



Demystifying Budget

Sanjeeva Shivesh

shivesh@entrepreneurship.edu.in



Global Knowledge
Foundation



Article 112 – Annual Financial Statement = BUDGET



(1) The President shall in respect of every financial year cause to be laid before both the Houses of Parliament a **statement of the estimated receipts and expenditure** of the Government of India for that year, in this Part referred to as the **annual financial statement**

(2) The estimates of expenditure embodied in the annual financial statement **shall show separately**

(a) the sums required to meet expenditure described by the Condition as **expenditure charged upon the Consolidated Fund of India**; and

(b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of India, and **shall distinguish expenditure on revenue account from other expenditure**

(3) The following expenditure shall be expenditure **charged on the Consolidated Fund of India**

(a) the emoluments and allowances of the President and other expenditure relating to his office;

(b) the salaries and allowances of the Chairman and the Deputy Chairman of the Council of States and the Speaker and the Deputy Speaker of the House of the People;

(c) **debt charges for which the Government of India is liable including interest**, sinking fund charges and redemption charges, and other expenditure relating to the raising of loans and the service and redemption of debt;

(d)

Article 113 – Demand for Grants



... estimates of expenditure from the Consolidated Fund of India included in the Budget and **required to be voted by the Lok Sabha** be **submitted in the form of Demands for Grants**.

The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement.

Generally, one Demand for Grant is presented in respect of each ministry or department.

Each Demand gives totals of

- 'voted' and 'charged' expenditure
- 'revenue' and 'capital' expenditure
- and also the grand total

<https://www.indiabudget.gov.in/doc/eb/alldg.pdf>

Money Bill, Appropriation Bill and Finance Bill



Art 110

- ... defines **MONEY BILL**.
- ... has to be introduced in Lok Sabha
- ... Speaker's decision is final if a Bill is Money Bill
- ... Primacy of Lok Sabha

Finance Bill is a type of Money Bill.

- ... concerns the country's finances
- ... deals with taxes, government expenditures, government borrowings, revenues, etc.

https://www.indiabudget.gov.in/doc/Finance_Bill.pdf

Appropriation Bill is also a type of Money Bill.

... authorises the government to withdraw funds from the Consolidated Fund of India to meet the expenses that it could incur for a financial year

- ... No amendments can be made
- ... **Rule of Lapse**

Art 117

Finance Bill will deal with Consolidated Fund of India

+

Other things

Typically, dealing with **Public Account of India**

- ... Must be passed in both houses.
- ... Amendments can be made

Economic Survey of India



Presented in the Parliament ahead of the Union Budget.

The Economic Survey detailed information about the Indian economy over the past year.

... offers glimpses into the **current state of the economy** and insights into the economic outlook.

<https://www.indiabudget.gov.in/economicsurvey/>

Standard Budget Documents



Union Budget 2020-2021

Key to Budget Documents

Budget Speech

Annual Financial Statement

Memorandum

Expenditure Budget

The Macro Economic Framework
Statement

Output Outcome Framework 2020-
2021

Budget Highlights (Key Features)

Budget at a Glance

Finance Bill

Receipt Budget

Customs Notification

Medium Term Fiscal Policy cum
Fiscal Policy Strategy Statement

Implementation of Budget
Announcements 2019-2020

<https://www.indiabudget.gov.in/>

Revenue Budget of GOI



Tax Revenue	Income Tax / Corporation Tax
	GST / Customs Duty / Excise Duty
	Service tax
Non-Tax Revenue	Interest Receipts
	Dividends and Profits
	Economic Services (Net) – Railways, Posts, Communications etc
Recovery of Loans	

Expenditure Budget of GOI



General Services	Organs of State	Economic Services	Agriculture and allied Services
	Fiscal Services		Rural Development
	Interest payments and servicing of debt		Special Areas Programme
	Administrative Services		Irrigation and Flood Control
	Pensions and Miscellaneous		Energy
	Defence Services		Industry and Minerals
Social Services	Education, sports, Art and Culture		Transport
	Health and Family welfare		Communication
	Water supply, sanitation, Housing and Urban development		Science Technology and Environment
	Information and Broadcasting		General Economic Services
	Welfare of Scheduled castes, Scheduled Tribes and Other Backward Casts	Grants-in –Aid and Contribution	
	Labour and Labour Welfare		
	Social Welfare and Nutrition		



Budget at a glance

	2018-2019 Actuals	2019-2020 Budget Estimates	2019-2020 Revised Estimates	2020-2021 Budget Estimates
1. Revenue Receipts	1552916	1962761	1850101	2020926
2. Tax Revenue (Net to Centre)	1317211	1649582	1504587	1635909
3. Non Tax Revenue	235705	313179	345514	385017
4. Capital Receipts ¹	762197	823588	848451	1021304
5. Recovery of Loans	18052	14828	16605	14967
6. Other Receipts	94727	105000	65000	210000
7. Borrowings and Other Liabilities ²	649418	703760	766846	796337
8. Total Receipts (1+4)	2315113	2786349	2698552	3042230
9. Total Expenditure (10+13)	2315113	2786349	2698552	3042230
10. On Revenue Account	2007399	2447780	2349645	2630145
of which				
11. Interest Payments	582648	660471	625105	708203
12. Grants in Aid for creation of capital assests	191781	207333	191737	206500
13. On Capital Account	307714	338569	348907	412085
14. Revenue Deficit (10-1)	454483 (2.4)	485019 (2.3)	499544 (2.4)	609219 (2.7)
15. Effective Revenue Deficit (14-12)	262702 (1.4)	277686 (1.3)	307807 (1.5)	402719 (1.8)
16. Fiscal Deficit [9-(1+5+6)]	649418 (3.4)	703760 (3.3)	766846 (3.8)	796337 (3.5)
17. Primary Deficit (16-11)	66770 (0.4)	43289 (0.2)	141741 (0.7)	88134 (0.4)