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

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Why in News

Recently, the Minister of Finance presented the Union **Budget** 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

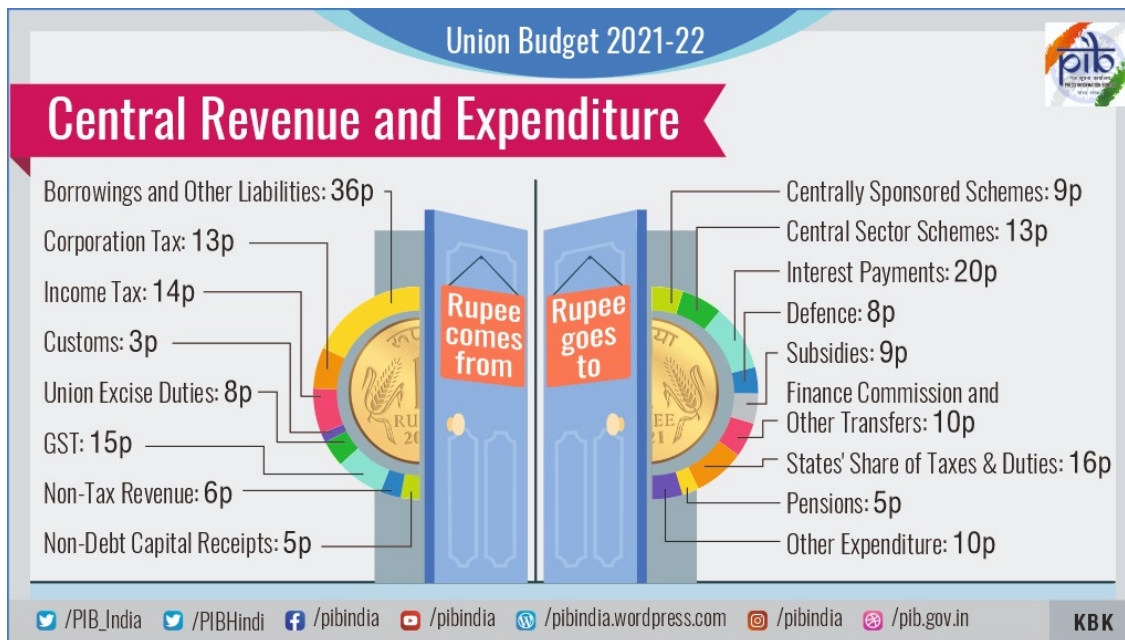
- **Minimum Government, Maximum Governance:**
 - **National Commission for Allied Healthcare Professionals** already introduced to ensure transparent and efficient regulation of the 56 allied healthcare professions.
 - The **National Nursing and Midwifery Commission Bill** introduced for the same in 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 **Fiscal Responsibility and Budget Management (FRBM) Act** proposed to achieve targeted Fiscal Deficit levels.

- The **Contingency Fund of India** 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