

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

A

BILL

further to amend the Assam Fiscal Responsibility and Budget Management Act, 2005.

Preamble

Whereas it is expedient further to amend the Assam Fiscal Responsibility and Budget Management Act, 2005, hereinafter referred to as the principal Act, in the manner hereinafter appearing;

Assam Act
No. XXVII
of 2005

It is hereby enacted in the Seventy-third Year of the Republic of India, as follows:-

Short title,
extent and
commencement

1. (1) This Act may be called the Assam Fiscal Responsibility and Budget Management (Amendment) Act, 2022.
- (2) It shall have the like extent as the principal Act.
- (3) It shall come into force at once.

Amendment of
section 4

2. In the principal Act, in section 4, in sub-section (3),
 - (i) in clause (v), in Explanation, for the paragraph (g) the following shall be substituted namely :-

“(g) The additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) over and above the prescribed limit of fiscal deficit for the financial years 2022-23 to 2024-25 shall be allowed as Power Sector based performance.”
 - (ii) for the existing clause (vii), the following shall be substituted, namely :-

“(vii) enhance outstanding debt target for State Government from 28.5% to 32% of the Gross State Domestic Product (GSDP) for the next five years starting from the financial year 2022-23. The additional fiscal space shall be utilized, if required, strictly for capital projects.”

only

das
VETTED BY THE
LEGISLATIVE DEPARTMENT
ON 12.3.2022

STATEMENT OF OBJECTS AND REASONS

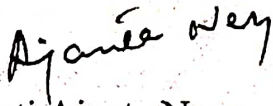
In view of COVID-19 pandemic situation, the State's own revenue collection declined during 2020-21. The Govt. of Assam has been managing its developmental expenditures mainly through central assistance in the form of grants-in-aid and capital borrowings. During 2021-22, Assam has undertaken several capital intensive projects, ranging from creation of durable capital assets, employment generation to social security measures. The appetite for borrowing has significantly enhance from the market and other available resources. Consequently, the Debt to GSDP ratio may increase over the years. This has become more pronounced against the backdrop of almost stagnating GSDP due to COVID-19 pandemic which has limited our borrowing window.

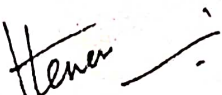
Assam Fiscal Responsibility and Budget Management Act, 2005 (AFRBM) has stipulated the outstanding Debt to GSDP ratio at 28.5% from 2014-15 onwards. The Debt to GSDP ratio has so far been well under control. However, it is likely to increase upto 22.13% towards the end of March, 2021 and may go up to 26.39% in 2021-22 (RE). It may be stated that despite special window provided by Government of India to states to borrow more than 3% of GSDP in 2021-22 subject to fulfilment of some conditionalities, Assam may not be able to borrow because of the above referred limitations.

During 2022-23, the State is allowed additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) based on Power Sector reforms over and above the prescribed limit. This additional borrowing linked to Power Sector reforms shall be applicable for the Financial Years 2022-23 to 2024-25.

Govt. of India has allowed to enhance Debt to GSDP ratio from existing 28.5% to 32% from 2022-23 to 2026-27.

Hence, Finance Department has proposed for amending AFRBM Act, 2005 through the "AFRBM Bill, 2022".


Smti Ajanta Neog
(Minister, Finance)


Shri Hemen Das,
Principal Secretary,
Assam Legislative Assembly

FINANCIAL MEMORANDUM

The proposed changes would not involve any additional expenditure as the same will be administered by the existing staff.

MEMORANDUM OF DELEGATED LEGISLATION

In this Bill there is no provision for delegation of any power to Government or any authority under it.

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Existing provision	Proposed Amended provision
<p>(I) In the principal Act, in section 4, in sub-section (3), in clause (v), in Explanation, for the paragraph (g)</p> <p>(g) Additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) over and above aforesaid ceiling of 4 percent of Gross State Domestic Product (GSDP) shall also be allowed to the State based on power sector performance based on guidelines issued by Department of Expenditure, Ministry of Finance, Government of India.</p> <p>(II) In the principal Act, in section 4, in sub-section (3), for the existing clause (vii)</p> <p>(vii) attain the total outstanding debt of the State Government to GSDP ratio at 28.2% in 2010-11, 28.3% in 2011-12, 28.4% in 2012-13, 28.4% in 2013-14 and 28.5% in 2014-15 and maintain the same level thereafter.</p>	<p>(g) The additional borrowing ceiling of 0.50 percent of Gross State Domestic Product (GSDP) over and above the prescribed limit of fiscal deficit for the financial years 2022-23 to 2024-25 shall be allowed as Power Sector based performance.</p> <p>(vii) enhance outstanding debt target for State Government from 28.5% to 32% of the Gross State Domestic Product (GSDP) for the next five years starting from the financial year 2022-23. The additional fiscal space shall be utilized, if required, strictly for capital projects.</p>