



# STUDENTS' ECONOMIC FORUM

*To kindle interest in economic affairs...  
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**JULY 2015**

Theme 284

## **RAILWAY BUDGET, ECONOMIC SURVEY AND UNION BUDGET 2015-16 PART -II**

A monthly publication from South Indian Bank

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Theme No: 284 :Railway Budget, Economic Survey and Union Budget  
2015-16 Part -II

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A well informed customer will make the policy makers as well as organisations which produce goods and services more responsive to the customer needs. This will also result in healthy competition among organisations and improve the quality of goods and services produced.

The “SIB Students’ Economic Forum” is designed to kindle interest in economic affairs in the minds of our younger generation. We highlight one theme in every monthly meeting of the “Forum”. This month we continue the discussion on Union Budget 2015-16

**What are the proposals for the development of infrastructure proposed in the union budget 15-16?**

In the budget speech finance minister Arun Jaitely has emphasized the need for faster and steady growth of infrastructural sector. Finance Minister wants to establish a National Investment and Infrastructure Fund (NIIF) and wants to ensure an annual flow of ₹ 20,000 crores to this fund .This fund will be utilized for investment in companies such as NHB,IRFC etc. Minister also proposes to permit issuance of tax free infrastructure bonds for rail, road and irrigation sector projects.

Another important proposal for infrastructure development is revisiting and revitalisation of PPP model of infrastructure development. Finance Minister also stressed the need for coordinated work of academicians, entrepreneurs and researchers at the national as well as international level for the development of culture of innovation, R&D and scientific research and earmarked an amount of ₹150 crores for this purpose.

Budget also emphasises the importance of start business. Government is planning to establish a mechanism to be known as SETU (self employment and talent utilisation). All technical, financial, incubation facilitation support will be provided for start-up business and self employment projects under SETU and allotted ₹1,000 crores for this purpose.

One of the essential requirements for the growth of industries is continuous and constant power supply. Finance Minister proposes to set up five new mega power projects with 4000MWs capacity under plug and play mode.

**What is the gold monetising scheme proposed in the budget?**

According to Finance Minister, India imports about 800-1000 tonnes of gold every year

and it is estimated that India has a gold stock of over 20,000 tonnes which is neither monetised nor traded. A new gold monetisation scheme which will replace the existing gold deposit scheme and gold metal loan scheme. Under the new scheme depositors of gold will be paid interest for their metal account. Dealers and bankers will be able to monetise this gold. Finance Minister also proposed a sovereign gold bond (as an alternative to purchasing gold) which will carry a fixed rate of interest and it can also be redeemed in cash in terms of face value of the gold at the time of redemption by the bond holder.

With the objective of reducing the demand for coins minted outside India and also to recycle gold available in the country, steps are being taken to develop an Indian Gold Coin with Ashok Chakra on its face.

### **Briefly explain the budget proposal for the development of tourism?**

India has 25 world heritage sites. These sites require restoration including land scaping, parking facilities for the differently abled, amenities for the visitors, illumination etc. Following heritage sites will be given preference for development. 1 churches and convents of old Goa. 2. Hampi, Karnataka. 3. Elephanta caves, Mumbai. 4. Kumbalgarh and other hill forts of Rajasthan. 5 Rani Ki VAV, Ladakh, J&k 6. Varanasi temple town U.P. 7. Jalianwala Bagh, Amritsar, Punjab. 8. Qutub Shahi Temple, Hyderabad, Telangana. Finance Minister also proposed to increase Visa on arrival to tourist from present 43 countries to 150 countries in stages.

### **What are the proposals for making India Green?**

In order to encourage environment friendly vehicles, government is launching a scheme for Faster Adoption and Manufacturing of Electric Vehicles (FAME) and allotted an amount of ₹ 75 crores. The target for renewable energy capacity has been revised to 1,75,000 MW (till 2022), (1,00,000MW Solar Power, 60,000 MW wind Power, 10,000 MW Biomass and 5000MW Small Hydro Power)

### **What is the skill India programme proposed in the budget?**

According to finance minister Arun Jaitely, about 54% of the Indian population is below the age of 25 years. About 75% of Indian population still live in rural areas. With the objective of improving and increasing employment of rural youth, government has launched the Deen Dayal Upadhyay Gramin Kaushal Yojana and allocated ₹ 1500 crores. Through digital vouchers the amount will be credited to the beneficiaries' bank account.

Pradhan Mantri Vidya Lakshmi Karyakram is another scheme proposed in the budget for helping poor and middle class students to continue their higher education by providing financial aid by way of scholarship and educational loans.

With the objective of providing one major central institute in each state, government has proposed to set up All India Institute of Medical Science in the following states. 1. J&K 2. Punjab. 3. Tamil Nadu 4. Himachal Pradesh 5. Assam.

It is also proposed to set up an IIT in Karnataka and upgrade India School Of Mines Dhanbad. The existing National Institute of Speech and Hearing will be upgraded to

university of Disabilities Studies and Rehabilitation.

Three new National Institutes of Pharmaceutical Education and Research will be set up in Maharashtra, Rajasthan and Chattisgarh.

Institute of Science and Education Research in Nagaland and Odeshia and A Centre For Film Production, Animation and Gammimg will be set up in Arunachal Pradesh. It is also proposed to set up a Post Graduate Institute of Horticulture Research and Education in Amritsar.

### **What are the budget estimates for budget 2015-16?**

For the financial year 2015-16 Non Plan expenditure is estimated at ₹13.12 lakhs crores and Plan expenditure is estimated to be ₹ 4.65 lakh crores . The total expenditure has been estimated to be ₹ 17.77 lakh crores , the revenue expenditure is estimated to be ₹ 15.36 lakh crores and capital expenditure is estimated to be ₹ 2.41 lakh crores. Gross Tax receipts are estimated to be ₹14.49 lakh crores.

### **Briefly explain the major points considered while finalising the tax proposals for the F.Y. 15-16?**

The following are the major points considered while finalising the tax proposals for the F.Y.15-16.

1. Measures to curb black money
2. Job creation through revival of growth and investment and promotion of domestic manufacturing and 'MAKE IN INDIA'
3. Minimum government and maximum governance to improve the ease of doing business.
4. Benefits of middle class tax payers.
5. Improving the quality of life and public health through Swachh Bharat Initiatives
6. Stand alone proposals to maximise benefits of the economy.

### **What are the important changes proposed in the corporate taxes?**

At present the basic rate of corporate tax in India is 30% which is high when compared with rates prevailing in other major Asian economies. According to finance minister this is one of the reason for uncompetitive domestic industry.Hence in order to make it competitive it is proposed to reduce the corporate tax from present 30% to 25% over next four years, which will lead to higher investment growth and jobs.. There is no change in the rates of tax for companies in respect of income earned in 2015-2016. There will be a surcharge of 7% if income of companies exceed ₹ 1 crore and upto ₹ 10.00 crores.

### **What are the important indirect tax proposals in the budget?**

Following are some of the important indirect tax proposals of 2015-16 budget.

1. Increase in clean energy cess from ₹ 100/-to ₹ 200/- per metric ton of coal etc. This amount will be utilised for financing clean environment initiatives.
2. Excise duty on sacks and bags of polymers of ethylene is being increased from 12% to 15%

3. Service tax has been exempted for common affluent treatment plants.
4. Customs & excise duty concessions available for specialised parts of electrically operated vehicles and hybrid vehicles will be extended upto 31.03.2016.

**Briefly explain major direct tax proposals of budget for the F.Y.15-16?**

1. Deduction limit in respect of health insurance premium has been increased from ₹ 15,000 to ₹ 25,000. For senior citizens the limit will stand increased to ₹ 30,000 from the existing ₹ 20,000. In the case of senior citizens aged 80 years or more who not covered by health insurance, ₹ 30,000 is allowed as deduction towards expenditure on their treatment.
2. Additional deduction of ₹ 25,000 will be allowed for differently abled persons under section 80DD and section 80U of income tax act.
3. The limit on deduction on account of contribution to Pension Fund and the New Pension Scheme is proposed to be increased to ₹ 1.50 lakhs from ₹ 1.00 lakhs
4. In order to enable India to become a pensioned society instead of a pensionless society, an additional deduction of ₹ 50,000 allowed under section 80 CCD
5. Transport allowance exemption is being increased from ₹ 800 to ₹ 1,600 per month.

<b>Rates of Income Tax for individuals (below 60 years )</b>	
Where the total income does not exceed ₹ 2,50,000	Nil
Where the total income exceeds ₹ 2,50,000 but does not exceed ₹ 5,00,000	10% of the amount exceeding ₹ 2,50,000
Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000.	₹ 25,000 plus 20% of the amount exceeding ₹ 5,00,000.
<b>Rates of Income Tax for individuals(60 years and above less than 80 years )</b>	
Where the total income does not exceed ₹ 3,00,000	NIL
Where the total income exceeds ₹ 3,00,000 but does not exceed ₹ 5,00,000	10% of the amount exceeding ₹ 3,00,000
Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000.	₹ 20,000 plus 20% of the amount exceeding ₹ 5,00,000.
Where total income exceeds ₹ 10,00,000	₹ 1,20,000 plus 30% of amount exceeding ₹ 10,00,000.
<b>Rates of Income Tax for individuals(80 years and above )</b>	
Where the total income does not exceed ₹ 5,00,000	NIL
Where the total income exceeds ₹ 5,00,000 but does not exceed ₹ 10,00,000.	20% of the amount exceeding ₹ 5,00,000
Where total income exceeds ₹ 10,00,000	₹ 1,00,000 plus 30% of the amount exceeding ₹ 10,00,000.

# 2015-16 BUDGET AT A GLANCE

Particulars	(₹ bn)
<b>1 Revenue Receipts</b>	
a Tax Revenue	9,198
b Non-Tax Revenue	2,218
Sub total	11,416
<b>2 Capital Receipts</b>	
a Recoveries of loans	108
b Other Receipts	695
c Borrowings and Other Liabilities	5,556
Sub total	6,359
<b>TOTAL RECEIPTS</b>	<b>17,775</b>
<b>3 Non Plan Expenditure</b>	
a On Revenue Account	12,060
b On Capital Account	1,062
Sub total	13,122
<b>4 Plan Expenditure</b>	
a On Revenue Account	3,300
b On Capital Account	1,353
Sub total	4,653
<b>TOTAL EXPENDITURE</b>	<b>17,775</b>
Fiscal Deficit (% to GDP)	3.9
Revenue Deficit (% to GDP)	2.8

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