

## **XV-Finance Commission Issues Requiring Detailed Notes**

### **1. Revenue/Fiscal Deficit:**

Present status, targets, if any, and methodology for fixing targets, measures taken, problems encountered in achieving targets, projection for the base year 2019-20, as well as for the award period 2020-25 of Fifteenth Finance Commission (XV-FC).

The challenges emerging in fiscal management at Union may be elucidated including possible sources of shocks and realistic approaches to mitigate impact of such shocks. Details of incentives and disincentives that can be implemented for sound fiscal management at Union levels may be commented.

### **2. Tax-GDP Ratios:**

Assumptions regarding GDP growth rate, Growth Rates/Buoyancies for item-wise Tax, performance as against norms recommended by 14<sup>th</sup> Finance Commission in the restructuring programme; assessment of Tax revenue potential, measures taken to improve the ratio, problems faced, projections for the base year and for the award period of Fifteenth Finance Commission.

### **3. Tax Expenditure:**

The time series data of the Tax expenditure (sector wise) for every item of Taxation (both direct as well as indirect) may be provided for the years 2010-11 onwards along with Tax concessions/Tax exemptions provided.

### **4. Cess/Surcharge:**

Particulars of Cesses/Surcharges levied by the Union Government. Basis and prevailing rates of each Cess. The details of actual collection of Cess/Surcharge, the amount spent for the purpose for which they are levied and the amount unspent since 2010-11 onwards. Whether yield from any of these Cesses/Surcharges is transferred to State Governments (by way of grant or share and on what basis) or spent directly by the Union Government on specific items.

### **5. Non-Tax Revenues:**

Assessment of performance and potential. Performance should be assessed relative to relevant bases-(i) Interest receipts relative to outstanding loans, (ii) Dividends relative to equity, investment etc., (iii) Telecommunication licence fees and (iv) Universal access levy etc. (v) Specific year wise (F.Y.- 2015 to 2025) details be given of Dividends received from RBI – actual and projections up to F.Y. 2025

## **6. Reimbursement of Cost of Deployment of Central Forces:**

- (i) Details of bills raised against State Governments for deployment of Central Police/Para-military Forces and amount actually recovered from 2010-11 onwards (State-wise information).
- (ii) Details of claims made by State Governments for reimbursement of expenditure on security related matters and amounts settled and outstanding from 2010-11 onwards.

## **7. Non-Debt Capital Receipts:**

Details of receipts realized out of sale of Land and Building owned by the Government may be provided from the year 2010-11 to 2017-18.

## **8. Additional Resource Mobilization:**

Scope for additional resource mobilization up to the base year and in each year till the end of the award period of the Fifteenth Finance Commission.

## **9. Goods & Services Tax (GST):**

- (i) A General brief on GST scheme be provided and its implementation from 1<sup>st</sup> July, 2017.
- (ii) Impact of Goods and Services Tax (GST) including payment of compensation for possible loss of revenue for 5 years, and abolition of a number of cesses, earmarking thereof for compensation and other structural reforms programme, on the finances of the Centre and States. (TOR)  
( Information may be provided State-wise)
- (iii) Claims made by States on compensation for GST and amount Settled/outstanding.

## **10. State Level VAT:**

- (i) Provide impact of inclusion of commodities still under VAT in GST on revenues of the States. Impact thereof on compensation to be paid to the States on Union Finances.
- (ii) Claims made from States on compensation for CST and amount settled/outstanding from 2010-11 onwards.

## **11. Concessions for Special Economic Zones:**

The likely impact on revenue of Union Government for giving the concessions in Duties/Taxes for Special Economic Zones for the period of 2010-11 to 2024-25 and scope of additional resource mobilization.

## **12. Status report on Central Public Sector Enterprises (CPSEs):**

(i) Profitability norms & targets for Central Public Sector Enterprises (CPSEs), guidelines for dividend declaration, Normative dividend income of the Central Government in the last 5 years based on guidelines, actual dividend income received, reasons for shortfall, measures adopted by the Central Government to ensure dividend declaration by CPSEs, system for monitoring dividend receipts.

(ii) CPSE-wise financial results for the last 5 years along with Balance Sheet and Profit and Loss account with detailed explanatory note on the performance.

## **13. Disinvestment of Central Public Sector Enterprises (CPSEs):**

CPSEs identified for disinvestment/privatization, targets for disinvestment, achievements in the last five years, projections up to 2024-25. Problems encountered during disinvestment process and strategies for the future.

## **14. Status of Departmental Undertakings:**

Income, Expenditure and Profitability of Departmental Undertakings specially Railways and P&T in the last 5 years.

## **15. Subsidies:**

(i) Direct and Indirect- merit and non-merit-purpose, rates, justification, results of evaluation done, if any, comments made in audit reports, expert studies etc., services where cost recovery through user charges is low, reasons. Impact of subsidies on Union Finances, measures adopted to phase out subsidies. Major subsidies like food, petroleum and fertilizers are being met from multiple sources. Details of the amounts met out of budget, borrowings in form of oil/fertilizers bonds or otherwise and the agencies (i.e. Oil Companies/FCI) own resources. A detailed note on financing of the subsidy out of different sources and the trends from 2010-11 with projections till 2024-25 may be provided. In addition, details of the subsidy requirement or subsidy accrued against the amounts actually met and the arrears may be detailed for the time period mentioned above.

The scope for and limits to tax-expenditures and subsidies at Union and State levels may also be provided.

(ii) Impact of Direct Cash Transfers/Direct Benefit Transfers on subsidies be commented including the details of scheme introduced. Any bearing of the scheme on fiscal federal structure may also be commented.

## **16. Liabilities towards Oil, Food, Fertilizer and SBI Bonds:**

Liabilities of Union Government on account of oil, food, fertilizers, SBI bonds and any other Central Government liability for the year 2010-11 onwards may be provided.

## **17. Staff Composition:**

(i) Details of the number of Central Government Employees category-wise falling in Groups A, B, C and D from the year 2010-11 may be provided. It may also be indicated, how many posts, category-wise have been abolished or kept in abeyance as an economy measure.

(ii) Details of Contractual Employees from the year 2010-11 may kindly be furnished. Whether the outsourcing of activities has led to reduction in salaries may be provided.

## **18. Pay Commission:**

The details of impact of 7th Pay Commission on Union Finances be provided.

## **19. Merger of Plan and Non Plan Expenditure:**

Government has done away with the Plan and Non Plan classification of expenditure in the Union Budget, 2017-18. The detailed implementation and its impact may kindly be provided.

## **20. Merger of Railway Budget with the General Budget :**

Government has merged the Railways Budget with the General Budget in the Union Budget 2017-18. The detailed implementation and its impact may kindly be provided.

## **21. Centrally Sponsored Schemes:**

i) The details of rationalisation of Centrally Sponsored Schemes in accordance with the National Development Agenda and its impact on state finances/expenditure may kindly be provided

ii) The details of other social sector schemes for e.g. Swachh Bharat Mission, AMRUT, Smart City, Housing for All by 2022 Mission e.t.c may be provided

iii) Provide the details of any other scheme undertaken by the Union Government for Centre and States

## **22. Other schemes:**

i) The details of implementation of Ujwal Discom Assurance Yojna (UDAY) and its impact on state finances may be provided.

ii) Achievements in implementation of flagship schemes of Government of India, disaster resilient infrastructure, sustainable development goals, and quality of expenditure (TOR)

iii) Progress made in increasing capital expenditure, eliminating losses of power sector, and improving the quality of such expenditure in generating future income streams (TOR)

iv) Progress made in increasing tax/non-tax revenues, promoting savings by adoption of Direct Benefit Transfers and Public Finance Management System, promoting digital economy and removing layers between the government and the beneficiaries (TOR). The suggestions/recommendations on performance based incentives may be provided.

v) Progress made in promoting ease of doing business by effecting related policy and regulatory changes and promoting labour intensive growth (TOR). Impact thereof on improvement in Government finances.

### **23. Mitigation of Foreign Exchange risk in respect of Externally Aided Projects:**

Present status of implementation of Foreign Exchange risk mitigation mechanism as recommended by the previous Finance Commissions in respect of Externally Aided Projects implemented through State Governments. Views of the Union Government on the requests made by State Governments for setting up mitigation mechanism.

### **24. Maintenance of Capital Assets:**

Norms for maintenance of capital assets of the Central Government and its Departmental Undertakings, break up of salary/wage and non-salary/non-wage components of maintenance expenditure, expenditure during the award period on existing assets and those expected to be commissioned by March 2020.

### **25. Interest burden:**

Steps taken for debt swap/repayment of loans advanced by the Central Government – Savings expected thereof.

### **26. Interest payment on Market Stabilization Scheme:**

The trends for the debt servicing requirements under the Market Stabilization Scheme from 2010-11 onwards and the projections for the period 2018-19 to 2024-25 may be detailed.

### **27. Loans to foreign Governments:**

Lines of credit extended to foreign Governments/Countries, with details of repayments, rescheduling and write-offs under HIPC or any other initiative (2011-12 to 2016-17).

### **28. Committed Expenditure & Liabilities:**

i) The demand on the resources of the Central Government particularly on account of defence, internal security, infrastructure, railways, climate change, commitment towards administration commitments towards administration of UTs without legislature, Defence, Internal Security, infrastructure, and other committed expenditure and liabilities. (TOR)

ii) Assessment, treatment and transparency in meeting contingent liabilities of Union including unfunded liabilities may be commented. Further fiscal assessment and accounting of liabilities arising out of Public-Private Partnerships (PPPs) at Union level may be detailed.

### **29. Impact of Fiscal Situation:**

The impact on the fiscal situation of the Union Government of substantially enhanced tax devolution to States following recommendations of the 14<sup>th</sup> Finance commission coupled with the continuing imperative of the national development programme including New India-2022. (TOR)

### **30. Reserve and Other Funds:**

Details of various Funds being maintained within or outside Public Account, the balances, amounts credited and debited each year for each Fund from 2010-11 onwards.

### **31. Action on the Recommendations of 14<sup>th</sup> Finance Commission:**

Status of action taken on the recommendations of 14<sup>th</sup> Finance Commission, both quantitative and qualitative. These may be indicated against each of the items listed out in Chapter 18: Summary of Recommendations. Reasons for non-compliance/non-acceptance of recommendations if any may also be given.

### **32. Assumptions for Forecasts:**

A note, indicating the considerations and assumptions on the basis of which forecasts for revenue and expenditure heads are made may be provided.

### **33. Restructuring of Union Finances:**

A note indicating plan for restructuring Union Finances aimed at restoring budgetary balance and achieving macroeconomic stability may be provided.

### **34. Guarantees given by Government:**

Status note on guarantees and other committed liabilities of the Government. Details of Budgetary provisions made by the Government to honour guarantees, either on default of the borrower or otherwise may be provided for the years 2010-11 onwards.

### **35. Viability Gap Funding:**

A note on Concept of "Viability Gap Funding" with special reference to the provisions made, if any, in 2018-19 budget and its impact on Union Finances.

### **36. Budget provision for Union Territories:**

A note regarding the manner in which revenue and expenditure of each Union Territory (with and without legislature) is accounted for in the budget; whether any share from the Central Tax revenue is given to Union Territories? Union Territory-wise details thereof may be furnished.

### **37. Outcome Budget:**

(i) A note on the experience with Outcome Budgets and its impact on quality of Public expenditure.

(ii) In order to have a better planning and resource allocation process, monitoring of application of resources in Government Schemes and development of a robust Public Finance Management, a need has been felt by the Government to review the present classification of Government transactions which is the basic tool for capturing the Budgeting and Accounting Data.

The details and status of implementation of the C.S. Sundarmurti Committee constituted by the Ministry of Finance for adoption of new classification of government budget and accounts may kindly be provided to Fifteenth Finance Commission.

### **38. External borrowings by States:**

A view on whether the Union Government will allow the States to go for the external borrowings.

### **39. Defined Contributory Pension Scheme:**

(i) Trends in the number of employees covered under the Defined Contributory Pension Scheme, their contribution to the Fund, the contribution of the Government towards the Fund and a detailed note on the administration of the Scheme.

(ii) How many States have so far adopted the New Pension Scheme?

(ii) Whether New Pension Scheme (NPS) has been implemented with regard to Public Sector Enterprises and Autonomous Bodies?

(iii) A note on the status of setting up database of employees and pensioners may be provided.

(iv) Whether any other pension reforms have been initiated? If so, the date, and details of the reform initiative.

#### **40. Administrative Reforms:**

i) Innovations introduced by Union Government in the last seven years (2010-11 onwards) and how have these impacted on improvements in service delivery, efficiency and cost reduction?

ii) Are there any schemes to give incentives for innovation? If so what has been the impact?

iii) Has business process reengineering been introduced in any of the Departments of the Union Government. If so what is the impact?

#### **41. FRBM Act, 2003:**

(i) The rolling targets as percentage of GDP for fiscal deficit were fixed at 3.0% in 2018-19 and will remain at same level during 2019-20. The revenue deficit targets fixed at 1.6% in 2018-19 and targeted to reduce at 1.4% during 2019-20. What are the measures/steps that have been taken out by the Union Government to achieve these targets and future plan to further reduce the fiscal and revenue deficits.

(ii) Whether Union Government adhered to limit set out in FRBMA for guarantees and additional liabilities as a percentage of gross domestic product?

(iii) Information on the annual targets set out in FRBMA statements and their achievements year wise after enactment of the Act.

(iv) Detailed note on the amendments to the FRBM Act, 2003 may be provided.

#### **42. Fiscal Responsibility and Budget Management (FRBM) Committee:**

The FRBM committee under the chairmanship of Sh. N.K. Singh had submitted its report to Government of India. The Committee had wide ranging Terms of Reference (ToR) to comprehensively review the existing FRBM Act in the light of contemporary changes, past outcomes, global economic developments, best international practices and to recommend the future fiscal framework and roadmap for the country. Subsequently,



the Terms of Reference were enlarged to seek the Committee's views on certain recommendations of the Fourteenth Finance Commission and the Expenditure Management Commission. These primarily related to strengthening the institutional framework on fiscal matters as well as certain issues connected with new capital expenditures in the budget. The detailed follow up action and time frame, if any, for implementation of the report may kindly be provided.

#### **43. Disaster Management Act 2005:**

(i) The size of the funds so constituted under the Disaster management Act, 2005(53 of 2005), the policy framed for their management as well as the fund position may be suitably elaborated.

#### **44. The Status of Implementation of e Samiksha and PRAGATI**

e-Samiksha- A real time online system for monitoring and follow up action on the decisions taken by the Government at the apex level in respect of implementation of important Government's programmes / projects. PRAGATI is a multi-purpose, multi-modal platform for Pro-Active Governance and Timely Implementation. The status of implementation and resultant performance monitoring may be commented.

#### **45. Accounting Standards in India:**

The status of accounting standards formulated and adopted by the Union Government may be provided.

#### **46. Expenditure Management Commission:**

The Government had constituted an Expenditure Management Commission, to look into various aspects of expenditure reforms to be undertaken by the Government. Expenditure Management Commission has submitted its report to the Government of India. The details regarding its implementation, and impact thereof, may be provided.

#### **47. Management of Cash Balances**

A brief on management of cash balances. Steps taken for prudent management of cash balances and results achieved thereof, may be listed. Suggestions on how states can better manage their cash balances may also be furnished.

#### **48. Public Debt Management Agency**

The details regarding setting of Public Debt Management Agency may be provided. The time-line for the PDMA to be fully functional may also be furnished.