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## PART-V

GOVERNMENT OF MEGHALAYA

MEGHALAYA LEGISLATIVE ASSEMBLY SECRETARIAT

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### NOTIFICATION

The 5<sup>th</sup> March, 2025.

**No.LB.31/LA/2025/2.** – The Meghalaya Fiscal Responsibility and Budget Management (Amendment) Bill, 2025 introduced in the Meghalaya Legislative Assembly on the 5<sup>th</sup> March, 2025 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, 2025

A

BILL

to amend the Meghalaya Fiscal Responsibility and Budget Management Act, 2006 (Meghalaya Act No. 4 of 2006).

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

**Short title and  
Commencement.**

1. (1) This Act may be called the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Act, 2025.
- (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-
- "(b) to maintain fiscal deficit to an annual limit of 3.5% of GSDP during Fiscal Year 2024-25".**
- Repeal & Savings.**      3. (1) The Meghalaya Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2025 (Ordinance No. 2 of 2025) is hereby repealed.
- (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 OBJECT 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. Government of India, Ministry of Finance *vide* letter F.No.40(i)/PF-S/2024-25, dated 30<sup>th</sup> March, 2024 in line with the recommendation of the Fifteenth Finance Commission has fixed the normal borrowing ceiling of the State at 3 percent of GSDP for the financial year 2024-25.
3. Further, in addition to the above normal borrowing ceiling at 3 percent of the 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 3 percent, mentioned at (2) 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.
4. 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 9<sup>th</sup> June, 2021 has recommended performance-based additional borrowing space of 0.50 percent of GSDP to States for undertaking reforms in the power sector for each year for a four-year period from 2021-22 to 2024-25.
5. 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.
6. Therefore, in order to give effect to the recommendation of the Fifteenth Finance Commission mentioned at (3) above and in compliance with Government of India letters F.No.40(02)/PF-S/2020-21, dated 9<sup>th</sup> June, 2021 mentioned at (4) above and F.No.40(1)/PF-S/2024-25, dated 30<sup>th</sup> March, 2024 mentioned at (2) above, it is proposed to amend Section - 4(1)(b) of the Meghalaya Fiscal Responsibility and Budget Management Act, 2006 raising the Fiscal Deficit to 3.5 percent of GSDP during 2024-25.
7. **In view of the circumstances stated above, an immediate legislation was necessitated. As such, the Hon'ble Governor had approved an Ordinance of the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2025 on the 3<sup>rd</sup> February, 2025 under clause (1) of Article 213 of the Constitution of India.**
8. Therefore, now that the Assembly is in session, a Bill to replace the above Ordinance (Ordinance No. 2 of 2025), without modification is necessary to be introduced in the House by way of a Bill, namely, the Meghalaya Fiscal Responsibility and Budget Management (Amendment) Bill, 2025.

Hence, the Bill.

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

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

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**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.