

No. 154/XXXVI(3)/2023/07(1)/2023

Dated Dehradun, April 25, 2023

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, 2023' (Act No. 09 of 2023).

As passed by the Uttarakhand Legislative Assembly and assented to by the Governor on 20th April, 2023.

**THE UTTARAKHAND FISCAL RESPONSIBILITY AND BUDGET
MANAGEMENT (AMENDMENT) ACT, 2023**

(Uttarakhand Act No. 09 Of 2023)

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-fourth Year of the Republic of India as follows :-

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| Short title, extent and commencement | 1. | (1) This Act may be called The Uttarakhand Fiscal Responsibility and Budget Management (Amendment) Act, 2023.

(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. |
| Amendment of section 4 | 2. | In section 4 of the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005, in sub-section (3), for clauses (c) (d) and (f) the following clauses shall be substituted, namely:-

(c) The fiscal deficit as a percent of GSDP (Gross State Domestic Product) for the financial year 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 shall not exceed 4.0, 3.5, 3.0, 3.0 and 3.0 respectively. |

(d) The consistent compliance with the goal setup in clause (c) shall reduce fiscal deficit as percentage of Gross State Domestic Product;

(f) (i) Total liabilities as a percent of Gross State Domestic Product (GSDP) for the financial Year 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 shall not exceed 32.6, 33.3, 33.1, 32.8 and 32.5 respectively.

(ii) If State is not able to fully utilize its sanctioned borrowing limit, in any particular year during the first four years of 15th Finance Commission (2021-22 to 2024-25), the State may utilize this unutilized amount in any of the subsequent years within the stipulated time period of the 15th Finance Commission:

Provided that revenue deficit and fiscal deficit may exceed the limit specified under this sub-section due to ground or grounds of unforeseen demands on the finance of the State Government due to internal security or natural calamity, subject to the condition that the excess beyond limits arising due to natural calamities shall not exceed the actual fiscal cost that may be attributed to the calamities:

Provided further that the ground or grounds specified in the first proviso shall be placed before the State Legislature, as soon as possible, after it becomes likely that deficit amount may exceed the aforesaid limits, with accompanying report stating the likely extend of excess, and reasons thereof.

By Order,

SHAHANSHAH MUHAMMAD DILBER DANISH,
Secretary.

Statement of Objective and Reason

On the basis of the recommendation of the 12th Finance Commission, the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005 was notified on 31 October, 2005. Subsequently, amendments to the above Act were made in the year 2011, 2016 and 2020.

2- To ensure compliance to the recommendations of 15th Finance Commission and instructions of Government of India, it is necessary in the public interest to amend the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005.

With the proposed amendment in the above Act, the state Government would be able to;

- (a) Follow indicative path of fiscal deficit given by 15th Finance Commission.
- (b) If State is not able to fully utilize its sanctioned borrowing limit in any particular year during the first four years of 15th Finance Commission (2021-22 to 2024-25), the state have the option to avail the same and this unutilized amount (Calculated in Rupees) may be utilized in any of the subsequent years within the stipulated time period of the 15th Finance Commission.

3- The proposed Bill fulfills the above objectives.