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Q2

Impact of the new economic measures on fiscal ties between the union and states in India.

UPSC Civil Services Mains 2017 · Essay · 125 marks · Philosophical and ethical quotes

Philosophical and ethical quotes

Core demand of the question

- **Stake:** GST, a cess, a compensation - new money rules remade Union-State fiscal love
- **One stand:** the measures recentralised the purse even as they unified the market; states need a predictable share, not a sermon on One Nation
- Move through GST, grants, borrowing, trust. Keep one honest counter
- Close on a table that still has two chairs

Revision summary

Not a full essay - a map.

- **Open with a compensation wait. Stand:** unified market, strained purse-share.
- **Headings:** GST, grants/borrowing, trust, counter.

Peg **GST Council / Art. 280**. Close on two chairs.

Note

This is a map, not the full 1,000-1,200 word essay.

Anecdote

A finance minister in a state capital waits for a GST compensation that was a promise. Delhi has a unified invoice. The state has a hospital ward. The topic is that new arithmetic of fiscal ties - not a tax-slogan poster.

One stand

- **New economic measures:** GST, a demonetisation shock, a cess, a FRBM. Fiscal ties: **Article 280**, a council, a borrowing cap. Write the bargain.

Heading map**What the line is asking**

- **New measures:** the 2010s toolkit - GST as the big one.
- **Fiscal ties:** who taxes, who spends, who waits.
- **Union and states:** a contract, not a family WhatsApp.

GST / compensation

- One market, many lost stamps. Compensation as the price of trust.
- Cess that does not go into the divisible pool.

Grants / borrowing

- **Finance Commission** vs a scheme with a matching grant that the poor state cannot match.
- A borrowing cap that bites the state, not the Centre's extra-budget.

Trust

- **GST Council** as a federal table - or a lecture hall.

The counter

A chaotic octroi India was also a fiscal cruelty to trade. Unity of market is a public good. The fight is over voice and a predictable rupee, not over going back to a checkpost every 40 km.

Last paragraph

- **Close:** keep the market; restore the state's chair. Expand - this is only the map.

Facts & figures

Ambedkar

A strong Centre - then the state that still runs the school.

Art. 280 / 246

Finance Commission; lists - the legal skeleton.

GST Council

Federal table - or a lecture.

Compensation cess

The promise that made GST politically possible.

FC grants

The quieter file of Union-State money.

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