

Budget 2021 Highlights: Minimum Government, Maximum Governance and Fiscal Position

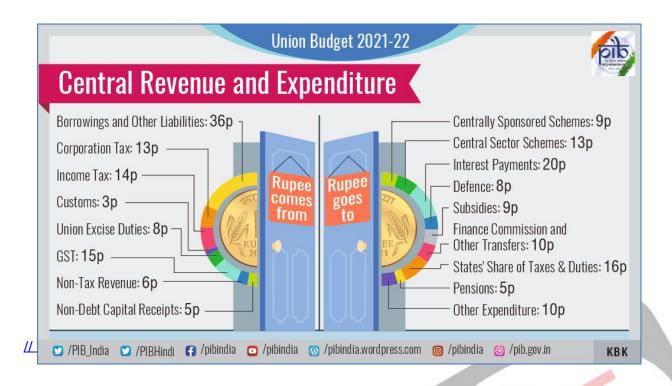
Why in News

Recently, the Minister of Finance presented the Union <u>Budget</u> 2021-22. This was the **first digital budget**.

 This section deals with the theme 'Minimum Government, Maximum Governance' and Fiscal Position of the government.

Key Points

- Minimum Government, Maximum Governance:
 - **National Commission for Allied Healthcare Professionals** already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions.
 - The National Nursing and Midwifery Commission Bill introduced for the same in the nursing profession.
 - Proposed Conciliation Mechanism with mandate for quick resolution of contractual disputes with Central Public Sector Enterprises (CPSEs).
 - Rs. 3,768 crore allocated for first digital census in the history of India.
 - Rs. 300 crore grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese.
 - Rs. 1,000 crore for the **welfare of Tea workers** especially women and their children in Assam and West Bengal through a special scheme.
- Fiscal Position:
 - Fiscal deficit stands at 9.5% of the Gross Domestic Product (GDP), and is estimated to be 6.8% in 2021-22.
 - Plan **to continue on the path of fiscal consolidation,** achieving a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period.
 - Amendment to <u>Fiscal Responsibility and Budget Management (FRBM) Act</u> proposed to achieve targeted Fiscal Deficit levels.
 - The <u>Contingency Fund of India</u> is to be augmented from Rs. 500 crore to Rs. 30,000 crore through Finance Bill.



Recommendations of Fifteenth Finance Commission:

- The final report covering 2021-26 was submitted to the President, retaining vertical shares of states at 41%.
- Funds to UTs of Jammu and Kashmir and Ladakh would be provided by the Centre.
- On the Commission's recommendation, Rs. 1,18,452 crore have been provided as Revenue Deficit Grant to 17 states in 2021-22, as against Rs. 74,340 crore to 14 states in 2020-21.

Tax Proposals:

- No exemption on interest, if Provident Fund PF contribution is more than Rs. 2.5 lakh.
- **Exemption from filing tax returns for senior citizens** over 75 years of age and having only pension and interest income; tax to be deducted by paying the bank.
- Income Tax settlement commission abolished.
- Higher Tax Collection at Source rate for non-filers.
- Reducing time to file belated returns.
- Agriculture Infrastructure and Development Cess (AIDC) on a small number of items.
- **Dispute Resolution Committee** to be set up for taxpayers with taxable income up to Rs. 50 lakh and disputed income up to Rs. 10 lakh.
- National Faceless Income Tax Appellate Tribunal Centre to be established.

Source:PIB

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