Know Your Budget and Its Process

A Handbook on Budget Terminology and Procedures

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Foreword

A budget affects the life of every one in a country directly or indirectly. It is an important instrument for determining the socio-economic policy of the country. Given its importance, every citizen should have some understanding of the subject. However, it is such that most people find it difficult to come to grips with its technicalities. It is also a fact that budget exercises are carried out secretly in most countries including India, and there is hardly any scope for civil society groups to take part in the process. Much like individuals, civil society groups, also lack the technical expertise need to analyze and contribute to the process. However, in recent years, independent groups in developed as well as developing countries have been making efforts to influence the budget making processes.

CYSD, a leading civil society organization in Orissa, has made a modest attempt here to analyze the state budget and spell out its implication for the poor and the marginalized. To support this exercise CYSD managed to publish the first edition of handbook on 'Making Sense of Budget' in the year 2006. In the continuing effort, we are publishing the second edition of handbook on '**Know your budget and it's processes**' by adding more budget terminologies as well as additional chapters for an easy understanding of the budget concept and processes. We hope activists, practitioners, researchers and others will find it useful.

Contents

Terms Used in State Budget

(While identifying terms used in the State Budget, there is some reference to the terms used in the Central Budget)

Appropriation Bill: This is a bill introduced before the legislature for seeking approval for withdrawal of funds after the departmental allocations are voted by the legislature. This authorizes the executives to go ahead with the allocated expenditures.

Budget: This is a financial estimate to show how much money a person or an organization will earn and how much they will need or be able to spend in a year. The term "**Budget**" is derived from Bougette which is a French word meaning Purse. It generally refers to a list of all proposed incomes and expenses of the government. Under Article 202(1) of the Constitution of India, a statement of the estimated receipts and expenditure of the state has to be laid before the legislature in respect of every financial year. This statement is known as "Annual Financial Statement" (AFS) or popularly known as Budget. In the Indian federation, the Government has two layers. The Central Government presents its budget on the last day of February every year. However, the State Governments adhere to no such fixed date. Recently there is an attempt to have uniform Budget system for all the third tiers of the Local Government in the country. The Budget of a State Government is generally presented before the Legislative Assembly in the last week of February or the first week or March every year.

Budget Year: The Budget Year, popularly known as the financial year starts from April to March every year. Each financial year is, therefore, spread over parts of two calendar years. The period of financial year is continuing from April to March in India since 1867. The financial year is different in different countries.

Budget Speech: The speech, the Finance Minister delivers while presenting the budget in parliament is popularly called the Budget Speech. Normally, it gives the gist of the budgetary policy of the government for the next year. It indicates the allocations to different departments of the government for the coming year (the budget estimate) along with the expected achievement during the current year (the revised estimate) and the actuals for th e preceeding year in terms of financial allocation or expenditure.

Budget Classification: It is the classification of budget into different parts according to the intention of their fund use by one knows about the accounts of the government from the budget documents. The classifications of transactions in Government account have closer reference to the function, programme and acting of the government and the object of revenue and capital expenditure. In 1974-75, a particular pattern of government accounting was introduced for all the governments, central as well as State, in order to bring uniformity. In 1987, a revised coding pattern was introduced to computerize the government accounting system. The government accounts are broadly classified into Consolidated Fund, Contingency Fund and Public Account.

Consolidated Fund: *Under Article 266(1) of the Constitution of India, there shall be a fund for each state which has a receipt side and an expenditure side. Receipts side consists of all revenues received by the government, all loans raised by the issue of treasury bills in accordance with law of the land and for the purpose and in the manner provided in the constitution, receipts from the recoveries of loans and grants-in-aid received from the union government etc. No amount can be withdrawn from the fund without authorization.*

Contingency Fund: *Under Article 267 (2) of the constitution of India, Government of Orissa maintains a contingency fund for making urgent and unforeseen expenditures. This is a fund which has a fixed amount of money placed at the disposal of the Governor who authorizes expenditure from it during emergencies. Although prior approval of the legislature is not needed, the expenditure is made in anticipation of post-facto approval by the legislature. The advances made from the fund to meet such type expenditure are required to be recouped by necessary supplementary provisions. The corpus of the fund is authorized by the legislature, which was raised to Rs. 150 crore from Rs. 60 crore since January 2000.*

Public Account: Public Account consists of those funds which do not belong to the Government. Here Article 266(2) provides for creation of a public account of a state to audit all public money received by or on behalf of the state. Government acts as a banker. These include transactions relating to Provident Funds, Small saving collections, Other Deposits etc. The amount received in the public account belongs to the public and not to the Government. However, the government as the custodian of the fund and enjoys the right to use it for development purposes. In normal times, the government is duty bound to honor the claims of individuals who wish to get their money back. Authorization of the legislature is not required for payments from the public account.

Budgetary Deficit: It represents the closing balance of the year. It gives the excess / deficit of expenditure over the total resources available from revenue receipt recovery of loans and advances, all loans and net balance in the public account.

Capital Budget: The Government, like an individual, also thinks about the future and creates assets, which will ensure a regular flow of income over a period. Those items, which are in the nature of acquiring and disposing of capital assets, are covered under capital budget. It can be done either by borrowing from the open market or from other governments, or from having a surplus in the revenue account. It consists of both receipts and expenditure side.

Capital Expenditure: Expenditure incurred with the object either of increasing assets which are permanent in character or reducing the recurring liabilities is known as capital expenditure. The expenditure made on construction of buildings, roads, irrigation projects, water supply projects etc comes under this category. It bears all charges for the project construction and equipment of a project as well as charges for intermediate maintenance of the work before it is opened for service. The benefit from capital expenditure flow over a period of years. Expenditure on a temporary asset or expenditure on grants-in-aid to local bodies or institutions (for the purpose of creating assets which will belong to these local bodies or institution) can not be classified as Capital Expenditure.

Capital Receipts: Capital receipts are loans from the open market, ways and means advances and over drafts from the Reserve Bank of India (RBI), loans from the central Government; receipts through sale of treasury bills etc. Larger capital receipts/borrowings results in shifting the burden of resource mobilization to the future generation.

Charged Expenditure: The kinds of expenditure which are specified in Article 202(3), 229(3), 322 and 290 are charged under consolidated fund. Under the Article 203(1) it does not require the voting of the state legislature but is placed before the legislature along with the voted amount. For example, the salaries of the Speaker, Deputy Speaker, Governor and the judges of the High Court as well as the costs of office establishment and administrative tribunal are all Charged Expenditure. Debt charges for which the state is liable including interest redemption of debt is also included in this category.

Controlling Officer: Controlling officer is the authority or head of a department, who submits estimates to the Government. He/she is responsible for the control of the receipts or expenditure.

Developmental Expenditure: Expenditures, which is supposed to promote growth and development of the economy directly, constitute development expenditure. It refers to the creation of social capital and economic capital. Expenditure on economic and social services, taken together constitute developmental expenditure of a state.

Non-Developmental Expenditure: Expenditures on organs of the state, interest payments and servicing of debts, administrative services, pension and other liabilities are said to be non productive, as it has no direct implication on development of a state. These expenditures called non developmental expenditure are primarily required to maintain law and order of the state and to facilitate running of the government.

Departmental Estimate: It refers to the estimate of receipts or expenditure of a department submitted to Government by a controlling officer.

Disbursing Officer: The government officer who draws money on bills from the treasury is known as Disbursing officer. Usually they are working in the field for implementation of different schemes.

Estimating Officer: It refers to the officer who is primarily responsible for preparing the estimate of receipts or expenditure. Normally they work at the District / Sub-divisional level.

Exceptional Grant: It is a grant made by the legislative assembly, which forms no part of the current service of any financial year.

Excess Grant: It is a grant voted by the legislative assembly to meet the expenditure incurred in a financial year, which is found as surplus at the close of a financial year.

Fiscal Deficit: This refers to the excess of total expenditure over the receipts (only total revenue receipts and non-debt capital receipts). This is more comprehensive measure of budgetary imbalances of an economy.

Functional Classification: Both revenue and capital expenditures are divided into three services such as general services, social services and economic services.

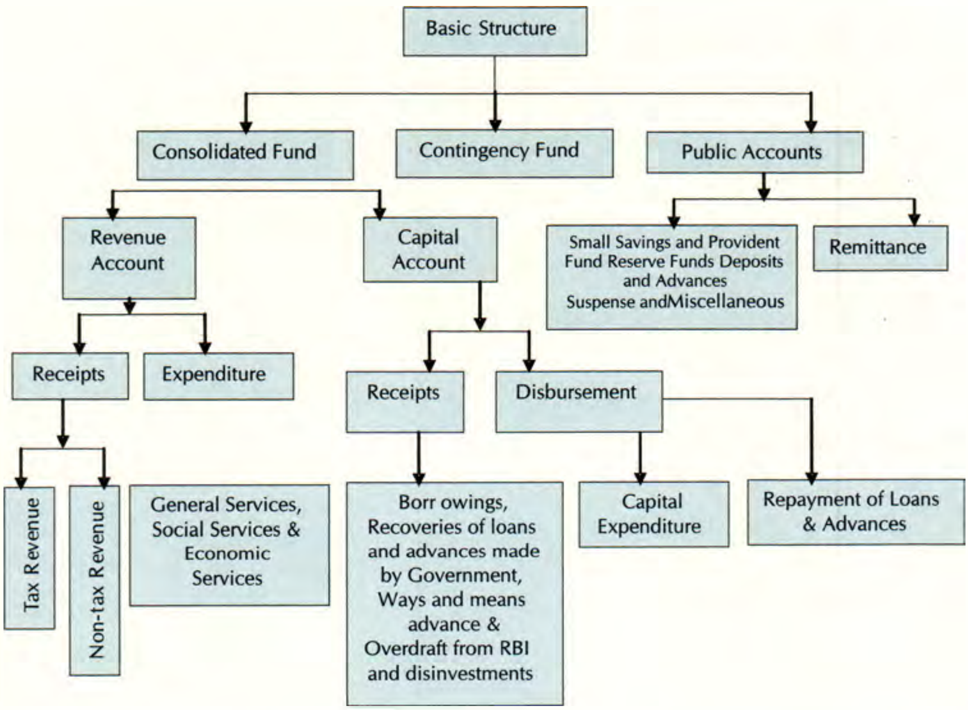
General Services: Expenditure primarily meant for maintenance of law and order, to upkeep the general organs of the state which is non-developmental in nature comes under general services. This includes expenditure under organs of the state, fiscal services like collection of taxes and duties, interest payments and services of the debt etc.

Social Services: This category includes expenditures incurred on basic social services provided to the people by the state. It relates to the expenditure on education, health, tribal and women welfare, water supply and sanitation, urban development, social securities etc.

Economic Services: Expenditure made by the Government, which directly or indirectly promote economic or productive activity within the state is classed under this category of expenditure. Expenditure on agriculture and allied activities, rural development, irrigation and flood control, industrial development etc. are the major constituent of such type of expenditure.

Government accounting system

Structure



Heads of account

From April 1, 1987 a revised coding pattern was introduced to facilitate computerbased financial information systems. The Government accounting system is carried out by dividing the expenditure into six tiers. These are: major heads, sub-major heads, minor heads, sub-heads (sub-minor), object heads and detailed heads. Unlike commercial organisations, the Government is not interested in ascertaining the gain or loss in Government transactions as a whole.

Major Head: Major head generally corresponds to the 'Functions' of the Government such as agriculture, education, health etc. A four digit Arabic numerical code is assigned to the major heads. For example 2202 stands for General Education.

Sub-Major Head: It comes under the major head and is represented by a two-digit code, e.g. 01 refers to elementary education under general education. It represents the sub-functions of a functional major head.

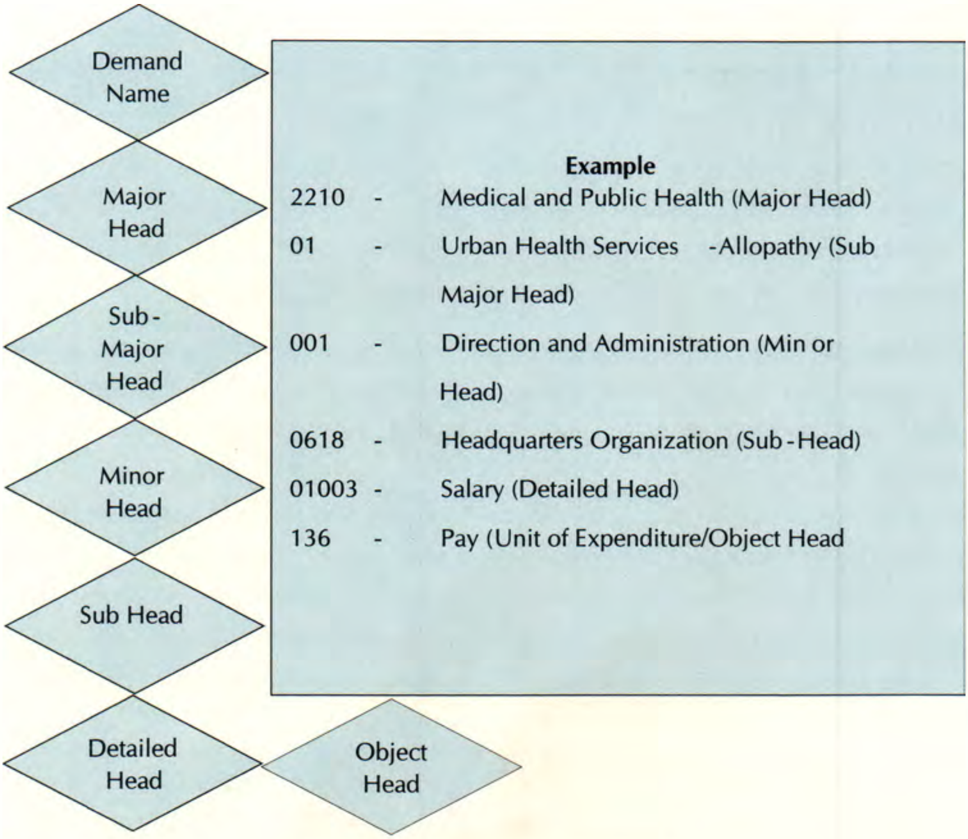
Minor Head: It means a head subordinate to major heads or a group head and denotes the various programmes under each functional major head. Minor head is represented by a three-digit code e.g. 001, which stands for direction and administration.

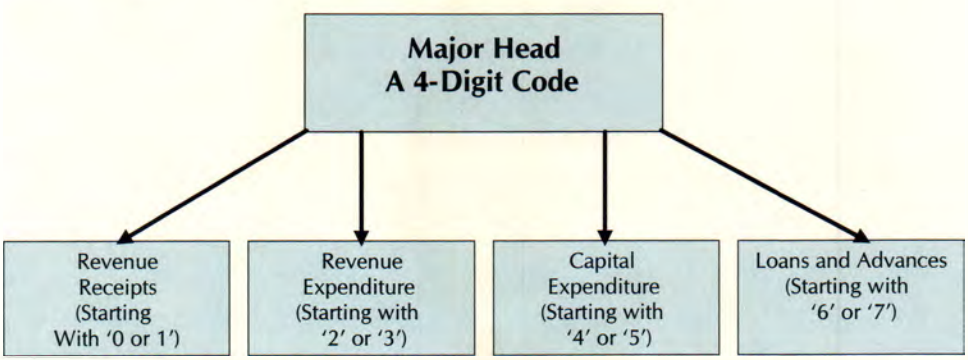
Sub-Head (Sub-Minor): It represents schemes under various programmes subordinate to minor head. For example 0618 as headquarters organization.

Detailed Head: It is termed as an object classification. It primarily means itemized control over expenditure and indicates the object or nature of expenditure on a scheme or activity or organization in terms of inputs. For Example 01003 stands for salary expenditure.

Object Head: It is the unit of expenditure represented by a three digit code that is

136 as Pay





Lump-Sum Provisions: Fund allocation for certain activities is required in the State budget in which no working details are available during the presentation of the budget. In these cases allocation is taken under lump provision. Although, lump provisions should not, as a rule, be made in the estimates, in some cases however, lump provisions become unavoidable. Except when the expenditure out of lump allotments is regulated by standing sanctions, instructions or rules, full explanation in justification of the provisions proposed, with indication of the principal items, should be given in the budget note and the working out of details should be started immediately after the amounts have been finally included in the budget so that there may be no delay in their examination and the issue of sanctions.

New service: A new form of service or a new instrument of service, which is taken newly after the sanction of legislature through a new demand schedule or a supplementary demand schedule is known as new service. The expenditure from a new service can be met by advance from the contingency fund.

Plan Expenditure: The State Government/Central Government draws up five-year plans and aims to carry out a number of developmental activities/programmes, which are to be achieved within the plan period. Financial provisions made in each financial year for implementing these programmes are called plan expenditure. If it is needed to make recurring expenditure on salary and running / maintenance of assets / infrastructure after the completion of plan period, then it will be considered as non-plan expenditure. For instance, when a dam is constructed, it comes under plan expenditure but after the completion of the dam, the maintenance of dam is covered under non-plan expenditure. Plan expenditure is divided into three parts: (i) State Plan (ii) Central Plan and (iii) Centrally Sponsored Plan.

State Plan (SP): *Like the Central Government, the state Government also formulates its plan process through a planning process. There is a State Planning Board (SPB) in each state, which is responsible for the functioning of the State Planning machinery. The state plan is scrutinized by the Central Planning Commission and provided with financial resources as per existing plan finance formulae. All new development programmes are taken up by the state Government is normally covered under the state plan. Financing under State Plan includes items enlisted in the State List of the Constitution.*

Central Plan (CP)*: Under central plan schemes, the expenditure is made by the state Government where the amount is fully funded by the Central Government. The scheme falls in the functional domain of the Central Government as defined in the Union List of the Constitution of India. The state government implements the schemes.*

Centrally Sponsored Plan (CSP): *The Centrally Sponsored Plan (CSP) covers all schemes fully or partially funded by the centre on schemes belonging in the state list and implemented by the states or state agencies excluding those which come within the center's sphere of responsibility. Schemes funded by autonomous bodies created by the union government like Indian Council of*

Agriculture Research (ICAR), National Council for Education Research and Training (NCERT) and University Grants Commission (UGC) etc are not included in CSP category.

Non-Plan Expenditure: *The plan and non-plan division of the budget is not in accordance with any statutory division of the CAG of India. Normally, plan refers to new schemes and non-plan refers to continued old schemes. Non plan schemes assume the character of permanency as they are viewed as the minimum necessary for running the government. Only selected plan schemes those are thought to be permanently useful are placed under non-plan category. But due to several reasons, there is proliferation of non-plan schemes in the government which resulted in raising significantly the non-plan expenditure. Following planning practices in the country, plan schemes are kept separate from other schemes. Expenditure on nonplan schemes are recurring in nature and is provided for maintenance and functioning of the government. These types of expenditure are committed in nature.*

Primary Deficit: It is calculated by deducting interest payments from the fiscal deficit. This is also referred as non-interest deficit.

Re-appropriation: It refers transfer of funds from one primary unit (It refers to a division below a minor or a sub minor head) to another unit within the same grant that may be sanctioned by the departments/administrators or a head of the department before the close of a financial year. It is not permissible to re appropriate between the heads of charged expenditure and voted expenditure, or between plan and nonplan heads of expenditure

Revenue Budget: The revenue budget consists of the revenue receipts and the revenue expenditure of the state. It is normally expected to give surplus as this part of the budget reflects current income of the government going to current expenditures which do not create any capital asset.

Revenue Receipts: This is the receipt or income of the government with no obligation attached. It is similar to income earned by an individual. The state receives revenue from two sources, i.e., tax revenue and non-tax revenue. The grant-in-aid from the central government is a part of non-tax revenue.

Tax Revenue: *Tax is a compulsory contribution a citizen makes towards meeting the cost of governance. The taxing powers of the Central and State Governments have been clearly defined in the Constitution. The central taxes include customs,* *central excise, income tax, corporation tax, wealth tax, central sales tax etc. The* state taxes include value added tax (formerly state sales tax), entertainment tax, motor vehicle tax, profession tax, state excise etc. The state Government, in addition to their own tax revenue, receives a share from the central taxes on the recommendations of the Central Finance Commission.

Non-tax revenue: *The Government also receives return from resources at its command, fees for specific public services and profits/losses from public-sector undertakings. The broad categories of non tax revenue include interest receipts on loans and advances, profits from public-sector undertakings, irrigation, water rates, water tariff on urban water supply, user fees on health services, mining royalties and income from sale of forest produce.*

Grants-in-aid*: The state Government receives grants from the centre under Article 275 and Article 282 of the Constitution. Under Article 275 of the Constitution, state Governments receives grants as decided by the Finance Commission. It also receives grants as per the recommendations of the Planning Commission under Article 282 of Indian Constitution, which can be given to a state for any public purpose.*

Revenue Deficit/Surplus: This refers to the difference between the revenue expenditure and the revenue receipts. If there is more revenue expenditure than revenue receipts then it is called deficit whereas surplus in revenue account means less revenue expenditure then the revenue receipts. This is an important indicator of fiscal management o the state. Revenue Deficit/Surplus = Revenue Receipts – Revenue Expenditure.

Revenue Expenditure: This expenditure is in fact establishment, maintenance and housekeeping related expenditures. Major forms of such expenditure are expenditure on salary, interest payment, subsidy and maintenance of capital assets like roads, buildings and irrigation works etc. It bears all charges made after work begins for services, maintenance and all working expenses. It also includes such renewals and replacements and such additions and improvements or extensions as prescribed by the Government.

Recurring Charge: It is a charge, which involves a liability beyond the financial year in which it is originally sanctioned.

Revised Estimate: It is an estimate of the probable receipts or expenditure for a financial year framed in the course of that year by taking transaction already over and anticipated by the end of the year.

Schedule of New Expenditure: It is a statement of expenditure not included in first edition of budget.

Supplementary Schedule of authorized expenditure: It is the schedule covered by the appropriation bill as required with reference to a supplementary statement of expenditure presented to the legislature.

Supplementary statement of expenditure: It is the statement to be laid before the legislature showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized for that year.

Supplementary Budget: During a financial year additional expenditure may be necessitated to meet the requirement under a head over and above the expenditure authorized for the purpose. This is presented to the legislature in the shape of a supplementary demand usually in the winter session.

Technical sanction: It refers to the sanction of the competent authority to a properly detailed estimate of the cost of a work except petty works, petty repairs and repairs for which lump provision is made.

Token Demand: It is a demand made to the legislative assembly for nominal sum of Rs 100 when it is proposed to meet the entire expenditure from savings out of the sanctioned budget grant.

Vote on Account: It means a grant in advance made by the legislative assembly under Article 206 of the constitution pending completion of the detailed procedure. Normally this happens when elections are held around the close of the financial year.

Voted Expenditure: The amount of expenditure under consolidated fund of the state which requires the approval or the voting of the state Legislature is known as Voted Expenditure. For example, the pay and allowances of police officers is a voted expenditure.

Ways and Means Advances and Overdraft: It is a short-term financial adjustment made by the government to maintain the minimum balance with the RBI. At present as per the agreement with the RBI, the state government has to maintain with the bank a minimum daily cash balance of Rs. 1.28 crore. If the balance falls below the agreed amount on any day, the deficiency has to be made good by taking ways and means advances (maximum limit of Rs. 159 Cr.) and overdraft from RBI (maximum limit of Rs. 20.25 Cr.). WMA is of two types. These are Normal WMA and Special WMA. Normal WMA are clean or unsecured whereas Special WMA are given against pledge of Central Government securities held by the state.

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Section – II

Institutions/Organisations/Committees Involved in Budget

Central Finance Commission: The Central Finance Commission is a Constitutional body, which reviews the centre-state financial relationship in every five years. It decides the principle of tax sharing and the amount of grants according to changing economic and social conditions. Until now there has been twelve commissions in the country which have made recommendations for sharing of taxes and grants among different states. Recently the 13th Finance commission is working on the center-state transfer for the period 2010-15.

Comptroller and Auditor General: It is a statutory organization at the central level which audits all the expenditure from the revenues of the state Government along with the transactions of the state relating to debt, deposits, sinking funds, advances, suspense accounts and remittance business.

Committee on Public Accounts: The committee on public accounts consists of 12 members who are elected by the Assembly every year form amongst its members according to the principles of proportional representation by means of single transferable votes. A minister cannot be elected as a member of the committee. If a member becomes minister, he/she ceases to be a member from the date from which s/he became a minister.

Duty of the Committee

- *The role of the committee is to examine the accounts showing the appropriation of the sums granted by the Assembly for the expenditure of the Government of Orissa. The committee can also scrutinize the annual financial accounts of the state Government and such other accounts laid before the Assembly as the committee may think fit.*
- *In scrutinizing the appropriation accounts of the Government of Orissa and report of the Comptroller and Auditor General thereon, the duty of the Committee is to satisfy itself that;*

1. *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*
2. *the expenditure confirms to the authority which governs it;*
3. *every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.*

- *It is also the duty of the Public Accounts Committee to examine the statement of accounts showing the income and expenditure of the state corporations, trading and manufacturing schemes and projects together with the balance sheets and statements of profit and loss accounts.*
- *The Committee is supposed to consider the report of the Comptroller and* Auditor General where the governor may have required him to conduct an audit of any receipts or to examine the account of stores and stocks.
- *If any money has been spent on any service during a financial year in excess of the amount granted by the Assembly for that purpose, the committee has to examine with reference to the facts of each case, the circumstance leading to such an excess and make such recommendation as it may deem fit. The Committee shall not exercise its function in relation to such public undertaking as are placed under the purview of the Committee on Public Undertakings by the Speaker.*

Departmentally Related Standing Committees: It is committee which examines the demand for grants in detail and provides their suggestion to the government within 15 days of budget presentation.

Estimates Committee: It is a twelve-member committee, having similar membership procedures as for the public accounts committee. Major role of this committee is:

- To report what economies, improvements in organization, efficiency or administrative reform consistent with the policy underlying the estimates may be affected;
- To suggest alternative policies in order to bring about efficiency and economy in administration.

- To examine whether the money is well laid out within the limits of the policy implied in the estimates; and
- To suggest the form in which the estimates shall be presented to the assembly

Planning Commission: The planning commission is an institution of the Government of India, which formulates India's Five Year plans, among other functions. It was set up in march 1950 under the chairmanship of late Jawaharlal Nehru to promote a rapid rise in standard of living of the Indian people by efficient exploitation of national resources, increasing production and offering opportunities to all for employment in the service of the community. The planning commission works under the overall guidance of the National development Council. It is vested with the responsibility of making assessment of all resources- material, capital and human resource of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities. The commission advises and provides guidance for the formulation of India's Five Year plans. It also monitors plan programmes, projects and schemes.

State Finance Commission: The 73rd & 74th Constitutional Amendment Acts which came into effect on April 24, 1993 made provision for the constitution of a State Finance Commission in all states to examine the financial position of local bodies. It also gives recommendations for devolution of financial power to local bodies. Accordingly, a number of provisions have been incorporated in the Constitution to strengthen these local bodies in India. In Orissa there were two successive finance commissions constituted under the chairmanship of Professor Baidyanath Mishra and Mr. Trilochan Kanungo respectively. First finance commission made recommendation for the period 1998-2005 whereas second for the period of 2005-10.

State Planning Board: The state planning board was first constituted in Orissa in June 1962 with Chief Minister as chairman. The board was formed with a view to assist the government in the formulation of plans and in the monitoring and evaluating plan performance. The main functions of the board are to provide short term and long term policy guide lines for formulation of five years and annual plans at the state and district levels, with a view to achieving rapid economic growth and development, to systematically assess the existing stock of material, capital and human resources in the state and suggest the areas of their optimal utilization, to periodically review and evaluate the implementation of various development programmes in the state and the districts, to make such recommendations to the state government as it appears appropriate on policy issues, economic conditions, development programmes as may be referred to it by the state government, to undertake systematic manpower survey and planning and to suggest measures for generation of maximum employment opportunities and to advise the state government on all matters relating to planning and development activities in the state and districts having their bearing on the growth prospect of the state.

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Budget Documents

Annual Financial Statement: This is popularly known as budget for the state. This statement covers all the transactions of the state Government during the previous year, the current year and the next year. It provides the budget estimate for the next year, the budget estimate and the revised estimate of the preceding year and the figures of accounts/actuals of the second preceding year. It shows the net amount of total expenditure under different major heads after excluding the recoveries taken in reduction of expenditure. This document also shows the abstract and details of total financial transaction of Government pertaining to receipt and expenditure of under consolidated fund and public account by major heads.

Appropriation Account: it provides the amount of grants/appropriation under revenue and capital wise heads compared to the sum expended during the end of that year.

Budget at a Glance: It reflects an overall summary statement of the budget of the state. In addition to it some of the policy measures taken by the Government in fiscal front also clearly mentioned in this document.

Demand for Grants: This is a proposal made to the Legislative Assembly on the recommendation of the Governor for expenditure out of the Consolidated Fund of the state on different services to which the demands relate other than charged expenditure. The demands relate to the gross expenditure without taking into account the recoveries shown as reduction of expenditure.

It provides the budget estimate for the current year, the budget estimate and the revised estimate of the preceding year and the figures of accounts for the second preceding year. It shows the gross expenditure without taking into account the recoveries shown as reduction of expenditure. This document gives the allocation made to various administrative departments up to programme head or minor head of account.

Economic Survey: The annual economic survey of Orissa is usually presented every year, before presentation of the budget of the state. It consists of general economic health of the state and focuses on various micro and macro economic sectors with complete statistical data and analysis. Each year such survey is conducted to show the status of economic scenario of the state. It provides a clear picture on various economic indicators of the economy of the state. It is published by the directorate of Economics and Statistics, Planning and Co-ordination department, Government of Orissa. It is presented to the assembly before one day of budget presentation.

Explanatory Memorandum: It provides the expenditure by major heads under consolidated fund, contingency fund and public account.

Finance Accounts: It presents the account of receipts and expenditure under revenue and capital heads as well as the plan and non-plan types of expenditure of the Government up to the minor head corresponding to that year. It also gives the account of public debt, liabilities and the total capital expenditures up to the year end for that corresponding year.

Orissa Budget Manual: It is a government of Orissa publication. It was first issued in 1940. It gives the procedure of financial administration at the state level particularly the procedure of framing the budget estimates.

Revenue and Receipts: It provides the statement of revenue and receipts with details for the state under consolidated, contingency and public accounts by major heads.

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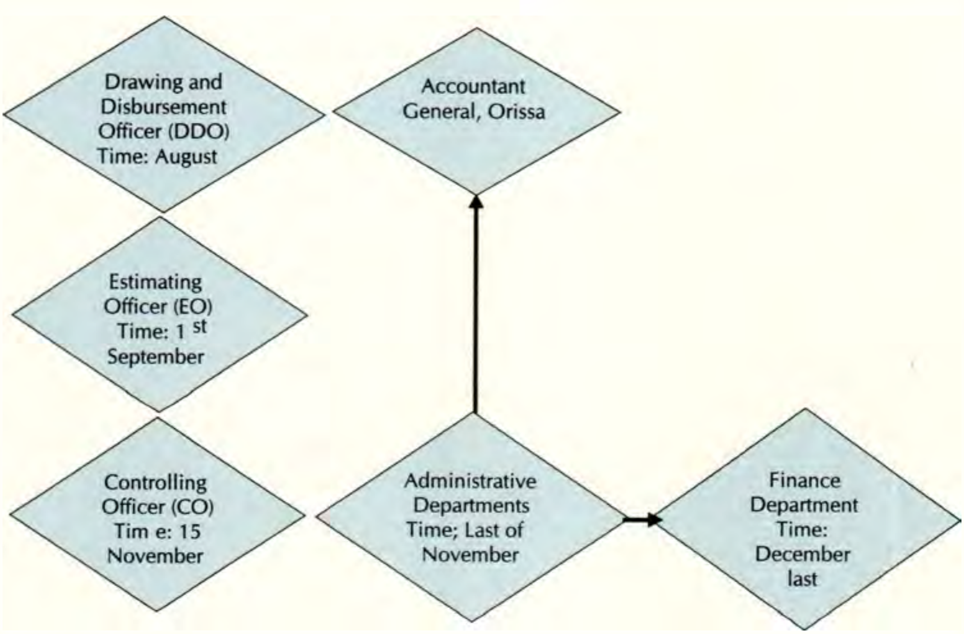
Section – IV

Budget Formulation Techniques

Preparation of the state budget is carried out on the basis of the departmental estimates submitted by the controlling officers working at the state level. The Controlling Officers prepare these on the basis of estimates made by the district level officers. The district level officer has to depend upon the figures submitted by the Drawing and Disbursing Officers working in the field level. While preparing the estimates, the following points have to be kept in mind by all the officers associated with this exercise.

1: All the officers have to give careful attention to the estimate so that it may be neither inflated nor deflated and as accurate as possible.

2: The Estimating Officer has to take note of the fact that as the government account are maintained in general on cash basis, the estimates should take into account only such receipts and payments which will be actually realized during the year.



3: It must be prepared in such a manner that it will not over estimate a underestimate resulting in deficit or surplus at the end of the year. The normal tendency to under-estimate the revenue and over-estimate the expenditure has to be avoided.

The budget formulation technique is given in more detail as following:

A: First edition of the Budget

1: Submission of Estimates

The Estimating Officers under different departments are responsible for collecting Budget Estimate figures from the Disbursing Officers working under them and submit the same to the Controlling Officer. The Estimating Officer has to stick to the time prescribed for him while submitting the same. Mostly 1st September is the deadline for submitting the estimates for the budget for the next year.

The Budget Estimate for the next year is normally based on the Revised Estimate of the current year after allowing for normalizations the same on the basis of the situation exists or expected. Provision must be made for all established expenditure but not for new schemes of expenditure. Similarly the budget estimates of receipt should be based on the existing rates of taxes, duties and fees etc. If any proposal for reduction and enhancement is pending in the government, it must be shown in the remarks column.

In case of both receipts and disbursement every Estimating Officer should observe strictly the rules relating to classification in the account as given by the Auditor General for uniformity throughout the country.

Lump-sum provisions should not as a rule be provided in the Budget Estimates. However, where it is unavoidable full justification of the provisions should be given in the remarks column.

The employee strength of an establishment has to be clearly mentioned in the Budget Estimate forms with sufficient clarification for difference between the current and next year strength if any. The sanctioned strength has to be shown in all cases.

2: Examination by the controlling officer

The Controlling Officer is normally at the state head quarter and is responsible for field implementation. For all matters he is answerable to the government. The form of the Controlling Officer's estimate contains columns both for receipt and expenditure as shown below:

(i) Heading under which the items should be classified.

(ii) The actuals for the past financial year.

(iii) The approved Budget Estimate for the current year.

(iv) The actuals of the first few months of the current year.

(v) Revised Estimate of the current year.

(vi) The Budget Estimate for the next year.

(vii) Explanatory remarks.

The Finance Department, the Works Department and the Information and Public Relation Department will arrange to supply the control officers form to the Accountant General by 15th July of every year. The Accountant General will fill up the actuals of the past financial year and send the same to the Controlling Officers by 10th of August of the year.

The Revised Estimate of the current year is to be calculated by adding the actual expenditure for the first three months of the current year and the expected expenditure for the rest nine months. The RE has to include any appropriation that may be sanctioned after the budget was passed arising out of the necessity of the Department.

The duty of the Controlling Officer is to examine the budget received from the Estimating Officers and see whether they are correct, whether all explanations for variation if any is included and whether further explanation is necessary.

The Controlling Officer at this stage can add any liability that was not included by the Estimating Officers. The budget estimates of all Estimating Officers are then to the consolidated and thoroughly reviewed. The Controlling Officers will send two copies of this consolidated budget to the Accountant General and one copy each to the Administrative Department and Finance Department respectively. The Controlling Officers required to fix up the schedule of receipt of estimates from Estimating Officers such that they will get enough time to go through the details of the allocations. Any correction to the consolidated budget submitted by the Controlling Officers is to be sent to the Finance Department and Accountant General latest by 15th November which is the final date line.

3: Scrutiny by the Administrative Department/Finance Department.

On receipt of the copies of the estimates, the Administrative Department and the Finance Department examines it thoroughly. The Administrative Department has to be more careful here because they are capable of detecting the excessive or inadequate provisions more easily as they have direct knowledge on the receipt and expenditure of their department. Clarification from the Finance Department on any specific item has to be attended immediately by the Administrative Department and it should be replied within a weeks time. The procedure of scrutiny at this level is to apply intelligence and making it full proof leaving nothing to chance. All existing continuing schemes are to be examined here for the first edition of the budget. After receiving the verification copies from the AG once again a detailed examination is made through consultation with the Administrative Department and the Controlling Officers. This exercise will be final during the month of November and December and the first Edition of the budget is made ready at the end.

4: Role of Accountant General

Office of the Accountant General records all the transaction of the government. So after receiving the copies of the consolidated budget estimate, it verify the fixed charges such as pay of officers, pay of establishment, recurring allowances and contingencies and tries to tally the allocation to their registers and identify if there is any unsanctioned amount included in the estimate without giving adequate explanation. He can propose his own revised and budget estimate figures after checking the same submitted by the Controlling Officers and properly explain the reason for such action. The Accountant General consolidate the estimates where for particular Major Head there are more than one Controlling Officers.

B: Second Edition of the Budget

The second edition of the budget is dependent on likely increase in the revenue estimation. In addition to the surplus in the first edition of the budget , the government may go for loan and grant from other sources to finance the second edition.

The new schemes should be taken up relative to their importance and urgency for the fund balance available. Any confusion with regard to whether a scheme deserves to be added in the first and second edition of the budget, the final decision is to be taken up by the Finance Department. This normally happens when there is requirement of more funds in existing scheme.

(i) Meaning of New Scheme:

The new schemes refer to the main criteria as to whether in previous years expenditure of a similar nature has been included in the budget or not. This means, expenditure involving the adoption of a new policy, provision of a new facility or substantial alteration in the character of an existing facility be treated as new schemes. Substantial increase in the scale of provision of a recognized scheme / involving considerable recurring expenditure may qualify to become new scheme. For example, proposal for offering grants-in-aid to college teachers amount to be treated as a new scheme. Repair and maintenance requirement of a project beyond the normal grant available will also be treated as a new scheme. If it is sanctioned as a recurring item in one year than for the subsequent years it will be treated as charges on the first edition of budget.

(ii) Procedure for New Schemes:

Each Controlling Officer should send the list of new schemes by 1st September to the Administrative Department for consideration. This means general public can intervene the budgetary process for inclusion of a new scheme through their Disbursing/Estimating officer (at the District/Sub-Division level) in the month of August of the Financial year.

The Controlling officer/estimating officer should give the following information in case of new schemes:

a. Reference to order of sanction, if any.

b. Brief, but clear note on the nature of the scheme.

c. Ultimate cost, of which recurring, non recurring and total.

d. Cost during the budget year.

e. Remarks.

For new schemes the stipulation is that no new scheme can be put in to the budget unless it is sufficiently advanced to allow of expenditure being incurred in the year.

After receiving the list of new schemes from the COs the Administrative Department will finalize the demand of grants required for the new schemes and refer all these to the Finance Department before 25th October. The Administrative

Department has to be extremely careful while arguing for continuance of a new scheme started in the earlier years or bringing in a totally new scheme. It is also further required by the Administrative Department to prioritize the schemes in a particular order explaining the justification for it.

After getting the lists and reports, the Finance Department shall prepare a preliminary statement by major heads, a statement for new expenditure depending on the extent of surplus available in the first edition. If no surplus is available, the deficit to be incurred is to be exhibited for consideration of the government. The whole exercise for new schemes is to be completed in the month of December. This constitutes the second edition of the state budget.

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Budget Enactment Process

Presentation of Budget:

- The Annual Financial Statement (AFS) or the statement of the estimated receipts and expenditure of the state in respect of every financial year (which will from now referred to as the budget) is presented in the state Assembly on a day in the preceding financial year after obtaining the consent of the Governor.
- Normally, on the day of the presentation of the budget, no discussion is made on the content of the budget. The members of the legislature are supplied with the copies of the budget at least two days before the day of presentation to enable them to go through it and prepare for discussing it. However, these days the copies are distributed in advance.

Form of Budget:

- For each Government department, a separate demand for grants is ordinarily made. The Finance Minister in his discretion may include in one demand, grants proposed for two or more departments, according to a rationalisation system. She/he may also make a demand in respect of expenditure such as Famine Relief and Insurance, which cannot be readily classified under any particular department.
- Each demand consists of two parts. The first part contains a statement of the total grant proposed and the second part a statement of the detailed estimate of grant divided into different items.
- The Finance Minister presents the budget in any form She/he finds suitable but She/he has to adhere to the rules mentioned above.

Budget Debate in the Legislature:

The approval of budget in the Assembly involves two distinct steps:

i. A general discussion on the policies and programmes enunciated in the budget papers;

ii. Specific discussion on each demand for grants before it is presented for voting and approval.

General Discussion:

- The priorities of the budget differ from year to year. In the years when a Government faces an election, the strategy is to maximize votes for the ruling party. Satisfying different pressure groups have different social and economic consequences. On the other hand, the strategy of the opposition is to nail the Government on different issues and expose their misdeeds, if any. The general discussion on the budget revolves round this. The principles of the Government are critically examined by members belonging to the ruling party as well as by those belonging to the opposition party. Normally, depending on the number of participants in the debate, the general discussion on the budget continues for two to three days. During general discussion, no specific motion to amend a provision is allowed. The Budget as a whole is also not put to vote at this stage.
- The Finance Minister has the right to give a reply on the observations made by any member of the Assembly.
- The Speaker has the power to decide the way the discussion has to proceed and the time allotted to each member.

Examination by the Departmentally Related Standing Committees: After presentation of the budget, standing committee members and the chairman of a particular department or group of departments scrutinizing the budget and suggests to the government for alteration keeping the allocation of the major head of the department unaltered. This process in the state has started recently in the lines of Central Government.

Voting of Demands for Grants:

- Voting on demand for grants of each individual department is taken up after a brief interval to enable members to go through the budget proposals. The Speaker of the Assembly normally fixes the dates and other modalities for such discussion.
- Motion for appropriation can be made in the Assembly only after receipt of recommendation of the Governor for such a motion.

- Demands for reduction in grants for schemes of a particular department are allowed at this stage but increasing such grants or altering their targets are not allowed.
- A member desiring to bring forward a motion for the reduction of the amount specified in any demand for grants is required to give a notice in writing to the Secretary of the Assembly not later than on the fifth day or before the first day fixed for the voting.
- The Speaker, with the consent of the Minister-in-charge of a department, may allow the motion to be moved at a shorter notice.
- Normally two days are allowed for discussion on demand for each department. As soon as the maximum limit of the time allowed for discussion is reached, the Speaker brings the discussion to an end and disposes of that demand for grants.
- In this way, discussion on all demands for grants are completed within the scheduled time and no further motion on appropriation is allowed.

Appropriation Bills:

- Article 204 of the Indian Constitution and rule 124 of the Orissa Budget Manual provides for introduction of an Appropriation Bill immediately after voting on demand for grants is complete.
- The procedure for introduction of the Appropriation Bill is similar to other money bills with such modifications, as the Speaker may consider necessary.
- The Speaker may prescribe a time limit for speeches for the whole discussion or any part of the discussion in the stages involved in the passage of the bill.
- The debate on an Appropriation Bill is restricted to matters of public importance or administrative policies implemented in the grants covered by bill, which have not already been raised while relevant demands for the grants are under consideration.

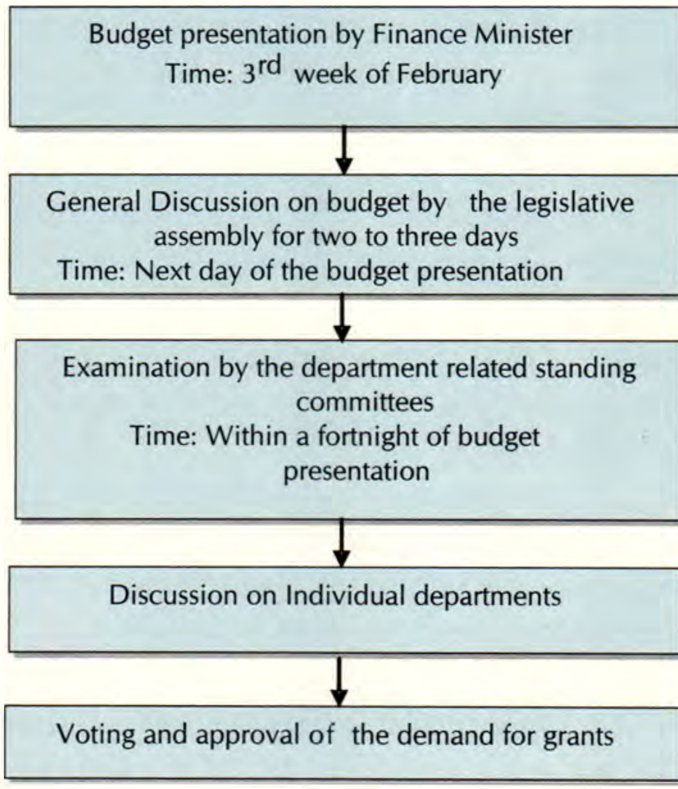
Supplementary, Additional or Excess Grants:

- At any time during a financial year a statement of estimate may be presented before the Assembly for supplementary or additional grants when the amount authorized by the Appropriation Act in respect of a particular services for any financial year is found to be insufficient for the purpose of that year. A need may also arise during the current financial year for expenditure on some new services, which has not anticipated in the budget of the year.
- Discussion on supplementary or additional grant is regulated by the same procedure as is applicable in the case of demands for grants subject to modification, addition or omission, as the Speaker may deem it necessary or expedient.
- The debate on the supplementary grants is confined to the items constituting the same and no discussion is allowed on the original grants or policy underlying them passed earlier.
- When funds to meet proposed expenditure on a new service can be made available by re appropriation, a demand for the grant of a token sum may be submitted to the vote of the Assembly, and, if the Assembly accepts the demand, funds may be made available.
- If in respect of any financial year money has been spent on any service, in excess of the amount granted for that service and for that year a demand for the extra amount can be presented to the Assembly and will be dealt in the same way by the Assembly as if it were a demand for a supplementary grant.

Vote on Account:

- Vote on account is normally presented when the Government in power has to face an election in the near future and thus has no right to present a full-fledged budget. A motion for vote-on-account gives the total sum required and the various amounts needed for each department or items of expenditure.
- In the Assembly, amendments can be moved for the reduction of the whole of the grant or for the reduction or omission of the items where the grant is composed.

- General discussion on the vote on account is allowed on the motion or any amendments moved thereto but the details of the grant cannot be discussed.



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Section VI

Budget Control Mechanism

Control of public expenditure both with regard to quality and quantity are most important to derive optimum benefit to the general public. Control over public expenditure can be accomplished in two different stages. The first one is at implementation stage when the budget is executed and the second is at audit stage when an analysis is made on verifying the utilization pattern of money control at the implementation stage.

Control at the Implementation Stage

Immediately after the budget is passed in the legislature, the Finance Department/ Administration Department will, if necessary, divide the appropriation against each unit between the Controlling Officers under them. Thereafter the Controlling Officers make arrangements for distributing and communicating the appropriations to the Disbursing Officers concerned. The Controlling Officers must see that the following two conditions are satisfied before money spent on a particular activity:

1. That it is sanctioned by the competent authority
2. That the funds must have been appropriate for it.

No expenditure should be undertaken in anticipation of sanction unless it is absolutely necessary. In such cases where it is necessary to incur expenditure in anticipation of sanction, the fact should be reported without any delay to the competent authority to sanction the expenditure. The sanction of any authority to any expenditure becomes operative only after funds have been appropriated to meet it. When the expenditure cannot be met except by a reappropriation which requires the sanction of a higher authority. It should not be incurred in anticipation. Sanction before reappropriation is not a formal matter and acts as a control of expenditure.

The sanction of any authority to recurring expenditure over a period of years becomes operative when funds are appropriated to meet the expenditure of the first year and remains in operation for each year of the specified term subject to appropriation or the voting of funds in such year.

The Controlling Officers are responsible to seeing that the appropriation placed at their disposal are not wasted or exceeded. This restriction is imposed on their subordinate disbursing officers. The Accountant General will assist the Controlling Officers in issuing warning to Disbursement Officers and Controlling Officers when there is possibility of excess expenditure. However, the responsibility is that of the department but not of the Accountant General to remain within the sanctioned expenditure. The Controlling Officer can formulate an appropriate system of control over the disbursement officer that may suit to their own departmental requirement.

The other instructions for control of public expenditure are:

i. The first essential requirement is that the classification of charges by the Disbursement Officers should be identical with that made by the AG. The Controlling Officers will ensure that the Disbursement Officers know all the units of appropriation of the budget under which they incur expenditure and the charges properly debitable to each ; enter the unit of appropriation in full at the top of every bill and where ever possible draw charges debitable to different units of appropriation on different bills so that each bill contains charges debitable to one unit only.

ii. The Disbursing Officer should submit statements of expenditure under each unit of appropriation or subdivision to the Controlling Officers by the 7th of the month following the month to which it relates

iii. The AG will report the total expenditure for each unit for a month to the Controlling Officers concerned in the third week of the next month. The Controlling Officers will check this with the consolidated figures of the Disbursing Officers and is there is no discrepancy he will inform by 10th of the second month confirming the acceptance of the Accountant General's figure

iv. Controlling Officers shall report correct revised estimate figures for the current year to the Finance Department / Administrative Department by the 15th November of the year.

v. There shall be a consideration of the provision for each department in the month of February to know whether there is requirement of a supplementary grant or not. If it is necessary then it has to be sent to the concerned administration department with fullest justification stating the following things

a. Why the excess was not foreseen before

b. Why steps cannot be taken to reduce expenditure earlier.

vi. If the RE prepared by Controlling Officers in February show a saving, that saving should be surrendered and 10th of March is the last date of such savings surrender once reported are final and cannot be withdrawn under any circumstance.

vii. Controlling Officers should remember that they will be held accountable for unnecessary large savings which could have been foreseen. It is necessary to correct the RE up to 20th February to match the actual requirement.

viii. It is necessary that the money shall not be spent hastily or in an ill conceived manner merely because it is available or that the lapse of a grant could be avoided. In the public interest grants that cannot be profitably utilized should be surrendered.

ix. After the closure of the year, the Controlling Officers obtain from Disbursing Officers statement of the expenditure during the year under the various units of appropriation and should deal at once with cases in which allotments have been exceeded or revised estimates have been seriously wrong.

x. After getting the final figure from Accountant General the discrepancies with the department figures be reconciled and decide the action to be taken against Disbursing Officers exceeding their allotment if any. He will also get ready to face the Public Accounts Committee to explain the census of excess spending.

xi. The Controlling Officers has to complete all works within the time frame so as to facilitate the publication of Appropriate Account, Finance Account and Audit Report by the Controller and Auditor General as required by the constitution.

xii. The Controlling Officers shall go through these documents and get ready with their reply to give evidence to the public accounts committee who may wish to examine the expenditure at any time. If there is any excess expenditure over the voted expenditure, finance department will take steps to present to the legislative assembly a demand for the excess grant.

Audit or Verification of Accounts:

Audit forms an indispensable part of the financial system and is one of the important organs necessary to ensure the sound functioning of a parliamentary democracy. Audit assists the legislature in exercising its financial control over the executive. It also ensures that funds voted in the legislature have been utilized for the purpose intended and that funds authorized to be raised through taxation and other measures have been assessed, collected and credited to government properly. The audit examines to ascertain the final account represents a complete and true statement of the financial transaction. The executive frames the financial rules and order and the audit verify the rules and orders if it satisfies the provision of law. It is the duty of the audit to bring to notice through its reports wastefulness in public administration and infructuous expenditure. The fundamental abject of the audit is to secure real value for the taxpayer money.

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Annexure-I

Orissa Budget: Key Figures (Rs. In Cr)

Items	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11(RE)	2011-12(BE)
Revenue Receipt	14084.72	18032.62	21967.19	24610.01	26430.21	32543.55	36383.36
Tax Rvenue	9879.03	12285.48	14702.59	16275.16	17500.99	20364.18	23734.83
Non-Tax Revenue	4205.69	5747.14	7264.6	8334.85	8929.22	11930.9	12648.53
Capital Receipt	**2442.56**	**2331.71**	**82.2**	**1387.87**	**2006.49**	**4648.25**	**6606.76**
Recoveries of Loans and other Receipt	347.6	285.82	355.3	236.21	356.36	243.15	240.29
Borrowing and Other Liabilities	2094.96	2045.89	506.9	1151.66	1650.13	4405.1	6366.47
WMA and OD from RBI	0	0	0	0	0	0	0
Total Receipt	**16527.28**	**20364.33**	**22829.38**	**25997.88**	**28436.7**	**37191.8**	**42990.12**
Total Receipt without WMA	16527.28	20364.33	22829.38	25997.88	28436.7	37191.8	42990.12
Non-Plan Expenditure	12670.49	15141.19	15789.45	17989.86	21639.1	26187.53	29594.25
On Revenue Account	11490.77	13045.44	13634.19	15883.24	19676.5	24204.44	26956.58
Interest Payment	3697.1	3188.43	3169.48	2889.81	3044.17	3952.12	4047.33
On capital Account	1179.72	2095.75	2164.26	2106.62	1962.6	1983.09	2637.67
Debt Repayment	1037.59	1850.74	1844.97	1492.61	1488.69	1711.16	2266.67
Repayment of WMA and OD	0	0	0	0	0	0	0
Plan Expenditure	**3075.87**	**4204.8**	**7045.88**	**8933**	**8901.54**	**13201.19**	**15284.72**
Total Expenditure	**15746.36**	**19345.99**	**22844.33**	**26922.86**	**30540.64**	**39388.72**	**44878.97**
Total Expenditure without WMA	**15746.36**	**19345.99**	**22844.33**	**26922.86**	**30540.64**	**39388.72**	**44878.97**
Revenue Expenditure	**13603.52**	**15772.02**	**17723.27**	**21190.12**	**25291.59**	**32862.42**	**36323.23**
Revenue Deficit	**481.2**	**2260.6**	**4243.92**	**3419.89**	**1138.62**	**-318.87**	**60.13**
Fiscal Deficit	**-1314.04**	**-1027.55**	**-521.84**	**-2076.64**	**-3754.07**	**-6602.02**	**-8255.32**
Fiscal Deficit without WMA and OD to RBI	**-1314.04**	**-1027.55**	**-521.84**	**-2076.64**	**-3754.07**	**-6602.02**	**-8255.32**
Fiscal Deficit without Debt Repayment	**-276.45**	**823.19**	**1323.13**	**-584.03**	**-2265.38**	**-4890.86**	**5988.65**
Primary Deficit	**2383.06**	**2160.88**	**2647.64**	**813.17**	**-709.9**	**-2649.9**	**-4207.99**
GSDP at Current Price	83891	100221	127234	142728	162327	186356	214309
Revenue Deficit As % of GSDP	0.574	2.256	3.336	2.396	0.701	-0.171	0.028
Fiscal Deficit As % of GSDP	-1.57	-1.03	-0.41	-1.45	-2.31	-3.54	-3.85
State's Own Revenue	6534.19	8653.18	9509.66	11171.35	12194.54	13925.36	16104.9
State's Share In Central Tax	4876.75	6220.42	7846.5	8279.96	8518.65	10004.17	11428.99

(Cont. Annexure-I)

Annexure-I

Items	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11(RE)	2011-12(BE)
Total Debt Stock	36456.45	37249.51	36311.61	36430.54	37730.04	41023.98	45923.78
Total Debt Stock As % of GSDP	**43.46**	**37.17**	**28.54**	**25.52**	**23.24**	**22.01**	**21.43**
Capital Expenditure	1038	1313	2843	3778	3648	4456	5662
Capital expenditure As% of GSDP	1.2	1.3	2.2	2.6	2.2	2.4	2.6
Expenditure on Mass Education	1920.47	1980.74	2379.55	3351.17	4107.65	5590.07	5315.44
Expenditure on Health and Family Welfare	444.59	590.55	751.31	899.13	1132.48	1522.17	1451.66
Expenditure on Ariculture	254.56	269.27	374.2	591.35	784.83	1115.83	1167.98
Expenditure on Mass Education As % of GSDP	2.45	2.08	2	2.5	2.53	3	2.48
Expenditure on Health and Family Welfare As % of GSDP	0.57	0.62	0.6	0.67	0.7	0.82	0.68
Expenditure on Agriculture As % of GSDP	0.32	0.28	0.31	0.44	0.48	0.6	0.54

Annexure-II

List of Ministers and their Budget Presentations during different Financial Years

Name	Office Held	From	To	Date of Presentation of Budget
Late Biswonath Das	C.M	19/07/1937	6/11/1939	30.08.37, 01.03.38, 25.02.39
Late Godavaris Mishra	F.M	24/11/1941	30/06/1944	05.03.42. 01.03.43. 01.03.44.
Late Harekrushna Mahatab	C.M	23/04/1946	12/5/1950	04.03.47. 02.03.48. 02.03.49. 03.03.50.
Late Nabakrushna Chaudhury	C.M	12/5/1950	20/02/1952	21.02.51
Late Radhanath Rath	F.M	7/4/1952	19/10/1956	26.05.52. 02.03.53. 24.02.54. 25.02.55. 01.03.56
Late Harekrushna Mahatab	C.M	6/4/1957	22/05/1959	03.06.57. 20.03.58. 24.02.59.
Late Rajendra Narayan Singh Deo	F.M	22/05/1959	25/02/1961	22.02.60
Late Biju Pattnaik	C.M	23.06.1961	2/10/1963	01.03.62. 01.03.63
Late Biren Mitra	C.M	2/10/1963	21/02/1965	24.02.64
Late Sadasiba Tripathy	C.M	21/02/1965	8/3/1967	25.02.65. 24.02.66
Late Rajendra Narayan Singh Deo	C.M	8/3/1967	9/1/1971	03.07.67. 28.02.68. 12.03.69. 02.03.70
Late Biswonath Das	C.M	3/4/1971	14/06/1972	05.07.71. 02.03.72.
Late Binayak acharya	F.M	8/3/1974	6/11/1976	03.07.74. 25.02.75. 01.03.76
Late Binayak acharya	C.M	30/12/1976	30/04/1977	25.03.77
Dr. Ram Prasad Mishra	F.M	27/06/1977	17/02/1980	06.09.77. 03.03.78. 05.03.79
Shri Raghunath Pattnaik	F.M	10/6/1980	12/2/1985	05.09.80. 11.03.81. 11.03.82. 08.03.83. 12.03.84
Late Gangadhar Mohapatra	F.M	30/05/1985	19/12/1986	03.07.85. 04.03.86
Shri Jugal Kishore Pattnaik	F.M	6/2/1987	7/12/1989	05.03.87. 02.03.88. 27.02.89
Shri Ram Krushna Pattnaik	F.M	15/03/1990	24/07/1990	01.06.90
Shri Bed Prakash Agrawalla	F.M	2/1/1991	15/03/1995	04.03.91. 03.03.92. 01.03.93. 01.03.94
Late Basanta Kumar Biswal	F.M	21/03/1995	24/08/1998	28.06.95. 26.06.96. 01.03.97. 01.07.98
Shri Raghunath Pattnaik	F.M	22/02/1999	6/12/1999	02.07.99
Shri Ram Krushna Pattnaik	F.M	6/3/2000	6/8/2002	28.06.00. 08.03.01. 06.03.02
Shri Naveen Pattnaik	C.M	6/8/2002	16/05/2004	03.03.03
Shri Prafulla Chandra Ghadai	F.M	18/05/2004	Continuing	05.07.04. 04.03.05. 14.02.06. 01.06.07. 16.02.08

Budget is an important instrument which ultimately determines the day to day live of each and every citizen of a nation. Howerver, most people think, it is a subject, best left to the experts. They find the terms used in budget too technical. However, common citizen remain indifferent to the budget making process out of their ignorance.

This handbook is an attempt to explain budget terminology as well as the process of budget making to the common people. It is hoped that this handbook will help students, researchers, academicians and civil society organizations to understand the intricacies and technicalities of budget process of the state.

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