

**FISCAL RESPONSIBILITY AND  
BUDGET MANAGEMENT ACT, 2003**  
(Act No. 39 of 2003)

**Government of India  
Ministry of Finance  
Department of Economic Affairs**

**(26<sup>th</sup> August, 2003)**

## THE FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2003

### ACT No. 39 OF 2003

[26th August, 2003]

An Act to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long-term macro-economic stability by *[omitted]*<sup>1</sup> removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits on the Central Government borrowings, debt and deficits, greater transparency in fiscal operations of the Central Government and conducting fiscal policy in a medium-term framework and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Fifty-fourth Year of the Republic of India as follows:—

#### 1. Short title, extent and commencement.—

- (1) This Act may be called the Fiscal Responsibility and Budget Management Act, 2003.
- (2) It extends to the whole of India.
- (3) It shall come into force on such date<sup>2</sup> as the Central Government may, by notification in the Official Gazette, appoint in this behalf.

#### 2. Definitions.—In this Act, unless the context otherwise requires,—

- (a) “fiscal deficit” means the excess of total disbursements, from the Consolidated Fund of India, excluding repayment of debt, over total receipts into the Fund (excluding the debt receipts), during a financial year;
- <sup>3</sup>[(aa) “Central Government debt” at any date means-
  - (i) the total outstanding liabilities of the Central Government on the security of the Consolidated Fund of India, including external debt valued at current exchange rates;
  - (ii) the total outstanding liabilities in the public account of India; and

<sup>1</sup> The words “achieving sufficient revenue surplus and” omitted by sec. 210 of Act 13 of 2018 (w.e.f. 29.03.2018)

<sup>2</sup> 5th July, 2004, vide notification No. G.S.R. 395(E), dated 2nd July, 2004, see Gazette of India, Extraordinary, Part II

<sup>3</sup> Subs. by s. 211 of Act 13 of 2018 (w.e.f. 29.03.2018)

- (iii) such financial liabilities of any body corporate or other entity owned or controlled by the Central Government, which the Government is to repay or service from the annual financial statement, reduced by the cash balance available at the end of that date;]
- (b) “fiscal indicators” means the measures such as numerical ceilings and proportions to gross domestic product, as may be prescribed, for evaluation of the fiscal position of the Central Government;
- <sup>4</sup>[(b) “general Government debt” means the sum total of the debt of the Central Government and the State Governments, excluding inter-Governmental liabilities;
- (bc) “gross domestic product” means the sum of the gross value added by all resident production units plus that part of taxes, less subsidies, on products, which is not included in the valuation of output, during a financial year, reckoned at current market prices, as published by the Central Statistics Office from time to time;]
- (c) “prescribed” means prescribed by rules made under this Act;
- <sup>5</sup>[(ca) “real gross domestic product” means gross domestic product, reckoned at constant prices, as published by the Central Statistics Office from time to time;
- (cb) “real output growth” means growth in real gross domestic product;]
- (d) “Reserve Bank” means the Reserve Bank of India constituted under sub-section (1) of section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);
- <sup>6</sup>[(e) *Omitted*
- (f) *Omitted*]

### 3. Fiscal policy statements to be laid before Parliament.—

- (1) The Central Government shall lay in each financial year before both Houses of Parliament the following statements of fiscal policy along with the annual financial statement and <sup>7</sup>[demands for grants except the Medium-term Expenditure Framework Statement], namely:—
  - (a) the Medium-term Fiscal Policy Statement;
  - (b) the Fiscal Policy Strategy Statement;
  - (c) the Macro-economic Framework Statement;
  - <sup>8</sup>[(d) the Medium-term Expenditure Framework Statement.]

<sup>9</sup>[(1A) The statements referred to in clauses (a) to (c) of sub-section (1) shall be

<sup>4</sup> Subs. by sec. 211 of Act 13 of 2018 (w.e.f. 29.03.2018)

<sup>5</sup> Ins. by s. 211, *ibid* (w.e.f. 29.3.2018)

<sup>6</sup> Clauses (e) and (f) omitted by s. 211, *ibid* (w.e.f. 29.03.2018)

<sup>7</sup> Subs. by s. 147, Act 23 of 2012, for “demand for grants” (w.e.f. 28.05.2012).

<sup>8</sup> Ins. by s. 147, *ibid* (w.e.f. 28.05.2012)

<sup>9</sup> Ins. by s. 147, *ibid* (w.e.f. 28.05.2012)

followed up with the Medium-term Expenditure Framework Statement with detailed analysis of underlying assumptions.

- (1B) The Central Government shall lay the Medium-term Expenditure Framework Statement referred to in clause (d) of sub-section (1) before both Houses of Parliament, immediately following the session of Parliament in which the policy statements referred to in clauses (a) to (c) were laid under sub-section (1).]
- (2) The Medium-term Fiscal Policy Statement shall set forth a three-year rolling target for prescribed fiscal indicators with specification of underlying assumptions.
- (3) In particular, and without prejudice to the provisions contained in sub-section (2), the Medium-term Fiscal Policy Statement shall include an assessment of sustainability relating to—
  - <sup>10</sup>[(i) *Omitted*]
  - (ii) the use of capital receipts including market borrowings for generating productive assets.
- (4) The Fiscal Policy Strategy Statement shall, inter alia, contain—
  - (a) the policies of the Central Government for the ensuing financial year relating to taxation, expenditure, market borrowings and other liabilities, lending and investments, pricing of administered goods and services, securities and description of other activities such as underwriting and guarantees which have potential budgetary implications;
  - (b) the strategic priorities of the Central Government for the ensuing financial year in the fiscal area;
  - (c) the key fiscal measures and rationale for any major deviation in fiscal measures pertaining to taxation, subsidy, expenditure, administered pricing and borrowings;
  - (d) an evaluation as to how the current policies of the Central Government are in conformity with the fiscal management principles set out in section 4 and the objectives set out in the Medium-term Fiscal Policy Statement.
- (5) The Macro-economic Framework Statement shall contain an assessment of the growth prospects of the economy with specification of underlying assumptions.
- (6) In particular and without prejudice to the generality of the foregoing provisions the Macro-economic Framework Statement shall contain an assessment relating to—

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<sup>10</sup> Item (i) omitted by s. 212 of Act 13 of 2018 (w.e.f. 29.03.2018)

- (a) the growth in the gross domestic product;
- (b) the fiscal balance of the Union Government as reflected in the <sup>11</sup>[omitted] gross fiscal balance;
- (c) the external sector balance of the economy as reflected in the current account balance of the balance of payments.

<sup>12</sup>[(6A) (a) The Medium-term Expenditure Framework Statement shall set forth a three-year rolling target for prescribed expenditure indicators with specification of underlying assumptions and risk involved.

(b) In particular and without prejudice to the provisions contained in clause (a), the Medium-term Expenditure Framework Statement shall, inter alia, contain—

- (i) the expenditure commitment of major policy changes involving new service, new instruments of service, new schemes and programmes;
- (ii) the explicit contingent liabilities, which are in the form of stipulated annuity payments over a multi-year time-frame;

<sup>13</sup>[(iii) Omitted]

(7) The Medium-term Fiscal Policy Statement, <sup>14</sup>[the Fiscal Policy Strategy Statement, the Medium-term Expenditure Framework Statement] and the Macro-economic Framework Statement referred to in sub-section (1) shall be in such form as may be prescribed.

#### 4. Fiscal management principles.—

<sup>15</sup>[(1) the Central Government shall,-

- (a) take appropriate measures to limit the fiscal deficit upto three per cent. of gross domestic product by the 31<sup>st</sup> March, 2021;
- (b) endeavor to ensure that-
  - (i) the general Government debt does not exceed sixty per cent.;
  - (ii) the Central Government debt does not exceed forty per cent., of gross domestic product by the end of financial year 2024-2025;
- (c) not give additional guarantees with respect to any loan on security of the

<sup>11</sup> The words "revenue balance and" omitted by Section 212, *ibid* (w.e.f. 29.03.2018)

<sup>12</sup> *Ins. by Act 23 of 2012, s. 147* (w.e.f. 28.05.2012)

<sup>13</sup> *Item (iii) omitted by s. 212 of Act 13 of 2018* (w.e.f. 29.3.2018)

<sup>14</sup> *Subs. by Act 23 of 2012, s. 147, for "the Fiscal Policy Strategy Statement"* (w.e.f. 28.05.2012)

<sup>15</sup> *Subs. by s. 213 of Act 13 of 2018* (w.e.f. 29.03.2018)

Consolidated Fund of India in excess of one-half per cent of gross domestic product, in any financial year,

- (d) endeavor to ensure that the fiscal targets specified in clauses (a) and (b) are not exceeded after stipulated target dates.
- (2) the Central Government shall prescribe the annual targets for reduction of fiscal deficit for the period beginning from the date of commencement of Part XV of Chapter VIII of the Finance Act, 2018 and ending on the 31<sup>st</sup> March, 2021:

Provided that exceeding annual fiscal deficit target due to ground or grounds of national security, act of war, national calamity, collapse of agriculture severely affecting farm output and incomes, structural reforms in the economy with unanticipated fiscal implications, decline in real output growth of a quarter by at least three per cent points below its average of the previous four quarters, may be allowed for the purposes of this section.

- (3) Any deviation from fiscal deficit target under sub-section (2) shall not exceed one-half per cent. of the gross domestic product in a year.
- (4) The Central Government shall, in case of increase in real output growth of a quarter by at least three per cent points above its average of the previous four quarters, reduce the fiscal deficit by at least one-quarter per cent of the gross domestic product in a year.
- (5) Where the fiscal deficit is allowed to vary from the target prescribed under the proviso to sub-section (2) or deviation is initiated under sub-section (4), a statement explaining the reasons thereof and the path of return to annual prescribed targets under this section shall be laid, as soon as may be, before both the Houses of Parliament.]

#### **5. Borrowing from Reserve Bank.—**

- (1) The Central Government shall not borrow from the Reserve Bank.
- (2) Notwithstanding anything contained in sub-section (1), the Central Government may borrow from the Reserve Bank by way of advances to meet temporary excess of cash disbursement over cash receipts during any financial year in accordance with the agreements which may be entered into by that Government with the Reserve Bank:

Provided that any advances made by the Reserve Bank to meet temporary excess cash disbursement over cash receipts in any financial year shall be repayable in accordance with the provisions contained in sub-section (5) of section 17 of the Reserve Bank of India Act, 1934 (2 of 1934).

- <sup>16</sup>[(3) Notwithstanding anything contained in sub-section (1), the Reserve Bank

<sup>16</sup> Subs. by s. 214 of Act 13 of 2018 (w.e.f. 29.03.2018)

may subscribe to the primary issues of Central Government Securities due to ground or grounds specified in the proviso to sub-section (2) of section 4.]

- (4) Notwithstanding anything contained in sub-section (1), the Reserve Bank may buy and sell the Central Government securities in the secondary market <sup>17</sup>[or converts Central Government Securities held by it with other Securities of the Central Government as mutually agreed between the Reserve Bank and the Central Government].

#### **6. Measures for fiscal transparency.—**

- (1) The Central Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest and minimise as far as practicable, secrecy in the preparation of the annual financial statement and demands for grants.
- (2) In particular, and without prejudice to the generality of the foregoing provision, the Central Government shall, at the time of presentation of annual financial statement and demands for grants, make such disclosures and in such form as may be prescribed.

#### **7. Measures to enforce compliance.—**

- (1) The Minister-in-charge of the Ministry of Finance shall review, <sup>18</sup>[on half-yearly basis], the trends in receipts and expenditure in relation to the budget and place before both Houses of Parliament the outcome of such reviews.

<sup>19</sup>[(1A) The Central Government shall prepare a monthly statement of its accounts.:]

- (2) Whenever there is either shortfall in revenue or excess of expenditure over the <sup>20</sup>[prescribed levels] during any period in a financial year, the Central Government shall take appropriate measures for increasing revenue or for reducing the expenditure (including curtailing of the sums authorised to be paid and applied from and out of the Consolidated Fund of India under any Act so as to provide for the appropriation of such sums):

Provided that nothing in this sub-section shall apply to the expenditure charged on the Consolidated Fund of India under clause (3) of article 112 of the Constitution or to any other expenditure which is required to be incurred under any agreement or contract or such other expenditure which cannot be postponed or curtailed.

<sup>17</sup> Ins. by s. 214 of Act 13 of 2018 (w.e.f. 29.03.2018)

<sup>18</sup> The words "every quarter" subs. by s. 215, *ibid* (w.e.f. 29.03.2018)

<sup>19</sup> Ins. by s. 215, *ibid* (w.e.f. 29.03.2018)

<sup>20</sup> The words "pre-specified levels mentioned in the Fiscal Policy Strategy Statement and the rules made under this Act" subs. by s. 215, *ibid* (w.e.f. 29.03.2018)

- (3) (a) Except as provided under this Act, no deviation in meeting the obligations cast on the Central Government under this Act, shall be permissible without approval of Parliament.
- (b) Where, owing to unforeseen circumstances, any deviation is made in meeting the obligations cast on the Central Government under this Act, the Minister-in-charge of the Ministry of Finance shall make a statement in both Houses of Parliament explaining—
- (i) any deviation in meeting the obligations cast on the Central Government under this Act;
- (ii) whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and
- (iii) the remedial measures the Central Government proposes to take.

<sup>21</sup> [7A. **Laying of review reports.**—The Central Government may entrust the Comptroller and Auditor-General of India to review periodically as required, the compliance of the provisions of this Act and such reviews shall be laid on the table of both Houses of Parliament.]

#### 8. Power to make rules.—

- (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—
- (a) the annual targets to be specified under sub-section (2) of section 4;
- (b) the fiscal indicators to be prescribed for the purpose of sub-section (2) of section 3;
- <sup>22</sup>[(ba) the expenditure indicators with specifications of underlying assumptions and risk involved under clause (a) of sub-section (6A) of section 3;]
- (c) the forms of the Medium-term Fiscal Policy Statement, <sup>23</sup>[Fiscal Policy Strategy Statement, Medium-term Expenditure Framework Statement] and Macro-economic Frame Work Statement referred to in sub-section (7) of section 3;
- <sup>24</sup>[(ca) Omitted]
- (d) the disclosures and form in which such disclosures shall be made under sub-section (2) of section 6;
- <sup>25</sup>[(da) the level of shortfall in revenue or excess of expenditure under sub-section (2) of section 7;]

<sup>21</sup> Ins. by Act 23 of 2012, s. 149 (w.e.f. 28.05.2012)

<sup>22</sup> Ins. by s. 150, *ibid.* (w.e.f. 28.05.2012)

<sup>23</sup> Subs. by s. 150, *ibid.*, for "Fiscal Policy Strategy Statement" (w.e.f. 28.05.2012)

<sup>24</sup> Clause (ca) omitted by s. 216, Act 13 of 2018 (w.e.f. 29.03.2018)

<sup>25</sup> Ins. by s. 216, *ibid.* (w.e.f. 29.03.2018)



(e) any other matter which is required to be, or may be, prescribed.

**9. Rules to be laid before each House of Parliament.**—Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**10. Protection of action taken in good faith.**—No suit, prosecution or other legal proceedings shall lie against the Central Government or any officer of the Central Government for anything which is in good faith done or intended to be done under this Act or the rules made thereunder.

**11. Jurisdiction of civil courts barred.**—No civil court shall have jurisdiction to question the legality of any action taken by, or any decision of, the Central Government, under this Act.

**12. Application of other laws not barred.**—The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

**13. Power to remove difficulties.**—

- (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

- (2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

**FISCAL RESPONSIBILITY AND  
BUDGET MANAGEMENT RULES,  
2004**

**Notification No.GSR 395 (E) dated 2nd July, 2004,  
Gazette of India, Extraordinary, Part-II - Sec. 3(i)**

**Government of India  
Ministry of Finance  
Department of Economic Affairs**

**(2<sup>nd</sup> July, 2004)**

## THE FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT RULES, 2004

### NOTIFICATION No. G.S.R. 395(E)

[New Delhi, the 2<sup>nd</sup> July, 2004]

In exercise of the powers conferred by Sub-section 8 of the Fiscal Responsibility and Budget Management Act, 2003 (39 of 2003), the Central Government hereby makes the following rules, namely:

#### 1. Short title and commencement.—

- (1) These rules may be called the Fiscal Responsibility and Budget Management Rules, 2004.
- (2) They come into force on the 5<sup>th</sup> day of July, 2004.

#### 2. Definition.— In these rules, unless the context otherwise requires,-

- (a) “Act” means the Fiscal Responsibility and Budget Management Act, 2003 (39 of 2003);
- (b) “Form” means a form appended to these rules;
- <sup>1</sup>[(c) “primary deficit” means the fiscal deficit minus the interest payments;
- (ca) “revenue deficit” means the difference between revenue expenditure and revenue receipts]
- (d) “section” means a section of the Act;
- (e) words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

#### 3. Annual Targets.— <sup>1</sup>[The Central Government shall reduce the fiscal deficit by an amount equivalent to 0.1 per cent or more of the Gross Domestic Product (GDP) at the end of each financial year beginning with the financial year 2018-19, so that fiscal deficit is brought down to not more than 3 per cent of GDP by 31st day of March, 2021.]

#### 4. <sup>1</sup>[Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement, Macro-economic Framework Statement and Medium-term Expenditure Framework Statement.— The Central Government shall lay before each House of Parliament, -

- (a) the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement and the Macro-economic Framework Statement along with the annual financial statement and demands for grants in forms F-1 and F-2 respectively; and

(b) the Medium-term Expenditure Framework Statement in Form F-3.]

**5. <sup>1</sup>[Fiscal Indicators.—** In the Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement, three years rolling targets in respect of the following fiscal indicators shall be as given in Form F-1, namely:

- (i) fiscal deficit as a percentage of GDP;
- (ii) revenue deficit as a percentage of GDP;
- (iii) primary deficit as a percentage of GDP;
- (iv) tax revenue as a percentage of GDP;
- (v) non-tax revenue as a percentage of GDP; and
- (vi) Central Government debt as a percentage of GDP.]

**6. Disclosures.—**

- (1) In order to ensure greater transparency in its fiscal operation in the public interest, the Central Government shall, at the time of presenting the annual financial statement and demands for grants, make disclosures of the following:
  - (a) any significant change in accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators.
  - <sup>2</sup>[(b) statements of receivables and guarantees in Forms D-1 to D-3 along with explanatory notes, if any;
  - (c) a statement of assets in Form D-4 along with explanatory notes, if any.]
  - <sup>3</sup>[(d) a statement of explicit contingent liabilities, which are in the form of stipulated annuity payments over a multi-year time-frame in Form D-5;
  - <sup>4</sup>[(e) *Omitted*]
- (2) The provisions of sub-rule (1) shall be complied with not later than with the presentation of the annual financial statement and demands for grants for the financial year 2006-2007.

**7. Measures to ensure compliance.—** In case the outcome of <sup>5</sup>[half yearly review] of trends in receipts and expenditure, made under sub-section (1) of section 7, at the end of <sup>6</sup>[first half] of any financial year beginning with the financial year <sup>7</sup>[2015-16] shows that –

- (i) the total non-debt receipts are less than 40 per cent of Budget Estimates for that year; or
- (ii) the fiscal deficit is higher than <sup>8</sup>[70] per cent of the Budget Estimates for that year; or

- (iii) the revenue deficit is higher than <sup>8</sup>[70] per cent of the Budget Estimates for that year, then, -
  - (a) as required under sub-section (2) of that section, the Central Government shall take appropriate corrective measures; and
  - (b) as required under sub-section (3) of that section, the Minister-in-charge of the Ministry of Finance shall make a statement in both Houses of Parliament during the session immediately following the end of <sup>5</sup>[first half] detailing the corrective measures taken, the manner in which any supplementary demands for grants are proposed to be financed and the prospects for the fiscal deficit of that financial year.

**<sup>9</sup>[8. Review of compliance by the Comptroller and Auditor General of India.—**

- (1) The Comptroller and Auditor General of India shall carry out an annual review of the compliance of the provisions of the Act and the rules made there under by the Central Government beginning with the financial year 2014-15.
- (2) The review under sub-rule (1) shall include the following, namely:
  - (i) analysis of achievement and compliance of targets and priorities set out in the Act and the rules made there under, <sup>10</sup>[Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement], Macro-economic Framework Statement and Medium-term Expenditure Framework Statement;
  - (ii) analysis of trends in receipts, expenditure and macro-economic parameters in relation to the Act and the rules made there under;
  - (iii) comments related to classification of revenue, expenditure, assets or liabilities having a bearing on the achievement of targets set out in the Act and the rules made there under;
  - (iv) analysis of disclosures made by the Central Government to ensure greater transparency in its fiscal operations.
- (3) For the purpose of conduct of the review under sub-rule (1), the Comptroller and Auditor General of India shall have the authority to-
  - (a) call for such records or information as he may require, for the preparation of the report; and
  - (b) require that any accounts, books, papers and other documents which deal with or form the basis of, or are otherwise relevant to the review, shall be sent at such place as he may appoint for the inspection.

- (4) The officer in charge of any office or department, the accounts of which are to be inspected and reviewed by the Comptroller and Auditor General, shall afford all facilities for such inspection and comply with the requests for such records or information as expeditiously as possible and in a complete form.
- (5) The report of the Comptroller and Auditor General of India relating to review under sub-rule (1) shall be submitted to the President, who shall cause them to be laid on the table of both Houses of Parliament.]

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1. Subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *vide* notification No. G.S.R. 321(E), dated 2nd April, 2018, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  2. Subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2007, *vide* notification No. G.S.R. 41(E), dated 23rd January, 2007, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  3. Ins. By Fiscal Responsibility and Budget Management (Amendment) Rules, 2013, *vide* notification No. G.S.R. 290(E), dated 7<sup>th</sup> May, 2013, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  4. Clause (e) omitted by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *vide* notification No. G.S.R. 321(E), dated 2nd April, 2018, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  5. The words “quarterly review” subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *ibid*
  6. The words “second quarter” subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *ibid*
  7. The figures “2012-13” subs. *vide* Fiscal Responsibility and Budget Management (Amendment) Rules, 2015, *vide* notification No. G.S.R. 523(E), dated 25<sup>th</sup> June, 2015, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  8. The figures “60” subs. *vide* Fiscal Responsibility and Budget Management (Amendment) Rules, 2015, *ibid*
  9. Ins. *Vide* Fiscal Responsibility and Budget Management (Second Amendment) Rules, 2015, *vide* notification No. G.S.R. 829(E), dated 31<sup>st</sup> October, 2015, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  10. The words “Medium Term Fiscal policy Statement, Fiscal Policy Strategy Statement” subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *vide* notification No. G.S.R. 321(E), dated 2nd April, 2018, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)
  - # Forms F-1, F-2, F-3, F-4, D-1, D-3, D-4 and D-5 subs. by Fiscal Responsibility and Budget Management (Amendment) Rules, 2018, *ibid*
  - @ Form D-2 amended by Fiscal Responsibility and Budget Management (Amendment) Rules, 2007, *vide* notification No. G.S.R. 41(E), dated 23rd January, 2007, *see* Gazette of India, Extraordinary, Part II – Sec. 3(i)

**#Form F-1**  
**[See rule 4]**

**MEDIUM TERM FISCAL POLICY CUM FISCAL POLICY STRATEGY STATEMENT**

**A. Fiscal Indicators – Rolling Targets**

|   | Current Year Revised Estimates | Ensuing year Target: Budget Estimates | Targets for the next two years |     |
|---|--------------------------------|---------------------------------------|--------------------------------|-----|
|   | Y-1                            | Y                                     | Y+1                            | Y+2 |
| 1. Fiscal Deficit as percentage of GDP          |                                |                                       |                                |     |
| 2. Revenue Deficit as percentage of GDP         |                                |                                       |                                |     |
| 3. Primary Deficit as percentage of GDP         |                                |                                       |                                |     |
| 4. Tax Revenue as percentage of GDP             |                                |                                       |                                |     |
| 5. Non-tax Revenue as percentage of GDP         |                                |                                       |                                |     |
| 6. Central Government debt as percentage of GDP |                                |                                       |                                |     |

**B. Assumptions underlying the Fiscal Indicators –**

1. Revenue receipts
  - (a) Tax-Revenue – Sectoral and GDP growth rates
  - (b) Non-tax-revenue – Policy stance
  - (c) Devolution to States – Finance Commission
  
2. Capital receipts – Debt stock, repayment, fresh loans and policy stance
  - (a) Recovery of loans
  - (b) Other receipts
  - (c) Borrowings – Public Debt and Other Liabilities
  
3. Total expenditure – Policy Stance
  - (a) Revenue account
    - (i) Interest payments
    - (ii) Major subsidies
    - (iii) Others
  - (b) Capital account
    - (i) Loans and advances
    - (ii) Capital outlay
  
4. GDP Growth

**C. Assessment of sustainability relating to -**

- (i) The balance between revenue receipts and revenue expenditure:  
The statement may specify the tax-GDP ratio for the Current year and subsequent two years with an assessment of the changes required for achieving it. It may discuss the non-tax revenues and the policies concerning the same. An assessment of the capital receipts may be made, including the borrowings and other liabilities, as per policies spelt out. The statement may also give projections for GDP and discuss it on the basis of assumptions underlying the indicators. Expenditure on revenue account, may also be made with particular emphasis on the measures proposed to meet the overall objectives.
- (ii) The use of capital receipts including market borrowings for generating productive assets:  
The statement may specify the proposed use of capital receipts for generating productive assets in different categories. It may also spell out proposed changes among these categories and discuss it in terms of the overall policy of the Government in achieving the national objectives.

**D. Fiscal Policy Strategy Overview:**

This paragraph will present an overview of the fiscal policy strategy currently in vogue.

**E. Fiscal policy Strategy for the ensuing financial year:**

This paragraph shall have following sub-paragraphs dealing with –

- (1) Tax Policy:  
In the sub-paragraph on tax policy, major changes proposed to be introduced in direct and indirect taxes in the ensuing financial year will be presented. It shall contain an assessment of income tax exemption limits and how far it relates to per capita income, principles regarding tax exemptions and target group for exemptions.
- (2) Expenditure Policy:  
Under expenditure policy, major changes proposed in the allocation of expenditure shall be indicated. It shall also contain an assessment of principles regarding the benefits and targets group of beneficiaries.
- (3) Government Borrowings, Lending and Investments:  
In this sub-paragraph on Government borrowings, the policy relating to internal debt, external debt, Government lending, investments and other activities; including principles average maturity structure, bunching of repayments, etc., shall be indicated.
- (4) Contingent and other Liabilities:  
Any change in the policy on contingent liabilities and in particular guarantees which have potential budgetary implications shall be indicated.
- (5) Pricing of Administered Goods:  
Any-change proposed in the pricing of administered products, including the progress towards market-based principles shall be spelt out.



**F. Strategic priorities for ensuing year:**

- (1) Resource mobilization for the ensuing financial year through tax, non-tax and other receipts shall be spelt out.
- (2) The broad principles underlying the expenditure management during the ensuing year shall be spelt out.
- (3) Priorities relating to management of public debt proposed during the ensuing year shall be indicated.

**G. Rationale for Policy changes:**

- (1) The rationale for policy changes consistent with the Medium Term Fiscal Policy Statement, in respect of direct and indirect taxes proposed in the ensuing Budget shall be spelt out.
- (2) The rationale for major policy changes in respect of budgeted expenditure including expenditure on subsidies shall be indicated.
- (3) Rationale for changes, if any, proposed in the management of the public debt shall be indicated.
- (4) The need for changes, if any, proposed in respect of pricing of administered goods shall be spelt out.

**H. Policy Evaluation:**

This paragraph shall contain an evaluation of the changes proposed in the fiscal policy strategy for the ensuing year with reference to reduction of fiscal deficit, Central Government debt and objectives set out in the statement.

**MACRO ECONOMIC FRAMEWORK STATEMENT**

**1. Overview of the Economy:**

This paragraph shall contain a synoptic analysis of trends in growth rates, prices, output, external sector, money and capital markets. Information on key macro-economic indicators will be presented in the format appended.

**2. GDP Growth:**

This paragraph shall contain an analysis of trends in overall GDP growth and its sectoral composition.

**3. External Sector:**

Under this paragraph, trends in exports, imports, foreign exchange reserves, current account balance and balance of payments shall be presented.

**4. Money, Banking and Capital Markets:**

This paragraph shall present and account of the trends in money supply, bank deposits and credit and developments in the capital market.

**5. Central Government Finances:**

Under this paragraph an analysis of trends in revenue collections and expenditure shall be presented. Trends in important fiscal deficit and debt indicators shall also be presented. Trends in Central Government finances shall be presented in the format appended.

**6. Prospects:**

Based on the trends in major sectors presented in the previous sections, an assessment shall be made regarding the growth prospects, along with the underlying assumptions.

**Economic Performance at a Glance**

|     |                                | Absolute Value          |              | Percentage Changes      |              |
|-----|--------------------------------|-------------------------|--------------|-------------------------|--------------|
|     |                                | April-Reporting period* |              | April-Reporting period* |              |
|     |                                | Previous year           | Current year | Previous year           | Current year |
|     | <b>Real Sector</b>             |                         |              |                         |              |
| 1   | GDP                            |                         |              |                         |              |
| (a) | at current price               |                         |              |                         |              |
| (b) | At 2011-12 <sup>1</sup> price  |                         |              |                         |              |
| 2   | Index of Industrial Production |                         |              |                         |              |

<sup>1</sup> Use the latest base year

|     |   |  |  |  |  |
|-----|---|--|--|--|--|
| 3   | Wholesale Price Index<br>(point to point) |  |  |  |  |
| 4   | Consumer Price Index                      |  |  |  |  |
| 5   | Money Supply (M3)                         |  |  |  |  |
| 6   | Imports at current prices                 |  |  |  |  |
| (a) | In ₹ crore                                |  |  |  |  |
| (b) | In US \$ million                          |  |  |  |  |
| 7   | Exports at current prices                 |  |  |  |  |
| (a) | In ₹ crore                                |  |  |  |  |
| (b) | In US \$ million                          |  |  |  |  |
| 8   | Trade Balance                             |  |  |  |  |
| 9   | Foreign Exchange<br>Assets                |  |  |  |  |
| (a) | In ₹ crore                                |  |  |  |  |
| (b) | In US \$ million                          |  |  |  |  |
| 10  | Current Account<br>Balance                |  |  |  |  |
|     | <b>Government Finances</b>                |  |  |  |  |
| 1   | Revenue Receipts (2+3)                    |  |  |  |  |
| 2   | Tax Revenue (Net)                         |  |  |  |  |
| 3   | Non-Tax Revenue                           |  |  |  |  |
| 4   | Capital receipts (5+6+7)                  |  |  |  |  |
| 5   | Recovery of loans                         |  |  |  |  |
| 6   | Other Receipts                            |  |  |  |  |
| 7   | Borrowing and other<br>liabilities        |  |  |  |  |
| 8   | Total Receipts (1+4)                      |  |  |  |  |
| 9   | Revenue Expenditure<br><i>of which:</i>   |  |  |  |  |
| 10  | Interest payments                         |  |  |  |  |
| 11  | Capital Expenditure                       |  |  |  |  |
| 12  | Total Expenditure<br>(9+11)               |  |  |  |  |
| 13  | Fiscal Deficit<br>{12-(1+5+6)}            |  |  |  |  |
| 14  | Revenue Deficit (9-1)                     |  |  |  |  |
| 15  | Primary Deficit (13-10)                   |  |  |  |  |

\* data will relate to the period up to which information for the current year is available. To facilitate comparison, data of previous year corresponds to the same period of current year. Accordingly, reporting period may vary for different items.

#Form F-3  
[See rule 4]

**MEDIUM-TERM EXPENDITURE FRAMEWORK**

**A. MEDIUM-TERM EXPENDITURE PROJECTIONS (Major category wise)**

(Figures in crore)

|   | Previous Year's Revised Estimates | Current Year's Budget Estimates | Projections for next two years |     |
|---|-----------------------------------|---------------------------------|--------------------------------|-----|
|   | Y-1                               | Y                               | Y+1                            | Y+2 |
| <b>Revenue Expenditure</b>                    |                                   |                                 |                                |     |
| 1. Salary                                     |                                   |                                 |                                |     |
| 2. Interest                                   |                                   |                                 |                                |     |
| 3. Pension                                    |                                   |                                 |                                |     |
| 4. Subsidies                                  |                                   |                                 |                                |     |
| a. Food                                       |                                   |                                 |                                |     |
| b. Fertiliser                                 |                                   |                                 |                                |     |
| c. Petroleum                                  |                                   |                                 |                                |     |
| 5. Centralized provision for Grants to States |                                   |                                 |                                |     |
| 6. Defence                                    |                                   |                                 |                                |     |
| 7. Postal Deficit                             |                                   |                                 |                                |     |
| 8. External Affairs                           |                                   |                                 |                                |     |
| 9. Home Affairs                               |                                   |                                 |                                |     |
| 10. Tax Administration                        |                                   |                                 |                                |     |
| 11. Finance                                   |                                   |                                 |                                |     |
| 12. Education                                 |                                   |                                 |                                |     |
| 13. Health                                    |                                   |                                 |                                |     |
| 14. Social welfare                            |                                   |                                 |                                |     |
| 15. Agriculture and allied                    |                                   |                                 |                                |     |
| 16. Commerce and Industry                     |                                   |                                 |                                |     |
| 17. Urban Development                         |                                   |                                 |                                |     |
| 18. Rural Development                         |                                   |                                 |                                |     |
| 19. Development of North East                 |                                   |                                 |                                |     |
| 20. Planning and Statistics                   |                                   |                                 |                                |     |

|                                  |  |  |  |  |
|----------------------------------|--|--|--|--|
| 21. Scientific Departments       |  |  |  |  |
| 22. Energy                       |  |  |  |  |
| 23. Transport                    |  |  |  |  |
| 24. IT and Telecom               |  |  |  |  |
| 25. Union Territories            |  |  |  |  |
| 26. Others                       |  |  |  |  |
| <b>Total-Revenue Expenditure</b> |  |  |  |  |

|                                  | Previous Year's Revised Estimates | Current Year's Budget Estimates | Projections for next two years |     |
|----------------------------------|-----------------------------------|---------------------------------|--------------------------------|-----|
|                                  | Y-1                               | Y                               | Y+1                            | Y+2 |
| <b>Capital Expenditure</b>       |                                   |                                 |                                |     |
| 1. Defence                       |                                   |                                 |                                |     |
| 2. Home Affairs                  |                                   |                                 |                                |     |
| 3. Finance                       |                                   |                                 |                                |     |
| 4. Health                        |                                   |                                 |                                |     |
| 5. Commerce and Industry         |                                   |                                 |                                |     |
| 6. Urban Development             |                                   |                                 |                                |     |
| 7. Planning and Statistics       |                                   |                                 |                                |     |
| 8. Scientific Departments        |                                   |                                 |                                |     |
| 9. Energy                        |                                   |                                 |                                |     |
| 10. Transport                    |                                   |                                 |                                |     |
| 11. IT and Telecom               |                                   |                                 |                                |     |
| 12. Loans to States              |                                   |                                 |                                |     |
| 13. Union Territories            |                                   |                                 |                                |     |
| 14. Others                       |                                   |                                 |                                |     |
| <b>Total-Capital Expenditure</b> |                                   |                                 |                                |     |
| <b>Total Expenditure</b>         |                                   |                                 |                                |     |

**B. ASSUMPTIONS UNDERLYING THE MEDIUM TERM EXPENDITURE PROJECTIONS**

1. Revenue Expenditure
  - a. Salaries
  - b. Pensions
  - c. Interest Payments

- d. Subsidies
- e. Defence
- f. Other Revenue Expenditure and the underlying expenditure priorities

2. Capital Expenditure

- a. Defence
- b. Road Transport and Highways
- c. Budgetary support for capital expenditure of Railways
- d. Other Capital Expenditure and the underlying expenditure priorities.

**C. MEDIUM-TERM EXPENDITURE PROJECTIONS (Demand wise and on net basis)**

(Figures in ₹ crore)

| Demand No. | Demand Name                                | Previous Year's Revised Estimates | Current Year's Budget Estimates | Projections for next two years |     |
|------------|--|-----------------------------------|---------------------------------|--------------------------------|-----|
|            |  | Y-1                               | Y                               | Y+1                            | Y+2 |
| 1.         | Demand Name<br>Revenue<br>Capital<br>Total |                                   |                                 |                                |     |

**D. MEDIUM-TERM EXPENDITURE PROJECTIONS FOR SELECT SCHEMES (on net basis)**

1. Revenue Section:

(Figures in ₹ crore)

| Demand No/Name. | Scheme Name | Previous Year's Revised Estimates | Current Year's Budget Estimates | Projections for next two years |     |
|-----------------|-------------|-----------------------------------|---------------------------------|--------------------------------|-----|
|                 |             | Y-1                               | Y                               | Y+1                            | Y+2 |
|                 |             |                                   |                                 |                                |     |

2. Capital Section:

(Figures in ₹ crore)

| Demand No/Name. | Scheme Name | Previous Year's Revised Estimates | Current Year's Budget Estimates | Projections for next two years |     |
|-----------------|-------------|-----------------------------------|---------------------------------|--------------------------------|-----|
|                 |             | Y-1                               | Y                               | Y+1                            | Y+2 |
|                 |             |                                   |                                 |                                |     |

**#Form D – 1**  
**[See rule 6]**

**TAX REVENUES RAISED BUT NOT REALISED**  
**(principal taxes)**

(As at the end of Reporting Year)

| Amounts under dispute |  |                                   |                                   |                                    |               |       | Amounts not under dispute         |                                   |                                    |               |       |             |  |  |
|-----------------------|--|-----------------------------------|-----------------------------------|------------------------------------|---------------|-------|-----------------------------------|-----------------------------------|------------------------------------|---------------|-------|-------------|--|--|
| (₹ in crore)          |  |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| Major Head            | Description                                | Over 1 Year but less than 2 Years | Over 2 Year but less than 5 Years | Over 5 Year but less than 10 Years | Over 10 Years | Total | Over 1 Year but less than 2 Years | Over 2 Year but less than 5 Years | Over 5 Year but less than 10 Years | Over 10 Years | Total | Grand Total |  |  |
|                       | <b>Taxes on Income &amp; Expenditure</b>   |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0020                  | Corporation Tax                            |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0021                  | Taxes on Income other than Corp. Tax       |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
|                       | <b>Taxes on Commodities &amp; services</b> |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0005                  | Central Goods and Services Tax (CGST)      |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0008                  | Integrated Goods and Services Tax (IGST)   |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0037                  | Customs                                    |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0038                  | Union Excise                               |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
| 0044                  | Service Tax                                |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |
|                       | <b>Total</b>                               |                                   |                                   |                                    |               |       |                                   |                                   |                                    |               |       |             |  |  |

*Note: reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.*

@Form D – 2  
[See rule 6]

**ARREARS OF NON-TAX REVENUE**

(As at the end of Reporting Year)

| Description                                   | Amount Pending (₹ in crore) |              |              |              |                  | Total |
|---|-----------------------------|--------------|--------------|--------------|------------------|-------|
|   | 0-1<br>year                 | 1-2<br>years | 2-3<br>years | 3-5<br>years | Above 5<br>years |       |
| <b>Fiscal Services [(i)+(ii)]</b>             |                             |              |              |              |                  |       |
| <b>Interest receipts</b>                      |                             |              |              |              |                  |       |
| of which <b>[a+b+c+d]</b>                     |                             |              |              |              |                  |       |
| From State Govts. and<br>UT Govts.            |                             |              |              |              |                  |       |
| From Railways                                 |                             |              |              |              |                  |       |
| From Departmental<br>Commercial Undertakings  |                             |              |              |              |                  |       |
| From Public Sector &<br>other<br>Undertakings |                             |              |              |              |                  |       |
| <b>Dividend and Profits</b>                   |                             |              |              |              |                  |       |
| <b>General Services</b>                       |                             |              |              |              |                  |       |
| Police receipts                               |                             |              |              |              |                  |       |
| <b>Economic<br/>Services[(i)+(ii)]</b>        |                             |              |              |              |                  |       |
| Petroleum Cess/Royalty                        |                             |              |              |              |                  |       |
| Communications<br>(Licence Fee) Receipts      |                             |              |              |              |                  |       |
| <b>Other Receipts</b>                         |                             |              |              |              |                  |       |
| <b>Total</b>                                  |                             |              |              |              |                  |       |

*Note: reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.*



**\* Form D – 3**  
**[See rule 6]**

**Guarantees given by the Government**

| Class (No. of Guarantees within bracket) | Maximum Amount Guaranteed during the year (₹ in crore) | Outstanding at the beginning of the year (₹ in crore) | Additions during the year (₹ in crore) | Deletions (other than invoked) during the year (₹ in crore) | Guarantees valid till | Invoked during the year (₹ in crore) |                | Outstanding at the end of the year (₹ in crore) | Guarantees Commission or Fee (₹ in crore) |          | Other Material Details |
|--|--|---|--|---|-----------------------|--------------------------------------|----------------|---|---|----------|------------------------|
|  |  |   |  |   |                       | Discharged                           | Not Discharged |   | Receivables                               | Received |                        |
| 1  | 2  | 3   | 4                                      | 5   | 6                     | 7                                    | 8              | 9   | 10  | 11       | 12                     |

*Note: The year in the above table refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.*

**\*Form D – 4**  
**[See rule 6]**

**ASSET REGISTER**

|                            | Assets at the beginning of reporting year | Assets Acquired during the year reporting year | Cumulative total of assets at the end of the reporting year |
|----------------------------|---|--|---|
|                            | Cost (₹ in crore)                         | Cost (₹ in crore)                              | Cost (₹ in crore)   |
| <b>Physical assets:</b>    |   |  |   |
| Land<br>(Area of land)     |   |  |   |
| Building                   |   |  |   |
| Office                     |   |  |   |
| Residential                |   |  |   |
| Roads                      |   |  |   |
| Bridges                    |   |  |   |
| Irrigation Projects        |   |  |   |
| Power Projects             |   |  |   |
| Other Capital Projects     |   |  |   |
| Machinery & Equipment      |   |  |   |
| Office Equipment           |   |  |   |
| Vehicles                   |   |  |   |
| <b>Total</b>               |   |  |   |
| <b>Financial assets:</b>   |   |  |   |
| Equity Investment          |   |  |   |
| Shares                     |   |  |   |
| Bonus Shares               |   |  |   |
| Loans and Advances         |   |  |   |
| Loans to State Govts.      |   |  |   |
| Loans to UT Govts.         |   |  |   |
| Loans to Foreign Govts.    |   |  |   |
| Loans to Companies         |   |  |   |
| Loans to Others            |   |  |   |
| Other Financial Investment |   |  |   |
| <b>Total</b>               |   |  |   |

**Notes:**

1. Assets above the threshold value of Rupees two lakh only to be recorded.
2. This disclosure statement does not include assets of Cabinet Secretariat, central Police Organisations, Ministry of Defence, Department of Space and Atomic Energy.
3. Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.
4. Area of land in square km shall be mentioned in bracket below cost of land in each column. If, area of the land is not available, it will not be given, however, target date to compile the same will be indicated in footnote to the statement.

**#Form D-5**

**[See rule 6]**

**LAIBILITY ON ANNUITY PROJECTS**

| Ministry/<br>Department | Name of<br>Project | Value of<br>the Project | Total Annuity<br>Committed | Term    | Annuity<br>Payment<br>(per year) | Amount of<br>unpaid annuity<br>liability at the<br>end of the<br>financial year |
|-------------------------|--------------------|-------------------------|----------------------------|---------|----------------------------------|---|
|                         |                    | (₹ crore)               | (₹ crore)                  | (years) | (₹ crore)                        |   |
|                         |                    |                         |                            |         |                                  |   |

*Note: Financial Year mentioned in the column of unpaid annuity refers to the year for which annual financial statement is being presented*

[F.No. 7(3)-B(D)/2003]  
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