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Budget integrity of sub-national level: A key insight assessment addressed in India using PEFA

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Abstract

Using the data from 2014 to 2021, we examine the impact of Budget Integrity of Sub-National level insight assessment addressed in India using PEFA Framework. In estimating a general edge, this paper uses the PEFA framework for evaluating and reporting on the strong point and weak points of PFM concert with 94 proportions across 31 fundamentals mechanisms of 7 panels areas of action pillars. The public financial & fiscal management enshrined in the responsibilities and accountability acts of states highlighted the budget framing with economic viewpoint, revenue predictions deviations during a year. The data is from the RBI, Ministry of statistics and program implementation, Budgets, SFC & CFC report finance Accounts of several states, etc. The performance of budget failure is a consequence of shifting in expenditure outlay, deficits assignments, service delivery options, etc. It further analyses the state implications to answer pandemics, disturbance or burdens in returns outlays, etc., to restore fiscal path amalgamations. Budget integrity examines implementing all the activities planned and responding to fiscal tension. It emphasizes strengthening the PEFA assessment outline to utilize fiscal tools and improved service transfer expansion.

Keywords: Budget Integrity, Public Financial Management (PFM), PEFA Framework, Fiscal Targets, Fiscal Federalism Framework (FFF), Performance Planning, Budget Scores, Dimensions

1. Introduction

The paper addresses Budget Integrity intended as essential to the PFM system shows govt. competence for the variable forecast (fiscal & macro) and attaining planned outcomes. To distribute public facilities services as pronounced in policies of the govt-The Public expenditure and financial accountability framework (2016). Although attaining a 100 percent exactness isn't feasible, reliability compared to recognized targets (returns & expenditures outflows) forms Budget integrity assessments. States limitations in terms of outlay pattern, tax modifications in implementing VAT engage in recreation vital role Jena (2008) ^[10] & Rao (2009) ^[23]. A competent budgeting structure supports distributed planning in India; the government's federal (state) design stands for subsequent constitutional requirements over different sectors Oates *et al* (1972 & 2005) ^[18]. Using integrity in budgeting shows shrinking uncertainty risks in the fiscal organization. Fiscal reorganizations were assumed due to the disproportion and increasing debt problem Jena & Rao (2009) ^[23]. Slow in the process related to growth rate recovery throughout the post-pandemic phase - In 15th Finance commission impact the challenge for all the states to retort to the path of fiscal association -net borrowing, deficits, and capital spending safeguard, i.e., net borrowing of GSDP fixed at 4%, 3.5%, and 3% for the year 2021-2022, 2022-2023 & 2023-2024 to 2025-2026. Failure to budget implementation, a consequence of shifting in expenditure outlay, deficits assignments, service delivery options, etc. It further analyses the state implications to answer pandemics, disturbance or burdens in returns outlays, etc., to restore fiscal path amalgamations. In India, states have implemented in India, states have implemented SD goals, supporting the Central govt. with a view to the consolidation PFM process. Budget Integrity of sub-national level insight assessment addressed in India using the PEFA Framework. The framework is a procedure for evaluating and reporting strong and weak points with indicators and dimensions mechanisms of panels and areas of action pillars.

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Table 1: PEFA Framework

Action Pillars	Indicators	Dimensions
Budget Reliability	1. The outcome of aggregate expenditure	
	2. The outcome of expenditure structure	I. Composition
		II. Economical Type
	3. Outcome of Revenue	I. Composition II. Collective
Transparency Of Public Finances	4. Categorization of Budget	
	5. Documentation of Budget	
	6. Central govt procedures external financial information	I. Returns of the budget outside the fiscal reports
		II. Outflows extra units of the budget outside the fiscal reports
9. Public ingress to financial info.		
Fiscal Tactic-Based Policy & Budgeting Based Policy	14. Macro-fiscal prediction	Sensitivity/investigation of forecasts in terms of fiscal- macro variables
	15. Fiscal tactic/ strategies	I. Effect of Procedure/ Proposals
		II. Adoption & Reporting on Fiscal Outcomes
	17. Reasonable grounding process for budget	Supervision the calendar & proposal to the legislature
Predictability & Resistor in Budget Performance	22. Expenditure amount outstanding	Monitoring and stock of the incredible amount
	26 Interior Audit	Reporting, nature, ideals applied, establishments, and responses to interior audits.
Reporting & Accounting	28. In the course of the budget description	Reporting, comparability, timing, and precision in the course description
	29. Annual fiscal report	I. Comprehensiveness, submission of accounting records & standards) II. Method of accounting records
Audit & External scrutiny.	31. Judicial Scrutinizes assessment	I. Timing of judicial scrutiny of audit info. II. Hearings on funding’s of judicial scrutiny of audit info III. recommendations, transparency of judicial scrutiny of audit info.

Source: Author computation using the PEFA framework (2016)

2. Review of Literature

The capability of the govt. to deliver superiority facilities in terms of public meet the citizen’s prerogatives & to make the info. Budget integrity targets and consequences of once-a-year financial actions and captivating stock, program administration, and result fulfillment. Budget basis of execution and implementation shows govt. returns and outlay comprehensively record and authority to make statements about actions of decisions Allen, S (2003) [1]. Service distribution strategy goals are subject to the budget performance. Regulate over public coinage outlay and the authority to allow resources/ funds assignments to several areas of the tool in the governance course. In a self-governing phase, the budget forms an association between office-bearers & politicians with agendas, actions, and source allocations to deliver public provision Allen, S (2011) & Wildavsky (1984) [30]. A Framework i.e., FFF public outlay purposes at the level of sub-national improves effectiveness by apprehending correspondence between financial costs and reimbursements of distributing public facilities Oates Musgrave, R (1989) [17] & Oates (1972) [18]. Revenue prediction fault due to weakness in methodological proportions is the reason for the deviations projected budget Welham & Simson (2014) [28]. Overvaluation leads to the unmaintainable distribution of resources, which does not emerge. Its fallouts either in unintended borrowing to preserve outlay plan or redundant time and cost infested for projects courses. Instead, progressiveness in returns forecasts consequences in other possessions at hand that possibly will be put to practice in missions and outlines short of profitable through regular scheduling course or results in cash funds. The Superfluous public demand by the

assignee groups results in good practice, accounting follows, deficit rising if those plans are implemented in terms of spending outlays Hemming, Strauch (2007) [7] & Hagen (1995) [6]. The inconsistent budgetary challenges have been shown within the individual people, and their elected assemblies pointed to investor’s directions also affect the integrity and conclusion Martimort & L (2009) [16], Pradhan (1999) [21]. The budget consequences get exaggerated by the regime's qualms and options in the cash flow. Preliminary studies on central financial acquisition show a lack of budget overstated outlay, the strategy of positions unfavorably, decreased resource allocations Jeans (2006) [11]. The PEFA framework is accessible that tax transference to prescribed parts shows cautious transparency level while other arrangements of transmissions show unrestricted propensities and doubts in budget managing at countrywide level Jena (2010). While the accounting system is measured synchronization with secretarial, assessment, and jurisdictional controller systems Swarup (1990) [29], attractive competence and usefulness in inter-jurisdictional transferences remained anxieties. Implementation of fiscal directions with realizable targets of a discrepancy, debt evidenced to be a sturdy anchor for budget creation public strategy at the government level. Fiscal judiciousness entails political assurance short of problematic to observe financial rules for a drawn-out period Strauch & Hallerberg (2007) [7]. In a recognized responsibility assembly, reserves flow external; the budget is measured as a misrepresentation. Further funds show the downfallen cause of budget integrity. Therefore, the valuation of budgetary reliability is low convenient. The additional borrowing, the state selected all the functions to be performed and public initiatives. That

is related to unpredictable responsibilities. The discrepancy between plan outflow and non-plan outflows- Ministry of Finance 2008. The strategy budget relationship was not organic as modifications in the period, gauge, and involvement of diverse financial agents inexpensively as a fiscal instrument contributed to increased exertion and imperviousness Premchand A. (1983)^[22].

3. Objective of the Study

The specific objective of the study is to find out the state fiscal status quo using the PEFA framework.

Methodology, Scope & Data

4.1 Methodology & Scope: The present paper uses descriptive statistics using percentage, MS-Excel software, MS- Word, and other applications have been used to calculate various components of expenditure, revenue & broader aspects of key indicators using the PEFA framework measurement is scored distinctly on a 4-fact ordinal scaling- A, B, C & D. For evaluating as well as reportage on the point scaled on strong & weak of PFM concert with 94 opportunities across 31 effective mechanisms of 7 boards areas of accomplishment pillars. It deals with the impact of Budget Integrity of Sub-National level insight assessment addressed in India using the PEFA

Framework.

4.2 Database: The present study analysis collects relevant information and data from various secondary sources. The period has been examined from 2011 to current fiscal outlays (expenditure and revenue). Information has also been collected through the Ministry of Statistics & Program implementation, various CFC & SFC reports, Department of Economic and statistical analysis, RBI state finance report, CAG report, CSO and NIPFP, etc.

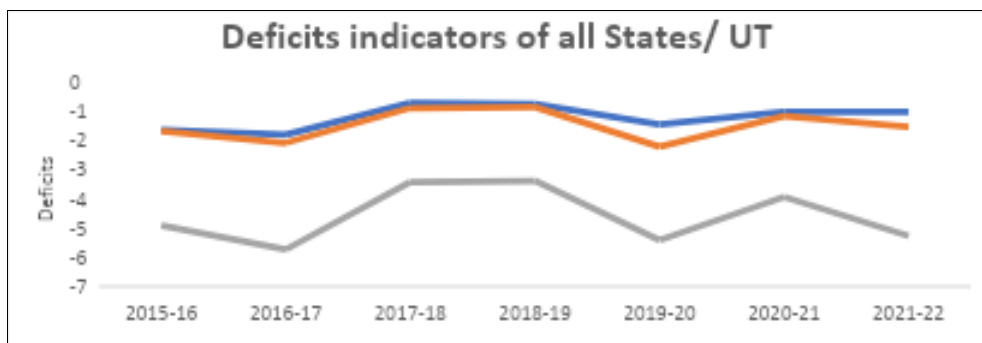
4.3 Analysis of Data: States has navigated a long way from fiscal unevenness rising debt problems- In India, fiscal unevenness, debt problem drastically mounting in the states, etc. of the late 1900s & 2000s after implementing fiscal directions in the year 2005, Foremost states endured within FRBM Act target of 3 percent of gross state domestic product in terms of fiscal deficit, disregarded revenue deficit. The inducements provided by the central Govt. enhanced growth in terms of GDP, enlarged central assignment to the financial association Economic Survey (2016-17). The framework explanation consists of main inclinations in aggregate fiscal outcomes using the segment of the PEFA framework.

Table 2: Fiscal Tactic-based Policy & Budgeting-based Program (14-15 in Section-3 of the Framework). State Fiscal Status Quo Using PEFA Framework

Fiscal Outcomes	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-21	2021-22
1. Receipt (Total:2+3)	13.7	13.6	14.0	13.8	13.7	14.1	15.4
2a. Tax Revenue (own)	6.5	6.1	6.6	6.3	6.0	6.3	7.2
2b. Non-Tax Revenue (own)	1.2	1.1	1.1	1.2	1.3	1.2	1.2
2.Total Receipt (2a+2b)	7.7	7.2	7.7	7.5	7.3	7.5	8.4
3. Total Transfer (3a+3b)	6.0	6.4	6.3	6.3	6.4	6.6	7.0
3a. Central assignment share(taxes)	3.7	4.2	3.9	4.0	3.5	3.6	3.1
3b. Grants-in-aid	2.3	2.2	2.4	2.3	2.9	3.0	3.9
4.Expenditure*(total:4a+4b)	16.5	16.7	16.3	16.5	17.0	16.8	18.1
4a. Capital	2.5	2.6	2.5	2.6	2.3	2.4	3.2
4b. Revenue	14.0	14.1	13.8	13.9	14.7	14.4	14.9
Deficits** shows in the figure.							
Outstanding liabilities	23.7	25.2	25.1	24.9	25.2	25.1	25.4

Sources: 1. RBI (State Finances), Budgets 2021-2022, **Deficits used in the figures.

2.State finances trends using different budgets (Budget Credentials of State Govt.) & finances account.3.CAG 4. Ministry of Statistics & program implementation. *Expenditure of states may also include development, non-development, grants-in -aids & local bodies assignments.



(Sources: RBI (State Finances), Budgets 2021-22).

Note: Sign shows deficits) & (+ shows surplus).

Fig 1: Deficits Indicators in all States in Terms of Fiscal, Revenue & Primary

While the state endured on fiscal association path, the table shows that stabilizing the growth of revenue contempt more devolution of Central assignment share(taxes). State gov.

too accomplished to endure within FRBM Act- fiscal crisis during 2008-2009. The burden on state finances shows rising in recent years because of opting for the UDAY

scheme. Outstanding liabilities, viewing rising trend as % of Gross state domestic product. The Gross state domestic product & debt ratio endured short beneath, i.e., 25 % till 2015-16, but by 14th FC target stipulated to gain flexibility in the deficit especially fiscal. The enactment of the Ujjawal DAY scheme enlarged the debt problem of numerous states, which strapped up the progress of inclusive debt stock in the year 2016 to 18 & ratio Budget Estimate (2020-2021). Although aggregate figures frequently don't imitate the variation between estimates (BE & AE) records. The FRBM Performances of state govts frequently imitated the fiscal alliance path projected by the CFC.

4.3.1 PEFA Assessments Practice is evaluated from both revenue side as well as expenditure side

The Budget integrity is evaluated from Fiscal outflows. The PEFA framework is usually appraised through an ordinal scaling of A to D, into interpretation at least 2 of the last 3 years (as per the PEFA framework- For cumulative returns (revenue), good performance shows scaling with an 'A' score if the definite returns remain within the 97 to 106 percent of BE in at slightest 2 of the last 3 years. 'B' between 94 to 112 percent, 'C' between 92 to 116 percent, and less than this score shows 'D.' While good performance shows an 'A' score if the substantial expenditure outflows remain within the (95 to 105) percent BE & the variance was (less than > 5) in at slightest 2 of the last 3 years. 'B' between 90 to 110 percent & the variance (less than > 10%), 'C' between 85 to 115 percent & the variance (less than > 15%), and less than this score shows 'D'.

Table 3: PEFA Framework

Budget Integrity	Pillar	Indicator	Score	Explanation	
Budget Reliability	I	1. The outcome of Aggregate Expenditure 2. The outcome of expenditure structure	B	AE deviation from BE less than 10% of BE & score if the definite returns remain within the 90 to 106 percent of BE at slightest 2 of the last 3 years.	
		3. Outcome of Revenue	Capital & total Receipt	D	AE deviation from BE is more than 15% of BE.
			Revenue receipt	B	AE deviation from BE less than 10% of BE.
Transparency Of Public Finances	II	4. Categorization of Budget	A	The categorization (classification) structure is uniform for all phases of fiscal, economic, and administrative direction that can produce reliability by including all six subfunctions levels COFOG and using GFSM*	
		5. Documentation of Budget	A	Documentation accomplishes 10 elements & every basic prerequisite.	
		6. Central govt procedures external financial information	B	Total Transfer using table 1 deviation from BE less than 10% of BE at slightest 2 of the last 3 years.	
		9. Public ingress to financial info.	A	Info. printed yearly on four elements, including indicators, outputs, and the outcomes strategic for most ministries, disaggregated by elements	
Fiscal tactic-based policy & budgeting based policy	IV	14. Macro-fiscal prediction 15. Fiscal tactic/ strategies		Section-3 of the PEFA Framework Composition structure.	
		17. Reasonable grounding process for budget	A	Existence of a static budget calendar. A clear yearly budget calendar occurs & allows All financial elements with detailed approximations on time.	
		18. Judicial scrutinizes of Budget finances Scope, action, approval timing & directions for budget modification by the executive	A	It covers fiscal aspects policies, predictions, significant details of outflow, and returns. Using table 1	
			D	generally, take greater than twelve months to complete	
Predictability and Control in Budget Execution	V	26. Interior Audit	C	Acc. to the Central Govt rules, records, data & audit by the Comptroller & Audit General. But Full permits of document records at different levels of dept., ministries, i.e., some Internal- External audits are not inclusive, comprehensive, and effective.	
		22. Expenditure amount outstanding	D	No information is accessible as a % total expenses and data related to the Expenditure amount outstanding.	
		24. Procurement	D	A grievance system involving operations does not occur. Under the IAC Act (1996), the parties to settle down argument or change.	
Reporting & Accounting	VI	28. In the course of the budget description	A	It allows All financial elements with detailed approximations on time.	
Audit & External scrutiny.	VII	31. Judicial Scrutinizes assessment	Timing	D	Period -More than twelve months
			Hearing	D	Few audited units
			Recommendations	A	Executed & systematically

Source: 1. RBI (State Finances), Budgets 2021-2022. 2. State finances trends using different budgets (Budget Credentials of State Govt.) & finances account.3.CFC & SFC 4. Ministry of Statistics & program implementation.

Note: Deviation % to Budget Estimates (adjustment between actual returns & Budget estimates as (%) to it.

4.3.2 Explanation

I. Revenue	2018-19	2019-20	2020-21
Revenue Receipts			
Budget Estimates	76933	82219	89964
Actual Estimates	65885	67858	76135
Difference	11048	14361	13829
Difference % of Budget Estimates (P1)	14.3	17.4	15.3
Variance (P2) total	20.4	30.2	23.4
P1-P2 (Difference)	6.14	12.8	-8.10
Capital Receipts			
Budget Estimates	25796	29689	39751
Actual Estimates	25495	35965	27021
Difference	301	-6276	12730
Difference % of Budget Estimates (P1)	1.16	-21.1	32.02
Variance (P2) total	1.34	44.5	10.25
P1-P2 (Difference)	0.18	23.4	21.7
Total Receipts			
Budget Estimates	102733	111909	127484
Actual Estimates	88190	103823	103157
Difference	14543	8086	24327
Difference % of Budget Estimates (P1)	14.1	7.22	19
Variance (P2) total	19.8	52.1	3.61
P1-P2 (Difference)	5.7	44.9	15.3
Expenditure			
Revenue Expenditure			
Budget Estimates	85187	94241	116927
Actual Estimates	77156	84848	96991
Difference	8031	9393	19936
Difference % of Budget Estimates (P1)	9.42	0.99	17
Variance (P2) total	8.87	0.98	2.89
P1-P2 (Difference)	0.54	0.01	14.1
Capital Expenditure			
Budget Estimates	17546	17667	10557
Actual Estimates	16062	18975	61653
Difference	1484	-1308	-51096
Difference % of Budget Estimates (P1)	8.45	-7.4	-4.84
Variance (P2) total	7.14	5.46	2.34
P1-P2 (Difference)	1.31	1.92	2.5
Total Expenditure			
Budget Estimates	102733	111909	127484
Actual Estimates	93218	103823	103157
Difference	9515	8086	24327
Difference % of Budget Estimates(P1)	9.26	7.22	19
Variance (P2) total	8.57	5.21	3.61
P1-P2 (Difference)	0.69	2.01	15.3

4. Classification of Functions of Govt Budget	Govt. Finance statistics		
A- all six levels, B- Up to 3 levels, C- at least 2 levels, D- less than C.			
Six subfunctions levels	Formulation	Reporting	Execution
1. Administrative / Economic	Y	Y	Y
2. Govt. Account	Y	Y	Y
3. Fund - Consolidated/ Contingency	Y	Y	Y
4. Returns (Tax, Nontax, grants, etc.)	Y	Y	Y
5. Expenditure (social, economic, general, etc.)	Y	Y	Y
6. Public account (saving, remittances, etc.)	Y	Y	Y
5. Documentation of Budget - 12 benchmarks include Basic and additional prerequisites.			
A: includes 10 elements & every basic prerequisite, B: consists of 7 elements & 3 basic prerequisites, C: at least 3 basic prerequisites, and D: less than C. Availability			
Basic Prerequisites (1-4)			
1. Different deficit & worldwide known standard			Y
2. Previous budget year achievement.			Y
3. Estimates& evaluations (BE, RE, AE) are presented in the arrangement as prescribed in the proposal.			Y
4. Budget data(aggregate) related to returns and expenditure outflows acc. to the classifications used.			Y
Additional Prerequisites (5-12)			
5. Macroeconomic variables consist of cumulative growth, prices, argument rate, etc.			Y

6. Summarized budget facts for both returns and disbursement etc.	Y
7. Deficit funding, the projected composition& financing.	Y
8. Documentation on the intermediate financial predictions	Y
9. Tax disbursements assessment.	Y
10. Debt stock	Partially
11. Description of budget inferences of new policy inventiveness, main revenue strategy, disbursement & spending programs.	Y
12. Financial acquisition info.	Partially
9. Public ingress to financial info. (Evaluation)	
A: Info. printed yearly on four elements, including indicators, outputs, and the outcomes strategic for most ministries, disaggregated by elements B: Info. printed yearly on four elements, including indicators, outputs, and the outcomes strategic for majority ministries C: Info. printed yearly on four elements, including indicators, outputs, and the outcomes strategic for some ministries & D: less than C Public Access	
1. Accomplishment Reports Completion. (Website Ministry of Finance)	Y
2. External Assessment Information Finalized Audit	Y
3. Financial Statements Finished Audit at the end of the year (CGA dept.& ministries)	Y
4. Contract Rewards Printed Periodical. (Tender bids)	N
5. Resource Accessible to main service part at least periodical (State level)	Y
6. Yearly budget papers after the documentation's presentation in the Assembly	Y
17, 28. Reasonable grounding process for budget	
Budget process	
A: Clear yearly budget calendar occurs & allows All financial elements with detailed approximations on time. B: Clear yearly budget calendar occurs & allows most financial elements with detailed approximations on time. C: Clear yearly budget calendar occurs & allows some financial elements with detailed approximations on time. D: less than C	
1. Circular in the month	Sept.
2. Proposed Estimate, Trends - expenditure, Budget speech, drafting, Loan recovery, Interest payments & receipts, disclosures statements, receipts related to revenue, capital, and accounts	Oct. Pre-budget conversation
3. Data Entry in Union Budget Information System linked to Revised Estimates limits, Final ceilings, and statement of Budget Estimates (hard copy)	Within two days.
4. Submission of statement of Budget Estimates(provisions), Demand for grants (provision)created in Union Budget Information System	Dec.
5. Proceedings on Demand for Disbursement Budget of the year 2021-22	Within one day of the final statement of Budget Estimates
6. Framework (OOM), Statements & material to be attached to DDG, Appendices, Outflow, output Profile.	Within Three days final Statement of Budget Estimates
7. Gross domestic product evaluations from CSO, Proposal of final Demand for outflow.	Jan.

Budget Dates, Timing, Description				
Year	2018-19	2019-20	2020-21	2021-22(final)
Budget Presentation	Feb 2018	Feb 2019	Feb 2020	July 2021
Bill Approval (Appropriation)	March 2018	March 2019	March 2020	July 2021
Bill Approval (Financial)	May 2018	May 2019	March 2020	August 2021
22. Expenditure amount outstanding				
A: Reliable data on the stock composition of expenses periodical within 4 weeks of the close (each quarter). B: Reliable data on the stock composition of expenses periodical within 8 weeks of the close (each quarter). C: Reliable data on the stock composition of expenses periodical Annually. D: No Information				
1. The stock amount outstanding as a % total expenses	No information is accessible on as a % total expenses			
2. Consistent and comprehensive data on the stock amount outstanding	No compressive and consistent data			
24. Procurement grievances managing are studied as follows				
A: The procurement grievance includes All criteria. B: The procurement complaint system includes 4 criteria. C: The procurement complaint system includes 3 or 2 criteria. D: less than C				
(1) It is not complicated in the dimensions related to transactions or in the course of contract reward results				
(2) It does not charge any custody fees that exclude interested group access.				
(3) follows procedures for suggestion & complaints resolve evidently clear and widely available to the public.				
(4) The specialist manages all the append processes of procurement.				
(5) Subjects, rules & decisions within a period of specific time.				
(6) Subjects& results that are requisite on each party (without higher expert access)				
26. Interior Audit				
A: Full permits of documents, records at different levels of dept., ministries, i.e., All Internal- External audit is inclusive, comprehensive, and effective. B: Full permits of documents, records at different levels of dept., ministries, i.e., Most Internal- External audit is inclusive, comprehensive and effective C: Full permits of documents, records at different levels of dept., ministries, i.e., some Internal- External audit not inclusive, comprehensive and effective. D: less than C. Comprehensive & effective Inclusive				
Degree, data related to amalgamation, reconciliation among accounts, and outlay	N	N		
Appropriateness of variations in the records and the outlay	N	N		
Inner variations control records and the outlay.	N	N		
Audit control, identify weaknesses in outlay.	N	N		

31. Judicial Scrutinizes assessment		
1. Timing assessment - A: reports/ reviews have been done by the administration within 3 months from delivery. B: reports/ reviews have been done by the administration within 6 months from delivery. C: reports/ reviews have been done by the administration within 12 months from delivery. D: less than C		
Suitability of inspecting audit reviews/ reports by administrations		Period -More than twelve months
2. Hearing assessments -A: Scope of the hearings on conclusion undertaken using All audited units. B: Scope of the hearings on conclusion undertaken using Most audited units: Scope of the hearings on conclusion undertaken using Few audited units. D: less than C.		
Scope of the hearings on conclusions undertaken by the administration	Few audited units the committee on Public acc. few portions of the audit units. (Generally rigorous)	
3. To allocate the actions/ Recommendations by the administration and execution by the policymaking		
A: Recommendations to be executed & systematically taken upon their enactment. B: Recommendations to be executed taken upon their enactment. C: Recommendations to be executed & not systematically taken upon their enactment. D: less than C		
The actions/ Recommendations by the administration and execution by the policymaking	Executed	Systematically
	Y	Y

Source: Author's Calculations.

5. Conclusion

The budget integrity using the PEFA framework for state govt fetches out some significant features of the Public Financial Management at the different sub-national levels. The BE structure at the state is closely linked to responsibilities and the extension of public outlay. The state's reliance on central allocation for funds and resources is important for budget enactment. Addressing factors and the environment, i.e. (economic, institutional, etc.), impact the policy conclusion, results, and budget integrity. The present-day Public Financial Management is challenged & problem faced by states in terms of funds, resources, and competence inputting to the most excellent use. There has been a trade-off in the competence of the fund's flow of resources & functioning in the public sector, transport, health, social, economic, and education services.

6. Major Findings -In the Budget Prediction & Public Financial Management Recognized

Firstly, only methodological or procedural types will not be suitable solutions to modify the government structure. The PEFA framework of improving budget integrity through the performance shows *C and D* results. Dept. need to change internal measurements, and Interior Audit is not inclusive, comprehensive, and effective.

Secondly, dynamically manage the fluctuations because there is a need for a transparent and straightforward method. No information is accessible as a % total expenses and data related to the Expenditure Amount Outstanding-Plan the events keeping all the performance dimensions in attention. Innovations in the database program running, accountability structure, reliable & up-to-date choices. Scope, action, approval timing & directions for budget modification by the executive generally take greater than twelve months to complete.

Thirdly, procurement grievances manage not to include dimensions related to transactions or in the course of contract reward results. Under the IAC Act (1996), the parties only settle down an argument or change.

Fourth, it does not include procedures for suggestion & complaints resolved evidently clear and widely available to the public. *Few* audited units of the committee on Public acc. (Generally rigorous)

Fifth, the Govt dimension in the procedures, organizational bottlenecks, and hurdles factors /reasons for the disturbing plans & policies- Non-Receipt of Grants, Prominent in anticipation, Subsidy, Deviations after the performance of the budget, Operation and Postponement in receiving of

central funds, etc., Structural Matters, Efficient Asset Supervision, Program supervision.

Lastly, to strengthen competence, states endorse purposeful duties & responsibilities. Implementing modernizations, upgraded transparency through the access of info. Persisted slowly in the framework. It is implementing a medium-phrase expenses (MPE) framework to association plans to budget. A self-regulating review procedure refining financial transparency and bringing performance alignment in the budget course. It expands the economical, administration process and reduces resource accessibility & budget operation voted. To allocate the actions/Recommendations by the administration and execution by the policymaking in a systematic manner.

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