

## Budget at a Glance

G.E. Public Finance, B. Com (H) 4<sup>th</sup> Sem

Part-B-Unit – 3 Analysis of Budget and Deficits

Readings: - Budget at a Glance 2019-2020

Finance Minister Nirmala Sitharaman presented her maiden Union Budget on 5<sup>th</sup> July 2019. This present note is an attempt to understand the document that is called as “Budget at a Glance”.

Budget is a list of expenditures and receipts of the government, and a blueprint that shows the lays out prepared by the government in which way it will allocate its resources. It is presented as the Finance Bill, Appropriation Bill under Article 112 of the Constitution and has to be passed by the Lok Sabha.

“Budget at a Glance” basically presents the broad aggregates of Budget, showing the receipts and expenditure as well as Fiscal Deficit (FD), Revenue Deficit (RD), Effective Revenue Deficit (ERD), and the Primary Deficit (PD). Budget at a Glance presents a pictorial account of sources of receipts, their applications, details of debts, and deficit indicators, composition of important budgetary variables through charts and graphs.

**Fiscal Deficit** is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the total expenditure. FD is reflective of the total borrowing requirements of Government.

**Revenue Deficit** refers to the excess of revenue expenditure over revenue receipts. 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.

**Effective Revenue Deficit** is the difference between Revenue Deficit and Grants for Creation of Capital Assets.

**Primary Deficit** is measured as Fiscal Deficit less interest payments.

**Budget Estimates (BE):** Amount of money allocated in the Budget to any ministry or scheme for the coming financial year.

**Revised Estimates (RE):** 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.

**Capital Receipts:** These are receipts that either create liability or reduce an asset. In other words, it is the loan raised by the Government from the general public. It's non-recurring in nature. It consists of Debt Capital receipts and Non-Debt Capital Receipts (NDCR).

**Non-Debt Capital Receipts (NDCR):** This is the source of income by selling of some assets.

References:

<https://www.livemint.com/budget/news/budget-terms-you-should-know-faq-glossary-1561800919094.html>

<https://www.business-standard.com/about/what-is-budget-at-a-glance>