

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE**

DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA

**UNSTARRED QUESTION NO. 1500
TO BE ANSWERED ON TUESDAY 14th March, 2023
[23 PHALGUNA, 1944 (SAKA)]**

“Establishment of Fiscal council in the country”

No. 1500. Dr. Radha Mohan Das Agrawal:

Will the Minister of Finance be pleased to state:

- (a) The recommendations made by the 13th, 14th, and 15th Finance commissions respectively with regard to the establishment of an independent Fiscal council in the country;
- (b) The benefits enumerated by the Finance Commission with regard to the financial management of the country on account of establishment of this Council; and
- (c) The reasons due to which the Government has not taken any action for its implementation despite repeated recommendations ?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

- (a) The recommendations with regard to the 13th, 14th, and 15th FC for the setting up of the Independent Fiscal councils were :

| Finance Commission | Recommendations |
|---------------------------|---|
| 15 th | Establishment of an independent Fiscal Council with powers to access records as required from the Union as well as the States. The fiscal council would have only an advisory role clearly separated from enforcement, which is the prerogative of the other organs of the government. |
| 14 th | An amendment to the FRBM Act inserting a new section mandating the establishment of an independent fiscal council on the lines indicated above to undertake ex-ante assessment of the fiscal policy implications of budget proposals and their consistency with fiscal policy and Rules. In addition, we urge that the Union Government take expeditious action to bring into effect Section 7A of the FRBM Act for the purposes of ex-post assessment. |
| 13 th | An independent review mechanism should be set-up by the Centre to evaluate its fiscal reform process. The independent review mechanism should evolve into a fiscal council with legislative backing over time. |

- (b) The benefits as outlined in the Main Report of the 13th, 14th, and 15th FC are :
- Assessing and monitoring fiscal policy.
 - effective implementation of fiscal rules and strengthening fiscal performance.
 - better coordination between the centre and the states, and the consistency of the fiscal targets across levels of government.
 - enhanced accountability to Parliament/Legislatures and the public at large in calibrating fiscal policies.
- (c) Sir, institutions such as the Comptroller and Auditor General of India, the National Statistical Commission, the Finance Commission, etc. perform some or all of the roles proposed for the Fiscal council by different Finance Commissions on Fiscal Responsibility and Budget Management (FRBM).
