Ordinance Summary
The Telangana Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2020

- The Telangana Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2020 was promulgated on June 29, 2020. The Ordinance applies retrospectively from January 1, 2020. It amends the Telangana Fiscal Responsibility and Budget Management Act, 2005. The Act provides for annual targets to reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government. Key features of the Ordinance are:

- **Fiscal deficit targets**: The Act provides that the government's borrowings in a financial year (fiscal deficit) should not be more than 3% of the Gross State Domestic Product (GSDP). The Ordinance amends the Act to allow the state government an additional fiscal deficit of Rs 1,435 crore over 3.25% of the GSDP as a one-time special dispensation for the year 2019-20. The Ordinance also increases the fiscal deficit limit for 2020-21 from 3% of the GSDP to 5% of the GSDP.

- **Annual incremental risk-weighted guarantees:** The Act provides that the annual incremental guarantees in a financial year should be limited to 90% of the total revenue receipts of the previous year. State government guarantees certain borrowings of the state public sector enterprises from financial institutions. The Ordinance increases this limit to 200% of the total revenue receipts of the previous year.

Akhil NR
akhil@prsindia.org

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