THE JAMMU AND KASHMIR FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT RULES, 2008

*Finance Department Notification SRO-*23 *of 2008, dated 18th January, 2008.*— In exercise of the powers conferred by sub-section (1) of section 12 of the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006 (Act No. XII of 2006), the Government of Jammu and Kashmir makes the following rules, namely :—

1. *Short title and commencement.* —(1) These rules may be called the Jammu and Kashmir Fiscal Responsibility and Budget Management Rules, 2008.

(2) They shall come into force from the [1]date of their publication in the Government Gazette.

2. *Definitions.*— In these rules, unless the context otherwise provides :—

(a) "Act" means the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006 (Act No.XII of 2006) ;

(b) "Budget" means Annual Financial Statement laid before the State Legislature under section 79 of the Constitution of the State ;

(c) "Contingent liabilities" means the liabilities to Government that may arise out of the borrowings by Public Sector Undertakings and other Institutions ;

(d) "Current year" means financial year preceding ensuing year ;

(e) "Ensuing year" means the financial year for which Budget is presented ;

(f) "Fiscal deficit" means the excess of aggregate disbursements (net of debt repayments) over revenue receipts, recovery of loans and non-debit capital receipts ;

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1. Published in Government Gazette dated 18th January, 2008.

(g) "Fiscal indicators" are such indicators as have been prescribed for evaluation of fiscal position of the Government in detail in Form 1 appended to these rules ;

(h) "Fiscal targets" are numerical ceilings and proportions to total revenue receipts (TRR) or GSDP for the fiscal indicators ;

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

(j) "Financial year" means the year beginning on 1st of April of a calendar year and ending on 31st March, the following year ;

(k) "GSDP" means Gross State Domestic Product at current market prices ;

(1) "Revenue deficit" means excess of the revenue expenditure over revenue receipts ;

(m) "Revenue surplus" means the excess of total revenue receipts over revenue expenditure ;

(n) "State Government" means Government of Jammu and Kashmir ;

(o) "TRR" means Total Revenue Receipts.

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

3. *Macroeconomic Framework Statement.*— The Macroeconomic Framework Statement as required under section 6 of the Act be in Form F-1.

4. *Medium Term Fiscal Policy Statement.* —(1) The Medium Term Fiscal Policy Statement, as required under sub-section (1) of section 7 of the Act shall be in Form F-2 with 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.

(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 of the Act.

5. The Fiscal Policy Strategy as required under section 8 of the Act shall be in Form F-3.

6. *Disclosures.*— The State Government shall at the time of presenting the budget, make disclosures as required under section 10 together with the following statement :—

(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 of Consolidated Sinking Fund in Form D-3 ;

(d) a statement on guarantees given by the Government in Form D-4 ;

(e) a statement on outstanding risk-weighted guarantees in Form D-5 ;

(f) a statement on the Guarantee Redemption Fund in Form D-6 ;

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

(h) a statement on claims and commitments made by the State Government on revenue demands raised, but not realized in Form D-8 ;

(i) a statement on liability in respect of major works and contractors, 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-9 ; and

(j) a statement giving details of number of employees in Government, Public Sector and Aided Institutions and the related salary expenditure, in Form D-10.

(2) The provisions of sub-rule (1) shall be compiled with not later than three years after the coming into force of Fiscal Responsibility and Budget Management (FRBM), Act.

7. *Measures to enforce compliance.*— In case the outcome of the quarterly review of trend in receipts and expenditure, at the end of second quarter of any financial year shows that :—

(I) the total non-debt receipts are less than 35 percent of Budget Estimates for that year ; or

(II) the Fiscal deficit is higher than 50 percent of the Budget Estimates for that year ; or

(III) the revenue surplus is less than 35 percent of the Budget Estimates for that year, the State Government shall take appropriate measures ; and the Minister In charge shall make a statement in the Legislature during the sessions immediately following the end of the second quarter detailing the corrective measures taken and the prospects for the fiscal deficit of that financial year.

FORMD-1

(See Rule 6)

SELECT FISCAL INDICATORS

S. No.	Item	Previous Year (Actuals)	Current Year (Revised Estimates)
01	Gross Fiscal Deficit as Percentage of GSDP		
02	Revenue Deficit as percentage of Gross Fiscal Deficit		
03	Revenue surplus as percentage of GSDP		
04	Revenue Surplus as percentage of TRR		
05	Total Liabilities-GSDP Ratio %		
06	Total Liabilities-Total Revenue Receipts (%)		
07	Total Liabilities -State's own Revenue Receipts (%)		
08	States own Revenue Receipts to Revenue Expenditure (%)		
09	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		

FORMD-2

(See Rule 6)

A. **COMPONENTS OF STATE GOVERNMENT LIABILITIES**

S. No	Category	Raised during the Fiscal year		Re-payment Redemption During the Fiscal Year		Outstanding Amount End-March	
		Previous year Actuals	Current year Revised Estimates	Previous year Actuals	Current year Revised Estimates	Previous year Actuals	Current year Revised Estimates
01	Market Borrowings						
02	Loans from the Centre						
03	Special securities issued to NSSF						
04	Borrowings from the Financial institution/banks						
05	WMA/OD from the Bank						
06	Small savings, Provident funds, etc						
07	Reserve Funds/Deposits						
08	Other liabilities						
09	Total						

B. WEIGHTED AVERAGE INTEREST RATES ON STATE GOVERNMENT LIABILITIES

(Per cent)

Category	Raised during the Fiscal Year		Outstanding Amount (End-March)	
	Previous Year (Actuals)	Current Year (RE)	Previous Year (Actuals)	Current Year (RE)
Market Borrowing				
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 the State Government Liabilities.

Example 1

Suppose the State Government raised resources from the market on three occasions during a fiscal year for an aggregate amount of Rs.600 crore. The annual rates of interest were 10 per cent, 12 per cent and 14 per cent, for Rs.100 crore, Rs.200 crore and Rs.300 crore, respectively. The weighted average interest rate in respect of the resources raised during the year would therefore be:

Rs. 100 x (10/100) + Rs. 200 x (12/100) + Rs.300x (14/100)/ (100 + 200 + 300) x 100

= [10+24+42]/ 600 x 100

= (76/600) x 100

= 12.67%

Example 2

Suppose the previous and current year pertain to 2004-05 and 2005-06. Suppose the total outstanding amount of special securities issued by the State government to the NSSF was Rs.100 crore as at end-March 2004 and Rs.150 crore as at end-March 2005. Suppose the total interest cost incurred by the State Government on this account during 2005-06 and 2006-07 amount to Rs.10 crore and Rs.12 crore, respectively. Then the weighted average cost on the outstanding amount of special securities issued to the NSSF during the previous year (i.e. 2004-05) is equal to 10/100=10 per cent. Similarly, the weighted average interest cost on the outstanding amount of special securities issued to the NSSF during the current year (i.e. 2005-06)is equal to 12/150=8 per cent.

FORM D-3

(See Rule 6)

CONSOLIDATED SINKING FUND

(Amount in Rs. Crore)

Outstanding at the beginning of the previous year	Additions during the previous year	With-drawal during the previous year	Outstanding at the previous b year/beginning of the current year	(4)/stock of SLR borrowings (%)	Additions during the current year	With-drawal during the current year	Outstanding at the end of the current year/beginning of annual year	(4)/stock of SLR Borrowings (%)
1	2	3	4	5	6	7	8	9

FORM D-4

(See Rule 6)

GUARANTEE GIVEN BY THE GOVERNMENT

Category (No. of Guarantees within brackets)	Maximum Amt. Guaranteed during the year (Rs. in crore)	Outstanding at the beginning of the year (Rs. in crore)	Additions during the year (Rs. in crore)	Reductions during the year (other than invoked during the year)	Invoked during the year (Rs. In crore)		Outstanding at the end of the year (Rs. In crore)	Guarantee Commission or fee (Rs. in crore)		Remarks
					Discharged	Not discharged		Receivable	Received	

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

FORMD-5

(See Rule 6)

OUTSTANDING RISK WEIGHTED GUARANTEES

(Rs. in crore)

Default Probability	Risk weights (percent)	Amount outstanding as in the previous year and the current year		Risk weighted outstanding guarantee in the previous year and the current year	
		Previous year	Current year	Previous year	Current year.
Direct Liabilities	100				
High Risk	75				
Medium Risk	50				
Low Risk	25				
Very Low Risk	5				
Total Outstanding					

Note: The risk weights have been pre-specified for the various risk categories.

FORMD-6

(See Rule 6)

GUARANTEE REDEMPTION FUND (GRF)

(Rs. in crores)

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

Note:-

1. As per the terms of GRF, during the current year the Government is required to contribute an amount equivalent at least 1/5th of the outstanding in Vocal Guarantees plus an amount likely to be invoked as a result of the incremental Guarantees issued during the year.

2. Previous year refers to the year proceeding the current year.

FORMD-7

(See Rule 6)

STATEMENT OF ASSETS

	Assets at the beginning of the reporting year	Assets acquired during the reporting year	Cumulative total assets at the end of the reporting year.
	Book value (Rs. in Cr.)	Book value (Rs. in Cr.)	Book value (Rs. in Cr.)
Financial Assets:			
Loans and Advances			
Loans to Local Bodies			
Loans to companies			
Loans to other Equity investments shares			
Bonus Shares			
Investments in GOI related Securities/ treasury Bills			
Other financial investments (please specify)			
Total			
Physical Assets:			
Land			
Building- Office/Residential			

Roads			
Bridges			
Irrigation Projects			
Power Projects			
Other capital projects			
Machinery and equipment			
Office equipment			
Vehicles			
Total.			

Notes:

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

2. Reporting years 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 assets 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-8

See Rule 7

TAX REVENUE RAISED BUT NOT REALIZED (PRINCIPAL TAXES)

(As at the end of the reporting year)

		Amount under disputes (Rs. In crore)					**Amount not under dispute (Rs. crore)**					**Grand**
Major Head	**Description**	**Over1 year but less than two years**	**Over2 year but less than 5 years**	**Over 5 years but less than 10 years**	**Over 10 years**	**Total**	**Over1 year but less than two years**	**Over2 years but less than 5 years**	**Over 5 years but less than 10 years**	**Over10 years**	**Total**	**Total**
	Taxes on Income & Expenditures											
	Agricultural Income Tax											
	Taxes on professions, Trades, callings and employment.											
	Taxes on property and capital services.											
	Land Revenue											
	Stamps & Registration Fees											
	Urban immovable property tax											
	Taxes on Commodities and services											
	Sales tax											
	Central Sales tax											
	Sales tax											
	Sales tax on motor sprit and Lubricants											
	Surcharges on sales tax											
	State Excise											
	Taxes on vehicles											
	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.

FORMD-9

(See Rule 7)

STATEMENT OF MISCELLANEOUS LIABILITIES: OUTSTANDINGS

(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.	

Note: - The outstanding amount pertains to the end march position for the year before the current year.

FORM D-10

(See Rule 6)

STATEMENT OF NUMBER OF EMPLOYEES AND RELATED SALARY EXPENDITURE

Part-I

EMPLOYEES IN GOVERNMENT DEPARTMENTS

Demand No. and Description	Number of employees in the current year				Salary Expenditure (Rs. in Lakhs)															
	NP	SP	CSS	Total	Actual (Previous year)				BE (Current Year)				RE (Current Year)				BE (Next Year)			
					NP	SP	CSS	Total	NP	SP	CSS	Total	NP	SP	CSS	Total	NP	SP	CSS	Total

NP: Non Plan, SP: State Plan, CSS: Centrally Sponsored Schemes (including NEC) Previous Year: 2 years preceding the year for which Budget is presented, current year: 1 Year Preceding the year for which Budget is presented, Next Year: Year for which Budget is presented.

PART-II

EMPLOYEES IN PUBLIC SECTOR

Name of the PSU	Name of the controlling Administrative Department	Number of employees in the current year	Salary Expenditure (Rs. in lakhs)			
			Actual (Previous Year)	BE (Current Year)	RE (Current Year)	BE (Next Year)

Previous Year: 2 years preceding the year for which Budget is presented, Current Year: 1 year preceding the year for which Budget is presented, Next Year: Year for which Budget is presented.

PART-III

EMPLOYEES IN AIDED INSTITUTIONS

Name of the Aided Institution	Name of the controlling Administrative Department	Number of employees in the current year	Salary Expenditure (Rs. in lakhs)			
			Actual (Previous Year)	BE (Current Year)	RE (Current Year)	BE (Next Year)

Previous Year: 2 years preceding the year for which Budget is presented, current year: 1 year preceding the year for which Budget is presented, Next Year: Year for which Budget is presented.

OUTCOME INDICATORS OF THE STATES OWN FISCAL CORRECTION PATH

(Rs. in Crores)

S. No	Particulars	Base year (2004-05 RE)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7	8	9
A	**STATE REVENUE ACCOUNT**							
1	Own Tax Revenue							
2	Own Non Tax Revenue							
3	Own Tax & Non Tax Revenue (1+2)							
4	Share in Central Taxes & Duties							
5	Plan Grants							
6	Non Plan Grants.							
7	Total Central Transfers (4 to 6)							
8	Total Revenue Receipts (3+7)							
9	Plan Expenditure							
10	Non Plan Expenditure							
11	Salary Expenditure							
12	Pension							
13	Interest Payment							
14	Subsidies-General							
15	Subsidies-Power							
16	Total Revenue Expenditure (9+10)							
17	Salary+Interest+Pension (11+12+13)							
18	As% of Revenue Receipts (17/08)							
19	Revenue Surplus/Deficit (8-16)							
B	**CONSOLIDATED REVENUE ACCOUNT**							
1	Power sector loss/profit net of actual subsidy transfer.							
2	Increase in debtors during the year in power utility accounts (increase (-)).							
3	Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget.							
4	Total (1 to 3)							
5	Consolidated Revenue Deficit (A19+B4)							

C	**CONSOLIDATED DEBT**							
1	Outstanding Debt and Utility							
2	Total Outstanding guarantee of which							
	Guarantee on account off budget							
	Borrowing and SPV borrowing.							
D	**CAPITAL ACCOUNT**							
1	Capital Outlay							
2	Disbursement of Loans and Advances							
3	Recovery of Loans and Advances.							
4	Other Capital Receipts							
5	Gross Fiscal Deficit (GFD)*							
	GSDP (Rs. in crores) at Current Prices.							
	Actual/Assumed Nominal Growth Rate(%)							
*	GFD as per para 19 of the guidelines							
*	Included in Plan Expenditure							

FORM F -1

(See Rule 3 and 4)

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 macroeconomic 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 review 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 Funds, 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. *Prospect:*

{Based on the trends in major sectors presented in the previous section, an assessment shall be made regarding the growth prospects, along with the underlying assumptions. An assessment of fiscal prospects shall also be made.}

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. Rationale for changes, if any, proposed, in the management of the public in respect of the charges for public debit shall be indicated.

(3) The need for changes, if any, proposed in respect of the charges for public utilities shall be spelt out}.

E: Policy Evaluation :

This 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.

ECONOMIC PERFORMANCE AT A GLANCE

Table 1: Trends in Select Macroeconomic and Fiscal Indicators

		Absolute Value (Rs. In Crores)		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-Taxes Revenue				
3.2	Central Transfers				
4	Capital Receipts (5+6+7)				
5	Recovery of loans				
6	Other Receipts				
7	Borrowings & other liabilities				
8	Total Receipts (1+4)				
9	Non Plan Expenditure (10+12)				
10	Revenue Account of which				
11	(a) Interest payment				
	(b) Subsidies				
	(c) Wages & Salaries				
	(d) Pension Payments				
12	Capital Account				
13	Plan Expenditure (14+15)				
14	Revenue Account				
15	Capital Account				
16	Total Expenditure (9+13)				
17	Revenue Expenditur (10+14)				
18	Capital Expenditure (12+15)				
19	Revenue Deficit (17-1)				
20	Fiscal Deficit(16-(1+5+6)}				
21	Primary Deficit(20-11)				

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 the 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.

FORMF-2

(See Rule 3 & 4)

MEDIUM TERM FISCAL POLICY STATEMENT

A. FISCAL INDICATORS-ROLLING TARGETS

	Previous Year (Y-2) Actuals	Current Year (Y-l) Budget Estimates (BE)	Current Year (Y-l) Revised Estimates (RE)	Ensuring Year (Y) Budget Estimates (BE)	Targets for next two years
1. Revenue Deficit as percentage of Total Revenue Receipts (TRR)					
2. Fiscal Deficit of percentage of GSDP.					
3. Total outstanding Liabilities as percentage of GSDP					

B. ASSUMPTION 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 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- (aggregate and category-wise).

(ii) Major subsidies,

(iii) Salaries,

(iv) Pensions,

(v) Others.

(B) Capital account

(i) Loans and advances,

(ii) Capital outlays.

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 and State's share in Central Taxes-GSDP ratio from 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 also be discussed with particular emphases on the measures proposed to meet the overall objectives. It may discuss policies to curtail 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 the 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 proposed changed 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 growths 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 5)

FISCAL POLICY STRATEGY STATEMENT

A: Fiscal policy Overview: [This paragraph will present an over- view of the fiscal policy currently in vogue.]

B: Fiscal Policy for the ensuring year: [This paragraph shall have, inter alia, six subparagraphs 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) Borrowing 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, Investment 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 implicational 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 liabilities for repayment is on the State Government shall be indicated. The policy on building up the Guarantee Redemption Fund (GRF) and commission charged/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 debt proposed during the ensuing year shall be indicated.