

**Finance Act, 2012, (Central)**

**Section 147 - Amendment of Section 3**

In section 3 of the Fiscal Responsibility Act,

(a) in sub-section (1),

(i) in the opening portion, for the words "demands for grants", the words "demands for grants except the Medium-term Expenditure Framework Statement" shall be substituted;

(ii) after clause (c), the following clause shall be inserted, namely:

"(d) the Medium-term Expenditure Framework Statement";

(b) after sub-section (7), the following sub-sections shall be inserted, namely:

"(1A) The statements referred to in clauses (a) to (c) of sub-section (1) shall be followed up with the Medium-term Expenditure Framework Statement with detailed analysis of underlying assumptions.

(1B) The Central Government shall lay the Medium-term Expenditure Framework Statement referred to in clause (d) of sub-section (1) before both Houses of Parliament, immediately following the Session of Parliament in which the policy statements referred to in clauses (a) to (c) were laid under sub-section (7).";

(c) after sub-section (6), the following sub-section shall be inserted, namely:

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

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

(i) the expenditure commitment of major policy changes involving new service, new instruments of service, new schemes and programmes;

(ii) the explicit contingent liabilities, which are in the form of stipulated annuity payments over a multi-year time-frame;

(iii) the detailed breakup of grants for creation of capital assets.";

(d) in sub-section (7), for the words "the Fiscal Policy Strategy Statement," the words "the Fiscal Policy Strategy Statement, the Medium-term Expenditure Framework Statement" shall be substituted.