



KNOW YOUR BUDGET



BUDGET GLOSSARY

1. Union Budget

Union Budget is the most comprehensive report of the Government's finances in which revenues from all sources and outlays for all activities are consolidated. The Budget also contains estimates of the Government's accounts for the next fiscal year called Budgeted Estimates.

2. Direct and Indirect Taxes

Direct taxes are the one that fall directly on individuals and corporations. For example, income tax, corporate tax etc.

Indirect taxes are imposed on goods and services. They are paid by consumers when they buy goods and services. These include excise duty, customs duty etc.

3. GST

The constitution defines "Goods and Services Tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.

3.1 "goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply

3.2 "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged

4. Customs Duty

These are levies charged when goods are imported into, or exported from, the country, and they are paid by the importer or exporter. Usually, these are also passed on to the consumer.



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5. Fiscal Deficit

When the government's non-borrowed receipts fall short of its entire expenditure, it has to borrow money from the public to meet the shortfall. The excess of total expenditure over total non-borrowed receipts is called the fiscal deficit.

6. Revenue Deficit

The difference between revenue expenditure and revenue receipt is known as revenue deficit. It shows the shortfall of government's current receipts over current expenditure.

7. Primary Deficit

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

8. Fiscal policy

It is the government actions with respect to aggregate levels of revenue and spending. Fiscal policy is implemented through the budget and is the primary means by which the government can influence the economy.

9. Monetary Policy

This comprises actions taken by the central bank (i.e. RBI) to regulate the level of money or liquidity in the economy, or change the interest rates.

10. Inflation

A sustained increase in the general price level. The inflation rate is the percentage rate of change in the price level.

11. Capital Budget

The Capital Budget consists of capital receipts and payments. It includes investments in shares, loans and advances granted by the central Government to State Governments, Government companies, corporations and other parties.



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12. Revenue Budget

The revenue budget consists of revenue receipts of the Government and its expenditure. Revenue receipts are divided into tax and non-tax revenue. Tax revenues constitute taxes like income tax, corporate tax, excise, customs, service and other duties that the Government levies. The non-tax revenue sources include interest on loans, dividend on investments.

13. Finance Bill

The Bill produced immediately after the presentation of the Union Budget detailing the imposition, abolition, alteration or regulation of taxes proposed in the Budget.

14. Vote on Account

The Vote on Account is a grant made in advance by the parliament, in respect of the estimated expenditure for a part of new financial year, pending the completion of procedure relating to the voting on the Demand for Grants and the passing of the Appropriation Act.

15. Excess Grants

If the total expenditure under a Grant exceeds the provision allowed through its original Grant and Supplementary Grant, then, the excess requires regularization by obtaining the Excess Grant from the Parliament under Article 115 of the Constitution of India. It will have to go through the whole process as in the case of the Annual Budget, i.e. through presentation of Demands for Grants and passing of Appropriation Bills.

16. Budget Estimates

Amount of money allocated in the Budget to any ministry or scheme for the coming financial year.



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17. Revised Estimates

Revised Estimates are mid-year review of possible expenditure, taking into account the rest of expenditure, New Services and New instrument of Services etc. Revised Estimates are not voted by the Parliament, and hence by itself do not provide any authority for expenditure. Any additional projections made in the Revised Estimates need to be authorized for expenditure through the Parliament's approval or by Re-appropriation order.

18. Re-appropriations

Re-appropriations allow the Government to re-appropriate provisions from one sub-head to another within the same Grant. Re-appropriation provisions may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates. The Comptroller & Auditor General and the Public Accounts Committee reviews these re- appropriations and comments on them for taking corrective actions.

19. Outcome Budget

From the fiscal year 2006-07, every Ministry presents a preliminary Outcome Budget to the Ministry of Finance, which is responsible for compiling them. The Outcome Budget is a progress card on what various Ministries and Departments have done with the outlays in the previous annual budget. It measures the development outcomes of all Government programs and whether the money has been spent for the purpose it was sanctioned including the outcome of the fund usage.

20. Guillotine

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Parliament, unfortunately, has very limited time for scrutinising the expenditure demands of all the Ministries. So, once the prescribed period for the discussion on Demands for Grants is over, the Speaker of Lok Sabha puts all the outstanding Demands for Grants, Whether discussed or not, to the vote of the House. This process is popularly known as 'Guillotine'.

21. Cut Motions

Motions for reduction to various Demands for Grants are made in the Form of Cut Motions seeking to reduce the sums sought by Government on grounds of economy or difference of opinion on matters of policy or just in order to voice a grievance.



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22. Consolidated Fund of India

All revenues raised by the Government, money borrowed and receipts from loans given by the Government flow into it. All Government expenditure other than certain exceptional items met from Contingency Fund and Public Account are made from this account. No money can be appropriated from the Fund except in accordance with the law.

23. Contingency Fund of India

A fund placed at the disposal of the President to enable him/her to make advances to the executive/Government to meet urgent unforeseen expenditure.

24. Public Account

Under provisions of Article 266(1) of the Constitution of India, Public Account is used in relation to all the fund flows where Government is acting as a banker. Examples include Provident Funds and Small Savings. This money does not belong to government but is to be returned to the depositors. The expenditure from this fund need not be approved by the Parliament.

25. Corporate Tax

This is the tax paid by corporations or firms on the incomes they earn.

26. Minimum Alternative Tax (MAT)

The Minimum Alternative Tax is a minimum tax that a company must pay, even if it is under zero tax limits.

27. Disinvestment

By disinvestment we mean the sale of shares of public sector undertakings by the Government. The shares of government companies held by the Government are earning assets at the disposal of the Government. If these shares are sold to get cash, then earning assets are converted into cash, So it is referred to as disinvestment.