

INDIAN UNION BUDGET

What is Budget?

- *“Budget is a statement of estimated receipts and expenses during a fixed period, generally a year; it is a comparative table giving the amounts to be realized and the expenses to be incurred; it is furthermore an allocation given by the proper authority to incur the expenses and collect the revenues”.*
- *Government budget* is a document containing approved plan of public revenue and expenditure.
- It is estimate of inflows and outflows of government during a year.
- For example, budget presented on 5th July, 2019 is an estimate of inflows and outflows of funds for the period beginning from 1st April 2019 to 31st March 2020.

Objectives of Government Budget

- To promote economic development
- To check misuse of funds
- To mobilise revenue
- Redistribution of Income and Wealth
- Economic Stability
- Promoting Balanced Regional Development
- Promoting Employment, Removing poverty, and reducing inequality
- Developing infrastructure

Components of Budget

- **Budget Receipts**

- Estimated monetary receipts of the government from all sources during the fiscal year.

(1) Revenue Receipts

- The receipts which *do not create any liability* and *do not cause any reduction in assets* for the government.

(2) Capital receipts

- The receipts which create *liability* and *can cause increase/reduction in assets* of the government.

Revenue receipts

- *Tax receipts*

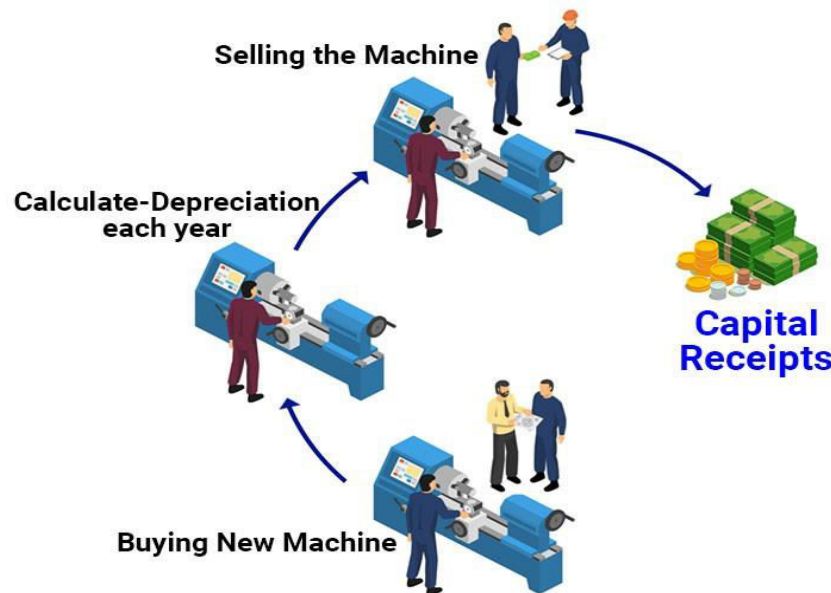
- Income tax, Corporation tax, Wealth tax, GST, Custom Duties, Union Excise Duties, Service tax, Other Taxes and Duties on Commodities and Services, Taxes of Union Territories, etc.

- *Non-tax receipts*

- Interest receipts, Profits etc.
- Fees like registration fees, court fees, etc.
- License and Permit fees like driving license, import license, transport permit, etc.
- Escheat (Unclaimed property)

Capital receipts

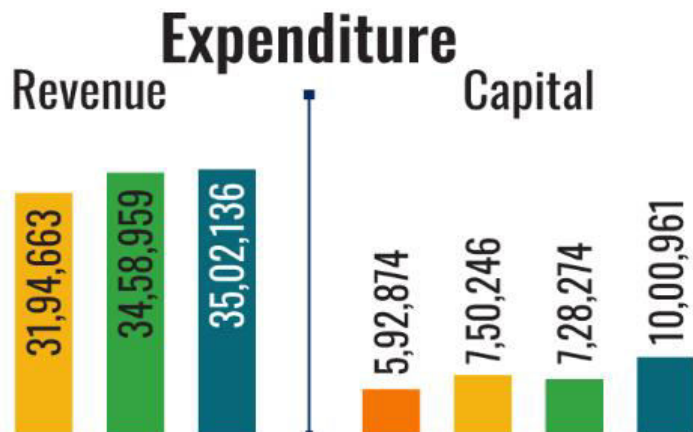
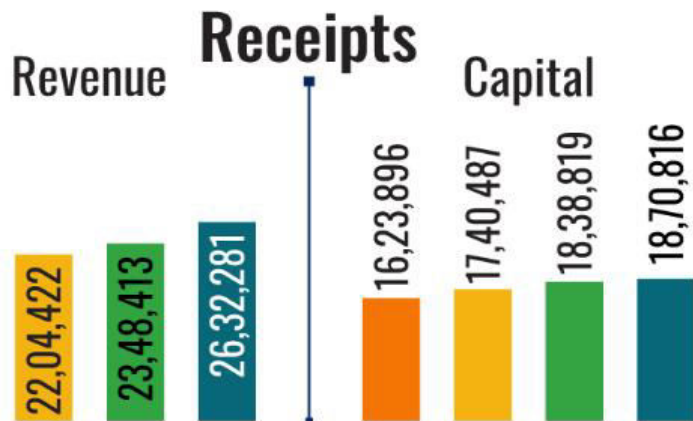
- Receipts that lead to a reduction in the assets or an increase in the liabilities of the government. This includes:
- Recovery of loans & Advances
- Borrowings and other liabilities
- Other receipts like disinvestments



Budget at a Glance

● 2021-22 (Actuals) ● 2022-23 (BE) ● 2022-23 (RE) ● 2023-24 (BE)

In ₹ crore



Union Budget At a Glance: 2023-24 (In ₹ crores)

बजट का सार Budget at a Glance

(₹ करोड़) (In ₹ crores)

		2021-2022 वास्तविक Actuals	2022-2023 बजट अनुमान Budget Estimates	2022-2023 संशोधित अनुमान Revised Estimates	2023-2024 बजट अनुमान Budget Estimates
1. राजस्व प्राप्तियां	1. Revenue Receipts	2169905	2204422	2348413	2632281
2. कर राजस्व (केंद्र को निवल) ¹	2. Tax Revenue (Net to Centre) ¹	1804793	1934771	2086662	2330631
3. कर भिन्न राजस्व	3. Non Tax Revenue	365112	269651	261751	301650
4. पूंजी प्राप्तियां	4. Capital Receipts	1623896	1740487	1838819	1870816
5. ऋणों की वसूली	5. Recovery of Loans	24737	14291	23500	23000
6. अन्य प्राप्तियां	6. Other Receipts	14638	65000	60000	61000
7. उधार और अन्य देयताएं ²	7. Borrowings and Other Liabilities ²	1584521	1661196	1755319	1786816
8. कुल प्राप्तियां (1+4)	8. Total Receipts (1+4)	3793801	3944909	4187232	4503097
9. कुल व्यय (10+13)	9. Total Expenditure (10+13)	3793801	3944909	4187232	4503097
10. राजस्व खाते पर जिसमें से	10. On Revenue Account of which	3200926	3194663	3458959	3502136
11. ब्याज भुगतान	11. Interest Payments	805499	940651	940651	1079971
12. पूंजी परिसंपत्तियों के सृजन हेतु सहायता अनुदान	12. Grants in Aid for creation of capital assets	242646	317643	325588	369988
13. पूंजी खाते पर	13. On Capital Account	592874	750246	728274	1000961
14. प्रभावी पूंजी व्यय (12+13)	14. Effective Capital Expenditure (12+13)	835520	1067889	1053862	1370949
15. राजस्व घाटा (10-1)	15. Revenue Deficit (10-1)	1031021	990241	1110546	869855
		(4.4)	(3.8)	(4.1)	(2.9)
16. प्रभावी राजस्व घाटा (15-12)	16. Effective Revenue Deficit (15-12)	788375	672598	784958	499867
		(3.3)	(2.6)	(2.9)	(1.7)
17. राजकोषीय घाटा [9-(1+5+6)]	17. Fiscal Deficit [9-(1+5+6)]	1584521	1661196	1755319	1786816
		(6.7)	(6.4)	(6.4)	(5.9)
18. प्राथमिक घाटा (17-11)	18. Primary Deficit (17-11)	779022	720545	814668	706845
		(3.3)	(2.8)	(3.0)	(2.3)

¹ पिछले वर्षों के लिए केंद्र द्वारा देय निवल राशि के कारण संशोधित अनुमान 2022-23 में ₹32,607 करोड़ की कमी आई है। पिछले वर्षों के समायोजनों को छोड़कर, संशोधित अनुमान 2022-23 से बजट अनुमान 2023-24 में 10% वृद्धि हुई है।

² RE 2022-23 is reduced by ₹32,607 crore on account of net amount payable by Centre for prior years. Growth in BE 2023-24 over RE 2022-23 is 10% excluding prior year adjustments.

What are the priorities of Union Budget 2023-24?

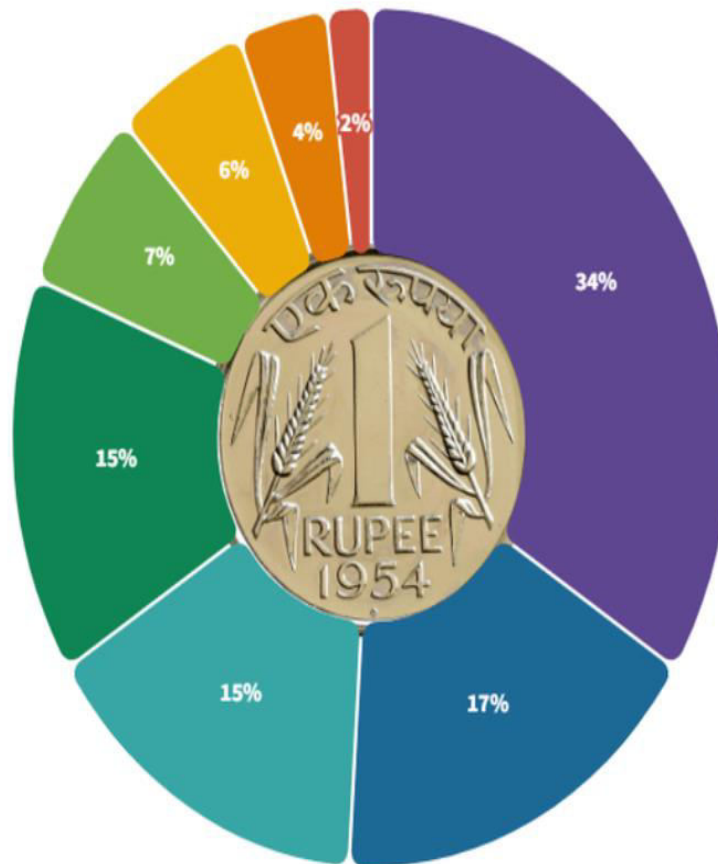
Union Budget 2023-24: Top Policy Highlights – Priority wise



Where does the money come from?

Take a look at the avenues from where the money comes from

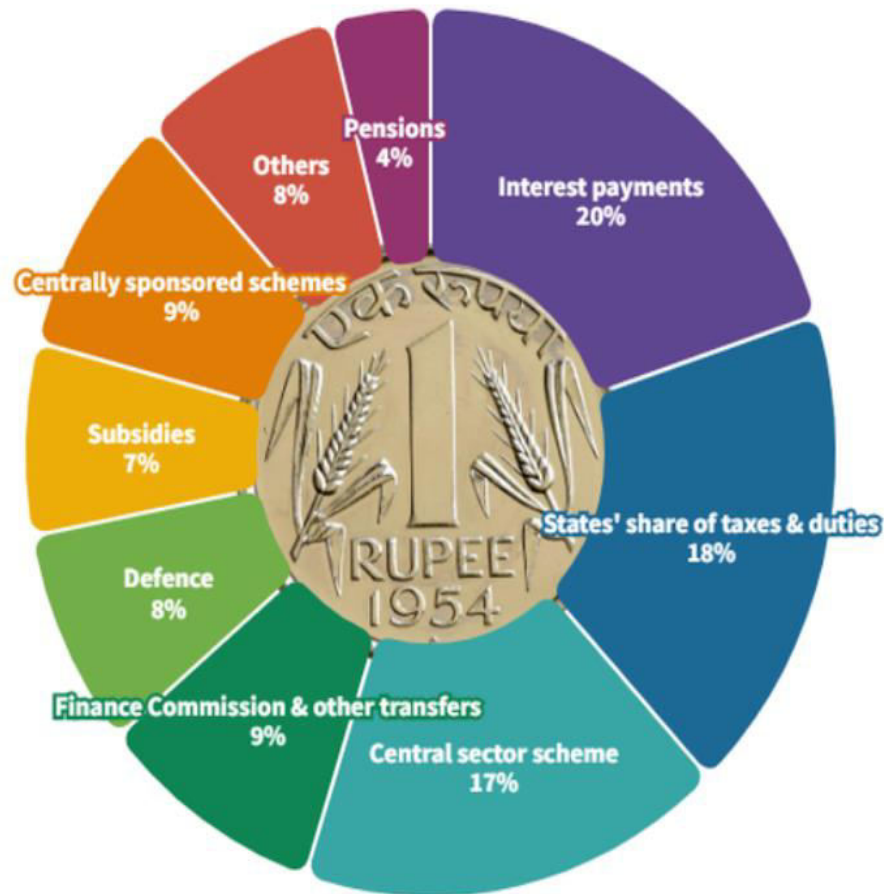
■ Borrowings & other liabilities ■ GST ■ Income Tax ■ Corporation Tax ■ Union Excise Duties ■ Non-tax revenue ■ Customs ■ Non-debt capital receipts



Where does the money go?

Here's how government spends its money

Interest payments States' share of taxes & duties Central sector scheme Finance Commission & other transfers Defence Subsidies Centrally sponsored schemes Others Pensions



Break up of central government receipts in 2023-24 (Rs crore)

Table 3: Break up of central government receipts in 2023-24 (Rs crore)

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change 2022-23 RE to 2023-24 BE
Gross Tax Revenue	27,09,135	27,57,820	30,43,067	33,60,858	10.4%
<i>of which:</i>					
Corporation Tax	7,12,037	7,20,000	8,35,000	9,22,675	10.5%
Taxes on Income	6,96,243	7,00,000	8,15,000	9,00,575	10.5%
Goods and Services Tax	6,98,114	7,80,000	8,54,000	9,56,600	12.0%
Customs	1,99,728	2,13,000	2,10,000	2,33,100	11.0%
Union Excise Duties	3,94,644	3,35,000	3,20,000	3,39,000	5.9%
Service Tax	1,012	2,000	1,000	500	-50.0%
A. Centre's Net Tax Revenue	18,04,794	19,34,771	20,86,662	23,30,631	11.7%
Devolution to States	8,98,392	8,16,649	9,48,405	10,21,448	7.7%
B. Non Tax Revenue	3,65,112	2,69,651	2,61,751	3,01,650	15.2%
<i>of which:</i>					
Interest Receipts	21,874	18,000	24,640	24,820	0.7%
Dividend	1,60,647	1,13,948	83,953	91,000	8.4%
Other Non-Tax Revenue	1,79,540	1,34,276	1,48,342	1,81,382	22.3%
C. Capital Receipts (without borrowings)	39,375	79,291	83,500	84,000	0.6%
<i>of which:</i>					
Disinvestment	13,627	65,000	50,000	51,000	2.0%
Receipts (without borrowings) (A+B+C)	22,09,281	22,83,713	24,31,913	27,16,281	11.7%
Borrowings	15,84,521	16,61,196	17,55,319	17,86,816	1.8%
Total Receipts (including borrowings)	37,93,802	39,44,909	41,87,232	45,03,097	7.5%

Sources: Receipts Budget, Union Budget Documents 2023-24; PRS.

*Figure 1: Growth of Gross Tax Revenue
(Quarter end)*

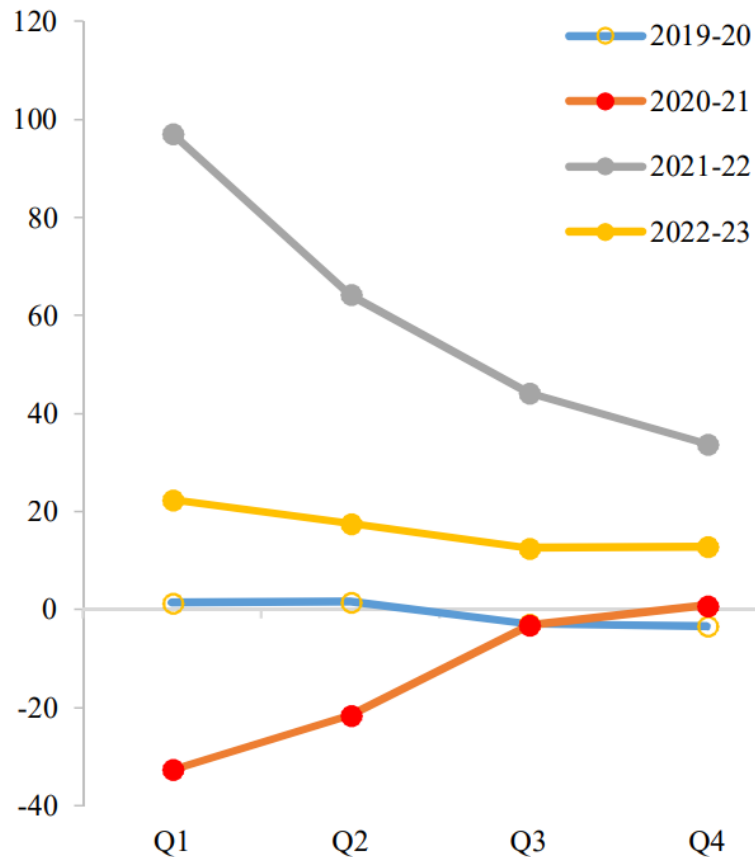
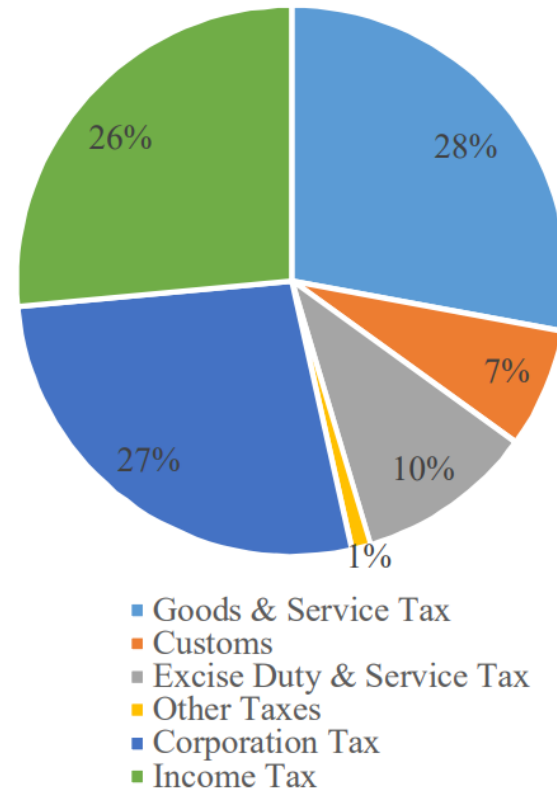


Figure 2: Composition of GTR in FY 2022-23



Note: for graphical presentation, numbers have been rounded off.

Budget Expenditure

- Revenue Expenditure
 - Old-age pensions, salaries of government employees, scholarships, etc.
- Capital Expenditure
 - Equity shares of domestic or MNCs purchased by government, repayment of loans, Expenditure on creation of assets etc.,

Revenue Expenditure

Central Govt Expenditure

Budget Estimates for 2023-24

(in ₹ crore)	Interest	10,79,971
	Transport	5,17,034
	Defence	4,32,720
	Major Subsidies	3,74,707
	Transfer to States	3,24,641
	Rural Development	2,38,204
	Pension	2,34,359
	Tax Administration	1,94,749
	Home Affairs	1,34,917
	Education	1,12,899
	Energy	94,915
	IT and Telecom	93,478
	Health	88,956

BUDGET
2023-24

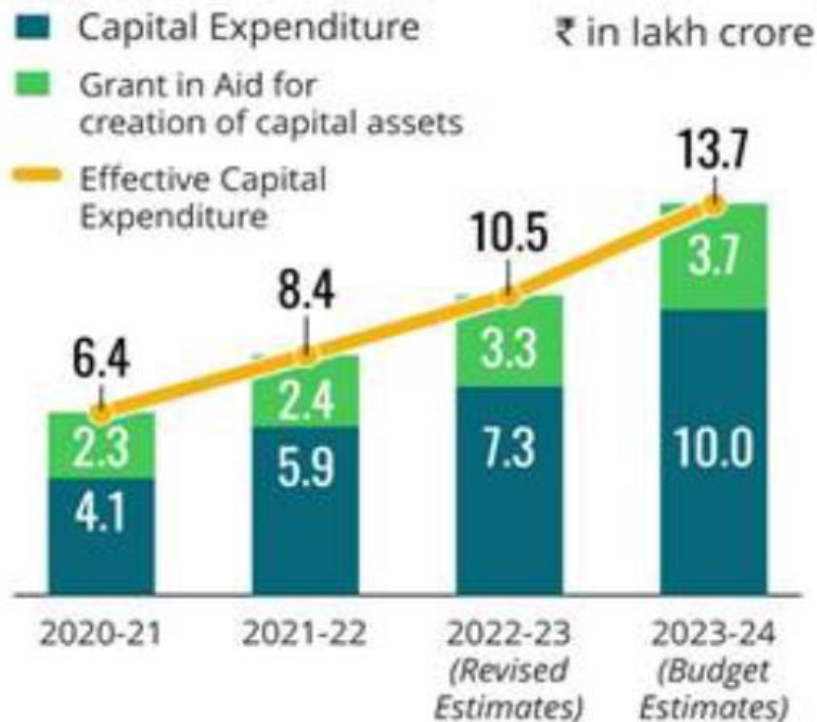
Total
45,03,097



Agriculture & Allied Activities	84,214
Urban Development	76,432
Union Territories	61,118
PM-KISAN	60,000
Social Welfare	55,080
Commerce & Industry	48,169
Scientific Departments	32,225
External Affairs	18,050
Finance	13,574
Planning and Statistics	6,268
Development of North East	5,892
Others	1,20,524

Capital Expenditure

Trends in CapEx

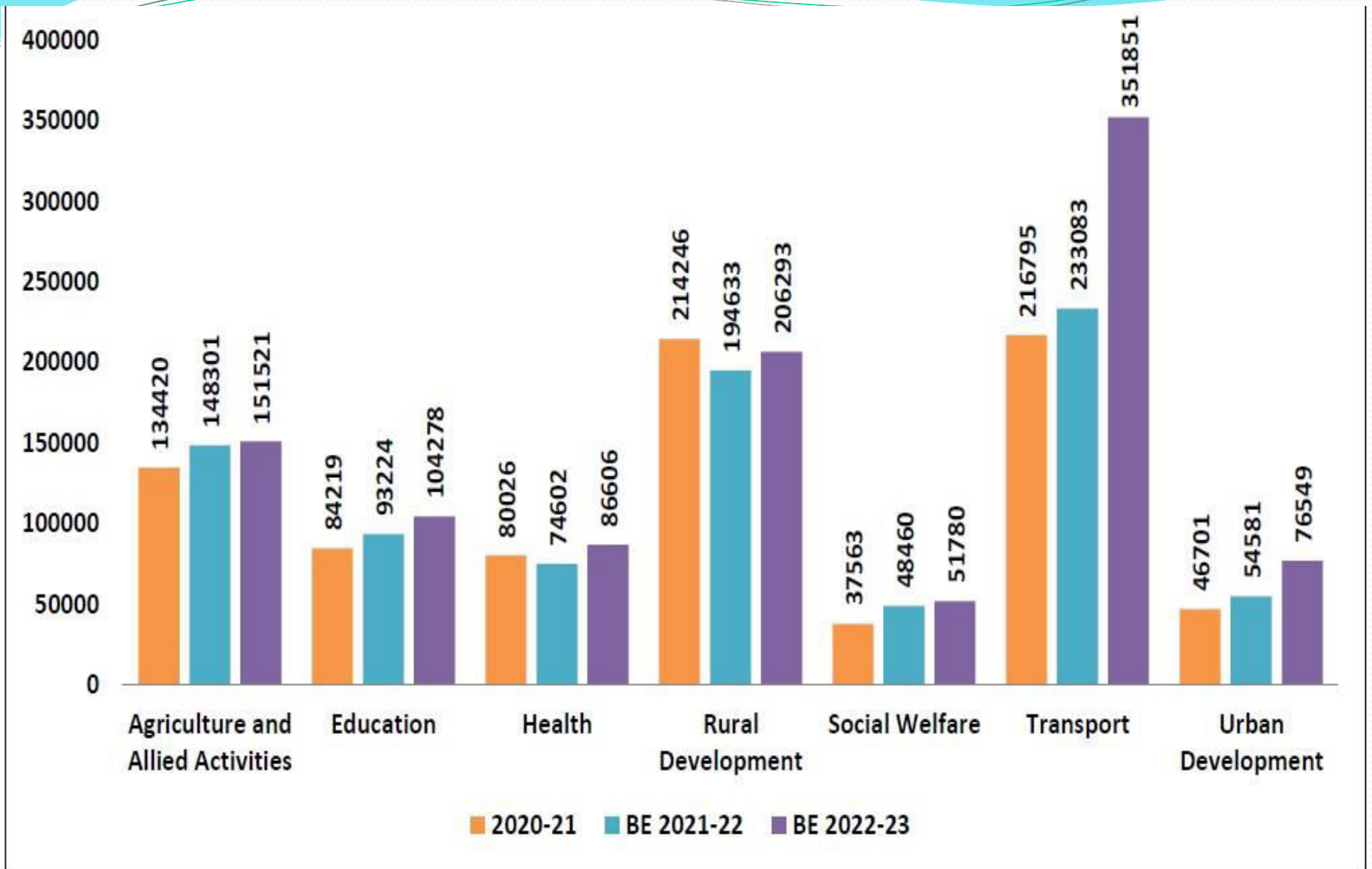


Plan vs. Non-Plan Expenditure

- Plan expenditure
 - Expenditure incurred by the government to fulfill its planned developmental programmes. Example expenditure on agriculture, power, communication, industry, health, education, etc.
- Non-plan expenditure
 - Expenses on defence, subsidies, grants, aids, etc.

Developmental vs. Non-developmental expenditure

- Developmental expenditure relates to expenditure on education, health, infrastructure, agriculture, transport, canals, rural development, energy, etc.
- Non-developmental expenses includes expenditure on defense, administration, pensions, interest loans, subsidies, etc.



Budgetary deficits

- Budgetary deficit refers to a situation when budget expenditure of the government is in excess of budget receipts.
- Budget deficit= Total budget expenditure- Total Budget receipts
 - Budget expenditure > Budget receipts (Deficit Budget)
 - Budget expenditure < Budget receipts (Surplus Budget)
 - Budget expenditure = Budget receipts (Balanced Budget)

Budgetary deficits

- Revenue deficit=Revenue Expenditure- Revenue Receipts
- Fiscal deficit= Total Budget Expenditure – (Revenue receipts + Recovery of loans + Other receipts)
or Fiscal deficit= Borrowings and other liabilities
- Primary deficit= Fiscal deficit- Interest payments

Budgetary Deficit

(₹ करोड़) (In ₹ crore)

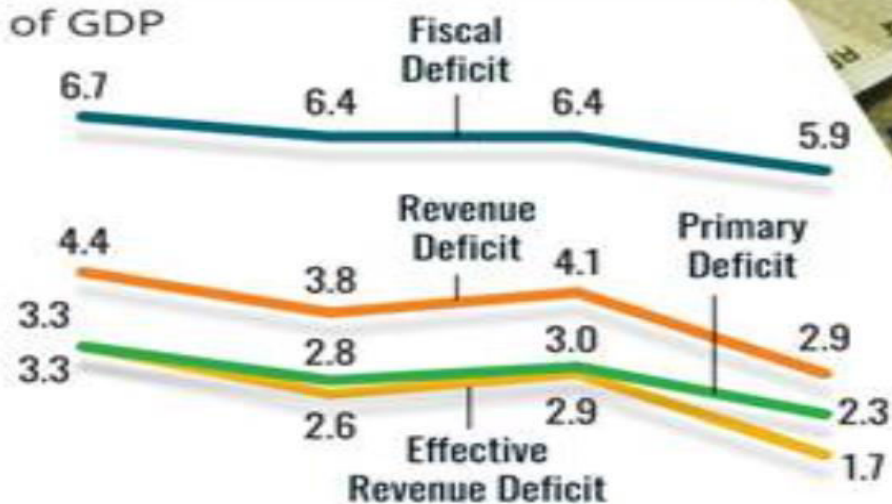
		2020-2021 वास्तविक Actuals	2021-2022 बजट अनुमान Budget Estimates	2021-2022 संशोधित अनुमान Revised Estimates	2022-2023 बजट अनुमान Budget Estimates
1. राजकोषीय घाटा	1. Fiscal Deficit	1818291 (9.2)	1506812 (6.8)	1591089 (6.9)	1661196 (6.4)
2. राजस्व घाटा	2. Revenue Deficit	1449599 (7.3)	1140576 (5.1)	1088352 (4.7)	990241 (3.8)
3. प्रभावी राजस्व घाटा	3. Effective Revenue Deficit	1218734 (6.2)	921464 (4.1)	850667 (3.7)	672598 (2.6)
4. प्राथमिक घाटा	4. Primary Deficit	1138422 (5.8)	697111 (3.1)	777298 (3.3)	720545 (2.8)

Budgetary Deficit latest



Trends in Deficit

% of GDP



2021-22
(Actuals)

2022-23
(Budget
Estimates)

2022-23
(Revised
Estimates)

2023-24
(Budget
Estimates)



Fiscal Responsibility and Budget Management

FRBM Act

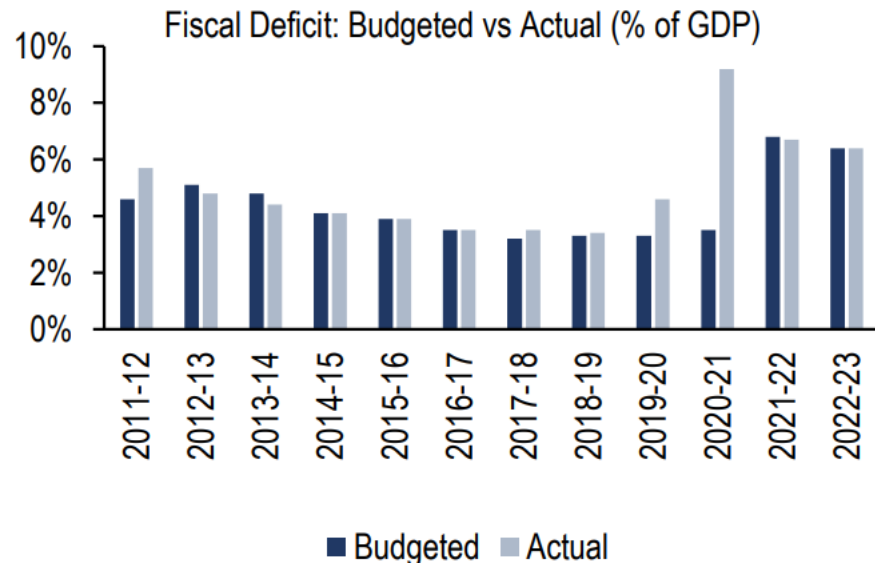
Notified in July 2004 with the following salient features:

- Annual targets of reduction in deficits, government borrowing and debt
- Government to annually reduce the revenue deficit by 0.5 per cent of GDP and the fiscal deficit by 0.3 per cent beginning fiscal 2004-05.
- Elimination of revenue deficit and reduction of fiscal deficit to 3% of GDP by March 31, 2008. Due to GFC, the deadline to reduce the fiscal deficit to 3% was extended to 2009
- A cap on the level of guarantees and total liabilities of the government
- On a quarterly basis, that Government shall place before both the Houses of Parliament an assessment of trends in receipts and expenditure,
- Under exceptional circumstances, Government may be compelled to fall short of the targets.

FRBM targets for deficits (as % of GDP)

	Actuals 2021-22	Revised 2022-23	Budgeted 2023-24
Fiscal Deficit	6.7%	6.4%	5.9%
Revenue Deficit	4.4%	4.1%	2.9%
Primary Deficit	3.3%	3.0%	2.3%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2023-24; PRS.



FRBM latest

Table 9: Suggested path for fiscal consolidation (as % of GDP)

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Fiscal Deficit	7.4%	6.0%	5.5%	5.0%	4.5%	4.0%
Revenue Deficit	5.9%	4.9%	4.5%	3.9%	3.3%	2.8%
Outstanding liabilities	61.0% 62.9%		61.0%	60.1%	58.6%	56.6%

Sources: Report of the 15th Finance Commission for 2021-26; PRS.

Amended FRBM Act 2012

- In 2011, given the process of ongoing recovery, Economic Advisory Council publicly advised the Government of India to reconsider reinstating the provisions of the FRBMA.
- Government notified the new FRBM Rules in July, 2013 following FRBM (Amended) Act, 2012 as passed by the Parliament in the budget session.
- Objective is to reduce fiscal deficit to 3.6% by 2015-16 and 3% by 2016-17.