
**THE KERALA FISCAL RESPONSIBILITY
(AMENDMENT) BILL, 2021**

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Fifteenth Kerala Legislative Assembly
Bill No. 52

[Translation in English of “2021-ലെ കേരള ധനസംബന്ധമായ ഉത്തരവാദിത്ത (ഭേദഗതി) ബിൽ” published under the authority of the Governor.]

THE KERALA FISCAL RESPONSIBILITY (AMENDMENT)

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further to amend the Kerala Fiscal Responsibility Act, 2003.

Preamble.—WHEREAS, it is expedient further to amend the Kerala Fiscal Responsibility Act, 2003 (29 of 2003) for the purposes hereinafter appearing;

BE it enacted in the Seventy-second Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Fiscal Responsibility (Amendment) Act, 2021.

(2) Clause (a) of section 2 shall be deemed to have come into force on the 26th day of February, 2020 and clause (b) shall be deemed to have come into force on the 17th day of May, 2020.

2. *Amendment of section 4.*— In section 4 of the principal Act,—

(a) to clause (b) of sub-section (2), the following proviso shall be inserted, namely:—

“Provided that the State shall be eligible for additional borrowing of Rs. 1471 crore as a onetime special dispensation in the financial year 2019-2020 beyond fiscal deficit of 3 per cent of the Gross State Domestic Product. This additional borrowing under onetime special dispensation shall be utilised during the financial year 2019-2020 itself.”.

(b) after clause (b) of sub-section (2), the following clause shall be inserted, namely:—

“ (ba) State shall maintain the fiscal deficit to 3 per cent of the Gross State Domestic Product during the financial year 2020-21. State shall be eligible for additional borrowing of 2 per cent of Gross State Domestic Product for the financial year 2020-21 in addition to the fiscal deficit of 3 per cent of Gross State Domestic Product subject to the compliance of four specific State level reforms, implementation of One Nation One Ration Card System, Ease of doing business reforms, Urban Local body/Utility reforms and Power sector reforms. The aforesaid additional borrowing shall be utilised during the financial year 2020-21.

Note:—(i) The weightage of each State level reform is 0.25 per cent of Gross State Domestic Product totaling to one per cent additional borrowing;

(ii) The remaining borrowing limit of one per cent will be available in two installments of 0.50 per cent each to the State. The first installment of 0.50 per cent shall be available to the State as untied and the second installment on undertaking at least three out of the aforesaid four State level reforms .”.

3. *Repeal and saving*.—(1) The Kerala Fiscal Responsibility (Amendment) Ordinance, 2021 (102 of 2021) is hereby repealed.

(2) Notwithstanding such repeal, anything done or deemed to have been done or any action taken or deemed to have been taken under the principal Act as amended by the said Ordinance shall be deemed to have been done or taken under the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Government of India have granted an additional borrowing of Rs. 1471 crore as onetime dispensation in addition to the 3 per cent fiscal deficit of the Gross State Domestic Product to the State of Kerala during the financial year 2019-2020. This additional borrowing was granted subject to the amendments in the Kerala Fiscal Responsibility Act, 2003. In the above circumstance, the Government have decided to make suitable amendment to the Kerala Fiscal Responsibility Act, 2003.

2. As the Legislative Assembly of the State of Kerala was not in session and the above proposal had to be given effect to immediately, the Kerala Fiscal Responsibility (Amendment) Ordinance, 2020 (41 of 2020) was promulgated by the Governor of Kerala on the 29th day of July, 2020 and the same was published in the Kerala Gazette Extraordinary No. 1753 dated 30th July, 2020.

3. A Bill to replace the said Ordinance by an Act of the State Legislature could not be introduced in, and passed by, the Kerala Legislative Assembly during its session which convened on the 24th August, 2020.

4. As the provisions of the said Ordinance had to be kept alive and the Legislative Assembly of the State of Kerala was not in session, the Governor of Kerala promulgated the Kerala Fiscal Responsibility (Amendment) Ordinance, 2020 on the 26th day of September, 2020 and the same was published as Ordinance No. 51 of 2020 in the Kerala Gazette Extraordinary No. 2227 dated 29th September, 2020.

5. During the financial year 2020-21, in the wake of the Covid-19, in addition to 3 per cent of the fiscal deficit of the Gross State Domestic Product, an additional borrowing of 2 per cent of the Gross State Domestic Product was granted as additional borrowing to the State, subject to certain state level reforms. Hence, by including the State level reforms as specified by the Government of India, the Government have decided to bring amendment to the Kerala Fiscal Responsibility Act, 2003.

6. As the Legislative Assembly of the State of Kerala was not in session and the above proposal had to be given effect to immediately, the Kerala Fiscal Responsibility (Second Amendment) Ordinance, 2020 was promulgated by the Governor of Kerala on the 27th day of August, 2020 and the same was published as Ordinance No. 43 of 2020 in the Kerala Gazette Extraordinary No. 1964 dated 28th August, 2020.

7. Though a Bill to replace the above said Ordinance by an Act of the State Legislature could not be introduced in, and passed by the Legislative Assembly of the State of Kerala during its session which convened on the 31st day of December, 2020 and during its session commenced on the 8th day of January, 2021 and ended on the 22nd day of January, 2021.

8. As the provisions of the said Ordinances had to be kept alive, and the Legislative Assembly of the State of Kerala was not in session the Kerala Fiscal Responsibility (Amendment) Ordinance, 2021 combining the provisions of the Kerala Fiscal Responsibility (Second Amendment) Ordinance, 2020 (43 of 2020) and the Kerala Fiscal Responsibility (Amendment) Ordinance, 2020 (51 of 2020), the Kerala Fiscal Responsibility (Amendment) Ordinance, 2021 (21 of 2021) was promulgated by the Governor of Kerala on the 9th day of February, 2021 and the same was published in the Kerala Gazette Extraordinary No. 673 dated 10th day of February, 2021.

9. A Bill to replace the said Ordinance by an Act of the State Legislature could not be introduced in, and passed by, the Kerala Legislative Assembly during its session which commenced on the 24th day of May, 2021 and ended on the 10th day of June, 2021.

10. As the provisions of the said Ordinance had to be kept alive and the Legislative Assembly of the State of Kerala was not in session, the Kerala Fiscal Responsibility (Amendment) Ordinance, 2021 was promulgated by the Governor of Kerala on the 1st day of July, 2021 and the same was published as Ordinance No. 62 of 2021 in the Kerala Gazette Extraordinary No. 1956, dated 3rd July, 2021.

11. A Bill to replace the the said Ordinance by an Act of the State Legislature could not be introduced in, and passed by the Legislative Assembly of the State of Kerala during its session which commenced on the 22nd day of July, 2021 and ended on the 13th day of August, 2021.

12. As the provisions of the said Ordinance had to be kept alive and the Legislative Assembly of the State of Kerala was not in session, the Kerala Fiscal Responsibility (Amendment) Ordinance, 2021 was promulgated by the Governor of Kerala on the 23rd day of August, 2021 and the same was published as Ordinance No. 102 of 2021 in the Kerala Gazette Extraordinary No. 2492 dated 25th day of August, 2021.

13. The Bill seeks to replace Ordinance No. 102 of 2021 by an Act of the State legislature.

FINANCIAL MEMORANDUM

The Bill if enacted and brought into operation, would not involve any additional expenditure from the Consolidated Fund of the State.

K. N. BALAGOPAL.