

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the Tamil Nadu on 21st February, 2024 is published together with Statement of Objects and Reasons for general information:—

L.A Bill No. 12 of 2024

***A BILL FURTHER TO AMEND THE TAMIL NADU FISCAL
RESPONSIBILITY ACT, 2003.***

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventy-Fifth Year of the Republic of India as follows:-

1. (1) This Act may be called the Tamil Nadu Fiscal Responsibility (Amendment) Act, 2024. Short title and commencement.

(2) It shall come into force at once.

Tamil Nadu Act 16 of 2003.

2. In section 4 of the Tamil Nadu Fiscal Responsibility Act, 2003, in sub-section (2),- Amendment of section 4.

(i) in clause (a), for the expression “2025-2026”, the expression “2026-2027” shall be substituted;

(ii) in clause (b), for the expression “31st March 2025”, the expression “31st March 2026” shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The 15th Finance Commission in its Report for 2021-2026 has recommended an extra annual borrowing space for the States, of the magnitude of 0.50 per cent of their Gross State Domestic Product for each of the first four years of the award covering the period 2021-2022 to 2024-2025, based on certain performance criteria in the power sector. Further, the Finance Commission has also recommended for fixing the net borrowing limit to Gross State Domestic Product at 4 per cent, 3.5 per cent and 3 per cent, for the years 2021-2022, 2022-2023 and 2023-2024 to 2025-2026, respectively and to avail the unutilized borrowing amount in any of the subsequent years within the award period, if the State is not able to fully utilize the borrowing limit during the first four years of the award period.

2. Based on the aforesaid recommendations of the 15th Finance Commission, the Government have decided to amend the Tamil Nadu Fiscal Responsibility Act, 2003 (Tamil Nadu Act 16 of 2003) so as to extend the time limit set out to eliminate the revenue deficit by 2026-27 and reduce fiscal deficit to three per cent of Gross State Domestic Product by 31st March 2026 in order to utilize the maximum fiscal space available.

3. The Bill seeks to give effect to the above decision.

THANGAM THENARASU,
*Minister for Finance and
Human Resources Management.*

Secretariat,
Chennai-600 009,
21st February 2024.

K. SRINIVASAN,
Principal Secretary.