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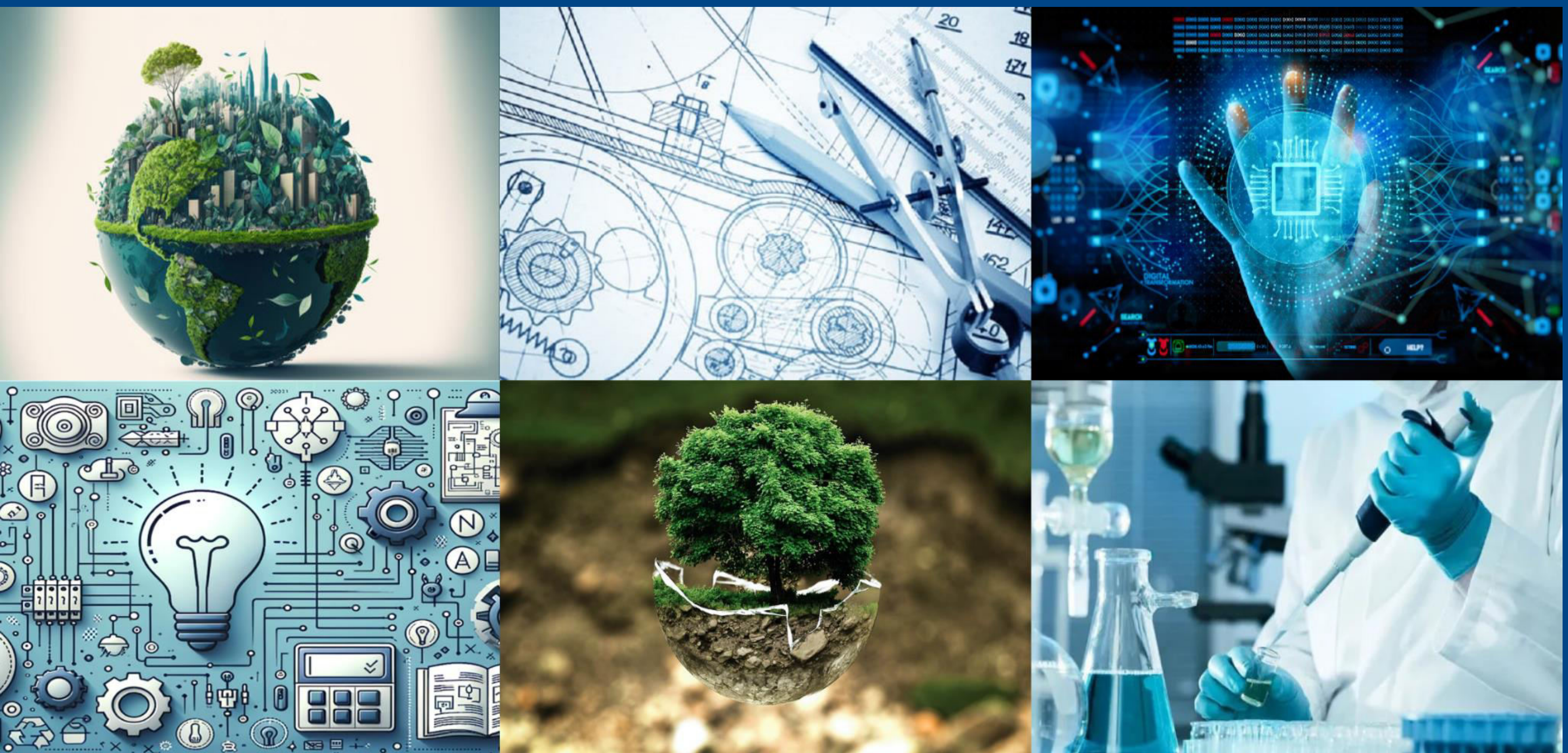

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Analysing Budgetary Policies and Their Impact on Individuals

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ABSTRACT: Any budget policy can substantially stabilise an economy, contribute to income distribution, and affect some welfare considerations. Fiscal policies were treated concerning taxation, government expenditures, or welfare schemes that affected the individuals' situations under the Indian subcontinent. An in-depth discussion of the avenues for the influence of expansionary and contractionary budgetary measures on economic growth, employment, and social security programs will be provided. This study presents an analysis of the past budgetary trends followed by a narrative on the 2024 budget priority to the key fiscal interventions to attain equity in economic growth and sustainability.

The analysis states that the tax structure has a progressive nature, providing relief for low-income groups but forcing responsible fiscal discipline. Regarding generating employment in the economy, government expenditures on infrastructure, health, and education have made a significant contribution toward the development of human capital. However, inflationary pressures, fiscal deficits, and unequal implementation of policies pose challenges to the government when maximizing the benefits of budgetary decisions for people.

The analysis believes that the tax system is progressive, giving respite to poor people but prompting the government toward sound fiscal behaviour. Challenges in realizing the highest public good of budgetary interventions for people by the government include inflationary pressures, fiscal deficits, and skewed policy implementation.

KEYWORDS: Budget Policies, Public finance, Economic Impact, Cost of Living, Household income

I. INTRODUCTION

Fiscal policies are important in determining the economic environment of a country by influencing macroeconomic stability and income distribution, and thus the welfare of the people. Governments worldwide utilize fiscal policy instruments like taxation, government spending, subsidization, and transfer payments to control any economic activity and achieve the goals of development. These are policies meant to stabilize business cycles, boost sustainable growth, and distribute resources fairly to citizens. Their impacts on the citizens would be different in income, employment opportunities, and capacity to access social welfare programs, hence making them an immensely significant aspect to be examined in the field of economic policy studies. Countries thus, in formulating budgetary policies, take into consideration economic priorities, politics, and global economic situations.

During times of economic depression, governments tend to be inclined towards adopting expansionary policies, which usually involve raising expenditure and lowering the tax rate, as a measure to stimulate demand and contain unemployment. On the other hand, contractionary policies are adopted during economic hardships with a view to higher taxation and fiscal constraint on expenditure as a measure to contain inflationary pressures and uphold fiscal prudence. They are, nonetheless, subject to the sphere of a host of political and economic forces, such as the prevailing type of economy, public debt levels, and monetary policy coordination. On the fiscal side, intervention through policy can play an important role in affecting disposable income, pattern of consumption, and savings, i.e., the economic ground is the sphere for deciding the financial stability of individuals. The redistributive effect is one of the central issues of budget policies.

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Similar to how progressive taxation along with welfare schemes helps minimize income inequality and meet the needs of the poor in society, irresponsible government spending and regressive taxation can heighten the poverty of the poor. The degree of balance between the two will determine the amount to which our fiscal policy can impose misery on the economic existence of the poor. Worst of all, when a government spends excessively to cover a budget shortfall, this will not only go a long way in increasing debt levels but will also threaten to damage economic stability in the future, even jeopardizing future generations. The center of budgetary policies is not just economic but social policies like the availability of health care, standards of education, and employment as well.

Governments use their budgets in priority sectors for building human resources and raising standards of living. Misappropriation of funds, corruption scandals, or lack of perfect transparency of budget implementation may negatively impact the policies and thus exclude their otherwise beneficial effects from reaching the populace. Therefore, to realize enhanced outcomes from the budgets, sound fiscal management, accountability systems, and evidenceled policy-making should be in existence. The world economy has been transformed greatly by wars and big pandemics, and budgets have had to respond to these industries. Most governments during the COVID-19 pandemic employed expansionary fiscal policy, such as stimulus packages, cash transfers to citizens, and unemployment benefits, to mitigate the effect on the economy.

The measures, though useful in the short term, created more fiscal deficit and inflationary pressure, demonstrating that all budget decisions come with trade-offs. Such measures in the long term rely on fiscal discipline and economic stability. The impact assessments of budget decisions on citizens must be multi-dimensional encompassing economic, social, and psychological dimensions. Evidence from micro- and macroeconomic data provides a way of comprehending the impact of particular groups in the population to respond to various fiscal policies. Policymakers have to acknowledge that such varied perceptions permeate into the formulation of inclusive and effective budgetary instruments with the hope of bolstering economic stability and societal welfare.

As the world's economies keep expanding, understanding the complex dynamics of the relationship between fiscal policy and individual performance will be the key to maintaining economic growth.

II. REVIEW OF LITERATURE

1. **Dogga et al. (2023)** examine India's budget cycle and its impact on economic growth, social justice, and sustainability. Using "The Scales of Justice" metaphor, the study highlights the balance between welfare and growth, analyzing public expenditure in key sectors like education, health, infrastructure, and defense. The study also explores the challenges policymakers face in balancing domestic needs with global economic forces, emphasizing fiscal policy as a tool for equity and prosperity.
2. **Patnaik et al. (2020)** describe the Indian budget as a financial control tool, detailing its structure, process, challenges, and economic impact. The study explains how budgetary decisions shape national development objectives, influencing sectors such as taxation, public expenditure, and fiscal deficit management. It also examines the role of government policies in ensuring financial stability and economic welfare.
3. **Kundu et al. (2024)** critically evaluate Budget 2024, presented by Finance Minister Nirmala Sitharaman, assessing its strategic interventions, fiscal priorities, and long-term economic implications. The study analyzes key policy measures affecting different sectors, highlighting their potential impact on economic stability and structural reforms. The findings emphasize the importance of fiscal discipline in achieving sustainable growth.
4. **Kaushal et al. (2024)** analyze budgetary allocations from 2009 to 2024, highlighting shifts in infrastructure, defense, and social sector spending, along with fiscal transparency and external influences like financial crises. The study finds that while infrastructure investment has significantly grown, social programs and agriculture remain underfunded despite their economic importance. It also discusses the role of evidence-based policymaking in ensuring equitable resource distribution.
5. **Makwana et al. (2024)** explore the relationship between government expenditure, economic growth, FDI, and GDP, emphasizing its role in income redistribution and economic activity. The study highlights that public spending increases consumption ability among lower-income groups, promoting economic stability. It also finds a strong positive correlation between government spending and short-term and long-term economic growth.
6. **Kaur et al. (2023)** use NLP and sentiment analysis on Union Budgets (2019-24) to identify key themes like economic growth, infrastructure, and tax policies, highlighting budgetary impacts. The study reveals that "India,"

"Government," and "Infrastructure" were the most frequently mentioned words, while "Tax" and "Cores" had high TF-IDF scores. The findings suggest a strong correlation between budget narratives and economic priorities over the years.

7. **Sharma et al. (2023)** analyze public sentiment on Indian budgets (2017-22) using Twitter data, revealing trends through text mining and sentiment analysis. By applying sentiment scoring techniques, the study categorizes responses into positive and negative trends, reflecting shifts in public perception. The research provides valuable insights into how government policies are received by citizens over time.
8. **Patel (2023)** examines fiscal policy's role in income distribution across government levels, highlighting progressive taxation and welfare programs' impact on inequality. The study finds that the richest 10% bear most of the tax burden, while subsidies and cash transfer programs help reduce income disparities. It emphasizes the role of fiscal policies in promoting social equity and reducing poverty.
9. **Gupta et al. (2024)** assess India's economic slowdown post-COVID-19, estimating fiscal deficit scenarios and highlighting challenges in financing stimulus measures. The study calculates alternative deficit outcomes based on real GDP contraction and tax revenue declines, showing a projected fiscal deficit of 6.2% of GDP. It discusses the government's fiscal constraints and the need for prudent spending decisions.
10. **Rai (2023)** develops a Fiscal Performance Index (FPI) for 1990–2018, linking fiscal prudence with GDP growth and analyzing macroeconomic policy coordination. The study finds that weak fiscal discipline from 1998 to 2004 led to financial instability, followed by a period of steady improvement until the 2008 crisis. It emphasizes the importance of maintaining fiscal responsibility through the Fiscal Responsibility and Budget Management Act (2003).

OBJECTIVES

1. To evaluate the impacts of budgetary policy on individuals
2. To understand the challenges of budgetary policies
3. To provide policy recommendations on solving the challenges identified

III. RESEARCH METHODOLOGY

1. Research Design

This study employs primary data and secondary data in investigating the impact of fiscal policies on economic growth, employment, income distribution, and social welfare in India. A descriptive and analytical study design is employed in examining previous budget trends and assessing public opinion on government fiscal actions.

2. Data Collection

Primary Data Collection

Primary data is gathered through an online survey using Google Forms from individuals from various income groups, employment sectors, and educational backgrounds.

Secondary Data Collection

Secondary data is obtained from:

- Government budget reports and economic surveys.
- Publications from the Reserve Bank of India (RBI) and Ministry of Finance.
- Research articles, policy papers, and academic journals.

Sampling Technique:

- Sampling Method: Convenience and stratified sampling.
- Sample Size: Minimum 53 respondents from different demographic and socioeconomic groups.
- Target Population: Citizens of urban and rural areas, working professionals, students, and entrepreneurs.

Scope and Limitations

- Scope: The study focuses on India's fiscal policies and their impact on economic conditions, employment, and welfare schemes.
- Limitations: The survey sample might not represent all segments of society. Self-reported responses may be influenced by personal bias. External global economic effects on fiscal policies are not directly considered.

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IV. DATA ANALYSIS

PRIMARY DATA

Category	Key Insights	Common Trends	Public Sentiment
Demographics	Majority 18-24, mostly female students	Low employment, varied income levels	Neutral
Policy Awareness	Somewhat familiar with budget policies	News & social media are main sources	Moderate interest
Impact & Trust	Mixed income changes due to policies	Taxes & public services most affected	Moderate trust in govt
Engagement	Few participate in budget discussions	Mixed views on policy alignment	Low involvement

The survey reveals a significant gap between public awareness of budgetary policies and their perceived financial impact. While most respondents are "somewhat familiar" with these policies, a large portion remains unsure about their direct financial effects. Trust in government budgeting is moderate, with most respondents expressing only partial confidence. Additionally, public participation in budget discussions is notably low, indicating limited civic engagement. Furthermore, a majority believe that current budgetary policies do not align with their financial priorities. These findings suggest a need for greater transparency, improved financial literacy, and enhanced public involvement in fiscal decision-making.

REGRESSION ANALYSIS

Household Income	**No**	**Not familiar**	**Not familiar at all**	**Not sure**	**Not very familiar**	**Somewhat familiar**	**Very familiar**	**Yes**
Below Rs.20,000	0	0	0	4	1	0	2	4
Rs.20,000 to 39,999	5	0	1	9	0	1	1	3

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Rs.40,000 to 59,999	7	1	0	1	2	0	4	4
Rs.60,000 & above	0	0	0	5	0	0	3	2

The table illustrates household income in terms of product familiarity and adoption readiness. For the lowest income group (less than Rs. 20,000), 4 said "Yes," but most were only fairly familiar. At Rs. 20,000–39,999, there were 5 "Nos" and only 3 "Yeses," showing less interest. The Rs. 40,000–59,999 category had 4 "Yes" responses and the majority (4) of them in "Very familiar." In the top income group (Rs. 60,000 & above), there wasn't a single "No" and 5 were "Not very familiar," yet 2 still responded with "Yes." It seems that acceptance and familiarity grow with income.

HYPOTHESIS:

H0 (Null Hypothesis): No association between household income and awareness of budgetary policies.
H1 (Alternative Hypothesis): Association between household income and awareness of budgetary policies.

Chi square Statistic	27.2325
P value	0.1633
Degrees of Freedom	21

A regression model was used to investigate the correlation between the selected economic variables, and goodness-of-fit of the model was tested using the Chi-square test. The results provided a p-value of 0.1633 and a Chi-square statistic of 27.2325 with 21 degrees of freedom. The outcomes show that there is not sufficient statistical data to deny the null hypothesis as the p-value is more than the standard significance level of 0.05. This shows that variation in the dataset could be due to random chance instead of significantly different from expected values. Although the model is of some use in revealing economic trends, the results show that other variables or different approaches would be needed to isolate completely the underlying relationships among fiscal variables and economic outcomes.

CHALLENGES FACED BY INDIVIDUALS WITH RESPECT TO BUDGETARY POLICIES

1. Availability and Credibility of Data

Budget reports are sometimes lengthy, and procuring complete data can be problematic.
Discrepancies in data sources (independent vs. official reports) can create discrepancies.

2. Economic and Political Factors

Political agendas inform budget decisions, making unbiased analysis difficult. Governments can manipulate budget numbers for political purposes, compromising transparency.

3. Fiscal Measures Complexity

Budgets comprise direct and indirect taxes, subsidies, welfare schemes, and public spending, which makes it difficult to determine their overall impact. Technical terms and economic indicators are difficult to understand without expertise.

4. Varying Impact on Various Groups

Policies do not have an equal impact on all—poor vs. rich people have varying consequences. There are regional differences in policy implementation and their effectiveness.

5. Short- vs. Long-Term Effects

Certain policies have effects that are seen immediately like tax reductions, whereas others like investments in infrastructure take years to surface. Assessing the true effect demands long-term observation, and such may not be feasible.

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V. KEY FINDINGS

1. Individual Impact of Budgetary Policies

The economic security, employment opportunities, and overall financial well-being of individuals are directly affected by budget policies. The policies are not equally effective at different income levels, reflecting uneven practice.

2. Public Awareness and Participation

Most of the public is merely "somewhat familiar" with budget policies, keeping them at arm's length from being involved in fiscal decision-making.

Moderate public confidence in governmental budgeting, with concern over policy implementation and benefits distribution.

3. Inflation and Cost of Living

Budgetary choices influence inflationary direction, undermining household purchasing power, particularly for the poor and middle-class populations._

Increases in the price of basic commodities and services cause economic strain, largely among vulnerable populations.

4. Challenges in Policy Implementation

Policy formulation gap creates uneven benefits distribution across regions and economic segments.

Political interference and bureaucratic inefficiencies ensure that there is unsuccessful implementation and specific policy effects.

5. Transparency and Budget Data Accessibility

Budget reports are complex and hard to understand by the general public, decreasing financial literacy and participation.

Independent analysis tends to give different interpretations of the data, developing discrepancies in the data provided by governments.

VI. RECOMMENDATIONS ON BUDGETARY POLICIES

1. Progressive Taxation Policies: These policies ensure a fair tax structure where the burden on low-income individuals is minimized and individuals with high-income contribute proportionally more.
2. Direct Benefit Transfers (DBT): Strengthen DBT mechanisms to ensure subsidies and financial assistance reach the intended beneficiaries efficiently.
3. Inflation Control Measures: Implementing balanced fiscal policies to prevent excessive inflation, which directly impacts household purchasing power.
4. Enhanced Budget Transparency: Increase accessibility to budget documents in simplified language for the general public, ensuring better awareness and understanding.
5. Data Reliability and Accessibility: Strengthen mechanisms to verify and cross-check official economic data to improve policy credibility.
6. Regional Customization of Policies: Recognize regional economic disparities and customize budgetary policies to address state-specific financial conditions.
7. Public Awareness Campaigns: Conduct financial literacy programs to educate citizens about fiscal policies, taxation, and social welfare schemes.
8. Technology Integration in Tax Administration: Leverage AI and blockchain technology for tax collection and subsidy disbursement to minimize evasion and leakage of funds.

VII. CONCLUSION

The analysis of budgetary policies and their impact on individuals highlights the critical role of government financial planning in shaping economic well-being. The Union Budgets of 202324 and 2024-25 have introduced several fiscal measures aimed at economic growth, social welfare, and financial stability. By examining taxation policies, government expenditure, and welfare schemes, it is evident that budgetary decisions directly affect different segments of the population in varied ways.

One of the key findings is the progressive nature of tax reforms, which aim to reduce the burden on middle and lower-income groups while ensuring fiscal consolidation. Similarly, subsidies and direct benefit transfers (DBT) have provided relief to vulnerable sections, supporting essential sectors such as healthcare, education, and agriculture. However, concerns remain regarding inflationary pressures and their impact on disposable income and purchasing power.

The inflation rate, employment levels, and cost of living remain crucial factors determining the real impact of budgetary policies on individuals. Government interventions in these areas, through fiscal stimulus and social protection programs, will continue to shape economic resilience.

In conclusion, while recent budgetary policies have aimed at fostering economic stability and growth, their effectiveness in improving the financial well-being of individuals depends on efficient implementation, transparency, and continuous evaluation. Future budget reforms should focus on balancing economic growth with social equity, ensuring inclusive development for all sections of society.

This research underscores the importance of data-driven policymaking, where government budgets should adapt to the evolving economic landscape to create a sustainable and people centric economy.

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