

# Andhra Pradesh Fiscal Responsibility and Budget Management Rules, 2006

ANDHRA PRADESH

India

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### Rule

### ANDHRA-PRADESH-FISCAL-RESPONSIBILITY-AND-BUDGET-MANAGEMENT RULES, 2006

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Andhra Pradesh Fiscal Responsibility and Budget Management Rules, 2006Published vide Notification No. G.O. Ms. No. 183, Finance (BG.I), dated 30.06.2006Last Updated 24th September, 2019No. G.O. Ms. No. 183. - In exercise of the powers conferred by Section 15 of the Andhra Pradesh Fiscal Responsibility and Budget Management Act, 2005, (Act No.34 of 2005) and the Andhra Pradesh Fiscal Responsibility and Budget Management (Amendment) Act, 2006 (Act No. 15 of 2006) the Government of Andhra Pradesh hereby makes the following rules, namely:-

#### 1. Short title and commencement.

(1)These rules may be called the Andhra Pradesh Fiscal Responsibility and Budget Management Rules, 2006.(2)They shall come into force with effect from 30-6-2006.

#### 2. Definitions.

- In these rules, unless the context otherwise requires,-a. "Act" means the Andhra Pradesh Fiscal Responsibility and Budget Management Act, 2005;b. "form" means a form appended to these rules;c. "section" means a section of the Act;d. words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

### **3. Macroeconomic Framework Statement.**

- The Macroeconomic Framework Statement as required under Section 6, of the Act shall be in Form F-1.

### **4. Medium Term Fiscal Policy Statement.**

(1)The Medium Term Fiscal Policy Statement, as required under subsection (1) of Section 7, of the Act shall include in Form F-2 three year rolling targets in respect of the following fiscal indicators:(a)revenue deficit as a percentage of TRR;(b)fiscal deficit as a percentage of GSDP;(c)outstanding total liabilities as a percentage of GSDP;(2)The Medium Term Fiscal Policy Statement shall also explain the assumptions underlying the above mentioned targets for fiscal indicators and an assessment of sustainability relating to the items indicated in subsection (2) of Section 7 of the Act.

### **5. Fiscal Policy Strategy Statement.**

- The Fiscal Policy Strategy Statement as required under Section 8 of the Act shall be in Form F-3.

### **6. Disclosures.**

(1)The State Government shall, at the time of presenting the budget, make disclosures as required under Section 10 together with the following statements:(a)a statement of select indicators of fiscal situation in Form D-1;(b)a statement on components of State Government liabilities and interest cost of borrowing/mobilization of deposits in Form D-2;(c)a statement on the Consolidated Sinking Fund in Form D-3;(d)a statement on guarantees given by the Government in Form D-4;(e)a statement on outstanding risk-weighted guarantees in Form D-5;(f)a statement on the Guarantee Redemption Fund in Form D-6;(g)a statement of assets in Form D-7;(h)A statement on claims and commitments made by the State Government on revenue demands raised but not realized in Form D-8; and(i)a statement on liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in Form D-9;(j)a statement giving details of number of employees in government, public sector and aided institutions and related salaries and pensions in Form D-10.(2)The provisions of sub-rule (1) shall be complied with not later than three years after the coming into force of the Act.

### **7. Measures to enforce compliance.**

- In case the outcome of the quarterly reviews of trends in receipts and expenditure, at the end of the second quarter of any financial year shows that-(i)the total non-debt receipts are less than 40 per cent of Budget Estimates for that year; or(ii)the fiscal deficit is higher than 45 per cent of Budget Estimates for that year; or(iii)the revenue deficit is higher than 45 per cent of the Budget Estimates for that year;then-(a)as required under sub-section (2) of Section 11 of the Act, the State

Government shall take appropriate measures and (b) as required under sub-section 3(b) of Section 11 of the said Act, the Minister-in-charge of the Ministry of Finance shall make a statement in the Legislature during the session immediately following the end of the second quarter detailing the corrective measures taken and the prospects for the fiscal deficit of that financial year. Form FI (See Rules 3 and 4) Macro Economic Framework Statement

**1. Overview of the State Economy. - [This paragraph shall contain a synoptic analysis of trend in the rate of growth of output. Information on key macroeconomic indicators shall be presented in the table at the end of this form.]**

**2. GSDP Growth. - [This paragraph shall contain an analysis of trends in overall GSDP growth and its sectoral composition.]**

**3. Overview of State Government Finances. - [This paragraph shall detail the developments in State Finances including an analysis of trends in revenue collections and expenditure, and the important fiscal deficit and debt indicators and expenditure, and the important fiscal deficit and debt indicators and the measures taken to improve the financial position of the State Government. Trends in State Government finances shall be presented in the format appended. This will, inter alia, indicate the developments related to the Consolidated Sinking Fund, Guarantee Redemption Fund, and issuances of risk-weighted guarantees and Ways and Means Advances availed from the RBI. This paragraph may also cover analysis of finances of local bodies and State-level public sector undertakings including the progress made by them for compilation/finalization of annual statements of accounts and Central transfers.]**

**4. Prospects. - [Based on the trends in major sectors presented in the previous Sections, an assessment shall be made regarding the growth prospects, along with the underlying assumptions. An assessment of fiscal prospects shall also be made.]**

F-1 (Contd.) Macro Economic Framework Statement Economic Performance at a Glance

Table 1: Trends in Select  
Macroeconomic and Fiscal  
Indicators

Absolute Value (Rs. Crore)

		Percentage Changes			
		April-Reporting period*			
		Previous Year	Current Year	Previous Year	Current Year
Real Sector					
1.	GSDP at factor cost				
	(a) at current price				
	(b) at 1993-94 price				
2.	Agriculture Production				
3.	Industrial Production				
4.	Tertiary Sector Production				
Government Finances					
1	Revenue Receipts (2+3)				
2	Tax Revenue (2.1+2.2)				
2.1	Own Tax Revenue				
2.2	State's Share in Central Taxes				
3	Non-Tax Revenue 3.1+3.2)				
3.1	State's Own Non Tax revenue				
3.2	Central Transfers				
4	Capital Receipts (5+6+7)				
5	Recovery of loans				
6	Other Receipts				
7	Borrowing and other liabilities				
8	Total Receipts (1+4)				
9	Non-Plan Expenditure				
10	Revenue Account of which:				
	(a) Interest payments(b)				
11	Subsides(c) Wages & Salaries(d) Pension Payments				
12	Capital Account				
13	Plan Expenditure				
14	Revenue Account				
15	Capital Account				
16	Total Expenditure (9 + 13)				
17	Revenue Expenditure (10 + 14)				

18	Capital Expenditure (12 +15)
19	Revenue Deficit (17 - 1)
20	Fiscal Deficit (16 (1+5+6))
21	Primary Deficit (20-1 la)
	Memo:
	Average amount of WMA from RBI <sup>^</sup>
	Average amount of OD from RBI <sup>^</sup>
	Number of days of OD
	Number of occasions of OD

\* Date will relate to the period up to which information for the current year is available. To facilitate comparison, date of previous year corresponds to the same period of current year. Accordingly, reporting period may vary for different items. <sup>^</sup> The average amount of WMA/OD is calculated by summing up the outstanding amount of WMA as on each day (including holidays) and dividing by the total number of days during April-Reporting period. Form F-2(See rule 4) Medium Term Fiscal Policy Statement A. Fiscal Indicators - Rolling Targets

	Previous Year (Y-2) Actuals	Current Year (Y-1) Budget Estimates (BE)	Current (Year Y-1) Revised Estimates (RE)	Ensuing Year (Y) Budget Estimates (BE)	Targets for next Two Years
Y+1	Y+2				

1. Revenue Deficit as percentage  
of Total Revenue Receipts  
(TRR) 2. Fiscal Deficit as  
percentage of GSDP 3. Total  
outstanding Liabilities as  
percentage of GSDP 4. [Any  
additional target (s)]

B. Assumptions underlying the Fiscal Indicators-

## 1. Revenue receipts

(a) Tax-revenue-Sectoral and GSDP growth rates (b) Non-tax-revenue- Policy stance (c) Devolution to Local Bodies (d) Share of own tax revenue to total tax revenue (e) Share of own non-tax revenue to total non-tax revenue

## 2. Capital receipts - Debt stock, repayment, fresh loans and policy stance

(a) Loans and advances from the Centre (b) Special securities issued to the NSSF (c) Recovery of loans and advances (d) Borrowing from financial institutions (e) Other receipts (net) - small savings, provident funds, etc. (f) Outstanding Liabilities - Internal Debt and Other Liabilities

### 3. Total expenditure - Policy Stance

(g)Revenue account(i)Interest payments - (a) on borrowings during the year (aggregate and category-wise); (b) on outstanding liabilities - (i) (aggregate and category-wise)(ii)Major subsidies(iii)Salaries(iv)Pensions(v)Others.(h)Capital account(i)Loans and advances(ii)Capital Outlay

### 4. GSDP Growth

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, own tax-GSDP ratio and State's share in Central 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 be also discussed with particular emphasis on the measures proposed to meet the overall objectives. It may discuss policies to contain expenditure on salaries, pension, subsidies and interest payments. An assessment of the capital receipts shall be made, including the borrowings and other liabilities, as per policies spelt out. The statement shall also give projections for GSDP and discuss it on the basis of assumptions underlying the indicators in achieving the sustainability objective.(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 the proposed changes among these categories and discuss them in terms of the overall policy of the Government.(iii)The estimated yearly pension liabilities worked out on actuarial basis for the next ten years. In case it is not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the coming into force of this Ordinance, the State Government may, during that period, estimate the pension liabilities by making forecasts on the basis of trend growth rates (i.e. average rate of growth of actual pension payments during the last three years for which data are available).Form F-3(See Rule 5)Fiscal Policy Strategy StatementA. - Fiscal Policy Overview: [This paragraph will present an overview of the fiscal policy currently in vogue.]B. - Fiscal policy for the ensuing year;[This paragraph shall have, inter alia, six sub-paragraphs dealing with-(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. It shall contain an assessment of exemption in various taxes and how far it relates to principles regarding tax exemptions.(2)Expenditure Policy. - Under expenditure policy, major changes proposed in the allocation for expenditure shall be indicated. It shall also contain an assessment of principles regarding the benefits and target group of beneficiaries.(3)Borrowings and Other Liabilities-Lending and Investments. - In this sub-paragraph on borrowings, the policy relating to internal debt, including the access to WMA/OD facility from the Reserve Bank of India, Government lending, investments and other activities; including principles regarding average maturity structure, bunching of repayments, etc., shall be indicated. The borrowings by Public Sector Undertakings and Special Purpose Vehicle, lending, investments, pricing of user charges on public goods and utilities and description of other activities, and activities of Public Sector Undertaking which have potential budgetary implications; and the key fiscal measures and targets

pertaining to each of these shall be indicated.(4)Consolidated Sinking Fund. - In this sub-paragraph, the policy related to the Consolidated Sinking Fund (CSF) shall be indicated.(5)Contingent and other Liabilities. - Any change in the policy on contingent and other liabilities, in particular guarantees, which have potential budgetary implications shall be indicated. Any change in the policy related to borrowings by special purpose vehicle (SPV) and other equivalent instruments where liability for repayment is on the State Government shall be indicated. The policy on building up of the Guarantee Redemption Fund (GRF) and commission charges/collected for guarantees issued shall also be indicated.(6)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 ensuring 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 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 the public debt shall be indicated.(4)The need for changes, if any, proposed in respect of the charges for public utilities shall be spelt out.]E. Policy Evaluation:[The 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 D-1(See Rule 61)Select Fiscal Indicators

Item	Previous Year(Actuals)	Current Year(RE)
1. Gross Fiscal Deficit as Percentage of GSDP		
2. Revenue Deficit as Percentage of Gross FiscalDeficit		
3. Revenue Deficit as Percentage of GSDP		
4. Revenue Deficit as Percentage of TRR		
5. Total Liabilities -GSDP Ratio (%)		
6. Total Liabilities - Total Revenue Receipts (%)		
7. Total Liabilities - State's Own Revenue Receipts(%)		
8. State's Own Revenue Receipts to RevenueExpenditure (%)		
9. Capital Outlay as Percentage of Gross FiscalDeficit		
10. Interest Payment as Percentage of RevenueReceipts		
11. Salary Expenditure as Percentage of RevenueReceipts		
12. Pension Expenditure as Percentage of RevenueReceipts		
13. Non-developmental Expenditure as Percentage of aggregate disbursements		
14. Gross Transfers from the Center as Percentage of Aggregate Disbursements		

15. Non-tax Revenue as Percentage of TRR

Form D-2(See Rule 6)A. Components of State Government Liabilities

Category	Raised during the Fiscal Year	Repayment/Redemption during the Fiscal Year	Outstanding Amount(End-March)		
	Previous Year(Actuals)	Current Year(RE)	Previous Year(Actuals)	Current Year(RE)	
Market Borrowings					
Loans from Centre					
Special Securities issued to the NSSF					
Borrowings from Financial Institutions / Banks					
WMA/OD from RBI					
Small Savings, Provident Funds, etc					
Reserve Funds/ Deposits					
Other Liabilities					
Total					

Form D-2(See Rule 6)B. Weighted Average Interest Rates on State Government Liabilities (per cent)

Category	Raised during the Fiscal Year^	Outstanding Amount (End-March)		
	Previous Year(Actuals)	Current Year(RE)	Previous Year(Actuals)	Current year(RE)
Market Borrowings				
Loans from Centre				
Special Securities issued to the NSSF				



Borrowings from Financial  
Institutions/ Banks  
WMA/OD from RBI  
Small Savings, Provident  
Funds, etc  
Reserve Funds/Deposits  
Other Liabilities  
Total\*

^ Weighted average interest rate where the respective weight is the amount borrowed. This is calculated on contractual basis and then annualized.\* Weighted average interest rate where the weights are the amount of the respective components of State Government liabilities.Example 1Suppose the State Government raised resources from the market on three occasions during a fiscal year for an aggregate amount of Rs.6,000 crore. The annual rates of interest were 10 per cent, 12 per cent and 14 per cent, for Rs. 1,000 crore, Rs.2,000 crore and Rs.3,000 crore, respectively. The weighted average interest rate in respect of the resources raised during the year would, therefore, be
$$\frac{Rs. 1000 \times (10/100) + 2000 \times (12/100) + 3000 \times (14/100)}{(1000+2000+3000)} \times 100$$
$$= \frac{(100+240+420)}{6000} \times 100 = 12.67\%$$
Example 2Suppose the previous and current years pertain to 2002-03 and 2003-04. Suppose the total outstanding amount of special securities issued by the State Government to the NSSF was Rs. 1,000 crore as at end-March 2002 and Rs. 1,500 crore as at end-March 2003. Suppose the total interest cost incurred by the State Government on this account during 2002-03 and 2003-04 amount to Rs. 100 crore and Rs. 120 crore, respectively. Then the weighted average interest cost on the outstanding amount of special securities issued to the NSSF during the previous year (i.e. 2002-03) is equal to  $100/1000 = 10$  per cent. Similarly, the weighted average interest cost on the outstanding amount of special securities issued to the NSSF during the current year (i.e. 2003-04) is equal to  $120/1500 = 8$  per cent.

Form D-3(See Rule 6)Consolidated Sinking Fund (CSF)

(Amount in Rs.Crore)

Outstanding Balance in CSF at the beginning of the previous year	Additions to CSF during the previous year	Withdrawals from CSF during the previous year	Outstanding balance in SCF at the end of the previous year/ beginning of current year	(4)/Outstanding Stock of SLR Borrowings (%)	Additions to CSF during the current year	Withdraw also from CSF during the current year	Outstanding at the end of current year/beginning of ensuing year	(8)/SLR Borrowings (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Form D-4(See Rule 6)Guarantees given by the Government

Category (No. of Guarantees within bracket)	Maximum Amount Guaranteed during the	Outstanding at the beginning of the year (Rs.	Additions during the year (Rs.crore)	Reductions during the year (other than invoked during the
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	year(Rs. crore)	crore)		year(Rs. crore)	
1	2	3	4	5	
Invoked during the year(Rs. crore)	Outstanding at the end of the year(Rs. crore)	Guarantee Commission of Fee(Rs. crore)	Remarks		
Discharged	Not Discharged	Receivable	Received		
6	7	8	9	10	11

Note. - Reporting year refers to the second year preceding the year for which the Budget is presented. Form D-5(See Rule 6) Outstanding Risk-weighted Guarantees

Default Probability	Risk weights (per cent)	Amount outstanding as in the Previous Year and the Current Year	Risk weighted outstanding guarantee in the previous year and the current year
Direct Liabilities	100		
High Risk	75		
Medium Risk	50		
Low Risk	25		
Very Low Risk	5		
Total Outstanding			

Note. - The risk-weights have been pre-specified for various risk categories. Form D-6(See Rule 6) Guarantee Redemption Fund (GRF)

(Amount in Rs. Crore)

Outstanding invoked guarantees at the end of the previous year	Outstanding Amount in GRF at the end of the previous year	Amount of Guarantees Likely to be Invoked during the current year	Addition to GRF during the current year	Withdrawal from the GRF during the current year	Outstanding Amount in GRF at the end of the current year
(1)	(2)	(3)	(4)	(5)	(6)

Notes. - (i) As per the terms of the GRF, during each year, the Government is required to contribute an amount equivalent at least to 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year. (ii) Previous year refers to the year preceding the current year. Form D-7(See Rule 6) Statement of Assets

Assets at the Beginning of the Reporting year	Assets acquired during the Reporting year	Cumulative total of assets at the end of the Reporting year
Book Value(Rs.cr.)	Book Value(Rs. cr.)	Book Value(Rs.cr.)

Financial assets:

Loans and advances

Loans to Local Bodies

Loans to companies

Loans to others

Equity Investment

Shares

Bonus shares

Investments in Govt

Dated securities/

Treasury Bills

Investments in 14-day

Intermediate Treasury

Bills

Other financial

Investments

(please specify)

Total

Physical assets:

Land

Building-

Office/Residential

Roads

Bridges

Irrigation Projects

Power projects

Other capital projects

Machinery &

Equipment

Office Equipment

Vehicles

Total

Notes. - 1. Assets above the threshold value of Rupees two lakh only to be recorded.

**2. Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.**

**3. The Statement in respect of physical assets is to be prepared based on asset register maintained by the Government. The value to be indicated would be book-value, i.e. acquisition cost netted for depreciation/impairment.**

Form D-8(See Rule 6)Tax Revenues Raised But Not Realised(principal taxes)

(As at the end of the reporting year)

Major Description	Amount underdisputes(Rs. crore)		Amount not underdisputes(Rs. crore)		Grand Total(Rs.)					
	Over 1 year but less than two years	Over 2 years but less than 5 years	Over 5 years but less than 10 years	Over 10 years	Total	Over 1 year but less than two years	Over 2 years but less than 5 years	Over 5 years but less than 10 years	Over 10 years	Total
Taxes on Income & Expenditure										
Agricultural Income tax										
Taxes on Professions, Trades, Callings and employment										
Taxes on Property and capital Services										
Land Revenue										
Stamps and Registration Fees										
Urban immovable property tax										
Taxes on Commodities and Services										
Sales Tax										
Central Sales tax										

Sales Tax on  
Motor Spirit and  
Lubricants  
Surcharge on  
Sales Tax  
State Excise  
Taxes on Vehicles  
Other Taxes  
Total

Note. - Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented. Form D-9(See Rule 6)Statement of Miscellaneous Liabilities: Outstanding.

(Rs. crore)

Outstanding Amount \$

Major Works and Contracts

Committed liabilities in respect of land acquisition charges

Claims in respect of unpaid bills on works and supplies

\$ The outstanding amount pertains to the end-March position for the year before the current year. Form D-10(See Rule 6)Number of Employees in Public Sector Undertakings & Aided Institutions and Expenditure of State Government

SI. No.	Sector Name	Total Employees as On 31-03	Related Expenditure during (Rs. in crores)
	On Salary	On Pension	
1		State Government	
2		Judiciary	
3		Aided Educational Institutions	
4		Zilla Praja Parishads	
5		Mandal Praja Parishads	
6		Gram Panchayats	
7		Municipal Corporations	
8		Municipalities	
9		Urban Development Authorities	
10		Agricultural Market Committees	
11		Zilla Grandhalaya Samasthas	
12		State Public Sector Undertakings	
13		Universities	
14		Cooperative institutions and other Government Bodies	

15

Temples

Total