

Government of Goa
Finance (Budget) Department
Secretariat
Panaji-Goa.

No. 1-20-96-Fin(Bud)

Dated 4th June, 1998.

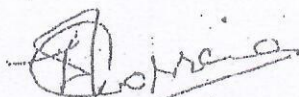
CIRCULAR

Budget Controlling Authorities are aware that Government Departments have to present the Performance Budget to the Legislative Assembly every year after presentation of the Annual Budget and before the Demands for Grants are discussed and passed.

A Performance Budget is one which presents the aims and objectives of the Department/Organisation for which the funds are requested, the cost of the programme proposed for achieving these objectives and quantitative data measuring the accomplishments and works performed under each programme. The main objective of Performance Budgeting is to co-relate the physical and financial aspects of the programmes and their activities. It sets out in terms of physical targets the programmes that have to be executed by the Government alongwith an indication of their cost-performance.

Detailed instructions regarding preparation of performance budget are at Annexure - I.

The Budget for the year 1998-99 has been presented to the Legislative Assembly on 24th March, 1998. All the Departments listed at Annexure - II are advised to furnish 100 copies of the Performance Budget for the year 1998-99 in respect of their Department to the Goa Legislative Secretariat with one copy to this Department before the Demands for Grants are discussed and passed in the monsoon session of the Legislative Assembly. They are also requested to ensure that in future the Performance Budget is presented every year as per instructions contained in Annexure - I to this Circular.



(L. F. Correia)

Under Secretary (Fin. Bud)

Encl: As above.

To

1. All Budget Controlling Authorities
2. All Secretariat Departments.

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ANNEXURE

PERFORMANCE BUDGET

Existing Budget Estimates:-

The budget shows expenditure according to the Department or agency incurring the expenditure but does not indicate the objectives of Government programmes, the economics of the operations and the benefits that flow from it. It lays more emphasis on the cost aspects without any corresponding indication of the results.

Performance Budget:-

It sets out in terms of physical and financial targets the programmes that have to be executed by the Government together with an indication of cost performance. Performance budgeting is essentially a process, which by an organised pattern of display and exhibition brings out the total Governmental operations through a classification by functions, programmes and activities. Through suitable narrative statements it indicates works done, proposed to be done and the cost of carrying them out. The main objectives of performance budgeting are:-

1. To co-relate the physical and financial aspects of programmes and activities;
2. To improve budget formulation, review and decision making at all levels of management in the Government machinery;
3. To facilitate better appreciation and review by the Legislature;
4. To make possible more effective performance audit.
5. To measure progress towards long term objectives as envisaged in the Plan; and
6. To align annual budgets and developments plans.

Ingredients:-

Each performance Budget will in the first instance indicate the organisational structure and the objectives of the concerned Department. Thereafter, a write up should be provided, scheme wise for each Minor Head/Programme with reference to physical and financial targets and achievements.

The important thing under performance budgeting is to have a presentation enabling a clear enunciation of the performance of the activity and its related costs. The narrative should be supported by tabular information in proforma PB-I to PB-V. An illustrated example of Animal Husbandry and Veterinary department is attached for ready reference.

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Budgetary progress and Expenditure Control:-

The programmes, thus presented facilitate budgetary examination and meaningful expenditure control. At each level, the review should be based on what has been done and what is proposed to be done. The indication of the men and materials and the finance needed enables a better assessment of each programme in comparison with similar programmes in the same sector or in other sectors.

Periodic Review:-

Having set in motion the various administrative forces for the implementation of the programmes, it is necessary for the concerned Department to oversee the actual process of implementation. It is also necessary for it to undertake periodical reviews to ensure that the amounts are being spent economically and regularly and also that physical progress is in conformity with prescribed targets and corresponding financial outlays. The review enables it to take stock of the existing situation as also to formulate schemes for the next year.