

BUSINESS STANDARD-SEEMA NAZARETH AWARD

Singh calls for Parliament, GST, farm and health reforms

Finance Commission Chairman shares his vision to make the economy deliver over next 30 years

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N K Singh, chairman of the 15th Finance Commission, on Thursday called for reforms in the functioning of Parliament as well as in agriculture, goods and services tax (GST) and health to make the economy more efficient and inclusive over the next 30 years. He also stressed on the modernisation of defence forces, revisiting Centre-state relations and addressing the issue of climate change.

Delivering a lecture titled "Thirty Years of Economic Reforms: Past, Present and Future" at the Business Standard Seema Nazareth Award for Excellence in Journalism for 2020, Singh made a case for a fundamental review of GST to do away with inverted duty structure and put in place three rates and compress rates.

Given the din amidst which Bills were passed at the recently concluded monsoon session, Singh said the only entity that can reform Parliament is Parliament itself. He said some procedural changes themselves could make a modest difference. He suggested taking greater domain and expert advice to improve the functioning of Parliament's standing committees, and taking the advice of these panels seriously in this regard.

Singh, who was recently elected president of the Institute of Economic Growth, a think tank, also called for superintendence over independent regulators. He said the functions of independent regulators were earlier performed by the administrative ministry concerned and were subject to Parliament's scrutiny during discussions on the Demand for Grants. The creation of independent legislation under which sectoral regulators function takes away scrutiny of their work, both from the Executive and Parliament, he said.

Ministries cannot do the scrutiny because these regulators function under independent Acts of Parliament and equally, Parliament never gets the opportunity to discuss their workings, he said.

"It would be a healthy practice if periodic interactions between regulatory institutions



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and the Standing Committees on the working of regulatory institutions can become a regular feature,” he suggested.

To a question, he said the jury is open on the issue of super regulator. This, he said, is not the opportune time to settle a debate over the setting up of an independent debt office since there is enhanced borrowing plan for the current financial year and the yields of government papers are also supposed to be kept within the tolerance level. The government would go for ₹12.05 trillion of market borrowings in the current financial year, according to the Budget announcement.

Pointing out that the constitutional provisions relating to the Centre-state relations have ceased to have practical relevance, Singh called for revisiting them. In response to another query, he suggested reviving the

Centre State Council or some amended body for cooperative federalism. However, he said the council needed to function under the Prime Minister's Office and not the home ministry for it to be effective.

In the context of changing geopolitical dynamics, he suggested reprioritisation of defence expenditure, which stands at only 1.2 per cent of the GDP.

On power sector reforms, Singh said though the sector has been unbundled, the end objectives have not been met. "The mounting dues, namely the intractable problems of discoms, remain a drag on state finances. Privatisation of discoms has been a halting process. The Power Purchase Agreements in many cases have sought to be altered retrospectively. First, we need to truly have independent regulators to fix realistic tariffs and thereafter hold the discoms responsible for realising the electricity cost," he suggested.

Singh also called for agriculture reforms to enable smallholders and tenant farmers to raise their income; promote demand-based production; incentivise increases in exports to match rising surplus production; and boost the agri-food processing sector.

On the strategic intervention to address woes of the telecom sector, he batted for a consensus approach by involving various stakeholders. He said it is easier said than done to unshackle the past baggage of government interventions but the recent government announcement on inviting the private sector in various areas of the economy reflects the change in this mindset.

Pointing out that the Gini coefficient of India has risen in recent years, he called for increased public outlay, creating public infrastructure and other public goods, using technology to narrow gaps in education. While pointing out that an increase in out-of-pocket expenses on health may pull back some of those who were pulled out of poverty, Singh suggested health sector reforms.

The *Business Standard*-Seema Nazareth Award was conferred on Senior Sub-Editor Meghna Chadha and a Special Mention award was conferred on Sub-Editor Nitin Kumar. The award is instituted by *Business Standard* and the Nazareth family in memory of Seema Nazareth, a young *Business Standard* journalist who died in March 1999.