

**THE HIMACHAL PRADESH FISCAL RESPONSIBILITY AND
BUDGET MANAGEMENT (AMENDMENT) BILL, 2021**

(AS INTRODUCED IN THE LEGISLATIVE ASSEMBLY)

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BILL

*further to amend the Himachal Pradesh Fiscal Responsibility
and Budget Management Act, 2005 (Act No. 14 of 2005).*

BE it enacted by the Legislative Assembly of Himachal Pradesh in
the Seventy-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Himachal Pradesh Fiscal Responsibility and Budget Management (Amendment) Act, 2021. Short title and commencement.

5 (2) It shall be deemed to have come into force with effect from
the 1st January, 2020.

10 2. In section 5 of the Himachal Pradesh Fiscal Responsibility and Budget Management Act, 2005, in sub-section (1), in clause (ii), in the end for the sign “;”, the sign “:” shall be substituted and thereafter, the following proviso shall be inserted, namely:— Amendment of section 5.

“Provided that the fiscal deficit may exceed the level of 3 per cent but shall not exceed 5 per cent of the estimated Gross State Domestic Product in the Financial Year 2019-20;”.

STATEMENT OF OBJECTS AND REASONS

The Himachal Pradesh Fiscal Responsibility and Budget Management Act was enacted in the year 2005. The actual receipts of Central taxes declined during 2019-20 due to which share of States also got affected. The Government of India has allowed one time special dispensation for additional borrowing to compensate States for lower devolution of Central taxes on 26th February, 2020 subject to amendment in the Fiscal Responsibility and Budget Management Laws. In addition, the State of Himachal Pradesh received one time receipts from the Union Government on account of its share of Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Fund credited in the Public Account, which is included in the public debt of the State.

To enable the State Government to avail additional borrowing in public interest and to maintain the pace of development, the fiscal deficit could not be maintained at the level of 3 per cent of the estimated Gross State Domestic Product in the financial year 2019-20. Therefore, it has become necessary to amend the Himachal Pradesh Fiscal Responsibility and Budget Management Act, 2005 suitably from 1st January, 2020.

This Bill seeks to achieve the aforesaid objectives.

(JAI RAM THAKUR)
Chief Minister.

SHIMLA :

THE, 2021

FINANCIAL MEMORANDUM

Provisions of the Bill, when enacted, shall be enforced through the existing Government machinery. The State Government has been able to borrow upto 2 per cent more than the present limit of fiscal deficit of 3 per cent of Gross State Domestic Product for the year 2019-20 which compensated it for loss of revenue of the State and helped to maintain the pace of development. The fiscal position of the State will be impacted accordingly.

MEMORANDUM REGARDING DELEGATED LEGISLATION

—Nil—

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MANAGEMENT (AMENDMENT) BILL, 2021**

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BILL

*further to amend the Himachal Pradesh Fiscal Responsibility and Budget
Management Act, 2005 (Act No. 14 of 2005).*

(JAI RAM THAKUR)
Chief Minister.

(YASHWANT SINGH CHOGAL)
Principal Secretary (Law).

SHIMLA :

THE, 2021

EXTRACT OF THE PROVISIONS OF THE HIMACHAL PRADESH FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2005 (ACT NO. 14 OF 2005) LIKELY TO BE AFFECTED BY THIS AMENDMENT BILL.

Section :

5. Fiscal management targets.—(1) In particular and without prejudice to the generality of the foregoing provisions, the State Government shall—

- (i) eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter;
- (ii) reduce fiscal deficit to 3.5 per cent or less of Gross State Domestic Product by financial year 2010-11, 3 per cent or less of Gross State Domestic Product by financial year 2011-12 and maintain fiscal deficit at the level of 3 per cent or less of Gross State Domestic Product thereafter;
- (iii) reduce outstanding debt to 49.7 per cent, 47.0 per cent, 44.4 per cent, 42.1 per cent and 40.1 per cent of Gross State Domestic Product by the financial years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively; and
- (iv) maintain outstanding risk weighted guarantees on long term debt below forty per cent of total revenue receipt in the preceding financial year for which actual are available as per finance accounts.

(2) Notwithstanding anything contained in sub-section (1), the targets under different parameters of clauses (i), (ii) and (iii) of sub-section (1), may be exceeded in the case of unforeseen demands on the finances of the State Government due to reasons of national security or natural calamity declared by the State Government or the Central Government, as the case may be :

Provided that a statement in respect of the ground or grounds specified under this sub-section shall be placed before the Legislative Assembly, as soon as may be, after such deficit amount exceeds the aforesaid targets.