



Exemplifying The India's Recent Financial Status Based on The Estimated Union Budget Data 2020-2021

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Abstract

This study attempts to reveal the significance of the union budget for the promotion of economic growth and estimate the financial status of the union government in the recent year 2020-2021. This study follows the descriptive method of research to carry out the research work. Data was collected from various secondary sources such as union budget documents and budget analysis series in the finance ministry. The collected data has been tabulated and interpreted to infer the significance and growth of the public revenue and public expenditure of the government. The data was collected for the recent years 2019-2020 and 2020-21 to analyse the latest financial position of India. The government policy formulations and reforms have aimed at determining the banking system to support the flow of credit to the nation and implement monetary and fiscal incentives to sustain total demand and maintain output. The revenue expenditure of the union budget during the 2018-2019 period was Rs.2007399 crores and it was increased to Rs.2447780 crores in the 2019-2020 budget period. Similarly, the revenue expenditure has further increased to Rs.2630145, which constitutes 11.90 percent of the growth in the revised estimates during 2020-2021. The percentage share of the gross domestic product of the country was 2.4 percent in 2018-2019 and during 2019-2020 also maintained the same status. But, during the 2020-2021 budget it has been increased to 2.7 percent. In the same year, the fiscal deficit recorded as 3.8 percent and the primary deficit has been dropped down to -37.8 percent in the recent year. On the whole, the budget 2020-2021 focussed to promote economic growth based on the best allocation of resources.

Keywords: Budget, Expenditure, Revenue, India, Deficit

1. Introduction

Budgeting is generating a plan to spend money for various expenses. In the same way, the government budget is a manuscript prepared by the officials of the respective government presenting its estimated revenue and expenditure for the forthcoming financial year. More precisely, the government budget is a yearly financial or fiscal statement representing the expenditure and revenue for a particular financial year that has been forwarded by the legislature and sanctioned by the president. This budget would also be named as the annual financial statement of the country. The budget analysis generally involves investigating and emphasizing the mechanisms of budget revenue and budget expenditure. The measure of



budget gauges could help to improvise the understanding of various problems namely the level of enactment of outflow and inflow of budgets. The important role of the budget is lined up as a central administration of the nation. The scope of the whole governmental operation is determined by the resource allocation of various developmental programs. The major role of the budget is considered as a tool of financial control, acting as an instrument for public policy, administration, accountability, planning, and performance evaluation. This study attempts to reveal the significance of the union budget for the promotion of economic growth and estimate the financial status of the union government in the recent year 2020-2021.

To understand the role and significance of the union budget for the promotion of economic growth and development. To estimate the financial position of the government through the union budget 2021. To provide appropriate suggestions for the promotion of economic growth through budget allocations.

The present study is framed with the focus of creating and analyzing the current financial status of India based on the union budget 2020-2021. The union revenue and expenditure estimation for the year 2020-2021 is becoming very crucial due to the post-covid-19 situation. Even after the launch of the stimulus package for the recovery of the economy, there was huge unemployment issue are existing in the nation.

2. Literature Review

The whole budget estimate is prepared by the government in discussion with the various ministries both at the union and state level, industrial representatives, private organizations, NGOs, and other state holders of the economy. The finance ministry aims to incorporate state holder's needs and anticipations from the budget estimates to the great possible extent. (Bhatia, I. Hitesh, 2016). Budget is the prime economic policy estimate of the government for a specified time period, normally one year (Saravananathan, Muttukrishna, 2007). The budget of a nation is a most crucial test of the efficiency of the nation and the norm competence is to be observed from a higher perspective (Sahoo, Jitendra, 2017). Malhothra, Rajeev (2010). Ramji, Vatshala, Suresh, Sujatha and Srinivasan, V.K (2001). Public obligation sustainability is important for both developed and developing market nations. However, in developing countries, the worst economic changes connected with a monetary crunch that are serious by unbalanced access to wealth markets are a significant inducement to preserve public debt within bearable grounds (Hakhu, Antra Bhatt, 2015). It is so crucial to investigate the influence of the state revenues and expenditures on the growth of the nation due to the statement that the nation uses as a regulating economy instrument the fiscal policy. The government policy formulations and reforms have aimed at determining the banking system to support the flow of credit to the nation and implement monetary and fiscal incentives to sustain total demand and maintain output (Rosoiu, Iulia (2015). Baldacci, Emanuele, Gupta, Sanjeev and Mulas-Granados, Carlos (2009).

3. Methodology

This study follows the descriptive method of research to carry out the research work. Data was collected from various secondary sources such as union budget documents and budget analysis series in the finance ministry. The collected data has been tabulated and interpreted to infer the significance and growth of the public revenue and public expenditure of the government. The data was collected for the recent years 2019-2020 and 2020-21 to analyze the latest financial position of India.

4. Data Analysis and Discussion

The revenue expenditure of the union budget during the 2018-2019 period was Rs.2007399 crores and it was increased to Rs.2447780 crores in the 2019-2020 budget period. Similarly, the revenue expenditure has further increased to Rs.2630145, which constitutes 11.90 percent of the growth in the revised estimates during 2020-2021. In the meanwhile, the capital expenditure was Rs.412085 crores with 18.10 percent of growth as compared with the 2019-2020 revised budget. Overall, the total expenditure was increased to 12.7 percent as compared with the previous year.

Table 1. Union Budget 2020-2021 at Glance (Rs in Crore)

	Actuals 2018-19	Budgeted 2019-20	Revised 2019-20	Budgeted 2020-21	Percentage change (RE 2019-20 to BE 2020-21)
Revenue Expenditure	2007399	2447780	2349645	2630145	11.90
Capital Expenditure	307714	338569	348907	412085	18.10
Total Expenditure	2315113	2786349	2698552	3042230	12.70
Revenue Receipts	1552916	1962761	1850101	2020926	9.20
Capital Receipts	112779	119828	81605	224967	175.70
<i>of which:</i>					
Recoveries of Loans	18052	14828	16605	14967	-9.90
Other receipts (including disinvestments)	94727	105000	65000	210000	223.10
Total Receipts (without borrowings)	1665695	2082589	1931706	2245893	16.30
Revenue Deficit	454483	485019	499544	609219	22.00



Percentage of GDP	2.4	2.3	2.4	2.7	
Fiscal Deficit	649418	703760	766846	796337	3.80
Percentage of GDP	3.4	3.3	3.8	3.5	
Primary Deficit	66770	43289	141741	88134	-37.80
Percentage of GDP	0.4	0.2	0.7	0.4	

Source: Union Budget Documents, 2020-2021.

The receipts excluding borrowings were Rs.1665695, which has been increased to 2082589. Further, there was an increase of Rs.2245893 crore allocated during the 2020-2021 budget. There was a commendable increase of 16.3 percent in 2020-2021 as compared with the previous year's allocation. The overall revenue deficit was increased by 22 percent due to an increase in the revenue and capital expenditure compared to the 2019-2020 budget period.

The percentage share of the gross domestic product of the country was 2.4 percent in 2018-2019 and during 2019-2020 also maintained the same status. But, during the 2020-2021 budget it has been increased to 2.7 percent. In the same year, the fiscal deficit recorded as 3.8 percent and the primary deficit has been dropped down to -37.8 percent in the recent year.

As compared with the previous budget 2019-2020, the union government is estimated to incur an expenditure of Rs.3042230 crores during 2021-2021. From the aggregate expenditure, the revenue expenditure has been estimated as Rs.2630145 crores, which constitutes 11 percent of growth and the capital expenditure is valued as Rs.412085 crores, which is 18.1 percent of growth. With respect to the total receipts of the union government receipts apart from the borrowings have been estimated as Rs.2245893 crores, there is a rise of 16.3 percent above the revised estimates of 2019-2020. The union government will be transferring 1390666 crores.

4.1. Public Expenditure Highpoints

The aggregate expenditure of the union government 2020-2021 is hiked to Rs.3042230 crores, which was 12.7 percent more than the revised allocation during 2019-2020. The state is expected to raise the spending of Rs.210682 crores on pension for the welfare of the workers in 2020-2021.

Expenditure Subsidies

Money allocation to food subsidy has been estimated to be Rs.115570 crores, there was a 6.3 percent of increase that happened during 2020-2021 as related to the 2019-2020 budget estimate. A sum of Rs.184220 crore money was allotted for the direct food subsidy. Though, the revised allocation is much lesser than the budget allocation at Rs.108688 crores. To enhance the livelihood of the farmers, the fertilizer subsidy is estimated at Rs.71039 crores on the public expenditure account in the 2020-2021 budget. It is estimated to increase the petroleum subsidy by 6.1 percent with Rs.40915 crores.

Table 2. Expenditure based on Ministries

Ministries	2018-19 Actuals	Revised Budget 2019-2020	Budget 2020-2021	Percentage Change 2019-20 to 2021-21
Defence	431011	448820	471378	5
Home Affairs	119025	139108	167250	20.2
Agriculture and Farmers' Welfare	138564	109750	142762	30.1
Consumer Affairs, Food and Public Distribution	194513	117290	124535	6.2
Rural Development	119874	124549	122398	-1.7
Human Resource Development	94854	94854	99312	4.7
Road Transport and Highways	83016	83016	91823	10.6
Communications	38637	35749	81957	129.3
Railways	68019	69967	72216	3.2
Chemicals and Fertilisers	80534	80968	71897	-11.2
Health and Family Welfare	64559	64609	67112	3.9
Housing and Urban Affairs	48032	42267	50040	18.4
Petroleum and Natural Gas	42901	42901	42,901	0.00
Other Ministries	1262809	1244703	14,36,648	13.8
Total Expenditure	2786349	2698552	30,42,230	12.7

Source: Union Budget Documents, various years.

The home-affairs ministry allocation has been increased by 20.2 percent as compared with the previous year's budget with the amount of Rs.28142 crores. The allocation for communication ministry hiked by 129.3 percent with Rs.46208 crores. The ministry of

agriculture and consumer affairs has hiked by 30.1 percent and 6.2 percent in the budget 2020-2021.

Table. 3 Welfare Scheme Allocations

	Actuals 2018- 19	Budgeted 2019-20	Revised 2019-20	Budgeted 2020-21	Percentage change (RE 2019- 20 to BE 2020-21)
PM-KISAN	1,241	75,000	54,370	75,000	37.90%
MGNREGS	61,815	60,000	71,002	61,500	-13.40%
National Education Mission	30,830	38,547	37,672	39,161	4.00%
National Health Mission	31,502	33,651	34,290	34,115	-0.50%
Integrated Child Development Services	21,642	27,584	24,955	28,557	14.40%
Pradhan Mantri Awas Yojana	25,443	25,853	25,328	27,500	8.60%
Pradhan Mantri Gram Sadak Yojana	15,414	19,000	14,070	19,500	38.60%
Pradhan Mantri Fasal Bima Yojana	11,937	14,000	13,641	15,695	15.10%
AMRUT and Smart Cities Mission	12,085	13,750	9,842	13,750	39.70%
Green Revolution	11,758	12,561	9,965	13,320	33.70%

Swachh Mission	Bharat	15,374	12,644	9,638	12,294	27.60%
National Drinking Mission	Rural Water	5,484	10,001	10,001	11,500	15.00%
Pradhan Krishi Yojana	Mantri Sinchai	8,143	9,682	7,896	11,127	40.90%
Mid-Day Programme	Meal	9,514	11,000	9,912	11,000	11.00%
National Mission	Livelihood	6,282	9,774	9,774	10,005	2.40%

Source: Union Budget Documents, various years.

4.3 Expenditure on Important Government Schemes

The Prime Minister's scheme for financial support to farmers (PM-KISAN) has been the top allocation in the 2020-2021 budget which consists of rupees 75000 crores. The scheme allocation has been increased to 37.9 percent as compared with the previous year's allocation. The MGNREGP got the budget expenditure allocation of rupees 61500 crores. There was a decline of 13.4 percent. Allocation for national education mission has increased by 4 percent and Integrated Child Development Services has also hiked by 14.4 percent. Pratan Mantri Gran Sadak Yojna has got an allocation of 15.1 percent as compared to the previous year's budget. Smart cities development, Green Revolution, Swachh Bharat Mission, Rural Drinking Water Mission, and Prathan Mantri Krishi Sinchai Yojana have got a positive hike of 39.7 percent, 33.7 percent, 27.6 percent 40.9 percent respectively.

5. Conclusion

The important role of the budget is lined up as a central administration of the nation. The scope of the whole governmental operation is determined by the resource allocation of various developmental programs. The major role of the budget is considered as a tool of financial control, acting as an instrument for public policy, administration, accountability, planning, and performance evaluation. This study attempts to reveal the significance of the union budget for the promotion of economic growth and estimate the financial status of the union government in the recent year 2020-2021. It is so crucial to investigate the influence of the state revenues and expenditures on the growth of the nation due to the statement that the nation uses as a regulating economy instrument the fiscal policy. The government policy formulations and reforms have aimed at determining the banking system to support the flow of credit to the nation and implement monetary and fiscal incentives to sustain total demand



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Government has to increase the budget expenditure for the health and education sector. New schemes are to be introduced to promote the livelihood of the informal sector workers in India.

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