

No. 3/11/2017-FRBM
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Room No. 43, North Block, New Delhi.
June 13, 2017

Medium Term Expenditure Framework Circular 2017-18

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(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)). The FRBM rules as amended in 2013 provides a format in which the Government will lay the MTEF Statement (Form F4 under Rule 4 of the FRBM Rules).

1.4 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).

1.5 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, grants-in-aid for creation of capital assets , interest payments, defence expenditure, major subsidies and other commitments.

2. MTEF Preparation

2.1 Beginning 2016-17, an additional statement giving demand-wise revenue-capital break up of expenditure over medium-term was also laid before Parliament as an Annex to the MTEF. To prioritise the expenditure of the Government in the medium-term and to improve the medium-term planning by the line Ministries/Departments, expenditure projections in respect of major schemes/programs of the Government (see Annexe-I) shall be presented along with the MTEF Statement. These schemes have been chosen in consultation with the Department of Expenditure, Ministry of Finance.

2.2 Methodology followed for preparation of MTEF Statement is as under:

Methodology:

Stage-I:

- a) In the first stage the Ministries/Departments shall provide demand-wise projections of total revenue and total capital expenditure for the two projection years (FY 2018-19 and 2019-20) 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, before including provisions for new schemes/items of 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.
- 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. 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 2017-18.
- d) **20th June 2017 shall be the deadline for completing Stage I.**

Stage-II

In this stage, the demand-wise and selected scheme wise revenue/capital expenditure projections approved by the Finance Ministry will be communicated through MTEF module of UBIS. The Ministries/Departments will be required to fill expenditure details **in SBE format** within the approved projections. This data would also be used during the RE discussions to finalise the allocations for the ensuing year.

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 2017-18. 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.

 13/6/17
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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/DDs in Budget Division, DEA
4. PS to JS (Budget)

List of Major Schemes/Programs of Government:

1. Centrally Sponsored Schemes	
(A) Core of the Core Schemes	
S. No.	Name of Scheme (Demand No. as per Budget 2017-18)
1	National Social Assistance Programme (D.No.82)
2	Mahatma Gandhi National Rural Employment Guarantee Programme (D.No.82)
3	Umbrella Scheme for Development of Schedule Castes (D.No.89)
4	Umbrella Programme for Development of Scheduled Tribes (D.No.96)
5	Umbrella Programme for Development of Minorities (D.No.66 & 57)
6	Umbrella Programme for Development of Other Vulnerable Groups (D.No.89 & 90)
(B) Core Schemes	
7	Green Revolution (D.No.1)
8	White Revolution (D.No.3)
9	Blue Revolution (D.No.3)
10	Pradhan Mantri Krishi Sinchai Yojana (D.No.1, 83 & 98)
11	Pradhan Mantri Gram Sadak Yojna (D.No.82)
12	Pradhan Mantri Awas Yojna
	(a) PMAY: Rural (D.No.82)
	(b) PMAY: Urban (D.No.56)
13	National Rural Drinking Water Mission (D.No.24)
14	Swachh Bharat Mission (SBM)
	(a) SBM: Rural (D.No.24)
	(b) SBM: Urban (D.No.97)
15	National Health Mission (NHM)
	(a) National Rural Health Mission (D.No.42)
	(b) National Urban Health Mission (D.No.42)
	(c) Tertiary Care Programmes (D.No.42)
	(d) Human Resources for Health and Medical Education (D.No.42)
	(e) National AYUSH Mission (D.No.5)
16	National Health Protection Scheme- erstwhile RSBY (D.No.42)
17	National Education Mission (D.No.57)
	(a) Sarva Shiksha Abhiyan (D.No.57)
	(b) Rashtriya Madhyamik Shiksha Abhiyan (D.No.57)
	(c) Teachers Training and Adult Education (D.No.57)
	(d) Rashtriya Uchhatar Shiksha Abhiyan (D.No.58)
18	National Programme of Mid Day Meal in Schools (D.No.57)
19	Integrated Child Development Services (D.No.99)
	(a) Anganwadi Services (D.No.99)
	(b) National Nutrition Mission (D.No.99)
	(c) Maternity Benefit Programme (D.No.99)

	(d) Scheme for Adolescent Girls (<i>D.No.99</i>)
	(e) Child Protection Scheme and Scheme for welfare of working children in need of care and protection (<i>D.No.99</i>)
	(f) National Creche Scheme (<i>D.No.99</i>)
20	Mission for Empowerment and Protection for Women (<i>D.No.99</i>)
21	National Livelihood Mission - Ajeevika
	(a) National Rural Livelihood Mission (<i>D.No.82</i>)
	(b) National Urban Livelihood Mission (<i>D.No.56</i>)
22	Jobs and Skill Development (<i>D.No.60 & 88</i>)
23	Environment, Forestry and Wildlife (<i>D.No.27</i>)
24	Urban Rejuvenation Mission : AMRUT -Atal Mission for Rejuvenation and Urban Transformation & Smart Cities Mission (<i>D.No.97</i>)
25	Modernisation of Police Forces (<i>D.No.48</i>)
26	Infrastructure Facilities for Judiciary (<i>D.No.61</i>)
27	Border Area Development Programme (<i>D.No.48</i>)
28	Shyama Prasad Mukherjee Rurban Mission (<i>D.No.82</i>)
2. Major Central Sector Schemes	
29	Bharatnet (<i>D.No.14</i>)
30	MRTS and Metro Projects (<i>D.No.97</i>)
31	Interest subsidy for short term credit to farmers (<i>D.No.1</i>)
32	Namami Gange- National Ganga Plan (<i>D.No.98</i>)
33	LPG connection to poor households (<i>D.No.72</i>)
34	National AIDS and STD Control Programme (<i>D.No.42</i>)
35	Member of Parliament Local Area Development Scheme (MPLAD) (<i>D.No.92</i>)
36	Crop Insurance Scheme (<i>D.No.1</i>)
37	Duty Drawback Scheme (<i>D.No.11</i>)
38	Interest Equalisation Scheme (<i>D.No.11</i>)
39	Price Stabilisation Fund (<i>D.No.15</i>)
40	Pradhan Mantri Mudra Yojana and other Credit Guarantee Funds (<i>D.No.31</i>)
41	Recapitalization of Public Sector Banks (<i>D.No.31</i>)
42	Pradhan Mantri Swasthya Suraksha Yojana (<i>D.No.42</i>)
43	Police Infrastructure (<i>D.No.48</i>)
44	Interest Subsidy and contribution for Guarantee Funds (<i>D.No.58</i>)
45	Credit Support Programme (<i>D.No.64</i>)
46	Prime Minister Employment Generation Programme (PMEGP) (<i>D.No.64</i>)
47	Deen Dayal Upadhyaya Gram Jyoti Yojna (<i>D.No.74</i>)
48	Integrated Power Development Scheme (<i>D.No.74</i>)
49	Construction of New Lines (<i>D.No.80</i>)
50	Road Safety Works (<i>D.No.80</i>)
51	Amended Technology Upgradation Fund Scheme(ATUFS) (<i>D.No.94</i>)
52	Remission of State Levies (ROSL) (<i>D.No.94</i>)
53	Market Intervention Scheme & Price Support Scheme (<i>D.No.1</i>)
54	Social Security Scheme for Workers (<i>D.No.60</i>)
55	Rashtriya Gram Swaraj Abhiyan (<i>D.No.68</i>)

56	National Program for Welfare of Persons with Disabilities (<i>D.No.90</i>)
57	Digitally India- Land Records Modernization Program (<i>D.No.83</i>)
58	India Post Payment Bank (<i>D.No.13</i>)
59	Solar Power (<i>D.No.67</i>)
60	Sagarmala (<i>D.No.87</i>)
61	Direct Benefit Transfer (LPG Subsidy) (<i>D.No.72</i>)
62	Green Energy Corridors (<i>D.No.67</i>)
63	National Mission on Food Processing (<i>D.No.41</i>)
64	National Industrial Corridors Development and Implementation Trust (<i>D.No.12</i>)
65	Integrated Power Development Scheme (<i>D.No.74</i>)
66	Strengthening of Power System (<i>D.No.74</i>)
67	Power System Development Fund (<i>D.No.74</i>)
68	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan) (<i>D.No.95</i>)
69	Khelo India (<i>D.No.100</i>)
70	Phase-I "Bhartmala Pariyojna Investment Proposal" (<i>D.No.81</i>)
71	Gauge Conversion (<i>D.No.80</i>)
72	Doubling of Railway Lines (<i>D.No.80</i>)
73	Rashtriya Rail Sanraksha Kosh (<i>D.No.80</i>)
