No. 380/XXXVI(3)/2020/54(1)/2020
*Dated Dehradun, October 21, 2020*

NOTIFICATION

Miscellaneous

In pursuance of the provisions of Clause (3) of Article 348 of the Constitution of India, the Governor is pleased to order the publication of the following English translation of **'The Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2020' (Act No. 24 of 2020).**

As passed by the Uttarakhand Legislative Assembly and assented to by the Governor on 16 October, 2020.

## The Uttarakhand Fiscel Responsibility and Budget Management (Amendment) Act, 2020

(Uttarakhand Act No. 24 of 2020)

**AN**

**ACT**

further to amend The Uttarakhand Fiscal Responsibility and Budget Management Act, 2005.

Be it enacted by the Uttarakhand State Legislative Assembly in the Seventy-first year of the Republic of India as follows :-

**Short title, Extent and Commencement**

1. (1) This Act may be called The Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2020.

(2) It shall extend to the whole of the State of Uttarakhand.

(3) The provision of this Act shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint in this behalf.

**Amendment of Section 4**

2. In section 4 of the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005, for clause (c) of subsection (3), the following clause shall be substituted, namely:-

" (c) The fiscal deficit of the State will provide stability to the annual limit of three percent of GSDP (Gross State Domestic Product). The State may get an additional limit of two percent of GSDP (Gross State Domestic Product) for the year 2020-21, subject to the implementation of the following State level reforms-

(i) Increase up to 0.50 percent without any condition.

(ii) 1 percent in four tranches of 0.25 percent with each tranche linked to clearly specified measureable reform as under:

(a) Implementation of One Nation One Ration Card System (0.25 percent);

(b) Ease of doing business reform (0.25 percent);

(c) Urban Local Body/Utility reforms (0.25 percent);

(d) Power Sector reforms (0.25 percent);

The detailed description of reform action is given in Annexure-1 & 2.

(iii) Remaining 0.50 percent increase may be obtained on undertaking 3 out of the above 4 reforms given in para (ii)."

# Annexure-'1'

1. **Implementation of One Nation One Ration Card System:** This system will ensure availability of ration to beneficiaries under National Food Safety Act (NFSA) and other welfare schemes, especially the migrant workers and their families, at any Fair Price Shop (FPS) across the country, and enable better targeting of beneficiaries, elimination of bogus/duplicate/ineligible card holders. Thus it will enhance welfare and reduce leakage. To ensure seamless inter-state portability of a ration card, Aadhar seeding of all ration cards as well as biometric authentication of beneficiaries through automation of all Fair prices shops (FPSs) with installation of electronic point of sale (e-poS) devices are essential. Therefore, it has been decided to allow additional borrowing limit of 0.25 percent of GSDP on completion of both of the following actions:
   (i) Aadhar Seeding of all the ration cards and beneficiaries in the state.
   (ii) Automation of all the FPSs in the State.

   The State Should complete the above mentioned actions by 31st December, 2020. The States which complete them earlier, or have already completed them, can seek additional borrowing limit immediately, Department of Food and public Distribution will be the nodal Ministry to assess the progress of the State and recommend release of additional borrowing limit. The last date for recommendation to reach Department of expenditure (DoE) is 15th January, 2021.

2. **Implementation of District Level and Licensing Reforms for Ease of Doing Business:** Ease of Doing Business is an important indicator of investment friendly business climate in the country and improvements in ease of doing business will enable faster future growth of the state economy. Therefore, in order to incentivize implementation of district level and licensing reforms for ease of doing business it has been decided to allow additional borrowing limit of 0.25 percent of GSDP for the year 2020-21 on undertaking all the following actions by the State Government:
   i. The State will complete the first assessment of 'District Level Business Reform Action Plan' as intimated by Department for Promotion of Industry and Internal Trade (DPIIT).
   ii. The State will eliminate the requirements of renewal of certificates/approvals/Licenses obtained by businesses for various activities from the authorities at the State level as per list circulated by DPIIT. (However, mere collection of reasonable fees with automatic non-discretionary deemed renewal will be permissible if done in a transparent online, non-discretionary & automatic manner.) To become eligible, elimination of renewal at least of the specific items mentioned in the Annexure-2 should be completed by 31st January, 2021.

iii. The State will implement computerized central random inspection system under the Acts as per list circulated by DPIIT wherein allocation of inspections inspectors is done centrally, the same inspector is not assigned to the same unit in subsequent years, prior inspection notice is provided to business owner, and inspection report is uploaded within 48 hours of inspection. To become eligible, implementation of computerized central random inspection system at least under the Acts mentioned in the Annexure-2 should be completed by 31st January, 2021.

DPIIT will be the nodal ministry to assess the progress and recommend the release of additional borrowing. The cut-off date for this will be 15th February, 2021.

3. **Reforms for Strengthening local Bodies:** To enable better public health and sanitation as well as provision of good civic infrastructure, which in turn promote economic growth and well-being, there is a pressing need to augment resources of urban local bodies (ULBs) and urban utilities, it has been decided to allow additional borrowing limit of 0.25 per cent of GSDP for the year 2020-21 on undertaking the following reforms by the State Government:

(i) The State Government will notify (a) floor rates of property tax in ULBs which are in consonance with the prevailing circle rates (i.e. guideline rate for property Transactions) and (b) floor rates of user charges in respect of the provision of water-supply, drainage and sewerage which reflect current costs/past inflation.

(ii) The State will put in place a system of periodic increase in floor rates the property tax/user charges in line with prices increases.

Ministry of Housing and Urban Affairs will be the nodal ministry to assess the progress and recommend the release of additional borrowing limit. The cut-off date for this will be 15th January, 2021

4. **Power Sector Reforms:** Robust Systemic reforms are required to be undertaken by the State governments to ensure that the subsidies reach farmers/ intended beneficiaries without leakage and to improve the health of the power sector, in addition to alleviating the liquidity stress of the DISCOMS. It has been decided to allow additional borrowing limit for the following actions in the manner given below:

(i) For reduction in Aggregate Technical & Commercial losses in a State as per targets, an additional borrowing limit of 0.05 percent of its GSDP shall be allowed.

(ii) For reduction in the gap between Average cost of supply and Average Revenue Realization (ACS-ARR gap) in a State as per targets, an additional borrowing limit of 0.05 percent of its GSDP shall be allowed. [Note: In calculating the ACS-ARR gap, amounts remaining unpaid by state Government/local bodies shall be deducted from the revenues.]

(iii) For introduction of Direct Benefit Transfer to all farmers in a states in lieu of free electricity given to them, additional borrowing limit of 0.15 percent of its GSDP shall be allowed. The State Government should put in place a scheme whereby from the next financial year (2021-22), cash is transferred to the farmers through DBT instead of free electricity being provided to them, where as charges of the electricity are paid to the DISCOMs by farmers directly from the amounts given to them. To become eligible, the state should (a) formulate the DBT schemes and (b) implement this scheme at least in one district by 31st December, 2020.

The assessment of reduction in AT&C losses and in the ACS-ARR gap will be based on self declaration by the state Government in January, 2021. However, any major variation between this self declared figure and actual realization assessed later on, may affect the borrowing entitlement adversely in the subsequent financial year (s). Ministry of power would be the nodal ministry to assess the progress and recommend the release of additional borrowing to DoE. The last date for recommendation to reach DoE is 31st January, 2021.

5. The state shall exhaust the aforesaid additional borrowing of 2 percent during the year 2020-21 (to the extent eligible) and it will not be allowed to carry forward to the subsequent years.

## Annexure-'2'

**Implementation of removal of renewals and central Inspection System**

**Renewals of :**

1. Registration under shops & Establishment Act
2. License for contractors under provision of the Contracts Labour (Regulation and Abolition) Act, 1970
3. License under The Factories Act, 1948
4. Registration Under Legal Metrology Act
5. Registration of establishment under the Inter State Migrant workmen (Regulation of Employment and Conditions of Service) Act, 1979
6. Drug Manufacturing/Selling/Storage License
7. Trade License issued by Municipal Corporations.

**Inspections under:**

1. The Equal Remuneration Act, 1976
2. The Minimum wages Act, 1948
3. The Shops and Establishments Act
4. The Payment of Bonus Act, 1965
5. The Payment of Wages Act, 1936
6. The Payment of Gratuity Act, 1972
7. The Contract Labours (Regulation and Abolition) Act, 1970
8. The Factories Act, 1948
9. The Indian-Boilers Act, 1923
10. The Water (Prevention and Control of Pollution) Act, 1974
11. The Air (Prevention and Control of Pollution) Act, 1981
12. Inspection under Legal Metrology Act, 2009 and Rules.

By Order,

PREM SINGH KHIMAL,

*Secretary.*

## Statement of Objective and Reason

Government of India has to provide the state an additional limit of two percent of GSDP (Gross State Domestic Product) for the year 2020-21 in pre-determined annual limit of fiscal deficit (three percent of GSDP) subject to the implementation of certain state level reforms for strengthening of the state government resources because reduction in the economic resources due to implementation of lockdown in the state and additional expenditure for the preventation of global epidemic covid-19. For this it was unavoidable to amend the subsection (3) of section 4 of The Uttarakhand Fiscal Responsibility and Budget Management Act, 2005. Since at that time State Legislative Assembly was not in session. So The Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Ordinance, 2020 (Ordinance No.-9, Year 2020) promulgated under the article-213(1) of the 'Constitution of India'.

2- Proposed bill is counterpart bill of the above ordinance and fulfill the above objective.

Trivendra Singh Rawat
Chief Minister

पी०एस०यू०(आर०ई०) 41 विधायी/505–2020–100+500 (कम्प्यूटर/रीजियो)।