

# Department of Expenditure, Ministry of Finance takes Key Initiatives in the last three years

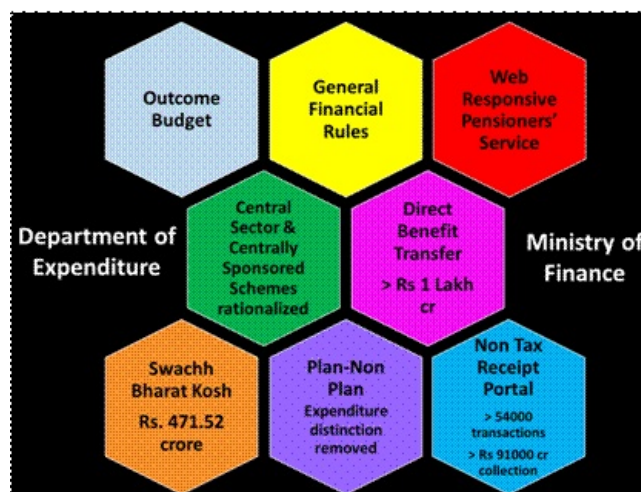
## General Financial Rules 2017 released; Central Sector and Centrally Sponsored Schemes rationalized

### Over Rs. 1 lakh crore paid through Public Financial Management System (PFMS) in various Social Sector Schemes under Direct Benefit Transfer (DBT)

Posted On: 15 MAY 2017 5:50PM by PIB Delhi

The Department of Expenditure, Ministry of Finance, Government of India has been overseeing the Public Financial Management System in the Central Government and matters connected with States' finances.

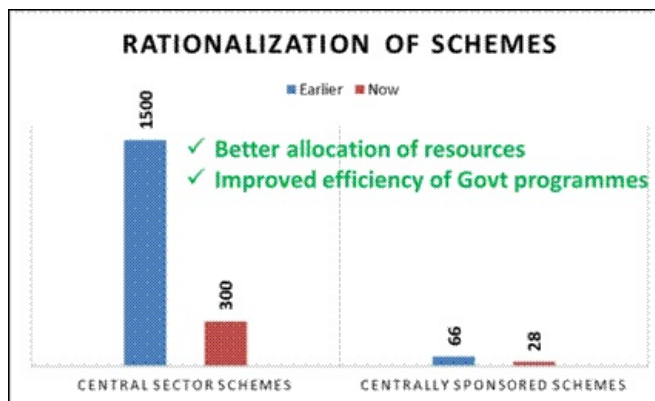
The Key Initiatives of the Department in the past 3 years have been outlined below:



**Figure 1: Key Initiatives of Department of Expenditure, Ministry of Finance**

• **General Financial Rules (GFRs), 2017** was released by the Union Finance Minister Shri Arun Jaitley on 7<sup>th</sup> March, 2017 to enable an improved, efficient and effective framework of fiscal management while providing the necessary flexibility to facilitate timely delivery of services.

• Both **Central Sector and Centrally Sponsored Schemes were rationalized** in consultation with the line Ministries, (see **Figure 2 below**). The number of Central Sector Schemes (CSS) was brought down to 300 from around 1500 earlier, and the number of Centrally Sponsored Schemes was brought down to 28 from 66 earlier. The same was highlighted in the Para-113 of Budget Speech 2016-17. This has enabled us to better allocate our existing resources and improve the efficiency of government programmes.



**Figure 2: Rationalisation of Central Sector and Centrally Sponsored Schemes**

- **Plan and Non-Plan Expenditure distinction done away with:** The distinction between plan and non-plan expenditure has been done away with and consequently the appraisal of non-plan expenditure through Committee of Non Plan Expenditure (CNE) has been done away with.

- **Direct Benefit Transfer (DBT):** For more effective and transparent utilisation of resources, the Government has embarked upon DBT in respect of Government programmes. Public Financial Management System (PFMS) is facilitating DBT payments in various social sector schemes. An amount of Rs. 1,02,786.77 crore has been paid using PFMS in various programmes of Government viz. MGNREGA, NHM and food subsidy etc. till February 2017.

- **Outcome Budget:** All schemes and projects have now an Outcome Framework, which has been formulated through consultation with the implementing Ministries/ Departments, NITI Aayog and the Department of Expenditure. A consolidated Outcome Budget 2017-18 was presented in the Parliament as a part of the Budget Documents. Each Scheme will now have a start and a sun-set date co-terminus with the Finance Commission Cycle. Third party Evaluation has also been formally built into the appraisal and approval framework to ensure periodic feedback, a more concerted focus on outcomes and enhanced growth performance

- **Special Assistance to States:** During the year 2016-17, a provision for Special assistance of Rs. 11000 crores was kept in the Union Budget at RE stage for 2016-17 considering the critical development needs, spill over liabilities and socio-economic factors etc., of the States. The Union Government provided special assistance of Rs. 10890 crores in total to the States during 2015-16.

- Net borrowing ceilings of the States for the year 2016-17 at Rs. 429353 crore has been fixed anchoring the Fiscal Deficit target of 3% of respective State GSDP as recommended by Fourteenth Finance Commission (FFC) for its award period (2015-20).

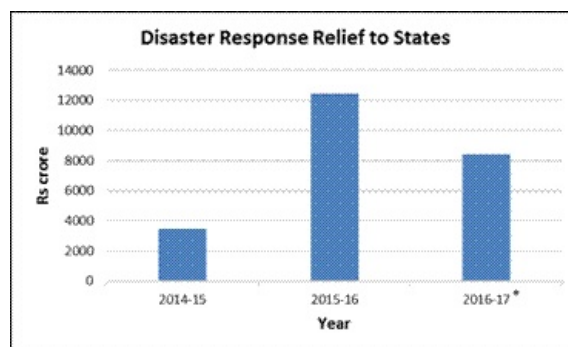
- As recommended by the Fourteenth Finance Commission (FFC), the Union Government on 06.04.2016 has approved the **year-to-year flexibility for additional fiscal deficit to States for the period 2016-17 to 2019-20 to a maximum of 0.5% over and above the normal limit of 3% in any given year to the States** subject to the States maintaining the debt-GSDP ratio within 25% and interest payments-revenue receipts ratio within 10% in the previous year. However, the flexibility in availing the additional fiscal deficit will be available to a State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.

- **Swachh Bharat Kosh (SBK):** Around Rs. 471.25 crore from the Corporate and Rs. 27 lakhs from the general public has been received as voluntary contribution since September, 2014. Projects for renovation of 2,46,307 dysfunctional toilets in Government Schools worth Rs. 427.84 crore were approved.

- **Seventh Central Pay Commission (CPC):** The 7<sup>th</sup> CPC submitted its Report on the structure of emoluments, allowances, conditions of service and retirement benefits of Central Government Employees on 19<sup>th</sup> November, 2015. The Cabinet approved the proposal for implementation of recommendations of 7<sup>th</sup> CPC on pay, pension and related issues in the meeting held on 29.06.2016. Based

on the decisions of the Government, the Resolution and the Central Civil Services (Revised Pay) Rules, 2016 have been issued on 25.07.2016, benefitting about 47 lakh Central Government employees and 53 lakh pensioners.

· **Relief for Disaster Response:** During the year 2014-15, 2015-16 and 2016-17 (till 27.02.2017), financial assistance to the tune of Rs. 3460.88 crore, Rs. 12,451.96 crore and Rs. 8,390.87 crore respectively was provided to affected States from NDRF for the management of immediate relief operations for people affected by natural calamities like drought, hailstorm, flood, earthquake and cyclone etc.



**Figure 3: Relief for Disaster Response to States from NDRF**

(\* Figures upto 27.02.2017)

· **J&K Package:** Prime Minister's Reconstruction Plan of Rs. 80,068 crore for the State of Jammu and Kashmir 2015 was announced for development of the State. Under the J&K Package, Special Assistance of Rs. 1194.85 crore was released in 2015-16 towards additional assistance to flood damaged/destroyed houses. During the year 2016-17 (till January 2017) under the J&K package, special assistance of Rs. 1093.34 crore towards permanent restoration of damaged infrastructure and Rs. 800 crore towards Interest Subvention on assistance for restoration of livelihood for traders/ self-employed / business establishment, etc was provided.

· **Facilitating Fast Decision Making:** To facilitate fast decision making, Delegation of Powers of Publically Funded Schemes and projects have been enhanced on 05.08.2016 for appraisal and approval as below:

#### Appraisal

- from Rs.25 crore to Rs.100 crore with the concurrence of Financial Adviser
- from Rs.100 crore to Rs.500 crore by the Expenditure Finance Committee (EFC) chaired by the Secretary of the Administrative Ministry / Department
- from Rs. 300 crore and above to Rs.500 crore and above by the Expenditure Finance Committee (EFC) / Public Investment Board (PIB) chaired by the Secretary (Expenditure)

#### Approval

- from Rs.25 crore at the level of the Secretary to Rs.100 crore
- from Rs.150 crore at the level of the Minister-in-charge to Rs.500 crore
- from Rs.300 crore to Rs.1000 crore at the level of Minister-in-charge and the Minister of Finance and
- from Rs.300 crore and above to Rs.1000 crore and above at the level of Cabinet/Cabinet Committee

· A new mechanism of **Committee on Establishment Expenditure** (CEE) chaired by the Expenditure Secretary has been initiated to appraise the creation of new bodies.

· **Launch of Non-Tax Receipt Portal (NTRP):** In order to ensure faster realization of Government revenue, other than Direct & Indirect Tax receipts, a Non-Tax Receipt Portal was inaugurated by the Union Finance Minister, to provide a one stop window to citizens, corporates and other users for making online payments of Non-Tax Revenue payable to Govt. of India. The System has helped efficient deposit of receipt in Government Account. So far more than 54,000 transactions have been done using this portal, leading to a collection of Rs. 91,017 Crores.

· **Web Responsive Pensioners' Service (WRPS):** Central Pension Accounting Office (CPAO), Ministry of Finance took an important step towards empowerment of Central Civil Pensioners. The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley launched 'Web Responsive Pensioners' Service' of CPAO on 14<sup>th</sup> Sep, 2016. This IT initiative of Central Pension Accounting Office (CPAO) provides various services including Pension & Payment Information, online Pension Process Tracking & online Grievance Redressal and Tracking for the pensioners. Under Web Responsive Pensioners' Service (WRPS), facilities for pensioners' grievance redressal and uploading of list of retiring employees by Ministries/Departments have been provided. Latest reports taken from WRPS show improvement in the disposal of grievances both by the banks and Ministries/Departments.

· **Cabinet approved Modifications in the 7<sup>th</sup> CPC Recommendations on Pay and Pensionary benefits on 03.05.2017**

· The Cabinet approved modifications in the recommendations of the 7<sup>th</sup> CPC relating to the method of revision of pension of pre-2016 pensioners and family pensioners based on suggestions made by the Committee chaired by Secretary (Pensions) constituted with the approval of the Cabinet. **The modified formulation of pension revision approved by the Cabinet will entail an additional benefit to the pensioners and an additional expenditure of approximately Rs.5031 crores for 2016-17 over and above the expenditure already incurred in revision of pension as per the second formulation based on fitment factor. It will benefit over 55 lakhs pre-2016 civil and defence pensioners and family pensioners.**

· The Cabinet also approved the retention of percentage-based regime of disability pension implemented post 6<sup>th</sup> CPC, which the 7<sup>th</sup> CPC had recommended to be replaced by a slab-based system. **The decision which will benefit existing and future Defence pensioners would entail an additional expenditure of approximately Rs. 130 crores per annum.**

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