexures are to be passed on to the concerned branches as indicated below. However, separate copy of each Annexure is to be furnished to Budget-I Branch.

Resources Branch	-	Annexure - I, IA, IB, II, III, IV, V, VI, XIV, XXIX, XXVII, XXVIII, XXX
C & I Branch	-	Annexure - IA, IB, IV, V & XXVII
Budget- IV Branch	-	Annexure-VI
Budget- III Branch	-	Annexure - IA, IB, IV, V & XXVI
Budget-V Branch	-	Annexure - VIII, IX & XII
Plan Finance Branch	-	Annexure - XXIII, XVIII, XIX
RIDF Branch	-	Annexure - XVII
EAP Branch	-	Annexure - XXVI
S.S.-I Branch	-	Annexure - IX(A), IX(B)

Deputy Secretary to Government

Date: 12-11-2014Memo No. 31477 /F,

Copy forwarded to all Officers/Section Officers of Finance Department for information and necessary action.

Deputy Secretary to Government

Date: 12-11-2014Memo No. 31478 /F,

Copy forwarded to all Treasury Officers of District Treasuries and Special Treasuries/Sub-Treasury Officers/F.A. and C.A.O of all the Irrigation Projects for information and necessary action. While entertaining the pay bills for the month of November, 2014, they are requested to enquire from the DDOs under their control as to whether the DDOs have submitted the required information to their Controlling Officers.

Deputy Secretary to Government

Date: 12-11-2014Memo No. 31479 /F,

Copy forwarded to Private Secretary to Minister, Finance/Development Commissioner-Cum-A.C.S/Special Secretary/Additional Secretaries of Finance Department for information.

Deputy Secretary to Government

Date: 12-11-2014Memo No. 31480 /F,

Copy forwarded to the Accountant General (A&E), for favour of information.

Deputy Secretary to Government

Date: 12-11-2014Memo No. 31481 /F,

Copy forwarded to the Head, State Portal with request to upload the circular in the website of Finance Department at www.odisha.gov.in/finance.

Deputy Secretary to Government