

✓ Estimates of Revenue : after estimates of expenditure, estimates of revenue are prepared.

✓ Dep of Revenue, CBDT, CBEC → forecast

✓ ⇒ Fin Min makes alteration of rate of taxes to meet the requirement of expenditure. New taxes may be introduced / old ones may be abolished

✓ NOTE: all policy matters on both expenditure & revenue are decided by the cabinet.

Finally, 2 statements are prepared for Parliament →

✓ 1) Demand for Grants : (disbursements to be met from con. fund)

✓ 2) Annual Financial Statement: (^{estimated} receipts & disbursements of govt. both under Public Account & Consolidated Fund)

→ Art 112 — main budget document

Q2. PARLIAMENTARY APPROVAL OF BUDGET

(i) Presentation of the budget.

✓ Presented by Fin Minister, record by Pres

✓ 2 parts → Railway Budget & General Budget

✓ RB → presented by Railways Minister → 5th week of Feb

✓ GB → " " Finance " → ~~last day of Feb~~
last working day of Feb at 5:00 pm.

✓ Budget speech
→ Part A : general economic survey
→ Part B : taxation proposals

✓ No discussion on Budget on day it is presented.

(ii) Discussion on Budget

✓ General Discussion

detailed discussion and voting on Demand for Grants.

→ comes later

(iii) Budget in Dep related Standing Committees

- ✓ each committee given time limit for discussion on DFG
- ✓ reports of committee placed before Parliament
- ✓ discussion in both houses in light of these reports.
- ✓ detailed examination
- ✓ can't make suggestion which would amount to cut motion

(iv) Voting on Demands

- ✓ discussion and voting of demand for grants in Lok Sabha
- ✓ Time allotted for discussion on demands of each Ministry
- ✓ Members can move subsidiary motions to the main motion ~~cut~~ → Cut motion

1) Disapproval of Policy cut → bring amount of demand to ₹ 1.

2) Economy Cut → economy in spending

3) Token Cut → ↓ by ₹ 100 → ventilate specific grievances.

Cut motions is a device to initiate discussion on DFG.

'Symbolic' value → no chance of being carried unless govt loses majority in House. If carried → vote of censure.

- ✓ After discussion, cut motions disposed off and then voting done on demands

- ✓ on last day → demands not disposed → Guillotine

(v) Appropriation Bill → legal sanction for appropriation from CFI. & It's a money bill.

(vi) Finance Bill : taxation ~~policy~~ proposals

general discussion on taxation policy ~~tax~~ takes place

✓ Vote on Account & Art 116 (a)

↳ limited sum granted until Appropriation Act is passed

→ more needed

→ overspent

✓ Supplementary Grants, ✓ Excess Demands for Grants,
✓ Vote on Credit and ✓ Exceptional Grants.

↳ for emergencies

↳ for special purpose.

③ Execution of the Budget:

earlier, Fin m'n controlled → (i) in principle approval
(ii) acceptance in budget estimate
(iii) concurrence prior to incurring expenditure

Now → devolved through Integrated Financial Advisers in Ministries

Machinery for discharging fns: (1) Controlling officers

(2) Competent Authority (issues sanctions)

(3) DDO (4) System of payment, receipts & accounts.

✓ PAOs created in various depts to make payments & compile accounts.

✓ Overall responsibility of execution of Budget and control of Budget performance is with Ministry of Finance.

✓ proper Execution → proper collection of Revenue

↓
proper
allocation of funds

↓
Dep of Revenue
↓
CDBT CBEC

④ Accounting of the Budget.

- ✓ 1976 → new system of accounting, CAG relieved of compiling & keeping of Accounts
- ✓ Payment functions of Treasury → to depts.
- ✓ Now, Secretary of each Ministry → Chief Accounting Authority responsible for all transactions of the Ministry
- ✓ this responsibility discharged through IFA.
- ✓ Secretary → overall responsibility for functioning of accounting and payment set up and is responsible for ~~functioning~~ certification of monthly accounts.
- (IFA) → on behalf of Chief Accounting Authority
 - ✓ (i) Prepⁿ of Ministry's budget & coord with HODs and distribution of budget allotment among various wings of the Ministry.
 - ✓ (ii) Control of Expenditure
 - ✓ (iii) Arrangement for payments through PAO
 - ✓ (iv) Consolidation of Ministry's Accounts.
 - ✓ (v) Internal check → accuracy & efficiency
 - ✓ (vi) efficient system of night accounting as per Ministry's needs.

✓ 1974 → accounting structure revised → ¹sectoral, ²major head, minor head, ³subhead & ⁴detailed heads ⁵

- ✓ CAG: apex accounting authority of Central Gov — Art 150
 - ↳ prescribing forms of accounts for Union & State Govts. on advice of CAG.

Functions of CGA:

internal

- (i) framing rules & reg^s in field of accounts & audit
- (ii) publication of accounts, codes, manuals, instructions
- (iii) cadre mgmt of Civil Accounts Personnel
- (iv) Govt. disbursements and banking arrangements of ministries

⑤ Audit → CAG.

Functions of Finmin:

- (i) Admn of finance of Union Govt. & handling financial matters affecting the country as a whole
- (ii) ^{Raising} Revenues, taxation, borrowing policies — regulation
- (iii) banking, currency, forex.
- (iv) Controlling expenditure in coop with admin ministries

Role in budget → already discussed ✓

Wastage → current FY → after expenditure sanctioned
monsoons break in → rush at the end

↳ Rule of lapse → unspent grants lapse → better to spend than surrender → unscrupulous spending.

→ better to have it 1st Nov or 1st Jan onwards