# GOVERNMENT OF MEGHALAYA

## LAW (A) DEPARTMENT

# THE MEGHALAYA

# FISCAL AND RESPONSIBILITY

# RULES, 2006

[1]

**NOTIFICATIONS**

**The 6th November, 2006**

**No.FWM.10/2004/150.-** In exercise of the powers conferred by Section 10 of the Meghalaya Fiscal Responsibility and Budget Management Act, 2006, (Meghalaya Act No. 4 of 2006), the Governor of Meghalaya hereby makes the following rules namely.

1.**Short title and Commencement**: - (1) These rules may be called the Meghalaya Fiscal and Responsibility Rules, 2006.

2.**Definition:-** (1) In these rules, unless the context otherwise requires:

(a)'Act' means the Meghalaya Fiscal and Responsibility Act, 2006 (Meghalaya Act No. 4 of 2006);

(b)'form' means a form appended to these rules;

(c)'section' means the section of the Act;)

(d)'State Government' means the State Government of Meghalaya; and

(e)Words and expressions used and not defined but defined in the Act such words or expression shall have the same meanings respectively assigned to them in the Act.

3.Macro economic Framework Statement.- The Macro economic Framework Statement as required under Clause (a) of Section-7, shall be in the form, F-1.

4.Medium Term Fiscal Policy Statement (1) The Medium Term Fiscal Policy Statement as required under Clause (b) of sub-section (1) of section-7 shall be in the form, F-2 with three years rolling targets in respect of the following fiscal indicators.

(a)revenue deficit as a percentage of Total Revenue Receipts.

(b)fiscal deficit as percentage of Gross State Domestic Product; and

(c)outstanding total liabilities as per as a percentage of Gross Domestic Product.

(2) The Medium Term Fiscal policy Statement shall also explain the assumptions underlying the above mentioned targets for fiscal indicators and an assessment of sustainability relating to the items indicated in sub-section (3) under Section-7.

5.Fiscal Policy Strategy Statement.- The Fiscal Policy Strategy Statement as required under sub-section 4 of Section- 7 shall be in the Form F-3.

6.Disclosures.- (1) The State Government shall, at the time of presenting the budget, make disclosures required under Section 8 of the Act along with the following Statements; namely.

(a)a statement of select indicators of fiscal situation Form D-I;

(b)a statement on the components of State Government liabilities and interest cost of borrowings/mobilization of deposits in form D-2.

(c)A statement of Consolidated Sinking Fund in form D-3;

(2) The State Government shall endeavour to provide the following statement not later than two years after the coming into force of these rules, namely:-

form D-3; (b)a statement of outstanding risk- weighted guarantees in Form D-5;

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Form D-6;

(d)a statement of Assets in Form D-7;

(e)a statement on numbers of employees in State government, public sector and aided institutions and related outlays for salaries as in Form D-8.

**Measures to Enforce Compliance.**- In case the outcome of the quarterly reviews shows that trends in receipts and expenditure, at the end of the second quarter of a financial year in such that there is short fall in revenue or excess of expenditure over the intra year target specified in the Fiscal Policy Strategy Statement then as required at sub-section (2) of Section 9 of the Act the State Government shall take appropriate measures to increase revenue and reduce expenditure.

**B.K. DEV VERMA**,
Principal Secretary to the Govt. of Meghalaya,
Finance Department

**FORM F – 1**
**(SEE RULE 1)**

**Macro Economic Framework Statement**

1. **Overview of the State Economy:-** [This paragraph shall contain a synoptic analysis of trend in the rate of growth of output. Information on key macro-economic indicators shall be presented in the table at the end of this form]

**2.GSDP Growth: -** [This paragraph shall contain an analysis of trend in overall GSDP growth and its sectoral composition.]

3. **Overview of State Government Finances:** [This paragraph shall detail the developments in State Finances including an analysis of trends in revenue collections and expenditure, and the important fiscal deficit and debt indicators and the measures taken to improve the financial position of the State Government .Trends in State Government finances shall be presented in the format appended. This inter alia indicates the developments related to the Consolidated Sinking Fund, Ways and Means Advances availed from RBI. This paragraph may also cover analysis of finances of local bodies and State-level public sector undertakings including the progress made by them for compilation/finalization of annual statements of accounts and Central Transfers.]

4. **Prospects: [**Based on the trends in major sectors presented in the previous sections, an assessment shall be made regarding the growth prospects, along with the underlying assumptions. An assessment of fiscal prospects shall also be made.]

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**Macro Economic Framework Statement**
**Economic Performance at a Glance**
**Table 1: Trends in Select Macro-economic and Fiscal Indicators**

| | | **Absolute value [Rs. Crore]** | | **Percentage Changes** | |
|---|---|---|---|---|---|
| | | **April-Reporting period*** | | **April-Reporting period*** | |
| | | **Previous Year** | **Current Year** | **Previous Year** | **Current Year** |
| | **Rear Sector** | | | | |
| 1 | GSDP at factor cost<br>(a) At current place<br>(b) At 1993-94 price | | | | |
| 2 | Agriculture Production 3 | | | | |
| | **Government Finances** | | | | |

| | | | | |
|---|---|---|---|---|
| 1 Revenue Receipts (2+3) | | | | |
| 2 Tax Revenue(2.1=2.2) | | | | |
| 2.1 Own Tax Revenue | | | | |
| 2.2 State's Share in Central Taxes | | | | |
| 3 Non-Tax Revenue(3.1 + 3.2) | | | | |
| 3.1 State's One Non Tax Revenue | | | | |
| 3.2 Central Transfers | | | | |
| 4 Capital Receipts (5+6+7) | | | | |
| 5 Recovery of Loans | | | | |
| 6 Other Receipts | | | | |
| 7 Borrowing and other Liabilities | | | | |
| 8 Total Receipts (1+4) | | | | |
| 9 Non-Plan Expenditure | | | | |
| 10 Revenue Account of which: | | | | |
| 11 (a) Interest payments | | | | |
| (b) Subsidies | | | | |
| (c) Wages & Salaries | | | | |
| (d) Pension Payments | | | | |
| 12 Capital Account | | | | |
| 13 Plan Expenditure | | | | |
| 14 Revenue Account | | | | |
| 15 Capital Account | | | | |
| 16 Total Expenditure (9+13) | | | | |
| 17 Revenue Expenditure (10+14) | | | | |
| 18 Capital Expenditure(12+15) | | | | |
| 19 Revenue Deficit(17+1) | | | | |
| 20 Fiscal Deficit{16-(1+5+6)} | | | | |
| 21 Primary Deficit (20-11a) | | | | |
| Memo: | | | | |

*Date will relate to the period upto which information for the current year is available. To facilitate comparison, date of previous year corresponds to the same period of current year. Accordingly, reporting period may vary for different items.

* the average amount of WMA/OD is calculated up the outstanding amount of WMA as on each day (including holidays) and dividing by the total number of days during April-Reporting period.

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**Form F-2**

**(SEE RULE 4)**

**Medium Term Fiscal Policy Statement**

**A. FISCAL INDICATORS – ROLLING TARGETS**

| | | Previous Year (Y-2) Actuals | Current Year (Y-1) Budget Estimates | Current Year (Y-1) Revised Estimates (RE) | Ensuing Year (Y) Budget Estimates (BE) | Target for next Two Years | |
|---|---|---|---|---|---|---|---|
| | | | | | | Y+1 | Y+2 |
| 1. | Revenue Deficit as percentage of Total Revenue Receipts (TRR) | | | | | | |
| 2. | Fiscal Deficit as percentage of GSDP | | | | | | |
| 3. | Total outstanding Liabilities as percentage of GSDP. | | | | | | |
| 4. | [Any additional target (s)] | | | | | | |

B. ASSUMPTIONS UNDERLYING THE FISCAL INDICATORS-

1.Revenue Receipts

(a)Tax-revenue-sectoral and GSDP growth rates

(b)Non-Tax-revenue-Policy stance.

(c)Devolution to Local Bodies.

(d)Share of Own Tax Revenue to Total Tax Revenue.

(e)Share of own non-tax revenue to total non-tax revenue.

2.Capital Receipts-Debts stock, repayment, fresh loans and policy stance.

(a)Loans and advances from the Centre

(b)Special securities issued to the NSSF

(c)Recovery of Loans and advances

(d)Borrowings from financial institutions

(e)Other receipts (net) – small savings, provident funds, etc.

(f)Outstanding Liabilities – Internal Debt and Other Liabilities.

3.Total Expenditure – Policy Stance.

(a)Revenue

(i)Interest payments –

(a)On borrowings during the year (aggregate and category wise);

(b)On outstanding liabilities

(i)(aggregate and category wise)

(ii)Major subsidies

(iii)Salaries

(iv)Pensions

(v)Others

(b)Capital Account

(i)Loans and advances

(ii)Capital Outlay

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4.GSDP Growth.

C. ASSESMENT OF SUSTAINABILITY RELATING TO:-

(i)**The balance between receipt and expenditure in general and revenue receipts and revenue expenditure in particular**. The medium Term Fiscal Policy Statement may specify the tax GSDP ratio, own tax-GSDP ratio and State's share in Central Tax – GSDP ratio for the current year and subsequent two years with an assessment of the changes required for achieving it. It may discuss the non-tax revenues and the policies concerning the same. Expenditure on revenue account, both Plan and Non-Plan, may be also discussed with particular emphasis on the measures proposed to meet

the overall objectives. It may discuss policies to contain expenditure on salaries, pension, subsidies and payments. All assessment of the Capital receipts shall be made including the borrowings and other liabilities, as per policies spell out. The statement shall also give projections for GSDP and discuss it on the basis of assumption underlying the indicators in achieving the sustainability objective.

(ii) **The use of Capital receipts including market borrowings for generating productive assets.** The Medium Term Fiscal Policy Statement may specify the proposed use of Capital receipts for generating productive assets in different categories. It may also spell out the proposed changes among these categories and discuss them in terms of the overall policy of the Government.

(iii) **The estimated yearly pension liabilities worked out on actuarial basis for the next ten years.** In case it is not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the coming into force of this Act, the State Government may, during that period, estimate the pension liabilities by making forecasts on the basis of trend growth rates (i.e. average rate of growth of actual pension payments during the last three years for which data are available.

**Form F-3**
**(SEE RULE**
**5)**
**Fiscal Policy**

**A. FISCAL POLICY OVERVIEW**

[This paragraph will present an overview of the fiscal policy currently in vague]

**B. FISCAL POLICY FOR THE ENSUING YEAR:**

[This paragraph shall have, *inter alia,* six sub-paragraph dealing with –

(1)Tax Policy

In the sub-paragraph on tax policy, major changes proposed to be introduced in direct and indirect taxes in the ensuing financial year will be presented .It shall contain an assessment of exemption in various taxes and how far it relates to principles regarding tax exemptions.

(2)Expenditure Policy

Under expenditure policy, major changes proposed in the allocation for expenditure shall be indicated. It shall also contain an assessment of principles regarding the benefits and target group of beneficiaries.

(3)**Borrowings and Other Liabilities, Lending and Investments**

In this sub-paragraph on borrowings, the policy relating to internet debt, including the access of WMA/OD facility from the Reserve Bank of India, government lending, Investments and other activities; including principles regarding average maturity structure, bunching of repayments, etc., shall be indicated. The borrowings by Public Sectors Undertakings and Special Purpose Vehicle, lending, investments, pricing of user charges on public goods and utilities and description of other activities of Public Sector Undertakings which have potential budgetary implications; and the key fiscal measures and targets pertaining to each of these shall be indicated.

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(4)Consolidated Sinking Fund

In this sub-paragraph, the policy related to the Consolidated Sinking Fund (CSF) shall be indicated.

(5)**Contingent and other Liabilities**

Any change in the policy on contingent and other liabilities, in particular guarantees, which have potential budgetary implications shall be indicated.

(6)**Levy of User Charges**

Any change proposed in the levy of user charges of public services shall be spent out **C. STRATEGIC PRIORITIES FOR THE ENSUING YEAR.**

[(1) Resource mobilization for the ensuing financial year through tax, non-tax and other receipt shall be spell out.

(2)The broad principles underlying the expenditure management during the ensuing year shall be spell out.

(3)Priorities relating to management of public debt proposed during the ensuing year shall be indicated.]

**D. RATIONALE FOR POLICY CHANGES:**

[(1) The rationale for policy consistent with the Medium Term Fiscal Policy Statement, in respect of taxes proposed in the ensuing Budget shall be spelt out.

(2)The rationale for major policy changes in respect of budgeted expenditure including expenditure on subsidies and pensions shall be indicated.]

(3)Rationale for changes, if any, proposed in the management of the public debt shall be indicated.

(4)The need for changes, if any, proposed in respect of the charges for public utilities shall be spell out.]

**E. POLICY EVALUATION:**

[The paragraph shall contain an evaluation of the changes proposed in the fiscal policy of the ensuing year with reference to fiscal deficit reduction and objectives set out in the Medium Term Policy Statement.]

**FORM D-1**
**(SEE RULE-6(1) (a))**
**Select Fiscal**
**Indicators**

| Item | Previous Year (Actuals) | Current Years (RE) |
|---|---|---|
| 1. Gross Fiscal Deficit as Percentage of GSDP | | |
| 2. Revenue Deficit as Percentage of Gross Fiscal Deficit | | |
| 3. Revenue Deficit as Percentage of GSDP | | |
| 4. Revenue Deficit as Percentage of TRR | | |
| 5. Total Liabilities-GSDP Ratio (%) | | |
| 6. Total Liabilities-Total Revenue Receipts (%) | | |
| 7. Total Liabilities-State's Own Revenue Receipts (%) | | |
| 8. State's Own Revenue Receipts to Revenue Expenditure (%) | | |
| 9. Capital Outlay as Percentage of Gross Fiscal Deficit. | | |
| 10. Interest Payment as Percentage of Revenue Receipt. | | |

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| | | |
|---|---|---|
| 11. Salary Expenditure as Percentage of Revenue Receipts. | | |
| 12. Pension Expenditure as Percentage of Revenue Receipts. | | |
| 13. Non Development Expenditure as Percentage of Aggregate Disbursements. | | |
| 14. Gross Transfers from the Centre as Percentage of Aggregate Disbursements. | | |
| 15. Non-Tax Revenue as Percentage of TRR. | | |

**FORM D-2**
**(SEE RULE-6(1) (b))**
**A. Components of State Government Liabilities**

**[Rs. in Crores]**

| Category | Raised during the Fiscal Year | | Repayment/Redemptio n during the Fiscal Year | | Outstanding Amount (End-March) | |
|---|---|---|---|---|---|---|
| | Previous Year (Actuals) | Current Year (RE) | Previous Year (Actuals) | Current Year (RE) | Previous Year (Actuals) | Current Years (RE) |
| Market Borrowings | | | | | | |
| Loans from Centre | | | | | | |
| Special Securities issued to the NSSF | | | | | | |
| Borrowings from Financial Institutions/ Banks | | | | | | |
| WMA/OD from RBI | | | | | | |
| Small Savings, Provident Funds, etc. | | | | | | |
| Reserve Funds/Deposits | | | | | | |
| Other Liabilities | | | | | | |
| **Total** | | | | | | |

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**FORM D-3**
**(SEE RULE-6(1) (c))**
**Consolidated Sinking Fund**
**(CSF)**

**[Amount in Rs. Crores]**

| Outstanding balance in CSF at the beginning of previous year | Additio ns during the previou s year | Withdraw als from CSF the during previous year | Outstanding balance in CSF at the precious year/beginning of current year | Col (4) Outstandi ng stock of SLR Borrowin gs (%) | Additio ns during the current year | Withdraw als from CSF the during current year | Outstanding balance in CSF at the end of Current year/Beginning of | Col(8) Outstandi ng stock of SLR Borrowin gs (%) |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | | | | |

**FORM D-4**
**(SEE RULE-6(2) (a))**
**Guarantees Given by the Government**

| Category (No. of Guarantees with bracket) | | Maximum Amount Guaranteed during the year Rs. Crore | Outstanding at the beginning of the year [Rs. Crore] | Additions during the year [Rs. Crore] | Reductions during the year (other than invoked during the year) |
|---|---|---|---|---|---|
| 1 | | 2 | 3 | 4 | 5 |
| | | | | | |
| Invoked during the year [Rs. Crore] | | Outstanding at the end of the year [Rs. Crore] | Guarantee Commission of Fee [Rs. Crore] | | Remarks |
| 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | |

Note:- Reporting year refers to the second year preceding the year for which the Budget is presented.

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**FORM D-5**
**(SEE RULE-6(2)**
**(b))**
**Statement of Assets**

| | Assets at the beginning of the reporting year | Assets acquired during the reporting year | Cumulative total of assets at the end of the reporting year |
|---|---|---|---|
| | Book Value Rs.[cr] | Book Value Rs.[cr] | Book Value Rs.[cr] |
| **Financial assets:**<br>Loans and advances<br>Loans to Local Bodies<br>Loans to Companies<br>Loans to others<br>Enquiry Investment<br>Shares<br>Bonus<br>Investments in GoI dated<br>Securities/Treasuries Bills<br>Investments in 14-day<br>Intermediate Treasury Bills<br>Other financial Investments<br>(please specify) | | | |
| **Total** | | | |
| **Physical assets:**<br>Land<br>Building-Office/Residential<br>Roads<br>Bridges<br>Irrigation Projects<br>Power Projects<br>Other capital projects<br>Machinery & Equipment<br>Office Equipment<br>Vehicles | | | |
| **Total** | | | |

**Notes:**

1.Assets above the threshold value of Rupees two lakh only to be recorded.

2.Reporting year refers to the second year preceding the year for which the annual financial statement and demands for grants are presented.

3.The Statement in respect of physical assets is to be prepared based on asset register maintained by the Government. The value to be indicated would be book-value, i.e. acquisition cost netted for depreciation/ impairment.

4.States that are not in a position to provide information in respect of physical assets may, to begin with, provide information only in respect of financial assets. They may disclose their physical assets within years from the date of publication of the Notification of the Rules in the State Gazette.

**FORM D-6**
**(SEE RULE-6(2) (c))**
**Tax Revenues Raised But Not Realised**
**(Principal Taxes)**

(As at the end of the reporting year)

| Major Head | Description | Amount under disputes (Rs. crore) | | | | | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Over1 year but less than 2 years | Over 2 years but less than 5 years | | Over 10 years | Total | Over 1 year but less than 2 years | Over 2 years but less than 5 years | Over 5 years but less than 10 years | Over 10 years | Total | |
| | **Taxes on Income & Expenditure** | | | | | | | | | | | |
| | Agriculture Income Tax | | | | | | | | | | | |
| | Taxes on Professions Trades, Callings and | | | | | | | | | | | |
| | **Taxes Property** and capital | | | | | | | | | | | |
| | Land Revenue | | | | | | | | | | | |
| | Stamps and Registration fees | | | | | | | | | | | |
| | Urban immovable Property tax | | | | | | | | | | | |
| | **Taxes on Commodities and Services** | | | | | | | | | | | |
| | Sales Tax | | | | | | | | | | | |
| | Central Sales Tax | | | | | | | | | | | |
| | Sales Tax on Motor Spirit and | | | | | | | | | | | |
| | Surcharge on Sales Tax | | | | | | | | | | | |
| | State Excise | | | | | | | | | | | |
| | Taxes on | | | | | | | | | | | |
| | Vehicle | | | | | | | | | | | |
| | Other Taxes | | | | | | | | | | | |
| | **TOTAL** | | | | | | | | | | | |

Note – Reporting year refers to the second year proceeding the year for which the annual financial statement and demands for grants are presented

**FORM D-7**
**(SEE RULE-6(2) (d))**
**Statement of Miscellaneous Liabilities:**
**Outstanding**

**[Rs. in Crore]**

| | **Outstanding Amount $** |
|---|---|
| Major Works and Contracts | |
| Committed liabilities in respect of land acquisition charges | |
| Claims in respect of unpaid bills on works and supplies | |

$ The outstanding amount pertains to the end-March position for the year before the current year.

**FORM D-8**

**(SEE RULE-6(2) (e))**

Statement of number of employees in Government, Public Sector and Aided Institutions and related salaries (Separate sheets for each department to be prepared)

Demand/Grant No:

Name of Govt. Department

| Heads of Account (Major, Sub-Major, Minor) | Number of sanctioned posts as on 1ST April of current year (after right- | Number of posts filled up as on | | Fund required | |
|---|---|---|---|---|---|
| | | 1st April of previous year | 1st April of current year | Actual of Previous | RE of Current year |
| A.Govt. of Employees (for each head of account). | | | | | |
| 1.Regular (for each grade in separate lines) | | | | | |
| 2.Officiating (for each grade in separate lines) | | | | | |
| 3.Adhoc (for each grade in separate lines) | | | | | |
| 4.Employees charged to work | | | | | |
| B.Approved employees in PSUs under the administrative control of the department (for each concerned head of account) | | | | | |
| 1.Name of PSUs (for each grade in separate line) | | | | | |
| C.Approved staff in Aided Institutions under the administrative control of department (for each concerned head of account). | | | | | |
| 1.Name of Aided Institutions (for each grade in separate lines). | | | | | |