

The Fiscal Responsibility And Budget Management Rules, 2004

UNION OF INDIA

India

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Rule

THE-FISCAL-RESPONSIBILITY-AND-BUDGET-MANAGEMENT-RULES of 2004

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11.

/546In exercise of the powers conferred by 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 shall come into force on the 5th day of July, 2004.

2. Definitions.

- 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;(c)["primary deficit" means the fiscal deficit minus the interest payments; [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](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. [[Substituted by Notification G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).]

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 the GDP by 31st day of March, 2021.][4. [Substituted by Notification G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).]Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement, Macro-economic Framework Statement and Mediumterm 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 demand for grants in forms F-1 and F-2, respectively, and(b)the Medium-term Expenditure Framework Statement in form F-3.]

5. [Fiscal Indicators. [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).]

- 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.(b)[statements of receivables and guarantees in Forms D-1 to D-3 along with explanatory notes, if any; [Substituted by G.S.R. 41(E), dated 23.1.2007 (w.e.f. 23.1.2007).](c)a statement of assets in Form D-4 along with explanatory notes, if any.](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. [Inserted by Notification No. G.S.R. 290(E) dated 7.5.2013 (w.e.f. 2.7.2004)](e)[***](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 enforce compliance

- In case the outcome of the [half yearly review] [Substituted 'quarterly review' by Notification No. G.S.R. 321(E) dated 2.4.2018 (w.e.f. 2.7.2004).] of trends in receipts and expenditure, made under sub-section (1) of section 7, at the end of [first half] [Substituted 'second quarter' by Notification No. G.S.R. 321(E) dated 2.4.2018 (w.e.f. 2.7.2004).] of any financial year beginning with the financial

year [2015 - 2016] [Substituted '2012-2013' by Notification No. G.S.R. 523(E), dated 25.6.2015 (w.e.f. 2.7.2004).] shows that's :-(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 [70] [Substituted '60' by Notification No. G.S.R. 523(E), dated 25.6.2015 (w.e.f. 2.7.2004).] per cent. of the Budget Estimates for that year; or(iii)the revenue deficit is higher than [70] [Substituted '60' by Notification No. G.S.R. 523(E), dated 25.6.2015 (w.e.f. 2.7.2004).] 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 the [first half] [Substituted 'second quarter' by Notification No. G.S.R. 321(E) dated 2.4.2018 (w.e.f. 2.7.2004).] 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.

8. [Review of compliance by the Comptroller and Auditor General of India. [Inserted by Notification No. G.S.R. 829(E), dated 31.10.2015 (w.e.f. 2.7.2004).]

(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 thereunder 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 thereunder, [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 thereunder;(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 thereunder;(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.][Form F-1] [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).][See rule 4]Medium Term Fiscal Policy Cum Fiscal Policy Strategy StatementA. Fiscal Indicators - Rolling Targets

Current Year Revised Estimates	Ensuing year Target: Budget Estimates	Targets for the next two years
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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 the 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 fiscal deficit, Central Government debt and other objectives set out in the statement.[Form F - 2] [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](See rule 4)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
1(a)(b)23456(a)(b)7(a)(b)89(a)(b)10	Real Sector GDP at current price At 2011-12 price Index of Industrial Production Wholesale Price Index (point to point) Consumer Price Index Money Supply (M3) Imports at current prices In L crore In US \$ million Exports at				

	current prices	In L crore	In
	US \$		
	million	Trade	
	Balance	Foreign	
	Exchange	Assets	In L crore
	US \$		
	million	Current	
	Account		
	Balance		
	Government	Finances	Revenue
	Receipts	(2+3)	Tax
	Revenue		
	(Net)	Non-Tax	
	Revenue	Capital	
	receipts	(5+6+7)	Recovery
	of loans	Other	
	Receipts	Borrowing	
	and		
	other liabilities	Total	
123456789101112131415	Receipts		
	(1+4)	Revenue	
	Expenditure	of	
	which:	Interest	
	payments	Capital	
	Expenditure	Total	
	Expenditure	(9+11)	Fiscal
	Deficit	{12-(1+5+6)}	Revenue
	Deficit		
	(9-1)	Primary	
	Deficit	(13-10)	

1. Use the latest base year

*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] [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](See rule 4)Medium-Term Expenditure FrameworkA. Medium-Term Expenditure Projections (Major category wise)(Figures in L crore)

Previous Year's Revised Estimates Y-1	Current Year's Budget Estimates Y	Projections for next two years Y+1 Y+2	
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RevenueExpenditure1. Salary2. Interest3. Pension4.
Subsidiesa. Foodb. Fertiliserc. Petroleum5.
Centralizedprovision for Grants to States6. Defence7.
Postal Deficit8. External Affairs9. Home Affairs10.
TaxAdministration11. Finance12. Education13.
Health14. Social welfare15. Agriculture andallied16.
Commerce andIndustry17. Urban Development18.
Rural Development19. Development ofNorth East20.
Planning andStatistics21. ScientificDepartments22.
Energy23. Transport24. IT and Telecom25. Union
Territories26. OthersTotal-Revenue Expenditure

	Previous Year's Revised Estimates Y-1	Current Year's Budget Estimates Y	Projections for next two years Y+1	Y+2
CapitalExpenditure1. Defence2. Home Affairs3. Finance4. Health5. Commerce andIndustry6. Urban Development7. Planning andStatistics8. ScientificDepartments9. Energy10. Transport11. IT and Telecom12. Loans to States13. Union Territories14. Others Total-Capital Expenditure Total Expenditure				

B. Assumptions Underlying the Medium term ExpenditureProjections

1. Revenue Expenditure
 - a. Salaries
 - b. Pensions
 - c. Interest Payments
 - d. Subsidies
 - e. Defence
 - f. Other Revenue Expenditure and the underlying expenditurepriorities
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 expenditurepriorities.

C. Medium-Term Expenditure Projections (Demand wise and on net basis)(Figures in L crore)

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

1. Demand Name
Revenue Capital Total

D. Medium-Term Expenditure Projections for Select Schemes (on net basis)

1. Revenue Section:

(Figures in L 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 L 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] [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](See rule 6)Tax Revenues Raised But Not Realised(principal taxes)(As at the end of the reporting year)

Amounts
under
dispute

(Rs. in
crore)

Major Head	Description	Over 1 Year	Over 2 Year	Over 5 Year	Over 10 Years	Total	Over 1 Year	Over 2 Year	Over 5 Year	Over 10 Years	Total	Grand Total
		but less than 2 Years	but less than 5 Years	but less than 10 Years			but less than 2 Years	but less than 5 Years	but less than 10 Years			
0020	Taxes on Income & Expenditure Corporation											

0021 Tax
Taxes on
Income other
than Corp.
Tax

0005 Taxes on
Commodities
& services
Central Goods
and Services
Tax (CGST)

0008 Integrated
Goods and
Services Tax
(IGST)

0037 Customs

0038 Union Excise

0044 Service Tax

Total

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 the reporting year)

Description	Amount pending (Rs. crore) [0-1 year, 1-2 years, 2-3 years, 3-5 years and above 5 years] [Substituted by G.S.R. 41(E), dated 23-1-2007 (w.e.f. 23-1-2007)]	Total
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Fiscal Services

Interest receipts

Of which

From State Government
and Union Territory Governments

From Railways

From Departmental Commercial
Undertakings

From Public Sector & Other
Undertakings

Dividends and Profits

General Services

Police receipts

Economic Services

Petroleum Cess/Royalty

Communications

(License Fee) Receipts

Other Receipts

Total

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] [Substituted by Notification No. G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](See rule 6)Guarantees given by the Government

Class (No. of Guarantees within bracket)	Maximum Amount Guaranteed during the year (Rs. incrore)	Outstanding at the beginning of the year (Rs. incrore)	Additions during the year (Rs. in crore)	Deletions (other than invoked) during the year(Rs. in crore)	Guarantees valid till
1	2	3	4	5	6
Invoked during the year (Rs. in crore)	Outstanding at the end of the year (Rs. in crore)	Guarantee Commission or Fee (Rs. in crore)	Other Material Details		
Discharged	Not Discharged	Receivables	Received		
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] [Substituted by Notification No. G.R.S. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).](See rule 6)Asset Register

Assets at the beginning of reporting year Cost (Lin crore)	Assets Acquired during the year reporting year Cost (Lin crore)	Cumulative total of assets at the end of thereporting year Cost (Lin crore)
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Physical assets:Land(Area of

land)BuildingOfficeResidentialRoadsBridgesIrrigation

ProjectsPower ProjectsOther Capital ProjectsMachinery &

EquipmentOffice EquipmentVehiclesTotalFinancial

assets:Equity InvestmentSharesBonus SharesLoans and

AdvancesLoans to State GovernmentLoans to UT

GovernmentLoans to Foreign GovernmentLoans to

CompaniesLoans to OthersOther FinancialInvestmentTotal

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] [Inserted by G.S.R. 290(E) dated 7.5.2013 (w.e.f. 2.7.2004)][See rule 6]Liability On Annuity Projects

Ministry/ Department	Name of the Project	Value of the Project (Rs.crore)	Total Annuity Committed (Rs.Crore)	Term (Years)	Annuity Payment (per year) (Rs.Crore)	Amount of unpaid annuitylaibility at the financial year
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Note: Financial Year mentioned in the column of unpaid annuity refers to the year for which annual financial statement is being presented;[***] [Omitted 'Form D-6' by Notification G.S.R. 321(E), dated 2.4.2018 (w.e.f. 2.7.2004).]