

# Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2016

UTTARAKHAND

India

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### Act 40 of 2016

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Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2016(Uttarakhand Act No. 40 of 2016)An Act further to amend the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005 to provide amendment in fiscal targets as recommended by the 14th Finance Commission for application revised roadmap for fiscal consolidation and to make fiscal responsibility and Budget Management process more transparent and comprehensive.

### 1. Short title extent and commencement and extension.

(1)This Act may be called the Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2016.(2)It shall extend to the whole of the State of Uttarakhand.(3)It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint in this behalf.

### 2. Amendment in Section 2 in the principal Act.

- After sub-section (g) of Section 2 a new sub-section (h) shall be inserted as follows, namely -"(h) 'Interest payment' means the amount payable other than refund of principal amount on the internal debt of the State Government from the Central Government and on State Provident Funds and other liabilities in the public account."

### 3. Amendment of Section 4 in the principal Act.

- Clause (c) of sub-section (3) of Section 4 in the principal Act, shall be substituted as follows, namely -(b)(1) The Fiscal deficit targets and annual borrowing limits for the State during the period 2016-17 to 2019-20 are enunciated as follows -(i)Fiscal deficit of the State will be anchored to an

annual limit of 3 per cent of GSDP. The State will be eligible for flexibility of 0.25 per cent over and above this for any given year for which the borrowing limits are to be fixed if the debt-GSDP ratio is less than or equal to 25 per cent in the preceding year.(ii)The State will be further eligible for an additional borrowing limit of 0.25 per cent of GSDP in a given year for which the borrowing limits are to be fixed if the interest payments are less than or equal to 10 per cent of the revenue receipts in the preceding year.(iii)The two options under these flexibility provisions can be availed by the State either separately, if any of the above criterion is fulfilled, or simultaneously if both the above stated criterion are fulfilled. Thus, the State can have a maximum fiscal deficit GSDP limit of 3.5 per cent in any given year.(iv)The flexibility for availing the additional limit under either of the two options or both will be available to the State only if there is no revenue deficit in the year in which borrowing limits are to be fixed and the immediately preceding year.(2)If the State is not able to fully utilize its sanctioned borrowing limit of 3 per cent of GSDP in any particular year during the financial year between 2016-17 to 2018-19 it will have the option of availing this unutilized borrowing amount (calculated in Rs) only in the following year within the Fourteenth Finance Commission Award period of 2017-18 to 2019-20. The amount including unutilized borrowing amount will be limited to 3.5 of GSDP."