

The Orissa Fiscal Responsibility and Budget Management Rules, 2005

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Rule

THE-ORISSA-FISCAL-RESPONSIBILITY-AND-BUDGET-MANAGEMENT of 2005

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The Orissa Fiscal Responsibility and Budget Management Rules, 2005 Published vide Notification No. S.R.O. No.360/2005, Orissa Gazette Extraordinary No. 1265 dated 11.8.2005 Finance Department S.R.O. No.360/2005. - In exercise of the powers of conferred by Section 9 of the Orissa Fiscal Responsibility and Budget Management Act, 2005 (Orissa Act 6 of 2005), the State Government do hereby make the following rules, namely

1. Short Title and Commencement.

(1) These rules may be called the Orissa Fiscal Responsibility and Budget Management Rules, 2005. (2) They shall come into force on the date of their publication in the Orissa Gazette.

2. Definitions.

(1) In these rules, unless the context otherwise requires (a) "Act" means the Orissa Fiscal Responsibility and Budget Management Act, 2005; (b) "Budget at a glance" means the Budget at a glance containing consolidated information on state's receipt and expenditure and other related information as placed before the Legislature along with the Budget; (c) "Form" means a Form appended to these rules; (d) "GSDP" means the Gross State Domestic Product at Current Prices; (e) "Mandated Revenue" means the sum total of state's share in central taxes and the non plan revenue deficit grant received from Government of India; and (f) "section" means a Section of the Act. (2) The words and expressions used but not defined in these rules and defined in the Act shall have the same meanings as respectively assigned to them in the Act.

3. Fiscal Indicator.

- The fiscal indicators required to be prescribed for the purposes of the Act shall be as follows (a) revenue deficit as a percentage of Gross State Domestic Product; (b) fiscal deficit as a percentage of Gross State Domestic Product; (c) primary deficit/surplus as a percentage of Gross State Domestic Product; and (d) total debt stock as a percentage of Gross State Domestic Product.

4. Medium Term Fiscal Plan and Fiscal Policy Strategy.

(1) The strategic priorities of the state government in the fiscal area shall be prescribed in Form I. (2) The Medium Term Fiscal Plan shall be prepared by the State Government in Form II.

5. Statement showing steps taken for restructuring of State Finances as recommended by the latest Finance Commission.

- The State Government shall, while presenting the Fiscal Policy Strategy, include therein details of the steps taken for restructuring the State Finances as recommended by the latest Finance Commission.

6. Disclosure in a statement.

- The State Government shall, at the time of presentation of the Annual Budget, make disclosure in a statement in Form III indicating any significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators.

7. Special Statements relating to employees.

- The State Government shall, at the time of presentation of Annual Budget, furnish a statement in Form IV giving in detail the number of employees and related salaries as specified in Sub-section (10) of Section 6.

8. Statement showing deferred liabilities.

- The State Government shall, while presenting the Annual Budget for the current year, furnish a statement in Form V showing the deferred liabilities as specified in Section 7.

9. Action Plan for Contingent liabilities.

- The State Government shall transfer a certain amount from revenue account to a "sinking Fund", and the Insurance and Pension Fund to meet huge future repayment of borrowings and rising expenditure liabilities on account of pension etc. The fund so transferred shall be maintained outside the Consolidated Fund of the State and Public Account so that the corpus of the Sinking Fund and the Insurance and Pension Fund can be utilised to meet the future contingent liabilities on

account of huge repayment of loans, rising expenditure on pension. Form - I[See rule 4(1)]Fiscal Policy Strategy StatementA. Fiscal Policy overview : [This paragraph will present an overview of the present fiscal policy of the Government].B. Fiscal Policy for the Current Year : [This paragraph shall have the following sub-paragraphs dealing with-(1)Tax Policy - In this sub-paragraph on tax policy, major changes proposed to be introduced in taxes in the current financial year will be presented. It shall contain details of tax exemptions, concessions and introduction of new taxes and user charges etc. It shall also contain details of tax reforms aimed at building up non-discretionary and revenue elastic system of taxation with tax rates that are low, limited in number of rate categories and stable. It shall also describe various non tax revenues reforms where user charges, as a short term objective, ensure recoveries of current costs, and aim at full recovery of costs measured at acceptable efficiency levels in the longer run, in case of services where there is no clear cut case for subsidisation and ensure rates of return on investment.(2)Expenditure Policy - Under this sub-paragraph, major priorities in the allocation of expenditure shall be elaborated. It may also contain an assessment of principles regarding the benefits and target group of beneficiaries. It should describe the steps taken towards expenditure restructuring relating to both in size and sectoral allocations aimed at removing inefficiencies arising from mis allocations, design and implementation of schemes, delivery of services.(3)Government Borrowings, Landings and Investments - In this sub-paragraph, the policy relating to government internal borrowings, lendings and recovery of loans and advances etc. shall be indicated.(4)Other liabilities - This sub-paragraph shall include information relating to guarantees and off-budget borrowings of Government having potential budgetary implications. It would also include details relating to one-time settlement of such liabilities, measures to limit the guarantees etc.].C. Strategic Priorities for the current year -(1)[Resource mobilisation for the current financial year through tax, non tax and other receipts shall be spelt out.(2)The broad principles underlying the expenditure management through prioritisation of different schemes shall be spelt out.(3)Priorities relating to incomplete projects and new projects shall be detailed including an assessment of the on-going projects in the State.].D. 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 Plan.].E. Restructuring the State Finances as recommended by latest Finance Commission - [This paragraph shall contain, in details, the various steps taken by the State Government toward restructuring state finances in order to achieve the following objectives :(a)Bringing down the ratio of interest payments to total revenue receipt(b)Bringing down the ratio of total salary bill relative to revenue expenditure net of interest and pension.(c)Containing the ever increasing pension liability by following the initiative taken by the central government for pension reforms(d)Rationalising subsidies by reducing their overall volume, increasing their transparency by making them explicit and improving their targeting. This should include collection of user charges and recoveries of cost of maintenance of irrigation work, urban water supply etc.(e)Bringing down the debt- GSDP ratio.].Form - II[See rule 4(2)]Medium Term Fiscal PlanA. Fiscal Indicators - Rolling Targets

Description	Last available Actuals	Last Year Revised Estimates	Current Year Target Budget Estimates	Targets for Next two years
Y	Y+1Y+2			
Revenue Deficit as percentage of GSDP				

Fiscal Deficit as
percentage of GSDP

Primary Deficit as
percentage of GSDP

Total Debt Stock as
percentage of GSDP

B. Assumptions underlying the Fiscal Indicators-

1. Revenue receipts

(a)Tax Revenue - Tax wise growth rates(b)Non Tax Revenue - Policies and approaches(c)Devolution to States - Plan Receipts from Government of India

2. Capital receipts-

(a)Recovery of loans & Advances - Principles and measures adopted by State Government to enhance recovery of loans and advances(b)Other Receipts - New dis-investment/sale decisions taken by State Government.(c)Borrowings - Plan Borrowings and other internal borrowings including proposals for debt swap

3. Total Expenditure - Policy Stance

(a)Revenue Account(i)Salary & pension -Measures to control(ii)Subsidies - Policies and new proposals(iii)Maintenance Expenditure - Norms and Finance Commission recommendations(iv)Calamity Relief -(v)Others(b)Capital Account -(i)Loans & Advances-(ii)Capital Outlay - measures taken by the State Government to enhance provision for developmental expenditure(c)Assessment of sustainability relating to -(i)The balance between revenue receipt sand revenue expenditures. The MTFP may specify the tax-GSDP ratio for the current years and the subsequent two years. It may discuss the non tax revenue and the policies concerning the same. Expenditure on revenue account, both plan and non plan, may also be made with particular emphasis on the measures proposed to meet the medium term fiscal objectives.(ii)The use of capital receipts including market borrowings for generating productive assets. The Fiscal Policy Strategy statement may specify the proposed use of capital receipts for generating productive assets in different categories. It may spell out proposed changes among these categories and discuss it in terms of overall policy of the Government. Form III[See rule 6]Disclosure StatementForm IV[See rule 7]Special Statement on Number of Employees and Related SalariesProforma - I/ II /III(For Government Employees/Aided Educational Institutions/PSUS)Non Plan/ PlanAs on 31st March 2003/2004/2005DEMAND NO.-

	Employees (In Number)	Expenditure (Rupees in Lakh)			
Major Head/Scales of	Sanctioned Strength	Men in position	Pay including special pay	D.A. Allowances (HRA, RCM, OA)	Total

Pay

Major Head No.

Scales of Pay

Note : Information relating to employees on consolidated pay shall be shown separately indicating the amount of consolidated pay against each employee. Form - V[See rule 8]Statement of Deferred Liabilities