Tamil Nadu Fiscal Responsibility (Amendment) Act, 2004

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An Act to amend the Tamil Nadu Fiscal Responsibility Act, 2003. Be it enacted by the Legislative Assembly of the State of Tamil Nadu in the Fifty-fifth Year of the Republic of India as follows:- Statement of Objects and Reasons2 It is proposed to amend the Tamil Nadu Fiscal Responsibility Act, 2003 (Tamil Nadu Act 16 of 2003) to ensure fiscal stability and sustainability and to enable the Government to work out a fiscal restructuring plan with an aim of improving the health of Government finances. 2. The Bill seeks to achieve the above object. 1. Received the assent of the Governor on the 23rd February, 2003 - Published in Tamil Nadu Government Gazette, Extraordinary, Part IV, Section 2, Issue No.61, Page 17, dated 24th February, 2004. 2. Vide T.N. Bill No.2 of 2004 - Published in Tamil Nadu Government Gazette, Extraordinary, Part IV, Section 1, Issue No.38, Page 5, dated 10th February, 2004.

1. Short Title And Commencement :-

(1) This Act may be called the Tamil Nadu Fiscal Responsibility (Amendment) Act, 2004.
(2) It shall come into force on such date as the State Government may, by notification, appoint.

2. Amendment Of Section 2 :-

In Section 2 of the Tamil Nadu Fiscal Responsibility Act, 2003 (Tamil Nadu Act 16 of 2003) (hereinafter referred to as the principal Act),-

(1) for clause (e), the following clause shall be substituted, namely:-
"(e) "Fiscal Deficit" means the excess of total disbursements from the Consolidated Fund of the State (excluding repayment of debt) over total receipt into the Consolidated Fund excluding the debt receipt during a financial year;"
(2) after clause (g), the following clause shall be inserted, namely:-
"(99) "Revenue Deficit" means the excess of revenue expenditure over revenue receipt;"

3. Amendment Of Section 4 :-

In Section 4 of the principal Act, for sub-section (2), excluding the provisos thereunder, the following sub-section shall be substituted, namely:-
"(2) The State Government shall-
(a) reduce the ratio of revenue deficit to revenue receipt every year by three per cent to five per cent depending on the economic situation in that year to a level below five per cent by 31st March 2008 and adhere to it thereafter;
(b) reduce the ratio of fiscal deficit to Gross State Domestic Product beginning from financial year 2002-2003 with medium term goal of not being more than three per cent of fiscal deficit to Gross State Domestic Product to be attained by 31st March 2008 and adhere to it thereafter;
(c) cap the total outstanding guarantees to hundred per cent of the total revenue receipt in the preceding year or at ten per cent of Gross State Domestic Product, whichever is lower;
(d) cap the risk weighted guarantees to seventy-five per cent of the total revenue receipt in the preceding year or at seven and half per cent of Gross State Domestic Product, whichever is lower."