

GOVERNMENT OF KARNATAKA
FINANCE DEPARTMENT

No. FD 17 BPE 2020

Karnataka Government Secretariat
Vidhana Soudha
Bangalore, Dated:12-10-2020

CIRCULAR

**Subject: Budget 2021-22 – General Guidelines and Preparation of
Expenditure Estimates (Other than Salary).**

For preparation of expenditure estimates for FY 2021-22, instructions are being issued in the following paragraphs.

A. General Guidelines:

- a. The Calendar for regulating the Budget work for 2021-22 is enclosed to this Circular - **Annexure-1**. Estimating Officers are requested to see that **TOP PRIORITY** is given to the Budget work and that the estimates are sent as soon as they are completed without waiting for the expiry of the prescribed date. The Departments may send the Estimates to Finance Department, addressed to Deputy Secretary to Government (B&R). In cases of Departments having Internal Financial Advisers, Estimates must be routed through concerned IFAs.
 - b. The Chief Accounts Officers of Zilla Panchayats will act as Estimating Officers for District Sector Schemes. The Chief Accounts Officer is required to send the detailed Budget estimates to the concerned Head of Department and the IFA. The Heads of Department in turn should scrutinize and consolidate the estimates and forward them with their remarks to the Finance Department through the IFA before the due dates fixed.
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- c. All the Estimating Officers are requested to forward to Finance Department only one set of consolidated Estimates in the prescribed forms which is complete in all respects. They shall obtain information from the subordinate offices well in advance. It should be noted that the work of consolidation of the estimates received from the subordinate offices after scrutiny is the responsibility of the Chief Controlling Authority / Chief Accounts Officers of Zilla Panchayaths who should see that no provision is omitted.

B. Receipt Estimates:

Separate Circular instructions will be issued on this.

C. Expenditure Estimates

1. General:

All Expenditure Estimates should be formulated with the greatest care and accuracy and also with due regard to sanctions and actual requirements. The Expenditure Estimates to be proposed for 2021-22 should be based on the actual for the preceding years and also on the Supplementary Grants approved for 2020-21. **All kinds of Committed Expenditure** like Subsidies, (Power, Food, Milk, Transport etc.) Maintenance (Buildings, Roads, Bridges, Hostels etc.), Boarding charges (Hostels), Social Security Pension are to be completely provided for. The concerned departments have to furnish the detailed calculation sheet in support of their calculation. It should contain the number of beneficiaries and unit cost etc. in support of the calculation. This should also be sent along with the estimates of 2021-22. The Estimates for 2021-22 have to be furnished in the format as at **Annexure-2**. In addition to these, following points should be strictly adhered to.

- a. The list of common Object Heads of account that would be operated for Budget 2021-22 is as shown in **Annexure-3**. At present each Object Head under a Scheme/line item in the budget is considered as a unit of appropriation irrespective of the provision made there under. This has led to a large number of Schemes under each Major Head and the
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Provision for several line items is between 10.00 lakhs to 1.00 cr. Government intends to reduce the number of line items in the budget so that re-appropriations and additionalities through Supplementary Estimates is avoided. The Budget Estimating Officers have to undertake a review of all the schemes coming under their control and arrange to merge Schemes with similar objectives into one scheme. No line item with a provision of less than Rs.5.00cr will normally be allowed in the budget estimates of 2021-22.

- b.** It has come to the notice of Government that substantial amounts are being surrendered and the departments have approached Government for provisions of additional funds for certain items which they had not originally anticipated in the very first quarter of the financial year. Instances have also come to the notice of Government where the Departments have spent a major portion of the entire Budget provision within a couple of months and have approached the Finance Department for additional allotment. Therefore, Budget Estimates have to be prepared with due care and forethought. Proposals should not, therefore, be based on hypothetical estimates but must be worked out on the basis of probable and realistic requirement of funds. Budget Control have been introduced in Treasuries. Since mapping has been done in Khajane-2 on the basis of “Bill claim type – object code”, all departments has to classify their expenditure estimates under the relevant object heads as mentioned in **Annexure-3** to this circular. If not, it is to be noted that bills submitted in Khajane-2 will be rejected.
 - c.** Public Accounts Committee has observed that many of the Departments are making provision under the Minor Head ‘**800 – Other Expenditure**’ and ‘**Object Head-059-Other Expenses**’ under the functional Major Head as a result of which correct nature of expenditure is getting lost. Hence, in order to bring transparency to the nature of expenditure, it has recommended that such a practice has to be discontinued forthwith. Departments while sending the proposal for Budget 2021-22 to Finance Department, has to judiciously examine the nature of expenditure and classify the expenditure under an appropriate Minor Head. Likewise, an exhaustive list of Object Heads is given in **Annexure-3**. The nature of expenditure has to be with reference to one of these Object Heads and provision under Object Heads 051-General Expenses and 059-Other Expenses should be as minimum as possible.
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2. Appendix-B Estimates:

Circular in this regard will be issued separately.

3. Salary/Terminal Leave Benefits:

Finance Department would be making use of the relevant fields available in HRMS data base to estimate the Terminal Leave Benefits admissible to the employees retiring during 2021-22.

4. Grants-in-Aid & Maintenance Expenditure:

For all institutions covered under HRMS, GIA Salary would be estimated using HRMS data base. But in respect of Universities and Autonomous Bodies under Education and Health Sectors, the present practice of finalizing the Block Grants based on the information furnished by them would continue. In addition to the detailed information being furnished hitherto, Universities have to furnish additional information as per **Annexure-4**. Autonomous Bodies have to furnish the relevant information as per the **Annexure-5(A)** and **Annexure-5(B)** appended to this Circular. This would facilitate Finance Department to have an accurate estimate of the Block Grants to Universities and Autonomous Bodies for 2021-22.

5. Scale Based Schemes:

List of Scale based Schemes is provided in **Annexure-6**. Concerned Departments shall compute the estimation accurately based on the scales and submit Budget estimation on Scale Based Schemes before 27.10.2020. Departments shall also send Budget Estimates for 2020-21, Expenditure and Estimations for 2021-22 along with the reasons for variations with supporting Government orders.

6. The Heads of Departments, Regional Commissioners, Deputy Commissioners, Chief Engineers and other Estimating Officers are requested to bestow their personal attention to the preparation of these Estimates and ensure that they are sent on a '**TOP PRIORITY**' basis in complete and final form through the concerned Internal Financial Adviser/ Secretaries to Government, to the Finance Department on or before the due date fixed. The Department may collect all the necessary particulars from

the Subordinate Offices from now itself to ensure strict adherence of the due dates. The Estimates received after the due date will not be considered and estimates will be finalized on the basis of the information available in the Finance Department. Any short fall in the provision or omission in the Budget will be the responsibility of the Departments concerned and supplementary grants for such omissions will not be entertained during 2021-22.

The Expenditure estimates should reach Finance Department by dt:**30.11.2020.**

7. The Circular along with the Annexure are available on the Website www.finance.karnataka.gov.in



(EKROOP CAUR)
Secretary to Government(B&R)
Finance Department

To:-

1. The Principal Accountant General (A & E) / (G&SSA) / (E&RSA), Karnataka, Bangalore.
 2. All the ACS / Principal Secretaries / Secretaries to Government.
 3. The Secretary, Karnataka Legislative Assembly.
 4. The Secretary, Karnataka Legislative Council.
 5. All the Regional Commissioners.
 6. All the Heads of the Departments.
 7. All the Deputy Commissioners.
 8. All the Chief Executive Officers of Zilla Panchayaths.
 9. All Special Secretaries/ Joint Secretaries/Deputy Secretaries/Under Secretaries/ Section Officers in Finance Department.
 10. All the Internal Financial Advisors.
 11. The Compiler, Karnataka Gazette, Bangalore.
 12. Office Copies/Additional Copies.
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Annexure-1

Calendar for Regulating Budget Activities for 2021-22

I. Dispatch of Budget Instructions by Finance Department

| | | | |
|-------|---|-------------------------|-------------------------------|
| (i) | Instructions for Salary Estimates (Appendix –B) | All Estimating Officers | 12 th October 2020 |
| (ii) | Instructions for preparation of Revenue Estimates | All Estimating Officers | 12 th October 2020 |
| (iii) | General Instructions for preparation of Expenditure Estimates (Other than Salary) | All Estimating Officers | 12 th October 2020 |

II. Receipt of Previous Years Actuals from the Accountant General (A&E)

| | | | |
|-------|--|---|---------------------------------------|
| (i) | Actuals for the year 2019-20 under Revenue Receipts, Revenue Expenditure Capital and Public Accounts | From The Accountant General (A&E) Karnataka, Bengaluru | 25 th September 2020 |
| (ii) | Actuals for first six months of 2020-21 under Receipt Heads | - do - | Expected in last week of October 2020 |
| (iii) | Actuals for First Six months of 2020-21 Expenditure heads | - do - | Expected in last week of October 2020 |

III. Receipt in Finance Department of the following Budget Estimates

| | | |
|-------|---|--------------------------------|
| (i) | Appendix "B" Estimates i.e. the Details of Salary Estimates | 13 th November 2020 |
| (ii) | Revenue Estimates duly framed by the Departments | 13 th November 2020 |
| (iii) | Estimates prepared by the Accountant General | 30 th November 2020 |
| (iv) | Expenditure Estimates for both State and District Sector | 30 th November 2020 |

IV. Finalization of Budget Activities by the Finance Department

| | | |
|-------|---|--------------------------------|
| (i) | Posting of AG's actuals for 2019-20 | 17 th November 2020 |
| (ii) | Scrutiny and Finalization of Appendix-B Estimates | 30 th November 2020 |
| (iii) | Identification of Savings and Finalization of Revised Estimates | 31 st December 2020 |
| (iv) | Finalization of Revenue Estimates | 31 st December 2020 |
| (v) | Scale based Schemes | 19 th December 2020 |

Annexure-2

Expenditure Estimates

Major Head of Account

**Statement showing the Estimates for the year 2021-22 & variations
between Budget Estimates for the year 2020-21 and 2021-22**

| Head of Account | Budget Estimates 2020-21 | Budget Estimates 2021-22 | Variations between Revised Estimates 2020-21 and Budget Estimates 2021-22 Increase / Decrease | Reasons for Variations | will be filled at Finance Department | | |
|-----------------|--------------------------|--------------------------|---|------------------------|--------------------------------------|-------------------------------|-------------------------------|
| | | | | | Accounts 2019-20 | Accounts for 6 months 2020-21 | Opinion of Finance Department |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

ANNEXURE-3
ACTIVE OBJECT HEADS FOR 2021-22

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|---|--|--|---|
| 1 | 2 | 3 | 4 |
| 001 | Consolidated Salaries of Ministers, Speakers, Non-Official Members etc., | 001 | Consolidated Salary |
| 002 | Pay-Officers | 002 | Pay of Officers |
| 003 | Pay-Staff | 003 | Pay of Staff |
| 004 | Interim Relief | 004 | Interim Relief |
| | | 005 | <i>District Sector Salaries</i> |
| 011 | Dearness Allowance | 011 | Dearness Allowance |
| 014 | Other Allowances | 014 | Other Allowances |
| 031 | Wages | | |
| 063 | Remuneration | 015 | Subsidiary Expenses |
| 316 | Rewards | 324 | Honorarium |
| 317 | Training | | |
| 324 | Honorarium | | |
| 020 | Medical Allowance | 020 | Medical Allowance |
| 021 | Reimbursement of Medical Expenses | 021 | Reimbursement of Medical Expenses |
| | | 032 | Grants for Creation of Capital Assets |
| | | 033 | Daily wages |
| | | 034 | Contract/Outsource |
| | | 035 | <i>Salary of Boards/Corporation Staff working in State Government</i> |

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|--|--|---|--|
| 1 | 2 | 3 | 4 |
| 041 | Travel Expenses | 041 | Travel Expenses |
| 050 | Office Expenses | 050 | Office Expenses |
| 075 080 120 122 171 | Libraries and Periodicals Printing, Publications and Advertisement Hospitality Expenses Entertainment Expenses Computer Facilities | 051 | General Expenses |
| 354 052 | Telephone Charges-Council of Ministers Telephone Expenses | 052 | Telephone Expenses |
| 053 | Purchase of Furniture / Fixtures | 053 | Purchase of Furniture / Fixtures |
| 059 130 298 308 424 425 500 | Other Expenditure Tender Bulletin Expenses Prize Money Feed & Fodder Rural Water Supply Scheme Urban Water Supply Scheme Lumpsum | 059 | Other Expenses |
| 060 | Other Charges | 060 | Compensatory Cost |
| 058 072 | Electricity and Water Charges Rents, Rates and Taxes | 071 | Building Expenses |
| 100 101 102 103 104 106 | Financial Assistance / Relief Grants-in-Aid GIA – Assets Creation GIA – General Contributions Subsidies | 100 101 102 103 104 106 | Financial Assistance / Relief GIA- Salaries GIA Assets Creation GIA General Contributions Subsidies |
| - | - | 115 | GIA-Out source |
| - | - | 116 | Social Security pensions(SSP) |

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|---|---------------------------------|--|-----------------------------|
| 1 | 2 | 3 | 4 |
| 111 | Scholarship and Stipend | 117 | Scholarships and Incentives |
| 095 | Text Books | | |
| 310 | Payment of Commission to Agents | | |
| | | 118 | Grants-in-Aid-Pensions |
| 131 | Secret Services Expenditure | 131 | Secret Services Expenditure |
| 125 | Modernization | 125 | Modernization |
| 137 | Survey and Investigations | 132 | Capital Expenses |
| 145 | Acquisition of Land | | |
| 154 | Extensions and Improvements | | |
| 165 | Reservoir | | |
| 166 | Dam and Appurtenant Works | | |
| 167 | Canals & Branches – Normal | | |
| 169 | Distributaries – Normal | | |
| 171 | Water Courses | | |
| 459 | Capital Expenditure | | |
| 381 | Normal | | |
| 133 | Special Development Plan | 133 | Special Development Plan |
| | | 134 | SDP-NABARD |
| | | 135 | SDP-SCP |
| | | 136 | SDP-TSP |
| 139 | Major Works | 139 | Major Works |
| 140 | Minor Works | 140 | Minor Works |
| - | - | 145 | Acquisition of Land |
| 147 | Land and Buildings | 147 | Land and Buildings |
| | | 154 | Improvements |
| 172 | Roads | 160 | Renewals |
| | | 172 | Roads |
| 173 | Bridges | 173 | Bridges |
| 180 | Machinery and Equipment | 180 | Machinery and Equipment |
| 182 | Repairs and Carriages | 182 | Repairs and Carriages |

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|---|---|--|---|
| 1 | 2 | 3 | 4 |
| 186 187 188 189 | HKRDP HKRDP-SCSP HKRDP-TSP HKRDP-SDP | 186 187 188 189 | Kalyana KRDP Kalyana KRDP-SCSP Kalyana KRDP-TSP Kalyana KRDP-SDP |
| 191 192 193 | Fuel and Oil Expenses Repairs of Minor Vehicles Purchase of New Motor Vehicles | 195 | Transport Expenses |
| 140 150 | Minor Works Repairs, Special Repairs and Renewals | 200 | Maintenance Expenditure |
| 201 | GIA for Z.P. | | |
| - | - | 202 | Salary/Wages for Maintenance. |
| 211 | Investment | 211 | Investment |
| 161 229 | Furnishings Equipment and Clothing | 221 | Materials and Supplies |
| 222 225 | Drugs and Chemicals New Supplies | 222 ----- | Drugs and Chemicals ----- |
| 230 234 | Hospital Accessories Diet Expenses | 230 234 | Hospital Accessories Diet Expenses |
| 127 128 129 241 | Repayment of Internal Debt Repayment of Central Debt Assistance for Repayment Interest | 240 241 259 | Debt Servicing Commitment Charges Other Charges |
| 243 250 | Interest on Capital Pensionary Charges | 243 250 | Interest on Capital Pensionary Charges |
| 126 251 252 253 254 | Terminal Leave Benefits Pensions Commuted Value of Pension Compassionate Allowance D.C.R.G. | 251 | Pension and Retirement Benefits |

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|---|---|--|---|
| 1 | 2 | 3 | 4 |
| 028 029 030 369 378 | ETP Charges from 2059 Public Works ETP charges from 2701 Major & Medium Irrigation ETP charges from 2702 Minor Irrigation Deduct Amount Transferred to Other Departments or Governments deduct Amount Transferred to 4701 Capital Outlay on Major & Medium Irrigation | 261 | Inter Account Transfers |
| 271 291 292 | Depreciation Suspense Stock Debits | 271 291 292 | Depreciation Suspense Stock Debits |
| 293 | MPWA Debits | 293 | MPWA Debits |
| 294 | Stock Credits | 294 | Stock Credits |
| 295 | MPWA Credits | 295 | MPWA Credits |
| 296 | Stock | 296 | Stock |
| 297 | Miscellaneous Works Advances | 297 | Miscellaneous Works Advances |
| 300 | Lump sum for Zilla Panchayath | 300 | Lump sum for Zilla Panchayath |
| 302 | SDMF polled upfront | 302 | SDMF polled upfront |
| 364 | Deduct-Recoveries | 364 | Deduct-Recoveries |
| 386 | Construction | 386 | Construction |
| 393 | Advances | 393 | Advances |
| 394 | Loans | 394 | Loans |
| 395 | Loans to Public Sector Units | 395 | Loans to Public Sector Units and Local Bodies |
| 401 | Bangalore (Urban) | 401 | Bengaluru (Urban) |
| 402 | Bangalore (Rural) | 402 | Bengaluru (Rural) |
| 403 | Chitradurga | 403 | Chitradurga |
| 404 | Kolar | 404 | Kolar |
| 405 | Shimoga | 405 | Shivamogga |
| 406 | Tumkur | 406 | Tumakuru |
| 407 | Mysore | 407 | Mysuru |
| 408 | Chikkamagalore | 408 | Chikkamagaluru |
| 409 | Dakshina Kannada | 409 | Dakshina Kannada |
| 410 | Hassan | 410 | Hassan |

| Object Heads and Description Before Rationalization | | Object Heads and Description After Rationalization | |
|---|-----------------------------|--|--------------------------|
| 1 | 2 | 3 | 4 |
| 411 | Kodagu | 411 | Kodagu |
| 412 | Mandya | 412 | Mandya |
| 413 | Belgaum | 413 | Belagavi |
| 414 | Bijapur | 413 | Vijayapura |
| 415 | Dharwad | 415 | Dharwar |
| 416 | Uttara Kannada | 416 | Uttara Kannada |
| 417 | Gulbarga | 417 | Kalburagi |
| 418 | Bellary | 418 | Ballari |
| 419 | Bidar | 419 | Bidar |
| 420 | Raichur | 420 | Raichur |
| 421 | Yadgir | 421 | Yadgir |
| 422 | Special Component Plan | 422 | Scheduled Caste Sub Plan |
| 423 | Tribal Sub Plan | 423 | Tribal Sub Plan |
| 433 | Examination expenses | 433 | Examination expenses |
| 436 | NABARD works | 436 | NABARD works |
| 437 | NABARD -SCSP | 437 | NABARD –SCSP |
| 438 | NABARD -TSP | 438 | NABARD –TSP |
| 442 | Deduct – SCP Pooled Unfront | 442 | --- |
| 443 | Deduct – TSP Pooled Unfront | 443 | -- |
| 451 | Davanagere | 451 | Davanagere |
| 452 | Ramanagara | 452 | Ramanagara |
| 453 | Chikkaballapura | 453 | Chikkaballapura |
| 456 | Chamarajanagar | 456 | Chamarajanagar |
| 457 | Udupi | 457 | Udupi |
| 461 | Bagalkot | 461 | Bagalkot |
| 462 | Gadag | 462 | Gadag |
| 463 | Haveri | 463 | Haveri |
| 466 | Koppal | 466 | Koppal |

Annexure-6

2021-22 Budget

Scale Based / Calculation based Schemes

1. Mid-day Meals (MDM) : Education Department (MH-2202)
2. Nutrition (ICDS) and Pradhana Manthri Maatru Vandana Yojane ,ICPS, etc: Women & Child Department (MH-2235)
3. Social Sector Maintenance(Hostel maintenance and Scholarship schemes) (MH-2225)
 - Schemes coming under the following-
 - Backward Class Welfare Department
 - KREIS Schemes
 - Minorities Welfare Department
 - SC Welfare Department
 - ST Welfare Department
4. Social Security & Pensions : Revenue Department (MH-2235)
5. Transport Subsidy : Transport Department (MH-3055)
6. Ayushman Bharata – Pradhan Mantri Jana Aarogya Yojane (erstwhile Aarogya Karnataka Scheme) : Health Department (MH-2210)
7. Pradhan Mantri Kisan Samman Yojana : Agriculture Department (MH-2401)
8. Power Subsidy : Energy Department (MH-2801)
9. Food Subsidy : Food & Civil Supplies Department (MH-2408)
10. Major Maintenance (Roads, WRD, Buildings) : Public Works Department and Water Resources (PWFC)
11. NABARD and EAP Schemes – IF and PMU Sections, FD

Any other beneficiary oriented schemes not in the above list