

Union Budget 2017 – 2018: An Outlook of Mumbaikar

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Abstract:

India is one of the fastest growing economies of the world. India is a federal republic means it has existence of state governments as well as a Union Government. By the nature of the organization of the country, the Union Government is powerful than the state governments. According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditure of the government for that particular year. Union Budget keeps the account of the government's finances for the fiscal year that runs from 1st April to 31st March. The Union Budget is perhaps the most watched event in economic policy making in India. The core fiscal issues - taxation, expenditures, and the fiscal deficit - are obviously important for macroeconomics. In addition, governments have often chosen to use the Budget speech as a mechanism for announcing important new policy initiatives, and for outlining some plans for economic policy in the coming months. The paper tries to put a light on the overall Union Budget for the Financial Year 2017 - 18 and also tries to study the views of Mumbaikars about the Union Budget

Keywords: Economic Policy, Public Accountability, Union Budget.

Introduction:

According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditure of the government for that particular year.

The Union Budget, which is a yearly affair, is a comprehensive display of the Government's finances. It is the most significant economic and financial event in India. The Finance Minister puts down a report that contains Government of India's revenue and expenditure for one fiscal year. Union Budget keeps the account of the government's finances for the fiscal year that runs from 1st April to 31st March. Union Budget is classified into Revenue Budget and Capital Budget. Revenue budget includes the government's revenue receipts and expenditure. There are two kinds of revenue receipts - tax and non-tax revenue. Revenue expenditure is the expenditure incurred on day to day functioning of the government and on various services offered to citizens. If revenue expenditure exceeds revenue receipts, the government incurs a revenue deficit. Capital Budget includes capital receipts and payments of the government. Loans from public, foreign governments and RBI form a major part of the government's capital receipts. Capital expenditure is the expenditure on development of machinery, equipment, building, health facilities, education etc. Fiscal deficit is incurred when the government's total expenditure exceeds its total revenue.

The various objectives of government budget are: Government prepares the budget for fulfilling certain objectives. These objectives are the direct outcome of government's economic, social and political policies.

1. Reallocation of Resources:
 - (i) Tax concessions or subsidies
 - (ii) Directly producing goods and services
2. Reducing inequalities in income and wealth
3. Economic Stability
4. Management of Public Enterprises

5. Economic Growth

6. Reducing regional disparities

Objectives of the Study:

- To highlight the overall Union Budget of the government for the financial year 2017 – 18.
- To study the opinion of Mumbaikars about the Union Budget.

Research Methodology:

The present study is related to the Union Budget of the government for the financial year 2017 – 18. The study includes both primary and secondary data. The opinion of Mumbaikars is considered for the purpose of the study. The sample size is of 200 respondents. The data collected from the various respondents is on the convenience methodology. The minimum age of the respondents is 18 years. Percentage method has been used for analyzing the data. Mini charts and tables are prepared to present the data in more attractive manner. The secondary data was collected through newspapers, journals, article and websites.

Highlights of the Union Budget (2017 – 18):

- The government of India on 1st February, 2017 presented the Union Budget for the financial year 2017 – 18.
- For the 1st time the Railway Budget is presented with the Union Budget
- Pradhan Mantri Mudra Yojana lending target has been doubled at Rs 2.44 lakh crore for 2017-18
- 3,500 km railway lines to be commissioned in 2017-18 against 2,800 km in 2016-17
- Railways plan size for 2017-18 pegged at Rs. 1,31,000 crore, including Rs 55,000 crore to be provided by the government
- Using space technology in a big way to plan MGNREGA works
- During 2017-18, another 5 lakh ponds to be constructed for drought-proofing
- Aadhar Pay, a merchant version of Aadhaar-enabled payment system to be launched shortly for those without debit cards, mobile phones
- Sanitation coverage in rural areas has gone up to 60 per cent
- Swachh Bharat Mission has made tremendous progress in promoting safe sanitation and ending open defecation.
- By 2019 all passenger coaches of railways to be fitted with bio-toilets
- 1 crore houses to be completed by 2019 for houseless and those living in 'kacha' houses
- Rs 19,000 crore in 2017-18 for PMGSY; together with contribution from states, Rs 27,000 crore to be spent
- Total allocation for rural, agricultural and allied sectors for 2017-18 is a record Rs 1,87,223 crore, up 24 percent from last year
- Target for agricultural credit in 2017-18 has been fixed at a record Rs 10 lakh crore
- Coverage of Fasal Bima Yojana to go up from 30 percent of cropped area, to 40 percent in 2017-18, 50 percent in 2018-19
- NABARD to set up dedicated micro-irrigation fund to be set to achieve Per Drop More Crop mission
- Corpus of NABARD's long-term irrigation fund raised to Rs 40,000 crore

- Mini soil-testing labs in Krishi Vigyan Kendras to ensure 100 per cent coverage
- Highest ever allocation to MGNREGA at Rs 48,000 crore
- 36 percent increase in FDI flow; forex reserves at \$361 billion in January enough to cover 12 months needs
- Government took two tectonic policy initiatives - passage of GST Bill and demonetisation
- World Bank expects GDP growth rate at 7.6 percent in Financial Year 2018 and 7.8 percent in Financial Year 2019.
- Mini labs by qualified local entrepreneurs to be set up for soil testing in all 648 Krishi Vigyan Kendras in the country
- 100 percent electrification of villages to be completed by May 2018
- To construct one crore houses by 2019 for homeless. PM Awas Yojana allocation raised from Rs 15,000 crore to Rs 23,000 crore
- Rs 500 crore allocated to set up Mahila Shakti Kendras; Allocation raised from Rs 1.56 lakh crore to Rs 1.84 lakh crore for women and child welfare
- Budget allocation for highways stepped up to Rs 64,000 crore in financial year 2018 from Rs 57,676 crore
- Second phase of solar power development to be taken up with an aim of generating 20,000 MW
- Rs 2,74,114 crore allocated for defence expenditure, excluding pension; This includes Rs 86,000 crore for defence capital
- Budget allocation to health seen at Rs 489 billion in 2017/18 versus revised estimate of Rs 399 billion in 2016
- Transform, Energize and Clean India - #TECIndia – is the agenda for the next year

WHAT GOES UP

- Excise duty on un-manufactured tobacco raised to 8.3 per cent from 4.2 per cent.
- Excise duty on pan masala (guthka) hiked to 9 per cent from 6 per cent.
- Excise duty on cigar, cheroots hiked to 12.5 per cent or Rs 4006 per thousand, whichever is higher, from 12.5 per cent or Rs 3,755 per thousand.
- Parts used for manufacturing LED lights will attract basic Customs Duty of 5 per cent and CVD of 6 per cent.
- Customs Duty on printed circuit board for manufacture of mobile phones hiked to 2 per cent. Such electronic items were tax free previously.
- Excise duty on non-filter cigarettes of length not exceeding 65 mm raised to Rs 311 per thousand from Rs 215 per thousand.
- Duty on aluminium ores and concentrates raised to 30 per cent from nil presently.

WHAT COMES DOWN

- E-rail tickets.
- Solar tempered glass used for manufacturing of solar cells/panels exempted from Customs Duty.
- Customs duty on Liquefied Natural Gas (LNG) to be reduced from 5 per cent to 2.5 per cent.
- Duty exempted on various Point-of-sale (POS) machines and iris readers to encourage digital payments.

Analysis & Interpretation:**Table 1: Respondents Profile**

Demographics		Frequency	%
Gender	Male	146	67
	Female	54	33
Age	18-25	33	11
	26-45	92	37
	46 and above	75	09
Income per annum	Upto 2,50,000	65	17
	2,50,000 – 5,00,000	15	39
	5,00,000 & above	120	09

Source: Primary Data

Table No. 1 shows the demographic profile of respondents. Demographic profile was analyzed using frequency distribution. Total sample size is 200. Age, gender and income per annum constitute the demographic profile of the respondents.

Table 2: No. of Respondents who are Tax Payer

Particulars	No. of Respondents	Percentage
Yes	146	73
No	54	27

Source: Primary Data

Table No. 2 shows that out of the 200 respondents - 73% respondents are tax payers and 27% are not tax payers.

Table 3: Are the changes in Income Tax Rate Beneficial to You

Particulars	No. of Respondents	Percentage
Yes	70	35
No	66	33
Can't Say	64	32

Source: Primary Data

From Table No.3 the opinion of the respondents about how far is the change in Income Tax rate beneficial to them can be studied. From the above table it is seen that 35% of the respondents feel that the changes are beneficial to them whereas 33% feel that it is not at all beneficial and 32% are not sure.

Table No. 4 Need for change in the Income Tax Rate

Particulars	No. of Respondents	Percentage
Yes	114	57
No	48	24
Can't Say	38	19

Source: Primary Data

Table No. 4 shows the response received from the respondents on asking the question was there any need for change in the Income Tax Rate. 57% of the respondents have said Yes, 24% have said No and 19% have said Can't Say.

Table No.5 Is the Union Budget Helpful in the Development of the Economy

Particulars	No. of Respondents	Percentage
Yes	76	38
No	78	39
Can't Say	46	23

Source: Primary Data

Table No. 5 shows the response received from the respondents on asking the question is the Union Budget for the financial year 2017 – 18 helpful in the Development of the Economy. 38% of the respondents have said Yes, 39 % have said No and 23 % have said Can't Say.

Table No. 6 Is the Union Budget a Poor man's Budget

Particulars	No. of Respondents	Percentage
Yes	54	27
No	130	65
Can't Say	16	08

Source: Primary Data

Table No. 6 shows the response received from the respondents on asking the question is the Union Budget for the financial year 2017 – 18 helpful in the Development of the Economy. 38% of the respondents have said Yes, 39 % have said No and 23 % have said Can't Say.

Table No. 7 Is the Union Budget helpful in the Upliftment of the Unskilled Labourers

Particulars	No. of Respondents	Percentage
Yes	54	27
No	120	60
Can't Say	26	13

Source: Primary Data

Table No. 7 shows the response received from the respondents on asking the question is the Union Budget helpful in the Upliftment of the Unskilled Labourers. 27% of the respondents have said Yes, 60 % have said No and 13 % have said Can't Say.

Table No. 8 Has Mumbai received sufficient share in the Union Budget

Particulars	No. of Respondents	Percentage
Yes	16	08
No	130	65
Can't Say	54	27

Source: Primary Data

Table No. 8 shows the response received from the respondents on asking the question has Mumbai received sufficient share in the Union Budget. 08% of the respondents have said Yes, 65% have said No and 27 % have said Can't Say.

Table No. 9 Will the Union Budget Help in the Improvement of the Education System of our Economy

Particulars	No. of Respondents	Percentage
Strongly Agree	00	00
Agree	27	13.5
Neutral	64	32
Disagree	54	27
Strongly Disagree	55	27.5

Source: Primary Data

Table No. 9 shows the response received from the respondents on asking the question whether the Union Budget help in the improvement of the Education System. For this question 00% of the respondents said that they Strongly Agree, 13.5% said that they Agree, 32% are neutral about their opinion, 27% of the respondents said that they disagree and 27.5% said that they Strongly Disagree.

Table No. 10 Will the Union Budget help in attaining the Vision of MAKE IN INDIA

Particulars	No. of Respondents	Percentage
Yes	43	21.5

No	103	51.5
Can't Say	54	27

Source: Primary Data

Table No. 10 shows the response received from the respondents on asking the question will the government achieve it's vision of MAKE IN INDIA. 21.5% of the respondents have said Yes, 51.5% have said No and 27% have said Can't Say.

Table No. 11 Will the Union Budget Help in Reducing or Maintaining the Rate of Inflation

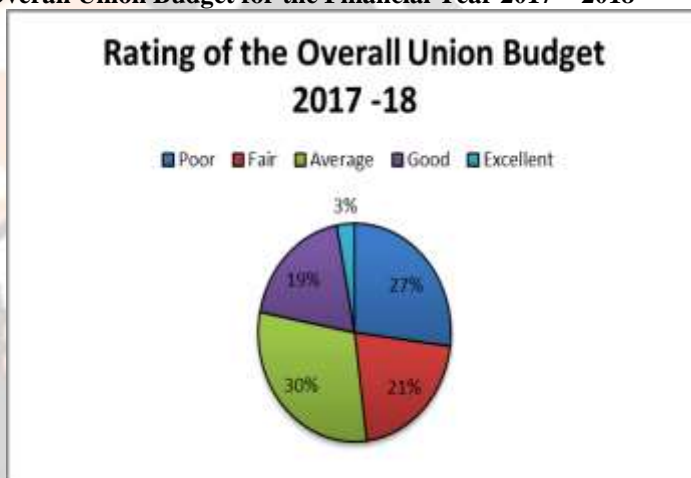
Particulars	No. of Respondents	Percentage
Yes	55	27.5
No	102	51
Can't Say	43	21.5

Source: Primary Data

Table No. 11 shows the response received from the respondents on asking the question will the Union Budget help in reducing or maintaining the Rate of Inflation. 27.5% of the respondents have said Yes, 51% have said No and 21.5% have said Can't Say.

Table & Chart No. 12 How will you Rate the Overall Union Budget for the Financial Year 2017 – 2018

Particulars	No. of Respondents	Percentage
Excellent	06	03
Good	38	19
Average	60	30
Fair	42	21
Poor	54	27

**Source: Primary Data**

From Table & Chart No. 12 the overall rating giving by the respondents to the Union Budget for the Financial Year 2017 – 18 can be studied. It can be seen that 3 % of the respondents are of the opinion that the overall budget is excellent, 19% of the respondents said that the overall budget is Good, 30% said that the overall budget is Average, 21% said that the overall budget is Fair and 27% said that the overall budget is Poor.

Conclusion:

The analysis discussed above has documented that Mumbaikars are hardly satisfied with the Overall Union Budget for the financial year 2017 – 18 which is supported by the overall rating given by the respondents to the Union Budget. It is also studied that the respondents are not satisfied with the Union Budget as far as the benefits given to the lower class and education system is concerned. The study also highlights in brief the Union Budget 2017 – 18 presented by the government for the financial year 2017-18.

Suggestions:

- Need improvement in the rural to urban rather than Digital India.
- Government should concentrate more on employment and upliftment of poor people
- Education and health system should be allocated a good share

Weblibliography of the Study:

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