It is difficult to define with any precision the exact meanings of the expression "an object not specially included in the estimates" or "a new Service". But the following principles will enable a decision to be arrived at in most cases :—

(i) The test which should be accepted in audit as deciding whether a re-appropriation is or is not for an object not specifically included in the etimates is whether the re-appropriation is seriously a diversion of funds to a purpose not contemplated by the Legislature.

(ii) The creation of a post of a new kind not before provided for, would un-doubtedly be a new service, but to add to the number of officials engaged in an occupation provided for or to add to the pay of any one of them so engaged would not be a step which goes beyond the intentions of the Legislature in voting a grant. In other words, the expression "new service" must be regarded as applying not to the particular way in which money is spent but to the general purpose or object to which it is devoted. The primary test of "newness" of a service is whether or not the Legislature has voted expenditure of a similar nature in past years. In some cases, however, the expenditure on recognized services may from its extent be important enough to be regarded as a "New Service".

*Note* 2 :—In cases where expenditure relating to temporary establishment has been voted by the Assembly for a period extending over a number of years, it should be shown in the ordinary budget for those years with a distinct mark (N.R.) and separate from the lump provision for temporary establishment, with an indication of the period e.g. "temporary draftsman (N.R.) till 28th February, 19.........".

*Note* 3 :—A grant-in-aid voted for a stated or defined period will be treated as a non-recurring grant and included in the estimates of new expenditure after the expiry of the sanctioned period.

(ii) While preparing proposals for items of new expenditure the following instructions should be carefully observed by departments —

(a) The number and rates of pay of officers and establishment whether permanent or temporary, should be given in detail and the period of employment of temporary officers and establishment should be stated.

(b) A clear statement should be made of the additional expenditure arising out of travelling allowance, other allowances and honoraria and contingencies.

(c) If a scheme involves the construction of building or other works the cost of such works should be stated.

(d) If the cost of a scheme is likely to increase from year to year the ultimate liabilities of Govt. should be specifically stated.

(e) If a scheme involves any loss of revenue to Government, this should be stated.

(f) The proposals should show clearly what expenditure if any, will be incurred abroad.

(iii) For the preparation of the Memorandum explanatory of the "New Expenditure", it is necessary that :—

(a) The memo should be a self-contained description of the scheme, and should state precisely and clearly the facts which make the expenditure either necessary or desirable as the case may be.

(b) The Memo should give, in the case of schemes involving heavy expenditure over series of years, the probable ultimate cost, anticipated return and other relevant details with the object of placing the entire project before the Legislature for their approval.

(c) The Memo should state clearly the date from which it is proposed to incur expenditure or engage establishment, as the case may be; and

(d) The memo relating to the item of grant-in-aid should always clearly specify the conditions attaching to the proposed grant.

297. *Estimates under debt, deposit and remittance heads*:—The Finance Deparmtent has to assure itself that there will be sufficient cash throughout the year not only for the expenditure of the various services and departments of the public administration but also for the transactions relating to debt, deposit and remittance heads which form part neither of the revenue of the Government nor of its expenditure. Special importance attaches to the estimates of permanent and temporary loans which are framed after a careful review of the cash position under all the heads for the coming year. (For instruction in regard to such estimates, see para 5.17 of Punjab Budget Manual).

298. *Secrutiny of New Expenditure by Council of Ministers*:—The schedules of new expenditure and list of major and minor works are submitted by the Finance Department for consideration in the Council of Ministers about the middle of December. For this purpose the Finance Department gets the schedules and memo reprinted in the form of a volume and with the printed volume submits a brief note based on the first edition estimates indicating the extent to which it would be possible to finance new schemes in the coming year.

After orders have been passed by the Council of Ministers the Finance Department will scrutinize each item passed for approval with a view to see whether it is necessary to include it in the volume of new expenditure to be presented to the Legislature. Any items passed by the Council of Ministers, but not considered necessary for inclusion in the volume of new expenditure will be included in the estimates of ordinary expenditure.

299. *Supplementary Estimates* :—The Supplementary Estimates during the year will only be restricted to expenditure newly imposed or such as is necessitated by an un-expected emergency and which has been financed from the contigency fund.

300. *Examination by Estimates Committee* :—All Budget Estimates and any demand for Supplementary grants are examined by an Estimates Committee of the Haryana Legislative Assembly before being presented to the Legislature. This committee have the right to scrutinize the departmental estimates in such details as they may deem fit and are empowered to call for any information in regard thereof.

*301. Discussion and Voting by the Legislature* :—Under Article 203 of the Constitution of India, so much of the estimates as regard to expenditure charged upon the Consolidated Fund of a State shall not be submitted to the vote of the Legislative Assembly but the Legislature is at liberty to discuss any of those estimates.

The procedure in Legislature with respect to estimates etc. is given in Articles 202 to 207 of the Constitution of India, reproduced in Annexure II to this chapter.

(For detailed instruction regarding the Consolidation of estimates and submission of demand s for grants see chapter 9 of the Punjab Budget Manual).

*302. Communication and Distribution of Grants* :—As soon as the grants have been made by the Assembly and the Appropriation Bill has been passed in accordance with Article 204 of the Constitution of India the Finance Department will communicate to the heads of departments concerned, the amounts for which appropriation out of the Consolidated Fund of the State has been made under different heads of accounts. A copy of the letter communicating the grants should be sent to the Accountant General, Haryana and the Administrative Secretary concerned. There are, however, certain items of expenditure which either are not communicated at all but remain at the disposal of the Finance Department or if communicated, do not require distribution but are audited against the appropriation for the whole State.

(For detailed instructions, see chapter 10 of the Punjab Budget Manual).

*303. Expenditure not provided for* :—Ordinarily, no expenditure should be incurred on a 'new service' in anticipation of the approval of Legislative Assembly and the authorisation by it of the necessary funds. Similarly, no expenditure which is likely to involve an excess over the grant should be incurred in anticipation of approval of the Legislative Assembly. But in urgent cases such expenditure may be sanctioned provided it is not on a 'new service' but steps should be taken to see that the grant as a whole is not exceeded before the necessary supplementary funds are provided by the Legislative Assembly. Steps should be taken to obtain the Supplementary grant as early as possible. The effect of the supplementary grant being refused will be to compel the executive to curtail the expenditure in the remaining months of the year so as to keep the total expenditure within the amount authorised. When new expenditure is incurred which will be specifically met from savings it is not necessary that the reappropiration should be made before the expenditure is incurred. It will be sufficient if it is made any time before the close of the financial year.

*304.* If, during the course of the year, it becomes necessary, to incur expenditure on a 'new service', not provided in the budget, or to incur additional expenditure on some service in excess of the provision voted or authorised by the legislature, advances can be made from the Contingency Fund of the State, established by the State by Law as contemplated in Article 267(2) of the Constitution of India (Reproduced in Annexure II to this chapter).

*305.* The Haryana Government have established a Contingency Fund and issued the following rules governing that Fund—

THE HARYANA CONTINGENCY FUND RULES, 1967

1. These rules may be called the Haryana Contingency Fund Rules, 1967.

2. The Fund shall be administered on behalf of and in the name of the Governor of Haryana by the Secretary to Government, Haryana, Finance Department.

3. Advances from the Fund shall be made for the purposes of meeting unforeseen expenditure. An advance from the Fund shall be made if either the provision for a particular service in the Budget is found insufficient and cannot be met by re-appropriation from savings within the grant or there is need to incur-expenditure upon some new service not contemplated in the Budget. There shall be no token advance from the Fund. The supplementary demand to be presented to the Legislature for recouping the advance may, however, be for a token amount if savings are likely to be available within the grant for meeting the additional expenditure.

. Applications for advances from the Contingency Fund shall be referred to the Finance Department by the Administrative Department after obtaining the approval of the Minister concerned. The applications shall give.

(i) brief particulars of the additional expenditure involved;

(ii) the circumstances in which provision could not be included in the Budget;

(iii) why its postponement is not possible;

(iv) the amount required to be advanced from the Fund with full cost of the proposal for the year or part of the year, as the case may be; and

(v) the grant or appropriation to which the expenditure will be debited.

If, in any case, after the order sanctioning an advance from the Contingency Fund has been issued in accordance with rule 3 and before action is taken in accordance with rule 6, it is found that the advance sanctioned will remain wholly or partly un-utilised, an application shall be made to the sanctioning authority for cancelling or modifying the sanction, as the case may be.

6. Any expenditure authorised temporarily by an advance from the Contingency Fund shall be debited to a separate section of the Account under the said fund in the same detail as it would have been shown, if it had been paid out of the Consolidated Fund.

7. (1) Supplementary Estimates for all expenditure so financed shall be presented to State Legislature at the first session meeting immediately after the advance is sanctioned unless such advance has been resumed to the Contingency Fund in accordance with the provision of sub-rule (5).

(2) While presenting to State Legislature Estimates for expenditure financed from the Contingency Fund, a note to the following effect shall be appended to such estimates :—

"A sum of Rs.....................has been advanced from the Contingency Fund in..................and an equivalent amount is required to enable repayment to be made to that Fund."

(3) If the expenditure on a new service not contemplated in the annual financial statement can be met, wholly or partly, from savings available within the authorised appropriation, the note shall be appended in the following form :—

"That expenditure is on a new service. A sum of Rs.................. has been advanced from Contingency Fund in .............and an equivalent amount is required to enable repayment to be made to that Fund.

The amount, viz., Rs...................can be found by re-appropriation of savings within the grant and a token vote only is now required.

A part of that amount, viz., Rs. ...........can be found by reappropriation of savings within the grant and a vote is required for the balance viz., Rs. ................only".

(4) In exceptional circumstances to be recorded in writing the supplementary estimates, when they cannot be presented to the legislature in the first session may be so presented at a subsequent session.

(5) As soon as State Legislature has authorised additional expenditure by means of a Supplementary Appropriation Act, the advance or advances made from the Contingency Fund, whether for meeting the expenditure incurred before the Supplementry Estimates were presented to the State Legislature or after they were so presented shall be resumed to that Fund, to the full extent of the appropriation made in the Act.

8. (1) All advances sanctioned from the Contingency Fund to meet expenditure in excess of the provision for the service included in an Appropriation (Vote on Account) Act shall be resumed to the Contingency Fund as soon as the Appropriation Act in respect of expenditure on the service for the whole year, including the excess met from the advances from the Contingency Fund has been passed.

(2) The advances obtained from the Cotingency Fund for expenditure on a 'New Service' during the 'Vote on Account' period for which adequate provision exists in the Appropriation Bill for the year shall stand resumed to the fund as soon as the Appropriation Act for the whole year has been passed by the Legislature and assented to by the Governor. A statement of such advances sanctioned during the 'Vote on Account' period but before the relevant demand for grant have been passed by the Legislature shall be laid down on the table of the Legislature in the following form, before the Appropriation Bill for the whole year is introduced in the Legislature:

## STATEMENT

Statement showing advances drawn from the Contingency Fund of Haryana during the 'Vote on Account' period for expenditure on 'New Service' for which necessary provision had been made in the Budget Estimate for...............

The advance will be recouped to the Fund after the Appropriation Act is passed.

| Particulars of service | Name of Ministry/ Department | Amount of advance from the Contingency Fund | Number and name of the grant in which provision exists in the Budget Estimates with amount of provision | Brief reasons why the expenditure could not be deferred till the demands for grants were voted by the Legislature |
|---|---|---|---|---|

Similarly a statement of such advances sanctioned during the 'Vote on Account' period but after the relevant demand for grant having been passed by the Legislature, in the following form shall be apended to the Supplementary Demand statement, presented to the Legislature on its session meeting immediately after the advance is sanctioned.

## STATEMENTS

Statement showing advances drawn from the Contingency Fund of Haryana, during the 'Vote on Account' period for expenditure on 'New Services' for which necessary provision had been made in the Budget Estimates for.......... The advances were recouped to the Fund after the Appropriation Act was passed.

| Particulars of Service | Name of Department | Amount of Advance from the Contingency Fund | Number and name of the grant in which provision exists in Budget Estimates with amount of provision | Brief reasons why the expenditure could not be deferred till the demands of grant were voted by the Legislature |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

9. A copy of the orders sanctioning the advance, which shall specify the amount, grant or appropriation to which it relates and give brief particulars by sub-heads and units of appropriation of the expenditure for meeting which it is made, shall be forwarded to the Accountant General, Haryana.

10. A copy of the orders resuming the advance, which shall give a reference to the number and date of the order in which the original advance was made, and to the Supplementary Appropriation Act, referred to in rule 7, shall be forwarded to the Accountant General, Haryana.