CHAPTER III

A REVIEW OF INDIAN BUDGETARY POLICY

The present chapter is divided into three sections. Section I deals with brief history of Indian economy. Budget as a tool for implementing planning process is highlighted in Section II. In Section III the major developments in Union Budgets 1947-2007 are examined with reference to gender issues.

Section I

3.1: Brief History of Indian Economy

People from all over the globe were keen to come to India. During the 17th century, the British came to India as merchants and ruled India for over 200 years. They gained foothold on the coastline and later they gained control throughout the country. British power reached its height and they gained political supremacy around the middle of 18th century. “After winning the Battle of Plassey in 1757 and the Battle of Buxer in 1764, they established themselves firmly as the rulers of India and ruled it till 1947, to sub-serve their economic interests at the cost of Indian economy”51.

To understand the present state of Indian economy and its likely future, a study of its past is of great significance. No doubt, “events of the past do not mercilessly bind us, but they have a certain significance in our appreciation of the present and assessment of the future”52. Will Durant, an American Historian mentioned in his note that, “India was flourishing in ship-building besides the expertise of making steel and textiles. But all got ruined when British took over those technologies”53. India was a land of riches and wealth. It was this wealth that the British sought to steal. India was one of the richest countries, until the British looted it systematically. They exploited the resources to their advantage.

Lord Curzon, the Viceroy of British India in 1894, expressed that, “India is the pivot of our Empire... If the Empire loses any other part of its Dominion we can survive, but if we lose India, the sun of our Empire will have to set”\(^{54}\). The history of Indian economy can be broadly divided into three phases: Pre-colonial, Colonial (British rule) and Post- colonial (After Independence).

3.2: **Pre-colonial:** The economic history of India since Indus Valley civilization to 1700 AD can be regarded as Pre-colonial rule. During this period Indian economy showed good signs of development. People were dependent on agriculture, domesticated animals, used certain tools and weapons, weights and measures. She had good trade relations with the other nations, which is evident from the coins of various civilizations found at the site of Indus valley. The economic history of India shows that each village in India was economically independent and self sufficient before the arrival of East India Company. Self-sufficient agriculture, flourishing trade and rich handicraft industries- these were some of the features of the Pre-colonial Indian economy.

3.3: **Colonisation:** Colonialism refers to a system of political and social relations between two countries, of which one is the ruler and other is its colony\(^ {55}\). The ruling country not only has political control over the colony, but it also determines the economic policies of the subjugated country. The British rule can be divided into two periods:

1) The rule of the East India Company from 1757 to 1858; and

2) The rule of the British Government from 1858 to 1947 (British Raj).

1) **The Rule of the East India Company (1757 to 1858)**

From the battle of Plasssey to the Sepoy Mutiny (1857) the British virtually captured the whole of India. The advent of East India Company in India ruined the Indian economy. The following methods of exploitation were adopted


by the East India Company. First, East India Company indulged in direct plunder
under the guise of trade. In the beginning when the Company started its trade
with India, there was hardly anything which British could offer to this country in
exchange of goods it purchased. The Company was given authority to export gold
and silver bullion and the coins of these metals worth 30,000 pounds per annum.
East India Company took dominance after the battle of Plassey to take the
balance of exchange in its favour and secure maximum goods for minimum
payment. Secondly, under the East India Company the land revenue was an
instrument of plundering the peasants. Thirdly, the officers of East India
Company were crooked and corrupt. They adopted all means to deceive Indians
and to make large fortunes. The Indian economy deteriorated completely during
the Company’s rule.

2) The Rule of the British Government (1858 to 1947)

Industrialisation began in Britain in the eighteenth century, later on it
spread throughout Europe and to other parts of the world. The British interests in
India, during eighteenth century were mainly to: 1) secure raw materials from
India for factories and industries in Britain; 2) capture Indian market for British
products.

The Britishers adopted the following measures to achieve the above
objectives, which ruined the Indian economy.

1) Commercialisation of Agriculture: Commercialisation of agriculture implies
production of crops for sale rather than for family consumption\(^56\). Food crops like
wheat, paddy, millets were grown by Indian farmers before the advent of British.
Later the farmers were forced to switch over from food crops to cash crops like
cotton, jute, tobacco, indigo, etc., and to sell the cash crops to Britain. The
Britishers pursued trade policy that encouraged exports of raw materials from
India and for the import of British manufactured goods into the country. The
switch over from important food crops to cash crops disturbed the balance
between the demand and supply of food grains, resulting in famines and

\(^{56}\) Dutt Ruddar and K.P.M. Sundharam., *Indian Economy*, Fifty Seventh Edition, S.Chand and
Company Ltd., New Delhi, 2008, p.18.
scarcities. “The commercialisation of agriculture proved suicidal for the Indian economy”\(^{57}\).

II) Feudal Land System: The Government introduced land settlements to bring about stability in company revenues. In Bengal and neighbouring areas, permanent settlement was introduced. The settlement raised the status of revenue collectors to that of private landlords. It fixed land revenue in perpetuity\(^ {58}\). This was called the Zamindari system and the Zamindar was required to deposit land revenue with the State. Under the Zamindari system introduced by Lord Cornwallis the poor Indian peasants lost their ownership right over the lands and this led concentration of economic power in the hands of landlords and money lenders. Due to defective land tenure system, no investments were made on land and farm technology remained backward. According to Daniel Thorner, “there was a built–in-depressor and the economy failed to grow”\(^ {59}\).

III) Decline in Handicrafts: Prior to Industrial Revolution in Britain, the East India Company concentrated on the export of Indian spices and other manufactured goods like textiles. The Industrial Revolution reversed the character of India’s foreign trade\(^ {60}\). India’s indigenous handicrafts could not stand competition from imported machine-made goods which were relatively cheaper and attractive. Liberal imports of machine-made goods led to the decline of domestic handicrafts, causing unemployment and misery for the native craftsmen. The Britishers also developed roads, railways and communications which intensified the competition between Indian handicrafts and finished foreign goods.

The opening of Suez Canal in 1869 reduced the transport cost and made the exploitation of the Indian market easier, which led to the destruction of Indian handicrafts\(^ {61}\). Indian weavers, artisans and handicraftsmen lost their means of livelihood and became dependent on agriculture. This led to excessive dependence on land that led to sub-division and fragmentation of land, and

\(^{57}\) Prasad C.S., \textit{et.al.}, \textit{op.cit.}, p.4.  
\(^{58}\) ibid. 
\(^{59}\) Misra S.K and V.K. Puri, \textit{op.cit.}, p.54.  
\(^{60}\) Prasad C.S., \textit{et.al.}, \textit{op.cit.}, p.5.  
\(^{61}\) ibid.
creation of class of landless labourers. The competition from the British manufacturers was partly responsible for the decline of Indian handicrafts.

IV) Occurrence of Famines and Scarcities: Another adverse consequence of the British rule in India was the frequent occurrence of famines and scarcities. According to the report of the Famine Commission (1901), the country experienced 12 famines and 4 severe scarcities during 1765-1858. In a period of about half a century (1860-1908) some 20 famines occurred. The Bengal famine of 1943 was a tragedy of great proportions. The failure of the monsoon was the major cause for the occurrence of famines. Apart from the failure of rains, famines were caused by wrong policies of the colonial rulers, particularly regarding agriculture. The paucity of means of transport and communications was another contributory cause for famines. During the 1943 Bengal famine, the railways were busy transporting troops and army material rather than food grains to the affected regions. During this time the food prices rose sharply and traders resorted to hoarding and speculation, the Government hardly took any effective steps to stop such malpractices.

V) Unbalanced Occupational Structure: Occupational structure during the British rule was reflective of the backwardness of the Indian economy. A disproportionate share of work force (around 72 percent) was engaged in agriculture. The dependence of a large percentage of population on agriculture was indicative of the prevalence of widespread disguised unemployment in agriculture, low per capita labour productivity and poverty. It also reflected limited or low level of manufacturing activities.

VI) Modern Factory System: Though the British were responsible for the decline of handicrafts, they may be credited with the start of modern factory system in India. By the end of the 19th century, there were 194 cotton mills, and 36 jute mills. Mining activities had also picked up. After the turn of the century and especially after World War I, it came to be recognised that without rapid industrialisation significant economic development was not possible. The inter-

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62 Prasad C.S., et.al., op.cit., pp.5-6.
63 Prasad C.S., et.al., op.cit., p.7.
war period witnessed the establishment and growth of several industries in the country.

In spite of the enterprise shown by some communities like Jains, Marwaris, Parsis and the Chettiar's, industrial growth was slow. This was due to general lack of entrepreneurial ability among Indians who preferred trading and money lending as a source of profit. There were non-government organisations and financial institutions to finance industrial investment. The industrialisation was lop sided as more emphasis was on consumer goods industries like, cotton textiles, jute, sugar, paper, etc., and industrial activities were confined to limited areas. This resulted into serious regional imbalances.

VII) Introduction of Railways: The introduction of railways in India in the middle of the 19th century was a landmark in the economic and commercial history of the sub-continent. The plans for the introduction and extension of railways were formulated by Lord Dalhousie. Beginning in 1853, India’s railway system expanded rapidly to become by 1910 the fourth largest in the world. The construction of railways in India was undertaken to achieve a number of objectives, commercial and political. The basic purpose was to collect raw materials from different production centres for export to Britain. The railway system was also to be used to sell British manufactures in every part of the country. Although expansion of railways was undertaken to serve commercial and political interests of the British, it did prove beneficial to Indian economy in several ways. It provided a safe, speedy and relatively cheap mode of transport of goods and passengers. Railways gave tremendous impetus to internal trade, which was helpful in leveling up prices throughout India.

Other two vital aspects of British colonial rule over India that are highlighted by the nationalists were the ‘drain theory’ and the theory of ‘de-industrialisation’.

1. Economic Drain: The drain theory, as formulated by the nationalists, referred to the process by which, a significant part of India’s national wealth, was being exported to England for which India got no economic returns. “Amiya Bagchi’s

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64 Prasad C.S., et.al., op.cit., p.9.
estimate is that ‘external drain’ from Bengal constituted about 3 to 4 percent of the gross domestic material product. If expenditure on wars of the East India Company is added in this period, Bagchi maintains that “at least 5 to 6 percent of resources of the ruled land were siphoned off from any possibility of investment”\(^65\).

This drain of resources from India to the United Kingdom consisted of various payments for which India did not get any return. Indian nationalists intensely criticised the British rulers of India for the massive drain of wealth from this country to England during their rule. Dadabhai Naoroji, Romesh Dutt, M.G. Ranade, Lala Lajpat Rai and William Digby wrote extensively on the drain of wealth from India. In their opinion, this was the major cause of increasing poverty in India\(^66\).

2. De-industrialisation: The nationalists argued that British rule led to the de-industrialisation of India. India was an exporter of cotton manufacture and this was how the Company started its trade but gradually India became an importer of cotton manufacture and thus Indian artisans, craftsmen and important trading centres collapsed and whatever manufacturing activity existed was destroyed under the impact of imports of cotton manufacture and thus Indian artisans, craftsmen and important trading centres collapsed. Amiya Bagchi observed: “for more than seventy five years up to 1913, India remained the major importer of cotton goods from Britain, after taking more than forty percent of the British exports\(^67\). The decay of Dhaka, Surat, Murshidabad and many other flourishing towns bears testimony to de-industrialisation”\(^68\).

3.4: Other Developments

The First World War (1914-18) created enormous demand for factory goods in India. Imports from Britain and other foreign countries fell substantially. Besides, the government demand for war purposes increased considerably.

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\(^67\) Bagchi Amiya Kumar., *op.cit.*, p.82.
Consequently, production increased in such industries as iron and steel, jute, leather goods, cotton and woolen textiles. Indian mills and factories were working to full capacity. The expansion of industries in India, however, was handicapped in the absence of heavy and machine tools industries.

In 1923, government accepted the recommendations of the First Fiscal Commission and granted protection to selected Indian industries against foreign competition. Between 1924 and 1939, several industries were given protection including iron and steel, cotton textiles, jute, sugar, paper and matches. Indian industrialists taking advantage of the policy of protection captured the domestic market to some extent.

The Second World War created conditions for the maximum utilisation of existing capacity in Indian industries. This was the major factor responsible for the increase in industrial production. Several industries such as ferroalloys, non-ferrous metals like aluminium, diesel engines, pumps, bicycles and sewing machines, chemicals like, soda ash, caustic soda, chlorine and superphosphate and certain types of machine tools and simple machinery were started on a modest scale during this period.

The major emphasis in industrial development in India was on consumer goods industries, while the development of basic capital goods industries lagged behind. The output of consumer goods industries such as, cotton textiles, sugar, soap, matches and salt was on the whole sufficient to meet the existing low level demand in the country. The available capacity in India in case of capital goods industries and industries manufacturing intermediate products was not adequate.

In short, the British rule resulted into colonisation and systematic exploitation of the Indian economy. In their efforts to convert India into a market for their manufactures, the British systematically destroyed India’s own manufacturing industry. At the time when British arrived in India for trading, India accounted for more than 17 percent of the world Gross Domestic Product, but when the British left India in 1947, India accounted for less than 1 percent of
the world Gross Domestic Product\textsuperscript{69}. The result of this colonial policy was suicidal for the native Indians. Economy remained stagnant, masses suffered from appalling poverty and famines occurred frequently.

3.5: Indian Economy at the Time of Independence (Post-colonial)

The pre-independence period was a period of near stagnation for the Indian economy. At the time of independence, Indian economy was caught up in a vicious circle of poverty characterised by one of the lowest per capita consumption and income levels among the different countries of the world. Judged in terms of per capita incomes and standard of wellbeing, the Indian economy remained more or less stagnant during the colonial regime. Quoting from the First Five Year Plan document: “this is primarily because the basic conditions under which an economy can continuously expand have been lacking…... The transition that followed was characterised not by expansion of industry and a diversification of the economic structure, but by a decay of India’s traditional arts, crafts and industries and by an increasing pressure of population on land. The result was a continuous increase in underemployment and the growth of an attitude of pathetic contentment on the part of the people. In such an environment there could be little economic or social progress. …Little attention was paid for the improvement of agriculture or the needs of the rural areas”\textsuperscript{70}.

The then situation is summarised as under:

I) Agricultural Sector: India’s economy under the British colonial rule remained primarily agrarian, as more than seventy percent of the population was dependent on agriculture for their livelihood. This sector experienced stagnation. Various reasons can be attributed to this stagnation. Commercialisation of agricultural crops deteriorated the conditions of farmers who were thrown into the debt trap and poverty trap. India’s agricultural production was further deteriorated due to country’s partition at the time of independence. A sizeable portion of the undivided country’s highly irrigated and fertile land went to Pakistan, this had an

\textsuperscript{69} New World Encyclopedia, accessed on 3rd January 2010 (www.newworldencyclopedia.org).
adverse impact upon India’s output from agriculture sector\textsuperscript{71}. Another reason for the stagnation of productivity in agriculture was the near absence of change in its technological basis or its productive technique and inputs. The stagnation in agriculture can also be explained by the fact that colonialism transformed the agrarian structure in India and made it regressive. Sub-infeudation, tenancy and sharecropping increasingly dominated both zamindari and rytovari areas\textsuperscript{72}.

II) Industrial Sector: India could not develop a sound industrial base under the British rule. The indigenous handicrafts were ruined at the hands of Britishers. The Britishers turned India into market for the latter’s manufactured goods. There was no capital goods industry to boost industrialisation in India. This could be attributed to the policy of British Government granting discriminating protection. The policy of protection was accompanied by the most favoured nation clause for British goods. There was predominance of consumer goods industries. “During the early 1950’s the ratio of consumer goods to capital goods worked out to be 62:38”\textsuperscript{73}. GDP of the new industrial sector remained very small. This sector was confined only to railways, power generation, communications, ports and other departmental undertakings.

III) Foreign Trade: India had been an important trading country since ancient times. The Britishers pursued restrictive trade policies, tariffs which affected the structure, composition and volume of India’s foreign trade. Britain enjoyed monopoly control over India’s exports and imports. Though India earned export surplus, but this was used to make payments for the expenses incurred by an office set up by the colonial government in Britain, expenses on war and the import of invisible items which led to the drain of Indian wealth by Britain\textsuperscript{74}.

IV) Demographic Condition: As per Census of 1951, the total population of India was 361 millions. The literacy rate was 18.33 percent, 27.16 percent male were literate and 8.86 percent females were literate. Public health facilities were

\textsuperscript{74} Datt Ruddar and Sundharam K.P.M., \textit{op.cit.}, pp.26-27.
not available to the majority of population. Water and air-borne diseases took huge toll of life. Life expectancy was estimated at only 32 years during 1951-61\textsuperscript{75}.

\textbf{V) Occupational Structure:} The agricultural sector remained at a high rate around 70-75 percent while the manufacturing and the services sectors accounted for only 10 percent and 15-20 percent respectively\textsuperscript{76}.

\textbf{VI) Infrastructure:} On the eve of independence, India had railways, roads, ports, posts and telegraphs. The colonial government developed these with self motive. Inland trade and sea-lanes were also developed along with roads and railways. Indians have also benefitted owing to the introduction of railways and other means of communication.

The colonial rule was, thus, a powerful system of exploitation. India inherited a dismal economy from the British rulers at the time of independence. Agricultural sector exhibited features of feudal and semi-feudal institutions, resulting into low productivity. Industrial sector suffered from technological barrier. Means of transport and communication were underdeveloped, health and educational facilities were poor. Poverty and unemployment were widespread. In short, the country exhibited the features of backwardness in every respect.

On 15\textsuperscript{th} August 1947 India became an independent country. Indians adopted their own Constitution in 1950 and with this India became democratic republic on 26\textsuperscript{th} January, 1950. Another important development was launching of ambitious economic development plans.

\textsuperscript{75} Datt Ruddar and Sundharam K.P.M., \textit{op.cit.}, pp.42-58.
\textsuperscript{76} Agrawal A.N., \textit{op.cit.}, p.41.
3.6: Broad Objectives of Indian Planning

In India, economic planning commenced after Independence. The necessity of economic planning in India was realised not only in the post-independence era but a number of efforts were made in this direction even during the pre-independence period\textsuperscript{77}. In an innovative effort, the founding fathers adopted the middle course of mixed economy, assigning pivotal role to public sector and economic planning. This new approach to socio-economic growth was set within a framework of parliamentary democracy guaranteeing universal franchise\textsuperscript{78}.

The First Five Year Plan commenced in 1950-51 and it was followed by a series of Five Year Plans. The Planning Commission set out the following four broad objectives of Planning: \textsuperscript{79}

1. To increase production to the maximum possible extent so as to achieve higher level on national and per capita income;

2. To achieve full employment;

3. To reduce inequalities of income and wealth; and

4. To set up a socialist society based on equality and justice and absence of exploitation.

Each plan, beginning with the First Plan in 1951, listed the basic objectives of India’s development. These objectives provide, so to say, the guiding principles of Indian planning. Within this frame work each five-year plan formulated objectives, keeping in view the problems arising from the new possibilities. This gave rise to, what may be called, the immediate objectives of each plan. These objectives have, however, been subservient to the basic objectives.


\textsuperscript{79} \textit{ibid.}
Section II

3.7: Budget as a Tool for Implementing Planning Process

As Watterson has remarked, the nature of the link between the plan and the budget is a test of whether a government is serious about its plan and intends to carry it out\(^\text{80}\). The budget tells us about government’s expenditure priorities, policies and plans for the next year and beyond. The key element that describes the budget relates to revenue and expenditure.

Governments use budgets to perform important tasks like: \(^\text{81}\)

1. As a planning tool- to set goals, estimate costs and expected outcomes;
2. As a control tool- to hold agencies accountable for planned revenue and expenditure;
3. As a fiscal tool-to provide economic stability and foster growth; and
4. As a political tool-to help with prioritisation and targeted allocations.

“Budgets are critical mechanisms for ensuring the allocation and redistribution of resources and ensuring a chain of accountability over time. That is they provide a public record of intention and performance”\(^\text{82}\). The government has broad set of goals that shows the path for the government for development of policies and programmes. Goals are formulated after thorough assessment of conditions prevailing in the country and what are the needs and requirements of people residing in that country and what are the thrust areas. Based on the assessment of current and expected future conditions and opportunities and challenges facing the community and the government, broad goals are established that define the preferred future state of the community\(^\text{83}\). A budget that moves

\(^{82}\) ibid.
toward the direction of achievement of goals within the constraints of available resources should be prepared. Government budgeting is one of the important tool by which the use of the public resources are planned and controlled to attain desired objectives.

While presenting the budget, a finance minister is faced with two vital questions: First, what are the items on which government should spend and secondly, how to raise resources to finance this expenditure? The answer depends on, whether the government should spend more on defence services or it should spend more on social services like, education, health, etc., on the priorities of the government which are determined by the economic, social and other problems faced by the country.

How to raise the resources to finance this expenditure is another question faced by the government. Should people be taxed more? Which section of the people to be taxed more? What commodities be taxed? How much the government should borrow, from where and in what form it should borrow. The government allocates its scarce resources and spends them prudently in accordance with its policy and priorities. “The selection of items of expenditure and sources of finance in tune with government’s policies and programmes is what is termed as budgetary policy of the government”84.

The policy goals of the government are achieved through the allocation of amount to the respective sectors. The priorities affect the lives of the people. Budget, therefore, is a tool for implementing government policies reflected in the plans. It helps to monitor the activities of the government to see if enough money is being spent on prioritised issues.

Coordination between budgeting and planning is essential for the effective functioning of both. In India, the finance minister, assisted inter alia by the Budget Division of the Department of Economic Affairs of the Ministry of Finance, has responsibility for producing the budget, in the form of the Annual

Financial Statement and such supplementary budgets as may be needed during a year for the Government of India.

The detailed estimates of expenditure are prepared by the estimating authorities by each unit of appropriation (sub/detailed head) under the prescribed Major and Minor Heads of Account, separately for Plan and Non-plan expenditure. The estimates of plan expenditure are made on the basis of the approved plan allocations intimated by the Planning Commission. The estimating authorities forward the budget proposals to their departmental heads for consideration and onward transmission to the ministries administratively concerned. These ministries scrutinise the estimates, make modifications wherever necessary, and transmit these revised estimates to the Financial Adviser for further examination and processing.

The Financial Adviser ensures the correctness of accounts classification, makes modifications as may be called for in his judgment in the context of economy and other considerations, consolidates the estimates for each programme/organisation to present a complete picture of their financial costs, and obtains approval of the Secretary (Expenditure) in the Ministry of Finance, wherever necessary. Departmental budgets are then forwarded to the Budget Division. While the prescribed date for receipt of the estimates of receipts by the Budget Division is normally not later than the end of December, the date for estimates of expenditure is 31st October. The estimates of departmental receipts and expenditure received in the Budget Division are duly scrutinised and then accepted for incorporation in the Budget.

3.8: Budget-Plan Integration

In India, a plan is a consultative document and does not have the force of law. It is merely a statement of intent and not an authorisation for the executing authorities to go ahead. “The plan is a blue print for action but its actual implementation is done through the budget duly approved by the legislature. Budget-Plan integration is important in that while the plan defines the society’s desired ends, the budget allocates and authorises funds for achieving these ends.
Hence, the plan and the budget are required to be interlinked properly to ensure translation of the intentions of the planners into operational realities for achieving the planned objectives.85

To facilitate translation of plan into action, it is necessary that the budget distinguishes the plan programmes of expenditure from other (i.e., non-plan) expenditure. The Annual Financial Statement does not show the break-up of expenditure between plan and non-plan. This deficiency, however, is made good through separate presentation of plan and non-plan expenditures in the demands for grants. The annual plan which establishes yearly segments of programmes and projects to be completed is thus, dovetailed into the frame work of the budget. Planning process has a wider coverage as it deals with developments in the entire economy, including both public and private sectors. “Budgetary process is concerned with the activities of the government. In another respect, however, the budgetary process covers more than the planning process as it includes both developmental activities and current activities of the government while planning relates to developmental activities only”86. For instance, if gender mainstreaming which is an integral part of gender budgeting is to be brought into practice, then budgets must be examined with policy. “Budget-making and policy making must be carried out in close collaboration”87.

86 ibid.
Section III

3.9: Major Budgetary Developments: 1947 to 2007

The budget speeches from 1947 to 2007 are reviewed here with special reference to social sector in general and women’s issues in particular. In the budgets from 1947-48 to 1953-54, no reference is found regarding measures taken for the development of women and social sector. During the year 1954-55, “Womens’ Savings Week” was organised to mobilise savings in the country. Since then the social sector and women’s issues like, health, education, gender budgeting, etc., began receiving public attention.

Budget for 1947-48

For first eight months, first budget of free and independent India was presented during 1947-48. This budget covered a period from August 15, 1947 to March 31, 1948. Arrangements for the partition between India and Pakistan took place. Expert committee under the Chairmanship of Sir Purshottamdas Thakurdas submitted interim report on food position in the country. There was marked deterioration in the economic situation in the country, because of disturbances caused in Punjab and Frontier province. The country faced inflationary situation. This budget didn’t make any reference to women’s issues.

Budget for 1948-49

First annual budget was presented during 1948-49. This budget was overshadowed by Mahatma Gandhi’s death. The country faced severe food problem because of failure of monsoons in Madras Presidency. There was no material change in the general economic conditions in our country when compared to first budget of independent India. In this budget also no reference was made pertaining to the development of women.

Budget for 1949-50

Food situation worsened due to floods in Bihar and United Provinces, the damage caused by the cyclone in Bombay and the outbreak of famine in parts of Gujarat, Saurashtra, Rajasthan and Kutch. Capital gains tax was abolished. The major problem faced by the country was to control the rising prices. Progress made in the work of the Income Tax Investigation Commission was reviewed. This budget was silent on women issues.

Budget for 1950-51

First budget of the Republic of India and first budget under the new Constitution was presented in this year. Planning Commission was set up under the Chairmanship of Pandit Jawaharlal Nehru. Parliament asked to set up an Estimates Committee to scrutinise the expenditures of various departments of the government and of the government as a whole. The real business of the estimate committee would be taking the policy and the objective of the government and to suggest how the policy and objectives have to be carried out with the least expenditure of the public resources. This budget too was silent on women’s issues. The Finance Minister concluded his Budget Speech (1950-51) that a government budget is a human document in the sense that it involves and has reactions upon the experiences and the emotions of multitude of men and women all over the country.

Budget for 1951-52

Inflationary situation aggravated due to severe natural calamities like, the earthquake in Assam, the floods in certain parts of Bihar and Uttar Pradesh, the failure, for the fifth year in succession, of the North-East monsoon over a large area of Madras. ‘Grow More Food’ plan re-oriented to concentrate on selected areas with assured water supply. Bill to implement recommendations of the Income Tax Investigation Commission was introduced. There was no mention of women related issues.
Budget for 1952-53

This budget was presented to the first Parliament elected under the new Constitution. There was steady drop in the prices. A committee under the Chairmanship of Shri V.T. Krishnamachari examined the achievements of the Grow More Food Campaign. Demands for grants of different ministries were presented for the gross amount of the expenditure. There was a rise in the rate of deficit in the balance of payments. Women issues were not highlighted in this budget too.

Budget for 1953-54

Prices on the whole remained steady at lower levels. The food situation was better compared to the previous year. Industrial and agricultural production showed increase. Balance of Payments position was slightly favourable. Report of the First Finance Commission was placed before the Parliament. Exemption limit for income tax increased from Rs.3,600 to Rs.4,200. Credit was raised through small savings and steps were taken to intensify the savings movement, to achieve a big target. The progress of small savings movement was emphasised. Importance was given to the small saver for providing the finance required for development. Steps were taken to generate the interest of voluntary social and women’s organisations in the furtherance of the movement. There was no mention of women’s issues and gender related difficulties.

Budget for 1954-55

There was improvement in the general food situation. The country faced satisfactory balance of payments position. For the first time revenue from estate duty was included in the budget. Compensation to displaced persons for the loss of immovable properties in West Pakistan was given. A Women’s Savings Week was organised that produced very encouraging results and a regular Women’s Saving’s Campaign was inaugurated. Central Advisory Committee was set up to guide and organise the campaign to mobilise savings. For the first time, importance of women folk was recognised.
Budget for 1955-56

Hindi Version of the budget speech was presented for the first time. The Small Savings Scheme made notable progress. The Women’s Savings Campaign under the Central Advisory Committee, made a valuable contribution to the movement not only in actual collections but in spreading its message. Over 100 voluntary social and women’s organisations were appointed as agents for the sale of certificates and an amount over one crore rupees was collected under the campaign. Role played by women in mobilising savings was recognised.

Budget for 1956-57

This budget was the first of the Second Five Year Plan. National Small Industrial Corporation along with four regional Small Industries Services Institutes were set up. More recommendations of the Taxation Enquiry Commission (1953-54) were implemented. Government took several steps to strengthen Small Savings movement. The Women’s Savings campaign under the Central Advisory Committee was maintaining satisfactory progress and over 150 voluntary social and women’s organisations were appointed as agents for the sale of Certificates. This budget was silent on other women related issues.

Budget for 1957-58

A White Paper reviewing the major economic developments in the economy during 1956 circulated along with Budget Papers. Economic classification of the budget was presented. Establishment of Refinance Corporation was announced and National Plan Savings Certificates was launched. Expenditure tax was introduced for the first time in the world. It was proposed to levy this tax on individuals and Hindu Undivided families whose income for tax purposes is not less than Rs.60,000 a year. There was no mention of women-specific problems, plans and programmes.
Budget for 1958-59

The objective of socialist pattern of society was reiterated. Stability in prices was achieved. There was continuous strain on balance of payments, since the beginning of the Second Five-year Plan. Gift tax was introduced during this year. Major changes took place in Excise Duty Act. It was proposed to levy a tax on gifts by whomsoever made, with certain exemptions. Gifts upto a total value of Rs.10,000 in any one year would be exempt and if the value of gifts made during any year exceeds this sum, only the excess would be subject to tax. The basic exemption of Rs.10,000 would be reduced to Rs.5,000 if gifts to any one individual done during a year exceeds Rs.3,000. In addition to this basic exemption, there were other exemptions, important among which are: 1) gifts to female dependants on the occasion of marriage upto Rs.10,000 in each case; 2) gift to one’s wife upto a total limit of Rs.1 lakh. The budget was silent on other gender related issues.

Budget for 1959-60

It was proposed to bring together for each Ministry the estimates relating to it which will facilitate the disposal of these estimates by the House, that is, demands for grants to be presented by individual Ministries to Parliament. For the first time, the estimates relating to plan expenditure and non-plan items were given separately. Rates of wealth tax were increased. Wealth tax on companies was abolished. Excess dividends tax was also abolished. No reference was made with respect to women.

Budget for 1960-61

Stock markets were buoyant. Reserve Bank’s sterling assets were relatively stable. Central Pay Commission submitted the report. Central Economy Board was to keep watch on growth in government expenditure. Several steps were undertaken by the government to strengthen savings movement. The National Savings Advisory Committees at the Centre and in the States were merged with the Savings Boards of the Women’s Savings Campaign and
constituted into composite Boards, one at the Centre and one in each State, with adequate representation of women workers. No specific mention was made with respect to development of women’s issues.

**Budget for 1961-62**

A decade of planned development was completed. Balance of payments situation took a turn for the worse. Third Finance Commission was constituted. Some changes were made in accounts. The group head “Civil Administration” was split up into two: “Administrative Services” and “Social and Developmental Services”. Gender related issues were not highlighted.

**Budget for 1962-63**

Income tax on Indian Companies increased from 45 percent to 50 percent. Expenditure tax was abolished. Rates of wealth tax were increased. No special programmes with gender orientation were introduced.

**Budget for 1963-64**

External payment position caused more concern. General surcharge of 10 percent on all import duties was levied. Export duty on tea was abolished. A comprehensive scheme of compulsory savings was introduced. This budget didn’t emphasised women issues.

**Budget for 1964-65**

Rise in price level caused great concern. Amendments in Banking Companies Act and Companies Act paved the ground for the State to have strategic control over the private sector. Rate of super tax in the case of non-resident companies increased from 38 percent to 40 percent. Annuity Deposit Scheme came into force. As usual no mention was made of women issues.
Budget for 1965-66

This was the first budget after Pandit Jawaharlal Nehru’s death. Small Savings Certificates were introduced. Foreign exchange reserves depleted to critical level. Compounded levy scheme for small power-looms was further simplified. Recommendations of the Third Finance Committee were accepted and New Gold Bond Scheme was launched. In the area of personal taxation of incomes, need was felt to simplify the tax structure. A tax system was proposed to provide in which the present free allowance for purposes of income-tax would be discontinued, thus eliminating inter alia the element of acute discrimination against unmarried women and bachelors.

Budget for 1966-67

The country faced unprecedented failure of monsoons. Expenditure tax was abolished. Rate of surtax provided under the Companies (profits) Surtax Act, 1964, was reduced.

Budget for 1967-68

Serious situation was created by the drought concerning food supplies in general and the well-being of the people in the scarcity affected areas in particular. There was sharp increase in prices due to drought. Industrial output declined. Export duty on jute manufactures was reduced. Priority industry treatment was extended to approved hotels run by Indian companies. Interim report of S.Bhoothalingam Committee on Tax Reforms was submitted. There was a general agreement in the country that the highest priority should be given to agriculture and to family planning in our plans for the next few years followed by the drinking water facility all over the country. Need to improve the quality of education and the welfare of backward classes, particularly of scheduled castes and tribes, was emphasised.
Budget for 1968-69

An agreement was signed to import 3.5 million tonnes of foodgrains from the USA under PL 480. Second session of UNCTAD in New Delhi took place. Dividend tax on excess distributions discontinued. Surtax on company profits was reduced from 35 percent to 25 percent. Export Markets Development Allowance was introduced. Annuity Deposit Scheme discontinued. This budget didn’t make any specific mention of women’s issues.

Budget for 1969-70

This was the first budget of the Fourth Five Year Plan. Economy showed signs of revival. There was remarkable increase in exports. The general price was lower compared to last year. Export duty on jute manufactures was reduced. Tax holiday concession for new industrial undertakings was extended. Agricultural wealth was also brought under Wealth Tax Act. There was no mention of gender oriented programmes.

Budget for 1970-71

In this budget, special schemes for small farmers were introduced. Urban Development Corporation came up. Special provisions were made in the Fourth Plan for the supply of drinking water in the cities. Exemption limit in respect of gifts was lowered from Rs.10,000 to Rs.5,000. Export duty on jute manufactures was reduced. The budget was silent on gender related issues.

Budget for 1971-72

Reorientation of the policies took place. A mandate for socialism, economic growth with increased social justice was received by this government. The problem of unemployment was felt equally acute among men and women. Several measures were taken to increase employment opportunities to urban and rural underemployed. A crash employment programme was announced to ensure employment to at least one person in each family in all parts of the country. Millions of refugees from Bangladesh migrated to India. Surcharge on personal
income tax increased from 10 percent to 15 percent. Wealth tax rates were drastically raised. A tax was imposed on foreign travel.

**Budget for 1972-73**

Setting up of Sixth Finance Commission was announced. Report of Direct Taxes Enquiry Committee was submitted. Exemption in respect of casual and non-recurring income in excess of Rs.1,000 in a year was withdrawn. Deduction of tax at source in respect of payments made to contractors by the government was introduced. Capital Gains arising from the transfer of jewellery held for personal use were also made chargeable to capital gains tax. There wasn’t any mention of women issues.

**Budget for 1973-74**

It was mentioned in the budget that Special Nutrition Schemes which were started in 1970-71 for providing supplemental nutrition to vulnerable sections of the population gained momentum and 32 lakh pre-school children and expectant and nursing mothers in urban slums, tribal areas and rural areas were deriving benefit from them. Report of the Committee on Taxation of Agricultural Wealth and Income was submitted. Excise duties on luxury articles like refrigerators and air-conditioners were increased. A pilot scheme with differential interest rates was started by banks, after RBI issued guidelines for the scheme in June 1972. The pilot scheme was confined to 163 industrially backward districts. Institutions for physically handicapped, women’s homes and orphanages, irrespective of their place of location were eligible to borrow at concessional rate. This budget made a mention of expectant and nursing mothers.

**Budget for 1974-75**

This was the first year of the Fifth Five Year Plan. There was steep rise in crude oil prices that turned terms of trade against India. New accounting classification which was prescribed by the Comptroller and Auditor General came into force, which reflected more meaningfully the functions, programmes and activities of the government. The budget was framed on the basis of the new
classification. Large funds for social services like, education, health, family planning, social welfare and housing were allocated. Recommendations of the Third Pay Commission were accepted. Maximum marginal rate of income tax was reduced from 97.75 percent to 75 percent.

**Budget for 1975-76**

This budget gave priority to agriculture, power, fertilizers, coal, petroleum, essential industries like cement, paper and shipbuilding and transport. Social services were also given importance. Increased provision over the revised estimates for this year was allowed for village and small scale industries, education, health, family planning, housing and urban development and welfare of backward classes.

**Budget for 1976-77**

The 20-point Economic programme was launched. The New Economic Programme generated a tremendous sense of discipline and dedication in every facet of our economic life. Additional investments were made in important sectors. It was argued that the effective implementation of measures involving redistribution of surplus land, provision of house sites for the poor, socialisation of vacant urban lands, etc., will help for the redistribution of income. In order to improve the standard of living of people, emphasis was laid on family planning measures. Provisions for education, scientific research, health were given importance. Maximum marginal rate of income tax was reduced from 77 percent to 66 percent. Compulsory deposit scheme for income-tax payers was extended for one more year.

**Budget for 1977-78**

This was first regular budget of Janata Party Government. Inadequate rate of growth was identified as fundamental problem of the Indian economy. Primacy of agriculture was emphasised. Development of small-scale industries was underscored. Policy of reduction in rates of direct taxes reversed. After completing twenty years of planning, it was not possible to sustain an average
growth rate of 5 percent. Planning and programme priorities were called for retrospection. No special measures were introduced for the development of women.

**Budget for 1978-79**

Relative price stability and satisfactory balance of payments position were achieved. Funds were allocated both in the Central and State’s Plans for expansion of health coverage for rural areas including the scheme for community health workers. Small industries and rural industries were emphasised in the New Industrial Policy statement. Chokshi Committee Report on Direct Tax Laws was submitted. Final report of the Jha Committee on Indirect Taxes was also submitted. Women related issues didn’t receive any specific attention.

**Budget for 1979-80**

A plan outlay of Rs.125 crore was laid for accelerating Integrated Rural Development Programme. The government was committed to provide safe drinking water in all problem villages. Government attached highest importance to education sector. The provision for adult education was increased during this year. Emphasis was laid on newly introduced family welfare programmes. The Community Health Workers Scheme was started in October 1977 in 741 primary health centres was significant innovation of the Janata Government. Recommendations of the Seventh Finance Commission were accepted by the government. Rate of surcharge on income tax on non-corporate taxpayers increased from 15 percent to 20 percent. Compulsory Deposit Scheme for income taxpayers was extended for a further period of two years. Rates of wealth tax increased. Rate of surcharge on income tax in the case of companies increased from 5 percent to 7.5 percent. No mention was made to the gender related issues.

**Budget for 1980-81**

The performance of power, coal, railway sectors was one of the most serious deficiencies of the economic scene. A provision of Rs.250 crore was made in 1980-81 for health and family welfare. Attempt was made to improve
rural health facilities. There was decline in Gross National Product in 1979-80 by about 3 percent. Policy of reduction in rates of direct taxes was reintroduced. Maximum marginal rate of income tax was reduced from 72 percent to 62 percent. Exemption limit for wealth tax increased from Rs.1 lakh to Rs.1.5 lakh. Special Excise Duty at the rate of $1/20^{th}$ of the effective basic excise was extended to all commodities.

**Budget for 1981-82**

The Sixth Five Year Plan was approved by the National Development Council. The budget reflected the objectives, priorities and programmes of the Sixth Plan. Budget made a provision for 1982 Asian Games. Compulsory Deposit Scheme for income-tax payers was extended for another two years. Surcharge on income tax payable by all classes of companies was reduced from 7.5 percent to 2.5 percent. Exemption limit of Rs.50,000 for estate duty raised to Rs.1.5 lakh, the same as under the Wealth Tax Act. In this budget too there was no mention of gender related issues.

**Budget for 1982-83**

Fight against inflation was a high priority of the government. Emphasis was on domestic production of petroleum and petroleum products, fertilizers, steel, edible oils and non-ferrous metals. Two new savings instruments were issued, namely, Social Security Certificates and Capital Investment Bonds. Encashment benefit in lieu of unavailed earned leave was exempted from income tax. The outlay for family planning was increased to Rs.245 crore compared to Rs.155 crore in 1981-82. An outlay of Rs.16 crore in the Central Plan was proposed for the programmes for welfare of women. Special importance was given to the programme of functional literacy for adult women for which a provision of Rs.4.6 crore was made as against Rs.3 crore in 1981-82.

**Budget for 1983-84**

NREP and IRDP and rural water supply programmes were strengthened. Fourth Central Pay Commission was appointed. Income tax surcharge on non-
corporate taxpayers was increased from 10 percent to 12.5 percent. Compulsory Deposit Scheme Act, 1974, was extended for two years. Surcharge on income tax payable by companies increased from 2.5 percent to 5 percent. Levy of wealth tax in the case of closely-held companies was revived.

**Budget for 1984-85**

The programme for Integrated Child Development Services was an important step to render help to women and children in the backward areas, urban slums and tribal areas of our country. The plan outlays for expansion of health services and family welfare programmes were stepped up. Industrial performance showed an improvement over the previous year. The incentive schemes initiated in 1983-84 were continued in 1984-85 also. These schemes were designed to improve the functioning of the electricity boards, and provide further impetus to the programmes for small and marginal farmers, rural water supply, environmental improvement in urban slums, construction of field channels in command area development projects and adult education for women and elementary education for girls. A lumpsum of Rs.200 crore was allocated for the incentive schemes. Rate structure relating to personal income tax was substantially revised. Exemptions available under Sections 33B, 35C, 80CC, 80D and 80E of the Income Tax Act were withdrawn.

**Budget for 1985-86**

This was the first year of the Seventh Five Year Plan. Consistent with the goal to achieve a net reproduction rate of unity by the year 2000, the government promoted an imaginative family planning programme on voluntary basis. Combined with effective Immunisation Programme to reduce the mortality and morbidity rate among children, Family Welfare Programmes were given much importance. Emphasis was placed on restructuring the educational system in the country. The government expressed its commitment to make the education of girls free all over the country upto Higher Secondary level. A total provision of Rs.221 crore was made for education in the Central Sector including provisions for all these new initiatives.
Surcharge on income tax in the case of all categories of non-corporate taxpayers was discontinued. Compulsory Deposit Scheme for income taxpayer’s was abolished w.e.f. April 1, 1985. Wealth tax exemption limit was raised to Rs.2,50,000. Rate of excise duty in respect of Item 68 of the excise tariff was raised from 10 percent to 12 percent.

**Budget for 1986-87**

Budget based on Long Term Fiscal Policy was announced in December 1985. The outlays for the development of human resources were increased, such as education, sports, youth affairs, health, family welfare, women’s welfare, environment, art, culture and broadcasting. Improvement in the functioning of the infrastructure sector was a top priority of the government. Indira Awas Yojana for Scheduled Castes and Scheduled Tribes was launched. Government announced schemes for construction of low cost rural houses for Scheduled Castes/Scheduled Tribes and bonded labour, distribution of food grains at a concessional price to the people in Integrated Tribal Development Projects, extended coverage under nutrition programme for young children, pregnant women and nursing mothers, etc. Modified Value Added Tax (MODVAT) was introduced.

**Budget for 1987-88**

Government’s intention to appoint a National Commission on Rural Labour was announced. New Education Policy was adopted. A new saving scheme based on the net saving principle was introduced. Tax on expenditure in expensive hotels was levied at the rate of 10 percent of the expenditure. MODVAT scheme was extended to most of the remaining items. Government took several new initiatives in important areas like women and child development, health and family welfare, youth affairs and sports, art and culture, science and technology, environment, social forestry and information and broadcasting.
Budget for 1988-89

In this budget emphasis was laid on creating primary health facilities in rural areas. Facilities for medical and para-medical education and training and providing family welfare, maternity and child health, immunisation and related services were expanded. The Universal Immunisation Programme was extended to more number of districts. Government initiated a number of measures for the betterment of conditions of working women. These included programmes for raising skills and economic development, supportive services for working women and shelter and rehabilitation for women in adverse circumstances.

Budget for 1989-90

This was the last year of the Seventh Five Year Plan. Additional employment was provided to help the rural poor households and to raise their standard of living. But, in addition, a more direct effort at improving the condition of women and children was very essential. It was proposed to distribute saris to destitute women. Integrated Child Development Programme was proposed to extend to cover more areas. It was also proposed to enhance the additional central assistance made available to the states to 100 percent for assistance received under externally aided projects in the social services sector, and for programmes which have a direct bearing on poverty alleviation. More emphasis was laid in creating awareness regarding the rights of women, campaign against the atrocities inflicted on them and also against the social evils like child marriage, dowry, drug abuse, etc. Drought surcharge on wealth tax and income tax was withdrawn. Rate of expenditure tax under the Expenditure Tax Act, 1987 was enhanced. Rate of foreign travel tax was increased.

Budget for 1990-91

The problems of women entrepreneurs in the cottage and small sector were considered. The provisions regarding margin money and seed capital for women entrepreneurs was proposed to be re-examined and liberalised. This was first budget of the Eighth Five Year Plan. Rampant tax evasion caused concern.
Employment Guarantee Scheme for the drought prone areas and areas with acute problem of rural unemployment was launched.

**Budget for 1991-92**

The Rajiv Gandhi Foundation was established. Its major concern was the upliftment of the under privileged, women and handicapped persons. Economy faced double digit inflation. The process of economic reforms started. The allocation of resources for investment in human resource development was given more importance. Education, particularly elementary education was emphasised much. Special care and attention was proposed to be provided to the children who belonged to the category of first generation learners. Corporate tax rate for widely held companies increased from 45 percent to 50 percent.

**Budget for 1992-93**

This was budget for the first year of the Eighth Five Year Plan. The plan outlay for the Family Welfare Programme increased, reflecting the government’s commitment to control population. Budgetary allocations to the programmes of the Ministry of Welfare were increased, reflecting the government’s commitment to provide protection to weaker sections. Government considered sale of equity of Rs.1000 crore to provide resources to the National Renewal Fund in 1992-93, which was proposed to be utilised for various schemes of assistance to workers in unorganised sector, including women workers. Working women deserve special attention and therefore, it was proposed to increase the standard deduction from Rs.12,000 to Rs.15,000 in the case of working women having total income upto seventy five thousand rupees. The jute products manufactured in rural areas by women’s cooperatives and registered cooperative societies were fully exempted from excise duty. This budget was also based on Industrial Policy Statement of July 1991. Interim report of Tax Reforms Committee was submitted. Wealth tax in respect of non-productive assets was withdrawn. Basic exemption for wealth tax was increased to Rs.15 lakh. It was imposed at the flat rate of 1 percent.
Budget for 1993-94

An additional provision of Rs.250 crore was made for strengthening schemes in the social sectors such as health and family welfare. Outlay for education increased from Rs.952 crore to Rs.1,310 crore. Universal provision of primary education and promotion of adult literacy, particularly for women and girls were emphasised. A new scheme was launched for the improvement of primary education, particularly in backward areas. About twenty to twenty-five districts out of about 200 educationally backward districts, where female literacy was below national average, was proposed to be taken up for preparation of district plans in 1993-94. The National Commission for Women launched in the previous year considered various issues relating to women.

Budget for 1994-95

The increased budgetary support to the Central Plan was directed to support higher outlays in important social sectors such as rural development, education, health and family welfare and women and child development and SC’s and ST’s. Foreign currency reserves increased from $1 billion in June 1991 to $13 billion. International confidence in India was restored. Further reduction was made in the peak rate of customs duty. MODVAT was extended to capital goods and petroleum products. There was a reduction in the total number of *ad-valorem* excise rates to about half the existing number.

Budget for 1995-96

In this budget National Social Assistance Scheme was proposed to cover the poor and needy. One component of the scheme was the provision of a national minimum old age pension of Rs.75 per month to people above 65 years of age who were below poverty line. A second component provided ‘lump-sum survivor benefits’ of Rs.5,000/- to poor households, on the death of the primary bread earner. The third component aimed at provision of sustenance for pre-natal and post-natal maternity care to women belonging to poor households for the first two births. The scheme covered about 14 million needy beneficiaries who were
below poverty line. Seventy five percent of the beneficiaries were likely to be women needing assistance on account of old age, widowhood and maternity. It was proposed to assist 220 cooperative societies for women and 330 cooperative societies for weaker sections. Special emphasis was laid on improving educational status of women. A salaried individual does not pay tax upto a salary level of Rs.55,000 and in case of women this limit was even higher at Rs.58,000. Report of the Tenth Finance Commission was submitted. Peak rate of import duty was reduced from 65 percent to 50 percent.

**Budget for 1996-97**

This budget was based on Common Minimum Programme of the United Front Government. Emphasis was laid on growth with social justice. An amount of Rs.10 crore was provided for giving assistance to states which have or will set up Women Development Corporations. An additional amount of Rs.10 crore was set apart for starting training-cum-production centres or schemes for destitute women in different states. The main objectives of this budget were growth, basic minimum services, employment, macroeconomic stability, investment, human development and a viable balance of payments. Special tax rebate for senior citizens was raised. Rate of surcharge on corporation tax was reduced from 15 percent to 7.5 percent. Minimum Alternate Tax (MAT) was introduced.

**Budget for 1997-98**

This budget also embraced seven vital elements as the previous budget namely, growth, basic minimum services, employment, macroeconomic stability, investment, human development and a viable balance of payments. On August 15, 1997, the Prime Minister inaugurated the Kasturba Gandhi Shiksha Yojana, a programme to establish special schools for girl children in the districts which have low literacy rate. Income tax net was widened by the introduction of one-by-four economic criteria scheme.
**Budget for 1998-99**

This budget was based on the National Agenda for Governance. Development of infrastructure was given a top priority. More emphasis was laid on social sector development. Government also planned to implement the Constitutional provision for making primary education free and compulsory up to fifth standard and for girls up to the college level. The allocations under Kasturba Gandhi Shiksha Yojana and the Mahila Samridhi Yojana were integrated to support a unified Action Plan for accelerating female education. Other areas in the social sector for which new tax incentives were proposed or the existing ones being increased include employment generation, improvement of environment, upliftment of women, road safety and medical expenses of the handicapped.

**Budget for 1999-2000**

The broad strategy of this budget was six-fold. One of which was to revitalize and redirect public programmes for human development, encompassing food security, health care, education, employment and shelter. Their focus was on empowering the poor and the weaker sections, especially belonging to Scheduled Castes, Scheduled Tribes and Other Backward Classes. Empowerment entails access to five basic requirements, namely, food, health care, education, employment and shelter.

**Budget for 2000-01**

In this budget highest priority was given to several sectors like, agriculture, small scale industries, power, roads, telecom, railways, increase in exports, etc. Highest priority was also given to human resource development through programmes and policies in sectors like, education, health and other social services, with special emphasis on poor and weaker sections of society. More stress was laid on empowerment of women. The budget pointed out that, there is an urgent need for improving the access by women to national resources and for ensuring their rightful place in the mainstream of economic development.
Toward this objective, the government set up a Task Force to review all existing legislation and government schemes pertaining to the role of women in the national economy. The Task Force would chalk out specific programmes for observing 2001 as “Women’s Empowerment Year”.

Budget for 2001-02

The year 2001 was observed as “Women’s Empowerment Year”. It was proposed to strengthen the Rashtriya Mahila Kosh for providing micro credit to poor asset-less women through NGOs. An integrated scheme for the empowerment of women in 650 blocks was proposed to be launched. It was proposed to start a new scheme for women in difficult circumstances like widows of Vrindavan, Kashi and other places, destitute women and other disadvantaged women groups. One of the broad objectives was to lay stress on human development through better educational opportunities and programmes of social security. The Sarva Shiksha Abhiyan was launched to provide eight years of quality elementary education for all children upto the age of 14 years in a Mission mode with a thrust on community ownership, disadvantaged group and girl’s quality education and alternative modes of education.

Budget for 2002-03

One of the broad strategies of this budget was human development. The 93rd amendment of the Constitution has made free and compulsory education a fundamental right, for all children in the 6 to 14 age group. The year 2001 was celebrated as the ‘Women’s Empowerment Year’ and several policies, legislative and programme initiatives were launched to help for empowerment of women. The plan allocation to the Department of Women and Child Development was increased by 33 percent to Rs.2,200 crore. The government announced its intent to institute at least 100 scholarships in a year to encourage large number of women to enter scientific professions.
Budget for 2003-04

Importance was given to address the ‘life time concerns’ of our citizens covering health, housing, education and employment. The Self-Help Group (SHG)-Bank Linkage Programme propagated by National Bank for Agriculture and Rural Development (NABARD), recognised as the fastest and largest micro-finance programme in the world also set in motion the process of women empowerment. Tenth Five Year Plan was approved by the National Development Council. Standard deduction was raised to 40 percent of salary or Rs.30,000 whichever is less.

Budget for 2004-05

This budget gave importance to achieve the life-time concerns of our citizens: enhanced employment, eradication of poverty, a second green revolution in agriculture, infrastructure development, fiscal consolidation, and greater manufacturing sector efficiency. The Finance Minister addressed in this budget that, women’s groups had approached him to consider gender budgeting. It means that the budget data should be presented in a manner that the gender sensitivities of the budgetary allocations are clearly highlighted.

Budget for 2005-06

The Finance Minister included in the budget documents a separate statement highlighting the gender sensitivities of the budgetary allocations under 10 demands for grants. Although this is another first in budget-making in India, it is only a beginning and, in course of time, all Departments will be required to present gender budgets as well as make benefit-incidence analyses.

Budget for 2006-07

The Finance Minister, in the last budget, introduced a statement highlighting the gender sensitivities of the budgetary allocations. Ten demands for grants were covered. It was announced that the statement on gender budgeting would be enlarged to include schemes where 100 percent of the
allocation is for the benefit of women as well as schemes where at least 30 percent of the allocation is targeted toward women. The statement now covers 24 demands for grants in 18 Ministries/Departments and five Union Territories and schemes with an outlay of Rs.28,737 crore. Several Ministries and Departments initiated an exercise to prepare a public expenditure profile of other budgets from a gender perspective, 32 Ministries and Departments set up Gender Budgeting Cells. The initial results of Kasturba Gandhi Balika Vidyalaya Scheme launched in 2004 were encouraging. One thousand residential schools for girls from SC, ST, OBC and minority communities were proposed to be opened in 2006-07. Further incentives be given to the girl child who passes the VIII Standard examination and enrolls in a secondary school, a sum of Rs.3,000 will be deposited in her name, and she would be entitled to withdraw it on reaching 18 years of age.

It appears from the above analysis of budgetary policy of Government of India that, in the beginning the budgets were gender neutral. Gradually budgets started highlighting the needs of weaker and marginalised sections of the society. During the course of time, specific programmes for women empowerment were introduced since Union Budget 2000-01. Very recently, in the Union Budget 2005-06, the concept of gender budget was introduced. Ministries and Departments started preparing budgets with specific allocations for women. Thousands of crores of rupees were allotted to gender-sensitive schemes and programmes. Thus, it can be said that, the budget in India has travelled a long way from gender-neutral to gender-sensitive.