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Survey to be tabled today

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ented on Monday; Centre expected to factor in w

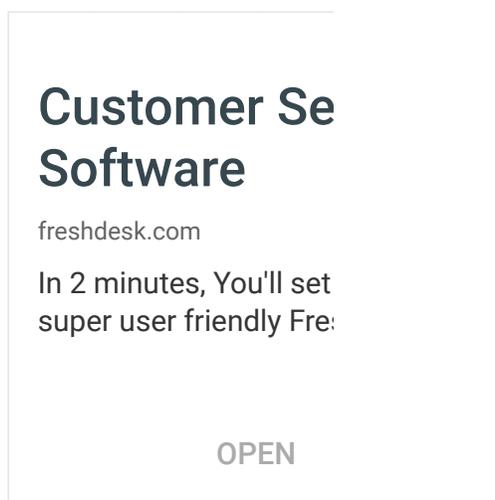


Parliament's Budget session kicks off on Friday, beginning with the tabling of the Economic Survey for this year. The Union Budget, which Finance Minister Nirmala Sitharaman has said will be 'one like never before' in the midst of the COVID-19 pandemic, will be presented on Monday.

Rating agencies expect the government to factor in a wider deficit for the coming year in order to give the economy a fiscal stimulus to emerge faster from the pandemic's effects. A key factor in the fiscal calculations for 2021-22, will also be the government's stance on the recommendations of the Fifteenth Finance Commission.

The Commission's report on devolution of finances between the Centre and States for the coming five years is expected to be tabled along with the Centre's Action Taken Report on its recommendations. The Commission, led by N.K. Singh, had submitted its report to the President on November 9.

In its interim report for 2020-21 presented last year, the Commission had proposed reducing the share of States in the divisible pool of taxes from 42% to 41%, citing the creation of the union territories of Jammu and Kashmir. Though States have urged the Finance Minister in pre-Budget consultations to enhance transfers to them to help them meet revenue shortfalls, an increase in the transfer share to States is unlikely given the revenue constraints posed by the pandemic. "In the first report for 2020-21, the Commission had stated that it intends to give sectoral and performance-linked grants," Brickwork Ratings had said in a note on Budget expectations on Tuesday.



"It appears that the health sector may get some additional grants. Sectoral and performance-linked grants may not help achieve the intended objectives if the grants are small; if they are substantial, whether the transfer from the Centre will increase or will the same be done by reducing tax devolution remains to be seen,"

Most rating agencies expect a significant increase in fiscal support for the economy, to be funded by an aggressive privatisation programme. The Cabinet this week cleared a new public sector enterprises policy that will determine strategic disinvestment plans for the coming year. The policy is expected to be announced in the Budget.

"The Budget would be expansionary with the higher-than-trend expenditure allocations for infrastructure and welfare measures," Care Ratings said in a note. "The theme... necessarily have to be 'sustainable revival of the economy and employment creation, through targeted tax

incentives and higher spending on infrastructure while maintaining an eye on fiscal consolidation,” it said.

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<https://www.thehindu.com/business/Economy/budget-session-begins-today/article33687285.ece>

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