

**THE GUJARAT FISCAL RESPONSIBILITY (AMENDMENT)
BILL, 2021.**

GUJARAT BILL NO. 1 OF 2021.

A BILL

further to amend the Gujarat Fiscal Responsibility Act, 2005.

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

1. (1) This Act may be called the Gujarat Fiscal Responsibility (Amendment) Act, 2021.

**Short title and
Commencement.**

(2) It shall be deemed to have come into force on the 12th January, 2021.

**Amendment
of section 5 of
Guj. 11 of
2005.**

2. In the Gujarat Fiscal Responsibility Act, 2005, (hereinafter referred to as "the principal Act"), in section 5, to clause (b), the following proviso shall be inserted, namely:-

**Guj. 11 of
2005.**

"Provided that, for the financial year 2020-21, additional fiscal deficit of 2 percent over and above 3 percent of Gross State Domestic Product (up to 5 percent) shall be permissible."

**Repeal and
saving.**

3. (1) The Gujarat Fiscal Responsibility (Amendment) Ordinance, 2021 is hereby repealed.

**Guj. Ord.
1 of 2021.**

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Gujarat Fiscal Responsibility Act, 2005 has been enacted to provide for the responsibility of the State Government to ensure fiscal stability and sustainability and to enhance the scope for social and fiscal infrastructure and human development by achieving sufficient revenue surplus, reducing fiscal deficit and removing impediments to the effective conduct of fiscal policy and prudent debt management through limits on State Government's borrowings, Government guarantees, debt and deficit, greater transparency in fiscal operations of the State Government and use of a medium term fiscal transparency framework.

The COVID-19 pandemic has adversely affected the resources of the States and the Centre. In view of this, to raise additional resources, the Central Government has allowed an additional borrowing limit of 2 per cent of the Gross State Domestic Product to the State Governments for the financial year 2020-2021. The State Governments are required to amend their Fiscal Responsibility and Budget Management Laws. Therefore, it is necessary to amend the aforesaid Act.

As the Legislative Assembly of the State of Gujarat was not in session, at that time, the Gujarat Fiscal Responsibility (Amendment) Ordinance, 2021 was promulgated to achieve the aforesaid objects.

This Bill seeks to replace the said Ordinance by an Act of the State Legislature.

Dated the 15th February, 2021.

NITIN PATEL.

ANNEXURE**EXTRACT FROM THE GUJARAT FISCAL RESPONSIBILITY
ACT, 2005.****(Guj. 11 of 2005)****Fiscal
management
targets.**

5. In particular, and without prejudice to the generality of the foregoing provisions, the State Government shall -

(a) XXX XXX XXX

(b) reduce fiscal deficit to not more than three percent of the estimated Gross State Domestic Product of the year, from the financial year commencing from the 1st April, 2011 and ending on the 31st March, 2012 and maintain at that level thereafter;

(c) and (d) XXX XXX XXX

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground or grounds of unforeseen demands on the finances of the State Government arising out of internal disturbance or natural calamity or due to any other exceptional ground as the State Government may specify:

Provided further that a statement in respect of the ground or grounds specified in the first proviso shall be placed before the State Legislature, as soon as may be, after such deficit amount exceeds the aforesaid targets.

GUJARAT LEGISLATURE SECRETARIAT

GUJARAT BILL NO. 1 OF 2021

A BILL

to amend the Gujarat Fiscal
Responsibility Act, 2002

[SHRI NITIN PATEL,
MINISTER OF FINANCE]

(As published in the Gujarat Government Gazette
of the 16th February, 2021)

D.M.PATEL,
Secretary,
Gujarat Legislative Assembly

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