

**BILLS INTRODUCED IN THE LEGISLATIVE ASSEMBLY
OF THE STATE OF TAMIL NADU**

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of Tamil Nadu on 20th February, 2026 is published together with Statement of Objects and Reasons for general information:-

L.A.Bill No. 11 of 2026

**A Bill further to amend the Tamil Nadu Fiscal
Responsibility Act, 2003.**

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventy-seventh Year of the Republic of India as follows:-

Short title and
commencement.

1. (1) This Act may be called the Tamil Nadu Fiscal Responsibility (Amendment) Act, 2026.

(2) It shall come into force at once.

Amendment of
section 4.

2. In section 4 of the Tamil Nadu Fiscal Responsibility Act, 2003, in sub-section (2),-

(i) in clause (a), for the expression "2026-2027", the expression "2027-2028" shall be substituted;

(ii) in clause (b), for the expression "31st March 2026", the expression "31st March 2027" shall be substituted.

Tamil Nadu Act 16
of 2003.

STATEMENT OF OBJECTS AND REASONS.

The Government of India has issued guidelines for additional annual borrowing ceiling of upto 0.50 per cent of Gross State Domestic Product linked to performance in the power sector to States in the financial year 2025-2026, over and above the Net Borrowing Ceiling of 3 per cent of Gross State Domestic Product subject to the fulfilment of specified performance criteria in the power sector. Accordingly, States will be permitted a fiscal deficit of 3.50 per cent of Gross State Domestic Product, of which 0.50 per cent shall be tied to power sector reforms for 2025-2026.

2. In order to propel the state to a high growth trajectory, the Government considered that it is essential to utilise the maximum fiscal space available. Accordingly, the Government have decided to amend the Tamil Nadu Fiscal Responsibility Act, 2003 (Tamil Nadu Act 16 of 2003), so as to extend the time limit set out to eliminate the revenue deficit by 2027-2028 and to reduce fiscal deficit to 3 per cent of Gross State Domestic Product by 31st March 2027.

3. The Bill seeks to give effect to the above decision.

THANGAM THENARASU,
*Minister for Finance and
Environment & Climate Change.*

Secretariat,
Chennai,
20th February 2026.

K. SRINIVASAN,
Principal Secretary.