SYNOPSIS

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A Comparative Study of Annual Budget of

Submitted by

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Introduction:-

Government budget is an Annual Financial Statement. It is the government’s proposed revenues and spending for a financial year. It is passed by the legislature, approved by the chief executive or president and presented by the finance minister to the state. The budget is also known as ‘Annual Financial Statement’ of country, this document estimates the anticipated government’s revenues and government’s expenditures for current (ensuing) financial year.

A budget is an important concept in Micro Economics. This financial statement gives definite estimates of expenditure during the period of proposals and revenues for financing them; it is the plan for the co-ordination 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 the attention of budget shifted at different sectors, where initially at starting attention was given to the agriculture sector but as later on the focus shifted to the other sectors including Industrial, Financial and so on.

With Union Budget of Country each state government maintains its own budget prepared by states Minister of Finance in consultation with appropriate officials of Central Government. Primary control over state finance rests with the state legislature in the same manner as the national level budget. State finances are supervised by the central government, however the Controller and Auditor General of India.
The basic concept of Union Budget and State Budget (Central or state) is near about the same. Process of budget formulation is a highly streamlined exercise and is governed by a well defined set of rules. These rules have been prepared within the framework of various articles of the constitution of India.

Presentation of annual budget is a mandatory function of state government. In pursuance of Article 202 of the constitution, the governor of a state is to lay before the state legislature, annually a statement of the estimated receipts and expenditure of the state government for financial year. This Annual Financial Statement comprises the following –

1. Statement indicating the sums required to be spent during the financial year, on purpose of the public interest.
2. Estimates of Revenue and Receipts expected to be received by the government during the year.
   And
3. Statement showing the financial position of the Government.

Maharashtra State is one of the largest, wealthiest and developed states in India. Maharashtra is the third most urbanized state with urban population of 45% of whole population.

Mumbai is the capital of Maharashtra and also the financial capital of India, with houses the headquarters of almost all major banks, Financial Institutions, Insurance Companies and Mutual Funds.

**Importance of Budget: -**

The state budget is always among the most anticipated events of first quarter of the year.

Just like the annual financial statements of business firms which highlight their revenues and expenditure in the year, the national budget lays out planned expenditures and estimated revenues of the government for the following year.
The budget always has something in it for everybody right from the common man, to the entrepreneur, from the giant business house to the humble farmer.

**Significance of the state budget:**

Being the most important Economic Policy document of the Government, the budget is the primary tool used by it to achieve important economic objectives. These could range from spurring economic growth, reducing income inequalities and regional disparities, minimizing poverty and unemployment and managing the public enterprises.

**The budget has importance because of the following reason:**

- The government tries to maintain economic stability through budget policies. It can control fluctuations in the general price levels of commodities and services in the country through taxation, expenditures and subsidies.
- The budget is instrumental in ensuring proper allocation of public resources to achieve various socio economic goals in the society (This is done, for instance by giving tax sops for promoting manufacture of socially useful goods like Khadi or allocating resources to socially important sectors like rural sanitation, education and electrification where private interest is negligible)
- By levying higher taxes on the wealthy and lesser taxes on the rest, government is essentially reducing the disposable income with the rich and leaving more with the others. Tax rates along with the others. Tax rates along with provision of subsidies and amenities at low cost for those with lower income, inequalities in wealth and income is sought to be reduced.
- Overall a budget helps to rein discipline in expenditure with resources are employed efficiently to ensure targets are met.

**Some sections of budget that can have direct impact on finances of common man**
• **Budget Allocation:-**

From Budget allocation you get the sense of what sectors of priorities for the government. A budget is focused on boosting economy / economic growth, would allocate more resources to infrastructure support, promoting domestic manufacture and exports, developing entrepreneurship etc. in a pro-poor budget the focus would be on allocating resources to social scheme, generating employment, providing healthcare and sanitation facilities etc.

The budget for 2017-18 is widely expected to be a make-feel-good budget post the denomination tsunami. According one might expect budgetary allocations for encouraging and rewarding cashless transactions, increased social security for senior citizens, among other things.

• **Tax Policy: -**

All ears stand up when the finance minister is reading out the changes proposed in taxation. As far as personal taxes go, will the rates be lowered? Will tax slabs be raised? And most important tax deduction limits are revised keeping in mind inflation growth and actual expenses incurred by people in those areas. For example conveyance allowance limit in tax on salary was doubled in the Budget for 2015-16from Rs.800 to Rs.1600

• **Savings and Investment: -**

Household savings and investments play an important role in promoting economic growth. By using tax an incentive, the government attracts savings and investments to the sectors it desires. Tax free infrastructure bonds are the examples of this, Equity investments are encouraged by making them tax free.

• **Housing Sops:-**

Affordable housing is a top priority for the government. So until the target of housing for all is achieved, except to see announcements revolving around the housing sector in the forthcoming union budget.
Budget is government’s most important economic tool as it is the most significant economic event of the country which outlines all economic planning of the government, for the next financial year. It is not only important for individuals from all sections of society.

**Types of Budget on the basis of the scope**: -

There are various types of budget on the basis of its scope that are as follows –

1. **Union Budget**: -
   
The union budget is the budget prepared by the central government for the country as a whole.

2. **State Budget**: -
   
   In countries like India, there is a federal system of government thus every state prepares its own budget, which is called as state budget.

3. **Plan budget**: -
   
   It is the document showing the budgetary Provision for important projects, programs and Schemes included in the central plan of the country it is also shows the central assistance to state and union territories.

4. **Performance budget**: -
   
The central ministries and departments dealing with development activities prepare performing budgets present the main projects, programs and activities of the government in the light of specific objectives and previous year’s budgets and achievements.

5. **Supplementary budget**: -
   
   This budget forecasts the budget of the coming year with regards revenue and expenditure.

6. **Zero based budget**: -
   
   This is defined as the budgetary programs which require each ministry or department to justify its entire budget in detail it is a system of budget in which all government expenditure must be justified for each new period.
Types of Budgets: -

Budgets are of three types balanced, surplus and deficit budgets - depending upon effectiveness of budget weather the estimated receipts are equal to, less than or more than estimated receipts, respectively

1) Balanced Budget :-

A government budget is said to be balanced when its estimated revenues and anticipated expenditures are equal i.e. government’s revenues and government’s expenditure.

2) Surplus Budget :-

When estimated governments receipts are more than the estimated government’s expenditure, it is termed as surplus budget, when the government spends less than the receipts the budget becomes the surplus.

3) Deficit Budget :-

When the estimated government’s receipts are less than the government expenditures, it is called as the deficit budget. In the modern economics most of the budgets are of this nature, that the estimates governments receipt anticipated government expenditure.

Objectives of the Study:-

Objectives of the present study are as following:

1. To study the fiscal policies of Maharashtra Government.
2. To study the yearly revenues and expenditures of the Maharashtra Government.
3. To study the trends in developmental and non developmental expenditures of the Government of Maharashtra.
4. To evaluate the role of government in balancing available funds and estimated expenditures.
5. To critically analyze priorities and allocation of available funds in different sectors, in different financial year (period).
6. To know the contribution of Maharashtra budget in various sectors during.
7. To study trends of allocation of funds to various sectors.
8. To through light on impact of budget on different sectors of economy of Maharashtra.
10. To give suggestions to improve working of budgets.

**Importance of the study:**

In today's activated and changing economic structures, priorities sectors and projects, the role of budget is very important. This study allows study of these activities and criteria of government towards various sectors like Industries, Agriculture, Trade, Education and other progressive policies and projects etc.

This study will analyze the changing views and pattern of Maharashtra State Budget of the different sectors. This study will help to understand criteria, view point of Govt. and various initiative projects taken by govt. to enhance the growth of state at economic point of view.

The study will focus on priorities of Government of Maharashtra related to various sectors of economics. It will also helpful to understand the various resources available with the government like taxes, borrowings, from various agencies etc.

The study will be helpful to the planners and government officers for effective utilization of available funds. The state study will also helpful to the academician, research scholars and public at large. It will also be helpful to understand trends in allocation of funds to different sectors of economic.
Limitations of the study: -

The limitations of the present study are as follows.
1. This study is related to only limited period of 5 years.
2. This study largely depends on the secondary data.
3. The present study covers the Budget of Government of Maharashtra only.
4. Since it is the study of the Government of Maharashtra State it’s conclusion may or may not be applicable to other states.

Hypotheses

- Decrease in developmental expenses in annual budget of the study period has affected on the economic development of Maharashtra.
- There is minor deviation in the Budget between actual expenses and receipts.
- Fiscal deficit is a major concern for inflation in Maharashtra during study period.

Chapter Scheme

1. Introduction :-
   The first chapter presents overview of the subject i.e. the introduction of a state government’s budget, Revenues and Spending of the government etc. This chapter outlines the importance and the types of the budget to elaborate the concept.

2. Profile of Maharashtra State:-
   This chapter presents an overall profile of the state with special reference to its financial and economical aspects.

3. Research Methodology & Review of Literature:-
   The chapter presents a review of literature related with the subject matter under study and the different methodologies i.e. Descriptive Method, Historic Method and Analytical Methods of Research. Used to collect, interpret and present the data.
4. Impact of Annual Budget in the Economy of Maharashtra:
   The forth chapter is focused on the impact of annual budget in the economical, educational and different social aspects of Maharashtra.

5. Budget Analysis from 2014-15 to 2019-20:
   In this chapter the relative five years budget of Maharashtra Government i.e. from 2014-15 to 2019-20 is critically analyses to properly interpret the Maharashtra’s Budget to unfold the various aspects of Maharashtra State Annual Budget.

6. Comparative Study of Annual Budgets from 2014-15 to 2019-20:
   In this chapter the critically analysis and comparison of the Five years Budget will be done starting from 2014-15 to 2019-20. To draw conclusions relating the pattern of Governments policies, towards different sectors of developmental and non developmental sectors.

7. Summary of Conclusions and Recommendations:
   In this chapter the Conclusions and Recommendations will be drawn after critically studying and analyzing the data collected and analyzed using various research methodologies as stated.

Research Methodology

- Collection and Interpretation of Data:
  For the sake of study the data will be collected from both Primary and Secondary Sources. For the present study descriptive, historical & analytical methods of research are used. This Study is mainly based upon Secondary Data. Any how the study will also use primary data whenever necessary. Such a data will be collected by the following means-

Primary Data: -

1. Questionnaires
2. Interviews
3. Observation
Secondary Data: -

1. Governments Budget
2. Journals
3. Research Thesis
4. Various Committee Reports
5. Online Information through Websites
6. News Papers
7. Books

Presentation: -

The data collected by the various primary and secondary sources will be analyzed and presented using the following Statistical presentation tools: -

1. Charts
2. Pie Charts
3. Diagrams
4. Bars
5. Percentage
6. Regression Equations
7. Tabulation
8. Averages

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