

GOVERNMENT OF MAHARASHTRA

FINANCE DEPARTMENT

Government Resolution No. ZBB. 1086/CR-84/BUD-19.
Mantralaya, Bombay 400 032, dated 27th October 1986.

CR1986102701

PREAMBLE

The Seventh Five-Year Plan has to be implemented in the context of severe resource constraints being faced by the State Government. It is, therefore, necessary that strenuous efforts are made for pruning of wasteful expenditures. Existing procedures for the scrutiny of expenditure proposals will have to be strengthened and subjected to the discipline of cost-effectiveness. Administrative reforms to eliminate unnecessary work, reduce overlap and simplify procedures will have to be hastened. There is a need to re-examine planning and budgetary procedures, so that an integrated view is taken of developmental outlays, regardless of whether they are on new schemes of the current plan or on the maintenance of schemes started in the earlier plans. It is further necessary that the rationale for each subsidy proposal is examined thoroughly taking into account the possibility of leakages, the economic status of beneficiary groups and the cost-benefit of the subsidy. All existing staff norms will have to be carefully reviewed. Additional resources for investments will have to be found largely by close scrutiny of schemes and programmes sanctioned in the past, their costs and benefits and their relevance for continuance in the future. Past committed levels of expenditure need not be considered as sacrosanct any longer.

As one of the means of achieving the objectives mentioned in the preamble above, Government is pleased to issue the following directions.

RESOLUTION

2. *The Zero Base Budgeting (ZBB) approach* should be adopted by all departments of Government while formulating budget proposals with effect from the Budget for 1987-88.

3. Zero Base Budgeting (ZBB) requires identification and sharpening of objectives; examination of various alternative ways of achieving those objectives; selecting the best alternative through cost-benefit and cost-effectiveness analysis; prioritisation of objectives and programmes; switching of resources from programmes with lower priority to those of higher priority; and identification and elimination of programmes which have outlived their utility. It is proposed to carry out a continuous review of all on-going activities of the Government on this basis.

4. Each of the Administrative Departments should, to begin with, assume their total 1987-88 "Non-Plan funding" to be only 80 per cent of the level of funding they have received in 1986-87. Police, Law and Judiciary and Jails Department, may assume their "Non-Plan funding" for 1987-88 to be at the same level as the current year's level of funding. However, zero-base review will have to be conducted in respect of each scheme/activity by these departments also. Assuming a 20 per cent budget reduction, each of the Administrative Departments must identify their lowest priority activities and functions, which might be considered for merging, reduction or elimination. Funds for any new items of expenditure which departments would like to propose will have to be largely found by pruning activities of lower priority in their own departments. All Administrative Departments should prepare their "Minimum Level Non-Plan Budget Package" as indicated above immediately for adoption while framing non-plan budget for 1987-88.

5. The Zero-Base budgeting technique should be applied not only to items of non-development expenditure but also to the of development expenditure. As far as the 1987-88 budget is concerned, the exercise may, if necessary and if absolutely unavoidable, be restricted to the "Non-Plan" part of the budget. While formulating budgets for subsequent years (i.e. 1988-89 onwards), plan schemes and programmes should also be brought within the purview of Zero-Base review.

6. Staff rendered surplus as a result of Zero-Base review will be pooled in the "Surplus Cell" in the General Administration Department for redeployment elsewhere.

7. Savings effected by the Administrative Departments due to Zero-Base budgetary reviews will, to the maximum extent feasible, be given to the respective Departments as additional outlays for duly approved Plan schemes.
8. Zero-Base budgeting will succeed only if it is used as a management tool and does not deteriorate into a mindless form-filling exercise. Towards this end, it has been decided that Secretaries of all Administrative Departments should be made personally responsible for its implementation and success. With continued determination and perseverance, the Zero-Base budgeting approach will be an excellent method to prune fat and allocate resources more scientifically. To ensure continued commitment to Zero-Base budgeting approach, the annual performance of all officers on this item should be monitored periodically. The annual performance appraisal of all Senior Officers would be based, among other criteria, on the achievement of the officers in this important area of Government's new initiative.
9. As regards Departmental Undertakings and Autonomous Bodies under each Administrative Department the above procedure may be adopted *mutatis mutandis* keeping in view the nature of their functions and the extent of autonomy granted to them by the Government.

By order and in the name of the Governor of Maharashtra.

MADHAV GODBOLE,
Secretary to Government,
Finance Department.

- To
- The Secretary to Governor,
 - The Secretary to Chief Minister,
 - The Private Secretaries to all Ministers and Ministers of State,
 - The Secretaries to all Departments of Mantralaya,
 - The Accountant General-I (Audit), Maharashtra, Bombay,
 - The Accountant General-II (Audit), Maharashtra, Nagpur,
 - The Accountant General-I (Accounts and Entitlement), Maharashtra, Bombay,
 - The Accountant General-II (Accounts and Entitlement), Maharashtra, Nagpur,
 - The Resident Audit Officer, Bombay,
 - The Pay and Accounts Officer, Bombay,
 - The Accountant General (Commercial Audit), Bombay,
 - *The Secretary, Maharashtra Public Service Commission, Bombay,
 - *The Registrar, Office of the Lok-Ayukta and Upa Lok-Ayukta, Bombay,
 - *The Secretary, Maharashtra Legislature Secretariat, Bombay,
 - *The Prothonotary and Senior Master, High Court of Judicature, Bombay,
 - *The Registrar, High Court of Judicature, Appellate Side, Bombay,
 - All Departments of Mantralaya,
 - All Divisional Commissioners,
 - The Director of Accounts and Treasuries, Maharashtra State, Bombay
 - The Chief Auditor, Local Fund Accounts, Konkan Bhavan, New Bombay,
 - All Treasury Officers,
 - All Heads of Departments and Heads of Offices under the several Departments of Mantralaya,
 - The Chief Executive Officers of All Zilla Parishads,
 - The Liaison Officer, Directorate General of Information and Public Relations, Mantralaya, Bombay,
 - All Desks in Finance Department,
 - Select File, Desk BUD-19, Finance Department.

*By letter.