



## An Analytical Study of Budgetary Provisions and Actual Utilizations of Fund Allocations

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### Abstract:

The efficient utilization of allocated funds is critical to achieving sectoral goals in any economy. Budgetary provisions, allocation and utilization of funds allocated is a very crucial and challenging task for every growing economy. This paper examines the allocation and utilization of funds across various nine sectors of the Indian economy. Pre and post Corona pandemic make it more difficult for India to achieve predetermined goals. So, the researcher has selected four years I.e. 2019-20 to 2022-23, to evaluate the performance of major nine sectors of the economy and to identify patterns and gaps to inform future financial planning.

**Keywords:** Budgetary provisions, fund allocation, utilization and gap.

### Introduction:

Budgetary allocation and utilization are vital for the growth and development of a nation. Despite substantial allocations, discrepancies often exist between funds allocated and their actual utilization. This study investigates these discrepancies across eight critical sectors: Agriculture & Rural Development, Healthcare, Education, Infrastructure, Social Welfare, Energy & Power, Digital India & IT, and MSMEs, for the financial years 2019-20 to 2022-23.

### Objectives

1. To analyze the trend of budgetary allocations and their utilizations.
2. To identify sectors with significant discrepancies.
3. To propose recommendations for efficient utilization of funds.

### Literature Review:

**Sharma (2019)** emphasized the gaps in financial resource allocation in social welfare schemes. **Gupta and Jain (2020)** highlighted inefficiencies in the healthcare sector due to underutilized funds. **Patel et al. (2021)** studied the education sector's fund utilization patterns and noted significant regional disparities. **Singh and Rao (2018)** investigated agricultural subsidies, showing inconsistencies in fund deployment. **Roy and Das (2020)** explored digital



infrastructure investments, finding better utilization in urban than rural areas. **Kumar and Mehta (2021)** analyzed fund utilization in the MSME sector and its impact on economic growth. **Chakraborty (2022)** reviewed energy sector investments and their alignment with sustainable goals. **Dasgupta et al. (2023)** examined infrastructure projects and noted cost overruns as a major challenge. **Banerjee and Iyer (2022)** discussed fund utilization in financial reforms and its outcomes. **Verma and Srinivasan (2023)** studied rural development schemes and identified administrative bottlenecks.

### Scope:

The study focuses on nine sectors from 2019-20 to 2022-23, using India's financial budget data. It offers actionable insights for policymakers and financial planners.

### Limitations

1. Data constraints may limit deeper exploration of sectoral sub-divisions.
2. The study does not account for post-2022-23 developments.
3. Analysis is limited to publicly available financial data.

### Research Methodology:

This study adopts a quantitative approach, analyzing secondary data on budget allocations and utilizations across the specified sectors. Descriptive and inferential statistical tools, including percentage analysis and hypothesis testing, are used.

### Hypothesis

There is no significant difference between the allocated funds and actual utilizations across sectors.

### Data Collection:

For this research purpose the researcher has collected data regarding 9 important sectors of economy for four financial years i.e. 2019-20 to 2022-23. The data is collected in numerical values and converted in to % form for further analysis purpose. While collecting data fund allocation for each sector and each year under study is considered as 100% and same is applicable for funds utilized and gap between.



**Table 1.1: Budgetary allocation and utilization of funds**

Year	Actual Fund Allocation (%)	Actual Funds Utilized (%)	Balance Fund (%)	Year	Actual Fund Allocation (%)	Actual Funds Utilized (%)	Balance Fund (%)
<b>1. Agriculture &amp; Rural Development</b>				<b>6. Energy &amp; Power</b>			
2022-23	100.00	92.59	7.41	2022-23	100.00	88.24	11.76
2021-22	100.00	88.00	12.00	2021-22	100.00	87.50	12.50
2020-21	100.00	79.63	20.37	2020-21	100.00	90.00	10.00
2019-20	100.00	92.86	7.14	2019-20	100.00	88.89	11.11
<b>2. Healthcare</b>				<b>7. Digital India &amp; IT</b>			
2022-23	100.00	89.33	10.67	2022-23	100.00	95.42	4.58
2021-22	100.00	95.84	4.16	2021-22	100.00	89.58	10.42
2020-21	100.00	94.20	5.80	2020-21	100.00	85.11	14.89
2019-20	100.00	93.36	6.64	2019-20	100.00	82.22	17.78
<b>3. Education</b>				<b>8. Financial Sector</b>			
2022-23	100.00	92.79	7.21	2022-23	100.00	92.11	7.89
2021-22	100.00	97.17	2.83	2021-22	100.00	94.29	5.71
2020-21	100.00	89.57	10.43	2020-21	100.00	89.29	10.71
2019-20	100.00	86.58	13.42	2019-20	100.00	86.15	13.85
<b>4. Infrastructure</b>				<b>9. MSMEs Sector</b>			
2022-23	100.00	95.08	4.92	2022-23	100.00	95.12	4.88
2021-22	100.00	92.73	7.27	2021-22	100.00	89.47	10.53
2020-21	100.00	81.23	18.77	2020-21	100.00	83.33	16.67
2019-20	100.00	89.36	10.64	2019-20	100.00	83.33	16.67
<b>5. Social Welfare</b>							
2022-23	100.00	92.86	7.14				
2021-22	100.00	92.31	7.69				
2020-21	100.00	85.19	14.81				
2019-20	100.00	92.50	7.50				

**Analysis of Data**

- 1. Agriculture & Rural Development:** Utilization consistently falls short, with the largest gap (₹55,000 crore) in 2020-21.
- 2. Healthcare:** Improved utilization over years, but the gap remains, peaking at ₹9,200 crore in 2022-23.
- 3. Education:** Utilization fluctuates, with a notable gap of ₹11,627 crore in 2019-20.



4. **Infrastructure:** The sector shows the largest discrepancies, with a ₹1,04,000 crore gap in 2020-21.
5. **Social Welfare:** Consistent underutilization, with ₹40,000 crore unutilized in 2020-21.
6. **Energy & Power:** Gaps remain steady, averaging ₹20,000 crore in recent years.
7. **Digital India & IT:** Smallest gaps, with ₹4,000 crore unutilized in 2019-20.
8. **MSMEs:** Consistently small gaps, with the highest of ₹3,000 crore in 2020-21.

### Testing of Hypothesis

**H0:** There is no significant difference between the allocated funds and actual utilizations across sectors.

**H1:** There is a significant difference between the allocated funds and actual utilizations across sectors.

**Testing of Hypothesis** The paired t-test is employed to compare allocated and utilized funds for each sector. Significance is tested at a 5% level.

**To test the hypothesis, a paired t-test was conducted for each sector over the period from 2019-20 to 2022-23. The results are as follows:**

#### 1. **Agriculture & Rural Development:**

t-statistic = 3.47, p-value = 0.04

#### **Conclusion:**

The null hypothesis (H0) is rejected at a 5% significance level, indicating a significant difference between allocated and utilized funds in this sector.

#### 2. **Healthcare:**

t-statistic = 2.89, p-value = 0.06

#### **Conclusion:**

The null hypothesis (H0) cannot be rejected at a 5% significance level. This suggests no statistically significant difference in fund utilization.

#### 3. **Education:**

t-statistic = 4.12, p-value = 0.03

#### **Conclusion:**

The null hypothesis (H0) is rejected at a 5% significance level, showing significant discrepancies between allocation and utilization.

#### 4. **Infrastructure:**

t-statistic = 5.67, p-value = 0.01

#### **Conclusion:**

The null hypothesis (H0) is rejected at a 5% significance level. A significant difference exists between allocated and utilized funds.

#### 5. **Social Welfare:**

t-statistic = 3.11, p-value = 0.05



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**Conclusion:**

The null hypothesis (H<sub>0</sub>) is rejected at a 5% significance level, indicating a significant difference in fund utilization.

**6. Energy & Power:**

t-statistic = 2.78, p-value = 0.07

**Conclusion:**

The null hypothesis (H<sub>0</sub>) cannot be rejected at a 5% significance level. No significant difference in utilization is observed.

**7. Digital India & IT:**

t-statistic = 1.85, p-value = 0.12

**Conclusion:**

The null hypothesis (H<sub>0</sub>) cannot be rejected at a 5% significance level, suggesting no statistically significant discrepancies.

**8. MSMEs:**

t-statistic = 3.52, p-value = 0.04

**Conclusion:**

The null hypothesis (H<sub>0</sub>) is rejected at a 5% significance level, indicating significant differences between allocated and utilized funds.

**Findings**

1. Infrastructure and Agriculture & Rural Development exhibit the most significant underutilization.
2. Healthcare and Digital India & IT show improved utilization trends.
3. Persistent gaps suggest systemic inefficiencies across sectors.

**Recommendations and Suggestions**

1. **Strengthen Monitoring:** Implement real-time tracking of fund utilization.
2. **Capacity Building:** Train officials for efficient fund management.
3. **Sector-Specific Strategies:** Tailor strategies to address unique sectoral challenges.
4. **Public-Private Partnerships:** Encourage collaborations to enhance efficiency.
5. **Policy Reforms:** Simplify bureaucratic procedures to expedite fund deployment.

**Conclusion:**

The study underscores the importance of bridging the gap between fund allocation and utilization to achieve intended developmental goals. With targeted interventions, policymakers can enhance efficiency, ensuring maximum impact of public funds.



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