

Unemployment Data (in continuation)PLFS \Rightarrow NSO2018-19

| | <u>Rural</u> | | | <u>Urban</u> | | |
|--------------|--------------|----------|----------|--------------|----------|----------|
| | <u>M</u> | <u>F</u> | <u>P</u> | <u>M</u> | <u>F</u> | <u>P</u> |
| <u>LFP R</u> | 55.1 | 19.7 | 37.7 | 56.7 | 16.1 | 36.9 |
| <u>UR</u> | 5.6 | 3.5 | 5.0 | 7.1 | 9.9 | 7.7 |

Rural + Urban

| | <u>M</u> | <u>F</u> | <u>P</u> |
|-------|----------|----------|----------|
| LFP R | 55.6 | 18.6 | 37.5 |
| UR | 6.0 | 5.2 | 5.8 |

FRBM Review CommitteeMay 2016

under N.K. Singh to review the Act.

Recommendations;

- 1) Flexibility to the centre on the fiscal consolidation by maintaining fiscal deficit to GDP ratio of 3% in 2019-20.

After this reduction to 2.8% by Fiscal year 2021 and 2.5% by 2023.

- 2) Gave the escape clause for deviation from these parameters.
- National Security.
 - Natural calamities
 - Severe collapse of Agriculture
 - Fall in real output growth by 300 bps below average for consecutive quarters
 - Structural Reforms in the economy
- 3) Carveat = conditions

↓
deviations should not exceed fiscal deficit target by 0.5 percentage points.

- 4) New ^uDebt and ⁹fiscal Responsibility Act. - change the name

FRBM to DFR Act

- 5) Creation of fiscal council
- 6) Establish a debt ceiling
- 7) The govt should focus on public debt as a proportion of GDP.
- by 2022-23
- 60% for General Government - Centre + state
 - 40% for Central Government
 - 20% for State Government.

Budgetary Reforms

(2)

• 2017-18 - Budget

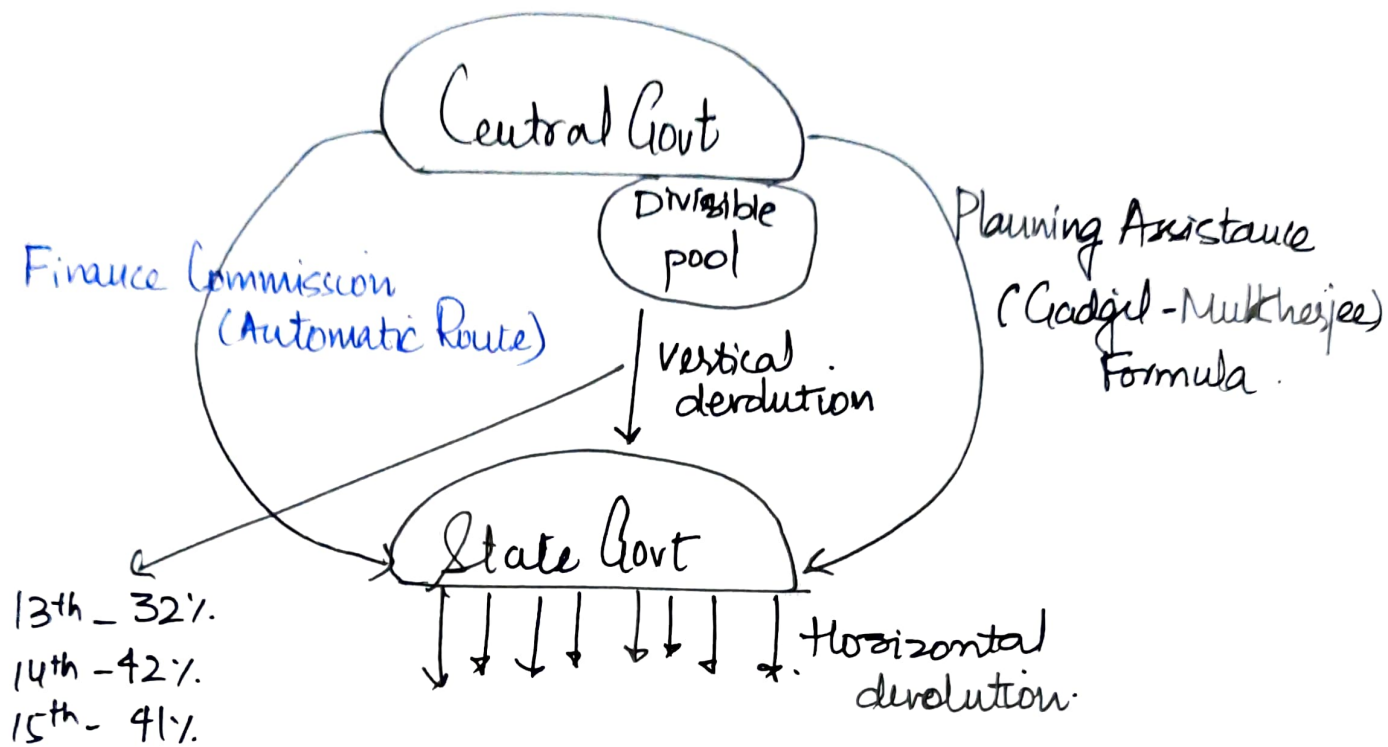
- 1) Reopening of Budget session to 1st Feb
- 2) Concept of Plan expenditure and non-plan expenditure removed and merged
- 3) Rail budget merged with general budget.

• Zero based budgeting (ZBB); Starts from a zero base including expenditure and receipts are beginning from the scratch.

Under ZBB, allocation of funding are based on programme efficiency and necessity. Under ZBB, a close analysis is made of the existing government programmes, projects & other activities to ensure that funds are made available to high priority items and eliminating non-performing and outdated program. All programmes are analyzed every year and existing programs are not continued merely because a part of the project cost has already been incurred.

The objective is to bring efficiency in departments so that productivity can be increased and wastage can be minimized.

Finance Commission



The Finance Commission is a constitutional body formulated under Art 280 of Indian constitution. It is constituted every 5 years by the President of India to review the fiscal status/health of the Central govt and State govt and suggest measures for maintaining a stable and sustainable fiscal environment. It recommends the devolution of taxes, from the centre and the States from the divisible pool including all central taxes excluding cess and surcharges, which the centre is constitutionally mandated to share with the States.

11th - 29.5%

12th - 30.5%

13th - 32%

14th - 42%

15th - 41%

10% jump from the previous year

Under Dr Y.V. Reddy

Reason were that States were demanding bigger share to support programmes and responsibilities:

Horizontal Tax Devolution Formula

| | <u>13th</u> | <u>14th</u> | <u>15th</u> |
|---|-------------|-------------|----------------------------|
| Population (1971) → | 25 | 17.5 | |
| Population (201) → | — | 10 | New variables added |
| Fiscal Capacity / Income distribution → | 47.5 | 50 | 1) Forest and Ecology |
| Area → | 10 | 15 | |
| Area ^{under} Forest Cores → | 0 | 7.5 | 2) Demographic performance |
| Fiscal discipline → | 17.5 | 0 | |
| | <u>100</u> | <u>100</u> | 3) Tax efforts |

* 14th FC (2015-2020).

Two new variables

- 1) Population 2011
- 2) Forest Cores.

Excluded

- 1) fiscal discipline

| | <u>14th</u> | <u>15th</u> |
|-------------------------|-------------|-------------|
| Population (1971) | 17.5 | — |
| Population (2011) | 10 | 15 |
| Income distribution | 50 | 45 |
| Area | 15 | 15 |
| Forest Cover | 7.5 | — |
| Forest and Ecology | — | 10 |
| Demographic Performance | — | 12.5 |
| Tax Efforts | — | 2.5 |
| | <u>100</u> | <u>100</u> |

* Grant in Aid under Article 275

• Basis of Grants

- 1) Budget of the State
- 2) Efforts made by the States to realize the potential.
- 3) Equalising the ^{Standard of} basic services across States
- 4) Any special burden or obligations of National concern
- 5) For implementing services of national interest to less advanced States