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NK Singh Committee proposes National Fiscal Council 2017



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NEWDELHI: The **N K Singh Panel** to review India's fiscal discipline rules has recommended a debt-to-GDP ratio of 38.7 pc for the central government, 20 pc for the state governments together and a fiscal deficit of 2.5 pc of GDP (gross domestic product), both by financial year 2022-23.

The Committee has prescribed a so-called *glide path* to these targets — steady progress towards them — and also suggested that there be some flexibility in the deficit targets on both sides, downwards when growth is good and upwards when it isn't.

The panel has recommended enacting a new *Debt and Fiscal Responsibility Act* after repealing the existing Fiscal Responsibility and Budget Management (FRBM) Act, and creating a Fiscal Council.

In 2016-17, India's debt-to GDP ratio for the Central Government was 49.4 pc and fiscal deficit at 3.5 pc of GDP. The Government is hoping to end 2017-18 with a fiscal deficit that is 3.2 pc of GDP, marginally higher than the 3 pc mentioned in the FRBM Act.

The Committee's report, which was submitted before the Union budget presented on February 1, was made public by the Finance Ministry on Wednesday 12.04.2017 .

The proposed three-member Fiscal Council will prepare multiyear fiscal forecasts for the central and state governments (together called the General Government) and provide an independent assessment of the central government's fiscal performance and compliance with targets set under the new law.

The panel also specified a deviation in fiscal deficit target of up to 0.5 percentage points to deal with unforeseen events.

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