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**Panel discussion on Union Budget Proposals 2013-14**

4<sup>th</sup> April 2013, Khincha Hall, Bharatiya Vidya Bhavan

At the programme for Analysis of Budget held on 4<sup>th</sup> April 2013, Dr. Bisalaiah, Former Vice Chancellor of UAS, a well known economist and Advisor to UN, Dr. N S Viswanath Dean MPBIM & Director Bhavan's Management Research Centre and the students of MPBIM made presentations on their views on the Union Budget Proposals for 2013-14.



**Group of students of MPBIM Apoorva J A, Archana G, Sona Bilakhia and Subash B N who won the second prize at the Budget Analysis presentation at Christ College made a presentation on the budget proposals 2013-14.**

Some of their observations is as follows:

1. While allocations for education sector have increased significantly, overall expenditure performance has been weak with a large portion of allocated funds remaining unutilized. Funds are released only at the end of the year due to which the funds cannot be effectively utilized.
2. Political decentralization must be supported by financial decentralization. Once the fund is parked in the ministry, schemes and programmes must be immediately clocked so that fund flow is made available to the local self government bodies within a month.
3. The focus on Sarva Shiksha Abhiyan is not enough. Aspirations for higher education have enhanced exponentially among Indian Youth. Government aided higher education and vocationalisation of education is the need of the hour.
4. Also, the budget could have emphasized on having training programmes for local retailers with the FDI being introduced in the country.
5. After analyzing the budget, we found a gap that no much importance was given to NGOs. So our proposal was to **introduce NGOs as a separate sector**. If Govt. supports activities like Akshayapatra, the common objectives could be achieved and there would an increase in our GDP growth.



**Prof. Bisalaiah spoke on Macro economics fundamentals and the Union Budget 2013-14.** Coming against the backdrop of challenging global and domestic macro-economic conditions, the Budget makes efforts to optimise growth drivers while addressing imperatives of inclusion.

The budget for the year 2013-14 was presented when the economy was in a downtrend and was experiencing severe fiscal stress. The growth rate had declined from 9.3% in 2010-11 to a projected level of 5% in the current year. The third quarter GDP growth was even lower at 4.5%. The macroeconomic indicators like surging current account deficit, high inflation, declining savings and investment rates, and falling consumption, indicate the deep malaise into which the Country has slipped. The political atmosphere was charged with looming elections in 2014 and expectations of a budget catering to populist demands both on tax and expenditure fronts. Under these circumstances, the budget for 2013-14 was presented with expectations of achieving fiscal consolidation, providing impetus to economic growth and stimulating investment. By desisting from giving in to the pre-election expenditure demands and tax cuts, the budget 2013-14 made a sensible approach to the economic management.

Achieving fiscal consolidation has been given top priority, to provide an enabling environment for revival of the economy. The emphasis on growth, to deliver the socio-economic development, has been the core theme of the budget. In a welcome change from fiscal slippage on other occasions, the fiscal deficit has been contained at 5.2 per cent of GDP in 2012-13 and targeted at 4.8 per cent of GDP for 2013 -14.

It can be seen that in the Budget 2013-14 proposal, with external growth environment still fragile, the onus is on domestic growth drivers to reprise the potential pace of growth that the Indian economy has earlier achieved. The budget places emphasis on reviving growth as central to the task of inclusive development, with stress on investments and savings.



**Dr. N.S. Viswanath, Dean MPBIM elaborated on the aspect of growth.** The growth of India at 2004-05 constant prices is only 3%. How can any one expect to reach 6.5% growth with an inflation of about 6% and budget implementation at less than 40% of the actual budget as envisaged?

India is now experiencing a double digit inflation of 12% in food products. This will bring in hardships by reduction of consumption of consumers' basket. The Current Account Deficit (CAD) call for booster increase in local and foreign trade. The budget is not populist yet carefully crafted to make people comfortably vote.

Frankly speaking, an average Indian is no longer worried about fiscal deficit or revenue deficit, and not even the newly coined jargons Effective Revenue Deficit and Medium Term Expenditure Framework. He is truly concerned about the political deficit that is engulfing the nation preventing it from emerging out as a strong economic power in the comity of nations. Let us hope that this transformation is in the offing in the political arena in not so distant future and the people of India including those in public life would ponder about and act swiftly and deftly in the process of building a credible economy in this incredible India.