



കേരള ഗസറ്റ് KERALA GAZETTE

അസാധാരണം EXTRAORDINARY

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SECRETARIAT OF THE KERALA LEGISLATURE

NOTIFICATION

No. 13094/Legn.1/2022/Leg.

Dated, Thiruvananthapuram, 17th August, 2022

The Kerala Fiscal Responsibility (Amendment) Bill, 2022 together with the Statement of Objects and Reasons, the Financial Memorandum and the Memorandum regarding Delegated Legislation is published under Rule 69 of the Rules of Procedure and Conduct of Business in the Kerala Legislative Assembly.

A. M Basheer,
Secretary.



**[Translation in English of “2022-ലെ കേരള ധനസംബന്ധമായ ഉത്തരവാദിത്ത (ഭേദഗതി) ബിൽ”
published under the authority of the Governor.]**

Fifteenth Kerala Legislative Assembly
Bill No. 125

THE KERALA FISCAL RESPONSIBILITY (AMENDMENT) BILL, 2022

A

Bill

further to amend the Kerala Fiscal Responsibility Act, 2003.

Preamble.-WHEREAS, it is expedient further to amend the Kerala Fiscal Responsibility Act, 2003 (29 of 2003) for the purposes hereinafter appearing;

BE it enacted in the Seventy-third Year of the Republic of India as follows:-

1. Short title and commencement.-(1) This Act may be called the Kerala Fiscal Responsibility (Amendment) Act, 2022.

(2) It shall be deemed to have come into force on the 1st day of April, 2021.

2. Amendment of section 4.- In section 4 of the Kerala Fiscal Responsibility Act, 2003 (29 of 2003), (hererinafter referred to as the principle Act) for sub-section (2), the following sub-section shall be substituted, namely:-

“(2) In particular and without prejudice to the generality of the foregoing provision, the Government shall, eliminate the revenue deficit completely during the period from 2021-2022 to 2025-2026 and shall;

(a) make revenue surplus in the order of 0.5 per cent, 0.8 per cent, 1.2 per cent, 1.7 per cent and 2.5 per cent of the Gross State Domestic Product in the years of 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026 respectively. The targeted loan amount within the limit of fiscal deficit shall be completely spend for asset development;

(b) reduce the fiscal deficit to 3% of estimated Gross State Domestic Product within a period of five years commencing from 1st April, 2021 and ending on 31st March, 2026 by maintaining the fiscal deficit at a level not exceeding 4.5 per cent, 4 per cent, 3.5 per cent, 3.5 per cent of the Gross



State Domestic Product in the years 2021-2022, 2022-2023, 2023-2024 and 2024-2025 respectively and reducing it to 3 per cent in 2025-2026;

Note:- (i) The above upper limit of fiscal deficit is inclusive of 0.5 per cent capital expenditure linked borrowing space and an additional borrowing space of 0.5 per cent of Gross State Domestic Product linked to performance in power sector during 2021-2022 to 2024-2025.

(ii) The State shall be eligible for capital expenditure linked borrowing, if the State achieves the targeted capital expenditure fixed for the State. In order to become the State eligible for additional borrowing linked to the performance in power sector, all the entry level conditions and performance evaluation criteria stipulated for each year need to be fulfilled.

(iii) If the State is not able to fully utilise its sanctioned borrowing limit (excluding power sector borrowing), in any particular year during the first four years of Finance Commission award period (from 2021-2022 to 2024-2025), it will have the option of availing the unutilised borrowing amount in any of the subsequent years within the Finance Commission award period.

(c) Reduce the total debt liabilities of the State in the order of 34.7 per cent, 34.5 per cent, 33.7 per cent, 32.8 per cent and 32 per cent of the Gross State Domestic Product in the years of 2021-2022, 2022-2023, 2023- 2024, 2024-2025 and 2025-2026 respectively.”.

STATEMENT OF OBJECTS AND REASONS

This Bill is intended to amend the Kerala Fiscal Responsibility Act, 2003 brought by the Government to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and sustainable debt management in a manner consistent with the fiscal stability in accordance with the revised road map of the 15th Finance Commission.

FINANCIAL MEMORANDUM

The Bill if enacted and brought into operation, would not involve any additional expenditure from the Consolidated Fund of the State.



MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (2) of clause 4 of the Bill seeks to empower the Government to eliminate revenue deficit completely for the period from 2021-2022 to 2025-2026 and to maintain the revenue deficit to zero.

(a) make revenue surplus in the order of 0.5 per cent, 0.8 per cent, 1.2 per cent, 1.7 per cent and 2.5 per cent of the Gross State Domestic Product in the years of 2021-2022, 2022-2023, 2023-2024, 2024-2025 and 2025-2026 respectively. The targeted loan amount within the limit of fiscal deficit shall be completely spend for asset development;

(b) reduce the fiscal deficit to 3% of estimated Gross State Domestic Product within a period of five years commencing from 1st April, 2021 and ending on 31st March, 2026 by maintaining the fiscal deficit at a level not exceeding 4.5 per cent, 4 per cent, 3.5 per cent, 3.5 per cent of the Gross State Domestic Product in the years 2021-2022, 2022-2023, 2023-2024 and 2024-2025 respectively and reducing it to 3 per cent in 2025-2026;

(c) Reduce the total debt liabilities of the State in the order of 34.7 per cent, 34.5 per cent, 33.7 per cent, 32.8 per cent and 32 per cent of the Gross State Domestic Product in the years of 2021-2022, 2022-2023, 2023- 2024, 2024-2025 and 2025-2026 respectively.”.

K. N. BALAGOPAL

