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# A Study on Budget Allocation System in India

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**Abstract:** This study examines the allocation system of Union Budget from 2009-19 in India. The study intended to determine the factors that influence the budget allocation system and their proportions of different sectors and also to analyse the difference between budget allocated and outcome by using statistical tools like line chart and pie chart. The study focused on agriculture sector, industry sector and service sector. Data was collected from secondary sources such as websites, newspapers, articles and reports of Union Budget. The growth in Indian agriculture sector should be improved in overall rural economy. The minimum public shareholding in listed companies will be increased from 25% to 35%. The present policy of 51% stake of government in non-financial PSUs will be modified to include stake of government-controlled institutions.

**Keywords:** Budget Allocation System, Union Budget, Agriculture sector, Industry Sector and Service sector.

## I. INTRODUCTION

According to article 112 of the Indian constitution, the Union Budget of a year is the annual financial plan, could be a statement of the calculable receipts and expenditure of the Government for that exact year.

Budget system was introduced in Bharat on seventh April, 1860 by James Wilson, the primary Indian Finance Member delivered the budget speech exposition the Indian monetary policy and he is thought as the father of Indian budget. The first Union Budget of Independent India was presented on November 26, 1947 by RK Shanmukham Chetty. The first Budget of the Republic of India was presented by John Mathai on February 28, 1950. Budget is created through a consultative method involving the finance ministry, the NITI Aayog, and therefore the varied outlay ministries. The ministries are needed to produce 3 completely different types of figures associated with their expenditure and receipt throughout the method of Budget illustration - Budget Estimates, Revised Estimates, and Actuals. According to Article 77 (3) says the union minister of India has been created accountable by the President of India to arrange the annual financial plan and present it in Parliament. First, the minister of finance of India delivers the Budget speech within the Lok Sabha. The speech has 2 components - part 1 includes general economic affairs of the country and part 2 relates to taxation proposals. The annual monetary statement is set on the table of the Rajya Sabha, or the higher House of Parliament, when the minister of finance concludes his speech within the Lok Sabha.

### A. Budget Allocation System

Budgetary allocation of resources is a vital instrument of policy of the govt to accelerate economic process and cut back disparities. Its size and pattern have nice influence on development of varied sectors and it's emerged as a vital issue influencing the sectoral growth. The amount and composition of monetary fund expenditure is decided by the political, social and economic factors.

### B. Objectives of The Study

- 1) To identify the different factors that leads to the budget system.
- 2) To know the proportions of different sectors on budget allocation.
- 3) To analyze the difference between budget allocation and outcomes of different years.

### C. Research Methodology

The study entailed collection of information based on secondary data method and it has taken from the different sources such as websites, newspapers, articles, reports and magazines.

Sample size:

10 years starting from the year 2009-10 to 2018-19.

Statistical tools: Graphs

- 1) Pie chart and
- 2) Line chart

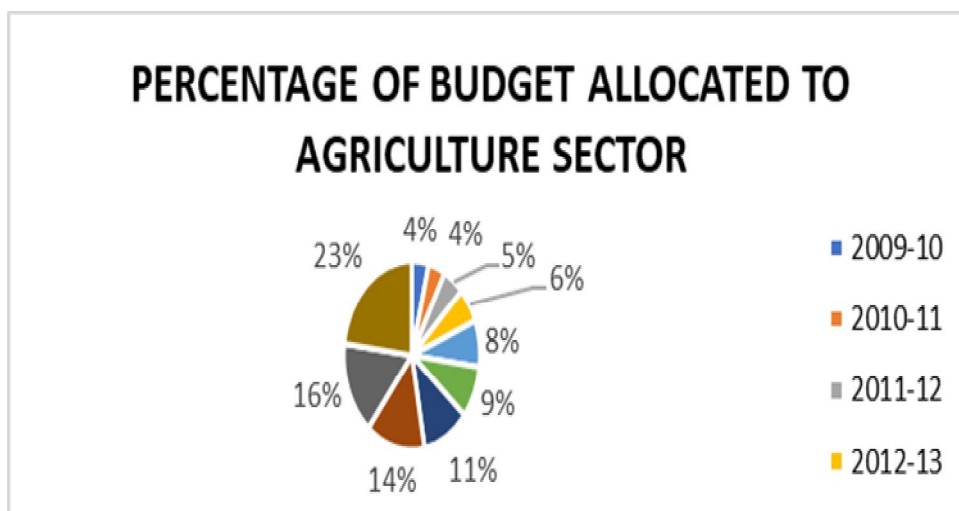
## II. DATA ANALYSIS

### 1) Budget allocation for agriculture sector from 2009-19

Table no 1: Apportionment of Agriculture sector related to budget allocation

YEAR	AMOUNT IN AGRICULTURE SECTORS (Crore)	PERCENTAGE
2009-10	13,100	4
2010-11	14,000	4
2011-12	17,123	5
2012-13	20,208	6
2013-14	27,049	8
2014-15	28,500	9
2015-16	35,000	11
2016-17	47,912	14
2017-18	51,576	16
2018-19	77,752	23
Total	3,32,120	100

Fig no 1: Graphical representation of Budget allocated to Agriculture sector



#### Interpretation

From the pie chart we can examine that there is an increase in every year and also some fluctuation in the year 2015-16.

- In 2009-10 the budget allocation to the agriculture sector was 13,100 crores with 4% and in 2018-19 it has increased to Rs 77,752 crores with 23%.
- In the year 2014-15 the budget allocated to agriculture sector was 9% and in 2016-17 there is an increase up to 14%.

2) Budget allocation for industry sector from 2009-19

Table no 2: Apportionment of Industry sector related to budget allocation

YEAR	AMOUNT IN INDUSTRY SECTOR (Crore)	PERCENTAGE
2009-10	1,00,000	5
2010-11	1,51,160	8
2011-12	2,14,000	10
2012-13	3,50,000	17
2013-14	1,03,197	5
2014-15	3,38,562	17
2015-16	1,45,000	7
2016-17	97,000	5
2017-18	2,41,387	12
2018-19	2,89,000	14
Total	20,29,306	100

Fig no 2: Graphical representation of Budget allocated to Industry sector

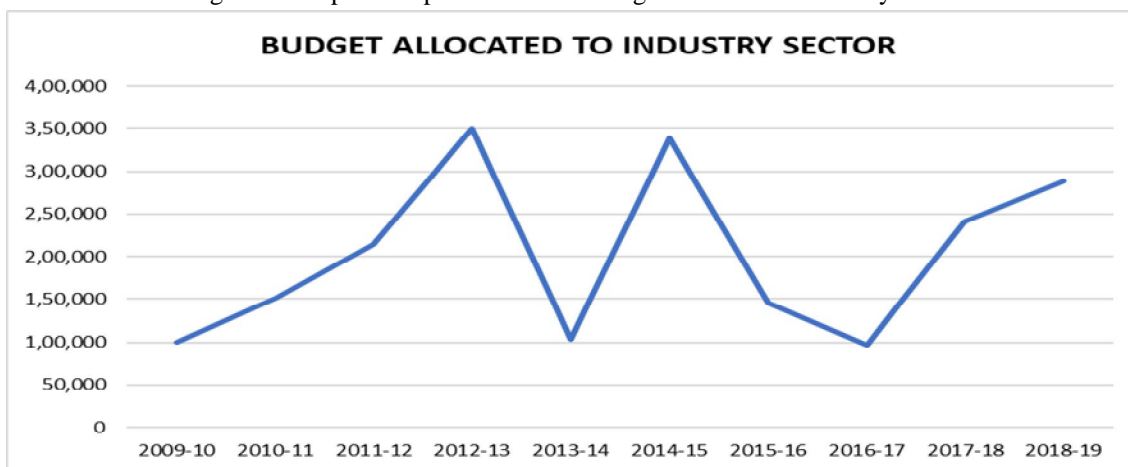
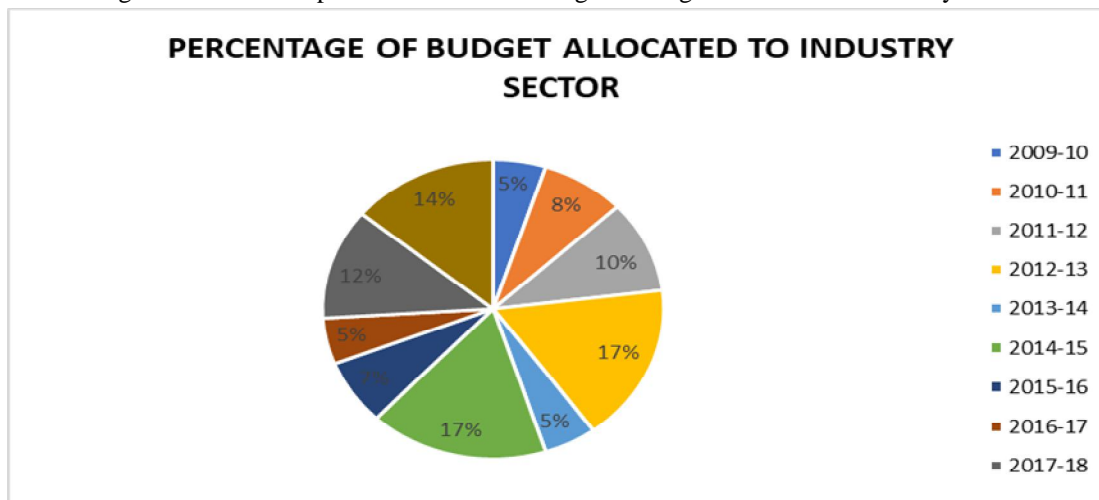


Fig no 3: Pictorial representation of Percentage of Budget Allocation to Industry sector



**Interpretation**

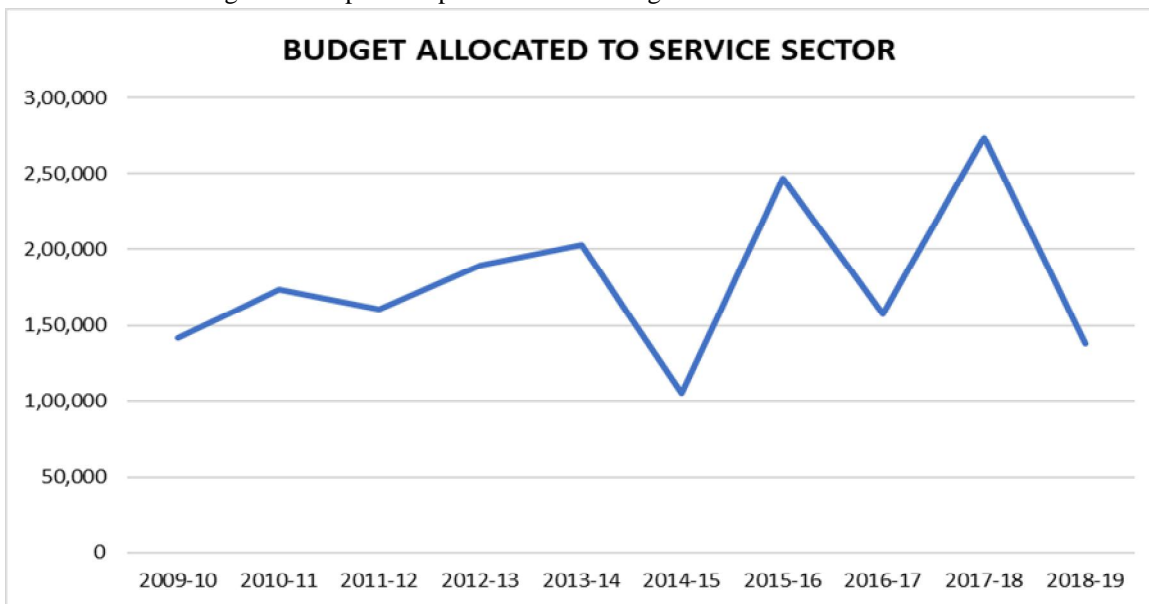
From the graph and pie chart, we can examine that there is an increase in every year and also some fluctuation in the year 2015-16.

- a) In 2009-10 the budget allocation to the industry sector was Rs 1,00,000 crores with 5% and in 2018-19 it has increased to 2,89,000crores with 14%.
- b) In the year 2010-11 the sector has increased to 8% whereas in the year 2012-13 the budget allocation was 17%.
- 3) Budget allocation for service sector from 2009-19

Table no 3: Apportionment of Service sector related to budget allocation

YEAR	AMOUNT IN SERVICE SECTOR (Crore)	PERCENTAGE
2009-10	1,41,703	8
2010-11	1,73,552	10
2011-12	1,60,857	9
2012-13	1,89,000	10
2013-14	2,03,000	11
2014-15	1,05,000	6
2015-16	2,46,727	14
2016-17	1,57,581	9
2017-18	2,74,000	15
2018-19	1,38,000	8
Total	17,89,420	100

Fig no 4: Graphical representation of Budget allocated to Service sector



**Interpretation**

From the graph and pie chart we can examine that there is an increase in every year and also some fluctuation in the year 2015-16.

- a) In 2009-10 the budget allocation to the service sector was Rs 1,41,703 crores with 8% and in 2018-19 it has increased to 1,38,000crores with 8%.
- b) In the year 2010-11 the sector has increased to 10% whereas in the year 2012-13 the budget allocation was 11%.
- c) In the year 2014-15 the budget allocated to service sector was 6% and in 2016-17 there is an increase up to 9%.



4) To identify the different factors that leads to the budget system.

**Interpretation**

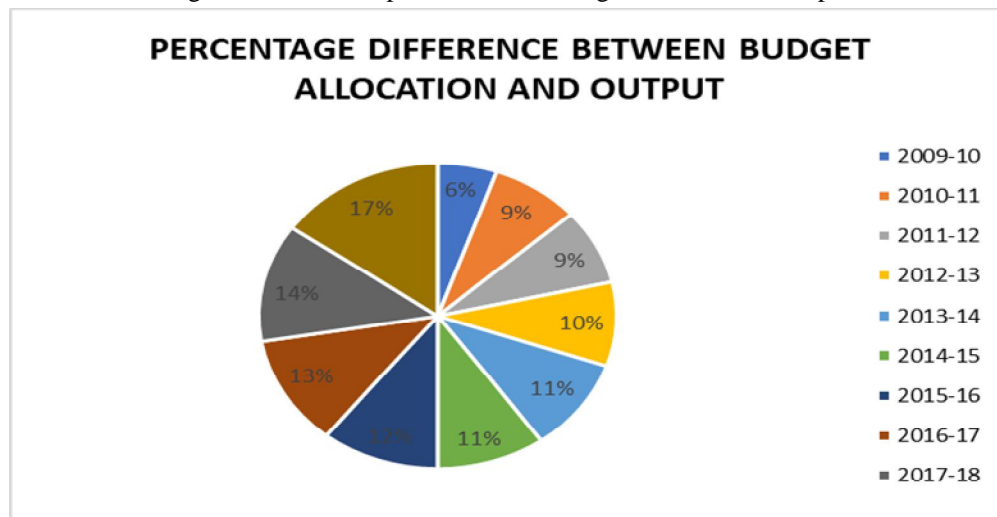
- a) Risk is a major determinant of feasibility of business investment.
- b) Legislation and government regulations can disrupt a company marketing, production or financial plans in a major way.
- c) Industry trends may affect company operating supply, demand, government regulation.
- d) Capacity of the management in managing of human resource operations.
- e) Adequate access to financial resources in or due to finance its projects and to carry out its activities.
- f) Due to socio-economic policies and practices of the country.

5) To analyze the difference between budget allocation and outcomes of different years.

Table no 4: Analysis of differences on budget allocation and outcome

S.NO	YEAR	Budget allocation (Crores) (X)	Output (Crores) (Y)	Difference (Crores) (X-Y)	Percentage (%)
1	2009-10	1020837.68	3540262.68	2519425	5
2	2010-11	1108749.24	5204018.65	4095269	8
3	2011-12	1257728.83	5148253.43	3890525	8
4	2012-13	1490925.29	6114899.64	4623974	9
5	2013-14	1665297.32	6553548.44	4888251	10
6	2014-15	1794891.96	6794670.82	4999779	10
7	2015-16	1777477.04	7119791.64	5342315	11
8	2016-17	1978060.45	7620600.81	5642540	11
9	2017-18	2531762.15	8658792.55	6127030	13
10	2018-19	2920484.37	10290183.31	7369699	15
	Total	17546214.33	62361421.97	49498807	100

Fig no 5: Pictorial representation of Budget allocated and output



**Interpretation**

From the graph and pie chart we can examine that there is an increase in every year and also some fluctuation in the year

- a) In 2018-19 the budget allocation output is more than with 17%.
- b) In the year 2010-11 the sector has increased to 10% whereas in the year 2012-13 the budget allocation was 11%.
- c) In the year 2014-15 the budget allocated to agriculture sector was 6% and in 2016-17 there is an increase up to 9%.

### III. FINDINGS

- A. Over the past few decades, the producing and services sectors have more and more contributed to the expansion of the economy, whereas the agriculture sector's contribution has diminished from over 50 percent of GDP within the 1950's to 15.4% in 2015-16.
- B. The growth in Indian agriculture sector should be improved in overall rural economy (i.e. Agriculture and Allied activities, Irrigation and control, Village and tiny industries, Rural development and special space programme).
- C. Budget 2017-18 is firmly to achieve high growth of 8% plus as manufacturing, services and exports are back on good growth path. Whereas GDP growth at 6.3% in the second quarter of 2017-18 signaled turnaround of the economy, growth within the half is probably going to stay between 7.2 percent to 7.5 percent.
- D. Budget allocation for service sector reapportionment is diminished from 15 percent (2017-18) to 8 percent (2018-19).
- E. Budget allocation for industry sector has been increased from 12% (2017-18) to 14% (2018-19).
- F. Stress on zero-budget farming, that may be a kind of horticulture as a self-sustainable follow, with minimum external intervention in 2019-20.

### IV. SUGGESTIONS

- A. There ought to be robust policies to spice up the productivity of the agricultural sector. equally the welfare of the little and marginalized farmers ought to be taken into thought.
- B. Plugging the loopholes in international taxation and promoting transparency within the world national economy.
- C. Increasing the number of budget allocation to modify open access to quality education across Asian nation.
- D. The social control of funding capability to regulate operations is beneficial for handling dynamical and varied conditions, however it impedes the flexibility of the budget analysts and planners to access future resource needs.

### CONCLUSION

This study has been muted references to withdrawal and banking reforms. The FDI state of affairs has been left for the most part unchanged whereas reforms within the education and insurance sector haven't been mentioned extensively. The budget allocation has been excellent to the agricultural sector. The National Rural Employment guarantee theme has been allotted additional funds to form it an even bigger success. There are further funds allotted towards rural housing moreover. The budget has emerged as a part of the current government's future roadmap for the economy.

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