

Fiscal secretariate

Fiscal policy is the effective management of revenue and expenditure for maximum desired outcome.

Currently central government's fiscal policy is managed by agencies like - Finance ministry (preparation of budget), Finance commission under (Art 280) for vertical & horizontal fiscal devolution.

But, as seen in recent times government is struggling to manage its fiscal policy. For example - there is a complexity in handling central sector - central sponsored and state schemes.

There is a shortfall in GST collection and GST compensation. There has been a continuous decline in state share from central revenue [-37% devolution in 2019-20 compared to 2013-14 level]

Similarly, rise in cess and surcharge replacing existing tax structure has dis-empowered state government.

There is lack of transparency and objective methodology in Budget preparation as Finance commission highlighted no-representation of off budget borrowing.

This all led to the miniscule success of FRBM-2003 Act and government slipped from fiscal deficit target by 0.5% in last FY, while debt is projecting towards 90%.

Thus, a 'Fiscal secretariate' is needed, which will provide

(i) continuous scrutiny of expenditure throughout the year, and complement standing committees & estimate committee. It will

provide effective awareness to parliament without political bias or popular choices.

(ii) Human Resource and Technology will enhance quality review of fund management and reduce wastage of public money.

(iii) Budget preparation will become comprehensive, balanced and efficient due to data provided by secretariat

(iv) Bring quality methodology for finance commission to transfer fund to state.

However, such a commission need to be independent and well equipped otherwise

multiplicity of agencies like Niti Aayog, GST council, EM, etc will create hurdle.

Government, thus need to setup a Fiscal secretariate by utilising impact of pandemic to reinvent fiscal policy.