High-level advisory panel to cut Tamil Nadu government spending

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News

The Tamil Nadu Government is setting up a **high-level expenditure reform advisory panel** to suggest ways to streamline and cut spending while keeping welfare schemes going (reported 6 Oct 2026). It follows the **Revenue Augmentation Committee** set up in July 2026 under economist **Montek Singh Ahluwalia**.

Key facts

New panel	High-level **expenditure reform** advisory panel, to make welfare spending more efficient
Revenue Augmentation Committee	Chair **Montek Singh Ahluwalia** (former Planning Commission Deputy Chairman) + 5 members; GO of **24 July 2026**
Revenue panel's task	Better tax compliance, plugging leakages, rationalising tax/fee exemptions, new revenue sources
Staff rationalisation committee	Chair **S. Audiseshaiah** (retired Principal Secretary): non-essential posts, outsourcing
Why	State's Own Tax Revenue to GSDP fell to **5.45%** in 2025-26, a 20-year low

Background

- **Constitution: Art. 202**, State Annual Financial Statement; **Art. 266**, Consolidated Fund of the State; **Art. 293**, borrowing by States; **Art. 280**, Finance Commission.
- **Committed expenditure:** salaries, pensions and interest. When these eat most of the revenue, less is left for **capital spending** that builds roads, schools and hospitals.
- **Fiscal responsibility: Tamil Nadu Fiscal Responsibility Act 2003**; Union **FRBM Act 2003**. The usual fiscal deficit target is **3%** of GSDP.
- **Key terms:** revenue deficit = revenue expenditure − revenue receipts; fiscal deficit = total expenditure − non-debt receipts.

Tamil Nadu link: Tamil Nadu is India's **second-largest State economy**. The government formed after the 2026 Assembly election set up these panels to raise revenue without new taxes and to rein in spending. Compare: in 2021 the State had formed the **Chief Minister's Economic Advisory Council** with **Esther Duflo, Raghuram Rajan and Arvind Subramanian** among others.

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