



The Goa Fiscal Responsibility and Budget Management (First  
Amendment) Bill, 2014

(Bill No. 4 of 2014)

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BILL

( As Introduced In the Legislative Assembly of the State of Goa)

GOA LEGISLATURE SECRETARIAT

ASSEMBLY HALL, PORVORIM, GOA  
MARCH, 2014

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to amend the Goa Fiscal Responsibility and Budget Management Act, 2006 (Goa Act 12 of 2006).

Be it enacted by the Legislative Assembly of the State of Goa in the Sixty-fifth Year of the Republic of India as follows : -

1. Short title and commencement.- (1) This Act may be called the Goa Fiscal Responsibility and Budget Management (First Amendment) Act, 2014.

(2) It shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

2. Substitution of section 5 .- For section 5 of the Goa Fiscal Responsibility and Budget Management Act, 2006 (Goa Act 12 of 2006) (hereinafter referred to as the “principal Act”), the following section shall be substituted, namely:-

“ 5. Fiscal Management Targets.- In particular, and without prejudice to the generality of the foregoing provisions, the Government shall,-

- (a) reduce the revenue deficit to nil by 31<sup>st</sup> March, 2015, and adhere to it thereafter;
- (b) reduce the ratio of fiscal deficit to Gross State Domestic Product beginning from the Financial year 2013 – 14 and strive to keep / maintain within the norm of 3% ;
- (c) cap the total outstanding guarantees within the specified limit under the Goa State Guarantees Act, 1993 (Goa Act No. 16 of 1993);
- (d) ensure that by 31<sup>st</sup> March 2015, the ratio of Debt to Gross State Domestic Product is brought down to 27% , and thereafter bring it below 25% ;
- (e) undertake appropriate measures in cash management practices so as to avoid recourse to overdraft from the Reserve Bank of India .”

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground or grounds of unforeseen demands on the finances of the Government due to national security or natural calamity subject to the condition that the excess beyond limits arising due to natural calamities does not exceed the actual fiscal cost that can be attributed to the calamities:

Provided further that the ground or grounds specified in the above proviso shall be placed before the Legislative Assembly as soon as may be, after it becomes likely that such deficit amount may exceed the aforesaid limits, with an accompanying report stating the likely extent of excess, and reasons therefore”.

3. Amendment of section 6. – In sub-section (2) of section 6 of the principal Act, after clause (b), the following clause shall be inserted namely:-

“(c) the key fiscal indicators including those mentioned in section 5”.

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4. Amendment of section 7.- In section 7 of the principal Act, sub-section( 4) shall be omitted.

#### **Statement of Objects and Reasons**

The Bill seek to amend sections 5, 6 and 7 of the Goa Fiscal Responsibility and Budget Management Act, 2006 (Goa Act 12 of 2006) in view of the recommendations of the 13<sup>th</sup> Finance Commission in it's Report (2010-2015) which, inter-alia, state that,-

- (a) **States to amend/enact Fiscal Responsibility and Budget Management (FRBM) Acts to build in the fiscal reform path worked out. State specific grants recommended for a State to be released upon compliance.**
- (b) **Benefit of interest relief on National Small Savings Fund (NSSF) and write-off available to States only if they bring about the necessary amendments/enactments of FRBM**

Besides the Bill seeks to bring in adequate level of transparency and measures of compliance for achieving the overall objects of maintaining fiscal management targets set out in the said Act.

This Bill seeks to achieve the above objects.

#### Financial Memorandum

No financial implications are involved in this Bill

#### Memorandum Regarding Delegated Legislation

No Delegated legislation is envisaged in this Bill.

Porvorim, Goa.

Chief Minister

Assembly Hall,  
Porvorim-Goa

Secretary to the Legislative  
Assembly of Goa

#### Governor's Recommendations under Article 207 of the Constitution of India.

In pursuance of Article 207 of the Constitution of India, I , Bharat Vir Wanchoo, the Governor of Goa, hereby recommend the introduction and consideration of the Goa Fiscal Responsibility and Budget Management (First Amendment ) Bill, 2014, by the Legislative Assembly of Goa.

Annexure

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Extract of section 5, 6 and 7 of the Goa Fiscal Responsibility and Budget Management Act,  
2006  
(Goa Act No. 12 of 2006)

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5. **Fiscal Management Targets.-** (1) In particular, and without prejudice to the generality of the foregoing provisions, the Government shall,-

- (1) reduce the revenue deficit to nil by 31<sup>st</sup> March,2009, and adhere to it thereafter;
- (2) reduce the ratio of revenue deficit to the total revenue receipt by 1.5% in each of the financial year beginning on 1<sup>st</sup> day of April, 2006, in a manner consistent with the goal set out in clause (a);
- (3) reduce the ratio of fiscal deficit to Gross State Domestic Product beginning from the financial year 2006-2007 with medium term goal of not being more than three per cent of fiscal deficit to Gross State Domestic Product to be attained by 31<sup>st</sup> March, 2009, and adhere to it thereafter;
- (4) reduce fiscal deficit by 0.5% of Gross State Domestic Product (GSDP) in each of the financial year beginning on the 1<sup>st</sup> day of April, 2006, in a manner consistent with the goal set out in clause (c);
- (5) cap the total outstanding guarantees within the specified limit under the Goa State Guarantees Act, 1993 (Goa Act No. 16 of 1993);
- (6) ensure that by 31<sup>st</sup> March, 2009, the total liabilities do not exceed 30% of the Gross State Domestic Product (GSDP) and adhere to it thereafter;
- (7) ensure that by 31<sup>st</sup> March, 2009, the ratio of interest payment to total revenue receipt does not exceed 20% and adhere to it thereafter;
- (8) undertake appropriate measures in cash management practices so as to avoid recourse to overdraft from the Reserve Bank of India.

Provided that revenue deficit and fiscal deficit may exceed the limits specified under this section due to ground or grounds of unforeseen demands on the finances of the Government due to national security or natural calamity subject to the condition that the excess beyond limits arising due to natural calamities does not exceed the actual fiscal cost that can be attributed to the calamities:

Provided further that the ground or grounds specified in the above proviso shall be placed before the Legislative Assembly as soon as may be, after it becomes likely that

such deficit amount may exceed the aforesaid limits, with an accompanying report stating the likely extent of excess, and reasons therefore.

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6. **Measures for Fiscal Transparency.**- (1) The Government shall take suitable measures to ensure greater transparency in its fiscal operations, in public interest, in the preparation of the Budget:

Provided that the Government shall have the power to reserve any such information which would adversely affect the interest of the State Exchequer.

(2) In particular, and without prejudice to the generality of the foregoing provision, the Government shall, at the time of presentation of the Budget, disclose in a statement in the form as may be prescribed,-

- (a) the significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators;
- (b) as far as practicable and consistent with protection of public interest, the contingent liabilities created by way of guarantees.

7. **Measures to enforce compliance.**- (1) The Budget and policies announced at the time of the budget, shall be consistent with objectives and targets specified in the Medium Term Fiscal Plan for the coming and future years.

(2) The Minister-in-charge of the Department of Finance shall review every half-year, the trends in receipts and expenditure in relation to the budget remedial measures to be taken to achieve the budget targets and place before the Legislative Assembly the outcome of such reviews. The review report should be in such form as may be prescribed.

(3) While placing before the Legislative Assembly the outcome of such review, the Minister-in-charge of the Department of Finance shall make a statement explaining,-

- (1) any deviation in meeting the obligations cast on the Government under the Act;
- (2) whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and
- (3) the remedial measures the Government proposes to take.

(4) Whenever outstanding risk weighted guarantees exceed the limits specified in section 5, no fresh guarantee shall be given.

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(5) Any measure proposed in the course of the financial year, which may lead to an increase in revenue deficit, either through enhanced expenditure or loss of revenue, shall be accompanied by remedial measures, which will neutralize such increase or loss and such measures shall be clearly mentioned.

(6) In case the revenue deficit and fiscal deficit exceed in the case of unforeseen demands on the finances of the Government, the Government shall identify the net fiscal cost arising due to natural calamity and such cost would provide ceiling for extent of non-compliance to the specified limits.

(7) Whenever supplementary estimates are presented to the Legislative Assembly, the government shall also present an accompanying statement indicating the corresponding curtailment of expenditure and/or augmentation of revenue to offset the fiscal impact of the supplementary estimates.

(8) The Government may assign to an independent external agency the task of carrying out the periodical review for the compliance of the provisions of this Act in the manner as may be prescribed.

**Assembly Hall,  
Porvorim, Goa  
25<sup>th</sup> February, 2014**

**(N.B.SUBHEDAR)  
Secretary to the Legislative  
Assembly of Goa**