Public Budgets: A Comparative Study of Budget (Estimates) Revenues & Actual Revenues of Haryana Budget

Ritesh Kalra[1] and Rakesh Chander[2]

[1]*University School of Management, Kurukshetra University, Kurukshetra*
[2]*Commerce Department, Kurukshetra University, Kurukshetra*
E-mail: [1]riteshkalradse@gmail.com, [2]rakeshchander212@gmail.com

Abstract—*The accuracy of any budget can be judge only by comparing the budget with actual after actual are realised. The present study is attempts to evaluate the item revenue receipts (Budgeted and Actual) of Haryana Budget and provides the relationship between budget and actual in revenues in the Budget of Haryana Government. The study includes tax revenue, non-tax revenue and total revenue to achieve the objectives. The data has been taken for eight years from 2006-07 to 2013-14. The data was taken from the website of Ministry of Finance, Government of Haryana. The data has been analysed by using many statistical tool such as mean, standard deviation and independent t-test (two samples). The statistical results showed that there is no significant difference between the estimated budgets and actual realised.*

Keywords*: Public Budget, Budget (Estimates), Actual, Resource Allocation.*

1. INTRODUCTION

Public Budget has the important role in the development of any economy whether developed, developing or underdeveloped. It helps to accelerate the economy. Initially the Public Budgets were treated just as plan for the public expenditure and public revenue. But in the modern world the role of public budget has been increased a lot. Now it is considered as policy document which provide different policies for the people involved in different professions, business, employment etc. However the main focus of the public budget is still to balance the fiscal deficit by balancing the public revenue and public expenditure. Thus the role of Revenue and Expenditure is most important and most Crucial in any Public Budget. Further the biggest challenge of any Public Budget is the efficiency that means the Budget Estimates which are forecast before the year for the upcoming year must be reliable. As the Budget is related to the future which is uncertain thus it never can be prepared with 100 per cent accuracy but it is always expected to have some good amount of accuracy otherwise the role of Public Budgets will be nil.

1.1 What is Public Budget?

Public Budget is an important government's policy documents. Government collect resources from the Environment and put these resources for the welfare of the society. The government has natural resources and the taxation system for the revenue and it has to incur the expenses for the welfare of the society. Thus Budget is important aspect which has the relationship between revenue and the expenditure that reflect the expectation of the society.

Every country (developed or developing) needs financial resources for its survive and growth. The national/state budget is that instrument through which these transactions are planned and executed. However, the increasing fiscal burdens due to the expansion of the state economy have become a serious problem in the development of the economy. The government expenditures which occurred in the past still keep its importance in the present. "Especially, despite the fact that it (budget) has already been proved in literature that the public expenditures have continually been increasing owing to various reasons, the problems related to essential, effective, productive and on time-using of the increasing public expenditures have gradually been enlarged." *(Jadranka Djurovic-Todorovic, Marina Djordjevic, 2009.*Thus the public Budget has an important role in the development of any Nation/State.

2. REVIEW OF LITERATURE

Goetz and Jenkins (2005) explain the approach towards accountability and the responsibility of the government in the public budget. They said that the government is not only responsible to provide the information about the use of the resources but their accountability also lies with to provide the justification that these resources are used in the most appropriate manner. Further they explain that there should be a system of penalties if the government is not able to justify it.

Marc Robinson and Jim Brumby (2005) studded the role of empirical literature to help the government in achieving efficiency in Performance Budgeting and they found that the role of empirical literature on Performance Budgeting of government is very limited with respect to its scope and methodology and the same is not the strong base for the conclusion about the soundness of the system. However it provided the necessary information about development of Performance Measurement and also improves the allocative and the productive efficiency of the system.

Robinson (2006) provided the approach towards the transparency in public budget processes which comes through the democracy, accountability and good governance. The emergence over the last two decades of the large no of independent budget group in the developing countries and also the growing recognition of the budgets in reflecting the government policy preferences resulted in increasing the importance of public expenditure management in the development policy of the government. Not only this but the general budget structure has become a preferable instrument for those foreign aid donors, who may now take a greater interest in transparency, efficiency and effectiveness in order to ensure that the funds they gives can be utilise in proper manner.

He also gave two aspects of the transparency that are related to the budget process. These two aspects of the transparency are such as transparency in the information system which provides the data of expenditure and revenue and another is transparency in the budget process. He said that if the budget process takes both of these aspects of the transparency then the corruption in the budget can be reduce.

So he basically gives the idea about the need of the transparency and the accountability in the public budget to reduce corruption.

Pretorius, C. and Pretorius, N (2009) There is a steadily growing recognition of the Public Financial Management (PFM) it focusing on the real reform which cannot be imposed or bought suddenly. There is a huge need of political support of senior management for reforms, to be sustained. Consequently all the reforms need to be sequenced and prioritised in the context of the country's own needs and demands. The study also focuses on different approaches such as the Approaches Strengthened and Platform to PFM reform attempt to explain some of these issues which are also used by foreign aid donors to provide policy base lending, similarly the approach of New Public Financial Management provides the different tools and technique which helps in effective public budgeting. It also says that the Post-conflict environment creates particular challenges to the nation, but it also provides the opportunities.

The same study also put emphasis on the importance on the crucial role of public and the role of media in the Budgetary Process.

3. RESEARCH METHODOLOGY

3.1 Statement of the Problem

There is always a doubt in the mind of the people whether all the Estimates (Budget) decided by the government are relevant to the Actuals or not, which means are Actuals really reflected by the Budget Estimates? This can be said only when the actuals comes out equitant to the Estimated Budget which were decided earlier.

3.2 Need of the Study

Budget keeps integral relationship between revenue and expenditure that reflects most closely the people preference. Thus, budget influence the important aspect of the life of the people. Keeping in the role and importance of the Budget in the life of people of the state I have decided to take this study for my research.

3.3 Objective of the Study

To analyse the efficiency of Budget Allocation to the Actual in Revenue item (Total Revenue, Revenue from taxes and Non Tax Revenue) in the Haryana Budget.

3.4 Hypothesis

H_{01}: There is no difference between the Budgeted (Estimated) Revenue Receipts and Actual Revenue Receipts. i.e. $\mu_{BR} = \mu_{AR}$

H_{02}: There is no difference between the Budgeted Tax Revenue and Actual Tax Revenue. i.e. $\mu_{BTR} = \mu_{ATR}$

H_{03}: There is no difference between the Budgeted Non Tax Revenue and the Actual Non Tax Revenue. i.e. $\mu_{BNTR} = \mu_{ANTR}$

3.5 Tools and Technique

The Independent Two Sample T-Test (Compared Means) has been used for the purposes of analysing the data with the help of SPSS.

3.6 Sampling Design

The current study is based on secondary data which is provided by Haryana Government in forms of Budget at Glans at their official website. Further this study takes the data for the period of 2006-07 to 2013-14. The Budgeted (Estimated) Revenue and Actual Revenues (Total Revenue, Revenue from taxes and Non Tax Revenue) are taken to compare the Budget and Actual of respective item with each other for the purposes of analysis.

4. ANALYSIS
4.1.1 Comparison of Budgets and Actuals of Total Revenue Receipts

H_{01}: There is no difference between the Budgeted (Estimated) Revenue Receipts and Actual Revenue Receipts.
i.e. $\mu_{BR} = \mu_{AR}$

4.1.2 Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Budget (1.00)	8	26682.9550	10182.46717	3600.04579
Actual (2.00)	8	25614.3775	7636.29418	2699.83770

4.1.3 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	.786	.390	.237	14	.816	1068.57750	4499.93926

4.1.4 Result

Table shows that the mean of the total budgeted revenue is more than the realised total revenue. The difference is about 1068 crore. The standard deviation of total budgeted revenue is more than actual revenue, which shows the high variability. But the calculated value of p is (0.816)>0.05. This indicates that the null hypothesis is accepted, so there is no significance difference between the budgeted revenue receipts and actual revenue receipts.

4.2.1 Comparison of Budgets and Actuals of Revenue from Taxes

H_{02}: There is no difference between the Budgeted Tax Revenue and Actual Tax Revenue.

i.e. $\mu_{BTR} = \mu_{ATR}$

4.2.2 Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Budget (3.00)	8	19707.7213	7212.65839	2550.05983
Actual (4.00)	8	18944.1938	6541.27891	2312.69134

4.2.3 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	.024	.879	.222	14	.828	763.52750	3442.57844

4.2.4 Result

Table described that the mean of the budgeted tax revenue is more than the realised total tax revenue (approximate 763 crore). The standard deviation of total budgeted revenue is slightly more than actual revenue. The calculated value of p is (0.828)>0.05. Hence the null hypothesis is accepted, which means there is no significance difference between the budgeted tax revenue and actual tax revenue.

4.3.1 Comparison of Budgets and Actuals of Non Tax Revenue

H_{03}: There is no difference between the budgeted non-tax revenue and the actual non-tax revenue.

i.e. $\mu_{BNTR} = \mu_{ANTR}$

4.3.2 Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Budget (5.00)	8	6975.2338	3004.74725	1062.33858
Actual (6.00)	8	6670.1838	1232.92601	435.90517

4.3.3 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	9.119	.009	.266	14	.794	305.05000	1148.29290

4.3.4 Result

Table shows that the mean of the budgeted non-tax revenue is more than the realised non-tax revenue. The difference is not so much higher. The standard deviation of total budgeted non-tax revenue is more than actual revenue, which shows the high variability. The calculated value of p is (0.794)>0.05. Hence the null hypothesis is accepted, that means there is no significance difference between the budgeted non-tax revenue and actual non-tax revenue.

5. DISCUSSIONS AND CONCLUSION

From the above results of analysis it can be concluded that there is no significant difference between the Budgeted Revenue and Actual Revenue whether total revenue or tax revenue or non-tax revenue. Thus we can say that Estimates of revenue were made very accurately and efficiently by the officials of Haryana Government which were letter reflected by the Actuals in the next year budgets.

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