

**THE MANIPUR FISCAL RESPONSIBILITY AND BUDGET
MANAGEMENT (FIFTH AMENDMENT) BILL, 2024**

(As introduced in the Manipur Legislative Assembly on)

*[Recommendations of the Governor under clauses (1) and (3) of article 207 of the
Constitution of India have been obtained.]*

**THE MANIPUR FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT
(FIFTH AMENDMENT) BILL, 2024**

A

Bill

further to amend the Manipur Fiscal Responsibility and Budget Management Act, 2005 (Act No.11 of 2005) to provide amendment in fiscal targets for the year 2023-24 and 2024-25.

Be it enacted by the Legislature of Manipur in the Seventy-fifth year of the Republic of India as follows: -

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| <p>1. (1) This Act may be called the Manipur Fiscal Responsibility and Budget Management (Fifth Amendment) Act, 2024.</p> <p>(2) It shall extend to the whole of the State of Manipur.</p> <p>(3) It shall come into force from the date of its publication in the Official Gazette.</p> | <p>Short title, extent and commencement.</p> |
| <p>2. In clause (ii) of sub-section (2) of section 8 of the Manipur Fiscal Responsibility and Budget Management Act, 2005, -</p> <p>(i) in the fourth proviso, (.) shall be substituted by (:); and</p> | <p>Amendment of Section 8.</p> |

(ii) after the fourth proviso, the following proviso shall be inserted, namely: -

“Provided also that the State shall be eligible for additional borrowing of upto 0.50 % of Gross State Domestic Product during the financial year 2023-24 and 2024-25 only.”.

Statement of Objects and Reasons

In pursuance of the recommendation of the Fifteenth Finance Commission allowing additional borrowing space of 0.5% of the GSDP to States for performance linked to power reforms, Government of India vide its letter No.40(02)/PF-S/2020-21 dated 9th June, 2021 had given special dispensation for each year for four-year period from 2020-21 to 2024-25. For financial year 2023-24 and 2024-25, this borrowing space will be in addition to the regular borrowing limit of 3% of the GSDP.

The above provision requires the State to amend its existing Fiscal Responsibility and Budget Management Act.

Hence this Bill.

Imphal the February, 2024

N Biren Singh
Chief Minister (i/c Finance)
Manipur

Financial Memorandum

In pursuance of the recommendation of the Fifteenth Finance Commission allowing additional borrowing space of 0.5% of the GSDP to States for performance linked to power reforms, Government of India vide its letter No. 40(02)/PF-S/2020-21 dated 9th June, 2021 had given special dispensation for each year for four-year period from 2020-21 to 2024-25. For financial year 2023-24 and 2024-25, this borrowing space will be in addition to the regular borrowing limit of 3% of the GSDP.

**EXTRACTS OF THE RELEVANT SECTION OF THE MANIPUR FISCAL
RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2005**

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Section 8(2)(ii): Fiscal deficit shall be anchored to an annual limit of 3% of the Gross State Domestic Product. There shall be flexibility of 0.25% over and above 3% for any given year for which the borrowing limits are to be fixed if the State's Debt-Gross State Domestic Product ratio is less than or equal to 25% in the preceding year. Furthermore, the State Government shall be further eligible for an additional borrowing limit of 0.25% of GSDP in a given year for which the borrowing limits are to be fixed if the interest payment is less than or equal to 10% of revenue receipts in the preceding year. Thus, the maximum fiscal deficit relative to Gross State Domestic Product in any given year shall be 3.5%. The flexibility in availing the additional limit of 0.5% either fully or partially, i.e. 0.25% only, shall be subject to the condition that there is no revenue deficit in the year in which borrowing limits are to be fixed and the immediately preceding year:

Provided further that for the financial year 2019-20, the fiscal deficit target and annual borrowing limit of the State shall be anchored to Rs.363 crore (Rupees three hundred and sixty-three) crore in addition to the annual limit as stated above:

Provided further that the State shall be eligible for additional borrowing of up to 2% of Gross State Domestic Product during the financial year 2020-21 only:

Provided also that the State shall be eligible for additional borrowing of up to 2% of Gross State Domestic Product during the financial year 2021-22 only:

Provided also that the State shall be eligible for additional borrowing of up to 1.5% of Gross State Domestic Product during the financial year 2022-23 only.

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