

Medium Term Expenditure (MTEF) Manual

(for limited use of training)

for

School Education Department

&

Department of Health & Family Welfare

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List of Abbreviations

| | |
|----------|---|
| BE | Budget Estimates |
| CPC | Central Pay Commission |
| CS | Central Sector Schemes |
| CSS | Centrally Sponsored Schemes |
| DISE | District Information System for Education |
| DoF | Department of Finance |
| DoH&FW | Department of Health & Family Welfare |
| DPI | Directorate of Public Instructions |
| EAP | Externally Aided Project |
| FRBM Act | Fiscal Responsibility and Budget Management Act |
| FRU | First Referral Units |
| GER | Gross Enrolment Ratio |
| GoC | Government of Chhattisgarh |
| GN | Guidance Note |
| GSDP | Gross State Domestic Product |
| HDR | Human Development Report |
| MSO | Major Schemes Outputs |
| MTEF | Medium Term Expenditure Framework |
| MTEFS | Medium Term Expenditure Framework Statement |
| PEM | Public Expenditure Management |
| PHC | Primary Health Centres |
| PI | Performance Indicators |
| PTR | Pupil Teacher Ratio |
| PWD | Public Works Departments |
| RE | Revised Estimates |
| RMSA | RastriyaMadhyamikShikshaAbhiyan |
| RoG | Rate of Growth |
| SCERT | State Council of Education, Research and Training |
| SED | School Education Department |
| SPC | Special Component Plan |
| SSA | SarvaShikshaAbhiyan |
| ThFC | Thirteenth Finance Commission |

SECTION I –BUDGET PREPARATION

1.1 What is a Budget?

A Budget is a financial document which is used to project what revenue a department is going to receive and what expenditure it is going to incur for the ensuing financial year. In other words, any plan which provides for revenue generating activities and expense incurring activities to meet certain stated objectives is a Budget.

A government budget is a document or a comprehensive statement of government finances, which includes the government revenues and spending, deficit or surplus and debt. It conveys to the public about how the government will spend public resources to meet public interest objectives.

A state government budget is prepared by the Executive Body, i.e. the Department of Finance (Budget Division), and amended, if required, and adopted by the State Legislature. The annual Budget is therefore a legal instrument that authorizes total revenue and expenditure of the State for each financial year, i.e. 1 April to 31 March.

Traditionally annual budgets are drawn up or made by applying a growth factor (i.e. a % rate of growth) to the previous years' allocations or previous year's expenses, say for example 10%.

1.2 What is the Budget Preparation Process?

Presentation of annual budget is a mandatory function of the State Governments. As per Article 202 of the Constitution of India, the Governor of a State shall, cause to be laid before the House or Houses of the Legislature of the State, a statement of the estimated receipts and expenditure of the State for a financial year (1st April to 31st March). This statement is termed the 'Annual Financial Statement', and comprises the following:

- 1) Statement indicating the sums required to be spent during the past financial year, on purposes of public interest;
- 2) Estimates of revenue and receipts expected to be received by the Government during the ensuing financial year; and
- 3) Statement showing the financial position of the Government.

The State Governments have a Budget Division under the Department of Finance (DoF). This division starts the process of formulation of the next financial year's State budget in the months of August–September every year.

1.3 What are the Steps in Budget Preparation?

Step 1

To start the process, the Budget Division of the DoF, issues an annual budget circular around the last week of August or the first fortnight of September every year. This annual budget

circular contains detailed instructions for the State Government's departments relating to the form and content of the statement of budget estimates to be prepared by them.

The Budget Circular is issued with the purpose of providing guidance to State Government's Departments in framing their Revised Estimates for the current year and the Budget Estimates for the coming financial year, so that these estimates can be passed on to the DoF's Budget Division within a stipulated time period. This circular gives detailed instructions on the preparation of estimates of various types of receipts and expenditure, including the formats and statements in which the estimates are required to be furnished. The Budget Circular also outlines the processes that are to be followed with reference to various estimating requirements and the scheduled dates by which the information in the prescribed formats are required to be made available to the Budget Division of the DoF. The budget forms are provided by the DoF to each Head of Department or the Controlling Officer.

A specimen of a Budget Circular is attached as **Annexure 1**.

Step 2

On receipt of the guidelines as provided in the Budget Circular, each department's Head or the Controlling Officer starts preparing the budget estimates.

The detailed estimates of expenditure are prepared by the estimating authorities according to their assessments of requirements for the ensuing year, keeping in view the actual requirements in the past, current year's trends of expenditure, the decisions taken by the State Government which have a bearing on the funding requirements etc.

Step 3

The DoF scrutinizes the Budget Estimates received from the various departments. If any doubt arises or further information is required, the DoF seeks clarification from the department concerned.

Step 4

After the departmental estimates have been determined and detailed estimates are complete in all respects, the DoF tables the estimates before the Council of Ministers for consideration, adoption and approval.

Step 5

Following the adoption of the estimates by the Council of Ministers, the budget estimates are placed before the State Legislature by the Finance Minister of the State for discussions and approval.

The budget documents presented before the Legislative Assembly also include the following:-

1. Statement under Fiscal Responsibility and Budget Management (FRBM) Act
2. Disclosures under FRBM Act
3. Budget Speech
4. Receipt Budget
5. Expenditure Budget
6. New Items of Expenditure
7. State Government Guarantee
8. Devolution of local bodies

- 9. Outcome Budget
- 10. Gender Budget
- 11. Agricultural Budget

1.4 FRBM Act

In India, the Fiscal Responsibility and Budget Management (FRBM) Act was introduced in the year 2003. A brief background is as under:

Concerned over the worsening of fiscal situation, in 2000, the Government of India had set up a committee to recommend draft legislation for fiscal responsibility. Based on the recommendations of the Committee, Government of India introduced the Fiscal Responsibility and Budget Management (FRBM) Bill in December 2000. In this Bill numerical targets for various fiscal indicators were specified. The Bill was referred to the Parliamentary Standing Committee on Finance. The Standing Committee recommended that the numerical targets proposed in the Bill should be incorporated in the rules to be framed under the Act. Taking into account the recommendations of the Standing Committee, a revised Bill was introduced in April 2003. The Bill was passed in Lok Sabha in May 2003 and in Rajya Sabha in August 2003. After receiving the assent of the President, it became an Act in August 2003. The FRBM Act 2003 was further amended.

The FRBM Act provides rules for fiscal responsibility of the Central Government. The FRBM Act 2003 (as amended) became effective from July 5, 2004. Under this Act, Rules are framed relating to fiscal responsibility of the Central Government, which came into force on 5th July 2004.

The main objectives of FRBM Bill / Act are:-

- To reduce fiscal deficit
- To adopt prudent debt management.
- To generate revenue surplus.

The amendment of the FRBM Act 2003 which, inter alia, incorporates a “Medium-term Expenditure Framework Statement” (MEFS) is a **significant initiative taken in 2012-13 towards fiscal consolidation**. Under the amended FRBM Act, the government seeks to:

1. Eliminate effective revenue deficit (which excludes grants for creation of capital assets from revenue expenditure) by 2014-15, thereby targeting correction in respect of the structural component of deficit in the revenue account.
2. The MEFS would set out three-year rolling targets for expenditure indicators as part of the strategy to improve the quality of public expenditure management.

To ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the government and conduct of fiscal policy in a medium term framework and for matters connected therewith, Government of Chhattisgarh has also enacted Chhattisgarh Fiscal Responsibility and Budget Management Act, 2005 and framed Rules thereunder.

As was recommended by the Thirteenth Finance Commission, all States, with the exception of Goa have amended their FRBM Acts/ Rules. Under the amended Acts, the State governments

are aiming to eliminate revenue deficits and to bring about gradual reductions in fiscal deficit and debt levels latest by 2014-15,. While this augurs well for medium-term fiscal sustainability of the States, the eventual fiscal outcome would be shaped not only by the macroeconomic conditions but also by the joint commitment of the Centre and the States to implement fiscal reforms in the pipeline. In case of State of Chhattisgarh, given below in **Table 1** is the deficit and debt target as envisaged in the amendment to the FRBM Act, 2003.

Table 1: Deficit and Debt Target envisaged in the Amendment to the FRBM Act, 2003 for Chhattisgarh

| Amendments to the Fiscal Responsibility and Budget Management Acts - Deficit and Debt Targets | | | |
|--|--|--|--|
| State | Revenue Deficit | Gross fiscal deficit | Debt |
| Chhattisgarh | Maintain zero revenue deficit for every year beginning 2011-12 till 2014-15. | Achieve fiscal deficit of 3 per cent of GSDP for every year beginning 2011-12. | Maintain outstanding debt as percent of Gross State Domestic Product (GSDP) at 22.0 per cent (2010-11), 22.5 per cent (2011-12), 23.0 per cent in (2012-13), 23.5 per cent (2013-14) and 23.9 per cent (2014-15). Shall not assume additional total liabilities in excess of 5 per cent of GSDP for any financial year beginning 2010-11. |

Source: Reserve Bank of India Publication: State Finances: A Study of Budgets

**Annexure 1
(Refer Para 1.3)**

Specimen of a Budget Circular

**Salient Features of Budget Circular
(Covering Letter Format)**

To

All **Additional Chief Secretary/Principal Secretary/Secretary**
Government of Chhattisgarh (GoC)
Secretariat, Raipur

Sub: Preparation of Revised (Budget) Estimates (RE) for year 2012-13 and Plan & Non-Plan Budget Estimates (BE) and Revenue Receipts for the year 2013-14.

The budget program of financial year 2013-14 has been sent vide letter no..... The departments are requested to prepare their revised estimates for the year 2012-13 and budget estimates for the year 2013-14 by keeping in mind the following instructions:

1. The proposal shall be sent as per the attached form.
2. The budget proposal for plan, non-plan and revenue receipts, each have to be sent separately.
3. The proposal should be formulated in order of required amount, main head, sub-head, minor head, plan number (or code), object head and detailed head.
4. All minor heads- plan wise have to be summed up.
5. For preparing the estimates of Plan Budget (plan expenditure requirement) for 2013-14, 10% will have to be added to the 2012-13 Plan limit and then computed.
6. For every budget estimate/proposal, its rationale has to be provided.
7. New expenditure heads should be disclosed separately.

All the departments are requested to review their budget estimates as per the points mentioned as above and send their budget estimates in *2 hard copies* as per the following schedule to the Department of Finance on a priority basis:

- | | |
|--|---------------------------------|
| a. Proposals for Revenue Receipts | 23 rd August 2012 |
| b. Proposals for Non-plan Budget (including the requirements for new heads to be added in the non-plan budget estimates) | 19 th September 2012 |
| c. Proposals for Plan Budget (including the requirements for new heads to be added in the plan budget estimates) | 1 st October 2012 |

The detailed guidelines for preparation of budget estimates as stated above are given (as attachment) along with this letter.

Signed by
Joint Secretary
Department of Finance, GoC

Copy to
To All Budget Controlling Officers,
State Government Departments

Please prepare your budget estimates as per the attached detailed guidelines and send them to the Department of Finance as per the time lines mentioned in the Budget Circular.

Signed by

.....

Research Officer

Department of Finance, GoC

Detailed Guidelines for preparing Budget Proposals (Estimates)
for the Year 2013-14

1. The Budget Proposals for Plan, Non-Plan and Revenue Receipts have to be prepared separately.
2. The Income/Expenditure figures for the Appropriation Accounts for the year 2011-12 must be reconciled with the Accountant General. The Departments must provide their actual expenditure figures received from Accountant General for the period 1 April 2011 to 31 March 2012 in the budget proposal.
3. The figures given in the appended form for the Budget Estimates for the year 2012-13; Please ensure their authenticity. If there are any anomalies, that is to be brought to the notice of the DoF immediately.
4. It is important to have the actual expenditure of the last 12 months for preparing the Revised Estimates for the year 2012-13. Therefore actual expenditure for the last 8 months, i.e. from 1.8.2011 to 31.3.2012 and from 1.4.2012 to 31.7.2012 (4 months) be provided in the attached forms and on this basis of these 12 months actual expenditure only, the Revised Estimated be prepared.
5. The Budget proposal to be prepared for the year 2013-14 shall be prepared on the basis of the actual expenditure of 2011-12 and Revised Estimates for the year 2011-12.
6. The provision for new heads of expenditure and their rationale, their object head and detailed heads has been issued by the DoF vide letter no.If there is a requirement of a new object head or detailed head in your department, then it should be essentially included in the Revised Estimate.
7. If there is a notable/striking difference between the figures as provided in the Audited Budget Statement (Actual Expenditure), Budget Estimate and Revised Estimate of a particular year (in this case 2011-12), then a clarification notice has to be appended with the budget estimate form separately. As per the need, apart from providing the information only in numbers, an account statement will also be issued by that department, e.g. a department's no. of employees, their basic salaries, dearness and other allowances, etc. so that the fund requirement (and difference between BE and RE) can be justified. Apart from the above the calculation of the amount for personal claims (such as leave encashment, etc.) of the retired government employees retiring from their service be checked as per their actual need and basis.
8. All the departments preparing budget estimates need to provide a list of their employees' sanctioned posts, telephones, computer sets, vehicles and their assets as per the given form to the DoF which they have asked for vide their letter no. dated Detailed information regarding these also needs to be provided by the scheduled date.
9. In estimating the amount under the head of labour, the basis of making the labour payment should be clearly laid down.
10. It has often been observed by the Accountant General that under the various budget proposals – under the main/major heads, such sub-heads or minor heads are included which are not in line with the account statements issued by the Comptroller and Auditor General (CAG). It should thus be ensured by all the departments that the heads classified under the various plans are in line with the account statements provided by CAG.
11. The proposals for amounts required under the category “festival advance” and “medical advance” shall be given on a “net” basis. The amounts to be drawn under advances and the amount which will come back to the department in a year shall be provided separately.

12. The Department shall keep in mind the plan limit as set for it under the Plan Budget and give its proposals accordingly, i.e. within the Plan Budget. Since the Plan limit has yet not been determined for the coming financial year, i.e. 2013-14, therefore an increment of 10% over the original budget provision and assumed as the plan limit for 2012-13; also, an increment of 38% for the Tribal Sub-plan and 12% for the Special Component Plan will be added on previous year's budget provision and assumed as the budget ceiling for 2013-14. It must be noted that firstly, all the ongoing schemes will get fund allocation from the budget (plan limit) and if after that allocation, any funds are remaining, only in that case, new expenditure should be proposed in the heads which have been examined and approved by Finance Department. Special care must be given on the fact that budget proposals for only such Centrally Sponsored Schemes (CSS) or Central Sector Scheme (CS) must be prepared which are duly included / approved under the XIIth Five Year Plan (2012-17) or are approved to be ongoing under the XIth Five Year Plan (2007-12). A certificate duly signed by the Head of the Department to this effect shall also be provided along with the above Budget Proposal. All those schemes which are over/completed/stopped under the CSS/CS will be duly transferred to the State Plan/Non Plan heads and this process shall commence on an immediate basis and accordingly the budget proposals must be prepared.
13. No "new heads of expenditure" which are non-sanctioned or not approved by the DoF shall be added to the Budget Proposals.
14. For preparing budget proposals, special attention must be given to mention the main heads and the minor heads and the details of the particular plan/scheme under which these heads are made should be elaborated on in the clarification notes underneath any plan fund requirement. Details shall also be provided on the funding structure/pattern of a particular plan under which the fund requirement has been raised – as in, Government of India/Centrally Sponsored, All India Finance Institutions, Externally Aided/Donor funded or funded through State Government provisions at appropriate places.
Especially those plans will be mentioned which are providing advances / loans under Externally Aided Projects (EAPs), CSS/CS, ULB supported and/or any other foreign loan related project – these will be mentioned on separate sheets. An assessment of the debt burden of the state will be made from the above statements.
15. Account heads designated within the Segment heads and Development Head should be used.
16. It is seen that different departments tend to show plan expenditure under budget through fund transfers from the state government fund which earns its revenue through various state levied cess(es) for the development and welfare fund – rural development fund, building development fund, compensatory afforestation fund, etc. Only those segments shall be shown which are fixed and the amount to be transferred in that fund or from that fund shall be shown clearly.
17. All expenditures which come under the category of compensation/payments for court decrees or any plan expenditure which as per the Constitution under any act/rule should be classified as weighted expenditure must essentially be proposed appropriately as weighted expenditure.
18. If any expenditure item is mentioned under office expenses under the sub-head contingency funds, then the exact reasons for requirement of such funds should be mentioned in clear terms or else this requirement shall be treated as "zero".
19. All the above proposals must follow the zero based budgeting approach.
20. Classification of funds under revenue and capital expenditure should be kept in mind while preparing budget proposals.

21. All new expenditure heads' proposals along with their definition, complete rationale and explanation must be provided in a separate folder and submitted along with the budget estimates for DoF's approval.
22. The objectives behind the plans and schemes under the Plan and Non-Plan Budget have been given in brief at the last page of the Budget Book. Any department, if it wishes to add or amend to the information provided in this brief can do so by adding on to the information /amending the detail given as a separate statement along with their proposal.
The department must also provide such information in not more than five lines of the new schemes/plans/proposed expenditures and submit along with their proposal.
23. Clear details have to be given on organization / autonomous body receiving grants under the budget provisions – the amount of grant and the objective and the detail of the organization/autonomous body has to be given in clear terms.
24. The number and categories of all employees working in public sector undertakings (under this department) or organizations receiving grants (from this department) will be given and statements showing their pay-scales will be attached along with budget proposal.
25. If any part of the plan is given in the form of subsidy, then an explanation, along with the subsidy amount has to be provided separately under object head no. 13.
26. Under the IT policy, wherever applicable, an amount of 3% of the plan budget allocation of the department has to be on application and expansion of IT in the department. Such an amount will be categorized under object head no. 4 - official expenditure – IT expenditure (009). This proposal may be given as a separate copy along with the proposal.
27. The details of existing and need for new furniture, equipments, machineries of the offices under a department will be included in the budget proposal in clear terms. Any new possible purchases towards these items will also be given.
28. Regarding the analysis of Salary heads for the Budget Proposal – the government employees getting the salaries from the regular pay-scale have to be sent under the budget proposal under head no. 01-26; those getting wages at the collector rate will be under the head no. 02-25 and for wages of employees under other works, the proposal has to be sent under head no. 02-004.
29. For preparing the Revised Estimates for the 2011-12, the dearness allowance will be kept as 48% of the basic salary. For preparing the Budget Estimates for the 2012-13, the dearness allowance will be kept as 60% of the basic salary.
30. The attached form (P) will be sent along with the Plan Budget Proposals in 3 copies.
31. The year 2013-14 is the second year of the XIIth Five Year Plan. Therefore, all departments are requested to review all the plans/schemes in operation under the XIth Five Year Plan taking advice of the State Planning Commission and accordingly Guidelines/Instructions be prepared as preparation for plans under the XIIth Five Year Plan and sent along with the Budget Proposal.
32. Regarding the proposal for Revenue Receipts – if there is a substantial difference the budget estimates of the current year and revised estimates done for the same year and estimates for the forthcoming year then a clarification note is to be prepared explaining the same.

Form-P

| S. No. | Plan Budget Limit for 2013-18 | Actual Plan Expenditure between 2011-12 | Plan Budget Limit for 2012-13 | Budget Proposal for Planning of the Year 2013-14 (Amount in Rupees Thousand) | | | | | | | Tribal Sub Plan | | | |
|--------|-------------------------------|---|-------------------------------|---|----------|-------------------|-------------------------|----------|------------------|----------|-----------------|----------|---------------|----------|
| | | | | Plan Budget (General) | | | Public Works Department | | 3 Tier Panchayat | | Demand No. 41 | | Demand No. 42 | |
| | | | | State Plan | % of CSS | Debt related Plan | State Plan | % of CSS | State Plan | % of CSS | State Plan | % of CSS | State Plan | % of CSS |
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| Plan Budget Proposal for 2013-14 (Figures in ₹ '000) | | | | | | | | | | | | | | |
|---|-----|---------------|------------|---------------|------------|----------------------|-----|---------------|-----|---------------|-----|----------------------|-------|--|
| Scheduled Tribal Sub Plan | | | | | | Scheduled Caste Plan | | | | | | External Aided Funds | Total | |
| Demand No. 68 | | Demand no. 82 | | Demand No. 83 | | Demand no. 15 | | Demand No. 53 | | Demand No. 64 | | | | |
| State Plan | CSS | State Plan | State Plan | CSS | State Plan | State Plan | CSS | State Plan | CSS | State Plan | CSS | | | |
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SECTION II – MEDIUM TERM EXPENDITURE FRAMEWORK

AN INTRODUCTION

2.1 Medium Term Expenditure Framework: Concept

The Medium Term Expenditure Framework, i.e. MTEF, is also one kind of a budget formulation process – only instead of preparing for one year annual budget, a rolling three year-budget is prepared which takes into account the policy priorities and ceiling of fund availability.

The process entails two main objectives:

- i) Setting fiscal targets;
- ii) Allocating resources to strategic priorities within these targets.

The budget system is based on line budgeting, which emphasizes inputs and needs rather than outputs, objectives and results achieved. The objective of MTEF is to link resources explicitly to outputs, objectives or results. Performance indicators are used to assess progress towards the attainment/fulfillment of the objectives. The link between budgetary resources allocated and results obtained makes the MTEF a more meaningful document.

MTEF is a structured, rational and integrated process of policy making, planning and budgeting. It involves the sector stakeholders in an iterative decision-making process that: (a) ensures that State goals and targets (set in State policies and plans) are reached through appropriate medium-term programs, and (b) reconciles the resource levels (in particular financial resources) required to reach the medium-term targets with the resources likely to be available (set by negotiated ceilings).

Unlike the long-term plans, for which estimates of likely available financial resources can be very tentative, planning for a medium-term period (a typical MTEF period of 3 years) takes place under much more realistic conditions since the likely levels of financial resources can be estimated with a high degree of probability.

2.2 Components of MTEF

MTEF consists of top-down estimation of departmental resource envelope, bottom-up estimation of medium-term costs of existing policy and suggested interventions, and subsequent matching of these costs with available resources.

The three pillars of MTEF are:

- Top Down Budgeting involving:
 - Estimation of Resource Envelope
- Bottom Up Budgeting involving:
 - Prioritized Objectives
 - Mapping and Measurement of Outputs and Objectives
 - Gap Analysis
- Reconciliation (of Top Down & Bottom Up Expenditure Estimates) and Reprioritization.

Each of these components are discussed in Section IV of this Manual.

SECTION III – BUDGET AND MTEF

3.1 What is the difference between Budget and MTEF?

Traditionally, annual budget is prepared by making arbitrary incremental changes to the preceding year's budget allocation. Non- development and development budgets are prepared separately and emphasis is laid on input rather than output.

A medium term approach to budgeting is a way to more effectively linking resource allocation, which occurs through the annual budget process, for policy and planning, which is an on-going process. In other words, MTEF can be a catalyst for building better basic budget conditions, i.e. improved fiscal stability and expenditure control. It needs to cover the whole of government – recognizing that sectors develop at different speeds.

Table 2 below provides a comparison between annual budget and MTEF based on their procedural and institutional aspects:

Table 2: Comparison between Budget and MTEF

| Items/Elements of Change | | Budget | MTEF | Impact of the MTEF |
|--------------------------|--|--|---|---|
| Procedural | 1. Multiyear-budgeting and rolling forward | Budget is prepared for one year | 3 years estimates are prepared; first year estimate is considered as budget and rolled forward each year. So, first year's estimate becomes the annual budget | After the MTEF, resources are not cut back as the unspent balances are carried forward. Therefore, it facilitates better utilization of public money |
| | 2. Linking policy, planning and budgeting | The budget is usually incremental prepared with adjustment adding a margin on the top of the previous year's budget, and consideration to the strategic priorities is limited. | MTEF is linked with the policy objectives as strategic objectives, priority programs in line with the policy, planning. | There is a positive change in the pattern of resource allocation pattern as strategic priorities are taken into consideration. It helps to prepare more realistic budget. |
| | 3. Integrating development and non- development budget | Development and non-development budget are prepared separately. It causes duplication and overlapping in budgetary process | Under MTEF, budget is prepared in a single ceiling for development and non-development | Coordination is improved, lack of duplication and demarcation between development and |

| Items/Elements of Change | | Budget | MTEF | Impact of the MTEF |
|--------------------------|--|--|---|---|
| | | | budget | non- development budget is removed. |
| | 4. Establishing performance indicators | Emphasis is laid on budgetary input rather than output. So, there is no output target for the departments. | Under MTEF, output targets for specific departments are fixed in the budget | It helps the departments to monitor the progress in achievement of agreed target. |
| Institutional | 5. More authority and responsibility to line departments | Department of Finance play a major role in budget preparation and resource allocation | The line departments are given more authority and responsibility to allocate and use fund in line with their priority needs | It enhances the efficient and effective use of limited resources |

SECTION IV –OVERVIEW OF MTEF PREPARATION PROCESS

4.1 What is the MTEF Preparation Process?

MTEF is prepared by any department following the steps as outlined below:

1. **Top-Down Budgeting:** A state government department has a resource envelope (fund available) for each ensuing financial year, i.e. the top limit of expenditure under plan and non-plan heads. This entails estimation of availability of resources for a department over next three years flowing from government budgetary resources and off-budget sources.
2. **Bottom-Up Budgeting:** Bottom Up Budgeting involves assessment of a particular sector's (concerning the state government's department, such as education, health, etc.) key indicators to identify issues of concern, review of the existing schemes of that department in terms of better targeting of beneficiaries, followed by review of service delivery mechanism of the department in terms of its functions and processes. This enables prioritizing the objectives of the department.

Thereafter, linkages are established between individual schemes and their outputs and the department objectives which are then modified or geared up to meet the broad government goals via logical framework, commonly called logframe¹. Also, performance indicators are formulated to measure the progress of the achievement of scheme outputs and objectives.

This is followed by computation of resource requirements over and above trend projections for financing additional interventions contemplated to address identified issues and gaps. Alternative growth scenarios are envisaged to take the sector to the desired level of performance.

For undertaking a bottom up budgeting a department undertakes 3 basic steps:

- (i) **Prioritized Objectives:** which means a department undertaking a process of synchronizing between departmental objectives, sectoral objectives and government goals;
- (ii) **Mapping and Measurement of Outputs and Objectives:** involves mapping/placing of the departmental schemes and their objectives/outputs (measured against benchmarks) against the departmental objectives and government goals. A prioritization exercise takes place giving higher points/priority to those schemes which fulfill the sectoral objectives and vice versa.
- (iii) **Gap Analysis:** Following step (ii) a few schemes may emerge which are falling short of funds to meet the sectoral objectives/government goals. Hence, a gap analysis reveals what is the top limit of expenditure for the department and what the prioritized schemes require.

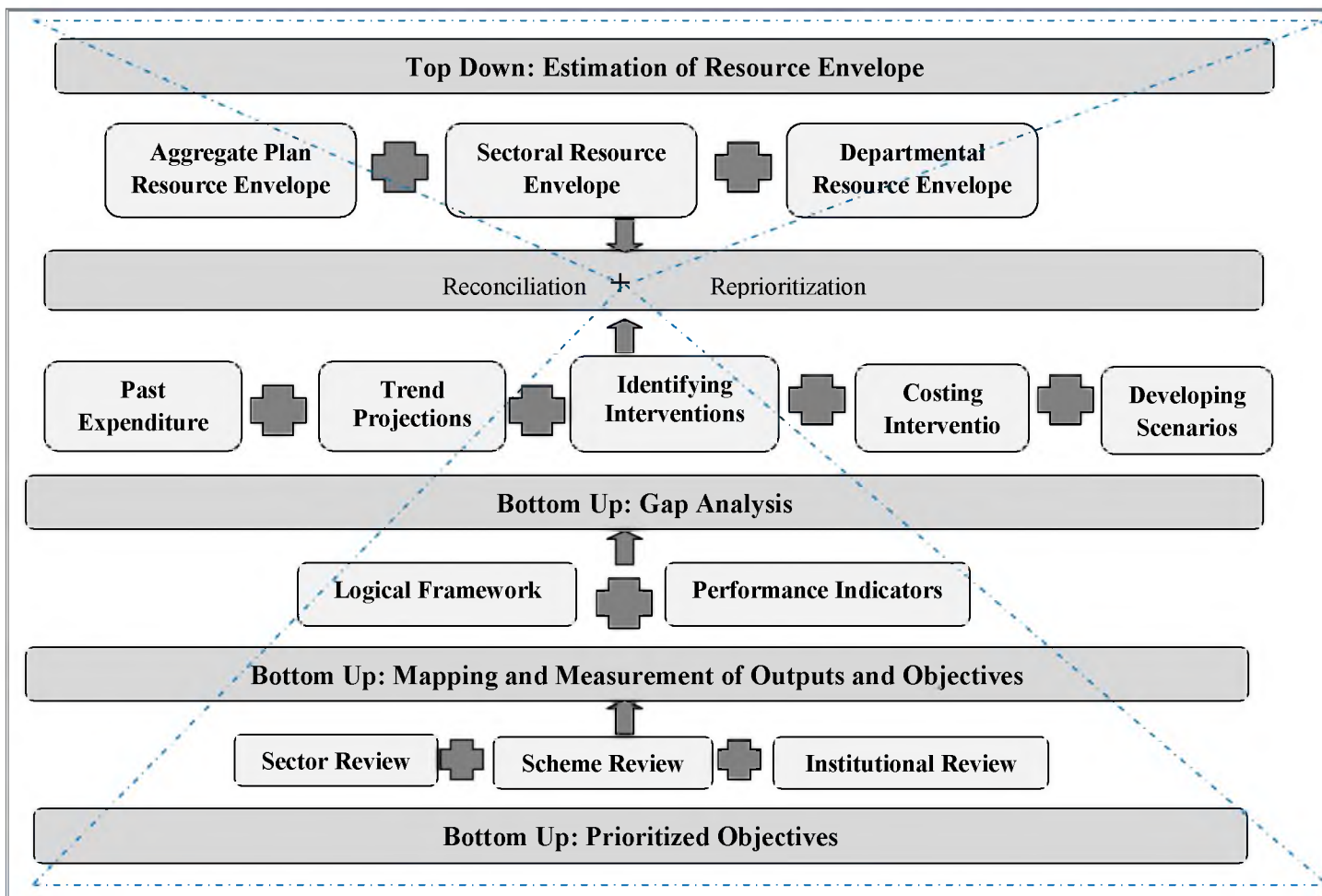
3. **Reconciliation (of Top Down & Bottom Up Expenditure Estimates) and Reprioritization** - A reconciliation exercise takes place where the resources available with the department are matched with the prioritized schemes – fund requirements are worked out.

Preparation of MTEF for any government department happens by taking into account all the activities of that department and also a scheme wise analysis of that department.

¹Logframe activity illustrates the rationale behind the work of a department. In this case, it refers to the expectations of people regarding how the department schemes should work. The logframe can graphically show what the department does, the services and/or products it provides, and what it intends to achieve.

A snapshot of the MTEF methodology is schematically presented hereunder.

Figure 1: MTEF Methodology



The detailed steps to prepare each of the above three tasks are described in the succeeding Sections of this Manual.

METHODOLOGY & GUIDELINES FOR PREPARATION OF MTEF

- A. Methodology for Preparation for MTEF**
- B. Guidelines for School Education Department**
- C. Guidelines for Health and Family Welfare Department**

SECTION V –METHODOLOGY FOR PREPARATION FOR MTEF

5.1 Top Down Budgeting

When a particular department is unaware of a resource ceiling for meeting its budgetary expenditure requirements then it assesses its requirements under an ‘unconstrained budgeting’ scenario. In absence of fund capping or resource ceiling (knowing top limit), a department’s tendency may be to start new projects and / or expand existing projects and activities without assessing the cost implications of proposed projects in future. In addition, the issue of not having a ‘resource consciousness’ in preparing estimates by a requirement driven budget poses a few of these problems:

- A scheme may be allocated more or less funds in absence of a multi-year resource ceiling;
- If planning and budgeting is done only for one year, then there is little scope for shifting of priorities and allocation of funds to more important ones or vice versa;

Hence, an integral part of MTEF budgeting is its ‘Top Down’ budgeting entailing estimation of ‘Resource Envelope’ for the department, which implies a department knowing the top limit of its expense, or total fund availability. Knowing fund availability for the next 3 years motivates line departments to identify heads of savings which could further be used to finance new initiatives in the department or spend on existing plans. This activity involves projection of resources in the medium term (3 years), which helps in:

- Better prioritization and optimal utilization of resources;
- Transition from ‘wish list’ approach to ‘resource conscious’ based budgeting;
- Enhanced coordination with Finance Department and State Planning Commission.

Following are three steps undertaken by a department in a sequential manner for forecasting its Medium Term Resource Envelope.

5.1.1 Aggregate Plan Resource Envelope at State level

This involves projection of total plan resources available to State for next three years through:

- State’s own internally generated resources
- Central support
- External aid

Data source: ‘Medium Term Fiscal Policy Statement (MTFPS)² required to be prepared for the State under Fiscal Responsibility and Budget Management Act (FRBMA)³ every year.

²MTFPS provides rolling targets for key fiscal indicators for next three years, according to which the ‘size of the government budget’ is estimated by fiscal receipts and provisioning for various expenditure heads for the same period.

³FRBMA is an act to provide for the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto.

Projection: Estimation of plan resource envelope available to the state for financing its medium term developmental strategies through budget involves projection of following three fiscal heads of MTFPS and then adding them up:

- Plan Expenditure on Revenue Account
- Plan Outlay on Capital Account
- Plan Loans & Advances on Capital Account

It should be noted that since MTFPS is prepared for next three to five years, hence future growth rates of above fiscal heads can be known from MTFPS for the same period. In the absence of information from any other source, the same growth rates can be further assumed to continue beyond for two additional years to prepare MTEF for years ahead.

5.1.2 Sectoral (Development Head) Plan Resource Envelope for State Plan Schemes

In this step, indicative estimate of resource available for state plan schemes for the sector, (e.g. Social Services sector) is arrived at. This can happen only when the sectoral budget allocation is defined, i.e. out of the total state budget allocation, which sectors are going to receive how much of the budget allocation, e.g. education, health, PWD, forest, etc.

Then the next step is to assess the amount of funds to be allocated for the individual schemes of the department.

Data Sources:

- Budget Books of Department of Finance, GoC to obtain plan expenditures of all departments in the State;
- GN Statement A (Guidance Note Statement), Statistical Tables of State Annual Plan to obtain sectoral distribution of plan outlays;
- Allocations for Central Sector Schemes (CS), Centrally Sponsored Schemes (CSS) & Externally Aided Projects (EAPs) in the state, Statistical Tables of State Annual Plan to obtain the break-up of center and state's respective contributions.

Projection: It is calculated in a series of steps based on projection of historical shares, i.e. proportional shares averaged over past three years, in the following sequential manner:

- Calculate share of State Annual Plan Budget in Aggregate Plan Resource Envelope for the State arrived in step 5.1.1 in last three fiscal years. This will exclude the plan resources contributed by sources as extended by central support and external aid from the total available to the State;
- Calculate average share of allocations to sector concerned with the department under consideration in State Annual Plan Budget; e.g. share of sector, health services in State Annual Plan Budget in last three fiscal years;
- Assuming that the above two historical shares will be maintained, arrive at the corresponding projection for plan resource available for the sector, e.g. health services for next three years;
- Map all CS, CSS and EAPs of the State to respective sectors. Obtain the total of state's share in those which pertain to the sector under consideration in last three fiscal years, i.e. obtain the total of state's share in CSS and EAPs of that particular sector and the department concerned.

- Project for CSS and EAPs of a department for next three to five years based on the average share in last three fiscal years in plan resource envelope for the sector concerned.
- Calculate plan resource available for State Plan Schemes in the sector concerned ‘residually’ after deducting projected shares of CSS and EAPs from sectoral plan resource envelope.

5.1.3 Departmental Plan Resource Envelope

This involves projection of plan resources available to a department, say School Education Department (SED) or Health & Family Welfare Department (DoH&FW), from both on-budget and off-budget sources.

Data Source: Budget Books of the department

Projection:

- Calculate share of state plan schemes of a particular department in that sector’s “plan resource envelope for State Plan Schemes” as obtained in step 5.1.2 averaged over last three years. Assuming that the share will be maintained, project the share to obtain resource allocation for the department’s state plan schemes for next five years
- Project for CS, CSS and EAPs of the department for next three years on trend basis.

The projections for the total plan resource envelope for the State for meeting its medium term developmental strategies and subsequent projection of departmental plan resource envelope as mentioned above can be presented in the following table format.

Table 3: Estimation of Departmental Plan Resource Envelope

| Fiscal Indicators | Y-1 | Previous Year, Y ₋₁ | Current Year, Y ₀ | Basis of Projection | Y ₁ | Y ₂ | Y ₃ | Y ₄ | Y ₅ |
|--|-----|-----------------------------------|---------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Step 1.1 | | | | | | | | | |
| a. Plan Revenue Expenditure | | | | Rate of Growth (ROG) | | | | | |
| b. Plan Capital Outlay | | | | ROG | | | | | |
| c. Plan Loans & Advances | | | | ROG | | | | | |
| d. Aggregate Plan Resource Envelope | | | | | | | | | |
| Step 1.2 | | | | | | | | | |
| e. State Annual Plan Budget | | | | Average share in (d) over past 3 years | | | | | |
| f. Sectoral Resource Envelope for a sector. E.g. social services | | | | Average share in (e) over past 3 years | | | | | |
| g. State's share in CSS of a sector, say SS | | | | Average share in (f) over past 3 years | | | | | |
| h. State's share in EAPs of a sector, say SS | | | | Average share in (f) over past 3 years | | | | | |
| i. Resource Envelope for State Plan Schemes in a sector, say SS (f-g-h) | | | | | | | | | |
| Step 1.3 | | | | | | | | | |
| j. State Plan Schemes in a department, such as SED | | | | Average share in (i) over past 3 years | | | | | |
| k. CSS in departmental schemes | | | | Trend projection | | | | | |
| l. CS in departmental schemes | | | | Trend projection | | | | | |
| m. On-budget resources (j+k+l) | | | | | | | | | |
| n. Off-budget resources | | | | ROG | | | | | |
| o. Budgetary Plan Resource Envelope for a department (m+n) | | | | | | | | | |

Guideline Ref: For estimating the resource envelope available for the SED, refer to **Tables 1 & 2 in Guidelines I [Methodology and Steps for School Education Department]** and for the DoH&FW, refer to **Tables 1 & 2 in Guidelines II [Methodology and Steps for Department of Health & Family Welfare]**.

5.2 Bottom-Up Budgeting

The bottom-up budgeting of MTEF involves prioritization of departmental objectives based on existing status of sector and schemes currently being implemented. Thereafter, cost estimation of resources required to achieve the desired targets linked to performance indicators through contemplated interventions is done to arrive at budgetary expenditure requirements.

This comprises of following steps:

5.2.1 Sector Overview and Prioritization of Objectives

It involves undertaking analysis of sector's key indicators to identify issues of concern, review of existing schemes to ensure their satisfactory performance and the efficiency of the department handling the scheme in addressing the identified sectoral issues.

Understanding of all these helps in ranking department's objectives on an annual basis in the order of priority. Once the objectives are prioritized, it becomes meaningful to accordingly allocate additional resources thereby creating a link between the Five Year Plans and the annual budgeting exercise. Further, this entire exercise may assist in help in understanding and identifying areas where additional funding interventions are required for improving performance of the sector or to address the identified gaps in existing department's strategy.

5.2.1.1 Sector Review: Issues of Concern

The first step towards developing the bottom-up budgeting of MTEF involves a comprehensive review of a sector in the State in terms of:

- Current status of indicators and their progress overtime in the past
- Comparative assessment of current status of indicators
 - Intra-state: District wise
 - Inter-states: Comparable states
 - All India: National averages

Assessment of above indicators would help in gaining understanding of underlying reasons for observed trends/findings and help in identification of issues plaguing the sector.

Example

If the School Education Department (SED) is considered, then the *Possible Indicators* could be: Literacy rate, access (captured by the total enrolment numbers and Gross Enrolment Ratio (GER)), drop-out rates, infrastructure (captured by number of schools, student to classroom ratio, % of schools with separate toilets for girls) and the availability of teachers (captured by number of teachers and pupil-teacher ratio (PTR)).

Possible Data Sources: District Information System for Education (DISE), Directorate of Public Instructions (DPI), Human Development Report (HDR) and other sources of selected education statistics from states and All-India data from Ministry of Human Resources Development.

Suggestive Formats:

Table 4: Past Performance of Indicators in the State

| <i>Key Indicators</i> | Y_{-4} | Y_{-3} | Y_{-2} | Y_{-1} | <i>Current Year, Y_{-0}</i> | <i>Sectoral Issue</i> |
|-----------------------|----------|----------|----------|----------|--|-----------------------|
| <i>State on A</i> | | | | | | 1 |
| <i>State on B</i> | | | | | | 2 |
| <i>State on C</i> | | | | | | 3 |

Table 5: Comparative Analysis on Indicators

| <i>Key Indicators</i> | <i>State</i> | <i>National Average</i> | <i>State I</i> | <i>State II</i> | <i>State III</i> | <i>Sectoral Issue</i> |
|-----------------------|--------------|-------------------------|----------------|-----------------|------------------|-----------------------|
| <i>A</i> | | | | | | 1 |
| <i>B</i> | | | | | | 2 |
| <i>C</i> | | | | | | 3 |

5.2.1.2 Scheme Review: Adequacy/Rationalization

This step involves review of existing on-budget and off-budget schemes of the department through the following steps:

1. Mapping of the schemes against the sectoral issues addressed by it - Keeping the main sectoral issues on one side, the schemes then are kept on the other side as per:
 - State Plan
 - GoI: Centrally Sponsored Schemes/ Central Sector Schemes/ Central Assistance (Normal/ Additional/ Special)
2. After the schemes have been mapped against the ranked sectoral issues, for the purpose of prioritization, the schemes on which the department spends significant amount say, 60% of its Plan Expenditure are analyzed for budgetary allocations in the current fiscal year;
3. Possible Rationalization⁴ of State Plan Schemes⁵: The schemes are sorted, i.e. as per the priority list of major issues and concerns, the schemes are reviewed:
 - *Convergence*: Schemes which share common objectives and addressing same sectoral issue
 - *Grouping*: Those schemes are grouped which may not serve common objectives, but have scope to be merged among themselves under an umbrella, i.e. bigger scheme.

Analysis of above contributes in:

- Identifying gaps in existing department's response strategy towards addressing sectoral issues identified in step 5.2.1.1.
- Efficient management of schemes.

⁴ This exercise enhances chances of realization of objectives by better targeting and efficient management of schemes, e.g. through similar set of data collection and documentation requirements for such schemes.

⁵ Since state does not have much leverage in GoI schemes (CSS/ CS), hence only state plan schemes are considered for this exercise.

Suggestive Formats:

Table 6: Scheme mapping against Sectoral Issues

| Sectoral Issue | List of Schemes |
|----------------|-----------------|
| 1 | |
| 2 | |
| 3 | |

Table 7: List of Schemes contributing to top 90% of Department Plan Expenditure

| Scheme Code | Scheme Name | Budgetary Allocation in Current Year, Y ₀ |
|-------------|-------------|--|
| 1 | | |
| 2 | | |
| 3 | | |

Illustration:

It is also necessary to analyze the various policies and schemes of the Government of India and other mission mode schemes like Sarva Shiksha Abhiyan (SSA) and Scheme of Universal Access and Quality at Secondary Stage (SUCCESS)/Rastriya Madhyamik Shiksha Abhiyan (RMSA). This helps in understanding not only the issues of the sector but also in setting objectives and streamlining the activities of the department in subsequent steps of MTEF development process.

5.2.1.3 Institutional Review: Effectiveness of Delivery

In this step, the departmental review of their effective handling of schemes and service delivery mechanism is involved. This may include a review of the:

- Administrative setup
- Organizational structure
- Departmental functions: respective responsibilities
- Departmental processes

5.2.1.4 Prioritization of Objectives

Once the issues of concern are identified through sector overview, scheme overview, institutional overview, then the next step is to prioritize objectives by following the steps below:

- Review critically department's current objectives, including the ones under ongoing Five Year Plan
- Rank them in the order of priority on an annual basis (Prioritization):
 - In consultation with stakeholders
 - As per larger government mandate

This is expected to guide allocation of additional resources annually and further serve as a bridge between Five Year Plan and annual budgeting exercise.

5.3 Mapping and Measurement of Outputs and Objectives

The next step in the implementation process of MTEF is to form a clear understanding of the departmental schemes and how these are linked to the departmental objectives. Understanding of these linkages through developing a 'logical framework (logframe)' helps in better resource allocation.

A logframe is a tool that helps in identification of schemes that the department must focus upon to achieve specific departments' objectives/ government goals.

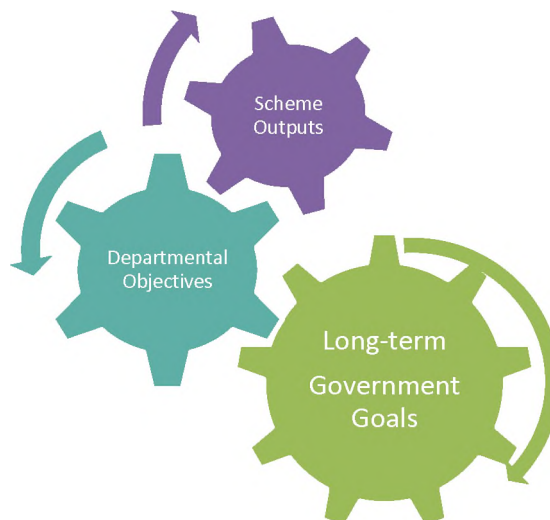


Figure2: Inter-connection between scheme outputs and Sector Objectives and Government Goals

It is important to devise a methodology to evaluate schemes. It is done with the help of Performance Indicators (PIs).

PIs are developed for each scheme outputs and department objectives to track their performance. These PIs provide a monitoring framework by enabling measurement of performance undertaken by the department.

This leads to improved performance management by enhancing transparency and accountability. The consequent better realization of results eventually leads to beneficiary satisfaction, thereby fulfilling overall development agenda of the government.



Figure 3: Performance Indicators of Departments and their Impact

5.3.1 Developing a 'Logical Framework' to understand Linkages

Logical Framework (Logframe) is developed wherein components of the planning and budgeting process, namely schemes, outputs or major schemes' outputs (MSO), department objectives, and long-term government goals (sectoral and societal) are put down in a format that shows the logical connections between them.

Table 8: Components of Planning and Budgeting Process

| | |
|--|---|
| Government Goals | •A higher-level identified situation sought to be attained by the government; e.g Poverty Reduction, Universalisation of Elementary Education |
| Department Objectives | •What is to be achieved by the department through various schemes/ projects; e.g. Improve education status in the state through retention of students |
| Major Scheme / Project Output (MSO) | •High-weighted outputs of the department that enables achieving objectives of the department; e.g. Improve retention of girl students |
| Scheme /Project Output | •Specific, direct deliverables of schemes/ projects; e.g. Distribution of free text books to scheduled caste/scheduled tribe girl students |
| Department Scheme / Project | •Activities undertaken by the department to deliver its outputs; e.g. Free cycles to girl students |

Steps involved in developing logframe for the department are:

- Detail each of the existing schemes in terms of its respective objectives and MSO;
- Against each departmental scheme, the related departmental objectives and government goal has to be mapped, wherein the key level is the ‘Scheme Output’ level:

- *Relationship understood by a series of ‘if & then’ statements*

Under this step, the link between the department scheme, the MSO, the departmental objective and ultimately the government goal has to be established.

Example: We take up a scheme of SED, GoC - its teacher training scheme aims at improving quality of teaching through teachers training. The departmental MSO is number of teachers’ training programs conducted in a year. Through monitoring of the above MSO, it can be ensured that all teachers are trained so as to attain the department objective of improving the quality of education and thereby contributing to the broader goal of the state, ‘Universalization of Elementary Education’.

- *Not necessarily a one-to-one relation between the schemes and objectives of the department:*

It may be noted that a one-to-one relation between the schemes and objectives of the department may not be possible to map considering that each scheme may satisfy multiple objectives. Like building more higher secondary schools would not only improve access but also increase retention.

5.3.2 Developing Performance Indicators for Measurement

Performance Indicators are a kind of information or data that helps measure change or progress occurred in a scheme/activity. For each scheme’s output/ MSO and department objective identified in the above logframe activity, there are typically a number of possible indicators to measure respective

performance. The performance indicators should be selected by assessing each of them according to the following criteria:

- The indicator should be a ‘direct measure’ of scheme output/ MSO and objective;
- Data related to the indicator should be ‘available in a timely manner and at reasonable cost’;
- Indicators should preferably be ‘quantitative’, like expressed in number, percentage, proportion. On qualitative aspects or those which are not readily measurable, such as involving perceptions or opinions, attempts should be made to quantify them, like percentage of people subscribing to a particular opinion;
- Indicators should be ‘monitorable’ in the sense that they should lend themselves to being tracked with respect to inputs, activities, outputs, outcomes, and impacts continually so that for a particular intervention, it can be decided when and how to influence them. Close monitoring of targets provide timely inputs for decision making and policy changes and easier impact evaluation.

However, it should be kept in mind that indicators should be decided in accordance with capacity of the department, both in terms of human and systems.

After selection of PIs, the next step is *collection of data pertaining to them*. Indicators identify the type of information to be collected. Decisions have to be made as to how this information will be collected. A ‘matrix’ can be developed as a tool for the collection of information pertaining to indicators as shown in Table 9. The Table 9 presents a sample data collection matrix pertaining to the indicators to ensure their availability in a timely manner and at reasonable cost.

Table 9: Matrix for Data Collection

| Indicator | Level of Indicator | Scheme* | Data Sources | Data Collection Method | Frequency of Collection | Responsibility for Collection |
|---|-----------------------------------|-----------------------|---|---------------------------------------|---------------------------------------|---|
| | <i>(Objective or Output/ MSO)</i> | | <i>(Files/ Documents)</i> | <i>(Database/Surveys/ Interviews)</i> | <i>(Monthly/ Quarterly/ Annually)</i> | |
| Number of students having received free books as % of students enrolled | Scheme | Free Text Book Scheme | Schools which are the final distribution points | Database | Annually | Teachers and District Education Officer |

Scheme(s) need to be specified in case the indicator under consideration pertains to MSO level

The sub-steps involved can be summarized as:

- Identify/ develop PIs at scheme output/ MSO level to measure the success of schemes’ outputs
- Identify/ develop PIs at objective level to measure attainment of department’s objectives
Note: Improvement in department objective indicator is more likely possible through improvement in schemes’ output/ MSO indicator.
- Develop ‘data collection matrix’ as indicated in Table 9 on indicators to ensure monitoring and accountability

Illustration:

A sample logframe with PIs is presented in the table below:

Table 10: Sample Logframe for SED

| Scheme Code | Scheme Name | Scheme Output | PI for Scheme Output/MSO | Dept. Objective | PI for Dept. Objective | Government Goal |
|-------------|--|--|--|--|--|--|
| Scheme # | Free cycles to girl students | Distribution of cycles | Ratio of number of cycles distributed to that of number of girls enrolled in a particular class | Achieving equity (improving enrolment of girls/transition of girls) | Girls enrolment in HS Transition Rate among girls from MS to HS | Poverty Reduction; Universalisation of Education |
| Scheme # | Integrated Education for Disabled Children | Education to disabled children in the mainstream | % of disabled children provided assistance out of total disabled children; No. of resource teacher appointed; % of schools covered | Achieving equity (improving enrolment of differently abled children) | Enrolment rate of disabled children in HS/HSS | |

Guideline Ref: For carrying out a sector overview and scheme review to identify issues of concern through a set of Performance Indicators for the SED, refer to **Tables 3 to 8 in Guidelines I** and for the DoH&FW, refer to **Tables 3 to 8 in Guidelines II**.

5.4 Gap Analysis

Gap Analysis is done to assess resource requirement with the trend projections for next 3 years on one side and identified departmental issues on the other. How much money is required over and above the trend projections to take the department and state government objectives to be achieved is the purpose of Gap Analysis.

Subsequent to developing logframe and identification of PIs to measure department schemes' outputs/MSOs and objectives, gap analysis is undertaken to take the a particular sector to the envisaged level of performance. The five sub-steps involved in this task are given below:

1. *Past Expenditure Analysis* to assess the current level of expenditure and corresponding performance status of sector;
2. *Trend Scenario* expenditure projections for next three years showing requirements to maintain current level of performance indicators;
3. *Identifying Interventions* to take the sector to the envisaged level of performance and meet the overall department objectives;
4. *Costing of Interventions* that should be incurred in order to meet the envisaged status of the sector over and above trend scenario projections
5. *Scenario Development* through alternate improvements in indicators and accompanying expenditure requirement projections:
 - a. Scenario 1 (Moderate): Higher (> trend) achievement of performance indicators
 - b. Scenario 2 (Aggressive): Highest (> moderate > trend) achievement of performance indicators

5.4.1 Analysis of Past Expenditure

The department reviews the expenditure incurred in past, say over last three to five years as per the budget books across all demand numbers. It may include comparison in last two Five Year Plans, or Government of Chhattisgarh's total expenditure, as percent of GSDP and as also under following heads:

- *Major Demand Numbers*: Signifies the strategic focus of the department
- *Plan/ Non Plan expenditure*: Determines availability of resources to meet plan targets from a given budget allocation. Increasing non-plan expenditure means that from a given budget the government has lesser resources to meet its plan targets.
- *Revenue/ Capital expenditure*: Shows distribution depending on nature of activity undertaken by department. For instance, low expenditure on capital account indicates that contribution through the departmental budget towards capital expenditure for the sector concerned in the state has been less and most of the expenditure has been on salaries and wages for running the departments under that sector.
- *Object level expenditure*: Provides detailed break-up of department expenditure under each object such as Salaries and Allowances, Wages, Grants-in-Aid etc. in total departmental expenditure.

Guideline Ref: For carrying out past expenditure analysis for the SED, refer to **Tables 9 to 11 in Guidelines I** and for the DoH&FW, refer to **Tables 9 to 15 in Guidelines II**.

5.4.2 Trend Scenario

If the current level of performance indicators is satisfactory, then the expenditure projections based on trend scenario needs to be carried out. A trend estimate can be built for the medium term on the basis of past expenditure by a department as per the following sub-steps:

- *Plan expenditure:*
 - Salary component to be projected taking into account any Central Pay Commission (CPC) recommendations
 - Non salary component to be projected using past average annual growth rate (may conduct an exponential trend regression analysis for the purpose)
- *Non-Plan Expenditure:* Projections can be made at the Object level wherein CPC recommendations, if any have to be incorporated for the object head of salary and allowances. It is done using varying growth rates for next three years depending on the nature of the object under consideration. The order of priority for opting an appropriate growth rate can be:
 - Specified anywhere, like in FRBM
 - Past trend growth rate of individual object
 - Past trend growth rate of total non-salary non-plan expenditure
 - Inflation rate
 - Overall non-plan growth rate
 - Rule Of Thumb of 10% growth rate.
- Arrears to be adjusted
 - Like CPC recommendations for considering salaries component
- Hence, total expenditure projections based on trend for the department over the medium term can be obtained as:
 - **Trend Scenario Expenditure Projections = *Plan* + *Non-plan* + *Arrears***

Example, in case of SED:

Table 11: Major Head wise trend projections (Plan + Non-Plan) for SED (₹in Crores)

| Code | Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|--|---------|---------|---------|---------|---------|
| | Elementary Education | -- | -- | -- | -- | -- |
| | School Education (excluding Elementary Education) | -- | -- | -- | -- | -- |
| | Financial Assistance to Municipal Corporations | -- | -- | -- | -- | -- |
| | Financial Assistance to Panchayati Raj Institutions | -- | -- | -- | -- | -- |
| | Financial Assistance to Panchayati Raj Institutions under the Special Component Plan (SCP) | -- | -- | -- | -- | -- |
| | Special Component Plan | -- | -- | -- | -- | -- |
| Total Expenditure (TE) of the Department | | | -- | -- | -- | -- |

5.4.3 Identifying Interventions

Generally, physical targets are specified for identified performance indicators by the department while specifying its objectives. An analysis needs to be carried out by the department to understand what are

the shortcomings in existing schemes by looking at the physical indicators – what is the present state of PIs and what should be the ideal state. In case there is a gap then additional interventions are to be proposed to improve status of performance indicators.

Also, issues/ gaps found during sector/ scheme/ institutional reviews contribute in identifying scope for corrective or positive policy actions and interventions.

On the basis of gap analysis, the department can propose interventions for meeting its objectives. The interventions thus identified to meet the shortfall in PI levels, or issues/ gaps found during reviews can assume any of the two forms:

- Strengthening of existing schemes
- Introduction of new schemes

Example, in case of SED:

- **Strengthening of existing schemes:** For instance, an objective of the School Education Department is to enhance quality of education by rewarding teachers. An existing scheme in a state, e.g. Complete Literacy Village Scheme provides incentives to teachers in Elementary education on the basis of class performance of their students. This scheme can be strengthened by randomly monitoring two elementary schools in a Block every year by an external independent agency. If any flaw in grading class performance is noticed, the teachers of these schools will not be eligible for incentives in that year.
- **Introduction of new schemes:** For instance, in order to improve retention of girls in higher classes, specific schemes that address problems faced by maturing girls should be implemented. Separate toilets for girls in all schools from middle school upwards can be proposed as a new scheme.

5.4.4 Costing Interventions

Once the interventions have been identified, the next step is to estimate the cost of undertaking these interventions. Costing of identified interventions to achieve targeted performance level gives an estimate of the additional funding required over and above trend scenario expenditure projections.

The method for costing interventions can be undertaken as per the following steps:

- *Identifying inputs of an intervention:*
 - For example, if the intervention is to strengthen certain ongoing schemes by engaging an external independent agency for monitoring and evaluation of the scheme, identifying these private agencies/NGOs becomes the first step.
- *Estimate per unit input cost:* For costing inputs of an intervention, the department can refer to various sources:
 - Costing norms available at the National Level such as SSA and CAFE norms which give the cost of constructing an additional classroom, toilet etc. in school
 - Cost of engaging an external independent agency for better monitoring of schemes or for providing teacher training and PTA training can be estimated in consultation with relevant agencies
 - Costing norms from states which have already implemented such interventions.
 - Costing inputs using existing scheme guidelines. For instance, incentives can be provided to high school teachers as per the guidelines of the ongoing scheme in Elementary Education- Complete Literacy Village Scheme.

- *Inflation indexation of cost projections:* All cost projections should be inflation indexed. Dearness allowance on teacher salary for additional teachers to be appointed for improving PTR should also incorporate inflationary trends.
- *For arriving at the total cost of an intervention,* per unit cost of input has to be multiplied by the total inputs that the department wants to provide, i.e.

$$\text{Total cost of an intervention} = (\text{Per unit input cost}) \times (\text{Total inputs to be provided})$$

Illustration:

For arriving at the total cost of an intervention, per unit cost of input has to be multiplied by the total inputs that the department wants to provide. For example, the total cost for training teachers by external agencies can be estimated by multiplying total number of days in which training will be provided by the per day training cost of the agency. Likewise, total cost of constructing separate toilets for girls in all schools starting Middle school onwards has to be arrived at by multiplying number of such schools lacking this facility to the unit cost of constructing an additional toilet.

For example, the costing of training PTAs in all Primary schools (identified as a possible intervention under the MTEF exercise) is illustrated in Table 12.

Table 12: Costing for training PTAs (in ₹)

| | | |
|---|-------------------------|--|
| Cost of training PTA by external agency in 2012 | (1) | |
| Inflation | (2) | |
| Cost of training PTA by external agency in 2013 | (3)=(1) + (1)*(2) | |
| No. of Primary schools (as on 2012) | (4) | |
| No. of training days | (5) | |
| Total PTA training cost in 2013 in ₹ Crore | (6)= (3)*(4)*(5) | |

Guideline Ref: For carrying out future expenditure projections based on past trend for SED, refer to Tables 12 to 18 in Guidelines I and for the DoH&FW, refer to Tables 16 to 25 in Guidelines II.

5.5 Scenario Development

The department can attempt to build different scenarios for medium term projections through assumed improvements in key sectoral indicators and accordingly generate accompanying expenditure projections. Alternate scenarios are to be built to ensure ‘practical’ & ‘implementable’ MTEF formulation, depending on occurrence of different events.

- *Trend Scenario: Business-as-usual*

This is the scenario wherein the department does not attempt to strengthen any existing scheme or start any new scheme in the medium term. Projections arrived at under this scenario will be a trend estimate based on past expenditure figures of the department.

- *Alternate Growth Scenarios: Inclusive of additional interventions geared to improve key target variable(s) (performance indicators)*
 - **Moderate Scenario (Scenario 1): Higher (> trend) achievement**
 - **Aggressive Scenario (Scenario 2): Highest (> moderate > trend) achievement**

If the department attempts to improve key sectoral indicators and meet its objectives over the medium term, additional interventions over and above the existing schemes will have to be proposed. The department can set different targets for those indicators to be achieved over the medium term.

Scenario Expenditure Projections = Trend Scenario Projections + Cost of additional interventions proposed

Illustration:

One of the indicators which, for example, School Education Department can target for improving quality of education is PTR. For example, current PTR in Secondary Education is above the CABE (Central Advisory Board of *Education*) norm of PTR 30:1. The Department can build, for example, several scenarios around this indicator.

- **Moderate Scenario (Scenario 1): Higher (> trend) achievement**

Under this scenario, the department may attempt to bring down PTR from the current ratio but not achieve CABE norm of 30:1.
- **Aggressive Scenario (Scenario 2): Highest (> moderate > trend) achievement**

Under a second scenario, the target for PTR in the medium term can be set at the ratio suggested by CABE.

The latter scenario will be more aggressive in terms of targets to be achieved as well as expenditure to be incurred for the same. Expenditure projections for various scenarios will be estimated by adding the additional intervention costing over and above trend expenditure projections.

Under the MTEF developed for the School Education Department, for example, following are the further implications of the scenario developed.

- *PTR*: Improvement in PTR requires recruiting additional teachers for which two considerations are to be kept in mind:
 - Additional enrolments on the basis of past trend in enrolment numbers;
 - Greater target of higher transition rate from Middle School to High School implying greater enrolments in High School;

Hence, additional number of teachers to be recruited under a certain scenario is estimated on the basis of PTR and transition rate assumed in the corresponding scenario, given the total enrolment estimates. This additional recruitment of teachers further has a bearing on two aspects:

- *Teacher-Classroom ratio:* Requirement for additional teachers leads to projection of additional classrooms based on the national norms for teacher: classroom ratio
- *Financial implications for other schemes:* Additional teacher recruitment, besides entailing a salary cost on the government, also implies greater expenditure on all the teacher related schemes proposed in the MTEF. For example, number of teachers eligible for receiving incentives will be higher and more teachers have to be trained.

Suggestive Format

Below is the table contained in MTEF for SED for the year 2012-13.

Table 13: MTEF Expenditure Requirements for next 5 years (in ₹Crores)

| Details | 2012-13 (RE) | 2013-14 | 2014-15 | 2016-17 | 2017-18 | 2018-19 |
|--|-----------------|---------|---------|---------|---------|---------|
| A. Trend Scenario Projections of Department Expenditure | | | | | | |
| B. Off-budget projection ⁶ | | | | | | |
| Scenario 1 | | | | | | |
| C. Desired PTR for Primary Education | | | | | | |
| D. Desired PTR for Middle school Education | | | | | | |
| E. Desired PTR for High school Education | | | | | | |
| F. Annual Additional Funding required for Primary Education (including state level interventions) | | | | | | |
| G. Annual Additional Funding required for Middle school Education (including state level interventions) | | | | | | |
| H. Annual Additional Funding required for High School Education (including state level interventions) | | | | | | |
| Total Projected Expenditure A+B+F+G+H (in Crore) | | | | | | |
| Total Projected Expenditure as a % of GSDP | | | | | | |
| Scenario 2 | | | | | | |
| I. Desired PTR for Primary Education | | | | | | |
| J. Desired PTR for Middle school Education | | | | | | |
| K. Desired PTR for High school Education | | | | | | |

⁶ The figures represent the off-budget amount in the Trend Scenario.

| | | | | | | |
|--|--|--|--|--|--|--|
| L. Annual Additional Funding required for Primary Education (including state level interventions) | | | | | | |
| M. Annual Additional Funding required for Middle school Education (including state level interventions) | | | | | | |
| N. Annual Additional Funding required for High school Education (including state level interventions) | | | | | | |
| Total Projected Expenditure A+B+L+M+N (in ₹crore) | | | | | | |
| Total Projected Expenditure as a % of GSDP | | | | | | |

5.5 Reconciliation and Reprioritization

5.5.1 Reconciling Plan Requirements with Resources

This step brings together the Resource Envelope as was worked out in Table 1 and ‘bottom up’ plan expenditure requirements arrived in Table 13 with ‘top down’ estimate of plan resource availability to the department contained in Table 1, as represented in the following table for MTEF exercise for SED for the year 2012-13.

Table 14: Projected Resource and Expenditure Growth of SED (in ₹Crores)

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------|---------|---------|---------|---------|
| I. PLAN EXPENDITURE | | | | | |
| I. A. TOP DOWN | | | | | |
| Resource Envelope for SED | | | | | |
| I. B. BOTTOM UP | | | | | |
| <i>Trend Scenario</i> | | | | | |
| <i>Trend deficit (+)/ surplus (-) with respect to resource envelope</i> | | | | | |
| Scenario 1 | | | | | |
| Scenario 2 | | | | | |
| II. NON PLAN EXPENDITURE | | | | | |

- *Trend deficit (+)/ surplus (-) with respect to resource envelope:*
 - In case of deficit like in above table for SED, look for getting more plan funds from Central Government schemes (newly announced/ existing GoI scheme), or collect additional resources available;
 - In case of surplus, utilize the excess funds to take up additional interventions proposed in higher growth scenarios.
- *Alternate growth scenarios:* Given constraining resource envelope, identify savings in expenditure through:
 - Scrutinisation of existing spending to identify whether any operational efficiency gains can be made;
 - Identify low priority programs where allocation could be reduced.

5.5.2 Reprioritization

Under a limited /constrained resource envelope, and after exhaustion of all possible sources of savings, there may still be occasions wherein interventions can only be afforded through cuts in other department budget items/ schemes, i.e. those heads of expenditure which are not related to identified interventions. However, one must understand that the state’s share on central schemes and salaries component of department expenditure is committed; hence resources have to be identified from rest of the sources. This can be done in the following manner:

- Committed expenditure items:
 - Share in GoI schemes (CSS) / external projects (EAPs)
 - Salary component of plan & non-plan expenditure
- Flexibilities in:
 - Non-plan expenditure: Non-salary component

- Plan expenditure: Budget heads not related to identified interventions and priority areas

For the purpose of reprioritisation, the logframe may need to be revisited with respect to the schemes to do reprioritization. Schemes which prove to be relatively inefficient in attainment of its PIs can experience cuts/ lower budget allocation. Also, those that contribute to the bottom ten percent of total expenditure of the department can be chosen for this purpose.

Guideline Ref: Expenditure projections have to be done as per **Table 19 for SED, in Guidelines I** and **Table 25 for DoH&FW, in Guidelines II**; Once the expenditure projections are made for the departments, a reconciliation exercise will have to be carried out as per **Table 20 in SED, in Guidelines I** and **Table 26 in Guidelines II**.

MTEF Preparation

**Methodology and Steps for
School Education Department**

**Guidelines I: Preparation of Medium Term Expenditure Framework (MTEF) for
School Education Department (SED)**

Step 1: Estimate the Fund Availability

Step 1A: Estimate the amount of fund available to the SED for 2013-14 to 2015-16 filling in **Table 1**.

**Table 1:
Plan Fund Available to SED**

(₹ in Crore)

| Fiscal Indicators | 2010-11 | 2011-12 | 2012-13 | Basis for Projection | 2013-14 | 2014-15 | 2015-16 |
|----------------------------------|---------|---------|---------|--|---------|---------|---------|
| a) State Plan Schemes in SED | | | | Average share over past three years increased by 10 to 15 percent. | | | |
| b) State's Share in CSS for SED | | | | Average share over past three years. | | | |
| c) State's Share in EAPs for SED | | | | Average share over past three years. | | | |
| d) CSS in SED | | | | Trend over past three years. | | | |
| e) CS in SED | | | | Trend over past three years. | | | |
| f) Plan Fund for SED (a+b+c+d+e) | | | | | | | |

Note: Source for past years will be Budget Books; and projections will be on the basis indicated above.

Step 1B: Reproduce the estimated fund available as obtained from **Table 1** under the headings

(i) Revenue and (ii) Capital, allocating into Plan, Non-Plan and Central Share; and complete **Table 2**.

Table 2:
Projection of Plan, Non-Plan and Central Share of expenditure on School Education in Chhattisgarh

(₹in Crore)

| Total Projected Resource Envelope for Education | | | | |
|---|---------|------------|----------|---------------|
| Year | Revenue | Allocation | | |
| | | Plan | Non-Plan | Central Share |
| 2013-14 | | | | |
| 2014-15 | | | | |
| 2015-16 | | | | |
| | | | | |
| Year | Capital | Allocation | | |
| | | Plan | Non-Plan | Central Share |
| 2013-14 | | | | |
| 2014-15 | | | | |
| 2015-16 | | | | |

Purpose

- 1) Based on the past 3 years, increase the fund availability for state plans by 10-12%; and consider the average share over past 3 years for state's share in Centrally Sponsored Schemes (CSS) and Externally Aided Projects (EAP); and follow the trend of the last 3 years for central contribution for Centrally Sponsored Schemes and Central Schemes.
- 2) Segregate the fund availability under 'Revenue' and 'Capital' categories and 'Plan' and 'Non-Plan' heads.

Step 2: Review the Status of Components of Existing Schemes

Review the status of existing schemes of SED with reference to the key performance indicators and fill in the information for 2011-12 in **Tables 3 to 8**.

Table 3:
Enrolment of Students at Different School Levels

| School | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|----------------------|---------|---------|---------|---------|---------|
| Primary School | | 3177349 | 3151851 | 3186573 | 3181295 |
| Upper Primary School | | 1438176 | 1363884 | 1306602 | 1226727 |

Note: Source will be DISE State Report Cards & MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Table 4:
Drop-out Rate of Students at Primary Level

| Year | Total (in percentage) | | |
|---------|-----------------------|--------|-------|
| | Male | Female | Total |
| 2011-12 | | | |
| 2010-11 | 2.66 | 2.40 | 2.53 |
| 2009-10 | 4.69 | 4.47 | 4.58 |
| 2008-09 | 11.92 | 11.34 | 11.63 |
| 2007-08 | 7.53 | 8.47 | 8.00 |

Note: Source will be Annual Report of the School Education Department & information available with MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Table 5:
Number of Schools and Teachers at Elementary Level

| School Level | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|--|---------|---------|---------|---------|---------|
| Elementary Education Schools | | 51681 | 50908 | 49907 | 49708 |
| Number of Teachers in Elementary Schools | | 192222 | 171861 | 172382 | 154928 |

Note: Source will be DISE State Report Cards & information available with MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Table 6:
Infrastructure Facilities Available in Schools

| Indicators | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|----------------------------------|---------|---------|---------|---------|---------|
| Average Student-Classroom Ratio | | 21 | 28 | 28 | 30 |
| % of Schools with drinking water | | 91.64% | 94.2% | 88.41% | 86.47% |
| % of Schools with common toilets | | 28.06% | 26.4% | 44.16% | 37.63% |
| % of Schools with girls toilets | | 34.26% | 25.8% | 23.13% | 19.95% |

Note: Source will be DISE State Report Cards & information available with MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Table 7:
Number of Teachers in Schools

| Indicators | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|--------------------------------------|---------|---------|---------|---------|---------|
| % of Female Teachers | | 32.05% | 32.10% | 34.83% | 32.93% |
| Pupil-Teacher Ratio (PTR) | | 24.88 | 26 | 26 | 28 |
| % of Schools PTR \geq 100 | | | 1.5% | 1.32% | 2.05% |
| % Single Teacher School | | 9% | 11% | 12.22% | 14.74% |
| % of Professionally Trained Teachers | | 64.64% | 32.38% | 48.62% | 94.31% |

Note: Source will be DISE State Report Cards & information available with MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Table 8:
Gender Parity at Primary & Upper Primary School Level

| School | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---------------|---------|---------|---------|---------|---------|
| Primary | | 0.95 | 0.94 | 0.96 | 0.96 |
| Upper Primary | | 0.95 | 0.94 | 0.93 | 0.92 |

Note: Source will be DISE State Report Cards & information available with MIS Cell, RGSM, Raipur, of School Education Department, Government of Chhattisgarh

Purpose

- 1) To match the priority objectives of the government with the progress till the previous fiscal year of the different components of the priority schemes;
- 2) To assess the reasons for variation in the progress of work relating to the different components of the priority schemes;
- 3) To strengthen or rearrange the work of the different components of the priority schemes in accordance with current situation and change, if any, in government priorities.

Step 3: Analyze the Past Expenditure

Analyze the part expenditure of the department across all demand numbers under the heads (i) Major Demand Numbers, (ii) Plan/Non-Plan Expenditures, (iii) Revenue and Capital Expenditure, (iv) Object Level Expenditure with reference to the budget books and the accounts of the department; and complete **Tables 9 to 11**

Table 9:
Allocation of Revenue Expenditure on Education by Percentage

| Years | Plan | Non-Plan | GoI Share | Total |
|---------|-------|----------|-----------|-------|
| 2001-02 | 14.16 | 82.72 | 3.12 | 100 |
| 2002-03 | 23.09 | 76.79 | 0.15 | 100 |
| 2003-04 | 30.36 | 64.03 | 5.61 | 100 |
| 2004-05 | 33.60 | 54.17 | 12.23 | 100 |
| 2005-06 | 28.28 | 54.21 | 17.51 | 100 |
| 2006-07 | 28.01 | 46.75 | 25.24 | 100 |
| 2007-08 | 29.50 | 40.97 | 29.53 | 100 |
| 2008-09 | 28.16 | 33.48 | 28.36 | 100 |
| 2009-10 | 26.20 | 29.00 | 44.80 | 100 |
| 2010-11 | 37.90 | 30.75 | 31.35 | 100 |
| 2011-12 | | | | |

Note: Source will be Accounts of various years of the School Education Department

Table 10:
Allocation of Capital Expenditure on Education by Percentage

| Year | Plan | Non-Plan | GoI Share | Total |
|---------|-------|----------|-----------|-------|
| 2001-02 | 93.3 | 0 | 6.70 | 100 |
| 2002-03 | 100 | 0 | 0 | 100 |
| 2003-04 | 67.75 | 0 | 32.25 | 100 |
| 2004-05 | 91.86 | 0 | 8.14 | 100 |
| 2005-06 | 93.07 | 0 | 6.03 | 100 |
| 2006-07 | 89.95 | 0 | 10.95 | 100 |
| 2007-08 | 79.79 | 0 | 20.21 | 100 |
| 2008-09 | 87.50 | 0 | 12.42 | 100 |
| 2009-10 | 77.29 | 0 | 22.71 | 100 |
| 2010-11 | 45.80 | 0 | 54.20 | 100 |
| 2011-12 | | | | |

Note: Source will be Accounts of various years of the School Education Department

Table 11:
Share of the Different Expenditure Components by Percentage

| Components of Expenditure | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Salary | 73.44 | 71.94 | 59.20 | 54.69 | 52.33 | 46.40 | 34.19 | 44.15 | 47.66 | | |
| Direction & Administration | 2.03 | 2.01 | 1.67 | 1.81 | 1.36 | 1.17 | 0.85 | 0.91 | 1.33 | | |
| Text Books | 0.38 | 0.20 | 0.13 | 0.03 | 0.09 | 0.82 | 0.45 | 0.75 | 1.65 | | |
| Mid-Day Meal | 0 | 0 | 0 | 0 | 0 | 2.17 | 9.38 | 13.07 | 5.15 | | |
| Teacher Training | 0.13 | 0.16 | 0.12 | 0.11 | 0.49 | 0.08 | 0.40 | 0.14 | 0.60 | | |
| Education All | 0 | 0 | 0 | 0 | 0 | 5.17 | 14.89 | 5.09 | 0 | | |
| Special Component Plan for SC | 0.57 | 1.44 | 14.20 | 2.87 | 2.28 | 5.19 | 3.99 | 0.51 | 7.80 | | |
| Tribal Sub-Plan | 1.21 | 2.21 | 0.65 | 16.43 | 16.74 | 12.55 | 7.22 | 6.37 | 6.41 | | |
| Other | | | | | | | | | 3.23 | | |
| Total Elementary Education | 78.84 | 78.83 | 76.57 | 76.82 | 74.65 | 73.91 | 72.42 | 71.53 | 74.42 | | |
| Salary | 19.07 | 19.28 | 15.02 | 13.26 | 13.17 | 11.56 | 10.10 | 13.20 | 16.71 | | |
| Direction & Administration | 0.02 | 0 | 0 | 0 | 0 | 0.12 | 0.10 | 0.08 | 0 | | |
| Text Books | 0 | 0 | 0 | 0 | 0.07 | 0.06 | 0.07 | 0.06 | 0.16 | | |
| Teacher Training | 0.52 | 0.13 | 0.08 | 0.07 | 0.13 | 0.14 | 0.09 | 0.15 | 0.32 | | |
| Special Component Plan for SC | 0.17 | 0.25 | 1.46 | 2.53 | 2.09 | 2.19 | 1.65 | 1.30 | 0.45 | | |
| Tribal Sub-Plan | 0.45 | 0.33 | 2.49 | 5.30 | 5.41 | 4.62 | 4.80 | 4.37 | 0.21 | | |
| Other | 0.28 | 0.11 | 1.06 | 0.17 | 0.05 | 0.20 | 1.73 | 0.21 | 3.54 | | |
| Total Secondary Education | 20.47 | 20.11 | 20.10 | 21.32 | 20.03 | 18.88 | 18.53 | 19.35 | 21.39 | | |
| Adult Education | 0.15 | 0 | 0.11 | 0.06 | 0.05 | 0.08 | 0.09 | 0.06 | 0.02 | | |
| Language Development | 0.15 | 0 | 0.11 | 0.06 | 0.05 | 0.08 | 0.09 | 0.06 | 0.01 | | |
| General Education | 0.25 | 0.26 | 0.23 | 0.19 | 0.19 | 0.31 | 0.98 | 2.36 | 1.51 | | |
| Sports & Youth | 0.78 | 0.89 | 0.75 | 0.74 | 0.74 | 0.74 | 0.62 | 0.59 | 0.31 | | |
| Art & Culture | 0.47 | 0.61 | 0.73 | 1.01 | 0.63 | 1.04 | 0.73 | 0.74 | 0.04 | | |
| Capital Expenditure | 0.22 | 0.81 | 3.95 | 4.11 | 5.38 | 6.37 | 7.13 | 6.07 | 2.31 | | |
| Total School Education Expenditure | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | | |

Note: To be derived from the Accounts of various years of the School Education Department

Purpose

To make a trend analysis of the past expenditure for getting an indication of the capacity to spend.

Step 4: Determine the Growth and Share of Overall expenditure of State Government

Based on the trends of the past expenditure on School Education Sector, examine the growth and the share in the overall expenditure of the State Government with respect to Gross State Domestic Product (GSDP), and complete Table 12.

Table 12:
School Education Expenditure in the State of Chhattisgarh

(₹in 00000)

| Year | Total Expenditure | Expenditure on Education | Year on Year Growth in Education expenditure | GSDP | Expenditure on Education as percent of total Gov. Exp. | Expenditure on education as percent of GSDP |
|---------|-------------------|--------------------------|--|----------|--|---|
| 2001-02 | 542062 | 58797.39 | - | 2953935 | 10.85 | 1.99 |
| 2002-03 | 634979 | 63375.74 | 8% | 3249265 | 9.98 | 1.95 |
| 2003-04 | 761591 | 81884.36 | 29% | 3380209 | 10.75 | 2.42 |
| 2004-05 | 838263 | 97841.88 | 19% | 4358904 | 11.67 | 2.24 |
| 2005-06 | 895405 | 107183.98 | 10% | 5099654 | 11.97 | 2.1 |
| 2006-07 | 1100054 | 132787.55 | 24% | 6470628 | 12.07 | 2.05 |
| 2007-08 | 1397055 | 176706.85 | 33% | 7941350 | 12.65 | 2.23 |
| 2008-09 | 1967402 | 228159.52 | 29% | 9620419 | 11.6 | 2.37 |
| 2009-10 | 217166 | 321835.38 | 41% | 10784823 | 14.82 | 2.98 |
| 2010-11 | 2373427 | 379221.96 | 18% | 12003508 | 15.98 | 3.16 |
| 2011-12 | 3072596 | 442756.7 | 17% | - | 14.41 | - |
| 2012-13 | | | | | | |

Note: Source Accounts of various years of the School Education Department and budget document of the State

Purpose

- 1) To ascertain year on year growth in the department's expenditure as percentage of total government expenditure and Gross State Domestic Product (GSDP).

Step 5: Make Future Expenditure Projections

To make projections of the expenditure of the department for the years 2012-13 to 2015-16, collect the requisite data to filling **Tables 13, 14 and 15**.

Table 13:
Projection of Student Enrolment

| Class | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-------|---------|---------|---------|---------|---------|
| I | 772880 | | | | |
| II | 706326 | | | | |
| III | 753435 | | | | |
| IV | 631903 | | | | |
| V | 636558 | | | | |
| VI | 653201 | | | | |
| VII | 578134 | | | | |
| VIII | 528688 | | | | |
| IX | 426951 | | | | |
| X | 307742 | | | | |
| XI | 179411 | | | | |
| XII | 163318 | | | | |

Explanation:-

The above Table shall provide the number of students in all schools including those enrolled in private schools. Use these numbers to derive the number of students in the government schools on the assumptions that – (i) 85 percent of the students in Class 1-5 will be in government schools; (ii) 85 percent of the students in Class 6-8 will be in government schools; and (iii) 50 percent of the students in classes 9-10 and in classes 11-12 will be in Government Schools, in absence of the segregated statistics of enrolment of students in the government schools in each class.

Table 14:
Projected Students Enrolment and Students' Enrolment in Government Schools

| Total number of Students in Class | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-----------------------------------|---------|---------|---------|---------|---------|
| I to V in all schools | 3501101 | | | | |
| I to V in Government Schools | 2975936 | | | | |
| VI to VIII in all schools | 1760024 | | | | |
| VI to VIII in Government Schools | 1496020 | | | | |
| IX to X in all schools | 734693 | | | | |
| IX to X in Government Schools | 367346 | | | | |
| XI to XII in all schools | 342729 | | | | |
| XI to XII in Government Schools | 171364 | | | | |

Explanation:-

The number of schools that are there in the State may be split up on the assumptions that (i) 85 percent of the schools in the primary and upper primary in the State will be government schools; (ii) 50 percent of the schools in the high school and higher secondary schools will be government schools.

Table 15:
Number of Government Schools

| S. No. | Category | *Number 2010-11 | Number 2011-12 |
|--------|-------------------------|-----------------|----------------|
| 1 | Primary School | 37193 | |
| 2 | High School | 2260 | |
| 3 | Secondary School | 16224 | |
| 4 | Higher Secondary School | 2788 | |

Note: Source will be Annual Report of School Education Department, 2010-11

Purpose

- 1) To make future estimation of expenditure based on the reasons for variations in the progress of different components of the priority schemes, enhancement measures for improvement, and adjustment or rearrangement necessary thereto considering spending capacity and change in priorities, if any.

Step 6: Expenditure Projections

Compute the expenditure under the heads stated below and tabulate the data in **Tables 16, 17 and 18.**

School Infrastructure

Table 16:
Schools Requiring Different Infrastructure

| Items | Primary | Upper Primary | High school | Higher secondary School |
|----------------------------|---------|---------------|-------------|-------------------------|
| Building | | | | |
| Toilets | | | | |
| Drinking water | | | | |
| Very bad status building | | | | |
| Buildings requiring repair | | | | |
| Boundary wall | | | | |
| Additional Rooms Required | | | | |

Note: To be estimated from Statistics of DPI. The above requirements will be phased out as follows:

- (a) new buildings in the high school and higher secondary schools, facility for drinking water will be phased over a three year period;
- (b) boundary wall will be provided to all schools requiring the same by three years' time;
- (c) buildings in critically bad condition will be replaced with new building in the next one year; and
- (d) sanitation facility will be provided by Public Health Engineering Department over the next two years and this will have no implication of resources for the department.

Teachers

Table 17:
Requirement of Teachers as per Norms and Estimated Gap

| Category of school | Number of schools | Number of Teachers sanctioned | Total Teacher Requirement | Teachers in Position | Gap in teacher availability |
|-------------------------|-------------------|-------------------------------|---------------------------|----------------------|-----------------------------|
| Primary-normal load | | | | | |
| Primary-high load | | | | | |
| | | | | | |
| High School Normal Load | | | | | |
| High School High Load | | | | | |
| | | | | | |
| Secondary -Normal Load | | | | | |
| Secondary - High Load | | | | | |
| | | | | | |

| Category of school | Number of schools | Number of Teachers sanctioned | Total Teacher Requirement | Teachers in Position | Gap in teacher availability |
|----------------------------------|-------------------|-------------------------------|---------------------------|----------------------|-----------------------------|
| Higher Secondary- Normal Load | | | | | |
| Higher Secondary-High Load | | | | | |
| Vocational and Computer Teachers | | | | | |

Note:(a) To estimate the requirement of teachers, assume (i) 70 percent of the schools in the primary level will be normal student load schools; (ii) 80percent of the high schools will be normal student load school; and (iii) 90 percent of the schools in the secondary and higher secondary levels will be normal student load schools.

(b) There is likely to be a gap of teachers that needs to be filled up over a period of time. It may be assumed that 25 percent of the gap will be filled up by 2013-14 and another 40 percent of the gap will be filled in 2014-15 and the balance 35 percent will be filled up by 2015-16.

Table 18:
Projected Positions of Teachers and Student Teacher Ratio

| Category | Number of Teachers | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-------------------------|-----------------------|---------|---------|---------|---------|---------|
| Primary School | Student | 3501101 | | | | |
| | Teachers | 117382 | | | | |
| | Student Teacher Ratio | 29.83 | | | | |
| High School | Student | 1760024 | | | | |
| | Teachers | 16920 | | | | |
| | Student Teacher Ratio | 104.02 | | | | |
| Secondary School | Student | 734693 | | | | |
| | Teachers | 65361 | | | | |
| | Student Teacher Ratio | 11.24 | | | | |
| Higher Secondary School | Student | 342729 | | | | |
| | Teachers | 30769 | | | | |
| | Student Teacher Ratio | 11.14 | | | | |

Mid-Day Meal

Assume the cost of mid-day meal as ₹ 3.60 per student per day for 230 days in a year. The requirement may be divided into state share and central share for each year by taking the ratio of

1.28:2.32 for primary school. The same may be taken at ₹ 4.00 per student per day at upper primary level with state: center share as 0.98:3.02.

Cost of Text Book and Uniform

Take the increased number of students as projected as the basis for estimation of text books and uniform.

Teachers' Training

Consider training of teachers, which is an important contributor to the overall expenditure of the department.

Step 7: Future Expenditure Projections of Different Components

Based on the outputs from the above computations, project different components of expenditure of the School Education Department in the format given in **Table 19**.

Table 19:
Projection of Different Components of Expenditure on School Education

(₹ In Crore)

| Components of Expenditure | Percent | 2013-14 | 2014-15 | 2015-16 |
|--|----------------|---------|---------|---------|
| Elementary Education | | | | |
| Salary | 49.00% | | | |
| Direction and Administration | 1.25% | | | |
| Text Books | 0.75% | | | |
| Mid-Day Meal | 10.00% | | | |
| Teachers Training | 0.50% | | | |
| Education to All | 5.00% | | | |
| Special Component Plan for SC | 1.00% | | | |
| Tribal Sub Plan | 5.00% | | | |
| Other | 1.00% | | | |
| Total | 73.50% | | | |
| Secondary Education | | | | |
| Salary | 10.00% | | | |
| Direction and Administration | 0.10% | | | |
| Text Books | 0.10% | | | |
| Teachers Training | 0.30% | | | |
| Special Component Plan for SC | 1.00% | | | |
| Tribal Sub Plan | 4.00% | | | |
| Other | 0.20% | | | |
| Total | 15.70% | | | |
| | | | | |
| Adult Education | 0.10% | | | |
| Language Development | 0.10% | | | |
| General Education | 1.00% | | | |
| Sports and Youth | 0.60% | | | |
| Art and Culture | 0.70% | | | |
| Capital Exp. | 8.30% | | | |
| Total | 10.80% | | | |
| | | | | |
| TOTAL: School Education Expenditure | 100.00% | | | |

Source:

Purpose

- 1) To make future projections of different components of expenditure based on the outputs as computed from following the above mentioned steps.

Step 8: Gap Estimation

Ascertain the gap between estimated amount of fund available and the projected expenditure by comparing the availability of fund in **Table 1** and projected expenditure in **Table 19**.

Purpose

- 1) To ascertain the gap between estimated amount of fund available and the projected expenditure.

Step 9: Reconciliation of Expenditure Requirement

Reconcile the projected plan expenditure requirement with the estimated fund available and readjust by using Competing **Table 20**.

Table 20:
Projected Resource and Expenditure Growth

| | (₹In Crore) | | | | |
|-----------------------|-------------|---------|---------|---------|---------|
| Expenditure | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Plan | | | | | |
| Resource Envelope | | | | | |
| Expenditure | | | | | |
| Business as Usual | | | | | |
| Deficit(-)/Surplus(+) | | | | | |
| Modest Growth | | | | | |
| Non-Plan | | | | | |

Explanation:-

In case of deficit, look for getting more plan funds from GoI schemes (newly announced/ existing GoI scheme), or garner additional resources, if available. In case of surplus, utilize the excess funds to take up additional interventions proposed in growth scenario. However, given constraining resource envelope, identify savings in expenditure through either scrutiny of existing spending to identify potential efficiency gains or identify low priority programs where allocation could be reduced.

Purpose

- 1) To reconcile the projected plan expenditure requirement with the estimated fund available and readjust.

Step10: Re-appropriate MTEF Projections, if needed

Purpose

To maintain the expenditure within the resource envelope, i.e. fund availability readjust the projected expenditure and identify off-budget sources of fund such as public-private partnership, non-budgetary closer funding support, etc. and, prepare the MTEF.

Note:

- 1) Use of Excel as currently being applied for tabulation and computation of expenditure, trend analysis, future projections, gap estimation with linkages between each excel sheet.
- 2) Compare the MTEF with Annual Budget to ascertain material variations, if any, and reasons thereof. Readjust the MTEF, if so required.

MTEF Preparation

**Methodology and Steps for
Health & Family Welfare Department**

**Guidelines II: Preparation of Medium Term Expenditure Framework (MTEF) for
Department of Health & Family Welfare (DoH&FW)**

Step 1: Estimate the Fund Availability

Step 1A: Estimate the amount of fund available to the DoH&FW for 2013-14 to 2015-16 filling in **Table 1**.

**Table 1:
Plan Fund Available to DoH&FW**

(₹in Lakhs)

| Fiscal Indicators | 2010-11 | 2011-12 | 2012-13 | Basis for Projection | 2013-14 | 2014-15 | 2015-16 |
|-------------------------------------|---------|---------|---------|--|---------|---------|---------|
| a) State Plan Schemes in DoH&FW | | | | Average share over past three years increased by 10 to 15 percent. | | | |
| b) State's Share in CSS for DoH&FW | | | | Average share over past three years. | | | |
| c) State's Share in EAPs for DoH&FW | | | | Average share over past three years. | | | |
| d) CSS in DoH&FW | | | | Trend over past three years. | | | |
| e) CS in DoH&FW | | | | Trend over past three years. | | | |
| f) Plan Fund for DoH&FW (a+b+c+d+e) | | | | | | | |

Source: Source for past years will be Budget Books; and projections will be on the basis indicated above.

Step 1B: Reproduce the estimated fund available as obtained from **Table 1** under the headings (i) Revenue and (ii) Capital, allocating into Plan, Non-Plan and Central Share; and complete **Table 2**.

Table 2:

**Projection of Plan, Non-Plan and Central Share of Expenditure
on Health & Family Welfare in Chhattisgarh**

(₹in Lakhs)

| Total Projected Resource Envelope for Health & Family Welfare | | | | |
|---|---------|------------|----------|---------------|
| Year | Revenue | Allocation | | |
| | | Plan | Non-Plan | Central Share |
| 2013-14 | | | | |
| 2014-15 | | | | |
| 2015-16 | | | | |
| Allocation | | | | |
| Year | Capital | Allocation | | |
| | | Plan | Non-Plan | Central Share |
| 2013-14 | | | | |
| 2014-15 | | | | |
| 2015-16 | | | | |

Purpose

- 1) Based on the past 3 years, increase the fund availability for state plans by 10-12%; and consider the average share over past 3 years for state's share in Centrally Sponsored Schemes (CSS) and Externally Aided Projects (EAP); and follow the trend of the last 3 years for central contribution for Centrally Sponsored Schemes and Central Schemes.
- 2) Segregate the fund availability under 'Revenue' and 'Capital' categories and 'Plan' and 'Non-Plan' heads.

Step 2: Review the Status of Components of Existing Schemes

Review the status of existing schemes of DoH&FW with reference to the key performance indicators and update/complete the information for 2011-12 in **Tables 3 to 8**.

Table 3:
Number of Health Facilities in Chhattisgarh

| Health Facility | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------|------|------|------|------|------|
| Medical Colleges | 3 | 3 | 3 | | |
| Ayurvedic Colleges - Government | 1 | 1 | 1 | | |
| District Hospital | 14 | 17 | 17 | | |
| Community Health Centers | 137 | 143 | 144 | | |
| Primary Health Centers | 659 | 721 | 715 | | |
| Sub-Centers | 4758 | 4776 | 4776 | | |
| Ayurvedic Hospitals | 6 | 6 | 6 | | |
| Ayurvedic Dispensaries | 634 | 634 | 634 | | |
| Unani Hospitals | 0 | 0 | 0 | | |
| Unani Dispensaries | 6 | 6 | 6 | | |
| Homeopathy Hospitals | 0 | 0 | 0 | | |

Source: Annual Report, DoH&FW

Table 4:
Status of Functioning of Sub- Centers

| Sl. No. | Description | Numbers (2010) | Numbers (2011) | Numbers (2012) |
|---------|---|----------------|----------------|----------------|
| 1. | Total Number of Sub-Centers functioning | 4721 | | |
| 2. | Number of Sub-Centers functioning without ANM | 641 | | |
| 3. | Number of Sub-Centers functioning without Health Worker(M) | 2227 | | |
| 4. | Number of Sub-Centers functioning without Health Worker (M) and | 602 | | |
| 5. | Number of Sub-Centers with ANM quarters | 1329 | | |
| 6. | Number of Sub-Centers with ANM living in SC quarters | 1295 | | |
| 7. | Number of Sub-Centers with ANM living in SC village | 2385 | | |

| Sl. No. | Description | Numbers (2010) | Numbers (2011) | Numbers (2012) |
|---------|--|----------------|----------------|----------------|
| 8. | Number of Sub-Centers without all-weather motor able approach road | 1140 | | |
| 9. | Number of Sub-Centers without regular water supply | 2517 | | |
| 10 | Number of Sub-Centers without electric supply | 2124 | | |

Source: Annual Report of Department of Health & Rural Health Statistics, GOI

Table 5:
Status of Functioning of Primary Health Centers

| Sl. No | Description | Number (2010) | Number (2011) | Number (2012) |
|-----------------------------|--|---------------|---------------|---------------|
| 1. | Total No. of PHC functioning | 721 | | |
| | a. Number of PHC functioning with 4 or more Doctors only | 10 | | |
| | b. Number of PHC functioning with 3 Doctors only | 7 | | |
| | c. Number of PHC functioning with 2 Doctors only | 200 | | |
| | d. Number of PHC functioning with 1 Doctors only | 315 | | |
| | e. Number of PHC functioning without a Doctors | 189 | | |
| Total(a +b +c +d +e) | | 721 | | |
| 2. | Number of PHC functioning with Lady Doctor(s) | 79 | | |
| 3. | Number of PHC functioning without Lab. Technician | 367 | | |
| 4. | Number of PHC functioning without Pharmacist | 166 | | |
| 5. | Number of PHC functioning without Lab. Technician and Pharmacist | 166 | | |
| 6. | Number of PHC functioning without Nurse Midwife/Staff Nurse | 302 | | |
| 7. | Number of PHC functioning without ANM | 203 | | |
| 8. | Number of PHC with Labor Rooms | 321 | | |
| 9. | Number of PHC with O.T. | 80 | | |
| 10. | Number of PHC with O.T. 4-6 beds | 195 | | |
| 11. | (a) Numberof PHC functioning for 24X7 days | 192 | | |
| | (b) Number of PHC with round the clock facility for delivery | 242 | | |
| 12. | Number of PHC without electricity | 214 | | |
| 13. | Number of PHC without regular water supply | 351 | | |
| 14. | Number of PHC with telephone facility | 72 | | |
| 15. | Number of PHC without all Weather motor able approach Road | 115 | | |
| 16. | Number of PHC with computer facility | 41 | | |
| 17. | Number of PHC having the post of | 0 | | |

| Sl. No | Description | Number (2010) | Number (2011) | Number (2012) |
|--------|---|---------------|---------------|---------------|
| | Computer/Statistical Assistant | | | |
| 18. | Number of PHC having Doctor's quarter | 162 | | |
| 19. | Number of Doctors living in PHC quarter | 149 | | |
| 20. | Number of PHC having a vehicle | 20 | | |
| 21. | Number of PHC having a regular supply of generic drugs (both AYUSH and ALLOPATHIC) for common ailments. | 399 | | |

Source: Annual Report of Department of Health, GOC and Rural Health Statistics, GOI

Table 6:
Status of Functioning of CHCs

| Sl. No. | CHC | NUMBERS* | | | |
|---------|--|-----------|-----------------------------|---------|---------------|
| | | Physician | Obstetrician & Gynecologist | Surgeon | Pediatricians |
| 1. | Total Number of CHC functioning | 136 | | | |
| 2. | Number of CHC having Specialist Doctors | 50 | 35 | 33 | 33 |
| 3. | Number of CHC with functional Laboratory | 123 | | | |
| 4. | Number of CHC with functional O.T. | 123 | | | |
| 5. | Number of CHC with functional Labour Rooms | 130 | | | |
| 6. | Number of CHC with 30 beds | 56 | | | |
| 7. | Number of CHC with functional X-Ray machine | 110 | | | |
| 8. | Number of CHC having quarters for Specialist Doctors | 48 | | | |
| 9. | Number of CHC with Specialist Doctors living in quarters | 35 | | | |
| 10. | Number of CHC having regular supply of generic drug (Both AYUSH and ALLOPATHIC) for common ailments. | 136 | | | |
| 11. | Number of CHC presently operating in PHC building | 80 | | | |

Source: Annual Report of Department of Health GOC and Rural Health Statistics, GOI;

*Fill in for 2011 and 2012. Figures for 2010 are provided.

Table 7:
Status of functioning of First Referral Units (FRUs)

| Sl. No | FIRST REFERRAL UNITS | NUMBERS* | | |
|------------------------------|---|--|-----------|-------------|
| 1. | Number of First Referral Units | (96 CHC+16 District Hospital) Total 112 | | |
| | a) at PHC level | 0 | | |
| | b) at CHC level | 96 | | |
| | c) at Sub District Level | 0 | | |
| | d) at District level | 16 | | |
| Total of (a, b, c, d) | | 112 | | |
| 2. | Number of FRU with more than 30 beds | 56 | | |
| 3. | Number of FRU with round the clock delivery services including normal & assisted deliveries | 96 | | |
| 4. | Number of FRU with Emergency obstetric services including surgical interventions | 30 | | |
| 5. | Number of FRU with Specialist Doctors | Gynecology | Pediatric | Anesthetist |
| | | 14 | 14 | 15 |
| 6. | Number of FRU with functional O.T. | 58 | | |
| 7. | Number of FRU with functional Labour Rooms | 65 | | |
| 8. | Number of FRU with functional X-Ray machine | 61 | | |
| 9. | Number of FRU with functional Lab. | 70 | | |
| 10. | Number of FRU with Blood Storage/Linkage facility | 2 | | |
| 11. | Number of FRU having referral transport service | 56 | | |
| 12. | Number of FRU with backup Generator/electric supply | 44 | | |
| 13. | Number of FRU without residential quarters for essential staff | 55 | | |

Source: Annual Report, Department of Health, GOC;
*Fill in for 2011 and 2012. Figures for 2010 are provided.

Table 8:
Key Health Indicators

| Indicators | India | | | | Chhattisgarh | | | | | | |
|---------------------------|-------|------|------|------|--------------|------|------|------|------|------|------|
| | 2000 | 2005 | 2008 | 2009 | 2000 | 2005 | 2008 | 2009 | 2010 | 2011 | 2012 |
| IMR Total | 68 | 58 | 55 | 53 | 79 | 63 | 59 | 57 | | | |
| IMR Rural | 74 | 64 | 61 | 58 | 95 | 65 | 61 | 59 | | | |
| IMR Urban | 44 | 40 | 37 | 36 | 49 | 52 | 49 | 48 | | | |
| Birth Rate Total | 25.8 | 23.8 | 23.1 | 22.8 | 26.7 | 27.2 | 26.5 | 26.1 | | | |
| Birth Rate Rural | 27.6 | 25.6 | 24.7 | 24.4 | 29.2 | 29 | 28 | 27.6 | | | |
| Birth Rate Urban | 20.7 | 19.1 | 18.6 | 18.5 | 22.8 | 20 | 19.9 | 19.3 | | | |
| Death Rate Total | 8.5 | 7.6 | 7.4 | 7.4 | 9.6 | 8.1 | 8.5 | 8.5 | | | |
| Death Rate Rural | 9.3 | 8.1 | 8 | 8 | 11.2 | 8.4 | 8.5 | 8.5 | | | |
| Death Rate Urban | 6.3 | 6 | 6 | 5.9 | 7.1 | 6.9 | 6.5 | 6.4 | | | |
| Natural Growth Rate-Total | 17.3 | 16.3 | 15.7 | 15.4 | 17.1 | 19.1 | 18.4 | 18 | | | |
| Natural Growth Rate-Rural | 18.3 | 17.5 | 16.8 | 16.5 | 18.1 | 20.6 | 19.5 | 19.2 | | | |
| Natural Growth Rate-Urban | 14.4 | 13.1 | 12.7 | 12.6 | 15.7 | 13.1 | 13.1 | 12.9 | | | |

Source: NRHM, PIP 2010-11, Chhattisgarh

Purpose

- 1) To match the priority objectives of the government with the progress till the previous fiscal year of the different components of the priority schemes;
- 2) To assess the reasons for variation in the progress of work relating to the different components of the priority schemes;
- 3) To strengthen or rearrange the work of the different components of the priority schemes in accordance with current situation and change, if any, in government priorities.

Step 3: Analyse the Past Expenditure

Analyze the past expenditure of the department across all demand numbers under the heads (i) Major Demand Numbers, (ii) Plan/Non-Plan Expenditures, (iii) Revenue and Capital Expenditure, (iv) Object Level Expenditure with reference to the budget books and the accounts of the department; and complete **Tables 9 to 15**.

Table 9:

Allocation of Revenue Expenditure on Health and Family Welfare by Percentage

| Year | Plan | Non-Plan | Total |
|-------------|-------------|-----------------|--------------|
| 2001-02 | 45% | 55% | 100% |
| 2002-03 | 44% | 56% | 100% |
| 2003-04 | 45% | 55% | 100% |
| 2004-05 | 43% | 57% | 100% |
| 2005-06 | 35% | 65% | 100% |
| 2006-07 | 47% | 53% | 100% |
| 2007-08 | 53% | 47% | 100% |
| 2008-09 | 55% | 45% | 100% |
| 2009-10 | 57% | 43% | 100% |
| 2010-11 | 57% | 43% | 100% |
| 2011-12 | | | |
| 2012-13 | | | |

Source: Accounts of various years of the Department of Health & Family Welfare.

Table 10:
Allocation of Capital Expenditure on Health and Family Welfare by Percentage

| Year | Plan | Non-Plan | Total |
|---------|------|----------|-------|
| 2001-02 | 100% | 0% | 100% |
| 2002-03 | 100% | 0% | 100% |
| 2003-04 | 98% | 2% | 100% |
| 2004-05 | 100% | 0% | 100% |
| 2005-06 | 100% | 0% | 100% |
| 2006-07 | 100% | 0% | 100% |
| 2007-08 | 100% | 0% | 100% |
| 2008-09 | 100% | 0% | 100% |
| 2009-10 | 100% | 0% | 100% |
| 2010-11 | 100% | 0% | 100% |
| 2011-12 | | | |
| 2012-13 | | | |

Source: Accounts of various years of the Department of Health & Family Welfare.

Table 11:
Relative Shares of the Three Main Streams

| Year | Allopathic | Ayush | Medical Education | (₹in Lakhs) |
|---------|------------|-------|-------------------|-------------|
| | | | | Total |
| 2001-02 | 20199 | 1952 | 905 | 23,056 |
| 2002-03 | 20458 | 1855 | 2297 | 24,610 |
| 2003-04 | 21637 | 2247 | 1909 | 25,793 |
| 2004-05 | 21805 | 2141 | 2613 | 26,559 |
| 2005-06 | 24120 | 3814 | 1370 | 29,304 |
| 2006-07 | 29187 | 2713 | 2298 | 34,199 |
| 2007-08 | 34247 | 2716 | 2515 | 39,478 |
| 2008-09 | 43178 | 3360 | 4257 | 50,795 |
| 2009-10 | 57436 | 5272 | 6659 | 69,367 |
| 2010-11 | 57913 | 8830 | 8148 | 74,891 |
| 2011-12 | | | | |
| 2012-13 | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh

Table 12:
Percentage Composition of the Different Main Streams

| Year | Allopathic | Ayush | Medical Education | Total |
|-------------|-------------------|--------------|--------------------------|--------------|
| 2001-02 | 87.6 | 8.5 | 3.9 | 100 |
| 2002-03 | 83.1 | 7.5 | 9.4 | 100 |
| 2003-04 | 84.0 | 8.6 | 7.4 | 100 |
| 2004-05 | 82.0 | 8.1 | 9.9 | 100 |
| 2005-06 | 82.3 | 13.0 | 4.7 | 100 |
| 2006-07 | 85.3 | 7.9 | 6.8 | 100 |
| 2007-08 | 86.7 | 6.9 | 6.4 | 100 |
| 2008-09 | 85.0 | 6.6 | 8.4 | 100 |
| 2009-10 | 82.8 | 7.6 | 9.6 | 100 |
| 2010-11 | 77.3 | 11.8 | 10.9 | 100 |
| 2011-12 | | | | |
| 2012-13 | | | | |

Source: To be derived from the figures given in Table 11

Table 13:
Allocation to AYUSH-Revenue/ in both Plan (P) and Non-Plan (NP) and Center Share (C)

(₹in Lakhs)

| Year | Salaries and Wages | | | Others | | |
|---------|--------------------|------|---|--------|------|------|
| | P | NP | C | P | NP | C |
| 2001-02 | 20 | 1641 | 0 | 116 | 176 | 0 |
| 2002-03 | 2 | 1634 | 0 | 51 | 168 | 0 |
| 2003-04 | 0 | 1762 | 0 | 142 | 343 | 0 |
| 2004-05 | 0 | 1751 | 0 | 33 | 343 | 14 |
| 2005-06 | 0 | 1888 | 0 | 175 | 383 | 1368 |
| 2006-07 | 5 | 1876 | 0 | 221 | 472 | 140 |
| 2007-08 | 7 | 2001 | 0 | 19 | 666 | 24 |
| 2008-09 | 17 | 2427 | 0 | 85 | 477 | 55 |
| 2009-10 | 273 | 4104 | 0 | 604 | 4363 | 21 |
| 2010-11 | 1939 | 6116 | 0 | 650 | 1668 | 0 |
| 2011-12 | | | | | | |
| 2012-13 | | | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh

Table 14:
Expenditure on Medical Education

(Rs.in Lakhs)

| Year | Salaries and Wages | Others | Total |
|---------|--------------------|------------|-------|
| 2001-02 | 499 (55%) | 407 (45%) | 906 |
| 2002-03 | 509 (22%) | 1788 (78%) | 2297 |
| 2003-04 | 476 (25%) | 1433 (75%) | 1909 |
| 2004-05 | 479 (18%) | 2134 (82%) | 2613 |
| 2005-06 | 774 (56%) | 596 (44%) | 1370 |
| 2006-07 | 936 (41%) | 1362 (59%) | 2298 |
| 2007-08 | 1257 (50%) | 1258 (50%) | 2515 |
| 2008-09 | 2184 (51%) | 2073 (49%) | 4257 |
| 2009-10 | 4326 (54%) | 3714 (46%) | 8040 |
| 2010-11 | 5223 (55%) | 4346 (45%) | 9569 |
| 2011-12 | | | |
| 2012-13 | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare Department, Government of Chhattisgarh

Table 15:
Capital Outlay in Medical Education

(₹in Lakhs)

| Year | Plan | Non-Plan | Total |
|-------------|-------------|-----------------|--------------|
| 2001-02 | 27 | 0 | 27 |
| 2002-03 | 141 | 0 | 141 |
| 2003-04 | 566 | 55 | 621 |
| 2004-05 | 764 | 0 | 764 |
| 2005-06 | 1119 | 0 | 1119 |
| 2006-07 | 3173 | 0 | 3173 |
| 2007-08 | 2927 | 0 | 2927 |
| 2008-09 | 2747 | 0 | 2747 |
| 2009-10 | 3622 | 0 | 3622 |
| 2010-11 | 8021 | 0 | 8021 |
| 2011-12 | | | |
| 2012-13 | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh

Purpose

- 1) To make a trend analysis of the past expenditure for getting an indication of the capacity to spend.

Step 4: Determine the Growth and Share of Overall expenditure of State Government

Based on the trends of the past expenditure on Health & Family Welfare Sector, examine the growth and the share in the overall expenditure of the State Government with respect to Gross State Domestic Product (GSDP), and complete **Tables 16 to 21**.

Table 16:
Health Expenditure in the State of Chhattisgarh

(₹in Lakhs)

| Year | Expenditure on Health | Total Government Expenditure | GSDP | Health Expenditure as % of Total Expenditure | Health Expenditure as % of GSDP |
|---------|-----------------------|------------------------------|----------|--|---------------------------------|
| 2001-02 | 23056 | 542062 | 2953935 | 4.25 | 0.78 |
| 2002-03 | 24010 | 634979 | 3249265 | 3.78 | 0.73 |
| 2003-04 | 25793 | 761591 | 3380209 | 3.38 | 0.76 |
| 2004-05 | 26560 | 838263 | 4358904 | 3.16 | 0.61 |
| 2005-06 | 29312 | 895405 | 5099654 | 3.27 | 0.57 |
| 2006-07 | 34199 | 1100054 | 6470628 | 3.11 | 0.52 |
| 2007-08 | 39479 | 1397055 | 7941350 | 2.83 | 0.49 |
| 2008-09 | 50791 | 1967402 | 9620419 | 2.58 | 0.52 |
| 2009-10 | 69367 | 2091044 | 10784823 | 3.32 | 0.64 |
| 2010-11 | 74891 | 2287616 | 11756700 | 3.27 | 0.64 |
| 2011-12 | 110358 | 2795722 | 13553600 | 3.95 | 0.81 |

Source: Budget Documents of various years, Planning Commission for GSDP Data

Table 17:
Year on Year Growth in Health Spending

(₹in Lakhs)

| Year | Health Expenditure | Year on Year Growth |
|---------|--------------------|---------------------|
| 2001-02 | 23056 | - |
| 2002-03 | 24010 | 4.1 |
| 2003-04 | 25793 | 7.4 |
| 2004-05 | 26560 | 2.9 |
| 2005-06 | 29312 | 10.3 |
| 2006-07 | 34199 | 16.6 |
| 2007-08 | 39479 | 15.4 |
| 2008-09 | 50795 | 28.7 |
| 2009-10 | 69367 | 36.6 |
| 2010-11 | 74891 | 8.0 |
| 2011-12 | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Table 18:
Trends in Government Expenditure on Health

(₹in Lakhs)

| Year | Revenue Expenditure | Capital Expenditure | Non-budgetary Allocation | Total Expenditure on Health |
|---------|---------------------|---------------------|--------------------------|-----------------------------|
| 2001-02 | 23056 | 1241 | - | 24297 |
| 2002-03 | 24010 | 1962 | 914 | 27486 |
| 2003-04 | 25793 | 3371 | 2364 | 31529 |
| 2004-05 | 26560 | 3862 | 1605 | 32026 |
| 2005-06 | 29312 | 3848 | 7036 | 40197 |
| 2006-07 | 34199 | 7562 | 12422 | 54183 |
| 2007-08 | 39479 | 8281 | 9140 | 56900 |
| 2008-09 | 50791 | 11394 | 6368 | 68557 |
| 2009-10 | 69367 | 12437 | 10088 | 91892 |
| 2010-11 | 74891 | 20271 | 11897 | 107059 |
| 2011-12 | | | | |
| 2012-13 | | | | |

Source: Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Table 19:
Revenue and Capital Allocation in State Health Budget

(₹in Lakhs)

| Year | Revenue Expenditure | Capital Expenditure | Total | Revenue Expenditure as % of overall budget | Capital Expenditure as % of overall budget |
|---------|---------------------|---------------------|-------|--|--|
| 2001-02 | 16863 | 1240 | 18103 | 93.1 | 6.9 |
| 2002-03 | 21251 | 1961 | 23212 | 91.5 | 8.5 |
| 2003-04 | 22366 | 3371 | 25737 | 86.9 | 13.1 |
| 2004-05 | 20980 | 3861 | 24841 | 84.5 | 15.5 |
| 2005-06 | 22461 | 3848 | 26309 | 85.4 | 14.6 |
| 2006-07 | 26151 | 7562 | 33713 | 77.6 | 22.4 |
| 2007-08 | 31038 | 8281 | 39319 | 78.9 | 21.1 |
| 2008-09 | 39778 | 11894 | 51672 | 77.7 | 22.3 |
| 2009-10 | 73854 | 12436 | 86290 | 85.6 | 14.4 |
| 2010-11 | 77926 | 10069 | 87995 | 88.5 | 11.5 |
| 2011-12 | | | | | |
| 2012-13 | | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Table 20:
Composition of Revenue Expenditure

(₹in Lakhs)

| Year | Salaries and Wages | Medicines, Supplies & Equipment | Grants in Aid | Office, Travel, Rent and Other Expenditures | Total Expenditure on Health |
|---------|--------------------|---------------------------------|---------------|---|-----------------------------|
| 2001-02 | 17,138 | 3,341 | 306 | 2,271 | 23,056 |
| 2002-03 | 17,140 | 3,407 | 1,612 | 2,451 | 24,610 |
| 2003-04 | 18,576 | 2,591 | 1,412 | 3,215 | 25,794 |
| 2004-05 | 18,589 | 3,247 | 1,299 | 3,426 | 26,561 |
| 2005-06 | 19,846 | 6,386 | 473 | 2,607 | 29,312 |
| 2006-07 | 22,355 | 7,382 | 991 | 3,471 | 34,199 |
| 2007-08 | 25,525 | 7,072 | 3,283 | 3,599 | 39,479 |
| 2008-09 | 32,306 | 7,402 | 6,827 | 4,260 | 50,795 |
| 2009-10 | 53491 | 13675 | 13217 | 3390 | 83773 |
| 2010-11 | 58042 | 12039 | 11208 | 6706 | 87995 |
| 2011-12 | | | | | |
| 2012-13 | | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Table 21:
Percentage Composition of Different Categories of Revenue Expenditure

| Year | Salaries and Wages | Medicines, Supplies & Equipment | Grants in Aid | Office, Travel, Rent and Other Expenditures | Total Expenditure on Health |
|-------------|---------------------------|--|----------------------|--|------------------------------------|
| 2001-02 | 74.3 | 14.5 | 1.3 | 9.9 | 100 |
| 2002-03 | 69.6 | 13.8 | 6.6 | 10 | 100 |
| 2003-04 | 72.0 | 10.0 | 15.5 | 12.5 | 100 |
| 2004-05 | 70.0 | 12.2 | 4.9 | 12.9 | 100 |
| 2005-06 | 67.7 | 21.7 | 1.6 | 9.0 | 100 |
| 2006-07 | 65.4 | 21.6 | 2.9 | 10.1 | 100 |
| 2007-08 | 64.7 | 17.9 | 8.3 | 9.1 | 100 |
| 2008-09 | 63.6 | 14.5 | 13.4 | 8.5 | 100 |
| 2009-10 | 63.9 | 16.3 | 15.7 | 4.1 | 100 |
| 2010-11 | 66.0 | 13.7 | 12.7 | 7.6 | 100 |
| 2011-12 | | | | | |
| 2012-13 | | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Purpose

- 1) To ascertain year on year growth in the department's expenditure as percentage of total government expenditure and Gross State Domestic Product (GSDP).

Step 5: Make Future Expenditure Projections

Make projections of the expenditure of the department for the years 2012-13 to 2015-16 especially focusing on the main streams and collect the required data to fill in Table 22, separately for Allopathic System, Ayush, Medical Education and Other Health Expenditure.

Table 22:
Allocation under Different Heads

(₹in Lakhs)

| Year | Salaries and Wages | Medicines, Equipment and Supplies | Grants-in Aid | Other Expenditure | Total |
|---------|--------------------|-----------------------------------|---------------|-------------------|-------|
| 2011-12 | | | | | |
| 2012-13 | | | | | |
| 2013-14 | | | | | |
| 2014-15 | | | | | |
| 2015-16 | | | | | |

Source: Finance Accounts and Budget Documents of Department of Health & Family Welfare, Government of Chhattisgarh.

Purpose

- 1) To make future estimation of expenditure based on the reasons for variations in the progress of different components of the priority schemes, enhancement measures for improvement, and adjustment or rearrangement necessary thereto considering spending capacity and change in priorities, if any.

National Rural Health Mission (NRHM)

Step 6: Future Expenditure Projections

Update **Table 23**, and make projections for NRHM for the years 2012-13 to 2015-16 in **Table 24**.

Table 23:
Expenditure details under NRHM

(₹in Lakhs)

| Year | Opening Balance | Fund Received | | Total Funds | Expenditure | Closing Balance | % Utilization |
|---------|-----------------|---------------|---------|-------------|-------------|-----------------|---------------|
| | | Share | Central | | | | |
| 2005-06 | 17.96 | | 81.90 | 81.90 | 63.06 | 36.80 | 77.00 |
| 2006-07 | 36.80 | | 118.93 | 118.93 | 114.48 | 41.25 | 96.26 |
| 2007-08 | 46.41 | 17.13 | 106.38 | 123.51 | 99.96 | 69.96 | 58.82 |
| 2008-09 | 69.96 | 28.84 | 133.22 | 162.06 | 77.45 | 154.57 | 32.31 |
| 2009-10 | 154.57 | 18.32 | 103.86 | 122.18 | 128.24* | 148.51 | 46.46* |
| 2010-11 | | | | | | | |
| 2011-12 | | | | | | | |
| 2012-13 | | | | | | | |
| 2013-14 | | | | | | | |
| 2014-15 | | | | | | | |
| 2015-16 | | | | | | | |

Source: NRHM, PIP, Chhattisgarh

Table 24:
Expenses Detail of National Rural Health Mission Chhattisgarh FY 2008-2013

(₹in Lakhs)

| Particulars | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Exp. Det.* | Exp. Det.* | Exp. Det.* | Exp. Det.* | Exp. Det.* | Exp. Det.* | Exp. Det.* |
| RCH Flexi pool | 5795.56 | 11227.01 | 23221 | | | | |
| Pulse Polio(PPI) | 445.31 | 579.91 | 1160 | | | | |
| RNTCP | 384.54 | 815.46 | 1376 | | | | |
| NVBDCP * | 300.58 | 1465.66 | 5994 | | | | |
| NIDDCP | 0.00 | 0.00 | 24 | | | | |
| NPCB | 335.15 | 483.00 | 949 | | | | |
| IDSP * | 117.25 | 178.13 | 353 | | | | |
| NLEP | 102.58 | 175.55 | 406 | | | | |
| Other (RCH) | 5343.79 | 12818.88 | 48216 | | | | |
| Total | 12824.76 | 27743.6 | 81699 | | | | |

Source: NRHM, PIP 2010-11, Chhattisgarh,
*Exp. Det.: Expense Details

Purpose

- 1) To make future projections of different components of expenditure based on the outputs as computed from following the above mentioned steps, in the formats given in **Table 25** for the Department of Health and Family Welfare.

Step 7: Future Expenditure Projections of Different Components

Based on the outputs from the above computations, project different components of expenditure of the Health and Family Welfare Department in the format given in **Table 25**

Table 25:

Projection of Different Components of Expenditure on Health and Family Welfare Department
(₹in Lakhs)

| S. No. | Components of Expenditure | Percent (%) | 2013-14 | 2014-15 | 2015-16 |
|--------------|------------------------------------|-------------|---------|---------|---------|
| 1. | Allopathic | | | | |
| 2. | Ayush | | | | |
| 3. | Medical Education | | | | |
| 4. | Medical Supplies & Equipment | | | | |
| 5. | Others - Office Travel, Rent, etc. | | | | |
| 6. | NRHM | | | | |
| Total | | 100% | | | |

Step 8: Gap Estimation

Ascertain the gap between estimated amount of fund available and the projected expenditure by comparing the availability of fund in **Table 1** and projected expenditure in **Table 25**.

Purpose

- 1) To ascertain the gap between estimated amount of fund available and the projected expenditure.

Step 9: Reconciliation of Expenditure Requirement

Reconcile the projected plan expenditure requirement with the estimated fund available and readjust by completing **Table 26**.

Table 26:
Projected Resource and Expenditure Growth

| | (₹in Lakhs) | | | | |
|-----------------------|-------------|---------|---------|---------|---------|
| Expenditure | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
| Plan | | | | | |
| Resource Envelope | | | | | |
| Expenditure | | | | | |
| Business as Usual | | | | | |
| Deficit(-)/Surplus(+) | | | | | |
| Modest Growth | | | | | |
| Non-Plan | | | | | |

Explanation:-

In case of deficit, look for getting more plan funds from GoI schemes (newly announced/ existing GoI scheme), or garner additional resources, if available. In case of surplus, utilize the excess funds to take up additional interventions proposed in growth scenario. However, given constraining resource envelope, identify savings in expenditure through either scrutiny of existing spending to identify potential efficiency gains or identify low priority programs where allocation could be reduced.

Purpose

- 1) To reconcile the projected plan expenditure requirement with the estimated fund available and readjust.

Step10:Re-appropriateMTEFProjections, ifneeded

Purpose

To maintain the expenditure within the resource envelope, i.e. fund availability readjust the projected expenditure and identify off-budget sources of fund such as public-private partnership, non-budgetary closer funding support, etc. and, prepare the MTEF.

Note:

- 1) Use of Excel as currently being applied for tabulation and computation of expenditure, trend analysis, future projections, gap estimation with linkages between each excel sheet.
- 2) Compare the MTEF with Annual Budget to ascertain material variations, if any, and reasons thereof. Readjust the MTEF, if so required.

Glossary of Terms

Glossary of Terms

| Word | Definition |
|----------------------------|---|
| Annual Budget | An annual budget comprises a statement of the government's proposed expenditures, revenues, borrowing and other financial transactions in the following year. The budget is prepared on cash basis and is submitted to the legislature, which authorizes expenditure by approving either a budget act or an appropriation act that is consistent with the budget proposals. |
| Bottom-up budgeting | A process of developing budget in which lower-level and middle managers specify their budgetary needs and top management attempts to accommodate them to extent possible. |
| Budgeting | The process of stating in quantitative terms, i.e. rupees, planned organizational activities for a given period of time. It can also be described that the process of investigating what is being done and comparing the results with the corresponding budget data to verify accomplishments or remedy differences. Also called budgetary controlling. |
| Budget Process | Budget process is the vehicle by which the government sets its overall budget plans and within which decisions are made on the allocation of funds. |
| Capital Expenditure | <p>Capital expenditure incurred for the acquisition of land and other physical assets, intangible assets, and non-financial assets, of more than a minimum value, with an expected lifetime of more than one year. Capital expenditures are often recorded in a separate section (or capital account) of the budget, or into an entirely separate budget for capital expenditures. All expenditures that are not capital are "revenue".</p> <p>For example, capital expenditure on education includes -</p> <p>Expenditure for assets that last longer than one year. It includes expenditure for construction, renovation and major repairs of buildings and the purchase of vehicles.</p> |
| Chart of Accounts | The chart of accounts is the classification of transactions and events (payments, revenues, losses, etc.) according to their economic, legal, or accounting nature. It defines the organization of the ledgers kept by government accountants. |
| Controlling Officer | The authority or the head of a department or other officer, who submits estimates to government and is responsible for control of receipts and expenditure. |
| Database | A set of data organized efficiently in a central location so that it can serve a number of information system applications. |
| Deficit | A budget deficit occurs when a government spends more money than it takes in. The opposite is a budget surplus. |

| | |
|---|---|
| Estimate(s) | <p>An estimate is the particular value yielded by an estimator in a given set of circumstances. The expression is widely used to denote the rule by which such particular values are calculated.</p> <p>In practical context, estimates are forecasts of what revenue will be raised and expenditure incurred during the coming fiscal year.</p> |
| Estimating Officer | <p>The officer who is primarily responsible for preparing the estimate of receipt and expenditure.</p> |
| Financial Management | <p>The legal and administrative systems and procedures put in place to permit government departments and agencies to conduct their activities so as to ensure correct usage of public funds that meets defined standards of probity, regularity, efficiency and effectiveness. Financial management includes the raising of revenue; the management and control of public expenditure; financial accounting and reporting; cash management; and, in some cases, asset management</p> |
| Fiscal Policy | <p>Fiscal policy is related to government spending policies that influence macroeconomic conditions. These policies affect tax rates, interest rates, and government spending, in an effort to control the economy.</p> |
| Government Expenditure Classification | <p>Economic classification: Classification of expenditure by the nature of the transaction, that is required or unrequired, for revenue or capital purposes, kind of goods or services obtained, and sector or sub sector receiving transfers. It is generally undertaken as a measure of the nature and economic effect of government operations.</p> <p>Functional classification: Classification of expenditure by the purpose of which transactions are undertaken. It is generally used to measure the allocation of resources by government to the promotion of various activities and objectives in the state.</p> |
| Gross State Domestic Product | <p>Total market value of domestic goods and services produced in a state within a financial year.</p> |
| Legislature | <p>Elected representatives who have responsibility for passing legislation, including the appropriation act, which gives the executive authority to make expenditure according to the budget.</p> |
| Macroeconomic Framework | <p>Macroeconomic framework refers to macroeconomic assumptions underpinning the budget. It is prepared in the strategic planning phase and provides a forecast of the overall resource envelope for the upcoming budget.</p> |
| Medium-Term Expenditure Framework (MTEF) | <p>A MTEF develops the approach further by adding elements of activity and output based budgeting. This method seeks to improve the value for money of public spending, in addition to reinforcing fiscal discipline and strategic prioritization. A MTEF can also be defined as a whole-of-government strategic</p> |

policy and expenditure framework within which line departments are provided with greater responsibility for resource allocation decisions and resource use. The key to a successful MTEF is that institutional mechanisms assist and require relevant decision-makers to balance what is affordable in aggregate against the policy priorities of the state. The MTEF consists of a top-down resource envelope, a bottom-up estimation of the current and medium term costs of existing policy and, ultimately, the matching of these costs with available resources.

| | |
|---|--|
| Non-Plan Expenditure | A combination of expenses for routine normal activities and consists of capital expenditure, revenue expenditure on establishment, administration, interest payments, etc. |
| Off-Budgetary Funds/Accounts (OBF/A) | The term generally refers to government activities that are not included in the annual budget presentation. Moreover, OBF/A may be subject to different systems of cash management, control and reporting than the budget itself. A wide variety of extra-budgetary arrangements are used, including funds (such as social security funds) set up under separate legislation, commodity funds that use proceeds of commodity aid, and earmarking certain revenues for specific purposes. |
| Output Budgeting | Process linking budgetary appropriations to specific outputs, more or less detailed, depending on administrative capacity and the sector in question. |
| Own Revenues | Aggregate of own tax revenues and own non-tax revenues of the State as reported in its Finance and Accounts, duly audited by the Accountant General. |
| Planning | Planning is the process of creating and refining a plan, or integrating it with other plans. |
| Plan Expenditure | Fund provided for execution of government plans, and consists of both capital and revenue expenditure. |
| Public Debt | Public debt is the external obligations of the government and public sector agencies. |
| Public Expenditure Management | Public expenditure management: the way in which public money is allocated to alternative uses and in which these decisions are implemented. It is broader than the traditional budget process through its focus on the link between expenditure and policy and its recognition of the importance of a broad range of institutional and management arrangements. |
| Public Finance (government finance) | Public finance (government finance) is the field of economics that deals with budgeting the revenues and expenditures of a public sector entity, usually government. Governments, like any other legal entity, can take out loans, issue bonds and invest. Based on the taxing authority of the entity, they issue bonds such as tax increment bonds or revenue bonds. |

| | |
|-----------------------------------|---|
| Public Policy | Public policy is a course of action chosen by public authorities to address a problem. Public policy is expressed in the body of laws, regulations, decisions and actions of government. Policy analysis may be used to formulate public policy and to evaluate its effectiveness. |
| Public Sector | The public sector comprises the general government sector plus all public corporations including the central bank. |
| Public-Private Partnership | Public-private partnership (PPP) is a system in which a government service or private business venture is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP or P3. In some types of PPP, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. In other types (notably the Private Finance Initiative), capital investment is made by the private sector on the strength of a contract with government to provide agreed services. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). |
| Resource Allocation | <p>A resource allocation decision is a plan for using available resources, for example human resources, especially in the near term, to achieve goals for the future. It is the process of allocating resources among the various projects or business units.</p> <p>The plan has two parts: Firstly, there is the basic allocation decision and secondly there are contingency mechanisms. The basic allocation decision is the choice of which items to fund in the plan, and what level of funding it should receive, and which to leave unfunded: the resources are allocated to some items, not to others.</p> |
| Revenues | Revenues (or total revenue) refer to the value of output or income. |
| Revenue Expenditure | <p>Revenue expenditure is expenditure other than for capital transfers or the acquisition of land or intangible assets, or durable goods of greater value than a minimum amount and to be used in the process of production for more than a period of one year.</p> <p>For example, revenue expenditure on education includes -</p> <p>Expenditure for goods and services consumed within the current year and which would be renewed if needed in the following year. It includes expenditure on: staff salaries, pensions and benefits; contracted or purchased services; other resources including books and teaching materials; welfare service; and other current expenditure such as subsidies to students and households, furniture and minor equipment, minor repairs, fuel, telecommunications, travel, insurance and rents.</p> |
| Spending Unit | Any government entity that is responsible for its own budgetary operations. In |

many instances, these units are denominated in terms of several hierarchical levels (first level spending unit, second level spending unit, etc.) with the first level corresponding to a department or other organization headed by a person of ministerial rank. In addition to departments, such units may include subordinated and autonomous agencies or administrative units within entities that (exceptionally) deal directly with the department of finance on budget matters.

**Supplementary
Appropriation**

Supplementary appropriation is a legislation passed during the budget year to provide for expenditure additional to the original budget.

Top-down Budgeting

A process of developing budgets in which top management outlines the overall figures and middle and lower-level managers plan accordingly.

Transparency

Transparency refers to an environment in which the objectives of policy, its legal, institutional, and economic framework, policy decisions and their rationale, data and information related to monetary and financial policies, and the terms of agencies' accountability, are provided to the public in a comprehensible, accessible, and timely manner.

Transparency is one of the characteristics of a robust public expenditure management (PEM) system. A transparent PEM system provides an understandable guide as to how resources are planned to be used and what results are expected to be achieved.

Treasury

A treasury is any place where currency or items of high monetary value are kept.