BUDGETARY TERMS

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Capital Budget

- It consists of capital receipts and capital payments.
- Capital receipts are govt. loans raised from the public, govt. borrowings from RBI, disinvestment proceeds, loans received from foreign govt. and bodies etc.
- Capital payments refer to capital expenditure on construction of capital projects like acquisition of land, buildings, machinery , equipment etc.

Revenue Budget

- The Revenue Budget consists of revenue receipts of government (revenues from tax like income tax, corporate tax, excise duty, service tax etc.) and the expenditure met from these revenues.
- Tax revenues comprise taxes and other duties that the central government levies. The other receipts are made up of interest and dividend on investments made by the government, fees, and other receipts for services rendered by the government.
- Revenue expenditure is the for the normal day-to-day running of government departments and various services, servicing interest charges on debt incurred by the government, subsidies etc. Usually revenue expenditure covers all the expenditure that does not create assets.
- However all grants given to state governments and other parties are also clubbed under revenue expenditure, although some of them may go into the creation of assets.

Balanced Budget

The Union Budget is in balance when current receipts are equal to current expenditure. That means that taxes on income and expenditure etc are sufficient to meet payments for goods and services, interest on the national debt etc. A balanced budget, however, need not be an ideal one because budget surpluses and deficits can be used to stimulate or regulate the economy, by affecting the levels of demand and prices.

Fiscal Deficit

- This is the gap between the government's total spending and the sum of its revenue receipts and non debt capital receipts. It represents the total amount of borrowed funds required by the government to fully meet its expenditure.

Current account deficit

- If a country's total imports of goods, services and transfers is more than its total export of goods, services and transfers it results in current account deficit. The current account deficit is not necessarily a bad thing as some countries may get into current account deficit in the short term to increase local productivity and exports in the future.

Budget estimates

- Estimates based on government's expenses and income of a similar previous period, modified by any expected changes.

Consolidated Fund

- All revenues received by the government, the loans raised by it, and receipts from recoveries of loans granted by it, form the Consolidated Fund. All expenditure of the government is incurred from the Consolidated Fund and no amount can be withdrawn from the fund without authorisation from the parliament.

Contingency Fund

As the name suggests, this is the fund which the government resorts to in times of calamities, emergencies etc, to meet urgent, unforeseen expenditures without having to wait for the parliament's authorisation. The Contingency Fund is placed at the disposal of the president for such financial exigencies. Of course the government subsequently obtains parliamentary approval for such expenditure and for the withdrawal of an equivalent amount from the Consolidated Fund. The amount spent from the Contingency Fund is recouped to the fund.

Public Account

- Occasionally the government acts more like a banker, eg in transactions concerning provident funds, small savings collections and other similar deposits. These are unlike the normal receipts and expenditure of the government that relate to the Consolidated Fund. The funds that the government thus receives from its bank-like operations are kept in the Public Account, from which also the related disbursements are made. These funds do not belong to the government and have to be paid back, some time in the future, to the persons and authorities who deposited them. Since these funds do not technically belong to the government, parliamentary authorisation for payments from the Public Account is not needed.

Primary Deficit

- The primary deficit is the fiscal deficit minus interest payments. It tells us how much of the government's borrowings are going towards meeting expenses other than interest payments.

Finance bill

- A bill presented in the parliament to give effect to government's financial proposals like imposing new taxes, modifying the existing tax structure or continuing the existing tax structure for a financial year.

Plan Expenditure

- The government's expenditure can be broken up into Plan and Non-plan Expenditure. Money given from the government's account for the central Plan is called Plan Expenditure. This is developmental in nature and is spent on schemes detailed in the Plan.

Non-plan Expenditure

- Non-plan expenditure covers all expenditure of government not included in the Plan. It includes both development and non-development expenditure. Part of the expenditure is obligatory in nature, for instance, interest payments, pensionary charges, defence and internal security, transfers to states etc.Expenditure on maintaining the assets created in previous Plans is also treated as Non-plan expenditure.