



**FINANCE [B.COORD] DEPARTMENT**

**G.O.Ms.No.112, Dated 22<sup>nd</sup> April 2022.**

*(Subakiruthu, Chithirai-09 , Thiruvalluvar Aandu 2053)*

**ABSTRACT**

**Budget 2022—2023** – Implementation of “**Top Down Budgeting**” for the year 2022-2023 – Orders – Issued.

**Read :-**

G.O.(Ms) No.203, Finance (BG-I) Department, dated 16.09.2021.

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**ORDER:**

During the Revised Budget Speech 2021-2022, the Hon'ble Minister for Finance and Human Resources Management, interalia, has announced the following:

“The Government will actively pursue the recommendations given by the International Monetary Fund (IMF) in its Technical Assistance Report for reforming and modernizing budgetary practices, notably budget formulation and fiscal risk management. With stronger budgetary control, a clear line of sight of financial transactions and strong audit mechanisms, the Finance Department can delegate greater powers to the line departments to sanction expenditure within their own budgets. This will speed up decision making, improve implementation and save costs.”

2) Based on the above said announcement, the Government has decided to introduce the “Top Down Budgeting” concept for the following five Demands for Grants in the Budget for 2022-2023.

| <b>Sl. No.</b> | <b>Demand No.</b> | <b>Demand Name</b>   |
|----------------|-------------------|--|
| 1              | 7                 | FISHERIES AND FISHERMEN WELFARE (Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department) |
| 2              | 8                 | DAIRY DEVELOPMENT (Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department)               |
| 3              | 15                | ENVIRONMENT AND CLIMATE CHANGE (Environment, Climate Change and Forests Department)                      |
| 4              | 44                | MICRO, SMALL AND MEDIUM ENTERPRISES DEPARTMENT   |
| 5              | 52                | DEPARTMENT FOR THE WELFARE OF DIFFERENTLY ABLED PERSONS  |

3) In the existing system, budget proposals are called for and meetings are held with the concerned departments, where the requirements for each object of expenditure are examined and then fixed by the Finance Department. These amounts are added to arrive at the total size for a Demand for Grant.

4) In the "Top-Down Budgeting" system, the overall annual Revenue, Capital and Loan outlays will be determined and then communicated to the Head of Department, who can further distribute the outlay among different items of expenditure under the sub-heads, detailed heads and sub-detailed heads. Further, during the course of the financial year, the Head of Department will be able to re-appropriate the funds allotted, if necessary, during the course of the financial year, subject to the conditions laid down in the guidelines annexed herewith.

5) To begin with, the "Top-Down Budgeting" will be implemented for the 'State's Expenditure' group head only.

**(BY ORDER OF THE GOVERNOR)**

**N.MURUGANANDAM  
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT**

To

The Additional Chief Secretary to Government, Animal Husbandry, Dairying, Fisheries and Fishermen Welfare Department, Chennai-9.

The Additional Chief Secretary to Government, Environment, Climate Change and Forests Department, Chennai-9.

The Secretary to Government, Micro, Small and Medium Enterprises Department, Chennai-9.

The Secretary to Government, Department for Welfare of Differently Abled Persons, Chennai-9.

The Heads of Department concerned.

The Principal Accountant General (A&E), Chennai - 600 018.

The Principal Accountant General (Audit-I), Chennai - 600 018.

The Principal Accountant General (Audit-II), Chennai - 600 018.

The Accountant General (CAB), Chennai - 600 009.

The Commissioner of Treasuries & Accounts, Chennai-600 035.

The Director of Local Fund Audit, Chennai-600 035.

All Regional Joint Directors of Treasuries and Accounts Departments.

The Pay and Accounts Officer, Secretariat, Chennai - 600 009.

The Pay and Accounts Officer, (North/South/East) Chennai - 1/35/5.

All Treasury Officers / Sub-Treasury Officers.

Copy to:

The Secretary to Hon'ble Chief Minister, Chennai-600 009.

The Senior Personal Assistant to Hon'ble Chief Minister, Chennai-600 009.

The Special Personal Assistant to Hon'ble Minister for Finance and Human Resources Management, Chennai-600 009.

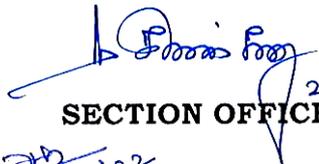
The Senior Principal Private Secretary to Additional Chief Secretary to Government,  
Finance Department, Chennai-600 009.

The Principal Private Secretary to Secretary to Government (Expenditure), Finance  
Department, Chennai-600 009.

All Officers / Programme-cum-Budget units / Core Budget Sections in Finance  
Department, Chennai-9.

Stock File / Spare Copy.

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22/04/2022  
22/04/22

**Finance (B.Coord) Department****BUDGET 2022—2023****GUIDELINES – TOP-DOWN BUDGETING**

The objective of introducing “Top-Down Budgeting” is to provide greater flexibility to the Departments in distribution of funds among different objects of expenditure in the process of preparation of Budget Estimates for their Demand and in re-appropriation of budgetary allocations in the course of the financial year, subject to the conditions laid herein. Top-Down Budgeting does not delegate any powers of sanction and the existing procedure shall be adhered to.

2) In the existing system, budget proposals are called for and meetings are held with the concerned departments, where the requirements for individual object of expenditure are examined and then fixed by the Finance Department. These amounts are added to arrive at the total size of a Demand.

3) In the system of Top-Down Budgeting, the overall annual Revenue, Capital and Loan outlays will be determined and then communicated to the Head of the Department for further distribution under sub-heads, detailed heads and sub-detailed heads.

4) In the first phase, the Top-Down budgeting will be applicable only to the State’s Expenditure Group Head. It will not be applicable for the other four group heads viz. Externally Aided Projects, Centrally Sponsored Schemes, Schemes shared between Centre and the State and Autonomous bodies, where the existing system of budget fixation shall continue.

5) During the course of the financial year, the Head of Department will also be delegated with the powers for re-appropriation of funds within the State’s Expenditure group head.

**Fixation of Budget Estimates under the ‘State’s Expenditure’ Group Head**

6) The tentative aggregate annual outlay for each of Revenue, Capital and Loan segments of the State’s Expenditure Group Head will be determined and communicated by the Finance Department to the concerned Head of Department and the Administrative Department concerned.

7) Within the aggregate outlay, the Head of Department will distribute funds among different subheads, detailed heads and sub-detailed heads. The Head of Department will finalize the budget proposal in consultation with the Administrative Department and submit it to the Finance Department for scrutiny.

8) The budgetary proposals so received from the Head of Department will be scrutinized by the Finance Department and accordingly finalized.

9) The Department concerned will have to follow the rules for pay and allowances (including the loans to government servants) of the employees and hence changes in the 'Salaries' and the 'Loans to Government Servants' components are not permissible.

10) While communicating the annual outlay for the Revenue expenditure, the Finance Department will indicate the provisioning required for the Salary object heads. This provision shall not be diverted to meet any other expenditure.

11) While distributing the aggregate outlay for other than salary heads of accounts, it may be noted that substituting and preferring one expenditure over the other will be permitted subject to the condition that left-over items should not be carried forward and claimed as arrears for enhanced outlays in subsequent financial years.

12) The outlay shall be first utilized to make provisions for the committed liabilities and statutory payments due to the Government agencies like CMWSSB/ TWAD Boards / TNEB / Corporations / ULBs / RLBs including the arrears, if any. The statutory payments and the arrears will not be allowed to be carried forward.

13) It may be noted that the overall allocation determined by the Finance Department will act as a budget constraint for the concerned Demand. It shall be fixed and cannot be increased.

### **Re-appropriation**

14) In the course of the Financial Year and after the main Appropriation Act is passed, the Head of Department will have flexibility to re-appropriate the funds within the 'State's Expenditure' Group Head subject to the provisions of the Tamil Nadu Budget Manual, the guidelines contained herein (See List of important 'Dos' and 'Don'ts' as furnished in Annexure-I) and instructions issued by Finance Department from time to time.

15) The re-appropriation will be allowed from one head of account to another head of account, at the sub-detailed head level.

16) While re-appropriating from one head of account to another, it must be ensured that expenditure on certain items are not postponed and claimed as arrears in the subsequent financial years.

17) While proposing re-appropriation from one head of account to another, it shall be ensured that adequate provision is retained for the expenditure already incurred and to the extent already committed to be incurred under the original head of account.

18) It must be ensured that after re-appropriation, the expenditure on items does not exceed the administratively sanctioned value, unless Revised Administrative Sanction has been obtained.

19) As per the conditions laid down in the Budget Manual, the budget for the salary object heads cannot be re-appropriated. The salary object heads include 30101 pay, 30102 medical allowance, 30103 medical charges, 30104 other allowances, 30105 Interim relief, 30106 House Rent Allowance, 30108 city compensatory allowance, 30301 Dearness Allowance, 30302 Dearness Allowance Arrears, 30303 Dearness pay and 34901 Festival Advance — Debit.

20) The Head of the Department shall comply with the standard guidelines and ceilings fixed by the respective administrative departments on objects of expenditure such as 'Operation and Maintenance' expenditure including Telephone Charges, Travel Expenses, Motor Vehicles purchase, fuel usage, etc. and they shall not be breached.

21) The Head of Department will issue suitable re-appropriation orders and send a copy of the proceedings to the concerned administrative department and Finance Department.

22) Based on the copy of the proceedings, Finance Department will assign necessary ASL number in IFHRMS for distribution and incurring of expenditure. (See illustration in Annexure II).

23) The aggregate allocation in Revised Estimates for a year will also be at the Budget Estimates level of that year only. The department shall find sufficient space to accommodate additional expenditure by trimming/ downsizing the already allocated funds, which are again subject to the prescribed norms.

24) No additional fund requests for ongoing schemes and activities will be entertained by the Finance Department and the department has to meet the fund requirements through re-appropriation, by identifying equivalent savings under other detailed heads.

25) No mid-year scheme will be entertained by the Finance Department except where the department finds appropriate savings and under no circumstances the outlay fixed for the year will be allowed to be breached.

26) There is no change in the procedure for issuing Administrative Sanction and the Revised Administrative Sanctions and the existing procedure shall be adhered to.

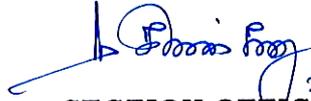
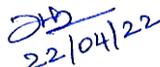
27) The Financial limits and the Circulation procedure envisaged in G.O.Ms.No.145 / Fin. (BG.I) Dept./ 2017, dated 30.5.2017 shall be scrupulously followed and no new scheme shall be funded through re-appropriation of funds.

28) The guidelines of the EAPs and Government of India for all the Centrally Sponsored Schemes and Schemes shared between Centre and the State shall also be followed by the department concerned.

29) The general and specific QCA exemptions and the QCA adherent heads of accounts will apply under the "Top Down budgeting" concept as well, in order to maintain the cash flows.

**N.MURUGANANDAM**  
**ADDITIONAL CHIEF SECRETARY TO GOVERNMENT**

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**Finance (B.Coord) Department****ANNEXURE—I****Dos (for the initial years, within the State's Expenditure group heads only)**

1. Re-appropriate within Operation & Maintenance Object heads across Sub-heads (like 304 Travel Expenses/305 Office Expense/306 Rent, Rates & Taxes, etc.)
2. Re-appropriate within Scheme object heads across Sub-Heads (like 309 Grants-in-Aid / 311 Subsidies / 312 Scholarships & Stipends, etc.)

**Don'ts**

1. Re-appropriate between 'Charged' and 'Voted' expenditure
2. Re-appropriate from Revenue / Capital / Loan and vice versa
3. Re-appropriate from Salary Object heads to any other object head
4. Re-appropriate outside the Demand for Grant
5. Re-appropriate after the financial year end
6. Re-appropriate to 31800 Maintenance head

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**Finance (B.Coord) Department****ANNEXURE-II****Illustration:**

Let us assume the following scenario:

- I) In Demand No. 044 Micro, Small and Medium Enterprises Department, Under the Head of Department 04402 Commissionerate of Industries and Commerce, for the Revenue Expenditure Account, under the State's Expenditure group head (Alphas AA to OZ), Rs.10,00,00,000 has been allotted under the head of account 2851 00 102 CS Power Tariff Subsidy to Micro Enterprises - 31101-Subsidies- Individual Based Subsidy in BE.
- II) Under the same Demand and Head of Department, within the State's Expenditure group head in another head of account 2851 00 102 LQ Strengthening of existing Industrial Infrastructure in Industrial Estates - 30902 Grants-in-Aid - Grants for creation of Capital Assets, a sum of Rs.2,02,05,000 has been allotted in BE.
- III) In the course of the financial year, the Head of Department finds that the requirement for sanction of Power Tariff Subsidy to Micro Enterprises is lower due to lesser power consumption claims (HoA 2851 00 102 CS 31101). On the other hand, the Head of Department is faced with the challenge of providing additional grants towards strengthening of industrial infrastructure in the Industrial Estates (HoA 2851 00 102 LQ 30902) based on the progress of works being executed. Here, the Head of Department can re-appropriate the funds between the two heads of accounts.
- IV) The Head of Department issues suitable re-appropriation orders between the two heads and the effect on the allocation prior to and post re-appropriation of funds will be as follows:

| <b>Sl. No.</b>               | <b>Head of Account</b>  | <b>Existing Allocation (BE) prior to Re-appropriation</b> | <b>Amount of Re-appropriation</b> | <b>Allocation after Re-appropriation</b> |
|------------------------------|-------------------------|---|-----------------------------------|--|
| <b>(Rupees in Thousands)</b> |                         |   |                                   |  |
| 1.                           | 2851 00 102 CS<br>31101 | 10,00,00  | (-) 5,00                          | 9,95,00                                  |
| 2.                           | 2851 00 102 LQ<br>30902 | 2,02,05   | (+) 5,00                          | 2,07,05                                  |
|                              | <b>Total</b>            | 12,02,05  | 0                                 | 12,02,05                                 |

- V) The re-appropriation orders can be issued till the finalization of Final Supplementary Estimate / Final Modified Appropriation for the financial year.

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