

NON-PLAN

1.0 BUDGETARY CONTROL

INTRODUCTION

The Budget of Tea Board is basically prepared to indicate the estimated expenditure of the board to acquire sanctioned grants from the Government of India. These funds form part of receipt for the Board. Grant from Government is utilized in various activities which help in functioning of the Board.

Contents of the Budget

Non Plan budget should be prepared as per the prescribed form. The budget of Tea Board should contain the following:

- Estimates of all Expenditure other than any specific scheme in a particular financial year.
- Estimates of all Revenue expected to be raised during the financial year to which the budget relates
- Any other information as may be prescribed.

1.1 OBJECTIVES

Normally a budget is a financial plan for rationing scarce resources amongst various demands for expenditure. In the Tea Board the budget is prepared to estimate the expenditure that is likely to be incurred in the next financial year and report to the Government for allocation of fund for meeting such expenditure. In Tea Board the budget is developed as a framework within which complex decisions on the allocation of resources can be made more effectively. The process of budgetary control includes:

- Preparation of the budget
- Providing the Government with the budget estimates
- Obtaining funds from the Government based on the budget
- Incurring expenditure within the budgeted limit
- Revision of budgets in the light of changed circumstances and the expenditure actually incurred during the initial part of the budget period.
- Providing the Government with the revised budget estimates.
- Obtaining remaining fund from the Government based on the revised estimates.

1.2 CHARACTERISTICS

The following should be the characteristics of the Tea Board budget:

- Budget is to be prepared twice once for the Five years Plan period and then for a period of one year time span
- It is to be prepared in advance and is derived from long-term activities of the organization
- It is expressed in quantitative form, physical or monetary units , or both
- It is a systematic plan for utilization of fund
- It represents an estimate of future expenditures to be incurred by the Tea Board

1.2.1 FUNCTIONS

The following are the functions of a budget:

- Accountability- the Tea Board will be accountable to the government for spending- within limits the funds approved by the latter
- Management- the budgetary innovations such as functional classifications, performance measurement through norms and measures, accounting classification and performance audit and use of quantitative techniques have become important aids to management and thus will help the Board to be more scientific in its Budgeting Process
- Control- the money granted by the Government are spent strictly in accordance with law or not is checked during statutory audit
- Planning- by preparing a budget Tea Board can decide plan of action for the next financial year

1.3 BUDGETARY PROCESS

Steps for preparation of Non-Plan Budget

Step 1- the source of income should be determined which in the case of Tea Board are as follows:

✓ **Government Grant**

Cess collected by Government of India from Tea Growers is to be transferred to Consolidated Fund of India, wherefrom the Government gives grant to Tea Board for Non-Plan expenditure. The Government grants such amount as it thinks sufficient for Tea Board after scrutiny of various works conducted by the Board.

As per the Tea Act, 1953

26. Payment of proceeds of cess to the Board - proceeds of the cess levied under sub-section (1) of section 25 shall first be credited to the Consolidated Fund of India and the Central Govt. may thereafter, from time to time pay to the Board from an out of such proceeds such sums of money as it may think fit after deducting the expenses of collection.

***26A. Grants and loans by the Central Govt. to the Board** - The Central Govt., may after due appropriation by Parliament by law in this behalf pay to the Board by way of grants of loans such sums of money as Central Govt. may consider necessary.

✓ **Internal Extra Budgetary Resources**

The Tea Board is involved in some activities through which they earn income is to be regarded as IEBR (Internal Extra Budgetary Resources). Income earning sources of Tea Board are as follows-

- Licensing Fee- the Tea Board gives license to various Tea Estates and Intermediaries for which they charge some fee. This fee is to be considered as IEBR and kept for subsequent year's expenditure.
- Registration Fee- for registration Tea Estates are required to submit a fee to Tea Board which should form part of IEBR.
- Miscellaneous Receipt- income generated from sale of publication, interest on fixed deposit, sale of green tea leaves from Kurseong and soil test are transferred to Miscellaneous Receipt A/c which is to be considered as a part of IEBR.
- Interest on Advance- the Tea Board gives advance to its employees whenever they are in need on which the employees pay interest to the Board. This interest received by the Board is to be taken as IEBR.
- Sale proceeds of Tea Bar Buffets which are situated in Delhi (4 Buffets) and South India (3 Buffets).

The internal and extra budgetary resources should be shown in the revised estimate of current financial year as agreed by the Finance Branch.

The receipt estimates regarding each major Head of Account are to be prepared by the estimating authority in the prescribed form. The estimating authority should give breakup of minor/subhead wise estimate and the actual data of the past three years. If there is any individual item of high significance then item wise breakup should also be furnished.

Deviations between the estimates and the actual for past years should be supported with cogent reasons.

Step 2- statement showing estimated sources of funds to be received should be prepared:

Details		R.E.	B.E.
Opening balance as on the opening date	*		
Less: committed expenses	**		
	**	**	
Add: estimated collection of cess		**	**
Miscellaneous Receipt (IEBR)		**	**
Gap in estimated and cess collection		**	**
Total			

Step 3- Expenditure expected to be incurred should be estimated and presented in a statement:

The Major Heads and sub-heads of Expenditure incurred by Tea Board are as follows:

- ✓ Administration Including Library- The expenses relating to salary and other related pays to employees of Tea Board Head Office come under this head. The following are the expenses included under this head:
 - Pay of officer
 - Pay of Establishment
 - Allowances, Honorarium
 - Ad-hoc Bonus
 - Other charges, contingencies
- ✓ Tea Promotion in India- Tea Promotion Directorate, Delhi Bar Buffet and Chennai are Tea Promotion Offices in India from where tea promotion activities are conducted. The salary to employees of these offices is recorded under this head. The following are the expenses included under this head:
 - Pay of Officer/Establishment
 - Allowances, Honorarium
 - Ad-hoc Bonus
 - Other charges, contingencies
- ✓ Contribution to New Pension Scheme- There is a scheme under Non-Plan called New Pension Scheme to which the Board contributes some amount every year for welfare of the employees. Such amount is considered under the head Pension.
- ✓ Works- Works refer to maintenance related expenditure incurred in Tea Board. For example- Maintenance of lift, building etc
- ✓ Advances or loans to staff- The employees of Tea Board are given advances as per their requirement after fulfillment of some norms. These advances are considered under this head. For example- Festival advance, medical advance etc.
- ✓ Tea Promotion outside India- The expenses incurred in the Tea Promotion offices situated outside India are considered under this head.
 - Pay of Officer
 - Allowances, Honorarium

Step 4- Computation/Estimation of Expenditure under Major Heads:

The expenditure estimate should show separately the sums required to meet the expenditure of the Tea Board. The estimates should also distinguish provisions for expenditure on revenue account from that on capital account. The detailed estimates of expenditure should be prepared by the estimating authorities for each unit of appropriation (Sub or Detailed or Object head) under the prescribed Major and Minor Heads of Accounts separately for Plan and Non-Plan expenditure. Estimates should include suitable provision for liabilities of the previous years left unpaid during the relevant year. The Revised Estimates of both Plan and Non-Plan expenditure and Budget Estimates for Non-Plan

expenditure after being scrutinized by the Financial Advisers and approved by the Secretary of the Board should be forwarded to the Budget Division in the Ministry of Finance in such manner and forms as may be prescribed by them from time to time. Deviations between the estimates and the actual for past years should be supported with cogent reasons.

The basis of estimation varies from expenditure to expenditure. The following are the basis for major heads of expenditure:

Administration including Library

The Budget estimate should be done as per the norms prescribed in the Pay Commission in which increments of employee's salary, dearness allowance are given and on the basis of which figures can be estimated for the coming year. DA as announced by the Government. Revised Estimates are to be made in case of new appointments.

Tea Promotion inside India

The Board while preparing its Budget Estimate should anticipate the expenditure it is likely to incur with regards to pay of officers in Regional Offices and conformity with the relevant rules of the Pay Commission should be adhered to.

Revised Estimates are to be made in case of new appointments in the Regional Offices.

Pension

The Budget Estimate should be done depending on the number of retirements likely to take place in the upcoming year.

The revised estimate will depend on the new appointments in case of New Pension Scheme.

Works

The Board should project the maintenance expenses that may take place in the subsequent year on the basis of any requests pending for maintenance work in the subsequent year and also after considering the regular annual maintenance expenses and on the basis of the same it should make a Budget Estimate.

Revised Estimate for works is to be done for the current year in case any major repair or maintenance expenses are to be incurred by the Board.

Advance/Loans to staffs

The basis of both Budget & Revised estimate should be appointment and retirement of employees.

The estimates of loans to the employees of Tea Board should be accompanied by a statement showing actual disbursements under each category of advance during the preceding three years and also the actual expenditure in the first 6 months of the current financial year.

Tea Promotion outside India

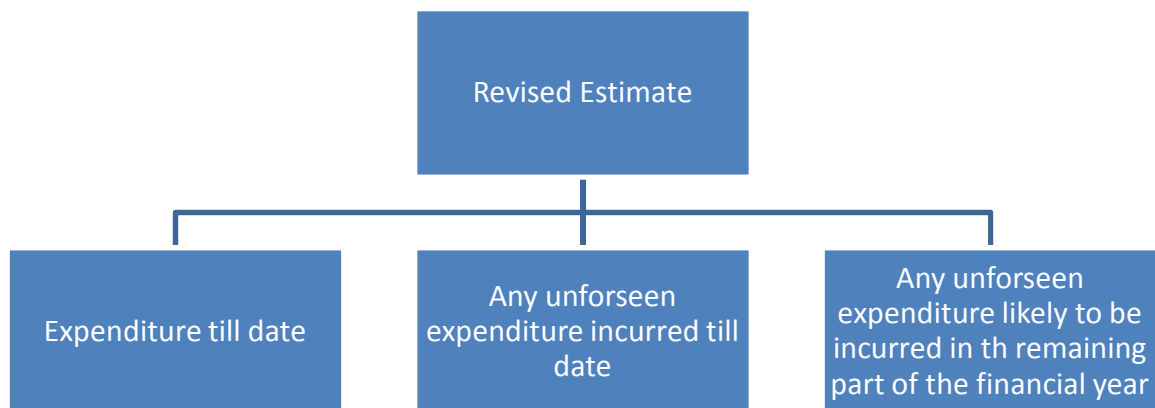
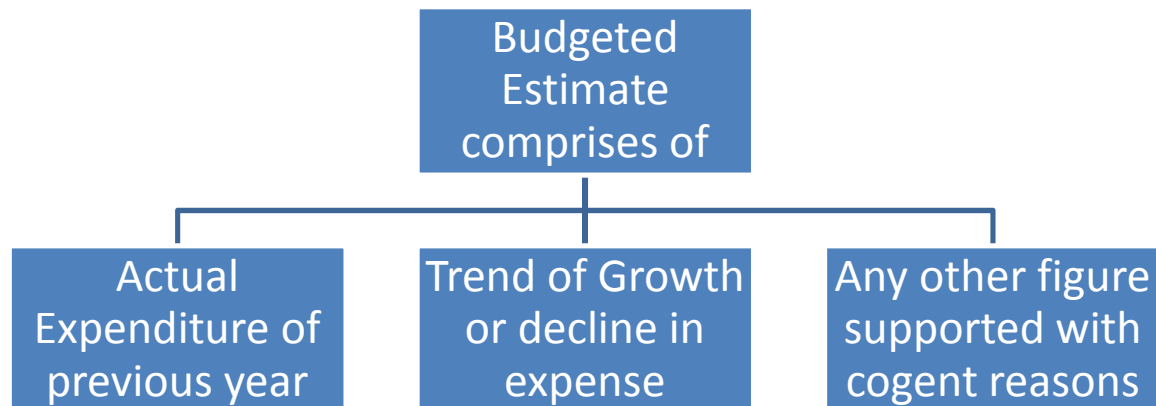
In case any new office will be established in any foreign place or any new appointment is likely to take place in any new/existing Foreign Office the estimated expenditure for the same should be included in the budget estimate.

Revised estimate is to be prepared if there is any recruitment of staff in the Foreign Offices.

Provisions for expenditures should not be made in the budget until and unless pre-budget scrutiny is conducted and even if provisions have already been made, scrutiny should be done before the commencement of financial year or before the budget is passed in the Parliament. No provision may be made in the establishment budget for posts, which are lying vacant for one year or more. Even otherwise, provisioning for vacant posts should be made with caution so as to avoid chances of eventual savings due to these vacant posts not being filled up.

The Budget as well as Revised estimate should be presented in the below given statement:

MAJOR AND SUB HEAD	Budget Estimate	Revised Estimate	Budget Estimate
	(Current year)	(Current year)	(Subsequent year)
<u>Administration including Library</u>			
Pay of Officers	**	**	**
Pay of Establishment	**	**	**
Allowances, Honorarium	**	**	**
Ad-hoc Bonus	**	**	**
Other charges, contingencies	**	**	**
<u>Tea Promotion inside India</u>			
Pay of Officer/Establishment	**	**	**
Allowances, Honorarium	**	**	**
Ad-hoc Bonus	**	**	**
Other charges, contingencies	**	**	**
Less: Receipts	**	**	**
<u>Advances to employees (Net)</u>	**	**	**
<u>Pension</u>			
<u>Contribution to New Pension Scheme</u>	**	**	**
<u>Works</u>	**	**	**
<u>Tea Promotion outside India</u>			
Pay of Officers	**	**	**
Allowances, Honorarium	**	**	**
Total	**	**	**



Step 5- Approval of the Budget

The budget prepared after discussion between FA&CAO, Senior Accounts Officer, In-charge Budget, should be sent to Competent Authority (Chairman) for final approval of the same. After it is approved by Board, the final budget should be sent to the Government. (Form GFR-7)

1.4 Budget estimate and Revised Estimate

Purpose of Budget Estimates

The Budget estimates serve two purposes:

(a) Their primary function is to forecast the expenditure of the ensuing year, and thus to enable Government to make the necessary arrangements for financing the activities of the Board; and

(b) As finally passed, they fix the allocations at the disposal of Directorates for expenditure in the ensuing year.

It is consequently of great importance for the Board that expenditure estimates should be accurately framed, programs involving new expenditure should be carefully worked out before the Budget Estimates are forwarded and no admissible charges which are likely to be incurred should be omitted.

Purpose and basis of the Revised Estimates

The revised estimates of expenditure are mid course corrective activity. They review the base of expenditure incurred till September and help in providing projections till the end of Financial Year. The RE once approved by the Ministry becomes the benchmark for expenditure for that particular year. It provides with the allocations of funds under different heads for that particular financial year.