



Impact of Indian Union Budget in Manufacturing Industry (Coffee)

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Abstract

This study, the impact of budgeting and budgetary control on the performance of the manufacturing coffee industry. Since wants are plenty while resources are limited, every organization tends to find means by which it can get what it wants with the limited resources at its disposal. Therefore, firms seek to adopt the concept of budgeting and budgetary control to satisfy their needs at the least possible cost and at the same time fulfill their administration obligations to the numerous stakeholders. The purpose of this research paper was to know more about the import and export of the Indian Coffee Industry. Data for the analysis was taken for a period of the last 5 years from 2016 to 2021. Compound Annual Growth Rate was used for analyzing the growth and the coffee e area, production, export, t, and import quantity and export and import value over this year. Therefore coffee had a stable and positive fluctuation trend in the export performance.

Keywords: Indian Union Budget, Coffee, Budget Allocation, Taxation, Import, Export.

1. Introduction

Wants are numerous while resources are limited but there is every tendency to waste or under-utilize the limited resources by the human factor involved in the production of goods and services. With various companies competing with one another, only a few that can produce at the least possible cost will survive the growing competition in the market. Therefore, it is paramount for every serious business undertaken to produce at the possible minimum cost so as Toto in business and also achieve the corporate objectives of profitability and stability. m. To achieve this, budgeting – a tool of planning and control becomes

indispensable. Budgeting is ubiquitous and has long been considered a necessary tool in managing a company.

According to Article 112 of the Indian Constitution, the Union Budget of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditures of the government for that particular year. Page | 2

Budgets are planning that deal with future allocations and utilization of resources for different activities over a given period.

For any organization to make progress or achieve its goals, it needs capital and to be able to make profit, it requires planning of its resources, which can only be achieved through budgeting, hence budgeting serves as a tool for financial planning.

Therefore, it can be said that the budget is a parameter that measures the actual achievement of people, departments, ministries, and firms, while budgetary control ensures that actual results are positive or negative for the overall financial and policy objectives of the establishment.

2. Literature Review

1) THE ROLE OF BUDGET AND BUDGETARY CONTROL ON ORGANISATIONAL PERFORMANCE: A CASE STUDY OF TAHIR GUEST HOUSE, KANO STATE, NIGERIA

Budgeting Process Plan Implementation on the Performance of Coffee Budget, as a process plan implementation, is a crucial phase in organizational performance, especially the coffee cooperative societies. Coffee cooperative societies are an alternative tool for pooling resources together for the improvement of the livelihood of rural coffee farmers. Budget involves planning procedures necessary for prudent utilization of resources towards improved quantity and quality coffee production. Budget as a process plan in the coffee cooperative industry is a crucial practice and component that acts as an interlink between strategic objectives and utilization of resources, which are always scarce and constraining in their utility. It is an organizational tool guiding managerial decisions while putting into consideration both human and material resources and timely allocation for effective organizational operations.

2) COFFEE IN INDIA: A MAJOR INDUSTRY;

The paper's objective is to explore India's coffee production as one of the significant production countries in the world. The methodology has been conducted through documentary analysis. India is the eighth largest producer of coffee in the world, following Brazil, Vietnam, Indonesia, Colombia, Ethiopia, Honduras, and Peru, India produces both Arabica and Robusta types of coffee, wherein their production in Coffee Season (CS12-13) was in the ratio of 31:69. On an average, approximately 80% of the coffee produced in India is exported. The area under coffee plantations in India has increased by more than three times, from 120.32 thousand hectares in 1960-61 to 397.147 thousand hectares in 2015-16. Most of this area is concentrated in the southern states of Karnataka (54.95%), Kerala (21.33%), and Tamil Nadu (8.18%). Productivity has also improved from around 567 kg/Ha in 1961 to around 876 kg/Ha during 2015-16. For the traditional areas, productivity has grown from 412 kg/Ha in 1961 to 1,008 kg/Ha in 2015-16.

3) A REVIEW OF COFFEE CULTIVATION IN INDIA :

In a liberalized economy, globalization and privatization play a very important role in coffee production and exports. In the coffee industry, mainly coffee growers are facing various problems related to output and marketing issues. In this regard, the purpose of the paper is to provide a handful of information that helps cultivators and researchers to go for new strategies the better profits.

3. Methodology

For this research paper, we used analytical and comparative methodology. We choose a quantitative approach for understanding the import and export of Indian Coffee. It is secondary data. We took secondary data from (www.indiacoffee.org and the Indian Coffee Board of India) this website. There are several analytical and comparative techniques but we use observation techniques. We observe all the import and export data of Indian coffee and concluded.

4. Concept of Budgeting

As mentioned in our introduction, budgets are statements of estimated resources set apart for the execution of planned works or activities over a specified period. It is a blueprint of the outcome of the organization's operation in a financial year. It indicates the qualitative parameters of an organization's performance, while budgetary control, is a process of finding out what is being done and involves the act of comparing the actual result with the budget to verify accomplishment or remedy the differences.

5. Why Budget is Important?

- a) To increase the profit and financial position of the firm
- b) To convert the financial objective of an organization into action
- c) To find the most profitable course of action
- d) To communicate the organizational objectives across the firm
- e) To setting Sales Goals
- f) Making long-term financial decisions and policies

6. Objective

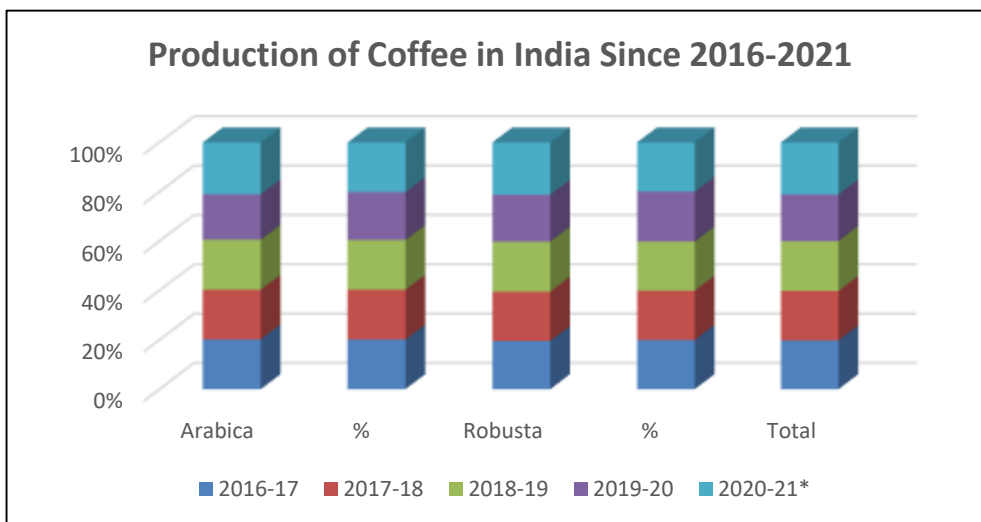
- 1) To analyze the import and export of an organization
- 2) Earning more exchange through more export
- 3) Achieving optimum utilization of resources by large-scale production of a product

7. Production of the Coffee In India

Production of Coffee in India Since 2016-2021

(in MT)

Year	Arabica	%	Robusta	%	Total
2016-17	95000	30	217000	70	312000
2017-18	95000	30	221000	70	316000
2018-19	95000	30	224500	70	319500
2019-20	87000	29	211000	71	298000
2020-21	99000	30	235000	70	334000



Source: Coffee Board of India

Website: www.indiacoffee.org

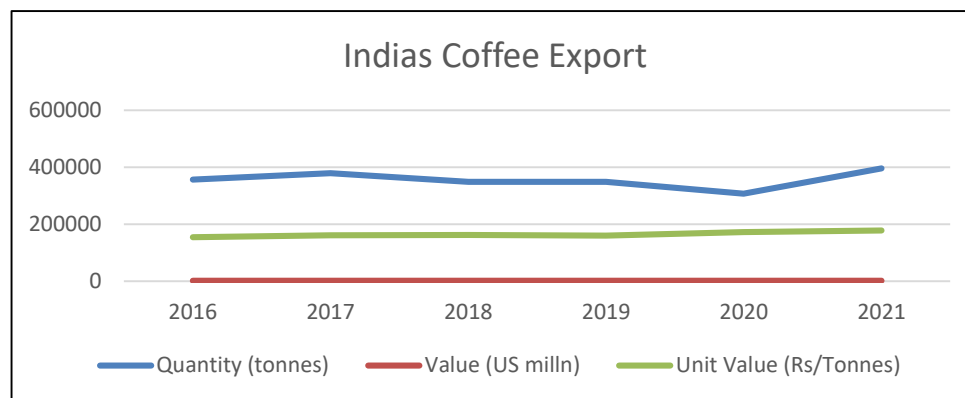
India is among the top 10 coffee-producing countries, with about 3% of the global output in 2020. Indian coffee is one of the best coffees in the world due to its high quality and gets a high premium in the international markets. India produces two types of coffee: Arabica and Robusta. Arabica has high market value than Robusta coffee due to its mild aromatic flavor. Robusta coffee is mainly used in making various blends due to its strong flavor. Robusta is the majorly manufactured coffee with a share of 72% of the total production. The production of the Robusta is increasing since 2016, 2017, and 2018 but in 2019 it decreased due to the Covid-19 situation but after the Covid-19 situation the production of the Robusta is increasing.

8. India's Coffee Import and Export

1. India's Coffee Export

Year	Quantity (tone's)	Value (US million)	Unit Value (Rs/Tone's)
2016	355760	817.09	154309
2017	378909	938.49	161126
2018	348828	836.14	162297
2019	348437	789.38	159262
2020	306387	708.79	171526
2021	395655	949.84	177404

Source: Coffee Board of India

Website: www.indiacoffee.org

Coffee is one of the world's most popular commodities, and as of 2020, the coffee market was valued at around US\$ 466 billion. India majorly exports Robusta coffee beans, a coffee bean species with low acidity and high bitterness compared to Arabica coffee. Apart from green coffee beans, preparations of coffee (31% of which is instant coffee) also have a significant share in India's export basket. Almost one-third of the country's total coffee exports constitute instant coffee.

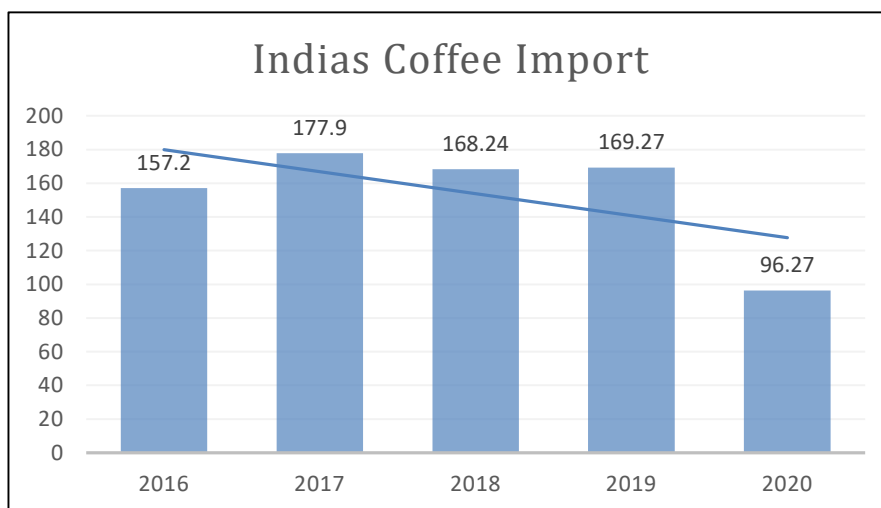
In recent years, India's specialty coffee has become a popular product, garnering interest from global coffee enthusiasts. Specialty coffee is distinguished by careful cultivation practices, a clear origin, a routine of plucking and special processing, branding, handling, and appearance.

Due to the Pandemic situation arising in 2019, the coffee export goes down but after the pandemic situation, it increased.

9. India's Coffee Import

Year	Value (USD Million)
2016	157.2
2017	177.9
2018	168.24
2019	169.27
2020	96.27

Source: www.connect2india.com



India imported \$109M in coffee becoming the 42nd largest importer of coffee in the world. India imports coffee primarily from Vietnam Uganda, Indonesia, and Brazil.

From 2016 to 2019 India has importing coffee but afterward, India is not importing coffee in huge quantities. In 2016 India's Coffee import is 157.2 million and it increases in 2017 by 20.7 million i.e.177.9 million. But after that, it decreases because India itself produces a huge amount of coffee and exports it.

10. Union Budget Provision

(Rs.in Cr)

Year	Actual Budget	Revised Budget
2016 - 2017	121.54	141.54
2017 - 2018	140.10	186.55
2018 - 2019	142.00	175.25
2019 - 2020	200.00	248.00
2020 - 2021	225.00	180.00

Source : www.indiacoffee.org

11. Revised Budget, Income and Expenses

(Rs. In Cr.)

Year	Revised Budget	Expenses	Income	Surplus / Deficit
2016 - 2017	141.54	155.19	160.56	Deficit
2017 - 2018	186.55	181.41	188.97	Surplus
2018 - 2019	175.25	192.41	193.22	Deficit
2019 - 2020	248.00	219.00	227.69	Deficit
2020 - 2021	180.00	184.11	190.19	Deficit

Source : www.indiacoffee.org

12. Findings

1) Year 2016 -2017

- a) Budget granted by government in the year 2016 - 2017 was 121.54 Cr and revised budget granted by government 141.54 Cr.

b) Budget granted by government was 141.54 Cr and actual expense occurred during the year 2016 - 2017 in the course of time was 155.19 Cr and actual income from sales and activities was 160.56 Cr. The excess expense occurred during the year was made from the available reserves for the same.

2) Year 2017 -2018

a) Budget granted by government in the year 2017 – 2018 was 140.10 Cr and revised budget granted by government 186.55 Cr.

b) Budget granted by government was 186.55 Cr and actual expense occurred during the year 2017 - 2018 in the course of time was 181.41 Cr and actual income from sales and activities was 188.97 Cr. The excess expense occurred during the year was made from the available reserves for the same.

c) As compare to previous year i.e. 2016 - 2017 the current year 2017 - 2018 has grant excess amount by government as per the requirement/demand from the industry or to meet the requirement of excess expenditure which is require to develop coffee industry and to help the sales and promotion activities of coffee industry.

3) Year 2018 -2019

a) Budget granted by government in the year 2018 – 2019 was 142.00 Cr and revised budget granted by government 175.25 Cr.

b) Budget granted by government was 175.25 Cr and actual expense occurred during the year 2017 - 2018 in the course of time was 181.41 Cr and actual income from sales and activities was 188.97 Cr. The excess expense occurred during the year was made from the available reserves for the same.

c) As compare to previous year i.e. 2017 - 2018 the current year 2018 - 2019 has grant less amount by government as per the requirement/demand from the industry or to meet the requirement of excess expenditure which is require to develop coffee industry and to help the sales and promotion activities of coffee industry.

4) Year 2019 -2020

d) Budget granted by government in the year 2019 – 2020 was 200.00 Cr and revised budget granted by government 248.00 Cr.

- e) Budget granted by government was 248.00 Cr and actual expense occurred during the year 2019 - 2020 in the course of time was 219.00 Cr and actual income from sales and activities was 227.69 Cr. The excess expense occurred during the year was made from the available reserves for the same.
- f) As compare to previous year i.e. 2018 - 2019 the current year 2019 - 2020 has grant excess amount by government as per the requirement/demand from the industry or to meet the requirement of excess expenditure which is require to develop coffee industry and to help the sales and promotion activities of coffee industry.

5) Year 2020 -2021

- a) Budget granted by government in the year 2020 – 2021 was 225.00 Cr and revised budget granted by government 180.00 Cr.
- b) Budget granted by government was 180.00 Cr and actual expense occurred during the year 2020 - 2021 in the course of time was 184.11 Cr and actual income from sales and activities was 190.19 Cr. The excess expense occurred during the year was made from the available reserves for the same.
- c) As compare to previous year i.e. 2019 - 2020 the current year 2020 - 2021 has grant less amount by government as per the requirement/demand from the industry or to meet the requirement of excess expenditure which is require to develop coffee industry and to help the sales and promotion activities of coffee industry.

13. Suggestion

As per our research and analysis of data collected from the period of 2016 to 2021, it is founded that the export of Indian coffee is slightly increased in recent years as compared to last year following are the suggestion for increasing Indian Coffee Export :

- Standardization of sustainable production packages with an emphasis on cost reduction and more nutrients.
- Standardizing package of practices for organic coffee as a specially manufactured coffee for the export market.
- Integration of Indian Coffee trade with global trends.

- The high-level market integration requires much closer coordination between the producer and exporter for quality improvement.

14. Conclusion

The manufacturing sector which including the coffee business, may be significantly impacted by the Indian Budget, it might be said. The amount of money the government allots to coffee industries, its tax law, and its subsidies can have an impact on the output, cost, and profitability of India's coffee product. Additionally, the budget's emphasis on infrastructure improvement and rural development may have unintended consequences for the coffee sector, such as greater access to credit, better transportation and communication infrastructure, and improved living conditions for the coffee farmers. In order to seize opportunities and reduce risk brought on by changes in government policy, coffee products must closely monitor budget announcements and adjust their tactics as necessary.

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