

The Assam Fiscal Responsibility and Budget Management (Amendment) Bill, 2021

A

BILL

further to amend the Assam Fiscal Responsibility and Budget Management Act, 2005.

Preamble

Whereas it is expedient further to amend the Assam Fiscal Responsibility and Budget Management Act, 2005, hereinafter referred to as the principal Act, in the manner hereinafter appearing;

Assam Act
No. XXVII
of 2005.


It is hereby enacted in the Seventy-second year of the Republic of India as follows:-

Short title,
extent and
commencement

1. (1) This Act may be called the Assam Fiscal Responsibility and Budget Management (Amendment) Act, 2021.
- (2) It shall have the like extent as the principal Act.
- (3) It shall come into force at once.

Amendment of
section 4

2. In the principal Act, in section 4, in sub-section (3), in clause (v), in the Explanation, after paragraph (e), the following paragraphs (f) and (g) shall be inserted, namely :-
“(f) During 2021-22, the State shall be allowed normal Net Borrowing Ceiling (NBC) of 4 percent of projected Gross State Domestic Product (GSDP) for the year 2021-22. In the beginning of the FY: 2021-22, the State shall be allowed borrowing permission based on 3.50 percent of Gross State Domestic Product (GSDP). The remaining borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) is earmarked for incremental Capital Expenditure by the State and shall be allowed on the basis of Capital Expenditure incurred by the State during the year 2021-22”.
- “(g) Additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) over and above aforesaid ceiling of 4 percent of Gross State Domestic Product (GSDP) shall also be allowed to the State based on power sector performance based on guidelines issued by Department of Expenditure, Ministry of Finance, Government of India.”


SETTLED BY THE
LEGISLATIVE DEPARTMENT
ON 24.6.2021

STATEMENT OF OBJECTS AND REASONS

In view of unprecedented COVID-19 pandemic situation and to strengthen resources of the State to fight the pandemic and maintain the standards of service delivery to the public, the Ministry of Finance has decided that during 2021-22, the State will be allowed normal Net Borrowing Ceiling (NBC) of 4 percent of projected Gross State Domestic Product (GSDP) for the year 2021-22. In the beginning of the FY: 2021-22, the State will be allowed borrowing permission based on 3.50 percent of GSDP. The remaining borrowing ceiling of 0.50 percent of GSDP is earmarked for incremental Capital Expenditure by the State and will be allowed on the basis of Capital Expenditure incurred by the State during the year 2021-22.

Additional borrowing ceiling of 0.50 percent of GSDP over and above aforesaid ceiling of 4 percent of GSDP will also be allowed to the State based on power sector performance based on guidelines issued by Govt. of India. This is subject to amendment of the AFRBM Act. Accordingly, the Hon'ble Cabinet meeting held on 24-06-2021 decided / approved that the AFRBM Act may be amended incorporating the aforesaid conditions.

Ajanta Neog

Smti Ajanta Neog
(Minister, Finance)

S. K. Sharma

Shri S. K. Sharma, AJS,
Secretary,
Assam Legislative Assembly

FINANCIAL MEMORANDUM

The proposed changes would not involve any additional expenditure as the same will be administered by the existing staff.

MEMORANDUM OF DELEGATED LEGISLATION

In this Bill there is no provision for delegation of any power to Government or any authority under it.

**THE ASSAM FISCAL RESPONSIBILITY AND BUDGET
MANAGEMENT (AMENDMENT) BILL, 2021**

Existing provision	Proposed Amended provision
<p>In Principal Act, in section 4, in sub – section (3) the existing clause (v), are as follows :- “(v) Anchor fiscal deficit of the State to an annual limit of 3 percent of Gross State Domestic Product (GSDP) in any financial year; Explanation: (a) For the purpose of this clause, the State Government shall be,- (i) eligible for flexibility of 0.25 percent over the borrowing limit for any given year for which the borrowing limits are to be fixed, if their debt- GSDP ratio is less than or equal to 25 percent in the preceding year; (ii) eligible for an additional borrowing limit of 0.25 percent of GSDP in a given year for which the borrowing limits are to be fixed, if the interest payments are less than or equal to 10 percent of the revenue receipt in the preceding year; (b) The two options of flexibility provisions as mentioned in Explanation (a) above can be availed of by the State Government either separately if any of the above criteria is fulfilled or simultaneously if both the above criteria are fulfilled, to attain a maximum fiscal deficit – GSDP limit of 3.5 per cent in any given year; (c) The flexibility in availing the additional limit under either of the two options or both as mentioned in Explanation (a) above will be available to the State Government only if there is no revenue deficit in the year in which borrowing limits are to be fixed and the immediately preceding year.” (d) In view of reduction in devolution of share of central taxes for the year 2019-20, the State Government is eligible for additional borrowing upto Rs.2000 crore.” (e) In view of COVID – 19 Pandemic leading to highly stressed fiscal situation the State Govt. shall be eligible for additional borrowing upto 2.5% of GSDP for year 2020 – 21.”</p>	<p>In the principal Act, in section 4, in sub-section (3), in clause (v), in the Explanation, after paragraph (e), the following paragraphs (f) and (g) shall be inserted, namely :- (f) During 2021-22, the State shall be allowed normal Net Borrowing Ceiling (NBC) of 4 percent of projected Gross State Domestic Product (GSDP) for the year 2021-22. In the beginning of the FY: 2021-22, the State shall be allowed borrowing permission based on 3.50 percent of Gross State Domestic Product (GSDP). The remaining borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) is earmarked for incremental Capital Expenditure by the State and shall be allowed on the basis of Capital Expenditure incurred by the State during the year 2021-22”. (g) Additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) over and above aforesaid ceiling of 4 percent of Gross State Domestic Product (GSDP) shall also be allowed to the State based on power sector performance based on guidelines issued by Department of Expenditure, Ministry of Finance, Government of India.”</p>