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PART - V

Bills introduced in the Gujarat Legislative Assembly.

(To be translated in to Gujarati and the translation to be published in the Gujarat Government Gazette. The date of publication to be reported.)

The following Bill is published with the consent of the Speaker given under the proviso to rule 127A of the Gujarat Legislative Assembly Rules :-

THE GUJARAT FISCAL RESPONSIBILITY (AMENDMENT) BILL, 2011.

GUJARAT BILL NO. 4 OF 2011.

A BILL

further to amend the Gujarat Fiscal Responsibility Act, 2005.

It is hereby enacted in the Sixty-second Year of Republic of India as follows:-

1. This Act may be called the Gujarat Fiscal Responsibility (Amendment) Act, 2011. Short title.

Substitution of section 5 of Guj. 11 of 2005. 2. In the Gujarat Fiscal Responsibility Act, 2005, for section 5, the following section shall be substituted, namely:-

Guj. 11 of 2005.

Fiscal management targets.

"5. In particular, and without prejudice to the generality of the foregoing provisions, the State Government shall -

- (a) reduce the revenue deficit to zero by the financial year, commencing from the 1st April, 2011 and ending on the 31st March, 2012 and maintain at that level or generate revenue surplus thereafter;
- (b) reduce fiscal deficit to not more than three per cent. of the estimated Gross State Domestic Product of the year, from the financial year commencing from the 1st April, 2011 and ending on the 31st March, 2012 and maintain at that level thereafter;
- (c) cap the total public debt of the State Government so as not to exceed 27.1 per cent. of the estimated Gross State Domestic Product of the year, for each of the financial years commencing from the 1st April, 2011 and ending on the 31st March, 2015;
- (d) cap outstanding guarantees within the limit provided in the Gujarat State Guarantees Act, 1963 :

Guj. XXII of 1963.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground or grounds of unforeseen demands on the finances of the State Government arising out of internal disturbance or natural calamity or due to any other exceptional ground as the State Government may specify :

Provided further that a statement in respect of the ground or grounds specified in the first proviso shall be placed before the State Legislature, as soon as may be, after such deficit amount exceeds the aforesaid targets."

STATEMENT OF OBJECTS AND REASONS

The Gujarat Fiscal Responsibility Act, 2005 was enacted to provide for the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, sustainable debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework and for matters connected therewith or incidental thereto.

The existing section 5 of the Gujarat Fiscal Responsibility Act, 2005 stipulates the fiscal management targets on revenue deficit and fiscal deficit. The State Government had undertaken number of steps to move forward on the path of fiscal correction and achieved all set parameters of Fiscal Responsibility Act, 2005.

In pursuance to the economic slow down and recession, the targets were relaxed. Now, the 13th Finance Commission has worked out a fiscal consolidation road map for each State and has prescribed revised fiscal target of eliminating revenue deficit, capping fiscal deficit at 3 per cent. and public debt at 27.1 per cent. of the estimated Gross State Domestic Product by 2014-15. The Government of India has vide its letter dated 14th January, 2011 suggested, in general, to amend the Fiscal Responsibility Legislation of the States. It is, therefore, considered necessary to substitute the existing section 5 of the said Act.

This Bill seeks to amend the said Act to achieve the aforesaid objects.

Gandhinagar,
Dated the 17th February, 2011.

VAJUBHAI VALA.

By order and in the name of the Governor of Gujarat,

Gandhinagar,
Dated the 18th February, 2011.

C. J. GOTH,
Secretary to the Government of Gujarat,
Legislative and Parliamentary Affairs Department.