

- b) Ease of doing business reform;
- c) Urban Local body/ utility reforms; and
- d) Power Sector reforms

The final 0.5 per cent borrowing was conditional on undertaking at least 3 out of the above mentioned reforms.

2. Compensation to the States for loss in GST revenue

In order to compensate the states for the loss of GST revenue during FY 2020-21, Central Government had given the states an option to either borrow the shortfall arising out of GST implementation through issue of debt under a Special Window coordinated by the Ministry of Finance which was passed on to the States and UTs (Option 1), or raise the entire shortfall through the issue of market debt (Option 2).

3. Scheme for Special Assistance to States for Capital Expenditure

During the year 2020-21, considering the fiscal environment faced by the State Governments due to the shortfall in tax revenues arising from the COVID-19 pandemic, 'Scheme for Special Assistance to States for Capital Expenditure', has been approved wherein special assistance is being provided to the State Governments in the form of 50-year interest free loan up to an overall sum not exceeding ` 12,000 crore.

4. SDRF

The Central Government by way of a special one-time dispensation had decided to treat COVID-19 as a notified disaster for the purpose of providing assistance under SDRF. In 2020, the states' limit for spending the SDRF during FY 2020-21 was raised to 50%, in order to support them in containment measures of COVID-19 including measures for quarantine, sample collection and screening; and procurement of essential equipment/ labs for response to COVID-19.

CONCLUSION

In the wake of the global pandemic outbreak, the General Government (Centre plus States) is expected to register a fiscal slippage in FY 2020-21, on account of the shortfall in revenue and higher expenditure requirements. However, longer term sustainability depends crucially on reviving growth relative to the interest cost of Government debt.

Government may have to continue with an expansionary fiscal stance. The expenditure support along with the various key reforms introduced during the year are likely to impart the required momentum to medium-term growth. The calibrated approach adopted by India allows space for maintaining a fiscal impulse the coming year. The growth recovery would facilitate buoyant revenue collections in the medium term, and thereby enable a sustainable fiscal path.