

Government College of Commerce, Vadali

Accountancy Department

Notice regarding project work

Date : 21/06/2018

Therefore, to inform all the students studying in the college that as per the instruction of the Principal, the students of each semester are required to do 'Project Work' during the Academic Year 2018-2019. This year the college has to do project work on the below mentioned subject during the first year and submit the project to the college on the scheduled date.

Project Topic	: 'History of Indian Union Budget
Last date of registration for the project	: 30/06/2018
Project Commencement Date	: 01/07/2018
Project Submission Date	: 30/09/2018

Rules:

- 1) Project work is a team project which must have a maximum of five (05) students and a minimum of four (04) students.
- 2) A team can be formed whether the members participating in the project are from the same semester or from different semesters.
- 3) No students' names will be accepted for project work after the last date of registration for the project.
- 4) The project has to be completed within the stipulated time limit.
- 5) Projects will not be accepted after the stipulated time.
- 6) The project within the stipulated time limit will be evaluated by the team decided by the college.
- 7) Students of first selected project will be felicitated with certificate and trophy in college annual festival.
- 8) Second and third ranked project students will be felicitated with certificate in college annual festival.
- 9) The students of the second ranked project will be given a certificate of participation in the project.
- 10) Prof. Paresh S. Khetal is Present Project Guide.
- 11) All project related information and guidance given by Prof. Paresh S. Khetal.



P. S. Khetal
Principal

Government College of Commerce, Vadali
At. Vadali, Dist : Sabarkantha

સરકારી વાણિજ્ય કોલેજ, વડાલી

એકાઉન્ટન્સી વિભાગ

પ્રોજેક્ટ વર્ક અંગે નોટીસ

તારીખ : 21/06/2018

આથી કોલેજમાં અભ્યાસ કરતા તમામ વિદ્યાર્થીઓને જણાવવાનું કે, આચાર્યશ્રીની સૂચના અનુસાર શૈક્ષણિક વર્ષ 2018-2019 દરમિયાન દરેક સેમેસ્ટરના વિદ્યાર્થીઓએ પ્રોજેક્ટ વર્ક કરવા જરૂરી છે. આ વર્ષે કોલેજ દ્વારા પ્રથમ વર્ષ દરમિયાન નીચે જણાવેલ વિષય ઉપર પ્રોજેક્ટ વર્ક કરી પ્રોજેક્ટ નિર્ધારિત તારીખે કોલેજમાં જમા કરાવવાનો રહેશે.

પ્રોજેક્ટનો વિષય : 'ભારતીય કેન્દ્રીય અંદાજપત્રનો ઇતિહાસ'

પ્રોજેક્ટ માટે નામ નોંધાવાની અંતિમ તારીખ : 30/06/2018

પ્રોજેક્ટ શરૂ થયાની તારીખ : 01/07/2018

પ્રોજેક્ટ જમા કરાવવાની તારીખ : 30/09/2019

નિયમો :

- પ્રોજેક્ટ વર્ક એક ટીમ પ્રોજેક્ટ છે જેમાં મહત્તમ પાંચ (05) વિદ્યાર્થીઓ અને ઓછામાં ઓછા ચાર (04) વિદ્યાર્થીઓ હોવા આવશ્યક છે.
- પ્રોજેક્ટમાં ભાગ લેનાર સભ્યો કોઈ એકજ સેમેસ્ટરના અથવા અલગ-અલગ સેમેસ્ટરના હોય તો પણ ટીમ બનાવી શકાશે.
- પ્રોજેક્ટ માટે નામ નોંધાવાની અંતિમ તારીખ બાદ કોઈ પણ વિદ્યાર્થીઓના નામ પ્રોજેક્ટ વર્ક માટે સ્વીકારવામાં આવશે નહિ.
- પ્રોજેક્ટ નિર્ધારિત સમય મર્યાદામાં પરિપૂર્ણ કરવાનો રહેશે.
- નિર્ધારિત સમય બાદ પ્રોજેક્ટ સ્વીકારવામાં આવશે નહિ.
- નિર્ધારિત સમય મર્યાદામાં આવેલ પ્રોજેક્ટનું મૂલ્યાંકન કોલેજ દ્વારા નક્કી કરેલ ટીમ દ્વારા કરવામાં આવશે.
- પ્રથમ ક્રમે પસંદગી પામનાર પ્રોજેક્ટના વિદ્યાર્થીઓને કોલેજ વાર્ષિકોત્સવમાં પ્રમાણપત્ર અને ટ્રોફી આપીને સન્માનિત કરવામાં આવશે.
- દ્વિતીય અને તૃતીય ક્રમે પસંદગી પામનાર પ્રોજેક્ટના વિદ્યાર્થીઓને કોલેજ વાર્ષિકોત્સવમાં પ્રમાણપત્ર આપીને સન્માનિત કરવામાં આવશે.
- અન્ય ક્રમે આવનાર પ્રોજેક્ટના વિદ્યાર્થીઓને પ્રોજેક્ટમાં ભાગ લીધાનું પ્રમાણપત્ર આપવામાં આવશે.
- પ્રસ્તુત પ્રોજેક્ટના માર્ગદર્શક પ્રા. પરેશ એસ. ખેતલ રહેશે.
- પ્રોજેક્ટ સંબંધિત તમામ માહિતી અને માર્ગદર્શન પ્રા. પરેશ એસ. ખેતલ પાસેથી મેળવવાનું રહેશે.



P. Patel
આચાર્યશ્રી

સરકારી વાણિજ્ય કોલેજ, વડાલી

મુ. વડાલી, જિ : સાબરકાંઠા

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**HEMCHANDRACHARYA NORTH GUJARAT
UNIVERSITY, PATAN**

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : **Brief History of Indian Budget**
Name of Concern Subject : **Economics**

List of Participant for Project Work

Sr. No.	Name of Student	Semester	Roll No.	Remarks/ Signature
1	Nitiksha Mukeshkumar Shah	B.Com. Sem-5	25	N.m. Shah
2	Sarahbanu Abidbhai Memon	B.Com. Sem-5	12	Sarah
3	Aarti Kantilal Soni	B.Com. Sem-3	30	Aarti
4	Hemangi Ashokbhai Patel	B.Com. Sem-3	14	H.A. Patel
5	Priya Hareshbhai Ganglani	B.Com. Sem-1	08	Priya

P.S. K. Letal
Project Guide



P.S. K. Letal
Principal
Govt. Commerce College
Vadali, Dist. Sabarkantha

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PROJECT WORK

ACADEMIC YEAR : 2018-2019

Full Name of Student: Nitiksha Mukeshkumar Shah

Semester: B.com - 5 Roll No. 25 Subject: Economics

Name of Project: Brief History of Indian Budget

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	The History of Union Budget	30-09-2018		

Certificate

This is to certify that Mr/Ms. Nitiksha Mukeshkumar Shah has satisfactorily completed the Project Work/Assignment prescribed by the _____ in the Academic Year : 2018-2019

Verified By

P. J. K. Katar
Guide-1 Signature



Guide-2 Signature

GOVERNMENT COMMERCE COLLEGE, VADALI

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : **Brief History of Indian Budget**

Name of Concern Subject : **Economics**

The History of Union Budget

All about Union Budget

The Union Budget is a financial statement of government's estimated revenue and expenditure for that particular year, according to the Article 112 of the Indian Constitution. The Union Budget is prepared for a period between April 1 to March 31 each year and is classified into (a) revenue budget and (b) capital budget.

The Union Budget presented for 2017-18 was path-breaking in many ways. With it, the day of the budget presentation was shifted from the end of February to the first day of February. The Railway Budget was also integrated with the Union Budget from 2017.

Here's a brief history of the Union Budget of India.

History of the Union Budget

India's first budget was presented on April 7, 1860, when India was still under the British colonial rule. It was introduced by the then Finance Minister of India, James Wilson.

The first Union Budget of Independent India was presented by the first Finance Minister of Independent India, Sir R.K. Shanmugham Chetty, on November 26, 1947. It is noteworthy that the first Union Budget was presented amidst widespread riots due to the partition of India. This budget was meant for seven and a half months,

following which the next budget was to be implemented from April 1, 1948. It was the first Union Budget wherein it was decided that both India and Pakistan would share the same currency till September 1948.

Sir Chetty resigned as the Finance Minister of India, and the responsibility ultimately was passed on to John Mathai, who presented the subsequent Union Budgets of 1949-50 and 1950-51. The budget of 1949-50 was the first instance of a budget being prepared for a United India, including all princely states.

Budget: Printing, formalities, ceremonies and utmost secrecy:

The Union Budget documents are treated with utmost secrecy, because any leak in official figures can have catastrophic effects. These documents are treated with so much secrecy that even the Finance Minister is not authorized to keep the Blue Sheet. The Union Budget is prepared on the basis of data and key numbers in the Blue Sheet. Only the Joint Secretary (Budget) is allowed to keep this important sheet.

Until 1950, all important budget papers were printed inside the Rashtrapati Bhavan premises. However, an imminent data leak left the government with no option but to shift the process to a government-operated press in Minto Road till 1980. Post 1980, the printing of budget papers is done in a basement in the North Block, where the Finance Ministry is located.

The Halwa Ceremony is a famous ritual, which marks the start of the printing of the budget documents. Understandably, officials who are directly in contact with the budget papers and data are locked down in the basement of the North Block. The Halwa ceremony marks the lockdown of the Finance Ministry. In this premise, even the Finance Minister is not allowed to carry a mobile phone.

Some of the lesser known facts of the Union Budget:

The Railway Budget of the country has always been introduced as a separate budget for the past 92 years till the year 2017, which saw the merger of the railway budget into the Union budget.

Indira Gandhi was the only woman Finance Minister who was also the Prime Minister while presenting the budget.

The present government has shifted the budget announcement from the last working day of February to the first working day of February.

Indian Media termed the Union Budget of India for the year 1997-98, as the "Dream Budget" because it was the road map for economic reforms in India including dropping of income tax rates, removal of the surcharge on corporate taxes, and reduced corporate tax rates.

The Budget of the financial year 1973-74 is known as the "Black Budget" as the nation had a deficit of Rs550cr.

How Union Budgets can change the course of the future

The one Union Budget that changed India's future and was responsible for putting India on the road to accelerated growth was the Budget of 1991-92, presented by the then Finance Minister, Dr. Manmohan Singh. Under the leadership of P.V. Narasimha Rao, Dr. Manmohan Singh opened up India's economy to foreign investors and eased up trade blockages.

The Union Budget of 1997-98, presented by P. Chidambaram is also regarded as one of the turning points of the economy. This budget saw easing up of income tax rates and lowering of customs duties. Chidambaram presented the Voluntary Disclosure of Income Scheme in this budget. The scheme was aimed to curb black money in the economy and widen the tax net.

The Millennium Budget, i.e., the Union Budget of 2000-01, is touted to have transformed the Indian economy into a tech-hub. Yashwant Sinha, who presented

the budget, announced a reduction in customs duties for a few raw materials required for the production of the optical fiber by almost 10%, and by 20% in case of mobile phones.

Conclusion:

Some of the peculiarities associated with the Union Budget are practiced to date. For instance, till date, the briefcase is used to carry budget documents. Briefcases have been used since the presentations of the very first budget in 1860.

In the end, the Union Budget is the roadmap of the government's estimated revenues and planned expenditures for a particular year. It is one of the most important presentations in the Parliament.

N. M. Shah
Nitiksha Mukeshkumar Shah
Student of
B.Com. Sem-5
Roll No. **25**

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PROJECT WORK

ACADEMIC YEAR : 2018-2019

Full Name of Student: Saxabhanu Abidbhai Memon

Semester: B.com-5 Roll No. 12 Subject: Economics

Name of Project: Brief History of Indian Budget

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	History of Union Budget of India	30-09-2018		

Certificate

This is to certify that Mr/Ms. Saxabhanu Abidbhai Memon has satisfactorily completed the Project Work/Assignment prescribed by the _____ in the Academic Year : 2018-2019

Verified By
P.S. Khetani
Guide-1 Signature



Guide-2 Signature

GOVERNMENT COMMERCE COLLEGE, VADALI

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : Brief History of Indian Budget

Name of Concern Subject : Economics

HISTORY OF UNION BUDGETS OF INDIA

Since India gained independence in 1947, the country has been making great strides towards achieving economic autonomy, thanks to liberalization and visionary policymaking. Over the course of more than 70 years, the country has left its colonial past to create a new identity of being an economic powerhouse.

One of the chief architects behind this inspiring story of progress is the Union Budgets, which provide the required framework for the government to introduce policies and reforms for the betterment of the common taxpayers.

Here is a brief insight into the history of Union Budgets in India – how it started and milestone decisions that have been made throughout the journey.

After Independence

Union Budget 1947-48

Finance minister RK Shanmukham Chetty presented the first budget of Independent India. Total expenditure under the budget was earmarked at Rs 197.39 crore, out of which approximately Rs 92.74 crore (or 46 percent) was allocated for Defence Services.

Union Budget 1948-49

For the first time, Finance minister R.K. Shanmukham Chetty used the term "Interim Budget." The Interim Budget later became an institutional process, for each year the General Elections are held. Primarily, an Interim budget denotes a short-term budget, which is presented just before the Lok Sabha elections are held.

Union Budget 1949-50

Under this budget, the government decided to abolish the Capital Gains Tax. The Capital Gains Tax was later; however, reinstated under the budget 1956-57 and continues to serve as an entity closely monitored by the income tax authorities to prevent any tax evasion.

In the 50s

Union Budget 1950-51

In the budget of 1950-53, the government formally announced the initiation of the Planning Commission, which is the primary body, headed by the Prime Minister, and entrusted with the responsibility of directing a well-defined program for the country's development.

Union Budget 1951-52

Under this budget, the government proceeded to double the surcharge (up to 100 percent) on the widely consumed ale, spirits, beer, and other fermented liquor.

Union Budget 1953-54

The government raised the minimum income tax exemption limit for individual taxpayers, by approximately 17 percent or up to Rs 4,200. The minimum tax exemption limit before was up to Rs 3,600 earlier.

Union Budget 1955-56

In this budget, the government proposed the idea of having different tax-exemption limits for married and unmarried individuals. The move was part of the initiative to create a suitable scheme of family allowances.

Union Budget 1957-58

The government introduced the Wealth Tax in this budget, a new direct taxation instrument that continued to exist for the next six decades.

Union Budget 1958-59

For the first time in the history of Independent India, the budget was presented by a Prime Minister. Then Prime Minister Jawaharlal Nehru decided to carry out the responsibilities of presenting the budget and took the opportunity to introduce a new taxation instrument, called the Gift Tax

In the 60s

Union Budget 1960-61

This budget served as grounds of controversy when the government gave out estimates of the PL480, which was an import agreement with the USA. Signed in 1959, the deal saw the Indian government join hands with the United States Administration to import food grains and other agricultural commodities, valued at Rs 122 crores at that time. The decision later snowballed into controversy and received a considerable amount of backlash from the people, only to become a part of India's political lexicon, in the years to come.

Union Budget 1962-63

In this budget, the government raised the income tax rates substantially, much to the annoyance of the ordinary taxpayers. The income tax rate was

increased to 72.5 percent, excluding surcharge, to become the highest ever till date.

Union Budget 1963-64

The government received widespread criticism from across industries for introducing a super-profits tax, which was an additional tax levied on the corporates and wealthier individuals in India, over and above the normal income-tax.

Union Budget 1964-65

In this budget, the Expenditure Tax was introduced. This was a direct taxation tool levied on all expenditures above Rs 36,000 per annum. The new Expenditure Tax was later abolished under the budget of 1966-67, after facing tremendous backlash from corporates.

Union Budget 1965-66

Under this budget, the government introduced the Voluntary Disclosure Scheme of unaccounted wealth. The scheme was the government's first-ever initiative to deal with black money and tax evaders. With the introduction of this scheme, taxpayers now had a window to deposit undisclosed cash with the RBI.

Union Budget 1968-69

Earlier, taxpayers misused a particular tax instrument, known as the "Spouse Allowance," which allowed both husband and wife (who had taxable incomes) to avail tax exemptions. In the union budget 1968-69; however, this unusual instrument was abolished by the government.

In the 70s

Union Budget 1970-71

This was the only budget in the history of Independent India, which was presented by a woman (before Nirmala Sitharaman presented the Union Budget 2019-20.) Indira Gandhi, who was the then Prime Minister of the

country, took the additional mantle of Finance Minister to present this historic budget.

Union Budget 1971-72

Under this budget, the government introduced a new tax regime, which levied an additional tax rate of 20 percent on all flight tickets purchased in rupees. On the other hand, the tickets paid for in foreign exchange were exempt from this tax. This instrument looked to put a clamp on cash deals that had a bearing on travelers.

Union Budget 1974-75

In this budget, the government looked to set the tone for the reformation of the income tax structure in India. Thus, the government decided to slash the maximum marginal rate of income-tax (including surcharge) to 75 percent, from 97.75 percent.

Union Budget 1978-79

This budget came within a month after the Janata Party government decided to control illegal transactions by deciding to scrap Rs 1,000, Rs 5,000 and Rs 10,000 notes, from January 16, 1978. The budget speech primarily focused on justifying this controversial decision.

In the 80s

Union Budget 1980-81

The government decided to introduce new steps to curb spending on non-essentials and aspirational lifestyle. As a result, an additional tax of 15 percent, over and above the existing taxes on food and drinks (both state and central levies), was imposed on the gross receipts of luxury hotels.

Union Budget 1981-82

The government introduced an import tax of 15 percent on the previously custom duty-exempt imported newsprint.

Union Budget 1982-83

Under this budget, the government proposed to exempt the unused earned leaves that salaried employees encashed on retirement. This decision provided relief to the everyday working-class taxpayers who were nearing retirement.

Union Budget - 1985-86

Finance minister VP Singh proposed to set up the Board for Financial and Industrial Reconstruction (BIFR). The budget; thus, laid down the foundations of the modern-day insolvency code. The motive behind establishing BIFR was to provide a speedy mechanism to amalgamate, merge, or devise other solutions to deal with underperforming units in the medium and large sector.

Union Budget 1986-87

The government announced a new tax, known as the Modified Value Added Tax (MODVAT), which evolved into the present-day Goods and Services Tax (GST). Under MODVAT, manufacturers were allowed to obtain immediate and complete reimbursement of the excise duty that they paid on the components and raw materials.

Union Budget 1987-88

When Prime Minister Rajiv Gandhi, who also held the additional portfolio of the finance ministry, presented the budget in 1987-88, he became the third Indian Prime Minister to that. In the budget, he introduced the Minimum Alternate Tax or MAT to claim multiple exemptions on companies that remained outside the companies.

Union Budget 1988-89

The government introduced a new tax-saving initiative, known as the Kisan Vikas Patra, to mobilize untapped rural savings. This scheme was well-received by the masses as the deposit value almost doubled in after completion of five-and-a-half years.

Union Budget 1989-90

This year saw the government to introduce a new instrument, known as Equity Linked Savings Scheme or ELSS, to stimulate taxpayers to invest their savings into the stock markets.

In the 90s

Union Budget 1993-94

Under this budget, the government announced the setting up of the National Stock Exchange, which currently functions as India's stock markets.

Union Budget 1994-95

In this budget, the then Finance Minister Manmohan Singh introduced significant reforms in the indirect tax structure in the country, in the form of Service Tax. Thus, the government levied a 5 percent tax on the telephone, non-life insurance, and stock-broking services.

Union Budget 1995-96

Under Manmohan Singh's tenure as Finance Minister, the country also witnessed the establishment of an independent regulatory authority to oversee the working of the insurance sector. This eventually led to the setting up of the Insurance Regulatory Development Authority (IRDA) of India.

Union Budget 1997-98

Often dubbed as the **“Dream Budget,”** the budget of 1997-98 presented by P Chidambaram, saw several economic reforms introduced in India including lowering of income tax rates, removal of the corporate tax surcharges, and reduction of corporate tax rates. The budget also saw the introduction of the Voluntary Disclosure of Income Scheme (VDIS), under which taxpayers were allowed to disclose any hidden income, by paying 30 percent tax on the total value of the undeclared money.

Union Budget 1998-99

Presented by the then Finance minister Yashwant Sinha, this budget proposed two specific schemes to attract NRI investments in India. The first one was the Unit Trust of India's (UTI) India Millennium Scheme, under which the subscription was to be made in dollars only and the money collected was invested in India-based schemes. The other one was the State Bank of India's (SBI's) Resurgent India Bonds, under which NRIs could invest in foreign currencies, and the collected funds were invested into infrastructure projects.

In the 2000s

Union Budget 2000-01

In the first budget of the new millennium, the government introduced the Kargil Tax, which levied an additional 5 percent surcharge on salaried individuals with an annual income of more than Rs 1.5 lakh. The move was aimed to offset the cost of the Kargil War partly.

Union Budget 2001-02

In this budget, the government introduced the Transfer Pricing Regulations to plug tax evasion by companies.

Union Budget 2006-07

For the first time, the government introduced the Goods and Services Tax, in an attempt to systematically overhaul the tax structure by 2010. GST was eventually rolled out seven years after its initial launch date.

Union Budget 2009-10

The second UPA government announced the setting up of the Unique Identification Authority of India (UIDAI). The UIDAI subsequently launched the Aadhaar project to provide each Indian citizen with a unique identification number/card.

In the 2010s

Union Budget 2013-14

In his last budget as Finance minister, P Chidambaram introduced a new taxation concept known as the "super-rich tax" for the individuals with more than Rs 1 crore of taxable income. Thus, these "Relatively prosperous" individuals had to pay an additional 10 percent of surcharge.

Finance Minister Nirmala Sitharaman's path-breaking Union Budget of 2019-20, strives to take the country to newer heights of development with the introduction of several intuitive reforms such as more relaxed taxation norms, faceless e-assessment, and direct tax reforms.

Sarah
Sarahbanu Abidbhai Memon

B.Com. Sem-5

Roll No : 12

Verified by: P.S. Khetkar

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UNIVERSITY, PATAN**

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Full Name of Student: Aaxhi Kantilal Soni

Semester: B.com-3 Roll No. 30 Subject: Economics

Name of Project: Brief History of Indian budget

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	FACTS OF UNION BUDGET	30-09-2018		
	OF INDIA			

Certificate

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GOVERNMENT COMMERCE COLLEGE, VADALI

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : **Brief History of Indian Budget**
Name of Concern Subject : **Economics**

FACTS ABOUT UNION BUDGET OF INDIA

Finance Minister Nirmala Sitharaman's sixth Union Budget and the Prime Minister Narendra Modi-led NDA government's 12th (10 full budgets and two interim) will be, like its 2019-20 predecessor, an interim budget—a vote on account. Budget 2024 will not have the legislative force to usher in major changes, given that general elections will be announced soon after and a new government will be in charge by May 2024. That will be the task of a full budget, in July 2024.

FM Sitharaman's Interim Budget will talk about the government's achievements since 2014 and will look ahead at Amrit Kaal of 2047. Having tracked FM Sitharaman's work closely, we speculate with some authority that, as PM Modi's last pre-elections major policy document, Budget 2024 will celebrate the past, charge the present, and communicate the future. Predictably, Budget 2024 will be labelled an 'election budget'. This is nothing new; electoral reminders being part of Interim Budgets have been the new normal since Finance Minister Manmohan Singh's 1996 speech.

Having tracked FM Sitharaman's work closely, we speculate with some authority that, as PM Modi's last pre-elections major policy document, Budget 2024 will celebrate the past, charge the present, and communicate the future.

Globally, Budget 2024 is situated at time when India has become the world's fifth-largest economy and is in sniffing distance of being the third largest in less than a year, a US\$ 5 trillion economy in two years, and a US\$ 7 trillion economy before this decade ends. Strategically, it stands at the cusp of a changing regional order and is a signatory to the eastward shifting of the economic world order. India has evolved to become a major actor in the Indo-Pacific region, and an important voice in international affairs.

Irrespective of global narratives, Union Budgets are domestic entities—they derive their power and their authority from forces within borders, not outside. Howsoever compelling the numbers, FM Sitharaman's Interim Budget will be criticised on the welfare versus growth front—jobless growth, K-shaped recovery, millionaires gearing up to leave India, too many millionaires in the country, and so on. Most of these are political spins on economic issues.

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Budget 2024 will need to address several opposing issues simultaneously. These will include poverty and prosperity, jobs and prices, and financialisation and markets. Inequality will be a major theme. This, even as India stands atop a comfortable Gini Coefficient, a measure that informs us about the extent to which the distribution of income or consumption among households deviates from equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. At 34.2, India's Gini Coefficient is better than 39.8 for the US and 37.1 for China, but worse than Germany's 31.7 and Japan's 32.9; it was 35.7 in 2011 (the data for 2012, 2013 and 2014 is missing).

Further, the income share of the highest 10 percent of Indians stands at 27.8 percent, compared to 30.1 percent for the US, 29.4 percent for China, 26.4 percent for Japan and 25.2 percent for Germany. Amongst economic peers, therefore, India is comfortably perched on the inequality front. FM Sitharaman's recent challenge of those who, in a politically charged and "vitiated" atmosphere, believe India's growth is a K-shaped recovery needs to be seen in this context.

Such is the power of narratives to derail facts, that the economy as the driving force of a nation has had to bend before politics. When the Modi government celebrated its nine years of governance with a data-driven book, it began with welfare, followed through with foreign policy, and only then did the economy find a place, in chapters 8 through 12. FM Sitharaman will place several of these data points, from digital payments and GST collections to unicorns and ease of doing business, in Budget 2024.

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In 2013, Morgan Stanley had classified India amongst the “Fragile Five” economies. A decade later, India is the world’s fastest-growing economy. In 2014, on a GDP of US\$ 2 trillion, India was the world’s 10th-largest economy; in 2024, at US\$ 4 trillion, it is the world’s fifth largest. Underlying this change are the policies and reforms of the Modi government.

These include, but are not restricted to, the Jan Dhan Yojana, which is the world’s largest financialisation scheme; the Goods and Services Tax that reformed India’s indirect taxes; the Insolvency and Banking Code that reformed bankruptcy processes; the Jan Vishwas Act that has made a beginning to decriminalise irrelevant business laws and clauses; and the establishment of Labour Codes. Last-mile efficiencies on direct benefit transfers have removed the friction of administration and corruption for the last woman standing.

Like earlier Interim Budgets, FM Sitharaman will offer an economic policy vision for the next five years—or more. In his 1 February 2019 speech, then Finance Minister Piyush Goyal had laid out a trimurti of troikas that climaxed into “10 dimensions” for a US\$ 5 trillion GDP going on US\$ 10 trillion. “This is not merely an Interim Budget, but a medium of the country’s development journey,” he had said in his 98-paragraph, 8,119-word speech—the second largest Interim Budget speech ever (See table).

INTERIM BUDGETS: WHO SAID HOW MUCH			
Year	Finance Minister	Paragraphs	Words
November 1947	R.K. Shanmukham Chetty	39	9,998
February 1952	C.D. Deshmukh	13	1,883
March 1957	T.T. Krishnamachari	18	2,116
March 1962	Morarji R. Desai	35	4,162
March 1967	Morarji R. Desai	40	4,769
March 1971	Y.B. Chavan	35	5,021
March 1977	H.M. Patel	9	798
March 1980	R. Venkataraman	40	3,431
March 1991	Yashwant Sinha	23	2,451
February 1996	Manmohan Singh	43	6,002
March 1998	Yashwant Sinha	16	1,367
February 2004	Jaswant Singh	51	5,044
February 2014	P. Chidambaram	85	6,597
February 2019	Piyush Goyal	98	8,119

SOURCE: *Union Budget documents, Ministry of Finance, Government of India*

Of course, the largest interim budget speech was made by Finance Minister R.K. Shanmukham Chetty, who, in November 1947, almost touched the 10,000-word level in 39 paragraphs (See table). This was not merely an Interim Budget speech; it was a celebration of independence and the acknowledgement of self-governance. “For the first time in two centuries, we have a Government of our own answerable to the people for its actions,” he had said. That it was an ‘interim’ budget was revealed only in his next February 1948 budget.

The third-longest Interim Budget speech was by Finance Minister P. Chidambaram in February 2014. He argued and defended the past 10 years of the two UPA governments, which “gently nudged India and Indians into accepting that growth is an imperative.” From food production to installed power capacity, he offered statistics to counter the allegation of inertia: “I reject the argument of policy paralysis.” He reminded us about the legislations brought—the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act; the National Food Security Act; and the new Companies Act. He mentioned the National Pension System as an important reform, on which the Congress has now made a U-turn in Himachal Pradesh, Chhattisgarh, Jharkhand and Rajasthan.

The shortest Interim Budget was by Finance Minister H.M. Patel in his 798-word speech in March 1977, following the worst assault on India through the Emergency, which led to the Congress losing elections. He acknowledged the looming political change and noted that “there is an urgent need to redirect our economic policies and priorities.”

The shortest Interim Budget was by Finance Minister H.M. Patel in his 798-word speech in March 1977, following the worst assault on India through the Emergency, which led to the Congress losing elections.

Finance Minister Yashwant Sinha’s 1,367-word March 1998 speech followed next. He spoke about the deepening, broadening and acceleration of economic reforms. Finance Minister C.D. Deshmukh’s February 1952 speech was the third shortest. This was a time of food shortages, and Deshmukh was cognisant of the fact—seven out of his 13 paragraphs talked about food and agriculture.

From 1996 onwards, driven by Finance Minister Manmohan Singh, Interim Budgets have become platforms that record past performances and infuse future political intent. Manmohan Singh reminded us of his landmark July 1991 speech that liberalised the Indian economy and promised to “build a new India” in his February 1996 Interim Budget. Fourteen years later, in his February 2004 interim budget, Finance Minister Jaswant Singh spoke of several achievements, from managing the post-Pokhran economic sanctions and surviving the East Asian crisis, to two border stand-offs and the Gulf War.

Manmohan Singh reminded us of his landmark July 1991 speech that liberalised the Indian economy and promised to “build a new India” in his February 1996 Interim Budget.

This trend has continued through to P. Chidambaram and Piyush Goyal. There is no doubt that FM Sitharaman will follow the same pattern. The only question is around size—will 1 February 2024 see her deliver India’s longest Interim Budget speech? Keeping in mind the achievements of the NDA government over the past decade, a very important election looming, a strong policy intent of continuity and outcomes, and trend-reading her predecessors, the answer is very likely.


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Name of Project: Brief History of Indian Budget

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	The story of Union Budget of India	30-09-2018		

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GOVERNMENT COMMERCE COLLEGE, VADALI

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : Brief History of Indian Budget

Name of Concern Subject : Economics

The Story of India's Union Budgets

India's budget documents over the last seventy years since Independence capture the struggles and achievements, frustrations and leaps of faith of India as a nation. These mirror the nation's aspirations and achievements. The jejune budget figures spring to life in the context of India's post-colonial history

Anjan Roy

Come the union budget next year, think of what you will do next morning. You will possibly run a cursory glance at the major highlights of the budget. Nothing more.

Now question yourself, what did people do on the morning after the union budget for the greater part of the seventy years since Independence? If you are old enough to recall, they would make a beeline for the newspapers to make out the prices of things of everyday use. From electric fans to cosmetic articles, textile items and the perceived luxury goods, prices would mostly go up. Cigarette prices would certainly increase, much to the chagrin of smokers.

Now nobody should worry about the budget impact on prices of ordinary goods and even services. Because they would know what the rates of GST were on each of these items and the finance minister would be in no position to alter them, however much, his finances were stretched. These could be decided now by only the GST Council and this is a kind of once for all arrangement, unless there is some extraordinary snafu.

The union finance minister in a way has passed on his authority to change taxes on goods and services to GST Council. Not only he, all his state counterparts have also done so.

The union budget has, as if, disappeared for the ordinary people. Not really though. What has happened is that we have got a steel framework of indirect taxes which can now be changed or tampered through an agreed mechanism of "collaborative federalism" now called the GST Council by all the finance ministers of the country. That is a long transition from what budgets used to be in the seventy years of the life of Independent India.

The profile of the union budget has profoundly changed over the last seventy years. The first surprise for a present-day reader of the budgets of yesteryears would be the numbers. These would look so small. Even after these are adjusted for inflation, the numbers would be peanuts by today's standards. That measures the strides we have made. Then the budget treatment would be so very different and so were the predominant priorities. In all, going through the budgets you get an impression it was as if another planet. But take a little closer look. There some worries and observations which might hold relevance.

The first budget

Three months after Independence, in November 1947, presenting an interim budget, the union finance minister R.K. Shanmukham Chetty, underlined his concern over rising prices, due mainly to "accumulation of surplus purchasing power in the hands of the community" as well as "all round fall in production, both industrial and agricultural".

Next year, in 1948-49, the finance minister's budget speech had devoted a good part on the "Balance of Payments". It is important to take note of this because that gives a clue to the state of the economy and what turned out to be a festering problem. He drew the attention of "The House to a matter, which had been causing some concern to Government, namely, the emergence, in recent times, of a substantial adverse balance in India's external payments". In the subsequent paragraphs he explained this with reference to rising food imports bill.

This issue has been so important for India's economic policy for the subsequent decades, I cannot help but quoting him in detail: "The second and by far the more important, reason for this deficit is, as is well-known, our imports of food grains. India has of course been a regular importer of foods for many years. But quantities and prices have both been recently going up. In 1944-45 and 1945-46 the value of food grains imported into India was Rs14 crore and Rs24 crore, respectively. In 1946-47 the amount was Rs89 crore. These figures are in addition to the import of

supplementary food articles, which cost a further Rs15 crore in 1946-47. In 1947-48 the amount expected to be spent on the import of food grains is Rs110 crore."

Behind these figures lay a grim reality. It had caused misery to the people. It had destroyed India's image as well. This is what the Delhi correspondent of the Time Magazine had reported in a story in its issue of August 22, 1949: "India celebrated the anniversary of Independence by announcing new and stricter austerity measures. India is still basically a hungry land; the government has launched a drive to raise more food. To highlight the food drive, ploughs ripped through New Delhi's vice-regal gold course. Governor General Chakravarty Rajagopalachari, no golfer himself, posed behind a team of bullocks..."

The lucid interval

Fast forward half a decade to the mid-fifties. By then the mantle of union finance ministry has been taken over by a legendary man of the financial sector – C.D. Deshmukh. Between 1950 and 1955, the fortunes of the country had miraculously improved. Presenting his budget in 1955, finance minister Deshmukh there were increase in food production, improvement of supplies in general (like those of cloth, cement, jute goods and steel), and above all, "the disappearance of inflationary conditions".

The country had even shown a surplus in external balances of Rs55 crore in 1953. India's "Sterling Balances" –foreign exchange reserve of those days—had also increased. As India had gained independence from the British, India had inherited a treasure chest. It is now forgotten that India had made a tremendous effort during the Second World War. It was not only sending some fifty lakh soldiers from the subcontinent to the War effort, but India had supplied general provisions from food grains (starving millions of Indians at home) to jute bags, gunnies, steel and iron items.

Britain had then promised to pay for these later. It did not have the money during the war years, burdened as it was with the huge expenses for fighting a dug in war on fronts across the world. The payments for war supplies had accumulated over the years from 1939 to 1946. It was a huge sum in those days.

In parallel with the Sterling Reserves, the "Dollar Position" –which used to be accounted separately—because dollar used to be the mode of payment for imports of food from the United states—had also shown improvement.

But then even in the midst of moderate surplus, finance minister Deshmukh warned: “We must not forget, however, that our foreign exchange expenditures are bound to grow rapidlyand we must spare no efforts to conserve our foreign exchange reserves ..” This rang true for India’s policy making till the external payments crisis of 1991-92.

Reading successive budget speeches of finance ministers, along with the plan documents of those years, one gets the feeling that 1956 was the best as it could get for India. The finance minister had confidently announced that when he said: “The spell of stagnation had been broken”. GDP had grown by 18% between 1950 and 1955, due to a sharp turnaround in food production imports were lower, export demand for tea and jute were booming, current account had shown a surplus of Rs25 crore and sterling balances peaked at Rs735 crore.

The inflexion point

With hindsight, it appears misfortunes struck just when things seemed rosy. In 1956, India could have taken a course towards a more open economy, integrating with the global economy and the West with freer trade policies. Instead we took a reverse turn. With his 1956 budget, C.D. Deshmukh introduced policies which were continued with little variations well into the 1970s.

What had changed the policy paradigm was the urgency of the political powers to launch the Second Plan with its hugely ambitious targets and lop-sided strategy. The Plan had embarked upon developing a massive capital goods sector, following the Soviet model. It called for large project imports. With uncanny sense of what was coming, Deshmukh had observed that physical targets could not be formulated leaving aside financial considerations.

Anticipating a severe crisis, Deshmukh observed “there is little doubt that, if the Second Five-Tear Plan proceeds according to schedule, not only shall we not be able to achieve any surplus in our external accounts but we are likely to be faced with fairly substantial deficits”. The demands of the Plan led to general import compression. To meet the requirements of the Second Plan and to gather the financial resources massive doses of taxation was slapped. Income tax reached 91.2% at the margin – a sure way of generating black money.

The financial implications of the Second Plan had given rise to budgeting for two kinds of resources gap. The budget began to treat separately the overall domestic resources gap and the foreign exchange resources gap. It was as if preparing two distinct budgets.

The anomaly of this approach was noted by a young American economist who was visiting India under the aegis of a US foreign aid agency. A future Nobel Laureate Milton Friedman had come to India in 1955 and presented a memorandum to the government in which he had argued that treating foreign exchange gap separately from overall domestic resources gap was wrong. The former was part of the latter. He had also criticised the policies of exchange control, import and export licensing on the ground that these necessarily involved "indiscriminate implicit subsidies to those granted import licences".

He offered three options to finance minister Deshmukh he had met. Let exchange rate fluctuate, inflate or deflate internally in response to putative surplus or deficit in balance of payments, or auction off exchange released. The memorandum was of course forgotten.

Three fears

Indeed, three fears seemed to have stalked our finance ministers in those days immediately after the Independence which had singularly influenced India's economic policy. Fear of food shortage, fear of run-away price rise and fear of dearth of foreign exchange to meet external payments obligations. Much of India's economic legislation had been the upshot of these three fears, which in fact had haunted the country off and on.

Food shortages had dogged the country throughout the 'fifties and 'sixties until we achieved breakthrough in crop production after what is now known as Green Revolution of the 1970s. We had to import food from the United States, which had used time and again the vulnerability for overt and covert political purposes. This had destroyed the image of the newly emergent country as a vibrant, growing economy. The union finance ministers had betrayed this constant anxiety in budgets after budgets.

Worries about food shortages dogged from the beginning. Worries because the memory of the horrific Bengal famine were fresh. Country was facing monsoon failures and shortages of food grains. There was need for money to import food from overseas. Foreign exchange became scarce. It had to be preserved for meeting the essential needs of food imports.

Foreign exchange was needed to fund the fledgling Indian Foreign Service posts overseas. The budget even mentions the allocation of funds for the Indian missions abroad and the people posted in the missions. Even that was difficult because it was a question of opportunity cost: whether you keep money aside for essential imports

or you send money to the embassies and high commissions. It was no easy choice. These were the precursor days to the eventual promulgation of the ill-famed Foreign Exchange Regulation Act, which of course came decades later.

Inflation is a worry for all finance ministers, including the present incumbent. In his last budget speech Arun Jaitley had expressed concern about price stability in the context of global commodity price. Inflation is no longer only domestic; it is connected to the global economy, price of oil, US Federal Reserve stance and China's demand for industrial raw materials.

As of now, Indian inflation is benign. We are hoping for accommodative monetary policy on the back of it to give a further push for growth. Today we can afford to be a little ambitious given our financial strength.

What a distance have we covered. A foreign exchange kitty of close \$400 billion was unthinkable at the beginning of that journey. Despite increasingly open economy, current account deficit is minimal. We are receiving foreign direct investment of record amounts. And India is a cynosure of global investors with its stellar growth performance among major economies. Its stable political climate is an envy and germinates optimism.

Good cheers, this Independence Day as we never had it so good before, if we remember what Times Magazine wrote in 1949.

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Name of Project: Brief History of Indian Budget.

CONTENTS

Sr No.	Project Topics	Date of Submission	Marks Obtained	Remarks/ Signature
1	Special Budgets	30-09-2018		

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GOVERNMENT COMMERCE COLLEGE, VADALI

PROJECT WORK

ACADEMIC YEAR : 2018-2019

Name of Project : Brief History of Indian Budget

Name of Concern Subject : Economics

Special Budgets

The Black Budget

The Union Budget was presented by Yashwantrao B Chavan during the Indira Gandhi government in the year 1973-74. It was termed the Black Budget because of the high fiscal deficit of ₹550 crore during that year, according to PTI. The nation was going through acute financial hardships at that time.

Carrot and Stick Budget

Presented by then Finance Minister VP Singh, the Union Budget of 1986 was called as 'Carrot & Stick' Budget because it was the first step towards demolishing the licence raj in India.

The Budget presented in 1986 earned the name because of its dual nature. On the one hand, the government introduced the MODVAT (Modified Value Added Tax) credit to lower the cascading effect of tax that consumers had to pay, on the other hand, it also launched an intense drive against smugglers, black marketers, and tax evaders.

Epochal Budget of 1991

The economic reforms introduced by the central government in the year made it one of the most iconic budgets presented so far. Presented by Manmohan Singh in 1991, the budget was the final blow to end licence raj. Moreover, it brought the era of liberalisation. Hence, it is famously known as the 'Epochal budget', according to PTI.

The budget was presented at a time when India was on the verge of an economic collapse. In that year, the government significantly reduced customs duty from 220 per cent to 150 per cent and took steps to promote exports.

Dream Budget

Former Finance Minister P Chidambaram announced a significant tax cut while presenting the Union Budget in 1998. He slashed the maximum marginal income rate for individuals from 40 per cent to 30 per cent and that for domestic companies to 35 per cent. Apart from these measures, the government also announced a voluntary disclosure of income scheme to recover black money. In that year, the government also trimmed customs duty to 40 per cent.

Millennium Budget

The Union Budget presented by Yashwant Sinha presented the road map for the growth of the Information Technology (IT) industry of the country. To boost the Indian sector, it also phased out incentives on software exporters and lowered customs duty on 21 items like computers and computer accessories.

Rollback Budget

The budget presented by Yashwant Sinha during the NDA government in the year 2002-03 was famously called as the Rollback Budget. It earned this name because of the withdrawal of several proposals and policies by the Atal Bihari Vajpayee government.

Once-in-a-Century Budget

Finance Minister Nirmala Sitharaman's Union Budget of 2021 is popularly known as the 'once-in-a-century budget' because of its enhanced focus on privatisation, robust tax collections, and investment in infrastructure and healthcare.

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