

SOON, A PANEL TO ADDRESS FISCAL POLICY ISSUES

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Another group on defence and internal security will be chaired by Commission Chairman N.K. Singh. Paul Noronha

The Fifteenth Finance Commission will soon set up a panel to address issues related to fiscal policy for both the Centre and the States, and present a road map for the same, Commission's Chairman N.K. Singh said.

Mr. Singh added the Commission had also constituted a group on defence and internal security, whose mandate will be 'to examine whether a separate mechanism for funding of defence and internal security ought to be set up, and if so, how such a mechanism could be operationalised.' This group will be chaired by Mr. Singh with A.N. Jha, Member, Fifteenth Finance Commission as well as Secretary, Ministry of Home Affairs, Secretary, Ministry of Defence and Secretary (Expenditure), Ministry of Finance as members.

On the fiscal committee, the Chairman said, "I proposed to constitute a broad-based committee which will address some of the issues on fiscal policy, particularly in relation to the debt and the deficit of the States as well as the Central government... there is a need to have a fiscal road map that covers the Centre and the State government."

The panel will be headed by Mr. Singh and have representation from the Comptroller and Auditor General of India, the Reserve Bank of India, the Ministry of Finance, the Fiscal Responsibility and Budget Management (FRBM) panel and some of the States.

Robust legal framework

Mr. Singh, however, added that there wasn't a need for a new legal framework as the FRBM already gives a robust legal framework, "except for the fact the States need to align their own FRBM with the new FRBM enacted by the Union Government with the amendments to the earlier one in 2018. Also, we need to ensure there is strict compliance on the issues of off-Budget borrowing, contingent liabilities..."

He said the principal terms of reference (ToR) of the fiscal committee will enhance the ability of the Finance Commission to address its ToR relating to giving a consolidated fiscal debt road map for the general government.

On Thursday, the Advisory Council to the 15th Finance Commission held its sixth meeting, at which many suggestions were given concerning the GST, he said, adding that generally, it was felt the room for improvement in GST was significant.

"They all realise the future of revenue policy is basically tied to GST. So, quite some time was spent on this. They also wanted a more systematic dialogue between the Finance Commission and the GST Council since we are also very much stakeholders."

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