

GOVERNMENT OF NAGALAND

**The Nagaland
Fiscal Responsibility and Budget
Management (Fourth Amendment) Bill, 2021**

The Nagaland Fiscal Responsibility and Budget Management (Fourth Amendment) Bill, 2021

A Bill to further amend the Nagaland Fiscal Responsibility and Budget Management Act, 2005 (Act No.7 of 2005)

Be it enacted by the Nagaland Legislative Assembly in the Seventy Second year of the Republic of India as follows :-

1. Short Title and Commencement –

- i. This Act may be called the Nagaland Fiscal Responsibility and Budget Management (Fourth Amendment) Bill, 2021.
- ii. It shall come into force with immediate effect.

2. Amendment of Section 9 :-

For clause (iv) sub-section (2) Section 9 of the Nagaland Fiscal Responsibility and Budget Management Act, 2005 the sub-clause shall be substituted by the following :-

“Limit the amount of annual incremental risk weighted guarantees to 1% of the estimated GSDP of the year preceding the current year. Further the total guarantees at any point of time shall not exceed 5% of the estimated GSDP of the year preceding the current year”.

FINANCIAL MEMORANDUM

The Nagaland Fiscal Responsibility and Budget Management (Fourth Amendment) Bill, 2021, if enacted and brought into operation in the State, shall not involve any additional expenditure from the Consolidated Fund of the State.

(NEIPHIU RIO)
Chief Minister
In-Charge Finance

STATEMENT OF OBJECTS AND REASONS

Sub-clause (iv) of clause (2) of Section 9 of the Nagaland Fiscal Responsibility and Budget Management Act, 2005 provided for limiting the amount of annual incremental risk weighted guarantees to 1% of the Total Revenue Receipt (TRR) or 1% of the estimated GSDP in the year preceding the current year, whichever is lower.

Therefore, in view of the requirement of the State to mobilise more resources for developmental activity through Guarantees, it is proposed that the permissible weighted guarantees to be executed by the State be based on the estimated GSDP alone without reference to the Total Revenue Receipt (TRR). Further it is necessary to put a maximum ceiling limit on total guarantees at any point of time, which is proposed at 5% of the GSDP.

(NEIPHIU RIO)
Chief Minister
In-Charge Finance