

The Maharashtra Fiscal Responsibility and Budgetary Management Rules, 2006

MAHARASHTRA

India

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Rule

THE-MAHARASHTRA-FISCAL-RESPONSIBILITY-AND-BUDGETARY-MANAGEMENT-RULES-2006

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The Maharashtra Fiscal Responsibility and Budgetary Management Rules, 2006 Published vide Notification No. TFC/1005/CR-28/2005 F.C. Desk, dated 13th February, 2006 M.G.G., Part 4-A, pages 135-146 In exercise of the powers conferred by section 7 of the Maharashtra Fiscal Responsibility and Budgetary Management Act, 2005 (Maharashtra Act No. XVI of 2005) and of all other powers enabling it in that behalf, the Government of Maharashtra hereby makes the following rules, namely

1. Short title and commencement.

(a) These rules may be called the Maharashtra Fiscal Responsibility and Budgetary Management Rules, 2006. (b) They shall come into force with immediate effect.

2. Definitions.

- In these rules, unless the context otherwise requires, - (a) "Act" means the Maharashtra Fiscal Responsibility and Budgetary Management Act, 2005; (b) "Contingent Liabilities" means outstanding guarantees given by the State Government for borrowings by Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments for which the State Government may be called upon to make payment in case of default by the borrowing organizations; (c) "Current Year" means the year preceding the year for which the budget and medium term fiscal policy are being presented; (d) "Debt Stock" means the total debt outstanding at the end of the financial year; (e) "Ensuing Year" means the year for which the budget is being

presented;(f)"Form" means a form appended to these rules;(g)"GSDP" means Gross State Domestic product at current prices;(h)"Off Budget Borrowings" means non-budgetary receipts that need to be serviced by way of interest and principal repayment directly from the budget and in which the liability is not contingent in nature;(i)"Previous Year" means the year preceding the current year;(j)"section" means a section of the Act;(k)Words and expressions used in these rules but not defined shall have the meanings respectively assigned to them in the Act.

3. Annual targets.

- In order to eliminate the revenue deficit and reduce the fiscal deficit to 3% of the GSDP by the 31st day of March, 2009, the State Government specifies the following targets for reduction of the revenue and fiscal deficits as required by sub-sections (1) and (2) respectively, of section 5(a)The State Government shall reduce the revenue deficit by 1.0 per cent, or more of the GSDP in the first year, 1.5 per cent, or more in the first two years, 2 per cent, or more in the first three years, beginning from the financial year 2005-2006, and the entire deficit by 2008-09. The State shall maintain a revenue surplus thereafter.(b)The State Government shall reduce the fiscal deficit by an amount equivalent to 0.3 per cent, or more of the GSDP at the end of each financial year beginning with the financial year 2005-2006 until the fiscal deficit is brought down to not more than 3% of the GSDP. The fiscal deficit in 2008-09 and thereafter shall not exceed 3% of GSDP.

4. Exceptional Grounds.

- The exceptional grounds mentioned in the first proviso to sub-section (2) of section 5 shall include civil disturbances, war, accidents of large magnitude and the like, as the other exceptional grounds for the purpose of section 5.

5. Fiscal Indicators.

- The fiscal indicators under sub-section (d) of section 2 shall consist of : (a)Fiscal Deficit (b)Revenue Deficit (c)Debt Stock (d)Contingent Liabilities (e)Interest as a percentage of Revenue Receipts. Explanation. - For the purpose of this rule - (i)For calculating the Fiscal Deficit, Off-Budget Borrowings during the year, which need to be serviced by way of interest and principal repayment by the State Government, shall be taken into account. (ii)For the purpose of calculating the Revenue Deficit, revenue expenditure shall include the interest, payable on Off-Budget Borrowings. (iii)The Debt Stock shall include the Off-Budget Debt Stock. (iv)Interest shall include interest paid on Off-Budget Debt Stock.

6. Medium Term Fiscal Policy Statement.

- In the Medium Term Fiscal Policy Statement, required by sub-section (1) of section 3, three year rolling targets for the fiscal indicators mentioned in rule 5 shall be in Form A-1.

7. Fiscal Policy Strategy Statement.

- The Fiscal Policy Strategy Statement required by sub-section (1) of section 3, shall be in Form A-2.

8. Disclosures.

(1) In order to ensure greater transparency in its fiscal operations in the public interest, the State Government shall, at the time of presenting the annual financial statement and demands for grants, make disclosures of the following :-(a) Any significant change in accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators. (b) Statements of receivables in Forms B-1 to B-2. (c) A statement of guarantees given by the State Government in Form B-3. (d) A statement on the number of employees and salary expenditure in Form B-4. (e) A statement of State Government expenditure in Form B-5. (f) A statement of components of the State Government's liabilities in Form B-6. (g) [A statement on Miscellaneous Liabilities Outstanding (major works and contracts) in Form B-7.] [Clause (g) was substituted by G.N. dated 29.2.2008.] (h) A statement on quality of investments based on outcomes in Form B-8. (i) [A statement on quality of investments based on outcomes (Revenue) in Form B-9.] [Clause (i) was added by G. N. dated 29.2.2008.] (2) The provisions of sub-rule (1) shall be complied with, not later than the presentation of the budget for the financial year 2007-08.

9. Measures to Enforce Compliance.

- In case the outcome of the quarterly review of trends in receipts and expenditure made under sub-section (1) of section 6, at the end of second quarter of any financial year beginning with the financial year 2006-07 shows that : (a) the total non-debt receipts are less than 40 per cent, of Budget Estimates for that year, or (b) the fiscal deficit is higher than 45 per cent, of the Budget Estimates for that year, or (c) the revenue deficit is higher than 45 per cent, of the Budget Estimates for that year, then :-(i) as required by sub-section (2) of section 6, the State Government shall take appropriate corrective measures; and (ii) as required by sub-section (3) of section 6, the Minister in charge of the Ministry of Finance shall make a statement in both Houses of State Legislature during the session immediately following the end of the second quarter detailing the corrective measures taken, the manner in which any supplementary demands for grants are proposed to be financed and the prospects for the fiscal deficit of that financial year. [Form A-1] [Form A-1 to B-8 were substituted by G. N. dated 29.2.2008.] [See rule 6] Medium Term Fiscal Policy Statement A. Fiscal Indicators. - Rolling Targets :

Item	Previous Year Actuals	Current Year	Current Year Budget Estimates (BE)	Ensuing Year Revised Estimates (RE)	Targets Year Budget Estimates (BE)	For Next 2 Years	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Y-3	Y-2	Y-1	Y-1	Y	Y+1	Y+2

1.

- Revenue Deficit as
percentage of GSDP.
2. Fiscal Deficit as
percentage of GSDP.
3. Tax Revenue as
percentage of GSDP.
4. Total Debt Stock as
percentage of GSDP.
- Total Contingent
Liabilities as
percentage of GSDP.
- Total Contingent
Liabilities as
percentage of
Revenue Receipts
- Interest Payment as
percentage of Revenue
Receipts.

B. Assumptions underlying the Fiscal Indicators. - Sectoral and GSDP growth rates, -

1. GSDP Growth.

2. Revenue receipts.-

(a)Tax revenue,(b)Share of own tax revenue to total tax revenue,(c)Non-tax revenue.(d)Share of own non-tax revenue to total non-tax revenue,(e)Devolution from Central Government.

3. Capital receipts.-

(a)Loans and advances from Central Government,(b)Special securities issued to the NSSF,(c)Borrowings from financial Institutions,(d)Other receipts (net) - Small Savings,(e)Outstanding liabilities - Internal debt and other liabilities,(f)Recovery of loans and advances.

4. Revenue Expenditure.-

(a)Interest payments.(b)Major subsidies,(c)Salaries,(d)Pensions - including projection of pensions liabilities for ten years,(e)Others.

5. Capital Expenditure.-

(a) Sectoral Capital outlay, (b) Loans and advances. C. Assessment of sustainability relating to : (i) The balance between receipts and expenditure in general and revenue receipts and revenue expenditure in particular. - The Medium term fiscal policy statement may specify the tax-GSDP ratio for the current year and subsequent two years with an assessment of the changes required for achieving it. It may discuss the non-tax revenues and the policies concerning the same. Expenditure on revenue account, both plan and non-plan, may also be discussed with particular emphasis on the measures proposed to meet the overall objectives. It may discuss policies to contain expenditure on salaries, pensions, subsidies and interest payments. An assessment of the capital receipts may be made, including the borrowings and other liabilities as per policies spelt out. The statement may also give projections for GSDP and discuss it on the basis of assumptions underlying the indicators. (ii) The use of capital receipts including market borrowings for generating productive assets. - The Medium Term Fiscal Policy Statement may specify the proposed use of capital receipts for generating productive assets in different categories. It may also spell out proposed changes among these categories and discuss them in terms of the overall policy of the State Government. Form A-2 [See rule 7] Fiscal Policy Strategy Statement A. Prospects of the State's Economy and Fiscal Policy Overview. - This paragraph will present prospects for the State's economy and an overview of the fiscal policy. B. Fiscal policy for the ensuing financial year. - This paragraph shall have five sub-paragraphs dealing with the topics mentioned below, - (1) Tax Policy. - In the sub-paragraph on tax policy, major changes proposed to be introduced in direct and indirect taxes in the ensuing financial year will be presented. (2) Expenditure Policy. - Under expenditure policy, major changes proposed in the allocation of expenditure shall be indicated. It shall also contain an assessment of principles regarding the benefits and target group of beneficiaries. (3) Government Borrowing, Lending and Investments. - In this sub-paragraph on Government borrowings, the policy relating to internal debt, external debt, Government lending, investments and other activities; including principles regarding average maturity structure, bunching of repayments, etc. shall be indicated. (4) Contingent and other Liabilities. - Any change in the policy on contingent and other liabilities and in particular guarantees which have potential budgetary implications shall be indicated. (5) Levy of User Charges. - Any change proposed in the levy of user charges of public services shall be spelt out. C. Strategic priorities for the ensuing year. - (1) Resource mobilization for the ensuing financial year through tax, non-tax and other receipts shall be spelt out. (2) The broad principles underlying the expenditure management during the ensuing year shall be spelt out. (3) Priorities relating to management of public debt proposed during the ensuing year shall be indicated. D. Rationale for policy changes. - (1) The rationale for policy changes consistent with the Medium Term Fiscal Policy Statement, in respect of direct and indirect taxes proposed in the ensuing Budget shall be spelt out. (2) The rationale for major policy changes in respect of budgeted expenditure including expenditure on subsidies and pensions shall be indicated. (3) Rationale for changes, if any, proposed in the management of public debt shall be indicated. (4) The need for changes, if any, proposed in respect of pricing of administered goods shall be spell out. E. Policy evaluation. - This paragraph shall contain an evaluation of the changes proposed in the fiscal policy for the ensuing year with reference to fiscal deficit reduction and objectives set out in the Medium Term Fiscal Policy Statement. Form B-1 [(See rule 8(1)(b))] Tax Revenues raised but not realised (Principal Taxes) (Rs. lakhs)

Major Head	Description	Amounts under dispute	Total	Amount		Grand Total						
				not under dispute	Total		Over one year but less than two years	Two years and above but less than 5 years	Over one year but less than two years	Two years and above but less than 5 years	Five years and above but less than 10 years	Ten years and above
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
0028	(1)	Taxes on Professions, Trades and Employment										
		0040										
	(2)	Sales Tax/VAT including taxes on Motor Spirits and Lubricants.										
0040	(3)	Central Sales Tax.										
0045	(4)	Luxury Tax.										
0042	(5)	Entry Tax.										
0029	(6)	Land Revenue.										
0030	(7)	Stamps and Registration Fees.										
0045	(8)	Entertainment Tax.										
0853	(9)	Minor Minerals, etc.										
0853	(10)	Major Minerals.										
0039	(11)	State Excise.										
0041	(12)	Taxes on Vehicles.										
0042	(13)	Taxes on Goods and Passengers.										

0043 (14) Electricity
Duties.

Total

Note. - The outstanding amount pertains to the end March figures for the previous year. Form B-2[See rule 8(1)(b)]Arrears of Non-Tax Revenue(Rs. in Crore)

Major Head	Description	Less than one year	One year and above but less than two years	Two years and above but less than five years	Five years and above	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0047	(A)	Interest Receipts, Dividends and Profits				
0049	(i)	Interest Receipts -				
	(a)	From Departmental Commercial Undertakings:				
	(b)	From Public Sector and Other Undertakings;				
0050	(ii)	Dividends and Profit.				
	(B)	General Services				
0055	(i)	Police Receipts 0059				
	(ii)	Public Works				
	(C)	Economic Services				
0853	(i)	Royalty Receipts				
0404	(ii)	Dairy Development				
0406	(iii)	Forestry and Wild Life				
0701	(iv)	Major and Medium Irrigation				
0425	(v)	Co-operation				
	(D)	Other Receipts (Social Services)				

Total

Form B-3[See rule 8(1)(c)]Guarantees given by the Government

Sr. No.	Name of the Department	Outstanding at the beginning of the previous year(Rs. in Crores)	Additions during the year (Rs. Crores)	Deletions (other than invoked in the year (Rs.Crores)	Invoked during the year	Outstanding at the end of the year (Rs. Crores)
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Discharged	Not Discharged	Receivable in the previous year	Received in the previous year			
(1)	(2)	(3)	(4)	(5)	(6)	(7)

1.2.3.4.5.6.7.8.9.10.11.12.13.14.15.16.

Form B-4[See rule 8(1)(d)]Statement on the Number of Employee and Salary Expenditure

Category of Employees	Number of Employees	Salary Expenditure (in Crores)	Remarks
(1)	(2)	(3)	(4)

(A) Government

(B) Government Aided Institution

(C) Public Sector Units

Total (A+B+C)

Note. - The outstanding amount pertains to the end March figures for the previous year.

Form B-5[See rule 8(1)(e)]Statement of Government Expenditure

Object Head/Object of Expenditure*	Previous Year Actuals	Current Year RE	Ensuing Year BE
(1)	(Y-2)	(Y-1)	(Y)
(1)	(2)	(3)	(4)

1. Salaries

2. Wages

3. Overtime Allowance

4. Pensionary Charges

5. Rewards

11. Domestic Travel Expenses

12. Foreign Travel Expenses

13. Office Expenses

14. Rent/rates and taxes

15. Royalty

16. Publications

17. Computer Expenses

18. Off-Day Compensation

19. Diet Charges

20. Other Administrative Expenses

21. Supplies and Materials

22. Arms and Ammunition

24. Petrol, Oil, Lubricants

25. Clothing and Tents

26. Advertising and Publicity

27. Minor Works
28. Professional Services
29. Purchase of Mill
31. Grants-in-aid (salary)
31. Grants-in-aid (non-salary)
32. Contributions
33. Subsidies (salary)
33. Subsidies (non-salary)
34. Scholarships/Stipend
41. Secret-Service Expenditure
42. Lump-sum Provision
43. Suspense 45. Interest
50. Other Charges
51. Motor Vehicles
52. Machinery and Equipment
53. Major Works
54. Investments
55. Loans and Advances
56. Re-payment of Borrowings
57. Livestock 61. Depreciation
63. Inter-Account Transfer
64. Write-off Losses
- Grant Total
70. Deduct Recoveries
- Net Total

* Based on latest objectwise classification as per Government of India. Form B-6[See rule 8(1)(f)]Components of Government Liabilities(Rs. in crores)

No.	Category	Outstanding amount at beginning of the year	Raised during the Fiscal year	Repayment/Redemption during the Fiscal Year	Outstanding amount at the end of the year	Remarks	
Previous Year Actuals	Current Year RE	Previous Year Actuals	Current Year RE	Previous Year Actuals	Current Year RE	Previous Year Actuals	Current Year RE
		(Y-2)	(Y-1)	(Y-2)	(Y-1)	(Y-2)	(Y-1)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Loans from Centre.						

2. Special Securities
Issued to the NSSF.
3. Borrowings from
Financial
Institutions/Banks.
4. Market Borrowings.
5. Ways and
Means/OD from
RBI.
6. Provident Funds,
etc.
7. Reserve Deposits.
8. Off-Budget
Borrowings.
9. Other Liabilities.
- Total

Form B-7[See rule 8(1)(g)]Miscellaneous Liabilities Outstanding

Name of Department

Outstanding Amount at the
end of year (Y-2)

A. Major works, contracts and suppliesB. Arrears of grants payable
to various institutions including Panchayat Raj

Only Major Works and Contracts above Rs. one crore each. Form B-8[See rule 8(1)(h)]Quality of
Investments Based on Outcomes (Expenditure)

No.	Sector	Indicator	Description of Units	Total amount in Previous Year (Y-1)	Total Units in Previous Year (Y-2)	Amount Per Unit in Previous Year (Y-1)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
						Rs. (Lakhs)/ Lane KilometersRs.(Lakhs)/ Lane KilometersRs. (Lakhs)/ LaneKilometers	
1.	Roads	Amount spent per unit of RoadsAsphalting: New ConstructionAsphalting : Black Topping only	Rs. (Lakhs/ Lane kilometers	Rs. LakhsRs. Lakhs	Lane kms.Lane Kms.Lane Kms.		
2.	Road	Water-bound macadam	Rs. (Lakhs)/ Lane Kilometers	Rs. Lakhs	Lane kms	Rs. (Lakhs)/ Lane kilometers	
3.	Road	Cement concrete			Lane kms		

			Rs. (Lakhs)/ Lane Kilometers	Rs. Lakhs		Rs. (Lakhs)/ Lane kilometers
4.	Buildings	Amount spent per unit new building area made usable	Rs./ Sq. mt.	Rs. Lakhs	Sq. mt.	Rs. Sq. mt.
5.	Irrigation	Amount spent per unit of addition water storage created.	Rs. (Lakhs)/ million meter cube	Rs. Lakhs	Mm3	Rs. (Lakhs)/ Mm3
6.	Irrigation	Amount spent per unit increase in command area.	Rs. (Lakhs)/ hectares	Rs. Lakhs	hectares	Rs. (Lakhs)/ hectares
7.	Watersheds	Amount spent per unit on watersheds completed	Rs. watershed completed	Rs. Lakhs	No. of watersheds	Rs. (Lakhs)/ Watershed.
8.	Watersheds	Amount spent per unit on watershed in progress	Rs. watershed work in progress	Rs. Lakhs	No. of watersheds	Rs. (Lakhs)/ Watershed
9.	Power	Power Generated	Rs./ Unit Generated	Rs. Lakhs	mill units	Rs. / unit
10.	Power	Power purchased	Rs./ Unit purchased	Rs. Lakhs	mill units	Rs. / unit
11.	Power	Power Billed	Rs./ Unit Billed	Rs. Lakhs	mill units	Rs. / unit
12.	Power	Percentage collection	% collected of that billed	Rs. Lakhs (collected)	Rs. Lakhs (Billed) %

Form B-9[See rule 8(1)(i)]Quality of Investments based on Outcomes (Revenue)(Revenue collection from select sections)

No.	Sector	Indicator Revenue collected	Description of Units	Total amount in Previous Year	Units in Previous Year (Y-1)	Revenue Collected per unit in Previous Year (Y-1)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Forestry	From forest area	Revenue collected per hectares	Rs. crore	hectares	Rs...../ hectares	
2.	Sales Tax	From Sales Tax		Rs. crore	-%	

			100 x revenue collected as a % of GSDP			
3.	Professional Tax	From Professional tax	100 x revenue collected as a % of GSDP	Rs. crore	%
4.	Tax on goods and passenger	From tax on Goods and passenger	100 x revenue collected as a % of GSDP	Rs. crore	%
5.	Electricity Duty	From Electricity duty	100 x revenue collected as a % of GSDP	Rs. crore	OSDF at current prices%
6.	Excise Duty	From Excise Duty	100 x revenue collected as a % of GSDP	Rs. crore	(Rs. in crores)%
7.	Stamps and Registration	From Stamps and Registration	100 x revenue collected as a % of GSDP	Rs. crore	%
8.	Taxes on vehicles	(i) From Light weight motor vehicles	100 x revenue collected as a % of GSDP	Rs. crore	%
9.	Taxes on vehicles	(ii) From Heavy weight motor vehicles	100 x revenue collected as a % of GSDP	Rs. crore	%