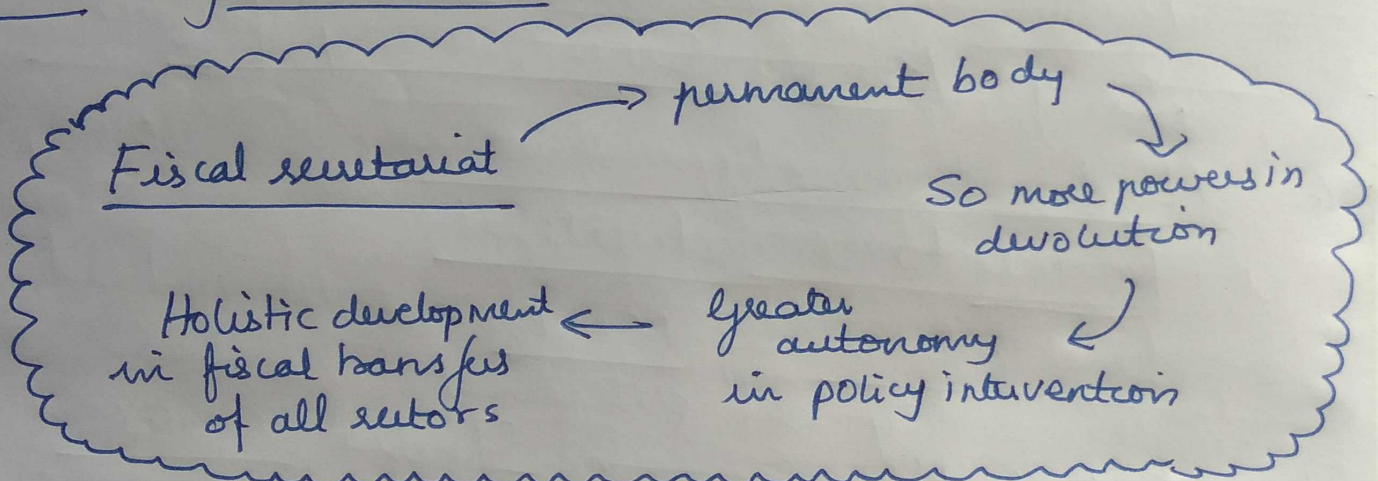


1. Considering the impact created by pandemic, there is a need to create a permanent fiscal secretariat to rethink on allocation of resources in the country. Explain Discuss.

The 14th Finance Commission recommended a permanent autonomy fiscal secretariat like its counterpart RBI for maintaining a strategic outlook and framework for organising the fiscal transfers between Centre and State while maintaining intervention in reallocation of resources.



Necessity for fiscal secretariat:

1. Need for reallocation of resources in the middle of any financial year for unforeseen scenario
2. (e.g) World Bank recommends every nation to have independent fiscal secretariat for development
3. Proceeds between Centre and state → Tweaks (e.g) 41% devolution in 15th FC maintained question regarding the power to impose by FC.

Advantages in permanent fiscal secretariat:

1. Can cover all sectors holistically.
2. (e.g) Natural disaster → Fiscal secretariat can decide on advancement fiscal shares to health and infrastructure.
3. Independent from government pressure.
4. (e.g) The FC during 1960-65 had pressure on food sector fiscal allocation before Green Revolution.
5. Can focus on intermittent policy intervention.
6. (e.g) COVID-19 like pandemic - can surpass fiscal transfers for a narrowed down target.

Issues in permanent fiscal secretariat:

1. Without people representative fails to behave non-people friendly (e.g) Economy crisis - Sudan
2. Need more economist rather than bureaucrat
(e.g) Failure in Venezuela FC had more bureaucrat and less economist.
3. Without statutory backing, the question for legality will be imposed.
(e.g) Majority of European nation FC is executive order backed.

Economist View:

"The Integrated Fiscal Management Committee" 2018 stresses the need for permanent fiscal secretariat for post LPH era.

Future prospects:

1. Focusing more sectors to be placed in its ambit.
2. Multiple stakeholders for maximum achievement.
3. Independent autonomy than politically pressured.