
GS-II States, Issues and Challenges Pertaining to the Federal Structure, Devolution of Powers and Finances up to Local Levels and Challenges Therein.

1. Explain the Concept of Fiscal Federalism and its Importance to India. Discuss the Various Challenges in Realizing this Objective.

Why this Question?

- The Corona Crisis has brought the Country's Fiscal Health into focus as never before. The sudden escalation in expenditure demands is starkly opposed to the paucity of public savings.

Key Demands of Question:

- Explain the concept of fiscal federalism and its importance of India. Discuss the key challenges in attaining this objective.

Directive Word:

Explain:

- Here the student should clearly express why something happens, or why something is the way it is. He needs to look at a subject in depth taking note of the detail and if appropriate, consider the implications, and should explain them in good simple language.

Structure of Answer:

Introduction:

- Explain brief about fiscal federalism.

Body:

- Discuss in detail about fiscal federalism and its importance to India.
- Explain the key challenges in realizing the fiscal federalism objective in India.
- Discuss the government measures in this Regard.

Conclusion:

- Conclude with the way forward measures to tackle the challenges in the fiscal federalism.