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# Union Budget

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## ABSTRACT

*The following is a brief analysis of the topic titled ' Union Budget- An analysis of Educational Sector'. This topic has been read, summarized and analyzed broadly under the following heads:- Introduction, Ministry of Finance, Time of budget announcement, date of budget announcement, halwa ceremony and budget briefcase, analysis of educational sector budget, missing by Finance Minister, other sector budget, reaction of the budget and stock market. Union Budget is a budget of one year prepared by Finance Minister every year. The budget includes expenditure and spending on every sector. Sectors including education, industry, health, infrastructure, agriculture and so on. For example- Like in our family, Mother planned budget for one month, how much we spend on food, entertainment and so on. Similarly, Finance Minister prepared budget for one year. In this budget all the sector includes. This year budget was prepared by Finance Minister Nirmala Sitharaman.*

## I. INTRODUCTION

India is the 7<sup>th</sup> largest country in the world with the total area of 3.287 million km square. India is also the second most populous country in the world with the total population of 1,369 millions in 2019. The reason of high population is either due to higher birth rate than death rate or due to lack of population policies/ measures.

Indian economy is a developing market economy. It is the world fifth largest economy by nominal GDP. It is the third largest by Public Purchasing Parity (PPP). In 2018, India ranked 139<sup>th</sup> by GDP (nominal) and 118<sup>th</sup> by GDP (PPP) on the basis of per capita income by the International Monetary Fund (IMF).

The growth rate of Indian economy remains positive due to young population and low dependency ratio, investment rates and healthy savings. For the development policy, education has been accorded as a high priority in most of the country. In India, expansion of education is slow as compared to other developing countries.

Education plays an important role in accelerating socio-economic development. The most

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important area of government intervention in the country is the public provisioning of education. So, for the provisioning of foreign and quality education resources are require. In India, there is a number of concern not only regard to the public resources for education but also public spending in the education sector.

As education mentioned in the list of the Constitution, both Union and State government share the responsibility towards the education.

To manage, control, operates and regulate the proper functioning and management of India we have different types of public institutions which have their own function under the control of government.

Some of the Ministries of India headed by central Government are as follows:

1. Ministry of Agriculture
2. Ministry of Civil Aviation
3. Ministry of Coal
4. Ministry of Commerce and Industry
5. Ministry of Communication and Information Technology
6. Ministry of Culture
7. Ministry of External Affairs
8. Ministry of Home Affairs
9. Ministry of Defence
10. Ministry of Finance

And so on.<sup>2</sup>

## **II. MINISTRY OF FINANCE**

The Ministry of Finance was formed in 26october,1946<sup>3</sup>. It is one of the important ministry of government of India which is concerned witheconomy, Indian Treasury Department. It is concern with the State finances, Union Budget, financial institutions, capital markets, financial legislations, and taxation.

Union Budget is prepared by the Financial Minister with the member of Ministry of Finance. This ministry is related to the financial working of institutions. This ministry also planned

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<sup>2</sup>Union Government ministries of India – Wikipedia  
<https://en.m.wikipedia.org>

<sup>3</sup>Ministry of Finance <https://www.finmin.nic.in>

How our economy is grow? And all the matters related to economy.

### **III. UNION BUDGET**

#### **(A) INTRODUCTION**

This is the Annual financial report of India. It include income and expenditure of government on a periodic basis of one year. Article 112 of the Indian Constitution make the Union Budget compulsory task of the government. The first budget after independence was presented by RK Shanmukhan Chetty on 26 November, 1947.

India's financial year starts from April. So, Union Budget of India presented on the first day of February before the beginning of new financial year.

Morarji Desai has presented ten union budget of India followed by P. Chidambaram's nine and Pranab Mukherjee's eight.

#### **(B) TIME OF BUDGET ANNOUNCEMENT**

Till the year 1999, Budget was announced on the last working day of February at 5:00 P.M. The practice of presenting budget continued till British rule. The reason of budget to announce in evening is that seems to raise the taxes. So, the budget gives producer and the tax collecting agencies to work out the change in prices.

#### **(C) DATE OF BUDGET ANNOUNCEMENT**

Again in 2016, According to the British era budget presenting on the last working day of February. In 2016, Arun Jaitley Finance Minister of Narendra Modi government said that from now new budget will be presented on February 1. Also, 92 years separate Rail Budget, merged with Union Budget.

#### **(D) HALWA CEREMONY<sup>4</sup> AND BUDGET BRIEFCASE**

After presenting the budget in the Parliament, it takes roughly a week of the printing of budget announcements. 'Halwa Ceremony' Halwa is a sweet dish. As Halwa is prepared in large quantities and served to the officers, ministers and other officials who are involved in budget making. The Financial Minister served the halwa. The halwa is a part of Indian tradition to having some sweet before any important work.

Finance Minister carried budget in leather briefcase till 2018. This tradition was started by the first Finance Minister of India Mr. R.K. Shanmukham Chetty. In this Union Budget 2020-21, Financial Minister Nirmala Sitharaman taken a new way of carrying budget in a Bahi-

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<sup>4</sup>Halwa Ceremony is the ceremony in which Finance Minister serve sweet dish halwa to all who are helped in making budget.

Khata. In this budget 2020-21 Financial Minister wear yellow saree like a Goddess Laxmi and take budget in hand covered with red cloth.

#### **IV. UNION BUDGET (2020-21)**

The Finance Minister of India, Nirmala Sitharaman on February 1, 2020 presented the Union Budget of India of 2020-2021. This budget was her second budget. This budget also second budget of Narendra Modi NDA government.

Nirmala Sitharaman is the second women who presented budget after Indira Gandhi. The speech of this budget is the longest (2hr.41min.) delivered by Nirmala Sitharaman.

Aspirational India, Economic Development society are the central theme of the budget. These themes are related to the government that is corruption free and the financial sector that is clean and sound.

Some of the main aims of these budget include improving digital governance, physical quality of life, disaster resilience and social security reach.

To control the backdrop of slop down of Indian economy is the main aim of this Union budget 2020. The estimated growth rate for 2019-20 being at 11 year low 5%. Some of the factors responsible for the slow down of Indian economy are as follows:

1. IL and FS – Infrastructure leasing and financial services crises.
2. Trade war between US-China or international financial markets issues.
3. Due to the Citizenship (Amendment) Act, 2019 Western Asset Management Company<sup>5</sup> reduced the government bond holding.
4. The Kashmir issue also affecting the economic spirit.
5. The investments of Western Asset Management Company now shifted to other countries such as China and Malaysia.

According to the Rakesh Jhunjhunwala, he said that 'He is not looking for any big announcement in the future but expects the government to some work.

Abhijeet Banerjee and Esther Duflo<sup>6</sup> is the winner of Nobel Prize. They both notified that 'Demand is the most problematic in India'. Demand is the critical problem in India. Abhijeet Banerjee also said that 'We should forget about inflation targeting, budget deficit and meeting targets.

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4. [www.westernasset.com](http://www.westernasset.com)

5. Abhijeet Banerjee and Esther Duflo is the winner of Nobel Prize in economics. The noble couple fighting poverty

## **V. ANALYSIS OF EDUCATIONAL SECTOR BUDGET**

In 2019, About Rs.94,853.64 crores allocated for education. For the funding of education sector, Government explore the Foreign Direct Investment (FDI).

In this budget 2020-21, The Finance Minister of India Nirmala Sitharaman announced Rs.99,300 crores for education sector and about Rs.3,000 crore for skill development. Finance Minister said that Central government soon announces a new policy for education and government also received over 2 lakh suggestions for it.

In the new budget of 2020-21, Rs.99,300 crore has allocated for the education sector and about Rs.3,000 crore for skill development in the next fiscal year. This steps was taken by our Finance Minister Nirmala Ji. These steps was taken to attracts external commercial borrowing for development and Foreign Direct Investment (FDI) in the education sector of our country.

As we all know that in India there are large number of students who wanted to become or interesting in engineering whether they willing or by their parents wish. This budget also provide internship to young engineers in Urban local bodies.

Some of the Universities now change their methods of teaching by converting their classes/ lecture halls into digital one. By this students can take easily admission in government colleges and this colleges ranked in top100. The budget allow degree level full-fledged online education system. Now university like National Police University and National Forensic University are starting online class.

Now all the District hospital are attached to the medical colleges. This steps was done to solve the problem of shortage of doctor under the Public Private Partnership (PPP) model.

Some of the courses are designed for teachers, nurses, para medical staff, care givers and officials etc. All these courses are designed by Health Ministry, Skill Development, and health care sector. In the budget, Finance Minister planned few policy for the creation of employment in India and abroad.

After 10 years later, India will became the country with largest working age population in the world. So, it is very important to give not only education but also job and skills.

We have two instruments to solve these problem of illiteracy first one is External Commercial Borrowing and second one is Foreign Direct Investment (FDI). With this we can easily attract domestic investment and talents.

For the digitalization of Indian education system, full fledged online education programme ,

introduction of online courses and degrees is the steps towards this. This is named as Game Changer in the education sector. It is also a major steps taken by government in the education sector.

The budget also boosts the 'Study in India' programme. This programme now also held in Asian and African countries for foreign candidates who receive the scholarship for study in Indian Colleges/ university.

The theme of the education sector in this budget is Aspiration, Development and Compassion.

About 150 higher educational institution will set up to develop the skills of workforce and employees by providing embedded degree/ diploma courses in financial year 2020-21. Government allows large hospital to provide resident doctor courses under the National Board of Examination.<sup>7</sup>(Diplomat of National Board/ Fellowship of National Board).

National Recruitment Agency (NRA)<sup>8</sup> is an independent, professionals and specialist organisation set up by Finance Minister to conduct a Online Common Eligibility Test for the recruitment to non-gazette posts.

## **VI. MISSING BY FINANCE MINISTER**

In this budget 2020-21, two things are missing by Finance Minister Nirmala Sitharaman. Firstly, Tax cut in education sector and secondly, Good and Services Tax (GST) Rationalization.

In India, most of the parents wanted to educate their child for their development, they think that only education improve the life of their children. Parents work all day to earn. This earning consume less and spend more on education of their children. But due to high fees they are unable to educate their children. Along with the area, India is second largest most populous country in the world. It is very important to educate their population.

But with the budget I think most of the parents lost their smile. Because there is no reduction of fees in education sector. Parents who want to teach their child are unable. I request to Finance Minister please read and check budget once again for us, for our country, for Indians, for our future.

I want some policy in which there is some reduction or discount on education, books, School fee, reduction in university registration form fees, in hostel fees, in transport fees, and so on.

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6. National Board of Examination <https://natboard.edu.in>

<sup>8</sup> National Recruitment Agency (NRA) <https://www.bankersadda.com>

Nirmala ji announced new courses, online classes, study from abroad, shortage of doctors and many more but Finance Minister not think about the one who is from Middle class family. Colleges, school, coaching, institutions, fees remains same. I want to know that How the middle class man educate their children. They spend on daily need or on education of their children.

With the discount or reduction in fees, people are not taken any education loan for their children. I also want best staffs of teachers, professors because many teachers who are the symbol of god taken money under the table for passing marks from students. So we are not realize this student is better or other one. And sometimes the brilliant students lost their opportunity. Them these students are unemployed in their whole life.

In this, government has to take a strict step towards it and improve the condition. Like student committee UGC (University Grant Commission)<sup>9</sup> there is also a need of Committee for teachers in which strict rule should be taken.

No tax relief was announced by Financial Minister to incentivize Edu tech and Skill tech sector.

GST rates for online classes remains same as in 2019-20 budget. It means that there is no reduction in GST rates for online classes. The rates remains the same at 18%.

There was no funding scholarship scheme for higher education level. There is a differentiate between government and private institutions.

## **VII. OTHER SECTOR BUDGET**

### **1. Health and Sanitation**

1. Finance Minister announced Rs.69,000 crore for the health sector.
2. About Rs.12,300 crore for the Swachh Bharat.
3. Government plans to set up hospital in Tier-2 and Tier-3 by Public Purchasing Power (PPP) using private sector.
4. To provide all hospitals under the scheme of Ayushman Bharat, and government also expanded Jan Aushadhi Scheme.

### **2. Infrastructure**

1. Expressway started between Chennai and Bengaluru.
2. It aims to achieve about 27,000 K.M. of wires of electrification.

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<sup>9</sup>University Grand Commission <https://www.ugc.ac.in>



3. Government plans to provide large solar power to Indian Railways.
4. By 2024 more than 100 Airport will be developed under the UDAN<sup>10</sup> (Ude Desh Ka Aam Naagrik).

### 3. Agriculture

1. Rs.2.83 lakh crore allocated for the agriculture and allied activities.
2. It aims to provide 20 lakh farmers to set up solar pumps and help other 15 lakh farmers to provide power.
3. Kisan **Train**<sup>11</sup> carry perishables and milk of farmers.

### 4. Economy and Finance

1. Bank deposits insurance had increased from Rs.1 lakh to Rs.5 lakh per depositor.
2. Government decide to sell art of its stake in Life Corporation of India (LIC).

## VIII. REACTIONS OF THE BUDGET

According to the Indian Prime Minister Narendra Modi, the budget has both vision and Action.

P. Chidambaran, the Former Finance Minister of India said that the government has given up on reviving economy and with the reference to the budget of Jammu& Kashmir, Ladakh He said that We cannot replace freedom by money.

Rahul Gandhi said that budget not provide any real solution to unemployment. No steps was taken to remove unemployment.

Mamta Banerjee said that with the government plan regarding to the heritage of the country. She was shocked.

Thomas Issac The Finance Minister of Kerala said that budget of state has been reduced and He named it as 'War Cry'.

## IX. STOCK MARKETS

Economic Time Reports<sup>12</sup>, Nifty fell by 3% and Sunsex fell by 2%. There are some reasons behind it. According to the Report, the reasons are confusion over new income tax slabs. It means that with the GST ( Goods and Service Tax) people are confused and there is slow

9.UDAN <https://www.civilaviation.gov.in>

<sup>11</sup><https://www.cleartrip.com> Kisan Rail

<sup>12</sup>Budget 2020: Sensex plunges over 700 pts, Nifty at 11,745 – Business News

down in sunsex, high disinvestment targets, lack of sops in automobiles or real estate.

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