

No. 3/30/2018-FRBM
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Room No. 43, North Block, New Delhi
June 13, 2018

Medium Term Expenditure Framework Circular 2018-19

1. Background and Introduction

1.1 The Fiscal Responsibility and Budget Management Act, 2003 (Act, henceforth) provides a legislative framework to ensure inter-generational equity in fiscal management and impart long-term macro-economic stability of the country. The Act envisages limiting Central Government borrowing, debts and deficits and aims at increasing transparency in the conduct of fiscal operations of the Central Government. The FRBM framework provides a medium-term perspective for fiscal management by laying out a fiscal road map. It requires the Government to place a medium term fiscal framework laying down the projected fiscal aggregates to meet the fiscal targets as prescribed in the Act/Rules. It also mandates the Government to spell out the strategy that it decides to adopt to meet the projected fiscal plan.

1.2 The Medium Term Fiscal Framework plays a crucial role in laying down the medium term and long term fiscal policy of the Government. It provides a credible roadmap for the intention of the Government to contain the deficit to predefined levels. It would also act as an effective reference point for preparation of next budget. Since it is a rolling target, it adapts to the changes in overall macroeconomic conditions. An effective medium term fiscal plan is one that is tightly integrated with the budget and one which provides a credible foundation for the upcoming budgets.

1.3 Section 3(1) (d) of the Act, enjoins the Central Government to lay the Medium Term Expenditure Framework (MTEF) Statement before both the houses of Parliament. It has to be laid before Parliament during the session immediately following the session of Parliament in which the budget has been presented (Section 3 (1B)).

1.4 The FRBM Rules, as amended in 2018, provides a format in which the Government will lay the MTEF Statement (Form F3 under Rule 4 of the FRBM Rules). The format provides estimate of expenditure commitments, which are shown separately for Capital and Revenue expenditure. The Form F3 has been amended to also include Demand-wise revenue-capital expenditure and expenditure projections for major schemes and programs of the government. These were presented as an Annex to the MTEF in 2017-18. The list of

major schemes/programs of the Government, which have been chosen in consultation with the Department of Expenditure, Ministry of Finance are placed at **Annexure**.

1.5 The MTEF is a vertical expansion of the aggregates of the expenditure projections in the fiscal framework presented along with the Annual Financial Statement and the Demand for Grants. The Act envisages that the MTEF Statement shall set forth a three year rolling targets for the prescribed expenditure indicators with the clear indication of underlying assumptions involved (Section 3(6A) (a) of the Act).

1.6 For the preparation of the MTEF Statement Ministries/Departments are required to asses/review their requirement over the medium term (next two financial years) in respect of expenditure commitments on major policy changes, new schemes/programs, salaries (including Grants-in-Aid for salaries), pensions, interest payments, defence expenditure, major subsidies and other commitments.

2. MTEF Preparation

2.1 Beginning with the current year (2018-19), it has been decided to seek details on Provisional Actuals of 2017-18 in the MTEF Statement. The Ministries/ Departments are required to also fill in the details of Provision Actuals 2017-18 for their Demand, schemes, salaries and other commitments.

2.2 Methodology followed for preparation of MTEF Statement shall be as under:

Methodology

- a) The Ministries/Departments shall provide demand-wise projections for the two projection years (FY 2019-20 and 2020-21) and Provisional Actuals for the preceding year (FY 2017-18), of total revenue and total capital expenditure on **net basis**. **Ministries/Departments** are required to submit requisite information in respect of MTEF projections online in the MTEF module of the UBIS developed by NIC for this purpose. While making the expenditure projections, the Ministries/ Departments may restrict themselves to a normative expenditure growth of 5-7% over the previous year's allocations/projections subject to their actual requirement. While preparing the estimates, care must be taken to first budget for all committed and continuing expenditure. The Ministries/Departments whose schemes/programs **are mentioned in the Annexe- I of this circular are also required to submit year-wise expenditure projections, for the indicated major schemes within the overall expenditure projections of the concerned demand. Scheme-wise Provisional Actuals may also be provided for FY 2017-18.**
- b) The Ministries/Departments shall give adequate justification for any increase sought in the Budget for any of its schemes/items of new expenditure. In case, where extra-normal increase (>7%) is sought, Ministry/Department is required to indicate extra

revenue generation/matching savings to meet the additionality sought. The reasons may be provided in the Remarks column provided in the MTEF Module.

- c) The Budget Division will work out expenditure projections for each demand and selected schemes/programs (within the overall ceiling of the concerned demand), based on the data filled out by the Ministry/Department in the MTEF Module and discussions held with selected Ministries/Departments. It may be mentioned that the expenditure projections worked out by the Budget Division will be co-integrated with the Budget of the Ministry/Department and the Medium Term Fiscal Framework for the whole economy that was presented along with the Union Budget in 2018-19.

- d) **25th June 2018 shall be the deadline for completing the above process.**

3. The URL address for submission of inputs is <http://10.22.86.86/ubis/UBIS/Default.aspx>. The user id and password will be same as used for the purpose of Budget 2018-19. In case of any difficulty/clarification regarding submission of inputs, the concerned Under Secretary/Deputy Director in Budget Division, DEA handling demands of the Ministry/Department may be contacted. In view of time bound nature of work, it is reiterated that, Ministries/Departments shall strictly adhere to cutoff date for submission of inputs. This circular may also be accessed at the DEA's website (www.dea.gov.in) and MTEF module of UBIS.

4. This issues with the approval of Competent Authority.


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To

1. FAs of all Ministries/Departments (by name)
2. Financial Commissioner, Ministry of Railways (by name)
3. Chief Controller (Pensions) (by name)
4. PD (staff), O/o CAG of India (by name)

Copy for information to:

1. CGA, CGDA
2. DDG (NIC)
3. All Dir/DS/ABO/US/DD in Budget Division, DEA
4. PS to JS (Budget)

List of Major Schemes of Government

1. Centrally Sponsored Schemes

(A) core of the Core Scheme

Part C: List of the Core Scheme				
S.No.	Name of Scheme	Name of Demand	Demand No.	BE 2018-19 (₹ crore)
1	National Social Assistance Programme	Department of Rural Development	82	9975
2	Mahatma Gandhi National Rural Employment Guarantee Programme	Department of Rural Development	82	55000
3	Umbrella Scheme for Development of Schedule Castes	Department of Social Justice and Empowerment	89	5183
4	Umbrella Programme for Development of Scheduled Tribes	Ministry of Tribal Affairs	96	3806
5	Umbrella Programme for Development of Minorities	Department of School Education and Literacy	57	1440
		Ministry of Minority Affairs	66	
6	Umbrella Programme for Development of Other Vulnerable Groups	Department of Social Justice and Empowerment	89	2287
		Department of Empowerment of Persons with Disabilities	90	
(B) Core Scheme				
7	Green Revolution	Department of Agriculture, Cooperation and Farmers' Welfare	1	13909
8	White Revolution	Department of Animal Husbandry, Dairying and Fisheries	3	2220
9	Blue Revolution	Department of Animal Husbandry, Dairying and Fisheries	3	643
10	Pradhan Mantri Krishi Sinchai Yojana	Department of Agriculture, Cooperation and Farmers' Welfare	1	9429
		Department of Land Resources	83	
		Ministry of Water Resources, River Development and Ganga Rejuvenation	97	
11	Pradhan Mantri Gram Sadak Yojna	Department of Rural Development	82	19000
12	Pradhan Mantri Awas Yojna	Ministry of Housing and Urban Affairs	56	27505
		Department of Rural Development	82	
13	National Rural Drinking Water Mission	Ministry of Drinking Water and Sanitation	24	7000
14	Swachh Bharat Mission (SBM)	Ministry of Drinking Water and Sanitation	24	17843

		Ministry of Housing and Urban Affairs	56	
15	National Health Mission (NHM)	Ministry of AYUSH	5	30634
		Department of Health and Family Welfare	42	
16	National Education Mission	Department of School Education and Literacy	57	32613
		Department of Higher Education	58	
17	National Programme of Mid Day Meal in Schools	Department of School Education and Literacy	57	10500
18	Integrated Child Development Services	Department of Women and Child Development	98	23088
19	Mission for Protection and Empowerment for Women	Department of Women and Child Development	98	1366
20	National Livelihood Mission - Aajeevika	Ministry of Housing and Urban Affairs	56	6060
		Department of Rural Development	82	
21	Jobs and Skill Development	Ministry of Labour and Employment	60	5071
		Ministry of Skill Development and Entrepreneurship	88	
22	Environment, Forestry and Wildlife	Ministry of Environment, Forests and Climate Change	27	1019
23	Urban Rejuvenation Mission : AMRUT -Atal Mission for Rejuvenation and Urban Transformation & Smart Cities Mission	Ministry of Housing and Urban Affairs	56	12169
24	Modernisation of Police Forces	Police	48	3157
25	Infrastructure Facilities for Judiciary	Law and Justice	61	630
26	Border Area Development Programme	Police	48	771
27	Shyama Prasad Mukherjee Rurban Mission	Department of Rural Development	82	1200
28	Pradhan Mantri Rashtriya Swasthya Suraksha Yojna (BE changed from	Department of Health and Family Welfare	42	2000
1. Major Central Sector Schemes				
29	Crop Insurance Scheme	Department of Agriculture, Cooperation and Farmers' Welfare	1	13000
30	Interest subsidy for short term credit to farmers	Department of Agriculture, Cooperation and Farmers' Welfare	1	15000
31	Regional Connectivity Scheme	Ministry of Civil Aviation	9	1014
32	Interest Equalisation Scheme	Department of Commerce	11	2500

33	National Industrial Corridors Development and Implementation Trust (NICDIT)	Department of Industrial Policy and Promotion	12	1097
34	Compensation to Service Providers for creation and augmentation of telecom infrastructure - Bharatnet	Department of Telecommunications	14	10000
35	Optical Fibre Cable based network for Defence Services	Department of Telecommunications	14	4500
36	Price Stabilisation Fund	Department of Consumer Affairs	15	1500
37	Promotion of Electronics and IT HW Manufacturing (MSIPS, EDF and Manufacturing Clusters)	Ministry of Electronics and Information Technology	26	864
38	Pradhan Mantri Kisan Samapada Yojana	Ministry of Food Processing Industries	41	1313
39	Pradhan Mantri Swasthya Suraksha Yojana	Department of Health and Family Welfare	42	3825
40	National AIDS and STD Control Programme	Department of Health and Family Welfare	42	2100
41	Border Infrastructure and Management	Police	48	1750
42	Police Infrastructure	Police	48	4750
43	Metro Projects & MRTS	Ministry of Housing and Urban Affairs	56	15000
44	Higher Education Financing Agency (HEFA)	Department of Higher Education	58	2750
45	Employees Pension Scheme, 1195	Ministry of Labour and Employment	60	4900
46	National manufacturing Competitiveness Programme (NMCP)	Ministry of Micro Small and Medium Enterprises	64	1006
47	Prime Minister Employment Generation Programme (PMEGP)	Ministry of Micro Small and Medium Enterprises	64	1801
48	Solar Power - Grid Interactive Renewable Power	Ministry of New and Renewable Energy	67	2045
49	LPG Connection to Poor Households	Ministry of Petroleum and Natural Gas	72	3200
50	Phulpur Dhamra Haldia Pipeline Project	Ministry of Petroleum and Natural Gas	72	1674
51	National Seismic Programme	Ministry of Petroleum and Natural Gas	72	1300
52	Deen Dayal Upadhyaya Gram Jyoti Yojana	Ministry of Power	74	3800
53	Sahaj Bijli Har Ghar Yojana (Rural) Saubhagya	Ministry of Power	74	2750
54	Integrated Power Development Scheme	Ministry of Power	74	4935

55	Strengthening of Power Systems including Power Sector Development Fund	Ministry of Power	74	1717
56	National Highways Authority Of India Including Road Works	Ministry of Road Transport and Highways	81	70544
57	Science and Technology Institutional Human Capacity Building	Department of Science and Technology	84	1109
58	Biotechnology Research and Development	Department of Biotechnology	85	1350
59	Member of Parliament Local Area Development Scheme (MPLAD)	Ministry of Statistics and Programme Implementation	92	3950
60	Amended Technology Upgradation Fund Scheme (ATUFS)	Ministry of Textiles	94	2300
61	Remission of State Levies (ROSL)	Ministry of Textiles	94	2164
62	Integrated Development Of Tourist Circuits Around Specific Themes (Swadesh Darshan & PRASAD)	Ministry of Tourism	95	1250
63	National Ganga Plan and Ghat Works	Ministry of Water Resources, River Development and Ganga Rejuvenation	97	2300
64	Urea Subsidy	Department of Fertilizers	7	45000
65	Nutrient Based Subsidy	Department of Fertilizers	7	25090
66	Direct Benefit Transfer	Ministry of Petroleum and Natural Gas	72	16478
67	Payment to Indian Strategic Petroleum Reserve Limited (ISPRL) Phase II (construction of Cavems)	Ministry of Petroleum and Natural Gas	72	1
68	Under-recovery (other Subsidy Payable)	Ministry of Petroleum and Natural Gas	72	4200
69	Assistance to State Agencies for intra-state movement of food grains and FPS dealer margin under NFSA	Department of Food and Public Distribution	16	4000
70	National Investment and Infrastructure Fund (NIIF)	Department of Economic Affairs	29	2000
71	Central Pool of Resources for North East and Sikkim	Ministry of Development of North Eastern Region	23	1000
72	Subscription to Share Capital of National Bank for Agriculture and Rural Development (NABARD)	Department of Financial Services	31	3500
73	Higher Education Financing Agency (HEFA)	Department of Higher Education	58	2750
74	Sagarmala	Ministry of Shipping	87	600
75	Procurement of Cotton by Cotton Corporation under Price Support Scheme	Ministry of Textiles	94	924

76	National River Conservation Programme	Ministry of Water Resources, River Development and Ganga Rejuvenation	97	770
77	Grants under proviso to Article 275(I) of the Constitution	Ministry of Tribal Affairs	96	1800
78	Rashtriya Gram Swraj Abhiyan (RGSA)	Ministry of Panchayati Raj	68	787