



GOVERNMENT OF TRIPURA

Tripura Fiscal Responsibility & Budget Management Rules, 2006

FINANCE DEPARTMENT

Published in the
Extraordinary Issue of Tripura Gazette

Agartala, Thursday, October 5, 2006 A. D. Asvina 13, 1928 S. E.

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FINANCE DEPARTMENT**

Tripura Fiscal Responsibility & Budget Management Rules, 2006

NOTIFICATION

Agartala, the 4th day of October, 2006

In exercise of the powers conferred by section 12 of the Tripura Fiscal Responsibility & Budget Management Act, 2005, the Government of Tripura hereby makes the following rules, namely:-

1. SHORT TITLE AND COMMENCEMENT

- (1) These rules may be called the Tripura Fiscal Responsibility & Budget Management Rules 2006.
- (2) They shall come into force on the 4th day of October, 2006.

2. DEFINITIONS

In these rules, unless the context otherwise requires-

- (a) "Act" means the Tripura Fiscal Responsibility & Budget Management Act, 2005 (7 of 2005);
- (b) "form" means a form appended to these rules;
- (c) "section" means a section of the Act;
- (d) words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

3. MACROECONOMIC FRAMEWORK STATEMENT

The Macroeconomic Framework Statement as required under Section 6, shall be in Form F-1.

4. MEDIUM TERM FISCAL POLICY STATEMENT

(1) The Medium Term Fiscal Policy Statement, as required under sub-section 7, shall include in Form F-2 three year rolling targets in respect of the following fiscal indicators:

- (a) revenue deficit as a percentage of TRR;
- (b) fiscal deficit as a percentage of GSDP;
- (c) outstanding total liabilities as a percentage of GSDP;
- (d) (any additional target(s) that the State may like to prescribe).

(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 2 of section 7.

5. FISCAL POLICY STRATEGY STATE-MENT

(1) The Fiscal Policy Strategy State-ment as required under Section 8 shall be in Form F-3.

6. DISCLOSURES

(1) The State Government shall, at the time of presenting the budget, make disclosures as required under section 10 together with the following statements:

- (a) a statement of select indicators of fiscal situation in Form D-1;
- (b) a statement on components of State Government liabilities and interest cost of borrowings/ mobilization of deposits in Form D-2.
- (c) a statement on the Consolidated Sinking Fund in Form D-3.
- (d) a statement on guarantees given by the Government in Form D-4.
- (e) a statement on the Guarantee Redemption Fund in Form D-5;
- (f) a statement of assets in Form D-6;
- (g) a statement on claims and commitments made by the State Government on revenue demands raised but not realized in Form D-7; and
- (h) a statement on liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in Form D-8.

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

7. MEASURES TO ENFORCE COMPLIANCE

In case the outcome of the quarterly reviews of trends in receipts and expenditure, at the end of the second quarter of any financial year shows that-

- (i) the total non-debt receipts are less than 35% per cent of the Budget Estimates for that year; or
 - (ii) the fiscal deficit is higher than 25% per cent of the Budget Estimates for that year; or
 - (iii) the revenue account is in deficit;
- then -

(a) as required under sub-section (2) of section 11, the State Government shall take appropriate corrective measures and (b) as required under sub-section 3 of section 11, the Minister-in-charge of the Finance Department shall make a statement in the Legislature while seeking approval for Revised Estimate detailing the corrective measures taken and the prospects for the fiscal deficit of that financial year.

(S.K. Roy)
Commissioner to the
Government of Tripura,
Finance Department

Form F-1
(See rules 3 and 4)
Macro Economic Framework Statement

1. Overview of the State Economic: [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.

2. GSDP Growth: [This paragraph shall contain an analysis of trends 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 will, inter alia, indicate the developments related to the Consolidated Sinking Fund, Guarantee Redemption Fund, and issuances of risk-weighted guarantees and Ways and Means Advances availed from the 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.]

**Macro Economic Framework Statement
Economic Performance at a Glance**

Table 1: Trends in Select Macroeconomic and Fiscal Indicators

	Absolute value (Rs. in Crore)		Percentage Changes	
	April-Reporting period*		April-Reporting period*	
	Previous Year	Current Year	Previous Year	Current Year
Real Sector				
1	GSDP at factor cost			
(a)	at current price			
(b)	At 1993-94 price			
2	Agriculture Production			
3	Industrial Production			
4	Tertiary Sector Production			
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 Own 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:			
	Average amount of WMA from RBI [^]			
	Average amount of OD from RBI [^]			
	Number of days of OD			
	Number of occasions of OD			

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

[^] The average 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 F-2
(See rule 3 and 5)
Medium Term Fiscal Policy Statement

A. FISCAL INDICATORS – ROLLING TARGETS

	Previous Year (Y-2) Actuals	Current Year (Y-1) Budget Estimates (BE)	Current Year (Y-1) Revised Estimates (RE)	Ensuing Year (Y) Budget Estimates (BE)	Targets 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 of 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 – Debt 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 account
 - (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

4. GSDP Growth

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 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 interest payments. An assessment of the capital receipts shall be made, including the 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 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 3 and 6)

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, 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 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. The borrowings by Public Sector Undertakings and Special Purpose Vehicle, lending, investments, pricing of user charges on public goods and utilities and description of other activities, and 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.

(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. Any change in the policy related to borrowings by 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 charges/collected for guarantees issued shall also be indicated.

(6) 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 the ensuing 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 the charges for public utilities 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 Fiscal Policy Statement.]

FORM D-1
(See rule 7)
Select Fiscal Indicators

Item		Previous Year (Actuals)	Current Year (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 Receipts		
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 7]

A. Components of State Government Liabilities*(Rs. in crore)*

Category	Raised during the Fiscal Year		Repayment/Redemption during the Fiscal Year		Outstanding Amount (End-March)	
	Previous year (Actuals)	Current Year (RE)	Previous year (Actuals)	Current Year (RE)	Previous year (Actuals)	Current Year (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 :						

FORM D-2

[See rule 7]

B. Weighted Average Interest Rates on State Government Liabilities*(Rupees in Crore)*

Category	Raised during the Fiscal Year		Outstanding Amount (End-March)	
	Previous Year (Actuals)	Current Year (RE)	Previous Year (Actuals)	Current Year (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 :				

*Weighted average interest rate where the respective weight is the amount borrowed. This is calculated on contractual basis and then annualized.

* Weighted average interest rate where the weights are the amount of the respective components of State Government liabilities.

FORM D-3
[See rule 7]
Consolidated Sinking Fund (CSF)

(Rupees in crore)

Outstanding balance in CSF at the beginning of the previous year	Additions during the previous year	Withdrawals from CSF the during previous year	Outstanding balance in CSF at the end of previous year/beginning of current year	Col. (4)/ Outstanding stock of SLR Borrowings (%)	Additions during the current year	Withdrawals from CSF during the current year	Outstanding balance in CSF at the end of previous year/beginning of current year	Col. (8) Outstanding stock of SLR Borrowings (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

FORM D-4
(See rule 7)
Guarantees given by the Government

Category (No. of Guarantees within 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) (Rs. crore)
1	2	3	4	5

Invoked during the year (Rs. crore)		Outstanding at the end of the year (Rs. crore)	Guarantee Commission or Fee (Rs. crore)		Remarks
Discharged	Not discharged		Receivable	Received	
6	7	8	9	10	11

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

FORM D-5

[See rule 7]

Guarantee Redemption Fund (GRF)*(Rupees in crore)*

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

Notes :

- (i) As per the terms of the GRF, during each year, the Government is required to contribute an amount equivalent at least to 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year.
- (ii) Previous year refers to the year preceding the current year.

FORM D-6
(See rule 7)
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.crore)	Book Value (Rs.crore)	Book Value (Rs.crore)
Financial assets:			
Loans and advances			
Loans to Local Bodies			
Loans to companies			
Loans to others			
Equity Investment			
Shares			
Bonus shares			
Investments in Govt dated securities/ Treasury Bills			
Other financial investments			
Total			
Physical assets:			
Land			
Building-Office/Residential			
Roads			
Bridges			
Irrigation Projects			
Power projects			
Other capital projects			
Machinery & Equipment			
Office Equipment			
Office Equipment			
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 - 7

[Sec rule 7]

**Tax Revenues Raised But Not Realised
(Principal taxes)**

(As at the end of the reporting year)

Major Head	Description	Amount under disputes (Rs. in crore)					Amount not under disputes (Rs. in crore)					Grand 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	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													
	Agricultural Income Tax													
	Taxes on Professions, Trades, callings and employment													
	Taxes on Property and capital Services													
	Land Revenue													
	Stamps and Registration fees													
	Sales Tax (VAT)													
	Central Sales Tax													
	Surcharge on Sales Tax													
	State Excise													
	Taxes on Vehicles													
	Other Taxes													
	TOTAL:													

Form D - 8
[See rule 7]

Statement of Miscellaneous Liabilities

(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.