

## **Gujarat Fiscal Responsibility Rules, 2006**

### CONTENTS

1. Short title
2. Definitions  
Fiscal Indicators. Definitions
4. Medium Terms Fiscal Policy Statement
5. The Fiscal Policy Strategy Statement
6. Annual Targets
7. Disclosures
8. Measures to enforce compliance

## **Gujarat Fiscal Responsibility Rules, 2006**

In exercise of the powers conferred by Sec. 8 of the Gujarat Fiscal Responsibility Act, 2005 (Guj. 11 of 2005), the Government of Gujarat hereby makes the following rules, namely:-

### **1. Short title :-**

These rules may be called the Gujarat Fiscal Responsibility Rules, 2006.

### **2. Definitions :-**

(1) In these rules, unless the context otherwise requires,

(a) "Act" means the Gujarat Fiscal Responsibility Act, 2005;

(b) "contingent liabilities" means the liabilities to State Government that may arise out of the borrowings by Public Sector Undertakings and other institutions owned or controlled by the State Government for which the State Government has given guarantees, subject to the condition that the liabilities do not exceed the ceiling on total government guarantees given under the Gujarat State Guarantees Act, 1968;

(c) "Form" means Form appended to these rules;

(d) "GSDP" means Gross State Domestic Product at current prices;

(e) "public debt" means small savings loan, market borrowings by the Government, loan from the Government of India and the Financial Institutions outstanding at the beginning of the financial

year;

(f) "section" means a section of the Act.

(2) The words and expressions used herein but not defined in these rules shall have the meaning respectively assigned to them in the Act.

#### **Fiscal Indicators. Definitions :-**

The fiscal indicators for the purpose of evaluating the fiscal position of the Government, as defined in clause (d) of Sec. 2, shall inter alia be

(a) revenue deficit as a percentage of GSDP;

(b) fiscal deficit as a percentage of GSDP;

(c) public debt as a percentage of GSDP;

(d) Government Guarantees outstanding.

#### **4. Medium Terms Fiscal Policy Statement :-**

(1) The Medium Term Fiscal Policy Statement required to be laid before State Legislature in every financial year under sub-sec. (1) of Sec. 3, shall be in Form A-1 and include three years rolling target.

(2) The Medium Term Fiscal Policy Statement shall also explain the assumptions underlying the above mentioned targets for fiscal indicators and in assessment of sustainability relating to the items indicated in sub-sec. (3) of Sec. 3.

#### **5. The Fiscal Policy Strategy Statement :-**

The Fiscal Policy Strategy Statement required to be laid before State Legislature in every financial year under sub-sec. (1) of Sec. 3 shall be in Form A-2.

#### **6. Annual Targets :-**

In order to achieve the targets set out under Sec. 5 by applying fiscal management principles as laid down in Sec. 4, there shall be reduction in revenue deficit to.....per cent, and fiscal deficit to.....per cent, of the estimated GSDP in each year.

#### **7. Disclosures :-**

(1) The State Government shall, at the time of the presentation of the Budget, disclose in the forms prescribed hereinunder and the

information therein, namely:

- (a) a statement of indicators of Fiscal situation in Form B-1;
- (b) a statement on components of State Government liabilities and interest on borrowings/mobilization of deposits in Form B-2(A) and B-2(B) respectively;
- (c) a statement on the consolidated sinking fund in Form B-3.
- (d) a statement on guarantees given by the Government in Form B-4;
- (e) a statement on outstanding risk-weighted guarantees in Form - 5;
- (f) a statement on the Guarantee Redemption Fund in Form B-6;
- (g) a statement on revenue demands raised by the State Government but not realized in Form B-7;
- (h) a statement on liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in Form B-8;
- (i) a statement on the details of number of employees in Government, Public Sector and Aided institutions and related salaries and also pensioner and financial liabilities in Form B-9.

(2) The aforesaid provisions shall be complied with not later than three years after the coming into force of this Act.

#### **8. Measures to enforce compliance :-**

In case the outcome of the quarterly reviews of trends in receipts and expenditure, at the end of the second quarter of any financial year shows that,

- (i) the total non-debt receipts are less than 80 per cent of Budget Estimates for that year; or
- (ii) the fiscal deficit is higher than 20 per cent, of the Budget Estimates for that year; or
- (iii) the revenue deficit is higher than 20 per cent, of the Budget Estimates for that year; then,

(a) as required under sub-sec. (3) of Sec. 7, the State Government shall take appropriate measures, and

(b) the Report of review as provided for in sub-sec. (3) of Sec. 7, shall be placed before the State Legislature during the session immediately following the end of the second quarter of the financial year.