THE RAJASTHAN FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT RULES, 2006

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Finance (Budget Division) Department

(No. F7/1A/ FD-1(1)/Budget/2005 dated January 24, 2006)

In exercise of the powers conferred by section 10 of the Rajasthan Fiscal Responsibility and Budget Management Act, 2005 (Act No. 7 of 2005), the State Government hereby make the following rules, namely :-

1.Short title and Commencement .- (1) These rules may be called the Rajasthan Fiscal Responsibility and Budget Management Rules, 2006.

2. Definitions .- In these rules, unless the context otherwise requires;

(a) "Act" means the Rajasthan Fiscal Responsibility and Budget Management Act, 2005 (Act No. 7 of 2005);

(b) “Committee” means the Public Expenditure Review Committee constituted under section 8 of the Act;

(c) "Form" means a form appended to these rules;

(d) "Section" means a section of the Act;

(e) Words and expressions used but not defined herein shall have the meanings respectively assigned to them in the Act.

3. **Medium Term Fiscal Policy Statement -** The Medium Term Fiscal Policy Statement, as required under sub-section (2) and (3) of section 5 of the Act, shall be in Form F-1.

4. Fiscal Policy Strategy Statement.- The Fiscal Policy Strategy Statement as required under sub-section (4) of section 5 of the Act, shall be in Form F-2.

5. Disclosures- (1) The State Government shall, at the time of presenting the Annual Budget, make disclosures in the following formats under sub-section (1) of section 7 :-

Form D-1; (b) A statement on guarantees given by the Government in Form D-2; [1] (c) Deleted;

(d) A statement on the Guarantee Redemption Fund in Form D-4; and

(e) A statement on tax demands raised but not realised in Form D-5.

(2) The State Government shall, at the time of presenting the Annual Budget, make disclosures in the following formats as required under sub-section 2 of section 7 :-

[1] Clause (C) of sub-rule (1) of Rule 5 deleted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2014 vide gazette notification dated March 17, 2015

(a) A statement of significant changes, if any, in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators in

Form D-6;

(b) A statement of borrowings, Ways & Means advances/ overdrafts availed of from the Reserve Bank of India in Form D-7; and

(c)

A statement on the estimated yearly pension liabilities worked out on an actuarial basis for the next ten years in Form D-8:

Provided that for a period of five financial years from the commencement of this Act, pension liabilities may instead of working out on actuarial basis, be estimated by making forecasts on the basis of trend growth rates.

(3) The provisions of sub-rule (1) shall be complied with not later than three years after the coming into force of the Act.

6. Measures to enforce compliance & review report .- Compliance with the targets in section 6 of the Act will be automatically ensured with the six-monthly reviews of trends in receipts and expenditure, as mentioned in sub-section (2) of section 9 of the Act. The review report shall be compiled in Form RR-1.

[2] "Provided that the State Government shall ensure to reduce its fiscal deficit to 3% of estimated Gross State Domestic Product (GSDP) by the financial year 2008-09."

7. Terms and conditions of the service of the members of the Committee .- (1) The Committee shall consist of not more than five members with professional expertise in different fields as given in section 8 of the Act. The Committee may consist of official and non-official members. The official members of the Committee shall be by designation. It will be a standing Committee and the official members shall hold membership of the Committee as long as they continue to hold the designated post. However, the non-official members may be appointed initially for a period upto 3 years. Alternatively, the entire Committee may consist of non-official members. The Committee may be serviced by officials whenever required.

[3](2) The non-official members may be paid sitting fees for attending the meetings @ Rs. 3000/-per day.

8. Functions and duties of the committee .- The functions and duties of the committee shall be as follows :-

[2] Proviso added at end of Rule 6 by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2006 vide gazette notification dated July 6, 2006.

[3] Sub-rule (2) of Rule 7 substituted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2014 vide gazette notification dated March 17, 2015.

(a) to review the programmes and schemes being implemented for various departments, from the point of view of utility and assessing their comparative benefits vis-a-vis, the programmes and the schemes within the same departments and other departments.

(b) to review the extent of expenditure against outlays and to assess the quality of systems and mechanism that control and review such expenditure.

(c) to suggest, as a consequence of the above, mid term corrections or long term changes in the selection of the schemes, or their contents, and review inter-departmental or inter-scheme allocations.

(d) to suggest ways and means for better evaluation of the outcome of the schemes/programmes, and improving service delivery.

(e) to review the implementation of the various provisions of the Act and the medium term fiscal programme of the State Government.

(f) to review the framework of all subsidies, both explicit and implicit, examine the economic rationale for their continuance and make recommendations for making subsidies transparent and suggest measures for maximising their impact on the target population at minimum cost.

(g) to review the framework for determination of user charges of Departmental and commercial entities and suggest an effective strategy for cost recovery through user charges.

(h) to review the adequacy of staffing under the State Government, attached offices and institutions and suggest measures for rationalising the staff and cadres of different services. In this context also review the existing arrangements for re-deployment and re-training of surplus staff to ensure that any additional manpower for new areas of State Government activities are met by re-deployment.

(i) to review the procedure for setting up of State Government funded autonomous institutions and their pattern of funding and suggest measures for effecting improvement and reducing budgetary support for their activities.

(j) to consider any other relevant issue concerning expenditure management in State Government and make suitable recommendations.

FORM F-1
(See rule 3)
MEDIUM TERM FISCAL POLICY STATEMENT

A. Fiscal Indicators - Rolling Targets:

		Current year (t-1) budget estimates (BE)	Current year (t-1) revised estimates (RE)	Ensuing year (t); budget estimates (BE)	Targets for next two years	
					t + 1	t + 2
1.	Revenue deficit as percentage of R.R.					
2.	Fiscal deficit as percentage of GSDP					
3.	Total outstanding liabilities as percentage of GSDP					
4[4].	Deleted					

5 B. Assumptions Underlying the Fiscal Indicators:

		Growth Rate	Growth Rate	Growth Rate	Projections / Projected Growth Rate	
		t – 2	t – 1	t	t + 1	t + 2
1	2	**3**	**4**	**5**	**6**	**7**
I.	**Revenue Receipts**					
1.	**Share in Central Taxes**					
2.	**State's Own Tax Revenue**					
	(a) Tax on Sales, Trade etc.					
	(b) State Excise					
	(c) Stamps & Registration fees					
	(d) Taxes on Vehicles					
	(e) Taxes on Goods and Passengers					
	(f) Taxes and Duties on Electricity					
	(g) Land Revenue					
	(h) Other Taxes and Duties on Commodities and services					
	(i) Others					

4 Serial number 4 and entries deleted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2014 vide gazette notification dated March 17, 2015.

5 In form F-1 head B Assumptions Underlying the Fiscal Indicators and entries substituted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2017 vide gazette notification dated September 15, 2017.

3.	**Non Tax Revenue**					
	(a)Water Supply & Sanitation					
	(b) Mining					
	(c) Interest Receipts					
	(d) Others					

4.	**Union Grant**					
	Aggregate Revenue Receipts (1 to 4)					
II	**Revenue Expenditure**					
	(i) Interest Payment (Debt Service)					
	(ii) Pension					
	(iii) Relief					
	(iv) General Education					
	(v) Medical & Health					
	(vi) Water Supply & Sanitation					
	(vii) Power					
	(viii) Irrigation					
	(ix) Others					
III	**Capital Outlay**					
IV	**Loans & Advances (Net)**					
V	**GSDP**					

C. Assessment of sustainability relating to:

(i) **The balance between receipts 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 [6] revenue account 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 interest payments. An assessment of the capital receipts shall be made, including the

[6] In clause (i) under head C, "on revenue account, both plan and non-plan, may be also discussed" substituted by "on revenue account may be also discussed" by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2017 vide gazette notification dated September 15, 2017.

borrowings and other liabilities, as per policies spelt out. The statement shall also give projections for GSDP and discuss it on the basis of assumptions 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 five 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 five years for which data are available).

D. **Annual Statement Detailing the Prospects for the State Economy:**

(i) **Overview of the State Economy:** This paragraph shall contain a synoptic analysis of trend in the rate of growth of output. Information on key macroeconomic indicators shall be presented in the table at the end of this form.

(ii) **GSDP Growth:** This paragraph shall contain an analysis of trends in overall GSDP growth and its sectoral composition.

(iii) **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 (Table - 1).

(iv) **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. The details of the trends in macroeconomic indicators, along with fiscal indicators, shall be presented in Table-1

[7] Table - 1

TRENDS IN SELECT MACRO ECONOMIC AND FISCAL INDICATORS

I	**Macro Economic Indicators**	**t – 2**	**t – 1**
I	Gross State Domestic Product (GSDP)		
(a)	at current price		
(b)	at constant price		
II	Contribution of Agriculture Sector		
III	Contribution of Industrial Sector		
IV	Contribution of Service Sector		

(Rs. in Lacs)

II	**Government Finances**	**Actual for the previous year**	**B.E. for current year**	**R.E. for current year**	**B.E. for next year**
1	2	3	4	5	6
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 own non tax revenue				

3.2	Union Grant				
4.	Capital receipts (4.1+4.2+4.3)				
4.1	Recovery of Loans & Advances				
4.2	Misc. Capital Receipts				
4.3	Borrowing and other liabilities				
5.	Total receipts (1+4)				

[7] Under head D. Annual Statement Detailing the Prospects for the State Economy:, Table-1 and entries substituted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2017 vide gazette notification dated September 15, 2017.

6.	Revenue expenditure				
	of which				
	(a) Interest payments				
	(b) Grant-in-Aid				
	(c) Wages and Salaries				
	(d) Pension payments				
7.	Capital Outlay				
8.	Loans and Advances				
9.	Total Expenditure (6+7+8)				
10.	Revenue deficit/Surplus (1-6)				
11.	Fiscal deficit {9-(1+4.1+4.2)}				
12.	Primary deficit {11-6(a)}				

E. **Statement Detailing the Number of Employees and Salaries in Government Departments, Public Sector Enterprises and Government-Aided Institutions :** The number of employees in the Government Departments, Public Sector Enterprises and Government-Aided institutions shall be disclosed in the following format (Table – 2) :-

Table – 2

EMPLOYMENT AND SALARY EXPENDITURE IN GOVERNMENT DEPARTMENTS, PUBLIC SECTOR ENTERPRISES AND GOVERNMENT-AIDED INSTITUTIONS etc.

		Number of Employees		Salary Expenditure	
		Previous year	Current year	Previous year	Current year
S.No	1	2	3	4	5
1.	Government Departments				
2.	Public Sector undertakings				
3.	Government-Aided Institutions				

4.	Panchayati Raj Institutions				
5.	Urban Local Bodies				

FORM F-2

(See rule 4)

FISCAL POLICY STRATEGY STATEMENT

A. Fiscal Policy Overview: This paragraph will present an overview of the fiscal policy currently in vogue.

B. Fiscal Policy for the ensuing year : This paragraph shall have, inter alia, five sub-paragraphs dealing with :

1. *Revenue Policy*
   In the sub-paragraph on revenue policy, measures proposed to be taken for revenue mobilisation in the ensuing financial year will be indicated.
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 internal debt, including the access to 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.
4. *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. Any change in the policy related to special purpose vehicle (SPV) and other equivalent instruments where liability for repayment is on the State Government shall be indicated. The policy on building up of the Guarantee Redemption Fund (GRF) and commission charged/collected for guarantees issued shall also be indicated.
5. *Levy of User Charges*
   Any change proposed in the levy of user charges of public services shall be spelt out.

C. Strategic Priorities for the Ensuing Year:

1. Resource mobilization for the ensuing financial year through tax, non-tax and other receipts shall be spelt out.

2 The broad principles underlying the expenditure management during theensuing year shall be spelt 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 changes 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 pricing of administered goods shall be spelt out.

E. **Policy Evaluation:**

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

FORM D-1

(See rule 5)

SELECT FISCAL INDICATORS

	Item	Previous year (Actuals)	Current year (RE)
1	**2**	**3**	**4**
1.	Gross fiscal deficit as percentage of GSDP		
2.	Revenue deficit as percentage of total Revenue Receipt		
3.	Total liabilities as percentage of GSDP		
[8]4.	[8]4. Own revenue receipts as percentage of revenue expenditure		
5.	Capital outlay as percentage of gross fiscal deficit		
6.	Interest payment as percentage of revenue receipts		
7.	Interest payment as percentage of Revenue Expenditure		

[8] In FORM D-1 serial number 4 and entries deleted and serial number 5,6,7,8 renumber as serial number 4,5,6 and 7 respectively by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2014 vide gazette notification dated March 17, 2015.

FORM D-2

(See rule 5)

GUARANTEES GIVEN BY THE GOVERNMENT

(Rs. in crore)

Name of the Institution	Amount of outstanding guarantees at the beginning of the year	Additions during the year (upto)	Deletions (other than invoked during the year) (upto)
1	2	3	4

(Rs. in crore)

Invoked during the year (upto ……)		Outstanding as on ……	Guarantee commission or fee		Remarks
Discharged	**Not discharged**		**Receivable**	**Received**	
5	**6**	**7**	**8**	**9**	**10**

9**FORM D-3** : Deleted

FORM D-4

(See rule 5)

Guarantee Redemption Fund (GRF)

(Rs. in crore)

Outstanding guarantees at the end of the previous year	Outstanding amount in GRF at the end of the previous year	Amount of guarantees likely to be invoked during the year	Addition to GRF during the current year (Tentative)	Withdrawal from the GRF during the current year (Tentative)	Outstanding amount in GRF at the end of the current year (Tentative)
1	2	3	4	5	6

9 FORM D-3 deleted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2014 vide gazette notification dated March 17, 2015

11

FORM D-5

(See rule 5)

Details of Tax demands in arrears as on…….

(i.e. demand raised but not realised)

(Rs. in crore)

Major Head	Description	Over 1 year and up to 2 years	Over 2 year and up to 5 years	Over 5 year and up to 10 years	Over 10 years	Total

FORM D-6

(See rule 5)

Statement of significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of prescribed fiscal indicators:

(Rs. in crore)

S.No.	Significant changes in the accounting standards, policies and practices	Fiscal indicator likely to be affected	Likely effect on the Fiscal indicator	Remarks (if any)

FORM D-7

(See rule 5)

A.COMPONENTS OF STATE GOVERNMENT BORROWINGS/OTHER LIABILITIES :

(Rs. in crore)

Category	Outstanding amount (at the end of the financial year)	
	Previous year (Actuals)	**Current year (RE)**
Total Public Debt		
-Internal Debt		
- Loans from Central Government		
Other Liabilities		
- Provident Fund & Insurance		
- Reserve Fund & Deposits		
Total Liabilities		

B.DETAILS OF WAYS & MEANS ADVANCES/OVERDRAFTS AVAILED OF FROM RESERVE BANK OF INDIA :

	t-2	**t-1 (upto __)**
Average amount of WMA from RBI^ (Rs. in crores)		
Average amount of OD from RBI^ (Rs. in crores)		
Number of days of OD		
Number of occasions of OD		

Note: ^ Theaverage amount of WMA/OD is calculated by summing up the outstanding amount of WMA as on each day (including holidays) and dividing by the total number of days during April-reporting period

FORM D-8

(See rule 5)

THE STATEMENT OF THE ESTIMATED YEARLY PENSION LIABILITES:

(Rs. in crore)

S.No.	Financial year	Projected pension liabilities	Remarks (if any)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10			

[10] FORM RR-1

(See rule 6)

SUMMARY OF SIX MONTHLY REVIEW REPORT

(Rs. in crores)

S. N.		Budget Estimates (BE)		Actuals (Apr.-Sep.)		Percentage Achievement with reference to BE	
		Previous year	Current Year	Previous Year	Current Year	Previous Year	Current Year
1	2	3	4	5	6	7	8
1.	**Total 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 own non tax revenue						
3.2	Union Grant						
4.	**Capital receipts (4.1+4.2+4.3)**						
4.1	Recovery of loans and advances						
4.2	Misc. Capital receipts						
4.3	Borrowing and other liabilities						
5.	**Total receipts (1+4)**						
6.	**Revenue expenditure**						
	of which						
	(a) Interest payments						
	(b) Salary and Wages						
	(c) Pension payments						
7.	Capital Outlay						
8.	Loans and Advances						
9.	**Total expenditure (6+7+8)**						
10.	**Revenue deficit /Surplus (1-6)**						
11.	**Fiscal deficit {9-(1+4.1+4.2)}**						
12.	**Primary deficit** {11-6(a)}						

[10] Form RR-1, substituted by Rajasthan Fiscal Responsibility and Budget Management (Amendment) Rules, 2017 vide gazette notification dated September 15, 2017.