Title of the thesis:

“AN ANALYTICAL STUDY OF GOVERNMENT BUDGET AND ITS IMPACT ON GROWTH AND DEVELOPMENT OF CHHATTISGARH STATE.”

Introduction:

A Budget is an important concept in microeconomics. Budget is a statement of the financial positions of an administration for a definite period of time based on estimates of expenditure during the period and proposals for financing them. It is a plan for the coordination of resources and expenditure.

The first general budget of India was presented by the India’s first finance minister Sir R.K. Shanmugham Chetty on November 26, 1947. Since then 28 union finance ministers have been presented the budget every year. Initially, much attention was given to the agricultural sector but as later on, the focus shifted to the other sectors including the industrial, financial and other sectors.

A government budget is a document plan of public revenue and expenditure that is often passed by the legislature, approved by the chief executive or president and presented by the Finance Minister to the nation. The budget is also known as the Annual Financial Statement of the country. This documents estimate the anticipated government revenues and government expenditures for ensuing (current financial year). Government budgets are of three types: balanced budget (when the government revenue as expenditure are equal), surplus budget (when anticipated revenues exceed expenditure), deficit budget (when anticipated budget is greater than revenues).

The Union Budget of India for 2012–2013 was presented by Pranab Mukherjee, the Finance Minister of India on 16th March 2012, this was the 7th budget of his career. These budgetary proposals would be applicable from 1st April 2012 to 31st March 2013. The Union Budget of India for 2013–2014 was presented by Cabinet Minister P. Chidambaram on 28th February 2013 (Thursday).

The Finance Minister Shri Pranab Mukherjee in Lok-Sabha identifies five objectives to be addressed effectively in the ensuing fiscal year. They include focus on domestic demand driven growth recovery; create conditions for rapid revival of high growth in private investment; address supply bottlenecks in agriculture, energy and transport sectors particularly in coal, power, national highways, railways and civil aviation; intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts and expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.
Each state government maintains its own budget, prepared by the state’s minister of finance in consultation with appropriate officials of the central government. Primary control over state finance rests with the state legislature in the same manner as at the state government level. State finance are supervised by the central government, however, through the controller and the auditor general of India; the latter reviews state government accounts annually and reports the findings to the appropriate state governor for submission to the state’s legislature. The central and state budget, consist of a budget for current expenditure, known as the budget on revenue account and a capital budget for economic and social development expenditure.

The Rs. 37573.61 crore annual budget for the financial year 2012-2013 was passed in Chhattisgarh Legislative Assembly (CLA) on Friday evening as the appropriation Bill moved by the government was adopted with voice vote. The Chhattisgarh budget for the fiscal 2012-2013 was up by 15 percent at Rs.37573.61 crore as compared to last year’s the annual budget outlay of Rs.32747.46 crore. The appropriate bill was moved by Chief Minister Dr. Raman Singh, who also holds the finance portfolio.

In short we can say budget is a big opportunity to demonstrate that the government has a clear plan to support economic growth as well as manage the deficit.

Budget is an investment vehicle that boosts growth. Government use a budgeting system to plan for the growth and development over a specified period of time.

**Importance**

The budget is government’s most important economic policy tool. And it is most economic event in the country which outlines all the economic planning of the government of India for the next year. It is not only important for the corporate but for individuals from all sections of the society.

Budgets translate a government’s policies, political commitments, and goals into decisions on how much revenue to raise, how it plans to raise it, and how to use these funds to meet the Country’s needs. A budget system that functions well is crucial to development and economic growth. Government budgeting is important because it enables the government to plan and manage its financial resources to support the implementation of various programs and projects that best promote the development of the country. Through the budget, the government can prioritize and put into action its plants, programs and policies within the constraints of its financial capability as dictated by economic conditions.

Chhattisgarh is the most immerging state of country in the field of development. The main responsibility of the Government in the overall development of the state is to contribute through industrialization and trade promotion. Department is playing supporting role in the establishment of micro, small, medium, mega and ultra mega units, creating employment opportunities through prime minister
employment generation program and all area development through capital investment. Implementation of industrial policy is done through the Directorate of industries, Chhattisgarh State Industrial Development Corporation Ltd. and Rajya Nivesh Protsahan Board. Manipulation and control of departmental budgets and control and guidance of district offices are done by directorate of industries. In the state various schemes being operated to promote industrial investment. In this budget Rs.46 crore for interest subsidy to industry, 4 crore 50 lakhs for cost capital subsidy to industrial units, 20 crore for new industrial establishment and 10 crore for industrial parks has been earmarked.

Today, after becoming the state, the potential growth in many areas and projects are activated in Chhattisgarh. In such a situation the role of budget would be important. Detail studies of these activities attracted me for this research. Budget, which has very detailed methodology, what is its structure? And what is its involvement in economic development? The answer of these types of questions can be found through investigation.

This study provides an analytical review of annual accounts of the government and state (Chhattisgarh) government. The financial performance of the state has been assessed based on the budget document. It provides an insight into trends in committed expenditure and borrowing pattern besides a brief account of central funds transferred directly to state implementing agencies through off budget route.

**Review of the Literature :**

♦ Government Accounting. B. G. Balakrishanan, Economic And Political Weekly, March 26, 2011  VOL XLVI NO 13


♦ Background to The Budget C. Rammanohar Reddy, Economic And Political Weekly, March 17,2012  VOL XLVII NO 11

♦ Once Again Without Credibility Budget 2012, built Yet again at the altar of fiscal fundamentalism, will not convince Anybody, Economic And Political Weekly, March 24, 2012 VOL XLVII NO 12.

**Objectives of the Study :**

♦ To evaluate the role of government in making the balance between available funds and estimated expenditure of Chhattisgarh state.

♦ To know the actual financial operation of government to be measured against the forecast.

♦ To consider the government sponsored schemes for the overall development and the objectives of the schemes.
To analyses and evaluate the inflow and outflow of resources.
♦ To critically appraise the budget of government.
♦ To critically appraise whether government conducts all aspects keeping in view the interest of the state priorities.
♦ To know the role of budget in growth and development of Chhattisgarh.

Noteworthy Contribution in the Field of Proposed Work:

♦ Related information will be represented of the government budget.
♦ Appropriate suggestions can be given for balanced development.
♦ Suggestions can be given for those industries which are neglected by the government.
♦ This study will give information of the resources of the income and expenditure, which is responsible for growth and development of Chhattisgarh.

Proposed Research Methodology:

The term research can be defined as “a scientific and systematic search for pertinent information on a specific topic”. A research is a careful investigation or inquiry especially through search for new fact in branch of knowledge.

The meaning is defined by various people in several ways. Research is a original contribution to the existing stock of knowledge through objective and systematic method of finding solution to a problem. Research methodology is away to systematically solve the research problem. It is the process of a systematic and in depth study or search of any particular topic, subject or area of investigation, backed by the collection, compilation, presentation and interpretation of relevant details or data. It may develop a hypothesis and test it may also establish relationships between variables and identify the means for problem solving. For this study ‘formulating research’ is used. The main purpose of using this method is to increasing familiarly with the phenomenon and establishing priorities for future research.

The resources of information are generally classified as primary and secondary. primary data is collected through the use of observation, interviews or questionnaires. Secondary data include both raw data and published summaries. It may include data collected by other organization, government, or data gathered by research organizations. The proposed work will mainly based on secondary data along with an attempt to collect first hand information through interview, questionnaire and schedules.
Hypothesis (Expected Outcome of the Work):

An hypothesis is a specific statement of prediction. It describes in concrete terms what we expect will happen in our study. Hypothesis provides guidance to proceed on certain definite lines. It helps us in knowing the direction in which we should proceed. The expected outcome of the study is:

♦ Chhattisgarh government got success in making the balance between funds and expenditure.
♦ Presently Chhattisgarh has a better fiscal position than most other Indian states. It is one of the few states, which has a primary surplus.
♦ Different projects and schemes which is run by govt. is not sufficient for growth and development.
♦ Govt. is giving attention to the balanced development of state.
♦ Budget is a big opportunity to demonstrate that the government is a clear plan to support economic growth as well as manage the deficit.

Limitation of the Study

The proposed study is to be conducted for the period starting from April 2005 to March 2012.

Bibliography:

Books

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♦ Saranavel P. Research Methodology, Allahabad : Kitab Mahal. 2006

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