

ASSAM LOCAL SELF-GOVERNMENT FISCAL RESPONSIBILITY ACT, 2011

Régistered No. 768/97 THE ASSAM GAZETTE EXTRAORDINARY BY THE AUTHORITY 297 6
csaq, 2011, 15 1933 (ÄT) No. 297 Dispur, Tuesday, 6th September, 2011, 15th Bhadra, 1933 (S.E.)
GOVERNNIENT OF ASSAM ORDERS BY GOVERNOR LEGISLATIVE DEPARTNÆNT
LEGISLATIVE BRANCH NOTffICATION The 6th September, 2011 No.LGL. 58/2009/60 The
following Act of the Assam Legislative Assembly which received the assent of the Governor is hereby
published for general information. ASSAM ACT NO. XX OF 2011 (Received the assent of Governor on
4th September, 2011) THE ASSAM LOCAL SELF-GOVERNNTNT FISCAL RESPONSIBILITY ACT,
2011. 1992 Preamble Short title, extent and THE ASSAM GAZETTE. EXTRAORDINARY
SEPTEMBER 6 2011 commencement Definitions 1

2. ACT to provide for the responsibility of Local Self-Governments to ensure best practice of prudent and financial management of their funds, in order' to enhance the- scope for improving social and physical infrasfructure and human development, facilitate citizen's participation and transparency, adopt appropriate systems for fostering g•eater &ansparency in fiscal with the use of a medium term fiscal framework, and for matters connected therewith or incidental thereto;
Whereas it is expedient to provide for the responsibility of Local Self-Governments to ensure best practice of prudent and financial management of their funds, in order to enhance the scope for improving social and physical infrastructure and human development, facilitate citizen's participation and adopt appropriate systems for fostering greater transparency in fiscal operations with the use of a medium term fiscal framework, and for matters comected therewith or incidental thereto; It is hereby enacted in the Sixty-second Year of the Republic of the India as follows: - (1)
This Act may be called the Assam Local Self-Governmeht Fiscal Responsibility Act, 201 f.(2) It extends to the Local Self-Governments constituted under Part IX and IX-A of the Constitution of India as may be notified by the State Government from time to time. (3) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint, In this Act, unless the context otherwise requires, — (a) "Local Self-Government Fund" means the revenue administered by Pmehayati Raj Institutions and Urban Local Bodies constituted under Part and DC-A of the Constitution of India and created by the State Government for Panchayats at the District, Intermediate and Village levels in terms of Article 243H (d) of the Constitution and for- Municipalities in terms of Article 243X (d) of the Constitution; (b) "Local Self-Government" means the Panchayati Raj Institutions and Urban Local Bodies constituted under Part IX and IX-A of the of India; (c) "accountng standard" means such accounting standards in respect of Local Self-Governments, as may be prescribed; (d) "annual budget" means the budget placed before the Local Self- Government concerned as per the relevant Acts or the rules made thereunder; (e) 'budget variance" means the difference between the budgeted and the actuals for the financial year; (f) "Controlling Authority" means any officer appointed as controlling authority by the State Government for the purpose of this Act and different conü•olling authorities may be appbinted in respect of different Local Self-Governments; (g) "current year" means the year preceding the year for which budget and Medium Term Fiscal Plan (MTFP) being presented; (h) "fiscal indicators" means such measures as may be prescribed, for of fiscal position of Local Self-Governments; ASSAM GAZETTE. EXTRAORDJNARV SEPTEMBER 6 2011 (i) "previous year" means the year preceding the current year; 1993 Medium Term Fiscal Plan Financial Management Principles (2) (3) (4) (5) (6) (7) 4. (a) (b) (c) (d) (e) (f) (g) (j) "State Gove-.crc.yni means. the State Government of Assam in the Finance Department, There shall be prejared iVi eav•h financial year a Medium Term Fiscal •Plan along with the annual budget in respect of every Local Self- Government and shali be cubmitted for approval of the concerned authority of the Local Self-Government. The Medium Term Fiscal Pian shah set forth a five-year rolling target for the fiscal indicators with specification of underlying assumptions. In and ejud:ice to the provisions contained in sub- section (2), the MediurLi Fiscal Plan shall include an assessment of sustainability reh-z•üzg (a) the balance bety;eez,- revenue receipts and revenue expenditures; and (b) the use of capital receipts incivding borrowings for generating productive assets. The Medium Term Fiscal Plan shad, inter alia, contain, - (a) the medium term fiscal objecti ves of the Local Self-Government; (b) the mission. 312iectives and goals of the Local Self-Government; (c) an evaluation of fhe perf01Tfiãnce of the fiscal indicators in the previous

year vis-à-vis the targets set out earlier* and the likely performance in the current year as per revised estimates; (d) a statement on recent trends and future prospects for growth and development affecting fiscal position of the Local Self- Government; (e) the strategic priorities of the Local Self-Government in the fiscal area for the ensuing financial year; (F) the policies of the Local Self-Government for the ensuing financial year relating to expenditure, borrowings and other liabilities, lending and investments and all such activities which have potential budgetary implications and the key fiscal targets pertaining to each of these; (f) policies of the Local Self- (g) an evaluation as to Government conformity with the financial management principles set out in section 4 and the fiscal objectives set out in the Medium Term Fiscal Plan; (h) a clear linkage of the physical and financial targets; (i) the key performance areas and corresponding performance indicators in as much quantitative detail as possible. The Medium Term Fiscal Plan shall be the source document for the preparation of the annual budget and shall address the prime needs of the citizens as relevant to the specific Local Self-Government such as water supply, construction of road, education, public health, solid waste management and the like. The Medium Term Fiscal Plan shall have a functional focus and provide for backend modalities such as fund based accounting system (CBAS), computerization and a regular and transparent budgeting process. The Medium Term Fiscal Plan shall be in the form as prescribed in Schedule-I. Every Local Self-Government shall be guided by the following financial management principles:- (i) Of policy making and implementation ; introducing budget providing for effective monitoring systems; introducing robust financial management principles; maintaining Local Self-Government's debt at prudent levels; managing guarantees and other contingent liabilities prudently, with particular reference to the quality and level of such liabilities; ensuring that policy of the Local Self-Government have due regard to their current financial position and the financial implications on future generations: 1994 THE ASSAM GAZETTE EXTRAORDINARY SEPTEMBER 6 2011 Measures for fiscal transparency Measures to enforce Fiscal Discipline (h) (j) (k) (l) (m) (n) (o) (p) (q) (r) (2) (3) (4) 6. (i) (ii) (iii) (iv) adopting the accounting framework for Local Self-Governments prescribed by Comptroller and Auditor General of India; ensuring that borrowings are used for productive purposes and accumulation of capital assets, and are not applied to finance current expenditure; pursuing tax policies with due regard to economic efficiency and compliance costs; pursuing fiscal policies with due regard to cost recovery and equity; pursuing expenditure policies that would provide impetus for economic growth, poverty reduction and improvement in human welfare; ensuring that physical assets of the Local Self-Government are properly maintained; disclosing sufficient information to allow the public to scrutinize conduct of fiscal policy and the state of Local Self-Government finances; ensuring that the Local Self-Government uses resources in ways that give best value for money, and also ensure that public assets are put to best possible use; managing expenditure consistent with the level of revenue generated; formulating budget in a realistic and objective manner with due regard to the general economic outlook and revenue prospects, and minimize deviations during the course of the year; ensuring collection of dues and taxes in an expeditious manner; ensuring discharge of current liabilities in a timely manner, adopting appropriate techniques for measuring the cost of the services provided by the Local Self-Government. The Local Self-Government shall take suitable measures to ensure greater transparency in its fiscal operation and in the preparation of the annual budget. For this purpose every Local Self-Government shall ensure preparation and finalization of annual budget for each financial year commencing from 1st April and ending on 31st March. Provision shall be made for meetings at such intervals and with citizen forums as may be prescribed to review the operations and finances of the Local Self-Government. In particular, and without prejudice to the generality of the foregoing provisions, Local Self-Government shall, at the time of the annual budget, disclose in a statement in such form as may be prescribed, (a) significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of fiscal indicators; (b) as far as practicable and consistent with protection of public interest, contingent liabilities created by way of and the actual liabilities out of execution of works by external agencies where liability for repayment is on the Local Self-Government; The State Government shall ensure that such contingent liabilities are communicated to the concerned Local Self-Government so that it shall make sufficient provision in its budget. With a view to ensuring timely discharge of current liabilities specially payment of salaries to the employees, - the Local Self-Government shall employ appointment only against posts sanctioned by the State Government and is vacant and with laid down rules, procedures and orders; No new post shall be created without the prior concurrence of the State

Govanment; the Local Self-Government shall not make more than one appoinbment against one vacant post and shall not make appoinüment on leave vacancy and vacancy against suspended employee; the letter of appointment against any vacant post shall contain the identity post in the manner as may be prescribed; 1995 THE ASSAM GAZETTE EXTRAORDINARY SEPTEMBER 6 2011 (v) the select list prepared for fresh appointment against vacant post or posts shall contain names of persons equal to the number of vacant posts notified at the ti.me of calling for applications for filling up the posts; (vi) the Local Self-Government shall not regularize or upgrade any person against vacant post without the sanction of the State Government; (vii) before awarding for of any work and rendering any supply Measure to enforce compliance to this Act (viii) (ix) (2) (3) (4) (5) (6) (7) (8) (9) (10) of materials and services which create liability on the Local Self- Government, the authorities of the Local Self-Government exercising delegated financial power shall first issue adminisâ•aüve approval or financial sanction for the work or the order of supply as the case may be, in compliance y,ith the existing rules, procedures and guidelines and frtther rules, procedures and guidelines that may be prescribed from time to time; before awarding the settlement of Hats, Markets, Fisheries, Ghats or any other facility of the Local Self-Government for revenue earning the laid down rules, procedures and guidelines and ftrtrther rules, procedtres and guidelines that may be prescribed from time to frne, shall be followed; the Local Self-Government shall maintain a register of assets and liabilities and all documents year wise, as prescribed under the concemed Acts and the rules framed thereunder. The State Government Audit (Local Fund) shall enforce compliance with the provisions of this Act and the rules made thereunder. The Stüe Government Audit (Local Fuld) may oversee the compliance and a suitable mechanism may be notified by the State Government regarding the submission of periodical review reports. The Stde Government shall ensure that die Local Self-Government shall comply with the provisions of the relevant Act and the rules relaüing to budget and the budget prepared is in accordance with the Medium Term Fiscal Plan already approved and variâMons, if my, are explained. The Local Self-Government shall a budget report and submit it to the Controlling Authority within such time and in such* form as may be prescribed. The Local Self-Government shall prepm•e receipts and payments account, income and expenditure account and a balance sheet as may be prescribed. Audit of accounts ofthe Local Self-Government be conducted by the auditor appointed under the relevant Acts and the Rules and orders issued thereunder by the concerned authority and the report shall be submitted to the concerned authorides within the Üme stipulated. The Confrolling Authorities shall be responsible to ensure strict follow up action on the audit reports by the Local Self-Government and slackness, if any, noüced in this behalf shall be reported to the State Government for appropriate action against the Local Self-Government in default. State Government may, by notification, constitute a Local Self- Government Fund Audit Overseeing Authority comprising of such officers and having such powers as may be in the nodfication. The Local Self-Government Fund Audit Overseeing Authority shall submit to the State Government periodical report on compliance to audit reports by the Local Self-Government authority, as may be prescribed. The Assam Legislaüve Assembly may by notification, a Local Self-Government Fund Accounts Commiâëe with similar powers and functions as that of Public Accounts Committee of the Assam Legislative Assembly to oversee the outstanding audit 'paras relating to non-compliance of this Act. The State Government may withhold release of funds to. any local self-government authority which fails to finnish accounts to the concerned authority within six months from the end of the financial year. 1996 Publication of financial document and annual report Offences and Penalties Power to make rules Protection of action taken in good faith Application of other laws THE ASSAM GAZETTE EXTRAORDINARY. 0. (11) (2) (2) (3) (4) 10, (1) (2) 11

12. The Local Self-Government shall introduce and s&engthen appropriate internal audit measures and sustainable computerization programme tsing appropriate technology. Every Local Self-Government shall publish the Medium Term Fiscal Plan (MTFP), the annual budget, annual accounts and the annual report together with the certified annual accounts in such manner as may be prescribed. Every Local Self-Government shall, within six months from the end of the. financial year submit a copy of its annual report together with the certified annual accounts to the State Goveernment and the State Government shall cause the annual report together with the certified •annual• accounts to be laid, as soon as may be they are received, before the House of the State Legislaüve Assembly. Whoever violates any one or more of the provisions of section 6 shall commit an offence which shall be punishable with rigorous imprisonment for a term which may extend to three years. Whoever causes financial loss to the authority

willfully and with malafide intention, by under assessment or under realizations of revenue due to the Local Self-Government or by incurring unauthorized expenditure shall commit an offence which shall be punishable with rigorous imprisonment for a term which may extend to three years and / or recovery of the amount of financial loss with interest. A person who abets any of the offences as aforesaid shall be liable for the same punishment as provided for the offence. Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Assam Act, No.2 of 1974), the offences committed under this Act shall be treated as cognizable offences to be triable by a Magistrate not lower in the rank than a Judicial Magistrate of First Class. The State Government may, by notification in the Official Gazette and after previous publication, make rules for carrying out all or any of the purposes of this Act. All rules made by the State Government under this Act shall, as soon as may be after they are made, be laid before Assam Legislative Assembly, while it is in session for a total period of not less than fourteen days, which may be comprised in one session or in two or more successive sessions, and shall, unless some date is appointed, take effect from the date of their publication in the Official Gazette subject to such modifications or annulments as the Assam Legislative Assembly may, during the said period agree to make, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done thereunder. No suit, prosecution or other legal proceedings shall lie against the State Government, any Local Self-Government or any officer or servant or any person acting under the direction of the State Government or Local Self-Government in respect of anything done or intended to be done in good faith under this Act or any rule or order made thereunder : Provided that before declaring any such action to have been done in good faith as aforesaid, the approval of State Government shall be obtained. provisions of this Act shall be applicable in addition to the provisions of any other law for the time being in force, to the extent they are not inconsistent with the provisions of this Act and the provisions of this Act shall have effect notwithstanding anything contrary contained in any other law for the time being in force. THE ASSAM GAZETTE EXTRAORDINARY SEPTEMBER 6 2011 1997 Removal of difficulties 13. If any difficulty arises in giving effect to the provisions of this Act, the State Government may by Order, published in the Official Gazette, as the occasion may require, do anything, which appears to it to be necessary to remove the difficulty : Provided that no order shall be made after the expiry of a period of two years from the date of commencement of this Act. Schedule -1 [See Section 3 (FORM FOR PREPARATION AND SUBMISSION OF TERM FISCAL PLAN UNDER SECTION 3) FISCAL INDICATORS A. Revenue Account 1. Tax Revenues (Details to be 1 ii 2. Non-Tax Revenues s to be indicated i ii • 3. Plan Grants from the Govt. s.to be indicated FY FY FY FY FY 4. a Non-Plan Grants from the State Govt. s to be indicated 5. Plan Grants from the Centre. to be indicated 6. Grant from the Centre to be indicated 7. Total Revenue Received 1 to 6 8. Revenue Expenditure 10. Non-man Expenditure 11. Salaries 12. Wages 13. Interest Paid 14. Pension disbursement 9+10 disbursement 11 to 1 15. Maintenance 16. Others 17. Year-End Debt Outstanding Loan from the State Govt. i Principal - Amount Outstanding ii Interest Overdue Loan Outside the State Govt. i capital Amount Outstanding ii Interest Overdue 18 Year-end Govt. Guaranteed i+ii 1 Principal Amount Outstanding ii Interest Overdue Debt 1998 THE ASSAM GAZETTE EXTRAORDINARY SEPTEMBER 6 2011 B. Capital Account 1. Capital 2. of loans and advances 3. Recovery of loans and advances 4. Other Capital Received C. Revenue Deficit - Surplus (+ D. Fiscal Deficit - Surplus + E. Revenue Deficit as % of Revenue Received F. Revenue Deficit as % of GSDP G. Fiscal Deficit % of GSDP Debt Stock as % of GSDP MOHD. A. HAQUE, Secretary to the Government of Assam, Legislative Department, Dispur. GUWAHATI Printed and published by the Dy. Director (P&S) Directorate of Printing and Sty., Assam Guwahati-21 (Ex-Gazette) No. 593-600+310-6-9-2011.