

MANIPUR FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2005

IN THE GAZETTE) PUBLISHED BY AUTHORITY No. 127 Monday, August 8, 2005 (Srivana 17, 1927) GOVERNMENT OF MANIPUR SECRETARIAT : LAW & LEGISLATIVE AFFAIRS DEPARTMENT NOTIFICATION Imphal,- the 8th August, 2005 No. following Act of the Legislature of Manipur 'which received assent of the Governor of Manipur on . 30-7-2005 is hereby Published in the official Gazette. THE MANIPUR FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2005 (Manipur Act No. 11 of 2005) An Act to provide the responsibility of the State Government to ensure prudence in fiscal management and fiscal stability, by achieving sufficient revenue surplus, reduction in fiscal deficit, prudent debt management consistent with greater transparency; in the operation of the Government and coordination of its policy in the financial framework and for matters connected therewith (hereinafter referred to as the Manipur Fiscal Responsibility and Budget Management Act, 2005). Short title, extent and commencement.—(1) This Act may be called the Manipur Fiscal Responsibility and Budget Management Act, 2005. (2) It shall come into force on such date as the State Government may, by notification in the Gazette, appoint in this behalf.

2. Definitions—In this Act, unless the context otherwise requires— (a) "budget" means the Annual Financial Statement laid before the State Legislature under Article 202 of the Constitution; "current year" means the financial year preceding the ensuing year; (b) "ensuing year" means the financial year for which the budget is being presented; (c) "financial year" means the year beginning on the 1st April and ending on 31st March next following; (d) "fiscal deficit" means the excess of total disbursements from the Consolidated Fund of the State (excluding repayment of debt) over the sum of revenue receipts, recovery of loans and non-debt capital receipts into the Fund during a financial year; (e) "fiscal indicators" means such indicators as may be prescribed for evaluation of the fiscal position of the State Government; (f) "fiscal targets" means the numerical ceilings prescribed, in either absolute (in Rupee crores) or as proportions to the Gross Domestic Product or other magnitudes for the fiscal indicators; (g) "guarantees" means the liabilities undertaken by State Public (i) (i) Sector Undertakings where servicing and repayment liabilities fall on the State Government in the event of default by the primary borrower; "prescribed" means prescribed by the rules made under this Act; "previous year" means the year preceding the current year; "revenue deficit" means the amount of excess of revenue expenditure over revenue receipts in a year; "State" means, the State of Manipur; (m) "State's Own Tax Revenue" means the total tax revenue of the State excluding the State's Share in Central Taxes; 3. 4, 3 (n) "Current revenue receipts" means the State's OWA revenue receipts (both tax and non-tax) and current transfer from (comprising grants and State's share of central taxes); "liabilities" means the sum of the liabilities under the Consolidated Fund of the State, and the Public Account of the Government management objectives.—The State Government shall (a) take measures to reduce the deficit and build up adequate revenue surplus and contain the fiscal deficit to a manageable level, and utilize such surplus for discharge of the liabilities in excess of the assets or for funding capital. (b) pursue policies to raise non-tax revenue with regard to cost recovery and equity; and (c) lay down norms for prioritization of capital expenditure, and pursue expenditure policies that would provide impetus for growth. Fiscal management principles.—The Government shall be guided by the following fiscal management principles, namely:— (a) "transparency" in setting the fiscal policy or public policy and the publication of fiscal information so as to enable the public to scrutinize the conduct of fiscal policy and the state of public finances; (b) "stability" and predictability in the making of decisions in the way the fiscal policy impacts the (c) responsibility for the management of the budget including integrity in budget (d), fairness to ensure policy decisions of the State Government have due regard to their financial implications on future generations; and (e) efficiency in the design and implementation of the fiscal policy and in managing the assets and liabilities of the public sector balance sheet. Fiscal policy statement to be laid before the Legislature.—The State Government shall, in each financial year before the State Legislature, the following statements of fiscal policy along with the annual budget namely (a) Medium-term Fiscal Policy Statement; and (b) Fiscal Policy-Strategy Statement. 'Medium Term Policy' 'Fiscal Policy' shall be laid before the Legislature as may be prescribed, the fiscal management objectives of the State 'annual rolling targets' for the 'prescribed' indicators with the following: (1) The Government shall, without prejudice to the provisions of the

gub-gation (I), the Medium Term Fiscal Policy Statement. shall include the various assumptions • the fiscal indicators and an assessment of sustainability relating to:— (a) the balance • between revenue receipts and revenue expenditure; (b) the use of capital receipts including borrowings for generating productive assets; (c) the estimated yearly pension liabilities. worked out on actuarial basis, for the next ten years: Provided that in case it is not to pension liabilities on actuarial basis during the first the coming into force of this Act, the Government during that period, estimate the pension liabilities by making forecasts on the basis of growth rates. •7. Fiscal policy strategy statement.—The Fiscal Policy Strategy Statement shall • be in such form as may be prescribed and shall contain, inter alia, (a) the fiscal policies of the State Government for the ensuing financial year relating to revenue receipts, expenditure, borrowings and other liabilities, lending, investments, other contingent liabilities, user charges on public goods/utilities and description of other activities, such as guarantees and activities of public sector undertakings which have potential budgetary implications; (b) the strategic priorities of the State in the fiscal area for the ensuing financial year; (c) the key fiscal measures and the rationale for any major deviation • in the fiscal measures with a view to revenue receipts, subsidy, expenditure, charges on public (d) an evaluation of the current policies of the State Government the fiscal management principles set out in section the fiscal objectives set out in the Medium Term Policy Statement in sub-section 1 of section 6 and fiscal targets set out in section 8. The State Government may prescribe such targets which may be deemed necessary for giving effect to the fiscal management policy. (2) In particular, and without prejudice to the generality: of the following: (i) to maintain revenue surplus by making a balance in revenue receipts and expenditure and to build up further surplus; (ii) strive to bring down fiscal deficit to 3% of Gross State Domestic Product, (iii) limit the amount of outstanding Government guarantees as per the provisions of the Manipur Ceiling on State Government Guarantee Act, 2004, (iv) follow: a recruitment and wage policy, in a manner such that the total salary bill payable: \$0 revenue excluding interest payments and pensions does not exceed 35 per cent: Provided that revenue surplus may not be able to be maintained and fiscal deficit may exceed the limits specified under this section due to ground or because of unforeseen demands on the finances of the State Government arising out of national security or natural calamity including famine relief such other exceptional circumstances; beyond the control of the State Government. Provided further that a statement in respect of the ground or grounds specified in the first proviso shall be placed before the House of the Legislature, as soon as may be, after such deficit amount exceeds aforesaid targets and the revenue surplus is not maintained.

9. Measures for fiscal transparency.— (1) The State Government shall take suitable measures to ensure greater transparency in its fiscal operations and as far as practicable in the public interest, secrecy in the preparation of the Budget. (2) In particular, and without prejudice to the generality of the foregoing provisions, the Government, at the time budget, shall • forthwith detailed information with respect to the following: (a) the computation of fiscal indicators; (b) the revenue and expenditure of the State; (c) the interest of the State in the revenue and expenditure of the Union Territories; (d) the interest of the State in the revenue and expenditure of the States; (e) the interest of the State in the revenue and expenditure of the Union Territories; (f) the interest of the State in the revenue and expenditure of the States; (g) the interest of the State in the revenue and expenditure of the Union Territories; (h) the interest of the State in the revenue and expenditure of the States; (i) the interest of the State in the revenue and expenditure of the Union Territories; (j) the interest of the State in the revenue and expenditure of the States; (k) the interest of the State in the revenue and expenditure of the Union Territories; (l) the interest of the State in the revenue and expenditure of the States; (m) the interest of the State in the revenue and expenditure of the Union Territories; (n) the interest of the State in the revenue and expenditure of the States; (o) the interest of the State in the revenue and expenditure of the Union Territories; (p) the interest of the State in the revenue and expenditure of the States; (q) the interest of the State in the revenue and expenditure of the Union Territories; (r) the interest of the State in the revenue and expenditure of the States; (s) the interest of the State in the revenue and expenditure of the Union Territories; (t) the interest of the State in the revenue and expenditure of the States; (u) the interest of the State in the revenue and expenditure of the Union Territories; (v) the interest of the State in the revenue and expenditure of the States; (w) the interest of the State in the revenue and expenditure of the Union Territories; (x) the interest of the State in the revenue and expenditure of the States; (y) the interest of the State in the revenue and expenditure of the Union Territories; (z) the interest of the State in the revenue and expenditure of the States. (3) Any measure proposed in the course of year which may lead to an increase in revenue deficit, either through expenditure or loss of revenue, shall be by a statement of remedial measures, proposed to neutralize such increase, loss and such statement shall be placed before the House of Legislature while seeking approval of Revised Estimate. (4) The State Government may, if desired so, set up an agency or body independent of the State Government to review the compliance of the provisions of this Act and table

such reviews in x the House or House' Of thé State Legislature. I l. Power to mab;nAos.Hl) The •State Government hy., nQ!ifigztion in Gamttß, mako rule for carrying 04t the Qf.this (2) In particular, and without prejudice to the goneraUty• of-the, • för%bine power, -such rul• may provida for all Any .pf following pamely— (a) the fot« of Mediüm • Term Fiscal tha targets for the fiscal parametem •6; (b) the form Of the Figeil Policy Straegy ,SQBteméDt 7; (c) the forms for diplesure under sub-ection (2) of 7 (d) the to enforce compliance ; (e) the manner of review of compliance of the provisions of this Act •by the independent agency under section IO; and (f) any other matter which is required to be, or may be, prescribed

12. Rules to be laid before the State Legislature.—Every rule made under this Act shall be laid, as soon as may be after it is made, before the House of the State Legislature, while it iJ in session, for a total period of not leu than fourtæn days which may be comprised in one session or in two successive and if, before the expiry of session immediately following the session Of the succession sessions aforesaid, the House agrees in making any modifica- tbn in tho rule or the House agrees that the rule should not bo made, the ruk shall thereafter have effect only in such modified form or be of no effect, as the ca.se may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule

13. Application of other laws not barred.—The provision of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force. to in of of 14. - Power to remove diffcultres. —(1) If any difficulty arises in giving effect the provisions of this Act, the State Government may, by order the Offcial Gazette, make such provisions not inconsistent with the provisions this Act as may appear to be necessary for removing the-diffculty; Provided that no order shall be made under this section after the expiry two years from tbo commencement of this Act. (2) Every order made under this section shall be laid, as soon as may after it is made, before the House of the State Legislature. Printed at tho Directorate of Ptg. & Sty,, A. SUKUMAR SINGH, Secretary (Law), Govt. of Manipur. Govt. of Manipur/305.C/8-8-2W5.