TELANGANA BILLS
TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 12th March, 2022.

L.A. BILL No. 1 OF 2022.

A BILL FURTHER TO AMEND THE TELANGANA FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2005.

Be it enacted by the Legislature of the State of Telangana in the Seventy-Third Year of the Republic of India, as follows:-

1. (1) The Act may be called the Telangana Fiscal Responsibility and Budget Management (Amendment) Act, 2022.

[1]

B. 144 (RSN)
(2) It shall be deemed to have come into force with effect from the 1st April, 2021.

2. In the Telangana Fiscal Responsibility and Budget Management Act, 2005, in section 9, in sub-section (2), in clause (b), after the second proviso thereunder, the following proviso shall be added, namely,-

"Provided also that for the financial years 2021-22 and 2022-23, the Fiscal Deficit shall be contained within the limits prescribed below:-

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>% of GSDP</th>
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<tbody>
<tr>
<td>2021-22</td>
<td>4%</td>
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<tr>
<td>2022-23</td>
<td>5%</td>
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STATEDMENT OF OBJECTS AND REASONS

As per the recommendations of XV Finance Commission, the Government of India have been fixed the normal limit for net borrowings of State Governments at 4% of GSDP in 2021-22, 3.5% in 2022-23 and this to be maintained at 3% of GSDP from 2023-24 to 2025-26. The Commission has also recommended an extra annual borrowing space for the States, i.e., 0.50% of their GSDP for the period 2021-22 to 2024-25, based on performance criteria indicated by Government of India.

The Government of India vide Lr.No.40(2) PF-S/2020-21, Ministry of Finance, Department of Expenditure, Dt.31-03-2021 has stated that the Net Borrowing Ceiling (NBC) of the States for each financial year shall be fixed on the basis of projected Gross State Domestic Product (GSDP) of the States. In line with the recommendations of XV Finance Commission, Government of India fixed Net Borrowing Ceiling (NBC) for the State of Telangana during the financial year 2021-22 at 4% of the projected GSDP and advised to amend the State FRBM Act.

Keeping in view of the recommendations of XV Finance Commission and as approved by the Government of India, Government of Telangana has availed 4% of Net Borrowing Ceiling (NBC) for the Financial Year 2021-22. Hence amendment to FRBM is required for the year 2021-22. It is to be noted that the FRBM Act was amended in 2019-20 and in 2020-21 as per the directions of Government of India and it is likely to be amended in 2022-23 also in view of extra borrowings space allowed by XV Finance Commission. However, these borrowings are restricted by the Government of India under article 293 (3) of the Constitution of India. Hence, amendment for the year 2022-23 is also proposed in this bill.

To enable the State Government to avail the allowed additional borrowings, it has become necessary to amend the Telangana Fiscal Responsibility and Budget Management Act, 2005. Therefore, it is decided to amend the Act suitably.

This Bill seeks to give effect to the above decision.

T. HARISH RAO,
Minister for Finance, Medical, Health and Family Welfare.
MEMORANDUM UNDER RULE 95 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN THE TELANGANA LEGISLATIVE ASSEMBLY.

The Telangana Fiscal Responsibility and Budget Management (Amendment) Bill, 2022 after it is passed by both the Houses of the State Legislature, may be submitted to the Governor for her assent under article 200 of the Constitution of India.

T. HARISH RAO,
Minister for Finance, Medical, Health and Family Welfare.

Dr. V. NARASIMHA CHARYULU,
Secretary to State Legislature.