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## PART-V

GOVERNMENT OF MEGHALAYA

MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

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### NOTIFICATION

The 4th March, 2022.

**No.LB.35/LA/2022/3.** - The Meghalaya Fiscal Responsibility and Budget Management (Amendment) Bill, 2022 introduced in the Meghalaya Legislative Assembly on the 4th March, 2022, together with the Statement of Objects and Reasons is published under Rule 71 of the Rules of Procedure and Conduct of Business in the Meghalaya Legislative Assembly for general information.

**THE MEGHALAYA FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT  
(AMENDMENT) BILL, 2022**

**A  
BILL**

to amend the Meghalaya Fiscal Responsibility and Budget Management Act, 2006.

Be it enacted by the Legislature of the State of Meghalaya in the Seventy-third Year of the Republic of India as follows:-

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|-------------------------------|---|
| Short title and Commencement. | 1. (1) This Act may be called the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Act, 2022.<br><br>(2) It shall come into force at once.   |
| Amendment of Section 4.       | 2. In Section 4 of the Meghalaya Fiscal Responsibility and Budget Management Act, 2006, in sub-section (1), for clause (b), the following shall be substituted, namely -<br><br>“(b) to maintain fiscal deficit to an annual limit of 4% of GSDP with effect from 6th January, 2022 and 4.50% of GSDP with effect from 11th February, 2022 during the Fiscal Year 2021-22”. |
| Repeal and Saving             | 3. (1) The Meghalaya Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2022 (Ordinance No. 1 of 2022 and Ordinance No. 5 of 2022) is hereby repealed.<br><br>(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the provisions of this Act.                      |

**STATEMENT OF OBJECTS AND REASONS**

1. As per the Meghalaya Fiscal Responsibility and Budget Management Act, 2006 (Principal Act) the fiscal deficit of the State has been fixed at 3 percent of GSDP.
2. However, Government of India, Ministry of Finance vide letter F.No.40(2)/PF-S/2020-21, dated 31st March, 2021 in line with the recommendation of the Fifteenth Finance Commission has fixed the normal borrowing ceiling of the State at 4 percent of GSDP for the financial year 2021-22.
3. Therefore, in order to institutionalize the recommendation of the Fifteenth Finance Commission with regard to the limit of the fiscal deficit and in compliance with the government of India letter F.No.40(2)/PF-S/2020-21, dated 6th December, 2021 and since the Meghalaya Legislative Assembly was not in session, the amendment of Section 4(1)(b) of the Meghalaya Fiscal Responsibility and Budget Management Act, 2006 for raising the fiscal deficit limit from 3 to 4 percent of GSDP during 2021-22 was made through an Ordinance as approved by Hon'ble Governor on 5th January, 2022 under clause (1) of Article 213 of the Constitution of India and the same was published as Ordinance No. 1 of 2022.
4. Further, in addition to the enhancement of the fiscal deficit from 3 to 4 percent of GSDP, the Fifteenth Finance Commission recommended an extra/additional annual borrowing space for the States of 0.50 percent of their GSDP, over and above the 4 percent, mentioned at (2) and (3) above, for each of the first four years of the award period covering the period 2021-22 to 2024-25, based on certain performance criteria in the power Sector.
5. In line with the above recommendation, Government of India, Ministry of Finance, Department of Expenditure vide letter F.No.40(02)/PF-S/2020-21, dated 9th June, 2021 has issued guidelines for availing the additional borrowing limit of 0.50 percent of the GSDP linked to performance in the power sector for the current financial year 2021-22.
6. One of the conditions for availing additional borrowing limit of 0.50 percent of GSDP linked to performance in the power sector is amendment of the State FRBM Act.
7. Therefore, in order to give effect to the recommendation of the Fifteenth Finance Commission mentioned at (4) above and in compliance with Government of India letter F.No.40(02)/PF-S/2020-21, dated 9th June, 2021 mentioned at (5) above, and as the Meghalaya Legislative Assembly was not in session, the amendment of Section - 4(1)(b) of the Meghalaya Fiscal Responsibility and Budget Management Act, 2006 raising the Fiscal Deficit to 4.50 percent of GSDP during 2021-22 was made through an Ordinance as approved by the Hon'ble Governor on the 9th February, 2022 under clause (1) of Article 213 of the Constitution of India and the same was published as Ordinance No. 5 of 2022.
8. Therefore, now that the Assembly is in session and as mandated under Article 213(2)(a) of the Constitution of India, the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2022 (Ordinance No. 1 of 2022 and Ordinance No. 5 of 2022) is necessary to be laid before the Legislative Assembly by way of a Bill, namely, the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Bill, 2022.

Hence, the Bill.

**CONRAD K. SANGMA,**  
Chief Minister, i/c Finance.

**ANDREW SIMONS,**  
Commissioner & Secretary,  
Meghalaya Legislative Assembly.

**FINANCIAL MEMORANDUM**

As the amendment will raise the borrowing limit of the State, there will be expenditure on payment of interest and repayment of principal to be incurred from the Consolidated Fund of the State on implementing the provisions of this Act.