

# **Analysing The Evolution Of Union Budget**

# Introduction to the Union Budget

The Union Budget is a comprehensive financial statement presented annually by the Government of India.

It outlines the government's revenue and expenditure estimates for the upcoming financial year.

Analyzing its evolution helps understand economic priorities and fiscal policies over time.

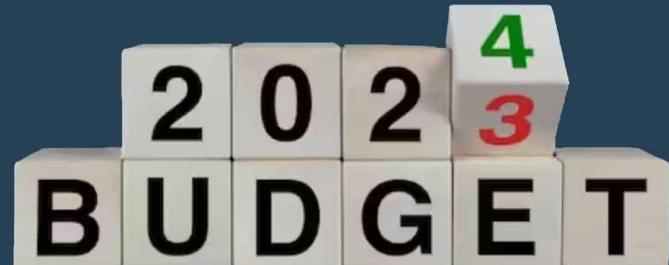


# Historical Context of the Union Budget

The first Union Budget was presented in 1860 by James Wilson, the then Finance Member of the Viceroy's Executive Council.

Over the decades, the budget has evolved from simple revenue estimates to a complex economic document.

Key historical events, such as independence and economic reforms, have significantly shaped its development.



# Major Phases in Budget Evolution

The pre-liberalization era (1947–1991) focused on planned development and social welfare.

Post-1991 economic reforms marked a shift towards liberalization, privatization, and globalization.

The 21st century has seen an emphasis on technology, infrastructure, and sustainable growth.



# Trends in Revenue and Expenditure

Revenue has grown steadily, driven by increased tax collection and non-tax sources.

Expenditure patterns have shifted from primarily social sectors to infrastructure and defense.

The fiscal deficit has been a critical indicator, reflecting the balance between revenue and expenditure.

## REVENUE & EXPENDITURE BUDGET TEMPLATE

Elevate your financial planning, track expenditures, and optimize your revenue with confidence.

### REVENUE & EXPENDITURE BUDGET

	INCOME	EXPENSE
Product 1	\$ 5,600.00	\$ 2,300.00
Product 2	\$ 4,800.00	\$ 2,900.00
Product 3	\$ 4,300.00	\$ 2,000.00
Product 4	\$ 3,240.00	\$ 1,640.00
Product 5	\$ 5,600.00	\$ 2,300.00
Product 6	\$ 4,800.00	\$ 2,900.00
Product 7	\$ 4,300.00	\$ 2,000.00
Product 8	\$ 3,240.00	\$ 1,640.00
<b>TOTAL</b>	<b>\$ 35,880.00</b>	<b>\$ 17,980.00</b>

The bar chart displays two series for each product: Income (orange bars) and Expense (brown bars). The Y-axis represents monetary values from \$0 to \$6,000.00. Product 1 shows the highest income at approximately \$5,600.00 and expense at approximately \$2,300.00. Product 8 shows the lowest income at approximately \$3,240.00 and expense at approximately \$1,640.00. The chart illustrates a general trend where Income is consistently higher than Expense across all products.

The line chart tracks the total Income (orange line) and Total Expense (brown line) across seven products. The Y-axis ranges from \$2,000.00 to \$8,000.00. Both lines show a similar pattern, starting around \$6,000.00, dipping slightly, and then rising again towards the end. The Income line remains consistently above the Expense line throughout the period.

File icons:

# Key Revenue Sources Over Time

Tax revenue, including income tax, corporate tax, and indirect taxes, remains the primary source.

Non-tax revenue, such as dividends, fees, and royalties, has gained importance.

The introduction of GST in 2017 significantly expanded the tax base and revenue.

## Non Tax Revenue Sources

- 1) Fees
- 2) Prices of public goods and services
- 3) Special Assessment
- 4) Fines and Penalties
- 5) Gifts, Grants, and Donations
- 6) Special levies
- 7) Borrowings

# Major Expenditure Priorities

Social sector spending includes health, education, and social safety nets.

Infrastructure development focuses on roads, railways, and urban development.

Defence and security expenditures have increased to address geopolitical challenges.



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# Impact of Economic Reforms on the Budget

Liberalization in 1991 led to increased foreign investment and revenue growth.

Structural reforms have improved fiscal discipline and transparency.

The adoption of digital technology has enhanced budget planning and monitoring processes.

**ECONOMIC REFORMS SINCE 1991: NEW ECONOMIC POLICY**

**To Do List**

- Meaning of Economic Reforms (New Economic Policy)
- Elements of NEP (New Economic Policy)
- An Appraisal of LPG Policies: Performance of the Indian Economy During Reforms

**FOCUS**

It was realised that the strategy of growth adopted during the period 1950-1990 had led to an inefficient management of the economy. The system of controls, regulation and protection of the domestic industry had led to floating inefficiencies, and therefore, stagnation of the economy in terms of GDP growth. Accordingly, the strategy of growth was comprehensively revised, and many policies were almost reversed. Economic reforms were initiated in the year 1991. Liberalisation, Privatisation and Globalisation are three principal elements of these reforms. Together, these reforms were captioned as 'NEP' (New Economic Policy). The present chapter focuses on a comprehensive discussion of NEP.

**1. MEANING OF ECONOMIC REFORMS (NEW ECONOMIC POLICY)**

After independence, India adopted a mixed economy framework to combine the advantages of capitalistic economy as well as socialist economy. However, over the years, the policies pursued towards controlling and regulating the economy stand hampering the process of growth and development. The inefficient management of the economy ultimately led to the adoption of New Economic Policy, unfolding a series of 'Economic Reforms'.

**Liberalization, Privatization and Globalization in India**  
Economic Reforms That Changed India  
NEP—1991

Years	Budget Deficit/GDP (%)
1982	(0.3)
1983	(0.6)
1984	(0.9)
1985	(1.2)
1986	(1.5)
1987	(1.8)
1988	(2.1)
1989	(2.4)
1990	(2.7)
1991	(3.4)

# Challenges in Budget Analysis

Managing fiscal deficit while promoting growth remains a key challenge.

Balancing social welfare with infrastructure investment requires strategic allocation.

External factors like global economic fluctuations influence revenue and expenditure decisions.



# **Recent Trends and Future Outlook**

The focus on sustainable development and climate change has influenced budget allocations.

Digital transformation and innovation are prioritized for economic resilience.

Future budgets are expected to emphasize fiscal consolidation and inclusive growth.



**MINISTRY OF SUSTAINABLE DEVELOPMENT  
AND CLIMATE CHANGE**

# Conclusion and Key Takeaways

The evolution of the Union Budget reflects India's economic growth and policy shifts.

Analyzing historical trends helps in forecasting future fiscal strategies.

Continued reforms and adaptive planning are essential for sustainable economic development.

