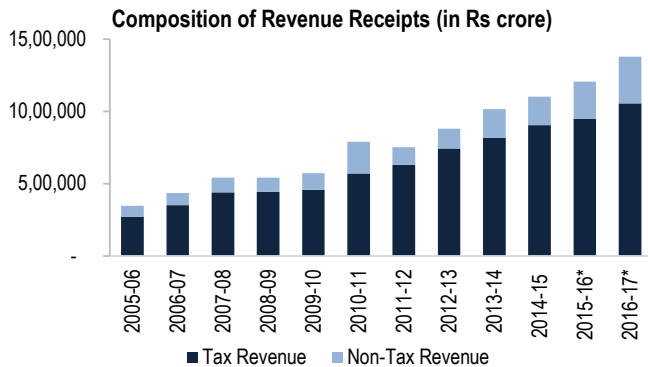


# Vital Stats: Union Budget 2016-17

In this note we present some trends regarding the central government's sources of financing including tax revenue, disinvestments, and its revenue and capital expenditure, including subsidies. We also look at estimates presented in the 2016-17 Union Budget.

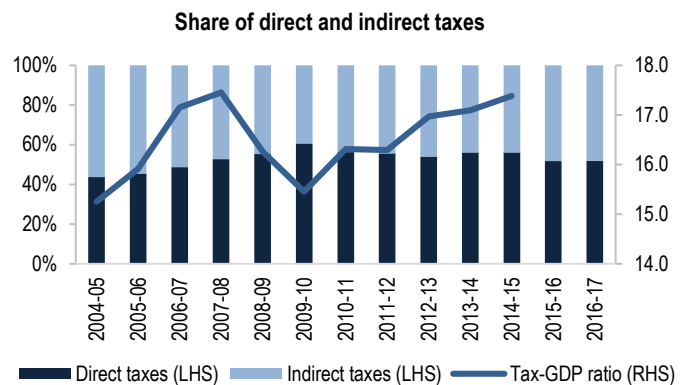
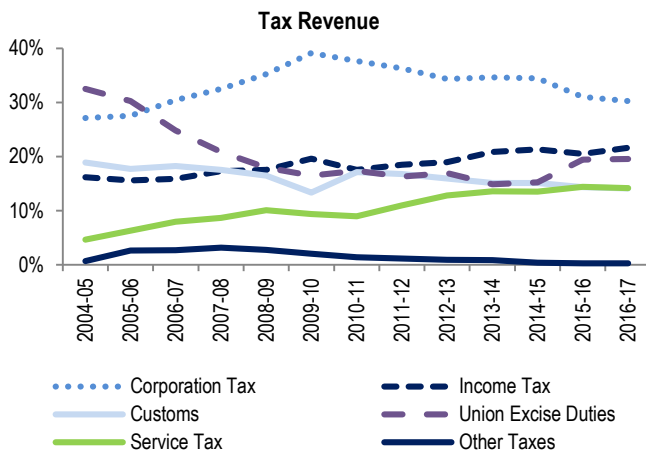
## Total receipts are estimated to increase by 15.5% in 2016-17; non tax revenue expected to increase by 24.9%



- Revenue receipts consist of tax and non-tax revenue. Tax revenue is estimated to increase by 11.7% over the revised estimates of 2015-16, and non-tax revenue, by 24.9%.
- Non-tax revenue includes revenue from interest payments, dividends and profits, etc. Collections from auction of telecom spectrum is projected at about Rs 99,000 crore (up from Rs 57,000 crore in 2015-16 RE).
- In 2015-16, gross tax revenue collected surpassed the budgeted target of Rs 14,49,490 crore by Rs 10,121 crore.

\*Note: Figures for 2015-16 and 2016-17 are RE and BE, respectively.

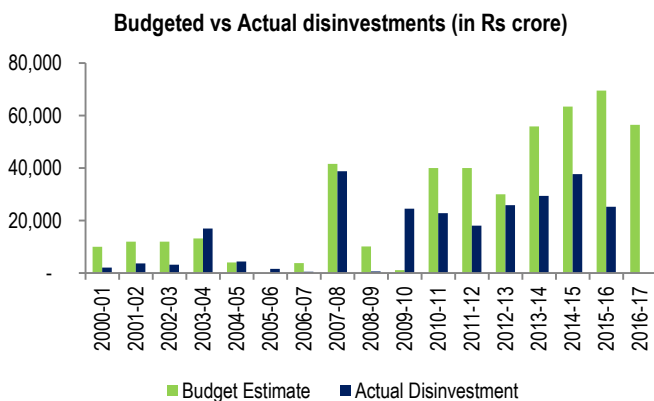
## Tax revenue is slated to increase by 11.7%, corporation and income tax to increase by 9% and 18.1%



Note: Latest data available for Tax-GDP ratio is for 2014-15.

- Corporation tax and income tax are expected to account for 52% of the tax revenue in 2016-17. Over the past years corporation tax has been declining from a peak of 39% in 2009-10 to 30% in 2016-17.
- On the other hand, service tax has seen an increase over the years going from 5% in 2004-05 to 14% in 2016-17.
- In 2016-17, direct taxes (income tax, corporation tax, etc.) are estimated to increase by 12% and indirect taxes (service tax, customs, union excise duty, etc.) by 11%, over the revised estimates of 2015-16.

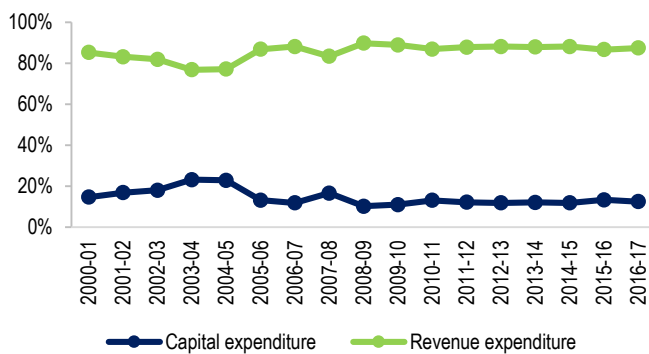
## Disinvestment target has been met only three times since 2001; target for 2016-17 is Rs 56,500 crore



- Capital receipts consist of the government's borrowings, recovery of loans given by the governments, disinvestments and external debt.
- Disinvestment is the government selling its stakes in Public Sector Undertakings (PSUs). India has only met its disinvestment target three times in the past 15 years. In 2015-16, a disinvestment target of Rs 69,500 crore was set, of which the government sold stakes worth Rs 25,312 crore.

### Revenue expenditure to increase by 11.8%; capital expenditure grows moderately at 3.9%

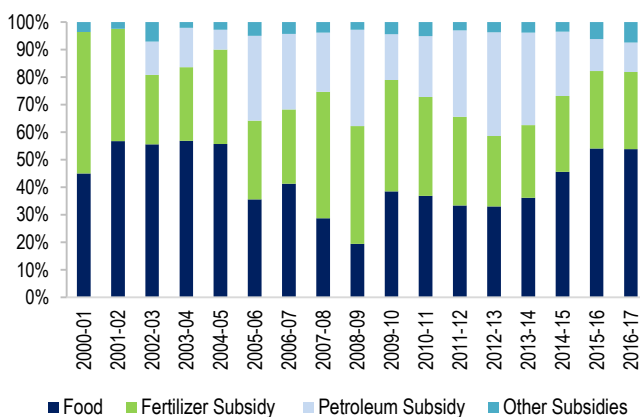
Composition of expenditure



- In 2016-17, the revenue expenditure is expected to increase by 11.8% over the revised estimates of 2015-16. Revenue expenditure which typically accounts for 85% of the country’s total expenditure, consists of expenditure on pensions, defence services, administrative services etc.
- Among revenue expenditure, spending on pensions is expected to increase by Rs 28,000 crore to Rs 1,23,000 crore. This includes Rs 82,000 crore for defence pensions.
- Capital expenditure in 2016-17 is expected to increase by 3.9% over the revised estimates of 2015-16.

### Expenditure on food, fertilizer and petroleum subsidy to decrease in 2016-17 by Rs 7,368 crore

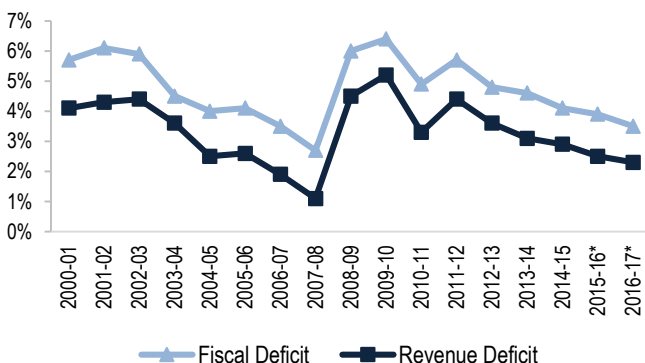
Composition of subsidies



- The government’s expenditure on subsidies has decreased by 2.9% to Rs 2,50,000 crore in 2016-17, as compared to revised estimates of 2015-16.
- Expenditure on food subsidy has the highest share at Rs 1,34,835 crore (54%), followed by fertilizer subsidy at Rs 70,000 crore (28%) and petroleum subsidy at Rs 26,947 crore (11%).
- Expenditure on petroleum subsidy has been declining over the past few years, from Rs 60,269 crore in 2014-15 to Rs 26,947 crore in 2016-17 (BE), mainly owing to a steep decline in global crude oil prices, from \$111.9/bbl in 2011-12 to \$48.7/bbl in 2015-16.

### Fiscal deficit is targeted at 3.5% and revenue deficit at 2.3% of GDP in 2016-17

Fiscal and Revenue Deficit (as % of GDP)



\*Note: Figures for 2015-16 and 2016-17 are RE and BE, respectively.

- Fiscal deficit is the excess of expenditure over receipts, and funded by borrowings. Revenue deficit is the excess of revenue expenditure over revenue receipts.
- Over the past 15 years, the government has largely been able to keep the deficit levels below budgeted levels.
- Fiscal deficit is targeted at 3.5%, and revenue deficit at 2.3%, for 2016-17. Under the FRBM Act, 2003, the three-year target (2018-19) for fiscal and revenue deficits have been set at 3% and 1.3% respectively.
- In 2015-16, the government had set a budgeted estimate of 3.9% for fiscal deficit, and 2.8% for revenue deficit. As per revised estimates, both fiscal and revenue deficits are meeting the budgeted target.

Sources: All data compiled from Union Budget documents; Indian Public Finance Statistics 2014-15; PRS.

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