

PUNJAB VIDHAN SABHA

Bill No. 13-PLA-2020

**THE PUNJAB FISCAL RESPONSIBILITY AND BUDGET
MANAGEMENT (AMENDMENT) BILL, 2020**

A

BILL

further to amend the Punjab Fiscal Responsibility and Budget Management Act, 2003.

BE it enacted by the Legislature of the State of Punjab in the Seventy-first Year of the Republic of India as follows:-

1. (1) This Act may be called the Punjab Fiscal Responsibility And Budget Management (Amendment) Act, 2020. Short-title And Commencement.

(2) It shall come into force on and with effect from the date of its publication in the Official Gazette.

2. In the Punjab Fiscal Responsibility and Budget Management Act, 2003, in section 4, in sub-section (2), for clause (a), the following clause shall be substituted, namely:- Amendment in Section 4 of Punjab Act 11 of 2003.

“(a) contain fiscal deficit as per cent of Gross State Domestic Product (GSDP) at 3.0 per cent (three per cent) and an additional rupees nine hundred and twenty-eight crore (928.00 crore) in the financial year 2019-2020 (as onetime special dispensation), and at 3.0 per cent (three per cent) in the financial year 2020-21 and maintain thereafter;”

STATEMENT OF OBJECTS AND REASONS

The State Government has accepted the decision of the Government of India to contain its Fiscal Deficit to 3% of Gross State Domestic Product (GSDP) and an additional Rs. 928.00 crore in the financial year 2019-2020 allowed by Government of India as onetime special dispensation only. Consequential amendment of Fiscal Responsibility and Budget Management Act, 2003 is pre-condition for additional borrowing of Rs. 928.00 crore in the financial year 2019-2020. Therefore, the State is required to amend its Fiscal Responsibility and Budget Management Act, 2003 to fulfill the condition of Government of India to avail the benefit of additional borrowing. Hence this amendment/ enactment.

MANPREET SINGH BADAL,
Finance Minister, Punjab.

FINANCIAL MEMORANDUM

The Government of India, to provide relief to States on account of lower tax devolution during 2019-20 and in view of the hardships being faced by the States in managing their finances, has decided to allow additional borrowing of Rs. 58,843 crore in 2019-20 to the 29 States as a onetime special dispensation, beyond the State's eligibility. The State of Punjab has also been allowed an additional borrowing of Rs. 928.00 crore in 2019-20 over and above its Net borrowing ceiling, which is 3% of GSDP, subject to the amendment of State's FRBM legislation for the year 2019-20 to this effect.

2. The proposed amendment in clause (a) of Sub-section (2), of Section 4 of the Fiscal Responsibility and Budget Management Act, 2003 will result in additional borrowing of Rs. 928.00 crore, over and above 3% of GSDP (Net borrowing ceiling of the State of Punjab permissible under FRBM Act, 2003), during the Financial Year 2019-20.

The Governor has, in pursuance of clause (1) and (3) of Article 207 of the Constitution of India, recommended to the Punjab Legislative Assembly, the introduction and consideration of the Bill.

CHANDIGARH
THE 3RD MARCH, 2020

SHASHI LAKHANPAL MISHRA
SECRETARY.

N.B. - The above Bill was published in the Punjab Government Gazette (Extraordinary), dated the 3rd March, 2020 under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly).

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