

Department of Economics

Skill Enhancement Course for CBCS (Programme)

SEC-III: Understanding the Economic Survey and Union Budget

The course seeks to familiarize the students with basic concepts related to some contemporary economic issues. Its aim is to equip the students with sufficient knowledge and skills so as to understand media discussions, and to critically analyze contemporary issues that figure in high-profile government documents, in particular the Economic Survey and the Union Budget. Such capability is necessary to understand government policies and also to increase people's participation in economic decision-making. The emphasis in the course will be on conceptual understanding, not data.

I. Concepts

- a. Fiscal policy, need for government spending, areas of government spending in India
- b. Capital expenditure, revenue expenditure, plan expenditure, non-plan expenditure.
- c. Deficits (fiscal, primary, revenue), impact of fiscal deficit on economy, need to control fiscal deficits,
- d. Capital receipts, revenue receipts, tax and non-tax revenue, direct and indirect taxes, need to rationalize tax structure. Goods and Services Tax (GST).
- e. Actuals, Revised Estimates, Budget Estimates
- f. Zero-base budgeting
- g. Gender budgeting
- h. Fiscal devolution and centre-state financial relations in India

II. Economic Survey

III. The Union Budget

Need for the Budget, Understanding the process of budget making in India, Analysis of budget in terms of various parameters such as:

- a) Deficits – trends in fiscal deficit and revenue deficit
- b) Receipts - proposed sources of revenue and expected growth in revenue;
steps taken to increase revenue such as tax simplification, improvement in tax administration, expansion of tax net;
- c) Expenditure - expenditure pattern and expected growth in expenditure;
The thrust areas of the budget; areas / sectors which have received higher or lower share of expenditure, reasons and consequences thereof; steps proposed to ensure effective spending.

Suggested Readings:

1. *Economic Survey (latest)*, Government of India, Ministry of Finance. Full chapter (excluding boxed items) on 'Economic Outlook, Prospects, and Policy Challenges' and 'Fiscal Framework'. Other selections to be determined each year.

2. 'Understanding the Budget Concepts and Terminologies', Centre for Budget and Governance Accountability
<http://www.cbgaindia.org/files/documents/Understanding%20the%20Budget%20Concepts%20and%20Terminologies.pdf>
3. *The Key to Budget Documents, Budget At A Glance, Macroeconomic Framework Statement, Medium Term Fiscal Policy Statement and Fiscal Policy Strategy Statement*, all available at indiabudget.nic.in.
4. *Economic and Social Classification of the Budget*, available at <http://finmin.nic.in/reports/FunClass201415.pdf>.
5. <http://www.unionbudget.nic.in/ub2016-17/bh/bh1.pdf> (For Budget 2016-17 highlights)
6. Pranab Mukherjee (2012), "Budget Making", in K. Basu and A. Maertens (eds), *The New Oxford Companion to Economics in India*, OUP.
7. Dipak Dasgupta and Supriyo De (2012), "Fiscal Deficit", in Basu and Maertens.
8. Uma Kapila (2016), "Fiscal and Budgetary Developments", in *Indian Economy Since Independence*, Academic Foundation, latest edition.
9. Y V Reddy (2015), "Continuity, Change and The Way Forward: Fourteenth Finance Commission", EPW Vol. 50, Issue No. 21, 23 May, 2015
10. 14th Finance Commission Report.
<http://finmin.nic.in/14fincomm/14thFinanceCommission.htm>


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