Public Eco

Unit-5

Finance Commission

The article 280 of the constitution make provision for setting up a finance commission which has to provide recommendation regarding distribution of tax revenue and other sources betn centre and state & among the states. The first finance commission was constituted under the order of president of India in the year 1952 under the chairmanship of Shri K. C. Neogy. From ~~them~~ then 15 finance commissions were appointed after a interval of every 5 years. Presently the 15 finance commission has put forwarded its recommendation under the chairmanship of Shri N. K Singh in the year 2020. Its recommendation will cover the 5 year period starting from 2021-22 till 2025-26.

Recommendation of the 15th Finance Commission

(i) The Commission recommended a total revenue deficit grant of ~~rupees~~ about 3 trillion Rs 86,201 Cr to 17 states over the 5 year period ~~for the~~ financial year ~~2022-23~~. The grant ~~would~~ would be release in 12 monthly installment

(ii) The Commission recommended ~~on~~ maintaining the states share in divisible pull of taxes at 41% for the 5 year period. Previously it was 42%, however 1% adjustment have made due to change status of the state of Jammu and Kashmir to an union territory.

(iii) The horizontal devolution shall be made to the different state based on the following ~~wattage~~ criteria ~~wightage~~

Demographic performance - 12.5% wightage
Income - 45% wightage
Popl^n and area - 15%
Forest and ecology - 10%
Tax and fiscal effort - 2.5%

(iv) Rs. 4, 36, 361 Cr is the total grant given to local govt from the period 2021 - 2026

(v) The Commission has suggested to increase the state expenditure on health to 8% by 2022.

(vi) The 15 finance commission recommended maintaing the contribution of state ~~to l~~ to the state disaster risk fund (SDRF) to be 25% except the North east state (10%)

(vii) The commission has recommended the centre to bring down the fiscal deficit to 4% of GDP by 2526 and has also designed a fiscal road map for the ~~centre~~ states which is given as follows

(i) 4% in 2020-21

(ii) 3% ~~5%~~ in 2023-26

~~(ix)~~ (viii) The commission proposed performance based grant for states in areas like power, water management, ease of doing business etc. This shall encourage the state to improve their govt.

(ix) A dedicated non-~~lock~~ lapsable fund called modernisation fund for defence and internal security shall be constitute to bridge the gap betn budgetary requirement and allocation for capital outlay in defence and internal security.

(x) The commission also recommends a spcl grant ~~for~~ of 6,700 cr for ~~of~~ 3 states viz Karnataka, Mizoram, Telangana

Feature ~~Feature~~ of Union budget 2022-24

~~what is the union theme budget the nature of the Committee~~

~~(1) The Union budget of India is constitute~~

The Article 112 of Indian Constitution makes provision for the Union budget of a financial year. This financial statement is announced of 1st february of every year and is implemented from 1st April. The current union budget i.e. of 2023-24 was read out by the Union financial Minister Shri Nirmala Sitarama and it has the following notable feature

(i) The Govt. has estimated a nominal GDP growth rate of 10.5% in 2021-24

(ii) The Ministry of Jal Sakti was allocated with Rs. ~~10~~ ~~97,000~~ 97,278 Cr for 2023-24, a 3% yoy year increase over the revised estimates of 2022-23

(iii) The Govt. through these budget ~~so~~ has laid strong foundation to steer the Indian economy towards Amritkal. Amritkal is a term point by the govt. to mark the 25 year period till 2047 when India will celebrate 100 yr

(iv) The Union Finance Minister has listed 7 key priorities which would compliment each other and act as ('Saptarishi') guiding the govt through the Amritkal, they include, financial sector, youth power, green growth, infrastructure and investment, unleashing the potentially, reaching the last-mile, inclusive development.

(v) The budget estimate the fiscal deficit for the year 2023-24 to be at the level of 5.9% of the GDP

(vi) Capital expenditure has increased significantly by 33% to Rs. 10 Lakh Cr for the financial year 2023-24. ~~at com~~

(vii) Under health the govt. in the current financial budget make provision for setting up 157 new Nursing colleges and has also launched a mission to eliminate sickle cell ~~ea~~ anaemia by 2047

(viii) The govt will ~~recruite~~ recruit 38,800 teachers and support staff in the next 3 years for the 740 Eklavya model residential school which are serving 3.5 lakh tribal student across country

(ix) The budget also witness a increase in the outlay for the PM Awas Yojana by 66% to over 79,000 cr

x) The budget 2023 has allocated 5.94 lakh crore for defence which is a 13% increase from the previous budget estimate

(xi) The Ministry of Railway got an outlay of Rs. 2.5 lakh cr for the financial yr 2023-24 compare to Rs. 1.4 lakh cr in 2022-23

(xii) The Under personal income tax the rebate limit in the new tax regime has been increased to 7 lakh. Further the no. of tax ~~taxs~~ slabs in the new tax structure has been reduce to 5 and the tax exemption limit has been increase to 3 lakh