**Topic**: Engineering Industry in India

**Subtopic**: Effect of Fiscal policy on engineering industry in India

**Group member**: Shantanu Bahuguna **Enrolment number** :U101116FCS248

**Section**: S5 **Group label**: F

**Group leader** : Gottumukkala Rithish Verma

ABSTRACT

Background

* Fiscal policy means the use taxation and public expenditure by the government for stabilization or growth.
* Fiscal policy is concerned with government expenditure and government revenues.
* The policy has to decide the size and pattern of flow of expenditure from the government to the economy and from the economy back to the government.
* The central and state government have tried to make efficient allocation of financial resources. These resources are allocated for development activities which include expenditure on infrastructure etc.

Objective

* Since fiscal policy aim to provide development by effective mobilisation of resources such as taxation, employment generation etc. , which in turn generate revenue to the government.
* The major segment of the government revenue generated from mainly taxation is used to benefit the industries in India.
* Engineering industries are provided infrastructure facilities and capital so as to increase the growth and development of the industry.
* Engineering industries get benefited due to increase in employment opportunities through fiscal policy.
* Fiscal policy also control inflation and stabilises price in the country.
* Fiscal measures may introduce delay, uncertainties and arbitrariness arising from administrative bottlenecks. As a result, fiscal policy fails to be a powerful and therefore a useful stabilization policy.

Methodology and data

* [Taxation](https://en.wikipedia.org/wiki/Taxation)
* The benefit from printing [money](https://en.wikipedia.org/wiki/Money)
* [Borrowing](https://en.wikipedia.org/wiki/Debt) money from the population or from abroad
* [Consumption](https://en.wikipedia.org/wiki/Consumption_(economics)) of fiscal reserves
* [Sale](https://en.wikipedia.org/wiki/Sales) of [fixed assets](https://en.wikipedia.org/wiki/Fixed_asset) (e.g., [land](https://en.wikipedia.org/wiki/Real_estate))

Tentative result

We expect the economy to grow at 7.4% in fiscal 2018 assuming another normal monsoon. Steps such as tax relief to the middle class and focus on rural spending will provide mild support to consumption demand. The thrust on construction (roads and low-cost housing) will create assets, generate employment, and support consumption demand as workers in this sector have a high propensity to consume and almost a quarter of their consumption is on discretionary items.

Reference

<http://www.indianeconomy.net/category/25/goverment-and-rbi/fiscal-policy/>

<http://www.livemint.com>

<http://www.jagranjosh.com/general-knowledge/fiscal-policy-of-india-meaning-objectives-and-impacts-on-the-economy-1448705973-1>

<http://kalyan-city.blogspot.in/2011/03/fiscal-policy-meaning-its-main.html>

<https://en.wikipedia.org/wiki/Fiscal_policy>