

Union Budget of India 2015-16 Highlights and Analysis

What make a budget good or bad are not some populist announcements or tax incentives. Unlike the traditional media, what serious aspirants should look at the budget is not if the budget increase the cost of mobile phone, liquor or gold. What makes a budget good or bad are some figures – the numbers which show how much the government is spending on where. Preparation of good budget demands balancing of certain parameters. A budget with zero fiscal deficit may not be always a good budget, a budget is good if it focuses on the right areas, if it sets the priorities right and if it shows the vision of the government.

Union Budget – NITI Aayog and Finance Commission Recommendations

Union Budget 2015-16 is special as this is the first budget after the creation of National Institution of Transforming India (NITI) and acceptance of 14th Finance Commission's (FFC) recommendation of substantially higher devolution of Union taxes to States. This Budget marks the beginning of the award period (2015-2020) of the FFC during which States will be devolved 42% of the divisible pool of Union taxes from existing 32%.

Union Budget 2015-16: Receipts and Expenditure



Union Budget 2015-2016

	Receipts (Crore)	Expenditure (Crore)	
		Plan	NonPlan
Revenue	Tax (net to centre) = 9,19,842		Interest Payments 4,56,145
	Non-Tax = 2,21,733	Total Plan Revenue Expenditure= 3,30,020	Total Non Plan Revenue Expenditure= 12,06,027
Total Revenue	11,41,575	15,36,047 [Of which, Grants for creation of Capital Assets =1,10,551]	
Capital	Recoveries of Loans =10,753		
	Other Receipts = 69,500		
	Borrowings and other liabilities = 5,55,649	Plan Capital Expenditure= 1,13,049	Non-Plan Capital Expenditure= 1,06,173
Total Capital	6,35,902	2,41,430	
		Total Plan Expenditure = 4,65,277	Total Non-Plan Expenditure= 13,12,200
Total	17,77,477	17,77,477	

Deficits

Like most of the previous budgets, Indian Budget for 2015-16 too runs on deficit financing. Revenue Receipts as per the budget is Rs.11,41,575 crore while revenue expenditure is Rs.15,36,047 crore leading to a Revenue Deficit of Rs.3,94,472 crore. Capital receipts figure as per the budget is Rs.6,35,902 crore (including borrowings and other liabilities) while capital expenditure is Rs.2,41,430 crore. Though the actual numbers are on a rise for most of the deficits since 2014-15 (except for Primary Deficit), as a percentage of GDP Indian Finance minister has managed to bring deficits down in compliance with the FRBM (Fiscal Responsibility and Budget Management) Act.

- **Revenue Deficit:** Rs.394472 crore (2.8 percent of GDP)
- **Effective Revenue Deficit:** Rs.283921 crore (2.0 percent of GDP)
- **Fiscal Deficit:** Rs.555649 crore (3.9 percent of GDP)
- **Primary Deficit:** Rs.99504 crore (0.7 percent of GDP)

[Also read: Gene Editing - What is CRISPR-Cas9?](#)

Total Plan Outlay: Central Plan plus Central Assistance for State Plans

The total plan outlay is the sum of **Central Plan** and **Central Assistance for State and UT plans**. The total Plan Outlay for 2015-16 is **Rs. 4,65,277 crore**. This figure is much less than the budget estimates for 2014-15 (Rs.5,75,000 crore), but the Plan Outlay has been kept nearly at the level of RE 2014-15.

The Budgetary support for Central Plan in 2014-15 is Rs.2,60,493 crore while the total central assistance for State and Union Territory Plans is Rs.2,04,784 crore. It should be noted that while the budgetary support for Central Plan has increased, the central assistance to state plans has decreased. Total Central Assistance for State and Union Territory Plans is Rs.2,04,784 crore which is much less than the 2014-15 Budget Estimates (Rs.3,38,408 crore) or Revised Estimates for 2014-15 (Rs. 2,78,168 crore).

- Central Plan Budgetary Support: Rs.2,60,493 crore.
- Central Plan Extra Budgetary Support (not included in Union Budget figures): Rs.3,17889 crore.
- Total Central Plan: Rs.5,78382 crore.
- Central Assistance for states and UT plans as mentioned in Union Budget: Rs.2,04,784 crore.

PS: The 42% devolution of taxes to states should be extra to this figure.

Also read: [The Shrinking Central Plan and Growing Central Assistance.](#)

Union Budget of India 2015-16 Highlights

- Budget 2015-16 marks the beginning of co-operative federalism and empowerment of the states.
- Several new schemes announced.
- Micro Units Development Refinance Agency (MUDRA) bank to refinance microfinance institutions.
- Pradhan Mantri Suraksha Bima Yojana to cover accidental death risk of rs. 2 lakh for just rs. 12 per year premium.
- Atal Pension Yojana for defined pension, government to contribute 50% of the premium.
- Pradhan Mantri Jeevan Jyoti Bima Yojana to cover both natural and accidental death risk.
- Proposal to create senior citizen welfare fund.
- National Investment and Infrastructure Fund proposed. Tax-free
- infrastructure bonds for projects in rail, road and irrigation sectors.
- Setu(self-employment and talent utilization) mechanism to support start-up businesses.
- 5 new ultra mega power projects to be set up.
- Gold monetization scheme to replace present gold deposit and gold metal loan schemes.
- Another rs. 1,000 crore for Nirbhaya fund.

- New institutions including AIIMS, IIT and IIM to be set up.
- Total expenditure estimated to be rs. 17,77,477 crore; fiscal deficit to be 3.9% of GDP.
- Vision for stable taxation policy and a non-adversarial tax administration.
- Fight against the scourge of black money to be taken forward.
- Efforts on various fronts to implement GST from next year.
- No change in the rate of personal income tax.
- Proposal to reduce the corporate tax from 30% to 25% over the next four years, starting from next financial year.
- Rationalization and removal of various tax exemptions.
- Incentives to reduce tax disputes and improve administration.
- Exemption to individual taxpayers to continue to facilitate savings.

Also read: All-India Judicial Services (AIJS): Should it be formed?

Summary

Despite the devolution of tax share to states, Indian Finance minister has done a decent job to stick to the standards of FRBM act. The budget shows ambitious targets with respect to revenue collection and various deficits, but often we have seen the Revised Estimates (RE) deviating a lot from the Budgetary Estimates (BE). For a nation to progress, the government should invest in productive assets (capital expenditure). Education and health are the two major areas where this government, like most previous governments, failed to give proper attention.

For more details on Indian Budget 2015-16 refer:

1. indiabudget.nic.in
2. [Budget 2015 Highlights and Summary – PIB.](#)

